

Department of Education
LOANS FOR SHORT-TERM TRAINING
Fiscal Year 2009 Budget Request to OMB
CONTENTS

	<u>Page</u>
Amounts Available for Obligation.....	R-1
Obligations by Object Classification.....	R-1
Activity:	
Loans for Short-Term Training.....	R-2

LOANS FOR SHORT-TERM TRAINING

Amounts Available for Obligation
(\$000s)

	2007	2008	2009
Discretionary appropriation	<u>0</u>	<u>0</u>	<u>\$3,000</u>
Total, direct obligations	0	0	3,000

Obligations by Object Classification
(\$000s)

	2007	2008	2009
Grants, subsidies and contributions...	0	0	\$3,000

LOANS FOR SHORT-TERM TRAINING

Loans for short-term training
(Proposed legislation)

FY 2009 Authorization (\$000s): To be determined

Budget Authority (\$000s):

	<u>2008</u> <u>Appropriation</u>	<u>2009</u> <u>Request</u>	<u>Change</u>
Program funds	0	\$3,100	+\$3,100
Receipt of negative subsidies	0	<u>-100</u> ¹	<u>-100</u>
Net program costs	0	3,000	+3,000

¹ Negative subsidies reflect anticipated net interest income on direct loans for short-term training.

FY 2009 BUDGET REQUEST

This proposed new, market-oriented program, jointly administered by the Departments of Education and Labor, would help dislocated, unemployed, transitioning, or older workers and students acquire or upgrade specific job-related skills through short-term training programs. These programs are usually shorter than 10 weeks and are not currently eligible for Federal student aid. Eligible programs for the new loans must lead to an industry credential or certificate, or to employer-endorsed technological/occupational skills. This program is expected to provide over \$362 million in loans to 377,000 recipients in FY 2009. Specific legislative language for this program will be submitted for later transmittal.

Consistent with the Federal Credit Reform Act of 1990, budget authority for this program reflects the net present value of Federal non-administrative costs for the lifetime of loans made in a given fiscal year. The program is structured to include both direct and guaranteed loans. Direct loans are estimated to produce a small negative subsidy—that is, projected lifetime income is higher than projected lifetime costs—which reduces the need for budget authority for the program as a whole.

PROGRAM OUTPUT MEASURES (\$000s)

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Recipients	0	0	377,000
Aid available to students	0	0	\$362,593
Maximum loan (whole \$)	0	0	\$5,000
Average loan (whole \$)	0	0	\$962