

DEPARTMENT OF EDUCATION

The President's Proposal:

- Increases Title I Grants to local educational agencies to help students in high-poverty schools meet tough new accountability requirements for improved performance in reading and math;
- Boosts funding for Reading First to help ensure that all children can read by the end of the third grade;
- Enhances teacher recruitment and retention through Teacher Quality State Grants and supports new teacher training initiatives to address reform in professional development;
- Reforms the process for collecting information from states on federal elementary and secondary education programs to reduce administrative burden and improve accountability for results;
- Increases Special Education Grants to States to help states and localities meet the special needs of students with disabilities;
- Creates a new Vocational Rehabilitation incentive grant to strengthen incentives for states to improve their performance in helping individuals with disabilities obtain competitive employment; and
- Increases research funding to support important new programs, focuses on scientifically based research, and lays the foundation for a significant overhaul of the office that conducts education research, statistics, and assessment activities.

Department of Education

Rod Paige, Secretary

www.ed.gov 800-USA-LEARN

Number of Employees: 4,710

2002 Spending: \$47.6 billion

Field Offices: 10 regional and 11 field offices.

The Department of Education seeks to ensure equal access to education and promote educational excellence for all students throughout the nation. It promotes educational excellence and access in elementary and secondary education by providing formula and competitive grants to states and local educational agencies in areas of national priority. Through its student financial assistance and higher education programs, the Department helps ensure that postsecondary education is affordable and

attainable for all students. The Department of Education conducts research and disseminates

information on the best educational practices, and produces statistics on the condition of education in the United States.

Status Report on Select Programs

President Bush and I are especially concerned about the persistent gaps in achievement between poor and minority students and their more advantaged peers. ... Simply spending more money in the same way is not the answer. We need to do things differently, to adopt a culture of achievement in our schools and school systems, and to demand results for our growing investment in education.

Secretary Paige

April 2001

Education funding has skyrocketed over the last decade. Since 1997, appropriations for Department of Education programs have increased an average of 13 percent per year, despite an almost total absence of evidence that the programs were effective. The Department has almost no programs with evaluations reflecting overall positive performance, and very few of its nearly 200 separate grant programs have objective data to gauge their effectiveness. In most cases, the approach to funding education has been funding for its own sake, rather than funding based on results benefiting students. The President and Secretary Paige are committed to stopping the cycle of funding decisions based on wishes rather than on performance information, and to ensuring that taxpayer dollars are directed to the activities known to be effective in improving student outcomes.

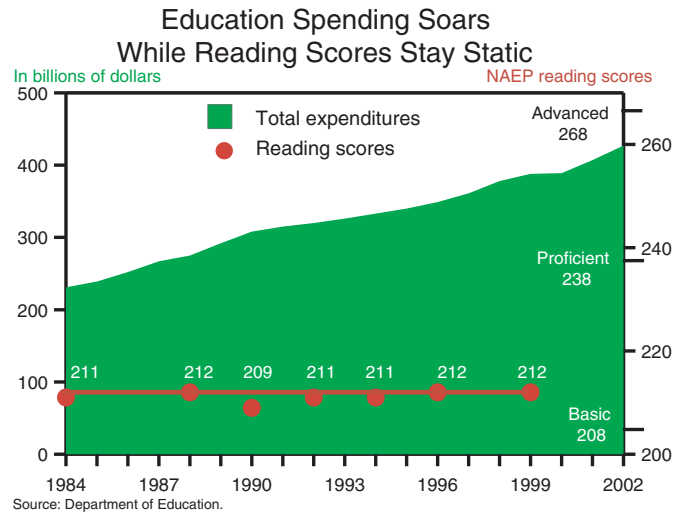
Program performance was a key consideration in developing this year's Department of Education budget. The budget redirects resources away from education programs that evaluations have found to be ineffective. The President proposes to terminate 35 programs entirely, thus freeing up nearly \$1 billion for high-priority activities more likely to yield positive and measurable results. Major reforms are underway for two other activities that have historically fallen short in meeting their objectives: Title I and Education Research. Increases are proposed for these high-priority activities because reforms in these areas show promise for a positive impact in education. Increases also are sought for programs that have been effective and support high priorities: Vocational Rehabilitation, Special Education Grants to States, Pell Grants, and Statistics.

The Administration is reviewing programs throughout the federal government to identify strong and weak performers. The budget seeks to redirect funds from lower-performing programs to higher-performing or more-effective programs.

