

QUESTIONS SUBMITTED BY SENATOR MURRAY

HOMELESS CHILDREN AND YOUTH EDUCATION

Question. Did the Department of Education take the increases in enrolled homeless students into account when it proposed level funding for the Education for Homeless Children and Youth program; and, if not, on what other basis did the Administration choose to level fund the Education for Homeless Children and Youth program?

Answer. The Administration's fiscal year 2012 budget request reflects difficult choices. Recognizing the importance of the Education for Homeless Children and Youth program, especially during a period when enrollments of homeless students are increasing, the Administration has proposed preserving this program even while proposing to make significant consolidations and eliminations elsewhere. Further, our ESEA reauthorization proposal would allow districts more flexibility in using Federal funding to serve homeless students, including by allowing funds under Title I, Part A to be used to fund transportation for homeless students. We believe that our funding requests for K-12 education programs, including our proposal to maintain funding for the Homeless Children and Youth Education program, represent an approach that is both fiscally responsible and likely to improve educational outcomes for all students, including homeless students.

The fiscal year 2012 appropriation would fund the first year of operations of the reauthorized program. Under the reauthorization proposal, program funds would be allocated to States based on the most recent State-reported data on the number of homeless children and youth available to the Department of Education, rather than on State shares of Title I, Part A funds as under current statute. With this change, Homeless Children and Youth Education program funds will flow better to States on the basis of need, making more targeted use of these funds and better serving homeless students.

FEDERAL STRATEGIC PLAN TO PREVENT AND END HOMELESSNESS

Question. In May, the Administration released the first Federal Strategic Plan to End Homelessness, with the stated goal of ending family and youth homelessness in 10 years. How does the flat funding request for the Education for Homeless Children and Youth program factor into achieving this goal? Does the Administration believe that this goal can be achieved without increased access to education for homeless children and youth, and without additional resources for schools to meet their needs?

Answer. The Department of Education strongly supports the Federal Strategic Plan to Prevent and End Homelessness and its goal of ending all homelessness in 10 years. As discussed in detail in the Strategic Plan, this goal could be achieved by increasing leadership, collaboration, and engagement on the issue of homelessness and by improving housing access, economic security, and health and stability of people

experiencing or at risk of homelessness as well as homeless crisis response systems. With respect to economic security, the Strategic Plan recognizes that access to education can help decrease financial vulnerability and the likelihood of homelessness later in life. Importantly, however, the Strategic Plan does not identify the provision of additional resources for educating homeless students as a strategy for improving economic security. This is reasonable, as homelessness will diminish as more people have stable homes, not when more services are provided to homeless students in school, important as those services may be.

With respect to leadership, collaboration, and engagement on the issue of homelessness, the Department is an active member of the United States Interagency Council on Homelessness and has recently established an intra-agency working group on the education of homeless children, youth, and adults, led by the Assistant Secretary for Elementary and Secondary Education. To advance the goal of ending homelessness, the working group is currently developing a Departmentwide action plan that will include, among other activities, promoting awareness of Department programs that serve homeless students across the Federal agencies and by constituents.

EARLY LEARNING CHALLENGE FUND — COORDINATION WITH DHHS

Question. I am pleased that the President requested \$350 million for the Early Learning Challenge Fund. What steps is the Department taking at this time to ensure it will be able to work effectively with the Department of Health and Human Services to manage the Early Learning Challenge Fund should it be funded for the coming fiscal year?

Answer. The Department of Education and the Department of Health and Human Service have built a strong, collaborative relationship focused on helping to ensure that children in the early years of life receive high-quality comprehensive services. For example, the Administration formed the Early Learning Interagency Policy Board in August of 2010 to improve the quality of early learning programs and outcomes for young children; increase the coordination of research, technical assistance and data systems; and advance the effectiveness of the early learning workforce. The Board would be instrumental during the design and implementation of the Early Learning Challenge Fund, and we believe that the positive working relationships that we have established with HHS would continue and strengthen further through the administration of the Fund. The two departments have met frequently over the last six months, and we will continue to collaborate and speak with one unified voice on the Administration's birth-through-third-grade agenda.

