

DEPARTMENT OF EDUCATION

OFFICE OF ELEMENTARY AND SECONDARY EDUCATION

Federal Funds

General and special funds:

EDUCATION FOR THE DISADVANTAGED

For carrying out title I and part D of title V of the Elementary and Secondary Education Act of 1965 ("ESEA") and section 418A of the Higher Education Act of 1965, **[\$14,627,435,000]** \$16,469,541,000, of which **[\$7,073,126,000]** \$8,566,907,000 shall become available on July 1, **[2006]** 2007, and shall remain available through September 30, **[2007]** 2008, and of which \$7,383,301,000 shall become available on October 1, **[2006]** 2007, and shall remain available through September 30, **[2007]** 2008 for academic year **[2006-2007]** 2007-2008: *Provided*, That **[\$6,934,854,000]** \$6,808,408,000 shall be for basic grants under section 1124: *Provided further*, That up to \$3,472,000 of these funds shall be available to the Secretary of Education on October 1, **[2005]** 2006, 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 for concentration grants under section 1124A: *Provided further*, That \$2,269,843,000 shall be for targeted grants under section 1125: *Provided further*, That \$2,269,843,000 shall be for education finance incentive grants under section 1125A: *Provided further*, That \$200,000,000 shall be for school improvement grants under section 1003(g): *Provided Further*, That State educational agencies shall carry out section 1003(g) without regard to the 95 percent requirement in paragraph (7) of that section: *Provided Further*, That State educational agencies receiving funds under part A of title I of the ESEA shall carry out section 1003(a) without regard to section 1003(e): *Provided further*, That **[\$9,424,000]** \$9,330,000 shall be to carry out part E of title I: *Provided further*, That **[\$8,000,000]** shall be available for section 1608 of the ESEA, of which \$1,465,000 shall be available for a continuation award for the comprehensive school reform clearinghouse previously funded under the heading "Innovation and Improvement" in title III of division F of Public Law 108-447] \$1,475,000,000 shall be available under part D of title V of the ESEA first for continuation awards for grants made under title IV, part A, subpart 2, chapter 2 and sections 402B and 402C of the Higher Education Act of 1965, and the remainder shall be for formula grants to States to support the development of additional reading/language arts and mathematics assessments for high-school students and competitive awards to local educational agencies to enable them to implement targeted interventions in high-need secondary schools: *Provided further*, That the Secretary may reserve a portion of such funds for research, evaluation, and technical assistance: *Provided further*, That each State receiving assistance under part A of title I of the ESEA for fiscal year 2007 or any fiscal year thereafter shall: (1) develop such assessments and shall incorporate them into the assessment system that it administers under section 1111(b)(3) of the ESEA, under such conditions as the Secretary may establish; and (2) participate in biennial State academic assessments of 12th-grade reading and mathematics under the National Assessment of Progress carried out under section 303(b) of the National Assessment of Educational Progress Authorization Act, if the Secretary pays the cost of administering those assessments. (Department of Education Appropriations Act, 2006.)

Program and Financing (in millions of dollars)

Identification code 91-0900-0-1-501	2005 actual	2006 est.	2007 est.
Obligations by program activity:			
00.01 Grants to local educational agencies	12,739	12,730	12,713
00.02 School improvement grants			200
00.03 Reading first State grants	1,050	1,084	1,029
00.04 Early reading first	104	103	103
00.05 Striving readers		55	100
00.06 Math now for elementary school students			125
00.07 Math now for middle school students			125

00.08 Even start	227	119	
00.09 Literacy through school libraries	20	20	20
00.10 High school reform			1,475
00.11 America's opportunity scholarships for kids			100
00.12 State agency programs	438	447	437
00.13 Comprehensive school reform	210	10	
00.14 Evaluation	9	9	9
00.15 Migrant education projects	34	34	34
10.00 Total new obligations	14,831	14,611	16,470

Budgetary resources available for obligation:			
21.00 Unobligated balance carried forward, start of year	115	130	
22.00 New budget authority (gross)	14,843	14,481	16,470
22.10 Resources available from recoveries of prior year obligations	2		
23.90 Total budgetary resources available for obligation	14,960	14,611	16,470
23.95 Total new obligations	-14,831	-14,611	-16,470
23.98 Unobligated balance expiring or withdrawn	-1		
24.00 Unobligated balance carried forward, end of year	130		

New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	7,580	7,244	9,087
40.33 Appropriation permanently reduced (P.L. 109-148)		-146	
40.35 Appropriation permanently reduced	-120		
43.00 Appropriation (total discretionary)	7,460	7,098	9,087
55.00 Advance appropriation	7,383	7,383	7,383
70.00 Total new budget authority (gross)	14,843	14,481	16,470

Change in obligated balances:			
72.40 Obligated balance, start of year	10,896	11,042	10,698
73.10 Total new obligations	14,831	14,611	16,470
73.20 Total outlays (gross)	-14,636	-14,955	-15,707
73.40 Adjustments in expired accounts (net)	-47		
73.45 Recoveries of prior year obligations	-2		
74.40 Obligated balance, end of year	11,042	10,698	11,461

Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	5,447	6,630	6,730
86.93 Outlays from discretionary balances	9,189	8,325	8,977
87.00 Total outlays (gross)	14,636	14,955	15,707

Net budget authority and outlays:			
89.00 Budget authority	14,843	14,481	16,470
90.00 Outlays	14,636	14,955	15,707

SUMMARY OF PROGRAM LEVEL

(in millions of dollars)

	2005-2006 academic year	2006-2007 academic year	2007-2008 academic year
New Budget Authority	7,461	7,098	9,086
Advance appropriation	7,383	7,383	7,383
Total program level	14,844	14,481	16,470
Change in advance appropriation from the previous year	0	0	0

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

General and special funds—Continued

EDUCATION FOR THE DISADVANTAGED—Continued

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 are permitted to obtain supplemental educational services from a public- or private-sector provider. Schools that do not improve are subject to progressively stronger corrective actions and, after six years of not making adequate yearly progress, reconstitution under a restructuring plan.

School improvement grants.—Funds would support grants to States to assist schools and districts identified as in need of improvement because they have not met their student achievement goals for at least two consecutive years. Activities may include the development and implementation of school improvement plans, professional development for teachers and staff, corrective actions such as instituting a new curriculum, and the provision of public school choice and supplemental educational services.

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

Striving readers.—Funds support 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.

American Competitiveness Initiative:

Math now for elementary school students.—Funds would support competitive grants to improve instruction in mathematics for students in kindergarten through 7th grade through such examples as professional development, diagnostic assessments, and curriculum implementation.

Math now for middle school students.—Funds would support competitive grants to improve mathematics instruction for middle-school students whose achievement is significantly below grade level.

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 certified professional library media specialists.

High school reform.—This new initiative would support formula grants to State educational agencies that would reserve a portion of the funds to support the development of additional reading/language arts and mathematics assessments as part of their State assessment systems. States would award the remaining funds competitively to local educational agencies to enable those entities to implement targeted interventions in high-need secondary schools in order to increase student achievement and narrow achievement gaps.

America's opportunity scholarships for kids.—Funds would support local efforts to enable students from low-income

households who attend a school identified for restructuring under Title I of the Elementary and Secondary Education Act to attend private school or to receive intensive, sustained tutoring assistance.

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 Act 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	2005 actual	2006 est.	2007 est.
24.0 Printing and reproduction	2	2	2
25.1 Advisory and assistance services	6	6	7
25.2 Other services	42	41	46
25.3 Other purchases of goods and services from Government accounts	4	4	4
25.5 Research and development contracts	16	16	18
41.0 Grants, subsidies, and contributions	14,761	14,542	16,393
99.9 Total new obligations	14,831	14,611	16,470

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, **[\$1,240,862,000]** *\$1,228,453,000*, of which **[\$1,102,896,000]** *\$1,091,867,000* shall be for basic support payments under section 8003(b), **[\$49,966,000]** *\$49,466,000* shall be for payments for children with disabilities under section 8003(d), **[\$18,000,000]** *\$17,820,000* shall be for construction under section **[8007(a)]** *8007(b)* and shall remain available through September 30, 2008, **[\$65,000,000]** *\$64,350,000* shall be for Federal property payments under section 8002, and **[\$5,000,000]** *\$4,950,000*, to remain available until expended, shall be for facilities maintenance under section 8008: *Provided*, That for purposes of computing the amount of a payment for an eligible local educational agency under section 8003(a) [of the Elementary and Secondary Education Act (20 U.S.C. 7703(a))] for school year 2006-2007 [2005-2006], children enrolled in a school of such agency that would otherwise be eligible for payment under section 8003(a)(1)(B) of such Act, but due to the deployment of both parents or legal guardians, or a parent or legal guardian having sole custody of such children, or due to the death of a military parent or legal guardian while on active duty (so long as such children reside on Federal property as described in section 8003(a)(1)(B)), are no longer eligible under such section, shall be considered as eligible students under such section, provided such students remain in average daily attendance at a school in the same local educational agency they attended prior to their change in eligibility status. (*Department of Education Appropriations Act, 2006.*)

Program and Financing (in millions of dollars)

Identification code 91-0102-0-1-501	2005 actual	2006 est.	2007 est.
Obligations by program activity:			
Payments for federally connected children:			
00.01 Basic support payments	1,075	1,092	1,092
00.02 Supplemental payments for children with disabilities	50	50	50

00.91	Subtotal, payments for federally connected children	1,125	1,142	1,142
01.01	Facilities maintenance	10	5	5
02.01	Construction	49	47	
03.01	Payments for Federal property	62	64	64
10.00	Total new obligations	1,246	1,258	1,211
Budgetary resources available for obligation:				
21.40	Unobligated balance carried forward, start of year	37	35	5
22.00	New budget authority (gross)	1,244	1,228	1,228
23.90	Total budgetary resources available for obligation	1,281	1,263	1,233
23.95	Total new obligations	-1,246	-1,258	-1,211
24.40	Unobligated balance carried forward, end of year	35	5	22
New budget authority (gross), detail:				
Discretionary:				
40.00	Appropriation	1,254	1,240	1,228
40.33	Appropriation permanently reduced (P.L. 109-148)		-12	
40.35	Appropriation permanently reduced	-10		
43.00	Appropriation (total discretionary)	1,244	1,228	1,228
Change in obligated balances:				
72.40	Obligated balance, start of year	282	264	168
73.10	Total new obligations	1,246	1,258	1,211
73.20	Total outlays (gross)	-1,262	-1,354	-1,227
73.40	Adjustments in expired accounts (net)	-1		
74.40	Obligated balance, end of year	264	168	152
Outlays (gross), detail:				
86.90	Outlays from new discretionary authority	1,114	1,102	1,087
86.93	Outlays from discretionary balances	148	252	140
87.00	Total outlays (gross)	1,262	1,354	1,227
Net budget authority and outlays:				
89.00	Budget authority	1,244	1,228	1,228
90.00	Outlays	1,262	1,354	1,227

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 1.0 million federally connected students enrolled in about 1,260 local educational agencies to assist them in meeting their operation and maintenance costs. Average per-student payments will be approximately \$1,103.

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 55,000 federally connected students with disabilities in about 860 local educational agencies. Average per-student payments will be approximately \$908.

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.—Approximately 20 construction grants will be awarded competitively to the highest need impact aid districts for emergency repairs and modernization of school facilities.

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	2005 actual	2006 est.	2007 est.
25.3 Other purchases of goods and services from Government accounts		1	1
41.0 Grants, subsidies, and contributions	1,246	1,257	1,210
99.9 Total new obligations	1,246	1,258	1,211

SCHOOL IMPROVEMENT PROGRAMS

For carrying out school improvement activities authorized by title II, part B of title IV, part A and [subparts] subpart [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; the Compact of Free Association Amendments Act of 2003; and the Civil Rights Act of 1964, [\$5,308,564,000] \$4,973,158,000, of which [\$3,676,482,000] \$3,353,117,000 shall become available on July 1, [2006] 2007, and remain available through September 30, [2007] 2008, and of which \$1,435,000,000 shall become available on October 1, [2006] 2007, and shall remain available through September 30, [2007] 2008, for academic year [2006-2007] 2007-2008: *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 \$1,250,000 shall be for a grant to the Department of Education of the State of Hawaii for the activities described in such proviso, and \$1,250,000 shall be for a grant to the University of Hawaii School of Law for a Center of Excellence in Native Hawaiian law: *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 up to 100 percent of the funds available to a State educational agency under part D of title II of the ESEA may be used for subgrants described in section 2412(a)(2)(B) of such act: *Provided further*,] That [\$411,680,000] \$407,563,000 shall be for State assessments and related activities authorized under sections 6111 and 6112 of the ESEA: *Provided further*, That [\$56,825,000] \$56,257,000 shall be available to carry out section 203 of the Educational Technical Assistance Act of 2002: *Provided further*, That [\$31,693,000] \$23,780,000 shall be available to carry out part D of title V of the ESEA: *Provided further*, That no funds appropriated under this heading may be used to carry out section 5494 under the ESEA: *Provided further*, That [\$12,132,000] \$18,001,000 shall be available to carry out the Supplemental Education Grants program for the Federated States of Micronesia[,] and [\$6,051,000] shall be available to carry out the Supplemental Education Grants program] for the Republic of the Marshall Islands: *Provided further*, That up to 5 percent of these amounts may be reserved by the Federated States of Micronesia and the Republic of the Marshall Islands to administer the Supplemental Education Grants programs and to obtain technical assistance, oversight and consultancy services in the administration of these grants and to reimburse the United States Departments of Labor, Health and Human Services, and Education for such services. (*Department of Education Appropriations Act, 2006.*)

Program and Financing (in millions of dollars)

Identification code 91-1000-0-1-501	2005 actual	2006 est.	2007 est.	
Obligations by program activity:				
Improving teacher quality:				
00.01	Improving teacher quality State grants	2,916	2,906	2,887
00.02	Early childhood educator professional development	15	15	15
00.03	Mathematics and science partnerships	178	184	182
00.04	Educational technology State grants	504	279	
00.05	21st Century community learning centers	992	991	981
00.06	State grants for innovative programs	199	99	99
00.07	Javits gifted and talented education	11	10	
00.08	Foreign language assistance	17	22	24
00.09	State assessments	400	420	408
00.10	Education for homeless children and youth	62	62	62
00.11	Education for Native Hawaiians	34	34	31
00.12	Alaska Native education equity	34	34	34

General and special funds—Continued

SCHOOL IMPROVEMENT PROGRAMS—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 91-1000-0-1-501	2005 actual	2006 est.	2007 est.
00.13 Training and advisory services	7	7	7
00.14 Rural education	171	169	169
00.15 Supplemental education grants	18	18	18
00.16 Comprehensive centers	53	56	56
00.17 Safe and drug-free schools and communities national programs	9	5	
10.00 Total new obligations	5,620	5,311	4,973
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	61	56	
22.00 New budget authority (gross)	5,616	5,255	4,973
23.90 Total budgetary resources available for obligation	5,677	5,311	4,973
23.95 Total new obligations	-5,620	-5,311	-4,973
23.98 Unobligated balance expiring or withdrawn	-1		
24.40 Unobligated balance carried forward, end of year	56		
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	4,230	3,873	3,538
40.33 Appropriation permanently reduced (P.L. 109-148)		-53	
40.35 Appropriation permanently reduced	-45		
41.00 Transferred to other accounts	-4		
43.00 Appropriation (total discretionary)	4,181	3,820	3,538
55.00 Advance appropriation	1,435	1,435	1,435
70.00 Total new budget authority (gross)	5,616	5,255	4,973
Change in obligated balances:			
72.40 Obligated balance, start of year	8,641	7,286	6,515
73.10 Total new obligations	5,620	5,311	4,973
73.20 Total outlays (gross)	-6,945	-6,082	-5,339
73.40 Adjustments in expired accounts (net)	-34		
74.10 Change in uncollected customer payments from Federal sources (expired)	4		
74.40 Obligated balance, end of year	7,286	6,515	6,149
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	839	966	960
86.93 Outlays from discretionary balances	6,106	5,116	4,379
87.00 Total outlays (gross)	6,945	6,082	5,339
Offsets:			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	-4		
Against gross budget authority only:			
88.96 Portion of offsetting collections (cash) credited to expired accounts	4		
Net budget authority and outlays:			
89.00 Budget authority	5,616	5,255	4,973
90.00 Outlays	6,941	6,082	5,339

SUMMARY OF PROGRAM LEVEL

(in millions of dollars)

	2005-2006 Academic Year	2006-2007 Academic Year	2007-2008 Academic Year
New Budget Authority	4,185	3,820	3,536
Advance Appropriation	1,435	1,435	1,435
Total program level	5,620	5,255	4,971
Change in advance appropriation over previous year	0	0	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. These efforts may include the integration of teaching methods based on scientifically-based research and technology into the curriculum.

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.

Foreign language assistance.—Funds support competitive grants to States and school districts to create innovative model programs providing for the establishment, improvement, or expansion of critical foreign language study for elementary and secondary school students.

State assessments.—Funds support formula grants to States to develop and implement the assessments, and related accountability efforts, that States use to test children in reading, mathematics, and science.

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 such areas 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 such areas 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. The Small, Rural Schools Achievement program provides rural local educational agencies with small enrollments with additional formula funds and flexibility in the use of other Federal formula funds. 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, which in turn allocate funds to eligible local educational agencies within the States.

Supplemental education grants.—Funds support grants to the Federated States of Micronesia and to the Republic of the Marshall Islands in place of grant programs discontinued by the Compact of Free Association Amendments Act of 2003.

Comprehensive centers.—Funds support 21 comprehensive centers that focus on building State capacity to help school districts and schools meet the requirements of the No Child Left Behind Act.

Object Classification (in millions of dollars)

Identification code 91-1000-0-1-501	2005 actual	2006 est.	2007 est.
25.1 Advisory and assistance services	9	8	7
25.2 Other services	29	26	23
25.5 Research and development contracts	1	1	1
41.0 Grants, subsidies, and contributions	5,581	5,276	4,942
99.9 Total new obligations	5,620	5,311	4,973

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, [\$119,889,000] \$118,690,000. (Department of Education Appropriations Act, 2006.)

Program and Financing (in millions of dollars)

Identification code 91-0101-0-1-501	2005 actual	2006 est.	2007 est.
Obligations by program activity:			
00.01 Grants to local educational agencies	95	95	95
00.02 Special programs for Indian children	20	20	20
00.03 National activities	5	4	4
10.00 Total new obligations	120	119	119
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	120	119	119
23.95 Total new obligations	-120	-119	-119
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	121	120	119
40.33 Appropriation permanently reduced (P.L. 109-148)	-1	-1	-1
40.35 Appropriation permanently reduced	-1	-1	-1
43.00 Appropriation (total discretionary)	120	119	119
Change in obligated balances:			
72.40 Obligated balance, start of year	151	146	139
73.10 Total new obligations	120	119	119
73.20 Total outlays (gross)	-122	-126	-118
73.40 Adjustments in expired accounts (net)	-3	-3	-3
74.40 Obligated balance, end of year	146	139	140
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	6	6	6
86.93 Outlays from discretionary balances	116	120	112
87.00 Total outlays (gross)	122	126	118
Net budget authority and outlays:			
89.00 Budget authority	120	119	119
90.00 Outlays	122	126	118

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 2005, the Department made 1,258 formula grants to local educational agencies and tribal schools serving more than 481,000 students.