Program	Assessment	Explanation
Statistics and Assessment	Effective	National Center for Education Statistics releases numerous paper, electronic, and web-based statistical products that have a reputation for high quality.
TRIO Student Support Services	Effective	Evaluation of the Student Support Services program showed that it had a large impact on four-year college graduation rates and a small but significant impact on students' grades, credits earned, and retention in higher education.
Title I Grants to Local Education Agencies	Ineffective	Despite an investment of billions of dollars, reading scores among disadvantaged students on national tests have remained stagnant. Dramatic changes enacted this year focus on accountability and parental choice reforms designed to significantly improve program performance.
TRIO Upward Bound	Ineffective	Evaluation of Upward Bound found that the program had no overall impact on participants' grades, credits earned, high school graduation rates, or college enrollment rates.
Safe and Drug-Free Schools—State Grants	Ineffective	The program cannot be associated with a demonstrable change in the incidence of youth violence or drug-abuse. A recent RAND study questioned the program's effectiveness and stressed that its future hinges on the ability to demonstrate results.
Even Start	Ineffective	National and local evaluations have shown no conclusive evidence that this program is improving outcomes for children or adults.
Research and Dissemination	Ineffective	Past investments have not yielded consistent research quality; however, the Administration plans significant structural and grantmaking reforms.
GEAR UP	Unknown	Though this program's evaluation is not complete, the program was modeled on local projects that have been successful in increasing academic achievement and college-going rates among participating students.

Elementary and Secondary Education

When the President introduced his reforms for elementary and secondary education last February, he pledged to leave no child behind. Far too many of our students are being left behind; national reading tests show nearly 70 percent of inner-city fourth graders cannot read at a basic level. The accompanying chart shows that dramatic increases in education spending in recent years have not improved students' reading ability. At the federal level, Congress has, over the years, created hundreds of programs supporting education without asking whether the programs produce results or knowing their impact on local needs. Having spent hundreds of billions over the past two decades, the nation has fallen short in meeting our goal of educational excellence.



Do accountability reforms work? The facts speak for themselves. Texas and North Carolina pioneered a number of education accountability reforms and, as a result, posted significant and sustained achievement gains. A 1999 report showed that these gains were NOT due to increased per pupil funding, reductions in class sizes, or having more teachers with advanced degrees or more years of experience. Instead, their key reform policies read like a blueprint for the revised ESEA: annual assessments in grades three through eight, rewards for success and sanctions for failure, flexibility to allocate resources to best meet local needs, and computerized systems for gathering and analyzing student achievement data.

The result? These two states made greater gains in reading and math on national tests between 1992 and 1996 than any other states.

Clearly change is needed. Early last year, the President proposed an ambitious reform agenda supporting accountability for results, enhanced parental choice, and increased local flexibility. Based on the President's proposal, Congress recently passed and the President signed revisions to the Elementary and Secondary Education Act (ESEA), the No Child Left Behind Act. First passed in 1965, ESEA spells out the federal role in K-12 education. It has traditionally directed additional resources to needy communities and supported some innovations. It will now help ensure that disadvantaged children receive the same educational opportunities as all children.

While most of the President's objectives were met in the new Act, some were not. Congress has continued about two dozen programs that the Administration sought to eliminate because they were narrowly focused or ineffective, and added a half dozen more programs that the Administration did not

think were necessary. These restrictive, special interest-driven programs could drain away nearly \$1 billion from more effective or flexible programs.

Accomplishments of the President's No Child Left Behind Act	
<p>Signed into law in January 2002, the No Child Left Behind Act is a major accomplishment of the Bush Administration. The new Act will help make schools more effective by:</p>	
<p>Strengthening Accountability</p>	<p>In the past, schools could fail to improve student achievement for years. Now:</p> <ul style="list-style-type: none"> • For the first time, by 2005 states will test all students in reading and math in grades three through eight every year so that parents, teachers, and communities will know whether students are learning. • Annual state and local report cards will show test results, including results for major subgroups of students, so that schools and districts will have a strong incentive to use funds effectively. • Schools that receive Title I funds, which are targeted to high-poverty communities, must show academic progress each year, both for students overall and for each student group, to ensure that all groups of students are proficient in reading and math within 12 years. • Failing schools that receive Title I funds will face consequences so that they can no longer ignore poor performance. • Consequences could ultimately include replacing school staff or reopening as a charter school. • Schools that exceed their student achievement goals will be rewarded.
<p>Enhancing Parental Choice</p>	<p>In the past, students in failing schools were trapped, with no real alternatives for a better education. Now:</p> <ul style="list-style-type: none"> • Students in low-performing schools can transfer to better public schools, with transportation provided by the school district. • If a school that receives Title I funds does not improve for three consecutive years, parents can use federal funds for outside educational assistance from a public or private tutor of their choice. • The 21st Century Community Learning Centers after-school program will permit a wider variety of providers, including faith-based and community-based organizations, to give parents more choices.

