

DEPARTMENT OF EDUCATION

OFFICE OF ELEMENTARY AND SECONDARY EDUCATION

Federal Funds

EDUCATION FOR THE DISADVANTAGED

For carrying out title I of the Elementary and Secondary Education Act of 1965 ("ESEA") and section 418A of the Higher Education Act of 1965, \$16,139,090,000, of which \$8,571,383,000 shall become available on July 1, 2008, and shall remain available through September 30, 2009, and of which \$7,383,301,000 shall become available on October 1, 2008, and shall remain available through September 30, 2009 for academic year 2008–2009: Provided, That \$6,808,408,000 shall be for basic grants under section 1124: Provided further, That up to \$4,000,000 of these funds shall be available to the Secretary of Education on October 1, 2007, 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 \$3,466,618,000 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 \$500,000,000 shall be for school improvement grants under section 1003(g): Provided further, That \$9,327,000 shall be to carry out part E of title I.

Note.—A regular 2007 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 109–289, Division B, as amended). The amounts included for 2007 in this budget reflect the levels provided by the continuing resolution.

Program and Financing (in millions of dollars)

Identification code 91–0900–0–1–501	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
00.01 Grants to local educational agencies	12,519	12,731	13,910
00.02 School improvement grants			500
00.03 Reading first State grants	1,213	1,084	1,019
00.04 Early reading first	103	103	118
00.05 Striving readers	32	54	100
00.06 Even start	112	119	
00.07 Literacy through school libraries	19	19	19
00.08 State agency programs	431	447	430
00.09 Comprehensive school reform	10	10	
00.10 Evaluation	9	9	9
00.11 Migrant education projects	34	34	34
10.00 Total new obligations	14,482	14,610	16,139
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	130	129	
22.00 New budget authority (gross)	14,481	14,481	16,139
22.10 Resources available from recoveries of prior year obligations	1		
23.90 Total budgetary resources available for obligation	14,612	14,610	16,139
23.95 Total new obligations	–14,482	–14,610	–16,139
23.98 Unobligated balance expiring or withdrawn	–1		
24.40 Unobligated balance carried forward, end of year	129		
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	7,244	7,098	8,756
40.35 Appropriation permanently reduced	–146		
43.00 Appropriation (total discretionary)	7,098	7,098	8,756
55.00 Advance appropriation	7,383	7,383	7,383
70.00 Total new budget authority (gross)	14,481	14,481	16,139
Change in obligated balances:			
72.40 Obligated balance, start of year	11,043	10,803	10,575
73.10 Total new obligations	14,482	14,610	16,139
73.20 Total outlays (gross)	–14,696	–14,838	–14,523
73.40 Adjustments in expired accounts (net)	–25		
73.45 Recoveries of prior year obligations	–1		

74.40	Obligated balance, end of year	10,803	10,575	12,191
Outlays (gross), detail:				
86.90	Outlays from new discretionary authority	5,383	6,049	6,082
86.93	Outlays from discretionary balances	9,313	8,789	8,441
87.00	Total outlays (gross)	14,696	14,838	14,523
Net budget authority and outlays:				
89.00	Budget authority	14,481	14,481	16,139
90.00	Outlays	14,696	14,838	14,523

Summary of Budget Authority and Outlays

(in millions of dollars)

	2006 actual	2007 est.	2008 est.
Enacted/requested:			
Budget Authority	14,481	14,481	16,139
Outlays	14,696	14,838	14,523
Legislative proposal, not subject to PAYGO:			
Budget Authority			550
Outlays			11
Total:			
Budget Authority	14,481	14,481	16,689
Outlays	14,696	14,838	14,534

SUMMARY OF PROGRAM LEVEL

(in millions of dollars)

	2006–2007 Academic Year	2007–2008 Academic Year	2008–2009 Academic Year
New Budget Authority	7,098	7,098	8,756
Advance appropriation	7,383	7,383	7,383
Total program level	14,481	14,481	16,139
Change in advance appropriation from the previous year	0	0	0

Note: Additional authorizing language is sought for \$16,105,163,000 in this account.

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, mathematics, and science, and school districts must identify for improvement, and provide assistance to, schools that for two consecutive years do not make adequate yearly progress toward helping all groups of students reach the proficient level on the State assessments in reading and mathematics. 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. 2008 funds would be expended under a reauthorization proposal to expand the benefits of the program to more high school students, refine accountability systems, include science in accountability determinations, and give students in low-performing schools more options.

School improvement grants.—Funds would support grants to States to assist schools and districts identified as in need

EDUCATION FOR THE DISADVANTAGED—Continued

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. For the reauthorization of ESEA, the Department is proposing to strengthen partnerships between preschool providers and institutions of higher education that provide professional development to early childhood educators.

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.

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.

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	2006 actual	2007 est.	2008 est.
Direct obligations:			
24.0 Printing and reproduction	2	2	2
25.1 Advisory and assistance services	5	7	7
25.2 Other services	58	46	41
25.3 Other purchases of goods and services from Government accounts	3	4	5
25.7 Operation and maintenance of equipment	6		
41.0 Grants, subsidies, and contributions	14,408	14,551	16,084
99.9 Total new obligations	14,482	14,610	16,139

EDUCATION FOR THE DISADVANTAGED

(Legislative proposal, not subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 91–0900–2–1–501		2006 actual	2007 est.	2008 est.
Obligations by program activity:				
00.01	Math now for elementary school students			125
00.02	Math now for middle school students			125
00.03	Promise scholarships			250
00.04	Opportunity scholarships			50
10.00	Total new obligations			550
Budgetary resources available for obligation:				
22.00	New budget authority (gross)			550
23.95	Total new obligations			–550
24.40	Unobligated balance carried forward, end of year			
New budget authority (gross), detail:				
Discretionary:				
40.00	Appropriation			550
Change in obligated balances:				
73.10	Total new obligations			550
73.20	Total outlays (gross)			–11
74.40	Obligated balance, end of year			539
Outlays (gross), detail:				
86.90	Outlays from new discretionary authority			11
Net budget authority and outlays:				
89.00	Budget authority			550
90.00	Outlays			11

The resources in this schedule are proposed for later transmittal under proposed legislation to revise and reauthorize programs currently authorized under the Elementary and Secondary Education Act.

Math now for elementary school students.—Funds would support competitive grants to improve instruction in mathematics for students in kindergarten through 6th grade through such activities 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.

Promise scholarships.—Funds would support formula grants to States for scholarships to enable low-income students enrolled in persistently low-performing schools to attend a private or out-of-district public school or to receive intensive, sustained tutoring assistance.

Opportunity scholarships.—Funds would support competitive grants to support local efforts to enable low-income students enrolled in persistently low-performing schools to attend a private or out-of-district public school or to receive intensive, sustained tutoring assistance.

Object Classification (in millions of dollars)			
Identification code 91–0900–2–1–501	2006 actual	2007 est.	2008 est.
Direct obligations:			
25.1	Advisory and assistance services		3
25.2	Other services		1
41.0	Grants, subsidies, and contributions		546
99.9	Total new obligations		550

IMPACT AID

For carrying out programs of financial assistance to federally affected schools authorized by title VIII of the Elementary and Sec-

ondary Education Act of 1965, \$1,228,100,000, of which \$1,091,867,000 shall be for basic support payments under section 8003(b), \$49,466,000 shall be for payments for children with disabilities under section 8003(d), \$17,820,000 shall be for construction under section 8007(b) and shall remain available through September 30, 2009, \$64,350,000 shall be for Federal property payments under section 8002, and \$4,597,000, 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) for school year 2007–2008, 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.

Note.—A regular 2007 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 109–289, Division B, as amended). The amounts included for 2007 in this budget reflect the levels provided by the continuing resolution.

Program and Financing (in millions of dollars)

Identification code 91–0102–0–1–501	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
00.01 Basic support payments	1,092	1,092	1,092
00.02 Supplemental payments for children with disabilities	49	49	49
00.91 Subtotal, payments for federally connected children	1,141	1,141	1,141
01.01 Facilities maintenance	5	5	5
02.01 Construction	47	47	18
03.01 Payments for Federal property	64	64	64
10.00 Total new obligations (object class 41.0)	1,257	1,257	1,228
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	35	7	7
22.00 New budget authority (gross)	1,229	1,257	1,228
23.90 Total budgetary resources available for obligation	1,264	1,264	1,235
23.95 Total new obligations	–1,257	–1,257	–1,228
24.40 Unobligated balance carried forward, end of year	7	7	7
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	1,241	1,257	1,228
40.35 Appropriation permanently reduced	–12		
43.00 Appropriation (total discretionary)	1,229	1,257	1,228
Change in obligated balances:			
72.40 Obligated balance, start of year	264	379	164
73.10 Total new obligations	1,257	1,257	1,228
73.20 Total outlays (gross)	–1,141	–1,472	–1,227
73.40 Adjustments in expired accounts (net)	–1		
74.40 Obligated balance, end of year	379	164	165
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	1,069	1,128	1,087
86.93 Outlays from discretionary balances	72	344	140
87.00 Total outlays (gross)	1,141	1,472	1,227
Net budget authority and outlays:			
89.00 Budget authority	1,229	1,257	1,228
90.00 Outlays	1,141	1,472	1,227

Note: Additional authorizing language is sought for all of the resources requested in this account.

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 \$1,100.

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 58,000 federally connected students with disabilities in about 900 local educational agencies. Average per-student payments will be approximately \$850.

Facilities maintenance.—Funds will be used to provide emergency repairs for school facilities that serve military dependents and are owned by the Department of Education. Funds will be 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.

SCHOOL IMPROVEMENT PROGRAMS

For carrying out school improvement activities authorized by title II, part B of title IV, subpart 9 of part D of title V, and parts A and B of title VI 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, \$4,698,276,000, of which \$3,158,151,000 shall become available on July 1, 2008, and remain available through September 30, 2009, and of which \$1,435,000,000 shall become available on October 1, 2008, and shall remain available through September 30, 2009, for academic year 2008–2009: Provided, That \$411,630,000 shall be for State assessments and related activities authorized under sections 6111 and 6112 of the ESEA: Provided further, That \$56,256,000 shall be available to carry out section 203 of the Educational Technical Assistance Act of 2002: Provided further, That \$23,755,000 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 \$18,001,000 shall be available to carry out the Supplemental Education Grants program for the Federated States of Micronesia and 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.

Note.—A regular 2007 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 109–289, Division B, as amended). The amounts included for 2007 in this budget reflect the levels provided by the continuing resolution.

Program and Financing (in millions of dollars)

Identification code 91–1000–0–1–501	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
00.01 Improving teacher quality State grants	2,887	2,907	2,787
00.02 Early childhood educator professional development	15	15	
00.03 Mathematics and science partnerships	182	184	182
00.04 Educational technology State grants	273	279	
00.05 21st Century community learning centers	981	991	981
00.06 State grants for innovative programs	99	99	

SCHOOL IMPROVEMENT PROGRAMS—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 91-1000-0-1-501	2006 actual	2007 est.	2008 est.
00.07 Javits gifted and talented education	10	10	.....
00.08 Foreign language assistance	22	22	24
00.09 State assessments	412	420	412
00.10 Education for homeless children and youth	62	62	62
00.11 Education for Native Hawaiians	34	34	.....
00.12 Alaska Native education equity	34	34	.....
00.13 Training and advisory services	7	7	7
00.14 Rural education	169	169	169
00.15 Supplemental education grants	18	18	18
00.16 Comprehensive centers	56	56	56
00.17 Safe and drug-free schools and communities national programs	5	5	.....
10.00 Total new obligations	5,266	5,312	4,698
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	56	47	.....
22.00 New budget authority (gross)	5,256	5,265	4,698
22.10 Resources available from recoveries of prior year obligations	1	.....	.....
23.90 Total budgetary resources available for obligation	5,313	5,312	4,698
23.95 Total new obligations	-5,266	-5,312	-4,698
24.40 Unobligated balance carried forward, end of year	47	.....	.....
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	3,874	3,830	3,263
40.35 Appropriation permanently reduced	-53	.....	.....
43.00 Appropriation (total discretionary)	3,821	3,830	3,263
55.00 Advance appropriation	1,435	1,435	1,435
70.00 Total new budget authority (gross)	5,256	5,265	4,698
Change in obligated balances:			
72.40 Obligated balance, start of year	7,286	6,712	6,394
73.10 Total new obligations	5,266	5,312	4,698
73.20 Total outlays (gross)	-5,797	-5,630	-5,253
73.40 Adjustments in expired accounts (net)	-42	.....	.....
73.45 Recoveries of prior year obligations	-1	.....	.....
74.40 Obligated balance, end of year	6,712	6,394	5,839
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	760	966	955
86.93 Outlays from discretionary balances	5,037	4,664	4,298
87.00 Total outlays (gross)	5,797	5,630	5,253
Net budget authority and outlays:			
89.00 Budget authority	5,256	5,265	4,698
90.00 Outlays	5,797	5,630	5,253

SUMMARY OF PROGRAM LEVEL

(in millions of dollars)

	2006-2007 Academic Year	2007-2008 Academic Year	2008-2009 Academic Year
New Budget Authority	3,820	3,825	3,263
Advance Appropriation	1,435	1,435	1,435
Total program level	5,255	5,260	4,698
Change in advance appropriation over previous year	0	0	0

Note: Additional authorizing language is sought for \$4,614,906,000 in this account.

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.

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.

Other Activities:

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.

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.

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	2006 actual	2007 est.	2008 est.
Direct obligations:			
25.1 Advisory and assistance services	13	14	12
25.2 Other services	22	23	21
41.0 Grants, subsidies, and contributions	5,231	5,275	4,665
99.9 Total new obligations	5,266	5,312	4,698

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, \$118,683,000.

Note.—A regular 2007 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 109-289, Division B, as amended). The amounts included for 2007 in this budget reflect the levels provided by the continuing resolution.

Program and Financing (in millions of dollars)

Identification code 91-0101-0-1-501	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
00.01 Grants to local educational agencies	96	96	96

00.02	Special programs for Indian children	19	19	19
00.03	National activities	4	4	4
10.00	Total new obligations	119	119	119
Budgetary resources available for obligation:				
22.00	New budget authority (gross)	119	119	119
23.95	Total new obligations	-119	-119	-119
New budget authority (gross), detail:				
Discretionary:				
40.00	Appropriation	120	119	119
40.35	Appropriation permanently reduced	-1		
43.00	Appropriation (total discretionary)	119	119	119
Change in obligated balances:				
72.40	Obligated balance, start of year	146	140	138
73.10	Total new obligations	119	119	119
73.20	Total outlays (gross)	-120	-121	-117
73.40	Adjustments in expired accounts (net)	-5		
74.40	Obligated balance, end of year	140	138	140
Outlays (gross), detail:				
86.90	Outlays from new discretionary authority	6	6	6
86.93	Outlays from discretionary balances	114	115	111
87.00	Total outlays (gross)	120	121	117
Net budget authority and outlays:				
89.00	Budget authority	119	119	119
90.00	Outlays	120	121	117

Note: Additional authorizing language is sought for all of the resources requested in this account.

The Indian Education programs support 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 2006, the Department made 1,196 formula grants to local educational agencies and tribal schools serving more than 469,000 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		2006 actual	2007 est.	2008 est.
Direct obligations:				
25.1	Advisory and assistance services	1	1	1
25.2	Other services	2	2	2
25.7	Operation and maintenance of equipment	1	1	1
41.0	Grants, subsidies, and contributions	115	115	115
99.9	Total new obligations	119	119	119

READING EXCELLENCE

Program and Financing (in millions of dollars)

Identification code 91-0011-0-1-501		2006 actual	2007 est.	2008 est.
Change in obligated balances:				
72.40	Obligated balance, start of year	20	6	
73.20	Total outlays (gross)	-1	-6	

73.40	Adjustments in expired accounts (net)	-13		
74.40	Obligated balance, end of year	6		
Outlays (gross), detail:				
86.93	Outlays from discretionary balances	1	6	
Net budget authority and outlays:				
89.00	Budget authority			
90.00	Outlays	1	6	

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		2006 actual	2007 est.	2008 est.
Change in obligated balances:				
72.40	Obligated balance, start of year	64	4	
73.20	Total outlays (gross)	-17	-4	
73.40	Adjustments in expired accounts (net)	-43		
74.40	Obligated balance, end of year	4		
Outlays (gross), detail:				
86.93	Outlays from discretionary balances	17	4	
Net budget authority and outlays:				
89.00	Budget authority			
90.00	Outlays	17	4	

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.

OFFICE OF INNOVATION AND IMPROVEMENT

Federal Funds

INNOVATION AND IMPROVEMENT

For carrying out activities authorized by part G of title I, parts C and D of title II, and parts B, C, and D of title V of the Elementary and Secondary Education Act of 1965, \$897,018,000: Provided, 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 \$36,611,000 shall be for subpart 2 of part B of title V: Provided further, That \$257,108,000 shall be available to carry out part D of title V of the ESEA, of which \$199,000,000 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 up to five percent of such funds for competitive grants shall be available for technical assistance, training, peer review of applications, program outreach and evaluation activities.

Note.—A regular 2007 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 109-289, Division B, as amended). The amounts included for 2007 in this budget reflect the levels provided by the continuing resolution.

Program and Financing (in millions of dollars)

Identification code 91-0204-0-1-501		2006 actual	2007 est.	2008 est.
Obligations by program activity:				

INNOVATION AND IMPROVEMENT—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 91-0204-0-1-501	2006 actual	2007 est.	2008 est.
00.01 Teacher incentive fund	4	98	199
00.02 Troops-to-teachers	15	15	15
00.03 Transition to teaching	44	44	44
00.04 National writing project	21	21	.....
00.05 Teaching American history	120	120	50
00.06 School leadership	15	15	.....
00.07 Advanced credentialing	17	17	.....
School choice and flexibility:			
00.08 Charter schools grants	215	215	215
00.09 Credit enhancement for charter school facilities	37	37	37
00.10 Voluntary public school choice	26	26	26
00.11 Magnet schools assistance	107	107	107
00.12 Advanced placement	32	32	122
00.13 School dropout prevention	5	5	.....
00.14 Close Up fellowships	1	1	.....
00.15 Ready-to-learn-television	24	24	24
00.16 Academies for American history and civics	2	2	.....
00.17 FIE programs of national significance	12	12	33
00.18 Reading is fundamental/Inexpensive book distribution	25	25	25
00.19 Star schools	15	15	.....
00.20 Ready to teach	11	11	.....
00.21 Exchanges with historic whaling and trading partners	9	9	.....
00.22 Excellence in economic education	1	1	.....
00.23 Mental health integration in schools	5	5	.....
00.24 Foundations for learning	1	1	.....
00.25 Arts in education	35	35	.....
00.26 Parental information and resource centers	39	39	.....
00.27 Womens educational equity	3	3	.....
01.00 Total direct program	841	935	897
09.01 DC School Choice	14	14	15
09.02 Reimbursable program	1	.....	.....
10.00 Total new obligations	856	949	912
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year		95	1
22.00 New budget authority (gross)	952	855	912
23.90 Total budgetary resources available for obligation	952	950	913
23.95 Total new obligations	-856	-949	-912
23.98 Unobligated balance expiring or withdrawn	-1	.....	.....
24.40 Unobligated balance carried forward, end of year	95	1	1
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	946	841	897
40.35 Appropriation permanently reduced	-9	.....	.....
43.00 Appropriation (total discretionary)	937	841	897
58.00 Spending authority from offsetting collections: Offsetting collections (cash)	15	14	15
70.00 Total new budget authority (gross)	952	855	912
Change in obligated balances:			
72.40 Obligated balance, start of year	1,595	1,535	1,196
73.10 Total new obligations	856	949	912
73.20 Total outlays (gross)	-915	-1,288	-937
73.40 Adjustments in expired accounts (net)	-1	.....	.....
74.40 Obligated balance, end of year	1,535	1,196	1,171
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	26	43	46
86.93 Outlays from discretionary balances	889	1,245	891
87.00 Total outlays (gross)	915	1,288	937
Offsets:			
Against gross budget authority and outlays:			
Offsetting collections (cash) from:			
88.00 Federal sources	-1	.....	.....
88.40 Non-Federal sources	-14	-14	-15
88.90 Total, offsetting collections (cash)	-15	-14	-15
Net budget authority and outlays:			
89.00 Budget authority	937	841	897
90.00 Outlays	900	1,274	922

Summary of Budget Authority and Outlays

	(in millions of dollars)		
	2006 actual	2007 est.	2008 est.
Enacted/requested:			
Budget Authority	937	841	897
Outlays	900	1,274	922
Legislative proposal, not subject to PAYGO:			
Budget Authority			25
Outlays			1
Total:			
Budget Authority	937	841	922
Outlays	900	1,274	923

Note: Additional authorizing language is sought for all of the resources requested in this account.

