

DEPARTMENT OF EDUCATION

OFFICE OF ELEMENTARY AND SECONDARY EDUCATION

Federal Funds

General and special funds:

EDUCATION REFORM

For carrying out activities authorized by titles III and IV of the Goals 2000: Educate America Act, the School-to-Work Opportunities Act, and sections 3122, 3132, 3136, and 3141 and parts B, C, and D of title III of the Elementary and Secondary Education Act of 1965, **[\$1,275,035,000]** *\$1,347,000,000*, of which **[\$464,500,000]** *\$474,000,000* for the Goals 2000: Educate America Act and **[\$200,000,000]** *\$125,000,000* for the School-to-Work Opportunities Act shall become available on July 1, **[1998]** *1999*, and remain available through September 30, **[1999]** *2000*, and of which *\$87,000,000 shall be for section 3122: Provided*, That none of the funds appropriated under this heading shall be obligated or expended to carry out section 304(a)(2)(A) of the Goals 2000: Educate America Act, except that no more than **[\$1,500,000]** *\$2,000,000* may be used to carry out activities under section 314(a)(2) of that Act: *Provided further*, That section 315(a)(2) of the Goals 2000 Act shall not apply: *Provided further*, That up to one-half of 1 percent of the amount available under section 3132 shall be set aside for the outlying areas, to be distributed on the basis of their relative need as determined by the Secretary in accordance with the purposes of the program: *Provided further*, That if any State educational agency does not apply for a grant under section 3132, that State's allotment under section 3131 shall be reserved by the Secretary for grants to local educational agencies in that State that apply directly to the Secretary according to the terms and conditions published by the Secretary in the Federal Register: *Provided further*, That of the funds made available under section 3136, \$5,000,000 shall be provided to the Hospitals, Universities, Businesses, and Schools program to develop a regional information infrastructure in the mid-Atlantic region, \$7,300,000 shall be for the "I Can Learn" project to integrate technology into eighth grade algebra classrooms and \$800,000 shall be provided for a distance education network involving a consortium of nine school districts and Nicolet Area Technical College: *Provided further*, That of the amount available for title III, part B of the Elementary and Secondary Education Act of 1965, as amended, \$8,000,000 shall be awarded to continue and expand the Iowa Communication Network statewide fiber optic demonstration project]. (*Department of Education Appropriations Act, 1998.*)

Program and Financing (in millions of dollars)

Identification code 91-0500-0-1-501	1997 actual	1998 est.	1999 est.
Obligations by program activity:			
Goals 2000:			
00.01 State and local education systemic improvement	653	486	476
00.02 Parental assistance	15	25	25
00.91 Total goals 2000	668	511	501
01.01 School-to-work opportunities	138	374	125
Educational technology:			
02.01 Technology literacy challenge fund	425	475	
02.02 Technology innovation challenge grants	106	106	
02.03 Regional technology in education consortia	10	10	
National activities:			
02.04 Technology leadership activities		2	
02.05 Teacher training in technology		75	
02.06 Community-based technology		10	
02.07 Star schools		34	34
02.08 Ready to learn television		7	7
02.09 Telecommunications demonstration project for mathematics		2	2
02.91 Total, educational technology		584	721
10.00 Total obligations	806	1,469	1,347

Budgetary resources available for obligation:			
21.40 Unobligated balance available, start of year:			
Uninvested	329	194	
22.00 New budget authority (gross)	691	1,275	1,347
22.21 Unobligated balance transferred to other accounts	-20		
23.90 Total budgetary resources available for obligation	1,000	1,469	1,347
23.95 New obligations	-806	-1,469	-1,347
24.40 Unobligated balance available, end of year:			
Uninvested	194		
New budget authority (gross), detail:			
40.00 Appropriation	691	1,275	1,347
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Uninvested	532	902	1,703
73.10 New obligations	806	1,469	1,347
73.20 Total outlays (gross)	-431	-668	-1,228
73.40 Adjustments in expired accounts	-4		
74.40 Unpaid obligations, end of year: Obligated balance:			
Uninvested	902	1,703	1,822
Outlays (gross), detail:			
86.90 Outlays from new current authority	23	64	67
86.93 Outlays from current balances	408	604	1,161
87.00 Total outlays (gross)	431	668	1,228
Net budget authority and outlays:			
89.00 Budget authority	691	1,275	1,347
90.00 Outlays	431	668	1,228

Funds help States and localities undertake comprehensive education reform, create State and local systems of school-to-work transition for students, and implement educational technology plans.

Goals 2000:

State and local education systemic improvement.—State grants support State and local education improvement efforts to help all students reach challenging academic standards in all 50 States. At least 90 percent of the funds are provided to local educational agencies. Funds also support evaluation of educational reform efforts.

Parental assistance.—Centers in all 50 States would continue to help provide parents with knowledge and skills they need to participate effectively in their children's education.

School-to-Work Opportunities.—School-to-work programs are jointly administered by the Departments of Education and Labor. An identical amount is provided for the Department of Labor to support these activities. To date, competitive, 5-year grants have been awarded to 37 States that have completed and are ready to implement their school-to-work plans. Remaining States are expected to receive implementation grants in 1998.

Direct grants are also provided to local partnerships serving young people who live in high-poverty urban and rural areas, as well as partnerships that serve Indian youth. These funds also support national evaluation, research, and development activities to provide national leadership and analysis of school-to-work opportunities initiatives.

Technology for Education:

Technology Literacy Challenge Fund.—All States will receive the third year of 5-year grants as part of the President's plan to provide States and school districts with \$2 billion over 5 years for computers, connections, training, and software, in order to achieve the President's four goals for fully integrating technology into schools.

General and special funds—Continued

EDUCATION REFORM—Continued

Technology innovation challenge grants.—Competitive grants are made to consortia of schools districts and other partners to improve teaching and learning through the effective use of technologies.

Regional technology in education consortia.—Funds support technical assistance in the development and implementation of educational technology.

Technology leadership activities.—Funds support leadership activities designed to promote the effective use of educational technology, and to strengthen and coordinate the Department's technology initiatives and other Federal and private sector efforts.

Teacher training in technology.—Funds will support grants to consortia of States, colleges of education, and other public and private entities to provide summer institutes or other activities that will help new teachers learn how to use technology effectively.

Community-based technology.—Funds will establish computer learning centers in low-income neighborhoods for students and adults.

Star schools.—Funds support competitive grants to partnerships for the development of instructional programming and professional development using distance learning technologies.

Ready to learn television.—Funds support the development of educational programming and outreach activities promoting literacy and school readiness for preschool and elementary school children and their parents.

Telecommunications demonstration project for mathematics.—Funds support a national telecommunications-based demonstration project to improve the teaching of mathematics so that all students are prepared to achieve State content standards.

Object Classification (in millions of dollars)

Identification code 91-0500-0-1-501	1997 actual	1998 est.	1999 est.
25.1 Advisory and assistance services	1	1	1
25.2 Other services	1	2	2
25.5 Research and development contracts	2	5	6
41.0 Grants, subsidies, and contributions	802	1,461	1,338
99.9 Total obligations	806	1,469	1,347

EDUCATION FOR THE DISADVANTAGED

For carrying out title I of the Elementary and Secondary Education Act of 1965, [and section 418A of the Higher Education Act,] [\$8,021,827,000] \$8,480,892,000, of which [\$6,553,249,000] \$6,985,106,000 shall become available on July 1, [1998] 1999, and shall remain available through September 30, [1999] 2000, and of which \$1,448,386,000 shall become available on October 1, [1998] 1999 and shall remain available through September 30, [1999] 2000, for academic year [1998-1999] 1999-2000. *Provided*, That [\$6,273,212,000] \$6,274,000,000 shall be available for basic grants under section 1124: *Provided further*, That up to \$3,500,000 of these funds shall be available to the Secretary on October 1, [1997] 1998, to obtain updated local-educational-agency-level census poverty data from the Bureau of the Census: *Provided further*, That [\$1,102,020,000] \$1,200,000,000 shall be available for concentration grants under section 1124A, \$293,000,000 shall be available for targeted grants under section 1125, [\$6,977,000] \$8,900,000 shall be available for evaluations under section 1501 and not more than [\$7,500,000] \$8,500,000 shall be reserved for section 1308, of which not more than \$3,000,000 shall be reserved for section 1308(d): *Provided further*, That grant awards under section 1124 and 1124A of title I of the Elementary and Secondary Education Act shall be made to each State or local educational agency at no less than 100 percent of the amount such State or local educational agency received under this authority for fiscal year 1997 under Public Laws 104-208 and

105-18: *Provided further*, That in determining State allocations under any other program administered by the Secretary, amounts provided under Public Law 105-18, or equivalent amounts provided for in this Act, will not be taken into account in determining State allocations: *Provided further*, That [\$120,000,000] \$150,000,000 shall be available under section 1002(g)(2) to demonstrate effective approaches to comprehensive school reform to be allocated and expended in accordance with the instructions relating to this proviso in *Public Law 105-78* and the statement of the managers on the conference report accompanying [this] that Act: *Provided further*, That in carrying out this initiative, the Secretary and the States shall support only approaches that show the most promise of enabling children served by title I to meet challenging State content standards and challenging State student performance standards based on reliable research and effective practices, and include an emphasis on basic academics and parental involvement: *Provided further*, That \$35,000,000 shall be available under section 1002(g)(2) for transition to school projects that demonstrate innovative approaches for helping children from low-income families make transitions from preschool to kindergarten and the early elementary grades, and enable those children to meet high State standards: *Provided further*, That [such funds] no funds appropriated under section 1002(g)(2) shall [not] be available for section 1503. (*Department of Education Appropriations Act, 1998.*)

Program and Financing (in millions of dollars)

Identification code 91-0900-0-1-501	1997 actual	1998 est.	1999 est.
Obligations by program activity:			
Direct program:			
Grants to local educational agencies:			
00.01 Basic grants	6,261	6,098	6,211
00.02 Concentration grants	953	1,055	1,188
00.03 Targeted grants			290
00.04 Set-aside for BIA/outlying areas	80	76	78
00.05 Capital expenses	41	41	10
00.06 Even start	103	125	115
00.07 State agency programs	345	349	395
00.08 Evaluation	7	7	9
00.09 Demonstrations of comprehensive school reform		120	150
00.10 Transition to school			35
00.11 Migrant education projects	9	10	
00.91 Total direct program	7,799	7,881	8,481
09.01 Reimbursable program	32		
10.00 Total obligations	7,831	7,881	8,481

Budgetary resources available for obligation:

21.40 Unobligated balance available, start of year:			
Uninvested	41	10	
22.00 New budget authority (gross)	7,809	7,871	8,481
22.10 Resources available from recoveries of prior year obligations	2		
22.30 Unobligated balance expiring	-12		
23.90 Total budgetary resources available for obligation	7,840	7,881	8,481
23.95 New obligations	-7,831	-7,881	-8,481
24.40 Unobligated balance available, end of year:			
Uninvested	10		

New budget authority (gross), detail:

Current:			
40.00 Appropriation	6,501	6,573	7,033
Permanent:			
61.00 Transferred to other accounts	-8		
65.00 Advance appropriation (definite)	1,298	1,298	1,448
68.00 Spending authority from offsetting collections: Offsetting collections (cash)	18		
70.00 Total new budget authority (gross)	7,809	7,871	8,481

Change in unpaid obligations:

72.40 Unpaid obligations, start of year: Obligated balance:			
Uninvested	6,721	7,306	8,939
73.10 New obligations	7,831	7,881	8,481
73.20 Total outlays (gross)	-7,216	-6,250	-7,943
73.40 Adjustments in expired accounts	-27		
73.45 Adjustments in unexpired accounts	-2		
74.40 Unpaid obligations, end of year: Obligated balance:			
Uninvested	7,306	8,939	9,477

Outlays (gross), detail:

86.90 Outlays from new current authority	867	329	352
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86.93	Outlays from current balances	5,395	4,723	6,183
86.97	Outlays from new permanent authority	942	909	1,014
86.98	Outlays from permanent balances	12	289	394
87.00	Total outlays (gross)	7,216	6,250	7,943
Offsets:				
Against gross budget authority and outlays:				
88.00	Offsetting collections (cash) from: Federal sources	-18		
Net budget authority and outlays:				
89.00	Budget authority	7,791	7,871	8,481
90.00	Outlays	7,199	6,250	7,943

Summary of Budget Authority and Outlays

(in millions of dollars)

	1997 actual	1998 est.	1999 est.
Enacted/requested:			
Budget Authority	7,791	7,871	8,481
Outlays	7,198	6,250	7,943
Legislative proposal, not subject to PAYGO:			
Budget Authority			15
Outlays			1
Total:			
Budget Authority	7,791	7,871	8,496
Outlays	7,198	6,250	7,944

Grants to local educational agencies.—Funds will be allocated through the Basic, Concentration, and Targeted grant formulas for local programs that stress the achievement of challenging State education standards, support schoolwide improvement, integrate Title I assessment and curriculum with State systemic reforms, and target funds to high-poverty schools. Up to \$3.5 million in Basic Grant funds will be used to continue work needed to obtain updated poverty data at the local educational agency level from the Bureau of the Census for use in allocating Title I funds beginning in 1999, as required by the statute.

Capital expenses.—Funds are provided by formula to States to support phase-out funding to local educational agencies that entered into long-term contracts and other arrangements associated with providing educational services to eligible children attending non-public schools before the Supreme Court reversed the *Aguilar v. Felton* decision in June 1997.

Even start.—Funds are provided by formula to States, which in turn award grants to partnerships of local educational agencies and other organizations to operate family literacy projects integrating early childhood education, adult literacy and parenting education for low-income families with children under age 8.

State agency migrant program.—Funds are provided by formula to States for educational services to children of migratory farmworkers and fishers. Funds and services are concentrated on children who have moved within the past 36 months.

State agency neglected and delinquent program.—Funds are provided by formula to States for educational services to children and youth under age 21 in State facilities for neglected or delinquent children or adult correction facilities. Services help institutionalized youth achieve the same challenging standards established for students in local public schools.

Evaluation.—Funds support national activities to evaluate Title I programs and ongoing longitudinal studies of the program's effectiveness in helping schools and children achieve to challenging State education standards.

Demonstrations of comprehensive school reform.—Funds are provided by formula to States, which in turn award grants to local educational agencies to help participating schools initiate and implement comprehensive school reforms based on approaches and methods grounded in reliable research and practice.

Transition to school projects.—Funds support grants to local educational agencies that have formed consortia with early childhood programs to provide instructional and support serv-

ices to help low-income families and their young children make successful transitions from preschool through the early elementary grades.

Reimbursable program.—This activity consists of funds appropriated in other accounts for consolidated grants to the insular areas.

Object Classification (in millions of dollars)

Identification code 91-0900-0-1-501	1997 actual	1998 est.	1999 est.	
Direct obligations:				
25.1	Advisory and assistance services	8	8	8
25.2	Other services	8	8	8
25.3	Purchases of goods and services from Government accounts	4	4	4
41.0	Grants, subsidies, and contributions	7,779	7,861	8,461
99.0	Subtotal, direct obligations	7,799	7,881	8,481
99.0	Reimbursable obligations	32		
99.9	Total obligations	7,831	7,881	8,481

EDUCATION FOR THE DISADVANTAGED

(Legislative proposal, not subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 91-0900-2-1-501	1997 actual	1998 est.	1999 est.	
Obligations by program activity:				
00.11	Migrant education projects			15
10.00	Total obligations (object class 41.0)			15
Budgetary resources available for obligation:				
22.00	New budget authority (gross)			15
23.95	New obligations			-15
New budget authority (gross), detail:				
40.00	Appropriation			15
Change in unpaid obligations:				
73.10	New obligations			15
73.20	Total outlays (gross)			-1
74.40	Unpaid obligations, end of year: Obligated balance: Uninvested			14
Outlays (gross), detail:				
86.90	Outlays from new current authority			1
Net budget authority and outlays:				
89.00	Budget authority			15
90.00	Outlays			1

The resources in this schedule are proposed for later transmittal under proposed legislation to revise and reauthorize programs currently authorized under the Higher Education Act, as amended.

Migrant education projects.—Under the Administration proposal for Title IV of that Act, funds would support grants to institutions of higher education and other non-profit agencies that assist migrant students to earn a high school equivalency certificate or to complete their first year of college.

CLASS SIZE REDUCTION AND TEACHER FINANCING

(Legislative proposal, subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 91-0099-4-1-501	1997 actual	1998 est.	1999 est.	
Obligations by program activity:				
00.01	Class size reduction and teacher financing			1,100
10.00	Total obligations (object class 41.0)			1,100

General and special funds—Continued**CLASS SIZE REDUCTION AND TEACHER FINANCING—Continued****Program and Financing (in millions of dollars)—Continued**

Identification code 91-0099-4-1-501	1997 actual	1998 est.	1999 est.
Budgetary resources available for obligation:			
22.00 New budget authority (gross)			1,100
23.95 New obligations			-1,100
New budget authority (gross), detail:			
60.00 Appropriation			1,100
Change in unpaid obligations:			
73.10 New obligations			1,100
73.20 Total outlays (gross)			-55
74.40 Unpaid obligations, end of year: Obligated balance:			
Uninvested			1,045
Outlays (gross), detail:			
86.97 Outlays from new permanent authority			55
Net budget authority and outlays:			
89.00 Budget authority			1,100
90.00 Outlays			55

The President is proposing an initiative to help local educational agencies address teacher shortages and classroom overcrowding. The initiative helps reduce class sizes in the early grades, the grades in which children need the most attention in learning to read proficiently. The initiative responds to research showing that reducing class size to 15-18 students in the early grades improves student achievement, particularly among low-income and minority students in inner cities. The program would be funded at \$1.1 billion in 1999 and \$7.34 billion over an initial five-year period, with funding obtained from tobacco legislation revenues. By the year 2005, the initiative will enable schools to hire 100,000 additional teachers.

IMPACT AID

For carrying out programs of financial assistance to federally affected schools authorized by title VIII of the Elementary and Secondary Education Act of 1965, [§808,000,000] \$696,000,000, of which [§662,000,000] \$626,000,000 shall be for basic support payments under section 8003(b), [§50,000,000] \$40,000,000 shall be for payments for children with disabilities under section 8003(d), [§62,000,000] \$20,000,000, to remain available until expended, shall be for payments under section 8003(f), [§7,000,000] shall be for construction under section 8007, and \$24,000,000 shall be for Federal property payments under section 8002 of which such sums as may be necessary shall be for section 8002(j)] and [§3,000,000] \$10,000,000, to remain available until expended, shall be for facilities maintenance under section 8008: [Provided, That section 8003(f)(2) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7709(f)(2)) is amended in clause (ii) in subclause (I) by striking "35 percent" and all that follows through the semicolon, and inserting the following: "25 percent of the total student enrollment of such agency. For purposes of this subclause, all students described in section 8003(a)(1) are used to determine eligibility, regardless of whether or not a local educational agency receives funds for these children from section 8003(b) of the Act";

The amendment made by this proviso shall apply with respect to fiscal years beginning with fiscal year 1996: *Provided*, That the Secretary of Education shall treat as timely filed, and shall process for payment, an application for a fiscal year 1998 payment from the local educational agency for Boston, Massachusetts, under section 8003 of the Elementary and Secondary Education Act of 1965 if the Secretary has received that application not later than 30 days after the enactment of this Act: *Provided further*, That the Secretary of Education shall forgive any overpayments established for fiscal year 1994 under section 3(d)(2)(B) of the Act of September 30, 1950 (Public Law 874—81st Congress), for any local educational agency in the State of Texas receiving funds appropriated for fiscal year 1994 under the authority of this section: *Provided further*, That sec-

tion 8002 of the Elementary and Education Act of 1965 (20 U.S.C. 7702) is amended by adding the following new subsection:

"(j) ADDITIONAL ASSISTANCE FOR CERTAIN LOCAL EDUCATIONAL AGENCIES IMPACTED BY FEDERAL PROPERTY ACQUISITION.—

"(1) RESERVATION.—From amounts appropriated under section 8014(g) for a fiscal year, the Secretary shall provide additional assistance to meet special circumstances relating to the provision of education in local educational agencies eligible to receive assistance under this section.

"(2) ELIGIBILITY.—(A) A local educational agency is eligible to receive additional assistance under this subsection only if such agency—

"(i) received a payment under both this section and section 8003(b) for fiscal year 1996 and is eligible to receive payments under those sections for the year of application;

"(ii) provided a free public education to children described under sections 8003(a)(1)(A), (B), or (D);

"(iii) had a military installation located within the geographic boundaries of the local educational agency that was closed as a result of base closure or realignment;

"(iv) remains responsible for the free public education of children residing in housing located on Federal property within the boundaries of the closed military installation but whose parents are on active duty in the uniformed services and assigned to a military activity located within the boundaries of an adjoining local educational agency; and

"(v) demonstrates to the satisfaction of the Secretary that such agency's per-pupil revenue derived from local sources for current expenditures is not less than that revenue for the preceding fiscal year.

"(3) MAXIMUM AMOUNT.—(A) The maximum amount that a local educational agency is eligible to receive under this subsection for any fiscal year, when combined with its payment under subsection (b), shall not be more than 50 percent of the maximum amount determined under subsection (b);

"(B) If funds appropriated under section 8014(g) are insufficient to pay the amount determined under subparagraph (A), the Secretary shall ratably reduce the payment to each local education agency eligible under this subsection;

"(C) If funds appropriated under section 8014(g) are in excess of the amount determined under subparagraph (A) the Secretary shall ratably distribute any excess funds to all local educational agencies eligible for payment under subsection (b) of this section.": *Provided further*, That section 8014 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7714) is amended by adding the following new subsection:

"(g) ADDITIONAL ASSISTANCE FOR CERTAIN FEDERAL PROPERTY LOCAL EDUCATIONAL AGENCIES.—For the purpose of carrying out section 8002(j) there are authorized to be appropriated such sums as are necessary beginning in fiscal year 1998 and for each succeeding fiscal year.": *Provided further*, That of the funds available for section 8007, the Secretary shall, under such terms and conditions he determines appropriate, first provide \$1,500,000 to applicant number 11-2815 and \$1,500,000 to applicant number 36-4403 for the construction of public elementary or secondary schools where the current structures are unsafe and pose serious health threats to the students, if requests for funding and construction project descriptions are submitted to the Secretary within 30 days of enactment of this Act: *Provided further*, That notwithstanding any deadline established by the Secretary of Education under subsection (c) of section 8005 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7705), and without regard to paragraphs (1)(A), (2), and (3) of subsection (d) of that section, the Secretary shall accept, as if timely received, an application from the Maconaquah School Corporation, Bunker Hill, Indiana, under section 8003 of that Act for fiscal year 1996 if the Secretary has received that application not later than 30 days after the enactment of this Act: *Provided further*, That notwithstanding any other provision of law, the Secretary of Defense shall treat any data included in an application described in the preceding proviso, and that is approved by the Secretary of Education, as data to be used in determining the eligibility of the Maconaquah School Corporation, Bunker Hill, Indiana, for, and the amount of, a payment for any of the fiscal years 1998 through 2000 under section 386 of the National Defense Authorization Act for Fiscal Year 1993: *Provided further*, That section 8 of Public Law 104-195 is amended by striking the period after "year" and adding the following: "or, for fiscal year 1995 or fiscal year 1996, the amount of any payment under section 8003(f) of the Elementary and Secondary Education

Act of 1965": *Provided further, That the Secretary of Education shall deem the local educational agency serving the Clinton County School District in Albany, Kentucky, to meet the eligibility requirements of section 8002(a)(1)(C) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7702(a)(1)(C)).* **Provided, That payments and eligibility under section 8003 shall be based only on federally connected children described in sections 8003(a)(1)(B) and 8003(a)(1)(C):** *Provided further, That notwithstanding section 8003(b)(1)(B), any local educational agency that received a payment based on federally connected children described in sections 8003(a)(1)(B) and 8003(a)(1)(C) for fiscal year 1998 shall be eligible to receive a payment under sections 8003(b) and 8003(d) for fiscal year 1999: Provided further, That notwithstanding section 8003(b)(1)(C), the maximum amount of the basic support payment for any local educational agency under section 8003(b)(1) shall be determined by multiplying the number of that agency's weighted student units for children described in sections 8003(a)(1)(B) and 8003(a)(1)(C) by the greatest of: (1) the local contribution rate described in section 8003(b)(1)(C)(iii); (2) the amount described in section 8003(b)(1)(C)(iv); or (3) the average per-pupil expenditure of all the States for fiscal year 1996, multiplied by the local contribution percentage of the State in which the agency is located: Provided further, That notwithstanding section 8003(b)(2), if funds appropriated are insufficient to pay each local educational agency the full amount calculated under the preceding proviso, each such payment shall be: (1) multiplied by the sum of: (A) .50; and (B) one-half of the percentage of the agency's average daily attendance (as defined in section 14101(1) of such Act) that is comprised of children described in sections 8003(a)(1)(B) and 8003(a)(1)(C); and (2) ratably reduced or increased, as the case may be, but not to exceed the maximum amount described in the third proviso above: Provided further, That none of the funds appropriated shall be used for payment under section 8003(e). (Department of Education Appropriations Act, 1998.)*

Program and Financing (in millions of dollars)				
Identification code 91-0102-0-1-501	1997 actual	1998 est.	1999 est.	
Obligations by program activity:				
Payments for federally connected children:				
00.01 Basic support payments	614	662	626	
00.02 Supplemental payments for children with disabilities	40	50	40	
00.03 Payments for heavily impacted districts	45	90	39	
00.91 Subtotal, payments for federally connected children	699	802	705	
01.01 Facilities maintenance	6	5	8	
02.01 Construction	7	19	1	
03.01 Payments for Federal property	17	24		
04.01 Payments for section 3(d)(2)(B)	3	1		
05.01 Construction (P.L. 81-815)	5			
10.00 Total obligations	737	851	714	
Budgetary resources available for obligation:				
21.40 Unobligated balance available, start of year:				
Uninvested	109	94	51	
22.00 New budget authority (gross)	730	808	696	
22.10 Resources available from recoveries of prior year obligations	4			
22.30 Unobligated balance expiring	-11			
23.90 Total budgetary resources available for obligation	832	902	747	
23.95 New obligations	-737	-851	-714	
24.40 Unobligated balance available, end of year:				
Uninvested	94	51	33	
New budget authority (gross), detail:				
40.00 Appropriation	730	808	696	
Change in unpaid obligations:				
72.40 Unpaid obligations, start of year: Obligated balance:				
Uninvested	320	334	178	
73.10 New obligations	737	851	714	
73.20 Total outlays (gross)	-656	-1,007	-723	
73.40 Adjustments in expired accounts	-64			
73.45 Adjustments in unexpired accounts	-4			
74.40 Unpaid obligations, end of year: Obligated balance:				
Uninvested	334	178	169	
Outlays (gross), detail:				
86.90 Outlays from new current authority	521	660	564	
86.93 Outlays from current balances	135	347	159	

87.00	Total outlays (gross)	656	1,007	723
Net budget authority and outlays:				
89.00	Budget authority	730	808	696
90.00	Outlays	656	1,007	723

Funds help to pay the operating costs of local educational agencies that are affected by Federal activities. Payments would be made to local educational agencies that educate children living on Indian lands and military dependents living on Federal property.

Basic support payments.—Payments would be made on behalf of approximately 302,000 federally connected children enrolled in approximately 900 school districts across the country. The request would provide an average payment of approximately \$2,100 for each of these federally connected children.

Supplemental payments for children with disabilities.—Payments would be made for additional assistance to school districts educating federally connected children with disabilities. Approximately 32,000 such children are enrolled in school districts across the country. The request would provide approximately \$1,300 in additional assistance for the education of each of these children.

Payments for heavily impacted districts.—Additional payments would be provided for certain heavily impacted school districts, including school districts whose boundaries are the same as a military base, and school districts that tend to enroll high proportions of federally connected children and meet certain fiscal requirements.

Facilities maintenance.—Funds would be used to provide emergency repairs for school facilities that serve federally connected military students and are owned by the Department of Education. Funds would also be used to transfer the facilities to local educational agencies.

