

DEPARTMENT OF EDUCATION

OFFICE OF ELEMENTARY AND SECONDARY EDUCATION

Federal Funds

General and special funds:

EDUCATION FOR THE DISADVANTAGED

For carrying out title I of the Elementary and Secondary Education Act of 1965 ("ESEA") and section 418A of the Higher Education Act of 1965, **[\$14,528,522,000]** *\$15,105,168,000*, of which **[\$6,983,169,000]** *\$7,522,480,000* shall become available on July 1, **[2004]** *2005*, and shall remain available through September 30, **[2005]** *2006*, and of which \$7,383,301,000 shall become available on October 1, **[2004]** *2005*, and shall remain available through September 30, **[2005]** *2006*, for academic year **[2004–2005]** *2005–2006*: *Provided*, That **[\$7,107,283,000]** *\$7,037,592,000* 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 of Education on October 1, **[2003]** *2004*, to obtain annually updated educational-agency-level census poverty data from the Bureau of the Census: *Provided further*, That \$1,365,031,000 shall be available for concentration grants under section 1124A: *Provided further*, That **[\$1,969,843,000]** *\$4,146,187,000* shall be available for targeted grants under section 1125: *Provided further*, That **[\$1,969,843,000]** *\$793,499,000* shall be available for education finance incentive grants under section 1125A: *Provided further*, That *\$9,500,000* shall be available to carry out part E of title I: *Provided further*, That \$235,000,000 shall be available for comprehensive school reform grants under part F of the ESEA: *Provided further*, That from the **[\$8,842,000]** *funds* available to carry out part **[E]** A of title I, up to **[\$1,000,000]** *\$10,000,000* shall be available to the Secretary of Education to provide technical assistance to state and local educational agencies concerning part A of title I. (*Division E, H.R. 2673, Consolidated Appropriations Bill, FY 2004.*)

Program and Financing (in millions of dollars)

Identification code 91–0900–0–1–501	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.01 Grants to local educational agencies	10,045	14,022	13,342
00.05 Reading first State grants	1,280	1,077	1,125
00.06 Early reading first	149	94	132
00.07 Striving readers			100
00.08 Even start	247	269	
00.09 Literacy through school libraries	12	20	20
00.10 State agency programs	443	453	442
00.11 Comprehensive school reform	234	244	
00.12 Evaluation	9	9	9
00.13 Close up fellowships	1		
00.14 Advanced placement	23		
00.15 Dropout prevention programs	11		
00.16 Migrant education projects	39	35	35
10.00 Total new obligations	12,493	16,223	15,205
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	490	2,376	
22.00 New budget authority (gross)	14,379	13,846	15,205
22.10 Resources available from recoveries of prior year obligations	2		
23.90 Total budgetary resources available for obligation	14,871	16,222	15,205
23.95 Total new obligations	–12,493	–16,223	–15,205
23.98 Unobligated balance expiring or withdrawn	–2		
24.40 Unobligated balance carried forward, end of year	2,376		
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	7,070	7,145	7,822
40.35 Appropriation permanently reduced	–79	–82	
42.00 Transferred from other accounts	5		
43.00 Appropriation (total discretionary)	6,996	7,063	7,822
55.00 Advance appropriation	7,383	6,783	7,383

70.00	Total new budget authority (gross)	14,379	13,846	15,205
Change in obligated balances:				
72.40	Obligated balance, start of year	6,082	7,289	9,361
73.10	Total new obligations	12,493	16,223	15,205
73.20	Total outlays (gross)	–11,253	–14,151	–14,344
73.40	Adjustments in expired accounts (net)	–31		
73.45	Recoveries of prior year obligations	–2		
74.40	Obligated balance, end of year	7,289	9,361	10,222
Outlays (gross), detail:				
86.90	Outlays from new discretionary authority	6,067	6,149	6,671
86.93	Outlays from discretionary balances	5,186	8,002	7,673
87.00	Total outlays (gross)	11,253	14,151	14,344
Net budget authority and outlays:				
89.00	Budget authority	14,379	13,846	15,205
90.00	Outlays	11,253	14,151	14,344

SUMMARY OF PROGRAM LEVEL

(in millions of dollars)

	2003–2004 academic year	2004–2005 academic year	2005–2006 academic year
New Budget Authority	6,996	7,063	7,822
Advance appropriation	6,783	7,383	7,383
Total program level	13,779	14,446	15,205
Change in advance appropriation from the previous year	–600	+600	

Grants to local educational agencies.—Funds are allocated through four formulas—Basic Grants, Concentration Grants, Targeted Grants and Education Finance Incentive Grants—for local programs that provide extra academic support to help raise the achievement of eligible students in high-poverty schools or, in the case of schoolwide programs, help all students in high-poverty schools to meet challenging State academic standards. States must annually assess participating students in at least reading and mathematics, and school districts must identify for improvement, and provide assistance to, schools that for two consecutive years do not make adequate yearly progress toward helping all groups of students reach the proficient level on the State assessments. Districts must provide students attending such schools the choice of attending another public school that is not identified for improvement. After three or more years of a school not making adequate progress, students who remain in the school would be permitted to obtain supplemental educational services from a public- or private-sector provider. Schools that do not improve would be subject to progressively stronger corrective actions and, after six years of not making adequate yearly progress, reconstitution under a restructuring plan. A portion of funds would support technical assistance to help States and local educational agencies implement effective programs.

Reading first State grants.—Funds provide assistance to State and local educational agencies in establishing reading programs for students in grades K–3 that are grounded in scientifically based reading research, in order to ensure that every student can read at grade level or above by the end of third grade.

Early reading first.—Funds provide assistance to support local efforts, through competitive grants, to enhance the school readiness of young children, particularly those from low-income families, through scientific, research-based strategies and professional development that are designed to enhance the verbal skills, phonological awareness, letter knowl-

General and special funds—Continued

EDUCATION FOR THE DISADVANTAGED—Continued

edge, pre-reading skills, and early language development of children ages three through five.

Striving readers.—This new initiative supports the development, implementation, and evaluation of scientifically based reading interventions for middle school or high school students reading significantly below grade level. The program complements the Reading First program, which improves reading in elementary schools.

Literacy through school libraries.—Funds support competitive grants to local educational agencies to provide students with increased access to up-to-date school library materials and professional certified library media specialists.

State agency migrant program.—Funds support formula grants to States for educational services to children of migratory farmworkers and fishers, with resources and services focused on children who have moved within the past 36 months.

State agency neglected and delinquent program.—Funds support formula grants to States for educational services to children and youth under age 21 in State neglected, delinquent, or adult correction facilities.

Evaluation.—Funds support a series of impact studies designed to identify effective reading interventions in Title I and studies of the implementation of key No Child Left Behind requirements including assessments, accountability systems, school improvement requirements, public school choice, and supplemental educational services.

Migrant education projects.—Funds support grants to institutions of higher education and other nonprofit agencies that assist migrant students to earn a high school equivalency certificate or to complete their first year of college.

Object Classification (in millions of dollars)

Identification code 91-0900-0-1-501	2003 actual	2004 est.	2005 est.
24.0 Printing and reproduction	1	1	1
25.1 Advisory and assistance services	9	12	11
25.2 Other services	50	65	60
25.3 Other purchases of goods and services from Government accounts	4	5	5
41.0 Grants, subsidies, and contributions	12,429	16,140	15,128
99.9 Total new obligations	12,493	16,223	15,205

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, **[\$1,236,824,000]** \$1,229,527,000, of which **[\$1,070,000,000]** \$1,063,687,000 shall be for basic support payments under section 8003(b), **[\$50,668,000]** \$50,369,000 shall be for payments for children with disabilities under section 8003(d), **[\$46,208,000]** \$45,936,000 shall be for construction under section 8007 and shall remain available through September 30, **[2005, \$62,000,000]** 2006, \$61,634,000 shall be for Federal property payments under section 8002, and **[\$7,948,000]** \$7,901,000, to remain available until expended, shall be for facilities maintenance under section 8008: *Provided*, That \$1,500,000 of the funds for section 8007 shall be available for the local educational agencies and in the amounts specified in the statement of the managers on the conference report accompanying this Act: *Provided further*, That, notwithstanding any other provision of law, these funds shall remain available until expended. (Division E, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)

Program and Financing (in millions of dollars)

Identification code 91-0102-0-1-501	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
Payments for federally connected children:			
00.01 Basic support payments	1,025	1,064	1,064
00.02 Supplemental payments for children with disabilities	51	50	50
00.91 Subtotal, payments for federally connected children	1,076	1,114	1,114
01.01 Facilities maintenance	7	7	8
02.01 Construction	48	47	46
03.01 Payments for Federal property	60	62	62
10.00 Total new obligations	1,191	1,230	1,230
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	38	35	35
22.00 New budget authority (gross)	1,188	1,230	1,230
23.90 Total budgetary resources available for obligation	1,226	1,265	1,265
23.95 Total new obligations	-1,191	-1,230	-1,230
24.40 Unobligated balance carried forward, end of year	35	35	35
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	1,196	1,237	1,230
40.35 Appropriation permanently reduced	-8	-7	
43.00 Appropriation (total discretionary)	1,188	1,230	1,230
Change in obligated balances:			
72.40 Obligated balance, start of year	202	293	176
73.10 Total new obligations	1,191	1,230	1,230
73.20 Total outlays (gross)	-1,097	-1,347	-1,235
73.40 Adjustments in expired accounts (net)	-2		
74.40 Obligated balance, end of year	293	176	171
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	1,013	1,078	1,078
86.93 Outlays from discretionary balances	84	269	157
87.00 Total outlays (gross)	1,097	1,347	1,235
Net budget authority and outlays:			
89.00 Budget authority	1,188	1,230	1,230
90.00 Outlays	1,097	1,347	1,235

Impact Aid helps to replace the lost local revenue that would otherwise be available to educate federally connected children. The presence of certain students living on Federal property, such as students who are military dependents or who reside on Indian lands, can place a financial burden on local educational agencies that educate them. The property on which the children live and their parents work is exempt from local property taxes, denying local educational agencies access to the primary source of revenue used by most communities to finance education.

Basic support payments.—Payments will be made on behalf of approximately 1.1 million federally connected students enrolled in about 1,290 local educational agencies to assist them in meeting their operation and maintenance costs. Average per-student payments will be approximately \$980.

Payments for Children with Disabilities.—Payments in addition to those provided under the Individuals with Disabilities Education Act will be provided on behalf of approximately 35,000 federally connected students with disabilities in about 870 local educational agencies. Average per-student payments will be approximately \$910.

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

Construction.—Formula payments will be provided to approximately 180 local educational agencies with large proportions of federally connected students. Payments will be made on behalf of about 140,000 students who are military dependents or who reside on Indian lands. In addition, approxi-

mately 25 construction grants will be awarded competitively to local educational agencies.

Payments for Federal Property.—Payments will be made to approximately 200 local educational agencies in which real property owned by the Federal Government represents 10 percent or more of the assessed value of real property in the local educational agency.

Object Classification (in millions of dollars)

Identification code 91-0102-0-1-501	2003 actual	2004 est.	2005 est.
21.0 Travel and transportation of persons		1	1
25.3 Other purchases of goods and services from Government accounts		1	1
41.0 Grants, subsidies, and contributions	1,191	1,228	1,228
99.9 Total new obligations	1,191	1,230	1,230

SCHOOL IMPROVEMENT PROGRAMS

For carrying out school improvement activities authorized by titles II, part B of title IV, part A [and subparts 6 and 9 of part D] of title V, parts A and B of title VI, and parts B and C of title VII of the Elementary and Secondary Education Act of 1965 ("ESEA"); the McKinney-Vento Homeless Assistance Act; *section 203 of the Educational Technical Assistance Act of 2002*; and the Civil Rights Act of 1964, [\$5,834,208,000] \$5,940,493,000, of which [\$4,282,199,000] \$4,389,178,000 shall become available on July 1, [2004] 2005, and remain available through September 30, [2005] 2006, and of which \$1,435,000,000 shall become available on October 1, [2004] 2005, and shall remain available through September 30, [2005] 2006, for academic year [2004-2005] 2005-2006: *Provided*, That [funds made available to carry out part B of title VII of the ESEA may be used for construction, renovation and modernization of any elementary school, secondary school, or structure related to an elementary school or secondary school, run by the Department of Education of the State of Hawaii, that serves a predominantly Native Hawaiian student body: *Provided further*, That from the funds referred to in the preceding proviso, not less than \$1,000,000 shall be for a grant to the Department of Education of the State of Hawaii for the activities described in such proviso: *Provided further*, That funds made available to carry out part C of title VII of the ESEA may be used for construction: *Provided further*, That \$391,600,000] \$410,000,000 shall be for subpart 1 of part A of title VI of the ESEA: *Provided further*, That [\$27,821,000] \$27,654,000 shall be available to carry out [part D of title V of the ESEA] *section 203 of the Educational Technical Assistance Act of 2002*: *Provided further*, That [no funds appropriated under this heading may be used to carry out section 5494 under the ESEA] *notwithstanding section 2202(a)(2) of the ESEA, the Secretary shall reserve \$120,000,000 of the funds available for part B of title II of that Act for competitive grants under that section that are designed to improve the achievement of secondary school students in mathematics, of which up to \$1,000,000 may be used for technical assistance and evaluation.* (*Division E, H.R. 2673, Consolidated Appropriations Bill, FY 2004.*)

Program and Financing (in millions of dollars)

Identification code 91-1000-0-1-501	2003 actual	2004 est.	2005 est.
Direct program:			
Obligations by program activity:			
Improving teacher quality:			
00.01 Improving teacher quality State grants	2,930	2,674	2,930
00.02 Early childhood educator professional development	15	15	15
00.03 Mathematics and science partnerships	98	152	269
00.04 Educational technology State grants	683	706	692
00.05 Preparing tomorrow's teachers to use technology	62		
00.06 21st Century community learning centers	993	1,015	999
00.07 State grants for innovative programs	385	582	297
00.08 Javits gifted and talented education	11	11	
00.09 Foreign language assistance	16	17	
00.10 Foundations for learning grants	1		
00.11 State assessments	397	396	410
00.12 Education for homeless children and youth	55	60	60
00.13 Education for Native Hawaiians	31	33	33
00.14 Alaska Native education equity	31	33	33
00.15 Training and advisory services	7	7	7

00.16 Rural education	167	169	168
00.17 Comprehensive assistance centers			28
00.18 School leadership	12		
00.19 Advanced credentialling	10		
00.20 Troops-to-teachers	18	11	
00.21 Transition to teaching	42		
00.22 National writing project	17		
00.23 Civic education	29		
00.24 Teaching of traditional American history	99		
00.25 Education technology national activities	15		
00.26 Ready-to-learn television	23		
00.27 Charter schools grants	199		
00.28 Credit enhancement for charter school facilities	25		
00.29 Voluntary public school choice	26		
00.30 Magnet schools assistance	109		
00.31 Fund for the Improvement of Education programs of national significance	245		
00.32 Character education	25		
00.33 Reading is fundamental/Inexpensive book distribution	25		
00.34 Elementary and secondary school counselling	32		
00.35 Smaller learning communities	140	161	
00.36 Star schools	27		
00.37 Ready to teach	13		
00.38 Physical education for progress	60		
00.39 Community technology centers	32		
00.40 Exchanges with historic whaling and trading partners	7		
00.41 Arts in education	34		
00.42 Parental information resource centers	42		
00.43 Women's educational equity	3		
00.44 Comprehensive school reform	75	1	
Safe and drug-free schools and communities:			
00.45 State grants	469	336	
00.46 National programs	253	14	
01.00 Total direct program	7,988	6,393	5,941
09.01 Reimbursable program	67		
10.00 Total new obligations	8,055	6,393	5,941
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	249	263	
22.00 New budget authority (gross)	8,069	6,130	5,940
22.10 Resources available from recoveries of prior year obligations	2		
23.90 Total budgetary resources available for obligation	8,320	6,393	5,940
23.95 Total new obligations	-8,055	-6,393	-5,941
24.40 Unobligated balance carried forward, end of year	263		
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	6,289	4,399	4,505
40.35 Appropriation permanently reduced	-52	-34	
43.00 Appropriation (total discretionary)	6,237	4,365	4,505
55.00 Advance appropriation	1,765	1,765	1,435
68.10 Spending authority from offsetting collections: Change in uncollected customer payments from Federal sources (unexpired)	67		
70.00 Total new budget authority (gross)	8,069	6,130	5,940
Change in obligated balances:			
72.40 Obligated balance, start of year	8,142	9,581	7,017
73.10 Total new obligations	8,055	6,393	5,941
73.20 Total outlays (gross)	-6,592	-9,003	-6,611
73.40 Adjustments in expired accounts (net)	-16		
73.45 Recoveries of prior year obligations	-2		
74.00 Change in uncollected customer payments from Federal sources (unexpired)	-67		
74.10 Change in uncollected customer payments from Federal sources (expired)	60	46	
74.40 Obligated balance, end of year	9,581	7,017	6,347
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	1,124	1,526	1,301
86.93 Outlays from discretionary balances	5,468	7,477	5,310
87.00 Total outlays (gross)	6,592	9,003	6,611
Offsets:			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	-60	-46	
Against gross budget authority only:			
88.95 Change in uncollected customer payments from Federal sources (unexpired)	-67		
88.96 Portion of offsetting collections (cash) credited to expired accounts	60	46	
Net budget authority and outlays:			
89.00 Budget authority	8,002	6,130	5,940

General and special funds—Continued

SCHOOL IMPROVEMENT PROGRAMS—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 91-1000-0-1-501	2003 actual	2004 est.	2005 est.
90.00 Outlays	6,532	8,957	6,611

Note.—Includes \$28 million in budget authority in 2005 for activities previously financed from the Department of Education:

(in millions of dollars)	2003 actual	2004 est.	2005 est.
Institute of Education Sciences, Institute of Education Sciences	58	57	.....

SUMMARY OF PROGRAM LEVEL

(in millions of dollars)	2003-2004 Academic Year	2004-2005 Academic Year	2005-2006 Academic Year
New Budget Authority	6,237	4,365	4,279
Advance Appropriation	1,765	1,435	1,435
Total program level	8,002	5,790	5,714
Change in advance appropriation over previous year	0	-330	0

Improving teacher quality.—

*Improving teacher quality State grants.—*Funds support State and school district activities to prepare, train, and recruit high-quality teachers to improve student achievement.

*Early childhood educator professional development.—*Funds support competitive grants to improve the knowledge and skills of early childhood educators who work in communities that have high concentrations of children living in poverty.

*Mathematics and science partnerships.—*Funds support State and local efforts to improve students' academic achievement in mathematics and science by promoting strong teaching skills for elementary and secondary school teachers, including integrating teaching methods based on scientifically-based research and technology into the curriculum.

*Educational technology State grants.—*Funds support formula grants to States, which target funds to high-poverty school districts, to acquire computers, connections, software, and teacher training to enable schools to integrate technology effectively into curricula.

*21st Century community learning centers.—*Funds support formula grants to States, which award subgrants to communities to provide academic enrichment opportunities and related services to students, primarily students who attend high-poverty schools, and their families during before-school, after-school, weekend, and summer hours.

*State grants for innovative programs.—*Funds support formula grants to States and local educational agencies to help implement innovative strategies for improving student achievement.

*State assessments.—*Funds support formula grants to States to develop and implement the new assessments, and related accountability efforts, that States would use to test all children annually in grades 3-8 in reading and mathematics.

*Education for homeless children and youth.—*Funds support formula grants to States to provide educational and support services that enable homeless children and youth to attend and achieve success in school.

*Education for Native Hawaiians.—*Funds provide supplemental education services to Native Hawaiians in areas such as 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.—*Funds provide supplemental education services to Alaska Natives in areas such as educational planning, curriculum development, teacher training, teacher recruitment, student enrichment, and home-based instruction for pre-school children. Grants also go to organizations specified in the law.

*Training and advisory services.—*Funds support grants to regional equity assistance centers that provide technical assistance to school districts in addressing equity in education related to issues of race, gender, and national origin.

*Rural education.—*Funds support formula grants under two programs: Small, Rural Schools Achievement and Rural and Low-Income Schools programs. Funds under the Small, Rural Schools Achievement program, which provides rural local educational agencies with small enrollments with additional formula funds and flexibility in the use of other Federal formula funds, are allocated by formula directly from the Department to eligible local educational agencies. Funds under the Rural and Low-Income Schools program, which targets rural local educational agencies that serve concentrations of poor students, are allocated by formula to States, who in turn allocate funds to eligible local educational agencies within the States.

*Comprehensive centers.—*Funds support no fewer than 20 comprehensive centers, with at least one center in each of the 10 geographic regions, to provide technical assistance, training, and professional development in reading, mathematics, science, and technology to States, districts, and schools.

Object Classification (in millions of dollars)

Identification code 91-1000-0-1-501	2003 actual	2004 est.	2005 est.
Direct obligations:			
24.0 Printing and reproduction	1	.....	.....
25.1 Advisory and assistance services	15	20	22
25.2 Other services	62	18	18
25.3 Other purchases of goods and services from Government accounts	23	.....	.....
25.5 Research and development contracts	10	.....	.....
25.7 Operation and maintenance of equipment	1	.....	.....
41.0 Grants, subsidies, and contributions	7,876	6,355	5,901
99.0 Direct obligations	7,988	6,393	5,941
99.0 Reimbursable obligations	67	.....	.....
99.9 Total new obligations	8,055	6,393	5,941

INDIAN EDUCATION

For expenses necessary to carry out, to the extent not otherwise provided, title VII, part A of the Elementary and Secondary Education Act of 1965, **[\$121,573,000]** \$120,856,000. (Division E, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)

Program and Financing (in millions of dollars)

Identification code 91-0101-0-1-501	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.01 Grants to local educational agencies	97	96	96
00.02 Special programs for Indian children	19	20	20
00.03 National activities	5	5	5
10.00 Total new obligations	121	121	121
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	121	121	121
23.95 Total new obligations	-121	-121	-121
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	122	122	121
40.35 Appropriation permanently reduced	-1	-1	.....
43.00 Appropriation (total discretionary)	121	121	121

Change in obligated balances:				
72.40	Obligated balance, start of year	145	147	142
73.10	Total new obligations	121	121	121
73.20	Total outlays (gross)	-116	-126	-121
73.40	Adjustments in expired accounts (net)	-3		
74.40	Obligated balance, end of year	147	142	141
Outlays (gross), detail:				
86.90	Outlays from new discretionary authority	3	6	6
86.93	Outlays from discretionary balances	113	120	115
87.00	Total outlays (gross)	116	126	121
Net budget authority and outlays:				
89.00	Budget authority	121	121	121
90.00	Outlays	116	126	121

The Indian Education program 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 assist participating students in meeting the same academic standards as all other students. In 2003, the Department made 1,183 formula grants to local educational agencies and tribal schools serving more than 470,000 students.

Special programs for Indian Children.—The Department makes competitive awards for demonstration projects in early childhood education, professional development grants, American Indian Teacher Corps grants, and grants for the American Indian Administrator Corps. The professional development awards in this activity are designed to improve the quality of teachers and administrators in school districts with concentrations of Indian students.

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

Object Classification (in millions of dollars)				
Identification code 91-0101-0-1-501	2003 actual	2004 est.	2005 est.	
25.2	Other services	4	4	4
41.0	Grants, subsidies, and contributions	117	117	117
99.9	Total new obligations	121	121	121

READING EXCELLENCE

Program and Financing (in millions of dollars)				
Identification code 91-0011-0-1-501	2003 actual	2004 est.	2005 est.	
Change in obligated balances:				
72.40	Obligated balance, start of year	447	226	65
73.20	Total outlays (gross)	-220	-161	-65
74.40	Obligated balance, end of year	226	65	
Outlays (gross), detail:				
86.93	Outlays from discretionary balances	220	161	65
Net budget authority and outlays:				
89.00	Budget authority			
90.00	Outlays	220	161	65

Reading Excellence.—This program has been replaced by the Reading First program in the Education for the Disadvantaged account. Amounts in these schedules reflect balances that are spending out from prior-year appropriations.