Recruiting and training high quality teachers:

Teacher incentive fund.—Funds support 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 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.

Other activities:

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. A portion of the funding supports State efforts 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 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.

Advanced placement.—Funds support competitive grants to State educational agencies, local educational agencies, and national nonprofit educational entities to expand access for low-income individuals to Advanced Placement (AP) or International Baccalaureate (IB) courses, and grants to States to pay test fees for low-income students who are enrolled in AP or IB courses.

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	2006 actual	2007 est.	2008 est.
Direct obligations:			
25.1 Advisory and assistance services	2	3	5
25.2 Other services	53	52	53
41.0 Grants, subsidies, and contributions	786	880	839
99.0 Direct obligations	841	935	897
99.0 Reimbursable obligations	15	14	15
99.9 Total new obligations	856	949	912

INNOVATION AND IMPROVEMENT
(Legislative proposal, not subject to PAYGO)

Program and Financing (in millions of dollars)			
Identification code 91-0204-2-1-501	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
00.01 Adjunct Teacher Corps			25
01.00 Total direct program			25
10.00 Total new obligations (object class 41.0)			25
Budgetary resources available for obligation:			
22.00 New budget authority (gross)			25
23.95 Total new obligations			-25
24.40 Unobligated balance carried forward, end of year			
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation			25
Change in obligated balances:			
73.10 Total new obligations			25
73.20 Total outlays (gross)			-1
74.40 Obligated balance, end of year			24
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority			1
Net budget authority and outlays:			
89.00 Budget authority			25
90.00 Outlays			1

The resources in this schedule are proposed for later transmittal under proposed legislation to revise and reauthorize programs currently authorized under the Elementary and Secondary Education Act.

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.

OFFICE OF SAFE AND DRUG-FREE SCHOOLS

Federal Funds

SAFE SCHOOLS AND CITIZENSHIP EDUCATION

For carrying out activities authorized by part A of title IV of the Elementary and Secondary Education Act of 1965, \$324,248,000, of which \$100,000,000 shall become available on July 1, 2008 and remain available through September 30, 2009: Provided, That \$224,248,000 shall be available for subpart 2 of part A of title IV, of which \$10,000,000, 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.

Note.—A regular 2007 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 109-289, Division B, as amended). The amounts included for 2007 in this budget reflect the levels provided by the continuing resolution.

Program and Financing (in millions of dollars)			
Identification code 91-0203-0-1-501	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
Safe and drug-free schools and communities:			
00.01 State grants	346	355	100
National programs:			
00.02 National activities	138	171	224
00.03 Alcohol abuse reduction	32	32	
00.04 Mentoring program	49	19	
00.91 Subtotal, Safe and drug-free schools and communities	565	577	324
01.01 Character education	24	24	
02.01 Elementary and secondary school counseling	35	35	
03.01 Physical education program	73	73	
04.01 Civic education	29	29	
05.01 Literacy program for prisoners	5		
09.00 Reimbursable program	70	70	70
10.00 Total new obligations	801	808	394
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	7	6	
22.00 New budget authority (gross)	800	802	394
23.90 Total budgetary resources available for obligation	807	808	394
23.95 Total new obligations	-801	-808	-394
24.40 Unobligated balance carried forward, end of year	6		
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	737	732	324
40.35 Appropriation permanently reduced	-7		
43.00 Appropriation (total discretionary)	730	732	324
58.00 Spending authority from offsetting collections: Offsetting collections (cash)	70	70	70
70.00 Total new budget authority (gross)	800	802	394
Change in obligated balances:			
72.40 Obligated balance, start of year	1,291	1,255	1,202
73.10 Total new obligations	801	808	394
73.20 Total outlays (gross)	-836	-861	-810
73.40 Adjustments in expired accounts (net)	-1		
74.40 Obligated balance, end of year	1,255	1,202	786
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	24	16	7
86.93 Outlays from discretionary balances	812	845	803
87.00 Total outlays (gross)	836	861	810
Offsets:			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	-70	-70	-70
Net budget authority and outlays:			
89.00 Budget authority	730	732	324
90.00 Outlays	766	791	740

Note: Additional authorizing language is sought for all of the resources requested in this account.

Safe and drug-free schools and communities:

State grants.—Funds provide formula grants to State educational agencies to provide local educational agencies with training, technical assistance, and information regarding effective models for the creation of safe, healthy, drug-free, and secure schools.

National programs.—Funds support programs and activities in the areas of (1) emergency management planning, (2) preventing violence and drug use, including student drug testing, (3) school culture and climate, including character education, and (4) other needs related to improving students' learning

SAFE SCHOOLS AND CITIZENSHIP EDUCATION—Continued

environment to enable those students to meet challenging academic standards.

Object Classification (in millions of dollars)

Identification code 91-0203-0-1-501	2006 actual	2007 est.	2008 est.
Direct obligations:			
25.1 Advisory and assistance services	6	7	7
25.2 Other services	9	9	9
25.3 Other purchases of goods and services from Government accounts	4	4	4
41.0 Grants, subsidies, and contributions	712	718	304
99.0 Direct obligations	731	738	324
99.0 Reimbursable obligations	70	70	70
99.9 Total new obligations	801	808	394

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	2006 actual	2007 est.	2008 est.
Direct obligations:			
25.5 Research and development contracts	2	2	2
41.0 Grants, subsidies, and contributions	669	676	669
99.9 Total new obligations	671	678	671

OFFICE OF ENGLISH LANGUAGE ACQUISITION

Federal Funds

ENGLISH LANGUAGE ACQUISITION

For carrying out part A of title III of the ESEA, \$670,819,000, which shall become available on July 1, 2008, and shall remain available through September 30, 2009, except that 6.5 percent of such amount shall be available on October 1, 2007 and shall remain available through September 30, 2009, to carry out activities under section 3111(c)(1)(C).

Note.—A regular 2007 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 109-289, Division B, as amended). The amounts included for 2007 in this budget reflect the levels provided by the continuing resolution.

Program and Financing (in millions of dollars)

Identification code 91-1300-0-1-501	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
00.01 Language acquisition State grants	671	678	671
10.00 Total new obligations	671	678	671
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	9	7	.....
22.00 New budget authority (gross)	669	671	671
23.90 Total budgetary resources available for obligation	678	678	671
23.95 Total new obligations	-671	-678	-671
24.40 Unobligated balance carried forward, end of year	7	.....	.....
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	676	671	671
40.35 Appropriation permanently reduced	-7	.....	.....
43.00 Appropriation (total discretionary)	669	671	671
Change in obligated balances:			
72.40 Obligated balance, start of year	937	983	805
73.10 Total new obligations	671	678	671
73.20 Total outlays (gross)	-616	-856	-624
73.40 Adjustments in expired accounts (net)	-9	.....	.....
74.40 Obligated balance, end of year	983	805	852
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	8	34	34
86.93 Outlays from discretionary balances	608	822	590
87.00 Total outlays (gross)	616	856	624
Net budget authority and outlays:			
89.00 Budget authority	669	671	671
90.00 Outlays	616	856	624

Note: Additional authorizing language is sought for all of the resources requested in this account.

OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES

Federal Funds

SPECIAL EDUCATION

For carrying out the Individuals with Disabilities Education Act, \$11,485,147,000, of which \$5,080,559,000 shall become available on July 1, 2008, and shall remain available through September 30, 2009, and of which \$6,215,200,000 shall become available on October 1, 2008, and shall remain available through September 30, 2009, for academic year 2008-2009: Provided, 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 2007, 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.

Note.—A regular 2007 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 109-289, Division B, as amended). The amounts included for 2007 in this budget reflect the levels provided by the continuing resolution.

Program and Financing (in millions of dollars)

Identification code 91-0300-0-1-501	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
State grants:			
00.01 Grants to States	10,481	10,598	9,699
00.02 Preschool grants	381	381	381
00.03 Grants for infants and families	423	438	423
00.91 Subtotal, State grants	11,285	11,417	10,503
National activities:			
01.01 State personnel development	50	50	50
01.02 Technical assistance and dissemination	49	49	49
01.03 Personnel preparation	90	90	90
01.04 Parent information centers	26	26	26
01.05 Technology and media services	38	38	25
01.91 Subtotal, National activities	253	253	240
02.00 Total Direct Program	11,538	11,670	10,743
10.00 Total new obligations	11,538	11,670	10,743
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	67	170	49
22.00 New budget authority (gross)	11,641	11,549	10,694
23.90 Total budgetary resources available for obligation	11,708	11,719	10,743
23.95 Total new obligations	-11,538	-11,670	-10,743
24.40 Unobligated balance carried forward, end of year	170	49	.....
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	6,346	6,125	5,270
40.35 Appropriation permanently reduced	-118	.....	.....
43.00 Appropriation (total discretionary)	6,228	6,125	5,270

55.00	Advance appropriation	5,413	5,424	5,424
70.00	Total new budget authority (gross)	11,641	11,549	10,694
Change in obligated balances:				
72.40	Obligated balance, start of year	9,532	9,212	9,345
73.10	Total new obligations	11,538	11,670	10,743
73.20	Total outlays (gross)	-11,836	-11,537	-10,771
73.40	Adjustments in expired accounts (net)	-22		
74.40	Obligated balance, end of year	9,212	9,345	9,317
Outlays (gross), detail:				
86.90	Outlays from new discretionary authority	3,032	4,136	4,135
86.93	Outlays from discretionary balances	8,804	7,401	6,636
87.00	Total outlays (gross)	11,836	11,537	10,771
Net budget authority and outlays:				
89.00	Budget authority	11,641	11,549	10,694
90.00	Outlays	11,836	11,537	10,771

SUMMARY OF GRANTS TO STATES PROGRAM LEVEL

	[In millions of dollars]		
	2006-2007	2007-2008	2008-2009
	academic year	academic year	academic year
Current Budget Authority	\$5,159	\$5,068	4,277
Advance appropriation	5,424	5,424	6,215
Total program level	10,583	10,492	10,492
Change in advance appropriation from the previous year	+11	0	+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.

Performance data related to program goals include:

	2002-2003 actual	2003-2004 actual	2004-2005 actual
<i>Status of Exiting Students</i>			
Percent of students with disabilities aged 14-21 leaving school:			
Graduated with a diploma	51.9	54.2	54.4
Graduated through certification	12.7	13.1	15.5
Dropped out of school/not known to continue	33.6	30.9	28.3
Reached maximum age for services/other	1.8	1.8	1.8

Object Classification (in millions of dollars)

Identification code 91-0300-0-1-501	2006 actual	2007 est.	2008 est.
Direct obligations:			
25.2 Other services	4	4	4
41.0 Grants, subsidies, and contributions	11,534	11,666	10,739
99.9 Total new obligations	11,538	11,670	10,743

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, and the Helen Keller National Center Act, \$3,184,263,000, of which \$2,837,160,000 shall be for grants for vocational rehabilitation services under Title I of the Rehabilitation Act.

Note.—A regular 2007 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 109-289, Division B, as amended). The amounts included for 2007 in this budget reflect the levels provided by the continuing resolution.

Program and Financing (in millions of dollars)

Identification code 91-0301-0-1-506	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
00.01 Vocational rehabilitation State grants	2,720	2,837	2,837
00.02 Client assistance State grants	12	12	12
00.03 Training	38	38	38
00.04 Demonstration and training programs	8	7	7
00.05 Migrant and seasonal farmworkers	2	2	
00.06 Recreational programs	3	3	
00.07 Protection and advocacy of individual rights	16	16	16
00.08 Projects with industry	20	20	
00.09 Supported employment State grants	30	30	
00.10 Independent living	130	130	130
00.11 Program improvement	1	1	1
00.12 Evaluation	1	1	2
00.13 Helen Keller National Center	9	9	8
00.14 National Institute on Disability and Rehabilitation Research	107	107	107
00.15 Assistive technology	29	30	26
01.00 Total direct program	3,126	3,243	3,184
09.01 Reimbursable program	2	2	2
10.00 Total new obligations	3,128	3,245	3,186
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	3,127	3,244	3,186
23.95 Total new obligations	-3,128	-3,245	-3,186
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	409	405	310
40.35 Appropriation permanently reduced	-4		
43.00 Appropriation (total discretionary)	405	405	310
Spending authority from offsetting collections:			
58.00 Offsetting collections (cash)		2	2
58.10 Change in uncollected customer payments from Federal sources (unexpired)	2		
58.90 Spending authority from offsetting collections (total discretionary)	2	2	2
Mandatory:			
60.00 Appropriation	2,720	2,837	2,874
70.00 Total new budget authority (gross)	3,127	3,244	3,186
Change in obligated balances:			
72.40 Obligated balance, start of year	1,393	1,396	1,086
73.10 Total new obligations	3,128	3,245	3,186
73.20 Total outlays (gross)	-3,116	-3,555	-3,218
73.40 Adjustments in expired accounts (net)	-7		
74.00 Change in uncollected customer payments from Federal sources (unexpired)	-2		
74.40 Obligated balance, end of year	1,396	1,086	1,054
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	81	285	218
86.93 Outlays from discretionary balances	356	422	142
86.97 Outlays from new mandatory authority	1,920	1,986	2,012

REHABILITATION SERVICES AND DISABILITY RESEARCH—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 91-0301-0-1-506	2006 actual	2007 est.	2008 est.
86.98 Outlays from mandatory balances	759	862	846
87.00 Total outlays (gross)	3,116	3,555	3,218
Offsets:			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources		-2	-2
Against gross budget authority only:			
88.95 Change in uncollected customer payments from Federal sources (unexpired)	-2		
Net budget authority and outlays:			
89.00 Budget authority	3,125	3,242	3,184
90.00 Outlays	3,116	3,553	3,216

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 2005, 71 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 2005, 95 percent of general and combined agencies met this performance criterion. This outcome data are based on the approximately 356,229 individuals whose service records were closed in 2005 after receiving services.

The 2008 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 continue to 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. Funds also support national technical assistance activities.

Object Classification (in millions of dollars)

Identification code 91-0301-0-1-506	2006 actual	2007 est.	2008 est.
Direct obligations:			
25.1 Advisory and assistance services	9	10	11
25.2 Other services	1	1	1
41.0 Grants, subsidies, and contributions	3,115	3,231	3,172
99.0 Direct obligations	3,125	3,242	3,184
99.0 Reimbursable obligations	2	2	2
99.5 Below reporting threshold	1	1	
99.9 Total new obligations	3,128	3,245	3,186

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.), \$17,573,000.

Note.—A regular 2007 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 109-289, Division B, as amended). The amounts included for 2007 in this budget reflect the levels provided by the continuing resolution.

Program and Financing (in millions of dollars)

Identification code 91-0600-0-1-501	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
00.01 Direct program activity	18	18	18
10.00 Total new obligations (object class 41.0)	18	18	18

Budgetary resources available for obligation:				
22.00	New budget authority (gross)	18	18	18
23.95	Total new obligations	-18	-18	-18
New budget authority (gross), detail:				
Discretionary:				
40.00	Appropriation	18	18	18
Change in obligated balances:				
72.40	Obligated balance, start of year	5	4	2
73.10	Total new obligations	18	18	18
73.20	Total outlays (gross)	-19	-20	-18
74.40	Obligated balance, end of year	4	2	2
Outlays (gross), detail:				
86.90	Outlays from new discretionary authority	14	17	17
86.93	Outlays from discretionary balances	5	3	1
87.00	Total outlays (gross)	19	20	18
Net budget authority and outlays:				
89.00	Budget authority	18	18	18
90.00	Outlays	19	20	18

The Federal appropriation supports the production and distribution 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 2006, the portion of the Federal appropriation allocated to educational materials represented approximately 68.6 percent of the Printing House's total sales. The full appropriation represented approximately 68.8 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.), \$56,262,000, of which \$913,000 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.

Note.—A regular 2007 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 109-289, Division B, as amended). The amounts included for 2007 in this budget reflect the levels provided by the continuing resolution.

Program and Financing (in millions of dollars)

Identification code 91-0601-0-1-502				
2006 actual 2007 est. 2008 est.				
Obligations by program activity:				
00.01	Operations	55	55	55
00.02	Construction	1	1	1
10.00	Total new obligations (object class 41.0)	56	56	56
Budgetary resources available for obligation:				
22.00	New budget authority (gross)	56	56	56
23.95	Total new obligations	-56	-56	-56
New budget authority (gross), detail:				
Discretionary:				
40.00	Appropriation	57	56	56
40.35	Appropriation permanently reduced	-1		
43.00	Appropriation (total discretionary)	56	56	56
Change in obligated balances:				
72.40	Obligated balance, start of year	2	1	3
73.10	Total new obligations	56	56	56
73.20	Total outlays (gross)	-57	-54	-56
74.40	Obligated balance, end of year	1	3	3
Outlays (gross), detail:				
86.90	Outlays from new discretionary authority	55	52	53
86.93	Outlays from discretionary balances	2	2	3

87.00	Total outlays (gross)	57	54	56
Net budget authority and outlays:				
89.00	Budget authority	56	56	56
90.00	Outlays	57	54	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 2006, the Federal appropriation represented 80 percent of the Institute's operating budget. The request includes funds for a variety of construction projects. The request also 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.), \$106,998,000, 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.

Note.—A regular 2007 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 109-289, Division B, as amended). The amounts included for 2007 in this budget reflect the levels provided by the continuing resolution.

