

DEPARTMENT OF EDUCATION

OFFICE OF ELEMENTARY AND SECONDARY EDUCATION

Federal Funds

General and special funds:

EDUCATION REFORM

For carrying out activities authorized by titles III and IV of the Goals 2000: Educate America Act, the School-to-Work Opportunities Act, and sections 3122, 3132, 3136, and 3141 [and], parts B, C, and D of title III, and part I of title X of the Elementary and Secondary Education Act of 1965, [\$1,314,100,000] \$1,947,000,000, of which [\$491,000,000] \$459,000,000 for the Goals 2000[: Educate America] Act and [\$125,000,000] \$55,000,000 for the School-to-Work Opportunities Act shall become available on July 1, [1999] 2000 and remain available through September 30, [2000] 2001, and of which [\$87,000,000] \$177,000,000 shall be for section 3122: *Provided*, That none of the funds appropriated under this heading shall be obligated or expended to carry out section 304(a)(2)(A) of the Goals 2000[: Educate America] Act, except that no more than [\$1,500,000] \$2,000,000 may be used to carry out activities under section 314(a)(2) of that Act: *Provided further*, That section 315(a)(2) of the Goals 2000 Act shall not apply: *Provided further*, That up to one-half of 1 percent of the amount available under section 3132 shall be set aside for the outlying areas, to be distributed on the basis of their relative need as determined by the Secretary in accordance with the purposes of the program: *Provided further*, That if any State educational agency does not apply for a grant under section 3132, that State's allotment under section 3131 shall be reserved by the Secretary for grants to local educational agencies in that State that apply directly to the Secretary according to the terms and conditions published by the Secretary in the Federal Register: [*Provided further*, That \$22,000,000 of the funds made available under section 3136 shall be for a competition consistent with the subjects outlined in the House and Senate reports and the statement of the managers, and that such competition should be administered in a manner consistent with the authorizing legislation and current departmental practices and policies: *Provided further*, That \$9,850,000 of the funds made available for star schools shall be for a competition consistent with the language outlined in the House and Senate reports and the statement of the managers, and that such competition should be administered in a manner consistent with current departmental practices and policies: *Provided further*, That \$8,000,000 shall be awarded to continue and expand the Iowa Communications Network statewide fiber optic demonstration project, and \$800,000 shall be awarded to the School of Agriculture and Land Resources Management at the University of Alaska, Fairbanks to enhance distance delivery of natural resources management courses; \$350,000 shall be for multi-media classrooms for the rural education technology center at the Western Montana College in Dillon, Montana: *Provided further*, That of the funds made available for section 3136, \$2,500,000 shall be to establish the RUNet 2000 project at Rutgers, The State University of New Jersey; \$500,000 shall be for state-of-the-art information technology systems at Mansfield University, Mansfield, Pennsylvania; \$1,000,000 shall be for professional development for technology training at the Krell Institute, Ames, Iowa; \$850,000 shall be for Internet-based curriculum at the State of Alaska, Department of Education; \$2,000,000 shall be for "Magnet E-School" technology training and curriculum initiative at the Hawaii Department of Education; \$600,000 shall be for technology in the classroom pilot program for the Green Bay Public School System, Green Bay, Wisconsin; \$250,000 shall be for the "Passport to Chicago Community Network" technology training project; \$1,200,000 for LEARN North Carolina and the University of North Carolina at Chapel Hill; and \$1,500,000 for the Iowa Department of Education for community college grants to low-income schools for technology]: *Provided further*, That grantees receiving funds under part I of title X shall be required to provide matching funds of not less than 50 percent of the total cost over the project period from sources other than funds under part I, in cash or in kind, and that awards may be for periods of up to 5

years. (Department of Education Appropriations Act, 1999, as included in Public Law 105-277, section 101(f).)

| Program and Financing (in millions of dollars) | | | | |
|--|---|-------------|-----------|-----------|
| Identification code 91-0500-0-1-501 | | 1998 actual | 1999 est. | 2000 est. |
| Obligations by program activity: | | | | |
| Goals 2000: | | | | |
| 00.01 | State and local education systemic improvement | 469 | 477 | 461 |
| 00.02 | Parental assistance | 25 | 30 | 30 |
| 00.91 | Total, goals 2000 | 494 | 507 | 491 |
| 01.01 | School-to-work opportunities | 175 | 313 | 55 |
| Educational technology: | | | | |
| 02.01 | Technology literacy challenge fund | 425 | 425 | 450 |
| 02.02 | Technology innovation challenge grants | 106 | 115 | 110 |
| 02.03 | Regional technology in education consortia | 10 | 10 | 10 |
| National activities: | | | | |
| 02.04 | Teacher training in technology | | 75 | 75 |
| 02.05 | Community-based technology | | 10 | 65 |
| 02.06 | Technology leadership activities | | 2 | 2 |
| 02.07 | Middle school teacher training | | | 30 |
| 02.08 | Software development initiative | | | 5 |
| 02.09 | Star schools | 34 | 45 | 45 |
| 02.10 | Ready to learn television | 7 | 11 | 7 |
| 02.11 | Telecommunications demonstration project for mathematics | 2 | 5 | 2 |
| 02.91 | Total, educational technology | 584 | 698 | 801 |
| 03.01 | 21st Century community learning centers | | | 600 |
| 10.00 | Total new obligations | 1,253 | 1,518 | 1,947 |
| Budgetary resources available for obligation: | | | | |
| 21.40 | Unobligated balance available, start of year | 194 | 204 | |
| 22.00 | New budget authority (gross) | 1,275 | 1,314 | 1,947 |
| 22.21 | Unobligated balance transferred to other accounts | -27 | | |
| 22.22 | Unobligated balance transferred from other accounts | 16 | | |
| 23.90 | Total budgetary resources available for obligation | 1,458 | 1,518 | 1,947 |
| 23.95 | Total new obligations | -1,253 | -1,518 | -1,947 |
| 24.40 | Unobligated balance available, end of year | 204 | | |
| New budget authority (gross), detail: | | | | |
| 40.00 | Appropriation | 1,275 | 1,314 | 1,947 |
| Change in unpaid obligations: | | | | |
| 72.40 | Unpaid obligations, start of year: Obligated balance, start of year | 902 | 1,409 | 1,660 |
| 73.10 | Total new obligations | 1,253 | 1,518 | 1,947 |
| 73.20 | Total outlays (gross) | -746 | -1,267 | -1,305 |
| 74.40 | Unpaid obligations, end of year: Obligated balance, end of year | 1,409 | 1,660 | 2,303 |
| Outlays (gross), detail: | | | | |
| 86.90 | Outlays from new current authority | 114 | 66 | 97 |
| 86.93 | Outlays from current balances | 632 | 1,201 | 1,207 |
| 87.00 | Total outlays (gross) | 746 | 1,267 | 1,305 |
| Net budget authority and outlays: | | | | |
| 89.00 | Budget authority | 1,275 | 1,314 | 1,947 |
| 90.00 | Outlays | 746 | 1,267 | 1,305 |

Note.—Includes \$600 million in budget authority in 2000 for 21st Century community learning centers previously financed from:

| (In millions of dollars) | | 1998 actual | 1999 est. |
|---|--|-------------|-----------|
| Office of Educational Research and Improvement, Education Research, Statistics, and Improvement | | 40 | 200 |

Funds help States and localities undertake comprehensive education reform, create State and local systems of school-to-work transition for students, and implement educational technology plans.

Goals 2000:

General and special funds—Continued

EDUCATION REFORM—Continued

State and local education systemic improvement.—State grants support State and local education improvement efforts to help all students reach challenging academic standards in all States. At least 90 percent of the funds are provided to local educational agencies. Funds also support evaluation of educational reform efforts.

Parental assistance.—Centers in all States would continue to help provide parents with knowledge and skills they need to participate effectively in their children's education.

School-to-Work Opportunities.—School-to-work programs are jointly administered by the Departments of Education and Labor. An identical amount is provided for the Department of Labor to support these activities. To date, competitive, 5-year grants have been awarded to all States.

Direct grants are also provided to local partnerships serving young people who live in high-poverty urban and rural areas, as well as partnerships that serve Indian youth. These funds also support national evaluation, research, and development activities to provide national leadership and analysis of school-to-work opportunities initiatives.

Educational Technology:

Technology literacy challenge fund.—All States will receive the fourth year of 5-year grants as part of the President's plan to provide States and school districts with \$2 billion over 5 years for computers, connections, training, and software, in order to achieve the President's four goals for fully integrating technology into schools.

Technology innovation challenge grants.—Competitive grants are made to consortia of schools districts and other partners to improve teaching and learning through the development of effective and innovative uses of technology.

Regional technology in education consortia.—Funds support technical assistance in the development and implementation of educational technology.

Teacher training in technology.—Funds support grants to consortia of States, colleges of education, and other public and private entities to provide summer institutes or other activities that will help new teachers learn how to use technology effectively.

Community-based technology.—Funds support computer learning centers for students and adults in low-income neighborhoods.

Technology leadership activities.—Funds support leadership activities designed to promote the effective use of educational technology, and to strengthen and coordinate the Department's technology initiatives and other Federal and private sector efforts.

Middle school teacher training.—Funds will support grants to middle schools to train teacher technology leaders in States that agree to establish technology literacy requirements.

Software development initiative.—Funds will support competitive grants to encourage the development of high-quality educational software by partnerships of students, university faculty, and technology and content experts.

Star schools.—Funds support competitive grants to partnerships for the development of instructional programming and professional development using distance learning technologies.

Ready to learn television.—Funds support the development of educational programming and outreach activities promoting literacy and school readiness for preschool and elementary school children and their parents.

Telecommunications demonstration project for mathematics.—Funds support a national telecommunications-based demonstration project to improve the teaching of mathematics so that all students are prepared to achieve State content standards.

21st Century community learning centers.—Funds support competitive grants to centers providing school-based academic and recreational services for youth and other members of the community during after-school, weekend, and summer hours. Priority will be given to projects that have policies for ending social promotion.