EDUCATION REFORM

Program and Financing (in millions of dollars)				
Identification code 91-0500-0-1-501	2003 actual	2004 est.	2005 est.	
Change in obligated balances:				
72.40	Obligated balance, start of year	781	226	
73.20	Total outlays (gross)	-532	-226	
73.40	Adjustments in expired accounts (net)	-24		
74.40	Obligated balance, end of year	226		
Outlays (gross), detail:				
86.93	Outlays from discretionary balances	532	226	
Net budget authority and outlays:				
89.00	Budget authority			
90.00	Outlays	532	226	

Programs in this account have been transferred to the School Improvement account or discontinued. Amounts in this schedule reflect balances that are spending out from prior-year appropriations.

CHICAGO LITIGATION SETTLEMENT

Program and Financing (in millions of dollars)				
Identification code 91-0220-0-1-501	2003 actual	2004 est.	2005 est.	
Obligations by program activity:				
00.01	Direct Program Activity	1		
10.00	Total new obligations (object class 41.0)	1		
Budgetary resources available for obligation:				
21.40	Unobligated balance carried forward, start of year	1		
23.95	Total new obligations	-1		
Change in obligated balances:				
72.40	Obligated balance, start of year	1	1	
73.10	Total new obligations	1		
73.20	Total outlays (gross)	-1		
74.40	Obligated balance, end of year	1		
Outlays (gross), detail:				
86.93	Outlays from discretionary balances	1		
Net budget authority and outlays:				
89.00	Budget authority			
90.00	Outlays	1		

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.

OFFICE OF INNOVATION AND IMPROVEMENT

Federal Funds

General and special funds:

INNOVATION AND IMPROVEMENT

For carrying out activities authorized by [parts] part G [and H] of title I, subpart 5 of part A and parts C and D of title II, and parts B, C, and D of title VI, and section 1504] of the Elementary and Secondary Education Act of 1965 ("ESEA"), [\$1,106,811,000] \$85,181,000: Provided, That [\$74,513,000 for continuing and new grants to demonstrate effective approaches to comprehensive school reform shall become available on July 1, 2004, and remain available through September 30, 2005, and shall be allocated and expended in the same manner as the funds provided under the Fund for the Improvement of Education for this purpose were allocated and expended in fiscal year 2003: Provided further, That \$18,500,000 shall be available to carry out section 2151(c) of the ESEA, of which not

General and special funds—Continued

INNOVATION AND IMPROVEMENT—Continued

less than \$10,000,000 shall be provided to the National Board for Professional Teaching Standards, not less than \$7,000,000 shall be provided to the National Council on Teacher Quality, and up to \$1,500,000 may be reserved by the Secretary to conduct an evaluation of activities authorized by such section] \$100,000,000 shall be for subpart 2 of part B of title V: Provided further, That [\$430,463,000] \$170,185,000 shall be available to carry out part D of title V of the ESEA: Provided further, That \$177,271,000 of the funds for subpart 1, part D of title V of the ESEA shall be available for the projects and in the amounts specified in the statement of the managers on the conference report accompanying this Act]. (Division E, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)

Program and Financing (in millions of dollars)

Identification code 91-0204-0-1-501	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.01 Troops-to-teachers	15	15	
00.02 Transition to teaching	45	45	
00.03 National writing project	18		
00.04 Teaching of traditional American history	119	119	
00.05 School leadership	12		
00.06 Advanced credentialing	18	7	
00.07 Charter school grants	219	219	
00.08 Credit enhancement for charter school facilities	37	100	
00.09 Voluntary public school choice	27	27	
00.10 Magnet schools assistance	109	109	
00.11 Choice incentive fund		50	
00.12 Advanced placement	24	51	
00.13 Dropout prevention program	5		
00.14 Close Up fellowships	2		
00.15 Ready-to-learn television	23	23	
00.16 FIE programs of national significance	281	45	
00.17 Adjunct Teacher Corps		40	
00.18 Military Families Initiative		10	
00.19 Reading is fundamental/inexpensive book distribution	25	25	
00.20 Star schools	20		
00.21 Ready to teach	14		
00.22 Exchanges with historic whaling and trading partners	8		
00.23 Excellence in economic education	2		
00.24 Arts in education	35		
00.25 Parental assistance information centers	42		
00.26 Women's educational equity	3		
10.00 Total new obligations	1,103	885	
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	1,103	885	
23.95 Total new obligations	-1,103	-885	
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	1,110	885	
40.35 Appropriation permanently reduced	-7		
43.00 Appropriation (total discretionary)	1,103	885	
Change in obligated balances:			
72.40 Obligated balance, start of year		1,048	
73.10 Total new obligations	1,103	885	
73.20 Total outlays (gross)	-55	-761	
74.40 Obligated balance, end of year	1,048	1,172	
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	55	44	
86.93 Outlays from discretionary balances		717	
87.00 Total outlays (gross)	55	761	
Net budget authority and outlays:			
89.00 Budget authority	1,103	885	
90.00 Outlays	55	761	

Improving teacher quality.—

Troops-to-teachers.—Funds assist eligible members of the armed forces to obtain certification as teachers and to become highly qualified teachers.

Transition to teaching.—Funds support competitive grants to establish programs to recruit and retain highly qualified mid-career professionals and recent college graduates as teachers in high-need schools.

Teaching of traditional American history.—Funds support competitive grants to school districts for activities to im-

prove history instruction and provide professional development for teachers of American history.

School choice and flexibility.—

Advanced credentialing.—Funds support the development of an advanced credential based on the content expertise of master teachers. Funds also support related activities to encourage and support teachers seeking advanced certification or advanced credentials.

Charter school grants.—Funds support competitive grants to State educational agencies and charter schools to support the planning, design, initial implementation, and dissemination of information regarding charter schools. These schools are created by teachers, parents, and members of the community, and are exempt from certain local, State, and Federal regulations.

Credit enhancement for charter school facilities.—Funds support competitive grants to State and local governments, nonprofit entities, and public and nonprofit consortia, to assist charter schools in acquiring, leasing, and renovating school facilities. Funds above \$200 million are used for the Per-Pupil Facilities Aid program, which provides funds to States to assist charter schools in obtaining facilities.

Voluntary public school choice.—Funds support competitive grants to State educational agencies and local educational agencies to implement programs that provide students, particularly students who attend low-performing schools, with expanded public school choice options.

Magnet schools assistance.—Funds support competitive grants to local educational agencies to establish and operate magnet school programs that are part of an approved desegregation plan.

Choice incentive fund.—Funds will support grants to States, local educational agencies, and community-based nonprofit organizations with a proven record for securing educational opportunities for children. These grants will support efforts to increase the capacity of high-quality public and private schools to serve additional students.

FIE programs of national significance.—Funds support nationally significant projects to improve the quality of elementary and secondary education in order to help all children meet challenging State content and student achievement standards.

Adjunct Teacher Corps.—Funds will support partnerships between school districts and appropriate public and/or private institutions to enable well-qualified professionals to teach specific high-school courses in the core academic subjects, particularly in mathematics and science. The program would support multiple approaches for utilizing these highly-trained individuals, such as part-time or substitute teaching and distance learning in areas of their professional expertise.

Military Families.—Funds would assist military families meet the challenges of moving their children into new school districts with varying academic and health-related requirements. The state grant program, to be jointly administered by the Department of Education and Defense, will encourage reciprocity agreements among states and school districts and fund data management systems and other activities to facilitate moves from one school district to another.

Reading is fundamental/inexpensive book distribution.—Funds support reading motivation activities, including the distribution of free books to children.

Ready-to-learn television.—Funds support the development, distribution, and production of educational video and accompanying materials and services for preschool children, elementary school children, and their parents to facilitate student academic achievement.

Advanced placement.—Funds support grants to States to pay test fees for low-income students if they are enrolled in an Advanced Placement course and competitive grants to State educational agencies, local educational agencies, and

national nonprofit educational entities to expand access for low-income individuals to Advanced Placement classes.

Object Classification (in millions of dollars)			
Identification code 91-0204-0-1-501	2003 actual	2004 est.	2005 est.
25.1	Advisory and assistance services	2	2
25.2	Other services	34	25
25.3	Other purchases of goods and services from Government accounts	5	3
25.5	Research and development contracts	4	3
41.0	Grants, subsidies, and contributions	1,058	852
99.9	Total new obligations	1,103	885

OFFICE OF SAFE AND DRUG-FREE SCHOOLS

Federal Funds

General and special funds:

SAFE SCHOOLS AND CITIZENSHIP EDUCATION

For carrying out activities authorized by subpart 3 of part C of title II, part A of title IV, and subparts [2,] 3 and 10 of part D of title V of the Elementary and Secondary Education Act of 1965 ("ESEA"), [title VIII-D of the Higher Education Amendments of 1998, and Public Law 102-73, \$862,813,000.] \$838,897,000 of which \$470,483,000 \$440,908,000, shall become available on July 1, [2004] 2005 and remain available through September 30, [2005] 2006: *Provided*, That [of the amount available for subpart 2 of part A of title IV of the ESEA, \$850,000 shall be used to continue the National Recognition Awards program under the same guidelines outlined by section 120(f) of Public Law 105-244: *Provided further*, That \$445,483,000 \$440,908,000 shall be available for subpart 1 of part A of title IV and \$234,680,000 \$275,069,000 shall be available for subpart 2 of part A of title IV: *Provided further*, That \$128,838,000 shall be available to carry out part D of title V of the ESEA, of which \$5,000,000, to remain available until expended, shall be for the Project School Emergency Response to Violence program to provide education-related services to local educational agencies in which the learning environment has been disrupted due to a violent or traumatic crisis: *Provided further*, That of the funds available to carry out subpart 3 of part C of title II, up to \$11,922,000 \$11,852,000 may be used to carry out section 2345 [and \$2,980,000 shall be used by the Center for Civic Education to implement a comprehensive program to improve public knowledge, understanding, and support of the Congress and the state legislatures: *Provided further*, That \$25,000,000 shall be for Youth Offender Grants, of which \$5,000,000 shall be used in accordance with section 601 of Public Law 102-73 as that section was in effect prior to enactment of Public Law 105-220]: *Provided further*, That of the funds available to carry-out subpart 10 of part D of title V, up to \$2,000,000 may be used to support the Special Olympics. (Division E, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)

Program and Financing (in millions of dollars)

Identification code 91-0203-0-1-501	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
Safe and drug-free schools and communities:			
00.01	State grants	441	441
National programs:			
00.02	Alcohol abuse reduction	30	
00.03	Mentoring program	50	100
00.04	Other national programs	154	175
00.91	Subtotal, Safe and drug-free schools and communities	675	716
01.01	Character education	25	25
02.01	Elementary and secondary school counseling	34	
03.01	Physical education program	70	70
04.01	Civic education	29	29
05.01	State grants for incarcerated youth offenders	20	
06.01	Literacy program for prisoners	5	
10.00	Total new obligations	858	840
Budgetary resources available for obligation:			
22.00	New budget authority (gross)	856	839

23.95	Total new obligations	-858	-840
New budget authority (gross), detail:			
Discretionary:			
40.00	Appropriation	863	839
40.35	Appropriation permanently reduced	-7	
43.00	Appropriation (total discretionary)	856	839
Change in obligated balances:			
72.40	Obligated balance, start of year		815
73.10	Total new obligations	858	840
73.20	Total outlays (gross)	-43	-598
74.40	Obligated balance, end of year	815	1,057
Outlays (gross), detail:			
86.90	Outlays from new discretionary authority	43	42
86.93	Outlays from discretionary balances		556
87.00	Total outlays (gross)	43	598
Net budget authority and outlays:			
89.00	Budget authority	856	839
90.00	Outlays	43	598

Safe and drug-free schools and communities.—

State Grants.—Funds provide formula grants to States to support research-based drug- and violence-prevention programs and to implement strategies to improve school safety.

Mentoring program.—Funds provide grants to local educational agencies and community-based organizations for mentoring programs serving at-risk youth in conjunction with the efforts of the USA Freedom Corps.

Other National Programs.—Funds support national activities to prevent violence and the illegal use of drugs among, and to promote safety and discipline for, students.

Character Education.—Funds provide grants to support the design and implementation of character education programs in the Nation's elementary and secondary schools.

Physical Education Program.—Funds provide grants to local educational agencies and community-based organizations to initiate, expand, or improve physical education programs for students.

Civic Education.—Funds support a grant to the nonprofit Center for Civic Education to promote civic competence and responsibility and improve the quality of civics and government education through coursework and curricula on the history and principles of the Constitution of the United States; and grants to eligible organizations for cooperative education exchange programs to improve the quality of civic and economic education in emerging democracies through exemplary curriculum and teacher training programs for educators. These activities complement civics programs coordinated by the USA Freedom Corps.

Object Classification (in millions of dollars)

Identification code 91-0203-0-1-501	2003 actual	2004 est.	2005 est.
24.0	Printing and reproduction	1	1
25.1	Advisory and assistance services	2	2
25.2	Other services	13	12
25.3	Other purchases of goods and services from Government accounts	2	
41.0	Grants, subsidies, and contributions	840	825
99.9	Total new obligations	858	840

OFFICE OF ENGLISH LANGUAGE ACQUISITION

Federal Funds

General and special funds:

ENGLISH LANGUAGE ACQUISITION

For carrying out part A of title III of the ESEA, [\$685,258,000] \$681,215,000, of which [\$560,301,000] \$595,715,000 shall become

General and special funds—Continued

ENGLISH LANGUAGE ACQUISITION—Continued

available on July 1, [2004] 2005, and shall remain available through September 30, [2005: *Provided*, That notwithstanding section 3111(c)(4)(B)(ii), the Secretary may, in determining the allotments under section 3111(c)(3), use the same Census data for the number of limited English proficient children and youth used for the previous year's allotments under section 3111(c)(3) and the most recent data collected from States for the number of immigrant children and youth that is acceptable to the Secretary] 2006: *Provided [further]*, That funds reserved under section 3111(c)(1)(D) of the ESEA that are not used in accordance with section 3111(c)(2) may be added to the funds that are available July 1, [2004] 2005 through September 30, [2005] 2006 for State allotments under section 3111(c)(3). (*Division E, H.R. 2673, Consolidated Appropriations Bill, FY 2004.*)

Program and Financing (in millions of dollars)

Identification code 91-1300-0-1-501	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.01 Language acquisition State grants	685	692	681
10.00 Total new obligations	685	692	681
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	12	11	.....
22.00 New budget authority (gross)	684	681	681
23.90 Total budgetary resources available for obligation	696	692	681
23.95 Total new obligations	-685	-692	-681
24.40 Unobligated balance carried forward, end of year	11	.....	.....
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	690	685	681
40.35 Appropriation permanently reduced	-4	-4	.....
41.00 Transferred to other accounts	-2	.....	.....
43.00 Appropriation (total discretionary)	684	681	681
Change in obligated balances:			
72.40 Obligated balance, start of year	833	938	811
73.10 Total new obligations	685	692	681
73.20 Total outlays (gross)	-565	-819	-627
73.40 Adjustments in expired accounts (net)	-14	.....	.....
74.40 Obligated balance, end of year	938	811	865
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	5	34	34
86.93 Outlays from discretionary balances	560	785	593
87.00 Total outlays (gross)	565	819	627
Net budget authority and outlays:			
89.00 Budget authority	684	681	681
90.00 Outlays	565	819	627

Language acquisition State grants.—This program provides formula grants to States to improve services for limited English proficient and immigrant students. States are accountable for demonstrating that limited English proficient students are learning English and meeting the same high State standards as all other students. The statute also authorizes national activities including professional development and evaluation, and requires funding for a national information clearinghouse on English language acquisition. The statute also continues discretionary grants for bilingual instructional services and bilingual professional development grants made under the antecedent statute.

Object Classification (in millions of dollars)

Identification code 91-1300-0-1-501	2003 actual	2004 est.	2005 est.
25.5 Research and development contracts	2	2	2
41.0 Grants, subsidies, and contributions	683	690	679
99.9 Total new obligations	685	692	681

OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES

Federal Funds

General and special funds:

SPECIAL EDUCATION

For carrying out *parts B, C, and D* of the Individuals with Disabilities Education Act, [\$11,307,072,000] \$12,176,101,000, of which [\$5,604,762,000] \$6,560,447,000 shall become available for obligation on July 1, [2004] 2005, and shall remain available through September 30, [2005] 2006, and of which \$5,413,000,000 shall become available on October 1, [2004] 2005, and shall remain available through September 30, [2005] 2006, for academic year [2004-2005] 2005-2006: *Provided*, [That \$11,400,000 shall be for Recording for the Blind and Dyslexic to support the development, production, and circulation of recorded educational materials: *Provided further*, That \$1,500,000 shall be for the recipient of funds provided by Public Law 105-78 under section 687(b)(2)(G) of the Act to provide information on diagnosis, intervention, and teaching strategies for children with disabilities: *Provided further*,] That the amount for section 611(c) of the Act shall be equal to the amount available for that section during fiscal year [2003] 2004, increased by the amount of inflation as specified in section 611(f)(1)(B)(ii) of the Act: *Provided further*, That \$6,879,000 of the funds for section 672 of the Act shall be available for the projects and in the amounts specified in the statement of the managers of the conference report accompanying this Act]. (*Division E, H.R. 2673, Consolidated Appropriations Bill, FY 2004.*)

Program and Financing (in millions of dollars)

Identification code 91-0300-0-1-501	2003 actual	2004 est.	2005 est.
Direct program:			
Obligations by program activity:			
State grants:			
00.01 Grants to States	8,246	10,371	11,068
00.02 Preschool grants	384	391	388
00.03 Grants for infants and families	430	486	467
00.91 Subtotal, State grants	9,060	11,248	11,923
National activities:			
01.01 State improvement	52	97	51
01.02 Research and innovation	77	78	.....
01.03 Technical assistance and dissemination	53	53	53
01.04 Personnel preparation	92	92	91
01.05 Parent information centers	26	26	26
01.06 Technology and media services	38	39	32
01.91 Subtotal, National activities	338	385	253
02.00 Total Direct Program	9,398	11,633	12,176
10.00 Total new obligations	9,398	11,633	12,176
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	99	135	.....
22.00 New budget authority (gross)	9,433	11,498	12,176
23.90 Total budgetary resources available for obligation	9,532	11,633	12,176
23.95 Total new obligations	-9,398	-11,633	-12,176
24.40 Unobligated balance carried forward, end of year	135	.....	.....
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	4,423	5,894	6,763
40.35 Appropriation permanently reduced	-62	-68	.....
43.00 Appropriation (total discretionary)	4,361	5,826	6,763
55.00 Advance appropriation	5,072	5,672	5,413
70.00 Total new budget authority (gross)	9,433	11,498	12,176
Change in obligated balances:			
72.40 Obligated balance, start of year	6,137	7,019	9,543
73.10 Total new obligations	9,398	11,633	12,176
73.20 Total outlays (gross)	-8,491	-9,109	-10,751
73.40 Adjustments in expired accounts (net)	-25	.....	.....
74.40 Obligated balance, end of year	7,019	9,543	10,968
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	3,224	3,912	3,762
86.93 Outlays from discretionary balances	5,267	5,197	6,989
87.00 Total outlays (gross)	8,491	9,109	10,751

Net budget authority and outlays:				
89.00	Budget authority	9,433	11,498	12,176
90.00	Outlays	8,491	9,109	10,751

Note.—Excludes \$78 million in budget authority for Research and Innovation in Special Education, which is proposed for later transmittal under the Institute of Education Sciences account. Comparable amounts for 2003 (\$77 million) and 2004 (\$78 million) are included above.

SUMMARY OF GRANTS TO STATES PROGRAM LEVEL

	[In millions of dollars]		
	2003–2004 academic year	2004–2005 academic year	2005–2006 academic year
Current Budget Authority	3,202	4,655	5,655
Advance appropriation	5,672	5,413	5,413
Total program level	8,874	10,068	11,068
Change in advance appropriation from the previous year	+600	-259	

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.

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 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 child and family outcomes.

National activities:

These activities include personnel preparation, technical assistance, 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.

The General Education Provisions Act extension for Grants for Infants and Families and National Activities programs applied through September 30, 2003; authorizing legislation is required. Pending legislation would transfer research activities currently funded under this account to the Institute of Education Sciences.

Performance data related to program goals include:

Number of children served in first quarter of fiscal year (in thousands):	2003 actual	2004 est.	2005 est.
Ages 3 through 21	6,611	6,737	6,858
Ages 3 through 5	647	666	686
Birth through 2	268	290	313

Educational Environment

Percent of children ages 6 through 21 provided special education in:	1999–2000 actual	2000–2001 actual	2001–2002 actual
Regular classrooms	47.3	46.5	48.4
Resource rooms	28.3	29.8	28.3
Separate classes	20.3	19.5	19.2
Separate schools	2.9	3.0	2.9
Residential facilities .....	.7	.7	.7
Home or hospital .....	.5	.5	.4

Status of Exiting Students

Percent of students with disabilities aged 14–21 leaving school:			
Graduated with a diploma	46.1	47.6	51.1
Graduated through certification	9.4	9.2	9.5
Dropped out of school	42.1	41.1	37.6
Reached maximum age and other	2.4	2.1	1.8

Object Classification (in millions of dollars)

Identification code 91–0300–0–1–501	2003 actual	2004 est.	2005 est.
25.1 Advisory and assistance services	2	2	2
25.2 Other services	22	23	23
41.0 Grants, subsidies, and contributions	9,374	11,608	12,151
99.9 Total new obligations	9,398	11,633	12,176

REHABILITATION SERVICES AND DISABILITY RESEARCH

For carrying out, to the extent not otherwise provided, the Rehabilitation Act of 1973, the Assistive Technology Act of 1998 (“the AT Act”), and the Helen Keller National Center Act, [\$3,013,305,000, of which \$1,000,000 shall be awarded to the American Academy of Orthotists and Prosthetists for activities that further the purposes of the grant received by the Academy for the period beginning October 1, 2003, including activities to meet the demand for orthotic and prosthetic provider services and improve patient care] \$3,047,197,000, of which \$15,000,000 shall be for grants to States under title III of the AT Act: Provided, That [the funds provided for title I of the Assistive Technology Act of 1998 (“the AT Act”) shall be allocated notwithstanding section 105(b)(1) of the AT Act: Provided further, That section 101(f) of the AT Act shall not limit the award of an extension grant to three years: Provided further, That no State or outlying area awarded funds under section 101 shall receive less than the amount received in fiscal year 2003] the Federal share of such grants shall not exceed 75 percent, and the requirements in sections 301(c)(2) and 302 of the AT Act shall not apply to such grants: Provided further, That [\$5,035,000 of the funds for section 303 of the Rehabilitation Act of 1973 shall be available for the projects and in the amounts specified in the statement of the managers of the conference report accompanying this Act] funds available under the Vocational Rehabilitation State Grants program may be used by State Vocational agencies to pay for the fiscal year 2005 continuation costs of projects funded in fiscal year 2003 under title VI, Part A, of the Rehabilitation Act. (Division E, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)

Program and Financing (in millions of dollars)

Identification code 91–0301–0–1–506	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
Direct program:			
00.01 Vocational rehabilitation State grants	2,533	2,584	2,697
00.02 Client assistance State grants	12	12	12
00.03 Training	39	39	39
00.04 Demonstration and training programs	21	24	19
00.05 Migrant and seasonal farmworkers	2	2	
00.06 Recreational programs	3	2	
00.07 Protection and advocacy of individual rights	17	17	19
00.08 Projects with industry	22	22	
00.09 Supported employment State grants	38	38	
00.10 Independent living	119	127	127
00.11 Program improvement	1	1	1
00.12 Evaluation	1	1	2
00.13 Helen Keller National Center	9	9	9
00.14 National Institute on Disability and Rehabilitation Research	109	107	107
00.15 Assistive technology	63	26	15
00.16 Access to Telework Fund	20		
01.00 Total direct program	3,009	3,011	3,047
09.01 Reimbursable program	2	2	2
10.00 Total new obligations	3,011	3,013	3,049
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	56		
22.00 New budget authority (gross)	2,956	3,013	3,049
23.90 Total budgetary resources available for obligation	3,012	3,013	3,049
23.95 Total new obligations	-3,011	-3,013	-3,049

General and special funds—Continued

REHABILITATION SERVICES AND DISABILITY RESEARCH—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 91-0301-0-1-506	2003 actual	2004 est.	2005 est.
23.98 Unobligated balance expiring or withdrawn	- 1		
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	424	430	411
40.35 Appropriation permanently reduced	- 3	- 3	
41.00 Transferred to other accounts	- 1		
43.00 Appropriation (total discretionary)	420	427	411
Mandatory:			
60.00 Appropriation	2,534	2,584	2,636
Spending authority from offsetting collections:			
Discretionary:			
68.00 Offsetting collections (cash)		1	1
68.10 Change in uncollected customer payments from Federal sources (unexpired)	2	1	1
68.90 Spending authority from offsetting collections (total discretionary)	2	2	2
70.00 Total new budget authority (gross)	2,956	3,013	3,049
Change in obligated balances:			
72.40 Obligated balance, start of year	1,070	1,193	994
73.10 Total new obligations	3,011	3,013	3,049
73.20 Total outlays (gross)	- 2,874	- 3,210	- 3,040
73.40 Adjustments in expired accounts (net)	- 14		
74.00 Change in uncollected customer payments from Federal sources (unexpired)	- 2	- 1	- 1
74.10 Change in uncollected customer payments from Federal sources (expired)	1		
74.40 Obligated balance, end of year	1,193	994	1,001
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	80	300	288
86.93 Outlays from discretionary balances	329	483	150
86.97 Outlays from new mandatory authority	1,941	1,809	1,845
86.98 Outlays from mandatory balances	524	618	757
87.00 Total outlays (gross)	2,874	3,210	3,040
Offsets:			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	- 2	- 3	- 1
Against gross budget authority only:			
88.95 Change in uncollected customer payments from Federal sources (unexpired)	- 2	- 1	- 1
88.96 Portion of offsetting collections (cash) credited to expired accounts	2	2	
Net budget authority and outlays:			
89.00 Budget authority	2,954	3,011	3,047
90.00 Outlays	2,872	3,207	3,039

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 significant disabilities. Current law requires that between 1.0 percent and 1.5 percent of the funds appropriated for the VR State grants program be set aside for Grants for Indians in 2004.