<p>Increasing State And Local Flexibility</p>	<p>In the past, states and districts had to adopt reforms dictated from the federal level in order to receive certain funds. Now:</p> <ul style="list-style-type: none"> • Many narrow, categorical programs have been consolidated into state-run grants for bilingual education, teacher training, educational technology, and education innovation, thereby freeing states and districts from restrictive federal requirements. • For the first time, states and school districts will have the flexibility to move funds from one federal program to another, so they can allocate resources to best meet local needs.
<p>Focusing on What Works</p>	<p>In the past, funds have been spent on programs that are ineffective or for which there is little or no evidence of effectiveness. Now:</p> <ul style="list-style-type: none"> • Program performance is a top priority, and the effectiveness of academic programs will be measured by student achievement data. • The President’s literacy initiative, Reading First, will support only reading practices that have been proven to be effective, so that all children can read at grade level by the end of third grade.

Funding for Major Programs

The following programs will provide critical resources to states and localities to implement education reform.

Title I Grants to Local Educational Agencies. The budget requests \$11.4 billion for Title I to help raise student achievement in the nation’s most impoverished communities. At this level, funding will have increased 85 percent since 1993. Historically, Title I has done little to raise student achievement as measured by test scores of low-income students. For instance, reading scores of at-risk students have remained flat over this period. However, in light of this year’s legislative reforms, the program now holds promise for improving performance by the schools and for the students who face the most challenges.

Reading First. Reading is the foundation skill for all other learning. The President’s goal is to ensure that all students can read at grade level by the end of third grade. The Reading First program, initiated through the No Child Left Behind Act, will provide funds to states to support only the most proven reading practices. The budget provides \$1 billion for this program, a \$100 million increase over 2002. The budget also includes \$75 million for Early Reading First, the same level as 2002, to develop model programs to help children in high-poverty communities prepare for school.

Assessments. The budget proposes \$387 million for the second year of federal support of states’ development of annual reading and math assessments for grades 3 through 8. These assessments will be used to monitor schools’ yearly progress under the new requirements of the No Child Left Behind Act.

English Language Acquisition. The budget proposes \$665 million for this redesigned program that provides performance-based grants to states to educate students with limited English skills.

Under the new law, students served by this program must also show adequate yearly progress, thus giving states a strong incentive to improve student performance on annual assessments.

21st Century Community Learning Centers. This program supports before- and after-school projects that extend learning time and offer enriching activities such as art, music, and recreation. Early reports indicate that 21st Century Community Learning Centers opens access to after-school programs, improves student behavior, and possibly boosts achievement. The budget retains this large program at the 2002 level of \$1 billion.

Choice Demonstration Fund. Choice is a primary component of the President's elementary and secondary education reforms. The Choice Demonstration Fund will award \$50 million to fund school choice research and

demonstration in order to study the effects of expanded educational options for low-income parents, including opportunities to send their children to private schools.

Teacher Programs. The budget proposes \$2.9 billion for the Teacher Quality State Grants program to recruit, train and retain qualified teachers. This funding should assist states in ensuring that all new teachers in schools receiving Title I funds are highly qualified as required by the new ESEA. In addition, the budget proposes \$15 million for new teacher quality initiatives to address reform in teacher professional development and \$50 million for competitive grants to school districts for activities that promote the teaching of traditional American history.

Safe and Drug Free Schools. The Safe and Drug Free Schools and Communities (SDFSC) program was created in response to increases in youth violence and drug use, but has been ineffective in fighting these problems, in part because SDFSC funds are spread thinly across many schools and because the program lacks incentives for schools to institute high-quality projects. Although the budget maintains a commitment to the program and its purpose, future budgets will weigh its effectiveness before funding recommendations are made. Over the next year, every effort will be made to determine if this program is effective.