Additionally, Jacqueline Jones, Senior Advisor to the Secretary for Early Learning, and Joan Lombardi, Deputy Assistant Secretary and Inter-Departmental Liaison for Early Childhood Development at the Administration for Children and Families at HHS, work together on a regular basis. They have made and will continue to make joint appearances at a number of different events. We believe that it is important to

model, at the Federal level, the type of interagency collaboration that will be necessary at the local and State levels to build and support systems that promote high-quality early learning programs that improve child outcomes.

EARLY LEARNING CHALLENGE FUND – TRANSITION TO ELEMENTARY SCHOOL

Question. How would the Department of Education shape the Early Learning Challenge Fund so it has an increased connection to teaching and learning at the early elementary level?

Answer. The Administration is committed to an early learning agenda that begins at birth and continues through third grade, with seamless transitions between preschool and elementary school.

In addition to our efforts to improve the transition for children to elementary school through the Early Learning Challenge Fund, we also want to note that the Department's proposal for reauthorizing the *Elementary and Secondary Education Act* would support these transitions and teaching and learning at the elementary level in a number of ways. Programs supporting educator professional development (including College- and Career-Ready Students and the Effective Teachers and Leaders programs) would include joint professional development activities for school staff and early childhood educators. The Effective Teachers and Leaders program would support activities that expand the knowledge of elementary school principals about appropriate and effective instructional strategies, interventions, and programs for young children. Our proposal also recognizes the importance of a great teacher in every classroom by promoting successful and innovative pathways into teaching and bold approaches to recruiting, developing, retaining, and rewarding effective teachers in high-need schools, including teachers of young children. Our proposal would continue to require districts to coordinate with early learning programs and services to improve school readiness and would allow them to use Title I funds to do so. Our proposal also supports State efforts to develop and strengthen evidence-based comprehensive preschool-through- grade-12 literacy and science, technology, engineering and mathematics (STEM) plans.

Several components of the Early Learning Challenge Fund program – State early learning standards, high-quality comprehensive assessment systems, and effective workforce development systems – would help strengthen the transition from early learning programs to elementary school. Birth-to-kindergarten-entry State early learning standards would not only be evidence-based, address multiple domains, and be developmentally appropriate – but they would be aligned with K-3 standards. For example, valid and reliable school readiness assessments can inform educators in the preschool and early elementary settings by conveying information on children's abilities across a range of domains. Joint professional development for early learning educators who serve preschool- and early-elementary-aged children can increase the strength of the connection between preschool and early elementary school. These are a few of the

components of a high-quality early learning infrastructure that the Administration seeks to support under the Early Learning Challenge Fund.

TEACHER AND SCHOOL LEADER EVALUATION SYSTEMS

Question. The Department of Education proposal calls for the development of measures and definitions of effective and highly effective teachers and principals. How would these systems be developed, and what role do you see teachers' organizations playing in these systems, and the development of these systems?

Answer. States receiving funding under the Effective Teachers and Leaders State Grants program would be required to define different levels of teacher and principal performance. Teachers' evaluations would be based in significant part on student growth, along with other measures such as multiple observation-based evaluations of teacher performance. Principals' evaluations would also be based in significant part on student growth, along with other measures such as evidence of providing strong instructional leadership and fostering positive family and community engagement.

Each local educational agency (LEA) that receives a subgrant under this program would need to develop and implement, with teacher and principal involvement, a State-approved evaluation system that would differentiate levels of teacher and principal performance, consistent with the State's definitions; provide meaningful feedback for improvement to teachers and principals on the results of their evaluations; and inform decisions about professional development and retention (including, as applicable, about tenure and about certification or licensure).

The Administration is committed to working with teachers, school leaders, and their representatives to enhance the education profession. Last month, we held the first conference on labor-management collaboration in the history of the Department. Our budget request and Elementary and Secondary Education Act reauthorization proposal similarly reflect our commitment to this goal. The ESEA reauthorization proposal for Title II-A would require States and LEAs to work with teachers, principals, and representatives of these groups in designing and implementing evaluation systems and conducting assessments of LEAs' needs.

CAREER AND TECHNICAL EDUCATION

Question. At a recent event highlighting the release of Harvard University's Pathways to Prosperity report, you said, "First, for far too long, CTE has been the neglected stepchild of education reform. That neglect has to stop. And second, the need to re-imagine and remake career and technical education is urgent. CTE has an enormous if often overlooked impact on students, school systems, and our ability to prosper as a nation." However, your budget cuts funding for these programs by over 20 percent.