The table below presents national data on selected performance measures for the VR State grants program. The data are based on the number of individuals whose service records were closed in fiscal years 2001 (385,221) and 2002 (367,625).

CONSUMER OUTCOMES (CASES CLOSED)

	2001 actual	2002 actual
Individuals achieving employment outcomes	233,691	221,084
Percent with significant disabilities	88.0%	88.8%
Employment outcomes as a percent all of individuals receiving services	60.7%	60.1%

The 2005 budget request reflects a multi-year Administration effort to reform job training programs, target resources to programs with documented effectiveness, and eliminate

funding for duplicative and overlapping programs. Consistent with this crosscutting reform, the budget consolidates funding for three programs in this account (Supported Employment State Grants, Projects with Industry, and the Migrant and Seasonal Farmworkers program) within the Vocational Rehabilitation State Grants program.

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 and to upgrade the skills of those already employed.

Demonstration and training programs.—Grants are made for programs that expand and improve the provision of rehabilitation services or that further the purposes of the Rehabilitation Act.

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.

Independent living.—Grants are awarded to States and non-profit agencies to assist individuals with significant disabilities in their achievement of self-determined independent living goals. Grants are also awarded to provide support services to older blind individuals to increase their ability to care for their own needs.

Program improvement.—Funds are used to promote broad-based planning and coordination, improve accountability, and enhance the Department's ability to address critical areas of national significance in achieving the goals of the Rehabilitation Act. Examples of program improvement activities include technical assistance, dissemination, and performance measurement activities.

Evaluation.—Studies are conducted to evaluate the impact and effectiveness of various programs authorized under the Rehabilitation Act.

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 the conduct and dissemination of research aimed at improving the lives of individuals with disabilities. The Institute also promotes the development and utilization of new technologies to assist these individuals in achieving greater independence and integration into society.

Assistive technology loan program.—Grants are made to States to establish or expand alternative financing programs to increase access to assistive technology for individuals with disabilities.

Object Classification (in millions of dollars)

Identification code 91-0301-0-1-506	2003 actual	2004 est.	2005 est.
Direct obligations:			
25.1 Advisory and assistance services	10	10	9
25.2 Other services	2	2	2
25.3 Other purchases of goods and services from Government accounts	1	2	1
25.5 Research and development contracts	1		
41.0 Grants, subsidies, and contributions	2,995	2,997	3,035

99.0	Direct obligations	3,009	3,011	3,047
99.0	Reimbursable obligations	2	2	2
99.9	Total new obligations	3,011	3,013	3,049

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.), **[\$16,500,000] \$16,403,000.** (Division E, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)

Program and Financing (in millions of dollars)

Identification code 91-0600-0-1-501	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.01 Direct Program Activity	15	16	16
10.00 Total new obligations (object class 41.0)	15	16	16
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	16	16	16
23.95 Total new obligations	-15	-16	-16
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	16	16	16
Change in obligated balances:			
72.40 Obligated balance, start of year	6	7	1
73.10 Total new obligations	15	16	16
73.20 Total outlays (gross)	-14	-22	-16
74.40 Obligated balance, end of year	7	1	1
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	8	15	15
86.93 Outlays from discretionary balances	6	7	1
87.00 Total outlays (gross)	14	22	16
Net budget authority and outlays:			
89.00 Budget authority	16	16	16
90.00 Outlays	15	22	16

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 2003, the portion of the Federal appropriation allocated to educational materials represented approximately 58.5 percent of the Printing House's total sales. The full appropriation represented approximately 61.6 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.), **[\$53,800,000] \$53,803,000,** of which **[\$367,000] \$685,000** shall be for construction and shall remain available until expended: *Provided,* That from the total amount available, the Institute may at its discretion use funds for the endowment program as authorized under section 207. (Division E, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)

Program and Financing (in millions of dollars)

Identification code 91-0601-0-1-502	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.01 Operations	52	53	53
00.02 Construction	2		1
10.00 Total new obligations (object class 41.0)	54	53	54
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	54	53	54
23.95 Total new obligations	-54	-53	-54
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	54	53	54

Change in obligated balances:			
72.40 Obligated balance, start of year	2	5	
73.10 Total new obligations	54	53	54
73.20 Total outlays (gross)	-53	-50	-54
74.40 Obligated balance, end of year	2	5	4
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	52	50	50
86.93 Outlays from discretionary balances	1		4
87.00 Total outlays (gross)	53	50	54
Net budget authority and outlays:			
89.00 Budget authority	54	53	54
90.00 Outlays	53	50	54

This residential program 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 2003, Federal appropriations represented 81 percent of the Institute's operating budget. The request includes funds for the Endowment Grant program. The request also includes funds for part of the cost of construction projects to renovate the NTID theater and construct a new student development center.

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.), **[\$100,800,000] \$100,205,000:** *Provided,* That from the total amount available, the University may at its discretion use funds for the endowment program as authorized under section 207. (Division E, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)

Program and Financing (in millions of dollars)

Identification code 91-0602-0-1-502	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.01 Operations	98	100	100
10.00 Total new obligations (object class 41.0)	98	100	100
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	97	100	100
23.95 Total new obligations	-98	-100	-100
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	98	101	100
40.35 Appropriation permanently reduced	-1	-1	
43.00 Appropriation (total discretionary)	97	100	100
Change in obligated balances:			
72.40 Obligated balance, start of year			6
73.10 Total new obligations	98	100	100
73.20 Total outlays (gross)	-97	-94	-100
74.40 Obligated balance, end of year		6	6
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	97	94	94
86.93 Outlays from discretionary balances			6
87.00 Total outlays (gross)	97	94	100
Net budget authority and outlays:			
89.00 Budget authority	97	100	100
90.00 Outlays	98	94	100

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

General and special funds—Continued

GALLAUDET UNIVERSITY—Continued

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 2003, the Federal appropriation represented 65.3 percent of the University's total revenue, which also includes other Federal funds such as student financial aid, vocational rehabilitation, Endowment Grant program income, and competitive grants and contracts, and 97.3 percent of the revenue related to the elementary and secondary schools. The request also includes 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 Technical Education Act of 1998,] the Adult Education and Family Literacy Act, [and subparts 4 and 11 of part D of title V of the Elementary and Secondary Education Act of 1965 ("ESEA"), \$2,121,690,000, of] \$590,233,000, which [\$1,304,712,000] shall become available on July 1, [2004] 2005 and shall remain available through September 30, [2005 and of which \$791,000,000 shall become available on October 1, 2004 and shall remain available through September 30, 2005: *Provided*, That notwithstanding any other provision of law or any regulation, the Secretary of Education shall not require the use of a restricted indirect cost rate for grants issued pursuant to section 117 of the Carl D. Perkins Vocational and Technical Education Act of 1998] 2006: *Provided*, [further] That of the amount provided for Adult Education State Grants, [\$69,545,000] \$69,135,000 shall be made available for integrated English literacy and civics education services to immigrants and other limited English proficient populations: *Provided further*, That of the amount reserved for integrated English literacy and civics education, notwithstanding section 211 of the Adult Education and Family Literacy Act, 65 percent shall be allocated to States based on a State's absolute need as determined by calculating each State's share of a 10-year average of the Immigration and Naturalization Service data for immigrants admitted for legal permanent residence for the 10 most recent years, and 35 percent allocated to States that experienced growth as measured by the average of the 3 most recent years for which Immigration and Naturalization Service data for immigrants admitted for legal permanent residence are available, except that no State shall be allocated an amount less than \$60,000: *Provided further*, That of the amounts made available for the Adult Education and Family Literacy Act, [\$9,223,000] \$9,169,000 shall be for national leadership activities under section 243 and [\$6,732,000] \$6,692,000 shall be for the National Institute for Literacy under section 242[*Provided further*, That \$185,000,000 shall be available to carry out part D of title V of the ESEA: *Provided further*, That \$175,000,000 shall be available to support the activities authorized under subpart 4 of part D of title V of the Elementary and Secondary Education Act of 1965, of which up to 5 percent shall become available October 1, 2003 and shall remain available through September 30, 2005, for evaluation, technical assistance, school networking, peer review of applications, and program outreach activities, and of which not less than 95 percent shall become available on July 1, 2004, and remain available through September 30, 2005, for grants to local educational agencies: *Provided further*, That funds made available to local education agencies under this subpart shall be used only for activities related to establishing smaller learning communities in high schools]. (*Division E, H.R. 2673, Consolidated Appropriations Bill, FY 2004.*)

Program and Financing (in millions of dollars)

Identification code 91-0400-0-1-501	2003 actual	2004 est.	2005 est.	
Obligations by program activity:				
Vocational education:				
Annual appropriations:				
Vocational education:				
00.01	State grants	1,185	1,204	791
00.02	National programs	12	12	12
00.03	Occupational and employment information	10	9	1
00.04	Tribally controlled postsecondary vocational institutions	7	7	.....
00.05	Tech-prep education State grants	105	109	.....
00.06	Tech-prep demonstration	10	5	.....
00.91	Total, Vocational education	1,329	1,346	804
Adult education:				
01.01	State grants	554	595	574
01.02	National Institute for Literacy	6	7	7
01.03	National leadership activities	9	9	9
01.91	Total, adult education	569	611	590
02.01	State grants for incarcerated youth offenders	19	.....	.....
03.01	Literacy programs for prisoners	5	5	.....
04.01	Smaller learning communities .....	.....	.....	174
05.01	Community technology centers .....	.....	10	.....
10.00	Total new obligations	1,922	1,972	1,568
Budgetary resources available for obligation:				
21.40	Unobligated balance carried forward, start of year	56	78	215
22.00	New budget authority (gross)	1,943	2,109	1,381
23.90	Total budgetary resources available for obligation	1,999	2,187	1,596
23.95	Total new obligations	-1,922	-1,972	-1,568
24.40	Unobligated balance carried forward, end of year	78	215	27
New budget authority (gross), detail:				
Discretionary:				
40.00	Appropriation	1,165	1,331	590
40.35	Appropriation permanently reduced	-13	-13	.....
43.00	Appropriation (total discretionary)	1,152	1,318	590
55.00	Advance appropriation from prior year	791	791	791
70.00	Total new budget authority (gross)	1,943	2,109	1,381
Change in obligated balances:				
72.40	Obligated balance, start of year	1,652	1,618	1,658
73.10	Total new obligations	1,922	1,972	1,568
73.20	Total outlays (gross)	-1,943	-1,932	-1,965
73.40	Adjustments in expired accounts (net)	-13	.....	.....
74.40	Obligated balance, end of year	1,618	1,658	1,261
Outlays (gross), detail:				
86.90	Outlays from new discretionary authority	613	661	585
86.93	Outlays from discretionary balances	1,330	1,271	1,380
87.00	Total outlays (gross)	1,943	1,932	1,965
Net budget authority and outlays:				
89.00	Budget authority	1,943	2,109	1,381
90.00	Outlays	1,943	1,932	1,965

Summary of Budget Authority and Outlays

(in millions of dollars)

	2003 actual	2004 est.	2005 est.
Enacted/requested:			
Budget Authority	1,943	2,109	1,381
Outlays	1,943	1,932	1,965
Legislative proposal, not subject to PAYGO:			
Budget Authority .....	.....	.....	221
Outlays .....	.....	.....	51
Total:			
Budget Authority	1,943	2,109	1,602
Outlays	1,943	1,932	2,016

Vocational education.—The Administration is working with Congress to develop legislation reauthorizing programs included in the Carl D. Perkins Vocational and Technical Education Act of 1998. When new authorizing legislation is enacted resources for the affected programs will be requested.

Adult education—

State programs.—Funds support formula grants to States to help eliminate functional illiteracy among the Nation's adults, to assist adults in obtaining a high school diploma

or its equivalent, and to promote family literacy. A portion of the funds are reserved for formula grants to States to provide English literacy and civics education for immigrants and other limited English proficient adults.

National Institute for Literacy.—Funds support the Institute’s national leadership activities to improve and expand the Nation’s system for delivery of literacy services.

National leadership activities.—Funds support discretionary activities to evaluate the effectiveness of Federal, State, and local adult education programs, and to test and demonstrate methods of improving program quality.

Object Classification (in millions of dollars)

Identification code 91-0400-0-1-501	2003 actual	2004 est.	2005 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent		1	1
11.3 Other than full-time permanent	1	1	1
11.9 Total personnel compensation	1	2	2
25.1 Advisory and assistance services	1		
25.2 Other services	3	3	5
25.3 Other purchases of goods and services from Government accounts	18	27	27
25.5 Research and development contracts	9	1	5
41.0 Grants, subsidies, and contributions	1,889	1,939	1,528
99.0 Direct obligations	1,921	1,972	1,567
99.5 Below reporting threshold	1		1
99.9 Total new obligations	1,922	1,972	1,568

Personnel Summary

Identification code 91-0400-0-1-501	2003 actual	2004 est.	2005 est.
1001 Total compensable workyears: Civilian full-time equivalent employment	15	19	19

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

Program and Financing (in millions of dollars)

Identification code 91-0400-2-1-501	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
Vocational education:			
Annual appropriations:			
Vocational education:			
00.01 Secondary and technical education			199
10.00 Total new obligations (object class 41.0)			199
Budgetary resources available for obligation:			
22.00 New budget authority (gross)			221
23.95 Total new obligations			-199
24.40 Unobligated balance carried forward, end of year			22
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation			221
Change in obligated balances:			
73.10 Total new obligations			199
73.20 Total outlays (gross)			-51
74.40 Obligated balance, end of year			149
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority			51
Net budget authority and outlays:			
89.00 Budget authority			221
90.00 Outlays			51

The resources in this schedule are proposed for later transmittal under proposed legislation to reform the Carl D. Perkins Vocational and Technical Education Act of 1998 (Perkins). The reforms would promote stronger accountability for

results by linking grantee funding to success in achieving improved student outcomes.

Secondary and technical education.—The proposed reforms to Perkins would create a coordinated high school and technical education improvement program. The program would support and extend the goals of Title I of the Elementary and Secondary Education Act (ESEA) by requiring States and LEAs to focus more intensively on improving student outcomes, such as academic achievement, and ensuring that students are being taught the necessary skills to make successful transitions from high school to college and college to the workforce.

Funds would flow to States by formula, and States, in turn, would use most of their allocations to make competitive grants to partnerships between local education agencies and community and technical colleges. In addition, under the proposed national activities authority, the Department of Education would make grants to States to expand the State Scholars programs that increase the percentage of high school students who have the solid academic foundation necessary to succeed in postsecondary education and a dynamic labor market.

OFFICE OF POSTSECONDARY EDUCATION

Federal Funds

General and special funds:

HIGHER EDUCATION

For carrying out, to the extent not otherwise provided, section 121 and titles II, III, IV, V, VI, and VII of the Higher Education Act of 1965 (“HEA”), as amended, [section 1543 of the Higher Education Amendments of 1998, title VIII of the Higher Education Amendments of 1998, and] the Mutual Educational and Cultural Exchange Act of 1961, [\$2,094,511,000,] and section 117 of the Carl D. Perkins Vocational and Technical Education Act, \$1,977,028,000, of which [\$2,000,000] \$1,500,000 for interest subsidies authorized by section 121 of the HEA shall remain available until expended: *Provided*, That [\$9,935,000] \$9,876,000, to remain available through September 30, [2005] 2006, shall be available to fund fellowships for academic year [2005-2006] 2006-2007 under part A, subpart 1 of title VII of said Act, under the terms and conditions of part A, subpart 1: *Provided further*, That [\$994,000] \$988,000 is for data collection and evaluation activities for programs under the HEA, including such activities needed to comply with the Government Performance and Results Act of 1993: *Provided further*, That notwithstanding any other provision of law, funds made available in this Act to carry out title VI of the HEA and section 102(b)(6) of the Mutual Educational and Cultural Exchange Act of 1961 may be used to support visits and study in foreign countries by individuals who are participating in advanced foreign language training and international studies in areas that are vital to United States national security and who plan to apply their language skills and knowledge of these countries in the fields of government, the professions, or international development: *Provided further*, That up to one percent of the funds referred to in the preceding proviso may be used for program evaluation, national outreach, and information dissemination activities: *Provided further*, That [\$123,110,000 of the funds for part B of title VII of the Higher Education Act of 1965 shall be available for the projects and in the amounts specified in the statement of the managers of the conference report accompanying this Act] *the funds provided for title II of the HEA shall be allocated notwithstanding section 210 of such Act. (Division E, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)*

Program and Financing (in millions of dollars)

Identification code 91-0201-0-1-502	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
Aid for institutional development:			
00.01 Strengthening institutions	81	81	81
00.02 Strengthening tribally controlled colleges and universities	23	23	24
00.03 Strengthening Alaska Native and Native Hawaiian-serving institutions	8	11	6

General and special funds—Continued

HIGHER EDUCATION—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 91-0201-0-1-502	2003 actual	2004 est.	2005 est.
00.04 Strengthening historically black colleges and universities	214	223	240
00.05 Strengthening historically black graduate institutions	54	53	58
00.06 Minority science and engineering improvement	9	9	9
00.91 Subtotal, aid for institutional development	389	400	418
Other aid for institutions:			
01.01 Developing Hispanic-serving institutions	92	94	96
01.02 International education and foreign language studies	108	103	103
01.03 Fund for the Improvement of Postsecondary Education	171	157	32
01.05 Demonstration projects to ensure quality higher education for students with disabilities	7	7	
01.06 Interest subsidy grants	3	10	2
01.07 Tribally controlled postsecondary vocational and technical institutions			7
01.91 Subtotal, other aid for institutions	381	371	240
Assistance for students:			
02.01 Federal TRIO programs	827	833	833
02.02 Gaining early awareness and readiness for undergraduate programs (GEAR UP)	293	298	298
02.03 Byrd honors scholarships	41	41	41
02.04 Javits fellowships	10	10	10
02.05 Graduate assistance in areas of national need	31	31	31
02.06 Thurgood Marshall legal educational opportunity program	5		
02.07 B.J. Stupak Olympic scholarships	1	1	
02.08 Child care access means parents in school	16	16	16
02.91 Subtotal, assistance for students	1,224	1,230	1,229
03.01 Teacher quality enhancement	89	89	89
04.01 GPRA data/HEA program evaluation	1	1	1
05.01 Underground railroad program	2	2	
10.00 Total new obligations	2,086	2,093	1,977
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	17	18	10
22.00 New budget authority (gross)	2,086	2,085	1,977
23.90 Total budgetary resources available for obligation	2,103	2,103	1,987
23.95 Total new obligations	-2,086	-2,093	-1,977
24.40 Unobligated balance carried forward, end of year	18	10	10
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	2,100	2,097	1,977
40.35 Appropriation permanently reduced	-14	-12	
43.00 Appropriation (total discretionary)	2,086	2,085	1,977
Change in obligated balances:			
72.40 Obligated balance, start of year	2,702	2,833	2,752
73.10 Total new obligations	2,086	2,093	1,977
73.20 Total outlays (gross)	-1,931	-2,174	-2,105
73.40 Adjustments in expired accounts (net)	-24		
74.40 Obligated balance, end of year	2,833	2,752	2,624
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	62	106	100
86.93 Outlays from discretionary balances	1,869	2,068	2,005
87.00 Total outlays (gross)	1,931	2,174	2,105
Net budget authority and outlays:			
89.00 Budget authority	2,086	2,085	1,977
90.00 Outlays	1,930	2,174	2,105

Note.—Includes \$7 million in budget authority in 2005 for activities previously financed from the Department of Education.

	(in millions of dollars)	2003 actual	2004 est.
Office of Vocational and Adult Education		7	7

Aid for institutional development.—

Strengthening institutions.—Funds 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 tribally controlled colleges and universities.—Funds support grants to American Indian tribally controlled colleges and universities with scarce resources to enable them to improve and expand their capacity to serve Indian students.

Strengthening Alaska Native and Native Hawaiian-serving institutions.—Funds support Alaska Native and Native Hawaiian-serving institutions to enable them to improve and expand their capacity to serve Alaska Native and Native Hawaiian students.

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

Strengthening historically black graduate institutions.—Funds support grants to help historically black graduate institutions to improve and expand their capacity to serve students, and to strengthen management and fiscal operations.

Minority science and engineering improvement.—Funds support grants to predominantly minority institutions to help them make long-range improvements in science and engineering education and to increase the participation of minorities in scientific and technological careers.

Other aid for institutions.—

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

International education and foreign language studies programs.—Funds promote the development and improvement of international and foreign language programs.

Fund for the improvement of postsecondary education.—Funds support a broad range of postsecondary reform and improvement projects, as well as international consortia programs.

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

Tribally controlled postsecondary vocational and technical institutions.—Funds support the operation and improvement of tribally controlled postsecondary vocational institutions, to ensure continued and expanded educational opportunities for Indian students.

Assistance for students.—

Federal TRIO programs.—Funds support postsecondary education outreach and student support services through 5 major programs designed to help individuals from disadvantaged backgrounds enter and complete college and graduate studies.

Gaining early awareness and readiness for undergraduate programs.—Funds support early college preparation and awareness activities at the State and local levels to ensure that low-income elementary and secondary school students are prepared for and pursue postsecondary education.

Byrd honors scholarships.—Funds support merit-based scholarships to students who have demonstrated outstanding academic achievement and who show promise of continued academic excellence for study at an institution of higher education.

Javits fellowships.—Funds support fellowships to students of superior ability who have financial need and who are pursuing doctoral degrees in the arts, humanities, and social sciences.

Graduate assistance in areas of national need.—Funds support fellowships to graduate students of superior ability who have financial need and who are from traditionally under-represented backgrounds for study in areas of national need.

Child care access means parents in school.—Funds support a program designed to bolster the participation of low-income parents in postsecondary education through the provision of campus-based child care services.

Other aid.—

Teacher quality enhancement.—Funds support programs that seek to make lasting changes in the ways our Nation recruits, prepares, licenses, and supports teachers.