Even Start. The budget reverses the growth of this well-intentioned program that has failed to produce results. Even Start funds family literacy services. Unfortunately, two national evaluations and a multitude of local appraisals have not shown conclusively that this program has had a positive impact. The budget therefore provides enough funds to continue supporting current Even Start grantees but does not expand the program to fund new projects. These funds are shifted to support programs expected to improve reading achievement, such as Title I and Reading First.

Despite generally flat performance in the last decade, the federal role and the federal investment in education expanded dramatically during the 1990s. Put another way, most of the federal funds expended for elementary and secondary education were spent in the nineties, after the progress had ended and scores had stagnated. That is meaningful information for policymakers at the national level.

Secretary Paige
May 2001

Improving Programs Through the Smart Use of Data



Data management reform will significantly reduce the local, state, and federal paperwork swamping this employee.

As a companion to the President's elementary and secondary education reforms, the budget includes a fundamental reform of how the Department of Education and states cooperate to collect and analyze data on school performance. For the federal government and states to hold schools accountable for educational results, they must measure student progress yearly.

The federal government's old approach of issuing and collecting voluminous reports that had little utility for decision-makers or the public will be replaced by a new system that uses the latest technology to make performance information readily available to federal, state, and local decision-makers and the public.

The new Performance-Based Data Management Initiative will involve: 1) electronic collection of timely data on student achievement and educational outcomes; 2) elimination of existing reporting burden that diverts state and local school resources from their educational mission; and 3) analysis of data on educational results to identify performance trends and inform management, budget, and policy decisions. The budget includes \$10 million to develop, in collaboration with states, the electronic data system.

Special Education

Children with disabilities are among those at greatest risk of being left behind. The Individuals with Disabilities Education Act (IDEA) establishes the right of children with disabilities to a free, appropriate public education.

Through this legislation, which the Congress passed in 1975, the federal government plays an important role in helping children with disabilities meet high academic standards and participate fully in American society. The 2003 budget provides \$8.5 billion for the Special Education Grant to

States program, a \$1 billion increase over 2002. The budget also provides \$437 million for states to identify and serve infants and toddlers with disabilities, a \$20 million increase. In many cases, this early intervention can reduce or even eliminate the need for special education as children grow up.

An Expert's Report on Reports

"The bottom line is...I don't think it's really used," said a state employee about a "massive" survey distributed by the Department of Education on elementary and secondary education programs. "Every state reports the information differently," added the employee, who also explained that 14 full-time professional staff and two temps worked for three weeks to complete the form. "Our response [to the US Department of Education] is an inch-and-a-half thick," the civil servant stressed, concluding that despite the survey's comprehensiveness, "The report just isn't used."

Who Is in Special Education?

About six million school-aged children, roughly 10 percent of the total population, receive special education. Many of these children have easy-to-identify disabilities, like mental retardation and blindness. However, an increasing proportion of children in special education have disabilities that are more subjectively determined and difficult to diagnose. About half of all special education children are diagnosed as “learning disabled,” and Department of Education data suggest the number of children with Attention Deficit/Hyperactivity Disorder has skyrocketed. These disabilities lack clear criteria for identification, and are applied inconsistently across schools.

Many people are worried that some children are inappropriately referred to special education. For instance, many children may be referred to special education not because of a real disability but because they were never properly taught how to read. Also, Department data show that minority children are disproportionately represented in special education. The President’s Commission on Excellence in Special Education will pay particularly close attention to these issues and report its recommendations to the President.

While the President supports the principles embodied in the IDEA, the law needs reform. The Administration plans to develop its reform proposal in the coming year. To support this effort, the President has formed a Commission on Excellence in Special Education, which will report back to the President this year.

Job Training Programs in the Department of Education

The 2003 Budget will launch a multi-year effort to reform job training programs across the federal government, target resources to programs with documented effectiveness, and eliminate funding for ineffective, duplicative, and overlapping programs (see the Department of Labor chapter). This crosscutting reform includes three programs in the Department of Education whose primary mission is to help individuals prepare for the labor market and lead productive lives.