Program and Financing (in millions of dollars)

Identification code 91-0602-0-1-502				
2006 actual 2007 est. 2008 est.				
Obligations by program activity:				
00.01	Operations	107	107	106
00.02	Evaluation			1
10.00	Total new obligations	107	107	107
Budgetary resources available for obligation:				
22.00	New budget authority (gross)	107	107	107
23.95	Total new obligations	-107	-107	-107
New budget authority (gross), detail:				
Discretionary:				
40.00	Appropriation	108	107	107
40.35	Appropriation permanently reduced	-1		
43.00	Appropriation (total discretionary)	107	107	107
Change in obligated balances:				
72.40	Obligated balance, start of year			6
73.10	Total new obligations	107	107	107
73.20	Total outlays (gross)	-107	-101	-107
74.40	Obligated balance, end of year		6	6
Outlays (gross), detail:				
86.90	Outlays from new discretionary authority	107	101	101
86.93	Outlays from discretionary balances			6
87.00	Total outlays (gross)	107	101	107
Net budget authority and outlays:				
89.00	Budget authority	107	107	107
90.00	Outlays	107	101	107

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

GALLAUDET UNIVERSITY—Continued

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 2006, the appropriation for Gallaudet represented 63.3 percent of the total revenue for university-level programs and 97.8 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	2006 actual	2007 est.	2008 est.
Direct obligations:			
25.1 Advisory and assistance services			1
41.0 Grants, subsidies, and contributions	107	107	106
99.9 Total new obligations	107	107	107

OFFICE OF VOCATIONAL AND ADULT EDUCATION

Federal Funds

CAREER, TECHNICAL, AND ADULT EDUCATION

For carrying out, to the extent not otherwise provided, the Carl D. Perkins Career and Technical Education Act of 2006 and the Adult Education and Family Literacy Act, \$1,197,174,000, of which \$1,189,808,000 shall become available on July 1, 2008 and shall remain available through September 30, 2009: Provided, That of the amounts made available for the Carl D. Perkins Career and Technical Education Act of 2006, \$7,366,000 is for postsecondary career and technical institutions under section 117: Provided further, That of the amount provided for Adult Education State Grants, \$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 United States Citizenship and Immigration Services 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 United States Citizenship and Immigration Services 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 shall be for national leadership activities under section 243 and \$6,638,000 shall be for the National Institute for Literacy under section 242.

Note.—A regular 2007 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 109-289, Division B, as amended). The amounts included for 2007 in this budget reflect the levels provided by the continuing resolution.

Program and Financing (in millions of dollars)

Identification code 91-0400-0-1-501	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
Career and technical education:			
00.01 State grants	1,183	1,182	1,391
00.02 National programs	11	9	11
00.03 Occupational and employment information	1	1	
00.04 Tech prep education State grants	105	105	

00.05 Tech prep demonstration	5	5	
00.06 Tribally controlled postsecondary career and technical institutions			7
00.91 Total, Career and technical education	1,305	1,302	1,409
Adult education:			
01.01 State grants	564	565	564
01.02 National leadership activities	9	7	9
01.03 National Institute for Literacy	6	9	7
01.91 Total, adult education	579	581	580
02.01 Smaller learning communities	90	94	90
03.01 State grants for incarcerated youth offenders	23	23	
10.00 Total new obligations	1,997	2,000	2,079

Budgetary resources available for obligation:

21.40 Unobligated balance carried forward, start of year	136	131	128
22.00 New budget authority (gross)	1,992	1,997	1,988
23.90 Total budgetary resources available for obligation	2,128	2,128	2,116
23.95 Total new obligations	-1,997	-2,000	-2,079
24.40 Unobligated balance carried forward, end of year	131	128	37

New budget authority (gross), detail:

Discretionary:			
40.00 Appropriation	1,221	1,206	1,197
40.35 Appropriation permanently reduced	-20		
43.00 Appropriation (total discretionary)	1,201	1,206	1,197
55.00 Advance appropriation from prior year	791	791	791
70.00 Total new budget authority (gross)	1,992	1,997	1,988

Change in obligated balances:

72.40 Obligated balance, start of year	1,755	1,762	1,670
73.10 Total new obligations	1,997	2,000	2,079
73.20 Total outlays (gross)	-1,987	-2,092	-1,939
73.40 Adjustments in expired accounts (net)	-3		
74.40 Obligated balance, end of year	1,762	1,670	1,810

Outlays (gross), detail:

86.90 Outlays from new discretionary authority	602	654	614
86.93 Outlays from discretionary balances	1,385	1,438	1,325
87.00 Total outlays (gross)	1,987	2,092	1,939

Net budget authority and outlays:

89.00 Budget authority	1,992	1,997	1,988
90.00 Outlays	1,987	2,092	1,939

Career and technical education:

State grants.—Funds support formula grants to States and localities to expand and improve their programs of career and technical education and promote equal opportunity in career and technical education programs for historically underserved populations.

National programs.—Funds appropriated in 2007 will be used in 2008 to support discretionary activities that contribute to knowledge of how to improve career and technical education nationally. Activities include a national evaluation, a national center for research and dissemination in career and technical education, and a program of discretionary research and development projects.

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

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	2006 actual	2007 est.	2008 est.
Direct obligations:			
11.3 Personnel compensation: Other than full-time permanent	1	1	1
23.1 Rental payments to GSA	1		
25.1 Advisory and assistance services	2	6	7
25.2 Other services	4	12	8
25.3 Other purchases of goods and services from Government accounts	17	17	9
25.5 Research and development contracts	13	1	2
41.0 Grants, subsidies, and contributions	1,958	1,962	2,051
99.0 Direct obligations	1,996	1,999	2,078
99.5 Below reporting threshold	1	1	1
99.9 Total new obligations	1,997	2,000	2,079

Employment Summary

Identification code 91-0400-0-1-501	2006 actual	2007 est.	2008 est.
Direct:			
1001 Civilian full-time equivalent employment	13	16	16

OFFICE OF POSTSECONDARY EDUCATION

Federal Funds

HIGHER EDUCATION

For carrying out, to the extent not otherwise provided, titles III, IV, V, VI, and VII of the Higher Education Act of 1965 (“HEA”), as amended, the Mutual Educational and Cultural Exchange Act of 1961, \$1,837,737,000: Provided, That \$9,797,000, to remain available through September 30, 2009, shall be available to fund fellowships for academic year 2009–2010 under part A, subpart 1 of title VII of the HEA, under the terms and conditions of part A, subpart 1: Provided further, That \$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 Educational and Cultural Exchange Act of 1961 may be used to support visits and study in foreign countries by individuals who are participating in advanced foreign language training and international studies in areas that are vital to United States national security and who plan to apply their language skills and knowledge of these countries in the fields of government, the professions, or international development: Provided further, That 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 \$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.

Note.—A regular 2007 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 109–289, Division B, as amended). The amounts included for 2007 in this budget reflect the levels provided by the continuing resolution.

Program and Financing (in millions of dollars)

Identification code 91-0201-0-1-502	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
00.01 Strengthening institutions	79	79	79
00.02 Strengthening tribally controlled colleges and universities	24	24	19

00.03 Strengthening Alaska Native and Native Hawaiian-serving institutions	12	12	
00.04 Strengthening historically black colleges and universities	238	238	238
00.05 Strengthening historically black graduate institutions	58	58	58
00.06 Minority science and engineering improvement	9	9	9
00.91 Subtotal, aid for institutional development	420	420	403
Other aid for institutions:			
01.01 Developing Hispanic-serving institutions	95	95	95
01.02 International education and foreign language studies	106	106	106
01.03 Fund for the Improvement of Postsecondary Education	22	22	22
01.04 Demonstration projects to ensure quality higher education for students with disabilities	7	7	
01.05 Interest subsidy grants	4	4	
01.06 Tribally controlled postsecondary vocational and technical institutions	7	7	
01.91 Subtotal, other aid for institutions	241	241	223
Assistance for students:			
02.01 Federal TRIO programs	828	828	828
02.02 Gaining early awareness and readiness for undergraduate programs (GEAR UP)	303	303	303
02.03 Byrd honors scholarships	40	40	
02.04 Javits fellowships	10	10	10
02.05 Graduate assistance in areas of national need	30	30	30
02.06 Thurgood Marshall legal educational opportunity	3	3	
02.07 B.J. Stupak Olympic scholarships	1	1	
02.08 Child care access means parents in school	16	16	16
02.91 Subtotal, assistance for students	1,231	1,231	1,187
03.01 Teacher quality enhancement	60	60	
04.01 Other higher education activities	3	3	1
05.01 Advancing America through foreign language partnerships			24
10.00 Total new obligations	1,955	1,955	1,838

Budgetary resources available for obligation:

21.40 Unobligated balance carried forward, start of year	19	15	15
22.00 New budget authority (gross)	1,951	1,955	1,837
23.90 Total budgetary resources available for obligation	1,970	1,970	1,852
23.95 Total new obligations	–1,955	–1,955	–1,838
24.40 Unobligated balance carried forward, end of year	15	15	14

New budget authority (gross), detail:

Discretionary:			
40.00 Appropriation	1,971	1,955	1,837
40.35 Appropriation permanently reduced	–20		
43.00 Appropriation (total discretionary)	1,951	1,955	1,837

Change in obligated balances:

72.40 Obligated balance, start of year	2,870	2,746	2,602
73.10 Total new obligations	1,955	1,955	1,838
73.20 Total outlays (gross)	–2,059	–2,099	–2,003
73.40 Adjustments in expired accounts (net)	–20		
74.40 Obligated balance, end of year	2,746	2,602	2,437

Outlays (gross), detail:

86.90 Outlays from new discretionary authority	54	101	92
86.93 Outlays from discretionary balances	2,005	1,998	1,911
87.00 Total outlays (gross)	2,059	2,099	2,003

Net budget authority and outlays:

89.00 Budget authority	1,951	1,955	1,837
90.00 Outlays	2,059	2,099	2,003

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.

HIGHER EDUCATION—Continued

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.

Assistance for students:

Federal TRIO programs.—Funds support postsecondary education outreach and support services to help disadvantaged adults enter and complete college and graduate studies.

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

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 underrepresented 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 activities:

Other higher education activities.—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	2006 actual	2007 est.	2008 est.
Direct obligations:			
25.1 Advisory and assistance services	4	4	4

25.2	Other services	4	3	5
25.3	Other purchases of goods and services from Government accounts	2	2	2
25.7	Operation and maintenance of equipment	1	1	1
41.0	Grants, subsidies, and contributions	1,944	1,945	1,826
99.9	Total new obligations	1,955	1,955	1,838

HOWARD UNIVERSITY

For partial support of Howard University (20 U.S.C. 121 et seq.), \$233,866,000.

Note.—A regular 2007 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 109-289, Division B, as amended). The amounts included for 2007 in this budget reflect the levels provided by the continuing resolution.

Program and Financing (in millions of dollars)

Identification code 91-0603-0-1-502	2006 actual	2007 est.	2008 est.	
Obligations by program activity:				
00.01	General support	205	212	209
00.02	Howard University Hospital	29	29	29
10.00	Total new obligations (object class 41.0)	234	241	238
Budgetary resources available for obligation:				
21.40	Unobligated balance carried forward, start of year	7	11	4
22.00	New budget authority (gross)	238	234	234
23.90	Total budgetary resources available for obligation	245	245	238
23.95	Total new obligations	-234	-241	-238
24.40	Unobligated balance carried forward, end of year	11	4	.....
New budget authority (gross), detail:				
Discretionary:				
40.00	Appropriation	240	234	234
40.35	Appropriation permanently reduced	-2	.....	.....
43.00	Appropriation (total discretionary)	238	234	234
Change in obligated balances:				
72.40	Obligated balance, start of year .....	.....	.....	10
73.10	Total new obligations	234	241	238
73.20	Total outlays (gross)	-234	-231	-234
74.40	Obligated balance, end of year .....	.....	10	14
Outlays (gross), detail:				
86.90	Outlays from new discretionary authority	234	220	220
86.93	Outlays from discretionary balances .....	.....	11	14
87.00	Total outlays (gross)	234	231	234
Net budget authority and outlays:				
89.00	Budget authority	238	234	234
90.00	Outlays	234	231	234

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 2006, Federal funding represented approximately 51 percent of the university's revenue.

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 \$481,000.

HISTORICALLY BLACK COLLEGE AND UNIVERSITY CAPITAL FINANCING PROGRAM ACCOUNT

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, \$188,000.

Note.—A regular 2007 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 109-289, Division B, as amended). The amounts included for 2007 in this budget reflect the levels provided by the continuing resolution.

Program and Financing (in millions of dollars)

Identification code 91-0241-0-1-502	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
00.01 Direct loan subsidy		179	
00.05 Reestimates of direct loan subsidy		11	
00.06 Interest on reestimates of direct loan subsidy		3	
00.09 Federal administration	1	1	1
10.00 Total new obligations	1	194	1
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	1	194	1
23.95 Total new obligations	-1	-194	-1
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	1	180	1
Mandatory:			
60.00 Appropriation		14	
70.00 Total new budget authority (gross)	1	194	1
Change in obligated balances:			
73.10 Total new obligations	1	194	1
73.20 Total outlays (gross)	-1	-194	-1
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	1	180	1
86.97 Outlays from new mandatory authority		14	
87.00 Total outlays (gross)	1	194	1
Net budget authority and outlays:			
89.00 Budget authority	1	194	1
90.00 Outlays	1	194	1

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

Identification code 91-0241-0-1-502	2006 actual	2007 est.	2008 est.
Direct loan levels supportable by subsidy budget authority:			
115002 Historically Black Colleges and Universities	15	75	
115003 HBCU Hurricane Supplemental		235	
115999 Total direct loan levels	15	310	
Direct loan subsidy (in percent):			
132002 Historically Black Colleges and Universities	0.00	0.00	0.00
132003 HBCU Hurricane Supplemental	0.00	76.14	0.00
132999 Weighted average subsidy rate	0.00	57.72	0.00
Direct loan subsidy budget authority:			
133003 HBCU Hurricane Supplemental		179	
133999 Total subsidy budget authority		179	
Direct loan subsidy outlays:			
134003 HBCU Hurricane Supplemental		179	
134999 Total subsidy outlays		179	
Direct loan upward reestimates:			
135002 Historically Black Colleges and Universities		14	
135999 Total upward reestimate budget authority		14	
Administrative expense data:			
3510 Budget authority	1	1	1
3590 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 un-paid 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. In 2006 P.L. 109-234, an emergency supplemental appropriation act, provided authority issue loans with more favorable terms to HBCUs affected by Hurricane Katrina. The Department estimates that it will guarantee \$235 million of these loans in 2007, at a cost of \$179 million. The Department anticipates that the program will surpass the statutory loan cap of \$375 million in principal and accrued interest in fiscal year 2007, at which point the Department will not have authority to make additional loan guarantees. The 2008 Budget provides funds for continuing Federal administrative activities only.

Object Classification (in millions of dollars)

Identification code 91-0241-0-1-502	2006 actual	2007 est.	2008 est.
41.0 Direct obligations: Grants, subsidies, and contributions		193	
99.5 Below reporting threshold	1	1	1
99.9 Total new obligations	1	194	1

Employment Summary

Identification code 91-0241-0-1-502	2006 actual	2007 est.	2008 est.
Direct:			
1001 Civilian full-time equivalent employment	5	4	4

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS FINANCING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 91-4252-0-3-502	2006 actual	2007 est.	2008 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:			
Mandatory:			
Spending authority from offsetting collections:			
69.00 Offsetting collections (cash)	2	2	2
69.47 Portion applied to repay debt	-1	-1	-1

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS FINANCING
ACCOUNT—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 91-4252-0-3-502	2006 actual	2007 est.	2008 est.
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
Outlays (gross), detail:			
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	2006 actual	2007 est.	2008 est.
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	19	18	18
1251 Repayments: Repayments and prepayments	-1		
1290 Outstanding, end of year	18	18	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	2005 actual	2006 actual
ASSETS:		
Net value of assets related to post-1991 direct loans receivable:		
1401 Direct loans receivable, gross	19	19
1402 Interest receivable	1	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	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
00.02 Interest paid to Treasury	7	8	7
10.00 Total new obligations (object class 43.0)	7	8	7
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year		1	
22.00 New budget authority (gross)	8	8	7

22.40 Capital transfer to general fund	-1		
23.90 Total budgetary resources available for obligation	8	8	7
23.95 Total new obligations	-7	-8	-7
24.40 Unobligated balance carried forward, end of year	1		

New budget authority (gross), detail:

Mandatory:			
60.00 Appropriation	3	2	2
Spending authority from offsetting collections:			
69.00 Offsetting collections (cash)	37	31	28
69.27 Capital transfer to general fund	-25	-22	-20
69.47 Portion applied to repay debt	-7	-3	-3
69.90 Spending authority from offsetting collections (total mandatory)	5	6	5
70.00 Total new budget authority (gross)	8	8	7

Change in obligated balances:

72.40 Obligated balance, start of year	1		
73.10 Total new obligations	7	8	7
73.20 Total outlays (gross)	-8	-8	-7
74.40 Obligated balance, end of year			

Outlays (gross), detail:

86.97 Outlays from new mandatory authority	8	8	7
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Offsets:

Against gross budget authority and outlays:			
Offsetting collections (cash) from:			
88.40 Repayments of principal	-27	-21	-19
88.40 Interest received on loans	-10	-10	-9
88.90 Total, offsetting collections (cash)	-37	-31	-28

Net budget authority and outlays:

89.00 Budget authority	-29	-23	-21
90.00 Outlays	-29	-23	-21

Status of Direct Loans (in millions of dollars)

Identification code 91-0242-0-1-502	2006 actual	2007 est.	2008 est.
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	83	76	73
1251 Repayments: Repayments and prepayments	-7	-3	-3
1290 Outstanding, end of year	76	73	70
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	17	16	14
1251 Repayments: Repayments and prepayments	-1	-2	-2
1290 Outstanding, end of year	16	14	12
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	182	163	147
1251 Repayments: Repayments and prepayments	-19	-16	-15
1290 Outstanding, end of year	163	147	132

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	2005 actual	2006 actual
ASSETS:		
1601 Direct loans, gross	282	255
1602 Interest receivable	6	6
1699 Value of assets related to direct loans	288	261
1999 Total assets	288	261

LIABILITIES:			
Federal liabilities:			
2103	Debt	83	76
2104	Resources payable to Treasury	205	185
2999	Total liabilities	288	261
4999	Total liabilities and net position	288	261

**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	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
00.01	Direct loan awards	15	310
00.02	Interest paid to Treasury	7	7
10.00	Total new obligations	22	317
Budgetary resources available for obligation:			
22.00	New financing authority (gross)	22	317
23.95	Total new obligations	-22	-317
24.40	Unobligated balance carried forward, end of year		
New financing authority (gross), detail:			
Mandatory:			
67.10	Authority to borrow	15	310
Spending authority from offsetting collections:			
69.00	Offsetting collections (cash)	20	205
69.47	Portion applied to repay debt	-13	-198
69.90	Spending authority from offsetting collections (total mandatory)	7	7
70.00	Total new financing authority (gross)	22	317
Change in obligated balances:			
72.40	Obligated balance, start of year	38	11
73.10	Total new obligations	22	317
73.20	Total financing disbursements (gross)	-49	-178
74.40	Obligated balance, end of year	11	150
Outlays (gross), detail:			
87.00	Total financing disbursements (gross)	49	178

Offsets:			
Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
88.00	Federal sources	-193	
88.40	Interest repayments	-7	-7
88.40	Principal repayments	-13	-5
88.90	Total, offsetting collections (cash)	-20	-205
Net financing authority and financing disbursements:			
89.00	Financing authority	2	112
90.00	Financing disbursements	29	-27

Status of Direct Loans (in millions of dollars)

Identification code 91-4255-0-3-502	2006 actual	2007 est.	2008 est.
Position with respect to appropriations act limitation on obligations:			
1111	Limitation on direct loans	208	216
1142	Unobligated direct loan limitation (-)	-193	94
1150	Total direct loan obligations	15	310
Cumulative balance of direct loans outstanding:			
1210	Outstanding, start of year	126	155
1231	Disbursements: Direct loan disbursements	42	170
1251	Repayments: Repayments and prepayments	-13	-5
1290	Outstanding, end of year	155	320

As required by the Federal Credit Reform Act of 1990, this non-budgetary account records all cash flows to and from

the Federal 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	2005 actual	2006 actual
ASSETS:		
1101	Federal assets: Fund balances with Treasury	10
	Net value of assets related to post-1991 direct loans receivable:	
1401	Direct loans receivable, gross	126
1402	Interest receivable	3
1499	Net present value of assets related to direct loans	129
1999	Total assets	139
LIABILITIES:		
Federal liabilities:		
2102	Interest payable	3
2103	Debt	126
2201	Non-Federal liabilities: Undisbursed direct loans	10
2999	Total liabilities	139
4999	Total liabilities and net position	139

OFFICE OF FEDERAL STUDENT AID

Federal Funds

STUDENT FINANCIAL ASSISTANCE

For carrying out subpart 1 of part A, and part C of title IV of the Higher Education Act of 1965, as amended, \$14,203,492,000, which shall remain available through September 30, 2009.