Object Classification (in millions of dollars)				
Identification code 91-0102-0-1-501	1997 actual	1998 est.	1999 est.	
32.0	Land and structures	5	5	8
41.0	Grants, subsidies, and contributions	732	846	706
99.9	Total obligations	737	851	714

SCHOOL IMPROVEMENT PROGRAMS

For carrying out school improvement activities authorized by titles II, IV[-A-1 and 2], V-A and B, [VI.] IX, X, and XIII of the Elementary and Secondary Education Act of 1965; the Stewart B. McKinney Homeless Assistance Act; and the Civil Rights Act of 1964; **[\$1,538,188,000] \$1,272,800,000**, of which **[\$1,246,300,000] \$891,000,000** shall become available on July 1, [1998] 1999, and remain available through September 30, [1999] 2000: *Provided, That of the amount appropriated, \$335,000,000 shall be for Eisenhower professional development State grants under title II-B of the Elementary and Secondary Education Act of 1965 [of which \$25,000,000 shall be for professional development in reading, \$350,000,000 shall be for innovative education program strategies State grants under title VI-A of said Act and \$750,000 shall be for an evaluation of comprehensive regional assistance centers under title XIII of said Act: Provided further, That of the amount made available for title IV-A-2, \$350,000 shall be for the Yonkers Public Schools for innovative anti-drug and anti-violence activities.], and \$125,000,000 under title IV-A-1 of the Elementary and Secondary Education Act shall be awarded competitively by the Secretary to school districts based on the severity of their schools' drug or safety problems, or both, and their ability to develop and implement promising or proven programs and strategies to address those problems.*

General and special funds—Continued

SCHOOL IMPROVEMENT PROGRAMS—Continued

Program and Financing (in millions of dollars)

Identification code 91-1000-0-1-501	1997 actual	1998 est.	1999 est.
Obligations by program activity:			
Professional development and program innovation:			
00.01 Eisenhower professional development State grants	310	335	335
00.02 Innovative education program strategies State grants	310	350	
Safe and drug-free schools and communities:			
00.03 State grants	531	533	526
00.04 National programs	25	25	30
00.05 Coordinator Initiative			50
00.06 Inexpensive book distribution	10	12	13
00.07 Arts in education	9	10	10
00.08 Magnet schools assistance	95	101	101
00.09 Education for homeless children and youth	25	30	30
00.10 Women's educational equity	2	3	3
00.11 Training and advisory services	7	7	8
00.12 Ellender fellowships	2	2	
00.13 Education for Native Hawaiians	15	18	18
00.14 Alaska Native education equity	8	8	8
00.15 Charter schools	51	80	100
00.16 Comprehensive regional assistance centers	26	27	40
10.00 Total obligations	1,426	1,541	1,272
Budgetary resources available for obligation:			
21.40 Unobligated balance available, start of year:			
Uninvested	4	3	
22.00 New budget authority (gross)	1,426	1,538	1,273
23.90 Total budgetary resources available for obligation	1,430	1,541	1,273
23.95 New obligations	-1,426	-1,541	-1,272
24.40 Unobligated balance available, end of year:			
Uninvested	3		
New budget authority (gross), detail:			
40.00 Appropriation	1,426	1,538	1,273
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Uninvested	1,693	1,771	1,926
73.10 New obligations	1,426	1,541	1,272
73.20 Total outlays (gross)	-1,276	-1,386	-1,460
73.40 Adjustments in expired accounts	-72		
74.40 Unpaid obligations, end of year: Obligated balance:			
Uninvested	1,771	1,926	1,739
Outlays (gross), detail:			
86.90 Outlays from new current authority	81	77	64
86.93 Outlays from current balances	1,195	1,309	1,396
87.00 Total outlays (gross)	1,276	1,386	1,460
Net budget authority and outlays:			
89.00 Budget authority	1,426	1,538	1,273
90.00 Outlays	1,276	1,386	1,460

Summary of Budget Authority and Outlays

(in millions of dollars)

	1997 actual	1998 est.	1999 est.
Enacted/requested:			
Budget Authority	1,426	1,538	1,273
Outlays	1,276	1,386	1,460
Legislative proposal, not subject to PAYGO:			
Budget Authority			203
Outlays			10
Total:			
Budget Authority	1,426	1,538	1,476
Outlays	1,276	1,386	1,470

Eisenhower professional development State grants.—Formula grants are provided to States, outlying areas, and the Bureau of Indian Affairs to support intensive, high-quality professional development in the core academic subject areas.

Safe and drug-free schools and communities:

State grants.—Formula grants are made to States, outlying areas, and the Bureau of Indian Affairs to assist in

combatting school violence and drug use by the Nation's children and youth.

National programs.—Funds support activities to promote safe and disciplined academic environments and prevent the illegal use of drugs and violence among students at all educational levels. Such activities may include training, demonstrations, direct services to school districts with severe drug and violence problems, program evaluation, and development and dissemination of information and materials.

Coordinator Initiative.—Grants will be awarded to local educational agencies to provide middle schools with trained personnel who are experts in planning, designing, implementing, and evaluating successful drug and violence prevention programs in schools.

Other programs.—

Inexpensive book distribution.—Funds support reading motivation activities, including the distribution of free books to children.

Arts in education.—Funds support Federal leadership activities in arts education as well as the education activities of the Kennedy Center and Very Special Arts.

Magnet schools assistance.—Grants are made to local educational agencies to establish and operate magnet school programs that are part of approved desegregation plans.

Education for homeless children and youth.—Formula grants are provided to States, outlying areas, and the Bureau of Indian Affairs to provide educational and support services that enable homeless children and youth to enroll in, attend, and achieve success in school.

Women's educational equity.—Funds support implementation of gender-equity practices at schools and colleges, as well as the development and dissemination of educational materials that promote educational equity for women and girls.

Training and advisory services.—Grants are made to regional desegregation assistance centers that provide technical assistance to school districts in desegregating public schools and developing effective methods of coping with special educational problems associated with desegregation.

Education for Native Hawaiians.—Grants provide supplemental education services to Native Hawaiians in the areas of family-based education, special education, gifted and talented education, higher education, curriculum development, teacher training and recruitment, and community-based learning.

Alaska Native education equity.—Grants provide supplemental education services to Alaska Natives in the areas of educational planning, curriculum development, teacher training, teacher recruitment, student enrichment, and home-based instruction for pre-school children.

Charter schools.—The President is proposing a significant increase in this program to support innovative education reform and public school choice. Grants are awarded to State educational agencies and charter schools to support the design and initial implementation of model charter schools. These schools are created by teachers, parents, and members of the community, and are exempt from certain local, State, and Federal regulations.

Comprehensive regional assistance centers.—Funds are provided for 15 comprehensive regional technical assistance centers that provide services to States, local educational agencies, schools, and other recipients of Federal education funds to improve elementary and secondary education programs.

Object Classification (in millions of dollars)

Identification code 91-1000-0-1-501	1997 actual	1998 est.	1999 est.
25.1 Advisory and assistance services	3	3	3
25.2 Other services	19	20	16
25.7 Operation and maintenance of equipment	1	1	1
41.0 Grants, subsidies, and contributions	1,403	1,517	1,252

99.9	Total obligations	1,426	1,541	1,272
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SCHOOL IMPROVEMENT PROGRAMS
(Legislative proposal, not subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 91-1000-2-1-501	1997 actual	1998 est.	1999 est.
Obligations by program activity:			
Professional development and program innovation:			
00.01	Advanced placement test fees		3
00.02	Education opportunity zones		200
10.00	Total obligations (object class 41.0)		203
Budgetary resources available for obligation:			
22.00	New budget authority (gross)		203
23.95	New obligations		-203
New budget authority (gross), detail:			
40.00	Appropriation		203
Change in unpaid obligations:			
73.10	New obligations		203
73.20	Total outlays (gross)		-10
74.40	Unpaid obligations, end of year: Obligated balance:		
	Uninvested		193
Outlays (gross), detail:			
86.90	Outlays from new current authority		10
Net budget authority and outlays:			
89.00	Budget authority		203
90.00	Outlays		10

Note.—Includes \$3 million in budget authority in 1999 for activities previously financed from the Department of Education, Office of Postsecondary Education, Higher education account. The comparable amount is \$3 million for 1998.

Advanced placement test fees.—The resources for this activity are proposed for later transmittal under proposed legislation to revise and reauthorize programs currently authorized under the Higher Education Act. Under the Administration proposal for this program, funds would support State efforts to pay for the advanced placement test fees of low-income students.

Educational opportunity zones initiative.—The President will propose a program of competitive grants to high-poverty, low-achieving urban and rural school districts to support implementation of effective reform models and accountability measures to improve public education and raise student achievement. The initiative will focus on improving district-wide performance and establishing mechanisms to sustain effective practices. Districts must show they are using existing funds effectively as evidenced by improvements in student achievement, and future grants under this initiative will be dependent on continued learning gains. The program will support a range of reforms including fixing failing schools, ending social promotion, and holding schools accountable for improving academic outcomes.

【CHILD LITERACY INITIATIVE】

【(INCLUDING TRANSFER OF FUNDS)】

AMERICA READS CHALLENGE

【For carrying out a literacy initiative, \$210,000,000, which shall become available on October 1, 1998 and shall remain available through September 30, 1999 only if specifically authorized by subsequent legislation enacted by July 1, 1998: *Provided*, That, if the initiative is not authorized by such date, the funds shall be transferred to “Special Education” to be merged with that account and to be available for the same purposes for which that account is available: *Provided further*, That the transferred funds shall become available for obligation on July 1, 1999, and shall remain available

through September 30, 2000 for academic year 1999–2000.】 *For an additional amount for the America Reads Challenge child literacy initiative, \$50,000,000. (Department of Education Appropriations Act, 1998.)*

Program and Financing (in millions of dollars)

Identification code 91-0011-0-1-501	1997 actual	1998 est.	1999 est.
Obligations by program activity:			
00.01	America Reads Challenge		260
10.00	Total obligations		260
Budgetary resources available for obligation:			
22.00	New budget authority (gross)		260
23.95	New obligations		-260
New budget authority (gross), detail:			
Current:			
40.00	Appropriation		50
Permanent:			
65.00	Advance appropriation (definite)		210
70.00	Total new budget authority (gross)		260
Change in unpaid obligations:			
73.10	New obligations		260
73.20	Total outlays (gross)		-14
74.40	Unpaid obligations, end of year: Obligated balance:		
	Uninvested		246
Outlays (gross), detail:			
86.90	Outlays from new current authority		3
86.97	Outlays from new permanent authority		11
87.00	Total outlays (gross)		14
Net budget authority and outlays:			
89.00	Budget authority		260
90.00	Outlays		14

Note: Congress provided \$210 million for this initiative in P.L. 105-78, on an advance basis to become available on October 1, 1998, contingent upon enactment of authorizing legislation by July 1, 1998. This schedule assumes enactment of that legislation.

America Reads Challenge.—In 1998, the President proposed an initiative to work with schools, families, and communities on a national reading effort to ensure that children can read well and independently by the end of the third grade. The President’s 1999 budget for the America Reads Challenge would provide the balance of the amount originally proposed for the initiative’s first year—\$50 million in addition to the \$210 million advance appropriation that Congress provided—for a total of \$260 million. These funds will provide extended learning time opportunities for children to practice and further develop their reading skills through the use of well-trained tutors in after-school, weekend, and summer reading programs. In applying for funds, the schools must show that they are using other existing funding sources effectively to improve the quality of in-school reading programs through professional development of teachers in the area of reading. The America Reads Challenge will pay primarily for schools/community partnerships to hire reading specialists, recruit tutors, pay for materials to train tutors, hire a coordinator to connect the in-school, out-of-school, and family literacy aspects of the reading program, and provide further professional development opportunities for teachers.

Object Classification (in millions of dollars)

Identification code 91-0011-0-1-501	1997 actual	1998 est.	1999 est.
24.0	Printing and reproduction		1
25.2	Other services		2
41.0	Grants, subsidies, and contributions		257
99.9	Total obligations		260

General and special funds—Continued

CHICAGO LITIGATION SETTLEMENT

Program and Financing (in millions of dollars)

Identification code 91-0220-0-1-501	1997 actual	1998 est.	1999 est.
Obligations by program activity:			
10.00 Total obligations (object class 41.0)	2	2	2
Budgetary resources available for obligation:			
21.40 Unobligated balance available, start of year:			
Uninvested	9	7	5
23.95 New obligations	-2	-2	-2
24.40 Unobligated balance available, end of year:			
Uninvested	7	5	3
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Uninvested	1	3	
73.10 New obligations	2	2	2
73.20 Total outlays (gross)		-5	-2
74.40 Unpaid obligations, end of year: Obligated balance:			
Uninvested	3		
Outlays (gross), detail:			
86.93 Outlays from current balances		5	2
Net budget authority and outlays:			
89.00 Budget authority			
90.00 Outlays		5	2

Funds made available under this account were reappropriated by the Supplemental Appropriations Act, 1987 (Public Law 100-71) from funds enjoined in *United States of America v. Board of Education of the City of Chicago*. The funds were reappropriated for the specific purpose of settling this case. The funds are used by the Chicago Board of Education to implement Project CANAL (Creating A New Approach to Learning), the project approved by the court to support the Board's desegregation efforts.

The Department of Education provides these funds to the Chicago Board of Education in annual increments upon receipt and approval of an annual plan for Project CANAL activities.

INDIAN EDUCATION

For expenses necessary to carry out, to the extent not otherwise provided, title IX, part A of the Elementary and Secondary Education Act of 1965, as amended, [and section 215 of the Department of Education Organization Act, \$62,600,000] \$66,000,000. (*Department of Education Appropriations Act, 1998.*)

Program and Financing (in millions of dollars)

Identification code 91-0101-0-1-501	1997 actual	1998 est.	1999 est.
Obligations by program activity:			
00.01 Grants to local educational agencies	58	60	62
00.02 Special programs for Indian children			3
00.03 National activities			1
00.04 Federal administration	3	3	
10.00 Total obligations	61	63	66
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	61	63	66
23.95 New obligations	-61	-63	-66
Net budget authority (gross), detail:			
40.00 Appropriation	61	63	66
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Uninvested	66	67	75
73.10 New obligations	61	63	66
73.20 Total outlays (gross)	-56	-55	-66
73.40 Adjustments in expired accounts	-3		

74.40 Unpaid obligations, end of year: Obligated balance:			
Uninvested	67	75	75
Outlays (gross), detail:			
86.90 Outlays from new current authority	5	10	8
86.93 Outlays from current balances	51	45	58
87.00 Total outlays (gross)	56	55	66
Net budget authority and outlays:			
89.00 Budget authority	61	63	66
90.00 Outlays	56	55	66

Note.—Excludes \$3 million in budget authority in 1999 for Indian education Federal administration transferred to Departmental Management, Program administration account. Comparable amounts for 1997 (\$3 million) and 1998 (\$3 million) are included above.

The Indian Education program (Title IX, Part A of the Elementary and Secondary Education Act) supports the efforts of local educational agencies and tribal schools to improve teaching and learning for the Nation's American Indian and Alaska Native children.

Grants to local educational agencies.—Formula grants support local educational agencies in their efforts to reform elementary and secondary school programs that serve Indian students, with the goal of ensuring that such programs are based on challenging State standards that are used for all students. In 1997, 1,250 formula grants were made to local educational agencies and certain tribal schools enrolling approximately 448,465 Indian students.

Federal administration.—Funds to support the administrative expenses of the Office of Indian Education have been moved to the Department's program administration account.

Special Programs for Indian children.—Competitive grants are made for a demonstration grants program and a professional development program.

National activities.—Funds support research, evaluation, data collection, and related activities.

Object Classification (in millions of dollars)

Identification code 91-0101-0-1-501	1997 actual	1998 est.	1999 est.
11.1 Personnel compensation: Full-time permanent	2	2	
25.2 Other services	1	1	1
41.0 Grants, subsidies, and contributions	58	60	65
99.9 Total obligations	61	63	66

Personnel Summary

Identification code 91-0101-0-1-501	1997 actual	1998 est.	1999 est.
1001 Total compensable workyears: Full-time equivalent employment	23	24	

OFFICE OF BILINGUAL EDUCATION AND MINORITY LANGUAGES AFFAIRS

Federal Funds

General and special funds:

BILINGUAL AND IMMIGRANT EDUCATION

For carrying out, to the extent not otherwise provided, bilingual, foreign language and immigrant education activities authorized by parts A and C and section 7203 of title VII of the Elementary and Secondary Education Act of 1965, without regard to section 7103(b), [\$354,000,000] \$387,000,000: *Provided*, That State educational agencies may use all, or any part of, their part C allocation for competitive grants to local educational agencies: *Provided further*, That the Department of Education should only support instructional programs which ensure that students completely master English in a timely fashion (a period of three to five years) while meeting rigorous achievement standards in the academic content areas. (*Department of Education Appropriations Act, 1998.*)

Program and Financing (in millions of dollars)

Identification code 91-1300-0-1-501	1997 actual	1998 est.	1999 est.
Obligations by program activity:			
00.01 Instructional services	141	160	168
00.02 Support services	10	14	14
00.03 Training grants	5	25	50
00.04 Foreign language assistance	5	5	5
00.05 Immigrant education	100	150	150
10.00 Total obligations	261	354	387
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	262	354	387
22.30 Unobligated balance expiring	-1		
23.90 Total budgetary resources available for obligation	261	354	387
23.95 New obligations	-261	-354	-387
New budget authority (gross), detail:			
40.00 Appropriation	262	354	387
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Uninvested	241	319	393
73.10 New obligations	261	354	387
73.20 Total outlays (gross)	-181	-279	-347
73.40 Adjustments in expired accounts	-2		
74.40 Unpaid obligations, end of year: Obligated balance:			
Uninvested	319	393	434
Outlays (gross), detail:			
86.90 Outlays from new current authority	9	42	46
86.93 Outlays from current balances	172	237	301
87.00 Total outlays (gross)	181	279	347
Net budget authority and outlays:			
89.00 Budget authority	262	354	387
90.00 Outlays	181	279	347

Bilingual education.—These programs provide assistance to local educational agencies and other entities to develop and enhance their capacity to provide high-quality instructional programs to children and youth of limited English proficiency. Programs are designed to teach English and to assist these students in achieving the same challenging State content and performance standards expected of all children and youth. Aid is also given to train educational personnel to serve limited English proficient children, to build State capacity to improve educational services for these children, and for information dissemination, studies, and evaluations.

Foreign language assistance.—The foreign language assistance program provides competitive grants to State and local educational agencies to improve the quality of foreign language instruction for elementary and secondary school students.

Immigrant education.—The immigrant education program provides grants to school districts to help finance educational services for immigrant students. Participation is limited to districts with 500 immigrant students or districts in which immigrant children represent at least 3 percent of the enrollment. Awards are made to State educational agencies, which make subgrants to eligible local educational agencies. Appropriations language permits States to distribute these funds on either a formula or discretionary grant basis.

Object Classification (in millions of dollars)

Identification code 91-1300-0-1-501	1997 actual	1998 est.	1999 est.
25.2 Other services	2	5	5
41.0 Grants, subsidies, and contributions	259	349	382
99.9 Total obligations	261	354	387

OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES

Federal Funds

General and special funds:

SPECIAL EDUCATION

For carrying out the Individuals with Disabilities Education Act, [S4,810,646,000] \$4,845,646,000, of which [S4,565,185,000] \$4,599,885,000 shall become available for obligation on July 1, [1998] 1999, and shall remain available through September 30, [1999: Provided, That \$1,500,000 of the funds provided shall be for section 687(b)(2)(G), and shall remain available until expended] 2000. (Department of Education Appropriations Act, 1998.)

Program and Financing (in millions of dollars)

Identification code 91-0300-0-1-501	1997 actual	1998 est.	1999 est.
Obligations by program activity:			
State grants:			
00.01 Grants to States	3,066	3,866	3,811
00.02 Preschool grants	356	381	374
00.03 Grants for infants and families	367	488	370
00.91 Subtotal, State grants	3,789	4,734	4,555
National activities:			
01.01 State improvement	27	35	45
01.02 Research and innovation	63	64	64
01.03 Technical assistance and dissemination	34	45	45
01.04 Personnel preparation	81	82	82
01.05 Parent information centers	16	19	21
01.06 Technology and media services	30	34	34
01.91 Subtotal, National activities	251	279	292
10.00 Total obligations	4,040	5,014	4,846
Budgetary resources available for obligation:			
21.40 Unobligated balance available, start of year:			
Uninvested	202	203	
22.00 New budget authority (gross)	4,036	4,811	4,846
22.10 Resources available from recoveries of prior year obligations	5		
23.90 Total budgetary resources available for obligation	4,243	5,014	4,846
23.95 New obligations	-4,040	-5,014	-4,846
24.40 Unobligated balance available, end of year:			
Uninvested	203		
New budget authority (gross), detail:			
40.00 Appropriation	4,036	4,811	4,846
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Uninvested	4,055	4,778	5,980
73.10 New obligations	4,040	5,014	4,846
73.20 Total outlays (gross)	-3,305	-3,812	-4,325
73.40 Adjustments in expired accounts	-5		
73.45 Adjustments in unexpired accounts	-5		
74.40 Unpaid obligations, end of year: Obligated balance:			
Uninvested	4,778	5,980	6,501
Outlays (gross), detail:			
86.90 Outlays from new current authority	161	241	242
86.93 Outlays from current balances	3,144	3,572	4,083
87.00 Total outlays (gross)	3,305	3,812	4,325
Net budget authority and outlays:			
89.00 Budget authority	4,036	4,811	4,846
90.00 Outlays	3,305	3,812	4,325

State Grants:

Grants to States.—Formula grants are provided to States to assist them in providing special education and related services to children with disabilities ages 3 through 21.

Preschool Grants.—Formula grants provide additional funds to States to further assist them in providing special education and related services to children with disabilities ages 3 through 5 served under the Grants to States program.

General and special funds—Continued

SPECIAL EDUCATION—Continued

The goal of both of these programs is to improve results for children with disabilities by assisting State and local educational agencies to provide children with disabilities with access to high quality education that will help them meet challenging standards and prepare them for employment and independent living.

Grants for infants and families.—Formula grants are provided to assist States to continue to implement statewide systems of coordinated, comprehensive, multi-disciplinary interagency programs to provide early intervention services to children with disabilities, birth through age 2, and their families.

The goal of this program is to help States provide a comprehensive system of early intervention services that will enhance family and child outcomes.

National activities.—These activities include research, demonstration, personnel preparation, technical assistance, grants to States to promote systems change, and other activities to support State efforts to improve results for children with disabilities under the State grants programs.

The goal of National activities is to link States, school systems, and families to best practices to improve results for infants, toddlers, and children with disabilities.

Performance data related to these goals include:

Number of children served on December 1 of fiscal year:	1997 actual	1998 est.	1999 est.
Ages 3 through 21	5,806,000	5,951,000	6,070,000
Ages 3 through 5	561,748	575,800	590,200
Birth through 2	187,348	196,700	204,600
	1992–1993 actual	1993–1994 actual	1994–1995 actual

Educational Environment

Children ages 3 through 21 provided special education in:	1997 actual	1998 est.	1999 est.
Regular classrooms	2,051,166	2,300,956	2,419,665
Resource rooms	1,512,717	1,445,525	1,451,297
Separate classes	1,219,867	1,232,312	1,249,684
Separate schools	204,764	192,112	175,303
Residential facilities	40,466	37,299	36,028

Status of Exiting Students

	1997 actual	1998 est.	1999 est.
Graduated with a diploma	103,801	113,945	118,471
Graduated through certification	34,732	23,948	25,106
Reached maximum age	5,096	4,594	3,954
Dropped out of school	NA	76,608	77,364
Status unknown	NA	42,460	54,659

NA—Not available due to changes in data collection form.

Object Classification (in millions of dollars)

Identification code 91–0300–0–1–501	1997 actual	1998 est.	1999 est.
25.2 Other services	6	6	6
25.5 Research and development contracts	1	1	1
41.0 Grants, subsidies, and contributions	4,033	5,007	4,839
99.9 Total obligations	4,040	5,014	4,846

REHABILITATION SERVICES AND DISABILITY RESEARCH

[For carrying out, to the extent not otherwise provided, the Rehabilitation Act of 1973, the Technology-Related Assistance for Individuals with Disabilities Act, and the Helen Keller National Center Act, as amended, \$2,591,195,000.] (Department of Education Appropriations Act, 1998.)

Program and Financing (in millions of dollars)

Identification code 91–0301–0–1–506	1997 actual	1998 est.	1999 est.
Obligations by program activity:			
Direct program:			
00.01 Vocational rehabilitation State grants	2,176	2,247	
00.02 Client assistance State grants	10	10	
00.03 Training	40	40	
00.04 Special demonstration programs	20	16	
00.05 Migratory workers	2	2	
00.06 Recreational programs	3	3	

00.07 Protection and advocacy	7	10	
00.08 Projects with industry	22	22	
00.09 Supported employment State grants	38	38	
00.10 Independent living	75	78	
00.11 Program improvement	2	3	
00.12 Evaluation	2	2	
00.13 Helen Keller National Center	7	7	
00.14 National Institute on Disability and Rehabilitation Research	70	77	
00.15 Assistive technology	36	36	
09.01 Reimbursable program	2		
10.00 Total obligations	2,512	2,591	

Budgetary resources available for obligation:

21.40 Unobligated balance available, start of year:			
Uninvested	1		
22.00 New budget authority (gross)	2,511	2,591	
23.90 Total budgetary resources available for obligation	2,512	2,591	
23.95 New obligations	–2,512	–2,591	

New budget authority (gross), detail:

Current:			
40.00 Appropriation	2,509	2,591	
Permanent:			
68.00 Spending authority from offsetting collections: Offsetting collections (cash)	2		
70.00 Total new budget authority (gross)	2,511	2,591	

Change in unpaid obligations:

72.40 Unpaid obligations, start of year: Obligated balance:			
Uninvested	951	997	1,073
73.10 New obligations	2,512	2,591	
73.20 Total outlays (gross)	–2,464	–2,515	–966
73.40 Adjustments in expired accounts	–2		
74.40 Unpaid obligations, end of year: Obligated balance:			
Uninvested	997	1,073	107

Outlays (gross), detail:

86.90 Outlays from new current authority	1,647	1,814	
86.93 Outlays from current balances	815	701	966
86.97 Outlays from new permanent authority	1		
86.98 Outlays from permanent balances	1		
87.00 Total outlays (gross)	2,464	2,515	966

Offsets:

Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	–2		

Net budget authority and outlays:

89.00 Budget authority	2,509	2,591	
90.00 Outlays	2,462	2,515	966

Summary of Budget Authority and Outlays

(in millions of dollars)

Enacted/requested:			
Budget Authority	1997 actual	1998 est.	1999 est.
Budget Authority	2,509	2,591	
Outlays	2,462	2,515	966
Legislative proposal, not subject to PAYGO:			
Budget Authority			2,645
Outlays			1,852
Total:			
Budget Authority	2,509	2,591	2,645
Outlays	2,462	2,515	2,818

Legislation to reauthorize the expired Rehabilitation Act and the Helen Keller National Center Act is pending. The Administration supports amending the Rehabilitation Act and will be working with Congress to incorporate amendments into pending legislation. The Administration will propose legislation to reauthorize the expiring Technology-Related Assistance for Individuals with Disabilities Act. When new legislation is enacted, resources for these programs will be requested. See the legislative proposal schedule for additional details.

Object Classification (in millions of dollars)

Identification code 91-0301-0-1-506	1997 actual	1998 est.	1999 est.
Direct obligations:			
25.1 Advisory and assistance services	7	7	.....
25.2 Other services	1	1	.....
25.3 Purchases of goods and services from Government accounts	1	1	.....
25.5 Research and development contracts	1	1	.....
41.0 Grants, subsidies, and contributions	2,500	2,581	.....
99.0 Subtotal, direct obligations	2,510	2,591	.....
99.0 Reimbursable obligations	2	.....	.....
99.9 Total obligations	2,512	2,591	.....

REHABILITATION SERVICES AND DISABILITY RESEARCH
(Legislative proposal, not subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 91-0301-2-1-506	1997 actual	1998 est.	1999 est.
Obligations by program activity:			
00.01 Vocational rehabilitation State grants	2,304
00.02 Client assistance State grants	11
00.03 Training	34
00.04 Special demonstration programs	19
00.05 Migratory workers	2
00.06 Recreational programs	3
00.07 Protection and advocacy	10
00.08 Projects with industry	22
00.09 Supported employment State grants	38
00.10 Independent living	79
00.11 Program improvement	2
00.12 Evaluation	2
00.13 Helen Keller National Center	8
00.14 National Institute on Disability and Rehabilitation Research	81
00.15 Assistive technology	30
10.00 Total obligations	2,645
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	2,645
23.95 New obligations	-2,645
New budget authority (gross), detail:			
40.00 Appropriation	2,645
Change in unpaid obligations:			
73.10 New obligations	2,645
73.20 Total outlays (gross)	-1,852
74.40 Unpaid obligations, end of year: Obligated balance: Uninvested	793
Outlays (gross), detail:			
86.90 Outlays from new current authority	1,852
Net budget authority and outlays:			
89.00 Budget authority	2,645
90.00 Outlays	1,852

Vocational rehabilitation State grants.—The basic State grants program provides Federal matching funds to State vocational rehabilitation (VR) agencies to assist individuals with physical or mental impairments to become gainfully employed. Services are tailored to the specific needs of the individual. Priority is given to serving those with the most severe disabilities. Current law requires that between 0.5 percent and 1.5 percent of the funds appropriated for the VR State grants program must be set aside for Grants for Indians.