What steps has the Department of Education taken to assist schools and districts in offering more high-quality CTE programs?

Answer. The Department has a key role in promoting best practices and in encouraging dissemination of good ideas among States. Unfortunately, the current structure of the Perkins Act does not provide sufficient authority for ensuring that high-quality CTE is the standard among every State that receives Perkins funding. Despite this constraint, the Department uses national activities funding to promote innovation, provide technical assistance, and encourage best practice; activities that help States, districts, and schools improve the quality of their CTE programs. We routinely conduct technical assistance and monitoring activities to help States implement the requirements of the Perkins Career and Technical Education Act and improve the quality of their programs. Our Office of Vocational and Adult Education (OVAE) conducts onsite monitoring visits to approximately 10-12 States a year, and those visits include technical assistance to States on program improvement. In addition, OVAE selects up to 8 States to receive individualized, intensive technical assistance each year.

Further, last year the Department made grant awards to 12 States, totaling about \$3 million to date, to implement high-quality “programs of study.” Programs of study are coherent sequences of non-duplicative CTE courses that progress from the secondary to the postsecondary level, include rigorous and challenging academic content along with career and technical content, and lead to an industry-recognized credential or certificate at the postsecondary level or to an associate or baccalaureate degree. Because they require alignment between secondary and postsecondary coursework, as well as alignment with requirements for industry-recognized credentials or postsecondary degrees, we believe that they hold great promise for improving the quality of CTE programs across the country and helping all students graduate from high school college- and career-ready. While the Perkins Act requires all local recipients of State Grant funds to implement at least one program of study, these grants will help States ensure that those programs of study are rigorous and that conditions are in place to implement them successfully. OVAE has also worked with States and other stakeholders to develop a framework that further defines what elements are necessary for a high-quality program of study and has disseminated information regarding the framework.

In addition, the Department funds the National Center for Career and Technical Education, which conducts research and disseminates information about what works in CTE. The Center also conducts technical assistance activities that complement the technical assistance provided directly by the Department.

HIGH QUALITY CAREER AND TECHNICAL EDUCATION PROGRAMS

Question. How do you expect schools to offer more high-quality CTE programs with fewer resources?

Answer. The Federal Government will not strengthen CTE by merely providing funding for CTE programs. What leads to quality CTE programs are efforts to ensure that CTE courses integrate both rigorous academic and technical content, align with industry standards, prepare students to succeed in the next level of coursework, and provide students with a postsecondary credential or degree in a field in which the graduate can obtain a well-paying job and embark on a career. Focusing CTE funding on programs that incorporate all these elements will eventually lead to more high-quality CTE programs being available to students, and these are changes that can happen even within the current environment of limited resources.

QUESTIONS SUBMITTED BY SENATOR WYDEN

RURAL SCHOOLS – i3 AND RACE TO THE TOP COMPETITIONS

Question. I'm concerned about maintaining the quality of rural schools. In particular, rural schools don't have access to the same resources as larger school districts and generally are at a disadvantage when funding is allocated through competitive grants. Can you provide more details on how the i3 program will be implemented in a way that gives a priority to helping rural schools, and how the Race to the Top carve out will function?

Answer. The Department would address the needs of rural areas through the i3 and Race to the Top (RTT) programs by ensuring that a portion of funds goes to rural areas in both programs. We are committed to finding the most promising innovations and bringing them to scale, including innovations designed to address the particular needs and challenges of rural schools and communities. We will also consider other strategies to ensure that rural districts can successfully compete in i3 and other programs, including recruiting and training peer reviewers with rural expertise, providing technical assistance to rural districts, and holding pre-application webinars in which rural school districts will be able to participate.

In the new RTT competition for local educational agencies, we will set aside a portion of the money for rural districts and will structure the selection criteria with the needs of those districts in mind. Over the next few months, we will be seeking input from stakeholders, including leaders of rural school systems, on the design of the RTT district competition, in order to ensure that the competition reflects the needs and priorities of rural districts.

RURAL SCHOOLS AND COMPETITIVE GRANT PROGRAMS

Question. Beyond the Race to the Top and i3 programs, are there any other examples of competitive grant programs that will take into account the differences between rural and non-rural schools and help make sure that rural schools don't get left behind?