The maximum Pell Grant for which a student shall be eligible during award year 2008-2009 shall be \$4,050.

Note.—A regular 2007 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 109-289, Division B, as amended). The amounts included for 2007 in this budget reflect the levels provided by the continuing resolution.

Program and Financing (in millions of dollars)

Identification code 91-0200-0-1-502	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
01.01	Federal Pell grants	14,801	12,297
02.01	Federal supplemental educational opportunity grants (SEOG)	776	772
02.02	Federal work-study	1,005	981
02.03	Federal Perkins loans: Fed. capital contributions	5	
02.04	Federal Perkins loans: Loan cancellations	65	65
02.91	Campus-based activities—Subtotal (1 level)	1,851	1,818
03.01	Leveraging educational assistance partnership	65	65
10.00	Total new obligations (object class 41.0)	16,717	14,180
Budgetary resources available for obligation:			
21.40	Unobligated balance carried forward, start of year	23	2,694
22.00	New budget authority (gross)	19,255	14,488
22.10	Resources available from recoveries of prior year obligations	133	
23.90	Total budgetary resources available for obligation	19,411	17,182
23.95	Total new obligations	-16,717	-14,180
24.40	Unobligated balance carried forward, end of year	2,694	3,002

New budget authority (gross), detail:
Discretionary:

STUDENT FINANCIAL ASSISTANCE—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 91-0200-0-1-502	2006 actual	2007 est.	2008 est.
40.00 Appropriation	15,078	14,488	14,203
40.00 Appropriation			
40.35 Appropriation permanently reduced	- 151		
43.00 Appropriation (total discretionary)	14,927	14,488	14,203
Mandatory:			
60.00 Appropriation	4,300		
63.00 Reappropriation	28		
70.00 Total new budget authority (gross)	19,255	14,488	14,203
Change in obligated balances:			
72.40 Obligated balance, start of year	6,861	8,722	8,702
73.10 Total new obligations	16,717	14,180	13,965
73.20 Total outlays (gross)	- 14,710	- 14,200	- 14,244
73.40 Adjustments in expired accounts (net)	- 13		
73.45 Recoveries of prior year obligations	- 133		
74.40 Obligated balance, end of year	8,722	8,702	8,423
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	8,011	3,216	2,997
86.93 Outlays from discretionary balances	6,679	10,976	11,247
86.97 Outlays from new mandatory authority	20		
86.98 Outlays from mandatory balances		8	
87.00 Total outlays (gross)	14,710	14,200	14,244
Net budget authority and outlays:			
89.00 Budget authority	19,255	14,488	14,203
90.00 Outlays	14,710	14,200	14,244

Summary of Budget Authority and Outlays

(in millions of dollars)

	2006 actual	2007 est.	2008 est.
Enacted/requested:			
Budget Authority	19,254	14,488	14,203
Outlays	14,710	14,200	14,244
Legislative proposal, subject to PAYGO:			
Budget Authority			2,216
Outlays			532
Total:			
Budget Authority	19,254	14,488	16,419
Outlays	14,710	14,200	14,776

Status of Direct Loans (in millions of dollars)

Identification code 91-0200-0-1-502	2006 actual	2007 est.	2008 est.
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	323	322	321
1251 Repayments: Repayments and prepayments	- 26	- 26	- 26
Write-offs for default:			
1263 Direct loans	- 14	- 14	- 14
1264 Other adjustments, net	39	39	39
1290 Outstanding, end of year	322	321	320

Notes: Figures include, in all years, institutional matching share of defaulted notes assigned from institutions to the Education Department.

The Administration's student aid policy proposals, including funding levels for programs in the Student Financial Assistance account, are discussed under the Federal Direct Student Loan Program account. Authorizing legislation to implement these policies, which will be proposed for later transmittal, will provide substantial mandatory funding resources that will allow the maximum Pell Grant level to be increased to \$4,600, \$550 above the level shown in the above appropriations language. When these mandatory funds are taken into account, funding from the Student Financial Assistance account and related matching funds would provide nearly 6.3 million awards totaling over \$16.4 billion in available aid in award year 2008-2009.

Federal Pell Grants.—Pell Grants are the single largest source of grant aid for postsecondary education. In 2007, 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.

Federal Work Study.—This program provides aid administrators with considerable flexibility in packaging financial aid awards to best meet student needs. 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.

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/SMART 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 matching funds wherever appropriate. The 2008 data in these tables reflect the Administration's legislative proposals.

AID FUNDS AVAILABLE FOR POSTSECONDARY EDUCATION AND TRAINING

(in thousands)

	2006	2007	2008
Pell grants	12,880,787	12,954,395	15,175,820
Academic Competitiveness Grants	340,000	420,000	830,000
SMART grants	310,000	310,000	350,000
Student loans:			
Guaranteed student loans:			
Stafford loans	19,856,009	21,410,043	23,721,725
Unsubsidized Stafford loans	20,067,865	21,784,501	23,912,997
PLUS	7,382,849	9,207,694	10,210,395
Direct student loans:			
Stafford loans	5,604,411	5,943,987	6,637,369
Unsubsidized Stafford loans	4,784,107	5,158,934	5,649,747
PLUS	2,288,328	2,493,366	2,762,814
Consolidation:			
FFEL	72,009,607	26,852,938	31,882,248
Direct Loans	19,347,290	4,465,821	4,996,000
Perkins loans	1,134,733	1,104,497	0
Student loans, subtotal	152,475,199	98,421,781	112,783,271
Work study	1,174,800	1,174,970	1,174,970
Supplemental educational opportunity grants	975,864	975,432	0
Leveraging educational assistance partnerships	164,960	164,960	0
Total aid available	168,321,610	114,421,538	127,304,154

NUMBER OF AID AWARDS

(in thousands)

	2006	2007	2008
Pell grants	5,165	5,274	5,478
Academic competitiveness grants	400	497	662
SMART grants	80	82	93
Guaranteed student loans—Stafford loans	5,706	5,913	6,090
Guaranteed student loans—Unsubsidized Stafford loans	4,585	4,786	4,976
Guaranteed student loans—PLUS	691	797	840
Guaranteed student loans—Consolidation	2,622	992	1,137
Direct student loans—Stafford loans	1,153	1,503	1,547
Direct student loans—Unsubsidized Stafford loans	1,091	1,094	1,133
Direct student loans—PLUS	237	242	255
Direct student loans—Consolidation	756	200	200
Perkins loans	514	501	0
Work-study	880	880	880
Supplemental educational opportunity grants	1,291	1,290	0
Leveraging educational assistance partnerships	165	165	0
Total awards	25,696	24,216	23,291

AVERAGE AID AWARDS

[in whole dollars]

	2006	2007	2008
Pell grants	2,494	2,456	2,770
Academic competitiveness	850	845	1,254
SMART Grants	3,875	3,780	3,763
Guaranteed student loans—Stafford loans	3,480	3,621	3,895
Guaranteed student loans—Unsubsidized Stafford loans	4,377	4,552	4,806
Guaranteed student loans—PLUS	10,678	11,557	12,152
Guaranteed student loans—Consolidation	27,465	27,075	28,040
Direct student loans—Stafford loans	3,704	3,954	4,290
Direct student loans—Unsubsidized Stafford loans	4,386	4,715	4,987
Direct student loans—PLUS	9,675	10,300	10,834
Direct student loans—Consolidation	25,607	22,292	22,673
Perkins loans	2,206	2,206	0
Work-study	1,335	1,335	1,335
Supplemental educational opportunity grants	756	756	0
Leveraging educational assistance partnerships	1,000	1,000	0

NUMBER OF STUDENTS AIDED

[in thousands]

Unduplicated student count	10,409	10,766	11,076
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ADMINISTRATIVE PAYMENTS TO INSTITUTIONS

[in thousands of dollars]

	2006	2007	2008
Pell grants	25,827	26,372	27,389
Work-study	73,445	73,456	73,445
Supplemental educational opportunity grants	39,035	39,017	0
Perkins loans	45,389	44,180	0

STUDENT FINANCIAL ASSISTANCE

(Legislative proposal, subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 91-0200-4-1-502	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
01.01 Federal Pell Grants			1,640
10.00 Total new obligations (object class 41.0)			1,640
Budgetary resources available for obligation:			
22.00 New budget authority (gross)			2,216
23.95 Total new obligations			-1,640
24.40 Unobligated balance carried forward, end of year			576
New budget authority (gross), detail:			
Mandatory:			
60.00 Appropriation			2,216
Change in obligated balances:			
73.10 Total new obligations			1,640
73.20 Total outlays (gross)			-532
74.40 Obligated balance, end of year			1,108
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority			532
Net budget authority and outlays:			
89.00 Budget authority			2,216
90.00 Outlays			532

Status of Direct Loans (in millions of dollars)

Identification code 91-0200-4-1-502	2006 actual	2007 est.	2008 est.
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year			
1251 Repayments: Repayments and prepayments			26
Write-offs for default:			
1263 Direct loans			14
1264 Other adjustments, net			-360
1290 Outstanding, end of year			-320

ACADEMIC COMPETITIVENESS/SMART GRANT PROGRAM

Program and Financing (in millions of dollars)

Identification code 91-0205-0-1-502	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
00.01 Direct program activity	47	1,187	850
10.00 Total new obligations (object class 41.0)	47	1,187	850
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	790	850	920
22.30 Expired unobligated balance transfer to unexpired account		743	406
23.90 Total budgetary resources available for obligation	790	1,593	1,326
23.95 Total new obligations	-47	-1,187	-850
23.98 Unobligated balance expiring or withdrawn	-743	-406	-476
24.40 Unobligated balance carried forward, end of year			
New budget authority (gross), detail:			
Mandatory:			
60.00 Appropriation	790	850	920
Change in obligated balances:			
72.40 Obligated balance, start of year		3	323
73.10 Total new obligations	47	1,187	850
73.20 Total outlays (gross)	-44	-867	-771
74.40 Obligated balance, end of year	3	323	402
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority	44	140	211
86.98 Outlays from mandatory balances		727	560
87.00 Total outlays (gross)	44	867	771
Net budget authority and outlays:			
89.00 Budget authority	790	850	920
90.00 Outlays	44	867	771

Summary of Budget Authority and Outlays

(in millions of dollars)

	2006 actual	2007 est.	2008 est.
Enacted/requested:			
Budget Authority	790	850	920
Outlays	44	867	771
Legislative proposal, subject to PAYGO:			
Budget Authority			260
Outlays			72
Total:			
Budget Authority	790	850	1,180
Outlays	44	867	843

These need-based programs provide grants to U.S citizens who attend school on a full-time basis. Students receiving grants must be eligible to receive a Pell Grant and, for second-, third-, and fourth-year students, must maintain at least a 3.0 grade point average.

Academic Competitiveness Grants (ACG). These grants are awarded to first-year and second-year students who have completed a rigorous course of study in high school. Grant levels are \$750 for first-year students and \$1,300 for second-year students.

Science and Mathematics Access to Retain Talent (SMART) Grants. These grants are awarded to third-year and fourth-year students pursuing a major in mathematics, science, or a foreign language deemed critical to national security. Grant levels are \$4,000 for both third- and fourth-year students

Taken together with other Federal student aid, grants cannot exceed a student's cost of attendance. Program funding in excess of the amount needed to fund grants in a given year can be carried over for use in subsequent years; if the mandatory funding level is insufficient to fund program grants, grant levels are reduced.

ACADEMIC COMPETITIVENESS/SMART GRANT PROGRAM—Continued

The Administration's student aid policy proposals, including those related to the ACG/SMART Grants, are discussed under the Federal Direct Student Loan Program Account.

ACADEMIC COMPETITIVENESS/SMART GRANT PROGRAM
(Legislative proposal, subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 91-0205-4-1-502	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
00.01 Direct program activity			240
10.00 Total new obligations (object class 41.0)			240
Budgetary resources available for obligation:			
22.00 New budget authority (gross)			260
23.95 Total new obligations			-240
24.40 Unobligated balance carried forward, end of year			20
New budget authority (gross), detail:			
Mandatory:			
60.00 Appropriation			260
Change in obligated balances:			
73.10 Total new obligations			240
73.20 Total outlays (gross)			-72
74.40 Obligated balance, end of year			168
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority			72
Net budget authority and outlays:			
89.00 Budget authority			260
90.00 Outlays			72

PERKINS LOAN ASSETS

The 2008 Budget proposes to eliminate the Perkins Loan program and to recall the entire Federal portion of revolving funds held by participating institutions. This proposal is discussed, as part of a broader review of student aid policy proposals, under the Federal Direct Student Loan Program Account. The Perkins Loan account records amounts recalled from Perkins Loan institutions and subsequent repayments on outstanding Perkins Loans, as well as reimbursements of institutional funds to participating schools.

PERKINS LOAN ASSETS
(Legislative proposal, subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 91-0219-4-1-502	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
01.01 Institutional Share of Perkins Collections			87
10.00 Total new obligations (object class 41.0)			87
Budgetary resources available for obligation:			
22.00 New budget authority (gross)			87
23.95 Total new obligations			-87
New budget authority (gross), detail:			
Mandatory:			
Spending authority from offsetting collections:			
69.00 Offsetting collections (cash)			506
69.27 Capital transfer to general fund			-419
69.90 Spending authority from offsetting collections (total mandatory)			87
Change in obligated balances:			
73.10 Total new obligations			87

73.20 Total outlays (gross)			-87
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority			87
Offsets:			
Against gross budget authority and outlays:			
88.40 Offsetting collections (cash) from: Non-Federal sources			-506
Net budget authority and outlays:			
89.00 Budget authority			-419
90.00 Outlays			-419

Status of Direct Loans (in millions of dollars)

Identification code 91-0219-4-1-502	2006 actual	2007 est.	2008 est.
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year			
1251 Repayments: Repayments and prepayments			-506
Write-offs for default:			
1263 Direct loans			-54
1264 Other adjustments, net			8,000
1290 Outstanding, end of year			7,440

STUDENT AID ADMINISTRATION

For Federal administrative expenses 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, \$708,216,000, which shall remain available until expended.

Note.—A regular 2007 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 109-289, Division B, as amended). The amounts included for 2007 in this budget reflect the levels provided by the continuing resolution.

Program and Financing (in millions of dollars)

Identification code 91-0202-0-1-502	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
00.01 Student aid administration	119	718	708
10.00 Total new obligations	119	718	708
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	119	718	708
23.95 Total new obligations	-119	-718	-708
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation		718	708
40.35 Appropriation permanently reduced	-1		
43.00 Appropriation (total discretionary)	119	718	708
Change in obligated balances:			
72.40 Obligated balance, start of year	36	45	324
73.10 Total new obligations	119	718	708
73.20 Total outlays (gross)	-110	-439	-622
74.40 Obligated balance, end of year	45	324	410
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	82	409	406
86.93 Outlays from discretionary balances	28	30	216
87.00 Total outlays (gross)	110	439	622
Net budget authority and outlays:			
89.00 Budget authority	119	718	708
90.00 Outlays	110	439	622

The Department of Education manages Federal student aid programs that will provide \$127.3 billion in Federal student aid grants and loans to 11.1 million students and parents in 2008. Primary responsibility for administering these programs lies with the Office of Postsecondary Education and

the performance-based Federal Student Aid (FSA), which are both overseen by the Office of the Under Secretary. 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—\$220 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 are funded from a single discretionary account. (Account maintenance fees payments for these years are paid from the FFEL Program Account.)

The Budget for 2008 includes \$708 million for student aid administration. Most of these funds support 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.

Consistent with Section 484(q) of the Higher Education Act and Section 6103(c) of the Internal Revenue Code, the Department of Education and the Internal Revenue Service intend to implement a process to verify students' (and their parents') income, tax and certain household information appearing on their income tax return that they provided as part of their application for Federal student aid. This process is part of ongoing efforts to ensure students receive the correct amount of Federal student aid, and is a key component of the Administration's efforts to reduce erroneous payments government-wide.

01.02	Obligations, non-federal	5,385	6,198	6,812
10.00	Total new obligations (object class 42.0)	5,385	6,198	6,812
Budgetary resources available for obligation:				
21.40	Unobligated balance carried forward, start of year	888	579	747
22.00	New budget authority (gross)	5,356	6,461	7,099
22.40	Capital transfer to general fund	-280	-95	.....
23.90	Total budgetary resources available for obligation	5,964	6,945	7,846
23.95	Total new obligations	-5,385	-6,198	-6,812
24.40	Unobligated balance carried forward, end of year	579	747	1,034
New budget authority (gross), detail:				
Mandatory:				
69.00	Spending authority from offsetting collections: Offsetting collections (cash)	5,356	6,461	7,099
Change in obligated balances:				
73.10	Total new obligations	5,385	6,198	6,812
73.20	Total outlays (gross)	-5,386	-6,198	-6,812
Outlays (gross), detail:				
86.97	Outlays from new mandatory authority	5,210	5,854	6,419
86.98	Outlays from mandatory balances	176	344	393
87.00	Total outlays (gross)	5,386	6,198	6,812
Offsets:				
Against gross budget authority and outlays:				
Offsetting collections (cash) from:				
88.00	Federal sources	-5,210	-5,854	-6,419
88.40	Non-Federal sources	-146	-607	-680
88.90	Total, offsetting collections (cash)	-5,356	-6,461	-7,099
Net budget authority and outlays:				
89.00	Budget authority .....	.....	.....	.....
90.00	Outlays	30	-263	-287

Summary of Budget Authority and Outlays

(in millions of dollars)

	2006 actual	2007 est.	2008 est.
Enacted/requested:			
Budget Authority .....	.....	.....	.....
Outlays	30	-263	-287
Legislative proposal, subject to PAYGO:			
Budget Authority .....	.....	.....	.....
Outlays .....	.....	.....	-5
Total:			
Budget Authority .....	.....	.....	.....
Outlays	30	-263	-292

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 following schedule reflects the balances in these guaranty agency funds. During 2007, OMB, Treasury and the Department plan to review the budgetary and financial presentation of these funds in the context of relevant laws and guidance.