The Department supports amending the Rehabilitation Act to require State VR agencies to develop challenging State-specific goals based on a comprehensive assessment of the vocational rehabilitation needs of individuals with disabilities in their State. The State must also describe the strategies it will use to achieve its goals and report on its progress on an annual basis.

The table below presents national data on selected performance measures for the VR State grants program. The data is based on the number of individuals receiving services whose service records were closed in fiscal years 1995 (346,861) and 1996 (351,525).

CONSUMER OUTCOMES (CASES CLOSED)

	1995 actual	1996 actual
Individuals achieving employment outcomes	209,433	213,520
Percent with severe disabilities	76	78
Employment outcomes as a percent all of individuals receiving services	60	61

Client assistance State grants.—Formula grants are made to States to provide assistance in informing and advising clients and applicants of benefits available under the Rehabilitation Act and, if requested, to pursue legal or administrative remedies to ensure the protection of the rights of individuals with disabilities.

Training.—Grants are made to States and public or non-profit agencies and organizations, including institutions of higher education, to increase the number of skilled personnel available for employment in the field of rehabilitation.

Special demonstration programs.—Grants are made to develop innovative methods and comprehensive service programs to assist individuals with disabilities to achieve satisfactory vocational outcomes. The Department supports amending this program to authorize replication dissemination, and utilization projects and activities directed at State systemic change.

Migratory workers.—Grants are made to State VR agencies and other nonprofit or local agencies to provide comprehensive vocational rehabilitation services to migrant or seasonal farm workers with disabilities.

Recreational programs.—Grants are made to provide individuals with disabilities with recreation and related activities to aid in their employment, mobility, independence, socialization, and community integration.

Protection and advocacy of individual rights.—Formula grants are made to State protection and advocacy systems to protect the legal and human rights of individuals with disabilities.

Projects with industry.—Grants are made to a variety of public and private organizations, including State VR agencies, community rehabilitation programs, and labor organizations to provide training in work settings to prepare individuals with disabilities for employment and career advancement in the competitive labor market.

Supported employment State grants.—Formula grants are made to assist States in developing programs with public and nonprofit organizations to provide supported employment services for individuals with the most severe disabilities who require on-going support services to enter or retain competitive employment.

Independent living.—Grants are awarded to States and nonprofit agencies for services designed to enable individuals with significant disabilities to achieve consumer-determined independent living goals.

Program improvement.—Funds are used to promote broadbased planning and coordination, improve accountability, and enhance the Department's ability to address critical areas of national significance in achieving the purposes of the Rehabilitation Act. Examples of program improvement activities include technical assistance activities of national scope, and the development of an effective data management and reporting system, including program performance measures.

Evaluation.—Studies are conducted to evaluate the impact and effectiveness of various programs authorized under the Rehabilitation Act. The Department is conducting a multi-year national longitudinal study of the Vocational rehabilitation State grants program.

General and special funds—Continued

REHABILITATION SERVICES AND DISABILITY RESEARCH—Continued

Helen Keller National Center for Deaf-Blind Youths and Adults.—The Center provides services to deaf-blind youths and adults and provides training and technical assistance to professional and allied personnel at its national headquarters center and through its regional representatives and affiliate agencies.

National Institute on Disability and Rehabilitation Research.—The Institute carries out a comprehensive and coordinated program of rehabilitation research and related activities. Through grants and contracts, it supports conducting and disseminating research aimed at improving the lives of individuals with disabilities.

Assistive technology.—Grants are made to States to support systems change and advocacy activities designed to develop and implement consumer-responsive comprehensive statewide programs of technology-related assistance for individuals with disabilities.

In accordance with the Government Performance and Results Act (GPRA), annual performance plans, linked to the strategic plan, have been developed for program activities included under this account that focus on increased employment, earnings, and self-sufficiency for individuals with disabilities. The plans include specific outcome measures that are designed to increase program effectiveness, efficiency, and consumer satisfaction. Plans also include strategies for identifying programs that are performing below expectations and offering assistance to improve program performance.

Object Classification (in millions of dollars)

Identification code 91-0301-2-1-506	1997 actual	1998 est.	1999 est.
25.1 Advisory and assistance services			7
25.2 Other services			1
25.3 Purchases of goods and services from Government accounts			1
25.5 Research and development contracts			1
41.0 Grants, subsidies, and contributions			2,635
99.9 Total obligations			2,645

SPECIAL INSTITUTIONS FOR PERSONS WITH DISABILITIES

AMERICAN PRINTING HOUSE FOR THE BLIND

For carrying out the Act of March 3, 1879, as amended (20 U.S.C. 101 et seq.), **[\$8,186,000] \$8,256,000.** (*Department of Education Appropriations Act, 1998.*)

Program and Financing (in millions of dollars)

Identification code 91-0600-0-1-501	1997 actual	1998 est.	1999 est.
Obligations by program activity:			
10.00 Total obligations (object class 41.0)	7	8	8
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	7	8	8
23.95 New obligations	-7	-8	-8
New budget authority (gross), detail:			
40.00 Appropriation	7	8	8
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Uninvested	2	2	1
73.10 New obligations	7	8	8
73.20 Total outlays (gross)	-7	-9	-8
74.40 Unpaid obligations, end of year: Obligated balance:			
Uninvested	2	1	1
Outlays (gross), detail:			
86.90 Outlays from new current authority	5	8	8
86.93 Outlays from current balances	2	1	

87.00 Total outlays (gross)	7	9	8
Net budget authority and outlays:			
89.00 Budget authority	7	8	8
90.00 Outlays	7	9	8

The Federal appropriation supports the production of free educational materials for students below the college level who are blind, research related to developing and improving products, and advisory services to consumer organizations on the availability and use of materials. In 1997, the portion of the Federal appropriation allocated to educational materials represented approximately 36 percent of the Printing House's total sales. The full appropriation represented approximately 30 percent of the Printing House's total budget.

NATIONAL TECHNICAL INSTITUTE FOR THE DEAF

For the National Technical Institute for the Deaf under titles I and II of the Education of the Deaf Act of 1986 (20 U.S.C. 4301 et seq.), **[\$44,141,000] \$44,791,000.** *Provided,* That from the amount available, the Institute may at its discretion use funds for the endowment program as authorized under section 207. (*Department of Education Appropriations Act, 1998.*)

Program and Financing (in millions of dollars)

Identification code 91-0601-0-1-502	1997 actual	1998 est.	1999 est.
Obligations by program activity:			
10.00 Total obligations (object class 41.0)	43	44	45
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	43	44	45
23.95 New obligations	-43	-44	-45
New budget authority (gross), detail:			
40.00 Appropriation	43	44	45
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Uninvested			2
73.10 New obligations	43	44	45
73.20 Total outlays (gross)	-43	-42	-45
74.40 Unpaid obligations, end of year: Obligated balance:			
Uninvested		2	
Outlays (gross), detail:			
86.90 Outlays from new current authority	43	42	42
86.93 Outlays from current balances			2
87.00 Total outlays (gross)	43	42	45
Net budget authority and outlays:			
89.00 Budget authority	43	44	45
90.00 Outlays	43	42	45

This residential center provides postsecondary technical and professional education for people who are deaf to prepare them for employment, provides training, and conducts applied research into employment related aspects of deafness. In 1997, Federal appropriations represented 82 percent of the Institute's operating budget. The Institute may use appropriated funds for the Endowment Grant program. The request also includes funds for construction.

GALLAUDET UNIVERSITY

For the Kendall Demonstration Elementary School, the Model Secondary School for the Deaf, and the partial support of Gallaudet University under titles I and II of the Education of the Deaf Act of 1986 (20 U.S.C. 4301 et seq.), **[\$81,000,000] \$83,480,000.** *Provided,* That from the amount available, the University may at its discretion use funds for the endowment program as authorized under section 207. (*Department of Education Appropriations Act, 1998.*)

Program and Financing (in millions of dollars)

Identification code 91-0602-0-1-502	1997 actual	1998 est.	1999 est.
Obligations by program activity:			
10.00 Total obligations (object class 41.0)	79	81	83
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	79	81	83
23.95 New obligations	-79	-81	-83
New budget authority (gross), detail:			
40.00 Appropriation	79	81	83
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Uninvested	2	2	6
73.10 New obligations	79	81	83
73.20 Total outlays (gross)	-79	-77	-84
74.40 Unpaid obligations, end of year: Obligated balance:			
Uninvested	2	6	5
Outlays (gross), detail:			
86.90 Outlays from new current authority	79	76	78
86.93 Outlays from current balances		1	6
87.00 Total outlays (gross)	79	77	84
Net budget authority and outlays:			
89.00 Budget authority	79	81	83
90.00 Outlays	79	77	84

This institution provides undergraduate and continuing education programs for persons who are deaf, and graduate programs related to deafness for students who are deaf and students who are hearing. The University also conducts basic and applied research and provides public service programs for persons who are deaf and persons who work with them.

Gallaudet operates two elementary and secondary education programs on the main campus of the University. The Kendall Demonstration Elementary School serves students who are deaf from infancy through age 15, and the Model Secondary School for the Deaf serves high school age students who are deaf. Both schools also develop and disseminate information on effective educational techniques and strategies for teachers and professionals working with students who are deaf or hard of hearing.

In 1997, the Federal appropriation represented 63.5 percent of the University's operating budget, excluding Federal financial aid, vocational rehabilitation, and competitive grants, and 96.9 percent of the operating budgets of the related elementary and secondary schools. The University may also use appropriated funds for the Endowment Grant program.

OFFICE OF VOCATIONAL AND ADULT EDUCATION

Federal Funds

General and special funds:

VOCATIONAL AND ADULT EDUCATION

[For carrying out, to the extent not otherwise provided, the Carl D. Perkins Vocational and Applied Technology Education Act, the Adult Education Act, and the National Literacy Act of 1991, \$1,507,698,000, of which \$1,504,598,000 shall become available on July 1, 1998 and shall remain available through September 30, 1999; and of which \$5,491,000 from amounts available under the Adult Education Act shall be for the National Institute for Literacy under section 384(c): *Provided*, That, of the amounts made available for title II of the Carl D. Perkins Vocational and Applied Technology Education Act, \$13,497,000 shall be used by the Secretary for national programs under title IV, without regard to section 451: *Provided further*, That the Secretary may reserve up to \$4,998,000 under section 313(d) of the Adult Education Act for activities carried out under section 383 of that Act: *Provided further*, That no funds shall be awarded to a State Council under section 112(f) of the Carl D.

Perkins Vocational and Applied Technology Education Act, and no State shall be required to operate such a Council.] (*Department of Education Appropriations Act, 1998.*)

Program and Financing (in millions of dollars)

Identification code 91-0400-0-1-501	1997 actual	1998 est.	1999 est.
Obligations by program activity:			
Vocational education:			
Annual appropriations:			
Basic grants:			
00.01 Basic State grants	998	1,010	
00.02 Territorial set-aside	2	3	
00.03 Indian and Hawaiian natives set-aside	15	31	
00.91 Subtotal, basic grants	1,015	1,044	
01.01 Tech-prep education	100	103	
01.02 National programs	5	27	
01.03 Tribally controlled postsecondary vocational institutions	3	3	
02.00 Total, annual appropriation	1,123	1,177	
03.01 Permanent appropriation	7		
04.00 Total, vocational education	1,130	1,177	
Adult education:			
05.01 State grants	342	345	
05.02 Evaluation and technical assistance	2	10	
05.03 National Institute for Literacy	5	10	
05.05 Literacy programs for prisoners	5	10	
05.91 Total, adult education	354	375	
10.00 Total obligations	1,484	1,552	
Budgetary resources available for obligation:			
21.40 Unobligated balance available, start of year:			
Uninvested	34	44	
22.00 New budget authority (gross)	1,494	1,508	
23.90 Total budgetary resources available for obligation	1,528	1,552	
23.95 New obligations	-1,484	-1,552	
24.40 Unobligated balance available, end of year:			
Uninvested	44		
New budget authority (gross), detail:			
Current:			
40.00 Appropriation	1,487	1,508	
Permanent:			
60.00 Appropriation	7		
70.00 Total new budget authority (gross)	1,494	1,508	
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Uninvested	1,654	1,735	1,949
73.10 New obligations	1,484	1,552	
73.20 Total outlays (gross)	-1,402	-1,338	-1,420
73.40 Adjustments in expired accounts	-2		
74.40 Unpaid obligations, end of year: Obligated balance:			
Uninvested	1,735	1,949	529
Outlays (gross), detail:			
86.90 Outlays from new current authority	81	77	
86.93 Outlays from current balances	1,314	1,255	1,418
86.98 Outlays from permanent balances	7	6	2
87.00 Total outlays (gross)	1,402	1,338	1,420
Net budget authority and outlays:			
89.00 Budget authority	1,494	1,508	
90.00 Outlays	1,402	1,338	1,420

Summary of Budget Authority and Outlays

(in millions of dollars)

	1997 actual	1998 est.	1999 est.
Enacted/requested:			
Budget Authority	1,494	1,508	
Outlays	1,402	1,338	1,420
Legislative proposal, not subject to PAYGO:			
Budget Authority			1,544
Outlays			78
Total:			
Budget Authority	1,494	1,508	1,544

General and special funds—Continued

VOCATIONAL AND ADULT EDUCATION—Continued

Summary of Budget Authority and Outlays—Continued

(in millions of dollars)

	1997 actual	1998 est.	1999 est.
Outlays	1,402	1,338	1,498

Budget authority for vocational and adult education includes the following amounts:

[In millions of dollars]

	1997 actual	1998 est.	1999 est.
1. Vocational education:			
a. Basic grants	1,016	1,028	
b. Tech-prep education	100	103	
c. Tribally controlled postsecondary vocational institutions	3	3	
d. National programs	13	13	
e. Permanent appropriation	7	0	
2. Adult education:			
a. State programs	340	345	
b. Evaluation and technical assistance	5	5	
c. National Institute for Literacy	5	5	
d. Literacy programs for prisoners	5	5	
Total	1,494	1,508	

Vocational and adult education.—In 1997, the Administration proposed to restructure Federal workforce-related education and training programs, including those under the Carl D. Perkins Vocational and Applied Technology Education Act, the Adult Education Act, and the National Literacy Act. Absent new authorizing legislation, Congress extended the authority of the Perkins Act, the Adult Education Act, and the National Literacy Act through the 1998 appropriations act. The 1999 budget request is proposed under pending legislation.

Object Classification (in millions of dollars)

Identification code 91-0400-0-1-501	1997 actual	1998 est.	1999 est.
11.3 Personnel compensation: Other than full-time permanent	1	1	
25.1 Advisory and assistance services	1	1	
25.2 Other services	1	1	
25.5 Research and development contracts	1	1	
41.0 Grants, subsidies, and contributions	1,479	1,548	
99.0 Subtotal, direct obligations	1,483	1,552	
99.5 Below reporting threshold	1		
99.9 Total obligations	1,484	1,552	

Personnel Summary

Identification code 91-0400-0-1-501	1997 actual	1998 est.	1999 est.
1001 Total compensable workyears: Full-time equivalent employment	11	10	

**VOCATIONAL AND ADULT EDUCATION
(Legislative proposal, not subject to PAYGO)**

Program and Financing (in millions of dollars)

Identification code 91-0400-2-1-501	1997 actual	1998 est.	1999 est.
Obligations by program activity:			
Vocational education:			
Annual appropriations:			
Basic grants:			
00.01 Basic State grants			1,011
00.02 Indian and Hawaiian natives set-aside			20
00.91 Subtotal, basic grants			1,031
01.01 Tech-prep education			106
01.02 Vocational national programs			13

02.00 Total, vocational education	1,150
Adult education:	
03.01 State grants	361
03.02 Evaluation and technical assistance	27
03.03 National Institute for Literacy	6
03.91 Total, adult education	394
10.00 Total obligations	1,544

Budgetary resources available for obligation:

22.00 New budget authority (gross)	1,544
23.95 New obligations	-1,544

New budget authority (gross), detail:

40.00 Appropriation	1,544
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Change in unpaid obligations:

73.10 New obligations	1,544
73.20 Total outlays (gross)	-78
74.40 Unpaid obligations, end of year: Obligated balance: Uninvested	1,466

Outlays (gross), detail:

86.90 Outlays from new current authority	78
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Net budget authority and outlays:

89.00 Budget authority	1,544
90.00 Outlays	78

The resources in this schedule are proposed for later transmittal under pending legislation to restructure the Carl D. Perkins Vocational and Applied Technology Education Act, and Adult Education Act, and the National Literacy Act, as part of a broad framework for enabling lifelong learning and economic security for all Americans.

Vocational education.—The proposal would consolidate over a dozen programs into a grant for States, Territories, and Indian programs focused on preparing in-school youth for good jobs and further education and training. The proposal would continue to provide grants to States for Tech-Prep Education to promote links between secondary and postsecondary institutions and facilitate the integration of academic and vocational education. These State grant and Tech-Prep programs would support State and local reforms begun under the School-to-Work Opportunities Act. In addition, a national programs authority would support research, development, evaluations, demonstrations, and other initiatives.

Adult education and family literacy.—To provide adults with opportunities to succeed in their roles as parents, citizens, and learners, the Administration proposes to consolidate multiple adult education and literacy programs into a unified State grant. Each State would have the flexibility to support family literacy, adult secondary education, adult basic education, and English-as-a-second language programs according to its needs and objectives. The Department of Education would support State efforts through a new national programs authority that would focus on quality improvement, the use of interactive technology and distance learning, professional development for volunteers and teachers, and capacity building.

Object Classification (in millions of dollars)

Identification code 91-0400-2-1-501	1997 actual	1998 est.	1999 est.
11.3 Personnel compensation: Other than full-time permanent			1
25.1 Advisory and assistance services			1
25.2 Other services			1
25.5 Research and development contracts			1
41.0 Grants, subsidies, and contributions			1,540
99.9 Total obligations			1,544

Personnel Summary

Identification code 91-0400-2-1-501	1997 actual	1998 est.	1999 est.
1001 Total compensable workyears: Full-time equivalent employment			10

OFFICE OF POSTSECONDARY EDUCATION

Federal Funds

General and special funds:

STUDENT FINANCIAL ASSISTANCE

For carrying out subparts 1[, 3, and 4] and 3 of part A, part C [and], part E, part F, part G, and part H of title IV of the Higher Education Act of 1965, as amended, [\$8,978,934,000] \$9,203,000,000, which shall remain available through September 30, [1999] 2000.

The maximum Pell Grant for which a student shall be eligible during award year [1998-1999] 1999-2000 shall be [\$3,000] \$3,100. *Provided*, That notwithstanding section 401(g) of the Act, if the Secretary determines, prior to publication of the payment schedule for such award year, that the amount included within this appropriation for Pell Grant awards in such award year, and any funds available from the fiscal year [1997] 1998 appropriation for Pell Grant awards, are insufficient to satisfy fully all such awards for which students are eligible, as calculated under section 401(b) of the Act, the amount paid for each such award shall be reduced by either a fixed or variable percentage, or by a fixed dollar amount, as determined in accordance with a schedule of reductions established by the Secretary for this purpose: *Provided further*, That if the Secretary determines that the funds available to fund Pell Grants for award year 1998-1999 exceed the amount needed to fund Pell Grants at a maximum award of \$3,000 for that award year, the Secretary may increase the income protection allowances in sections 475(g)(2)(D), and 476(b)(1)(A)(iv) (I), (II), and (III) up to the amounts at which Pell Grant awards calculated using the increased income protection allowances equal the funds available to make Pell Grants in award year 1998-1999 with a \$3,000 maximum award, except that the income protection allowance in section 475(g)(2)(D) may not exceed \$2,200, the income protection allowance in sections 476(b)(1)(A)(iv)(I) and (II) may not exceed \$4,250, and the income protection allowance in section 476(b)(1)(A)(iv)(III) may not exceed \$7,250. *Provided further*, That notwithstanding part F of the Higher Education Act, the income protection allowance in section 475(g)(2)(D) shall be \$2,200, the income protection allowance in sections 476(b)(1)(A)(iv) (I) and (II) shall be \$4,250, and the income protection allowance in section 476(b)(1)(A)(iv)(III) shall be \$7,250: *Provided further*, That Pell Grant funds shall not be awarded to a student who has received Pell Grants for a period in excess of 150 percent of the full-time equivalent of the period normally required for the completion of that student's course of study, except that a student may not receive Pell Grant funds for more than the full-time equivalent of eight academic years in the aggregate. Pell Grant funds may only be awarded to a student who has received Pell Grant funds for more than the full-time equivalent of eight academic years in the aggregate only if the institution determines that providing such funds is necessary to accommodate the rights of the student under section 504 of the Rehabilitation Act of 1973: *Provided further*, That none of the funds made available in this Act may be used to award student financial assistance under title IV of the Higher Education Act to students attending an institution of higher education that is ineligible to participate in a loan program authorized under parts B and D of such title as a result of a final default rate determination made by the Secretary, and issued by the Secretary on or after October 1, 1998, except that this restriction shall not apply to an institution until it has had the opportunity to appeal its default rate determination under the appeal procedures provided at 34 CFR 668.17. This restriction shall not apply to an institution that was not participating in the loan programs authorized under part B or part D of title IV of the Higher Education Act on October 1, 1998, unless the institution subsequently participates in either such loan program. (Department of Education Appropriations Act, 1998.)

Program and Financing (in millions of dollars)

Identification code 91-0200-0-1-502	1997 actual	1998 est.	1999 est.
Obligations by program activity:			
Federal Pell grants:			
01.01 Federal Pell grants	7,527	4,554	7,499
01.91 Subtotal, Pell grants	7,527	4,554	7,499
Campus-based aid:			
02.01 Federal supplemental educational opportunity grants (SEOG)	581	614	619
02.02 Federal work-study	825	830	900
02.03 Federal Perkins loans: Capital contributions	158	135	100
02.05 Federal Perkins loans: Loan cancellations	24	30	30
02.91 Subtotal, Campus-based activities	1,588	1,609	1,649
03.01 State student incentive grants	50	25	
10.00 Total obligations (object class 41.0)	9,165	6,188	9,148
Budgetary resources available for obligation:			
21.40 Unobligated balance available, start of year:			
Uninvested	3,617	2,150	4,941
22.00 New budget authority (gross)	7,560	8,979	9,243
22.10 Resources available from recoveries of prior year obligations	144		
22.30 Unobligated balance expiring	-6		
23.90 Total budgetary resources available for obligation	11,315	11,129	14,184
23.95 New obligations	-9,165	-6,188	-9,148
24.40 Unobligated balance available, end of year:			
Uninvested	2,150	4,941	5,036
New budget authority (gross), detail:			
Current:			
40.00 Appropriation	7,560	8,979	9,203
Permanent:			
62.00 Transferred from other accounts			40
70.00 Total new budget authority (gross)	7,560	8,979	9,243
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Uninvested	2,665	4,421	2,214
73.10 New obligations	9,165	6,188	9,148
73.20 Total outlays (gross)	-7,248	-8,395	-9,068
73.40 Adjustments in expired accounts	-16		
73.45 Adjustments in unexpired accounts	-144		
74.40 Unpaid obligations, end of year: Obligated balance:			
Uninvested	4,421	2,214	2,294
Outlays (gross), detail:			
86.90 Outlays from new current authority	1,364	1,996	2,104
86.93 Outlays from current balances	5,884	6,399	6,961
86.97 Outlays from new permanent authority			4
87.00 Total outlays (gross)	7,248	8,395	9,068
Net budget authority and outlays:			
89.00 Budget authority	7,560	8,979	9,243
90.00 Outlays	7,248	8,395	9,068

Status of Direct Loans (in millions of dollars)

Identification code 91-0200-0-1-502	1997 actual	1998 est.	1999 est.
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	207	141	158
1251 Repayments: Repayments and prepayments	-25	-31	-30
Write-offs for default:			
1263 Direct loans	-5	-8	-8
1264 Other adjustments, net	-36	56	55
1290 Outstanding, end of year	141	158	175

¹Includes in all years institutional matching share of defaulted notes assigned from institutions to the Education Department.

Authorization of the Higher Education Act.—Absent new authorizing legislation, the Administration requests the Congress to extend the authority of the Student Financial Assistance programs through the end of 1999. The Department is about to put forth a comprehensive proposal to authorize

General and special funds—Continued

STUDENT FINANCIAL ASSISTANCE—Continued

the Higher Education Act into the next century. The Administration's authorization proposal for Student Financial Assistance focuses on (1) ensuring access to, and encouraging persistence and graduation in, postsecondary education; (2) modernizing and simplifying the Title IV delivery system; (3) supporting and improving two viable loan programs; and, (4) assuring accountability of Federal funds.

Federal Pell Grants.—Undergraduate students establish eligibility for these grants under award and need determination rules set out in the authorizing statute and the annual appropriations act. The 1999 budget estimate reflects proposed changes to the Pell Grant program.

The Administration is proposing a \$100 increase in the maximum Pell Grant award to \$3,100 for 1999; and to limit the duration of a student's eligibility for Pell Grant assistance to the full-time-equivalent of 150 percent of the period normally required for the student to complete his or her program of study, with an absolute maximum of the full-time-equivalent of 8 years. Further, the Administration proposes to continue in 1999, the higher income protection allowances authorized by the 1998 appropriations act of \$2,200 for dependent students; \$4,250 for single independent students without dependents; \$4,250 per student for married independent students without dependents when both are in college; and \$7,250 for married independent students without dependents when one is enrolled in college.

Currently, only institutions with high default rates are terminated from participation in the Federal Family Education Loan and William D. Ford Federal Direct Loan programs. The Administration proposes to reduce waste and abuse in the student financial assistance programs by terminating the eligibility of these institutions not only for the loan programs, but also the Pell Grant program and the other title IV programs.

Campus-based programs.—The Federal Supplemental Educational Opportunity Grants, Federal Work-Study, and Federal Perkins Loan programs are called the "campus-based" programs because participating institutions are responsible for administering the programs on their own campuses. These programs provide aid administrators with considerable flexibility in the packaging of financial aid awards to best meet the needs of students. The budget year estimates for the campus-based programs reflect funding under current law. Changes to the campus-based programs will be included in the Administration's proposal to authorize the Higher Education Act.

Federal Supplemental Educational Opportunity Grants.—Federal funds are awarded by formula to qualifying institutions, which use these funds to award grants to undergraduate students. While institutions have discretion in awarding these funds, they are required to give priority to Pell Grant recipients and other students with exceptional need. The Federal share of such grants may not exceed 75 percent of the total grant.

Federal Work-Study.—Federal funds are awarded by formula to qualifying institutions, which develop and provide part-time jobs for eligible undergraduate and graduate students with demonstrated need. Hourly earnings under the program must be at least equal to the Federal minimum wage. Federal funding in most cases pays 75 percent of a student's hourly wages, with the remaining 25 percent paid by the employer. The Secretary has waived the required 25 percent employer funding match for students working in the America Reads Challenge as reading tutors of children and in family literacy programs.

Perkins Loan Program.—Institutions award low-interest loans from institutional revolving funds, which are comprised

of Federal Capital Contributions, institutional matching funds, and student repayments on outstanding loans. The Administration is requesting \$60 million in new budget authority to supplement these resources.

As authorized by the Higher Education Act, the Department established the Perkins Loan Revolving Fund on September 15, 1997. Collections from assigned loans and audits will be deposited into this revolving fund and will be transferred to the Student Financial Assistance account in 1999 for redistribution to institutions, which will then use these funds to make new loans. The resources available from these new collections and new Federal Capital Contributions, in addition to the resources from borrower repayments on the outstanding loan portfolio to institutional revolving funds, will provide sufficient funding for over \$1 billion in new Perkins Loans in 1999–2000.

Perkins Loan Program—Cancellations.—Under the Perkins Loan cancellation program, institutional revolving funds are reimbursed for indebtedness canceled as a result of a borrower engaging in certain public service activities, as specified in the Higher Education Act. As the number of borrowers with loans eligible for these loan cancellation benefits is rising, the cost of providing these benefits has increased in recent years.