Object Classification (in millions of dollars)

| Identification code 91-0500-0-1-501 | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| 25.1 Advisory and assistance services | 5 | 6 | 7 |
| 25.2 Other services | 2 | 3 | 3 |
| 25.5 Research and development contracts | 5 | 6 | 7 |
| 41.0 Grants, subsidies, and contributions | 1,241 | 1,503 | 1,930 |
| 99.9 Total new obligations | 1,253 | 1,518 | 1,947 |

EDUCATION FOR THE DISADVANTAGED

For carrying out title I of the Elementary and Secondary Education Act of 1965, and section 418A of the Higher Education Act, **[\$8,370,520,000] \$8,743,920,000**, of which **[\$2,198,134,000] \$2,561,134,000** shall become available on July 1, **[1999] 2000**, and shall remain available through September 30, **[2000] 2001**, and of which **\$6,148,386,000** shall become available on October 1, **[1999] 2000** and shall remain available through September 30, **[2000] 2001**, for academic year **[1999-2000] 2000-2001**: *Provided*, That **[\$6,574,000,000] \$6,140,000,000** shall be available for basic grants under section 1124: *Provided further*, That up to \$3,500,000 of these funds shall be available to the Secretary on October 1, **[1998] 1999**, to obtain updated local-educational-agency-level census poverty data from the Bureau of the Census: *Provided further*, That **[\$1,102,020,000] \$1,100,000,000** shall be available for concentration grants under section 1124A, and **\$756,020,000** shall be available for targeted grants under section 1125: *Provided further*, That each State shall reserve 2.5 percent of its total allocation under sections 1124, 1124A, and 1125 to support efforts to improve schools identified under section 1116(c), pursuant to additional guidance to be issued by the Secretary: *Provided further*, That **[\$7,500,000] \$8,900,000** shall be available for evaluations under section 1501 and not more than \$8,500,000 shall be reserved for section 1308, of which not more than \$3,000,000 shall be reserved for section 1308(d): *Provided further*, That grant awards under section 1124 and 1124A of title I of the Elementary and Secondary Education Act shall be made to each State or local educational agency at no less than 100 percent of the amount such State or local educational agency received under this authority for fiscal year 1998: *Provided further*, That **[\$120,000,000] \$150,000,000** shall be available under section 1002(g)(2) to demonstrate effective approaches to comprehensive school reform to be allocated and expended in accordance with the instructions relating to this activity in the statement of the managers on the conference report accompanying Public Law 105-78 and in the statement of the managers on the conference report accompanying **[this Act] Public Law 105-277**: *Provided further*, That in carrying out this initiative, the Secretary and the States shall support only approaches that show the most promise of enabling children served by title I to meet challenging State content standards and challenging State student performance standards based on reliable research and effective practices, and include an emphasis on basic academics and parental involvement: *Provided further*, That **[no funds appropriated under section 1002(g)(2) shall be available for section 1503] sections 1116(c)(5)(B)(ii) and 1116(c)(5)(C) shall not apply.** (Department of Education Appropriations Act, 1999, as included in Public Law 105-277, section 101(f).)

Program and Financing (in millions of dollars)

| Identification code 91-0900-0-1-501 | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| Obligations by program activity: | | | |
| Direct program: | | | |
| Grants to local educational agencies: | | | |
| 00.01 Basic grants | 5,935 | 2,982 | 6,894 |
| 00.02 Concentration grants | 1,279 | | 1,102 |
| 00.03 Capital expenses | 41 | 24 | |
| 00.04 Even start | 121 | 138 | 145 |
| 00.05 State agency programs | 345 | 399 | 422 |
| 00.06 Evaluation | 7 | 8 | 9 |

| | | | | |
|--|---|--------|--------|--------|
| 00.07 | Demonstrations of comprehensive school reform | 63 | 177 | 150 |
| 00.08 | Migrant education projects | 10 | 13 | 22 |
| 10.00 | Total new obligations | 7,801 | 3,741 | 8,744 |
| Budgetary resources available for obligation: | | | | |
| 21.40 | Unobligated balance available, start of year | 10 | 71 | ..... |
| 22.00 | New budget authority (gross) | 7,871 | 3,670 | 8,744 |
| 23.90 | Total budgetary resources available for obligation | 7,881 | 3,741 | 8,744 |
| 23.95 | Total new obligations | -7,801 | -3,741 | -8,744 |
| 23.98 | Unobligated balance expiring | -9 | ..... | ..... |
| 24.40 | Unobligated balance available, end of year | 71 | ..... | ..... |
| New budget authority (gross), detail: | | | | |
| Current: | | | | |
| 40.00 | Appropriation | 6,573 | 2,222 | 2,596 |
| Permanent: | | | | |
| 65.00 | Advance appropriation (definite) | 1,298 | 1,448 | 6,148 |
| 70.00 | Total new budget authority (gross) | 7,871 | 3,670 | 8,744 |
| Change in unpaid obligations: | | | | |
| 72.40 | Unpaid obligations, start of year: Obligated balance, start of year | 7,306 | 7,304 | 4,358 |
| 73.10 | Total new obligations | 7,801 | 3,741 | 8,744 |
| 73.20 | Total outlays (gross) | -7,817 | -6,687 | -7,963 |
| 73.40 | Adjustments in expired accounts | 14 | ..... | ..... |
| 74.40 | Unpaid obligations, end of year: Obligated balance, end of year | 7,304 | 4,358 | 5,139 |
| Outlays (gross), detail: | | | | |
| 86.90 | Outlays from new current authority | 354 | 111 | 130 |
| 86.93 | Outlays from current balances | 6,863 | 4,333 | 3,101 |
| 86.97 | Outlays from new permanent authority | 276 | 1,248 | 4,304 |
| 86.98 | Outlays from permanent balances | 324 | 995 | 428 |
| 87.00 | Total outlays (gross) | 7,817 | 6,687 | 7,963 |
| Net budget authority and outlays: | | | | |
| 89.00 | Budget authority | 7,871 | 3,670 | 8,744 |
| 90.00 | Outlays | 7,818 | 6,687 | 7,963 |

Summary of Program Level (in millions of dollars)

| | 1998-1999 academic year | 1999-2000 academic year | 2000-2001 academic year |
|--|-------------------------------|-------------------------------|-------------------------------|
| Current Budget Authority | 6,574 | 2,223 | 2,596 |
| Advance appropriation | 1,448 | 6,148 | 6,148 |
| Total program level | 8,022 | 8,371 | 8,774 |
| Increase in advance appropriation over previous year | +150 | +4,700 | +0 |

Grants to local educational agencies.—Funds will be allocated through the Basic, Concentration, and Targeted grant formulas for local programs that stress the achievement of challenging State education standards, support schoolwide improvement, integrate Title I assessment and curriculum with State systemic reforms, and target funds to high-poverty schools. Up to \$3.5 million in Basic Grant funds will be used to continue work needed to obtain updated poverty data at the local educational agency level from the Bureau of the Census for use in allocating Title I funds beginning in 1999, as required by the statute.

Even start.—Funds are provided by formula to States, which in turn award grants to partnerships of local educational agencies and other organizations to operate family literacy projects integrating early childhood education, adult literacy and parenting education for low-income families with children under age 8.

State agency migrant program.—Funds are provided by formula to States for educational services to children of migratory farmworkers and fishers. Funds and services are concentrated on children who have moved within the past 36 months.

State agency neglected and delinquent program.—Funds are provided by formula to States for educational services to children and youth under age 21 in State facilities for neglected

or delinquent children or adult correction facilities. Services help institutionalized youth achieve the same challenging standards established for students in local public schools.

Evaluation.—Funds support national activities to evaluate Title I programs and longitudinal studies of the program's effectiveness in helping schools and children achieve to challenging State education standards.

Demonstrations of comprehensive school reform.—Funds are provided by formula to States, which in turn award grants to local educational agencies to help participating schools initiate and implement comprehensive school reforms based on approaches and methods grounded in reliable research and practice.

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 | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| 25.1 Advisory and assistance services | 9 | 9 | 9 |
| 25.2 Other services | 7 | 7 | 7 |
| 25.3 Purchases of goods and services from Government accounts | 2 | 2 | 2 |
| 41.0 Grants, subsidies, and contributions | 7,783 | 3,723 | 8,726 |
| 99.9 Total new obligations | 7,801 | 3,741 | 8,744 |

IMPACT AID

For carrying out programs of financial assistance to federally affected schools authorized by title VIII of the Elementary and Secondary Education Act of 1965, [\$864,000,000] \$736,000,000, of which [\$704,000,000] \$684,000,000 shall be for basic support payments under section 8003(b), [\$50,000,000] \$40,000,000 shall be for payments for children with disabilities under section 8003(d), [\$70,000,000, to remain available until expended, shall be for payments under section 8003(f),] \$7,000,000 shall be for construction under section 8007, [and \$28,000,000 shall be for Federal property payments under section 8002] and \$5,000,000 to remain available until expended shall be for facilities maintenance under section 8008: [Provided, That Section 8002(f) of the Elementary and Secondary Education Act of 1965 is amended—

(1) by inserting "(1)" after the subsection heading; and

(2) by adding a new paragraph (2) at the end to read as follows:

"(2) For each fiscal year beginning with fiscal year 1999, the Secretary shall treat the Webster School District, Day County, South Dakota as meeting the eligibility requirements of subsection (a)(1)(C) of this section."

Provided further, That Section 8002 of the Elementary and Secondary Education Act of 1965 is amended by adding at the end thereof a new subsection (k) to read as follows:

"(k) SPECIAL RULE.—For purposes of payments under this section for each fiscal year beginning with fiscal year 1998—

"(1) the Secretary shall, for the Stanley County, South Dakota local educational agency, calculate payments as if subsection (e) had been in effect for fiscal year 1994; and

"(2) the Secretary shall treat the Delaware Valley, Pennsylvania local educational agency as if it had filed a timely application under section 2 of Public Law 81-874 for fiscal year 1994."

Provided further, That (a) from the funds appropriated for payments to local educational agencies under section 8003(f) of the Elementary and Secondary Education Act of 1965 (ESEA) for fiscal year 1999, the Secretary of Education shall distribute supplemental payments for certain local educational agencies, as follows:

(1) First, from the amount of \$68,000,000, the Secretary shall make supplemental payments to the following agencies under section 8003(b) of the ESEA:

(A) Local educational agencies that received assistance under section 8003(f) for fiscal year 1998.

(B) Local educational agencies with Impact Aid applicant numbers 20-0019, 51-0504, 51-2801, 51-1903, 51-0010, 51-4203, 51-2101, 51-0811, and 51-0904.

(C) Any eligible local educational agency with at least 25,000 children in average daily attendance, at least 55 percent feder-

General and special funds—Continued

IMPACT AID—Continued

ally connected children described in section 8003(a)(1) in average daily attendance, and at least 6,500 children described in sections 8003(a)(1)(A) and (B) in average daily attendance.

(2) From the remaining \$2,000,000 and any amounts available after making payments under paragraph (1), the Secretary shall then make supplemental payments to local educational agencies that are not described in paragraph (1) of this subsection, but that meet the requirements of paragraphs (2) and (4) of section 8003(f) of the ESEA for fiscal year 1999, except that such agencies may count for purposes of eligibility for these supplemental payments, all students described in section 8003(a)(1).