Special programs for Indian Children.—The Department makes competitive awards for demonstration projects in early childhood education and college preparation, as well as professional development grants for training Native American teachers and administrators for employment 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	2005 actual	2006 est.	2007 est.
25.2 Other services	5	4	4
41.0 Grants, subsidies, and contributions	115	115	115
99.9 Total new obligations	120	119	119

READING EXCELLENCE

Program and Financing (in millions of dollars)

Identification code 91-0011-0-1-501	2005 actual	2006 est.	2007 est.
Change in obligated balances:			
72.40 Obligated balance, start of year	67	20	.....
73.20 Total outlays (gross)	-42	-20	.....
73.40 Adjustments in expired accounts (net)	-6	.....	.....
74.40 Obligated balance, end of year	20	.....	.....
Outlays (gross), detail:			
86.93 Outlays from discretionary balances	42	20	.....
Net budget authority and outlays:			
89.00 Budget authority .....	.....	.....	.....
90.00 Outlays	42	20	.....

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	2005 actual	2006 est.	2007 est.
Change in obligated balances:			
72.40 Obligated balance, start of year	120	64	.....
73.20 Total outlays (gross)	-35	-64	.....
73.40 Adjustments in expired accounts (net)	-20	.....	.....
74.40 Obligated balance, end of year	64	.....	.....
Outlays (gross), detail:			
86.93 Outlays from discretionary balances	35	64	.....
Net budget authority and outlays:			
89.00 Budget authority .....	.....	.....	.....
90.00 Outlays	36	64	.....

Programs in this account have been transferred to the School Improvement Programs 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	2005 actual	2006 est.	2007 est.
Change in obligated balances:			
72.40 Obligated balance, start of year	1	.....	.....
73.20 Total outlays (gross)	-1	.....	.....
74.40 Obligated balance, end of year .....	.....	.....	.....
Outlays (gross), detail:			
86.93 Outlays from discretionary balances	1	.....	.....
Net budget authority and outlays:			
89.00 Budget authority .....	.....	.....	.....

General and special funds—Continued

CHICAGO LITIGATION SETTLEMENT—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 91-0220-0-1-501	2005 actual	2006 est.	2007 est.
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 V[, and section 1504] of the Elementary and Secondary Education Act of 1965 ("ESEA"), [\$945,947,000] \$850,966,000, of which [\$95,000,000] \$94,050,000 shall become available on July 1, [2006] 2007 and remain available until September 30, [2007] 2008: *Provided*, [That \$16,864,000 shall be available to carry out section 2151(c) of the ESEA, of which not less than \$9,920,000 shall be provided to the National Board for Professional Teaching Standards, and not less than \$6,944,000 shall be provided to the American Board for the Certification of Teacher Excellence: *Provided further*,] That from funds for subpart 4, part C of title II, up to 3 percent shall be available to the Secretary for technical assistance and dissemination of information: *Provided further*, That [\$36,981,000] \$36,611,000 shall be for subpart 2 of part B of title V: *Provided further*, That [\$260,111,000] \$203,043,000 shall be available to carry out part D of title V of the ESEA, of which [\$100,000,000] \$99,000,000 of the funds for subpart 1 shall be for competitive grants to local educational agencies, including charter schools that are local educational agencies, or States, or partnerships of (1) a local educational agency, a State, or both and (2) at least one non-profit organization to develop and implement performance-based teacher and principal compensation systems in high-need schools: *Provided further*, That such performance-based compensation systems must consider gains in student academic achievement as well as classroom evaluations conducted multiple times during each school year among other factors and provide educators with incentives to take on additional responsibilities and leadership roles: *Provided further*, That five percent of such funds for competitive grants shall become available on October 1, [2005] 2006 for technical assistance, training, peer review of applications, program outreach and evaluation activities and that 95 percent shall become available on July 1, [2006] 2007 and remain available through September 30, [2007] 2008 for competitive grants: *Provided further*, That an eligible entity receiving a grant under section 1705 of part G of title I, ESEA, shall provide (a) matching funds from State, local, or other sources to cover at least two-thirds of the total cost of the activities to be assisted; and (b) incentives, such as salary increments or bonuses, to teachers who become qualified to teach advanced placement classes and to teachers whose students pass advanced placement exams. (Department of Education Appropriations Act, 2006.)

Program and Financing (in millions of dollars)

Identification code 91-0204-0-1-501	2005 actual	2006 est.	2007 est.
-------------------------------------	-------------	-----------	-----------

Obligations by program activity:			
Recruiting and training high quality teachers and principals:			
00.01	Teacher incentive fund	99	99
00.02	Troops-to-teachers	15	15

00.03	Transition to teaching	45	44	44
00.04	National writing project	20	21	
00.05	Teaching American history	119	120	50
00.06	School leadership	15	15	
00.07	Advanced credentialing	17	17	8
School choice and flexibility:				
00.08	Charter schools grants	217	215	215
00.09	Credit enhancement for charter school facilities	37	37	37
00.10	Voluntary public school choice	27	26	26
00.11	Magnet schools assistance	108	107	107
00.12	Advanced placement	30	32	122
00.13	School dropout prevention	5	5	
00.14	Close Up fellowships	1	1	
00.15	Ready to learn television	23	24	24
00.16	Academies for American history and civics		2	
00.17	FIE programs of national significance	257	12	39
00.18	National mathematics panel			10
00.19	Evaluation of mathematics and science education			5
00.20	Adjunct teacher corps			25
00.21	Reading is fundamental/Inexpensive book distribution	25	25	25
00.22	Star schools	21	15	
00.23	Ready to teach	14	11	
00.24	Exchanges with historic whaling and trading partners	9	9	
00.25	Excellence in economic education	1	1	
00.26	Mental health integration in schools	5	5	
00.27	Foundations for learning	1	1	
00.28	Arts in education	36	35	
00.29	Parental information and resource centers	42	39	
00.30	Womens educational equity	3	3	
01.00	Total direct program	1,093	936	851
09.01	DC School Choice	14	14	14
10.00	Total new obligations	1,107	950	865

Budgetary resources available for obligation:

21.40	Unobligated balance carried forward, start of year	1		
22.00	New budget authority (gross)	1,106	950	865
23.90	Total budgetary resources available for obligation	1,107	950	865
23.95	Total new obligations	-1,107	-950	-865
23.98	Unobligated balance expiring or withdrawn	-1		
24.40	Unobligated balance carried forward, end of year			

New budget authority (gross), detail:

Discretionary:				
40.00	Appropriation	1,101	946	851
40.33	Appropriation permanently reduced (P.L. 109-148)		-10	
40.35	Appropriation permanently reduced	-9		
43.00	Appropriation (total discretionary)	1,092	936	851
68.00	Spending authority from offsetting collections: Offsetting collections (cash)	14	14	14
70.00	Total new budget authority (gross)	1,106	950	865

Change in obligated balances:

72.40	Obligated balance, start of year	1,041	1,595	1,326
73.10	Total new obligations	1,107	950	865
73.20	Total outlays (gross)	-552	-1,219	-1,028
74.40	Obligated balance, end of year	1,595	1,326	1,163

Outlays (gross), detail:

86.90	Outlays from new discretionary authority	50	48	44
86.93	Outlays from discretionary balances	502	1,171	984
87.00	Total outlays (gross)	552	1,219	1,028

Offsets:

Against gross budget authority and outlays:				
88.40	Offsetting collections (cash) from: Non-Federal sources	-14	-14	-14

Net budget authority and outlays:

89.00	Budget authority	1,092	936	851
90.00	Outlays	538	1,205	1,014

Recruiting and training high quality teachers and principals:

Teacher incentive fund.—Provides funds for the development of performance-based teacher compensation systems that reward teachers and schools that are raising student achievement and closing the achievement gap.

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 American history.—Funds support competitive grants to school districts for activities to improve history instruction and provide professional development for teachers of American history.

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.

Adjunct teacher corps.—Funds would 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 mathematics and science.

School choice and flexibility:

Charter schools 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. Funds above \$200 million are used for the State Charter School Facilities Incentive Grant program, which provides funds to States to assist charter schools in obtaining facilities.

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.

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.

American competitiveness initiative proposals:

Advanced placement.—Funds support grants to States to pay test fees for low-income students who are enrolled in Advanced Placement (AP) or International Baccalaureate (IB) courses and competitive grants to State educational agencies, local educational agencies, and national nonprofit educational entities to expand access for low-income individuals to AP and IB classes. Applicants will be required to secure public or private matching funds in order to leverage the Federal investment and to offer incentives to teachers to become qualified to teach AP/IB courses in math, science, and foreign languages and to teachers whose students pass AP/IB exams.

National mathematics panel.—Funds will support the establishment of a National Mathematics Panel that will review current research on and identify principles for effective mathematics instruction.

Evaluation of mathematics and science education.—Funds will support an evaluation of Federal programs that promote mathematics and science education.

Ready-to-learn television.—Funds support the development, distribution, and production of educational video programming and accompanying materials and services for preschool

and elementary school children and their parents to facilitate student academic achievement.

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.

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

Object Classification (in millions of dollars)

Identification code 91-0204-0-1-501	2005 actual	2006 est.	2007 est.
Direct obligations:			
25.1 Advisory and assistance services	2	1	12
25.2 Other services	38	33	30
25.3 Other purchases of goods and services from Government accounts	15	15	15
41.0 Grants, subsidies, and contributions	1,038	887	794
99.0 Direct obligations	1,093	936	851
99.0 Reimbursable obligations	14	14	14
99.9 Total new obligations	1,107	950	865

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”), [\$736,886,000, of which \$350,000,000 shall become available on July 1, 2006 and remain available through September 30, 2007: *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] \$266,627,000: *Provided* [further], That [\$350,000,000 shall be available for subpart 1 of part A of title IV and \$224,580,000] \$215,992,000 shall be available for subpart 2 of part A of title IV, of which [not less than \$1,449,000] \$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 [\$132,901,000] \$50,635,000 shall be available to carry out part D of title V of the ESEA: *Provided further*, That of the funds available to carry out subpart 3 of part C of title II, up to \$12,194,000 may be used to carry out section 2345 and \$3,025,000 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]. (*Department of Education Appropriations Act, 2006.*)

Program and Financing (in millions of dollars)

Identification code 91-0203-0-1-501	2005 actual	2006 est.	2007 est.
Obligations by program activity:			
Safe and drug-free schools and communities:			
00.01 State grants	441	349	
National programs:			
00.02 Alcohol abuse reduction	33	32	
00.03 Mentoring program	48	49	19
00.04 Other national programs	152	141	198
00.91 Subtotal, Safe and drug-free schools and communities	674	571	217
01.01 Character education	24	24	24
02.01 Elementary and secondary school counseling	35	35	
03.01 Physical education program	73	73	26
04.01 Civic education	29	29	
05.01 State grants for incarcerated youth offenders	22		
06.01 Literacy program for prisoners	5	5	

General and special funds—Continued

SAFE SCHOOLS AND CITIZENSHIP EDUCATION—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 91-0203-0-1-501	2005 actual	2006 est.	2007 est.
09.00 Reimbursable program	69		
10.00 Total new obligations	931	737	267
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	8	7	
22.00 New budget authority (gross)	930	730	267
23.90 Total budgetary resources available for obligation	938	737	267
23.95 Total new obligations	-931	-737	-267
24.40 Unobligated balance carried forward, end of year	7		
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	868	737	267
40.33 Appropriation permanently reduced (P.L. 109-148)		-7	
40.35 Appropriation permanently reduced	-7		
43.00 Appropriation (total discretionary)	861	730	267
68.00 Spending authority from offsetting collections: Offsetting collections (cash)	69		
70.00 Total new budget authority (gross)	930	730	267
Change in obligated balances:			
72.40 Obligated balance, start of year	827	1,291	1,182
73.10 Total new obligations	931	737	267
73.20 Total outlays (gross)	-534	-846	-803
73.40 Adjustments in expired accounts (net)	-1		
74.10 Change in uncollected customer payments from Federal sources (expired)	68		
74.40 Obligated balance, end of year	1,291	1,182	646
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	27	15	5
86.93 Outlays from discretionary balances	507	831	798
87.00 Total outlays (gross)	534	846	803
Offsets:			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	-137		
Against gross budget authority only:			
88.96 Portion of offsetting collections (cash) credited to expired accounts	68		
Net budget authority and outlays:			
89.00 Budget authority	861	730	267
90.00 Outlays	397	846	803

Safe and drug-free schools and communities:

Mentoring program.—Funds provide grants to local educational agencies and community-based organizations for mentoring programs serving at-risk youth.

Other national programs.—Funds support the drug testing initiative and other 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.

Object Classification (in millions of dollars)

Identification code 91-0203-0-1-501	2005 actual	2006 est.	2007 est.
Direct obligations:			
25.2 Other services	15	14	17

25.3 Other purchases of goods and services from Government accounts	3	3	4
41.0 Grants, subsidies, and contributions	844	720	246
99.0 Direct obligations	862	737	267
99.0 Reimbursable obligations	69		
99.9 Total new obligations	931	737	267

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, **[\$675,765,000]** \$669,007,000, which shall become available on July 1, **[2006]** 2007, and shall remain available through September 30, **[2007]** 2008, except that 6.5 percent of such amount shall be available on October 1, **[2005]** 2006 and shall remain available through September 30, **[2007]** 2008, to carry out activities under section 3111(c)(1)(C). (*Department of Education Appropriations Act, 2006.*)

Program and Financing (in millions of dollars)

Identification code 91-1300-0-1-501	2005 actual	2006 est.	2007 est.
Obligations by program activity:			
00.01 Language acquisition State grants	673	678	669
10.00 Total new obligations	673	678	669
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	7	9	
22.00 New budget authority (gross)	676	669	669
23.90 Total budgetary resources available for obligation	683	678	669
23.95 Total new obligations	-673	-678	-669
24.40 Unobligated balance carried forward, end of year	9		
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	681	676	669
40.33 Appropriation permanently reduced (P.L. 109-148)		-7	
40.35 Appropriation permanently reduced	-5		
43.00 Appropriation (total discretionary)	676	669	669
Change in obligated balances:			
72.40 Obligated balance, start of year	965	937	799
73.10 Total new obligations	673	678	669
73.20 Total outlays (gross)	-668	-816	-617
73.40 Adjustments in expired accounts (net)	-34		
74.40 Obligated balance, end of year	937	799	851
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	7	33	33
86.93 Outlays from discretionary balances	661	783	584
87.00 Total outlays (gross)	668	816	617
Net budget authority and outlays:			
89.00 Budget authority	676	669	669
90.00 Outlays	667	816	617

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.

Object Classification (in millions of dollars)

Identification code 91-1300-0-1-501	2005 actual	2006 est.	2007 est.
25.5 Research and development contracts	2	2	2
41.0 Grants, subsidies, and contributions	671	676	667
99.9 Total new obligations	673	678	669

OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES

Federal Funds

General and special funds:

SPECIAL EDUCATION

For carrying out the Individuals with Disabilities Education Act, [\$11,770,607,000] \$11,697,502,000, of which [\$6,141,604,000] \$5,284,912,000 shall become available on July 1, [2006] 2007, and shall remain available through September 30, [2007] 2008, and of which [\$5,424,200,000] \$6,215,200,000 shall become available on October 1, [2006] 2007, and shall remain available through September 30, [2007] 2008, for academic year [2006-2007] 2007-2008: *Provided*, [That \$12,000,000 shall be for Recording for the Blind and Dyslexic, Inc., 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 (as in effect prior to the enactment of the Individuals with Disabilities Education Improvement Act of 2004) to provide information on diagnosis, intervention, and teaching strategies for children with disabilities: *Provided further*,] That the amount for section 611(b)(2) of the Act shall be equal to the lesser of the amount available for that activity during fiscal year [2005] 2006, increased by the amount of inflation as specified in section 619(d)(2)(B) of the Act or the percentage increase in the funds appropriated under section 611(i) of the Act. (Department of Education Appropriations Act, 2006.)

Program and Financing (in millions of dollars)

Identification code 91-0300-0-1-501	2005 actual	2006 est.	2007 est.
Obligations by program activity:			
State grants:			
00.01 Grants to States	10,596	10,586	9,893
00.02 Preschool grants	385	381	381
00.03 Grants for infants and families	456	437	436
00.91 Subtotal, State grants	11,437	11,404	10,710
National activities:			
01.01 State personnel development	51	51	50
01.02 Technical assistance and dissemination	52	49	49
01.03 Personnel preparation	91	90	89
01.04 Parent information centers	26	26	25
01.05 Technology and media services	39	38	31
01.06 SE-Voc Rehab. Transition Initiative			2
01.91 Subtotal, National activities	259	254	246
02.00 Total Direct Program	11,696	11,658	10,956
10.00 Total new obligations	11,696	11,658	10,956
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	89	67	50
22.00 New budget authority (gross)	11,674	11,641	10,906
23.90 Total budgetary resources available for obligation	11,763	11,708	10,956
23.95 Total new obligations	-11,696	-11,658	-10,956
24.40 Unobligated balance carried forward, end of year	67	50	
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	6,355	6,346	5,482
40.33 Appropriation permanently reduced (P.L. 109-148)		-118	
40.35 Appropriation permanently reduced	-94		
43.00 Appropriation (total discretionary)	6,261	6,228	5,482
55.00 Advance appropriation	5,413	5,413	5,424
70.00 Total new budget authority (gross)	11,674	11,641	10,906

Change in obligated balances:

72.40 Obligated balance, start of year	8,794	9,534	10,482
73.10 Total new obligations	11,696	11,658	10,956
73.20 Total outlays (gross)	-10,939	-10,710	-11,523
73.40 Adjustments in expired accounts (net)	-17		
74.40 Obligated balance, end of year	9,534	10,482	9,915

Outlays (gross), detail:

86.90 Outlays from new discretionary authority	3,016	3,749	3,756
86.93 Outlays from discretionary balances	7,923	6,961	7,767
87.00 Total outlays (gross)	10,939	10,710	11,523

Net budget authority and outlays:

89.00 Budget authority	11,674	11,641	10,906
90.00 Outlays	10,940	10,710	11,523

SUMMARY OF GRANTS TO STATES PROGRAM LEVEL

(In millions of dollars)

	2005-2006	2006-2007	2007-2008
	academic year	academic year	academic year
Current Budget Authority	\$5,177	\$5,159	\$4,468
Advance appropriation	5,413	5,424	6,215
Total program level	10,590	10,583	10,683
Change in advance appropriation from the previous year		+11	+791

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 request includes funds for a new Transition Initiative to help States use data and research-based practices to improve post-school outcomes.

Performance data related to program goals include:

	2001-2002	2002-2003	2003-2004
	actual	actual	actual
<i>Status of Exiting Students</i>			
Percent of students with disabilities aged 14-21 leaving school:			
Graduated with a diploma	51.1	51.9	54.2
Graduated through certification	9.5	12.7	13.1
Dropped out of school/not known to continue	37.6	33.6	30.9
Reached maximum age for services/other	1.8	1.8	1.8

General and special funds—Continued

SPECIAL EDUCATION—Continued

Object Classification (in millions of dollars)

Identification code 91-0300-0-1-501	2005 actual	2006 est.	2007 est.
25.2 Other services	21	18	18
41.0 Grants, subsidies, and contributions	11,675	11,640	10,938
99.9 Total new obligations	11,696	11,658	10,956

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, [“\$3,129,638,000,” \$3,180,414,000. [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: Provided, That \$30,760,000 shall be used for carrying out the AT Act, including \$4,385,000 for State grants for protection and advocacy under section 5 of the AT Act and \$3,760,000 shall be for alternative financing programs under section 4(b)(2)(D) of the AT Act: Provided further, That the Federal share of grants for alternative financing programs shall not exceed 75 percent, and the requirements in section 301(c)(2) and section 302 of the AT Act (as in effect on the day before the date of enactment of the Assistive Technology Act of 2004) shall not apply to such grants.] (Department of Education Appropriations Act, 2006.)