Balance Sheet (in millions of dollars)

Identification code 91-4257-0-3-502	2005 actual	2006 actual
ASSETS:		
1101 Federal assets: Fund balances with Treasury	1,040	579
1999 Total assets	1,040	579
NET POSITION:		
3300 Cumulative results of operations	1,040	579
3999 Total net position	1,040	579
4999 Total liabilities and net position	1,040	579

Object Classification (in millions of dollars)

Identification code 91-0202-0-1-502	2006 actual	2007 est.	2008 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent	42	104	108
11.3 Other than full-time permanent	2	.....	.....
11.5 Other personnel compensation	1	2	2
11.9 Total personnel compensation	45	106	110
12.1 Civilian personnel benefits	12	27	29
21.0 Travel and transportation of persons .....	.....	4	4
23.1 Rental payments to GSA	5	15	14
23.3 Communications, utilities, and miscellaneous charges	4	7	7
24.0 Printing and reproduction	2	7	8
25.1 Advisory and assistance services .....	.....	3	3
25.2 Other services	1	35	37
25.3 Other purchases of goods and services from Government accounts	6	13	13
25.7 Operation and maintenance of equipment	43	496	480
26.0 Supplies and materials .....	.....	1	1
31.0 Equipment	1	2	1
32.0 Land and structures .....	.....	2	1
99.9 Total new obligations	119	718	708

Employment Summary

Identification code 91-0202-0-1-502	2006 actual	2007 est.	2008 est.
Direct:			
1001 Civilian full-time equivalent employment	505	1,132	1,132

FEDERAL STUDENT LOAN RESERVE FUND

Program and Financing (in millions of dollars)

Identification code 91-4257-0-3-502	2006 actual	2007 est.	2008 est.
Obligations by program activity:			

FEDERAL STUDENT LOAN RESERVE FUND
(Legislative proposal, subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 91-4257-4-3-502	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
01.02 Obligations, non-federal			-133
10.00 Total new obligations (object class 42.0)			-133
Budgetary resources available for obligation:			
22.00 New budget authority (gross)			-128
23.95 Total new obligations			133
24.40 Unobligated balance carried forward, end of year			5
New budget authority (gross), detail:			
Mandatory:			
69.00 Spending authority from offsetting collections: Offsetting collections (cash)			-128
Change in obligated balances:			
73.10 Total new obligations			-133
73.20 Total outlays (gross)			133
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority			-128
86.98 Outlays from mandatory balances			-5
87.00 Total outlays (gross)			-133
Offsets:			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources			128
Net budget authority and outlays:			
89.00 Budget authority			
90.00 Outlays			-5

FEDERAL DIRECT STUDENT LOAN PROGRAM PROGRAM ACCOUNT

Program and Financing (in millions of dollars)

Identification code 91-0243-0-1-502	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
00.01 Direct Loan Subsidy	1,807	474	500
00.03 Subsidy modification, upward	7		
00.05 Upward Reestimate	3,327	3,614	
00.06 Interest on Upward Reestimate	1,573	1,088	
00.09 Administrative expenses	828		
10.00 Total new obligations	7,542	5,176	500
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	27	28	28
22.00 New budget authority (gross)	7,534	5,176	500
22.10 Resources available from recoveries of prior year obligations	9		
23.90 Total budgetary resources available for obligation	7,570	5,204	528
23.95 Total new obligations	-7,542	-5,176	-500
24.40 Unobligated balance carried forward, end of year	28	28	28
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	600		
Mandatory:			
60.00 Appropriation -federal administration	220		
60.00 Appropriation (indefinite)—loan subsidy	1,807	474	500
60.00 Appropriation—upward modification	7		
60.00 Appropriation (indefinite)—Upward reestimate	4,900	4,702	
62.50 Appropriation (total mandatory)	6,934	5,176	500
Spending authority from offsetting collections:			
69.00 Offsetting collections (cash)—negative subsidy			
69.00 Offsetting collections (cash)—downward reestimate	501		
69.00 Offsetting collections (cash)—downward reestimate, interest	22		

69.00 Offsetting collections (cash)—admin			
69.27 Capital transfer to general fund	-523		
69.90 Spending authority from offsetting collections (total mandatory)			
70.00 Total new budget authority (gross)	7,534	5,176	500
Change in obligated balances:			
72.40 Obligated balance, start of year	361	517	164
73.10 Total new obligations	7,542	5,176	500
73.20 Total outlays (gross)	-7,365	-5,529	-525
73.40 Adjustments in expired accounts (net)	-12		
73.45 Recoveries of prior year obligations	-9		
74.40 Obligated balance, end of year	517	164	139
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	288		
86.93 Outlays from discretionary balances	296	234	65
86.97 Outlays from new mandatory authority	6,759	5,112	413
86.98 Outlays from mandatory balances	22	183	47
87.00 Total outlays (gross)	7,365	5,529	525
Offsets:			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	-523		
Net budget authority and outlays:			
89.00 Budget authority	7,011	5,176	500
90.00 Outlays	6,842	5,529	525

Summary of Budget Authority and Outlays

(in millions of dollars)

	2006 actual	2007 est.	2008 est.
Enacted/requested:			
Budget Authority	7,011	5,176	500
Outlays	6,842	5,529	525
Legislative proposal, subject to PAYGO:			
Budget Authority			9
Outlays			6
Total:			
Budget Authority	7,011	5,176	509
Outlays	6,842	5,529	531

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

Identification code 91-0243-0-1-502	2006 actual	2007 est.	2008 est.
Direct loan levels supportable by subsidy budget authority:			
115001 Stafford	6,174	6,557	6,975
115002 Unsubsidized Stafford	5,497	5,812	6,226
115003 PLUS	2,416	2,606	2,888
115004 Consolidation	22,218	4,528	5,014
115999 Total direct loan levels	36,305	19,503	21,103
Direct loan subsidy (in percent):			
132001 Stafford	10.65	11.06	11.56
132002 Unsubsidized Stafford	-7.56	-7.60	-7.12
132003 PLUS	-6.05	-4.91	-4.90
132004 Consolidation	7.70	7.04	5.56
132999 Weighted average subsidy rate	4.98	2.43	2.37
Direct loan subsidy budget authority:			
133001 Stafford	658	725	806
133002 Unsubsidized Stafford	-416	-442	-443
133003 PLUS	-146	-128	-142
133004 Consolidation	1,711	319	279
133999 Total subsidy budget authority	1,807	474	500
Direct loan subsidy outlays:			
134001 Stafford	553	630	710
134002 Unsubsidized Stafford	-343	-382	-394
134003 PLUS	-118	-129	-130
134004 Consolidation	1,695	321	275
134999 Total subsidy outlays	1,787	440	461
Direct loan upward reestimates:			
135001 Stafford	1,785	382	
135002 Unsubsidized Stafford	129	732	
135003 PLUS	33	166	

135004 Consolidation	3,124	3,571	.....
135999 Total upward reestimate budget authority	5,071	4,851	.....
Direct loan downward reestimates:			
137001 Stafford	- 51	-157	.....
137002 Unsubsidized Stafford	-245	- 45	.....
137003 PLUS	- 76	- 61	.....
137004 Consolidation	-322	- 870	.....
137999 Total downward reestimate budget authority	- 694	-1,133	.....

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 2008, 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 concludes with a comprehensive discussion of the Administration's policy proposals for the Federal student financial aid programs.

From its inception in 1965 through 2006, the FFEL program has provided \$636 billion in loans to postsecondary students and their parents. Since July 1, 1994, the Direct Loan program has provided \$176 billion in new and consolidation loans to students and parents. Taken together, the FFEL and Direct Loan programs will make nearly \$67 billion in new loans available in 2007. 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 20 percent in academic year 2008–2009. 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 Stafford Loans made on or after July 1, 2006, the borrower interest rate is fixed at 6.8 percent. For most loans made immediately prior to July 1, 2006, the borrower interest rate equals the 91-day Treasury bill rate plus 1.7 percent during in-school, grace, and deferment periods, and the 91-day Treasury bill plus 2.3 percent at all other times, with a cap of 8.25 percent, adjusted annually. Interest payments for these loans are fully subsidized by the Government while a student is in school and during grace and deferment periods. Unsubsidized Stafford loans carry the same borrower

interest rate as Stafford loans, but have no interest subsidy. For 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 fixed borrower interest rate on PLUS loans made on or after July 1, 2006, is 7.9 percent for Direct Loans and 8.5 percent for FFEL.

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. For periods when the borrower interest rate exceeds the special allowance rate on loans made on or after April 1, 2006, lenders remit the difference to the government.

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 eliminated the practice of in-school loan consolidation and revised 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 eliminate FFEL origination fees by July 1, 2010, and lowers Direct Loan fees to 1 percent by the same date; the Act also requires 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. 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; this benefit is increased 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.

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 ex-

FEDERAL DIRECT STUDENT LOAN PROGRAM PROGRAM ACCOUNT—
Continued

tended 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.

Student Aid Policy Proposals. There is a broad national consensus, highlighted in the recent report of the Secretary of Education's Commission on the Future of Higher Education, that rapidly rising college costs are a growing barrier to higher education for many students and families. The President proposes a package of reforms to address this problem by substantially increasing need-based grant and loan assistance, streamlining Federal student aid programs to make them simpler for students and parents to negotiate and schools to administer, and restructuring the student loan programs to increase efficiency and eliminate excessive or unnecessary subsidies. These proposals will raise the maximum Pell Grant to \$5,400 over five years, expand the Academic Competitiveness/SMART Grant program, and increase student loan limits. This comprehensive package of proposals is budget neutral.

Federal Pell Grants. The centerpiece of the Administration's budget and reauthorization proposal is designed to address the financial need of low-income students pursuing a postsecondary education. The Administration proposes to assist these students by investing \$19.8 billion in new mandatory funding for the Pell Grant program from 2008–2017. These funds would be used to increase the maximum grant award by \$550 in 2008 and \$200 a year for the next four years, to \$5,400 in award year 2012–13. The Administration proposes to fund this proposal through mandatory savings generated by other student aid policy proposals. The cost of operating the Pell Grant program at the current maximum award level of \$4,050, together with program changes discussed below, would continue to be funded through discretionary appropriations. While Pell Grants have been very successful in ensuring access to postsecondary education for low-income students, the Administration is proposing several changes to increase the program's effectiveness and improve its overall operation. Pell Grants would be made available year-round at eligible two- and four-year degree granting institutions, giving students a more convenient option for accelerating their studies and promptly completing their educations. As a further incentive for timely completion, Pell Grant eligibility would be limited to the equivalent of 16 semesters. Lastly, the Administration proposes to eliminate the Pell Grant award rule related to tuition sensitivity. This rule limits the amount of support that students with greatest need receive while attending low-cost institutions.

Academic Competitiveness/SMART Grants. Currently, needy students who have completed a rigorous program of study in high school and meet other eligibility criteria are eligible for Academic Competitiveness Grants (ACG) of up to \$750 and \$1,300 in their first and second years of college, respectively. The Administration proposes to increase these amounts by 50 percent, to \$1,125 and \$1,950, at a mandatory cost of \$260 million in 2008 and \$1.0 billion over 2008–2012. Congress provided that ACG/SMART sunsets at the academic year 2010–11 (June 30, 2011). The Administration is dedicated to continue providing grants to students served by these programs. Program evaluations and PART assessments of these new programs, which only began operation on July 1, 2006, are needed to inform how best to serve these students going forward from 2010–11.

Campus-Based Programs. The Secretary of Education's Commission on the Future of Higher Education found that the Federal student aid programs were needlessly complex and duplicative. Accordingly, the Administration proposes eliminating the duplicative and poorly allocated Supplemental

Educational Opportunity Grant (SEOG) and Perkins Loan programs. No funds are included for the Leveraging Educational Assistance Partnership program. The Administration believes it would be most effective to consolidate Federal grant efforts in the more equitably distributed and far larger Pell Grant program.

The Federal portion of Perkins Loan revolving funds held by participating institutions would also be recalled. With the number of Perkins Loan institutions declining from 3,338 in academic year 1983–84 to 1,315 in 2004–05 and with less than 3 percent of students enrolled in postsecondary education receiving Perkins Loans each year, the Administration also believes the federal share of funds held by this small group of institutions would better serve students if invested in Pell Grants. Institutions would retain their own contributions into Perkins Loan revolving funds. Recalling the federal portion of the Perkins Loan funds, less amounts needed to support statutory loan forgiveness benefits, will provide \$3.2 billion in savings. These savings would help offset the cost of increases in need-based aid and higher loan limits which are available to eligible students regardless of the institutions they attend.

The 2008 Budget includes \$980 million for Work-Study, which would generate \$1.2 billion in new aid to over 880,000 students.

Student Loans. The student loan programs currently provide subsidies that are higher than needed to ensure lender participation in the FFEL program, and that loans are available to all eligible students under the current structure, while exposing lenders and other intermediaries to minimal financial risk. Operational efficiencies that have benefited these participants have not been matched by comparable reductions in Federal subsidies. The 2008 Budget includes a comprehensive package of proposals to make student loan programs more efficient, cost-effective vehicles for helping students finance their postsecondary educations. Savings generated from these proposals would in large part be reinvested in benefits for students in the Pell Grant, ACG/SMART Grant, and student loan programs. To help students meet rising higher education costs, the Administration is proposing to increase annual subsidized loan limits by \$2,000 for third- and fourth-year students, as well as increases in overall aggregate loan limits. The Administration also proposes to standardize PLUS Loan interest rates, which were inadvertently set at different levels for FFEL and Direct Loans in the Higher Education Reconciliation Act of 2005, at a fixed rate of 8.3 percent.

The Administration proposes to reduce lender interest subsidy payments by 50 basis points and increase the lender origination fee paid on new consolidation loans to 1 percent from .5 percent; both these changes would recapture excess earnings resulting from the basic program structure. To encourage lenders to continue to strengthen default prevention efforts and in recognition of the strong repayment record associated with student loans today, the Administration proposes to reduce the amount of loan principal insured against default from 97 percent to 95 percent, as well as reduce the amount insured for lenders identified as exceptional performers from 99 percent to 97 percent. Proposals affecting lenders will reduce Federal costs by \$14.9 billion over 2008–2012.

The Administration expects guaranty agencies to operate more efficiently in the future; to better capture the benefits of this increased efficiency, the basis for agency account maintenance fee payments would be shifted from the balance of loans guaranteed to a cost-per-unit formula. The Administration would also reduce the amount guaranty agencies may retain from collections on most defaulted loans from 23 percent to 16 percent, roughly the average paid by the Department of Education to private collection agents. Overall, changes to the guaranty agency system would reduce Federal costs by a combined \$3.9 billion over 2008–2012.

In total, the Administration proposes redirecting \$18.8 billion from the loan programs to grant aid for needy students over the same period.

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 President's budget and legislative request.

Funding Levels

(in thousands of dollars)

	2006	2007	2008
Program Cost:			
FFEL:			
Liquidating ¹	(553,562)	(747,495)	(690,939)
Program:			
Regular	4,629,364	4,452,007	4,444,345
Consolidation	12,644,425	1,408,255	(582,961)
Net Reestimate of Prior Year Costs	9,084,333	(3,159,611)	0
Net Modification ²	1,709,540	0	2,804,433
Subtotal, Program	28,067,662	2,700,651	1,056,951
Total FFEL	27,514,100	1,953,156	366,012
Direct Loans:			
Program:			
Regular	95,790	155,452	222,001
Consolidation	1,710,786	318,770	287,248
Net Reestimate of Prior Year Costs	4,377,453	3,717,563	0
Net Modification ²	7,291	0	0
Total, Direct Loans	6,191,320	4,157,808	509,249
Total, FFEL and Direct Loans	33,705,420	6,144,941	875,261
Program Cost Outlays:			
FFEL:			
Liquidating ¹	(825,314)	(747,495)	(690,939)
Program:			
Regular	3,876,499	3,862,234	3,849,169
Consolidation	12,461,466	1,444,229	(575,839)
Net Reestimate of Prior Year Costs	9,084,333	(3,159,611)	0
Net Modification ²	1,709,540	0	(2,804,433)
Subtotal, Program	27,131,838	2,146,852	468,897
Total, FFEL	26,306,524	1,399,357	(222,042)
Direct Loans:			
Program:			
Regular	92,105	119,513	183,029
Consolidation	1,695,374	320,732	283,359
Net Reestimate of Prior Year Costs	4,377,453	3,717,563	0
Net Modification ²	7,291	0	0
Total, Direct Loans	6,172,223	4,791,479	466,388
Total, FFEL and Direct Loans	32,478,747	5,557,165	244,346

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

	2006 actual	2007 est.	2008 est.
FFEL:			
Stafford	19,856	21,410	23,722
Unsubsidized Stafford	20,068	21,785	23,913
PLUS	7,383	9,208	10,210
Subtotal	47,307	52,402	57,845
Consolidation	72,010	26,853	31,882
Total, FFEL	119,316	79,255	89,727
Direct Loans:			
Stafford	5,604	5,944	6,637
Unsubsidized Stafford	4,784	5,159	5,650
PLUS	2,288	2,493	2,763
Subtotal	12,677	13,596	15,050
Consolidation	19,347	4,466	4,996
Total, Direct Loans	32,024	18,062	20,046
Total, All Loans	151,340	97,317	109,773

¹ Net commitments equal gross commitments minus loan cancellations.

Number of Loans

(in thousands)

	2006 actual	2007 est.	2008 est.
FFEL:			
Stafford	5,706	5,913	6,090
Unsubsidized Stafford	4,585	4,786	4,976
PLUS	691	797	840
Subtotal	10,982	11,496	11,906
Consolidation	2,622	992	1,137
Total, FFEL	13,604	12,487	13,043
Direct Loans:			
Stafford	1,513	1,503	1,547
Unsubsidized Stafford	1,091	1,094	1,133
PLUS	237	242	255
Subtotal	2,841	2,839	2,935
Consolidation	756	200	220
Total, Direct Loans	3,596	3,040	3,155
Total, All Loans	17,200	15,527	16,198

Average Loan Size (in whole dollars)

	2006 actual	2007 est.	2008 est.
FFEL:			
Stafford	3,480	3,621	3,895
Unsubsidized Stafford	4,377	4,552	4,806
PLUS	10,678	11,557	12,152
Weighted Average, without Consolidations	4,308	4,558	4,858
Consolidation	27,465	27,075	28,040
Weighted Average, FFEL	8,771	6,347	6,879
Direct Loans:			
Stafford	3,704	3,954	4,290
Unsubsidized Stafford	4,386	4,715	4,987
PLUS	9,675	10,300	10,834
Weighted Average, without Consolidations	4,463	4,788	5,128
Consolidation	25,607	22,292	22,673
Weighted Average, Direct Loans	8,905	5,942	6,353
Weighted Average, All Loans	8,799	6,268	6,777

Summary of Subsidy and Default Rates

	2006 actual	2007 est.	2008 est.
Subsidy Rates (in percent)¹			
FFEL:			
Stafford	17.99	18.03	17.33
Unsubsidized Stafford	0.90	0.01	-0.95
PLUS	0.10	-0.28	-0.55
Consolidation	17.07	5.22	-1.82
Weighted Average, FFEL	13.12	6.65	3.88
Direct Loans:			
Stafford	8.80	11.06	11.46
Unsubsidized Stafford	-9.07	-7.60	-7.13
PLUS	-5.88	-4.91	-5.66
Consolidation	4.45	7.04	5.67
Weighted Average, Direct Loans	2.35	2.43	2.35
Default Rates (in percent)²			
FFEL:			
Stafford	12.30	12.45	12.67
Unsubsidized Stafford	11.13	11.02	10.92
PLUS	5.20	5.22	5.22
Consolidation	13.31	13.87	13.75
Weighted Average, FFEL	12.27	11.70	11.74
Direct Loans:			
Stafford	12.35	12.73	12.84
Unsubsidized Stafford	12.41	12.49	12.40
PLUS	5.49	5.50	5.50
Consolidation	13.57	32.90	32.55
Weighted Average, Direct Loans	12.60	16.65	16.62

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.