(3) After making payments under section 8003(f) to all eligible applicants for fiscal years before fiscal year 1999, the Secretary shall use the combined amount of any funds remaining available under that subsection, and any amounts that may remain for fiscal year 1999 after making payments under paragraphs (1) and (2) of this subsection, to make the following payments:

(A) First, an amount not to exceed \$3,000,000 to Impact Aid applicant number 20-0019.

(B) Second, from any remaining funds, an amount not to exceed \$3,000,000 to Impact Aid applicant number 53-0061.

(C) Third, from any remaining funds, increased basic support payments under section 8003(b) for all eligible applicants.

(b) In calculating the amounts of supplemental payments for agencies described in subparagraphs (1)(A) and (B) and paragraph (2) of subsection (a), the Secretary shall use the formula contained in section 8003(b)(1)(C) of the ESEA, except that—

(1) eligible local educational agencies may count all children described in section 8003(a)(1) in computing the amount of those payments;

(2) maximum payments for any of those agencies that use local contribution rates identified in section 8003(b)(1)(C)(i) or (ii) shall be computed by using four-fifths instead of one-half of those rates;

(3) the learning opportunity threshold percentage of all such agencies under section 8003(b)(2)(B) shall be deemed to be 100;

(4) for an eligible local educational agency with 35 percent or more of its children in average daily attendance described in either subparagraph (D) or (E) of section 8003(a)(1), the weighted student unit figure from its regular basic support payment shall be recomputed by using a factor of 0.55 for such children;

(5) for an eligible local educational agency with fewer than 100 children in average daily attendance, the weighted student unit figure from its regular basic support payment shall be recomputed by multiplying the total number of children described in section 8003(a)(1) by a factor of 1.5; and

(6) for an eligible local educational agency whose total number of children in average daily attendance is at least 100, but fewer than 750, the weighted student unit figure from its regular basic support payment shall be recomputed by multiplying the total number of children described in section 8003(a)(1) by a factor of 1.25.

(c) For a local educational agency described in subsection (a)(1)(C) above, the Secretary shall use the formula contained in section 8003(b)(1)(C) of the ESEA, except that the weighted student unit total from its regular basic support payment shall be increased by 35 percent and its learning opportunity threshold percentage shall be deemed to be 100.

(d) For each eligible local educational agency, the calculated supplemental basic support payment shall be reduced by subtracting the agency's regular fiscal year 1999 section 8003(b) basic support payment.

(e) The actual supplemental basic support payment that local educational agencies receive shall be treated under section 8009 in the same manner as payments under section 8003(f).

(f) If the sums described in subsections (a)(1) and (2) above are insufficient to pay in full the calculated supplemental basic support payments for the local educational agencies identified in those subsections, the Secretary shall ratably reduce the supplemental basic support payment to each local educational agency: *Provided further*, That the Secretary of Education shall treat as timely filed, and shall process for payment, an application for a fiscal year 1998 payment from the local educational agency for Prince Georges County, Maryland, under section 8003 of the Elementary and Secondary Education Act of 1965 if the Secretary has received that application not later than 30 days after the enactment of this Act: *Provided further*, That from the amount appropriated for section 8008 the Secretary shall

award \$500,000 to the Randolph Field Independent School District, Texas: *Provided further*, That for the purposes of computing the amount of payment for a local educational agency for children identified under section 8003, children residing in housing initially acquired or constructed under section 801 of the Military Construction Authorization Act of 1984, (Public Law 98-115) ("Build to Lease" program) shall be considered as children described under section 8003(a)(1)(B) if the property described is within the fenced security perimeter of the military facility upon which such housing is situated: *Provided further*, That if such property is not owned by the Federal Government, is subject to taxation by a State or political subdivision of a State, and thereby generates revenues for a local educational agency which received a payment from the Secretary under section 8003, the Secretary shall—

(A) require such local educational agency to provide certification from an appropriate official of the Department of Defense that such property is being used to provide military housing; and

(B) reduce the amount of such payment by an amount equal to the amount of revenue from such taxation received in the second preceding fiscal year by such local educational agency, unless the amount of such revenue was taken into account by the State for such second preceding fiscal year and already resulted in a reduction in the amount of State aid paid to such local educational agency: *Provided further*, That of the funds available for payments under section 8002, the Secretary shall pay the San Diego, California, Centennial, Pennsylvania, and Hatboro-Horsham, Pennsylvania, local educational agencies the sum of \$500,000 each, in addition to their regularly calculated payments, except that the total funds these agencies receive under this section may not exceed 50 percent of their maximum section 8002 payments] *Provided*, That payments and eligibility under section 8003 shall be based only on federally connected children described in sections 8003(a)(1)(A), 8003(a)(1)(B), and 8003(a)(1)(C): *Provided further*, That notwithstanding section 8003(b)(1)(B), any local educational agency that received a payment based on federally connected children described in sections 8003(a)(1)(A), 8003(a)(1)(B), and 8003(a)(1)(C) for fiscal year 1999 shall be eligible to receive a payment under section 8003(b) for fiscal year 2000: *Provided further*, That notwithstanding section 8003(d)(1), payments under section 8003(d) for fiscal year 2000 for eligible local educational agencies shall be based only on federally connected children described in sections 8003(a)(1)(A)(ii), 8003(a)(1)(B), and 8003(a)(1)(C): *Provided further*, That notwithstanding section 8003(b)(1)(C), the maximum amount of the basic support payment for any local educational agency under section 8003(b)(1) shall be determined by multiplying the number of that agency's weighted student units for children described in sections 8003(a)(1)(A), 8003(a)(1)(B), and 8003(a)(1)(C), by the greatest of: (1) the local contribution rate described in section 8003(b)(1)(C)(iii); (2) the amount described in section 8003(b)(1)(C)(iv); or (3) the average per-pupil expenditure of all the States for fiscal year 1997, multiplied by the local contribution percentage of the State in which the agency is located: *Provided further*, That notwithstanding section 8003(b)(2), if funds appropriated are insufficient to pay each local educational agency the full amount calculated under the preceding proviso, each such payment shall be: (1) multiplied by the sum of: (A) .50; and (B) one-half of the percentage of the agency's average daily attendance (as defined in section 14101(1) of such Act) that is comprised of children described in sections 8003(a)(1)(A), 8003(a)(1)(B), and 8003(a)(1)(C); and (2) ratably reduced or increased, as the case may be, but not to exceed the maximum amount described above: *Provided further*, That none of the funds provided shall be used for payment under section 8003(e). (Department of Education Appropriations Act, 1999, as included in Public Law 105-277, section 101(f).)

Program and Financing (in millions of dollars)

| Identification code 91-0102-0-1-501 | 1998 actual | 1999 est. | 2000 est. |
|--|-------------|-----------|-----------|
| Obligations by program activity: | | | |
| Payments for federally connected children: | | | |
| 00.01 Basic support payments | 662 | 704 | 684 |
| 00.02 Supplemental payments for children with disabilities | 50 | 50 | 40 |
| 00.03 Payments for heavily impacted districts | 89 | 62 | 50 |
| 00.91 Subtotal, payments for federally connected children | 801 | 816 | 774 |
| 01.01 Facilities maintenance | 1 | 14 | 5 |
| 02.01 Construction | 7 | 7 | 7 |
| 03.01 Payments for Federal property | 24 | 28 | ..... |

| | | | | |
|--|---|------|------|------|
| 04.01 | Construction (P.L. 81-815) | 9 | 7 | |
| 05.01 | Penalty mail | 1 | | |
| 10.00 | Total new obligations | 843 | 872 | 786 |
| Budgetary resources available for obligation: | | | | |
| 21.40 | Unobligated balance available, start of year | 95 | 73 | 65 |
| 22.00 | New budget authority (gross) | 808 | 864 | 736 |
| 22.10 | Resources available from recoveries of prior year obligations | 14 | | |
| 23.90 | Total budgetary resources available for obligation | 917 | 937 | 801 |
| 23.95 | Total new obligations | -843 | -872 | -786 |
| 24.40 | Unobligated balance available, end of year | 73 | 65 | 15 |
| New budget authority (gross), detail: | | | | |
| 40.00 | Appropriation | 808 | 864 | 736 |
| Change in unpaid obligations: | | | | |
| 72.40 | Unpaid obligations, start of year: Obligated balance, start of year | 334 | 407 | 294 |
| 73.10 | Total new obligations | 843 | 872 | 786 |
| 73.20 | Total outlays (gross) | -700 | -985 | -847 |
| 73.40 | Adjustments in expired accounts | -57 | | |
| 73.45 | Adjustments in unexpired accounts | -14 | | |
| 74.40 | Unpaid obligations, end of year: Obligated balance, end of year | 407 | 294 | 233 |
| Outlays (gross), detail: | | | | |
| 86.90 | Outlays from new current authority | 563 | 705 | 600 |
| 86.93 | Outlays from current balances | 137 | 280 | 248 |
| 87.00 | Total outlays (gross) | 700 | 985 | 847 |
| Net budget authority and outlays: | | | | |
| 89.00 | Budget authority | 808 | 864 | 736 |
| 90.00 | Outlays | 700 | 985 | 847 |

Funds help to pay the operating costs of local educational agencies that are affected by Federal activities. Payments would be made to local educational agencies that educate (1) children of Federal employees who both live and work on Federal property, (2) children of foreign military officers living on Federal property, (3) children living on Indian lands, and (4) military dependents living on Federal property.

Basic support payments.—Payments would be made on behalf of approximately 292,000 federally connected children enrolled in approximately 1,000 school districts across the country. The request would provide an average payment of approximately \$2,300 for each of these federally connected children.

Supplemental payments for children with disabilities.—Payments would be made for additional assistance to school districts educating Federally connected children with disabilities. Approximately 32,000 such children are enrolled in school districts across the country. The request would provide approximately \$1,300 in additional assistance for the education of each of these children.