Program and Financing (in millions of dollars)

Identification code 91-0301-0-1-506	2005 actual	2006 est.	2007 est.
Obligations by program activity:			
Direct program:			
00.01 Vocational rehabilitation State grants	2,636	2,720	2,837
00.02 Client assistance State grants	12	12	12
00.03 Training	39	38	38
00.04 Demonstration and training programs	26	7	7
00.05 Migrant and seasonal farmworkers	2	2	
00.06 Recreational programs	2	3	
00.07 Protection and advocacy of individual rights	17	16	16
00.08 Projects with industry	22	20	
00.09 Supported employment State grants	37	30	
00.10 Independent living	131	130	130
00.11 Program improvement	1	1	1
00.12 Evaluation	1	1	1
00.13 Helen Keller National Center	11	9	9
00.14 National Institute on Disability and Rehabilitation Research	108	107	107
00.15 Assistive technology	30	30	22
01.00 Total direct program	3,075	3,126	3,180
09.01 Reimbursable program	2	2	2
10.00 Total new obligations	3,077	3,128	3,182
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	3,077	3,128	3,182
23.95 Total new obligations	-3,077	-3,128	-3,182
24.40 Unobligated balance carried forward, end of year			
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	442	410	343
40.33 Appropriation permanently reduced (P.L. 109-148)		-4	
40.35 Appropriation permanently reduced	-3		
43.00 Appropriation (total discretionary)	439	406	343
Mandatory:			
60.00 Appropriation	2,636	2,720	2,837
Spending authority from offsetting collections:			
Discretionary:			
68.00 Offsetting collections (cash)	1	2	2
68.10 Change in uncollected customer payments from Federal sources (unexpired)	1		

68.90	Spending authority from offsetting collections (total discretionary)	2	2	2
70.00	Total new budget authority (gross)	3,077	3,128	3,182
Change in obligated balances:				
72.40	Obligated balance, start of year	1,302	1,393	1,050
73.10	Total new obligations	3,077	3,128	3,182
73.20	Total outlays (gross)	-2,974	-3,471	-3,184
73.40	Adjustments in expired accounts (net)	-10		
74.00	Change in uncollected customer payments from Federal sources (unexpired)	-1		
74.40	Obligated balance, end of year	1,393	1,050	1,048
Outlays (gross), detail:				
86.90	Outlays from new discretionary authority	81	285	241
86.93	Outlays from discretionary balances	358	456	146
86.97	Outlays from new mandatory authority	1,874	1,904	1,986
86.98	Outlays from mandatory balances	661	826	811
87.00	Total outlays (gross)	2,974	3,471	3,184
Offsets:				
Against gross budget authority and outlays:				
88.00	Offsetting collections (cash) from: Federal sources	-1	-2	-2
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	3,075	3,126	3,180
90.00	Outlays	2,973	3,469	3,182

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.

The program performance measures for this program are based on State VR agency performance indicators developed pursuant to Section 106 of the Rehabilitation Act. One of these indicators measures the percentage of general and combined State VR agencies that assist at least 55.8 percent of individuals receiving services to achieve an employment outcome. In 2004, 66 percent of the agencies met this performance criterion. Another indicator measures the percentage of general and combined State VR agencies that assist at least 85 percent of individuals with employment outcomes to achieve competitive employment. In 2004, 95 percent of general and combined agencies met this performance criterion. The data are based on the approximately 385,075 individuals whose service records were closed in 2004 after receiving services.

The 2007 Budget 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 eliminates funding for three programs (Supported Employment State Grants, Projects with Industry, and the Migrant and Seasonal Farmworkers program). The services provided by these programs can be provided by the larger 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 and development 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.—Formula grants are made to States to implement comprehensive Statewide programs designed to maximize the ability of individuals with disabilities of all ages to obtain assistive technology. States conduct activities that include alternative financing programs, device reutilization programs, device loan programs, and device demonstrations.

Object Classification (in millions of dollars)			
Identification code 91-0301-0-1-506	2005 actual	2006 est.	2007 est.
Direct obligations:			
25.1 Advisory and assistance services	10	11	10
25.2 Other services	2	2	2
41.0 Grants, subsidies, and contributions	3,063	3,113	3,168
99.0 Direct obligations	3,075	3,126	3,180
99.0 Reimbursable obligations	2	2	2
99.9 Total new obligations	3,077	3,128	3,182

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.), **[\$17,750,000] \$17,573,000.** (Department of Education Appropriations Act, 2006.)

Program and Financing (in millions of dollars)			
Identification code 91-0600-0-1-501	2005 actual	2006 est.	2007 est.
Obligations by program activity:			
00.01 Direct program activity	17	18	18
10.00 Total new obligations (object class 41.0)	17	18	18
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	17	18	18
23.95 Total new obligations	-17	-18	-18
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	17	18	18
Change in obligated balances:			
72.40 Obligated balance, start of year	5	5	1
73.10 Total new obligations	17	18	18
73.20 Total outlays (gross)	-17	-22	-18
74.40 Obligated balance, end of year	5	1	1
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	12	17	17
86.93 Outlays from discretionary balances	5	5	1
87.00 Total outlays (gross)	17	22	18
Net budget authority and outlays:			
89.00 Budget authority	17	18	18
90.00 Outlays	17	22	18

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 2005, the portion of the Federal appropriation allocated to educational materials represented approximately 64 percent of the Printing House's total sales. The full appropriation represented approximately 74 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.), **[\$56,708,000] \$55,349,000** [of which \$800,000 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. (Department of Education Appropriations Act, 2006.)

Program and Financing (in millions of dollars)			
Identification code 91-0601-0-1-502	2005 actual	2006 est.	2007 est.
Obligations by program activity:			
00.01 Operations	54	55	55
00.02 Construction	1	1	.....
10.00 Total new obligations (object class 41.0)	55	56	55
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	56	56	55
23.95 Total new obligations	-55	-56	-55
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	56	57	55
40.33 Appropriation permanently reduced (P.L. 109-148) .....	.....	-1	.....
43.00 Appropriation (total discretionary)	56	56	55
Change in obligated balances:			
72.40 Obligated balance, start of year	1	2	5
73.10 Total new obligations	55	56	55
73.20 Total outlays (gross)	-54	-53	-56

General and special funds—Continued

NATIONAL TECHNICAL INSTITUTE FOR THE DEAF—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 91-0601-0-1-502	2005 actual	2006 est.	2007 est.
74.40 Obligated balance, end of year	2	5	4
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	54	52	52
86.93 Outlays from discretionary balances		1	4
87.00 Total outlays (gross)	54	53	56
Net budget authority and outlays:			
89.00 Budget authority	56	56	55
90.00 Outlays	54	53	56

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 2005, Federal appropriations represented 81 percent of the Institute's operating budget. The request includes funds for the Endowment Grant program.

GALLAUDET UNIVERSITY

For the Kendall Demonstration Elementary School, the Model Secondary School for the Deaf, and the partial support of Gallaudet University and related activities under titles I and II of the Education of the Deaf Act of 1986 (20 U.S.C. 4301 et seq.), **[\$108,079,000]** \$107,598,000, of which \$600,000 shall be for the Secretary of Education to carry out section 205 of the Act: Provided, That from the total amount available to the University, the University may at its discretion use funds for the endowment program as authorized under section 207. (Department of Education Appropriations Act, 2006.)

Program and Financing (in millions of dollars)

Identification code 91-0602-0-1-502	2005 actual	2006 est.	2007 est.
Obligations by program activity:			
00.01 Operations	105	107	107
00.02 Evaluation			1
10.00 Total new obligations	105	107	108
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	105	107	108
23.95 Total new obligations	-105	-107	-108
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	105	108	108
40.33 Appropriation permanently reduced (P.L. 109-148)		-1	
43.00 Appropriation (total discretionary)	105	107	108
Change in obligated balances:			
72.40 Obligated balance, start of year			6
73.10 Total new obligations	105	107	108
73.20 Total outlays (gross)	-105	-101	-108
74.40 Obligated balance, end of year		6	6
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	105	101	102
86.93 Outlays from discretionary balances			6
87.00 Total outlays (gross)	105	101	108
Net budget authority and outlays:			
89.00 Budget authority	105	107	108
90.00 Outlays	105	101	108

This institution provides undergraduate and continuing education programs for persons who are deaf, and graduate

programs related to deafness for students who are deaf and students who are hearing. The University also conducts basic and applied research and provides public service programs for persons who are deaf and persons who work with them.

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

In 2005, the appropriation for Gallaudet represented 65.2 percent of the total revenue for university-level programs and 97.4 percent of the revenue related to the elementary and secondary schools. In addition, the University receives other Federal funds such as student financial aid, vocational rehabilitation, Endowment Grant program income, and competitive grants and contracts. The request includes \$600,000 for the Secretary of Education to conduct a study that is intended to assist Gallaudet in improving its performance on key outcome measures. The request also includes funds for the Endowment Grant program.

Object Classification (in millions of dollars)

Identification code 91-0602-0-1-502	2005 actual	2006 est.	2007 est.
25.1 Advisory and assistance services			1
41.0 Grants, subsidies, and contributions	105	107	107
99.9 Total new obligations	105	107	108

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, [title VIII-D of the Higher Education Amendments of 1998, and subpart 4 of part D of title V of the Elementary and Secondary Education Act of 1965 ("ESEA"), \$2,012,282,000, of] \$579,552,000, which [\$1,216,558,000] shall become available on July 1, [2006] 2007 and shall remain available through September 30, [2007 and of which \$791,000,000 shall become available on October 1, 2006 and shall remain available through September 30, 2007] 2008: Provided, That of the amount provided for Adult Education State Grants, [\$68,582,000] \$67,896,000 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, [\$9,096,000] \$9,005,000 shall be for national leadership activities under section 243 and [\$6,638,000] \$6,572,000 shall be for the National Institute for Literacy under section 242: Provided further, That \$94,476,000 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, 2005 and shall remain available through

September 30, 2007, for evaluation, technical assistance, school networks, peer review of applications, and program outreach activities, and of which not less than 95 percent shall become available on July 1, 2006, and remain available through September 30, 2007, for grants to local educational agencies: *Provided further*, That funds made available to local educational agencies under this subpart shall be used only for activities related to establishing smaller learning communities within large high schools or small high schools that provide alternatives for students enrolled in large high schools: *Provided further*, That \$23,000,000 shall be for Youth Offender Grants]. (*Department of Education Appropriations Act, 2006.*)

Program and Financing (in millions of dollars)

Identification code 91-0400-0-1-501	2005 actual	2006 est.	2007 est.
Obligations by program activity:			
Vocational education:			
Vocational education:			
00.01 State grants	1,194	1,184	791
00.02 National programs	12	12	9
00.03 Occupational and employment information	10	1	
00.04 Tech-prep education State grants	106	105	
00.05 Tech-prep demonstration	5	5	
00.91 Total, Vocational education	1,327	1,307	800
Adult education:			
01.01 State grants	570	563	564
01.02 National leadership activities	6	9	9
01.03 National Institute for Literacy	6	7	7
01.91 Total, adult education	582	579	580
02.01 Smaller learning communities	177	91	92
03.01 State grants for incarcerated youth offenders		23	
04.01 Community technology centers	5		
10.00 Total new obligations	2,091	2,000	1,472
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	216	136	128
22.00 New budget authority (gross)	2,011	1,992	1,371
23.90 Total budgetary resources available for obligation	2,227	2,128	1,499
23.95 Total new obligations	-2,091	-2,000	-1,472
24.40 Unobligated balance carried forward, end of year	136	128	27
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	1,236	1,221	580
40.33 Appropriation permanently reduced (P.L. 109-148)		-20	
40.35 Appropriation permanently reduced	-16		
43.00 Appropriation (total discretionary)	1,220	1,201	580
55.00 Advance appropriation from prior year	791	791	791
70.00 Total new budget authority (gross)	2,011	1,992	1,371
Change in obligated balances:			
72.40 Obligated balance, start of year	1,637	1,756	1,686
73.10 Total new obligations	2,091	2,000	1,472
73.20 Total outlays (gross)	-1,967	-2,070	-1,937
73.40 Adjustments in expired accounts (net)	-5		
74.40 Obligated balance, end of year	1,756	1,686	1,221
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	563	655	585
86.93 Outlays from discretionary balances	1,404	1,415	1,352
87.00 Total outlays (gross)	1,967	2,070	1,937
Net budget authority and outlays:			
89.00 Budget authority	2,011	1,992	1,371
90.00 Outlays	1,967	2,070	1,937

Vocational education:

State grants.—A 2007 advance appropriation from 2006 supports formula grants to States and localities to expand and improve their programs of vocational education and promote equal opportunity in vocational education programs for historically underserved populations. No new funds are requested for 2007.

National programs.—2006 appropriated funds are used in 2007 to support discretionary activities that contribute to knowledge of how to improve vocational education nationally. Activities include national centers for research and dissemination in career and technical education and a program of discretionary research and development projects. No new funds are requested for 2007.

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 is 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	2005 actual	2006 est.	2007 est.
11.3 Personnel compensation: Other than full-time permanent	1	1	1
25.1 Advisory and assistance services	1		
25.2 Other services	5	19	25
25.3 Other purchases of goods and services from Government accounts	2	1	
25.5 Research and development contracts	15	2	
25.7 Operation and maintenance of equipment			1
41.0 Grants, subsidies, and contributions	2,066	1,975	1,442
99.0 Direct obligations	2,090	1,998	1,469
99.5 Below reporting threshold	1	2	3
99.9 Total new obligations	2,091	2,000	1,472

Personnel Summary

Identification code 91-0400-0-1-501	2005 actual	2006 est.	2007 est.
Direct:			
1001 Civilian full-time equivalent employment	13	18	20

OFFICE OF POSTSECONDARY EDUCATION

Federal Funds

General and special funds:

HIGHER EDUCATION

For carrying out, to the extent not otherwise provided, 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 1992,] the Mutual Educational and Cultural Exchange Act of 1961, [title VIII of the Higher Education Amendments of 1998,] and section 117 of the Carl D. Perkins Vocational and Technical Education Act, [\$1,970,760,000] \$1,108,711,000: *Provided*, That [\$9,797,000] \$9,699,000, to remain available through September 30, [2007] 2008, shall be available to fund fellowships for academic year [2007-2008] 2008-2009 under part A, subpart 1 of title VII of [said Act] the HEA, under the terms and conditions of part A, subpart 1: *Provided further*, 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: *Provided further*, That [\$980,000] \$970,000 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 Edu-

General and special funds—Continued

HIGHER EDUCATION—Continued

ational 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 of the funds referred to in the preceding proviso up to 1 percent may be used for program evaluation, national outreach, and information dissemination activities: *Provided further*, That [the funds provided for title II of the HEA shall be allocated notwithstanding section 210 of such Act] \$24,000,000 shall be for grants to institutions of higher education, in partnership with local educational agencies, to establish instructional programs at all educational levels in languages critical to U.S. national security. (Department of Education Appropriations Act, 2006.)

Program and Financing (in millions of dollars)

Identification code 91-0201-0-1-502	2005 actual	2006 est.	2007 est.
Obligations by program activity:			
Aid for institutional development:			
00.01	80	79	79
00.02	24	24	24
00.03	12	12	9
00.04	239	238	238
00.05	58	58	58
00.06	9	9	9
00.91	422	420	417
Other aid for institutions:			
01.01	95	95	95
01.02	107	106	107
01.03	162	22	22
01.04	7	7	
01.05	1	1	1
01.06	7	7	7
01.91	379	238	232
Assistance for students:			
02.01	837	828	380
02.02	306	303	
02.03	41	41	
02.04	10	10	10
02.05	30	30	30
02.06	3	3	
02.07	1	1	
02.08	16	16	16
02.91	1,244	1,232	436
03.01	68	60	
04.01	1	1	1
05.01	2	2	
06.01			24
10.00	2,116	1,953	1,110
Budgetary resources available for obligation:			
21.40	18	19	17
22.00	2,117	1,951	1,109
23.90	2,135	1,970	1,126
23.95	-2,116	-1,953	-1,110
24.40	19	17	16
New budget authority (gross), detail:			
Discretionary:			
40.00	2,134	1,971	1,109
40.33		-20	
40.35	-17		

43.00	Appropriation (total discretionary)	2,117	1,951	1,109
Change in obligated balances:				
72.40	Obligated balance, start of year	2,864	2,870	2,631
73.10	Total new obligations	2,116	1,953	1,110
73.20	Total outlays (gross)	-2,053	-2,192	-1,983
73.40	Adjustments in expired accounts (net)	-57		
74.40	Obligated balance, end of year	2,870	2,631	1,758
Outlays (gross), detail:				
86.90	Outlays from new discretionary authority	74	98	55
86.93	Outlays from discretionary balances	1,979	2,094	1,928
87.00	Total outlays (gross)	2,053	2,192	1,983
Net budget authority and outlays:				
89.00	Budget authority	2,117	1,951	1,109
90.00	Outlays	2,053	2,192	1,983

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.—Balances from prior year appropriations 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 support services to help disadvan-

taged adults enter and complete college and graduate studies.

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:

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.

Advancing America through foreign language partnerships.—Funds support an initiative to establish fully articulated language programs of study in languages critical to U.S. national security through grants to institutions of higher education for partnerships with school districts for language learning from kindergarten through high school and into advanced language learning at the postsecondary education level.

Object Classification (in millions of dollars)

Identification code 91-0201-0-1-502	2005 actual	2006 est.	2007 est.
25.1 Advisory and assistance services	2	4	2
25.2 Other services	7	6	5
25.3 Other purchases of goods and services from Government accounts	2	2	2
41.0 Grants, subsidies, and contributions	2,105	1,941	1,101
99.9 Total new obligations	2,116	1,953	1,110

HOWARD UNIVERSITY

For partial support of Howard University (20 U.S.C. 121 et seq.), **[\$239,790,000] \$237,392,000**, of which not less than **[\$3,562,000] \$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. (*Department of Education Appropriations Act, 2006.*)

Program and Financing (in millions of dollars)

Identification code 91-0603-0-1-502	2005 actual	2006 est.	2007 est.
Obligations by program activity:			
00.01 General support	205	211	208
00.02 Howard University Hospital	30	29	29
10.00 Total new obligations (object class 41.0)	235	240	237
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	4	8	5
22.00 New budget authority (gross)	239	237	237
23.90 Total budgetary resources available for obligation	243	245	242
23.95 Total new obligations	-235	-240	-237
24.40 Unobligated balance carried forward, end of year	8	5	5
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	241	240	237
40.33 Appropriation permanently reduced (P.L. 109-148)	-3		
40.35 Appropriation permanently reduced	-2		
43.00 Appropriation (total discretionary)	239	237	237

Change in obligated balances:			
72.40 Obligated balance, start of year			10
73.10 Total new obligations	235	240	237
73.20 Total outlays (gross)	-235	-230	-238
74.40 Obligated balance, end of year		10	9
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	235	223	223
86.93 Outlays from discretionary balances		7	15
87.00 Total outlays (gross)	235	230	238
Net budget authority and outlays:			
89.00 Budget authority	239	237	237
90.00 Outlays	235	230	238

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 2005, Federal funding represented approximately 52 percent of the university's revenue.