FFEL program payments are made to lenders (interest subsidies, loan defaults and discharges) and guaranty agencies (default collection costs, administrative services). These pay-

FEDERAL DIRECT STUDENT LOAN PROGRAM PROGRAM ACCOUNT—
Continued

ments 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)

	2006 actual	2007 est.	2008 est.
FFEL:			
Payments to lenders			
Interest benefits	2,654,526	3,381,876	3,988,301
Special allowance payments	7,343,620	7,271,748	6,653,173
Default claims	4,624,153	5,556,555	6,045,496
Loan discharges	989,333	1,450,053	1,592,778
Teacher loan forgiveness	31,179	24,044	139,734
Administrative payments to guaranty agencies	708,192	1,008,592	846,131
Fees paid to the Department of Education			
Borrower origination fees	(1,301,986)	(1,091,978)	(870,819)
Lender origination fees	(561,699)	(390,696)	(575,235)
Loan holder fees	(1,848,638)	(2,249,586)	(2,415,140)
Other Major Transactions			
Net default collections	(3,896,378)	(4,653,022)	(5,300,446)
Contract collection costs	135,318	78,828	76,813
Federal administrative costs	227,643	225,101	221,884
Net Cash Flow, FFEL	9,105,262	10,611,516	10,402,670
Direct Loans			
Loan disbursements to borrowers	32,219,339	17,842,953	19,750,927
Borrower interest payments	(2,302,134)	(2,821,412)	(2,932,800)
Borrower principal payments	(30,141,890)	(10,596,025)	(11,426,266)
Borrower origination fees	(392,799)	(409,917)	(408,546)
Net default collections	(750,166)	(1,741,039)	(1,984,007)
Contract collection costs	127,402	150,821	160,004
Federal administrative costs	375,284	355,565	353,161
Net Operating Cash Flows	(864,964)	2,810,946	3,512,474
Loan capital borrowings from Treasury	(32,219,339)	(17,872,953)	(19,750,927)
Net interest payments to Treasury	4,579,074	5,596,934	5,981,416
Principal payments to Treasury	22,775,795	9,613,663	10,379,899
Subtotal Treasury activity	(4,864,471)	(2,662,356)	(3,389,612)
Net Cash Flow, Direct Loans	(5,729,434)	148,589	122,862

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 2006, Federal administrative costs include account maintenance fees payable to guaranty agencies; under the Higher Education Reconciliation Act of 2005, starting in 2007, these payments are part of FFEL program payments and will 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)

	2006 actual	2007 est.	2008 est.
FFEL			
Program costs:¹			
Interest subsidies	14.68	7.21	4.65
Net defaults	0.90	0.60	0.27
Fees	-5.83	-4.18	-4.10
Other	3.37	3.03	3.05
Total	13.12	6.65	3.88
Federal administrative costs	0.69	0.37	0.37
Total	13.81	7.02	4.25
Direct Loans			
Program costs:¹			
Interest subsidies and income, net	-5.02	-5.67	-6.21
Net defaults	2.68	3.46	3.46
Fees	-1.31	-2.36	-2.04
Other	6.01	7.01	7.13
Total	2.35	2.43	2.35
Federal administrative costs	1.50	1.50	1.50
Total adjusted cost	3.85	3.93	3.85

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—1992–2007

	FFEL	Direct Loans
Original Subsidy Costs	+\$71.6bil	+\$40.4bil
Cumulative Reestimates	+\$1.2bil	+\$10.7bil
Net Subsidy Costs	+\$72.8bil	+\$51.1bil
Total Disbursements	\$627.0bil	\$205.6bil

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 11.60; the comparable Direct Loan rate is 5.42. For the oldest loan cohorts, many of the subsidy costs have been expended (e.g., in-school interest subsidies).

In 2006, the Administration implemented probabilistic scoring for the FFEL and Direct Loan programs. Before the 2007 Midsession Review, estimates for both the FFEL and Direct Loan programs were developed using point estimates of the Budget estimate of future interest rates. The updated method factors in the probability that interest rate scenarios may differ from current economic projections. In 2006, the FFEL program recognized a \$1.8 billion upward reestimate to reflect the new methodology, while the Direct Loan program recognized a \$0.2 billion upward reestimate. Changes to special allowance formulas in the Higher Education Reconciliation Act of 2005, and other changes to borrower interest rates, mitigated interest rate risk in future cohorts, negating the impact of the probabilistic method for those cohorts.

Object Classification (in millions of dollars)

Identification code 91-0243-0-1-502	2006 actual	2007 est.	2008 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent	49		
11.3 Other than full-time permanent	3		

11.5	Other personnel compensation	1		
11.9	Total personnel compensation	53		
12.1	Civilian personnel benefits	13		
21.0	Travel and transportation of persons	3		
23.1	Rental payments to GSA	7		
23.3	Communications, utilities, and miscellaneous charges	4		
24.0	Printing and reproduction	6		
25.1	Advisory and assistance services	5		
25.2	Other services	18		
25.3	Other purchases of goods and services from Government accounts	9		
25.6	Training	3		
25.7	Operation and maintenance of equipment	476		
26.0	Supplies and materials	1		
31.0	Equipment	8		
32.0	Land and structures	2		
41.0	Grants, subsidies, and contributions	6,934	5,176	500
99.9	Total new obligations	7,542	5,176	500

132999	Weighted average subsidy rate			-0.02
Direct loan subsidy budget authority:				
133001	Stafford			33
133002	Unsubsidized Stafford			-10
133003	PLUS			-22
133004	Consolidation			8
133999	Total subsidy budget authority			9
Direct loan subsidy outlays:				
134001	Stafford			15
134002	Unsubsidized Stafford			-5
134003	PLUS			-13
134004	Consolidation			9
134999	Total subsidy outlays			6

Employment Summary

Identification code 91-0243-0-1-502	2006 actual	2007 est.	2008 est.
Direct:			
1001 Civilian full-time equivalent employment	578		

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

Program and Financing (in millions of dollars)

Identification code 91-0243-4-1-502	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
00.01 Direct Loan Subsidy			9
10.00 Total new obligations (object class 41.0)			9

Budgetary resources available for obligation:

22.00 New budget authority (gross)			9
23.95 Total new obligations			-9
24.40 Unobligated balance carried forward, end of year			

New budget authority (gross), detail:

Mandatory:			
60.00 Appropriation -federal administration			
60.00 Appropriation (indefinite)—loan subsidy			9
60.00 Appropriation—upward modification			
60.00 Appropriation (indefinite)—Upward reestimate			
62.50 Appropriation (total mandatory)			9

Change in obligated balances:

73.10 Total new obligations			9
73.20 Total outlays (gross)			-6
74.40 Obligated balance, end of year			3

Outlays (gross), detail:

86.97 Outlays from new mandatory authority			6
Net budget authority and outlays:			
89.00 Budget authority			9
90.00 Outlays			6

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

Identification code 91-0243-4-1-502	2006 actual	2007 est.	2008 est.
Direct loan levels supportable by subsidy budget authority:			
115001 Stafford			347
115002 Unsubsidized Stafford			134
115004 Consolidation			52
115999 Total direct loan levels			533
Direct loan subsidy (in percent):			
132001 Stafford			-0.10
132002 Unsubsidized Stafford			-0.01
132003 PLUS			-0.76
132004 Consolidation			0.11

FEDERAL DIRECT STUDENT LOAN PROGRAM FINANCING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 91-4253-0-3-502	2006 actual	2007 est.	2008 est.
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Obligations by program activity:

00.01 Direct Loan Obligations	36,305	19,503	21,103
00.02 Interest payment to Treasury	6,505	5,597	5,974
00.91 Direct Program by Activities—Subtotal (1 level)	42,810	25,100	27,077
02.01 Interest rate rebate, Stafford	82	86	94
02.02 Interest rate rebate, Unsubsidized Stafford	70	75	81
02.03 Interest rate rebate, PLUS	33	36	40
02.91 Direct Program by Activities—Subtotal (1 level)	185	197	215
03.01 Consolidation loans—Payment of Orig. Services	26	10	12
04.01 Payment of contract collections	127	150	160
08.02 Payment of downward reestimate to receipt account (fy07)	501	940	
08.04 Interest on downward reestimate	22	45	
08.91 Direct Program by Activities—Subtotal (1 level)	523	985	
10.00 Total new obligations	43,671	26,442	27,464

Budgetary resources available for obligation:

21.40 Unobligated balance carried forward, start of year	1,697	6,479	
22.00 New financing authority (gross)	49,593	26,442	27,464
22.10 Resources available from recoveries of prior year obligations	3,396	4,015	5,029
22.60 Portion applied to repay debt	-4,536	-5,926	
22.70 Balance of authority to borrow withdrawn		-4,568	-5,029
23.90 Total budgetary resources available for obligation	50,150	26,442	27,464
23.95 Total new obligations	-43,671	-26,442	-27,464
24.40 Unobligated balance carried forward, end of year	6,479		

New financing authority (gross), detail:

Mandatory:			
67.10 Authority to borrow	35,073	20,030	20,627
Spending authority from offsetting collections:			
69.00 Offsetting collections (cash)	42,208	20,711	17,205
69.10 Change in uncollected customer payments from Federal sources (unexpired)	-4	17	15
69.47 Portion applied to repay debt	-27,684	-14,316	-10,383
69.90 Spending authority from offsetting collections (total mandatory)	14,520	6,412	6,837
70.00 Total new financing authority (gross)	49,593	26,442	27,464

Change in obligated balances:

72.40 Obligated balance, start of year	8,658	9,379	7,174
73.10 Total new obligations	43,671	26,442	27,464
73.20 Total financing disbursements (gross)	-39,558	-24,615	-25,610
73.45 Recoveries of prior year obligations	-3,396	-4,015	-5,029
74.00 Change in uncollected customer payments from Federal sources (unexpired)	4	-17	-15
74.40 Obligated balance, end of year	9,379	7,174	3,984

Outlays (gross), detail:

87.00 Total financing disbursements (gross)	39,558	24,615	25,610
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Offsets:

Against gross financing authority and financing disbursements:

FEDERAL DIRECT STUDENT LOAN PROGRAM FINANCING ACCOUNT—
Continued

Program and Financing (in millions of dollars)—Continued

Identification code 91-4253-0-3-502	2006 actual	2007 est.	2008 est.
Offsetting collections (cash) from:			
88.00 Direct Loan Subsidy	-1,788	-440	-461
88.00 Upward reestimate	-3,327	-3,614	
88.00 Upward reestimate, interest	-1,573	-1,088	
88.00 Upward Modification	-7		
88.25 Interest on uninvested funds	-1,926		
88.40 Repayment of principal, Stafford	-8,060	-3,495	-3,756
88.40 Interest received on loans, Stafford	-481	-482	-502
88.40 Origination Fees, Stafford	-175	-168	-159
88.40 Other fees, Stafford	-41		
88.40 Repayment of principal, Unsubsidized Stafford	-6,462	-2,843	-3,211
88.40 Interest received on loans, Unsubsidized Stafford	-535	-381	-412
88.40 Origination Fees, Unsubsidized Stafford	-149	-146	-138
88.40 Other fees, Unsubsidized Stafford	-3		
88.40 Repayment of principal, PLUS	-2,384	-1,401	-1,662
88.40 Interest received on loans, PLUS	-265	-286	-340
88.40 Origination Fees, PLUS	-70	-96	-106
88.40 Other fees, PLUS	-4		
88.40 Payment of principal, Consolidation	-13,638	-4,172	-4,289
88.40 Interest received on loans, Consolidation	-1,289	-2,099	-2,169
88.40 Other fees, Consolidation	-31		
88.90 Total, offsetting collections (cash)	-42,208	-20,711	-17,205
Against gross financing authority only:			
88.95 Change in receivables from program accounts	4	-17	-15
Net financing authority and financing disbursements:			
89.00 Financing authority	7,389	5,714	10,244
90.00 Financing disbursements	-2,650	3,904	8,405

Status of Direct Loans (in millions of dollars)

Identification code 91-4253-0-3-502	2006 actual	2007 est.	2008 est.
STAFFORD			
Position with respect to appropriations act limitation on obligations:			
1111 Limitation on direct loans			
1131 Direct loan obligations exempt from limitation	6,174	6,557	6,975
1150 Total direct loan obligations	6,174	6,557	6,975
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	24,928	22,524	24,724
1231 Disbursements: Direct loan disbursements	5,509	5,767	6,234
1251 Repayments: Repayments and prepayments	-8,059	-3,495	-3,756
1261 Adjustments: Capitalized interest	122		
1264 Write-offs for default: Other adjustments, net	24	-72	-94
1290 Outstanding, end of year	22,524	24,724	27,108
UNSUBSIDIZED STAFFORD			
Position with respect to appropriations act limitation on obligations:			
1111 Limitation on direct loans			
1131 Direct loan obligations exempt from limitation	5,497	5,812	6,226
1150 Total direct loan obligations			
1150 Total direct loan obligations	5,497	5,812	6,226
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	17,829	16,361	18,746
1231 Disbursements: Direct loan disbursements	4,687	4,987	5,415
1251 Repayments: Repayments and prepayments	-6,461	-2,843	-3,211
1261 Adjustments: Capitalized interest	288	307	494
1264 Write-offs for default: Other adjustments, net	18	-66	-85
1290 Outstanding, end of year	16,361	18,746	21,359
PLUS			
Position with respect to appropriations act limitation on obligations:			
1111 Limitation on direct loans			
1131 Direct loan obligations exempt from limitation	2,416	2,606	2,888
1150 Total direct loan obligations			
1150 Total direct loan obligations	2,416	2,606	2,888

Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	4,922	4,765	5,702
1231 Disbursements: Direct loan disbursements	2,191	2,399	2,658
1251 Repayments: Repayments and prepayments	-2,384	-1,401	-1,662
1261 Adjustments: Capitalized interest	31	1	7
1264 Write-offs for default: Other adjustments, net	5	-62	-68
1290 Outstanding, end of year	4,765	5,702	6,637

CONSOLIDATION

Position with respect to appropriations act limitation on obligations:			
1111 Limitation on direct loans			
1131 Direct loan obligations exempt from limitation	22,218	4,528	5,014
1150 Total direct loan obligations			
1150 Total direct loan obligations	22,218	4,528	5,014

Cumulative balance of direct loans outstanding:

1210 Outstanding, start of year	47,027	53,657	53,709
1231 Disbursements: Direct loan disbursements	19,647	4,523	4,942
1251 Repayments: Repayments and prepayments	-13,638	-4,172	-4,289
1261 Adjustments: Capitalized interest	563		
1264 Write-offs for default: Other adjustments, net	58	-299	-305
1290 Outstanding, end of year	53,657	53,709	54,057

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	2005 actual	2006 actual
ASSETS:		
Federal assets:		
1101 Fund balances with Treasury	4,913	8,621
Investments in US securities:		
1106 Receivables, net	4,150	4,631
Net value of assets related to post-1991 direct loans receivable:		
1401 Direct loans receivable, gross	94,707	97,307
1402 Interest receivable	3,121	3,702
1405 Allowance for subsidy cost (-)	-2,132	-8,405
1499 Net present value of assets related to direct loans	95,696	92,604
1999 Total assets	104,759	105,856
LIABILITIES:		
Federal liabilities:		
2101 Accounts payable	388	426
2103 Debt	104,371	105,430
2999 Total liabilities	104,759	105,856
4999 Total liabilities and net position	104,759	105,856

FEDERAL DIRECT STUDENT LOAN PROGRAM FINANCING ACCOUNT

(Legislative proposal, subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 91-4253-4-3-502	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
00.01 Direct Loan Obligations			533
00.02 Interest payment to Treasury			7
00.91 Direct Program by Activities—Subtotal (1 level)			540
02.01 Interest rate rebate, Stafford			3
02.02 Interest rate rebate, Unsubsidized Stafford			1
02.91 Direct Program by Activities—Subtotal (1 level)			4
10.00 Total new obligations			544
Budgetary resources available for obligation:			
22.00 New financing authority (gross)			544
23.95 Total new obligations			-544
24.40 Unobligated balance carried forward, end of year			
New financing authority (gross), detail:			
Mandatory:			
67.10 Authority to borrow			525
Spending authority from offsetting collections:			
69.00 Offsetting collections (cash)			13
69.10 Change in uncollected customer payments from Federal sources (unexpired)			3
69.47 Portion applied to repay debt			3
69.90 Spending authority from offsetting collections (total mandatory)			19
70.00 Total new financing authority (gross)			544
Change in obligated balances:			
73.10 Total new obligations			544
73.20 Total financing disbursements (gross)			-294
74.00 Change in uncollected customer payments from Federal sources (unexpired)			-3
74.40 Obligated balance, end of year			247
Outlays (gross), detail:			
87.00 Total financing disbursements (gross)			294
Offsets:			
Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
88.00 Direct Loan Subsidy			-6
88.40 Repayment of principal, Stafford			
88.40 Interest received on loans, Stafford			
88.40 Origination Fees, Stafford			-4
88.40 Other fees, Stafford			
88.40 Repayment of principal, Unsubsidized Stafford			
88.40 Interest received on loans, Unsubsidized Stafford			
88.40 Origination Fees, Unsubsidized Stafford			-1
88.40 Other fees, Unsubsidized Stafford			
88.40 Repayment of principal, PLUS			
88.40 Interest received on loans, PLUS			
88.40 Origination Fees, PLUS			
88.40 Other fees, PLUS			
88.40 Payment of principal, Consolidation			-1
88.40 Interest received on loans, Consolidation			-1
88.40 Other fees, Consolidation			
88.90 Total, offsetting collections (cash)			-13
Against gross financing authority only:			
88.95 Change in receivables from program accounts			-3
Net financing authority and financing disbursements:			
89.00 Financing authority			528
90.00 Financing disbursements			281

FEDERAL FAMILY EDUCATION LOAN PROGRAM ACCOUNT

Program and Financing (in millions of dollars)

Identification code 91-0231-0-1-502	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
00.02 Guaranteed loan subsidy	17,274	5,860	5,078
00.04 Modification subsidy, upward	1,724		
00.07 Upward reestimate, principal	6,998	183	
00.08 Upward reestimate, interest	2,375	372	
10.00 Total new obligations (object class 41.0)	28,371	6,415	5,078
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	28,371	6,415	5,078
22.10 Resources available from recoveries of prior year obligations	632	802	622
22.40 Capital transfer to general fund	-632	-802	-622
23.90 Total budgetary resources available for obligation	28,371	6,415	5,078
23.95 Total new obligations	-28,371	-6,415	-5,078
New budget authority (gross), detail:			
Mandatory:			
60.00 Appropriation	28,371	6,415	5,078
Spending authority from offsetting collections:			
69.00 Offsetting collections (cash)—downward reestimate	303		
69.00 Offsetting collections (cash)			
69.27 Capital transfer to general fund	-303		
69.90 Spending authority from offsetting collections (total mandatory)			
70.00 Total new budget authority (gross)	28,371	6,415	5,078
Change in obligated balances:			
72.40 Obligated balance, start of year	1,944	2,247	1,999
73.10 Total new obligations	28,371	6,415	5,078
73.20 Total outlays (gross)	-27,435	-5,861	-4,307
73.40 Adjustments in expired accounts (net)	-1		
73.45 Recoveries of prior year obligations	-632	-802	-622
74.40 Obligated balance, end of year	2,247	1,999	2,148
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority	26,125	4,417	2,931
86.98 Outlays from mandatory balances	1,310	1,444	1,376
87.00 Total outlays (gross)	27,435	5,861	4,307
Offsets:			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	-303		
Net budget authority and outlays:			
89.00 Budget authority	28,068	6,415	5,078
90.00 Outlays	27,132	5,861	4,307
Summary of Budget Authority and Outlays			
(in millions of dollars)			
	2006 actual	2007 est.	2008 est.
Enacted/requested:			
Budget Authority	28,068	6,415	5,078
Outlays	27,132	5,861	4,307
Legislative proposal, subject to PAYGO:			
Budget Authority			-1,208
Outlays			-1,025
Total:			
Budget Authority	28,068	6,415	3,870
Outlays	27,132	5,861	3,282
Summary of Loan Levels, Subsidy Budget Authority and Outlays by Program			
(in millions of dollars)			
Identification code 91-0231-0-1-502	2006 actual	2007 est.	2008 est.
Guaranteed loan levels supportable by subsidy budget authority:			
215001 Stafford	22,728	24,840	26,863
215002 Unsubsidized Stafford	23,702	25,819	28,031
215003 PLUS	7,358	10,425	11,560
215004 Consolidation	81,788	26,978	32,014