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

Construction.—Payments provide assistance for school construction for certain school districts with large proportions of federally connected children.

| Object Classification (in millions of dollars) | | | | |
|--|--|-------------|-----------|-----------|
| Identification code 91-0102-0-1-501 | | 1998 actual | 1999 est. | 2000 est. |
| 23.3 | Communications, utilities, and miscellaneous charges | 1 | | |
| 32.0 | Land and structures | 1 | 14 | 5 |
| 41.0 | Grants, subsidies, and contributions | 841 | 858 | 781 |
| 99.9 | Total new obligations | 843 | 872 | 786 |

SCHOOL IMPROVEMENT PROGRAMS

For carrying out school improvement activities authorized by titles II, IV, V-A and B, VI, IX, X, [XII] and XIII of the Elementary and Secondary Education Act of 1965 ("ESEA"); the Stewart B. McKinney Homeless Assistance Act; and the Civil Rights Act of 1964 and part B of title VIII of the Higher Education Act; [\$2,811,134,000] \$2,722,534,000, of which [\$2,381,300,000] \$2,205,700,000 shall become available on July 1, [1999] 2000, and remain available through September 30, [2000] 2001: Provided, That of the amount appropriated, \$335,000,000 shall be for Eisenhower professional development State grants under title II-B and up to \$750,000 shall be for an evaluation of comprehensive regional assistance centers under title XIII of [the Elementary and Secondary Education Act of 1965, and \$1,575,000,000 shall be for title VI, of which \$1,200,000,000 shall be available, notwithstanding any other provision of law.] ESEA: Provided further, That with respect to funds appropriated for title IV-A-1 of ESEA, State educational agencies shall, in determining the local educational agencies that have the greatest need for additional funds pursuant to section 4113(d)(2)(C)(ii), conduct a competition and consider the quality of the programs proposed by applicants: Provided further, That of the funds appropriated for title IV-A-2 of ESEA, \$12,000,000 shall become available on October 1, 1999, to remain available until expended to help school districts and communities respond to violent deaths and other traumatic crises: Provided further, That notwithstanding any other provision of law, \$1,400,000,000 shall be available to carry out title VI of [the Elementary and Secondary Education Act of 1965] ESEA in accordance with section 307(b) through (g) of [this Act] the Department of Education Appropriations Act, 1999, as included in Public Law 105-277, section 101(f), in order to reduce class size, particularly in the early grades, using highly qualified teachers to improve educational achievement for regular and special needs children, from which amount the Secretary of Education—

(1) shall make available a total of \$7,000,000 to the Secretary of the Interior (on behalf of the Bureau of Indian Affairs) and the outlying areas for activities under that section, and

(2) shall allocate the remainder by providing each State the greater of the amount the State would receive if a total of \$1,306,950,000 were allocated in the same proportion as the amount it received under section 1122 or under section 2202(b) of ESEA for fiscal year 1999, except that such allocations shall be ratably increased or decreased as may be necessary: Provided further, That the Federal share of the cost of any activities carried out with funds made available to a local educational agency under the previous proviso that are in excess of its fiscal year 1999 allocation may be up to 100 percent in the case of a local educational agency with a child-poverty rate of 50 percent or greater, and shall not exceed 65 percent in the case of a local educational agency with a child-poverty rate below 50 percent; and the non-Federal share of such activities assisted shall be through cash expenditures from non-Federal sources, except that if an agency has allocated funds under section 1113(c) of ESEA to 1 or more schoolwide programs under section 1114 of ESEA, the agency may use those funds for the non-Federal share of activities under this program that benefit those schoolwide programs, to the extent consistent with section 1120A(c) of ESEA and notwithstanding section 1114(a)(3)(B) of ESEA. (Department of Education Appropriations Act, 1999, as included in Public Law 105-277, section 101(f).)

Program and Financing (in millions of dollars)

| Identification code 91-1000-0-1-501 | 1998 actual | 1999 est. | 2000 est. | |
|--|--|-----------|-----------|-------|
| Obligations by program activity: | | | | |
| Professional development and program innovation: | | | | |
| 00.01 | Eisenhower professional development State grants | 332 | 338 | 335 |
| 00.02 | Innovative education program strategies State grants | 350 | 375 | |
| 00.03 | Class size reduction | | 1,200 | 1,400 |
| Safe and drug-free schools and communities: | | | | |
| 00.04 | State grants | 531 | 443 | 439 |
| 00.05 | National programs | 25 | 90 | 90 |
| 00.06 | Coordinator Initiative | | 35 | 50 |
| 00.07 | Project SERV | | | 12 |
| 00.08 | Inexpensive book distribution | 12 | 18 | 18 |
| 00.09 | Arts in education | 11 | 11 | 11 |
| 00.10 | Magnet schools assistance | 101 | 104 | 114 |
| 00.11 | Education for homeless children and youth | 29 | 29 | 32 |
| 00.12 | Women's educational equity | 3 | 3 | 3 |
| 00.13 | Training and advisory services | 7 | 7 | 7 |
| 00.14 | Ellender fellowships | 2 | 2 | |

General and special funds—Continued

SCHOOL IMPROVEMENT PROGRAMS—Continued

Program and Financing (in millions of dollars)—Continued

| Identification code 91-1000-0-1-501 | 1998 actual | 1999 est. | 2000 est. |
|--|-------------|-----------|-----------|
| 00.15 Education for Native Hawaiians | 18 | 20 | 20 |
| 00.16 Alaska Native education equity | 8 | 10 | 10 |
| 00.17 Charter schools | 80 | 100 | 130 |
| 00.18 Comprehensive regional assistance centers | 27 | 28 | 32 |
| 00.19 Advanced placement incentives ..... | ..... | 4 | 20 |
| 10.00 Total obligations | 1,536 | 2,817 | 2,723 |
| Budgetary resources available for obligation: | | | |
| 21.40 Unobligated balance available, start of year | 3 | 5 | ..... |
| 22.00 New budget authority (gross) | 1,538 | 2,811 | 2,723 |
| 23.90 Total budgetary resources available for obligation | 1,541 | 2,816 | 2,723 |
| 23.95 Total new obligations | -1,536 | -2,817 | -2,723 |
| 23.98 Unobligated balance expiring | -1 | ..... | ..... |
| 24.40 Unobligated balance available, end of year | 5 | ..... | ..... |
| New budget authority (gross), detail: | | | |
| 40.00 Appropriation | 1,538 | 2,811 | 2,723 |
| Change in unpaid obligations: | | | |
| 72.40 Unpaid obligations, start of year: Obligated balance, start of year | 1,771 | 1,941 | 3,321 |
| 73.10 Total new obligations | 1,536 | 2,817 | 2,723 |
| 73.20 Total outlays (gross) | -1,366 | -1,437 | -2,175 |
| 73.40 Adjustments in expired accounts | 2 | ..... | ..... |
| 74.40 Unpaid obligations, end of year: Obligated balance, end of year | 1,941 | 3,321 | 3,869 |
| Outlays (gross), detail: | | | |
| 86.90 Outlays from new current authority | 62 | 141 | 136 |
| 86.93 Outlays from current balances | 1,304 | 1,296 | 2,039 |
| 87.00 Total outlays (gross) | 1,366 | 1,437 | 2,175 |
| Net budget authority and outlays: | | | |
| 89.00 Budget authority | 1,538 | 2,811 | 2,723 |
| 90.00 Outlays | 1,366 | 1,437 | 2,175 |

Eisenhower professional development State grants.—Formula grants are provided to States, outlying areas, and the Bureau of Indian Affairs to support intensive, high-quality professional development in the core academic subject areas.

Class size reduction.—Formula grants are provided to local school districts to help them carry out effective approaches to reducing class sizes with highly qualified teachers. School districts give particular consideration to reducing class sizes in the early elementary grades.

Safe and drug-free schools and communities:

State grants.—Formula grants are made to States, outlying areas, and the Bureau of Indian Affairs to assist in combatting drug use and violence in the Nation's schools.

National programs.—Funds support activities to promote safe and disciplined academic environments and to prevent illegal drug use and violence among students at all educational levels. Such activities may include training, demonstrations, direct services to school districts with severe drug and violence problems, program evaluation, and development and dissemination of information and materials.

Coordinator Initiative.—Grants are awarded to local educational agencies to recruit, hire, and train full-time drug and violence prevention coordinators to plan, design, implement, and evaluate drug and violence prevention programs in middle schools with significant drug and violence problems.

Project SERV (School Emergency Response to Violence).—The Administration proposes a new Federal response to violent deaths and other crises affecting schools. Under this initiative, the Department of Education, in collaboration with the Departments of Justice and Health and Human

Services and the Federal Emergency Management Agency Administration, would provide immediate emergency assistance to a community following a violent or traumatic incident to help identify and meet urgent and unplanned local needs, such as additional school security personnel, emergency mental health crisis counseling, and longer-term counseling to students, faculty, and families.

Other programs.—

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

Arts in education.—Funds support education activities of the Kennedy Center and Very Special Arts.

Magnet schools assistance.—Grants are made to local educational agencies to establish and operate magnet school programs that are part of approved desegregation plans. The 2000 increase will support inter-district programs.

Education for homeless children and youth.—Formula grants are provided to States, outlying areas, and the Bureau of Indian Affairs to provide educational and support services that enable homeless children and youth to enroll in, attend, and achieve success in school.

Women's educational equity.—Funds support implementation of gender-equity practices at schools and colleges, as well as the development and dissemination of educational materials that promote educational equity for women and girls.

Training and advisory services.—Grants are made 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.

Education for Native Hawaiians.—Grants provide supplemental education services to Native Hawaiians in the areas of family-based education, special education, gifted and talented education, higher education, curriculum development, teacher training and recruitment, and community-based learning.

Alaska Native education equity.—Grants provide supplemental education services to Alaska Natives in the areas of educational planning, curriculum development, teacher training, teacher recruitment, student enrichment, and home-based instruction for pre-school children.

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

Comprehensive regional assistance centers.—Funds are provided for 15 comprehensive regional technical assistance centers that provide services to States, local educational agencies, schools, and other recipients of Federal education funds to improve elementary and secondary education programs.

Advanced placement incentives.—Funds are used by States to pay for advanced placement test fees for low-income students who are enrolled in advanced placement classes. In States in which no eligible low-income individual is required to pay more than a nominal fee to take advanced placement tests, funds may be used for other purposes to increase the number of low-income students taking these tests, such as curriculum development and training of teachers for advanced placement courses.

Object Classification (in millions of dollars)

| Identification code 91-1000-0-1-501 | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| 24.0 Printing and reproduction | 1 | 1 | 1 |
| 25.1 Advisory and assistance services | 5 | 5 | 4 |
| 25.2 Other services | 20 | 21 | 17 |
| 25.5 Research and development contracts | 2 | ..... | ..... |
| 41.0 Grants, subsidies, and contributions | 1,508 | 2,790 | 2,701 |

| | | | | |
|------|-----------------------------|-------|-------|-------|
| 99.9 | Total new obligations | 1,536 | 2,817 | 2,723 |
|------|-----------------------------|-------|-------|-------|

READING EXCELLENCE

For necessary expenses to carry out the Reading Excellence Act, **[\$260,000,000]** \$286,000,000, which shall become available on July 1, **[1999]** 2000, and shall remain available through September 30, **[2000]** 2001. (Department of Education Appropriations Act, 1999, as included in Public Law 105-277, section 101(f).)