Answer. As in FY 2010 and planned for FY 2011, Promise Neighborhoods would have an absolute priority for rural applicants. In addition, the FY 2011 SEA competition under the Charter Schools program will provide a competitive priority for proposals that aim to improve high school graduation and college enrollment rates for students in rural LEAs.

In addition, on December 15, 2010, we published a Federal Register notice establishing supplemental priorities for the Department's competitive grant programs. In that notice, we established a priority for projects that aim to improve the achievement and high school graduation rates in areas of need, including local educational agencies in rural areas. We intend to implement this priority aggressively, and in FY 2011 and future years will use it in competitions in various program areas.

SCIENCE, TECHNOLOGY, ENGINEERING AND MATHEMATICS EDUCATION

Question. I believe STEM education is critical to U.S. competitiveness, and I applaud your budget's goal to invest \$80 million dollars to prepare new STEM teachers. Clearly the Department has identified STEM education as an area in which the number of U.S. students graduating is not sufficient. Based on the research and studies you've seen, what is your estimation of how large the shortfall is in U.S. students needed to meet the workforce demand for STEM graduates?

Answer. As the National Academies noted in *Rising Above the Gathering Storm, Revisited* (2010), the issue is not merely the number of students who graduate with STEM degrees or work in STEM-specific jobs, it also involves the lack of mathematics and science proficiency in the general workforce. A 2009 survey by Deloitte Consulting found that nearly one-third of companies surveyed reported worker skills shortages, particularly for production workers, scientists, and engineers, and noted that having a highly skilled, flexible workforce was critical to business success.

Concerns about producing insufficiently skilled workers will only increase in the future due to economic changes that increase the educational requirements of new and existing jobs. The Bureau of Labor Statistics (2009), when projecting employment growth to 2018, predicts that growth will be fastest among occupations that generally require postsecondary education, and many of these occupations are in STEM or STEM-related fields. For example, the BLS predicts rapid growth among computer and mathematical science occupations, which will add 785,700 new jobs over the decade from 2008 to 2018, with additional jobs made available by retirements. Employment growth also will increase for healthcare professionals, with approximately 581,500 new jobs anticipated for registered nurses alone and 1,039,000 anticipated due to both new job creation and replacement needs.

WORKFORCE DEMAND FOR STEM GRADUATES

Question. Currently there is a high demand for foreign graduates with STEM degrees in the U.S. workforce. For example, the annual allotment of H-1B visas for this year was exhausted by the third week of January. With the investment you are making in STEM education, do you anticipate a point at which U.S. graduates will meet the workforce demand, or do you believe foreign students will continue to be needed in the STEM workforce for the foreseeable future?

Answer. While we would anticipate that the increased production of STEM postsecondary graduates will help to meet the existing demand, we would also hope that the influx of new college graduates would result in creative endeavors that expand employment and further increase demand for highly skilled STEM workers. And, we would also expect many students from other countries who have come to America for their university education to want to remain in America, becoming citizens and contributing to our long-term economic well-being, as have many before them.

QUESTIONS SUBMITTED BY SENATOR SESSIONS

PELL GRANT APPROPRIATIONS

Question. In its FY 2011 budget request, the Administration proposed making the Pell Grant program an entitlement. Congress did not embrace this proposal and instead favored keeping the current structure of a maximum award made up of both discretionary and mandatory funding. Using the most up-to-date figures, how much would Congress need to appropriate to ensure that the discretionary portion of the Pell Grant, \$4,860, is fully funded for academic year 2011-2012?

Answer. In order to fully fund Pell Grants in award year 2011-2012, a \$28.2 billion appropriation would be necessary. Additionally, it is estimated that award year 2012-2013, which is funded through FY 2012 appropriations, will require a \$31.2 billion appropriation. These figures assume the policy proposals in the President's FY 2012 budget request, including the elimination of the two Pells policy, are adopted. If the changes proposed in the President's budget are not adopted in full, the funding required for Pell Grants would instead be \$31.6 billion in 2011-2012, and \$35.4 billion in 2012-2013.