Funding Tables.—The following tables display student aid funds available, the number of aid awards, average awards, and the unduplicated count of recipients from any Federal student aid program. The tables include the aid from programs in the Student Financial Assistance account, as well as aid from the Federal Family Education Loan (FFEL) program, and the William D. Ford Federal Direct Loan program. Loan amounts reflect the capital actually loaned, not the Federal cost of those loans. The data in these tables include the effects of matching funds wherever applicable. Amounts for 1999 include the impact of proposed changes.

AID FUNDS AVAILABLE FOR POSTSECONDARY EDUCATION AND TRAINING

	[In millions of dollars]		
	1997 actual	1998 est.	1999 est.
Pell grants	6,256	7,404	7,574
Student loans:			
Guaranteed student loans:			
Stafford loans	10,699	11,048	11,596
Unsubsidized Stafford loans	6,755	7,542	8,263
PLUS	1,708	1,871	2,073
Direct student loans:			
Stafford loans	5,701	6,326	6,648
Unsubsidized Stafford loans	3,242	3,849	4,212
PLUS	895	1,030	1,142
Consolidation:			
FFEL	3,836	4,043	4,261
Direct Loans	1,333	2,531	1,855
Student loans, subtotal	34,169	38,240	40,050
Work-study	1,007	1,003	1,083
Supplemental educational opportunity grants	738	777	784
Perkins loans	1,058	1,058	1,058
State student incentive grants	100	50	
Total aid available	43,329	48,531	50,549

Note: Detail may not add to totals due to rounding.

NUMBER OF AID AWARDS

	[In thousands]		
	1997 actual	1998 est.	1999 est.
Pell grants	3,683	3,909	3,913
Student loans:			
Guaranteed student loans:			
Stafford loans	3,150	3,260	3,386
Unsubsidized Stafford loans	1,799	1,999	2,136
PLUS	276	300	321
Direct student loans:			
Stafford loans	1,732	1,859	1,934
Unsubsidized Stafford loans	979	1,073	1,145
PLUS	153	161	172
Consolidation:			
FFEL	195	201	207

Direct Loans	85	124	100
Student loans, subtotal	8,369	8,977	9,400
Work-study	945	942	1,017
Supplemental educational opportunity grants	991	1,043	1,052
Perkins loans	788	788	788
State student incentive grants	167	83	.....
Total awards	14,943	15,742	16,171

Note: Detail may not add to totals due to rounding.

AVERAGE AID AWARDS

(In whole dollars)

	1997 actual	1998 est.	1999 est.
Pell grants	1,699	1,894	1,936
Student loans:			
Guaranteed student loans:			
Stafford loans	3,397	3,389	3,425
Unsubsidized Stafford loans	3,755	3,772	3,869
PLUS	6,182	6,233	6,458
Direct student loans:			
Stafford loans	3,291	3,403	3,438
Unsubsidized Stafford loans	3,310	3,586	3,679
PLUS	5,865	6,390	6,624
Consolidation:			
FFEL	19,678	20,137	20,606
Direct Loans	16,514	21,453	19,446
Work-study	1,065	1,065	1,065
Supplemental educational opportunity grants	745	745	745
Perkins loans	1,342	1,342	1,342
State student incentive grants	600	600	.....

NUMBER OF STUDENTS AIDED

(In thousands)

	1997 actual	1998 est.	1999 est.
Unduplicated student count	8,065	8,524	8,825

The following table displays institutional administrative costs paid from program funds.

ADMINISTRATIVE PAYMENTS TO INSTITUTIONS

(In millions of dollars)

	1997 actual	1998 est.	1999 est.
Pell grants	18	20	20
Work-study	63	63	68
Supplemental educational opportunity grants	30	31	31
Perkins loans	42	42	42

The following table displays the status of defaulted Perkins loans held by the Department and by institutions.

DEFAULTED PERKINS LOANS

(In millions of dollars)

	1997 actual	1998 est.	1999 est.
Outstanding defaulted loans, beginning of year:			
Assigned defaulted loans ¹	207	141	158
Unassigned defaulted loans ²	819	881	949
New defaulted loans	139	233	237
Collections on assigned loans	-25	-31	-30
Collections on unassigned loans	-90	-94	-98
Write-offs for assigned loans	-5	-8	-8
Write-offs for unassigned loans	-20	-15	-12
Outstanding defaulted loans, end of year	1,025	1,107	1,196

¹ Permanently assigned to the Federal Government for collection. Does not include the following amounts in loans made to institutions to establish Perkins revolving funds: \$94 thousand in 1997, \$94 thousand in 1998, and \$94 thousand in 1999. These amounts are recorded as outstanding loans in the "Status of Direct Loans" schedule.

² Unassigned loans at institutions.

HIGHER EDUCATION

For carrying out, to the extent not otherwise provided, [parts A and B of title III, without regard to section 360(a)(1)(B)(ii), titles IV, V, VI, VII, and IX, and part A, subpart 1 of part B, and part E of title X and title XI of the Higher Education Act of 1965, as amended, part G of title XV of Public Law 102-325,] the Mutual Educational and Cultural Exchange Act of 1961, [and Public Law 102-423; \$946,738,000, of which \$13,700,000 for interest subsidies under title VII of the Higher Education Act shall remain available until expended: *Provided*, That funds available for part D of title

IX of the Higher Education Act shall be available to fund new and noncompeting continuation awards for academic year 1998-1999 for fellowships awarded under part C of title IX of said Act, under the terms and conditions of part C: *Provided further*, That from the funds made available under Part A of title X of the Higher Education Act, \$1,000,000 shall be awarded to the Advanced Technical Center at Mexico, Missouri for the delivery of technical education in cooperation with community colleges and State technical schools and \$3,000,000 shall be for the delivery of technical education and distance learning at Empire State College in New York] \$6,536,000. (Department of Education Appropriations Act, 1998.)

Program and Financing (in millions of dollars)

Identification code 91-0201-0-1-502	1997 actual	1998 est.	1999 est.
Obligations by program activity:			
Aid for institutional development:			
00.01 Strengthening historically Black colleges and universities	128	143	.....
00.02 Strengthening institutions	57	55	.....
00.03 Strengthening Hispanic serving institutions	11	12	.....
00.04 Endowment challenge grants	7	1	.....
00.91 Subtotal, aid for institutional development	203	211	.....
Other aid for institutions:			
01.01 Program development	94	98	7
01.02 Interest subsidy grants	15	17	.....
01.03 Special grants	8	7	.....
01.91 Subtotal, other aid for institutions	117	122	7
Aid for students:			
02.01 Federal TRIO programs	500	530	.....
02.02 Advanced placement fees .....	.....	3	.....
02.03 Scholarships	33	43	.....
02.04 Graduate fellowships	33	30	.....
02.05 State grants for incarcerated youth offenders .....	.....	12	.....
02.91 Subtotal, aid for students	566	618	.....
10.00 Total obligations	886	951	7
Budgetary resources available for obligation:			
21.40 Unobligated balance available, start of year:			
Uninvested	12	4	.....
22.00 New budget authority (gross)	879	947	7
23.90 Total budgetary resources available for obligation	891	951	7
23.95 New obligations	-886	-951	-7
24.40 Unobligated balance available, end of year:			
Uninvested	4	.....	.....
New budget authority (gross), detail:			
40.00 Appropriation	879	947	7
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Uninvested	942	936	1,032
73.10 New obligations	886	951	7
73.20 Total outlays (gross)	-877	-855	-810
73.40 Adjustments in expired accounts	-15	.....	.....
74.40 Unpaid obligations, end of year: Obligated balance:			
Uninvested	936	1,032	230
Outlays (gross), detail:			
86.90 Outlays from new current authority	103	128	1
86.93 Outlays from current balances	774	727	809
87.00 Total outlays (gross)	877	855	810
Net budget authority and outlays:			
89.00 Budget authority	879	947	7
90.00 Outlays	877	855	810

Note.—Excludes \$3 million in budget authority in 1999 for activities transferred to the Department of Education, Office of Elementary and Secondary Education, School Improvement Programs account. The comparable amount for 1998 (\$3 million) is included above.

Summary of Budget Authority and Outlays

(in millions of dollars)

	1997 actual	1998 est.	1999 est.
Enacted/requested:			
Budget Authority	879	947	7
Outlays	877	855	810
Legislative proposal, not subject to PAYGO:			
Budget Authority .....	.....	.....	1,282

General and special funds—Continued

HIGHER EDUCATION—Continued

Summary of Budget Authority and Outlays—Continued

(in millions of dollars)

	1997 actual	1998 est.	1999 est.
Outlays			163
Total:			
Budget Authority	879	947	1,289
Outlays	877	855	973

Other grants to institutions.—

*International education and foreign language studies overseas programs.—*Funds support research and study opportunities in foreign countries for American graduate students, faculty members, and K–12 teachers of foreign languages.

Object Classification (in millions of dollars)

Identification code 91–0201–0–1–502	1997 actual	1998 est.	1999 est.
25.1 Advisory and assistance services	1	1	
25.2 Other services	1	1	
25.3 Purchases of goods and services from Government accounts	1	1	
41.0 Grants, subsidies, and contributions	882	948	7
99.0 Subtotal, direct obligations	885	951	7
99.5 Below reporting threshold	1		
99.9 Total obligations	886	951	7

HIGHER EDUCATION

(Legislative proposal, not subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 91–0201–2–1–502	1997 actual	1998 est.	1999 est.
Obligations by program activity:			
Aid for institutional development:			
00.01 Strengthening historically Black colleges and universities			160
00.02 Strengthening institutions			60
00.03 Strengthening Hispanic-serving institutions			28
00.04 Strengthening tribal colleges and universities			5
00.05 Minority science improvement			8
00.91 Subtotal, aid for institutional development			260
Other aid for institutions:			
01.01 Fund for the Improvement of Postsecondary Education			22
01.02 International education and foreign language studies			54
01.03 Teacher recruitment and preparation			67
01.04 Interest subsidy grants			13
01.91 Subtotal, other aid for institutions			156
Aid for students:			
02.01 Federal TRIO programs			583
02.02 College-school partnerships			140
02.03 Byrd honors scholarships			39
02.04 National need graduate fellowships			38
02.05 Early awareness information			15
02.06 Learning Anytime Anywhere Partnerships			30
02.07 Access and retention innovations			20
02.91 Subtotal, aid for students			865
10.00 Total obligations			1,282
Budgetary resources available for obligation:			
22.00 New budget authority (gross)			1,282
23.95 New obligations			–1,282
New budget authority (gross), detail:			
40.00 Appropriation			1,282
Change in unpaid obligations:			
73.10 New obligations			1,282

73.20 Total outlays (gross)	–163
74.40 Unpaid obligations, end of year: Obligated balance:	
Uninvested	1,119
Outlays (gross), detail:	
86.90 Outlays from new current authority	163
Net budget authority and outlays:	
89.00 Budget authority	1,282
90.00 Outlays	163

The resources in this schedule are proposed for later transmittal under proposed legislation to revise and reauthorize programs currently included under the Higher Education Act of 1965, as amended (HEA).

Aid for institutional development.—

*Strengthening historically Black colleges and universities.—*Funds will support grants to help historically Black undergraduate and graduate institutions to improve and expand their capacity to serve students, and to strengthen management and fiscal operations.

*Strengthening institutions.—*Funds will support planning and development grants for improving academic programs and financial management at schools that enroll high proportions of disadvantaged students and have low per-student expenditures.

*Strengthening Hispanic-serving institutions.—*Funds will support Hispanic-serving institutions to enable them to improve and expand their capacity to serve students.

*Strengthening Tribal colleges and universities.—*Funds will support a new program to strengthen Tribal colleges and universities with scarce resources that have been serving increasing numbers of Native American students.

*Minority science improvement.—*Funds will support the improvement of science education at predominantly minority institutions.

Other aid for institutions.—

*Funds for the improvement of postsecondary education.—*Funds will support flexible, field-initiated postsecondary improvement projects in a broad range of activities, as well as 5 special focus programs.

*International education and foreign language studies programs.—*Funds will support 9 programs that promote the development and improvement of postsecondary international and foreign language programs.

*Teacher recruitment and preparation.—*Funds will support a new program to help recruit and prepare high-quality elementary and secondary school teachers, particularly teachers representative of minority populations, for work in under-served areas. The program will fund mutually beneficial partnerships between institutions of higher education and local schools. Schools will provide hands on experience to student teachers, while colleges will provide a steady supply of well-prepared teachers to meet local needs. Funding will also assist in the development and dissemination of best practices in teacher preparation at postsecondary institutions.

*Interest subsidy grants.—*Funds will meet mandatory interest subsidy costs of construction loan commitments made prior to 1974.

Assistance for students.—

*Federal TRIO programs.—*Funds will support academic, counseling, and outreach services under 5 programs to help disadvantaged students succeed in school and college.

*College-school partnerships.—*Funds will support a new program to increase secondary school achievement and college enrollment among children in low-income communities.

*Byrd honors scholarships.—*Funds will support postsecondary scholarships for outstanding high school students who show promise of continued academic excellence.

*National need graduate fellowships.—*Funds will support a new consolidated graduate education program to help recruit

and prepare high-quality individuals for postsecondary academic careers in areas of national need, particularly in those fields where women, persons of minority populations, and individuals with disabilities are under-represented.

Early awareness information.—Funds will support a national information campaign to publicize the availability of student financial aid, and to encourage young students and families to prepare for postsecondary education.

Learning Anytime Anywhere Partnerships.—Funds will support pilot projects using technology to promote and enhance lifelong learning.

Access and retention innovations.—Funds will support a new program to conduct field experiments to identify innovative ways to improve postsecondary education access and retention for low-income and minority students.

Object Classification (in millions of dollars)

Identification code 91-0201-2-1-502	1997 actual	1998 est.	1999 est.
25.1 Advisory and assistance services			1
25.2 Other services			1
25.3 Purchases of goods and services from Government accounts			1
41.0 Grants, subsidies, and contributions			1,278
99.0 Subtotal, direct obligations			1,281
99.5 Below reporting threshold			1
99.9 Total obligations			1,282

HOWARD UNIVERSITY

For partial support of Howard University (20 U.S.C. 121 et seq.), \$210,000,000: *Provided, That from the amount available, the University may at its discretion use funds for the endowment program as authorized under] of which not less than \$3,530,000, shall be for a matching endowment grant pursuant to the Howard University Endowment Act (Public Law 98-480), of which \$3,530,000 shall remain available until expended. (Department of Education Appropriations Act, 1998.)*

Program and Financing (in millions of dollars)

Identification code 91-0603-0-1-502	1997 actual	1998 est.	1999 est.
Obligations by program activity:			
00.01 General support	166	181	181
00.02 Howard University Hospital	29	29	29
10.00 Total obligations (object class 41.0)	195	210	210
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	196	210	210
23.95 New obligations	-195	-210	-210
New budget authority (gross), detail:			
40.00 Appropriation	196	210	210
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance: Uninvested	9	5	13
73.10 New obligations	195	210	210
73.20 Total outlays (gross)	-199	-202	-210
74.40 Unpaid obligations, end of year: Obligated balance: Uninvested	5	13	13
Outlays (gross), detail:			
86.90 Outlays from new current authority	191	197	197
86.93 Outlays from current balances	8	5	13
87.00 Total outlays (gross)	199	202	210
Net budget authority and outlays:			
89.00 Budget authority	196	210	210
90.00 Outlays	199	202	210

Howard University is a private, nonprofit educational institution consisting of 12 schools and colleges. Federal funds

are used to provide partial support for university programs as well as for the teaching hospital facilities. In 1996, direct Federal appropriations for the academic and research programs represented 65 percent of the university's educational and general expenditures.

PERKINS LOAN REVOLVING FUND

Program and Financing (in millions of dollars)

Identification code 91-4248-0-1-502	1997 actual	1998 est.	1999 est.
Obligations by program activity:			
00.01 Collection costs		5	5
10.00 Total obligations (object class 25.2)		5	5
Budgetary resources available for obligation:			
21.40 Unobligated balance available, start of year: Uninvested		1	41
22.00 New budget authority (gross)	1	45	5
23.90 Total budgetary resources available for obligation	1	46	46
23.95 New obligations		-5	-5
24.40 Unobligated balance available, end of year: Uninvested	1	41	41
New budget authority (gross), detail:			
61.00 Transferred to other accounts			-40
68.00 Spending authority from offsetting collections: Offsetting collections (cash)	1	45	45
70.00 Total new budget authority (gross)	1	45	5
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance: Uninvested			2
73.10 New obligations		5	5
73.20 Total outlays (gross)		-3	-5
74.40 Unpaid obligations, end of year: Obligated balance: Uninvested		2	2
Outlays (gross), detail:			
86.97 Outlays from new permanent authority		3	3
86.98 Outlays from permanent balances			2
87.00 Total outlays (gross)		3	5
Offsets:			
Against gross budget authority and outlays:			
88.40 Offsetting collections (cash) from: Non-Federal sources	-1	-45	-45
Net budget authority and outlays:			
89.00 Budget authority			-40
90.00 Outlays	-1	-42	-40

Net receipts from the net collections on Perkins loans assigned to the Department, and other receipts in the program will be deposited into the Perkins Loans Revolving Fund and will be transferred to the Student Financial Assistance account for redistribution to institutions, which will then use these funds to make new loans.

Credit accounts:

FEDERAL DIRECT STUDENT LOAN PROGRAM, PROGRAM ACCOUNT

Program and Financing (in millions of dollars)

Identification code 91-0243-0-1-502	1997 actual	1998 est.	1999 est.
Obligations by program activity:			
02.01 Direct loan subsidy	354	265	494
02.02 Upward reestimates of subsidy	116	161	
02.03 Interest on upward reestimate	12	57	
02.91 Subtotal, subsidy cost	482	483	494
07.09 Student loan administrative expenses	491	532	610

Credit accounts—Continued

FEDERAL DIRECT STUDENT LOAN PROGRAM, PROGRAM ACCOUNT—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 91-0243-0-1-502	1997 actual	1998 est.	1999 est.
10.00 Total obligations	973	1,015	1,104
Budgetary resources available for obligation:			
21.40 Unobligated balance available, start of year:			
Uninvested		2	2
22.00 New budget authority (gross)	973	1,015	1,104
22.10 Resources available from recoveries of prior year obligations	2		
23.90 Total budgetary resources available for obligation	975	1,017	1,106
23.95 New obligations	-973	-1,015	-1,104
24.40 Unobligated balance available, end of year:			
Uninvested	2	2	2
New budget authority (gross), detail:			
60.00 Appropriation	491	532	610
60.05 Appropriation (indefinite)	271	388	494
63.00 Appropriation (total)	762	920	1,104
68.00 Spending authority from offsetting collections: Offsetting collections (cash)	211	95	
70.00 Total new budget authority (gross)	973	1,015	1,104
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Uninvested	220	322	301
73.10 New obligations	973	1,015	1,104
73.20 Total outlays (gross)	-870	-1,036	-972
73.45 Adjustments in unexpired accounts	-2		
74.40 Unpaid obligations, end of year: Obligated balance:			
Uninvested	322	301	433
Outlays (gross), detail:			
86.97 Outlays from new permanent authority	672	765	741
86.98 Outlays from permanent balances	198	271	230
87.00 Total outlays (gross)	870	1,036	972
Offsets:			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	-211	-95	
Net budget authority and outlays:			
89.00 Budget authority	762	920	1,104
90.00 Outlays	659	941	972

Summary of Budget Authority and Outlays

(in millions of dollars)

	1997 actual	1998 est.	1999 est.
Enacted/requested:			
Budget Authority	762	920	1,104
Outlays	659	941	971
Legislative proposal, subject to PAYGO:			
Budget Authority			31
Outlays			20
Total:			
Budget Authority	762	920	1,135
Outlays	659	941	991

Summary of Loan Levels, Subsidy Budget Authority and Outlays by Program (in millions of dollars)

Identification code 91-0243-0-1-502	1997 actual	1998 est.	1999 est.
Direct loan levels supportable by subsidy budget authority:			
1150 Stafford	6,255	6,933	7,283
1150 Unsubsidized Stafford	3,629	4,302	4,708
1150 PLUS	1,089	1,253	1,389
1150 Consolidated	1,428	2,711	1,987
1159 Total direct loan levels	12,400	15,199	15,367
Direct loan subsidy (in percent):			
1320 Stafford	11.97	12.62	13.79

1320 Unsubsidized Stafford	-8.64	-10.75	-7.78
1320 PLUS	-7.69	-9.91	-9.49
1320 Consolidated	-1.31	-0.86	-0.61
1329 Weighted average subsidy rate	2.95	1.74	3.22
Direct loan subsidy budget authority:			
1330 Stafford	750	875	1,004
1330 Unsubsidized Stafford	-300	-463	-366
1330 PLUS	-80	-124	-132
1330 Consolidated	-16	-23	-12
1330 Reestimates of subsidy	-83	123	
1339 Total subsidy budget authority	271	388	494
Direct loan subsidy outlays:			
1340 Stafford	603	857	885
1340 Unsubsidized Stafford	-254	-407	-350
1340 PLUS	-58	-100	-107
1340 Consolidated	-15	-21	-11
1340 Reestimates of subsidy	-83	123	
1349 Total subsidy outlays	193	452	417
Student loan administrative expense data:			
3510 Budget authority	491	532	610
3590 Outlays	466	489	554

The Federal Government operates two major student loan programs: the Federal Family Education Loan (FFEL) program—formerly the Guaranteed Student Loan (GSL) program—and the William D. Ford Federal Direct Loan (Direct Loan) program. The President is committed to improving the efficiency of both programs and allowing individual institutions to choose which of these two programs best meets their needs and the needs of their students.

This summary section outlines the structure of these two programs, highlights their differences and similarities, and provides text tables displaying program cost data; loan volume, subsidy, default, and interest rates; and other descriptive information. As part of his 1999 Budget, the President is proposing a number of changes for the Direct Loan and FFEL programs. These changes are discussed as part of this program description.

From its inception in 1965 through 1997, the FFEL program has provided over \$240 billion in loans to postsecondary students and their parents. Since beginning on July 1, 1994, the Direct Loan program has provided almost \$24 billion in new loans to students and parents. Taken together, the FFEL and Direct Loan programs will make almost \$32 billion in new loans available in 1998. Because funding for these two programs is provided on a permanent indefinite basis, for budget purposes they are considered separately from other Federal student financial assistance programs. The FFEL and Direct Loan programs should be viewed in combination with these other programs, however, and with Perkins Loans in particular, as part of the overall Federal effort to ensure access to higher education.

Loan capital in the FFEL program is provided by private lenders. State and private nonprofit guaranty agencies act as agents of the Federal government, providing a variety of services including payment of default claims, collection of some defaulted loans, default avoidance activities, and counseling to schools and students. These agencies also provide various other services to lenders. The Government provides substantial payments to these guaranty agencies. The Government also pays interest subsidies to lenders for certain borrowers, as well as most costs associated with loan defaults and other write-offs.

The Direct Loan program was created by the Student Loan Reform Act (SLRA) of 1993. Under this program, the Federal Government provides loan funds to postsecondary institutions directly or through an alternative originator. Direct Loans offer a streamlined system that is simpler for student and parent borrowers, less prone to waste and abuse, and less expensive for the Federal taxpayer than the FFEL program. The program also offers flexible repayment options that allow

borrowers to consider lower-paying careers, such as public service, without fear of default.

The Direct Loan program began operation in academic year 1994–1995 with 7 percent of overall loan volume. The program grew to 31 percent of overall volume in academic year 1995–1996, and is expected to account for 35 percent in academic year 1997–1998. All eligible institutions are free to participate in either the Direct Loan or FFEL program.

The Direct Loan and FFEL programs share many basic elements. Each program offers four types of loans: Stafford, Unsubsidized Stafford, PLUS for parents, and Consolidation. Evidence of financial need is required for a student to receive a subsidized Stafford loan. The other three loan programs are available to borrowers at all income levels. Loans can be used only to meet qualified educational expenses.

For new Stafford Loans, the interest rate equals the 91-day Treasury bill rate plus 2.5 percent during in-school, grace, and deferment periods, and the 91-day Treasury bill plus 3.1 percent at all other times, with a cap of 8.25 percent. These rates are adjusted annually. Interest payments for these loans are fully subsidized by the Government while a student is in school and during grace and deferment periods. Unsubsidized Stafford loans carry the same interest rate as Stafford loans, but have no interest subsidy. In the FFEL program, interest on Unsubsidized Stafford loans may be capitalized no more than quarterly, and upon entering repayment. In the Direct Loan program, interest on these loans is capitalized only upon entering repayment. The President is proposing to require FFEL lenders and loan holders to capitalize interest only upon entering repayment. For PLUS loans, the interest rate equals the 52-week Treasury bill rate plus 3.1 percent, with a cap of 9 percent and no interest subsidy.

Beginning July 1, 1998, current law requires that the interest rate for new Stafford and Unsubsidized Stafford loans equal the Department's borrowing rate—currently the 10–20-year bond rate—plus 1 percentage point, with a cap of 8.25 percent. This rate, adjusted annually, will apply throughout the life of the loan.

Consolidation loans allow borrowers to combine loans made under Title IV of the Higher Education Act—FFEL, Direct Loans, and Perkins Loans—as well as some loans made under the Public Health Service Act. Borrowers holding one or more underlying Direct Loans may only consolidate in the Direct Loan program. The portion of Direct Consolidation loans made up of underlying Stafford and Unsubsidized Stafford loans carry the variable Stafford interest rate; the portion made up of underlying PLUS loans carry the variable PLUS interest rate. For FFEL Consolidation loans, the interest rate for loans made on or after July 1, 1994 equals the weighted average of the interest rate on the loans consolidated, rounded up to the nearest whole percent. Lenders may choose to offer a lower rate.

The Emergency Student Loan Consolidation Act of 1997, which was included in the Department's 1998 appropriations act, temporarily changed a number of laws affecting Consolidation loans. Under this act, which is in effect until October 1, 1998, Direct Loan borrowers may consolidate their loans into the FFEL program, interest rates for FFEL Consolidation loans are calculated in the same way as is done for Direct Consolidation loans, and borrowers whose FFEL Consolidation loans include underlying Stafford loans maintain interest subsidy benefits associated with the Stafford portions of their loans. (Direct Consolidation loan borrowers already retain these benefits.)

Origination/insurance fees for each loan type are essentially the same across the two programs. Direct Loan borrowers are charged an origination fee equal to 4 percent of principal, which partially offsets Federal program operation costs. FFEL borrowers pay an origination fee to the Government equal

to 3 percent of principal, and are also liable for a guaranty agency insurance premium of up to 1 percent of principal.

Guaranty agencies have the option of waiving this premium. In addition, FFEL lenders have the option of paying some or all of a borrower's original fee for Stafford Loan borrowers. The President is proposing to eliminate the 1 percent guaranty agency insurance premium and reduce the Direct Loan origination fee from 4 percent to 3 percent in 1999. The President is also proposing to further reduce fees for need-based (Stafford) loans in both FFEL and Direct Loans to 2 percent in 2001 and 1 percent in 2002, and to eliminate origination fees for all Stafford loans beginning in 2003. The President is also proposing that FFEL lenders be required to offer any benefits involving the partial or complete payment of borrower origination fees to all eligible borrowers.

Loan limits are also identical across the two programs. In addition, loans made under both programs are discharged in cases where borrowers die, are totally and permanently disabled, or declare bankruptcy. Given the broad availability of income-contingent repayment, economic hardship deferments, and other flexible repayment options, the President is proposing to eliminate bankruptcy-related loan discharges.

In addition to these common elements, the Direct Loan and FFEL programs each have a number of unique provisions.

Borrowers under Direct Loans may choose from among five repayment plans including income-contingent repayment ("pay-as-you-can"), under which annual repayment amounts vary based on the income of the borrower and the amount borrowed, and payments can be made over 25 years. Borrowers may switch between repayment plans at any time. (Income-contingent repayment is not available to Direct PLUS borrowers).

The President is proposing to require FFEL lenders to offer four of these plans—standard, graduated, extended, and alternative—under the same terms and conditions available under Direct Loans. Income-contingent repayment as offered through Direct Loans—under which the Department has access to income data provided by the Internal Revenue Service—may not be feasible for private lenders to administer. In addition, the President is proposing to clarify current law that loan amounts forgiven after 25 years under the income-contingent repayment plan are not treated as income for tax purposes.