Program and Financing (in millions of dollars)

| Identification code 91-0011-0-1-501 | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| Obligations by program activity: | | | |
| 00.01 Reading Excellence | | 260 | 286 |
| 10.00 Total new obligations | | 260 | 286 |
| Budgetary resources available for obligation: | | | |
| 22.00 New budget authority (gross) | | 260 | 286 |
| 23.95 Total new obligations | | -260 | -286 |
| New budget authority (gross), detail: | | | |
| Current: | | | |
| 40.00 Appropriation | | 260 | 286 |
| Permanent: | | | |
| 61.00 Transferred to other accounts | | -210 | |
| 65.00 Advance appropriation (definite) | | 210 | |
| 70.00 Total new budget authority (gross) | | 260 | 286 |
| Change in unpaid obligations: | | | |
| 72.40 Unpaid obligations, start of year: Obligated balance, start of year | | | 247 |
| 73.10 Total new obligations | | 260 | 286 |
| 73.20 Total outlays (gross) | | -13 | -105 |
| 74.40 Unpaid obligations, end of year: Obligated balance, end of year | | | 247 |
| | | | 428 |
| Outlays (gross), detail: | | | |
| 86.90 Outlays from new current authority | | 13 | 14 |
| 86.93 Outlays from current balances | | | 91 |
| 87.00 Total outlays (gross) | | 13 | 105 |
| Net budget authority and outlays: | | | |
| 89.00 Budget authority | | 260 | 286 |
| 90.00 Outlays | | 13 | 105 |

Reading Excellence.—The Reading Excellence Act, authorized in 1999, funds programs to provide our children with the readiness skills and support they need in early childhood to learn to read once they enter school, to help ensure that all children read well and independently by the end of the third grade, and to improve the instructional practices of teachers and other instructional staff in elementary schools. States that receive competitive grants will make subgrants on a competitive basis to school districts to help them provide professional development opportunities for instructional staff, operate tutoring programs, and provide family literacy services.

Object Classification (in millions of dollars)

| Identification code 91-0011-0-1-501 | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| 25.1 Advisory and assistance services | | 5 | 5 |
| 25.2 Other services | | 4 | 5 |
| 41.0 Grants, subsidies, and contributions | | 251 | 276 |
| 99.9 Total new obligations | | 260 | 286 |

CHICAGO LITIGATION SETTLEMENT

Program and Financing (in millions of dollars)

| Identification code 91-0220-0-1-501 | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| Obligations by program activity: | | | |
| 10.00 Total obligations (object class 41.0) | 2 | 5 | |
| Budgetary resources available for obligation: | | | |
| 21.40 Unobligated balance available, start of year | 7 | 5 | |
| 23.95 Total new obligations | -2 | -5 | |
| 24.40 Unobligated balance available, end of year | 5 | | |
| Change in unpaid obligations: | | | |
| 72.40 Unpaid obligations, start of year: Obligated balance, start of year | 3 | 3 | 4 |
| 73.10 Total new obligations | 2 | 5 | |
| 73.20 Total outlays (gross) | -2 | -4 | -3 |
| 74.40 Unpaid obligations, end of year: Obligated balance, end of year | 3 | 4 | 1 |
| Outlays (gross), detail: | | | |
| 86.93 Outlays from current balances | 2 | 4 | 3 |
| Net budget authority and outlays: | | | |
| 89.00 Budget authority | | | |
| 90.00 Outlays | 2 | 4 | 3 |

Funds made available under this account were reappropriated by the Supplemental Appropriations Act, 1987 (Public Law 100-71) from funds enjoined in *United States of America v. Board of Education of the City of Chicago*. The funds were reappropriated for the specific purpose of settling this case. The funds are used by the Chicago Board of Education to implement Project CANAL (Creating A New Approach to Learning), the project approved by the court to support the Board's desegregation efforts.

The Department of Education provides these funds to the Chicago Board of Education in annual increments upon receipt and approval of an annual plan for Project CANAL activities.

INDIAN EDUCATION

For expenses necessary to carry out, to the extent not otherwise provided, title IX, part A of the Elementary and Secondary Education Act of 1965, as amended, **[\$66,000,000]** \$77,000,000. (Department of Education Appropriations Act, 1999, as included in Public Law 105-277, section 101(f).)

Program and Financing (in millions of dollars)

| Identification code 91-0101-0-1-501 | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| Obligations by program activity: | | | |
| 00.01 Grants to local educational agencies | 60 | 62 | 62 |
| 00.02 Special programs for Indian children | | 3 | 13 |
| 00.03 National activities | | 1 | 2 |
| 00.04 Federal administration | 3 | | |
| 10.00 Total new obligations | 63 | 66 | 77 |
| Budgetary resources available for obligation: | | | |
| 22.00 New budget authority (gross) | 63 | 66 | 77 |
| 23.95 Total new obligations | -63 | -66 | -77 |
| New budget authority (gross), detail: | | | |
| 40.00 Appropriation | 63 | 66 | 77 |
| Change in unpaid obligations: | | | |
| 72.40 Unpaid obligations, start of year: Obligated balance, start of year | 67 | 77 | 78 |
| 73.10 Total new obligations | 63 | 66 | 77 |
| 73.20 Total outlays (gross) | -53 | -65 | -69 |
| 74.40 Unpaid obligations, end of year: Obligated balance, end of year | 77 | 78 | 87 |
| Outlays (gross), detail: | | | |
| 86.90 Outlays from new current authority | 2 | 8 | 9 |

General and special funds—Continued

INDIAN EDUCATION—Continued

Program and Financing (in millions of dollars)—Continued

| Identification code 91-0101-0-1-501 | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| 86.93 Outlays from current balances | 51 | 57 | 59 |
| 87.00 Total outlays (gross) | 53 | 65 | 69 |
| Net budget authority and outlays: | | | |
| 89.00 Budget authority | 63 | 66 | 77 |
| 90.00 Outlays | 53 | 65 | 69 |

The Indian Education program (Title IX, Part A of the Elementary and Secondary Education Act) supports the efforts of local educational agencies and tribal schools to improve teaching and learning for the Nation's American Indian and Alaska Native children.

Grants to local educational agencies.—Formula grants support local educational agencies in their efforts to reform elementary and secondary school programs that serve Indian students, with the goal of ensuring that such programs are based on challenging State standards that are used for all students. In 1998, 1,274 formula grants were made to local educational agencies and certain tribal schools enrolling approximately 460,782 Indian students.

Special Programs for Indian children.—Competitive grants are made for a demonstration grants program and a professional development program. Increased funding in 2000 will support an initiative to train and recruit 1,000 new Indian teachers for positions in school districts with high 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 | 1998 actual | 1999 est. | 2000 est. |
|--|-------------|-----------|-----------|
| 11.1 Personnel compensation: Full-time permanent | 2 | | |
| 25.2 Other services | 1 | 1 | |
| 41.0 Grants, subsidies, and contributions | 60 | 65 | 77 |
| 99.9 Total new obligations | 63 | 66 | 77 |

Personnel Summary

| Identification code 91-0101-0-1-501 | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| 1001 Total compensable workyears: Full-time equivalent employment | 24 | | |

OFFICE OF BILINGUAL EDUCATION AND MINORITY LANGUAGES AFFAIRS

Federal Funds

General and special funds:

BILINGUAL AND IMMIGRANT EDUCATION

For carrying out, to the extent not otherwise provided, bilingual, foreign language and immigrant education activities authorized by parts A and C and section 7203 of title VII of the Elementary and Secondary Education Act of 1965, [without regard to section 7103(b), \$380,000,000] \$415,000,000. *Provided*, That State educational agencies may use all, or any part of, their part C allocation for competitive grants to local educational agencies. (Department of Education Appropriations Act, 1999, as included in Public Law 105-277, section 101(f).)

Program and Financing (in millions of dollars)

| Identification code 91-1300-0-1-501 | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| Obligations by program activity: | | | |
| 00.01 Instructional services | 160 | 160 | 170 |
| 00.02 Support services | 14 | 14 | 14 |
| 00.03 Training grants | 25 | 50 | 75 |
| 00.04 Foreign language assistance | 5 | 6 | 6 |
| 00.05 Immigrant education | 150 | 150 | 150 |
| 10.00 Total new obligations | 354 | 380 | 415 |
| Budgetary resources available for obligation: | | | |
| 22.00 New budget authority (gross) | 354 | 380 | 415 |
| 23.95 Total new obligations | -354 | -380 | -415 |
| 23.98 Unobligated balance expiring | -1 | | |
| New budget authority (gross), detail: | | | |
| 40.00 Appropriation | 354 | 380 | 415 |
| Change in unpaid obligations: | | | |
| 72.40 Unpaid obligations, start of year: Obligated balance, start of year | 319 | 465 | 460 |
| 73.10 Total new obligations | 354 | 380 | 415 |
| 73.20 Total outlays (gross) | -207 | -385 | -416 |
| 73.40 Adjustments in expired accounts | -1 | | |
| 74.40 Unpaid obligations, end of year: Obligated balance, end of year | 465 | 460 | 459 |
| Outlays (gross), detail: | | | |
| 86.90 Outlays from new current authority | 3 | 46 | 50 |
| 86.93 Outlays from current balances | 204 | 340 | 366 |
| 87.00 Total outlays (gross) | 207 | 385 | 416 |
| Net budget authority and outlays: | | | |
| 89.00 Budget authority | 354 | 380 | 415 |
| 90.00 Outlays | 207 | 385 | 416 |

Bilingual education.—These programs provide assistance to local educational agencies and other entities to develop and enhance their capacity to provide high-quality instructional programs to children and youth of limited English proficiency. Programs are designed to teach English and to assist these students in achieving the same challenging State content and performance standards expected of all children and youth. Aid is also given to train educational personnel to serve limited English proficient children, to build State capacity to improve educational services for these children, and for information dissemination, studies, and evaluations.

Foreign language assistance.—The foreign language assistance program provides competitive grants to State and local educational agencies to improve the quality of foreign language instruction for elementary and secondary school students.

Immigrant education.—The immigrant education program provides grants to school districts to help finance educational services for immigrant students. Participation is limited to districts with 500 immigrant students or districts in which immigrant children represent at least 3 percent of the enrollment. Awards are made to State educational agencies, which make subgrants to eligible local educational agencies. Appropriations language permits States to distribute these funds on either a formula or discretionary grant basis.