PROJECTED PELL GRANT MANDATORY APPROPRIATIONS

Question. The Healthcare and Education Reconciliation Act of 2010 changed how the mandatory add-on for the Pell Grant program would be determined and funded in the future. Unlike previous years, when specified awards and appropriations were made in statute, the reconciliation bill provided indefinite mandatory appropriations and put a formula in place, beginning in 2013, that would decide the amount of the mandatory

add-on based on the previous year’s maximum award and the rate of change of CPI. This formula would remain in place until FY 2018, when the mandatory would then remain at FY 2017 levels.

When the reconciliation bill passed last year, it was projected that the maximum award would reach \$5,975 (a combined \$4,860 from discretionary and \$1,115 in mandatory add-on) by FY 2017. Based on your new assumptions, what will the mandatory add-on be for each year of the FY 2012-2021 period?

Answer. The table below displays the Department of Education’s projections for the Pell Grant program’s mandatory add-on award. It includes the add-on total estimated at the time of enactment of the Health Care and Education Reconciliation Act of 2010, as well as the most current estimates. At the time of enactment the mandatory add-on for FY 2017 was expected to be \$1,270; current estimates predict the mandatory add-on will be \$1,250 in FY 2017.

Pell Grants Mandatory Add-On (based on \$4,860 base)										
Academic Year	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Time of Enactment	\$690	\$800	\$915	\$1,030	\$1,150	\$1,270	\$1,270	\$1,270	\$1,270	\$1,270
Current Estimate	\$690	\$790	\$895	\$1,010	\$1,125	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250

CUMULATIVE PELL GRANT PROGRAM COST – FISCAL YEARS 2012-2021

Question. Over the FY 2012-2021 period, how much will we cumulatively spend on the Pell Grant program? Please provide a year-by-year breakdown of projected spending, showing both discretionary and mandatory funding streams.

Answer. The tables included below show expected program costs for the Pell Grant program as estimated under the President’s FY 2012 budget request (first table), and estimated program costs under current program conditions (second table).

The President’s Budget program cost table provides detailed information split between ‘base award’ and ‘add-on’ rather than ‘discretionary’ and ‘mandatory’. This distinction is made because the policy, as proposed in the President’s budget, states that mandatory savings from other programs will be appropriated back to the Pell Grant program to help offset discretionary Pell Grant costs. This break-out best depicts what appropriations levels will be necessary to fully fund the program.

PELL GRANT DISCRETIONARY AND MANDATORY PROGRAM COSTS

As displayed below, the total discretionary and mandatory program costs for the Pell Grant program over the next 10 years is estimated to be \$410.2 billion under the President’s budget. In comparison, baseline program costs for Pell (calculated with no changes in policy) over the same period of time total \$467.2 billion.

Pell Program Costs (President’s Budget) (dollars in billions)											
Academic Year	2012-2013	2013-2014	2014 - 2015	2015 - 2016	2016 - 2017	2017 - 2018	2018 - 2019	2019 - 2020	2020 - 2021	2021 - 2022	10-year Total
Base Award	\$31.226	\$31.100	\$31.575	\$31.945	\$32.371	\$32.795	\$33.231	\$33.642	\$34.133	\$34.649	\$326.667
Add-On	4.895	5.628	6.528	7.533	8.574	9.723	9.900	10.069	10.243	10.408	83.501
Total	36.121	36.728	38.103	39.478	40.945	42.518	43.131	43.711	44.376	45.057	410.168

Pell Program Costs (Baseline) (dollars in billions)											
Academic Year	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	10-year Total
Discretionary	\$35.426	\$35.382	\$35.963	\$36.423	\$36.949	\$37.474	\$37.998	\$38.500	\$39.045	\$39.645	\$375.805
Mandatory	5.471	6.309	7.328	8.487	9.685	11.008	11.225	11.435	11.634	11.832	94.414
Total	40.897	41.691	43.291	44.91	46.634	48.482	49.223	49.935	50.679	51.477	467.219

ELIMINATION OF THE INTEREST SUBSIDY FOR GRADUATE STUDENTS

Question. The President's budget request would eliminate the "in-school interest subsidy" on Federal student loans for graduate and professional students. The President's proposal would end the benefit of having subsidized loans, loans on which interest does not accrue until after a student leaves school, arguing that the benefit does not encourage students to attend graduate school and is not well-targeted to borrowers who need extra repayment help. These arguments appear to apply just as well to the in-school interest subsidy for undergraduate students as they do for graduate students. In fact, the President's National Commission on Fiscal Responsibility and Reform agreed and proposed ending subsidized loans for both student populations.