In the FFEL program, lenders may receive an interest subsidy, called a special allowance, from the Government to ensure a guaranteed rate of return on their loans. Special allowance payments vary by loan type, are determined quarterly, and are based on current borrower interest rates and market-yield formulas. For recent Stafford and Unsubsidized Stafford loans, for example, the Federal Government must pay lenders a special allowance if the average 91-day Treasury bill rate for a given quarter plus 3.1 percent—or 2.5 percent during in-school, grace, or deferment periods—is higher than the current interest rate charged borrowers.

The President is proposing to reset the interest rate for special allowance payments on new loans on an annual basis, as is done with borrower interest rates. The President is also proposing to reduce special allowance payments on loans funded through tax-exempt securities.

The President is proposing a number of changes to address serious structural problems with the FFEL default prevention system. Supplemental pre-claims assistance payments to guaranty agencies, which have proven ineffective in achieving their intended goal of enhancing agency default prevention activities, would be eliminated. As a more effective means of accomplishing this goal, the President is proposing that lenders make payments to guaranty agencies only on delinquent

Credit accounts—Continued

FEDERAL DIRECT STUDENT LOAN PROGRAM, PROGRAM ACCOUNT—
Continued

loans that have been brought current as a result of guaranty agency efforts.

Guaranty agencies currently retain 27 percent of all collections on defaulted loans, a portion of which covers agency collection costs. In order to standardize payments for default collection activities across the student loan programs, the President is proposing to reduce guaranty agency default retention to 18.5 percent, approximately the rate paid on loans collected by the Department of Education through competitively awarded contracts.

The President is proposing a number of changes to the guaranty agency system. The U.S. General Accounting Office and Federal courts have acknowledged that the Federal government is the actual guarantor of FFEL program loans, with State and non-profit guaranty agencies acting as agents administering this Federal guarantee. In keeping with this relationship, the President is proposing to restructure the current guaranty agency system on a fee-for-service model. Under this approach, lender default claims will be paid with direct Federal payments, rather than by Federal funds held by guaranty agencies for that purpose. As a result of this change, guaranty agencies will no longer need to hold Federal funds in reserve, making possible the return of \$1.1 billion in reserve funds over five years. (Agencies are already scheduled to return \$1 billion in reserve funds in 2002 under the provisions of the Balanced Budget Act of 1997.)

The President is also proposing to replace current statutorily set administrative cost allowances to guaranty agencies with fees paid on new and outstanding loans administered by each agency. In addition, the President is proposing to periodically recertify guaranty agency agreements, which will be revised to include specific, publicly released performance indicators. Among other things, these revised agreements will require that agencies be audited annually using a methodology that samples loans held in agency systems, and that guaranty agencies submit timely, accurate, and consistent data to the Department, including data for the National Student Loan Data System. The Secretary of Education will have the authority to terminate agreements based on agency performance, and to award contracts for services currently performed by guaranty agencies.

In order to ensure the uninterrupted availability of aid funds for students and parents, Congress provided permanent funding to support student aid administration and expenses. These funds support Department personnel and contractors for Direct Loan origination and servicing, payments to guaranty agencies, as well as certain costs associated with activities common to Direct Loans, FFEL and other student assistance programs, such as application printing and processing. Discretionary funds requested for the FFEL program support additional Department personnel and administrative activities associated with operating the program.

Performance indicators have been developed on a broad spectrum of policy objectives in both the Direct Loan and FFEL programs. These indicators will measure program efficiency, Federal costs, and financial management, as well as borrower and institutional satisfaction.

The following tables display performance indicators and program data; including projected overall Direct Loan and FFEL costs; loan volume, number of loans, and average loan amount; descriptive data, and program activity under the President's budget and legislative request.

Funding Levels (In thousands of dollars)

	1997 actual	1998 est.	1999 est.
Budget Authority:			
FFEL:			
Liquidating ¹	745,336		
Program ²	3,144,260	1,988,127	1,938,815
Reestimate of Prior Year Cost ²	98,058		
Subtotal, FFEL ²	3,987,655	1,988,127	1,938,815
Direct Loans:			
Program ²	370,713	288,072	540,185
Reestimate of Prior Year Cost ²	82,157	123,190	
Subtotal, Direct Loans ²	288,556	411,262	540,185
Consolidation Loans:			
FFEL	46,760	-142,525	-174,498
Direct Loans	-16,509	-23,185	-14,701
Subtotal, Consolidation Loans	30,251	-165,710	-189,200
Administration:			
FFEL ³	46,482	46,482	48,482
Student Aid ⁴	491,000	532,000	610,000
Subtotal, Administration	537,482	578,482	658,482
Total, FFEL and Direct Loans	4,843,944	2,812,161	2,948,283
Outlays:			
FFEL:			
Liquidating ¹	371,807	-189,735	-551,098
Program ²	2,756,188	2,255,290	1,820,226
Reestimate of Prior Year Costs ²	98,058		
Subtotal, FFEL ²	3,226,053	2,065,555	1,269,128
Direct Loans:			
Program ²	291,275	349,988	450,745
Reestimate of Prior Year Costs ²	-82,157	123,190	
Subtotal, Direct Loans ²	209,118	473,178	450,745
Consolidation Loans:			
FFEL	46,714	-142,318	-174,245
Direct Loans	-15,394	-20,899	-13,252
Subtotal, Consolidation Loans	31,321	-163,216	-187,497
Administration:			
FFEL ³	41,067	44,606	46,205
Student Aid ⁴	465,796	488,749	554,596
Subtotal, Administration	506,863	533,355	600,801
Total, FFEL and Direct Loans	3,973,355	2,908,872	2,133,177

¹ Liquidating account reflects loans made prior to 1992.

² Because these figures do not include totals for consolidation loans, they do not correspond with totals shown in account-specific schedules.

³ Reflects annual discretionary appropriation.

⁴ Supports administrative expense allowance payments to FFEL guaranty agencies, as well as a range of administrative activities, such as application printing, mailing, and processing, that are common to all Federal student financial assistance programs.

Summary of Loans Available (net commitments in millions of dollars)¹

	1997 actual	1998 est.	1999 est.
FFEL:			
Stafford	10,699	11,048	11,596
Unsubsidized Stafford	6,755	7,542	8,263
PLUS	1,708	1,871	2,073
Total, FFEL	19,162	20,461	21,932
Direct Loans:			
Stafford	5,701	6,326	6,648
Unsubsidized Stafford	3,242	3,849	4,212
PLUS	895	1,030	1,142
Total, Direct Loans	9,838	11,205	12,002
Consolidation Loans:			
FFEL	3,836	4,043	4,261
Direct Loans	1,333	2,531	1,855
Subtotal, Consolidation Loans	5,169	6,574	6,116
Total, All Loans	34,169	38,240	40,050

¹ Net commitments equal gross commitments minus loan cancellations.

Number of Loans (In thousands)

	1997 actual	1998 est.	1999 est.
FFEL:			
Stafford	3,150	3,260	3,386

Unsubsidized Stafford	1,799	1,999	2,136
PLUS	276	300	321
Total, FFEL	5,225	5,559	5,843
Direct Loans:			
Stafford	1,732	1,859	1,934
Unsubsidized Stafford	979	1,073	1,145
PLUS	153	161	172
Total, Direct Loans	2,864	3,093	3,251
Consolidation Loans:			
FFEL	195	201	207
Direct Loans	85	124	100
Subtotal, Consolidation Loans	280	325	307
Total, All Loans	8,369	8,977	9,401

Average Loan Size (in whole dollars)

	1997 actual	1998 est.	1999 est.
FFEL:			
Stafford	3,397	3,389	3,425
Unsubsidized Stafford	3,755	3,772	3,869
PLUS	6,182	6,233	6,458
Weighted Average, FFEL	3,667	3,681	3,754
Direct Loans:			
Stafford	3,291	3,403	3,438
Unsubsidized Stafford	3,310	3,586	3,679
PLUS	5,865	6,390	6,624
Weighted Average, Direct Loans	3,435	3,623	3,692
Consolidation Loans:			
FFEL	19,678	20,137	20,606
Direct Loans	15,754	20,465	18,551
Subtotal, Consolidation Loans	18,461	20,228	19,922
Weighted Average, All Loans	4,083	4,260	4,260

Composition of Consolidation Loans

	1997 actual	1998 est.	1999 est.
Net commitments (in millions of dollars):			
FFEL:			
Standard consolidations	3,309	3,487	3,675
Consolidations from Default	527	556	586
Subtotal, FFEL	3,836	4,043	4,261
Direct Loans:			
Standard consolidations	1,038	2,199	1,566
Consolidations from Default	295	332	289
Subtotal, Direct Loans	1,333	2,531	1,855
Total:			
Standard consolidations	4,347	5,686	5,241
Consolidations from Default	822	888	875
Total, Consolidated Loans	5,169	6,574	6,116

Summary of Subsidy Rates, Default Rates, Interest Rates, and Discount Rates

	1997 actual	1998 est.	1999 est.
Subsidy Rates (in percent) ¹			
FFEL:			
Stafford	22.03	17.31	15.66
Unsubsidized Stafford	6.04	0.88	
PLUS	4.36	-1.90	-2.78
Weighted Average, FFEL ²	14.75	9.42	7.94
Direct Loans:			
Stafford	11.97	12.62	14.07
Unsubsidized Stafford	-8.64	-10.75	-7.54
PLUS	-7.69	-9.91	-9.35
Weighted Average, Direct Loans ²	3.21	2.31	4.04
Consolidation Loans:			
FFEL	1.23	-3.52	-4.09
Direct Loans	-1.31	-0.86	-0.74
Weighted Average, Consolidation Loans	0.54	-2.45	-3.03
Default Rates (in percent) ³			
FFEL:			
Stafford	22.70	21.87	20.99
Unsubsidized Stafford	21.39	20.22	19.14

PLUS	11.08	11.58	12.06
Weighted Average, FFEL ²	21.21	20.32	19.45
Direct Loans:			
Stafford	22.16	21.58	20.65
Unsubsidized Stafford	21.73	20.79	19.66
PLUS	10.40	10.78	11.15
Weighted Average, Direct Loans ²	20.95	20.31	19.45
Consolidation Loans:			
FFEL	10.50	10.50	10.50
Direct Loans	13.08	11.95	12.08
Weighted Average, Consolidation Loans	11.17	11.06	10.98
Borrower Interest Rates (in percent)			
FFEL:			
Stafford ⁴	8.25	7.11	7.03
Unsubsidized Stafford ⁴	8.25	7.11	7.03
PLUS ⁴	8.68	8.21	8.13
Direct Loans:			
Stafford ⁴	8.25	7.11	7.03
Unsubsidized Stafford ⁴	8.25	7.11	7.03
PLUS ⁴	8.68	8.21	8.13
Consolidation Loans:			
FFEL ⁵			
Direct Loans ⁵			
Federal Borrowing Rate for Direct Loans (in percent)	6.77	6.11	6.03

¹ Subsidy rates represent the Federal portion of non-administrative costs—principally interest subsidies and defaults—associated with each borrowed dollar. For example, a \$1,000 loan with Federal subsidy costs of \$100 would have a subsidy rate of 10 percent.

² Because these figures do not include totals for Consolidation Loans, they do not correspond with totals shown in account-specific schedules.

³ Default rates displayed in this table, which reflect projected defaults over the life of a loan cohort, are used in developing program cost estimates. The Department uses other rates based on defaults occurring in the first two years of repayment to determine institutional eligibility to participate in Federal loan programs. These two-year rates tend to be lower than those included in this table.

⁴ Rates shown are those in effect beginning July 1st of each year.

⁵ Under current law, interest rates under the FFEL Consolidation Loan program reflect a weighted average of the rates of the loans consolidated, rounded upward to the nearest whole percentage (in 1998 only, rates are not rounded upward, pursuant to a one-year statutory change). For the Direct Loan Consolidation program, loans consolidated from the Stafford and Unsubsidized Stafford Loan programs are charged the Stafford Loan interest rate. Loans consolidated from the PLUS Loan program are charged the PLUS interest rate.

Composition of Default Collections (In thousands of dollars)

	1997 actual	1998 est.	1999 est.
FFEL:			
Collections by Guaranty Agencies ¹	943,366	1,018,395	1,001,201
Collections by Department of Education	624,698	674,383	728,690
Internal Revenue Service Tax Refund Offsets	397,104	428,687	463,208
Total, FFEL ²	1,965,168	2,121,465	2,193,099
Direct Loans:			
Collections by Department of Education	823	26,487	73,174
Internal Revenue Service Tax Refund Offsets	214	6,887	19,027
Total, Direct Loans	1,037	33,374	92,201
Total, FFEL and Direct Loan	1,966,205	2,154,839	2,285,300

¹ These figures show total collections by guaranty agencies. Actual Federal revenues resulting from these collections are lower than the amount shown because agencies retain a portion of the amount collected.

Projected Participation in Repayment Plans ¹ (in thousands of dollars)

	1997 cohort	1998 cohort	1999 cohort
FFEL: ¹			
Standard:			
Percent of Loan Volume: ²			
Stafford	100.00	100.00	64.88
Unsubsidized Stafford	100.00	100.00	64.88
PLUS	100.00	100.00	80.68
Consolidation	100.00	100.00	69.59
Subsidy Rate (in percent):			
Stafford	22.03	17.31	15.90
Unsubsidized Stafford	6.04	0.88	0.38
PLUS	4.36	-1.90	-2.58
Consolidation	1.23	-3.52	-4.01
Graduated: ³			
Percent of Loan Volume: ²			
Stafford			28.73
Unsubsidized Stafford			28.73
PLUS			14.00
Consolidation			17.38
Subsidy Rate (in percent):			
Stafford			15.20
Unsubsidized Stafford			-0.81
PLUS			-3.77
Consolidation			-4.27

Credit accounts—Continued

FEDERAL DIRECT STUDENT LOAN PROGRAM, PROGRAM ACCOUNT—Continued

Projected Participation in Repayment Plans¹ (in thousands of dollars)—Continued

	1997 cohort	1998 cohort	1999 cohort
Extended:³			
Percent of Loan Volume: ²			
Stafford			6.39
Unsubsidized Stafford			6.39
PLUS			5.32
Consolidation			13.03
Subsidy Rate (in percent):			
Stafford			15.24
Unsubsidized Stafford			-0.27
PLUS			-3.23
Consolidation			-4.09
Direct Loans:¹			
Standard:			
Percent of Loan Volume: ²			
Stafford	87.40	82.85	78.55
Unsubsidized Stafford	84.01	78.21	72.82
PLUS	77.04	73.56	70.24
Consolidation	20.80	22.17	21.79
Subsidy Rate (in percent):			
Stafford	13.59	13.62	15.14
Unsubsidized Stafford	-8.56	-9.67	-6.46
PLUS	-6.69	-7.62	-6.83
Consolidation	1.43	1.29	1.66
Graduated:³			
Percent of Loan Volume: ²			
Stafford	9.22	12.89	16.37
Unsubsidized Stafford	11.36	15.86	20.06
PLUS	16.83	19.38	21.81
Consolidation	18.32	20.00	19.54
Subsidy Rate (in percent):			
Stafford	9.67	7.90	10.58
Unsubsidized Stafford	-12.43	-16.00	-11.12
PLUS	-12.25	-16.26	-15.27
Consolidation	-2.18	-3.11	-3.04
Extended:³			
Percent of Loan Volume: ²			
Stafford	2.19	3.07	3.89
Unsubsidized Stafford	3.26	4.55	5.75
PLUS	6.13	7.06	7.95
Consolidation	15.19	16.88	16.41
Subsidy Rate (in percent):			
Stafford	10.57	8.02	10.66
Unsubsidized Stafford	-11.32	-15.91	-11.10
PLUS	-10.80	-16.27	-15.31
Consolidation	-1.15	-3.08	-3.10
Income-Contingent:			
Percent of Loan Volume: ²			
Stafford	1.19	1.19	1.19
Unsubsidized Stafford	1.38	1.38	1.38
Consolidation	45.69	40.94	42.26
Subsidy Rate (in percent):			
Stafford	9.38	5.49	2.54
Unsubsidized Stafford	8.55	5.19	2.54
Consolidation	-2.06	-2.69	-5.51

¹No data is included for the Alternative repayment plan under either FFEL or Direct Loans. Borrowers are not expected to participate in this plan due to the flexibility available under the other options. For FFEL, no data is included for income-sensitive repayment. This option, which has been available for a number of years, has never made up more than a tiny portion of overall loan volume. For Direct Loans, income-contingent repayment is not available for PLUS borrowers.

²Percent of Loan Volume represents aggregate data. Individual borrowers may move between plans over time.

³Maximum terms under the Extended and Graduated repayment plans reflect the following "classes" based on borrower debt levels.

Debt Level	Maximum Term (in years)	Percent of Volume Within Extended Plan 1998
Below \$10,000	12	5.60
\$10,000-\$20,000	15	16.40
\$20,000-\$40,000	20	28.50
\$40,000-\$60,000	25	20.50
Above \$60,000	30	29.00

Subsidy costs for the FFEL and Direct Loan programs are estimated in accordance with procedures set out in the Credit Reform Act of 1990. Subsidy costs for each loan type are estimated separately and, because costs can vary widely within a program depending on the characteristics of the individual borrower, cost estimates are aggregated from data for homogeneous groups within risk categories.

Risk categories for Stafford and Unsubsidized Stafford Loans are based on the type of school attended by the borrower. Since PLUS loan borrowers are all parents, they are assumed to share similar risk profiles and are grouped together in a single category. For Consolidation Loans, risk categories distinguish between standard Consolidation Loans—in which borrowers in repayment consolidate a number of outstanding loans—and loans consolidated out of default.

Default rates are a major cause of differences in subsidy between risk categories. The default rates in the following tables reflect estimates of the percent of borrowers who will default over the lifetime of the loans. These estimates are revised annually based on an analysis of default trends prepared each year by an independent auditor. Within each risk group, it is assumed that borrowers choosing similar repayment plans will have similar default rates, regardless of whether they borrow under the FFEL or Direct Loan program.

The risk group data below also reflect proposed policy changes and interest rate projections in the President's 1999 Budget. These factors substantially decrease subsidy rates across years in the FFEL program. Subsidy rates in the Direct Loan program increase over the same period, primarily due to proposals to reduce borrower origination fees.

FFEL RISK CATEGORIES: STAFFORD LOANS

Risk Categories:	Subsidy Rate (as a percentage of loan commitments)		
	1997 actual	1998 est.	1999 est.
Category 1: 4 year college, 1st and 2nd year students	29.49	21.11	19.19
Category 2: 4 year college, 3rd and 4th year students	18.42	14.26	12.70
Category 3: 2 year college, all students	26.29	21.07	19.04
Category 4: Proprietary school, all students	24.54	22.30	20.68
Category 5: Graduate students	19.31	16.31	14.89

Risk Categories:	Gross Default Rates (in percent)		
	1997 actual	1998 est.	1999 est.
Category 1: 4 year college, 1st and 2nd year students	30.64	29.55	28.36
Category 2: 4 year college, 3rd and 4th year students	19.13	18.10	17.03
Category 3: 2 year college, all students	39.80	39.47	38.64
Category 4: Proprietary school, all students	50.82	50.82	50.62
Category 5: Graduate students	11.90	11.78	11.55

UNSUBSIDIZED STAFFORD LOANS

Risk Categories:	Subsidy Rate (as a percentage of loan commitments)		
	1997 actual	1998 est.	1999 est.
Category 1: 4 year college, 1st and 2nd year students	8.80	1.29	0.24
Category 2: 4 year college, 3rd and 4th year students	5.83	0.25	-0.58
Category 3: 2 year college, all students	13.48	8.19	6.42
Category 4: Proprietary school, all students	16.13	9.79	7.10
Category 5: Graduate students	2.44	-1.43	-1.79

Risk Categories:	Gross Default Rates (in percent)		
	1997 actual	1998 est.	1999 est.
Category 1: 4 year college, 1st and 2nd year students	30.28	29.01	27.69
Category 2: 4 year college, 3rd and 4th year students	19.78	18.96	18.09
Category 3: 2 year college, all students	42.32	39.28	36.35
Category 4: Proprietary school, all students	43.49	37.11	31.23
Category 5: Graduate students	12.41	12.39	12.30

PLUS LOANS

Risk Categories:	Subsidy Rate (as a percentage of loan commitments)		
	1997 actual	1998 est.	1999 est.
All PLUS Loans	4.44	-1.90	-2.78

Risk Categories:	Gross Default Rates (in percent)		
	1997 actual	1998 est.	1999 est.
All PLUS Loans	11.08	11.58	12.06

DIRECT LOAN RISK CATEGORIES: STAFFORD LOANS

Risk Categories:	Subsidy Rate (as a percentage of loan commitments)		
	1997 actual	1998 est.	1999 est.
Category 1: 4 year college, 1st and 2nd year students	20.59	19.91	21.22
Category 2: 4 year college, 3rd and 4th year students	11.25	10.35	11.84
Category 3: 2 year college, all students	19.07	19.22	20.76
Category 4: Proprietary school, all students	24.00	25.44	27.30
Category 5: Graduate students	11.12	10.30	12.11
	Gross Default Rates (in percent)		
	1997 actual	1998 est.	1999 est.
Category 1: 4 year college, 1st and 2nd year students	30.64	29.55	28.36
Category 2: 4 year college, 3rd and 4th year students	19.13	18.10	17.03
Category 3: 2 year college, all students	39.80	39.47	38.64
Category 4: Proprietary school, all students	49.92	50.82	50.62
Category 5: Graduate students	11.90	11.78	11.55

UNSUBSIDIZED STAFFORD LOANS

Risk Categories:	Subsidy Rate (as a percentage of loan commitments)		
	1997 actual	1998 est.	1999 est.
Category 1: 4 year college, 1st and 2nd year students	-5.29	-7.67	-4.28
Category 2: 4 year college, 3rd and 4th year students	-8.59	-10.05	-6.91
Category 3: 2 year college, all students	-0.21	-2.07	-0.45
Category 4: Proprietary school, all students	4.97	1.55	2.15
Category 5: Graduate students	-11.74	-13.47	-9.75
	Gross Default Rates (in percent)		
	1997 actual	1998 est.	1999 est.
Category 1: 4 year college, 1st and 2nd year students	30.28	29.01	27.69
Category 2: 4 year college, 3rd and 4th year students	19.78	18.96	18.09
Category 3: 2 year college, all students	42.32	39.28	36.35
Category 4: Proprietary school, all students	43.49	37.11	31.23
Category 5: Graduate students	12.41	12.39	12.30

PLUS LOANS

All PLUS Loans	Subsidy Rate (as a percentage of loan commitments)		
	1997 actual	1998 est.	1999 est.
All PLUS Loans	-7.53	-9.91	-9.35
	Gross Default Rates (in percent)		
All PLUS Loans	10.40	10.78	11.15

Summary of Program Costs and Offsets (in thousands of dollars)

	1997 actual	1998 est.	1999 est.
Interest costs:			
Interest benefits:			
FFEL Liquidating	144,379	14,808	3,587
FFEL Program	2,093,000	2,115,000	2,029,000
Direct Loans ¹	669,446	893,236	1,033,592
	2,906,825	3,023,044	3,066,179
Special allowance:			
FFEL Liquidating	186,917	106,265	52,104
FFEL Program	85,109	88,998	19,693
	272,026	195,263	71,796
Default costs and offsets:			
Default costs ² :			
FFEL Liquidating	1,150,129	804,575	568,937
FFEL Program	2,170,000	2,385,000	2,592,000
Direct Loans	20,486	73,338	181,444
	3,340,614	3,262,913	3,342,381
Gross default collections:			
FFEL Liquidating	1,366,280	1,793,833	1,737,470
FFEL Program	598,889	327,632	455,629
Direct Loans	1,037	33,374	92,201
	1,966,205	2,154,838	2,285,300
Default collection costs:			
FFEL Liquidating:			
Contract collection costs	93,334	70,415	87,235
Guaranty agency retention	149,061	195,707	119,538
	242,395	266,122	206,773

FFEL Program:			
Contract collection costs	3,790	12,082	17,433
Guaranty agency retention	65,339	35,745	31,347
	69,129	47,827	48,780
Direct Loans:			
Collection costs ³	94,000	914,473	2,188,423
Net default costs: ⁴			
FFEL Liquidating	26,244	-723,136	-961,760
FFEL Program	1,640,240	2,105,195	2,185,151
Direct Loans	113,449	954,438	2,277,666
	1,779,933	2,336,497	3,501,057
Death, disability, and bankruptcy costs:			
FFEL Liquidating	57,094	121,995	105,021
FFEL Program	194,494	208,356	247,149
Direct Loans	14,978	41,246	70,999
	266,566	371,597	423,169
Other write-offs ^{5, 6}	51,870	34,910	50,744
Administrative Costs:			
Federal administration:			
FFEL	46,482	46,482	48,482
Student Aid Management ⁷	425,652	491,000	532,000
Guaranty agency administrative payments:			
Administrative cost allowance ⁸	150,419	170,000	
Fee for Services ⁸			170,000
Supplemental preclaims assistance ⁵	21,385	11,286	
Lender-paid default prevention fee			17,510
Fees:			
Borrower origination fees:			
FFEL	276,929	647,566	661,028
Direct Loans	352,406	433,707	422,387
Lender origination fee ⁵	46,155	107,928	110,171
Sallie Mae offset fee ⁵	34,935	26,800	22,100
Consolidation loan holder fees ⁵	129,678	154,278	183,671

¹ This represents net interest costs associated with Direct Loans.
² Default costs under FFEL reflect claims paid to guaranty agencies. Default costs under Direct Loans reflect non-repayment of defaulted loans.
³ In the budget schedules, Direct Loan collections are displayed net of collection costs.
⁴ Net default costs equal default claims minus net collections (gross collections minus contract collection costs and guaranty agency retention).
⁵ Applies to FFEL program only.
⁶ Includes repayment of agency advances, elimination of excess agency reserves, through direct payments to the Government and reduced reinsurance payments to the agencies, and purchase of rehabilitated loans by the agencies.
⁷ A number of expenses related to the administration of the student assistance programs are paid out of Student Aid Management funds. One of these expenses, administrative cost allowances to guaranty agencies, is shown as a separate line.
⁸ Administrative cost allowances paid from Student Aid Management funds. The President is proposing to replace these statutorily set payments with fees tied to specific services beginning in 1999.