Object Classification (in millions of dollars)

| Identification code 91-1300-0-1-501 | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| 25.1 Advisory and assistance services | 3 | 3 | 3 |
| 25.2 Other services | | 3 | 3 |
| 41.0 Grants, subsidies, and contributions | 351 | 374 | 409 |
| 99.9 Total new obligations | 354 | 380 | 415 |

OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES

Federal Funds

General and special funds:

SPECIAL EDUCATION

For carrying out the Individuals with Disabilities Education Act, **[\$5,124,146,000]** \$5,449,896,000, of which **[\$4,879,885,000]** \$3,226,635,000 shall become available for obligation on July 1, **[1999]** 2000, and shall remain available through September 30, **[2000: Provided, That \$1,500,000 shall be awarded to The Organizing Committee for The 1999 Special Olympics World Summer Games and \$1,500,000, to remain available until expended, shall be for preparation and planning and shall be awarded to The Organizing Committee of The 2001 Special Olympics World Winter Games: Provided further, That \$600,000 shall be for the Early Childhood Development Project of the National Easter Seal Society for the Mississippi Delta Region, which funds shall be used to provide training, technical support, services, and equipment to address personnel and other needs]** 2001, and of which \$1,925,000,000 shall become available on October 1, 2000 and shall remain available through September 30, 2001, for academic year 2000-2001. (Department of Education Appropriations Act, 1999, as included in Public Law 105-277, section 101(f).)

Program and Financing (in millions of dollars)

| Identification code 91-0300-0-1-501 | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| Obligations by program activity: | | | |
| State grants: | | | |
| 00.01 Grants to States | 3,841 | 4,336 | 2,389 |
| 00.02 Preschool grants | 380 | 374 | 402 |
| 00.03 Grants for infants and families | 418 | 439 | 390 |
| 00.91 Subtotal, State grants | 4,639 | 5,149 | 3,181 |
| National activities: | | | |
| 01.01 State improvement | 14 | 57 | 45 |
| 01.02 Research and innovation | 64 | 65 | 65 |
| 01.03 Technical assistance and dissemination | 44 | 45 | 45 |
| 01.04 Personnel preparation | 81 | 82 | 82 |
| 01.05 Parent information centers | 19 | 19 | 23 |
| 01.06 Technology and media services | 33 | 35 | 35 |
| 01.07 Primary education intervention | | | 50 |
| 01.91 Subtotal, National activities | 255 | 302 | 343 |
| 10.00 Total new obligations | 4,895 | 5,451 | 3,525 |
| Budgetary resources available for obligation: | | | |
| 21.40 Unobligated balance available, start of year | 203 | 118 | 1 |
| 22.00 New budget authority (gross) | 4,811 | 5,334 | 3,525 |
| 22.10 Resources available from recoveries of prior year obligations | 6 | | |
| 23.90 Total budgetary resources available for obligation | 5,020 | 5,452 | 3,526 |
| 23.95 Total new obligations | -4,895 | -5,451 | -3,525 |
| 23.98 Unobligated balance expiring | -7 | | |
| 24.40 Unobligated balance available, end of year | 118 | 1 | 1 |
| New budget authority (gross), detail: | | | |
| Current: | | | |
| 40.00 Appropriation | 4,811 | 5,124 | 3,525 |
| Permanent: | | | |
| 62.00 Transferred from other accounts | | 210 | |
| 70.00 Total new budget authority (gross) | 4,811 | 5,334 | 3,525 |
| Change in unpaid obligations: | | | |
| 72.40 Unpaid obligations, start of year: Obligated balance, start of year | 4,778 | 5,990 | 7,177 |
| 73.10 Total new obligations | 4,895 | 5,451 | 3,525 |
| 73.20 Total outlays (gross) | -3,659 | -4,264 | -5,129 |
| 73.40 Adjustments in expired accounts | -18 | | |
| 73.45 Adjustments in unexpired accounts | -6 | | |
| 74.40 Unpaid obligations, end of year: Obligated balance, end of year | 5,990 | 7,177 | 5,573 |
| Outlays (gross), detail: | | | |
| 86.90 Outlays from new current authority | 182 | 256 | 273 |
| 86.93 Outlays from current balances | 3,477 | 3,997 | 4,720 |
| 86.97 Outlays from new permanent authority | | 11 | |
| 86.98 Outlays from permanent balances | | | 137 |

| | | | | |
|--|-----------------------------|-------|-------|-------|
| 87.00 | Total outlays (gross) | 3,659 | 4,264 | 5,129 |
| Net budget authority and outlays: | | | | |
| 89.00 | Budget authority | 4,811 | 5,334 | 3,525 |
| 90.00 | Outlays | 3,658 | 4,264 | 5,129 |

Summary of Program Level (in millions of dollars)

| | 1998-1999 academic year | 1999-2000 academic year | 2000-2001 academic year |
|--|-------------------------------|-------------------------------|-------------------------------|
| Current Budget Authority | 4,811 | 5,334 | 3,525 |
| Advance appropriation | 0 | 0 | 1,925 |
| Total program level | 4,811 | 5,334 | 5,450 |
| Increase in advance appropriation over previous year | +0 | +0 | +1,925 |

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 continue 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 family and child outcomes.

National activities.—These activities include research, demonstration, personnel preparation, technical assistance, grants to States to promote systems change, 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. Research and Innovation is included in the 21st Century Research Fund. The new Primary Education Intervention program would help achieve this goal by assisting school districts in addressing the needs of children with developmental delays ages 5 through 9 with marked problems in learning to read or behavioral problems.

Performance data related to these goals include:

| Number of children served in first quarter of fiscal year: | 1998 actual | 1999 est. | 2000 est. |
|--|-------------|-----------|-----------|
| Ages 3 through 21 | 5,976,000 | 6,125,000 | 6,248,000 |
| Ages 3 through 5 | 571,888 | 582,200 | 592,700 |
| Birth through 2 | 197,376 | 203,300 | 208,400 |
| Educational Environment | | | |
| Percent of children ages 6 through 21 provided special education in: | | | |
| Regular classrooms | 43.4 | 44.5 | 45.3 |
| Resource rooms | 29.5 | 28.8 | 28.7 |
| Separate classes | 22.7 | 22.4 | 21.7 |
| Separate schools | 3.1 | 3.0 | 3.1 |
| Residential facilities | .8 | .7 | .7 |
| Home or hospital | .6 | .6 | .6 |
| Status of Exiting Students | | | |
| Percent of students with disabilities aged 14-21 leaving school: | | | |
| Graduated with a diploma | 51.7 | 52.3 | 52.6 |
| Graduated through certification | 10.9 | 11.1 | 10.9 |

General and special funds—Continued

SPECIAL EDUCATION—Continued

| | 1993–1994 actual | 1994–1995 actual | 1995–1996 actual |
|-------------------------------------|---------------------|---------------------|---------------------|
| Reached maximum age and other | 2.7 | 2.5 | 2.4 |
| Dropped out of school | 34.7 | 34.2 | 34.1 |

| Object Classification (in millions of dollars) | | | |
|---|-------------|-----------|-----------|
| Identification code 91–0300–0–1–501 | 1998 actual | 1999 est. | 2000 est. |
| 25.2 Other services | 5 | 5 | 5 |
| 41.0 Grants, subsidies, and contributions | 4,890 | 5,446 | 3,520 |
| 99.9 Total new obligations | 4,895 | 5,451 | 3,525 |

REHABILITATION SERVICES AND DISABILITY RESEARCH

For carrying out, to the extent not otherwise provided, the Rehabilitation Act of 1973, the *Assistive Technology-Related Assistance for Individuals with Disabilities Act of 1998*, [or successor legislation] and the Helen Keller National Center Act, [as amended, \$2,652,584,000] \$2,717,114,000: Provided, That \$15,000,000 shall be used to support grants for up to three years to States under title III of the *Assistive Technology Act*, of which the Federal share shall not exceed 75 percent in the first year, 50 percent in the second year, and 25 percent in the third year, and that the requirements in section 302 of that Act shall not apply to such grants. (Department of Education Appropriations Act, 1999, as included in Public Law 105–277, section 101(f).)

Program and Financing (in millions of dollars)

| Identification code 91–0301–0–1–506 | 1998 actual | 1999 est. | 2000 est. |
|--|-------------|-----------|-----------|
| Obligations by program activity: | | | |
| Direct program: | | | |
| 00.01 Vocational rehabilitation State grants | 2,247 | 2,304 | 2,339 |
| 00.02 Client assistance State grants | 11 | 11 | 11 |
| 00.03 Training | 40 | 40 | 42 |
| 00.04 Demonstration and training programs | 16 | 19 | 17 |
| 00.05 Migrant and seasonal farmworkers | 2 | 2 | 2 |
| 00.06 Recreational programs | 2 | 2 | 2 |
| 00.07 Protection and advocacy of individual rights | 10 | 11 | 11 |
| 00.08 Projects with industry | 22 | 22 | 22 |
| 00.09 Supported employment State grants | 38 | 38 | 38 |
| 00.10 Independent living | 78 | 80 | 84 |
| 00.11 Program improvement | 3 | 2 | 2 |
| 00.12 Evaluation | 2 | 2 | 2 |
| 00.13 Helen Keller National Center | 7 | 9 | 9 |
| 00.14 National Institute on Disability and Rehabilitation Research | 77 | 81 | 91 |
| 00.15 Assistive technology | 36 | 30 | 45 |
| 01.00 Total direct program | 2,591 | 2,653 | 2,717 |
| 09.01 Reimbursable program | 3 | 3 | 3 |
| 10.00 Total new obligations | 2,594 | 2,656 | 2,720 |
| Budgetary resources available for obligation: | | | |
| 22.00 New budget authority (gross) | 2,594 | 2,656 | 2,720 |
| 23.95 Total new obligations | –2,594 | –2,656 | –2,720 |
| New budget authority (gross), detail: | | | |
| Current: | | | |
| 40.00 Appropriation | 2,591 | 2,653 | 2,717 |
| Permanent: | | | |
| 68.00 Spending authority from offsetting collections: Off- setting collections (cash) | 3 | 3 | 3 |
| 70.00 Total new budget authority (gross) | 2,594 | 2,656 | 2,720 |
| Change in unpaid obligations: | | | |
| 72.40 Unpaid obligations, start of year: Obligated balance, start of year | 997 | 1,100 | 875 |
| 73.10 Total new obligations | 2,594 | 2,656 | 2,720 |
| 73.20 Total outlays (gross) | –2,485 | –2,881 | –2,699 |
| 73.40 Adjustments in expired accounts | –6 | | |
| 74.40 Unpaid obligations, end of year: Obligated balance, end of year | 1,100 | 875 | 896 |
| Outlays (gross), detail: | | | |
| 86.90 Outlays from new current authority | 1,620 | 1,857 | 1,902 |

| | | | |
|---|-------|-------|-------|
| 86.93 Outlays from current balances | 862 | 1,021 | 794 |
| 86.97 Outlays from new permanent authority | 2 | 2 | 2 |
| 86.98 Outlays from permanent balances | 1 | 1 | 1 |
| 87.00 Total outlays (gross) | 2,485 | 2,881 | 2,699 |
| Offsets: | | | |
| Against gross budget authority and outlays: | | | |
| 88.00 Offsetting collections (cash) from: Federal sources | –3 | –3 | –3 |
| Net budget authority and outlays: | | | |
| 89.00 Budget authority | 2,591 | 2,653 | 2,717 |
| 90.00 Outlays | 2,482 | 2,878 | 2,696 |

Vocational rehabilitation State grants.—The basic State grants program provides Federal matching funds to State vocational rehabilitation (VR) agencies to assist individuals with physical or mental impairments to become gainfully employed. Services are tailored to the specific needs of the individual. Priority is given to serving those with the most significant disabilities. Current law requires that between 1.0 percent and 1.5 percent of the funds appropriated for the VR State grants program be set aside for Grants for Indians in 2000.