Why has the Administration not followed through on the President's Fiscal Commission's student loan proposal and instead proposed only to eliminate the benefit for graduate students?

Answer. A key purpose for proposing the elimination of interest subsidies to graduate and professional students is the benefit it will provide the Pell Grant program, through the appropriation of realized savings from this policy change to the Pell program. This funding is expected to lead to a reduced discretionary request for the Pell Grant program in future years, and helps to protect the existing \$5,550 maximum award.

The Administration feels eliminating the interest subsidy to graduate students is sensible because graduate and professional students are more likely to earn higher salaries after graduating, and thus have the means to pay off the additional interest that accrues from an unsubsidized loan. Additionally, fellowships and other assistantships that reduce a students' need to take out loans to fund their education are more prevalent at the graduate and professional level. Further, undergraduate loan debt is already a growing problem for the Nation. While income-based repayment and public service loan forgiveness make that debt more manageable, loan subsidies for undergraduate students do lower the overall amount borrowed. Given that graduate students are likely to earn more over the course of their career, continued subsidies for these loans is far less defensible in the face of growing needs for low-income students seeking to earn their first degree.

AN EXPANDED PERKINS LOAN PROGRAM

Question. The Administration supports creating an expanded Perkins Loan program that would provide \$8.5 billion in new loan volume annually, nearly nine times the current annual Perkins volume. The new Perkins loans would go out to over 3 million students and carry the same interest rate as Unsubsidized Stafford loans, 6.8 percent. According to OMB, this proposal would save \$7.4 billion over 10 years.

How does expanding the Perkins Loan program save money?

Answer. Any costs associated with the Perkins Loan program are calculated using standards established in the Federal Credit Reform Act. Under this Act, Perkins Loans (as well as other loan programs) are reflected in the financial statements on a net present value basis. This method discounts all future costs over the period of origination through repayment, reflecting the time value of money, and displays those costs in the year the loan is originated.

FAIR-VALUE SCORING – LOAN PROGRAM COST ESTIMATION

Question. Have the Department of Education and OMB discussed the effects of scoring this legislation with “fair-value” scoring, instead of the deficient credit reform methodology?

Answer. Both the Administration and the Congressional Budget Office estimate loan programs costs using standard loan-valuation procedures mandated by the Federal Credit Reform Act. Through the estimation process the Administration considers current and projected economic conditions when estimating future events such as loan defaults and recovery and loan cancellations. The Administration has confidence in both the savings estimate required by law for student lending and in the methodology used to generate that estimate.

FAIR-VALUE SCORING – PERKINS LOAN PROGRAM

Question. If the “fair-value” scoring showed that expanding the Perkins Loan program actually incurred costs for the Federal Government, would the Department still view it as appropriate to use the false credit reform savings to pay for Pell Grants, as proposed under the Pell Grant Protection Act?

Answer. The Administration believes using the current credit reform process as a basis for cost estimation produces a reasonable savings estimate. Expanding and modernizing the existing Perkins Loan program is a worthwhile pursuit, particularly because it is able to simultaneously achieve two goals: provide additional resources to a greater number of students to help them pay for college; and reinvest savings from the program to continue to provide Pell Grants for those students with greatest need.

QUESTIONS SUBMITTED BY SENATOR CORNYN

EDUCATION JOBS FUNDS

Question. I understand that of the \$10 billion that Congress appropriated for the Education Jobs Fund about \$975 million remains unobligated. Of this amount, what assurances can you provide that the funds will be available to be allocated to the State of Texas or any other State? What does the Department intend to do with the remaining

Education Jobs funds, if no further awards are made; will the unobligated Education Jobs funds be returned to the Treasury?

Answer. During the period of availability, the Department expects the unobligated funds to be available to be allocated to Texas and South Carolina until those States submit approvable applications or submit a letter to the Department declining the funds. We will continue to work with Texas and South Carolina to deliver these funds to school districts that need them to retain or create education jobs. If no further awards are made, the funds would return to the Treasury at the end of fiscal year 2011.