Credit accounts:

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS PROGRAM ACCOUNT

For Federal administrative expenses to carry out activities related to existing facility loans pursuant to section 121 of the Higher Education Act of 1965, as amended **[\$573,000] \$486,000**. (*Department of Education Appropriations Act, 2006.*)

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] \$190,000**. (*Department of Education Appropriations Act, 2006.*)

Program and Financing (in millions of dollars)

Identification code 91-0241-0-1-502	2005 actual	2006 est.	2007 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
74.40 Obligated balance, end of year			
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

Credit accounts—Continued

HISTORICALLY BLACK COLLEGE AND UNIVERSITY CAPITAL FINANCING PROGRAM ACCOUNT—Continued

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

Identification code 91-0241-0-1-502	2005 actual	2006 est.	2007 est.
Direct loan levels supportable by subsidy budget authority:			
115001 Historically Black Colleges and Universities	39	56	56
115901 Total direct loan levels	39	56	56
Direct loan subsidy (in percent):			
132001 Historically Black Colleges and Universities	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			
Administrative expense data:			
351001 Budget authority	1	1	1
359001 Outlays from new authority	1	1	1

As required by the Federal Credit Reform Act of 1990, this account records the subsidy costs associated with the direct loans obligated and loan guarantees committed in 1992 and beyond, as well as any administrative expenses for the College Housing and Academic Facilities Loans Program and the Historically Black College and University Capital Financing Program. The subsidy amounts are estimated on a present value basis; the administrative expenses are estimated on a cash basis. These programs are administered separately but consolidated in the President's budget for presentation purposes.

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. Since this amount is intended to be sufficient to cover all potential delinquencies and defaults, no subsidy appropriations have been required. The 2007 Budget provides funds for continuing Federal administrative activities only.

Personnel Summary

Identification code 91-0241-0-1-502	2005 actual	2006 est.	2007 est.
Direct:			
1001 Civilian full-time equivalent employment	5	5	4

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS FINANCING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 91-4252-0-3-502	2005 actual	2006 est.	2007 est.
Obligations by program activity:			
00.02 Interest paid to Treasury	1	1	1
10.00 Total new obligations	1	1	1
Budgetary resources available for obligation:			
22.00 New financing authority (gross)	1	1	1
23.95 Total new obligations	-1	-1	-1
New financing authority (gross), detail:			
Spending authority from offsetting collections:			
Mandatory:			
69.00 Offsetting collections (cash)	2	2	2
69.47 Portion applied to repay debt	-1	-1	-1
69.90 Spending authority from offsetting collections (total mandatory)	1	1	1
Change in obligated balances:			
73.10 Total new obligations	1	1	1
73.20 Total financing disbursements (gross)	-1	-1	-1
87.00 Total financing disbursements (gross)	1	1	1
Offsets:			
Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
88.40 Interest repayments	-1	-1	-1
88.40 Principal repayments	-1	-1	-1
88.90 Total, offsetting collections (cash)	-2	-2	-2
Net financing authority and financing disbursements:			
89.00 Financing authority	-1	-1	-1
90.00 Financing disbursements	-1	-1	-1

Status of Direct Loans (in millions of dollars)

Identification code 91-4252-0-3-502	2005 actual	2006 est.	2007 est.
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	20	19	19
1251 Repayments: Repayments and prepayments	-1		-1
1290 Outstanding, end of year	19	19	18

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 obligated in fiscal years 1992 and 1993. The amounts in this account are a means of financing and are not included in the budget totals.

Balance Sheet (in millions of dollars)

Identification code 91-4252-0-3-502	2004 actual	2005 actual
ASSETS:		
Net value of assets related to post-1991 direct loans receivable:		
1401 Direct loans receivable, gross	20	19
1402 Interest receivable		1
1405 Allowance for subsidy cost (-)	-3	-3
1499 Net present value of assets related to direct loans ..	17	17
1999 Total assets	17	17
LIABILITIES:		
2103 Federal liabilities: Debt	17	17
2999 Total liabilities	17	17
4999 Total liabilities and net position	17	17

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS LIQUIDATING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 91-0242-0-1-502	2005 actual	2006 est.	2007 est.
Obligations by program activity:			
00.02 Interest paid to Treasury	8	8	8
10.00 Total new obligations (object class 43.0)	8	8	8
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	9	8	8
22.60 Portion applied to repay debt	-1		
23.90 Total budgetary resources available for obligation	8	8	8
23.95 Total new obligations	-8	-8	-8
New budget authority (gross), detail:			
Mandatory:			
60.00 Appropriation	2	2	2
Spending authority from offsetting collections:			
69.00 Offsetting collections (cash)	44	32	31
69.27 Capital transfer to general fund	-28	-24	-22
69.47 Portion applied to repay debt	-9	-2	-3
69.90 Spending authority from offsetting collections (total mandatory)	7	6	6
70.00 Total new budget authority (gross)	9	8	8
Change in obligated balances:			
72.40 Obligated balance, start of year	1	1	1
73.10 Total new obligations	8	8	8
73.20 Total outlays (gross)	-9	-8	-8
74.40 Obligated balance, end of year	1	1	1
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority	9	8	8
Offsets:			
Against gross budget authority and outlays:			
Offsetting collections (cash) from:			
88.40 Repayments of principal	-32	-22	-21
88.40 Interest received on loans	-12	-10	-10
88.90 Total, offsetting collections (cash)	-44	-32	-31
Net budget authority and outlays:			
89.00 Budget authority	-35	-24	-23
90.00 Outlays	-36	-24	-23

Status of Direct Loans (in millions of dollars)

Identification code 91-0242-0-1-502	2005 actual	2006 est.	2007 est.
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	93	83	80
1251 Repayments: Repayments and prepayments	-10	-3	-3
1290 Outstanding, end of year	83	80	77
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	18	17	15
1251 Repayments: Repayments and prepayments	-1	-2	-1
1290 Outstanding, end of year	17	15	14
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	203	182	164
1251 Repayments: Repayments and prepayments	-21	-18	-16
1290 Outstanding, end of year	182	164	148

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 obligated 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.

Balance Sheet (in millions of dollars)

Identification code 91-0242-0-1-502	2004 actual	2005 actual
ASSETS:		
1601 Direct loans, gross	314	282
1602 Interest receivable	6	6
1699 Value of assets related to direct loans	320	288
1999 Total assets	320	288
LIABILITIES:		
Federal liabilities:		
2103 Debt	92	83
2104 Resources payable to Treasury	228	205
2999 Total liabilities	320	288
4999 Total liabilities and net position	320	288

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	2005 actual	2006 est.	2007 est.
Obligations by program activity:			
00.01 Direct Loan Awards	39	56	56
00.02 Interest paid to Treasury	6	8	8
10.00 Total new obligations	45	64	64
Budgetary resources available for obligation:			
22.00 New financing authority (gross)	45	64	64
23.95 Total new obligations	-45	-64	-64
New financing authority (gross), detail:			
Mandatory:			
67.10 Authority to borrow	39	56	56
Spending authority from offsetting collections:			
69.00 Offsetting collections (cash)	9	12	12
69.47 Portion applied to repay debt	-3	-4	-4
69.90 Spending authority from offsetting collections (total mandatory)	6	8	8
70.00 Total new financing authority (gross)	45	64	64
Change in obligated balances:			
72.40 Obligated balance, start of year	10	38	39
73.10 Total new obligations	45	64	64
73.20 Total financing disbursements (gross)	-17	-63	-50
74.40 Obligated balance, end of year	38	39	53
87.00 Total financing disbursements (gross)	17	63	50
Offsets:			
Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
88.40 Interest repayments	-6	-8	-8
88.40 Principal repayments	-3	-4	-4
88.90 Total, offsetting collections (cash)	-9	-12	-12
Net financing authority and financing disbursements:			
89.00 Financing authority	36	52	52
90.00 Financing disbursements	8	51	38

Status of Direct Loans (in millions of dollars)

Identification code 91-4255-0-3-502	2005 actual	2006 est.	2007 est.
Position with respect to appropriations act limitation on obligations:			
1111 Limitation on direct loans	193	222	170
1142 Unobligated direct loan limitation (-)	-154	-166	-114
1150 Total direct loan obligations	39	56	56
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	118	126	177
1231 Disbursements: Direct loan disbursements	11	55	42

Credit accounts—Continued**HISTORICALLY BLACK COLLEGE AND UNIVERSITY CAPITAL FINANCING
DIRECT LOAN FINANCING ACCOUNT—Continued****Status of Direct Loans (in millions of dollars)—Continued**

Identification code 91-4255-0-3-502	2005 actual	2006 est.	2007 est.
1251 Repayments: Repayments and prepayments	-3	-4	-5
1290 Outstanding, end of year	126	177	214

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 obligated in fiscal year 1996 and beyond. 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. The amounts in this account are a means of financing and are not included in the budget totals.

Balance Sheet (in millions of dollars)

Identification code 91-4255-0-3-502	2004 actual	2005 actual
ASSETS:		
1101 Federal assets: Fund balances with Treasury	10	10
Net value of assets related to post-1991 direct loans receivable:		
1401 Direct loans receivable, gross	118	126
1402 Interest receivable	3	3
1499 Net present value of assets related to direct loans ..	121	129
1999 Total assets	131	139
LIABILITIES:		
Federal liabilities:		
2102 Interest payable	3	3
2103 Debt	118	126
2201 Non-Federal liabilities: Undisbursed direct loans	10	10
2999 Total liabilities	131	139
4999 Total liabilities and net position	131	139

OFFICE OF FEDERAL STUDENT AID**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, **[\$15,077,752,000]** *\$14,490,057,000*, which shall remain available through September 30, **[2007]** *2008*.

The maximum Pell Grant for which a student shall be eligible during award year **[2006-2007]** *2007-2008* shall be \$4,050. (*Department of Education Appropriations Act, 2006.*)

Program and Financing (in millions of dollars)

Identification code 91-0200-0-1-502	2005 actual	2006 est.	2007 est.
Obligations by program activity:			
01.01 Federal Pell grants	12,504	9,472	17,502
02.01 Federal supplemental educational opportunity grants (SEOG)	778	772	771
02.02 Federal work-study	990	981	980
02.04 Federal Perkins loans: Loan cancellations	66	66	
02.91 Direct Program by Activities—Subtotal (1 level)	1,834	1,819	1,751
03.01 Leveraging educational assistance partnership	66	65	

10.00 Total new obligations (object class 41.0)	14,404	11,356	19,253
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	25	23	7,894
22.00 New budget authority (gross)	14,266	19,227	14,490
22.10 Resources available from recoveries of prior year obligations	144		
23.90 Total budgetary resources available for obligation	14,435	19,250	22,384
23.95 Total new obligations	-14,404	-11,356	-19,253
23.98 Unobligated balance expiring or withdrawn	-8		
24.40 Unobligated balance carried forward, end of year	23	7,894	3,131

New budget authority (gross), detail:

Discretionary:			
40.00 Appropriation	14,381	15,078	14,490
40.33 Appropriation permanently reduced (P.L. 109-148)		-151	
40.35 Appropriation permanently reduced	-115		
43.00 Appropriation (total discretionary)	14,266	14,927	14,490
Mandatory:			
60.00 Appropriation		4,300	
70.00 Total new budget authority (gross)	14,266	19,227	14,490

Change in obligated balances:

72.40 Obligated balance, start of year	7,707	6,861	4,237
73.10 Total new obligations	14,404	11,356	19,253
73.20 Total outlays (gross)	-15,102	-13,980	-14,473
73.40 Adjustments in expired accounts (net)	-4		
73.45 Recoveries of prior year obligations	-144		
74.40 Obligated balance, end of year	6,861	4,237	9,017

Outlays (gross), detail:

86.90 Outlays from new discretionary authority	7,557	7,400	2,640
86.93 Outlays from discretionary balances	7,545	6,580	11,833
87.00 Total outlays (gross)	15,102	13,980	14,473

Net budget authority and outlays:

89.00 Budget authority	14,266	19,227	14,490
90.00 Outlays	15,102	13,980	14,473

Status of Direct Loans (in millions of dollars)

Identification code 91-0200-0-1-502	2005 actual	2006 est.	2007 est.
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	324	323	323
1251 Repayments: Repayments and prepayments	-21	-21	-22
Write-offs for default:			
1263 Direct loans	-6	-6	-6
1264 Other adjustments, net	26	27	27
1290 Outstanding, end of year	323	323	322

Notes: At the time the Budget was prepared, final congressional passage of the Higher Education Reconciliation Act was pending. The Budget assumes passage of the Act in 2006. Figures include, in all years, institutional matching share of defaulted notes assigned from institutions to the Education Department.

The Administration's 2007 budget for the Student Financial Assistance account is \$14.490 billion. Together with matching funds, this funding would provide nearly 7.7 million awards totaling over \$15.5 billion in available aid.

Federal Pell Grants.—Pell Grants are the single largest source of grant aid for postsecondary education. In 2006, more than 5 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.

For 2007, the Administration is proposing to make Pell Grants available year-round for certain students at two- and four-year institutions, enabling these students to accelerate their educations to obtain their degrees more quickly. To further encourage students to promptly complete their education, the Administration is also proposing to limit Pell Grant eligibility to the equivalent of 18 semesters. Lastly, the Administration proposes to eliminate the Pell Grant award rule re-

lated to tuition sensitivity, which limits the amount of aid for needy students attending low-cost institutions.

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 packaging financial aid awards to best meet student needs.

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.

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 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.

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.

Perkins Loan Program.—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.

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 aid from programs in the Student Financial Assistance account, as well as aid from the Academic Competitiveness Grant, Federal Family Education Loan, and William D. Ford Direct Student Loan programs. Loan amounts reflect the capital actually loaned, not the Federal cost of these loans. The data in these tables include the effects of matching funds wherever appropriate. The 2007 data in these tables reflect the Administration’s legislative proposals.

Perkins loans	1,135,368	1,134,733	132,692
Student loans, subtotal	126,989,922	120,635,607	99,195,251
Work study	1,184,204	1,172,000	1,172,000
Supplemental educational opportunity grants	985,722	975,864	975,865
Leveraging educational assistance partnerships	166,928	164,960	0
Total aid available	141,921,201	136,484,353	115,179,125

NUMBER OF AID AWARDS

	[in thousands]		
	2005	2006	2007
Pell grants	5,129	5,213	5,272
Academic Competitiveness Grants	0	535	600
Guaranteed student loans—Stafford loans	5,422	5,652	5,838
Guaranteed student loans—Unsubsidized Stafford loans	4,271	4,601	4,846
Guaranteed student loans—PLUS	630	679	726
Guaranteed student loans—Consolidation	1,981	1,656	885
Direct student loans—Stafford loans	1,588	1,634	1,685
Direct student loans—Unsubsidized Stafford loans	1,135	1,194	1,255
Direct student loans—PLUS	248	265	283
Direct student loans—Consolidation	645	543	326
Perkins loans	524	524	61
Work-study	818	810	810
Supplemental educational opportunity grants	1,287	1,274	1,274
Leveraging educational assistance partnerships	167	165	0
Total awards	23,845	24,744	23,860

AVERAGE AID AWARDS

	[in whole dollars]		
	2005	2006	2007
Pell grants	2,456	2,445	2,463
Academic Competitiveness Grants	0	1,477	1,417
Guaranteed student loans—Stafford loans	3,463	3,477	3,616
Guaranteed student loans—Unsubsidized Stafford loans	4,322	4,386	4,554
Guaranteed student loans—PLUS	9,599	10,124	10,660
Guaranteed student loans—Consolidation	27,244	27,306	28,353
Direct student loans—Stafford loans	3,666	3,715	3,869
Direct student loans—Unsubsidized Stafford loans	4,266	4,380	4,582
Direct student loans—PLUS	9,145	9,713	10,225
Direct student loans—Consolidation	24,303	25,222	24,212
Perkins loans	2,166	2,166	2,166
Work-study	1,447	1,447	1,447
Supplemental educational opportunity grants	766	766	766
Leveraging educational assistance partnerships	1,000	1,000	0

NUMBER OF STUDENTS AIDED

	[in thousands]		
Unduplicated student count	9,707	10,120	10,420

ADMINISTRATIVE PAYMENTS TO INSTITUTIONS

	[in thousands of dollars]		
	2005	2006	2007
Pell grants	25,644	26,064	26,360
Work-study	74,064	73,305	73,305
Supplemental educational opportunity grants	39,429	39,035	39,035
Perkins loans	45,415	45,389	5,308

AID FUNDS AVAILABLE FOR POSTSECONDARY EDUCATION AND TRAINING

	[in thousands]		
	2005	2006	2007
Pell grants	12,594,425	12,745,922	12,986,009
Academic Competitiveness Grants	0	790,000	850,000
Student loans:			
Guaranteed student loans:			
Stafford loans	18,774,240	19,648,595	21,111,659
Unsubsidized Stafford loans	18,459,986	20,180,893	22,068,292
PLUS	6,049,677	6,873,264	3,616
Direct student loans:			
Stafford loans	5,823,846	6,069,412	6,518,284
Unsubsidized Stafford loans	4,842,092	5,227,261	5,749,258
PLUS	2,264,096	2,576,830	2,890,543
Consolidation:			
FFEL	53,955,913	45,230,493	25,083,085
Direct Loans	15,684,705	13,694,126	7,897,821

ACADEMIC COMPETITIVENESS/SMART GRANT PROGRAM

Program and Financing (in millions of dollars)		[in thousands of dollars]		
Identification code 91-0205-0-1-502		2005 actual	2006 est.	2007 est.
Obligations by program activity:				
00.01	Direct program activity		790	850
10.00	Total new obligations (object class 41.0)		790	850
Budgetary resources available for obligation:				
22.00	New budget authority (gross)		790	850
23.95	Total new obligations		-790	-850
24.40	Unobligated balance carried forward, end of year			

General and special funds—Continued

ACADEMIC COMPETITIVENESS/SMART GRANT PROGRAM—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 91-0205-0-1-502	2005 actual	2006 est.	2007 est.
New budget authority (gross), detail:			
Mandatory:			
60.00		790	850
	Appropriation		
Change in obligated balances:			
72.40	Obligated balance, start of year		600
73.10	Total new obligations	790	850
73.20	Total outlays (gross)	-190	-789
74.40	Obligated balance, end of year	600	661
Outlays (gross), detail:			
86.97	Outlays from new mandatory authority	190	204
86.98	Outlays from mandatory balances		585
87.00	Total outlays (gross)	190	789
Net budget authority and outlays:			
89.00	Budget authority	790	850
90.00	Outlays	190	789

The Higher Education Reconciliation Act of 2005 would create an Academic Competitiveness Grant program to provide need-based student aid to first-year and second-year students who have completed a rigorous course of study in high school and third-year and fourth-year students pursuing a major in mathematics, science, or a foreign language deemed critical to national security. Students receiving grants would have to be eligible to receive a Pell Grant and, for second, third, and fourth-year students, would have to maintain at least a 3.0 grade point average. Grant levels would be \$750 for first-year students, \$1,300 for second-year students, and \$4,000 for third- and fourth-year students, except that, when taken together with other Federal student aid, grants cannot exceed a student's cost of attendance. Funding in excess of the amount needed to fund grants in a given year could be carried over for use in subsequent years; if the mandatory funding level is insufficient to fund program grants, grant levels would have to be reduced.

PERKINS LOAN ASSETS

An institution of higher education with a student loan revolving fund established under part E of title IV of the Higher Education Act of 1965, as amended, shall promptly remit to the Secretary of Education the Federal portion of collections and other receipts to the fund that are received by the institution between October 1, 2006 and September 30, 2007.

Program and Financing (in millions of dollars)

Identification code 91-0219-0-1-502	2005 actual	2006 est.	2007 est.
New budget authority (gross), detail:			
Spending authority from offsetting collections:			
Discretionary:			
68.00	Offsetting collections (cash)		664
68.27	Capital transfer to general fund		-664
68.90	Spending authority from offsetting collections (total discretionary)		
Offsets:			
Against gross budget authority and outlays:			
88.40	Offsetting collections (cash) from: Non-Federal sources		-664
Net budget authority and outlays:			
89.00	Budget authority		-664
90.00	Outlays		-664

The 2007 Budget proposes to recall the Federal portion of Perkins Loan collections paid during fiscal year 2007 to revolving funds held by participating institutions. The Administration will work with Congress during the Higher Education Act reauthorization process to phase out the Perkins Loan program, which is inefficient and duplicative of the other, larger Federal student loan programs.