GPRA data/HEA program evaluation.—Funds support data collection and evaluation activities for programs under the Higher Education Act of 1965, including such activities needed to comply with the Government Performance and Results Act of 1993.

Object Classification (in millions of dollars)

Identification code 91-0201-0-1-502	2003 actual	2004 est.	2005 est.
25.1 Advisory and assistance services	3	4	4
25.2 Other services	4	5	6
25.3 Other purchases of goods and services from Government accounts	2	2	2
25.7 Operation and maintenance of equipment	1	1	1
41.0 Grants, subsidies, and contributions	2,076	2,081	1,964
99.9 Total new obligations	2,086	2,093	1,977

HOWARD UNIVERSITY

For partial support of Howard University (20 U.S.C. 121 et seq.), **[\$240,180,000] \$238,763,000**, of which not less than **[\$3,573,000] \$3,600,000** shall be for a matching endowment grant pursuant to the Howard University Endowment Act (Public Law 98-480) and shall remain available until expended. (*Division E, H.R. 2673, Consolidated Appropriations Bill, FY 2004.*)

Program and Financing (in millions of dollars)

Identification code 91-0603-0-1-502	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.01 General support	205	216	209
00.02 Howard University Hospital	30	30	30
10.00 Total new obligations (object class 41.0)	235	246	239
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	4	7	.....
22.00 New budget authority (gross)	238	239	239
23.90 Total budgetary resources available for obligation	242	246	239
23.95 Total new obligations	-235	-246	-239
24.40 Unobligated balance carried forward, end of year	7	.....	.....
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	240	240	239
40.35 Appropriation permanently reduced	-2	-1	.....
43.00 Appropriation (total discretionary)	238	239	239
Change in obligated balances:			
72.40 Obligated balance, start of year	4	.....	15
73.10 Total new obligations	235	246	239
73.20 Total outlays (gross)	-239	-232	-239
74.40 Obligated balance, end of year .....	.....	15	14
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	235	225	225
86.93 Outlays from discretionary balances	4	7	14
87.00 Total outlays (gross)	239	232	239
Net budget authority and outlays:			
89.00 Budget authority	238	239	239
90.00 Outlays	238	232	239

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 2003, Federal funding represented approximately 58 percent of the university's revenue.

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS PROGRAM ACCOUNT

For Federal administrative expenses authorized under section 121 of the Higher Education Act of 1965, **[\$774,000] \$578,000** to carry out activities related to existing facility loans entered into under the Higher Education Act of 1965.

HISTORICALLY BLACK COLLEGE AND UNIVERSITY CAPITAL FINANCING PROGRAM ACCOUNT

The aggregate principal amount of outstanding bonds insured pursuant to section 344 of title III, part D of the Higher Education Act of 1965, 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 III, part D of the Higher Education Act of 1965, as amended, **[\$210,000] \$212,000**. (*Division E, H.R. 2673, Consolidated Appropriations Bill, FY 2004.*)

Program and Financing (in millions of dollars)

Identification code 91-0241-0-1-502	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.09 Federal administration	1	1	1
10.00 Total new obligations (object class 99.5)	1	1	1
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	1	1	1
23.95 Total new obligations	-1	-1	-1
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	1	1	1
Change in obligated balances:			
72.40 Obligated balance, start of year	1	.....	.....
73.10 Total new obligations	1	1	1
73.20 Total outlays (gross)	-1	-1	-1
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	1	1	1
Net budget authority and outlays:			
89.00 Budget authority	1	1	1
90.00 Outlays	1	1	1

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

Identification code 91-0241-0-1-502	2003 actual	2004 est.	2005 est.
Direct loan levels supportable by subsidy budget authority:			
115001 Historically Black Colleges and Universities	269	269	170
115901 Total direct loan levels	269	269	170
Direct loan subsidy (in percent):			
132001 Historically Black Colleges and Universities	0.00	0.00	0.00
132901 Weighted average subsidy rate	0.00	0.00	0.00
Direct loan subsidy budget authority:			
133001 Historically Black Colleges and Universities .....	.....	.....	.....
133901 Total subsidy budget authority .....	.....	.....	.....
Direct loan subsidy outlays:			
134001 Historically Black Colleges and Universities .....	.....	.....	.....
134901 Total subsidy outlays .....	.....	.....	.....
Direct loan downward reestimate subsidy budget authority:			
137001 Historically Black Colleges and Universities .....	.....	.....	.....
137901 Total downward reestimate budget authority .....	.....	.....	.....
Administrative expense data:			
351001 Budget authority	1	1	1
358001 Outlays from balances .....	.....	.....	.....
359001 Outlays from new authority .....	.....	.....	.....

The College Housing and Academic Facilities Loans Program and the Historically Black College and University Capital Financing Program are administered separately, but are consolidated for presentation purposes.

General and special funds—Continued

HISTORICALLY BLACK COLLEGE AND UNIVERSITY CAPITAL FINANCING PROGRAM ACCOUNT—Continued

College Housing and Academic Facilities Loans Program.—Funds for this activity pay the Federal costs for administering the College Housing and Academic Facilities Loans (CHAFL), College Housing Loans (CHL), and Higher Education Facilities Loans (HEFL) programs. Prior to 1994, these programs provided financing for the construction, reconstruction, and renovation of housing, academic, and other educational facilities. Although no new loans have been awarded since fiscal year 1993, costs for administering the outstanding loans will remain through 2030.

Historically Black College and University Capital Financing Program.—The Historically Black College and University (HBCU) Capital Financing Program provides HBCUs with access to capital financing for the repair, renovation, and construction of classrooms, libraries, laboratories, dormitories, instructional equipment, and research instrumentation. The Higher Education Amendments of 1992 granted the Department authority to enter into insurance agreements with a private for-profit Designated Bonding Authority to guarantee no more than \$375,000,000 in outstanding principal and unpaid accrued interest combined. The bonding authority issues the loans and maintains an escrow account in which 5 percent of each institution's principal is deposited. This amount is estimated to be sufficient to cover all potential delinquencies and defaults. No subsidy appropriations are required. The 2005 budget provides funds for continuing Federal administrative activities only.

Personnel Summary

Identification code 91-0241-0-1-502	2003 actual	2004 est.	2005 est.
1001 Total compensable workyears: Civilian full-time equivalent employment	7	7	5

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS FINANCING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 91-4252-0-3-502	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.02 Interest paid to Treasury	2	1	1
10.00 Total new obligations (object class 43.0)	2	1	1
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year		1	
22.00 New financing authority (gross)	3	1	1
22.60 Portion applied to repay debt		-1	
23.90 Total budgetary resources available for obligation	3	1	1
23.95 Total new obligations	-2	-1	-1
24.40 Unobligated balance carried forward, end of year	1		
New financing authority (gross), detail:			
Mandatory:			
69.00 Offsetting collections (cash)	5	2	2
69.47 Portion applied to repay debt	-2	-1	-1
69.90 Spending authority from offsetting collections (total mandatory)	3	1	1
Change in obligated balances:			
73.10 Total new obligations	2	1	1
73.20 Total financing disbursements (gross)	-2	-1	-1
87.00 Total financing disbursements (gross)	2	1	1
Offsets:			
Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
88.40 Interest repayments	-2	-1	-1
88.40 Principal repayments	-3	-1	-1

88.90 Total, offsetting collections (cash)	-5	-2	-2
Net financing authority and financing disbursements:			
89.00 Financing authority	-2	-1	-1
90.00 Financing disbursements	-3	-1	-1

Consistent with the Federal Credit Reform Act of 1990, the College Housing and Academic Facilities Loans Financing Account records all cash flows to and from the Government resulting from direct loans made in fiscal years 1992 and 1993. The amounts in this account are a means of financing, and are not included in the budget totals.

Status of Direct Loans (in millions of dollars)

Identification code 91-4252-0-3-502	2003 actual	2004 est.	2005 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	25	22	21
1251 Repayments: Repayments and prepayments	-3	-1	
1290 Outstanding, end of year	22	21	21

Balance Sheet (in millions of dollars)

Identification code 91-4252-0-3-502	2002 actual	2003 actual	2004 est.	2005 est.
ASSETS:				
Net value of assets related to post-1991 direct loans receivable:				
1401 Direct loans receivable, gross		22		
1402 Interest receivable		1		
1405 Allowance for subsidy cost (-)		-3		
1499 Net present value of assets related to direct loans		20		
1999 Total assets		20		
LIABILITIES:				
2103 Federal liabilities: Debt		20		
2999 Total liabilities		20		
4999 Total liabilities and net position		20		

Note: Consistent with Government-wide practice, information for 2004 and 2005 was not required to be collected.

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS LIQUIDATING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 91-0242-0-1-502	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.02 Interest paid to Treasury	8	10	9
10.00 Total new obligations (object class 43.0)	8	10	9
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year		5	1
22.00 New budget authority (gross)	9	10	9
22.10 Resources available from recoveries of prior year obligations		3	
22.40 Capital transfer to general fund	-2		
22.60 Portion applied to repay debt	-6	-1	
23.90 Total budgetary resources available for obligation	9	10	9
23.95 Total new obligations	-8	-10	-9
24.40 Unobligated balance carried forward, end of year	1		
New budget authority (gross), detail:			
Mandatory:			
60.00 Appropriation	16	3	3
60.47 Portion applied to repay debt	-13		
62.50 Appropriation (total mandatory)	3	3	3
69.00 Offsetting collections (cash)	51	38	36
69.27 Capital transfer to general fund	-2	-1	-22

69.47	Portion applied to repay debt	-43	-30	-8
69.90	Spending authority from offsetting collections (total mandatory)	6	7	6
70.00	Total new budget authority (gross)	9	10	9
Change in obligated balances:				
72.40	Obligated balance, start of year	12	4	4
73.10	Total new obligations	8	10	9
73.20	Total outlays (gross)	-13	-10	-9
73.45	Recoveries of prior year obligations	-3		
74.40	Obligated balance, end of year	4	4	4
Outlays (gross), detail:				
86.97	Outlays from new mandatory authority	9	10	9
86.98	Outlays from mandatory balances	4		
87.00	Total outlays (gross)	13	10	9
Offsets:				
Against gross budget authority and outlays:				
Offsetting collections (cash) from:				
88.40	Repayments of principal	-37	-26	-25
88.40	Interest received on loans	-14	-12	-11
88.90	Total, offsetting collections (cash)	-51	-38	-36
Net budget authority and outlays:				
89.00	Budget authority	-42	-28	-27
90.00	Outlays	-38	-28	-27

As required by the Federal Credit Reform Act of 1990, the College Housing and Academic Facilities Loans Liquidating Account records all cash flows to and from the Government resulting from direct loans made prior to 1992. This account includes loans made under the College Housing and Academic Facilities Loans, College Housing Loans, and Higher Education Facilities Loans programs, which continue to be administered separately.

Status of Direct Loans (in millions of dollars)

Identification code 91-0242-0-1-502	2003 actual	2004 est.	2005 est.
CHAFL LIQUIDATING			
Cumulative balance of direct loans outstanding:			
1210	109	100	97
1251	-9	-3	-3
1290	100	97	94
HIGHER EDUCATION FACILITIES LOANS			
Cumulative balance of direct loans outstanding:			
1210	22	20	19
1251	-2	-1	-2
1290	20	19	17
COLLEGE HOUSING LOANS			
Cumulative balance of direct loans outstanding:			
1210	254	228	207
1251	-26	-21	-20
1290	228	207	187

Balance Sheet (in millions of dollars)

Identification code 91-0242-0-1-502	2002 actual	2003 actual	2004 est.	2005 est.
ASSETS:				
Net value of assets related to pre-1992 direct loans receivable and acquired defaulted guaranteed loans receivable:				
1601	385	348		
1602	6	5		
1699	391	353		
1999	391	353		
LIABILITIES:				
Federal liabilities:				
2103	192	130		
2104	199	223		
2999	391	353		

4999	Total liabilities and net position	391	353	
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Note: Consistent with Government-wide practice, information for 2004 and 2005 was not required to be collected.

**HISTORICALLY BLACK COLLEGE AND UNIVERSITY CAPITAL FINANCING
DIRECT LOAN FINANCING ACCOUNT**

Program and Financing (in millions of dollars)

Identification code 91-4255-0-3-502	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.01	Direct Loan Awards	100	40
00.02	Interest paid to Treasury	2	5
10.00	Total new obligations (object class 43.0)	2	105
Budgetary resources available for obligation:			
22.00	New financing authority (gross)	42	105
22.70	Balance of authority to borrow withdrawn	-40	
23.90	Total budgetary resources available for obligation	2	105
23.95	Total new obligations	-2	-105
New financing authority (gross), detail:			
Mandatory:			
67.10	Authority to borrow	40	100
69.00	Offsetting collections (cash)	3	7
69.47	Portion applied to repay debt	-1	-2
69.90	Spending authority from offsetting collections (total mandatory)	2	5
70.00	Total new financing authority (gross)	42	105
Change in obligated balances:			
72.40	Obligated balance, start of year	20	9
73.10	Total new obligations	2	105
73.20	Total financing disbursements (gross)	-14	-44
74.40	Obligated balance, end of year	9	70
87.00	Total financing disbursements (gross)	14	44
Offsets:			
Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
88.40	Interest repayments	-2	-5
88.40	Principal repayments	-1	-2
88.90	Total, offsetting collections (cash)	-3	-7
Net financing authority and financing disbursements:			
89.00	Financing authority	39	98
90.00	Financing disbursements	11	37

The Federal Financing Bank (FFB) purchases bonds issued by the HBCU Designated Bonding Authority. Under the policies governing Federal credit programs, bonds purchased by the FFB and supported by the Department of Education with a letter of credit create the equivalent of a Federal direct loan. HBCU bonds are also available for purchase by the private sector, and these will be treated as loan guarantees. However, the Department anticipates that all HBCU loans will be financed by the FFB.

Status of Direct Loans (in millions of dollars)

Identification code 91-4255-0-3-502	2003 actual	2004 est.	2005 est.
Position with respect to appropriations act limitation on obligations:			
1111	Limitation on direct loans	269	269
1142	Unobligated direct loan limitation (-)	-269	-169
1150	Total direct loan obligations	100	40
Cumulative balance of direct loans outstanding:			
1210	Outstanding, start of year	69	79
1231	Disbursements: Direct loan disbursements	11	38
1251	Repayments: Repayments and prepayments	-1	-1
1290	Outstanding, end of year	79	116

General and special funds—Continued

**HISTORICALLY BLACK COLLEGE AND UNIVERSITY CAPITAL FINANCING
DIRECT LOAN FINANCING ACCOUNT—Continued**

Balance Sheet (in millions of dollars)

Identification code 91-4255-0-3-502	2002 actual	2003 actual	2004 est.	2005 est.
ASSETS:				
1101 Federal assets: Fund balances with Treasury		9		
Net value of assets related to post-1991 direct loans receivable:				
1401 Direct loans receivable, gross		79		
1402 Interest receivable		3		
1499 Net present value of assets related to direct loans		82		
1999 Total assets		91		
LIABILITIES:				
Federal liabilities:				
2102 Interest payable		3		
2103 Debt		79		
2201 Non-Federal liabilities: Undisbursed direct loans		9		
2999 Total liabilities		91		
4999 Total liabilities and net position		91		

Note: Consistent with Government-wide practice, information for 2004 and 2005 was not required to be collected.

OFFICE OF STUDENT FINANCIAL ASSISTANCE

Federal Funds

General and special funds:

[STUDENT FINANCIAL ASSISTANCE]

[For carrying out subparts 1, 3 and 4 of part A, part C and part E of title IV of the Higher Education Act of 1965, as amended, \$14,090,430,000, which shall remain available through September 30, 2005.

The maximum Pell Grant for which a student shall be eligible during award year 2004-2005 shall be \$4,050.] (*Division E, H.R. 2673, Consolidated Appropriations Bill, FY 2004.*)

Program and Financing (in millions of dollars)

Identification code 91-0200-0-1-502	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
Federal Pell grants:			
01.01 Federal Pell grants	12,608	10,224	2,264
Campus-based aid:			
02.01 Federal supplemental educational opportunity grants (SEOG)	761	771	
02.02 Federal work-study	1,011	999	
02.03 Federal Perkins loans: Federal capital contributions	102	99	
02.05 Federal Perkins loans: Loan cancellations	67	67	
02.91 Subtotal, Campus-based activities	1,941	1,936	
03.01 Leveraging educational assistance program	72	66	
04.01 Loan forgiveness for child care providers		1	
10.00 Total new obligations (object class 41.0)	14,621	12,227	2,264
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	1,026	33	1,813
22.00 New budget authority (gross)	13,363	14,007	
22.10 Resources available from recoveries of prior year obligations	266		
23.90 Total budgetary resources available for obligation	14,655	14,040	1,813
23.95 Total new obligations	-14,621	-12,227	-2,264
23.98 Unobligated balance expiring or withdrawn	-1		
24.40 Unobligated balance carried forward, end of year	33	1,813	-451
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	13,451	14,090	
40.35 Appropriation permanently reduced	-87	-83	
41.00 Transferred to other accounts	-1		
43.00 Appropriation (total discretionary)	13,363	14,007	

Change in obligated balances:

72.40 Obligated balance, start of year	8,226	8,479	6,335
73.10 Total new obligations	14,621	12,227	2,264
73.20 Total outlays (gross)	-14,048	-14,371	-7,830
73.40 Adjustments in expired accounts (net)	-53		
73.45 Recoveries of prior year obligations	-266		
74.40 Obligated balance, end of year	8,479	6,335	769

Outlays (gross), detail:

86.90 Outlays from new discretionary authority	5,098	6,168	
86.93 Outlays from discretionary balances	8,950	8,203	7,830
87.00 Total outlays (gross)	14,048	14,371	7,830

Net budget authority and outlays:

89.00 Budget authority	13,363	14,007	
90.00 Outlays	14,048	14,371	7,830

Summary of Budget Authority and Outlays

(in millions of dollars)

	2003 actual	2004 est.	2005 est.
Enacted/requested:			
Budget Authority	13,363	14,007	
Outlays	14,048	14,371	7,830
Legislative proposal, not subject to PAYGO:			
Budget Authority			14,699
Outlays			7,158
Total:			
Budget Authority	13,363	14,007	14,699
Outlays	14,048	14,371	14,988

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

The Administration is working with Congress to develop legislation reauthorizing programs included in the Higher Education Act. When new authorizing legislation is enacted, resources for the affected programs will be requested.

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. The 2005 data in these tables reflect the Administration's legislative proposals.

AID FUNDS AVAILABLE FOR POSTSECONDARY EDUCATION AND TRAINING

(in thousands)

	2003	2004	2005
Pell grants:			
Regular program	12,680,295	13,042,280	12,803,320
State Scholars pilot			33,000
Student loans:			
Guaranteed student loans:			
Stafford loans	15,618,242	17,698,690	19,052,088
Unsubsidized Stafford loans	14,185,510	16,406,054	18,012,122
PLUS	3,987,072	4,873,629	5,523,922
Direct student loans:			
Stafford loans	5,789,975	6,309,213	6,737,974
Unsubsidized Stafford loans	4,518,826	4,962,978	5,395,837
PLUS	1,659,964	1,947,252	2,195,405
Consolidation:			
FFEL	34,935,100	25,604,812	22,048,423
Direct Loans	6,657,328	6,276,200	6,320,042
Student loans, subtotal	87,352,018	84,078,827	85,285,814
Work-study	1,202,993	1,195,690	1,195,690
Supplemental educational opportunity grants	962,061	975,260	975,260
Perkins loans	1,201,367	1,262,882	1,136,684
Leveraging educational assistance partnership	169,695	168,517	
Loan forgiveness for child care providers	994		
Total aid available	103,569,423	100,723,456	101,396,768

NUMBER OF AID AWARDS

(in thousands)

	2003	2004	2005
Pell grants:			
Regular program	5,141	5,344	5,336
State Scholars pilot			36
Guaranteed student loans—Stafford loans	3,723	4,200	4,473
Guaranteed student loans—Unsubsidized Stafford loans	2,728	3,112	3,355
Guaranteed student loans—PLUS	400	542	496
Guaranteed student loans—Consolidation	1,204	881	750
Direct student loans—Stafford loans	1,318	1,408	1,489
Direct student loans—Unsubsidized Stafford loans	915	966	1,035
Direct student loans—PLUS	181	198	213
Direct student loans—Consolidation	297	269	260
Work-study	863	858	858
Supplemental educational opportunity grants	1,237	1,254	1,254
Perkins loans	641	674	606
Leveraging Educational Assistance Partnership	170	169	0
Total awards	18,817	19,875	20,123

AVERAGE AID AWARDS

(in whole dollars)

	2003	2004	2005
Pell grants:			
Regular program	2,467	2,441	2,399
State Scholars pilot			916
Guaranteed student loans—Stafford loans	3,420	3,435	3,473
Guaranteed student loans—Unsubsidized Stafford loans	4,182	4,239	4,318
Guaranteed student loans—PLUS	8,475	9,000	9,469
Guaranteed student loans—SLS	0	0	0
Guaranteed student loans—Consolidation	27,907	27,950	28,284
Direct student loans—Stafford loans	3,600	3,674	3,710
Direct student loans—Unsubsidized Stafford loans	4,040	4,199	4,265
Direct student loans—PLUS	7,889	8,461	8,878
Direct student loans—Consolidation	22,319	23,209	24,183
Work-study	1,394	1,394	1,394
Supplemental educational opportunity grants	778	778	778
Perkins loans	1,875	1,875	1,875
Leveraging Educational Assistance Partnership	1,000	1,000	0

NUMBER OF STUDENTS AIDED

(in thousands)

Unduplicated student count	8,385	8,855	9,241
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ADMINISTRATIVE PAYMENTS TO INSTITUTIONS

(in thousands of dollars)

	2003	2004	2005
Pell grants	25,705	26,720	26,680
Work-study	75,216	74,762	74,762
Supplemental educational opportunity grants	38,482	39,010	39,010
Perkins loans	48,055	50,515	45,467

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

DEFAULTED PERKINS LOANS

(In millions of dollars)

	2003 actual	2004 est.	2005 est.
Outstanding defaulted loans, beginning of year:			
Assigned defaulted loans ¹	321	325	320
Unassigned defaulted loans ²	913	895	876
New defaulted loans	124	128	136
Collections on assigned loans	-25	-31	-37
Collections on unassigned loans	-107	-112	-117
Write-offs for assigned loans	-3	-4	-4
Write-offs for unassigned loans	-4	-5	-6
Outstanding defaulted loans, end of year	1,219	1,196	1,168

¹ Permanently assigned to the Federal Government for collection.

² Unassigned loans at institutions.

STUDENT FINANCIAL ASSISTANCE

(Legislative proposal, not subject to PAYGO)

Status of Direct Loans (in millions of dollars)

Identification code 91-0200-0-1-502	2003 actual	2004 est.	2005 est.
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	321	325	320
1251 Repayments: Repayments and prepayments	-25	-31	-37
Write-offs for default:			
1263 Direct loans	-3	-4	-4

1264 Other adjustments, net	32	30	31
1290 Outstanding, end of year	325	320	310

Program and Financing (in millions of dollars)

Identification code 91-0200-2-1-502	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
Federal Pell grants:			
01.01 Federal Pell grants			10,007
01.02 Enhanced Pell Grants for State Scholars			26
01.91 Direct Program by Activities—Subtotal (1 level)			10,033
01.92 Subtotal, Federal Pell Grants			10,033
Campus-based aid:			
02.01 Federal supplemental educational opportunity grants (SEOG)			770
02.02 Federal work-study			999
02.05 Federal Perkins loans: Loan cancellations			67
02.91 Subtotal, Campus-based activities			1,836
10.00 Total new obligations (object class 41.0)			11,869
Budgetary resources available for obligation:			
22.00 New budget authority (gross)			14,699
23.95 Total new obligations			-11,869
24.40 Unobligated balance carried forward, end of year			2,830
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation			14,699
Change in obligated balances:			
73.10 Total new obligations			11,869
73.20 Total outlays (gross)			-7,158
74.40 Obligated balance, end of year			4,711
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority			7,158
Net budget authority and outlays:			
89.00 Budget authority			14,699
90.00 Outlays			7,158

The resources in this schedule are proposed for later transmittal under proposed legislation to reauthorize the Higher Education Act. Together with matching funds, this funding would provide nearly 8.3 million awards totaling more than \$16 billion in available aid.

