



OFFICE OF
MANAGEMENT AND BUDGET

THE FEDERAL BUDGET
FISCAL YEAR 2011

Opening the Doors of College and Opportunity

Having steered the economy back from the brink of a depression, the Administration is committed to moving the Nation from recession to recovery by sparking job creation to get millions of Americans back to work and building a new foundation for the long-term prosperity for all American families. To do this, the 2011 Budget makes critical investments in the key areas that will help to reverse the decline in economic security that American families have experienced over the past decade with investments in education, clean energy, infrastructure, and innovation.

But even as we meet the challenge of the recession and work to build an economy that works for all American families, we must also change the way Washington does business – ending programs that don't work, streamlining those that do, cracking down on special interest access, and bringing a new responsibility to how tax dollars are spent. The President's Budget takes the steps to help jumpstart job creation, works to strengthen the economic security of American families, and makes the tough choices to put our Nation back on the path to fiscal responsibility.

In today's global economy, an educated and highly-skilled workforce is essential. 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:

Increase Pell Grants and Put Them on a Firm Financial Footing. Pell Grants have helped millions of Americans afford college, yet in recent decades, growth in their value has fallen far behind the growth in college costs. The Recovery Act and 2009 appropriations bill increased the maximum Pell Grant by more than \$600 for a total award of \$5,350. The Budget proposes to make that increase permanent and put them on a path to grow faster than inflation every year, increasing the maximum grant by \$1,000, expanding eligibility, and nearly doubling the total amount of Pell grants since the President took office. The Budget also addresses a second challenge: Pell Grants function much like an entitlement, yet they are funded through an annual appropriations process

that can fall behind actual demand for the grants. The Budget proposes to make Pell Grant funding mandatory so that adequate Pell Grant funding is available every year.

Launch a New American Graduation Initiative to Help Graduate Five Million More Students by 2020. The Budget supports legislation that has passed the House and is pending in the Senate that would reform student lending to eliminate tens of billions of dollars in wasteful subsidies to banks, and instead, provide loans directly to students on an efficient basis that uses private and nonprofit companies to deliver services. This measure would then use savings to make historic investments to increase college access and success, and would lay a foundation for success for America's youngest children. In addition to expanded Pell Grants and a simplified student aid system, these investments include a new American Graduation Initiative that will strengthen America's community colleges through ties with employers, high schools, and other colleges; bolster remedial education; raise graduation rates; and set a goal of graduating 5 million more students by 2020.

Help Relieve the Burden of Student Loan Debt. For many students, the weak job market has only exacerbated the challenge of paying off student loan debt. To help graduates overburdened with student loan debt, the Administration will strengthen income-based repayment plans for student loans by reducing monthly payments and shortening the repayment period so that overburdened borrowers will pay only 10 percent of their discretionary income in loan repayments and can have their remaining debt forgiven after 20 years. Those in public service careers will have their debt forgiven after 10 years. The Budget also expands low-cost Perkins student loans.

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. That's why the Budget expands graduate research fellowship programs that will train students in critical energy-related fields. In addition, the Department of Energy, in partnership with NSF, will dedicate at least 5 percent of its undergraduate and graduate fellowship, scholarship, and traineeship programs, roughly \$19 million in 2011, to students pursuing clean energy careers. Finally, the Budget proposes to launch a comprehensive science and technology workforce program to engage undergraduates at Historically Black, Tribal, and Hispanic-serving colleges and universities by realigning and building on existing programs. Funding for these activities would increase by over 14 percent to \$103 million.

Reform the Job-Training System to Encourage Innovation and Empower Workers. Our job-training system is critical to giving all workers the opportunity to succeed in a changing economy, yet too often workers looking for good training cannot find it. As a complement to reauthorization of the Workforce Investment Act (WIA), the Budget increases total funding for major funding streams, including a \$101 million increase targeted to youth. But because reform is essential and the current system's fragmentation must end, the Budget also sets aside \$261 million in the Department of Labor and \$60 million in the Department of Education for innovation funds. They will support

competitive grants for the most promising, research-based strategies, including regional approaches and sectoral partnerships for adults and the combination of summer or year-round employment with education for youths. The Departments will cooperate in the administration of the innovation grants as a part of a Workforce Innovation Partnership that will create new incentives for States to break down silos, streamline service delivery, and eliminate duplication. The Partnership will be supported by new cross-program waivers, which will be accompanied by new tools for measuring program performance and sharing information with both policymakers and customers. Finally, the Budget targets high-growth sectors of the economy and workers often left behind through \$85 million for green job training and \$40 million for transitional jobs programs.

Continue to Support Minority Serving Institutions (MSIs). The Budget proposes \$642 million, an increase of \$30 million over the 2010 level, to support MSIs through the Aid for Institutional Development programs – which provide support for Historically Black Colleges and Universities, Tribal Colleges and Universities, and other MSIs – and the Aid for Hispanic-serving Institutions programs. In addition to this discretionary increase for MSIs, the Administration supports legislation passed by the House of Representatives and pending in the Senate that would provide \$2.55 billion in mandatory funding to MSIs over 10 years. The legislation would also help MSIs through programs such as the American Graduation Initiative that lends new support for community colleges, and the Access and Completion Fund, which would make grants to States, institutions of higher education, and other organizations to support innovative strategies to increase the number of students entering and completing college. The pending legislation would also guarantee student access to education loans and ensure high-quality services by competitive, private providers.