The table below presents national data on selected performance measures for the VR State grants program. The data is based on the number of individuals whose service records were closed in fiscal years 1996 (351,525) and 1997 (347,619). The 2000 target is to increase the number of individuals with disabilities achieving an employment outcome by one percent over the previous year while maintaining the employment outcome rate at 61 percent.

CONSUMER OUTCOMES (CASES CLOSED)

| | 1996 actual | 1997 actual |
|--|-------------|-------------|
| Individuals achieving employment outcomes | 213,520 | 211,520 |
| Percent with severe disabilities | 78 | 80 |
| Employment outcomes as a percent all of individuals receiving services | 61 | 61 |

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 nonprofit 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, improve, or further the purpose of activities supported under the Rehabilitation Act.

Migrant and seasonal farmworkers.—Grants are made to State VR agencies and other nonprofit or local agencies to provide comprehensive vocational rehabilitation services to migrant and seasonal farmworkers with disabilities.

Recreational programs.—Grants are made to provide individuals with disabilities with recreational and related activities to aid in their employment, mobility, independence, socialization, and community integration.

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.

Projects with industry (PWI).—Grants are made to a variety of public and private organizations to facilitate the establishment of partnerships between rehabilitation service providers and business and industry in order to create and expand employment and career advancement opportunities for individuals with disabilities. In 1997, PWI projects placed in competitive employment approximately 59 percent (11,300) of the 19,109 individuals with disabilities served by the 119 projects.

The 2000 target for this program is to place 62 percent of the individuals served in competitive employment.

Supported employment State grants.—Formula grants are made to assist States in developing programs with public and nonprofit organizations to provide supported employment services for individuals with the most significant disabilities who require on-going support services to enter or retain competitive employment. In 1997, 70.6 percent of individuals with a supported employment goal achieved a competitive employment outcome. The 2000 target for this program is for 71.5 percent to achieve competitive employment outcomes.

Independent living.—Grants are awarded to States and nonprofit agencies to assist individuals with significant disabilities in their achievement of self-determined independent living goals. State agencies and centers for independent living provide training and other direct services and also engage in advocacy activities. Performance indicators focus on customer satisfaction, achievement of individual goals, and broader systemic reforms in the community.

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 activities and the development of an effective data management and reporting system that includes program performance measures.

Evaluation.—Studies are conducted to evaluate the impact and effectiveness of various programs authorized under the Rehabilitation Act. The Department is conducting a multi-year national longitudinal study of the Vocational Rehabilitation State grants program.

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 disseminating of research aimed at improving the lives of individuals with disabilities. The Institute is included in the 21st Century Research Fund.

Assistive technology.—Activities include the Assistive Technology State grant program, protection and advocacy services, and technical assistance designed to develop and implement consumer-responsive comprehensive statewide programs of technology-related assistance for individuals with disabilities. Grants also are made to States to establish alternative loan financing programs to increase access to assistive technology for individuals with disabilities.

| Object Classification (in millions of dollars) | | | |
|---|-------------|-----------|-----------|
| Identification code 91-0301-0-1-506 | 1998 actual | 1999 est. | 2000 est. |
| Direct obligations: | | | |
| 25.1 Advisory and assistance services | 6 | 6 | 6 |
| 25.2 Other services | 3 | 3 | 3 |
| 25.5 Research and development contracts | 1 | 2 | 1 |
| 41.0 Grants, subsidies, and contributions | 2,581 | 2,642 | 2,707 |
| 99.0 Subtotal, direct obligations | 2,591 | 2,653 | 2,717 |
| 99.0 Reimbursable obligations | 3 | 3 | 3 |
| 99.9 Total new obligations | 2,594 | 2,656 | 2,720 |

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.), **[\$8,661,000] \$8,973,000.** (Department of Education Appropriations Act, 1999, as included in Public Law 105-277, section 101(f).)

| Program and Financing (in millions of dollars) | | | |
|---|-------------|-----------|-----------|
| Identification code 91-0600-0-1-501 | 1998 actual | 1999 est. | 2000 est. |
| Obligations by program activity: | | | |
| 10.00 Total obligations (object class 41.0) | 8 | 9 | 9 |
| Budgetary resources available for obligation: | | | |
| 22.00 New budget authority (gross) | 8 | 9 | 9 |
| 23.95 Total new obligations | -8 | -9 | -9 |
| New budget authority (gross), detail: | | | |
| 40.00 Appropriation | 8 | 9 | 9 |
| Change in unpaid obligations: | | | |
| 72.40 Unpaid obligations, start of year: Obligated balance, start of year | 2 | 2 | 1 |
| 73.10 Total new obligations | 8 | 9 | 9 |
| 73.20 Total outlays (gross) | -8 | -10 | -9 |
| 74.40 Unpaid obligations, end of year: Obligated balance, end of year | 2 | 1 | 1 |
| Outlays (gross), detail: | | | |
| 86.90 Outlays from new current authority | 6 | 8 | 8 |
| 86.93 Outlays from current balances | 2 | 2 | 1 |
| 87.00 Total outlays (gross) | 8 | 10 | 9 |
| Net budget authority and outlays: | | | |
| 89.00 Budget authority | 8 | 9 | 9 |
| 90.00 Outlays | 8 | 10 | 9 |

The Federal appropriation supports the production of free educational materials for students below the college level who are blind, research related to developing and improving products, and advisory services to consumer organizations on the availability and use of materials. In 1998, the portion of the Federal appropriation allocated to educational materials represented approximately 44.1 percent of the Printing House's total sales. The full appropriation represented approximately 40.4 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.), **[\$45,500,000] \$47,925,000, of which \$2,651,000 shall be for construction and shall remain available until expended: Provided,** That from the total amount available, the Institute may at its discretion use funds for the endowment program as authorized under section 207. (Department of Education Appropriations Act, 1999, as included in Public Law 105-277, section 101(f).)

| Program and Financing (in millions of dollars) | | | |
|---|-------------|-----------|-----------|
| Identification code 91-0601-0-1-502 | 1998 actual | 1999 est. | 2000 est. |
| Obligations by program activity: | | | |
| 00.01 Operations | 44 | 46 | 45 |
| 00.02 Construction | | | 3 |
| 10.00 Total obligations (object class 41.0) | 44 | 46 | 48 |
| Budgetary resources available for obligation: | | | |
| 22.00 New budget authority (gross) | 44 | 46 | 48 |
| 23.95 Total new obligations | -44 | -46 | -48 |
| New budget authority (gross), detail: | | | |
| 40.00 Appropriation | 44 | 46 | 48 |
| Change in unpaid obligations: | | | |
| 72.40 Unpaid obligations, start of year: Obligated balance, start of year | | 1 | 3 |

General and special funds—Continued

SPECIAL INSTITUTIONS FOR PERSONS WITH DISABILITIES—Continued
NATIONAL TECHNICAL INSTITUTE FOR THE DEAF—Continued

Program and Financing (in millions of dollars)—Continued

| Identification code 91-0601-0-1-502 | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| 73.10 Total new obligations | 44 | 46 | 48 |
| 73.20 Total outlays (gross) | -44 | -43 | -47 |
| 74.40 Unpaid obligations, end of year: Obligated balance, end of year | 1 | 3 | 3 |
| Outlays (gross), detail: | | | |
| 86.90 Outlays from new current authority | 44 | 43 | 44 |
| 86.93 Outlays from current balances | | 1 | 3 |
| 87.00 Total outlays (gross) | 44 | 43 | 47 |
| Net budget authority and outlays: | | | |
| 89.00 Budget authority | 44 | 46 | 48 |
| 90.00 Outlays | 44 | 43 | 47 |

This residential center 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 1998, Federal appropriations represented 81 percent of the Institute's operating budget. The Institute may use appropriated funds for the Endowment Grant program. The request also includes funds for the first phase of a construction project to renovate the Institute's dormitories.

GALLAUDET UNIVERSITY

For the Kendall Demonstration Elementary School, the Model Secondary School for the Deaf, and the partial support of Gallaudet University under titles I and II of the Education of the Deaf Act of 1986 (20 U.S.C. 4301 et seq.), [S83,480,000] \$85,120,000, of which \$2,500,000 shall be for construction and shall remain available until expended: Provided, That from the total amount available, the University may at its discretion use funds for the endowment program as authorized under section 207. (Department of Education Appropriations Act, 1999, as included in Public Law 105-277, section 101(f).)

Program and Financing (in millions of dollars)

| Identification code 91-0602-0-1-502 | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| Obligations by program activity: | | | |
| 00.01 Operations | 81 | 83 | 83 |
| 00.02 Construction | | | 2 |
| 10.00 Total obligations (object class 41.0) | 81 | 83 | 85 |
| Budgetary resources available for obligation: | | | |
| 22.00 New budget authority (gross) | 81 | 83 | 85 |
| 23.95 Total new obligations | -81 | -83 | -85 |
| New budget authority (gross), detail: | | | |
| 40.00 Appropriation | 81 | 83 | 85 |
| Change in unpaid obligations: | | | |
| 72.40 Unpaid obligations, start of year: Obligated balance, start of year | 2 | 2 | 5 |
| 73.10 Total new obligations | 81 | 83 | 85 |
| 73.20 Total outlays (gross) | -82 | -80 | -85 |
| 74.40 Unpaid obligations, end of year: Obligated balance, end of year | 2 | 5 | 6 |
| Outlays (gross), detail: | | | |
| 86.90 Outlays from new current authority | 80 | 78 | 78 |
| 86.93 Outlays from current balances | 2 | 2 | 5 |
| 87.00 Total outlays (gross) | 82 | 80 | 85 |
| Net budget authority and outlays: | | | |
| 89.00 Budget authority | 81 | 83 | 85 |
| 90.00 Outlays | 82 | 80 | 85 |

This institution provides undergraduate and continuing education programs for persons who are deaf, and graduate programs related to deafness for students who are deaf and students who are hearing. The University also conducts basic and applied research and provides public service programs for persons who are deaf and persons who work with them.

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

In 1998, the Federal appropriation represented 64 percent of the University's operating budget, excluding Federal financial aid, vocational rehabilitation, and competitive grants, and 97.4 percent of the operating budgets of the related elementary and secondary schools. The University may also use appropriated funds for the Endowment Grant program. The request also includes funds for a construction project to renovate facilities at the Model Secondary School for the Deaf.