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, **[\$120,000,000]** \$733,720,000. (Department of Education Appropriations Act, 2006.)

Program and Financing (in millions of dollars)

Identification code 91-0202-0-1-502	2005 actual	2006 est.	2007 est.	
Obligations by program activity:				
00.01	Student aid administration	719	719	734
10.00	Total new obligations	719	719	734
Budgetary resources available for obligation:				
22.00	New budget authority (gross)	719	719	734
23.95	Total new obligations	-719	-719	-734
24.40	Unobligated balance carried forward, end of year			
New budget authority (gross), detail:				
Discretionary:				
40.00	Appropriation	720	720	734
40.33	Appropriation permanently reduced (P.L. 109-148)		-1	
40.35	Appropriation permanently reduced	-1		
43.00	Appropriation (total discretionary)	719	719	734
Change in obligated balances:				
72.40	Obligated balance, start of year	36	318	413
73.10	Total new obligations	719	719	734
73.20	Total outlays (gross)	-437	-624	-698
74.40	Obligated balance, end of year	318	413	449
Outlays (gross), detail:				
86.90	Outlays from new discretionary authority	405	406	415
86.93	Outlays from discretionary balances	32	218	283
87.00	Total outlays (gross)	437	624	698
Net budget authority and outlays:				
89.00	Budget authority	719	719	734
90.00	Outlays	437	624	698

The Department of Education manages Federal student aid programs that will provide over \$110 billion in Federal student aid grants and loans to 10.2 million students and parents in 2007. 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 student aid administration costs, and improve accountability and program integrity.

Prior to 2007, student aid administrative activities were funded from two main sources: (1) funds appropriated on a permanent basis under section 458 of the Higher Education Act (which included an amount—\$195 million in 2006—for account maintenance fee payments to Federal Family Education Loan guaranty agencies); and (2) a discretionary appropriation partially supporting student aid administrative activities. Under the Higher Education Reconciliation Act of 2005, student aid administrative funds for 2007 and subsequent years will be funded from a single discretionary ac-

count. (Account maintenance fees payments for these years will be paid from the FFEL Program Account.)

The Budget for 2007 includes \$744 million for student aid administration. Most of these funds support automated systems maintained by private contractors to process student aid applications; provide and track aid awards to students, parents, and schools; and service the over-\$100 billion portfolio of William D. Ford Direct Student Loans.

Object Classification (in millions of dollars)

Identification code 91-0202-0-1-502	2005 actual	2006 est.	2007 est.
Personnel compensation:			
11.1 Full-time permanent	97	102	105
11.5 Other personnel compensation	3	3	3
11.9 Total personnel compensation	100	105	108
12.1 Civilian personnel benefits	24	26	27
21.0 Travel and transportation of persons	4	4	4
23.1 Rental payments to GSA	14	16	16
23.3 Communications, utilities, and miscellaneous charges	16	8	8
24.0 Printing and reproduction	7	8	9
25.1 Advisory and assistance services	2	1	1
25.2 Other services	34	17	25
25.3 Other purchases of goods and services from Government accounts	14	14	14
25.7 Operation and maintenance of equipment	499	515	518
26.0 Supplies and materials	1	1	1
31.0 Equipment	3	2	2
32.0 Land and structures	1	2	1
99.9 Total new obligations	719	719	734

Personnel Summary

Identification code 91-0202-0-1-502	2005 actual	2006 est.	2007 est.
Direct:			
1001 Civilian full-time equivalent employment	1,114	1,159	1,159

Public enterprise funds:

FEDERAL STUDENT LOAN RESERVE FUND

Program and Financing (in millions of dollars)

Identification code 91-4257-0-3-502	2005 actual	2006 est.	2007 est.
Obligations by program activity:			
01.02 Obligations, non-federal	4,977	4,279	4,461
10.00 Total new obligations (object class 42.0)	4,977	4,279	4,461
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	1,040	888	779
22.00 New budget authority (gross)	4,825	4,252	4,842
22.40 Capital transfer to general fund		-82	-82
23.90 Total budgetary resources available for obligation	5,865	5,058	5,539
23.95 Total new obligations	-4,977	-4,279	-4,461
24.40 Unobligated balance carried forward, end of year	888	779	1,078
New budget authority (gross), detail:			
Mandatory:			
69.00 Spending authority from offsetting collections: Offsetting collections (cash)	4,825	4,252	4,842
Change in obligated balances:			
73.10 Total new obligations	4,977	4,279	4,461
73.20 Total outlays (gross)	-4,977	-4,279	-4,461
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority	4,825	4,252	4,842
86.98 Outlays from mandatory balances	152	27	-381
87.00 Total outlays (gross)	4,977	4,279	4,461
Offsets:			
Against gross budget authority and outlays:			
Offsetting collections (cash) from:			
88.00 Federal sources	-4,725	-3,959	-4,280

88.40 Non-Federal sources	-100	-293	-562
88.90 Total, offsetting collections (cash)	-4,825	-4,252	-4,842
Net budget authority and outlays:			
89.00 Budget authority			
90.00 Outlays	152	27	-381

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 avert defaults. The Federal Government reimburses these reserves for default claim payments.

The Higher Education Reconciliation Act of 2005 would require guaranty agencies to collect a currently optional 1 percent insurance premium paid by borrowers into the Federal Student Loan Reserve Fund.

The following schedule reflects the balances in these guaranty agency funds.

Balance Sheet (in millions of dollars)

Identification code 91-4257-0-3-502	2004 actual	2005 actual
ASSETS:		
1101 Federal assets: Fund balances with Treasury	1,039	1,040
1999 Total assets	1,039	1,040
NET POSITION:		
3300 Cumulative results of operations	1,039	1,040
3999 Total net position	1,039	1,040
4999 Total liabilities and net position	1,039	1,040

Credit accounts:

FEDERAL DIRECT STUDENT LOAN PROGRAM PROGRAM ACCOUNT

Program and Financing (in millions of dollars)

Identification code 91-0243-0-1-502	2005 actual	2006 est.	2007 est.
Obligations by program activity:			
00.01 Direct Loan Subsidy	1,071	599	41
00.03 Subsidy modification, upward	49	7	
00.05 Upward Restimate Principal	1,262	3,327	
00.06 Interest on Upward Reestimate	374	1,342	
00.09 Administrative expenses	814		
10.00 Total new obligations	3,570	5,275	41
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	26	27	27
22.00 New budget authority (gross)	3,552	5,275	41
22.10 Resources available from recoveries of prior year obligations	19		
23.90 Total budgetary resources available for obligation	3,597	5,302	68
23.95 Total new obligations	-3,570	-5,275	-41
24.40 Unobligated balance carried forward, end of year	27	27	27
New budget authority (gross), detail:			
Mandatory:			
60.00 Appropriation -federal administration	795		
60.00 Appropriation (indefinite)—loan subsidy	1,071	599	41
60.00 Appropriation—upward modification	49	7	
60.00 Appropriation (indefinite)—Upward reestimate	1,636	4,669	
62.50 Appropriation (total mandatory)	3,551	5,275	41
Spending authority from offsetting collections:			
69.00 Offsetting collections (cash)—negative subsidy	22		5
69.00 Offsetting collections (cash)—downward reestimate, principal	380	500	
69.00 Offsetting collections (cash)—downward reestimate, interest	27	22	
69.00 Offsetting collections (cash)—admin	1		
69.27 Capital transfer to general fund	-429	-522	-5

Credit accounts—Continued**FEDERAL DIRECT STUDENT LOAN PROGRAM PROGRAM ACCOUNT—
Continued****Program and Financing (in millions of dollars)—Continued**

Identification code 91-0243-0-1-502	2005 actual	2006 est.	2007 est.
69.90 Spending authority from offsetting collections (total mandatory)	1		
70.00 Total new budget authority (gross)	3,552	5,275	41
Change in obligated balances:			
72.40 Obligated balance, start of year	260	680	553
73.10 Total new obligations	3,570	5,275	41
73.20 Total outlays (gross)	-3,131	-5,402	
73.45 Recoveries of prior year obligations	-19		
74.40 Obligated balance, end of year	680	553	594
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority	2,910	5,118	
86.98 Outlays from mandatory balances	221	284	
87.00 Total outlays (gross)	3,131	5,402	
Offsets:			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	-430	-522	-5
Net budget authority and outlays:			
89.00 Budget authority	3,122	4,753	36
90.00 Outlays	2,703	4,880	-5

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

Identification code 91-0243-0-1-502	2005 actual	2006 est.	2007 est.
Direct loan levels supportable by subsidy budget authority:			
115001 Stafford	6,482	6,727	7,234
115002 Unsubsidized Stafford	5,450	5,977	6,574
115003 PLUS	2,262	2,693	3,022
115004 Consolidation	17,663	13,824	7,977
115901 Total direct loan levels	31,857	29,221	24,807
Direct loan subsidy (in percent):			
132001 Stafford	8.08	9.83	10.29
132002 Unsubsidized Stafford	-6.32	-8.28	-8.42
132003 PLUS	-4.00	-6.37	-8.00
132004 Consolidation	5.49	4.37	1.15
132901 Weighted average subsidy rate	3.32	2.05	0.16
Direct loan subsidy budget authority:			
133001 Stafford	524	661	744
133002 Unsubsidized Stafford	-344	-495	-553
133003 PLUS	-91	-171	-242
133004 Consolidation	982	604	92
133901 Total subsidy budget authority	1,071	599	41
Direct loan subsidy outlays:			
134001 Stafford	405	558	643
134002 Unsubsidized Stafford	-279	-390	-465
134003 PLUS	-89	-136	-207
134004 Consolidation	965	605	92
134901 Total subsidy outlays	1,002	637	63
Direct loan upward reestimate subsidy budget authority:			
135001 Stafford	158	1,691	
135002 Unsubsidized Stafford	113	21	
135003 PLUS	140	6	
135004 Consolidation	1,388	3,114	
135901 Total upward reestimate budget authority	1,799	4,832	
Direct loan downward reestimate subsidy budget authority:			
137001 Stafford	-292	-51	
137002 Unsubsidized Stafford	-172	-236	
137003 PLUS	-30	-76	
137004 Consolidation	-76	-322	
137901 Total downward reestimate budget authority	-570	-685	

The Federal Government operates two major student loan programs: the Federal Family Education Loan (FFEL) program and the William D. Ford Federal Direct Loan (Direct Loan) program. For 2007, 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. This section also discusses the impact of the Higher Education Reconciliation Act of 2005, which was awaiting final congressional action and enactment as the Budget was being prepared.

From its inception in 1965 through 2005, the FFEL program has provided over \$644 billion in loans to postsecondary students and their parents. Since July 1, 1994, the Direct Loan program has provided \$178 billion in new and consolidation loans to students and parents. Taken together, the FFEL and Direct Loan programs will make more than \$60 billion in new loans available in 2006. 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 expand 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. The Direct Loan program began operation in academic year 1994-1995 with 7 percent of overall loan volume and is expected to account for 23 percent in academic year 2006-2007. 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, and Consolidation. Evidence of financial need is required for a student to receive a subsidized Stafford loan. The other three loan programs are available to borrowers at all income levels. Loans can be used only to meet qualified educational expenses.

For most loans made prior to July 1, 2006, 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. For loans made on or after July 1, 2006, the borrower interest rate is fixed at 6.8 percent. 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 most PLUS loans made prior to July 1, 2006, 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 Higher Education Amendments of 2005 would increase the fixed borrower interest rate on PLUS loans made on or after July 1, 2006, from 7.9 percent to 8.5 percent.

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. Under the Higher Education Reconciliation Act of 2005, for periods when the borrower interest rate exceeds the special allowance rate on loans made on or after April 1, 2006, lenders would remit the difference to the government.

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. The Taxpayer-Teacher Protection Act of 2004 temporarily limited the ability of loan holders to retain these higher benefits indefinitely by refinancing the underlying securities. The Higher Education Reconciliation Act of 2005 would make these limits permanent and also eliminate the practice of recycling tax-exempt securities for most loan holders.

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. The Higher Education Reconciliation Act of 2005 would eliminate the practice of in-school loan consolidation and revise the circumstances under which a FFEL borrower could obtain a Direct Consolidation Loan.

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. Direct Loan borrowers are charged an origination fee equal to 3 percent of principal. The Higher Education Reconciliation Act of 2005 includes phased reductions that would eliminate FFEL origination fees by July 1, 2010, and lower Direct Loan fees to 1 percent by the same date; the Act would also require guaranty agencies to collect the insurance premium. Borrowers in both programs may be offered financial incentives to encourage prompt repayment.

Loan limits are also identical across the two programs. The Higher Education Reconciliation Act of 2005 would increase annual loan limits for first-year, second-year, and graduate and professional students. 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 Taxpayer-Teacher Protection Act of 2004 temporarily extended this benefit to \$17,500 for mathematics, science, and special education teachers considered highly qualified under criteria established in the No Child Left Behind Act of 2001. The Higher Education Reconciliation Act of 2005 would make these extended benefits permanent.

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.

The Higher Education Reconciliation Act of 2005 would standardize FFEL and Direct Loan repayment plan terms—other than income-contingent repayment in Direct Loans—on the terms currently available in FFEL.

Other provisions.—The Higher Education Reconciliation Act of 2005 also would reinstate two expired provisions affecting institutions with cohort default rates of less than 10 percent for the three most recent fiscal years. These provisions exempt institutions from the requirements that loans to first-year students not be disbursed until 30 days after enrollment and all loans be issued in at least two separate disbursements.

The Act would also revise 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 change, only students who commit a drug-related offense while enrolled in higher education would lose eligibility; incoming students, who are currently subject to the provision, would be exempted.

Lastly, under the Act military personnel on active duty would automatically be considered as independent for the purpose of determining eligibility for federal student aid.

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 assuming passage of the Higher Education Reconciliation Act of 2005 and the President's budget and legislative request.

	Funding Levels		
	(in thousands of dollars)		
	2005 actual	2006 est.	2007 est.
Program Cost:			
FFEL:			
Liquidating ¹	(627,993)	(861,403)	(821,573)
Program:			
Regular	4,342,008	4,286,810	4,714,417
Consolidation	6,787,921	5,552,358	1,410,844
Net Reestimate of Prior Year Costs	1,043,588	7,298,135	0
Net Modification ²	147,516	1,709,540	0
Subtotal, Program	12,321,033	18,846,843	6,125,261
Total FFEL	11,693,040	17,985,440	5,303,688
Direct Loans:			
Program:			
Regular	88,868	(5,226)	(50,878)
Consolidation	982,172	604,123	91,733
Net Reestimate of Prior Year Costs	1,228,912	4,147,171	0
Net Modification ²	49,172	7,291	0
Total, Direct Loans	2,349,124	4,753,359	40,855
Total, FFEL and Direct Loans	14,042,164	22,738,799	5,339,676
Program Cost Outlays:			
FFEL:			
Liquidating ¹	(939,979)	(861,403)	(821,573)
Program:			
Regular	3,645,191	3,707,099	3,928,445
Consolidation	6,728,302	5,530,160	1,411,709
Net Reestimate of Prior Year Costs	1,043,588	7,298,135	0
Net Modification ²	147,516	1,709,540	0

Credit accounts—Continued**FEDERAL DIRECT STUDENT LOAN PROGRAM PROGRAM ACCOUNT—
Continued****Funding Levels—Continued**

(in thousands of dollars)

	2005 actual	2006 est.	2007 est.
Subtotal, Program	11,564,597	18,244,934	5,340,154
Total, FFEL	10,625,618	17,383,531	4,518,581
Direct Loans:			
Program:			
Regular	36,730	31,993	(29,242)
Consolidation	965,350	605,024	91,929
Net Reestimate of Prior Year Costs	1,228,912	4,147,171	0
Net Modification ²	49,172	7,291	0
Total, Direct Loans	2,280,164	4,791,479	62,687
Total, FFEL and Direct Loans	12,905,782	22,175,010	4,581,268

¹ Liquidating account reflects loans made prior to 1992.² Reflects the cost or savings associated with policy changes, including those contained in the Higher Education Reconciliation Act of 2006, that would affect the terms of existing loans.**Summary of Loans Available**(net commitments in millions of dollars)¹

	2005 actual	2006 est.	2007 est.
FFEL:			
Stafford	18,774	19,649	21,112
Unsubsidized Stafford	18,460	20,181	22,068
PLUS	6,050	6,873	7,744
Subtotal	43,284	46,703	50,924
Consolidation	53,956	45,230	25,083
Total, FFEL	97,240	91,933	76,007
Direct Loans:			
Stafford	5,824	6,069	6,518
Unsubsidized Stafford	4,842	5,227	5,749
PLUS	2,264	2,577	2,891
Subtotal	12,930	13,874	15,158
Consolidation	15,685	13,694	7,898
Total, Direct Loans	28,615	27,568	23,056
Total, All Loans	125,855	119,501	99,063

¹ Net commitments equal gross commitments minus loan cancellations.**Number of Loans**

(in thousands)

	2005 actual	2006 est.	2007 est.
FFEL:			
Stafford	5,422	5,652	5,838
Unsubsidized Stafford	4,271	4,601	4,846
PLUS	630	679	726
Subtotal	10,323	10,932	11,410
Consolidation	1,981	1,656	885
Total, FFEL	12,303	12,588	12,295
Direct Loans:			
Stafford	1,588	1,634	1,685
Unsubsidized Stafford	1,135	1,194	1,255
PLUS	248	265	283
Subtotal	2,971	3,092	3,222
Consolidation	645	543	326
Total, Direct Loans	3,617	3,635	3,548
Total, All Loans	15,920	16,224	15,843

Average Loan Size (in whole dollars)

	2005 actual	2006 est.	2007 est.
FFEL:			
Stafford	3,463	3,477	3,616
Unsubsidized Stafford	4,322	4,386	4,554
PLUS	9,599	10,124	10,660
Weighted Average, without Consolidations	4,193	4,272	4,463
Consolidation	27,244	27,306	28,353

Weighted Average, FFEL	7,903	7,303	6,182
Direct Loans:			
Stafford	3,666	3,715	3,869
Unsubsidized Stafford	4,266	4,380	4,582
PLUS	9,145	9,713	10,225
Weighted Average, without Consolidations	4,352	4,486	4,704
Consolidation	24,303	25,222	24,212
Weighted Average, Direct Loans	7,912	7,583	6,498
Weighted Average, All Loans	7,905	7,366	6,253

Summary of Subsidy, Default and Interest Rates

	2005 actual	2006 est.	2007 est.
Subsidy Rates (in percent) ¹			
FFEL:			
Stafford	19.09	17.78	18.77
Unsubsidized Stafford	4.02	1.12	0.78
PLUS	1.41	-0.01	-0.63
Consolidation	20.99	12.20	5.59
Weighted Average, FFEL	16.18	10.05	7.22
Direct Loans:			
Stafford	6.85	9.83	10.29
Unsubsidized Stafford	-9.34	-8.28	-8.42
PLUS	-6.88	-6.37	-8.00
Consolidation	4.21	4.37	1.15
Weighted Average, Direct Loans	1.58	2.17	0.20
Default Rates (in percent) ²			
FFEL:			
Stafford	12.50	12.48	12.70
Unsubsidized Stafford	11.15	11.15	11.08
PLUS	5.41	5.38	5.38
Consolidation	13.38	13.27	13.84
Weighted Average, FFEL	12.29	12.04	11.86
Direct Loans:			
Stafford	11.91	12.04	12.23
Unsubsidized Stafford	11.97	12.09	11.99
PLUS	5.50	5.50	5.50
Consolidation	15.51	17.20	25.86
Weighted Average, Direct Loans	13.39	14.00	16.00
Borrower Interest Rates (in percent) ³			
FFEL:			
Stafford	6.73	6.78	6.80
Unsubsidized Stafford	6.73	6.77	6.80
PLUS	6.68	8.00	8.50
Consolidation (reflects Sub and Unsub Stafford only)	3.57	5.15	6.28
Direct Loans:			
Stafford	6.73	6.78	6.80
Unsubsidized Stafford	6.73	6.78	6.80
PLUS	6.68	8.14	8.50
Consolidation (reflects Sub and Unsub Stafford only)	3.87	5.35	6.59

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.