EDUCATION JOBS FUNDS – TEXAS APPLICATION

Question. The House-passed continuing resolution (HR 1) included an amendment that prohibits the Department from using any funds to implement the special provisions for Texas in the Education Jobs Fund law. If this language is adopted by Congress, is it your opinion that the Governor is still required to provide assurances that he is constitutionally prohibited from making?

Answer. The amendment would not negate the statutory requirements of the Education Jobs Fund. The Department would continue to be required by law to adhere to the requirements of the Education Jobs statute.

Question. Given that the deadline for the State's application has passed, what specific language does the Department require from the Governor in order to disburse the Education Jobs funds under the alternative method?

Answer. The Education Jobs Fund statute requires that the Governor make assurances that the State will: (1) distribute the Education Jobs funds based on local educational agencies' relative shares of funds under part A of title I of the Elementary and Secondary Education Act of 1965 for the most recent fiscal year which data are available, and (2) for fiscal years 2011, 2012, and 2013, maintain State support for elementary and secondary education at a percentage of the total revenues available to the State that is equal to or greater than the percentage provided for such purpose for fiscal year 2011 prior to the enactment of this Act. These requirements apply whether the Governor applies directly to the Department or whether an eligible entity under the alternate distribution language applies for the funds. The Department is bound by this statutory language.

CAROL WHITE PHYSICAL EDUCATION PROGRAM

Question. The Budget request includes a plan to consolidate a number of grant programs, including the Carol White Physical Education program (PEP), into a new "Successful, Safe, and Healthy Students Initiative." Given the Administration's focus on

promoting physical fitness and reducing childhood obesity, how does the Department intend to promote physical education opportunities for students and help students make progress toward meeting State standards for physical fitness? Does the Department intend to sustain or exceed the current level of grant funding to local educational agencies (LEAs) and community-based organizations (CBOs) to initiate, expand or enhance physical education programs, including after-school programs, for K-12 students?

Answer. As you indicate, the Administration intends to promote physical education and fitness opportunities for youth through the proposed Successful, Safe, and Healthy Students program. Generally, the same entities that are eligible for PEP grants would be eligible to apply for grants and subgrants to conduct similar activities under this new program, which, in FY 2012, we propose at the same funding level as the FY 2010 total for the programs (including PEP) proposed for consolidation.

We believe the new, consolidated program would not only reduce the application and administrative burden on eligible entities and grantees, but enable States and districts to address issues of physical education, student health, drug and alcohol use, and school climate in a more comprehensive and effective manner. A single funding stream would allow grantees to provide more coordinated services that best reflect the needs of their students and their communities.

TEACHER TRAINING – TEACH FOR AMERICA PROGRAM

Question. In the budget, you have proposed consolidating a number of highly effective national education programs under the new “Teacher and Leader Pathways” program. Among the programs affected by this proposal is Teach For America (TFA), an outstanding program with a demonstrated record of success. It appears that the consolidation shifts funds from programs with a demonstrated record of success to new government programs. How do you propose ensuring that Teach For America and other proven national education programs have access to Federal funding that will enable them to grow and increase their impact?

Answer. Our 2012 budget consolidates 38 existing authorities into 11 new programs that give States and districts more flexibility to use resources to improve outcomes in their communities, and that award competitive grants based on the programs’ record of success. The budget requests \$3.25 billion for the Excellent Instructional Teams initiative, which would fund States and districts in promoting and enhancing the education profession and improving teacher and principal effectiveness. Under this proposal, Teach For America, which in fiscal year 2010 received an \$18 million non-competitive award, would be eligible to compete for \$250 million in funding under the new Teacher and Leader Pathways program. This program would fund States, districts, institutions of higher education, and nonprofits in creating or expanding programs that recruit and prepare teachers for high-need schools and subject areas. Awards would be granted based on the quality of the plan and the applicant’s record of results.

In addition, Teach For America could compete for \$300 million in funding under the Investing in Innovation program, through which Teach For America received \$50 million in fiscal year 2010. The Investing in Innovation program awards grants to districts and nonprofits on the basis of their evidence base, with promising programs eligible for smaller awards to develop and refine their model, and programs with strong results eligible for significant expansion funding. Teach For America could also partner with States and districts in their applications for funds under the Race for the Top program, for which \$900 million is requested for 2012, and States and districts may also use the funds they receive under the Effective Teachers and Leaders State grants program, for which \$2.5 billion is requested, to support Teach For America projects.

