

Opening the Doors of College and Opportunity

Having emerged from the worst recession in generations, the President has put forward a plan to rebuild our economy and win the future by out-innovating, out-educating, and out-building our global competitors and creating the jobs and industries of tomorrow. But we cannot rebuild our economy and win the future if we pass on a mountain of debt to our children and grandchildren. We must restore fiscal responsibility, and reform our government to make it more effective, efficient, and open to the American people. The President's 2012 Budget is a responsible approach that puts the nation on a path to live within our means so we can invest in our future – by cutting wasteful spending and making tough choices on some things we cannot afford, while keeping the investments we need to grow the economy and create jobs. It targets scarce federal resources to the areas critical to winning the future: education, innovation, clean energy, and infrastructure. And it proposes to reform how Washington does business, putting more federal funding up for competition, cutting waste, and reorganizing government so that it better serves the American people.

An educated and highly-skilled American workforce is essential to winning the future in today's global economy. To support the President's goal of the United States having the highest proportion of college graduates in the world by 2020, the Budget will:

Expand Access to College by Putting Pell Grants on Firm Footing. Since 2008, the Administration has increased the maximum Pell Grant by \$819, ensuring access to postsecondary education for over nine million needy students. The Budget maintains this commitment by sustaining the \$5,550 maximum award to support the President's 2020 higher education goal. To pay for this expansion, the Budget also proposes the Pell Grant Protection Act and urges its immediate enactment. This Act makes the tough choices needed to fully fund the \$5,550 maximum award in the coming years. These steps include eliminating the poorly targeted in-school interest subsidy on student loans to graduate, medical, and professional students and ending the costly new year-round Pell Grant. Year-round Pell offers students a second Pell Grant in one year but has cost 10 times more than anticipated and has thus far failed to demonstrate that it is meaningfully accelerating students' degree completion. This approach fully funds anticipated growth in the Pell Grant program over the next decade, and the Administration will work with Congress on a responsible approach to budgeting for this program's unanticipated growth

Help Students and Their Families Pay for College. The Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act extended for two years the new American Opportunity Tax Credit (AOTC) – a partially refundable tax credit worth up to \$2,500 per student per year. AOTC helps more than 8 million students and their families afford the cost of college. The Budget proposes to make AOTC permanent and also includes other tax benefits to help with the cost of college including the student loan interest deduction.

Expand the Perkins Loans as a Lower-Cost Alternative to Private Loans. The Administration will increase the size of the Perkins Loan Program from \$1 billion a year to \$8.5 billion a year, giving 3 million students who need additional financial aid an alternative to high-cost private

student loans and high-interest credit cards. The reforms would also delay the scheduled elimination of the program in 2014, and make it more efficient through the performance-based contracting currently used by the Department.

Launch “First in the World” Competition. The Budget invests \$150 million in an initiative to increase college access and completion and improve educational productivity through a new evidence-based grant program, “First in the World.” The program is based on the President’s successful Race to the Top initiative which funded elementary and secondary education through the competitive grants to States. In addition to these competitive grants, the Budget also provides \$50 million in 2012 and a total of \$1.3 billion over five years in performance-based funding to institutions that have demonstrable success in enrolling and graduating more high-need students, preparing them with the skills necessary for successful employment.

Bring Competition to and Encourage New Approaches for Job Training. To compete in the global economy, we need skilled workers who can access opportunities to upgrade and hone their skills as their careers progress and technology changes. The Budget provides nearly \$10 billion for Workforce Investment Act (WIA) programs, which match unemployed people with jobs and give individuals with skill gaps the training they need to secure family-sustaining employment. The Administration will work with the Congress on a reauthorization bill that streamlines service delivery and breaks down program silos, better meets the needs of employers and regional economies, holds the system accountable for serving all workers and job-seekers well, learns more easily from experience, and promotes innovation and reform based on what works. Recognizing that the best ideas often come from the bottom up, the Budget establishes a Workforce Innovation Fund that, paired with broader waiver authority, will encourage States and regions to break down barriers among programs, test new ideas, and replicate proven strategies for delivering better employment and education results at a lower cost per outcome.

Improve Access to Higher Education for Students from Minority Backgrounds. The Budget proposes to double loan levels for Historically Black Colleges and Universities (HBCU) above the 2010 enacted level and maintains funding for programs administered by the Department of Education, the Department of Energy and the National Science Foundation that fund HBCUs. Budget also invests \$150 million in a new initiative to increase college access and completion and improve educational productivity, which will help America restore its international leadership in the number of students graduating college. The proposal introduces into the Fund for Improvement of Postsecondary Education an evidence-based framework, enabling the Fund to become a postsecondary "Investing in Innovation" program that will test, validate, and scale up effective approaches. In addition to these competitive grants, the Budget also provides \$50 million in 2012 and a total of \$1.3 billion over five years in performance-based funding to institutions that have demonstrable success in enrolling and graduating more high-need students and enabling them to enter successful employment; an additional \$40 million for a new competitive grant program, Hawkins Centers of Excellence, to improve and expand teacher education programs at minority-serving institutions, a significant pipeline for preparing a diverse teaching force; and \$10.5 million to promote post-baccalaureate programs for Hispanic-Americans. Finally, the Administration invests an additional \$67 million in the TRIO program, run by the Department of Education, which provides education outreach and student support

services to help individuals from disadvantaged backgrounds prepare for, enter, and complete college and graduate studies.

Invest in Community Colleges and Eliminate Redundant Programs. The Budget includes funding for the recently enacted Trade Adjustment Assistance Community College and Career Training (TAA CCCT) program, which will provide \$2 billion over four years to help community colleges improve and expand their programs to meet local and regional labor market demands. Through rigorous evaluation, data collection, and greater use of online learning, the program will help colleges move toward the approaches that will produce the greatest returns for their students. Funding for the Career Pathways Innovation Fund in the Department of Labor is not proposed, however, because it is duplicative of the TAA CCCT. The Budget also increases by 50 percent funding for the Green Jobs Innovation Fund, which prepares workers to work in green industries, often through funding Community Colleges.

Increase the Number of Math, Science, and Engineering Graduates. If the United States is going to create the industries of tomorrow and the jobs that come with it, we need to continue to invest in educating the scientists and engineers who will develop these breakthroughs. In cooperation with the Department of Education, NSF's Teacher Learning for the Future program will fund innovative efforts that design, develop, implement, and test new teacher-training programs. To bring undergraduates from groups historically underrepresented in science, technology, engineering, and math (STEM) fields, the Budget also provides NSF with \$20 million for an overarching, comprehensive science and technology workforce program. These programs will be developed in conjunction with a government-wide effort to improve the impact of Federal investments in math and science education by ensuring that all programs supporting K-12 and undergraduate education adhere to consistent standards of effectiveness.

Recruit and Prepare Talented Individuals as Effective Teachers. As a replacement for the TEACH Grant program, the Budget includes \$185 million in mandatory funding for the new Presidential Teaching Fellows program, which would make formula grants to States to provide scholarships of up to \$10,000 to talented individuals who attend high-performing teacher preparation programs and who commit to teaching for at least three years in a high-need school. Eligible States would agree to measure the effectiveness of their teacher preparation programs, based in part on their graduates' success in improving elementary and secondary student achievement; hold these programs accountable for results; and upgrade licensure and certification standards.