FFEL program payments are made to lenders (interest subsidies, loan defaults and discharges) and guaranty agencies (default collection costs, administrative services). These payments are partially offset by borrower origination fees and lender fees for originations and an annual consolidation loan holder fee. In Direct Loans, cash outflows are primarily payments to Treasury. Cash inflows include principal and interest payments on outstanding Direct Loans.

The following table shows government payments to and from lenders, guaranty agencies, and borrowers for specific years, regardless of when loans were originated. These flows do not reflect long-term costs to the government, nor the value of outstanding loan assets: these are reflected in credit reform subsidy estimates. For example, collections on defaulted FFEL loans due to Consolidation produce a current-year cash inflow and a long-term cost associated with re-default risk and future lender interest subsidy payments.

The Federal Credit Reform Act of 1990 accounts for differences in the amount and timing of cash flows among direct and guaranteed loan programs to make cost estimates for

these programs comparable with each other and other federal programs.

Selected Program Costs and Offsets

(in thousands of dollars)

	2005 actual	2006 est.	2007 est.
FFEL:			
Payments to lenders			
Interest benefits	1,781,622	2,699,344	3,567,825
Special allowance payments	4,229,255	5,765,647	4,649,385
Default claims	3,861,692	4,359,993	4,976,875
Loan discharges	863,885	1,165,819	1,350,007
Teacher loan forgiveness	17,463	22,011	23,309
Administrative payments to guaranty agencies	549,359	640,931	913,755
Fees paid to the Department of Education			
Borrower origination fees	(1,202,394)	(1,267,377)	(1,021,659)
Lender origination fees	(423,214)	(480,034)	(417,544)
Sallie Mae offset fees	(279)		
Loan holder fees	(1,353,488)	(1,943,420)	(2,073,778)
Other Major Transactions			
Net default collections	(3,956,450)	(3,925,880)	(4,346,649)
Contract collection costs	118,557	135,318	139,860
Federal administrative costs	225,222	225,200	229,874
Net Cash Flow, FFEL	4,711,231	7,397,553	7,991,261
Direct Loans			
Loan disbursements to borrowers	27,670,928	27,538,199	22,790,117
Borrower interest payments	(1,818,126)	(2,399,477)	(3,019,275)
Borrower principal payments	(22,939,000)	(15,539,834)	(10,877,287)
Borrower origination fees	(390,295)	(432,563)	(457,869)
Net default collections	(772,567)	(1,700,845)	(1,985,106)
Contract collection costs	146,598	127,561	146,875
Federal administrative costs	371,680	367,826	368,933
Net Operating Cash Flows	2,269,217	7,960,867	6,966,389
Loan capital borrowings from Treasury	(27,670,928)	(27,538,199)	(22,790,117)
Net interest payments to Treasury	4,694,408	5,815,168	6,425,042
Principal payments to Treasury	19,394,506	13,904,285	9,531,960
Subtotal Treasury activity	(3,582,014)	(7,818,746)	(6,833,115)
Net Cash Flow, Direct Loans	(1,312,797)	142,122	133,274

Details may not sum to total due to rounding.

The following chart compares total FFEL and Direct Loan costs on a subsidy rate basis: program costs calculated under the Federal Credit Reform Act of 1990 and comparably projected estimates of Federal administrative costs, including expenses related to FFEL program oversight and servicing the Direct Loan portfolio. In 2005 and 2006, Federal administrative costs include account maintenance fees payable to guaranty agencies; under the Higher Education Act of 2005, starting in 2007, these payments would be made as part of FFEL program payments and be reflected in the program subsidy rates. As with any long-term projection, the comparison is based on assumed future interest rates, borrower characteristics, administrative costs, and other factors over the life of the loan cohort. To the degree actual conditions differ from projections, estimated subsidy rates will change.

Student Loan Program Costs: Comparative Analysis Including Program and Administrative Activities

(expressed as percentages)

	2005 actual	2006 est.	2007 est.
FFEL			
Program costs: ¹			
Interest subsidies	18.47	11.41	7.44
Interest income	0.00	0.00	0.00
Net defaults	0.87	0.89	0.84
Fees	-6.06	-5.71	-4.39
Other	2.91	3.45	3.33
Total	16.18	10.05	7.22
Federal administrative costs	0.69	0.69	0.37
Total	16.87	10.74	7.59
Direct Loans			
Program costs: ¹			
Interest subsidies and income, net	-3.20	-2.58	-5.80
Net Defaults	1.46	1.34	1.70
Fees	-1.43	-1.60	-2.03
Other	4.75	5.01	6.33

Total	1.58	2.17	0.20
Federal administrative costs	1.50	1.50	1.50
Total adjusted cost	3.08	3.67	1.70

¹ Fees primarily reflect borrower origination fees and, in FFEL, lender origination and consolidation loan holder fees. Other primarily reflects loan discharges due to death, disability, or bankruptcy. Totals may not add due to rounding.

The Federal Credit Reform Act of 1990 requires the cost of existing loan cohorts to be reestimated to reflect changes in actual and assumed borrower behavior, interest rates, and other factors. The following table shows the impact of these reestimates in FFEL and Direct Loans.

Loan Disbursement and Subsidy Costs

Total Subsidy Costs—1992–2006

	FFEL	Direct Loans
Original Subsidy Costs	+\$55.3bil	-\$1.4bil
Cumulative Reestimates	+\$0.7bil	+\$7.7bil
1992–2005 Subsidy Costs	+\$56.0bil	+\$6.3bil
Total Disbursements	\$508.8bil	\$173.7bil

Changes in interest rate projections are a significant factor in FFEL and Direct Loan reestimates; recent declines in interest rates below historical averages have accordingly been a major driver in changes to program costs. Changes in borrower behavior (notably, prepayment of loans through consolidation and reduction in defaults) have also contributed to these reestimates. The average lifetime subsidy rate for all outstanding FFEL loans after the most recent reestimate is 11.01; the comparable Direct Loan rate is 3.65. For the oldest loan cohorts, many of the subsidy costs have been expended (e.g., in-school interest subsidies).

As in prior years, the budget estimates for both the FFEL and Direct Loan programs were developed using the 2007 Budget economic assumptions, which include point estimates of future interest rates. However, the Congressional Budget Office uses an alternative method that factors in the probability that future interest rate scenarios may differ from current economic projections. The Administration intends to explore possible changes to its estimating methodology for student loans that would better account for different interest rate scenarios.

Object Classification (in millions of dollars)

Identification code 91–0243–0–1–502	2005 actual	2006 est.	2007 est.
Personnel compensation:			
11.1 Full-time permanent	48		
11.3 Other than full-time permanent	2		
11.5 Other personnel compensation	2		
11.9 Total personnel compensation	52		
12.1 Civilian personnel benefits	14		
21.0 Travel and transportation of persons	3	4	
23.1 Rental payments to GSA	5	8	
23.3 Communications, utilities, and miscellaneous charges	4	4	
24.0 Printing and reproduction	4	7	
25.1 Advisory and assistance services	5	1	
25.2 Other services	13	13	
25.3 Other purchases of goods and services from Government accounts	13	9	
25.6 Training	2	3	
25.7 Operation and maintenance of equipment	500		
26.0 Supplies and materials	1		
31.0 Equipment	3	1	
32.0 Land and structures		2	
41.0 Grants, subsidies, and contributions	2,951	5,223	41
99.9 Total new obligations	3,570	5,275	41

Credit accounts—Continued

**FEDERAL DIRECT STUDENT LOAN PROGRAM PROGRAM ACCOUNT—
Continued**

Program and Financing (in millions of dollars)

Identification code 91-4253-0-3-502	2005 actual	2006 est.	2007 est.
Obligations by program activity:			
00.01 Direct Loan Obligations	31,857	29,222	24,807
02.01 Interest rate rebate, Stafford	86	90	95
02.02 Interest rate rebate, Unsubsidized Stafford	70	77	83
02.03 Interest rate rebate, PLUS	32	37	42
02.91 Direct Program by Activities—Subtotal (1 level)	188	204	220
03.01 Consolidation loans—Payment of Orig. Services	26	22	15
04.01 Payment of contract collections	146	127	147
05.01 Interest payment to Treasury	6,171	5,815	6,425
08.02 Payment of downward reestimate to program account	407	500	
08.04 Interest on downward reestimate		22	
08.91 Direct Program by Activities—Subtotal (1 level)	407	522	
10.00 Total new obligations	38,795	35,912	31,614
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	938	1,697	
22.00 New financing authority (gross)	41,227	35,912	31,614
22.10 Resources available from recoveries of prior year obligations	1,920	2,190	3,873
22.60 Portion applied to repay debt	-2,267	-1,697	
22.70 Balance of authority to borrow withdrawn	-1,326	-2,190	-3,873
23.90 Total budgetary resources available for obligation	40,492	35,912	31,614
23.95 Total new obligations	-38,795	-35,912	-31,614
24.40 Unobligated balance carried forward, end of year	1,697		
New financing authority (gross), detail:			
Mandatory:			
67.10 Authority to borrow	32,170	29,141	24,740
Spending authority from offsetting collections:			
69.00 Offsetting collections (cash)	30,106	25,386	16,406
69.10 Change in uncollected customer payments from Federal sources (unexpired)	32	-34	
69.27 Capital transfer to general fund (for modification adj transfer)	-1		
69.47 Portion applied to repay debt	-21,080	-18,581	-9,532
69.90 Spending authority from offsetting collections (total mandatory)	9,057	6,771	6,874
70.00 Total new financing authority (gross)	41,227	35,912	31,614
Change in obligated balances:			
72.40 Obligated balance, start of year	6,631	8,658	8,389
73.10 Total new obligations	38,795	35,912	31,614
73.20 Total financing disbursements (gross)	-34,816	-34,025	-29,378
73.45 Recoveries of prior year obligations	-1,920	-2,190	-3,873
74.00 Change in uncollected customer payments from Federal sources (unexpired)	-32	34	
74.40 Obligated balance, end of year	8,658	8,389	6,752
87.00 Total financing disbursements (gross)	34,816	34,025	29,378
Offsets:			
Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
88.00 Direct Loan Subsidy	-1,024	-637	-68
88.00 Upward reestimate	-1,262	-3,327	
88.00 Upward reestimate, interest	-374	-1,342	
88.00 Upward Modification	-49	-7	
88.25 Interest on uninvested funds	-1,477		
88.40 Repayment of principal, Stafford	-8,296	-5,283	-3,029
88.40 Interest received on loans, Stafford	-360	-377	-548
88.40 Origination Fees, Stafford	-177	-180	-185
88.40 Other fees, Stafford	-24		
88.40 Repayment of principal, Unsubsidized Stafford	-6,739	-4,333	-2,579
88.40 Interest received on loans, Unsubsidized Stafford	-471	-269	-420
88.40 Origination Fees, Unsubsidized Stafford	-146	-154	-162
88.40 Other fees, Unsubsidized Stafford	-13		
88.40 Repayment of principal, PLUS	-2,298	-1,519	-1,391
88.40 Interest received on loans, PLUS	-202	-292	-424

88.40	Origination Fees, PLUS	-67	-99	-111
88.40	Other fees, PLUS	-3		
88.40	Payment of principal, Consolidation	-6,046	-5,691	-5,359
88.40	Interest received on loans, Consolidation	-1,047	-1,876	-2,130
88.40	Other fees, Consolidation	-31		
88.90	Total, offsetting collections (cash)	-30,106	-25,386	-16,406
Against gross financing authority only:				
88.95	Change in receivables from program accounts	-32	34	
Net financing authority and financing disbursements:				
89.00	Financing authority	11,089	10,560	15,208
90.00	Financing disbursements	4,710	8,639	12,972

Status of Direct Loans (in millions of dollars)

Identification code 91-4253-0-3-502	2005 actual	2006 est.	2007 est.
STAFFORD			
Position with respect to appropriations act limitation on obligations:			
1111	Limitation on direct loans		
1131	Direct loan obligations exempt from limitation	6,482	6,727
1150	Total direct loan obligations	6,482	6,727
Cumulative balance of direct loans outstanding:			
1210	Outstanding, start of year	27,458	24,928
1231	Disbursements: Direct loan disbursements	5,616	6,002
1251	Repayments: Repayments and prepayments	-8,296	-5,283
1261	Adjustments: Capitalized interest	283	
1264	Write-offs for default: Other adjustments, net	-133	-69
1290	Outstanding, end of year	24,928	25,578
UNSUBSIDIZED STAFFORD			
Position with respect to appropriations act limitation on obligations:			
1111	Limitation on direct loans		
1131	Direct loan obligations exempt from limitation	5,450	5,977
1150	Total direct loan obligations	5,450	5,977
Cumulative balance of direct loans outstanding:			
1210	Outstanding, start of year	19,554	17,829
1231	Disbursements: Direct loan disbursements	4,615	5,117
1251	Repayments: Repayments and prepayments	-6,739	-4,333
1261	Adjustments: Capitalized interest	494	427
1264	Write-offs for default: Other adjustments, net	-95	-62
1290	Outstanding, end of year	17,829	18,978
PLUS			
Position with respect to appropriations act limitation on obligations:			
1111	Limitation on direct loans		
1131	Direct loan obligations exempt from limitation	2,262	2,693
1150	Total direct loan obligations	2,262	2,693
Cumulative balance of direct loans outstanding:			
1210	Outstanding, start of year	5,078	4,922
1231	Disbursements: Direct loan disbursements	2,117	2,475
1251	Repayments: Repayments and prepayments	-2,298	-1,519
1261	Adjustments: Capitalized interest	52	
1264	Write-offs for default: Other adjustments, net	-27	-54
1290	Outstanding, end of year	4,922	5,824
CONSOLIDATION			
Position with respect to appropriations act limitation on obligations:			
1111	Limitation on direct loans		
1131	Direct loan obligations exempt from limitation	17,663	13,824
1150	Total direct loan obligations	17,663	13,824
Cumulative balance of direct loans outstanding:			
1210	Outstanding, start of year	37,155	47,027
1231	Disbursements: Direct loan disbursements	15,136	13,740
1251	Repayments: Repayments and prepayments	-6,046	-5,691

1261	Adjustments: Capitalized interest	1,034		
1264	Write-offs for default: Other adjustments, net	-252	-235	-281
1290	Outstanding, end of year	47,027	54,841	57,109

The Balance Sheet, above, provides information on program assets, liabilities, and net position consistent with the audited financial statements.

Receivables, line 1106, are primarily upward reestimates prepared for financial statements; an identical offsetting amount is recorded in the Allowance for Subsidy, line 1405. The value of total Department assets is unchanged but will be reduced when reestimates developed for this budget are executed. Differences between reestimates prepared for financial statements and for this budget result from updated economic (interest rates) and technical assumptions. Revised assumptions may significantly change reestimate amounts; differences will be reflected in subsequent financial statements.

Direct Loans receivable, line 1401 reflects the nominal unpaid principal balance, including capitalized interest. Interest Receivable, line 1402, includes only non-capitalized interest. A positive Allowance for Subsidy, line 1405, indicates the outstanding portfolio (including the Financial Statements' reestimates) has a negative subsidy, increasing the portfolio's net present value; the 2004 negative value represents the reverse.

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.

Balance Sheet (in millions of dollars)

Identification code 91-4253-0-3-502	2004 actual	2005 actual
ASSETS:		
Federal assets:		
1101 Fund balances with Treasury	1,672	4,913
Investments in US securities:		
1106 Receivables, net	1,218	4,150
Net value of assets related to post-1991 direct loans receivable:		
1401 Direct loans receivable, gross	89,245	94,707
1402 Interest receivable	2,858	3,121
1405 Allowance for subsidy cost (-)	1,644	-2,132
1499 Net present value of assets related to direct loans ..	93,747	95,696
1999 Total assets	96,637	104,759
LIABILITIES:		
Federal liabilities:		
2101 Accounts payable	217	388
2103 Debt	96,420	104,371
2999 Total liabilities	96,637	104,759
4999 Total liabilities and net position	96,637	104,759

FEDERAL FAMILY EDUCATION LOAN PROGRAM ACCOUNT

Program and Financing (in millions of dollars)

Identification code 91-0231-0-1-502	2005 actual	2006 est.	2007 est.
Obligations by program activity:			
00.02 Guaranteed loan subsidy	11,130	9,839	6,125
00.04 Modification subsidy, upward	147	1,724	
00.07 Upward reestimate, principal	2,394	6,999	
00.08 Upward reestimate, interest	90	588	
10.00 Total new obligations (object class 41.0)	13,761	19,150	6,125
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	13,761	19,150	6,125
22.10 Resources available from recoveries of prior year obligations	556	632	602

22.40 Capital transfer to general fund	-556	-632	-602
23.90 Total budgetary resources available for obligation	13,761	19,150	6,125
23.95 Total new obligations	-13,761	-19,150	-6,125
24.40 Unobligated balance carried forward, end of year			

New budget authority (gross), detail:

Mandatory:			
60.00 Appropriation	13,761	19,150	6,125
Spending authority from offsetting collections:			
69.00 Offsetting collections (cash)—downward reestimate	1,440	303	
69.27 Capital transfer to general fund	-1,440	-303	
69.90 Spending authority from offsetting collections (total mandatory)			
70.00 Total new budget authority (gross)	13,761	19,150	6,125

Change in obligated balances:

72.40 Obligated balance, start of year	1,745	1,944	1,914
73.10 Total new obligations	13,761	19,150	6,125
73.20 Total outlays (gross)	-13,005	-18,548	-5,340
73.40 Adjustments in expired accounts (net)	-1		
73.45 Recoveries of prior year obligations	-556	-632	-602
74.40 Obligated balance, end of year	1,944	1,914	2,097

Outlays (gross), detail:

86.97 Outlays from new mandatory authority	11,819	17,238	4,029
86.98 Outlays from mandatory balances	1,186	1,310	1,311
87.00 Total outlays (gross)	13,005	18,548	5,340

Offsets:

Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	-1,440	-303	

Net budget authority and outlays:

89.00 Budget authority	12,321	18,847	6,125
90.00 Outlays	11,565	18,245	5,340

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

Identification code 91-0231-0-1-502	2005 actual	2006 est.	2007 est.
Guaranteed loan levels supportable by subsidy budget authority:			
215001 Stafford	21,376	22,615	24,327
215002 Unsubsidized Stafford	21,185	23,801	26,019
215003 PLUS	6,614	7,722	8,702
215004 Consolidation	51,230	45,511	25,239
215901 Total loan guarantee levels	100,405	99,649	84,287
Guaranteed loan subsidy (in percent):			
232001 Stafford	16.73	17.78	18.77
232002 Unsubsidized Stafford	3.19	1.12	0.78
232003 PLUS	1.36	-0.01	-0.63
232004 Consolidation	13.25	12.20	5.59
232901 Weighted average subsidy rate	11.09	9.87	7.27
Guaranteed loan subsidy budget authority:			
233001 Stafford	3,576	4,021	4,566
233002 Unsubsidized Stafford	676	267	203
233003 PLUS	90	-1	-55
233004 Consolidation	6,788	5,552	1,411
233901 Total subsidy budget authority	11,130	9,839	6,125
Guaranteed loan subsidy outlays:			
234001 Stafford	2,969	3,336	3,769
234002 Unsubsidized Stafford	595	341	190
234003 PLUS	81	30	-30
234004 Consolidation	6,728	5,530	1,411
234901 Total subsidy outlays	10,373	9,237	5,340
Guaranteed loan upward reestimate subsidy budget authority:			
235001 Stafford	169	956	
235002 Unsubsidized Stafford		361	
235003 PLUS	1	17	
235004 Consolidation	2,486	6,749	
235005 SLS	2	19	
235901 Total upward reestimate budget authority	2,658	8,102	
Guaranteed loan downward reestimate subsidy budget authority:			
237001 Stafford	-384	-280	

Credit accounts—Continued

FEDERAL FAMILY EDUCATION LOAN PROGRAM ACCOUNT—Continued

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

Identification code 91-0231-0-1-502	2005 actual	2006 est.	2007 est.
237002 Unsubsidized Stafford	-392	-94	
237003 PLUS	-44	-44	
237004 Consolidation	-793	-386	
237005 SLS	-1		
237901 Total downward reestimate subsidy budget authority	-1,614	-804	

Administrative expense data:

351001 Budget authority			
359001 Outlays			

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. 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.