Federal Pell Grants.—Pell Grants are the single largest source of grant aid for postsecondary education. This year, more than five million undergraduates will receive up to \$4,050 to help pay for postsecondary education. 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 Administration proposes \$12.830 billion for Pell Grants in the 2005 Budget. Based on current estimates, this should provide sufficient funding for every Pell Grant that will be awarded to students in the 2005–2006 school year.

However, the Pell Grant program also has a \$3.7 billion funding shortfall that requires it to borrow from the subsequent year's appropriation to pay for program costs. This shortfall is largely due to recent underfunding. For instance, in last year's budget the Administration requested \$12.7 billion for Pell Grants to pay for both student awards in the 2004–2005 school year and part of the shortfall. The Congress, however, increased the cost of the Pell Grant program and provided less money than requested. We now expect the Pell Grant shortfall to increase to \$3.7 billion this year, \$1 billion more than the shortfall was in 2003 and \$2.3 billion more than 2002. The Administration will work closely with the Congress to provide sufficient funding for Pell Grants in the 2005–2006 school year, and retire the shortfall.

As part of the Administration's efforts to keep the Pell Grant program on a solid financial foundation, the budget also proposes to allow the Internal Revenue Service to match income data on student aid applications with the applicant's

General and special funds—Continued

STUDENT FINANCIAL ASSISTANCE—Continued

tax data to ensure that students do not receive awards that are higher or lower than the amount for which they are eligible. This is one component of the Administration's efforts to reduce erroneous payments governmentwide. This proposal is projected to save \$50 million in Pell Grant costs in 2005. Savings are expected to grow substantially in future years when the Department of Education fully implements this match.

Enhanced Pell Grants for State Scholars.—The Administration proposes to establish a \$33 million pilot within the Pell Grant program to encourage students and States to participate in the State Scholars program. This pilot program would provide up to an additional \$1,000 to students who complete the rigorous State Scholars curriculum in high school. Students who complete a rigorous curriculum—with at least three years of mathematics and science, as well as four years of English and social studies, and courses in foreign language—are more successful in pursuing and completing further education. Currently, thirteen states participate in the State Scholars program. Although this pilot will operate within the larger Pell Grant program, total funding will be capped at the \$33 million level. If recipients qualify for more than this amount, a process will be developed to allocate awards within the available funding level.

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 allocation formula for the three campus-based programs has historically distributed a disproportionate share of funding to schools with a long history of program participation. The PART found that this statutory formula for allocating funding to schools fails to target aid to the neediest students. Beginning in 2005, the Administration proposes to phase-in a revised allocation formula under which funding distributions are based more directly on institutional need.

Federal Supplemental Educational Opportunity Grants (SEOG).—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. The Administration proposes \$770 million for the SEOG program in 2005. This level of funding would provide approximately \$975 million in aid to an estimated 1.3 million needy students.

Federal Work Study.—Federal funds are awarded by formula to qualifying institutions, which provide part-time jobs to eligible undergraduate and graduate students. Hourly earnings under this 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 Administration proposes \$999 million for the Federal Work Study program, which will provide \$1.2 billion in aid to over one million students.

The Federal Work Study program also requires participating institutions to use at least 7 percent of the total funds granted to compensate students employed in community service jobs. However, the PART found that, while institutions placed an average of 15 percent of their students in community service jobs, many institutions (including many “elite” colleges and universities) fail to meet even the 7 percent

requirement. To address this issue, the Administration proposes to replace the 7 percent community service requirement with a separate set-aside for community service equal to 20 percent of the Work Study appropriation. Schools would apply for these community service funds separate from their regular allocation.

Perkins Loan Program.—Institutions award low-interest loans from Federal revolving funds held at institutions, which are comprised of Federal Capital Contributions, institutional matching funds, and student repayments on outstanding loans.

The Administration proposes no new budget authority for the Perkins loan program in 2005. The PART found that the program is redundant and duplicative, given the broad availability of need-based, subsidized, relatively low interest loans available through the two larger student loan programs (Family Federal Education Loans and Direct Student Loans). Plus, repayments of existing Perkins loans into Federal revolving funds held at institutions will continue to support more than \$1 billion in new Perkins loans in 2005.

Perkins Loan Program—Cancellations.—The Department of Education reimburses Federal revolving funds held at institutions for cancelled Perkins loans. Under the Higher Education Act, borrowers are eligible to have some or all of their Perkins loan repayment obligation cancelled if they enter certain fields of public service after graduation. Perkins loan balances are also cancelled in the event of a borrower's death, or total and permanent disability. In general, the revolving funds are reimbursed for 100 percent of the principal and accrued interest of the loan cancelled. The Administration's budget proposal for Perkins Loan cancellations is \$66.5 million.

STUDENT AID ADMINISTRATION

For Federal administrative expenses (in addition to funds made available under section 458), to carry out part D of title I, and subparts 1, 3, and 4 of part A, and parts B, C, D and E of title IV of the Higher Education Act of 1965, as amended, **[\$118,010,000]** \$934,639,000, which shall remain available through September 30, 2006, of which not more than \$195,000,000 shall be for account maintenance fees for fiscal year 2005 that are payable to guaranty agencies under part B and are calculated in accordance with section 458 of the Act. (Division E, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)

Program and Financing (in millions of dollars)			
Identification code 91-0202-0-1-502	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.01 Student aid administration	79	117	935
10.00 Total new obligations	79	117	935
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	79	117	935
23.95 Total new obligations	-79	-117	-935
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	105	117	935
41.00 Transferred to other accounts	-26		
43.00 Appropriation (total discretionary)	79	117	935
Change in obligated balances:			
72.40 Obligated balance, start of year		35	44
73.10 Total new obligations	79	117	935
73.20 Total outlays (gross)	-44	-108	-637
74.40 Obligated balance, end of year	35	44	342
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	44	82	607
86.93 Outlays from discretionary balances		26	30
87.00 Total outlays (gross)	44	108	637
Net budget authority and outlays:			
89.00 Budget authority	79	117	935
90.00 Outlays	44	108	637

The Department of Education manages Federal student aid programs that will provide over \$67 billion in Federal student aid grants and loans to over 9 million students and parents in 2005. Primary responsibility for administering these programs lies with the Office of Postsecondary Education and the performance-based Office of Federal Student Aid (FSA). FSA was created by Congress in 1998 with a mandate to improve service to students and other student aid program participants, reduce the cost of student aid administration, and improve accountability and program integrity.

The Department's student aid administrative activities are funded from two main sources: (1) funds appropriated on a permanent basis under section 458 of the Higher Education Act and (2) a discretionary appropriation partially supporting student aid administrative activities. Student aid administrative funds for 2004 totaled \$912 million, \$195 million of which supported the payment of account maintenance fees to FFEL guaranty agencies.

The budget for 2005 includes \$935 million for student aid administration. In order to improve accountability and simplify program oversight and operations, the Administration is proposing to consolidate funding for student aid administrative activities into a single discretionary account. Funding levels for this account will be based on a workload-based methodology consistent with the goals of the performance-based organization.

Object Classification (in millions of dollars)

Identification code 91-0202-0-1-502	2003 actual	2004 est.	2005 est.
Personnel compensation:			
11.1 Full-time permanent	23	43	94
11.5 Other personnel compensation	1	2	3
11.9 Total personnel compensation	24	45	97
12.1 Civilian personnel benefits	5	10	21
21.0 Travel and transportation of persons			4
23.1 Rental payments to GSA	5	7	14
23.3 Communications, utilities, and miscellaneous charges	3	7	26
24.0 Printing and reproduction	4	3	8
25.1 Advisory and assistance services			5
25.2 Other services	1	2	27
25.3 Other purchases of goods and services from Government accounts	2	2	26
25.7 Operation and maintenance of equipment	34	38	507
26.0 Supplies and materials			1
31.0 Equipment	1	3	4
41.0 Grants, subsidies, and contributions			195
99.9 Total new obligations	79	117	935

Personnel Summary

Identification code 91-0202-0-1-502	2003 actual	2004 est.	2005 est.
1001 Total compensable workyears: Civilian full-time equivalent employment	313	533	1,140

FEDERAL STUDENT LOAN RESERVE FUND

Program and Financing (in millions of dollars)

Identification code 91-4257-0-3-502	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
01.02 Obligations, non-federal	4,415	6,454	7,389
10.00 Total new obligations (object class 42.0)	4,415	6,454	7,389
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	1,169	1,107	918
22.00 New budget authority (gross)	4,354	6,265	7,347
23.90 Total budgetary resources available for obligation	5,523	7,372	8,265
23.95 Total new obligations	-4,415	-6,454	-7,389
24.40 Unobligated balance carried forward, end of year	1,107	918	876

New budget authority (gross), detail:			
Mandatory:			
69.00 Offsetting collections (cash)	4,354	6,265	7,347
Change in obligated balances:			
73.10 Total new obligations	4,415	6,454	7,389
73.20 Total outlays (gross)	-4,416	-6,454	-7,389
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority	4,354	6,265	7,347
86.98 Outlays from mandatory balances	62	189	42
87.00 Total outlays (gross)	4,416	6,454	7,389
Offsets:			
Against gross budget authority and outlays:			
Offsetting collections (cash) from:			
88.00 Federal sources	-4,031	-5,913	-6,950
88.40 Non-Federal sources	-323	-352	-397
88.90 Total, offsetting collections (cash)	-4,354	-6,265	-7,347
Net budget authority and outlays:			
89.00 Budget authority			
90.00 Outlays	62	189	42

Summary of Budget Authority and Outlays

(in millions of dollars)

	2003 actual	2004 est.	2005 est.
Enacted/requested:			
Budget Authority			
Outlays	62	189	42
Legislative proposal, subject to PAYGO:			
Budget Authority			
Outlays			-246
Total:			
Budget Authority			
Outlays	62	189	-204

The Higher Education Amendments of 1998 clarified that reserve funds held by public and non-profit guaranty agencies participating in the Federal Family Education Loan (FFEL) program are Federal property. These reserves are used to pay default claims from FFEL lenders and fees to support agency efforts to successfully avert defaults. The Federal Government reimburses these reserves for default claim payments. The following schedules reflect the balances in these guaranty agency funds.

Balance Sheet (in millions of dollars)

Identification code 91-4257-0-3-502	2002 actual	2003 actual	2004 est.	2005 est.
ASSETS:				
1101 Federal assets: Fund balances with Treasury	1,169	1,107		
1999 Total assets	1,169	1,107		
NET POSITION:				
3300 Cumulative results of operations	1,169	1,107		
3999 Total net position	1,169	1,107		
4999 Total liabilities and net position	1,169	1,107		

Note: Consistent with Government-wide practice, information for 2004 and 2005 was not required to be collected.

FEDERAL STUDENT LOAN RESERVE FUND

(Legislative proposal, subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 91-4257-4-3-502	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
01.02 Obligations, non-federal			251
10.00 Total new obligations (object class 42.0)			251
Budgetary resources available for obligation:			
22.00 New budget authority (gross)			497
23.95 Total new obligations			-251

General and special funds—Continued

FEDERAL STUDENT LOAN RESERVE FUND—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 91-4257-4-3-502	2003 actual	2004 est.	2005 est.
24.40 Unobligated balance carried forward, end of year			246
New budget authority (gross), detail:			
Mandatory:			
69.00 Offsetting collections (cash)			497
Change in obligated balances:			
73.10 Total new obligations			251
73.20 Total outlays (gross)			-251
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority			251
Offsets:			
Against gross budget authority and outlays:			
88.40 Offsetting collections (cash) from: Non-Federal sources			-497
Net budget authority and outlays:			
89.00 Budget authority			
90.00 Outlays			-246

A description of how the Administration's legislative proposal will affect the Federal Student Loan Reserve Fund is included under the Federal Direct Student Loan Program Account.

Credit accounts:

FEDERAL DIRECT STUDENT LOAN PROGRAM, PROGRAM ACCOUNT

Program and Financing (in millions of dollars)

Identification code 91-0243-0-1-502	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.05 Upward Restimate Principal	3,721	2,102	
00.06 Interest on Upward Reestimate	870	627	
00.09 Administrative expenses	791	795	
10.00 Total new obligations	5,381	3,524	
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	14	26	
22.00 New budget authority (gross)	5,387	3,524	
22.10 Resources available from recoveries of prior year obligations	7		
22.40 Capital transfer to general fund		-26	
23.90 Total budgetary resources available for obligation	5,408	3,524	
23.95 Total new obligations	-5,381	-3,524	
24.40 Unobligated balance carried forward, end of year	26		
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation			-795
Mandatory:			
60.00 Appropriation	795	795	795
60.00 Appropriation (indefinite)—Upward reestimate	4,591	2,729	
62.50 Appropriation (total mandatory)	5,386	3,524	795
69.00 Offsetting collections (cash)—negative subsidy	366	245	492
69.00 Offsetting collections (cash)—downward reestimate, principal		97	
69.00 Offsetting collections (cash)—downward reestimate, interest		6	
69.10 Change in uncollected customer payments from Federal sources (unexpired)	1		
69.27 Capital transfer to general fund	-366	-348	-492
69.90 Spending authority from offsetting collections (total mandatory)	1		
70.00 Total new budget authority (gross)	5,387	3,524	
Change in obligated balances:			
72.40 Obligated balance, start of year	302	255	323
73.10 Total new obligations	5,381	3,524	
73.20 Total outlays (gross)	-5,421	-3,456	-208
73.45 Recoveries of prior year obligations	-7		
74.00 Change in uncollected customer payments from Federal sources (unexpired)	-1		

74.40 Obligated balance, end of year	255	323	116
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority			-515
86.97 Outlays from new mandatory authority	5,165	3,242	515
86.98 Outlays from mandatory balances	256	214	208
87.00 Total outlays (gross)	5,421	3,456	208
Offsets:			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	-366	-348	-492
Against gross budget authority only:			
88.95 Change in uncollected customer payments from Federal sources (unexpired)	-1		
Net budget authority and outlays:			
89.00 Budget authority	5,020	3,176	-492
90.00 Outlays	5,054	3,108	-284

Summary of Budget Authority and Outlays

(in millions of dollars)

Enacted/requested:	2003 actual	2004 est.	2005 est.
Budget Authority	5,020	3,176	-492
Outlays	5,055	3,108	-284
Legislative proposal, subject to PAYGO:			
Budget Authority			
Outlays			
Total:			
Budget Authority	5,020	3,176	-492
Outlays	5,055	3,108	-284

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

Identification code 91-0243-0-1-502	2003 actual	2004 est.	2005 est.
Direct loan levels supportable by subsidy budget authority:			
115001 Stafford	6,613	6,962	7,370
115002 Unsubsidized Stafford	5,497	5,648	6,115
115003 PLUS	1,732	2,049	2,309
115004 Consolidation	7,363	6,354	6,385
115901 Total direct loan levels	21,205	21,013	22,179
Direct loan subsidy (in percent):			
132001 Stafford	3.63	4.03	3.06
132002 Unsubsidized Stafford	-6.20	-5.48	-8.58
132003 PLUS	-6.53	-6.68	-8.96
132004 Consolidation	-1.42	-1.33	-2.16
132901 Weighted average subsidy rate	-1.50	-1.19	-2.90
Direct loan subsidy budget authority:			
133001 Stafford	240	281	226
133002 Unsubsidized Stafford	-341	-309	-525
133003 PLUS	-113	-137	-207
133004 Consolidation	-104	-85	-138
133901 Total subsidy budget authority	-318	-250	-644
Direct loan subsidy outlays:			
134001 Stafford	213	245	221
134002 Unsubsidized Stafford	-369	-284	-402
134003 PLUS	-109	-122	-175
134004 Consolidation	-102	-84	-136
134901 Total subsidy outlays	-367	-245	-492
Direct loan upward reestimate subsidy budget authority:			
135001 Stafford	1,538	1,180	
135002 Unsubsidized Stafford	3,141	1,305	
135003 PLUS	603	241	
135004 Consolidation	73	619	
135901 Total upward reestimate budget authority	5,355	3,345	
Direct loan downward reestimate subsidy budget authority:			
137001 Stafford	-32	-88	
137003 PLUS		-17	
137004 Consolidation	-732	-613	
137901 Total downward reestimate budget authority	-764	-718	
Student loan administrative expense data:			
351001 Budget authority	795	795	
359001 Outlays	830	727	208

The Federal Government operates two major student loan programs: the Federal Family Education Loan (FFEL) pro-

gram—formerly the Guaranteed Student Loan (GSL) program—and the William D. Ford Federal Direct Loan (Direct Loan) program. For 2005, 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 2005 budget, the President is proposing a package of policy proposals related to the reauthorization of the Higher Education Act (HEA). These proposals, which will expand student benefits and improve program efficiency, are discussed as part of this program description.

From its inception in 1965 through 2003, the FFEL program has provided over \$467 billion in loans to postsecondary students and their parents. Since July 1, 1994, the Direct Loan program has provided \$135 billion in new and consolidation loans to students and parents. Taken together, the FFEL and Direct Loan programs will make more than \$52 billion in new loans available in 2004. 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 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 collection of some defaulted loans, default avoidance activities, and counseling to schools, students, and 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 of 1993. Under this program, the Federal Government provides loan funds to postsecondary institutions directly or through an alternative originator. The Direct Loan program began operation in academic year 1994–1995 with 7 percent of overall loan volume and is expected to account for 25 percent in academic year 2004–2005. 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.

Annual and aggregate loan limits are the same across the two programs. In order to help students meet increasing higher education costs, the Administration is proposing to increase loan limits for first-year students from \$2,625 to \$3,000. This limit has not been raised since 1986 and, when taking origination fees into account, has essentially remained unchanged since the early 1970's. This proposal will increase FFEL and Direct Loan costs by \$775 million over 2005–2014.

The borrower interest rate for new Stafford Loans equals the 91-day Treasury bill rate plus 1.7 percent during in-school, grace, and deferment periods, and the 91-day Treasury bill plus 2.3 percent at all other times, with a cap of 8.25 percent, 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 borrower interest rate

as Stafford loans, but have no interest subsidy. For new PLUS loans, the borrower interest rate equals the 91-day Treasury bill rate plus 3.1 percent, with a cap of 9 percent and no interest subsidy.

The borrower rate on Stafford and Unsubsidized Stafford Loans is scheduled to be fixed at 6.8 percent for new loans beginning July 1, 2006. Under current interest rate projections, this would result in a substantial increase in interest rates for most borrowers. The Administration is proposing to eliminate the scheduled change and maintain the current variable interest rate formula, at a cost of \$1.8 billion over 2006–2014.

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 new Stafford and Unsubsidized Stafford loans, for example, the Federal Government must pay lenders a special allowance if the average 3-month commercial paper rate for a given quarter plus 2.34 percent—or 1.74 percent during in-school, grace, or deferment periods—is higher than the current interest rate charged borrowers.

Loans funded with the proceeds of tax-exempt securities originally issued before October 1, 1993, receive substantially higher special allowance payments than are currently paid on other types of loans. Loan holders are currently able to retain these higher benefits indefinitely by refinancing the underlying securities. The Administration is proposing to eliminate this refinancing provision, reducing special allowance payments by \$4.9 billion over 2005–2014.

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. The interest rate for new FFEL and Direct Consolidation loans equals the weighted average of the interest rate on the loans consolidated, rounded up to the nearest one-eighth of one percent. Lenders may choose to offer a lower rate. Interest rates for all new FFEL and Direct Consolidation Loans are capped at 8.25 percent.

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 and FFEL lenders have the option of paying some or all of a borrower's origination fee for Stafford Loan borrowers. In order to assure equal terms for FFEL borrowers, as well as strengthen the financial stability of the guaranty agency system, the Administration is proposing that agencies be required to collect the 1 percent insurance premium on all loans guaranteed or disbursed after October 1, 2004. This change will increase the Federal Student Loan Reserve Fund account by \$3.8 billion over 2005–2014.

Direct Loan borrowers are charged an origination fee equal to 3 percent of principal, which partially offsets Federal program operation costs. Borrowers in both programs may be offered financial incentives to encourage prompt repayment.

Loan limits are also identical across the two programs. In addition, loans made under both programs are discharged when borrowers die, are totally and permanently disabled, or, under some circumstances, declare bankruptcy.

Under both programs, new borrowers after October 1, 1998, who are employed as teachers in schools serving low-income populations for five consecutive, complete school years, qualify for up to \$5,000 in loan forgiveness. The Administration is proposing to increase this benefit to a maximum of \$17,500 for mathematics, science, and special education teachers considered highly qualified under criteria established in the No Child Left Behind Act of 2001.

Credit accounts—Continued

FEDERAL DIRECT STUDENT LOAN PROGRAM, PROGRAM ACCOUNT—
Continued

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).

FFEL borrowers may choose from among four repayment plans. Repayment periods under standard, graduated, and income-sensitive repayment may not exceed 10 years. An extended repayment plan of up to 25 years is available for new borrowers with outstanding loans totalling more than \$30,000. FFEL borrowers may change repayment plans annually.

To standardize loan terms and help borrowers manage their debt, the Administration is proposing to standardize extended repayment terms in the FFEL and Direct Loan programs. Under this proposal, the repayment term for borrowers in both programs would be up to: 12 years for balances between \$7,500 and \$10,000; 15 years between \$10,000 and \$20,000; 20 years between \$20,000 and \$40,000; 25 years between \$40,000 and \$60,000; and 30 years in excess of \$60,000. This change will cost \$1 billion over 2005–2014.

Beyond the proposals discussed above, the Budget provides \$3 billion over 10 years for additional student benefits. These additional proposals—which could include reduced fees, default prevention activities, or additional loan limit increases—will be developed in consultation with Congress as part of the HEA reauthorization process. The Budget allocates this \$3 billion over 10 years across three accounts: (i) approximately \$400 million in the Direct Loan account; (ii) approximately \$1.2 billion in the FFEL account; and (iii) approximately \$1.4 billion in the Federal Student Loan Reserve Fund account (which realizes increased revenues through the universal imposition of the 1 percent insurance premium). Under the current budget structure, student benefits funded in the Federal Student Loan Reserve Fund account do not affect subsidy calculations in the FFEL and DL accounts. If the Administration’s negotiations with Congress result in some or all of the \$1.4 billion in student benefits being shifted into the FFEL and/or DL accounts, the FFEL and/or DL subsidy rates would change. However, any such shift will not affect the net budgetary effect of the Administration’s HEA proposals.

The Administration also proposes to reinstate two expired provisions affecting institutions with cohort default rates of less than 10 percent for the three most recent fiscal years. This proposal would exempt these institutions from the requirement that loans to first-year students be delayed for 30 days prior to disbursement. It would also exempt these schools from the requirement that loans be issued in at least two separate disbursements.

Finally, the Administration proposes to clarify a current provision under which student aid applicants who have been convicted of a drug-related offense are ineligible for Federal student aid. Under this proposal, the current provision would only affect students who commit a drug-related offense while enrolled in higher education; offenses that occur prior to enrollment would not be subject to this provision.

Student loan program administration activities are supported from two sources, including a permanent appropriation authorized under Section 458 of the Higher Education Act and a discretionary student aid administration appropriation. In order to improve accountability and simplify the funding process for these administrative activities, the President is

proposing to combine all funding in the discretionary Student Aid Administration account.