Object Classification (in millions of dollars)

Identification code 91-0243-0-1-502	1997 actual	1998 est.	1999 est.
Personnel compensation:			
11.1 Full-time permanent	28	28	30
11.3 Other than full-time permanent	1	1	1
11.9 Total personnel compensation	29	29	31
12.1 Civilian personnel benefits	6	6	6
21.0 Travel and transportation of persons	3	3	3
23.1 Rental payments to GSA	5	5	5
23.3 Communications, utilities, and miscellaneous charges	17	30	38
24.0 Printing and reproduction	4	6	4
25.1 Advisory and assistance services	4		
25.2 Other services	6	6	6
25.3 Purchases of goods and services from Government accounts	4	6	6
25.7 Operation and maintenance of equipment	260	267	338
26.0 Supplies and materials	1	1	1
31.0 Equipment	1	2	2
32.0 Land and structures		1	
41.0 Grants, subsidies, and contributions	633	653	664
99.9 Total obligations	973	1,015	1,104

Personnel Summary

Identification code 91-0243-0-1-502	1997 actual	1998 est.	1999 est.
1001 Total compensable workyears: Full-time equivalent employment	506	520	550

Credit accounts—Continued

FEDERAL DIRECT STUDENT LOAN PROGRAM, PROGRAM ACCOUNT
(Legislative proposal, subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 91-0243-4-1-502	1997 actual	1998 est.	1999 est.
Obligations by program activity:			
02.01 Direct loan subsidy			31
02.91 Subtotal, subsidy cost			31
10.00 Total obligations (object class 41.0)			31
Budgetary resources available for obligation:			
22.00 New budget authority (gross)			31
23.95 New obligations			-31
New budget authority (gross), detail:			
60.05 Appropriation (indefinite)			31
Change in unpaid obligations:			
73.10 New obligations			31
73.20 Total outlays (gross)			-20
74.40 Unpaid obligations, end of year: Obligated balance: Uninvested			11
Outlays (gross), detail:			
86.97 Outlays from new permanent authority			20
Net budget authority and outlays:			
89.00 Budget authority			31
90.00 Outlays			20

Summary of Loan Levels, Subsidy Budget Authority and Outlays by Program (in millions of dollars)

Identification code 91-0243-4-1-502	1997 actual	1998 est.	1999 est.
Direct loan subsidy (in percent):			
1320 Stafford			0.29
1320 Unsubsidized Stafford			0.24
1320 PLUS			0.14
1320 Consolidated			-0.13
1329 Weighted average subsidy rate			0.20
Direct loan subsidy budget authority:			
1330 Stafford			21
1330 Unsubsidized Stafford			11
1330 PLUS			2
1330 Consolidated			-3
1339 Total subsidy budget authority			31
Direct loan subsidy outlays:			
1340 Stafford			14
1340 Unsubsidized Stafford			7
1340 PLUS			1
1340 Consolidated			-2
1349 Total subsidy outlays			20
Student loan administrative expense data:			
3510 Budget authority			
3590 Outlays			

FEDERAL DIRECT STUDENT LOAN PROGRAM, FINANCING ACCOUNT
Program and Financing (in millions of dollars)

Identification code 91-4253-0-3-502	1997 actual	1998 est.	1999 est.
Obligations by program activity:			
Direct loans:			
01.01 Stafford	6,264	6,326	6,648
01.02 Unsubsidized Stafford	3,474	3,849	4,212
01.03 PLUS	1,031	1,030	1,142
01.04 Consolidated	1,257	2,531	1,855
01.05 Upward adjustment in prior obligations	214		
01.91 Subtotal, direct loans obligations	12,240	13,736	13,857

Payment of origination services:			
02.01 Stafford	1		
02.04 Consolidated	9	9	7
02.91 Subtotal, Payment of origination services	10	9	7
Payment of contract collection costs:			
03.01 Stafford		1	1
03.02 Unsubsidized Stafford			1
04.01 Interest payment to Treasury	1,733	1,679	2,327
05.01 Payment of downward reestimate to program account	211	95	
10.00 Total obligations	14,194	15,520	16,193

Budgetary resources available for obligation:

21.40 Unobligated balance available, start of year: Uninvested	24		
22.00 New financing authority (gross)	13,568	15,520	16,193
22.10 Resources available from recoveries of prior year obligations	602		
23.90 Total budgetary resources available for obligation	14,194	15,520	16,193
23.95 New obligations	-14,194	-15,520	-16,193

New financing authority (gross), detail:

67.15 Authority to borrow (indefinite)	12,104	13,284	13,439
Spending authority from offsetting collections:			
68.00 Offsetting collections (cash)	2,227	3,116	4,389
68.10 Change in orders on hand from Federal sources	78	-85	52
68.47 Portion applied to debt reduction	-841	-795	-1,687
68.90 Spending authority from offsetting collections (total)	1,464	2,236	2,754
70.00 Total new financing authority (gross)	13,568	15,520	16,193

Change in unpaid obligations:

Unpaid obligations, start of year:			
72.40 Obligated balance: Uninvested	2,921	3,872	2,979
72.95 Receivables from program account	82	160	75
72.99 Total unpaid obligations, start of year	3,003	4,032	3,054
73.10 New obligations	14,194	15,520	16,193
73.20 Total financing disbursements (gross)	-12,563	-16,498	-16,006
73.45 Adjustments in unexpired accounts	-602		
Unpaid obligations, end of year:			
74.40 Obligated balance: Uninvested	3,872	2,979	3,114
74.95 Receivables from program account	160	75	127
74.99 Total unpaid obligations, end of year	4,032	3,054	3,241
87.00 Total financing disbursements (gross)	12,563	16,498	16,006

Offsets:

Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
Federal sources:			
Payments from subsidy account:			
88.00 Stafford	-603	-857	-885
88.00 Unsubsidized Stafford	253	407	350
88.00 PLUS	58	100	107
88.00 Consolidated	15	21	11
88.00 Upward reestimate	-128	-218	
88.25 Interest on uninvested funds	-553		
Non-Federal sources:			
Stafford loans:			
88.40 Repayment of principal, Stafford	-279	-312	-563
88.40 Interest received on loans, Stafford	-58	-386	-679
88.40 Fees, Stafford	-207	-246	-263
88.40 Recoveries of defaults, Stafford		-17	-49
Unsubsidized Stafford loans:			
88.40 Repayment of principal, Unsubsidized Stafford	-152	-175	-335
88.40 Interest received on loans, Unsubsidized Stafford	-79	-225	-418
88.40 Fees, Unsubsidized Stafford	-114	-148	-165
88.40 Recoveries of defaults, Unsubsidized Stafford		-8	-26
PLUS loans:			
88.40 Repayment of principal, PLUS	-127	-137	-202
88.40 Interest received on loans, PLUS	-93	-185	-251
88.40 Fees, PLUS	-31	-40	-44
88.40 Recoveries of defaults, PLUS		-5	-11
Consolidated:			
88.40 Payment of principal, Consolidated	-60	-237	-358
88.40 Interest received on loans, Consolidated	-69	-446	-604
88.40 Recoveries of defaults, Consolidated		-2	-4
88.90 Total, offsetting collections (cash)	-2,227	-3,116	-4,389

88.95 Change in receivables from program accounts -78 85 -52

Net financing authority and financing disbursements:
89.00 Financing authority 11,263 12,489 11,752
90.00 Financing disbursements 10,336 13,382 11,617

Status of Direct Loans (in millions of dollars)

Identification code 91-4253-0-3-502	1997 actual	1998 est.	1999 est.
STAFFORD			
Position with respect to appropriations act limitation on obligations:			
1111 Limitation on direct loans			
1131 Direct loan obligations exempt from limitation	6,264	5,081	2,701
1150 Total direct loan obligations	6,264	5,081	2,701
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	6,305	11,443	17,223
1231 Disbursements: Direct loan disbursements	5,426	6,161	6,563
1251 Repayments: Repayments and prepayments	-279	-368	-692
1261 Adjustments: Capitalized interest	22		
Write-offs for default:			
1263 Direct loans	-5		-1
1264 Other adjustments, net	-26	-13	-23
1290 Outstanding, end of year	11,443	17,223	23,070
UNSUBSIDIZED STAFFORD			
Position with respect to appropriations act limitation on obligations:			
1111 Limitation on direct loans			
1131 Direct loan obligations exempt from limitation	3,474	1,329	2,574
1150 Total direct loan obligations	3,474	1,329	2,574
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	3,064	5,887	9,362
1231 Disbursements: Direct loan disbursements	2,938	3,689	4,116
1251 Repayments: Repayments and prepayments	-152	-204	-404
1261 Adjustments: Capitalized interest	88		
Write-offs for default:			
1263 Direct loans	-3		-1
1264 Other adjustments, net	-48	-10	-19
1290 Outstanding, end of year	5,887	9,362	13,054
PLUS			
Position with respect to appropriations act limitation on obligations:			
1111 Limitation on direct loans			
1131 Direct loan obligations exempt from limitation	1,031	895	1,030
1150 Total direct loan obligations	1,031	895	1,030
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	869	1,539	2,366
1231 Disbursements: Direct loan disbursements	798	993	1,112
1251 Repayments: Repayments and prepayments	-127	-155	-233
1261 Adjustments: Capitalized interest	7		
Write-offs for default:			
1263 Direct loans	-4		
1264 Other adjustments, net	-4	-11	-16
1290 Outstanding, end of year	1,539	2,366	3,229
CONSOLIDATED			
Position with respect to appropriations act limitation on obligations:			
1111 Limitation on direct loans			
1131 Direct loan obligations exempt from limitation	1,257	2,531	1,855
1150 Total direct loan obligations	1,257	2,531	1,855
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	1,322	2,343	4,577
1231 Disbursements: Direct loan disbursements	1,109	2,490	1,879
1251 Repayments: Repayments and prepayments	-60	-248	-379
1261 Adjustments: Capitalized interest	23		
Write-offs for default:			
1263 Direct loans	-3		
1264 Other adjustments, net	-48	-8	-13
1290 Outstanding, end of year	2,343	4,577	6,064

Balance Sheet (in millions of dollars)

Identification code 91-4253-0-3-502	1996 actual	1997 actual	1998 est.	1999 est.
ASSETS:				
1101 Federal assets: Fund balances with Treasury	2,921	4,032	2,979	3,114
Net value of assets related to post-1991 direct loans receivable:				
Direct loans receivable, gross:				
1401 Stafford	6,310	11,443	17,223	23,069
1401 Unsubsidized Stafford	3,044	5,887	9,361	13,054
1401 PLUS	861	1,539	2,366	3,229
1401 Consolidated	1,304	2,343	4,577	6,064
Interest receivable:				
1402 Interest receivable, Stafford	5	41	62	83
1402 Interest receivable, Unsub Stafford	114	239	381	533
1402 Interest receivable, PLUS	8	11	17	23
1402 Interest receivable, Consolidated	25	46	90	120
1405 Allowance for subsidy cost (-)	-655	-764	-1,211	-1,645
1499 Net present value of assets related to direct loans	11,016	20,785	32,866	44,530
1999 Total assets	13,937	24,817	35,845	47,644
LIABILITIES:				
2103 Federal liabilities: Debt	12,220	22,713	31,216	40,000
2999 Total liabilities	12,220	22,713	31,216	40,000
NET POSITION:				
3100 Appropriated capital	1,717	2,104	4,629	7,644
3999 Total net position	1,717	2,104	4,629	7,644
4999 Total liabilities and net position	13,937	24,817	35,845	47,644

**FEDERAL DIRECT STUDENT LOAN PROGRAM, FINANCING ACCOUNT
(Legislative proposal, subject to PAYGO)**

Program and Financing (in millions of dollars)

Identification code 91-4253-4-3-502	1997 actual	1998 est.	1999 est.
Obligations by program activity:			
04.01 Interest payment to Treasury			1
10.00 Total obligations			1
Budgetary resources available for obligation:			
23.95 New obligations			-1
New financing authority (gross), detail:			
67.15 Authority to borrow (indefinite)			-20
Spending authority from offsetting collections:			
68.00 Offsetting collections (cash)			-29
68.10 Change in orders on hand from Federal sources			8
68.47 Portion applied to debt reduction			41
68.90 Spending authority from offsetting collections (total)			20
Change in unpaid obligations:			
73.10 New obligations			1
73.20 Total financing disbursements (gross)			-1
Unpaid obligations, end of year:			
74.40 Obligated balance: Uninvested			-8
74.95 Receivables from program account			8
74.99 Total unpaid obligations, end of year			
87.00 Total financing disbursements (gross)			1
Offsets:			
Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
Federal sources:			
Payments from subsidy account:			
88.00 Stafford			-14
88.00 Unsubsidized Stafford			-7
88.00 PLUS			-1
88.00 Consolidated			2
Non-Federal sources:			
88.40 Fees, Stafford			27
88.40 Fees, Unsubsidized Stafford			17
88.40 Fees, PLUS			5

Credit accounts—Continued

FEDERAL DIRECT STUDENT LOAN PROGRAM, FINANCING ACCOUNT—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 91-4253-4-3-502	1997 actual	1998 est.	1999 est.
88.40 Payment of Principal, Consolidated			2
88.40 Unsubsidized Stafford loans:			
88.40 Recoveries of defaults, Consolidated			-2
88.90 Total, offsetting collections (cash)			29
88.95 Change in receivables from program accounts			-8
Net financing authority and financing disbursements:			
89.00 Financing authority			21
90.00 Financing disbursements			30

Balance Sheet (in millions of dollars)

Identification code 91-4253-4-3-502	1996 actual	1997 actual	1998 est.	1999 est.
ASSETS:				
1101 Federal assets: Fund balances with Treasury				-8
1999 Total assets				-8
LIABILITIES:				
2103 Federal liabilities: Debt				21
2999 Total liabilities				21
NET POSITION:				
3100 Appropriated capital				-29
3999 Total net position				-29
4999 Total liabilities and net position				-8

As required by the Federal Credit Reform Act of 1990, this non-budgetary account records all cash flows to and from the Government resulting from Direct Loans. The amounts in this account are a means of financing and are not included in the budget totals.

FEDERAL FAMILY EDUCATION LOAN PROGRAM ACCOUNT

For Federal administrative expenses to carry out guaranteed student loans authorized by title IV, part B, of the Higher Education Act, as amended, [S46,482,000] \$48,482,000. (Department of Education Appropriations Act, 1998.)

Note.—The following tables display the program account which includes the subsidy costs and administrative expenses associated with guaranteed student loan commitments beginning in 1992.

Program and Financing (in millions of dollars)

Identification code 91-0231-0-1-502	1997 actual	1998 est.	1999 est.
Obligations by program activity:			
Guaranteed loan subsidy:			
02.01 Stafford	2,376	2,112	2,100
02.02 Unsubsidized Stafford	393	75	83
02.03 PLUS	70	-40	-45
02.05 Consolidated	47	-143	-151
02.07 Upward reestimate	1,098		
02.08 Interest on reestimate	248		
02.91 Subtotal, subsidy cost	4,232	2,004	1,987
Administrative expenses:			
07.01 Administrative expenses due to limitations	46	46	48
10.00 Total obligations	4,278	2,050	2,035
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	4,583	2,050	2,035
22.30 Unobligated balance expiring	-305		
23.90 Total budgetary resources available for obligation	4,278	2,050	2,035
23.95 New obligations	-4,278	-2,050	-2,035
New budget authority (gross), detail:			
Current:			
40.00 Appropriation (Federal administration)	46	46	48

60.05 Permanent:			
68.00 Appropriation (indefinite)	3,290	2,004	1,987
68.00 Spending authority from offsetting collections: Offsetting collections (cash)	1,247		
70.00 Total new budget authority (gross)	4,583	2,050	2,035

Change in unpaid obligations:

72.40 Unpaid obligations, start of year: Obligated balance:			
72.40 Uninvested	1,064	1,148	882
73.10 New obligations	4,278	2,050	2,035
73.20 Total outlays (gross)	-4,194	-2,316	-1,834
74.40 Unpaid obligations, end of year: Obligated balance:			
74.40 Uninvested	1,148	882	1,085

Outlays (gross), detail:

86.90 Outlays from new current authority	36	33	35
86.93 Outlays from current balances	9	11	11
86.97 Outlays from new permanent authority	3,108	1,148	1,133
86.98 Outlays from permanent balances	1,041	1,124	655
87.00 Total outlays (gross)	4,194	2,316	1,834

Offsets:

Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	-1,247		

Net budget authority and outlays:

89.00 Budget authority	3,336	2,050	2,035
90.00 Outlays	2,948	2,316	1,834

Summary of Budget Authority and Outlays

(in millions of dollars)

	1997 actual	1998 est.	1999 est.
Enacted/requested:			
Budget Authority	3,336	2,050	2,035
Outlays	2,947	2,316	1,834
Legislative proposal, subject to PAYGO:			
Budget Authority		-158	-223
Outlays		-158	-142
Total:			
Budget Authority	3,336	1,892	1,812
Outlays	2,947	2,158	1,692

Summary of Loan Levels, Subsidy Budget Authority and Outlays by Program (in millions of dollars)

Identification code 91-0231-0-1-502	1997 actual	1998 est.	1999 est.
Guaranteed loan levels supportable by subsidy budget authority:			
2150 Stafford	11,912	12,199	12,799
2150 Unsubsidized Stafford	7,295	8,458	9,264
2150 PLUS	1,827	2,114	2,341
2150 Consolidated	3,798	4,048	4,267
2159 Total loan guarantee levels	24,832	26,819	28,671
Guaranteed loan subsidy (in percent):			
2320 Stafford	22.03	17.31	16.41
2320 Unsubsidized Stafford	6.04	0.88	0.90
2320 PLUS	4.36	-1.90	-1.91
2320 Consolidated	1.23	-3.52	-3.55
2329 Weighted average subsidy rate	12.85	7.47	6.93
Guaranteed loan subsidy budget authority:			
2330 Stafford	2,624	2,112	2,100
2330 Unsubsidized Stafford	441	75	83
2330 PLUS	79	-40	-45
2330 Consolidated	47	-143	-152
2330 Upward reestimate	1,346		
2330 Downward reestimate	-1,247		
2339 Total subsidy budget authority	3,290	2,004	1,986
Guaranteed loan subsidy outlays:			
2340 Stafford	2,309	2,210	1,905
2340 Unsubsidized Stafford	388	197	72
2340 PLUS	59	6	-38
2340 Consolidated	47	-142	-151
2340 Upward reestimate	1,346		
2340 Downward reestimate	-1,247		
2349 Total subsidy outlays	2,902	2,271	1,788
Administrative expense data:			
3510 Budget authority	46	46	48

3590	Outlays	45	45	44
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As required by the Federal Credit Reform Act of 1990, this program account records for this program the subsidy costs associated with Federal Family Education Loans (FFEL), formerly guaranteed student loans (GSL), committed in 1992 and beyond, as well as certain administrative expenses of the program. Administrative expenses include discretionary expenses for salaries, expenses and overhead of employees working directly on the program. Beginning with the 1993 cohort, mandatory administrative costs, specifically contract collection costs and supplemental pre-claims assistance, are included in the FFEL subsidy estimates of each year's cohort. The subsidy amounts are estimated on a net present value basis.

A description of the FFEL program and accompanying tables are included under the Federal Direct Student Loan program account.

Object Classification (in millions of dollars)

Identification code 91-0231-0-1-502	1997 actual	1998 est.	1999 est.
11.1 Personnel compensation: Full-time permanent	16	19	20
12.1 Civilian personnel benefits	3	4	4
21.0 Travel and transportation of persons	1		
23.1 Rental payments to GSA	2	2	2
23.3 Communications, utilities, and miscellaneous charges	1	1	1
24.0 Printing and reproduction	2	1	2
25.2 Other services	1	1	1
25.3 Purchases of goods and services from Government accounts	1	1	1
25.7 Operation and maintenance of equipment	19	17	17
41.0 Grants, subsidies, and contributions	4,232	2,004	1,987
99.9 Total obligations	4,278	2,050	2,035

Personnel Summary

Identification code 91-0231-0-1-502	1997 actual	1998 est.	1999 est.
1001 Total compensable workyears: Full-time equivalent employment	357	368	368

FEDERAL FAMILY EDUCATION LOAN PROGRAM ACCOUNT

(Legislative proposal, subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 91-0231-4-1-502	1997 actual	1998 est.	1999 est.
Obligations by program activity:			
Guaranteed loan subsidy:			
02.01 Stafford		-97	-96
02.02 Unsubsidized Stafford		-48	-84
02.03 PLUS		-13	-20
02.05 Consolidated			-23
02.91 Subtotal, subsidy cost		-158	-223
10.00 Total obligations (object class 41.0)		-158	-223
Budgetary resources available for obligation:			
22.00 New budget authority (gross)		-158	-223
23.95 New obligations		158	223
New budget authority (gross), detail:			
60.05 Appropriation (indefinite)		-158	-223
Change in unpaid obligations:			
73.10 New obligations		-158	-223
73.20 Total outlays (gross)		158	142
74.40 Unpaid obligations, end of year: Obligated balance:			
Uninvested			-81
Outlays (gross), detail:			
86.97 Outlays from new permanent authority		-158	-142

Net budget authority and outlays:			
89.00	Budget authority	-158	-223
90.00	Outlays	-158	-142

Summary of Loan Levels, Subsidy Budget Authority and Outlays by Program (in millions of dollars)

Identification code 91-0231-4-1-502	1997 actual	1998 est.	1999 est.
Guaranteed loan subsidy (in percent):			
2320 Stafford		0.00	-0.75
2320 Unsubsidized Stafford		0.00	-0.90
2320 PLUS		0.00	-0.87
2320 Consolidated		0.00	-0.54
2329 Weighted average subsidy rate		0.00	-0.78
Guaranteed loan subsidy budget authority:			
2330 Stafford		-97	-96
2330 Unsubsidized Stafford		-48	-84
2330 PLUS		-13	-20
2330 Consolidated			-23
2339 Total subsidy budget authority		-158	-223
Guaranteed loan subsidy outlays:			
2340 Stafford		-97	-58
2340 Unsubsidized Stafford		-48	-50
2340 PLUS		-13	-11
2340 Consolidated			-23
2349 Total subsidy outlays		-158	-142
Administrative expense data:			
3510 Budget authority			
3590 Outlays			

FEDERAL FAMILY EDUCATION LOAN PROGRAM, FINANCING ACCOUNT

Note.—The financing account includes all cash flows to and from the government from guaranteed student loans committed after 1991.

Program and Financing (in millions of dollars)

Identification code 91-4251-0-3-502	1997 actual	1998 est.	1999 est.
Obligations by program activity:			
Stafford loans:			
01.01 Interest benefits	2,093	2,116	2,030
01.02 Special allowance	85	48	15
01.03 Default claims	1,374	1,393	1,472
01.04 Death, disability, and bankruptcy claims	102	85	103
01.06 Supplemental preclaims assistance	14	6	9
01.07 Contract collection costs	1	8	11
01.91 Subtotal, Stafford loans	3,669	3,656	3,640
Unsubsidized Stafford loans:			
02.02 Special allowance		12	2
02.03 Default claims	301	471	600
02.04 Death, disability, and bankruptcy claims	24	43	64
02.06 Supplemental preclaims assistance	3	2	4
02.07 Contract collection costs		1	2
02.91 Subtotal, Unsubsidized Stafford loans	328	531	673
PLUS loans:			
03.03 Default claims	125	136	139
03.04 Death, disability, and bankruptcy claims	43	33	32
03.05 Supplemental preclaims assistance	1	1	1
03.06 Contract collection costs		1	1
03.91 Subtotal, PLUS loans	169	171	174
SLS loans:			
04.02 Special allowance		8	1
04.03 Default claims	153	146	115
04.04 Death, disability and bankruptcy claims	5	14	13
04.06 Supplemental preclaims assistance	2	1	
04.07 Contract collection costs	2	1	2
04.91 Subtotal, SLS loans	162	170	131
Consolidations loans:			
05.02 Special allowance		20	2
05.03 Default claims	217	239	267
05.04 Death, disability, and bankruptcy claims	21	33	35
05.06 Supplemental preclaims assistance	2	2	3
05.07 Contract collection costs		1	1
05.91 Subtotal, Consolidations loans	240	295	308

Credit accounts—Continued

**FEDERAL FAMILY EDUCATION LOAN PROGRAM, FINANCING
ACCOUNT—Continued**

Program and Financing (in millions of dollars)—Continued

Identification code 91-4251-0-3-502	1997 actual	1998 est.	1999 est.
07.01 Interest paid to Treasury	50	26	9
08.01 Payment of downward reestimate to program account	971		
09.01 Interest on downward reestimate	276		
10.00 Total obligations	5,865	4,847	4,933
Budgetary resources available for obligation:			
21.40 Unobligated balance available, start of year:			
Uninvested	9,146	9,292	7,925
22.00 New financing authority (gross)	5,980	3,480	3,181
22.10 Resources available from recoveries of prior year obligations	31		
23.90 Total budgetary resources available for obligation	15,157	12,772	11,106
23.95 New obligations	-5,865	-4,847	-4,933
24.00 Unobligated balance available, end of year:			
Uninvested	9,292	7,925	6,173
New financing authority (gross), detail:			
Spending authority from offsetting collections:			
68.00 Offsetting collections (cash)	6,188	3,752	3,767
68.10 Change in orders on hand from Federal sources	118	-35	-469
68.47 Portion applied to debt reduction	-326	-237	-117
68.90 Spending authority from offsetting collections (total)	5,980	3,480	3,181
70.00 Total new financing authority (gross)	5,980	3,480	3,181
Change in unpaid obligations:			
Unpaid obligations, start of year:			
72.40 Obligated balance: Uninvested	-886	-981	-977
72.95 Receivables from program account	1,041	1,159	1,124
72.99 Total unpaid obligations, start of year	155	178	147
73.10 New obligations	5,865	4,847	4,933
73.20 Total financing disbursements (gross)	-5,811	-4,878	-4,930
73.45 Adjustments in unexpired accounts	-31		
Unpaid obligations, end of year:			
74.40 Obligated balance: Uninvested	-981	-977	-505
74.95 Receivables from program account	1,159	1,124	655
74.99 Total unpaid obligations, end of year	178	147	150
87.00 Total financing disbursements (gross)	5,811	4,878	4,930
Offsets:			
Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
Federal sources:			
Payment from subsidy account:			
88.00 Stafford loans	-2,309	-1,914	-1,903
88.00 Unsubsidized Stafford	-388	-66	-74
88.00 PLUS loans	-59	36	40
88.00 Consolidated loans	-47	142	151
88.00 Upward reestimate	-1,346		
88.00 Scheduled payments from Liquidating account for noncontractual modifications	-376	-263	-184
88.25 Interest on uninvested funds: Stafford loans	-524	-460	-396
Non-Federal sources:			
Stafford loans:			
88.40 Recoveries on defaults	-328	-182	-258
88.40 Origination fees	-178	-407	-399
88.40 Sallie Mae offset fees	-34	-17	-14
88.40 Other Fees	-62		
88.40 Recoveries on defaults	-69	-32	-57
Unsubsidized Stafford:			
88.40 Origination fees	-105	-265	-281
88.40 Other Fees	-36		
88.40 Sallie Mae offset fees		-6	-6
PLUS:			
88.40 Recoveries on defaults	-31	-23	-32
88.40 Origination fees	-27	-64	-70
88.40 Other Fees	-9		
SLS:			
88.40 Sallie Mae offset fees	-1	-3	-2
88.40 Recoveries on defaults	-55	-33	-41
88.40 Other Fees	-2		

Consolidated:			
88.40 Recoveries on defaults	-52	-21	-36
88.40 Origination fees	-12	-20	-21
88.40 Consolidated Loan Holders Fee	-130	-154	-184
88.40 Other Fees	-8		
88.90 Total, offsetting collections (cash)	-6,188	-3,752	-3,767
88.95 Change in receivables from program accounts	-118	35	469
Net financing authority and financing disbursements:			
89.00 Financing authority	-326	-237	-117
90.00 Financing disbursements	-377	1,126	1,163

Status of Guaranteed Loans (in millions of dollars)

Identification code 91-4251-0-3-502	1997 actual	1998 est.	1999 est.
STAFFORD			
Position with respect to appropriations act limitation on commitments:			
2111 Limitation on guaranteed loans made by private lenders			
2131 Guaranteed loan commitments exempt from limitation	11,912	12,199	12,799
2150 Total guaranteed loan commitments	11,912	12,199	12,799
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year	36,340	43,955	54,046
2231 Disbursements of new guaranteed loans	9,341	11,599	11,407
2251 Repayments and prepayments	-3,188	-11	-125
Adjustments:			
2261 Terminations for default that result in loans receivable	-1,425	-1,412	-1,484
2263 Terminations for default that result in claim payments	-101	-85	-103
2264 Other adjustments, net	2,988		
2290 Outstanding, end of year	43,955	54,046	63,741
Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year	43,955	54,046	63,741
Addendum:			
Cumulative balance of defaulted guaranteed loans that result in loans receivable:			
2310 Outstanding, start of year	1,642	2,709	3,918
2331 Disbursements for guaranteed loan claims	1,425	1,413	1,484
2351 Repayments of loans receivable	-328	-182	-258
2361 Write-offs of loans receivable	-30	-22	-31
2390 Outstanding, end of year	2,709	3,918	5,113
UNSUBSIDIZED STAFFORD			
Position with respect to appropriations act limitation on commitments:			
2131 Guaranteed loan commitments exempt from limitation	7,295	8,458	9,264
2150 Total guaranteed loan commitments	7,295	8,458	9,264
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year	9,168	14,285	21,349
2231 Disbursements of new guaranteed loans	5,480	7,569	8,020
2251 Repayments and prepayments	-674	-8	-95
Adjustments:			
2261 Terminations for default that result in loans receivable	-297	-454	-590
2263 Terminations for default that result in claim payments	-24	-43	-64
2264 Other adjustments, net	632		
2290 Outstanding, end of year	14,285	21,349	28,620
Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year	14,285	21,349	28,620
Addendum:			
Cumulative balance of defaulted guaranteed loans that result in loans receivable:			
2310 Outstanding, start of year	93	319	738
2331 Disbursements for guaranteed loan claims	297	455	591
2351 Repayments of loans receivable	-69	-32	-57
2361 Write-offs of loans receivable	-2	-4	-7
2390 Outstanding, end of year	319	738	1,265