FEDERAL FAMILY EDUCATION LOAN PROGRAM FINANCING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 91-4251-0-3-502	2005 actual	2006 est.	2007 est.
Obligations by program activity:			
01.01 Interest benefits	1,378	2,305	3,104
01.02 Special allowance	1,301	871	200
01.03 Default claims	987	1,443	1,554
01.04 Death, disability, and bankruptcy claims	181	170	183
01.05 Teacher loan forgiveness, other write-offs	11	12	13
01.07 Contract collection costs	28	38	41
01.08 Guaranty Agency Administrative Fees	72	70	160
01.09 Voluntary flexible agreement performance fee	76	166	182
01.91 Subtotal, Stafford loans	4,034	5,075	5,437
02.02 Special allowance	1,023	771	169
02.03 Default claims	691	1,044	1,190
02.04 Death, disability, and bankruptcy claims	145	169	194
02.05 Teacher loan forgiveness, other write-offs	7	10	10
02.07 Contract collection costs	17	14	17
02.08 Guaranty Agency Administrative Fees	68	72	152
02.09 Voluntary flexible agreement performance fee	48	52	57
02.91 Subtotal, Unsubsidized Stafford loans	1,999	2,132	1,789
03.02 Special allowance	45	21	-42
03.03 Default claims	62	139	159
03.04 Death, disability, and bankruptcy claims	63	128	151
03.07 Contract Collection Costs	2	1	1
03.08 Guaranty Agency Administrative Fee	21	25	55
03.09 Voluntary flexible agreement performance fee	6	7	8
03.91 Subtotal, PLUS loans	199	321	332
04.02 Special allowance	2		
04.03 Default claims	17	23	18
04.04 Death, disability and bankruptcy claims	6	2	1
04.07 Contract collection costs	5	5	4
04.08 Voluntary flexible agreement performance fee	3	4	5
04.91 Subtotal, SLS loans	33	34	28
05.01 Interest benefit	393	386	457
05.02 Special allowance	1,851	4,097	4,321
05.03 Default claims	2,061	1,650	2,011
05.04 Death, disability, and bankruptcy claims	447	678	808
05.07 Contract collection costs	10	15	19
05.08 Voluntary flexible agreement performance fee	59	50	54
05.10 Account Maintenance Fee			240
05.91 Subtotal, Consolidations loans	4,821	6,876	7,910

08.02 Payment of downward reestimate to Program acct	1,046	162	
08.04 Interest on downward reestimate	394	127	
08.05 Downward Modification		14	
08.91 Downward Reestimate- Subtotal (1 level)	1,440	303	
10.00 Total new obligations	12,526	14,741	15,496

Budgetary resources available for obligation:

21.40 Unobligated balance carried forward, start of year	14,190	21,119	33,171
22.00 New financing authority (gross)	19,401	26,793	14,086
22.10 Resources available from recoveries of prior year obligations	54		
23.90 Total budgetary resources available for obligation	33,645	47,912	47,257
23.95 Total new obligations	-12,526	-14,741	-15,496
24.40 Unobligated balance carried forward, end of year	21,119	33,171	31,761

New financing authority (gross), detail:

Mandatory:			
60.00 Appropriation	1	105	
Spending authority from offsetting collections:			
69.00 Offsetting collections (cash)	19,404	26,699	14,086
69.27 Capital transfer to general fund	-4	-11	
69.90 Spending authority from offsetting collections (total mandatory)	19,400	26,688	14,086
70.00 Total new financing authority (gross)	19,401	26,793	14,086

Change in obligated balances:

72.40 Obligated balance, start of year	1,147	2,071	2,437
73.10 Total new obligations	12,526	14,741	15,496
73.20 Total financing disbursements (gross)	-11,548	-14,375	-15,371
73.45 Recoveries of prior year obligations	-54		
74.40 Obligated balance, end of year	2,071	2,437	2,562
87.00 Total financing disbursements (gross)	11,548	14,375	15,371

Offsets:

Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
88.00 Stafford loans	-2,970	-3,336	-3,769
88.00 Unsubsidized Stafford	-595	-342	-190
88.00 PLUS loans	-81	-30	30
88.00 Consolidated loans	-6,728	-5,530	-1,412
88.00 Upward reestimate	-2,484	-7,587	
88.00 Modification	-147	-1,723	
88.25 Interest on uninvested funds	-565	-1,562	-1,840
88.40 Stafford recoveries on defaults	-1,401	-1,341	-1,463
88.40 Stafford origination fees	-625	-646	-546
88.40 Stafford other fees	-30		
88.40 Unsubsidized Stafford recoveries on default	-729	-662	-790
88.40 Unsubsidized Stafford origination fees	-596	-655	-568
88.40 Unsubsidized Stafford other fees	-14		
88.40 PLUS recoveries on defaults	-81	-94	-109
88.40 PLUS origination fees	-185	-219	-199
88.40 PLUS other fees	-3		
88.40 SLS recoveries on defaults	-92	-100	-89
88.40 SLS other fees	-2		
88.40 Consolidation recoveries on defaults	-470	-701	-941
88.40 Consolidation origination fees	-220	-227	-126
88.40 Consolidation loan holders fee	-1,354	-1,944	-2,074
88.40 Consolidation other fees	-32		
88.90 Total, offsetting collections (cash)	-19,404	-26,699	-14,086

Net financing authority and financing disbursements:

89.00 Financing authority	-3	94	
90.00 Financing disbursements	-7,857	-12,324	1,285

Status of Guaranteed Loans (in millions of dollars)

Identification code 91-4251-0-3-502	2005 actual	2006 est.	2007 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	21,376	22,615	24,328
2150 Total guaranteed loan commitments	21,376	22,615	24,328
2199 Guaranteed amount of guaranteed loan commitments	21,376	22,615	24,328

Cumulative balance of guaranteed loans outstanding:				
2210	Outstanding, start of year	72,302	74,601	81,108
2231	Disbursements of new guaranteed loans	12,399	19,379	20,441
2251	Repayments and prepayments	-8,921	-11,291	-6,253
Adjustments:				
2261	Terminations for default that result in loans receivable	-987	-1,398	-1,564
2263	Terminations for default that result in claim payments	-181	-171	-183
2264	Other adjustments, net	-11	-12	-13
2290	Outstanding, end of year	74,601	81,108	93,536

Memorandum:				
2299	Guaranteed amount of guaranteed loans outstanding, end of year	74,601	81,108	93,536

Addendum:				
Cumulative balance of defaulted guaranteed loans that result in loans receivable:				
2310	Outstanding, start of year	2,657	2,454	2,322
2331	Disbursements for guaranteed loan claims	987	1,398	1,564
2351	Repayments of loans receivable	-1,226	-1,341	-1,463
2361	Write-offs of loans receivable	-181	-189	-182
2364	Other adjustments, net	217		
2390	Outstanding, end of year	2,454	2,322	2,241

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	21,185	23,801	26,019
2150	Total guaranteed loan commitments	21,185	23,801	26,019
2199	Guaranteed amount of guaranteed loan commitments	21,185	23,801	26,019

Cumulative balance of guaranteed loans outstanding:				
2210	Outstanding, start of year	56,221	59,179	66,318
2231	Disbursements of new guaranteed loans	12,306	19,664	21,327
2251	Repayments and prepayments	-8,505	-11,339	-6,576
Adjustments:				
2261	Terminations for default that result in loans receivable	-691	-1,008	-1,188
2263	Terminations for default that result in claim payments	-145	-169	-194
2264	Other adjustments, net	-7	-9	-10
2290	Outstanding, end of year	59,179	66,318	79,677

Memorandum:				
2299	Guaranteed amount of guaranteed loans outstanding, end of year	59,179	66,318	79,677

Addendum:				
Cumulative balance of defaulted guaranteed loans that result in loans receivable:				
2310	Outstanding, start of year	1,695	1,740	1,912
2331	Disbursements for guaranteed loan claims	691	1,008	1,188
2351	Repayments of loans receivable	-655	-661	-790
2361	Write-offs of loans receivable	-145	-175	-194
2364	Other adjustments, net	154		
2390	Outstanding, end of year	1,740	1,912	2,116

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	6,614	7,722	8,702
2150	Total guaranteed loan commitments	6,614	7,722	8,702
2199	Guaranteed amount of guaranteed loan commitments	6,614	7,722	8,702

Cumulative balance of guaranteed loans outstanding:				
2210	Outstanding, start of year	13,498	14,611	17,029
2231	Disbursements of new guaranteed loans	3,738	6,573	7,418
2251	Repayments and prepayments	-2,500	-3,897	-3,083
Adjustments:				
2261	Terminations for default that result in loans receivable	-62	-130	-159
2263	Terminations for default that result in claim payments	-63	-128	-150
2290	Outstanding, end of year	14,611	17,029	21,055

Memorandum:				
2299	Guaranteed amount of guaranteed loans outstanding, end of year	14,611	17,029	21,055

Addendum:				
Cumulative balance of defaulted guaranteed loans that result in loans receivable:				
2310	Outstanding, start of year	334	291	264
2331	Disbursements for guaranteed loan claims	62	130	159
2351	Repayments of loans receivable	-68	-94	-109
2361	Write-offs of loans receivable	-63	-63	-60
2364	Other adjustments, net	26		
2390	Outstanding, end of year	291	264	254

SLS				
Cumulative balance of guaranteed loans outstanding:				
2210	Outstanding, start of year	384	276	184
2251	Repayments and prepayments	-85	-67	-37
Adjustments:				
2261	Terminations for default that result in loans receivable	-17	-23	-20
2263	Terminations for default that result in claim payments	-6	-2	-1
2290	Outstanding, end of year	276	184	126

Memorandum:				
2299	Guaranteed amount of guaranteed loans outstanding, end of year	276	184	126

Addendum:				
Cumulative balance of defaulted guaranteed loans that result in loans receivable:				
2310	Outstanding, start of year	414	385	302
2331	Disbursements for guaranteed loan claims	17	22	20
2351	Repayments of loans receivable	-74	-100	-89
2361	Write-offs of loans receivable	-6	-5	-4
2364	Other adjustments, net	34		
2390	Outstanding, end of year	385	302	229

CONSOLIDATION				
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	51,230	45,511	25,239
2150	Total guaranteed loan commitments	51,230	45,511	25,239
2199	Guaranteed amount of guaranteed loan commitments	51,230	45,511	25,239

Cumulative balance of guaranteed loans outstanding:				
2210	Outstanding, start of year	100,176	138,457	168,892
2231	Disbursements of new guaranteed loans	53,134	45,311	25,128
2251	Repayments and prepayments	-12,345	-12,457	-12,063
Adjustments:				
2261	Terminations for default that result in loans receivable	-2,061	-1,741	-1,990
2263	Terminations for default that result in claim payments	-447	-678	-807
2290	Outstanding, end of year	138,457	168,892	179,160

Memorandum:				
2299	Guaranteed amount of guaranteed loans outstanding, end of year	138,457	168,892	179,160

Addendum:				
Cumulative balance of defaulted guaranteed loans that result in loans receivable:				
2310	Outstanding, start of year	2,148	3,696	4,181
2331	Disbursements for guaranteed loan claims	2,061	1,741	1,990
2351	Repayments of loans receivable	-393	-701	-941
2361	Write-offs of loans receivable	-447	-555	-613
2364	Other adjustments, net	327		
2390	Outstanding, end of year	3,696	4,181	4,617

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.

Credit accounts—Continued**FEDERAL FAMILY EDUCATION LOAN PROGRAM FINANCING
ACCOUNT—Continued****Balance Sheet (in millions of dollars)**

Identification code 91-4251-0-3-502	2004 actual	2005 actual
ASSETS:		
Federal assets:		
1101 Fund balances with Treasury	15,337	23,191
Investments in US securities:		
1106 Receivables, net	1,972	524
Net value of assets related to post-1991 acquired defaulted guaranteed loans receivable:		
1501 Defaulted guaranteed loans receivable, gross	7,247	8,566
1502 Interest receivable	1,580	1,691
1505 Allowance for subsidy cost (-)	-1,416	-1,711
1599 Net present value of assets related to defaulted guaranteed loans	7,411	8,546
1999 Total assets	24,720	32,261
LIABILITIES:		
2101 Federal liabilities: Accounts payable	1,506	1,761
2204 Non-Federal liabilities: Liabilities for loan guarantees	23,214	30,500
2999 Total liabilities	24,720	32,261
4999 Total liabilities and net position	24,720	32,261

FEDERAL FAMILY EDUCATION LOAN LIQUIDATING ACCOUNT**Program and Financing (in millions of dollars)**

Identification code 91-0230-0-1-502	2005 actual	2006 est.	2007 est.
Obligations by program activity:			
01.01 Interest benefits, net of origination fees	11	9	7
01.02 Special allowance net of origination fees	9	5	1
01.03 Default claims	41	54	40
01.04 Death, disability, and bankruptcy claims	15	14	10
01.05 Contract collection costs	46	52	49
01.06 Voluntary flexible agreements	6	8	6
01.91 Subtotal, Stafford loans	128	142	113
02.01 Default claims	3	7	5
02.02 Death, disability, and bankruptcy claims	6	5	4
02.05 Contract collection costs	10	10	9
02.06 Voluntary flexible agreements	2	2	2
02.91 Subtotal, PLUS/SLS loans	21	24	20
10.00 Total new obligations	149	166	133
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	302	339	.....
22.00 New budget authority (gross)	474	166	133
22.10 Resources available from recoveries of prior year obligations	14	.....	.....
22.40 Capital transfer to general fund	-302	-339	.....
23.90 Total budgetary resources available for obligation	488	166	133
23.95 Total new obligations	-149	-166	-133
24.40 Unobligated balance carried forward, end of year	339	.....	.....
New budget authority (gross), detail:			
Spending authority from offsetting collections:			
Mandatory:			
69.00 Offsetting collections (cash)	1,102	1,028	954
69.27 Capital transfer to general fund	-628	-862	-821
69.90 Spending authority from offsetting collections (total mandatory)	474	166	133
Change in obligated balances:			
72.40 Obligated balance, start of year	51	23	23
73.10 Total new obligations	149	166	133
73.20 Total outlays (gross)	-163	-166	-133
73.45 Recoveries of prior year obligations	-14	.....	.....
74.40 Obligated balance, end of year	23	23	23

Outlays (gross), detail:				
86.97	Outlays from new mandatory authority	163	166	133
Offsets:				
Against gross budget authority and outlays:				
Offsetting collections (cash) from:				
88.40	Fed collections on defaulted loans, Stafford	-213	-324	-301
88.40	Federal collections on bankruptcies, Stafford	-4	-4	-3
88.40	Offsets against Federal tax refunds, Stafford	-327	-245	-227
88.40	Reimbursements from guaranty agencies, Stafford	-280	-263	-245
88.40	Other collections/ fees, Stafford	-58	-31	-29
88.40	Federal collections on defaulted loans, PLUS/SLS	-70	-76	-70
88.40	Federal collections on bankruptcies, PLUS/SLS	-1	-1	-1
88.40	Offsets against Federal tax refunds, PLUS/SLS	-27	-18	-17
88.40	Reimbursements from guaranty agencies, PLUS/SLS	-122	-66	-61
88.90	Total, offsetting collections (cash)	-1,102	-1,028	-954
Net budget authority and outlays:				
89.00	Budget authority	-628	-862	-821
90.00	Outlays	-939	-862	-821

Status of Guaranteed Loans (in millions of dollars)

Identification code 91-0230-0-1-502	2005 actual	2006 est.	2007 est.	
STAFFORD LOANS				
Cumulative balance of guaranteed loans outstanding:				
2210	Outstanding, start of year	1,745	1,276	1,091
2251	Repayments and prepayments	-414	-118	-70
Adjustments:				
2261	Terminations for default that result in loans receivable	-40	-54	-44
2263	Terminations for default that result in claim payments	-15	-13	-10
2290	Outstanding, end of year	1,276	1,091	967
Memorandum:				
2299	Guaranteed amount of guaranteed loans outstanding, end of year	1,276	1,091	967
Addendum:				
Cumulative balance of defaulted guaranteed loans that result in loans receivable:				
2310	Outstanding, start of year	8,822	8,005	7,531
2331	Disbursements for guaranteed loan claims	40	54	44
2351	Repayments of loans receivable	-439	-460	-428
2361	Write-offs of loans receivable	-15	-14	-13
2364	Other adjustments, net	-403	-54	-50
2390	Outstanding, end of year	8,005	7,531	7,084
PLUS/SLS LOANS				
Cumulative balance of guaranteed loans outstanding:				
2210	Outstanding, start of year	928	793	773
2251	Repayments and prepayments	-126	-8	-5
Adjustments:				
2261	Terminations for default that result in loans receivable	-3	-7	-6
2263	Terminations for default that result in claim payments	-6	-5	-4
2290	Outstanding, end of year	793	773	758
Memorandum:				
2299	Guaranteed amount of guaranteed loans outstanding, end of year	793	773	758
Addendum:				
Cumulative balance of defaulted guaranteed loans that result in loans receivable:				
2310	Outstanding, start of year	1,502	1,301	1,205
2331	Disbursements for guaranteed loan claims	3	7	6
2351	Repayments of loans receivable	-132	-86	-80
2361	Write-offs of loans receivable	-6	-5	-5
2364	Other adjustments, net	-66	-12	-12
2390	Outstanding, end of year	1,301	1,205	1,114

¹Excludes 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.