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	2006 actual	2007 est.	2008 est.
215999 Total loan guarantee levels	135,576	88,062	98,468
Guaranteed loan subsidy (in percent):			
232001 Stafford	18.55	18.03	18.14
232002 Unsubsidized Stafford	1.66	0.01	-0.01
232003 PLUS	0.27	-0.28	0.00
232004 Consolidation	15.46	5.22	0.65
232999 Weighted average subsidy rate	12.74	6.65	5.16
Guaranteed loan subsidy budget authority:			
233001 Stafford	4,216	4,479	4,873
233002 Unsubsidized Stafford	393	2	-3
233003 PLUS	20	-29	
233004 Consolidation	12,645	1,408	208
233999 Total subsidy budget authority	17,274	5,860	5,078
Guaranteed loan subsidy outlays:			
234001 Stafford	3,425	3,755	4,108
234002 Unsubsidized Stafford	410	116	-1
234003 PLUS	41	-9	-10
234004 Consolidation	12,461	1,444	210
234999 Total subsidy outlays	16,337	5,306	4,307
Guaranteed loan upward reestimates:			
235001 Stafford	1,458	114	
235002 Unsubsidized Stafford	945		
235003 PLUS	104		
235004 Consolidation	7,362	3,350	
235005 SLS	19	83	
235999 Total upward reestimate budget authority	9,888	3,547	
Guaranteed loan downward reestimates:			
237001 Stafford	-280	-3,669	
237002 Unsubsidized Stafford	-94	-2,590	
237003 PLUS	-44	-252	
237004 Consolidation	-386	-192	
237005 SLS		-4	
237999 Total downward reestimate subsidy budget authority	-804	-6,707	

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 ACCOUNT
(Legislative proposal, subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 91-0231-4-1-502	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
00.02 Guaranteed loan subsidy			-1,217
00.04 Modification, upward			9
10.00 Total new obligations (object class 41.0)			-1,208
Budgetary resources available for obligation:			
22.00 New budget authority (gross)			-1,208
23.95 Total new obligations			1,208
New budget authority (gross), detail:			
Mandatory:			
60.00 Appropriation			-1,208
Change in obligated balances:			
73.10 Total new obligations			-1,208
73.20 Total outlays (gross)			1,025
74.40 Obligated balance, end of year			-183

Outlays (gross), detail:

86.97 Outlays from new mandatory authority			-1,025
Net budget authority and outlays:			
89.00 Budget authority			-1,208
90.00 Outlays			-1,025

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

Identification code 91-0231-4-1-502	2006 actual	2007 est.	2008 est.
Guaranteed loan levels supportable by subsidy budget authority:			
215001 Stafford			702
215002 Unsubsidized Stafford			294
215004 Consolidation			17
215999 Total loan guarantee levels			1,013
Guaranteed loan subsidy (in percent):			
232001 Stafford			-0.81
232002 Unsubsidized Stafford			-0.94
232003 PLUS			-0.55
232004 Consolidation			-2.47
232999 Weighted average subsidy rate			-1.28
Guaranteed loan subsidy budget authority:			
233001 Stafford			-96
233002 Unsubsidized Stafford			-266
233003 PLUS			-64
233004 Consolidation			-791
233999 Total subsidy budget authority			-1,217
Guaranteed loan subsidy outlays:			
234001 Stafford			-68
234002 Unsubsidized Stafford			-146
234003 PLUS			-34
234004 Consolidation			-786
234999 Total subsidy outlays			-1,034

FEDERAL FAMILY EDUCATION LOAN PROGRAM FINANCING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 91-4251-0-3-502	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
01.01 Default claims	1,600	1,741	1,805
01.02 Special allowance	1,094	315	267
01.03 Interest benefits	2,014	2,908	3,455
01.04 Death, disability, and bankruptcy claims	177	183	197
01.05 Teacher loan forgiveness, other write-offs	21	13	78
01.07 Contract collection costs	36	12	15
01.08 Guaranty Agency Administrative Fees	76	146	173
01.09 Voluntary flexible agreement performance fee	105	128	
01.91 Subtotal, Stafford loans	5,123	5,446	5,990
02.02 Default claims	1,142	1,368	1,462
02.03 Special allowance	890	281	246
02.04 Death, disability, and bankruptcy claims	151	194	220
02.05 Teacher loan forgiveness, other write-offs	10	10	61
02.07 Contract collection costs	18	3	4
02.08 Guaranty Agency Administrative Fees	76	137	165
02.09 Voluntary flexible agreement performance fee	69	40	
02.91 Subtotal, Unsubsidized Stafford loans	2,356	2,033	2,158
03.01 Default claims	144	157	200
03.03 Special allowance	53	2	-35
03.04 Death, disability, and bankruptcy claims	63	149	173
03.07 Contract Collection Costs	3	1	1
03.08 Guaranty Agency Administrative Fee	23	54	66
03.09 Voluntary flexible agreement performance fee	11	6	
03.91 Subtotal, PLUS loans	297	369	405
04.03 Default claims	27	18	12
04.04 Death, disability and bankruptcy claims	6	1	
04.07 Contract collection costs	9	3	3
04.08 Voluntary flexible agreement performance fee	3	3	
04.91 Subtotal, SLS loans	45	25	15
05.01 Default claims	1,619	2,205	2,611
05.02 Special allowance	5,297	6,671	6,206
05.03 Interest benefits	633	468	523

05.04	Death, disability, and bankruptcy claims	575	906	989
05.05	Teacher loan forgiveness, other write-offs	9		
05.07	Contract collection costs	9	4	4
05.08	Voluntary flexible agreement performance fee	150	38	
05.10	Guaranty Agency Administrative Fee		262	286
05.91	Subtotal, Consolidations loans	8,292	10,554	10,619
08.02	Payment of downward reestimate to Prog / receipt account	162	3,582	
08.04	Interest on downward reestimate	127	133	
08.05	Downward Modification	14		
08.91	Downward Reestimate- Subtotal (1 level)	303	3,715	
10.00	Total new obligations	16,416	22,142	19,187

Budgetary resources available for obligation:

21.40	Unobligated balance carried forward, start of year	21,120	40,011	33,356
22.00	New financing authority (gross)	35,253	15,487	14,254
22.10	Resources available from recoveries of prior year obligations	54		
23.90	Total budgetary resources available for obligation	56,427	55,498	47,610
23.95	Total new obligations	-16,416	-22,142	-19,187
24.40	Unobligated balance carried forward, end of year	40,011	33,356	28,423

New financing authority (gross), detail:

Mandatory:

60.00	Appropriation	105		
69.00	Spending authority from offsetting collections: Offsetting collections (cash)	35,159	15,487	14,254
69.27	Capital transfer to general fund	-11		
69.90	Spending authority from offsetting collections (total mandatory)	35,148	15,487	14,254
70.00	Total new financing authority (gross)	35,253	15,487	14,254

Change in obligated balances:

72.40	Obligated balance, start of year	2,071	3,531	4,763
73.10	Total new obligations	16,416	22,142	19,187
73.20	Total financing disbursements (gross)	-14,902	-20,910	-19,822
73.45	Recoveries of prior year obligations	-54		
74.40	Obligated balance, end of year	3,531	4,763	4,128

Outlays (gross), detail:

87.00	Total financing disbursements (gross)	14,902	20,910	19,822
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Offsets:

Against gross financing authority and financing disbursements:

88.00	Offsetting collections (cash) from: Stafford loans	-3,425	-3,755	-4,108
88.00	Unsubsidized Stafford	-410	-116	1
88.00	PLUS loans	-41	9	10
88.00	Consolidated loans	-12,461	-1,444	-210
88.00	Upward reestimate	-9,374	-555	
88.00	Modification	-1,724		
88.25	Interest on uninvested funds	-1,110	-2,143	-1,873
88.40	Stafford recoveries on defaults	-1,146	-1,575	-1,725
88.40	Stafford origination fees	-661	-554	-445
88.40	Stafford other fees	-38		
88.40	Unsubsidized Stafford recoveries on default	-647	-962	-1,125
88.40	Unsubsidized Stafford origination fees	-659	-562	-472
88.40	Unsubsidized Stafford other fees	-19		
88.40	PLUS recoveries on defaults	-93	-115	-132
88.40	PLUS origination fees	-206	-231	-203
88.40	PLUS other fees	-5		
88.40	SLS recoveries on defaults	-64	-77	-70
88.40	SLS other fees	-2		
88.40	Consolidation recoveries on defaults	-866	-1,022	-1,328
88.40	Consolidation origination fees	-337	-135	-159
88.40	Consolidation loan holders fee	-1,849	-2,250	-2,415
88.40	Consolidation other fees	-22		
88.90	Total, offsetting collections (cash)	-35,159	-15,487	-14,254

Net financing authority and financing disbursements:

89.00	Financing authority	94		
90.00	Financing disbursements	-20,257	5,423	5,568

Status of Guaranteed Loans (in millions of dollars)

Identification code 91-4251-0-3-502	2006 actual	2007 est.	2008 est.
STAFFORD			

2111	Position with respect to appropriations act limitation on commitments: Limitation on guaranteed loans made by private lenders			
2131	Guaranteed loan commitments exempt from limitation	22,728	24,840	26,863
2150	Total guaranteed loan commitments	22,728	24,840	26,863
2199	Guaranteed amount of guaranteed loan commitments	22,728	24,591	26,594

Cumulative balance of guaranteed loans outstanding:

2210	Outstanding, start of year	74,601	59,099	69,611
2231	Disbursements of new guaranteed loans	19,505	20,729	22,695
2251	Repayments and prepayments	-33,209	-8,272	-10,528
2261	Adjustments: Terminations for default that result in loans receivable	-1,600	-1,749	-1,826
2263	Terminations for default that result in claim payments	-177	-183	-197
2264	Other adjustments, net	-21	-13	-78
2290	Outstanding, end of year	59,099	69,611	79,677

Memorandum:

2299	Guaranteed amount of guaranteed loans outstanding, end of year	59,099	68,915	78,880
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Addendum:

Cumulative balance of defaulted guaranteed loans that result in loans receivable:

2310	Outstanding, start of year	2,454	3,046	3,034
2331	Disbursements for guaranteed loan claims	1,600	1,749	1,826
2351	Repayments of loans receivable	-1,004	-1,574	-1,725
2361	Write-offs of loans receivable	-177	-187	-182
2364	Other adjustments, net	173		
2390	Outstanding, end of year	3,046	3,034	2,953

UNSUBSIDIZED STAFFORD

2111	Position with respect to appropriations act limitation on commitments: Limitation on guaranteed loans made by private lenders			
2131	Guaranteed loan commitments exempt from limitation	23,702	25,819	28,031
2150	Total guaranteed loan commitments	23,702	25,819	28,031
2199	Guaranteed amount of guaranteed loan commitments	23,702	25,561	27,751

Cumulative balance of guaranteed loans outstanding:

2210	Outstanding, start of year	59,179	49,928	61,187
2231	Disbursements of new guaranteed loans	19,563	21,099	23,065
2251	Repayments and prepayments	-27,511	-8,278	-11,368
2261	Adjustments: Terminations for default that result in loans receivable	-1,142	-1,357	-1,473
2263	Terminations for default that result in claim payments	-151	-194	-220
2264	Other adjustments, net	-10	-11	-61
2290	Outstanding, end of year	49,928	61,187	71,130

Memorandum:

2299	Guaranteed amount of guaranteed loans outstanding, end of year	49,928	60,575	70,419
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Addendum:

Cumulative balance of defaulted guaranteed loans that result in loans receivable:

2310	Outstanding, start of year	1,740	2,293	2,513
2331	Disbursements for guaranteed loan claims	1,142	1,357	1,473
2351	Repayments of loans receivable	-569	-962	-1,125
2361	Write-offs of loans receivable	-151	-175	-187
2364	Other adjustments, net	131		
2390	Outstanding, end of year	2,293	2,513	2,674

PLUS

2111	Position with respect to appropriations act limitation on commitments: Limitation on guaranteed loans made by private lenders			
2131	Guaranteed loan commitments exempt from limitation	7,358	10,425	11,560
2150	Total guaranteed loan commitments	7,358	10,425	11,560
2199	Guaranteed amount of guaranteed loan commitments	7,358	10,321	11,444

Cumulative balance of guaranteed loans outstanding:

2210	Outstanding, start of year	14,611	10,469	14,958
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FEDERAL FAMILY EDUCATION LOAN PROGRAM FINANCING
ACCOUNT—Continued

Status of Guaranteed Loans (in millions of dollars)—Continued

Identification code 91-4251-0-3-502	2006 actual	2007 est.	2008 est.
2231 Disbursements of new guaranteed loans	6,753	8,608	9,823
2251 Repayments and prepayments	-10,687	-3,812	-4,929
Adjustments:			
2261 Terminations for default that result in loans receivable	-145	-158	-196
2263 Terminations for default that result in claim payments	-63	-149	-173
2290 Outstanding, end of year	10,469	14,958	19,483
Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year	10,469	14,809	19,288

Addendum:

Identification code 91-4251-0-3-502	2006 actual	2007 est.	2008 est.
Cumulative balance of defaulted guaranteed loans that result in loans receivable:			
2310 Outstanding, start of year	291	312	292
2331 Disbursements for guaranteed loan claims	145	158	196
2351 Repayments of loans receivable	-79	-115	-132
2361 Write-offs of loans receivable	-63	-63	-63
2364 Other adjustments, net	18		
2390 Outstanding, end of year	312	292	293

SLS

Identification code 91-4251-0-3-502	2006 actual	2007 est.	2008 est.
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year	276	201	143
2251 Repayments and prepayments	-42	-37	-22
Adjustments:			
2261 Terminations for default that result in loans receivable	-27	-20	-14
2263 Terminations for default that result in claim payments	-6	-1	
2290 Outstanding, end of year	201	143	107

Memorandum:

2299 Guaranteed amount of guaranteed loans outstanding, end of year	201	141	106
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Addendum:

Identification code 91-4251-0-3-502	2006 actual	2007 est.	2008 est.
Cumulative balance of defaulted guaranteed loans that result in loans receivable:			
2310 Outstanding, start of year	385	375	314
2331 Disbursements for guaranteed loan claims	27	20	14
2351 Repayments of loans receivable	-53	-76	-70
2361 Write-offs of loans receivable	-6	-5	-5
2364 Other adjustments, net	22		
2390 Outstanding, end of year	375	314	253

CONSOLIDATION

Identification code 91-4251-0-3-502	2006 actual	2007 est.	2008 est.
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	81,788	26,978	32,014
2150 Total guaranteed loan commitments	81,788	26,978	32,014
2199 Guaranteed amount of guaranteed loan commitments	81,788	26,708	31,693

Cumulative balance of guaranteed loans outstanding:

2210 Outstanding, start of year	138,457	203,604	213,935
2231 Disbursements of new guaranteed loans	72,036	27,021	31,845
2251 Repayments and prepayments	-4,686	-13,630	-15,189
Adjustments:			
2261 Terminations for default that result in loans receivable	-1,619	-2,154	-2,594
2263 Terminations for default that result in claim payments	-575	-906	-989
2264 Other adjustments, net	-9		
2290 Outstanding, end of year	203,604	213,935	227,008

Memorandum:

2299 Guaranteed amount of guaranteed loans outstanding, end of year	203,604	211,796	224,738
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Addendum:

Identification code 91-4251-0-3-502	2005 actual	2006 actual	2007 actual
Cumulative balance of defaulted guaranteed loans that result in loans receivable:			
2310 Outstanding, start of year	3,696	4,237	4,694
2331 Disbursements for guaranteed loan claims	1,619	2,154	2,594
2351 Repayments of loans receivable	-746	-1,022	-1,329
2361 Write-offs of loans receivable	-575	-675	-750
2364 Other adjustments, net	243		
2390 Outstanding, end of year	4,237	4,694	5,209

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.

Balance Sheet (in millions of dollars)

Identification code 91-4251-0-3-502	2005 actual	2006 actual
ASSETS:		
Federal assets:		
1101 Fund balances with Treasury	23,191	43,542
Investments in US securities:		
1106 Receivables, net	524	551
Net value of assets related to post-1991 acquired defaulted guaranteed loans receivable:		
1501 Defaulted guaranteed loans receivable, gross	8,566	10,263
1502 Interest receivable	1,691	1,823
1505 Allowance for subsidy cost (-)	-1,711	-2,847
1599 Net present value of assets related to defaulted guaranteed loans	8,546	9,239
1999 Total assets	32,261	53,332
LIABILITIES:		
2101 Federal liabilities: Accounts payable	1,761	951
Non-Federal liabilities:		
2201 Accounts payable		31
2204 Liabilities for loan guarantees	30,500	52,350
2999 Total liabilities	32,261	53,332
4999 Total liabilities and net position	32,261	53,332

FEDERAL FAMILY EDUCATION LOAN PROGRAM FINANCING ACCOUNT

(Legislative proposal, subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 91-4251-4-3-502	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
Stafford loans:			
01.01 Default claims, Stafford			-28
01.02 Special allowance			-7
01.03 Interest benefits			5
01.08 Guaranty Agency Administrative Fees			109
01.91 Subtotal, Stafford loans			79
Unsubsidized Stafford loans:			
02.02 Default claims, Unsubsidized Stafford			-23
02.03 Special allowance			-7
02.08 Guaranty Agency Administrative Fees			62
02.91 Subtotal, Unsubsidized Stafford loans			32
03.01 Default claims, PLUS			-3
PLUS loans:			
03.09 Guaranty Agency Administrative Fees, PLUS			-7
03.91 Direct Program by Activities—Subtotal (1 level)			-10
Consolidation loans:			
05.01 Default claims, Consolidation			-41
05.02 Special allowance			-19
05.09 Guaranty Agency Administrative Fees			-203
05.91 Subtotal, Consolidations loans			-263
08.05 Downward Modification			2,813
10.00 Total new obligations			2,651

Budgetary resources available for obligation:

22.00 New financing authority (gross)			-947
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23.95	Total new obligations			-2,651
24.40	Unobligated balance carried forward, end of year			-3,598
New financing authority (gross), detail:				
Mandatory:				
60.00	Appropriation			12
Spending authority from offsetting collections:				
69.00	Offsetting collections (cash)			-823
69.27	Capital transfer to general fund			-136
69.90	Spending authority from offsetting collections (total mandatory)			-959
70.00	Total new financing authority (gross)			-947
Change in obligated balances:				
73.10	Total new obligations			2,651
73.20	Total financing disbursements (gross)			-2,081
74.40	Obligated balance, end of year			570
Outlays (gross), detail:				
87.00	Total financing disbursements (gross)			2,081
Offsets:				
Against gross financing authority and financing disbursements:				
Offsetting collections (cash) from:				
Payments from program account:				
88.00	Stafford loans			68
88.00	Unsubsidized Stafford			146
88.00	PLUS loans			34
88.00	Consolidated loans			786
88.00	Upward reestimate			
88.00	Modification, Upward			-9
88.25	Interest on uninvested funds			72
Student Loans: Stafford, Unsubsidized Stafford, PLUS, SLS & Consolidation:				
88.40	Stafford recoveries on defaults			-40
88.40	Stafford origination fees			-6
88.40	Unsubsidized Stafford recoveries on default			-27
88.40	Unsubsidized Stafford origination fees			-3
88.40	PLUS recoveries on defaults			-3
88.40	SLS recoveries on defaults			-1
88.40	Consolidation recoveries on defaults			-35
88.40	Consolidation origination fees			-159
88.90	Total, offsetting collections (cash)			823
Net financing authority and financing disbursements:				
89.00	Financing authority			-124
90.00	Financing disbursements			2,904