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)

	2003 actual	2004 est.	2005 est.
Program Cost:			
FFEL:			
Liquidating ¹	(755,570)	(953,905)	(816,743)
Program:			
Regular	3,769,228	4,093,939	4,266,168
Consolidation	2,632,419	2,075,121	729,635
Reestimate of Prior Year Costs	(2,979,866)	0	0
Non-Contractual Modifications ²	0	0	0
Subtotal, Program	3,421,781	6,169,060	4,995,803
Total FFEL	2,666,210	5,215,155	4,179,059
Direct Loans:			
Program:			
Regular	(679,331)	(979,690)	(1,167,196)
Consolidation	191,199	69,623	(246,814)
Reestimate of Prior Year Costs	4,590,922	0	0
Non-Contractual Modifications ²	0	0	0
Total, Direct Loans	4,102,790	(910,067)	(1,414,010)
Student Aid Administration ³	0	0	0
Total, FFEL and Direct Loans	6,769,001	4,305,087	2,765,049
Program Cost Outlays:			
FFEL:			
Liquidating ¹	(1,700,833)	(897,374)	(816,743)
Program:			
Regular	3,161,836	3,505,515	3,690,099
Consolidation	2,596,007	2,049,157	721,633
Reestimate of Prior Year Costs	(2,979,866)	0	0
Non-Contractual Modifications ²	0	0	0
Subtotal, Program	2,777,976	5,554,672	4,411,732
Total, FFEL	1,077,143	4,657,298	3,594,988
Direct Loans:			
Program:			
Regular	(679,331)	(979,690)	(1,167,196)
Consolidation	191,199	69,623	(246,814)
Reestimate of Prior Year Costs	4,590,922	0	0
Non-Contractual Modifications ²	0	0	0
Total, Direct Loans	4,102,790	(910,067)	(1,414,010)
Student Aid Administration ³	0	0	0
Total, FFEL and Direct Loans	5,179,933	3,747,230	2,180,978

¹ Liquidating account reflects loans made prior to 1992.

² Reflects the cost or savings associated with policy changes that would affect the terms of existing loans.

³ Supports account maintenance fee payments to FFEL guaranty agencies, Direct Loan origination and servicing, and 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

	2003 est.	2004 est.	2005 est.
FFEL:			
Stafford	15,618	17,699	19,052
Unsubsidized Stafford	14,186	16,406	18,012
PLUS	3,987	4,874	5,524
Subtotal	33,791	38,978	42,588
Consolidation	34,935	25,605	22,048
Total, FFEL	68,726	64,583	64,637
Direct Loans:			
Stafford	5,790	6,309	6,738
Unsubsidized Stafford	4,519	4,963	5,396
PLUS	1,660	1,947	2,195
Subtotal	11,969	13,219	14,329
Consolidation	6,657	6,276	6,320
Total, Direct Loans	18,626	19,496	20,649
Total, All Loans	87,352	84,079	85,286

¹ Net commitments equal gross commitments minus loan cancellations.

Number of Loans (in thousands)			
	2003 est.	2004 est.	2005 est.
FFEL:			
Stafford	4,566	5,152	5,486
Unsubsidized Stafford	3,392	3,871	4,172
PLUS	470	542	583
Subtotal	8,429	9,564	10,241
Consolidation	1,252	916	780
Total, FFEL	9,681	10,480	11,021
Direct Loans:			
Stafford	1,608	1,717	1,816
Unsubsidized Stafford	1,119	1,182	1,265
PLUS	210	230	247
Subtotal	2,937	3,129	3,328
Consolidation	298	270	261
Total, Direct Loans	3,236	3,400	3,590
Total, All Loans	12,917	13,880	14,611

Average Loan Size (in whole dollars)			
	2003 est.	2004 est.	2005 est.
FFEL:			
Stafford	3,420	3,435	3,473
Unsubsidized Stafford	4,182	4,239	4,318
PLUS	8,475	9,000	9,469
Weighted Average, without Consolidations	4,009	4,076	4,158
Consolidation	27,907	27,950	28,284
Weighted Average, FFEL	7,099	6,162	5,865
Direct Loans:			
Stafford	3,600	3,674	3,710
Unsubsidized Stafford	4,040	4,199	4,265
PLUS	7,889	8,461	8,878
Weighted Average, without Consolidations	4,075	4,224	4,305
Consolidation	22,319	23,209	24,183
Weighted Average, Direct Loans	5,757	5,734	5,752
Weighted Average, All Loans	6,763	6,058	5,837

Summary of Subsidy, Default and Interest Rates

	2003 est.	2004 est.	2005 est.
Subsidy Rates (in percent) ¹			
FFEL:			
Stafford	13.84%	15.51%	16.37%
Unsubsidized Stafford	3.91%	4.19%	3.38%
PLUS	1.95%	1.76%	1.43%
Consolidation	6.11%	9.54%	10.82%
Weighted Average, FFEL	7.22%	9.19%	9.49%
Direct Loans:			
Stafford	7.96%	4.03%	3.05%
Unsubsidized Stafford	0.08%	-5.48%	-8.68%
PLUS	-1.95%	-6.68%	-9.07%
Consolidation	-8.16%	-1.33%	-2.14%
Weighted Average, Direct Loans	-0.36%	-1.19%	-2.93%

Default Rates (in percent) ²

FFEL:			
Stafford	12.80	12.93	13.09
Unsubsidized Stafford	12.17	12.31	12.41
PLUS	6.44	6.44	6.44
Consolidation	15.46	15.33	15.60
Weighted Average, FFEL	13.65	13.23	13.19
Direct Loans:			
Stafford	11.47	11.56	11.69
Unsubsidized Stafford	11.58	11.55	11.65
PLUS	5.57	5.61	5.63
Consolidation	30.91	28.50	26.63
Weighted Average, Direct Loans	17.92	16.42	15.61

Borrower Interest Rates (in percent) ³

FFEL:			
Stafford	6.50	6.72	6.79
Unsubsidized Stafford	6.50	6.72	6.79

PLUS	5.54	5.88	6.39
Consolidation (reflects Sub and Unsub Stafford only)	4.58	4.06	4.34
Direct Loans:			
Stafford	6.50	6.72	6.79
Unsubsidized Stafford	6.50	6.72	6.79
PLUS	5.54	5.88	6.39
Consolidation (reflects Sub and Unsub Stafford only)	4.99	4.53	4.84

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 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.

³ These represent average borrower interest rates during repayment for a typical borrower under standard repayment over the life of the loan.

Selected Program Costs and Offsets ¹ (in thousands of dollars)

	2003 actual	2004 est.	2005 est.
FFEL:			
Interest costs:			
Interest benefits:			
FFEL Liquidating	27,478	0	0
FFEL Program	1,196,434	1,009,011	1,253,472
Total	1,223,913	1,009,011	1,253,472
Special allowance			
FFEL Liquidating	2,776	0	181
FFEL Program	449,325	783,549	2,542,307
Total	452,101	783,549	2,542,487
Default costs and offsets:			
Default claims:			
FFEL Liquidating	121,969	0	0
FFEL Program	2,751,692	3,845,840	4,369,511
Total	2,873,661	3,845,840	4,369,511
Net default collections:			
FFEL Liquidating	1,950,621	0	0
FFEL Program	2,021,970	2,338,724	2,805,257
Total	3,972,591	2,338,724	2,805,257
Contract collection costs:			
FFEL Liquidating	112,140	0	0
FFEL Program	60,196	52,705	61,159
Total	172,336	52,705	61,159
Death, disability, and bankruptcy costs:			
FFEL Liquidating	35,048	0	0
FFEL Program	599,056	723,247	851,032
Total	634,104	723,247	851,032
Fees:			
Borrower origination fees	933,028	1,123,335	1,246,185
Lender origination fee	327,447	315,365	317,964
Sallie Mae offset fee	44,546	43,400	5,307
Consolidation loan holder fees	743,337	914,630	1,022,085
Direct Loans:			
Borrower repayments	16,003,203	0	0
Borrower origination fees	365,493	402,675	442,105
Net default Collections	518,616	1,819,669	2,099,480
Contact Collection Costs	88,664	90,605	122,288
Administrative Costs: ²			
Student Aid Administration	0	0	0
Guaranty agency administrative payments:			
Account Maintenance Fee (included in Student Aid Administration)	195,000	195,000	195,000
Loan Processing and Issuance Fee	173,366	179,433	196,180

Details may not sum to totals due to rounding.

¹ This table represents explicit cash flows in the FFEL and Direct Loan financing accounts. Examples of these flows would include payments of FFEL interest benefits, default claims, and discharge claims, or collections on FFEL or Direct Loan defaults, all of which involve explicit events that are reflected in the Department's financial systems as they occur. Non-events, such as Direct Loan interest benefits, defaults, or discharges, involve payments that are not received, and hence not recorded in the Department's financial systems in the same way. For that reason, these non-events are not included in this table.

² For 2005, no funds are requested for loan administration, as these costs would be part of the proposed discretionary Student Aid Administration account.

Object Classification (in millions of dollars)

Identification code 91-0243-0-1-502	2003 actual	2004 est.	2005 est.
Personnel compensation:			
11.1 Full-time permanent	45	49	.....
11.3 Other than full-time permanent	1	.....	.....
11.5 Other personnel compensation	1	2	.....
11.9 Total personnel compensation	47	51	.....

Credit accounts—Continued

FEDERAL DIRECT STUDENT LOAN PROGRAM, PROGRAM ACCOUNT—
Continued

Object Classification (in millions of dollars)—Continued

Identification code 91-0243-0-1-502	2003 actual	2004 est.	2005 est.
12.1 Civilian personnel benefits	11	11	
21.0 Travel and transportation of persons	3	3	
23.1 Rental payments to GSA	7	7	
23.3 Communications, utilities, and miscellaneous charges	41	18	
24.0 Printing and reproduction	6	5	
25.1 Advisory and assistance services	6	6	
25.2 Other services	20	24	
25.3 Other purchases of goods and services from Govern- ment accounts	12	13	
25.6 Training	3	3	
25.7 Operation and maintenance of equipment	437	455	
31.0 Equipment	2	3	
32.0 Land and structures		1	
41.0 Grants, subsidies, and contributions	4,786	2,924	
99.9 Total new obligations	5,381	3,524	

Personnel Summary

Identification code 91-0243-0-1-502	2003 actual	2004 est.	2005 est.
1001 Total compensable workyears: Civilian full-time equiv- alent employment	589	607	

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	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.03 Loan modifications			5
10.00 Total new obligations (object class 41.0)			5
Budgetary resources available for obligation:			
22.00 New budget authority (gross)			5
23.95 Total new obligations			-5
New budget authority (gross), detail:			
Mandatory:			
60.00 Appropriation			5
69.00 Offsetting collections (cash)—negative subsidy			5
69.27 Capital transfer to general fund			-5
69.90 Spending authority from offsetting collections (total mandatory)			
70.00 Total new budget authority (gross)			5
Change in obligated balances:			
73.10 Total new obligations			5
73.20 Total outlays (gross)			-5
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority			5
Offsets:			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources			-5
Net budget authority and outlays:			
89.00 Budget authority			
90.00 Outlays			

A description of how the Administration's legislative proposal will affect the Direct Loan program is included in the preceding discussion under the Federal Direct Student Loan Program Account.

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

Identification code 91-0243-4-1-502	2003 actual	2004 est.	2005 est.
Direct loan levels supportable by subsidy budget authority:			
115001 Stafford			67
115002 Unsubsidized Stafford			26
115003 PLUS			2
115004 Consolidation			13
115901 Total direct loan levels			108
Direct loan subsidy (in percent):			
132001 Stafford			-0.01
132002 Unsubsidized Stafford			-0.10
132003 PLUS			-0.11
132004 Consolidation			0.02
132901 Weighted average subsidy rate			-3.70
Direct loan subsidy budget authority:			
133001 Stafford			1
133002 Unsubsidized Stafford			-8
133003 PLUS			-3
133004 Consolidation			1
133005 subsidy for loan modifications			5
133901 Total subsidy budget authority			-4
Direct loan subsidy outlays:			
134001 Stafford			1
134002 Unsubsidized Stafford			-5
134003 PLUS			-2
134004 Consolidation			1
134005 Subsidy outlays for loan modification			5
134901 Total subsidy outlays			
135901 Total upward reestimate budget authority			
137901 Total downward reestimate budget authority			

FEDERAL DIRECT STUDENT LOAN PROGRAM, FINANCING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 91-4253-0-3-502	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
Direct loans:			
01.01 Stafford	6,776	6,962	7,370
01.02 Unsubsidized Stafford	5,381	5,648	6,115
01.03 PLUS	1,901	2,049	2,309
01.04 Consolidated	6,450	6,354	6,385
01.91 Subtotal, direct loans obligations	20,508	21,013	22,179
Payment for consolidations:			
02.01 Interest rate rebate, Stafford	84	92	99
02.02 Interest rate rebate, Unsubsidized Stafford	67	72	79
02.03 Interest rate rebate, PLUS	24	28	32
02.91 Direct Program by Activities—Subtotal (1 level)	175	192	210
03.01 Consolidation loans—Payment of Orig. Services	19	18	17
04.01 Payment of contract collections	89	91	114
05.01 Interest payment to Treasury	6,030	5,198	5,639
Other obligations:			
08.01 Obligation of negative subsidy	318	250	644
08.02 Payment of downward reestimate to program ac- count		103	
08.91 Direct Program by Activities—Subtotal (1 level)	318	353	644
10.00 Total new obligations	27,139	26,865	28,803
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	499	503	
22.00 New financing authority (gross)	27,845	26,865	28,803
22.10 Resources available from recoveries of prior year obli- gations	264	1,365	2,380
22.60 Portion applied to repay debt	-912	-452	
22.70 Balance of authority to borrow withdrawn	-54	-1,416	-2,380
23.90 Total budgetary resources available for obligation	27,642	26,865	28,803
23.95 Total new obligations	-27,139	-26,865	-28,803
24.40 Unobligated balance carried forward, end of year	503		
New financing authority (gross), detail:			
Mandatory:			
67.10 Authority to borrow	21,726	21,366	22,823
69.00 Offsetting collections (cash)	22,554	19,566	16,616

69.47	Portion applied to repay debt	-16,435	-14,067	-10,636
69.90	Spending authority from offsetting collections (total mandatory)	6,119	5,499	5,980
70.00	Total new financing authority (gross)	27,845	26,865	28,803
Change in obligated balances:				
72.40	Obligated balance, start of year	5,404	7,459	8,117
73.10	Total new obligations	27,139	26,865	28,803
73.20	Total financing disbursements (gross)	-24,821	-24,841	-26,765
73.45	Recoveries of prior year obligations	-264	-1,365	-2,380
74.40	Obligated balance, end of year	7,459	8,117	7,775
87.00	Total financing disbursements (gross)	24,821	24,841	26,765
Offsets:				
Against gross financing authority and financing disbursements:				
Offsetting collections (cash) from:				
Payments from program account:				
88.00	Upward reestimate	-3,721	-2,102	.....
88.00	Upward reestimate, interest	-870	-627	.....
88.25	Interest on uninvested funds	-1,076	.....	.....
Stafford loans:				
88.40	Repayment of principal, Stafford	-5,719	-4,719	-4,315
88.40	Interest received on loans, Stafford	-419	-525	-600
88.40	Origination Fees, Stafford	-176	-185	-198
88.40	Other fees, Stafford	-18	.....	.....
88.40	Repayment of principal, Unsubsidized Stafford	-4,251	-3,741	-3,488
88.40	Interest received on loans, Unsubsidized Stafford	-413	-350	-411
88.40	Origination Fees, Unsubsidized Stafford	-140	-144	-158
88.40	Other fees, Unsubsidized Stafford	-9	.....	.....
88.40	Repayment of principal, PLUS	-1,379	-1,185	-1,188
88.40	Interest received on loans, PLUS	-180	-197	-245
88.40	Origination Fees, PLUS	-49	-74	-85
88.40	Other fees, PLUS	-2	.....	.....
88.40	Payment of principal, Consolidation	-3,236	-3,418	-3,440
88.40	Interest received on loans, Consolidation	-880	-2,299	-2,488
88.40	Origination / Other fees, Consolidation	-16	.....	.....
88.90	Total, offsetting collections (cash)	-22,554	-19,566	-16,616
Net financing authority and financing disbursements:				
89.00	Financing authority	5,291	7,299	12,187
90.00	Financing disbursements	2,266	5,275	10,149

Status of Direct Loans (in millions of dollars)

Identification code 91-4253-0-3-502				
STAFFORD				
Position with respect to appropriations act limitation on obligations:				
1111	Limitation on direct loans .....	.....	.....	.....
1131	Direct loan obligations exempt from limitation	6,776	6,962	7,370
1150	Total direct loan obligations	6,776	6,962	7,370
Cumulative balance of direct loans outstanding:				
1210	Outstanding, start of year	27,470	27,420	28,792
1231	Disbursements: Direct loan disbursements	5,663	6,151	6,594
1251	Repayments: Repayments and prepayments	-5,720	-4,719	-4,315
1261	Adjustments: Capitalized interest	108	.....	.....
1264	Write-offs for default: Other adjustments, net	-101	-60	-65
1290	Outstanding, end of year	27,420	28,792	31,006
UNSUBSIDIZED STAFFORD				
Position with respect to appropriations act limitation on obligations:				
1111	Limitation on direct loans .....	.....	.....	.....
1131	Direct loan obligations exempt from limitation	5,381	5,648	6,115
1150	Total direct loan obligations .....	.....	.....	.....
1150	Total direct loan obligations	5,381	5,648	6,115
Cumulative balance of direct loans outstanding:				
1210	Outstanding, start of year	18,515	19,098	20,523
1231	Disbursements: Direct loan disbursements	4,497	4,806	5,268
1251	Repayments: Repayments and prepayments	-4,251	-3,741	-3,488
1261	Adjustments: Capitalized interest	407	410	381
1264	Write-offs for default: Other adjustments, net	-70	-50	-56
1290	Outstanding, end of year	19,098	20,523	22,628

PLUS				
Position with respect to appropriations act limitation on obligations:				
1111	Limitation on direct loans .....	.....	.....	.....
1131	Direct loan obligations exempt from limitation	1,901	2,049	2,309
1150	Total direct loan obligations .....	.....	.....	.....
1150	Total direct loan obligations	1,901	2,049	2,309
Cumulative balance of direct loans outstanding:				
1210	Outstanding, start of year	4,279	4,495	5,119
1231	Disbursements: Direct loan disbursements	1,589	1,849	2,124
1251	Repayments: Repayments and prepayments	-1,378	-1,185	-1,188
1261	Adjustments: Capitalized interest	23	.....	.....
1264	Write-offs for default: Other adjustments, net	-18	-40	-46
1290	Outstanding, end of year	4,495	5,119	6,009
CONSOLIDATION				
Position with respect to appropriations act limitation on obligations:				
1111	Limitation on direct loans .....	.....	.....	.....
1131	Direct loan obligations exempt from limitation	6,450	6,354	6,385
1150	Total direct loan obligations .....	.....	.....	.....
1150	Total direct loan obligations	6,450	6,354	6,385
Cumulative balance of direct loans outstanding:				
1210	Outstanding, start of year	29,807	33,507	36,224
1231	Disbursements: Direct loan disbursements	6,673	6,290	6,307
1251	Repayments: Repayments and prepayments	-3,236	-3,418	-3,440
1261	Adjustments: Capitalized interest	386	.....	.....
1264	Write-offs for default: Other adjustments, net	-123	-155	-175
1290	Outstanding, end of year	33,507	36,224	38,916

Balance Sheet (in millions of dollars)

Identification code 91-4253-0-3-502				
2002 actual 2003 actual 2004 est. 2005 est.				
ASSETS:				
1101	Federal assets: Fund balances with Treasury	970	992	.....
Net value of assets related to post-1991 direct loans receivable:				
1401	Direct loans receivable, gross	80,070	84,520	.....
1402	Interest receivable	2,661	2,771	.....
1405	Allowance for subsidy cost (-)	2,115	-657	.....
1499	Net present value of assets related to direct loans	84,846	86,634	.....
1901	Other Federal assets: Other assets	3,769	4,223	.....
1999	Total assets	89,585	91,849	.....
LIABILITIES:				
Federal liabilities:				
2101	Accounts payable	87	62	.....
2103	Debt	89,498	91,787	.....
2999	Total liabilities	89,585	91,849	.....
NET POSITION:				
3999	Total net position .....	.....	.....	.....
4999	Total liabilities and net position	89,585	91,849	.....

Note: Consistent with Government-wide practice, information for 2004 and 2005 was not required to be collected.

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 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				
2003 actual 2004 est. 2005 est.				
Obligations by program activity:				
Direct loans:				
01.01	Stafford .....	.....	.....	.....

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	2003 actual	2004 est.	2005 est.
01.02 Unsubsidized Stafford			26
01.03 PLUS			2
01.04 Consolidated			13
01.91 Subtotal, direct loans obligations			108
Payment for consolidations:			
02.01 Interest rate rebate, Stafford			1
05.01 Interest payment to Treasury			1
Other obligations:			
08.01 Obligation of negative subsidy			9
10.00 Total new obligations			119
Budgetary resources available for obligation:			
22.00 New financing authority (gross)			118
23.95 Total new obligations			-119
New financing authority (gross), detail:			
Mandatory:			
60.00 Appropriation			1
67.10 Authority to borrow			117
69.00 Offsetting collections (cash)			8
69.47 Portion applied to repay debt			-8
69.90 Spending authority from offsetting collections (total mandatory)			
70.00 Total new financing authority (gross)			118
Change in obligated balances:			
73.10 Total new obligations			119
73.20 Total financing disbursements (gross)			-62
74.40 Obligated balance, end of year			57
87.00 Total financing disbursements (gross)			62
Offsets:			
Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
Payments from program account:			
88.00 Non-Contractual Modification			-5
Stafford loans:			
88.40 Origination Fees, Stafford			-1
88.40 Payment of principal, Consolidation			-2
88.90 Total, offsetting collections (cash)			-8
Net financing authority and financing disbursements:			
89.00 Financing authority			110
90.00 Financing disbursements			54

FEDERAL FAMILY EDUCATION LOAN PROGRAM ACCOUNT

Program and Financing (in millions of dollars)

Identification code 91-0231-0-1-502	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.02 Guaranteed Loan Net Subsidy	6,411	6,501	7,146
00.07 Upward reestimate, principal		216	
00.08 Upward reestimate, interest		129	
Administrative expenses:			
00.09 Administrative expenses	12		
10.00 Total new obligations	6,423	6,846	7,146
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	6,423	6,846	7,146
22.10 Resources available from recoveries of prior year obligations	413	465	540
22.40 Capital transfer to general fund	-413	-465	-540
23.90 Total budgetary resources available for obligation	6,423	6,846	7,146
23.95 Total new obligations	-6,423	-6,846	-7,146
New budget authority (gross), detail:			
Discretionary:			
42.00 Transferred from other accounts	12		
Mandatory:			
60.00 Appropriation	6,411	6,846	7,146

69.00 Offsetting collections (cash)—downward reestimate ...	2,980	3,966	
69.27 Capital transfer to general fund	-2,980	-3,966	
69.90 Spending authority from offsetting collections (total mandatory)			
70.00 Total new budget authority (gross)	6,423	6,846	7,146
Change in obligated balances:			
72.40 Obligated balance, start of year	1,393	1,506	1,733
73.10 Total new obligations	6,423	6,846	7,146
73.20 Total outlays (gross)	-5,897	-6,154	-6,327
73.45 Recoveries of prior year obligations	-413	-465	-540
74.40 Obligated balance, end of year	1,506	1,733	2,012
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	12		
86.93 Outlays from discretionary balances	12	3	
86.97 Outlays from new mandatory authority	4,909	5,114	5,135
86.98 Outlays from mandatory balances	964	1,037	1,192
87.00 Total outlays (gross)	5,897	6,154	6,327
Offsets:			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	-2,980	-3,966	
Net budget authority and outlays:			
89.00 Budget authority	3,443	2,880	7,146
90.00 Outlays	2,917	2,188	6,327

Summary of Budget Authority and Outlays

(in millions of dollars)

	2003 actual	2004 est.	2005 est.
Enacted/requested:			
Budget Authority	3,443	2,880	7,146
Outlays	2,917	2,188	6,327
Legislative proposal, subject to PAYGO:			
Budget Authority			-96
Outlays			57
Total:			
Budget Authority	3,443	2,880	7,050
Outlays	2,917	2,188	6,384

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

Identification code 91-0231-0-1-502	2003 actual	2004 est.	2005 est.
Guaranteed loan levels supportable by subsidy budget authority:			
215001 Stafford	16,534	20,186	21,542
215002 Unsubsidized Stafford	15,584	19,125	20,937
215003 PLUS	4,004	5,547	6,285
215004 Consolidation	30,854	25,902	22,297
215901 Total loan guarantee levels	66,976	70,760	71,061
Guaranteed loan subsidy (in percent):			
232001 Stafford	14.74	15.51	17.38
232002 Unsubsidized Stafford	6.02	4.19	4.24
232003 PLUS	3.78	1.76	1.72
232004 Consolidation	9.35	9.54	10.79
232901 Weighted average subsidy rate	9.57	9.19	10.06
Guaranteed loan subsidy budget authority:			
233001 Stafford	2,437	3,131	3,744
233002 Unsubsidized Stafford	938	801	888
233003 PLUS	151	98	108
233004 Consolidation	2,885	2,471	2,406
233901 Total subsidy budget authority	6,411	6,501	7,146
Guaranteed loan subsidy outlays:			
234001 Stafford	2,112	2,536	3,117
234002 Unsubsidized Stafford	769	724	740
234003 PLUS	138	104	92
234004 Consolidation	2,854	2,442	2,378
234901 Total subsidy outlays	5,873	5,806	6,327
Guaranteed loan upward reestimate subsidy budget authority:			
235001 Stafford		1,464	
235002 Unsubsidized Stafford	343		
235003 PLUS	80	2	
235004 Consolidation	32	634	
235901 Total upward reestimate budget authority	455	2,100	
Guaranteed loan downward reestimate subsidy budget authority:			
237001 Stafford	-2,643	-364	

237002 Unsubsidized Stafford	-207	-2,691	.....
237003 PLUS	-5	-625	.....
237004 Consolidation	-509	-1,542	.....
237005 SLS	-71	-499	.....
237901 Total downward reestimate subsidy budget authority	-3,435	-5,721	.....