Vocational Rehabilitation. State Vocational Rehabilitation (VR) agencies help individuals with disabilities prepare for and obtain employment to the extent of their abilities. VR also supports the President’s New Freedom Initiative to help people with disabilities lead independent lives. People with disabilities are less likely to be employed than those without disabilities; one of VR’s main purposes is to offer job training to help people with disabilities obtain competitive jobs. In addition, persons with disabilities can more effectively participate in the integrated workforce with the special accommodations and supports afforded to them through the VR program. State VR agencies, for instance, also offer adaptive technologies to individuals with physical impairments and other disabilities, as well as job coaches and personal assistants for those with the most significant disabilities.

While nationwide state VR agency performance has improved in recent years, there is still wide variation among states. As a result, VR is an area the Department will highlight in the President’s initiative to tie budget decisions to program performance. As part of this initiative, the budget proposes a new \$30 million incentive grant which will be allocated to state VR agencies based on their performance in helping individuals with disabilities obtain competitive jobs.

Vocational and Adult Education. The Department of Education provides grants to states to support programs that develop the academic, vocational, and technical skills of students in high schools and community colleges. Vocational education is primarily a state and local responsibility. Federal funds account for only about seven percent of total vocational education spending. The Department also awards grants to states to help adults become literate, obtain a high school diploma or its equivalent, and learn skills necessary for work and self-sufficiency. Research shows that there is a strong relationship between education and earnings; adult education programs often provide the foundation for further job training and workforce preparedness.

The federal laws that authorize vocational and adult education programs will expire at the end of 2003. The 2003 Budget maintains funding at the 2002 level while the Administration examines what reforms—including fundamental changes to the federal role in vocational education—may be needed in these areas.

Postsecondary Education

The Administration's strategy for postsecondary education is to focus resources on student aid programs that help needy students pay for college, higher education programs that help students prepare for postsecondary education, and institutional development programs that provide support for colleges which serve low-income and minority students.

Pell Grants. Pell Grants help increase college enrollment rates among disadvantaged students. In 1999, only 49 percent of high school graduates from the poorest families went to college, compared to 76 percent of students from the wealthiest families. Research has shown that increases in grant aid result in significant increases in enrollment, particularly for low-income students.

The 2002 appropriations bill created a serious fiscal problem for 2002 by underfunding the Pell Grant program. The Congress mandated a Pell Grant maximum award of \$4,000, but provided only enough funding to pay for a maximum award of \$3,600, creating a shortfall of nearly \$1.3 billion. To rectify this problem, the budget proposes to redirect resources from unrequested earmarks and low-priority programs in 2002 to the Pell Grant program. The Administration will propose \$10.9 billion for Pell in 2003 to help over four million students afford college.

Historically Black Colleges and Universities (HBCUs) and Hispanic-Serving Institutions (HSIs). Federal resources help these institutions, which provide opportunity for some of the most disadvantaged students in the nation, improve their educational programs. The President has committed to increasing funding for HBCUs and for HSIs by 30 percent between 2001 and 2005. The budget proposes \$213 million for HBCUs, \$51 million for Historically Black Graduate Institutions, and \$89 million for Hispanic Serving Institutions to keep these institutions on track to achieve the President's goal.

TRIO and GEAR UP. These two programs, which help disadvantaged middle- and high-school students prepare for college, share similar goals but use different approaches. As part of the President's initiative to tie budget and performance, the Administration will assess the programs' effectiveness and develop strategies for 2004 to improve the performance of both and direct resources to the most effective strategies. Funding for these programs in 2003 is held steady at the 2002 level pending the results of this review.

Teacher Loan Forgiveness. Under current law, teachers who work in high-poverty schools for five years may have up to \$5,000 of their federal student loans forgiven. The budget proposes to

expand this program to allow the math, science, and special education teachers who qualify for this program to have up to \$17,500 of their student loans forgiven.

Student Loans. The guaranteed and direct student loan programs provide \$50 billion in aid each year to students and parents. The Administration is in the process of developing revisions to the method of calculating the cost estimates for these programs. The new method, when fully implemented, is expected to produce better cost estimates necessary for policy decisions and program management. While the budget reflects amounts calculated using the existing method, the Administration will complete work on a new estimation method for use in the Mid-Session Review of the 2003 Budget. In the interim, the Administration will adopt Congressional Budget Office estimates for purposes of the Budget Enforcement Act scoring of legislative proposals.

Educational Research

This year, the Administration will propose legislation to reform the Department's research office, the Office of Educational Research and Improvement. The budget includes a \$53 million increase for research activities to support important new programs and emphasizes scientifically based research. A major focus will be placed on identifying the most effective strategies for improving reading comprehension.