FEDERAL FAMILY EDUCATION LOAN LIQUIDATING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 91-0230-0-1-502	2006 actual	2007 est.	2008 est.	
Obligations by program activity:				
01.01	Interest benefits, net of origination fees	8	7	4
01.02	Special allowance net of origination fees	4	2	2
01.03	Default claims	82	59	46
01.04	Death, disability, and bankruptcy claims	13	13	10
01.05	Contract collection costs	53	47	43
01.06	Voluntary flexible agreements	5	4	
01.91	Subtotal, Stafford loans	165	132	105
02.01	Default claims	9	8	6
02.02	Death, disability, and bankruptcy claims	5	5	4
02.05	Contract collection costs	9	9	8
02.06	Special allowance net of origination fees	5		
02.07	Voluntary flexible agreements	7	1	
02.91	Subtotal, PLUS/SLS loans	35	23	18
10.00	Total new obligations	200	155	123
Budgetary resources available for obligation:				
21.40	Unobligated balance carried forward, start of year	339	243	
22.00	New budget authority (gross)	441	155	123
22.10	Resources available from recoveries of prior year obligations	2		

22.40	Capital transfer to general fund	-339	-243	
23.90	Total budgetary resources available for obligation	443	155	123
23.95	Total new obligations	-200	-155	-123
24.40	Unobligated balance carried forward, end of year	243		
New budget authority (gross), detail:				
Mandatory:				
Spending authority from offsetting collections:				
69.00	Offsetting collections (cash)	995	902	814
69.27	Capital transfer to general fund	-554	-747	-691
69.90	Spending authority from offsetting collections (total mandatory)	441	155	123
Change in obligated balances:				
72.40	Obligated balance, start of year	23	51	51
73.10	Total new obligations	200	155	123
73.20	Total outlays (gross)	-170	-155	-123
73.45	Recoveries of prior year obligations	-2		
74.40	Obligated balance, end of year	51	51	51
Outlays (gross), detail:				
86.97	Outlays from new mandatory authority	170	155	123
Offsets:				
Against gross budget authority and outlays:				
Offsetting collections (cash) from:				
88.40	Fed collections on defaulted loans, Stafford	-255	-285	-257
88.40	Federal collections on bankruptcies, Stafford	-3	-3	-3
88.40	Offsets against Federal tax refunds, Stafford	-245	-215	-194
88.40	Reimbursements from guaranty agencies, Stafford	-316	-231	-208
88.40	Other collections/ fees, Stafford	-53	-27	-25
88.40	Federal collections on defaulted loans, PLUS/SLS	-55	-66	-60
88.40	Federal collections on bankruptcies, PLUS/SLS	-1	-1	-1
88.40	Offsets against Federal tax refunds, PLUS/SLS	-19	-16	-14
88.40	Reimbursements from guaranty agencies, PLUS/SLS	-48	-58	-52
88.90	Total, offsetting collections (cash)	-995	-902	-814
Net budget authority and outlays:				
89.00	Budget authority	-554	-747	-691
90.00	Outlays	-825	-747	-691

Status of Guaranteed Loans (in millions of dollars)

Identification code 91-0230-0-1-502	2006 actual	2007 est.	2008 est.	
STAFFORD LOANS				
Cumulative balance of guaranteed loans outstanding:				
2210	Outstanding, start of year	1,276	978	800
2251	Repayments and prepayments	-203	-100	-41
Adjustments:				
2261	Terminations for default that result in loans receivable	-82	-65	-50
2263	Terminations for default that result in claim payments	-13	-13	-10
2290	Outstanding, end of year	978	800	699
Memorandum:				
2299	Guaranteed amount of guaranteed loans outstanding, end of year	978	800	699
Addendum:				
Cumulative balance of defaulted guaranteed loans that result in loans receivable:				
2310	Outstanding, start of year	8,005	7,511	7,113
2331	Disbursements for guaranteed loan claims	82	65	50
2351	Repayments of loans receivable	-415	-404	-365
2361	Write-offs of loans receivable	-13	-12	-11
2364	Other adjustments, net	-148	-47	-43
2390	Outstanding, end of year	7,511	7,113	6,744
PLUS/SLS LOANS				
Cumulative balance of guaranteed loans outstanding:				
2210	Outstanding, start of year	793	648	569
2251	Repayments and prepayments	-131	-66	-26
Adjustments:				
2261	Terminations for default that result in loans receivable	-9	-8	-7

FEDERAL FAMILY EDUCATION LOAN LIQUIDATING ACCOUNT—
Continued

Status of Guaranteed Loans (in millions of dollars)—Continued

Identification code 91-0230-0-1-502	2006 actual	2007 est.	2008 est.
2263 Terminations for default that result in claim payments	—5	—5	—4
2290 Outstanding, end of year	648	569	532
Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year	648	569	532
Addendum:			
Cumulative balance of defaulted guaranteed loans that result in loans receivable:			
2310 Outstanding, start of year	1,301	1,220	1,137
2331 Disbursements for guaranteed loan claims	9	8	7
2351 Repayments of loans receivable	—61	—76	—69
2361 Write-offs of loans receivable	—5	—4	—4
2364 Other adjustments, net	—24	—11	—10
2390 Outstanding, end of year	1,220	1,137	1,061

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	2005 actual	2006 actual
ASSETS:		
1101 Federal assets: Fund balances with Treasury	362	295
1701 Defaulted guaranteed loans, gross	9,306	8,730
1702 Interest receivable	595	336
1703 Allowance for estimated uncollectible loans and interest (—)	—6,736	—4,718
1704 Defaulted guaranteed loans and interest receivable, net	3,165	4,348
1799 Value of assets related to loan guarantees	3,165	4,348
1999 Total assets	3,527	4,643
LIABILITIES:		
2104 Federal liabilities: Resources payable to Treasury	3,412	4,555
Non-Federal liabilities:		
2201 Accounts payable	4	—15
2204 Liabilities for loan guarantees	111	103
2999 Total liabilities	3,527	4,643
4999 Total liabilities and net position	3,527	4,643

Object Classification (in millions of dollars)

Identification code 91-0230-0-1-502	2006 actual	2007 est.	2008 est.
Direct obligations:			
25.2 Other services	62	57	51
33.0 Investments and loans	91	67	52
41.0 Grants, subsidies, and contributions	29	14	6
42.0 Insurance claims and indemnities	18	17	14
99.9 Total new obligations	200	155	123

INSTITUTE OF EDUCATION SCIENCES

Federal 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, \$594,262,000, of which \$293,144,000 shall be available until September 30, 2009.

Note.—A regular 2007 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 109-289, Division B, as amended). The amounts included for 2007 in this budget reflect the levels provided by the continuing resolution.

Program and Financing (in millions of dollars)

Identification code 91-1100-0-1-503	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
00.01 Research, development, and dissemination	162	163	163
00.02 Statistics	90	90	119
00.03 Regional educational laboratories	65	65	65
00.04 Assessment	93	93	116
00.05 Research in special education	72	72	72
00.06 Statewide data systems	49	49	49
00.07 Special education studies and evaluations	10	10	10
01.00 Total direct program	541	542	594
09.01 Reimbursable program	2	2	2
10.00 Total new obligations	543	544	596
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	25	2	2
22.00 New budget authority (gross)	520	544	596
23.90 Total budgetary resources available for obligation	545	546	598
23.95 Total new obligations	—543	—544	—596
24.40 Unobligated balance carried forward, end of year	2	2	2
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	523	542	594
40.35 Appropriation permanently reduced	—5		
43.00 Appropriation (total discretionary)	518	542	594
58.00 Spending authority from offsetting collections: Offsetting collections (cash)	2	2	2
70.00 Total new budget authority (gross)	520	544	596
Change in obligated balances:			
72.40 Obligated balance, start of year	621	758	520
73.10 Total new obligations	543	544	596
73.20 Total outlays (gross)	—393	—782	—564
73.40 Adjustments in expired accounts (net)	—13		
74.40 Obligated balance, end of year	758	520	552
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	90	139	152
86.93 Outlays from discretionary balances	303	643	412
87.00 Total outlays (gross)	393	782	564
Offsets:			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	—2	—2	—2
Net budget authority and outlays:			
89.00 Budget authority	518	542	594
90.00 Outlays	391	780	562

Research and Statistics:

Research, development, and dissemination.—Funds support the National Center for Education Research, which oversees a diverse portfolio of directed research, evaluation studies, research and development centers, and 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 2008, funds will also support a higher education unit record pilot. The pilot will modify several components of the Integrated

Postsecondary Education Data System (IPEDS) to implement a privacy-protected system that would allow interested parties to follow students as they move from one institution to another, thus allowing better understanding of student attendance, graduation and transfer rates, academic outcomes, and the costs of higher education.

Regional educational laboratories.—Funds support a network of 10 regional laboratories that provide expert advice, including training and technical assistance, to help States and school districts apply proven research findings in their school improvement efforts. Funds would be used for the third year of 5-year contracts for the laboratories.

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 2008, 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.

Statewide data systems.—Funds support competitive awards to State educational agencies to foster the design, development, and implementation of longitudinal data systems.

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	2006 actual	2007 est.	2008 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	3	4
25.2 Other services	167	167	194
25.3 Other purchases of goods and services from Government accounts	15	15	15
25.5 Research and development contracts	99	99	99
41.0 Grants, subsidies, and contributions	253	253	277
99.0 Direct obligations	541	540	592
99.0 Reimbursable obligations	2	2	2
99.5 Below reporting threshold		2	2
99.9 Total new obligations	543	544	596

Employment Summary

Identification code 91-1100-0-1-503	2006 actual	2007 est.	2008 est.
Direct:			
1001 Civilian full-time equivalent employment	13	14	14

DEPARTMENTAL MANAGEMENT

Federal 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, \$446,934,000, of which \$17,303,000, 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.

Note.—A regular 2007 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 109-289, Division B, as amended). The amounts included for 2007 in this budget reflect the levels provided by the continuing resolution.

Program and Financing (in millions of dollars)

Identification code 91-0800-0-1-503	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
00.01 Program administration	410	411	447
00.02 Trust Fund	36	24	
09.01 Reimbursable program	1	1	1
10.00 Total new obligations	447	436	448
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year		24	
22.00 New budget authority (gross)	472	412	448
23.90 Total budgetary resources available for obligation	472	436	448
23.95 Total new obligations	-447	-436	-448
23.98 Unobligated balance expiring or withdrawn	-1		
24.40 Unobligated balance carried forward, end of year	24		
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	415	411	447
40.35 Appropriation permanently reduced	-4		
43.00 Appropriation (total discretionary)	411	411	447
58.00 Spending authority from offsetting collections: Offsetting collections (cash)		1	1
Mandatory:			
60.00 Appropriation	61		
70.00 Total new budget authority (gross)	472	412	448
Change in obligated balances:			
72.40 Obligated balance, start of year	125	144	127
73.10 Total new obligations	447	436	448
73.20 Total outlays (gross)	-422	-453	-429
73.40 Adjustments in expired accounts (net)	-4		
74.10 Change in uncollected customer payments from Federal sources (expired)	-2		
74.40 Obligated balance, end of year	144	127	146
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	337	322	338
86.93 Outlays from discretionary balances	85	71	91
86.98 Outlays from mandatory balances		60	
87.00 Total outlays (gross)	422	453	429
Offsets:			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	-2	-1	-1
Against gross budget authority only:			
88.96 Portion of offsetting collections (cash) credited to expired accounts	2		
Net budget authority and outlays:			
89.00 Budget authority	472	411	447
90.00 Outlays	420	452	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

PROGRAM ADMINISTRATION—Continued

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. In 2006, this account received a transfer from the Department of State of \$61 million. These funds came from foreign countries in support of the Department of Education's efforts to assist educational programs and entities affected by Hurricane Katrina. 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	2006 actual	2007 est.	2008 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent	167	193	201
11.3 Other than full-time permanent	30	9	10
11.5 Other personnel compensation	4	3	4
11.9 Total personnel compensation	201	205	215
12.1 Civilian personnel benefits	49	51	54
13.0 Benefits for former personnel	1		
21.0 Travel and transportation of persons	5	5	5
23.1 Rental payments to GSA	36	36	38
23.3 Communications, utilities, and miscellaneous charges	11	9	11
24.0 Printing and reproduction	3	4	4
25.1 Advisory and assistance services	5	3	2
25.2 Other services	24	19	20
25.3 Other purchases of goods and services from Government accounts	20	17	16
25.7 Operation and maintenance of equipment	44	48	51
26.0 Supplies and materials	2	2	2
31.0 Equipment	9	12	24
32.0 Land and structures	1		5
41.0 Grants, subsidies, and contributions	35	24	
99.0 Direct obligations	446	435	447
99.0 Reimbursable obligations	1	1	1
99.9 Total new obligations	447	436	448

Employment Summary

Identification code 91-0800-0-1-503	2006 actual	2007 est.	2008 est.
Direct:			
1001 Civilian full-time equivalent employment	2,121	2,103	2,113

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, \$93,771,000.

Note.—A regular 2007 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 109-289, Division B, as amended). The amounts included for 2007 in this budget reflect the levels provided by the continuing resolution.

Program and Financing (in millions of dollars)

Identification code 91-0700-0-1-751	2006 actual	2007 est.	2008 est.
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Obligations by program activity:

00.01 Civil rights	90	90	94
10.00 Total new obligations	90	90	94
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	91	90	94
23.95 Total new obligations	-90	-90	-94
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	92	90	94
40.35 Appropriation permanently reduced	-1		
43.00 Appropriation (total discretionary)	91	90	94
Change in obligated balances:			
72.40 Obligated balance, start of year	22	20	16
73.10 Total new obligations	90	90	94
73.20 Total outlays (gross)	-91	-94	-93
73.40 Adjustments in expired accounts (net)	-1		
74.40 Obligated balance, end of year	20	16	17
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	75	77	80
86.93 Outlays from discretionary balances	16	17	13
87.00 Total outlays (gross)	91	94	93
Net budget authority and outlays:			
89.00 Budget authority	91	90	94
90.00 Outlays	91	94	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	2006 actual	2007 est.	2008 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent	51	53	55
11.3 Other than full-time permanent	2	2	3
11.5 Other personnel compensation	1	1	1
11.9 Total personnel compensation	54	56	59
12.1 Civilian personnel benefits	13	14	14
21.0 Travel and transportation of persons	1	1	1
23.1 Rental payments to GSA	7	7	7
23.3 Communications, utilities, and miscellaneous charges	2	1	1
25.2 Other services	4	2	2
25.3 Other purchases of goods and services from Government accounts	2	3	3
25.7 Operation and maintenance of equipment	5	4	5
31.0 Equipment		1	1
99.0 Direct obligations	88	89	93
99.5 Below reporting threshold	2	1	1
99.9 Total new obligations	90	90	94

Employment Summary

Identification code 91-0700-0-1-751	2006 actual	2007 est.	2008 est.
Direct:			
1001 Civilian full-time equivalent employment	630	629	629

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, \$53,239,000.

Note.—A regular 2007 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 109-289, Division B, as amended). The amounts included for 2007 in this budget reflect the levels provided by the continuing resolution.

Program and Financing (in millions of dollars)

Identification code 91-1400-0-1-751	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
00.01 Inspector General	49	48	53
10.00 Total new obligations	49	48	53
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	49	48	53
23.95 Total new obligations	-49	-48	-53
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	49	48	53
Change in obligated balances:			
72.40 Obligated balance, start of year	11	13	13
73.10 Total new obligations	49	48	53
73.20 Total outlays (gross)	-47	-48	-52
74.40 Obligated balance, end of year	13	13	14
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	41	40	44
86.93 Outlays from discretionary balances	6	8	8
87.00 Total outlays (gross)	47	48	52
Net budget authority and outlays:			
89.00 Budget authority	49	48	53
90.00 Outlays	47	48	52

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	2006 actual	2007 est.	2008 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent	23	25	27
11.3 Other than full-time permanent	1	1	1
11.5 Other personnel compensation	2	2	2
11.9 Total personnel compensation	26	26	27
12.1 Civilian personnel benefits	8	8	9
21.0 Travel and transportation of persons	2	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	2	3
25.2 Other services	1	1	1
25.3 Other purchases of goods and services from Government accounts	1	1	1
25.7 Operation and maintenance of equipment	2	2	3
31.0 Equipment	1	1	1
32.0 Land and structures	1	1	1
99.0 Direct obligations	48	48	53
99.5 Below reporting threshold	1	1	1
99.9 Total new obligations	49	48	53

Employment Summary

Identification code 91-1400-0-1-751	2006 actual	2007 est.	2008 est.
Direct:			
1001 Civilian full-time equivalent employment	288	279	293

HURRICANE EDUCATION RECOVERY

Federal Funds

HURRICANE EDUCATION RECOVERY

Program and Financing (in millions of dollars)

Identification code 91-0013-0-1-500	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
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	878		
00.91 Subtotal, Aid for elementary and secondary education	1,633		
01.01 Aid for institutions of higher education	200		
01.02 Aid for recovering institutions	50		
01.91 Subtotal, Postsecondary institutional assistance	250		
10.00 Total new obligations (object class 41.0)	1,883		
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	1,885		
23.95 Total new obligations	-1,883		
23.98 Unobligated balance expiring or withdrawn	-2		
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	1,885		
Change in obligated balances:			
72.40 Obligated balance, start of year		743	
73.10 Total new obligations	1,883		
73.20 Total outlays (gross)	-1,140	-743	
74.40 Obligated balance, end of year	743		
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	1,140		
86.93 Outlays from discretionary balances		743	
87.00 Total outlays (gross)	1,140	743	
Net budget authority and outlays:			
89.00 Budget authority	1,885		
90.00 Outlays	1,140	743	

Amounts in this schedule reflect balances that are spending out from prior-year appropriations.

GENERAL FUND RECEIPT ACCOUNTS

(in millions of dollars)

	2006 actual	2007 est.	2008 est.
Offsetting receipts from the public:			
91-143500 General fund proprietary interest receipts, not otherwise classified	18	20	20
91-271810 Federal family education loan program, negative subsidies			2,813
91-271830 Federal family education loan program, downward reestimates of subsidies		3,715	
91-278130 Federal direct student loan program, downward reestimates of subsidies		985	
91-291500 Repayment of loans, capital contributions, higher education activities	51	42	42
91-322000 All other general fund proprietary receipts including budget clearing accounts	68	47	47
General Fund Offsetting receipts from the public	137	4,809	2,922

(in millions of dollars)—Continued

	2006 actual	2007 est.	2008 est.
Intragovernmental payments:			
91-388500 Undistributed intragovernmental payments and receivables from cancelled accounts	7	4	4
General Fund Intragovernmental payments	7	4	4

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.