Administrative expense data:

351001 Budget authority	12	.....	.....
359001 Outlays	24	3	.....

As required by the Federal Credit Reform Act of 1990, this program account records 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. Consistent with the Administration's proposal to consolidate student aid administrative activities in a single discretionary account, these expenses are not reflected for 2004 and 2005. For a discussion of this proposal, see the narrative description above in the Student Aid Administration account. Beginning with the 1993 cohort, mandatory administrative costs, specifically contract collection costs, are included in the FFEL subsidy estimates of each year's cohort. 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	2003 actual	2004 est.	2005 est.
11.1 Personnel compensation: Full-time permanent	10	.....	.....
12.1 Civilian personnel benefits	2	.....	.....
41.0 Grants, subsidies, and contributions	6,411	6,846	7,146
99.9 Total new obligations	6,423	6,846	7,146

Personnel Summary

Identification code 91-0231-0-1-502	2003 actual	2004 est.	2005 est.
1001 Total compensable workyears: Civilian full-time equivalent employment	129	.....	.....

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	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.02 Guaranteed Loan Net Subsidy	-96
10.00 Total new obligations (object class 41.0)	-96
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	-96
23.95 Total new obligations	96
New budget authority (gross), detail:			
Mandatory:			
60.00 Appropriation	-96
Change in obligated balances:			
73.10 Total new obligations	-96
73.20 Total outlays (gross)	-57
74.40 Obligated balance, end of year	-153
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority	57
Net budget authority and outlays:			
89.00 Budget authority	-96
90.00 Outlays	57

A description of how the Administration's legislative proposal will affect the Federal Family Education Loan program is included under the Federal Direct Student Loan Program Account.

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

Identification code 91-0231-4-1-502	2003 actual	2004 est.	2005 est.
Guaranteed loan levels supportable by subsidy budget authority:			
215001 Stafford	204
215002 Unsubsidized Stafford	72
215003 PLUS	5
215004 Consolidation	7
215901 Total loan guarantee levels	288
Guaranteed loan subsidy (in percent):			
232001 Stafford	-1.01
232002 Unsubsidized Stafford	-0.86
232003 PLUS	-0.29
232004 Consolidation	-0.03
232901 Weighted average subsidy rate	-33.33
Guaranteed loan subsidy budget authority:			
233001 Stafford	-184
233002 Unsubsidized Stafford	-178
233003 PLUS	-18
233004 Consolidation	7
233005 Subsidy due to modification	277
233901 Total subsidy budget authority	-96
Guaranteed loan subsidy outlays:			
234001 Stafford	-114
234002 Unsubsidized Stafford	-103
234003 PLUS	-10
234004 Consolidation	7
234005 Subsidy outlays due to modification	277
234901 Total subsidy outlays	57
235901 Total upward reestimate budget authority
237901 Total downward reestimate subsidy budget authority

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	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
Stafford loans:			
01.01 Interest benefits	1,063	1,168	1,438
01.02 Special allowance	333	407	868
01.03 Default claims	1,123	1,439	1,504
01.04 Death, disability, and bankruptcy claims	168	146	157
01.05 Teacher loan forgiveness, other write-offs	3	4	6
01.07 Contract collection costs	40	29	32
01.08 Loan Processing Fee	81	81	86
01.09 Voluntary flexible agreement performance fee	138	.....	.....
01.91 Subtotal, Stafford loans	2,949	3,274	4,091
Unsubsidized Stafford loans:			
02.02 Special allowance	40	293	707
02.03 Default claims	745	1,006	1,131
02.04 Death, disability, and bankruptcy claims	122	126	146
02.05 Teacher loan forgiveness, other write-offs	3	4	6
02.07 Contract collection costs	2	9	11
02.08 Loan Processing Fee	73	76	84
02.09 Voluntary flexible agreement performance fee	43	.....	.....
02.91 Subtotal, Unsubsidized Stafford loans	1,028	1,514	2,085
PLUS loans:			
03.02 Special allowance	16	16	18
03.03 Default claims	228	149	170
03.04 Death, disability, and bankruptcy claims	71	92	107
03.07 Contract Collection Costs	2	1	1
03.08 Loan Processing Fee	19	22	25
03.09 Voluntary flexible agreement performance fee	6	.....	.....

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	2003 actual	2004 est.	2005 est.
03.91 Subtotal, PLUS loans	342	280	321
SLS loans:			
04.03 Default claims	53	16	10
04.04 Death, disability and bankruptcy claims	10	3	3
04.07 Contract collection costs	10	4	4
04.08 Voluntary flexible agreement performance fee	4		
04.91 Subtotal, SLS loans	77	23	17
Consolidation loans:			
05.01 Interest benefit	134	215	229
05.02 Special allowance	61	68	476
05.03 Default claims	603	1,342	1,647
05.04 Death, disability, and bankruptcy claims	228	362	443
05.07 Contract collection costs	6	10	12
05.08 Voluntary flexible agreement performance fee	41		
05.91 Subtotal, Consolidations loans	1,073	1,997	2,807
08.02 Payment of downward reestimate to Program acct	2,206	3,494	
08.04 Interest on downward reestimate	774	472	
08.91 Downward Reestimate- Subtotal (1 level)	2,980	3,966	
10.00 Total new obligations	8,449	11,054	9,321
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	7,305	9,262	10,260
22.00 New financing authority (gross)	10,400	11,509	12,483
22.10 Resources available from recoveries of prior year obligations	5		
22.22 Unobligated balance transferred from other accounts		543	
23.90 Total budgetary resources available for obligation	17,710	21,314	22,743
23.95 Total new obligations	-8,449	-11,054	-9,321
24.40 Unobligated balance carried forward, end of year	9,262	10,260	13,422
New financing authority (gross), detail:			
Mandatory:			
69.00 Offsetting collections (cash)	10,400	11,509	12,483
Change in obligated balances:			
72.40 Obligated balance, start of year	1,382	931	1,218
73.10 Total new obligations	8,449	11,054	9,321
73.20 Total financing disbursements (gross)	-8,895	-10,767	-9,512
73.45 Recoveries of prior year obligations	-5		
74.40 Obligated balance, end of year	931	1,218	1,027
87.00 Total financing disbursements (gross)	8,895	10,767	9,512
Offsets:			
Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
Payments from program account:			
88.00 Stafford loans	-2,112	-2,536	-3,117
88.00 Unsubsidized Stafford	-769	-724	-740
88.00 PLUS loans	-138	-104	-92
88.00 Consolidated loans	-2,854	-2,442	-2,378
88.00 Upward reestimate		-345	
88.25 Interest on uninvested funds	-458	-629	-734
Student Loans: Stafford, Unsubsidized Stafford, PLUS, SLS & Consolidation:			
88.40 Stafford recoveries on defaults	-1,143	-1,153	-1,302
88.40 Stafford origination fees	-506	-599	-650
88.40 Stafford other fees	-14		
88.40 Stafford Sallie mae offset fee	-23	-8	-2
88.40 Unsubsidized Stafford recoveries on defaults	-416	-508	-635
88.40 Unsubsidized Stafford origination fees	-458	-552	-613
88.40 Unsubsidized Stafford other fees	-5		
88.40 Unsubsidized Stafford Sallie mae fees	-15	-6	-2
88.40 PLUS recoveries on defaults	-74	-86	-100
88.40 PLUS origination fees	-121	-160	-185
88.40 PLUS other fees	-1		
88.40 PLUS Sallie Mae offset fees	-4	-4	-1
88.40 SLS recoveries on defaults	-91	-111	-104
88.40 SLS other fees	-1		
88.40 SLS Sallie mae offset fee	-1		
88.40 Consolidation recoveries on defaults	-273	-489	-687
88.40 Consolidation origination fees	-176	-128	-110
88.40 Consolidation loan holders fee	-743	-925	-1,031
88.40 Consolidation loan other fees	-4		
88.90 Total, offsetting collections (cash)	-10,400	-11,509	-12,483

Net financing authority and financing disbursements:

89.00 Financing authority			
90.00 Financing disbursements	-1,506	-742	-2,971

Status of Guaranteed Loans (in millions of dollars)

Identification code 91-4251-0-3-502	2003 actual	2004 est.	2005 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	16,534	20,186	21,542
2150 Total guaranteed loan commitments	16,534	20,186	21,542
2199 Guaranteed amount of guaranteed loan commitments	16,534	20,186	21,542
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year	70,862	69,011	73,046
2231 Disbursements of new guaranteed loans	10,732	17,116	18,574
2251 Repayments and prepayments	-10,069	-11,515	-10,132
Adjustments:			
2261 Terminations for default that result in loans receivable	-1,061	-1,416	-1,520
2263 Terminations for default that result in claim payments	-168	-146	-157
2264 Other adjustments, net	-1,285	-4	-6
2290 Outstanding, end of year	69,011	73,046	79,805
Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year	69,011	73,046	79,805
Addendum:			
Cumulative balance of defaulted guaranteed loans that result in loans receivable:			
2310 Outstanding, start of year	2,668	2,714	2,943
2331 Disbursements for guaranteed loan claims	1,061	1,416	1,520
2351 Repayments of loans receivable	-1,025	-1,153	-1,302
2361 Write-offs of loans receivable	-31	-34	-36
2364 Other adjustments, net	41		
2390 Outstanding, end of year	2,714	2,943	3,125
UNSUBSIDIZED 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	15,584	19,125	20,937
2150 Total guaranteed loan commitments	15,584	19,125	20,937
2199 Guaranteed amount of guaranteed loan commitments	15,584	19,125	20,937
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year	47,090	50,194	54,982
2231 Disbursements of new guaranteed loans	9,847	15,758	17,514
2251 Repayments and prepayments	-5,908	-9,857	-9,372
Adjustments:			
2261 Terminations for default that result in loans receivable	-713	-983	-1,132
2263 Terminations for default that result in claim payments	-122	-126	-146
2264 Other adjustments, net		-4	-6
2290 Outstanding, end of year	50,194	54,982	61,840
Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year	50,194	54,982	61,840
Addendum:			
Cumulative balance of defaulted guaranteed loans that result in loans receivable:			
2310 Outstanding, start of year	1,264	1,608	2,071
2331 Disbursements for guaranteed loan claims	713	983	1,132
2351 Repayments of loans receivable	-383	-507	-635
2361 Write-offs of loans receivable	-10	-13	-15
2364 Other adjustments, net	24		
2390 Outstanding, end of year	1,608	2,071	2,553

PLUS				
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	4,004	5,548	6,285
2150	Total guaranteed loan commitments	4,004	5,548	6,285
2199	Guaranteed amount of guaranteed loan commitments	4,004	5,548	6,285
Cumulative balance of guaranteed loans outstanding:				
2210	Outstanding, start of year	10,529	10,739	12,150
2231	Disbursements of new guaranteed loans	2,617	4,572	5,293
2251	Repayments and prepayments	-1,906	-2,906	-2,975
Adjustments:				
2261	Terminations for default that result in loans receivable	-245	-164	-170
2263	Terminations for default that result in claim payments	-71	-91	-107
2264	Other adjustments, net	-185		
2290	Outstanding, end of year	10,739	12,150	14,191

Memorandum:				
2299	Guaranteed amount of guaranteed loans outstanding, end of year	10,739	12,150	14,191

Addendum:				
Cumulative balance of defaulted guaranteed loans that result in loans receivable:				
2310	Outstanding, start of year	209	389	460
2331	Disbursements for guaranteed loan claims	245	164	170
2351	Repayments of loans receivable	-64	-86	-100
2361	Write-offs of loans receivable	-6	-7	-7
2364	Other adjustments, net	5		
2390	Outstanding, end of year	389	460	523

SLS				
Cumulative balance of guaranteed loans outstanding:				
2210	Outstanding, start of year	1,276	511	395
2251	Repayments and prepayments	-227	-91	-106
Adjustments:				
2261	Terminations for default that result in loans receivable	-52	-22	-11
2263	Terminations for default that result in claim payments	-10	-3	-3
2264	Other adjustments, net	-476		
2290	Outstanding, end of year	511	395	275

Memorandum:				
2299	Guaranteed amount of guaranteed loans outstanding, end of year	511	395	275

Addendum:				
Cumulative balance of defaulted guaranteed loans that result in loans receivable:				
2310	Outstanding, start of year	555	538	446
2331	Disbursements for guaranteed loan claims	52	22	11
2351	Repayments of loans receivable	-74	-111	-104
2361	Write-offs of loans receivable	-4	-3	-3
2364	Other adjustments, net	9		
2390	Outstanding, end of year	538	446	350

CONSOLIDATED				
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	30,853	25,902	22,298
2150	Total guaranteed loan commitments	30,853	25,902	22,298
2199	Guaranteed amount of guaranteed loan commitments	30,853	25,902	22,298
Cumulative balance of guaranteed loans outstanding:				
2210	Outstanding, start of year	49,434	79,017	94,372
2231	Disbursements of new guaranteed loans	34,958	25,631	22,047
2251	Repayments and prepayments	-4,465	-8,661	-9,942
Adjustments:				
2261	Terminations for default that result in loans receivable	-682	-1,253	-1,629
2263	Terminations for default that result in claim payments	-228	-362	-443
2290	Outstanding, end of year	79,017	94,372	104,405

Memorandum:				
2299	Guaranteed amount of guaranteed loans outstanding, end of year	79,017	94,372	104,405
Addendum:				
Cumulative balance of defaulted guaranteed loans that result in loans receivable:				
2310	Outstanding, start of year	1,402	1,870	2,616
2331	Disbursements for guaranteed loan claims	682	1,253	1,629
2351	Repayments of loans receivable	-230	-490	-687
2361	Write-offs of loans receivable	-12	-17	-23
2364	Other adjustments, net	28		
2390	Outstanding, end of year	1,870	2,616	3,535

Balance Sheet (in millions of dollars)

Identification code 91-4251-0-3-502					
		2002 actual	2003 actual	2004 est.	2005 est.
ASSETS:					
1101	Federal assets: Fund balances with Treasury	8,687	10,193		
	Net value of assets related to post-1991 acquired defaulted guaranteed loans receivable:				
1501	Defaulted guaranteed loans receivable, gross	6,098	7,119		
1502	Interest receivable	1,732	1,553		
1505	Allowance for subsidy cost (-)	-2,580	-1,312		
1599	Net present value of assets related to defaulted guaranteed loans	5,250	7,360		
1901	Other Federal assets: Other assets	339	1,034		
1999	Total assets	14,276	18,587		
LIABILITIES:					
2101	Federal liabilities: Accounts payable	2,706	3,277		
2204	Non-Federal liabilities: Liabilities for loan guarantees	11,570	15,310		
2999	Total liabilities	14,276	18,587		
4999	Total liabilities and net position	14,276	18,587		

Note: Consistent with Government-wide practice, information for 2004 and 2005 was not required to be collected.

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				
		2003 actual	2004 est.	2005 est.
Obligations by program activity:				
Stafford loans:				
01.01	Interest benefits			1
01.02	Special allowance			-27
01.05	Teacher loan forgiveness, other write-offs			1
01.08	Loan Processing Fee			1
01.91	Subtotal, Stafford loans			-24
Unsubsidized Stafford loans:				
02.02	Special allowance			-22
02.05	Teacher loan forgiveness, other write-offs			1
02.91	Subtotal, Unsubsidized Stafford loans			-21
PLUS loans:				
03.02	Special allowance			-2
Consolidation loans:				
05.01	Interest benefit			-3
05.02	Special allowance			-8
05.03	Default claims			-93
05.04	Death, disability, and bankruptcy claims			-5
05.91	Subtotal, Consolidations loans			-109
10.00	Total new obligations			-156

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	2003 actual	2004 est.	2005 est.
Budgetary resources available for obligation:			
22.00 New financing authority (gross)			36
23.95 Total new obligations			156
24.40 Unobligated balance carried forward, end of year			192
New financing authority (gross), detail:			
Mandatory:			
69.00 Offsetting collections (cash)			36
Change in obligated balances:			
73.10 Total new obligations			-156
73.20 Total financing disbursements (gross)			138
74.40 Obligated balance, end of year			-17
87.00 Total financing disbursements (gross)			-138
Offsets:			
Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
Payments from program account:			
88.00 Stafford loans			114
88.00 Unsubsidized Stafford			103
88.00 PLUS loans			10
88.00 Consolidated loans			-7
88.00 Noncontractual modifications			-277
88.25 Interest on uninvested funds			-4
Student Loans: Stafford, Unsubsidized Stafford, PLUS, SLS & Consolidation:			
88.40 Stafford origination fees			-3
88.40 Unsubsidized Stafford origination fees			-1
88.40 PLUS origination fees			-2
88.40 Consolidation recoveries on defaults			23
88.40 Consolidation loan holders fee			8
88.90 Total, offsetting collections (cash)			-36
Net financing authority and financing disbursements:			
89.00 Financing authority			
90.00 Financing disbursements			-174

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	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
01.01 Interest benefits, net of origination fees	27	13	7
01.02 Special allowance net of origination fees	3	2	3
01.03 Default claims	100	96	65
01.04 Death, disability, and bankruptcy claims	26	20	14
01.05 Contract collection costs	92	62	51
01.06 Voluntary flexible agreements	15		
01.91 Subtotal, Stafford loans	263	193	140
02.01 Default claims	22	13	9
02.02 Death, disability, and bankruptcy claims	10	8	5
02.05 Contract collection costs	20	12	10
02.06 Voluntary flexible agreements	4		
02.91 Subtotal, PLUS/SLS loans	56	33	24
10.00 Total new obligations	319	226	164
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	1,032	887	
22.00 New budget authority (gross)	1,202	226	164
22.10 Resources available from recoveries of prior year obligations	4		
22.21 Unobligated balance transferred to other accounts		-543	
22.40 Capital transfer to general fund	-1,032	-344	
23.90 Total budgetary resources available for obligation	1,206	226	164
23.95 Total new obligations	-319	-226	-164
24.40 Unobligated balance carried forward, end of year	887		

New budget authority (gross), detail:

Identification code 91-0230-0-1-502	2003 actual	2004 est.	2005 est.
Mandatory:			
60.00 Appropriation			50
69.00 Offsetting collections (cash)	1,957	1,180	981
69.27 Capital transfer to general fund	-755	-1,004	-817
69.90 Spending authority from offsetting collections (total mandatory)	1,202	176	164
70.00 Total new budget authority (gross)	1,202	226	164
Change in obligated balances:			
72.40 Obligated balance, start of year	-2	57	
73.10 Total new obligations	319	226	164
73.20 Total outlays (gross)	-256	-283	-164
73.45 Recoveries of prior year obligations	-4		
74.40 Obligated balance, end of year	57		
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority	258	226	164
86.98 Outlays from mandatory balances	-2	57	
87.00 Total outlays (gross)	256	283	164
Offsets:			
Against gross budget authority and outlays:			
Offsetting collections (cash) from:			
88.40 Fed collections on defaulted loans, Stafford	-272	-372	-310
88.40 Federal collections on bankruptcies, Stafford	-5	-5	-4
88.40 Offsets against Federal tax refunds, Stafford	-395	-281	-234
88.40 Reimbursements from guaranty agencies, Stafford	-914	-301	-250
88.40 Other collections/ fees, Stafford	-131	-36	-30
88.40 Sallie Mae offset fee	-1		
88.40 Federal collections on defaulted loans, PLUS/SLS	-50	-87	-72
88.40 Federal collections on bankruptcies, PLUS/SLS	-1	-1	-1
88.40 Offsets against Federal tax refunds, PLUS/SLS	-27	-21	-17
PLUS/SLS loans:			
88.40 Reimbursements from guaranty agencies, PLUS/SLS	-161	-76	-63
88.90 Total, offsetting collections (cash)	-1,957	-1,180	-981
Net budget authority and outlays:			
89.00 Budget authority	-755	-954	-817
90.00 Outlays	-1,701	-897	-817

Status of Guaranteed Loans (in millions of dollars)

Identification code 91-0230-0-1-502	2003 actual	2004 est.	2005 est.
STAFFORD LOANS			
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year	2,052	2,431	1,933
2251 Repayments and prepayments	-782	-378	-178
Adjustments:			
2261 Terminations for default that result in loans receivable	-100	-100	-72
2263 Terminations for default that result in claim payments	-26	-20	-14
2264 Other adjustments, net	1,287		
2290 Outstanding, end of year	2,431	1,933	1,669
Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year	2,431	1,933	1,669
Addendum:			
Cumulative balance of defaulted guaranteed loans that result in loans receivable:			
2310 Outstanding, start of year	10,887	8,864	8,270
2331 Disbursements for guaranteed loan claims	100	100	72
2351 Repayments of loans receivable	-911	-528	-440
2361 Write-offs of loans receivable	-128	-104	-97
2364 Other adjustments, net	-1,084	-62	-51
2390 Outstanding, end of year	8,864	8,270	7,754
PLUS/SLS LOANS			
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year	672	1,252	1,126
2251 Repayments and prepayments	-51	-104	-104
Adjustments:			
2261 Terminations for default that result in loans receivable	-22	-15	-10
2263 Terminations for default that result in claim payments	-9	-7	-5

2264	Other adjustments, net	662		
2290	Outstanding, end of year	1,252	1,126	1,007
Memorandum:				
2299	Guaranteed amount of guaranteed loans outstanding, end of year	1,252	1,126	1,007
Addendum:				
Cumulative balance of defaulted guaranteed loans that result in loans receivable:				
2310	Outstanding, start of year	2,041	1,692	1,575
2331	Disbursements for guaranteed loan claims	22	15	10
2351	Repayments of loans receivable	-143	-99	-82
2361	Write-offs of loans receivable	-22	-18	-17
2364	Other adjustments, net	-206	-15	-12
2390	Outstanding, end of year	1,692	1,575	1,474

Balance Sheet (in millions of dollars)

Identification code 91-0230-0-1-502	2002 actual	2003 actual	2004 est.	2005 est.
ASSETS:				
1101	Federal assets: Fund balances with Treasury	1,031	944	
	Net value of assets related to pre-1992 direct loans receivable and acquired defaulted guaranteed loans receivable:			
1701	Defaulted guaranteed loans, gross	12,928	10,555	
1702	Interest receivable	1,284	1,144	
1703	Allowance for estimated uncollectible loans and interest (-)	-13,175	-8,273	
1704	Defaulted guaranteed loans and interest receivable, net	1,037	3,426	
1799	Value of assets related to loan guarantees	1,037	3,426	
1901	Other Federal assets: Other assets	62	56	
1999	Total assets	2,130	4,426	
LIABILITIES:				
2104	Federal liabilities: Resources payable to Treasury	2,007	3,761	
Non-Federal liabilities:				
2201	Accounts payable	14	543	
2204	Liabilities for loan guarantees	109	122	
2999	Total liabilities	2,130	4,426	
4999	Total liabilities and net position	2,130	4,426	

Note: Consistent with Government-wide practice, information for 2004 and 2005 was not required to be collected.
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 for 1992 and beyond is recorded in corresponding program and financing accounts.