PLUS				
Position with respect to appropriations act limitation on commitments:				
2131	Guaranteed loan commitments exempt from limitation	1,827	2,114	2,341
2150	Total guaranteed loan commitments	1,827	2,114	2,341
Cumulative balance of guaranteed loans outstanding:				
2210	Outstanding, start of year	3,494	4,635	6,252
2231	Disbursements of new guaranteed loans	1,360	1,840	1,998
2251	Repayments and prepayments	-760	-53	-189
Adjustments:				
2261	Terminations for default that result in loans receivable	-129	-137	-141
2263	Terminations for default that result in claim payments	-42	-33	-32
2264	Other adjustments, net	712		
2290	Outstanding, end of year	4,635	6,252	7,888
Memorandum:				
2299	Guaranteed amount of guaranteed loans outstanding, end of year	4,635	6,252	7,888
Addendum:				
Cumulative balance of defaulted guaranteed loans that result in loans receivable:				
2310	Outstanding, start of year	241	336	446
2331	Disbursements for guaranteed loan claims	129	136	142
2351	Repayments of loans receivable	-30	-23	-32
2361	Write-offs of loans receivable	-4	-3	-4
2390	Outstanding, end of year	336	446	552
SLS				
Cumulative balance of guaranteed loans outstanding:				
2210	Outstanding, start of year	4,338	4,116	3,951
2251	Repayments and prepayments	-558		
Adjustments:				
2261	Terminations for default that result in loans receivable	-182	-151	-122
2263	Terminations for default that result in claim payments	-5	-14	-13
2264	Other adjustments, net	523		
2290	Outstanding, end of year	4,116	3,951	3,816
Memorandum:				
2299	Guaranteed amount of guaranteed loans outstanding, end of year	4,116	3,951	3,816
Addendum:				
Cumulative balance of defaulted guaranteed loans that result in loans receivable:				
2310	Outstanding, start of year	715	829	941
2331	Disbursements for guaranteed loan claims	182	150	122
2351	Repayments of loans receivable	-55	-34	-41
2361	Write-offs of loans receivable	-13	-4	-5
2390	Outstanding, end of year	829	941	1,017
CONSOLIDATED				
Position with respect to appropriations act limitation on commitments:				
2131	Guaranteed loan commitments exempt from limitation	3,798	4,049	4,267
2150	Total guaranteed loan commitments	3,798	4,049	4,267
Cumulative balance of guaranteed loans outstanding:				
2210	Outstanding, start of year	5,332	8,396	12,065
2231	Disbursements of new guaranteed loans	3,361	4,043	4,261
2251	Repayments and prepayments	-878	-101	-314
Adjustments:				
2261	Terminations for default that result in loans receivable	-221	-240	-267
2263	Terminations for default that result in claim payments	-21	-33	-35
2264	Other adjustments, net	823		
2290	Outstanding, end of year	8,396	12,065	15,710
Memorandum:				
2299	Guaranteed amount of guaranteed loans outstanding, end of year	8,396	12,065	15,710

Addendum:				
Cumulative balance of defaulted guaranteed loans that result in loans receivable:				
2310	Outstanding, start of year	125	292	509
2331	Disbursements for guaranteed loan claims	221	241	267
2351	Repayments of loans receivable	-52	-21	-36
2361	Write-offs of loans receivable	-2	-3	-4
2390	Outstanding, end of year	292	509	736

Balance Sheet (in millions of dollars)

Identification code 91-4251-0-3-502	1996 actual	1997 actual	1998 est.	1999 est.	
ASSETS:					
1101	Federal assets: Fund balances with Treasury	9,146	9,292	7,925	6,173
Net value of assets related to post-1991 acquired defaulted guaranteed loans receivable:					
1501	Defaulted guaranteed loans receivable, gross	2,817	4,485	6,552	8,683
1599	Net present value of assets related to defaulted guaranteed loans	2,817	4,485	6,552	8,683
Net value of assets related to pre-1992 direct loans receivable and acquired defaulted guaranteed loans receivable:					
1701	Defaulted guaranteed loans, gross	12,151	11,244	10,617	9,070
1704	Defaulted guaranteed loans and interest receivable, net	12,151	11,244	10,617	9,070
1999	Total assets	24,114	25,021	25,094	23,926
LIABILITIES:					
2103	Federal liabilities: Debt	1,134	680	354	117
2999	Total liabilities	1,134	680	354	117
NET POSITION:					
3100	Appropriated capital	22,980	24,341	24,740	23,809
3999	Total net position	22,980	24,341	24,740	23,809
4999	Total liabilities and net position	24,114	25,021	25,094	23,926

As required by the Federal Credit Reform Act of 1990, this nonbudgetary account records all cash flows to and from the Government resulting from Federal Family Education Loans (FFEL), formerly guaranteed student loans (GSL), committed in 1992 and beyond. The amounts in this account are a means of financing and are not included in the budget totals.

FEDERAL FAMILY EDUCATION LOAN PROGRAM, FINANCING ACCOUNT
(Legislative proposal, subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 91-4251-4-3-502	1997 actual	1998 est.	1999 est.
Budgetary resources available for obligation:			
21.40	Unobligated balance available, start of year:		
	Uninvested		-163
22.00	New financing authority (gross)	-163	-218
23.90	Total budgetary resources available for obligation	-163	-381
24.40	Unobligated balance available, end of year:		
	Uninvested	-163	-381
New financing authority (gross), detail:			
68.00	Spending authority from offsetting collections (gross):		
	Offsetting collections (cash)	-163	-218
87.00	Total financing disbursements (gross)		
Offsets:			
Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
Federal sources:			
Payment from subsidy account:			
88.00	Stafford loans	97	87
88.00	Unsubsidized Stafford	48	74
88.00	PLUS loans	13	18

Credit accounts—Continued

**FEDERAL FAMILY EDUCATION LOAN PROGRAM, FINANCING
ACCOUNT—Continued**

Program and Financing (in millions of dollars)—Continued

Identification code 91-4251-4-3-502	1997 actual	1998 est.	1999 est.
88.00 Consolidated loans			23
88.25 Interest on uninvested funds: Stafford loans		5	16
88.90 Total, offsetting collections (cash)		163	218
Net financing authority and financing disbursements:			
89.00 Financing authority			
90.00 Financing disbursements		163	218

Balance Sheet (in millions of dollars)

Identification code 91-4251-4-3-502	1996 actual	1997 actual	1998 est.	1999 est.
ASSETS:				
1101 Federal assets: Fund balances with Treasury			-163	-381
1999 Total assets			-163	-381
LIABILITIES:				
2999 Total liabilities				
NET POSITION:				
3100 Appropriated capital			-163	-381
3999 Total net position			-163	-381
4999 Total liabilities and net position			-163	-381

FEDERAL FAMILY EDUCATION LOAN LIQUIDATING ACCOUNT

Note.—The following tables display the liquidating account, which includes all cash flows to and from the Government from guaranteed student loan commitments prior to 1992.

Program and Financing (in millions of dollars)

Identification code 91-0230-0-1-502	1997 actual	1998 est.	1999 est.
Obligations by program activity:			
Stafford loans:			
01.01 Interest benefits, net of origination fees	144	15	4
01.02 Special allowance net of origination fees	187	106	52
01.03 Default claims	645	721	520
01.04 Death, disability, and bankruptcy claims	79	105	93
01.06 Supplemental preclaims assistance	30	13	9
01.07 Contract collection costs	85	62	61
01.91 Subtotal, Stafford loans	1,170	1,021	739
PLUS/SLS loans:			
02.01 Default claims	33	85	45
02.02 Death, disability, and bankruptcy claims	4	17	12
02.04 Supplemental preclaims assistance	2	2	1
02.05 Contract collection costs	4	9	26
02.91 Subtotal, PLUS/SLS loans	43	113	84
Miscellaneous costs:			
03.01 Scheduled payments to finance account for non-contractual modifications	376	263	184
10.00 Total obligations	1,589	1,398	1,007
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	1,962	1,598	1,600
22.10 Resources available from recoveries of prior year obligations	41		
22.30 Unobligated balance expiring	-414	-200	-593
23.90 Total budgetary resources available for obligation	1,589	1,398	1,007
23.95 New obligations	-1,589	-1,398	-1,007
New budget authority (gross), detail:			
60.05 Appropriation (indefinite)	745		
68.00 Spending authority from offsetting collections: Offsetting collections (cash)	1,217	1,598	1,600
70.00 Total new budget authority (gross)	1,962	1,598	1,600

Change in unpaid obligations:

72.40 Unpaid obligations, start of year: Obligated balance:			
Uninvested	261	220	210
73.10 New obligations	1,589	1,398	1,007
73.20 Total outlays (gross)	-1,589	-1,408	-1,066
73.45 Adjustments in unexpired accounts	-41		
74.40 Unpaid obligations, end of year: Obligated balance:			
Uninvested	220	210	151

Outlays (gross), detail:

86.97 Outlays from new permanent authority	1,328	1,188	856
86.98 Outlays from permanent balances	261	220	210
87.00 Total outlays (gross)	1,589	1,408	1,066

Offsets:

Against gross budget authority and outlays:

Offsetting collections (cash) from:			
Non-Federal sources:			
Stafford loans:			
88.40 Federal collections on defaulted loans	-357	-469	-470
88.40 Federal collections on bankruptcies	-18	-23	-23
88.40 Offsets against Federal tax refunds	-238	-313	-313
Other collections:			
88.40 Reimbursements from guaranty agencies	-437	-574	-575
88.40 Federal collections on defaulted loans	-57	-74	-74
88.40 Federal collections on bankruptcies	-3	-4	-4
88.40 Offsets against Federal tax refunds	-38	-50	-50
88.40 Reimbursements from guaranty agencies	-69	-91	-91
88.90 Total, offsetting collections (cash)	-1,217	-1,598	-1,600

Net budget authority and outlays:

89.00 Budget authority	745		
90.00 Outlays	372	-190	-534

Summary of Budget Authority and Outlays

(in millions of dollars)

Enacted/requested:	1997 actual	1998 est.	1999 est.
Budget Authority	745		
Outlays	372	-190	-534
Legislative proposal, subject to PAYGO:			
Budget Authority			
Outlays			-17
Total:			
Budget Authority	745		
Outlays	372	-190	-551

Status of Guaranteed Loans (in millions of dollars)

Identification code 91-0230-0-1-502	1997 actual	1998 est.	1999 est.
STAFFORD LOANS			
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year	26,412	20,540	15,551
2251 Repayments and prepayments	-5,039	-4,163	-4,101
Adjustments:			
2261 Terminations for default that result in loans receivable	-754	-704	-548
2263 Terminations for default that result in claim payments	-79	-122	-105
2290 Outstanding, end of year	20,540	15,551	10,797
Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year	20,540	15,551	10,794
Addendum:			
Cumulative balance of defaulted guaranteed loans that result in loans receivable:			
2310 Outstanding, start of year	9,723	9,237	8,083
2331 Disbursements for guaranteed loan claims	928	704	548
2351 Repayments of loans receivable	-1,048	-1,442	-880
2361 Write-offs of loans receivable	-179	-170	-160
2364 Other adjustments, net	-187	-246	-150
2390 Outstanding, end of year	9,237	8,083	7,441
PLUS/SLS LOANS			
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year	3,914	3,043	2,144
2251 Repayments and prepayments	-829	-805	-729

Adjustments:				
2261	Terminations for default that result in loans receivable	-38	-77	-51
2263	Terminations for default that result in claim payments	-4	-17	-12
2290	Outstanding, end of year	3,043	2,144	1,352
Memorandum:				
2299	Guaranteed amount of guaranteed loans outstanding, end of year	3,043	2,144	1,352
Addendum:				
Cumulative balance of defaulted guaranteed loans that result in loans receivable:				
2310	Outstanding, start of year	2,970	2,766	2,534
2331	Disbursements for guaranteed loan claims	47	77	51
2351	Repayments of loans receivable	-166	-219	-219
2361	Write-offs of loans receivable	-55	-51	-48
2364	Other adjustments, net	-30	-39	-39
2390	Outstanding, end of year	2,766	2,534	2,279

¹ Excludes interest and premium collections on insured loans.

As required by the Federal Credit Reform Act of 1990, this liquidating account records, for this program, all cash flows to and from the Government resulting from guaranteed student loans committed prior to 1992. This account is shown on a cash basis. All new loan activity in this program in 1992 and beyond is recorded in corresponding program and financing accounts.

Object Classification (in millions of dollars)

Identification code 91-0230-0-1-502	1997 actual	1998 est.	1999 est.
25.2 Other services	89	71	87
33.0 Investments and loans	678	806	565
41.0 Grants, subsidies, and contributions	739	399	250
42.0 Insurance claims and indemnities	83	122	105
99.9 Total obligations	1,589	1,398	1,007

FEDERAL FAMILY EDUCATION LOAN LIQUIDATING ACCOUNT

(Legislative proposal, subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 91-0230-4-1-502	1997 actual	1998 est.	1999 est.
Obligations by program activity:			
Stafford loans:			
01.03	Default claims		3
01.06	Supplemental preclaims assistance		-2
01.07	Contract collection costs		1
01.91	Subtotal, Stafford loans		1
10.00	Total obligations		2
Budgetary resources available for obligation:			
22.00	New budget authority (gross)		18
22.30	Unobligated balance expiring		-17
23.90	Total budgetary resources available for obligation		1
23.95	New obligations		-2
New budget authority (gross), detail:			
68.00	Spending authority from offsetting collections (gross):		
	Offsetting collections (cash)		18
Change in unpaid obligations:			
73.10	New obligations		2
73.20	Total outlays (gross)		-1
Outlays (gross), detail:			
86.97	Outlays from new permanent authority		1

Offsets:

Against gross budget authority and outlays:			
Offsetting collections (cash) from:			
Non-Federal sources:			
Stafford loans:			
88.40	Federal collections on defaulted loans		-5
88.40	Offsets against Federal tax refunds		-4
88.40	Reimbursements from guaranty agencies		-6
Other collections:			
88.40	Federal collections on defaulted loans		-1
88.40	Offsets against Federal tax refunds		-1
88.40	Reimbursements from guaranty agencies		-1
88.90	Total, offsetting collections (cash)		-18
Net budget authority and outlays:			
89.00	Budget authority		
90.00	Outlays		-17

Status of Guaranteed Loans (in millions of dollars)

Identification code 91-0230-4-1-502	1997 actual	1998 est.	1999 est.
STAFFORD LOANS			
Cumulative balance of guaranteed loans outstanding:			
2210	Outstanding, start of year		
2261	Adjustments: Terminations for default that result in loans receivable		-2
2290	Outstanding, end of year		-2
Memorandum:			
2299	Guaranteed amount of guaranteed loans outstanding, end of year		-2
Addendum:			
Cumulative balance of defaulted guaranteed loans that result in loans receivable:			
2310	Outstanding, start of year		
2331	Disbursements for guaranteed loan claims		2
2351	Repayments of loans receivable		-16
2361	Write-offs of loans receivable		
2364	Other adjustments, net		-3
2390	Outstanding, end of year		-17
PLUS/SLS LOANS			
Addendum:			
Cumulative balance of defaulted guaranteed loans that result in loans receivable:			
2310	Outstanding, start of year		
2351	Repayments of loans receivable		-2
2361	Write-offs of loans receivable		
2364	Other adjustments, net		
2390	Outstanding, end of year		-2

Object Classification (in millions of dollars)

Identification code 91-0230-4-1-502	1997 actual	1998 est.	1999 est.
25.2	Other services		1
33.0	Investments and loans		3
41.0	Grants, subsidies, and contributions		-2
99.9	Total obligations		2

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS PROGRAM

For Federal administrative expenses to carry out activities related to facility loans entered into under title VII, part C and section 702 of the Higher Education Act, as amended, \$698,000. (*Department of Education Appropriations Act, 1998.*)

HISTORICALLY BLACK COLLEGE AND UNIVERSITY CAPITAL FINANCING PROGRAM ACCOUNT

The total amount of bonds insured pursuant to section 724 of title VII, part B of the Higher Education Act shall not exceed \$357,000,000, and the cost, as defined in section 502 of the Congressional Budget Act of 1974, of such bonds shall not exceed zero.

For administrative expenses to carry out the Historically Black College and University Capital Financing Program entered into pursuant to title VII, part B of the Higher Education Act, as amended,

Credit accounts—Continued

HISTORICALLY BLACK COLLEGE AND UNIVERSITY CAPITAL FINANCING PROGRAM ACCOUNT—Continued

[\$104,000] \$96,000. (Department of Education Appropriations Act, 1998.)

Program and Financing (in millions of dollars)

Identification code 91-0241-0-1-502	1997 actual	1998 est.	1999 est.
Obligations by program activity:			
00.09 Federal administration	1	1	1
10.00 Total obligations (object class 99.5)	1	1	1
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	1	1	1
22.10 Resources available from recoveries of prior year obligations	1		
22.70 Balance of authority to borrow withdrawn	-1		
23.90 Total budgetary resources available for obligation	1	1	1
23.95 New obligations	-1	-1	-1
New budget authority (gross), detail:			
40.00 Appropriation (Federal administration)	1	1	1
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance: Uninvested	5	2	2
73.10 New obligations	1	1	1
73.20 Total outlays (gross)	-2	-1	-1
73.45 Adjustments in unexpired accounts	-1		
74.40 Unpaid obligations, end of year: Obligated balance: Uninvested	2	2	2
Outlays (gross), detail:			
86.90 Outlays from new current authority	1	1	1
86.93 Outlays from current balances	1		
87.00 Total outlays (gross)	2	1	1
Net budget authority and outlays:			
89.00 Budget authority	1	1	1
90.00 Outlays	2	1	1

Summary of Loan Levels, Subsidy Budget Authority and Outlays by Program (in millions of dollars)

Identification code 91-0241-0-1-502	1997 actual	1998 est.	1999 est.
Direct loan subsidy outlays:			
1340 Subsidy outlays	1		
Administrative expense data:			
3510 Budget authority	1	1	1
3590 Outlays from new authority	1	1	1

The College Housing and Academic Facilities Loan (CHAFL) Program account and the Historically Black College and University (HBCU) Capital Financing Program account are consolidated for presentation purposes. The College Housing and Academic Facilities Loans and Historically Black College and University Capital Financing programs will continue to be administered separately.

The College Housing and Academic Facilities Loans Program.—The Department began issuing CHAFL facility loans in 1987 and made its last awards in 1993. Prior to 1987, loans were made under two separate loan programs: Higher Education and Facilities Loans (HEFL) and College Housing Loans (CHL). The loans support financing for the reconstruction, renovation, and construction of academic facilities, housing and other postsecondary education facilities for students and faculty. Although the Department no longer makes new loans, the Department continues to be responsible for conducting architectural and engineering reviews before disbursing payments to institutions and servicing the outstanding loans under an agreement with the Federal Reserve Bank.

In prior years, funding for CHAFL administration was in this account, and funding for CHL and HEFL administration was split between the Department's Program Administration account and the liquidating accounts for these two programs. Beginning in 1998, the Department has consolidated funding for administrative activities for CHAFL, HEFL and CHL under a single account. The 1999 request includes funding for personnel and other discretionary costs for all three programs. Loan servicing and architectural and engineering services for the HEFL and CHL programs are funded from their respective liquidating accounts.

Historically Black College and University Capital Financing Program.—The Historically Black College and University (HBCU) Capital Financing Program provides HBCUs with private capital for capital projects such as repairs, renovation and construction of classrooms, libraries, laboratories, dormitories, instructional equipment, and research instrumentation. The 1994 appropriation granted the Department authority to enter into insurance agreements with a private for-profit Designated Bonding Authority to guarantee no more than \$357,000,000 loan principal plus accrued unpaid interest for taxable bonds. The bonding authority issues the bonds and maintains an escrow account in which 10 percent of each institution's principal is deposited. This amount is estimated to be sufficient to cover all potential delinquencies and defaults.

The first loan was issued in 1996 for \$3.5 million, and another loan for \$4.7 million was made in 1997. Additional loans are expected in 1998 and 1999. No subsidy appropriations are required. The 1999 budget requests funds for continuing Federal administrative activities only.

Personnel Summary

Identification code 91-0241-0-1-502	1997 actual	1998 est.	1999 est.
1001 Total compensable workyears: Full-time equivalent employment	7	7	7

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS FINANCING ACCOUNT

Note.—The financing account includes all cash flows to and from the Government from college housing and academic facilities loans committed after 1991.

Program and Financing (in millions of dollars)

Identification code 91-4252-0-3-502	1997 actual	1998 est.	1999 est.
Obligations by program activity:			
00.02 Interest paid to Treasury	1	1	1
10.00 Total obligations	1	1	1
Budgetary resources available for obligation:			
22.00 New financing authority (gross)	1	2	2
23.95 New obligations	-1	-1	-1
New financing authority (gross), detail:			
Spending authority from offsetting collections:			
68.00 Offsetting collections (cash)	2	2	2
68.10 Change in orders on hand from Federal sources	-2		
68.15 Adjustment to orders on hand from Federal sources	1		
68.90 Spending authority from offsetting collections (total)	1	2	2
70.00 Total new financing authority (gross)	1	2	2
Change in unpaid obligations:			
Unpaid obligations, start of year:			
Obligated balance:			
Uninvested:			
72.40 Fund Balance	22	15	10
72.40 Interest		1	
72.95 Obligate balance: Subsidy	4	2	2

72.99	Total unpaid obligations, start of year	26	18	12
73.10	New obligations	1	1	1
73.20	Total financing disbursements (gross)	-4	-7	-3
73.40	Adjustments in expired accounts	-4		
	Unpaid obligations, end of year:			
	Obligated balance:			
	Uninvested:			
74.40	Fund Balance	15	10	9
74.40	Interest	1		
74.95	Receivables from program account	2	2	2
74.99	Total unpaid obligations, end of year	18	12	11
87.00	Total financing disbursements (gross)	4	7	3
	Offsets:			
	Against gross financing authority and financing disbursements:			
	Offsetting collections (cash) from:			
88.00	Principal repayments			
88.25	Interest on uninvested funds	-1	-1	-1
88.40	Interest repayments	-1	-1	-1
88.90	Total, offsetting collections (cash)	-2	-2	-2
88.95	Change in receivables from program accounts	2		
88.96	Adjustment to orders on hand from Federal sources	-1		

	Net financing authority and financing disbursements:			
89.00	Financing authority			
90.00	Financing disbursements	2	5	1

Status of Direct Loans (in millions of dollars)

Identification code 91-4252-0-3-502		1997 actual	1998 est.	1999 est.
	Position with respect to appropriations act limitation on obligations:			
1111	Limitation on direct loans			
1150	Total direct loan obligations			
	Cumulative balance of direct loans outstanding:			
1210	Outstanding, start of year	14	18	23
1231	Disbursements: Direct loan disbursements	4	5	1
1290	Outstanding, end of year	18	23	24

The reestimate of the subsidy from prior year obligations may require the Department to exercise its permanent indefinite authority to borrow funds to cover outstanding Treasury interest expenses due on September 30, 1999.

Balance Sheet (in millions of dollars)

Identification code 91-4252-0-3-502		1996 actual	1997 actual	1998 est.	1999 est.
	ASSETS:				
	Investments in US securities:				
1106	Federal assets: Receivables, net	8	4	2	3
	Net value of assets related to post-1991 direct loans receivable:				
1401	Direct loans receivable, gross	11	18	22	22
1402	Interest receivable			1	1
1405	Allowance for subsidy cost (-)	-4	-1		
1499	Net present value of assets related to direct loans	7	17	23	23
1999	Total assets	15	21	25	26
	LIABILITIES:				
	Federal liabilities:				
2102	Interest payable	1	1	1	1
2103	Debt	11	20	27	27
2999	Total liabilities	12	21	28	28
	NET POSITION:				
3100	Appropriated capital	3	2	-2	-2
3999	Total net position	3	2	-2	-2
4999	Total liabilities and net position	15	23	26	26

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS LIQUIDATING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 91-0242-0-1-502		1997 actual	1998 est.	1999 est.
	Obligations by program activity:			
10.00	Total obligations (object class 43.0)	23	28	25
	Budgetary resources available for obligation:			
21.40	Unobligated balance available, start of year:			
	Uninvested	40	58	
22.00	New budget authority (gross)	68	59	57
22.10	Resources available from recoveries of prior year obligations	17		
22.40	Capital transfer to general fund	-4	-20	-4
22.60	Redemption of debt	-40	-69	-28
23.90	Total budgetary resources available for obligation	81	28	25
23.95	New obligations	-23	-28	-25
24.40	Unobligated balance available, end of year:			
	Uninvested	58		
	New budget authority (gross), detail:			
68.00	Spending authority from offsetting collections (gross):			
	Offsetting collections (cash)	68	59	57
	Change in unpaid obligations:			
72.40	Unpaid obligations, start of year: Obligated balance:			
	Uninvested	46	28	32
73.10	New obligations	23	28	25
73.20	Total outlays (gross)	-24	-24	-24
73.45	Adjustments in unexpired accounts	-17		
74.40	Unpaid obligations, end of year: Obligated balance:			
	Uninvested	28	32	33
	Outlays (gross), detail:			
86.97	Outlays from new permanent authority	19	22	23
86.98	Outlays from permanent balances	5	2	1
87.00	Total outlays (gross)	24	24	24
	Offsets:			
	Against gross budget authority and outlays:			
	Offsetting collections (cash) from:			
	Non-Federal sources:			
88.40	Repayments of principal	-44	-40	-38
88.40	Interest received on loans	-24	-19	-19
88.90	Total, offsetting collections (cash)	-68	-59	-57
	Net budget authority and outlays:			
89.00	Budget authority			
90.00	Outlays	-44	-35	-33

Status of Direct Loans (in millions of dollars)

Identification code 91-0242-0-1-502		1997 actual	1998 est.	1999 est.
	CHAFL LIQUIDATING			
	Cumulative balance of direct loans outstanding:			
1210	Outstanding, start of year	153	154	150
1231	Disbursements: Direct loan disbursements	11		
1251	Repayments: Repayments and prepayments	-10	-4	
1290	Outstanding, end of year	154	150	150
	HIGHER EDUCATION FACILITIES LOANS			
	Cumulative balance of direct loans outstanding:			
1210	Outstanding, start of year	48	44	25
1251	Repayments: Repayments and prepayments	-4	-19	-4
1290	Outstanding, end of year	44	25	21
	COLLEGE HOUSING LOANS			
	Cumulative balance of direct loans outstanding:			
1210	Outstanding, start of year	446	416	380
1251	Repayments: Repayments and prepayments	-30	-36	-31
1290	Outstanding, end of year	416	380	349

The College Housing and Academic Facilities Loans Liquidating Account records all cash flows to and from the Government

Credit accounts—Continued

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS LIQUIDATING ACCOUNT—Continued

resulting from direct loans made prior to 1992 to schools and colleges for the reconstruction, renovation, and construction of academic facilities, housing and other post-secondary education facilities. Loans were made under three separate loan programs: Higher Education and Facilities Loans, College Housing Loans, and College Housing and Academic Facilities Loans. Beginning in 1998, the Department has consolidated the three loan programs into the CHAFL Liquidating account for budget presentation purposes only. The three individual programs continue to be administered separately.

HISTORICALLY BLACK COLLEGE AND UNIVERSITY CAPITAL FINANCING, FINANCING ACCOUNT

Status of Guaranteed Loans (in millions of dollars)

Identification code 91-4254-0-3-502	1997 actual	1998 est.	1999 est.
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year			1
2231 Disbursements of new guaranteed loans		1	4
2290 Outstanding, end of year		1	5
Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year		1	5

Note.—The appropriations language for this program specifies a limitation that applies to direct and guaranteed loans in total.

In 1997, the Federal Financing Bank (FFB) began purchasing bonds issued by the HBCU Designated Bonding Authority. Under the policies governing Federal credit programs, loan guarantees by the FFB create the equivalent of a Federal direct loan. For budget purposes, all FFB loans shall be treated as direct loans. HBCU bonds are still available for purchase by the private sector, and these will be treated as loan guarantees. The Department expects some future loans may be financed from private sources.