Improving Student Financial Aid Operations

Eliminating Fraud and Error in Student Aid Programs.

Through the Department of Education, the federal government supports approximately \$60 billion in student financial aid annually. Programs in that portfolio are vulnerable to fraud and error because the Department cannot verify students' income effectively. Students are awarded Pell Grants and loans based on the financial resources they report on their aid applications. The Education Department currently verifies income information on applications by asking 30 percent of applicants to provide copies of their, and in the case of dependent students, their parents' tax returns to their schools' financial

aid offices. Students easily can receive more funding than they are entitled to by changing their returns or claiming they did not file. The President proposes a legislative change to allow IRS to match the income reported on student aid applications with tax return data. An estimated \$138 million would be saved in 2003.

Reducing Costs. Reducing administrative costs was one of the key purposes of 1998 legislation that established a performance-based organization to administer student financial assistance programs. Although the Department of Education has made some progress, weak accounting practices and an overly complex budget structure have made it difficult for the Department's

Student Aid Fraud

Last March, the Department of Education's Inspector General uncovered a student aid fraud ring in Chicago. Eight financial aid advisers and 18 parents were charged with fraud for obtaining more than \$2.6 million in undeserved grants and loans by lying about family income on the student aid application. As many as 600 people are still under investigation. Many of the parents continued to file accurate tax returns with IRS even while they provided fake documents to support their student aid applications.

management to measure progress in reducing costs. Furthermore, of the more than \$900 million provided annually for administrative funding, more than four-fifths has not been subject to annual review in the congressional appropriations process.

Beginning with the 2003 Budget, accountability for these funds will be strengthened. Funding from four sources will be consolidated into a single discretionary account for student aid administrative costs. The account will be subject to annual appropriations by Congress. Annual budget requests will be tied to unit cost targets for major business processes (e.g., application processing, loan origination, loan servicing) and to annual estimates of participation in the various loan and grant programs.

Strengthening Management

In April 2001, the Secretary of Education established a Management Improvement Team to develop an agency plan for management excellence. The Department of Education faced particularly significant challenges in financial management and student financial assistance programs, which have kept the Department on the General Accounting Office's list of high-risk programs since 1990. The Secretary set two goals: earn a clean financial audit, and eliminate fraud and error in student aid programs.

The Department of Education's *Blueprint for Management Excellence* spelled out robust plans to address longstanding financial management problems, such as high risk of waste, fraud, and abuse in student financial aid programs, and information technology security. Overall, some 140 action items were put into play. Areas still lacking detailed or adequately defined plans include human capital, competitive sourcing, budget and performance integration, and some e-government projects. However, the Department has established deadlines for developing these plans.

In addition, Education is actively implementing the President's Faith-Based and Community Initiative in order to improve the delivery of social services by drawing on a wider range of service providers. Education has identified barriers to participation in its programs and has developed a strong plan for eliminating those barriers.

The following management scorecard reflects the Department of Education's September 30, 2001, status on each of the initiatives in the President's Management Agenda. The Department's management during the coming year will closely track progress on the President's Management Agenda and the Department's Blueprint for Management Excellence.

Initiative	2001 Status
<p>Human Capital—Education has not completed an inventory of its staff’s current skills or a workforce restructuring plan to align its workforce with its mission and goals.</p> <p>In the year ahead, Education will give high priority to identifying areas in which its staff needs to develop skills, developing training strategies to ensure employees have the necessary knowledge to meet changing work demands, and taking advantage of recruitment tools so the Department can attract high-quality employees.</p>	●
<p>Competitive Sourcing—Education has not completed its plan permitting the private sector to compete to perform tasks that are done by the government workforce but are commercial in nature. The 2002 goal calls for competing 43 commercial positions. Education’s existing inventory of commercial positions excludes many activities that could appropriately be reclassified as commercial, such as human resource clerks and administrative assistants.</p> <p>In 2002, the Department will develop a competitive sourcing plan and reevaluate its inventory of commercial positions. Education expects to meet or exceed the 2002- 2003 target to competitively source 15 percent of its commercial positions.</p>	●
<p>Financial Management—For 2000, the Department of Education received a “qualified” opinion on its financial statements. The auditors continued to cite material weaknesses from prior audits, including failure to reconcile financial data from different sources and inadequate internal controls. In 2000, the general ledger was not compliant with federal requirements.</p> <p>The Department is taking aggressive steps to fix past problems. This year, it will implement Oracle Federal Financials (an accounting package), prepare quarterly instead of only annual financial statements, and reconcile transaction-level data with summary balances in the general ledger. Because of these changes, the Department of Education expects to achieve a clean audit opinion for the 2002 financial statements.</p>	●
<p>E-Government—Performance has been mixed. Capital asset plans justifying information technology expenditures have improved but some still do not address statutory requirements. There has been success in using new technologies to simplify students’ access to financial aid, such as using electronic signatures for aid applications and promissory notes. Yet the Department’s failure to implement mandated planning requirements could lead to unwise investments or the use of obsolete technologies.</p> <p>Plans to reform data collection for elementary and secondary programs, as well as student loans are under development.</p>	●
<p>Budget/Performance Integration—While recognizing the importance of linking public education investments to evidence of program effectiveness, the Department of Education has not yet put in place administrative actions to implement this policy. The Department has decided to modify significantly the program performance goals developed by the previous Administration but has no alternative method for measuring and reporting on performance. For 2003, performance measures and evaluation strategy will be developed for key programs.</p>	●