I firmly believe that our proposal would not only help States and districts to ensure that effective teachers and principals are equitably distributed among schools throughout the Nation, but would also expand the pool of funds for which nonprofit organizations, including both Teach For America and other effective programs, who commit to helping them achieve this goal could apply. Like you, I appreciate the great work that Teach For America has done placing dedicated, effective teachers in rural and urban school districts across the country. I believe, however, that the fairest and most effective way of allocating scarce Federal funds is through a rigorous, objective process that prioritizes State and local flexibility and evidence-based decision making.

PROGRAM INTEGRITY REGULATIONS

Question. I understand that the Department has issued new program integrity regulations designed to prevent waste, fraud, and abuse in higher education programs. Concerns have been raised by institutions of higher education (IHEs) in a number of States, including Texas, that participate in tuition-sharing agreements with service companies to provide academic programs and services to students. Is it the Administration's intention to prevent tuition-sharing agreements between universities and service companies that provide services relating to enrollment, retention, student success coaching, and similar services; and would you clarify the conditions under which tuition-sharing arrangements are permitted?

Answer. The Department is aware of issues surrounding tuition-sharing that have surfaced in relation to the program integrity regulations. The Department is in the process of developing a Dear Colleague Letter that will address the circumstances where tuition-sharing may be permissible.

QUESTIONS SUBMITTED BY SENATOR GRAHAM

DIRECT LOANS

Question. The projected savings generated by the Direct Loan program seem largely dependent on the actions of borrowers. Will the United States Department of Education actively encourage borrowers to abandon their current loan providers in favor of the Direct Loan program?

Answer. The Administration will continue to encourage those students looking for ways to fund their education to exhaust grant and other aid that does not need to be repaid before taking out a student loan. Existing borrowers who may be eligible for the debt conversion policy will be notified by the Department of Education of their eligibility, but participation in the program will be up to the borrower. It is currently estimated only one-third of those borrowers who are eligible will take part in debt conversion. Borrowers who do not already have at least one loan held by the Department (either a Direct Loan or one acquired through ECASLA) will not be eligible. Loans that are transferred as part of the debt conversion program will not become direct loans; they will, however, be serviced by one of the Department's servicers.

COLLEGE ACCESS AND COMPLETION PROGRAMS

Question. State-based and non-profit student loan providers often have effective and robust college access and completion programs. Will State-based and non-profit student loan providers be able to compete in the Administration's "First in the World" (FITW) proposal?

Answer. Only projects proposing innovative strategies to improve higher education that are authorized under section 741(a) would be eligible for funding under the FITW competition. The objective of the First in the World competition is to spur the field to come up with innovative strategies to improve productivity in higher education while addressing the completion challenge, to build evidence on practices that have been shown to be effective in improving educational outcomes for students, and to scale up successful strategies. The first year of the competition would include priorities for projects that demonstrate the potential to reduce the net price paid by students, improve learning outcomes, reduce time to degree, reduce instructional costs, or improve college access or completion rates.

The competition would be conducted under Title VII, Part B of the HEA, which authorizes the Fund for the Improvement of Postsecondary Education. Under FIPSE, a broad range of institutions would be eligible for FITW grants, including institutions of higher education and other public and private nonprofit institutions and agencies.

DEBT CONVERSION PROGRAM

Question. Does the Direct Loan program offer debt conversion to any Federal Family Education Loan Program (FFEL) loan; or, is debt conversion to the Direct Loan program limited to FFEL loans owned by the Department of Education through the PUT and Participation interest programs?

Answer. Borrowers who are eligible for debt conversion must have at least one FFEL loan and at least one loan held by the Department of Education. The loan held by the Department can be either a Direct Loan or a loan acquired by the Department through the Loan Purchase or Loan Participation Purchase programs. Borrowers whose entire student loan portfolio is FFEL loans held by lenders are not eligible to participate. In this way, the program realizes its goal of creating an easier repayment process – and decreasing their likelihood of borrower default – by allowing borrowers with split servicers to pool their debt into one servicer.