OFFICE OF EDUCATIONAL RESEARCH AND IMPROVEMENT

Federal Funds

General and special funds:

EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT

For carrying out activities authorized by the Educational Research, Development, Dissemination, and Improvement Act of 1994, including part E; the National Education Statistics Act of 1994; section 2102 of title II, and parts A, B, I, and K and section 10601 of title X, and part C of title XIII of the Elementary and Secondary Education Act of 1965, as amended, and title VI of Public Law 103-227, [S431,438,000] \$689,367,000. *Provided*, That [of the amount provided for section 10101 of part A of title X of the Elementary and Secondary Education Act of 1965, \$1,000,000 shall be awarded to the National Museum of Women in the Arts; \$500,000 shall be for enhanced teacher training in reading in the District of Columbia; \$5,000,000 shall be for innovative learning opportunities for at-risk children at children's museums in Philadelphia, Baltimore, Boston and museums in Chicago; \$8,000,000 shall be for a demonstration of public school facilities repair and construction to the Iowa Department of Education; \$350,000 shall be awarded to the White Plains City School District to expand an after school program; \$100,000 shall be for the Montgomery County, Pennsylvania library network; \$55,000 shall be awarded to the St. Stephen Life Center in Louisville, Kentucky;] *notwithstanding sections 912 and 931 of the Educational Research, Development, Dissemination, and Improvement Act, \$50,000,000 shall be available for education research to be planned*

and carried out in collaboration with the National Science Foundation and other appropriate agencies; and \$25,000,000 shall be available to demonstrate effective approaches to comprehensive school reform to be allocated and expended in accordance with the instructions relating to this [proviso] activity in the statement of managers on the conference report accompanying [this Act] *Public Law 105-78: Provided further*, That the funds made available for comprehensive school reform shall become available on July 1, [1998] 1999, and remain available through September 30, [1999] 2000, and in carrying out this initiative, the Secretary and the States shall support only approaches that show the most promise of enabling children to meet challenging State content standards and challenging State student performance standards based on reliable research and effective practices, and include an emphasis on basic academics and parental involvement[; *Provided further*, That (1) of the amount appropriated under this heading and notwithstanding any other provision of law, the Secretary of Education may award \$1,000,000 to a State educational agency (as defined in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801)) to pay for appraisals, resource studies, and other expenses associated with the exchange of State school trust lands within the boundaries of a national monument for Federal lands outside the boundaries of the monument; and (2) the State educational agency is eligible to receive a grant under paragraph (1) only if the agency serves a State that—]

[(A) has a national monument declared within the State under the authority of the Act entitled "An Act for the preservation of American antiquities", approved June 8, 1906 (16 U.S.C. 431 et seq.) (commonly known as the Antiquities Act of 1906) that incorporates more than 100,000 acres of State school trust lands within the boundaries of the national monument; and]

[(B) ranks in the lowest 25 percent of all States when comparing the average per pupil expenditure (as defined in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801)) in the State to the average per pupil expenditure for each State in the United States]. (*Department of Education Appropriations Act, 1998.*)

Program and Financing (in millions of dollars)

Identification code 91-1100-0-1-503	1997 actual	1998 est.	1999 est.
Obligations by program activity:			
Research, development and dissemination:			
00.01 National education research institutes	54	54	54
00.02 Interagency research initiative			50
00.03 Regional educational laboratories	51	56	56
00.04 National dissemination activities	19	19	19
00.05 Statistics	50	59	68
00.06 Assessment	33	35	40
00.07 Eisenhower professional development national activities	13	23	50
Educational technology:			
Technology for education:			
00.08 Technology literacy challenge fund	200		
00.09 Technology innovation challenge grants	57		
00.10 Regional technology in education consortia	10		
00.11 Star schools	30		
00.12 Ready to learn television	7		
00.13 Telecommunications demonstration project for mathematics	1		
00.14 Fund for the improvement of education	40	108	105
00.15 Javits gifted and talented education	5	6	6
00.16 Eisenhower regional mathematics and science education consortia	15	15	25
00.17 21st Century community learning centers	1	40	200
00.18 National writing project	3	5	5
00.19 Civic education	4	6	6
00.20 International education exchange	5	5	5
10.00 Total obligations	598	431	689

Budgetary resources available for obligation:

22.00 New budget authority (gross)	598	431	689
23.95 New obligations	-598	-431	-689

New budget authority (gross), detail:

40.00 Appropriation	598	431	689
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Change in unpaid obligations:

72.40 Unpaid obligations, start of year: Obligated balance:			
Uninvested	358	610	461
73.10 New obligations	598	431	689

73.20	Total outlays (gross)	-340	-580	-529
73.40	Adjustments in expired accounts	-6		
74.40	Unpaid obligations, end of year: Obligated balance: Uninvested	610	461	621
Outlays (gross), detail:				
86.90	Outlays from new current authority	91	115	164
86.93	Outlays from current balances	248	465	365
86.98	Outlays from permanent balances	1	1	
87.00	Total outlays (gross)	340	580	529
Net budget authority and outlays:				
89.00	Budget authority	598	431	689
90.00	Outlays	340	580	529

Research, development, and dissemination.—

National research institutes.—Funds support the activities of five research institutes organized to address topics of national concern in education. The institutes carry out comprehensive programs of research and development by funding research centers, field-initiated research studies, and other research projects.

Interagency research initiative.—Funding for an education research initiative is proposed as part of the Research Fund for America. This proposal highlights the Administration's priority to provide needed and sustained investments in important Federal research programs on a deficit neutral basis. A discussion of the Research Fund for America, and two other funds for the environment and transportation, can be found in Section II of the *Budget* volume.

Regional educational laboratories.—Ten laboratories provide applied research and development, dissemination, and technical assistance services to address needs in specified regions throughout the country.

National dissemination activities.—Funds support information clearinghouses, a national dissemination system, and a national library of education, which serves as a central location within the Federal government for information on education.

Statistics.—Funds support the collection of statistics on educational institutions and on individuals to monitor trends in education, and a coordinated program of statistical services to assist States in developing comparable data bases and analyses of the implications of data.

Assessment.—Funds support the National Assessment of Educational Progress, which surveys young Americans to provide reliable information about educational attainment in important skill areas. Both national- and State-representative data are collected.

Eisenhower professional development national activities.—Funds support activities to promote excellence in teaching. Such activities include strengthening professional standards for teachers, demonstrating ways to engage teachers and other educators in the use of effective teaching and learning strategies, providing support services for both Eisenhower State and Federal program activities, and evaluating these activities. Funds also support the Eisenhower National Mathematics and Science Clearinghouse and the National Board for Professional Teaching Standards.

Fund for the improvement of education.—Funds support nationally significant projects to improve the quality of education, assist all students to meet challenging standards, contribute to achievement of the National Education Goals and support the Christa McAuliffe Fellowships.

Javits gifted and talented education.—Funds support projects designed to help educators identify and meet the special educational needs of gifted and talented students and, where appropriate, to adapt strategies successful with those students to improve instruction for all students.

Eisenhower regional mathematics and science education consortia.—Funds support regional consortia to disseminate exemplary mathematics and science education materials and

provide technical assistance to help teachers and administrators implement new teaching methods and assessment tools.

21st Century community learning centers.—Funds support competitive grants to centers providing school-based academic and recreational services to youth and other members of the community. In expanding the current program, the Department proposes to better target funding to higher-need communities, codify the current priority on enriching after-school programs for children, reserve 10 percent of funds for community-based organizations and provide authority for a local matching requirement to enable services for up to 500,000 children in 1999 and to ensure that programs become self-sustaining after receiving funding.

National writing project.—Funds support a national professional development project to improve the teaching of writing by teachers of all subject areas.

Civic education.—Funds are used to provide an award to the Center for Civic Education to help educate students about the history and principles of the Constitution, including the Bill of Rights.

International education exchange.—Funds are used for international exchange programs to help improve civics and economics education in central and eastern European countries, countries that were part of the former Soviet Union, and the United States.

Object Classification (in millions of dollars)

Identification code 91-1100-0-1-503	1997 actual	1998 est.	1999 est.
11.3 Personnel compensation: Other than full-time permanent	1	1	1
24.0 Printing and reproduction	3	3	3
25.1 Advisory and assistance services	6	6	6
25.2 Other services	63	72	97
25.3 Purchases of goods and services from Government accounts	11	11	11
25.5 Research and development contracts	63	68	68
25.7 Operation and maintenance of equipment	7	7	7
31.0 Equipment	1	1	1
41.0 Grants, subsidies, and contributions	442	261	493
99.0 Subtotal, direct obligations	597	430	687
99.5 Below reporting threshold	1	1	2
99.9 Total obligations	598	431	689

Personnel Summary

Identification code 91-1100-0-1-503	1997 actual	1998 est.	1999 est.
1001 Total compensable workyears: Full-time equivalent employment	12	13	13

DEPARTMENTAL MANAGEMENT

Federal Funds

General and special funds:

PROGRAM ADMINISTRATION

For carrying out, to the extent not otherwise provided, the Department of Education Organization Act, including rental of conference rooms in the District of Columbia and hire of two passenger motor vehicles, **[\$341,064,000]** \$362,000,000. (*Department of Education Appropriations Act, 1998.*)

Program and Financing (in millions of dollars)

Identification code 91-0800-0-1-503	1997 actual	1998 est.	1999 est.
Obligations by program activity:			
00.01 Direct program	325	341	362
09.01 Reimbursable program	6		
10.00 Total obligations	331	341	362
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	332	341	362

General and special funds—Continued

PROGRAM ADMINISTRATION—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 91-0800-0-1-503	1997 actual	1998 est.	1999 est.
22.30 Unobligated balance expiring	-1		
23.90 Total budgetary resources available for obligation	331	341	362
23.95 New obligations	-331	-341	-362
New budget authority (gross), detail:			
Current:			
40.00 Appropriation	326	341	362
Permanent:			
68.00 Spending authority from offsetting collections: Offsetting collections (cash)	6		
70.00 Total new budget authority (gross)	332	341	362
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Uninvested	119	119	117
73.10 New obligations	331	341	362
73.20 Total outlays (gross)	-328	-342	-353
73.40 Adjustments in expired accounts	-3		
74.40 Unpaid obligations, end of year: Obligated balance:			
Uninvested	119	117	126
Outlays (gross), detail:			
86.90 Outlays from new current authority	255	256	271
86.93 Outlays from current balances	67	79	76
86.97 Outlays from new permanent authority	3		
86.98 Outlays from permanent balances	3	7	7
87.00 Total outlays (gross)	328	342	353
Offsets:			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	-6		
Net budget authority and outlays:			
89.00 Budget authority	326	341	362
90.00 Outlays	322	342	353

Note.—Includes \$3 million in budget authority in 1999 for Indian education Federal administration previously financed from:

(In millions of dollars)

	1997	1998
Office of Elementary and Secondary Education, Indian education	3	3

The Program Administration account includes the direct Federal costs of providing grants and administering elementary and secondary education, bilingual education, Indian education, higher education, vocational and adult education, and special education programs, programs for persons with disabilities and a portion of the direct Federal costs for administering student financial aid programs. It also supports assessment, statistics, research and improvement activities.

In addition, this account includes the cost of providing centralized support and administrative services, overall policy development, and strategic planning for the Department. Included in the centralized activities are rent and mail services; telecommunications; contractual services; financial management and accounting, including payments to schools, education agencies and other grant recipients, and preparation of auditable financial statements; ADP services; personnel management; budget formulation and execution; program evaluation; legal services; congressional and public relations; and intergovernmental affairs.

Reimbursable program.—Reimbursements to this account include the costs of providing administrative services to other agencies.

Also included in this account are contributions from the public. Activities supported include the Goals 2000 Teachers' Forum, School Recognition, Professional Development Awards, and the Gifts and Bequests Miscellaneous Fund. No new contributions are currently anticipated for 1999.

Object Classification (in millions of dollars)

Identification code 91-0800-0-1-503	1997 actual	1998 est.	1999 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent	138	147	153
11.3 Other than full-time permanent	13	10	10
11.5 Other personnel compensation	2	2	3
11.9 Total personnel compensation	153	159	166
12.1 Civilian personnel benefits	30	33	35
13.0 Benefits for former personnel	1		
21.0 Travel and transportation of persons	5	7	8
23.1 Rental payments to GSA	22	25	25
23.3 Communications, utilities, and miscellaneous charges	18	14	15
24.0 Printing and reproduction	8	7	8
25.1 Advisory and assistance services	5	5	5
25.2 Other services	12	22	23
25.3 Purchases of goods and services from Government accounts	13	12	12
25.4 Operation and maintenance of facilities	1		
25.7 Operation and maintenance of equipment	45	46	53
26.0 Supplies and materials	2	2	2
31.0 Equipment	8	8	7
32.0 Land and structures	2	1	3
99.0 Subtotal, direct obligations	325	341	362
99.0 Reimbursable obligations	6		
99.9 Total obligations	331	341	362

Personnel Summary

Identification code 91-0800-0-1-503	1997 actual	1998 est.	1999 est.
1001 Total compensable workyears: Full-time equivalent employment	2,602	2,635	2,666

OFFICE FOR CIVIL RIGHTS

For expenses necessary for the Office for Civil Rights, as authorized by section 203 of the Department of Education Organization Act, **[\$61,500,000] \$68,000,000.** (*Department of Education Appropriations Act, 1998.*)

Program and Financing (in millions of dollars)

Identification code 91-0700-0-1-751	1997 actual	1998 est.	1999 est.
Obligations by program activity:			
00.01 Civil rights	55	62	68
10.00 Total obligations	55	62	68
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	55	62	68
23.95 New obligations	-55	-62	-68
New budget authority (gross), detail:			
40.00 Appropriation	55	62	68
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Uninvested	11	6	9
73.10 New obligations	55	62	68
73.20 Total outlays (gross)	-59	-59	-64
73.40 Adjustments in expired accounts	-1		
74.40 Unpaid obligations, end of year: Obligated balance:			
Uninvested	6	9	13
Outlays (gross), detail:			
86.90 Outlays from new current authority	50	53	57
86.93 Outlays from current balances	9	6	7
87.00 Total outlays (gross)	59	59	64
Net budget authority and outlays:			
89.00 Budget authority	55	62	68
90.00 Outlays	59	59	64

The Office for Civil Rights is responsible for ensuring that no person is unlawfully discriminated against on the basis

of race, color, national origin, sex, disability, or age in the delivery of services or the provision of benefits in programs or activities of schools and institutions receiving financial assistance from the Department of Education. The authorities under which the Office for Civil Rights operates are title VI of the Civil Rights Act of 1964 (racial and ethnic discrimination), title IX of the Education Amendments of 1972 (sex discrimination), section 504 of the Rehabilitation Act of 1973 (discrimination against individuals with a disability), the Age Discrimination Act of 1975, and the Americans with Disabilities Act of 1990.

Object Classification (in millions of dollars)

Identification code 91-0700-0-1-751	1997 actual	1998 est.	1999 est.
Personnel compensation:			
11.1 Full-time permanent	36	39	41
11.3 Other than full-time permanent	1	1	1
11.9 Total personnel compensation	37	40	42
12.1 Civilian personnel benefits	7	8	9
21.0 Travel and transportation of persons	1	1	1
23.1 Rental payments to GSA	4	5	5
25.2 Other services	1	1	1
25.3 Purchases of goods and services from Government accounts	2	2	2
25.7 Operation and maintenance of equipment	1	2	3
26.0 Supplies and materials	1	1	1
31.0 Equipment	1	1	2
99.0 Subtotal, direct obligations	54	60	65
99.5 Below reporting threshold	1	2	3
99.9 Total obligations	55	62	68

Personnel Summary

Identification code 91-0700-0-1-751	1997 actual	1998 est.	1999 est.
1001 Total compensable workyears: Full-time equivalent employment	681	724	724

OFFICE OF THE INSPECTOR GENERAL

For expenses necessary for the Office of the Inspector General, as authorized by section 212 of the Department of Education Organization Act, [S30,242,000] \$31,242,000. (Department of Education Appropriations Act, 1998.)

Program and Financing (in millions of dollars)

Identification code 91-1400-0-1-751	1997 actual	1998 est.	1999 est.
Obligations by program activity:			
00.01 Inspector General	30	30	31
10.00 Total obligations	30	30	31
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	30	30	31
23.95 New obligations	-30	-30	-31
New budget authority (gross), detail:			
40.00 Appropriation	30	30	31
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance: Uninvested	6	5	5
73.10 New obligations	30	30	31
73.20 Total outlays (gross)	-30	-30	-30
73.40 Adjustments in expired accounts	-1	1	1
74.40 Unpaid obligations, end of year: Obligated balance: Uninvested	5	5	6
Outlays (gross), detail:			
86.90 Outlays from new current authority	26	25	26
86.93 Outlays from current balances	4	5	4
87.00 Total outlays (gross)	30	30	30

Net budget authority and outlays:			
89.00 Budget authority	30	30	31
90.00 Outlays	30	30	30

The Inspector General is responsible for the quality, coverage, and coordination of audit, investigation, and security functions relating to Federal education activities. The Inspector General has the authority to inquire into all activities of the Department including those performed under Federal education contracts, grants, or other agreements. Under the Chief Financial Officers Act of 1990, the Inspector General is also responsible for internal reviews of the Department's financial systems and audits of its financial statements.

Object Classification (in millions of dollars)

Identification code 91-1400-0-1-751	1997 actual	1998 est.	1999 est.
Personnel compensation:			
11.1 Full-time permanent	16	17	18
11.5 Other personnel compensation	1	1	1
11.9 Total personnel compensation	17	18	19
12.1 Civilian personnel benefits	4	4	4
21.0 Travel and transportation of persons	2	2	2
23.1 Rental payments to GSA	2	2	2
25.1 Advisory and assistance services	1	1	1
25.3 Purchases of goods and services from Government accounts	1	1	1
25.7 Operation and maintenance of equipment	1	1	1
31.0 Equipment	1	1	1
99.0 Subtotal, direct obligations	28	29	30
99.5 Below reporting threshold	2	1	1
99.9 Total obligations	30	30	31

Personnel Summary

Identification code 91-1400-0-1-751	1997 actual	1998 est.	1999 est.
1001 Total compensable workyears: Full-time equivalent employment	280	285	285

HEADQUARTERS RENOVATION

Program and Financing (in millions of dollars)

Identification code 91-1500-0-1-503	1997 actual	1998 est.	1999 est.
Obligations by program activity:			
10.00 Total obligations	5	1	1
Budgetary resources available for obligation:			
21.40 Unobligated balance available, start of year: Uninvested	6	1	1
23.95 New obligations	-5	-1	-1
24.40 Unobligated balance available, end of year: Uninvested	1	1	1
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance: Uninvested	1	5	5
73.10 New obligations	5	1	1
73.20 Total outlays (gross)	-1	-6	-6
74.40 Unpaid obligations, end of year: Obligated balance: Uninvested	5	5	5
Outlays (gross), detail:			
86.93 Outlays from current balances	1	6	6
Net budget authority and outlays:			
89.00 Budget authority	1	6	6
90.00 Outlays	1	6	6

This account provides the Department of Education's portion of funds to renovate its headquarters building, including costs for administrative services, information technology, telecommunications cabling, and systems furniture. The remaining

General and special funds—Continued

HEADQUARTERS RENOVATION—Continued

funds required for the renovation, which began in October 1994, will be provided by the General Services Administration.

Object Classification (in millions of dollars)

Identification code 91-1500-0-1-503	1997 actual	1998 est.	1999 est.
25.2 Other services	1		
25.7 Operation and maintenance of equipment	2		
31.0 Equipment	1	1	
32.0 Land and structures	1		
99.9 Total obligations	5	1	

GENERAL FUND RECEIPT ACCOUNTS

(in millions of dollars)

	1997 actual	1998 est.	1999 est.
Offsetting receipts from the public:			
91-022100 FFEL Guarantee agency reserve recoveries	54		
Legislative proposal, subject to PAYGO			
91-291500 Repayment of loans, capital contributions, higher education activities, Education	44		
General Fund Offsetting receipts from the public	98		

GENERAL PROVISIONS

SEC. 301. No funds appropriated in this Act may be used for the transportation of students or teachers (or for the purchase of equipment for such transportation) in order to overcome racial imbalance in any school or school system, or for the transportation of students or teachers (or for the purchase of equipment for such transportation) in order to carry out a plan of racial desegregation of any school or school system.

SEC. 302. None of the funds contained in this Act shall be used to require, directly or indirectly, the transportation of any student to a school other than the school which is nearest the student's home, except for a student requiring special education, to the school offering such special education, in order to comply with title VI of the Civil Rights Act of 1964. For the purpose of this section an indirect requirement of transportation of students includes the transportation of students to carry out a plan involving the reorganization of the grade structure of schools, the pairing of schools, or the clustering of schools, or any combination of grade restructuring, pairing or clustering. The prohibition described in this section does not include the establishment of magnet schools.

SEC. 303. No funds appropriated under this Act may be used to prevent the implementation of programs of voluntary prayer and meditation in the public schools.

(TRANSFER OF FUNDS)

SEC. 304. Not to exceed 1 percent of any discretionary funds (pursuant to the Balanced Budget and Emergency Deficit Control Act, as amended) which are appropriated for the Department of Education in this Act may be transferred between appropriations, but no such appropriation shall be increased by more than 3 percent by any such transfer: *Provided*, That the Appropriations Committees of both Houses of Congress are notified at least fifteen days in advance of any transfer.

[SEC. 305. (a) Notwithstanding any other provision of Federal law, no funds provided to the Department of Education or to an applicable program (as defined in section 400(c)(1) of the General Education Provisions Act (20 U.S.C. 1221(c)(1))), in this Act or in any other Act in fiscal year 1998, may be used to field test, pilot test, implement, administer or distribute in any way, any national tests.

(b) EXCEPTION.—Subsection (a) shall not apply to the Third International Math and Science Study or the National Assessment of Educational Progress.]

[SEC. 306. (a) STUDY.—The National Academy of Sciences, in consultation with the National Governors Association, the National Con-

ference of State Legislatures, the White House, the National Assessment Governing Board, and the Congress, shall conduct a feasibility study to determine if an equivalency scale can be developed that would allow test scores from commercially available standardized tests and State assessments to be compared with each other and the National Assessment of Educational Progress.

(b) REPORT OF FINDINGS TO CONGRESS.—(1) The National Academy of Sciences shall submit a written report to the White House, the Committee on Education and the Workforce of the House of Representatives, the Committee on Labor and Human Resources of the Senate, and the Committees on Appropriations of the House of Representatives and the Senate not later than September 1, 1998.

(2) The National Academy of Sciences shall submit an interim report no later than June 15, 1998.]

NATIONAL ASSESSMENT GOVERNING BOARD

SEC. [307] 305. (a) Notwithstanding any other provision of law, the exclusive authority over all policies, direction, and guidelines for [developing] voluntary national tests [pursuant to contract RJ97153001 previously entered into between the Department of Education and the American Institutes for Research and executed on August 15, 1997,] shall be vested in the National Assessment Governing Board established under section 412 of the National Education Statistics Act of 1994 (20 U.S.C. 9011); *Provided*, That within 90 days after the date of enactment of this Act, the Board shall review the national test development contract in effect on the date of enactment of this Act, and modify the contract as the Board determines necessary and not inconsistent with this Act or applicable laws: *Provided further*, That if the contract cannot be modified to the extent determined necessary by the Board, the contract shall be terminated and the Board shall negotiate a new contract, under the Board's exclusive control, for the tests, not inconsistent with this Act or applicable laws].

(b) In carrying out its exclusive authority for [developing] voluntary national tests [pursuant to contract RJ97153001, any subsequent contract related thereto, or any contract modification pursuant to subsection (a)], the National Assessment Governing Board shall determine—

- (1) the extent to which test items selected for use on the tests are free from racial, cultural or gender bias;
- (2) whether the test development process and test items adequately assess student reading and mathematics comprehension in the form most likely to yield accurate information regarding student achievement in reading and mathematics;
- (3) whether the test development process and test items take into account the needs of disadvantaged, limited English proficient and disabled students; and
- (4) whether the test development process takes into account how parents, guardians, and students will appropriately be informed about testing content, purpose and uses.

[SEC. 308. STUDY.—The National Academy of Sciences shall, not later than September 1, 1998, submit a written report to the Committee on Education and the Workforce of the House of Representatives, the Committee on Labor and Human Resources of the Senate, and the Committees on Appropriations of the House and Senate that evaluates all test items developed or funded by the Department of Education or any other agency of the Federal Government pursuant to contract RJ97153001, any subsequent contract related thereto, or any contract modification by the National Assessment Governing Board pursuant to section 307 of this Act, for—

- (1) the technical quality of any test items for 4th grade reading and 8th grade mathematics;
- (2) the validity, reliability, and adequacy of developed test items;
- (3) the validity of any developed design which links test results to student performance;
- (4) the degree to which any developed test items provide valid and useful information to the public;
- (5) whether the test items are free from racial, cultural, or gender bias;
- (6) whether the test items address the needs of disadvantaged, limited English proficient and disabled students; and
- (7) whether the test items can be used for tracking, graduation or promotion of students.]

[SEC. 309. (a) STUDY.—The National Academy of Sciences shall conduct a study and make written recommendations on appropriate methods, practices, and safeguards to ensure that—

- (1) existing and new tests that are used to assess student performance are not used in a discriminatory manner or inappropriately for student promotion, tracking or graduation; and

(2) existing and new tests adequately assess student reading and mathematics comprehension in the form most likely to yield accurate information regarding student achievement of reading and mathematics skills.

(b) REPORT TO CONGRESS.—The National Academy of Sciences shall submit a written report to the White House, the National Assessment Governing Board, the Committee on Education and the Workforce of the House of Representatives, the Committee on Labor and Human Resources of the Senate, and the Committees on Appropriations of the House and Senate not later than September 1, 1998.】

SEC. 【310. (a)】 306. The Federal Government shall not require any State or local educational agency or school to administer or implement any pilot or field test in any subject or grade, nor shall the Federal Government require any student to take any national test in any subject or grade.

【(b) Nothing in section 309(a) shall be construed as affecting the National Assessment of Educational Progress or the Third International Math and Science Study.】

SEC. 【311】 307. No Federal, State or local educational agency may require any private or parochial school student, or home-schooled individual, to take any *national test, or pilot or field test* 【developed under this Act, contract RJ97153001, or any contract related thereto.】 for a national test without the written consent of the parents or legal guardians of the student or individual.

【SEC. 312. Notwithstanding any other provision of law, any institution of higher education which receives funds under title III of the Higher Education Act, except for grants made under section 326, may use up to 20 percent of its award under part A or part B of the Act for endowment building purposes authorized under section 331. Any institution seeking to use part A or part B funds for endowment building purposes shall indicate such intention in its application to the Secretary and shall abide by departmental regulations governing the endowment challenge grant program.】

【(TRANSFER OF FUNDS)】

【SEC. 313. Notwithstanding any other provision of the Higher Education Act, \$280,000,000 of the balances of returned reserves, formerly held by the Higher Education Assistance Foundation, that are currently held in Higher Education Assistance Claims Reserves, Treasury account number 91X6192, shall be transferred to Miscellaneous Receipts of the Treasury, within 60 days of enactment of this Act.】

【IMPACT AID】

【SEC. 314. (a) IN GENERAL.—From funds made available to carry out section 3(d)(2)(B) of the Act of September 30, 1950 (Public Law 874, 81st Congress) for fiscal year 1994 that remain after making

100 percent of the payments local educational agencies are eligible to receive under such section for such fiscal year, the Secretary of Education shall make payments to applicants for fiscal year 1996 pursuant to subsection (b).】

【(b) AWARD BASIS.—

(1) IN GENERAL.—Except as provided in paragraph (2), the Secretary of Education shall make a payment to each applicant in an amount that bears the same relation to the total amount of remaining funds described in subsection (a) as the number of children who were in average daily attendance in the schools served by the applicant for fiscal year 1996 bears to the total number of all such children in the schools served by all applicants for such year.】

【(2) SPECIAL RULE.—Any applicant that had less than 200 children in average daily attendance in the schools served by the applicant for fiscal year 1996 shall receive a payment under this section for fiscal year 1996 in an amount equal to not less than \$175,000.】

【(3) DATA.—For purposes of computing payments under this section, the Secretary of Education shall use data that—

(A) was included in each applicant's application for assistance under section 8003 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7703) for fiscal year 1996; and

(B) is verified by the Secretary.】

【(c) DEFINITION OF APPLICANT.—For purposes of this section, the term “applicant” means an applicant for assistance under section 8003 of the Elementary and Secondary Education Act of 1965 for fiscal year 1996 having 1 of the following applicant numbers for such year:

(1) 51-0904.

(2) 51-4203.

(3) 51-1903.

(4) 51-0010.

(5) 51-0811.

(6) 51-2101.】

【SEC. 315. Section 10304 of the Elementary and Secondary Education Act of 1965 is amended by adding at the end the following:

“(g) TRIBALLY CONTROLLED SCHOOLS.—Each State that receives a grant under this part and designates a tribally controlled school as a charter school shall not consider payments to a school under the Tribally Controlled Schools Act of 1988 (25 U.S.C. 2507) in determining—

“(1) the eligibility of the school to receive any other Federal, State, or local aid; or

“(2) the amount of such aid.”.】 (*Department of Education Appropriations Act, 1998.*)