Balance Sheet (in millions of dollars)

Identification code 91-0230-0-1-502	2004 actual	2005 actual
ASSETS:		
Federal assets:		
1101 Fund balances with Treasury	353	362
Investments in US securities:		
1106 Receivables, net	11	
1701 Defaulted guaranteed loans, gross	10,323	9,306
1702 Interest receivable	857	595
1703 Allowance for estimated uncollectible loans and interest (-)	-7,921	-6,736
1704 Defaulted guaranteed loans and interest receivable, net	3,259	3,165
1799 Value of assets related to loan guarantees	3,259	3,165
1999 Total assets	3,623	3,527
LIABILITIES:		
2104 Federal liabilities: Resources payable to Treasury	3,498	3,412
Non-Federal liabilities:		
2201 Accounts payable	10	4
2204 Liabilities for loan guarantees	115	111
2999 Total liabilities	3,623	3,527
4999 Total liabilities and net position	3,623	3,527

Object Classification (in millions of dollars)

Identification code 91-0230-0-1-502	2005 actual	2006 est.	2007 est.
25.2 Other services	56	62	58
33.0 Investments and loans	44	62	46
41.0 Grants, subsidies, and contributions	28	24	15
42.0 Insurance claims and indemnities	21	18	14
99.9 Total new obligations	149	166	133

INSTITUTE OF EDUCATION SCIENCES

Federal Funds

General and special funds:

INSTITUTE OF EDUCATION SCIENCES

For carrying out activities authorized by the Education Sciences Reform Act of 2002, as amended, the National Assessment of Educational Progress Authorization Act, section 208 of the Educational Technical Assistance Act of 2002, and section 664 of the Individuals with Disabilities Education Act, **[\$522,695,000] \$554,468,000**, of which **[\$271,560,000] \$298,844,000** shall be available until September 30, **[2007] 2008**: *Provided*, That of the amount provided to carry out title I, parts B and D of Public Law 107-279, not less than \$25,257,000 shall be for the national research and development centers authorized under section 133(c). (*Department of Education Appropriations Act, 2006.*)

Program and Financing (in millions of dollars)

Identification code 91-1100-0-1-503	2005 actual	2006 est.	2007 est.
Obligations by program activity:			
Research and statistics:			
00.01 Research, development, and dissemination	166	163	163
00.02 Statistics	91	90	93
00.03 Regional educational laboratories	66	65	65
00.04 Assessment	94	93	97
00.05 Research in special education	83	72	72
00.06 Statewide data systems		49	54
00.07 Special education studies and evaluations		10	10
00.08 Comprehensive regional assistance centers	4		
01.00 Total direct program	504	542	554
09.01 Reimbursable program	3	3	3
10.00 Total new obligations	507	545	557

Budgetary resources available for obligation:

21.40 Unobligated balance carried forward, start of year	2	25	
22.00 New budget authority (gross)	530	520	557
23.90 Total budgetary resources available for obligation	532	545	557
23.95 Total new obligations	-507	-545	-557
24.40 Unobligated balance carried forward, end of year	25		

New budget authority (gross), detail:

Discretionary:			
40.00 Appropriation	527	523	554
40.33 Appropriation permanently reduced (P.L. 109-148)		-6	
40.35 Appropriation permanently reduced	-4		
42.00 Transferred from other accounts	4		
43.00 Appropriation (total discretionary)	527	517	554
68.00 Spending authority from offsetting collections: Offsetting collections (cash)	3	3	3
70.00 Total new budget authority (gross)	530	520	557

Change in obligated balances:

72.40 Obligated balance, start of year	602	621	504
73.10 Total new obligations	507	545	557
73.20 Total outlays (gross)	-461	-662	-542
73.40 Adjustments in expired accounts (net)	-28		
74.10 Change in uncollected customer payments from Federal sources (expired)	1		
74.40 Obligated balance, end of year	621	504	519

Outlays (gross), detail:

86.90 Outlays from new discretionary authority	95	133	141
86.93 Outlays from discretionary balances	366	529	401
87.00 Total outlays (gross)	461	662	542

Offsets:

Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	-4	-3	-3
Against gross budget authority only:			
88.96 Portion of offsetting collections (cash) credited to expired accounts	1		

Net budget authority and outlays:

89.00 Budget authority	527	517	554
90.00 Outlays	457	659	539

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. In 2007, funds will also support costs of beginning a new longitudinal study of secondary school students.

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. In 2007, funds will also support costs of expanding State NAEP to grade 12 in 2009.

Research in special education.—Funds support research 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.

General and special funds—Continued

INSTITUTE OF EDUCATION SCIENCES—Continued

Statewide data systems.—Funds support competitive awards to State educational agencies to foster the design, development, and implementation of longitudinal data systems, including grants to improve reporting of high school graduation rates and dropout data.

Special education studies and evaluations.—Funds support objective studies, evaluations, and assessments related to the implementation of the Individuals with Disabilities Education Act 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 91-1100-0-1-503	2005 actual	2006 est.	2007 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent	1	1	1
11.3 Other than full-time permanent	1	1	1
11.9 Total personnel compensation	2	2	2
24.0 Printing and reproduction	1	1	1
25.1 Advisory and assistance services	4	4	4
25.2 Other services	164	171	178
25.3 Other purchases of goods and services from Government accounts	18	15	15
25.5 Research and development contracts	92	92	92
25.7 Operation and maintenance of equipment	1	1	1
41.0 Grants, subsidies, and contributions	220	255	260
99.0 Direct obligations	502	540	553
99.0 Reimbursable obligations	3	3	3
99.5 Below reporting threshold	2	2	1
99.9 Total new obligations	507	545	557

Personnel Summary

Identification code 91-1100-0-1-503	2005 actual	2006 est.	2007 est.
Direct:			
1001 Civilian full-time equivalent employment	13	16	16

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, **[\$415,303,000.] \$425,966,000, of which \$4,550,000, to remain available until expended, shall be for building alterations and related expenses for the move of Department staff to the Mary E. Switzer building in Washington, D.C. (Department of Education Appropriations Act, 2006.)**

Program and Financing (in millions of dollars)

Identification code 91-0800-0-1-503	2005 actual	2006 est.	2007 est.
Obligations by program activity:			
00.01 Program administration	424	411	426
09.01 Reimbursable program	2	1	1
10.00 Total new obligations	426	412	427
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	6	.....	.....
22.00 New budget authority (gross)	421	412	427
23.90 Total budgetary resources available for obligation	427	412	427
23.95 Total new obligations	-426	-412	-427
23.98 Unobligated balance expiring or withdrawn	-2	.....	.....

24.40 Unobligated balance carried forward, end of year .....	.....	.....	.....
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	423	415	426
40.33 Appropriation permanently reduced (P.L. 109-148) .....	.....	-4	.....
40.35 Appropriation permanently reduced	-4	.....	.....
43.00 Appropriation (total discretionary)	419	411	426
Spending authority from offsetting collections:			
68.00 Offsetting collections (cash) .....	.....	1	1
68.10 Change in uncollected customer payments from Federal sources (unexpired)	2	.....	.....
68.90 Spending authority from offsetting collections (total discretionary)	2	1	1
70.00 Total new budget authority (gross)	421	412	427

Change in obligated balances:			
72.40 Obligated balance, start of year	121	125	147
73.10 Total new obligations	426	412	427
73.20 Total outlays (gross)	-417	-390	-429
73.40 Adjustments in expired accounts (net)	-6	.....	.....
74.00 Change in uncollected customer payments from Federal sources (unexpired)	-2	.....	.....
74.10 Change in uncollected customer payments from Federal sources (expired)	2	.....	.....
74.40 Obligated balance, end of year	125	147	145

Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	334	320	330
86.93 Outlays from discretionary balances	83	70	99
87.00 Total outlays (gross)	417	390	429

Offsets:			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	-2	-1	-1
Against gross budget authority only:			
88.95 Change in uncollected customer payments from Federal sources (unexpired)	-2	.....	.....
88.96 Portion of offsetting collections (cash) credited to expired accounts	2	.....	.....

Net budget authority and outlays:			
89.00 Budget authority	419	411	426
90.00 Outlays	414	389	428

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.

Included in this account is the Department of Education's cost to renovate and upgrade the Mary E. Switzer building, in order to consolidate staff located in various buildings in Washington, D.C.

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	2005 actual	2006 est.	2007 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent	171	197	203
11.3 Other than full-time permanent	29	5	5
11.5 Other personnel compensation	3	4	4
11.9 Total personnel compensation	203	206	212
12.1 Civilian personnel benefits	48	48	51
13.0 Benefits for former personnel	1		
21.0 Travel and transportation of persons	5	5	5
23.1 Rental payments to GSA	36	38	39
23.3 Communications, utilities, and miscellaneous charges	11	11	11
24.0 Printing and reproduction	3	4	4
25.1 Advisory and assistance services	3	2	2
25.2 Other services	23	19	20
25.3 Other purchases of goods and services from Government accounts	23	15	15
25.7 Operation and maintenance of equipment	52	48	47
26.0 Supplies and materials	2	2	2
31.0 Equipment	14	12	15
32.0 Land and structures		1	3
99.0 Direct obligations	424	411	426
99.0 Reimbursable obligations	2	1	1
99.9 Total new obligations	426	412	427

Personnel Summary

Identification code 91-0800-0-1-503	2005 actual	2006 est.	2007 est.
Direct:			
1001 Civilian full-time equivalent employment	2,245	2,208	2,213

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, **[\$91,526,000] \$92,866,000.** (*Department of Education Appropriations Act, 2006.*)

Program and Financing (in millions of dollars)

Identification code 91-0700-0-1-751	2005 actual	2006 est.	2007 est.
Obligations by program activity:			
00.01 Civil rights	89	91	93
10.00 Total new obligations	89	91	93
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	89	91	93
23.95 Total new obligations	-89	-91	-93
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	90	92	93
40.33 Appropriation permanently reduced (P.L. 109-148)		-1	
40.35 Appropriation permanently reduced	-1		
43.00 Appropriation (total discretionary)	89	91	93
Change in obligated balances:			
72.40 Obligated balance, start of year	20	22	21
73.10 Total new obligations	89	91	93
73.20 Total outlays (gross)	-86	-92	-93
73.40 Adjustments in expired accounts (net)	-1		
74.40 Obligated balance, end of year	22	21	21
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	73	76	78
86.93 Outlays from discretionary balances	13	16	15

87.00 Total outlays (gross)	86	92	93
Net budget authority and outlays:			
89.00 Budget authority	89	91	93
90.00 Outlays	86	92	93

The Office for Civil Rights is responsible for ensuring that no person is unlawfully discriminated against on the basis of race, color, national origin, sex, disability, or age in the delivery of services or the provision of benefits in programs or activities of schools and institutions receiving financial assistance from the Department of Education. The authorities under which the Office for Civil Rights operates are Title VI of the Civil Rights Act of 1964 (racial and ethnic discrimination), Title IX of the Education Amendments of 1972 (sex discrimination), section 504 of the Rehabilitation Act of 1973 (discrimination against individuals with a disability), the Age Discrimination Act of 1975, 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	2005 actual	2006 est.	2007 est.
Personnel compensation:			
11.1 Full-time permanent	50	53	53
11.3 Other than full-time permanent	2	2	2
11.5 Other personnel compensation		1	1
11.9 Total personnel compensation	52	56	56
12.1 Civilian personnel benefits	12	13	13
21.0 Travel and transportation of persons	1	1	1
23.1 Rental payments to GSA	7	8	9
23.3 Communications, utilities, and miscellaneous charges	2	2	2
25.2 Other services	1	2	2
25.3 Other purchases of goods and services from Government accounts	3	3	4
25.7 Operation and maintenance of equipment	7	3	3
31.0 Equipment	2	1	1
32.0 Land and structures		1	1
99.0 Direct obligations	87	90	92
99.5 Below reporting threshold	2	1	1
99.9 Total new obligations	89	91	93

Personnel Summary

Identification code 91-0700-0-1-751	2005 actual	2006 est.	2007 est.
Direct:			
1001 Civilian full-time equivalent employment	640	638	638

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, **[\$49,000,000] \$53,145,000.** (*Department of Education Appropriations Act, 2006.*)

Program and Financing (in millions of dollars)

Identification code 91-1400-0-1-751	2005 actual	2006 est.	2007 est.
Obligations by program activity:			
00.01 Inspector General	47	49	53
10.00 Total new obligations	47	49	53
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	48	49	53
23.95 Total new obligations	-47	-49	-53
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	48	49	53
Change in obligated balances:			
72.40 Obligated balance, start of year	14	11	10

General and special funds—Continued

OFFICE OF THE INSPECTOR GENERAL—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 91-1400-0-1-751	2005 actual	2006 est.	2007 est.
73.10 Total new obligations	47	49	53
73.20 Total outlays (gross)	-50	-50	-49
74.40 Obligated balance, end of year	11	10	14
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	41	40	42
86.93 Outlays from discretionary balances	9	10	7
87.00 Total outlays (gross)	50	50	49
Net budget authority and outlays:			
89.00 Budget authority	48	49	53
90.00 Outlays	49	50	49

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	2005 actual	2006 est.	2007 est.
Personnel compensation:			
11.1 Full-time permanent	23	25	26
11.3 Other than full-time permanent	1	1	1
11.5 Other personnel compensation	2		
11.9 Total personnel compensation	26	26	27
12.1 Civilian personnel benefits	8	8	8
21.0 Travel and transportation of persons	1	2	2
23.1 Rental payments to GSA	4	4	5
23.3 Communications, utilities, and miscellaneous charges	1	1	1
25.1 Advisory and assistance services	2	3	3
25.2 Other services		1	1
25.3 Other purchases of goods and services from Government accounts	2	1	1
25.7 Operation and maintenance of equipment	2	1	3
31.0 Equipment	1	1	1
32.0 Land and structures		1	1
99.9 Total new obligations	47	49	53

Personnel Summary

Identification code 91-1400-0-1-751	2005 actual	2006 est.	2007 est.
Direct:			
1001 Civilian full-time equivalent employment	299	296	298

HURRICANE EDUCATION RECOVERY

Federal Funds

General and special funds:

HURRICANE EDUCATION RECOVERY

[For assisting in meeting the educational needs of individuals affected by hurricanes in the Gulf of Mexico in calendar year 2005, \$1,600,000,000, to remain available through September 30, 2006, of which \$750,000,000 shall be available to State educational agencies until expended to carry out section 102 of title IV, division B of this Act, \$5,000,000 shall be available to carry out section 106 of title IV, division B of this Act, \$645,000,000 shall be available to carry out section 107 of title IV, division B of this Act, and \$200,000,000 shall be available to provide assistance under the pro-

grams authorized by subparts 3 and 4 of part A, part C of title IV, and part B of title VII of the Higher Education Act of 1965, for students attending institutions of higher education (as defined in section 102 of that Act) that are located in an area in which a major disaster has been declared in accordance with section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act related to hurricanes in the Gulf of Mexico in calendar year 2005 and who qualify for assistance under subparts 3 and 4 of part A and part C of title IV of the Higher Education Act of 1965, to provide emergency assistance based on demonstrated need to institutions of higher education that are located in an area affected by hurricanes in the Gulf of Mexico in calendar year 2005 and were forced to close, relocate or significantly curtail their activities as a result of damage directly sustained by such hurricanes, and to provide payments to institutions of higher education to help defray the unexpected expenses associated with enrolling displaced students from institutions of higher education at which operations have been disrupted due to hurricanes in the Gulf of Mexico in calendar year 2005: *Provided*, That of the \$200,000,000 described in the preceding proviso, \$95,000,000 shall be for the Mississippi Institutes of Higher Learning to provide assistance under such title IV programs, notwithstanding any requirements relating to matching, Federal share, reservation of funds, or maintenance of effort that would otherwise be applicable to that assistance; \$95,000,000 shall be for the Louisiana Board of Regents to provide emergency assistance based on demonstrated need under part B of title VII of the Higher Education Act of 1965, which may be used for student financial assistance, faculty and staff salaries, equipment and instruments, or any purpose authorized under the Higher Education Act of 1965, to institutions of higher education that are located in an area affected by hurricanes in the Gulf of Mexico in calendar year 2005; and \$10,000,000 shall be available to the Secretary of Education for such payments to institutions of higher education to help defray the unexpected expenses associated with enrolling displaced students from institutions of higher education directly affected by hurricanes in the Gulf of Mexico in calendar year 2005, in accordance with criteria as are established by the Secretary and made publicly available without regard to section 437 of the General Education Provisions Act or section 553 of title 5, United States Code: *Provided further*, That the amounts provided in this paragraph are designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.] (*Emergency Supplemental Appropriations Act to Address Hurricanes in the Gulf of Mexico and Pandemic Influenza, 2006.*)

Program and Financing (in millions of dollars)

Identification code 91-0013-0-1-500	2005 actual	2006 est.	2007 est.
Obligations by program activity:			
Aid for elementary and secondary education:			
00.01 Programs to restart school operations		750	
00.02 Assistance for homeless children and youth		5	
00.03 Temporary emergency impact aid for displaced students		645	
00.91 Subtotal, Aid for elementary and secondary education		1,400	
01.01 Aid for institutions of higher education		200	
10.00 Total new obligations (object class 41.0)		1,600	

Budgetary resources available for obligation:

22.00 New budget authority (gross)	1,600
23.95 Total new obligations	-1,600

New budget authority (gross), detail:

Discretionary:	
40.00 Appropriation	1,600

Change in obligated balances:

72.40 Obligated balance, start of year	140
73.10 Total new obligations	1,600
73.20 Total outlays (gross)	-1,460
74.40 Obligated balance, end of year	140

Outlays (gross), detail:

86.90 Outlays from new discretionary authority	1,460
86.93 Outlays from discretionary balances	140

87.00	Total outlays (gross)	1,460	140
Net budget authority and outlays:			
89.00	Budget authority	1,600	
90.00	Outlays	1,460	140

Programs to restart school operations.—Funds provide assistance or services to local educational agencies and non-public schools in Alabama, Louisiana, Mississippi, and Texas to help defray expenses related to the restart, reopening, and re-enrollment of students in elementary and secondary schools that serve an area in which a major disaster related to Hurricanes Katrina or Rita was declared.

Assistance for homeless children and youth.—Funds provide assistance to local educational agencies (LEAs) to enable them to address the needs of homeless students displaced by Hurricanes Katrina and Rita. LEAs used the funds awarded under this program to support activities that are allowable under the McKinney-Vento Homeless Assistance Act.

Temporary emergency impact aid for displaced students.—Funds provide assistance to local educational agencies for the cost of educating students enrolled in public and non-public schools who were displaced by Hurricanes Katrina and Rita during school year 2005–2006.

Aid to institutions of higher education.—Funds provide assistance to qualifying students at institutions of higher education in areas affected by Hurricanes Katrina and Rita; assistance to institutions forced to close, relocate, or significantly curtail activities due to the hurricanes; and assistance to institutions enrolling displaced students from schools at which the hurricanes disrupted operations.

GENERAL FUND RECEIPT ACCOUNTS

(in millions of dollars)

	2005 actual	2006 est.	2007 est.
Offsetting receipts from the public:			
91–291500 Repayment of loans, capital contributions, higher education activities	32	42	42
General Fund Offsetting receipts from the public	32	42	42

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 in 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. For an additional amount to carry out subpart 1 of part A of title IV of the Higher Education Act of 1965 for the purpose of eliminating the estimated accumulated shortfall of budget authority for such subpart, \$4,300,000,000, pursuant to section 303 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.】

【SEC. 306. Subpart 12 of part D of title V of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7265 et seq.) is amended—

- (1) in section 5522(b) (20 U.S.C. 7265a(b)), by adding at the end the following:
 - “(4) To authorize and develop cultural and educational programs relating to any Federally recognized Indian tribe in Mississippi.”;
 - (2) in section 5523 (20 U.S.C. 7265b)—
 - “(6) The Mississippi Band of Choctaw Indians in Choctaw, Mississippi.”; and
 - (A) in subsection (a)—
 - (i) by redesignating paragraphs (6) through (8) as paragraphs (7) through (9) respectively; and
 - (ii) by inserting after paragraph (5) the following:
 - (B) in subsection (b), by adding at the end the following:
 - “(7) Cultural and educational programs relating to any Federally recognized Indian tribe in Mississippi.”; and
 - (3) in section 5525(1) (20 U.S.C. 7265d(1))—
 - (A) in subparagraph (A), by striking “and” after the semicolon;
 - (B) in subparagraph (B), by striking the period and inserting “; and”; and
 - (C) by adding at the end the following:
 - “(C) the Mississippi Band of Choctaw Indians in Choctaw, Mississippi.”.】 (*Department of Education Appropriations Act, 2006.*)