Department of Education

(In millions of dollars)

	2001 Actual	Estimate	
		2002	2003
Spending:			
Discretionary Budget Authority:			
Elementary and Secondary Education			
Title I Grants to LEAs.....	8,763	10,350	11,350
Even Start.....	250	250	200
Reading Excellence/Reading First and Early Reading First.....	286	975	1,075
Impact Aid.....	993	1,144	1,141
Educational Technology State Grants	872	700	700
Teacher Quality State Grants	2,225	2,850	2,850
Safe and Drug Free Schools State Grants	439	472	472
21st Ctry. Community Learning Centers.....	846	1,000	1,000
State Assessments	—	387	387
Choice Demonstration	—	—	50
English Language Acquisition	460	665	665
IDEA Part B State Grants.....	6,340	7,529	8,529
Job Training			
<i>Vocational Rehabilitation State Grants (non-add)</i>	2,400	2,481	2,616
Vocational Rehabilitation Incentive Grants	—	—	30
Vocational and Adult Education	1,804	1,934	1,898
Higher Education			
Pell Grants ¹	8,756	10,314	10,863
Historically Black Colleges and Graduate Institutions ...	230	255	264
Hispanic-Serving Institutions	68	86	89
TRIO Programs.....	730	802	802
GEAR UP	295	285	285
Education Research, Statistics and Assessment			
Research and Dissemination.....	186	189	243
Statistics and Assessment.....	120	197	190
All other programs.....	6,461	8,136	8,042
Subtotal, Discretionary budget authority adjusted ^{1,2}	40,124	48,520	51,125
Remove contingent adjustments.....	-21	-20	-20
Discretionary modification of a mandatory account	—	—	795
Total, Discretionary budget authority	40,103	48,500	50,310
Emergency Response Fund, Budgetary resources	—	10	—
Mandatory Outlays:			
Federal Direct Student Loans.....	255	-26	212
Federal Family Education Loans.....	-2,404	2,584	3,023
Legislative proposal	—	—	45
All other programs.....	2,006	2,139	2,462
Subtotal, Mandatory outlays adjusted ²	-143	4,697	5,742
Remove contingent adjustments	-2	-3	-2
Total, Mandatory outlays.....	-145	4,694	5,740

Department of Education—Continued

(In millions of dollars)

	2001 Actual	Estimate	
		2002	2003
Credit activity:			
Direct Loan Disbursements:			
Federal Direct Student Loans (FDSL).....	10,764	11,162	11,972
FDSL Consolidations.....	7,402	8,643	5,307
Subtotal, FDSL disbursements.....	18,166	19,805	17,279
Other direct loans.....	-12	-39	-35
Total, Direct loans.....	18,178	19,844	17,314
Guaranteed Loans:			
Federal Family Education Loans (FFEL).....	23,582	25,920	27,855
FFEL Consolidation.....	6,955	8,335	6,877
Total, Guaranteed loans.....	30,537	34,255	34,732

¹ The 2002 estimate does not include \$1,276 million requested in supplemental funding to cover a shortfall in the Pell Grant program.

² Adjusted to include the full share of accruing employee pensions and annuitants health benefits. For more information, see Chapter 14, "Preview Report," in *Analytical Perspectives*.