Object Classification (in millions of dollars)

Identification code 91-0230-0-1-502	2003 actual	2004 est.	2005 est.	
25.2	Other services	113	74	61
33.0	Investments and loans	122	109	74
41.0	Grants, subsidies, and contributions	49	16	10
42.0	Insurance claims and indemnities	35	27	19
99.9	Total new obligations	319	226	164

INSTITUTE OF EDUCATION SCIENCES

Federal Funds

General and special funds:

INSTITUTE OF EDUCATION SCIENCES

For carrying out activities authorized by Public Law 107-279, **[\$478,717,000] \$371,496,000: Provided,** That, of the amount appro-

riated, **[\$166,500,000] \$185,000,000** shall be available for obligation through September 30, **[2005: Provided further,** That of the amount provided to carry out title I, parts B and D of Public Law 107-279, not less than \$24,362,000 shall be for the national research and development centers authorized under section 133(c): *Provided further,* That \$4,968,000 shall be available to extend for one additional year the contract for the Eisenhower National Clearinghouse for Mathematics and Science Education authorized under section 2102(a)(2) of the Elementary and Secondary Education Act of 1965, prior to its amendment by the No Child Left Behind Act of 2001, Public Law 107-110] **2006. (Division E, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)**

Program and Financing (in millions of dollars)

Identification code 91-1100-0-1-503	2003 actual	2004 est.	2005 est.	
Direct program:				
Obligations by program activity:				
Research and statistics:				
00.01	Research, development, and dissemination	138	165	185
00.02	Statistics	89	91	91
00.03	Regional educational laboratories	67	67	
00.04	Assessment	95	95	95
Technical assistance providers:				
00.05	Regional technology in education consortia	10	10	
00.06	Comprehensive regional assistance centers	28	28	
00.07	Eisenhower regional mathematics and science education consortia	15	15	
00.08	Eisenhower National Clearinghouse for Mathematics and Science Education	5	5	
01.00	Total direct program	447	476	371
09.01	Reimbursable program	5	5	5
10.00	Total new obligations	452	481	376
Budgetary resources available for obligation:				
22.00	New budget authority (gross)	453	481	376
23.95	Total new obligations	-452	-481	-376
New budget authority (gross), detail:				
Discretionary:				
40.00	Appropriation	451	479	371
40.35	Appropriation permanently reduced	-3	-3	
43.00	Appropriation (total discretionary)	448	476	371
Spending authority from offsetting collections:				
68.00	Offsetting collections (cash)	1	1	1
68.10	Change in uncollected customer payments from Federal sources (unexpired)	4	4	4
68.90	Spending authority from offsetting collections (total discretionary)	5	5	5
70.00	Total new budget authority (gross)	453	481	376
Change in obligated balances:				
72.40	Obligated balance, start of year	683	575	449
73.10	Total new obligations	452	481	376
73.20	Total outlays (gross)	-586	-603	-453
73.40	Adjustments in expired accounts (net)	24		
74.00	Change in uncollected customer payments from Federal sources (unexpired)	-4	-4	-4
74.10	Change in uncollected customer payments from Federal sources (expired)	6		
74.40	Obligated balance, end of year	575	449	368
Outlays (gross), detail:				
86.90	Outlays from new discretionary authority	108	115	96
86.93	Outlays from discretionary balances	478	488	357
87.00	Total outlays (gross)	586	603	453
Offsets:				
Against gross budget authority and outlays:				
88.00	Offsetting collections (cash) from: Federal sources	-34	-5	-1
Against gross budget authority only:				
88.95	Change in uncollected customer payments from Federal sources (unexpired)	-4	-4	-4
88.96	Portion of offsetting collections (cash) credited to expired accounts	33	4	
Net budget authority and outlays:				
89.00	Budget authority	448	476	371
90.00	Outlays	552	598	452

Note.—Excludes \$28 million in budget authority in 2005 for activities transferred to Department of Education School Improvement Programs. Comparable amounts for 2003 (\$58 million) and 2004 (\$57 million) are included above.

General and special funds—Continued

INSTITUTE OF EDUCATION SCIENCES—Continued

Summary of Budget Authority and Outlays

(in millions of dollars)

	2003 actual	2004 est.	2005 est.
Enacted/requested:			
Budget Authority	448	476	371
Outlays	552	598	452
Legislative proposal, not subject to PAYGO:			
Budget Authority			78
Outlays			20
Total:			
Budget Authority	448	476	449
Outlays	552	598	472

Research and Statistics.—

Research, development, and dissemination.—Funds support the National Center for Education Research, which oversees a diverse portfolio of directed research, field-initiated studies, research and development centers, and inter-agency initiatives. Funds also support dissemination activities that provide parents, teachers, and schools with valid information on effective educational practice.

Statistics.—Funds support the Department’s statistical data collection activities, which are conducted by the National Center for Education Statistics (NCES). NCES collects, analyzes, and disseminates statistics on education at all levels, from preschool through postsecondary and adult education, including statistics on international education activities.

Assessment.—Funds support the National Assessment of Educational Progress (NAEP). NAEP administers assessments to samples of students in order to gather reliable information about educational attainment in important academic areas. Funds support collection and reporting of national, State, and long-term trend information, including the conduct of biennial State NAEP in reading and mathematics at grades 4 and 8.

Object Classification (in millions of dollars)

Identification code 91–1100–0–1–503	2003 actual	2004 est.	2005 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent	1	1	1
11.3 Other than full-time permanent		1	1
11.9 Total personnel compensation	1	2	2
24.0 Printing and reproduction	1	1	1
25.1 Advisory and assistance services	2	3	3
25.2 Other services	183	185	179
25.3 Other purchases of goods and services from Government accounts	18	14	14
25.5 Research and development contracts	86	72	6
25.7 Operation and maintenance of equipment	3	3	3
41.0 Grants, subsidies, and contributions	152	196	163
99.0 Direct obligations	446	476	371
99.0 Reimbursable obligations	5	5	5
99.5 Below reporting threshold	1		
99.9 Total new obligations	452	481	376

Personnel Summary

Identification code 91–1100–0–1–503	2003 actual	2004 est.	2005 est.
1001 Total compensable workyears: Civilian full-time equivalent employment	12	15	15

INSTITUTE OF EDUCATION SCIENCES

(Legislative proposal, not subject to PAYGO)

Pending legislation would transfer the authority for research in special education from the Individuals with Disabilities Education Act to the Education Sciences Reform Act

of 2002 and create a National Center for Special Education Research within the Institute of Education Sciences.

Program and Financing (in millions of dollars)

Identification code 91–1100–2–1–503	2003 actual	2004 est.	2005 est.
Direct program:			
Obligations by program activity:			
00.09 Research and innovation in special education			78
10.00 Total new obligations			78
Budgetary resources available for obligation:			
22.00 New budget authority (gross)			78
23.95 Total new obligations			–78
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation			78
Change in obligated balances:			
73.10 Total new obligations			78
73.20 Total outlays (gross)			–20
74.40 Obligated balance, end of year			58
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority			20
Net budget authority and outlays:			
89.00 Budget authority			78
90.00 Outlays			20

Note: Includes \$78 million in budget authority for Research and Innovation in Special Education previously financed from the Department of Education:

(in millions of dollars)

	2003 actual	2004 est.
Office of Special Education and Rehabilitative Services, Special Education	77	78

Research and innovation in special education.—Funds support research and dissemination activities to address gaps in scientific knowledge in order to improve special education and early intervention services and results for infants, toddlers, and children with disabilities.

Object Classification (in millions of dollars)

Identification code 91–1100–2–1–503	2003 actual	2004 est.	2005 est.
25.2 Other services			3
25.3 Other purchases of goods and services from Government accounts			5
41.0 Grants, subsidies, and contributions			70
99.9 Total new obligations			78

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 three passenger motor vehicles, [\$425,000,000, of which \$13,644,000, to remain available until expended, shall be for building alterations and related expenses for the relocation of Department staff to Potomac Center Plaza in Washington, D.C.] \$429,568,000. (Division E, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)

Program and Financing (in millions of dollars)

Identification code 91–0800–0–1–503	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.01 Program administration	418	425	430
09.01 Reimbursable program	3	3	3
10.00 Total new obligations	422	428	433
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year		5	

22.00	New budget authority (gross)	427	423	433
23.90	Total budgetary resources available for obligation	427	428	433
23.95	Total new obligations	-422	-428	-433
23.98	Unobligated balance expiring or withdrawn	-1		
24.40	Unobligated balance carried forward, end of year	5		
New budget authority (gross), detail:				
Discretionary:				
40.00	Appropriation	413	425	430
40.35	Appropriation permanently reduced	-3	-5	
42.00	Transferred from other accounts	14		
43.00	Appropriation (total discretionary)	424	420	430
Spending authority from offsetting collections:				
68.00	Offsetting collections (cash)		1	1
68.10	Change in uncollected customer payments from Federal sources (unexpired)	3	2	2
68.90	Spending authority from offsetting collections (total discretionary)	3	3	3
70.00	Total new budget authority (gross)	427	423	433
Change in obligated balances:				
72.40	Obligated balance, start of year	122	113	146
73.10	Total new obligations	422	428	433
73.20	Total outlays (gross)	-429	-394	-425
73.40	Adjustments in expired accounts (net)	-2		
74.00	Change in uncollected customer payments from Federal sources (unexpired)	-3	-2	-2
74.10	Change in uncollected customer payments from Federal sources (expired)	3		
74.40	Obligated balance, end of year	113	146	152
Outlays (gross), detail:				
86.90	Outlays from new discretionary authority	335	316	329
86.93	Outlays from discretionary balances	94	78	96
87.00	Total outlays (gross)	429	394	425
Offsets:				
Against gross budget authority and outlays:				
88.00	Offsetting collections (cash) from: Federal sources	-6	-1	-1
Against gross budget authority only:				
88.95	Change in uncollected customer payments from Federal sources (unexpired)	-3	-2	-2
88.96	Portion of offsetting collections (cash) credited to expired accounts	5		
Net budget authority and outlays:				
89.00	Budget authority	424	420	430
90.00	Outlays	424	393	424

The Program Administration account includes the direct Federal costs of providing grants and administering elementary and secondary education, Indian education, English language acquisition, higher education, technical and adult education, special education programs, and programs for persons with disabilities. It also supports assessment, statistics, and research 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; information technology services; personnel management; personnel security; budget formulation and execution; program evaluation; legal services; congressional and public relations; and intergovernmental affairs.

Also included in this account are contributions from the public. Activities supported include receptions for Blue Ribbon Schools, Historically Black Colleges and Universities, and School Recognition. Contributions not designated for a specific purpose are in the account's Gifts and Bequests Miscellaneous Fund.

Reimbursable program.—Reimbursements to this account are for providing administrative services to other agencies, recycling activities, and in-kind travel.

Object Classification (in millions of dollars)

Identification code 91-0800-0-1-503	2003 actual	2004 est.	2005 est.	
Direct obligations:				
Personnel compensation:				
11.1	Full-time permanent	171	195	199
11.3	Other than full-time permanent	29	5	6
11.5	Other personnel compensation	4	4	4
11.9	Total personnel compensation	204	204	209
12.1	Civilian personnel benefits	44	43	44
13.0	Benefits for former personnel	1		
21.0	Travel and transportation of persons	5	6	6
23.1	Rental payments to GSA	31	37	41
23.3	Communications, utilities, and miscellaneous charges	10	13	12
24.0	Printing and reproduction	4	4	5
25.1	Advisory and assistance services	5	4	3
25.2	Other services	29	24	27
25.3	Other purchases of goods and services from Government accounts	15	13	12
25.7	Operation and maintenance of equipment	52	58	57
26.0	Supplies and materials	2	2	2
31.0	Equipment	14	12	11
32.0	Land and structures	2	4	1
99.0	Direct obligations	418	424	430
99.0	Reimbursable obligations	3	3	3
99.5	Below reporting threshold	1	1	
99.9	Total new obligations	422	428	433

Personnel Summary

Identification code 91-0800-0-1-503	2003 actual	2004 est.	2005 est.	
1001	Total compensable workyears: Civilian full-time equivalent employment	2,461	2,358	2,351

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, **[\$89,275,000] \$92,801,000.** (Division E, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)

Program and Financing (in millions of dollars)

Identification code 91-0700-0-1-751	2003 actual	2004 est.	2005 est.	
Obligations by program activity:				
00.01	Civil rights	84	88	93
10.00	Total new obligations	84	88	93
Budgetary resources available for obligation:				
22.00	New budget authority (gross)	84	88	93
23.95	Total new obligations	-84	-88	-93
New budget authority (gross), detail:				
Discretionary:				
40.00	Appropriation	86	89	93
40.35	Appropriation permanently reduced	-1	-1	
41.00	Transferred to other accounts	-1		
43.00	Appropriation (total discretionary)	84	88	93
Change in obligated balances:				
72.40	Obligated balance, start of year	15	16	19
73.10	Total new obligations	84	88	93
73.20	Total outlays (gross)	-83	-85	-88
74.40	Obligated balance, end of year	16	19	22
Outlays (gross), detail:				
86.90	Outlays from new discretionary authority	74	72	75
86.93	Outlays from discretionary balances	9	13	13
87.00	Total outlays (gross)	83	85	88
Net budget authority and outlays:				
89.00	Budget authority	84	88	93
90.00	Outlays	83	85	88

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

General and special funds—Continued

OFFICE FOR CIVIL RIGHTS—Continued

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, the Americans with Disabilities Act of 1990 and the Boy Scouts of America Equal Access Act of 2002.

Object Classification (in millions of dollars)

Identification code 91-0700-0-1-751	2003 actual	2004 est.	2005 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent	47	49	50
11.3 Other than full-time permanent	2	2	3
11.9 Total personnel compensation	49	51	53
12.1 Civilian personnel benefits	11	11	11
21.0 Travel and transportation of persons	1	1	1
23.1 Rental payments to GSA	6	8	10
23.3 Communications, utilities, and miscellaneous charges	2	2	2
25.2 Other services	1	1	2
25.3 Other purchases of goods and services from Government accounts	2	2	2
25.7 Operation and maintenance of equipment	9	7	7
31.0 Equipment	1	1	1
99.0 Direct obligations	82	84	89
99.5 Below reporting threshold	2	4	4
99.9 Total new obligations	84	88	93

Personnel Summary

Identification code 91-0700-0-1-751	2003 actual	2004 est.	2005 est.
1001 Total compensable workyears: Civilian full-time equivalent employment	672	663	663

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, **[\$47,137,000]** \$50,576,000. (Division E, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)

Program and Financing (in millions of dollars)

Identification code 91-1400-0-1-751	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.01 Inspector General	41	47	51
10.00 Total new obligations	41	47	51
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	41	47	51
23.95 Total new obligations	-41	-47	-51
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	41	47	51
Change in obligated balances:			
72.40 Obligated balance, start of year	9	7	10
73.10 Total new obligations	41	47	51
73.20 Total outlays (gross)	-42	-44	-48
74.40 Obligated balance, end of year	7	10	13
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	35	37	41
86.93 Outlays from discretionary balances	7	7	7
87.00 Total outlays (gross)	42	44	48
Net budget authority and outlays:			
89.00 Budget authority	41	47	51

90.00 Outlays	42	44	48
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The Inspector General is responsible for the quality, coverage, and coordination of audit and investigation 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	2003 actual	2004 est.	2005 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent	20	23	25
11.3 Other than full-time permanent	1	1	2
11.5 Other personnel compensation	1		
11.9 Total personnel compensation	22	24	27
12.1 Civilian personnel benefits	6	6	7
21.0 Travel and transportation of persons	2	1	2
23.1 Rental payments to GSA	3	4	4
23.3 Communications, utilities, and miscellaneous charges	1	1	1
25.1 Advisory and assistance services	2	4	4
25.2 Other services		1	1
25.3 Other purchases of goods and services from Government accounts	1	1	1
25.7 Operation and maintenance of equipment	2	2	3
31.0 Equipment		1	1
99.0 Direct obligations	39	45	51
99.5 Below reporting threshold	2	2	
99.9 Total new obligations	41	47	51

Personnel Summary

Identification code 91-1400-0-1-751	2003 actual	2004 est.	2005 est.
1001 Total compensable workyears: Civilian full-time equivalent employment	281	285	302

GENERAL FUND RECEIPT ACCOUNTS

(in millions of dollars)

	2003 actual	2004 est.	2005 est.
Offsetting receipts from the public:			
91-291500 Repayment of loans, capital contributions, higher education activities	44	50	50
General Fund Offsetting receipts from the public	44	50	50

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 of 1985, 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 15 days in advance of any transfer.

[SEC. 305. SPECIAL STUDY OF SIMPLIFICATION OF NEED ANALYSIS AND APPLICATION FOR TITLE IV AID. (a) STUDY REQUIRED.—The Advisory Committee on Student Financial Assistance established by section 491 of the Higher Education Act of 1965 (20 U.S.C. 1098), hereafter in this section referred to as “the Advisory Committee”, shall conduct a thorough study of the feasibility of simplifying the need analysis methodology for all Federal student financial assistance programs and the process of applying for such assistance.

(b) REQUIRED SUBJECTS OF STUDY.—In performing the study, the Advisory Committee shall, at a minimum, examine the following:

(1) whether the methodology used to calculate the expected family contribution can be simplified without significant adverse effects on program intent, costs, integrity, delivery, and distribution of awards;

(2) whether the number of data elements, and, accordingly, the number and complexity of questions asked of students and families, used to calculate the expected family contribution can be reduced without such adverse effects;

(3) whether the procedures for determining such data elements, including determining and updating offsets and allowances, is the most efficient, effective, and fair means to determine a family’s available income and assets;

(4) whether the methodology used to calculate the expected family contribution, specifically the consideration of income earned by a dependent student and its effect on Pell grant eligibility, is an effective and fair means to determine a family’s available income and a student’s need;

(5) whether the nature and timing of the application required in section 483(a)(1) of the Higher Education Act of 1965 (20 U.S.C. 1090(a)(1)), eligibility and award determination, financial aid processing, and funds delivery can be streamlined further for students and families, institutions, and States;

(6) whether it is feasible to allow students to complete only those limited sections of the financial aid application that apply to their specific circumstances and the State in which they reside;

(7) whether a widely disseminated printed form, or the use of an Internet or other electronic means, can be developed to notify individuals of an estimation of their approximate eligibility for grant, work-study, and loan assistance upon completion and verification of the simplified application form;

(8) whether information provided on other Federal forms (such as the form applying for supplemental security income under title XVI of the Social Security Act, the form for applying for food stamps under the Food Stamp Act of 1977, and the schedule for applying for the earned income tax credit under section 32 of the Internal Revenue Code of 1986) that are designed to determine eligibility for various Federal need-based assistance programs could be used to qualify potential students for the simplified needs test; and

(9) whether any proposed changes to data elements collected, in addition to those used to calculate expected family contribution, or any proposed changes to the form’s design or the process of applying for aid, may have adverse effects on program costs, integrity, delivery, or distribution of awards, as well as, application development or application processing.

(c) ADDITIONAL CONSIDERATIONS.—In conducting the feasibility study, the Advisory Committee’s primary objective under this sub-

section shall be simplifying the financial aid application forms and process and obtaining a substantial reduction in the number of required data items. In carrying out that objective, the Advisory Committee shall pay special attention to the needs of low-income and moderate-income students and families.

(d) CONSULTATION.—

(1) IN GENERAL.—The Advisory Committee shall consult with a broad range of interested parties in higher education, including parents and students, high school guidance counselors, financial aid and other campus administrators, appropriate State administrators, administrators of intervention and outreach programs, and appropriate officials from the Department of Education.

(2) FORMS DESIGN EXPERT.—With the goal of making significant changes to the form to make the questions more easily understandable, the Advisory Committee shall consult a forms design expert to ensure that its recommendations for revision of the application form would assist in making the form easily readable and understood by parents, students, and other members of the public.

(3) CONGRESSIONAL CONSULTATION.—The Advisory Committee shall consult on a regular basis with the Committee on Education and the Workforce of the House of Representatives and the Committee on Health, Education, Labor, and Pensions of the Senate in carrying out the feasibility study required by this subsection.

(4) DEPARTMENTAL CONSULTATION.—The Secretary of Education shall provide such assistance to the Advisory Committee as is requested and practicable in conducting the study required by this subsection.

(e) REPORTS.—

(1) INTERIM REPORT.—The Advisory Committee shall, not later than six months after the date of enactment of this Act, prepare and submit an interim report containing any such legislative changes as the Advisory Committee recommends to reform and simplify the needs analysis under part F of title IV of the Higher Education Act of 1965 (20 U.S.C. 1087kk et seq.) and forms and other requirements under such title to the Committee on Education and the Workforce of the House of Representatives, the Committee on Health, Education, Labor, and Pensions of the Senate, and the Secretary of Education.

(2) FINAL REPORT.—The Advisory Committee shall, not later than one year after the date of enactment of this Act, prepare and submit a full final report on the study, including recommendations for regulatory and administrative changes required by this section, to the Committee on Education and the Workforce of the House of Representatives, the Committee on Health, Education, Labor, and Pensions of the Senate, and the Secretary of Education.

(f) IMPLEMENTATION.—The Secretary of Education shall consult with the Committee on Education and the Workforce of the House of Representatives and the Committee on Health, Education, Labor, and Pensions of the Senate and shall subsequently initiate a redesign of the form required by section 483 of the Higher Education Act of 1965 (20 U.S.C. 1090). Such redesign shall include the testing of alternative simplified versions of the free federal form. The Secretary shall keep the Committee on Education and the Workforce of the House of Representatives and the Committee on Health, Education, Labor, and Pensions of the Senate fully and currently informed on the progress of these efforts.

(g) POSTPONEMENT OF TAX TABLE UPDATE PENDING REPORT AND IMPLEMENTATION.—The Secretary of Education shall not implement or enforce for the award year 2004–2005 the annual update to the allowances for State and other taxes in the tables used in the Federal needs analysis methodology, as prescribed by the Secretary on May 30, 2003 (68 Fed. Reg. 32473).]

[SEC. 306. The Secretary of Education shall treat as timely filed an application under section 8003 of the Elementary and Secondary Education Act of 1965 from the local educational agency for Hydaburg, Alaska, for a payment for fiscal year 2004, and shall process such application for payment, if the Secretary has received the fiscal year 2004 application not later than 30 days after the date of enactment of this Act.]

SEC. 305. (a) DISCRETIONARY FUNDING.—Section 458(a)(1) of the Higher Education Act of 1965 (20 U.S.C. 1087h(a)(1)), is amended—

(TRANSFER OF FUNDS)—Continued

(1) in the matter preceding subparagraph (A), by striking “there shall be available to the Secretary, from funds not otherwise appropriated, funds to be obligated for—” and inserting in lieu thereof, “there are authorized to be appropriated to carry out this section such sums as may be necessary, for—”;

(2) in subparagraph (B), by striking the comma at the end thereof and inserting in lieu thereof a period; and

(3) by striking the flush language at the end thereof.

(b) **EFFECTIVE DATE.**—The amendments made by subsection (a) shall be effective for fiscal year 2005 and succeeding fiscal years. (Division E, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)

Note: Section 167, Division H, H.R. 2673, Consolidated Appropriations Bill, 2004, appropriates additional amounts for the Department of Education for 2004. The language is presented with the government-wide general provisions.