OFFICE OF VOCATIONAL AND ADULT EDUCATION

Federal Funds

General and special funds:

VOCATIONAL AND ADULT EDUCATION

For carrying out, to the extent not otherwise provided, the Carl D. Perkins Vocational and [Applied Technology] Technical Education Act [and], the Adult Education and Family Literacy Act, and title VIII-D of the Higher Education Act of 1965, as amended, [S1,539,247,000] \$1,750,250,000, of which \$3,500,000 shall remain available until expended, and of which [S1,535,147,000] \$1,734,150,000 shall become available on July 1, [1999] 2000 and shall remain available through September 30, [2000: Provided, That of the amounts made available for title II of the Carl D. Perkins Vocational and Applied Technology Education Act, \$13,497,000 shall be used by the Secretary for national programs under title IV, without regard to section 451] 2001: Provided, That of the amounts made available for the Perkins Act, \$4,100,000 shall be for tribally controlled vocational institutions under section 117: Provided further, That, of the amounts made available for the Adult Education and Family Literacy Act, [S6,000,000] \$101,000,000 shall be for national leadership activities under section 243 and \$6,000,000 shall be for the National Institute for Literacy under section 242[: Provided further, That no funds shall be awarded to a State Council under section 112(f) of the Carl D. Perkins Vocational and Applied Technology Education Act, and no State shall be required to operate such a Council]: Provided further, That of the amounts made available for title I of the Perkins Act, the Secretary may reserve up to 0.54 percent for incentive grants under section 503 of the Workforce Investment Act, without regard to section 111(a)(1)(C) of the Perkins Act: Provided further, That of the amounts made available for the Adult Education and Family Literacy Act, the Secretary may reserve up to 1.72 percent for incentive grants under section 503 of the Workforce Investment Act, without regard to section 211(a)(3) of the Adult Education and Family Literacy Act. (Department of Education Appropriations Act, 1999, as included in Public Law 105-277, section 101(f).)

Program and Financing (in millions of dollars)

| Identification code 91-0400-0-1-501 | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| Obligations by program activity: | | | |
| Vocational education: | | | |
| Annual appropriations: | | | |
| Basic grants: | | | |
| 00.01 Basic State grants | 1,010 | 1,013 | 1,013 |
| 00.02 Territorial set-aside | 2 | 3 | 2 |
| 00.03 Indian and Hawaiian natives set-aside | 15 | 31 | 15 |
| 00.91 Subtotal, basic grants | 1,027 | 1,047 | 1,030 |

| | | | | |
|--|---|--------|--------|--------|
| 01.01 | National programs | 13 | 27 | 18 |
| 01.02 | Tribally controlled postsecondary vocational institutions | 3 | 4 | 4 |
| 01.03 | Tech-prep education | 103 | 106 | 111 |
| 01.91 | Direct Program by Activities—Subtotal (1 level) | 119 | 137 | 133 |
| 02.00 | Total, vocational education | 1,146 | 1,184 | 1,163 |
| | Adult education: | | | |
| 03.01 | State grants | 345 | 365 | 468 |
| 03.02 | National Institute for Literacy | 5 | 11 | 6 |
| 03.03 | National leadership activities | 5 | 19 | 101 |
| 03.04 | Literacy programs for prisoners | 5 | 5 | |
| 03.91 | Total, adult education | 360 | 400 | 575 |
| 04.01 | State grants for incarcerated youth offenders | | | 12 |
| 10.00 | Total new obligations | 1,506 | 1,584 | 1,750 |
| Budgetary resources available for obligation: | | | | |
| 21.40 | Unobligated balance available, start of year | 44 | 45 | |
| 22.00 | New budget authority (gross) | 1,508 | 1,539 | 1,750 |
| 23.90 | Total budgetary resources available for obligation | 1,552 | 1,584 | 1,750 |
| 23.95 | Total new obligations | -1,506 | -1,584 | -1,750 |
| 24.40 | Unobligated balance available, end of year | 45 | | |
| New budget authority (gross), detail: | | | | |
| 40.00 | Appropriation | 1,508 | 1,539 | 1,750 |
| Change in unpaid obligations: | | | | |
| 72.40 | Unpaid obligations, start of year: Obligated balance, start of year | 1,735 | 1,781 | 2,045 |
| 73.10 | Total new obligations | 1,506 | 1,584 | 1,750 |
| 73.20 | Total outlays (gross) | -1,451 | -1,320 | -1,486 |
| 73.40 | Adjustments in expired accounts | -9 | | |
| 74.40 | Unpaid obligations, end of year: Obligated balance, end of year | 1,781 | 2,045 | 2,310 |
| Outlays (gross), detail: | | | | |
| 86.90 | Outlays from new current authority | 83 | 78 | 88 |
| 86.93 | Outlays from current balances | 1,361 | 1,241 | 1,397 |
| 86.98 | Outlays from permanent balances | 7 | 2 | |
| 87.00 | Total outlays (gross) | 1,451 | 1,320 | 1,486 |
| Net budget authority and outlays: | | | | |
| 89.00 | Budget authority | 1,508 | 1,539 | 1,750 |
| 90.00 | Outlays | 1,451 | 1,320 | 1,486 |

Note.—Includes \$12 million in budget authority in 2000 for State grants for incarcerated youth offenders previously financed from:

| | (In millions of dollars) | 1998 actual | 1999 estimate | |
|--|--------------------------|-------------|---------------|-----------|
| Office of Postsecondary Education, Higher Education | | 12 | 17 | |
| | (In millions of dollars) | 1998 actual | 1999 est. | 2000 est. |
| 1. Vocational education: | | | | |
| a. Basic grants | | 1,028 | 1,031 | 1,031 |
| b. National programs | | 13 | 13 | 18 |
| c. Tribally controlled postsecondary vocational institutions | | 3 | 4 | 4 |
| d. Tech-prep education | | 103 | 106 | 111 |
| 2. Adult education: | | | | |
| a. State grants | | 345 | 365 | 468 |
| b. National Institute for Literacy | | 5 | 6 | 6 |
| c. National leadership activities | | 5 | 14 | 101 |
| d. Literacy programs for prisoners | | 5 | 0 | 0 |
| 3. State grants for incarcerated youth offenders | | 0 | 0 | 12 |
| Total | | 1,508 | 1,539 | 1,750 |

Vocational education.—

Basic grants.—Formula grants provide funds to States and localities to expand and improve their programs of vocational education and promote equal opportunity in voca-

tional education programs for historically underserved populations. Funds under the Indian program are awarded to federally recognized Indian tribes and are in addition to services provided under other provisions of the Perkins Act. Funds under the Hawaiian Natives program are awarded to organizations primarily serving and representing Hawaiian Natives. Funds under the Territorial set-aside support the expansion and improvement of vocational education programs in American Samoa, Guam, the Northern Marianas, and the Freely Associated States.

National programs.—Funds are awarded on a competitive basis for activities that contribute to knowledge of how to improve access to vocational education for underserved populations and how to improve vocational education nationally. Activities include a national center for research in vocational education and a program of discretionary research and development projects, including a national assessment of vocational education.

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

Tech-prep education.—Formula grants to States support planning and demonstration grants to consortia of local educational agencies and postsecondary institutions to develop and operate model 4-year programs. Programs begin in high school and provide students with the mathematical, scientific, communications, and technological skills needed to earn a 2-year associate degree or a 2-year certificate in a specific occupational field.

Adult Education.—

State programs.—Formula grants are made 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.

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. New activities initiated in 2000 will include development of model programs for providing English language and citizenship education to recent immigrants, and models for using technology to expand service delivery.

State Grants for Incarcerated Youth Offenders.—Formula grants are made to State correctional agencies to assist and encourage incarcerated youths to acquire functional literacy skills and life and job skills.

Object Classification (in millions of dollars)

| Identification code 91-0400-0-1-501 | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| 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 | 1 | |
| 25.2 Other services | | 1 | 1 |
| 25.5 Research and development contracts | 11 | 5 | 6 |
| 25.7 Operation and maintenance of equipment | | 1 | |
| 41.0 Grants, subsidies, and contributions | 1,491 | 1,573 | 1,741 |
| 99.0 Subtotal, direct obligations | 1,505 | 1,583 | 1,749 |
| 99.5 Below reporting threshold | 1 | 1 | 1 |
| 99.9 Total new obligations | 1,506 | 1,584 | 1,750 |

General and special funds—Continued

VOCATIONAL AND ADULT EDUCATION—Continued

Personnel Summary

| Identification code 91-0400-0-1-501 | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| 1001 Total compensable workyears: Full-time equivalent employment | 12 | 12 | 14 |

OFFICE OF POSTSECONDARY EDUCATION

Federal Funds

General and special funds:

STUDENT FINANCIAL ASSISTANCE

For carrying out subparts 1, 3 and 4 of part A, part C and part E of title IV of the Higher Education Act of 1965, as amended, **[\$9,348,000,000] \$9,183,000,000**, which shall remain available through September 30, **[2000] 2001**.

The maximum Pell Grant for which a student shall be eligible during award year **[1999-2000] 2000-2001** shall be **[\$3,125] \$3,250**. *Provided*, That notwithstanding section 401(g) of the Act, if the Secretary determines, prior to publication of the payment schedule for such award year, that the amount included within this appropriation for Pell Grant awards in such award year, and any funds available from the fiscal year **[1998] 1999** appropriation for Pell Grant awards, are insufficient to satisfy fully all such awards for which students are eligible, as calculated under section 401(b) of the Act, the amount paid for each such award shall be reduced by either a fixed or variable percentage, or by a fixed dollar amount, as determined in accordance with a schedule of reductions established by the Secretary for this purpose: *Provided further*, That if the Secretary determines that the funds available to fund Pell Grants for award year 1999-2000 exceed the amount needed to fund Pell Grants at a maximum award of \$3,125 for that award year, the Secretary may increase the income protection allowances in sections 475(g)(2)(D), and 476(b)(1)(A)(iv)(I), (II) and (III) up to the amounts at which Pell Grant awards calculated using the increased income protection allowances equal the funds available to make Pell Grants in award year 1999-2000 with a \$3,125 maximum award, except that the income protection allowance in section 475(g)(2)(D) may not exceed \$2,200, the income protection allowance in sections 476(b)(1)(A)(iv)(I) and (II) may not exceed \$4,250, and the income protection allowance in section 476(b)(1)(A)(iv)(III) may not exceed \$7,250. (*Department of Education Appropriations Act, 1999, as included in Public Law 105-277, section 101(f).*)

Program and Financing (in millions of dollars)

| Identification code 91-0200-0-1-502 | 1998 actual | 1999 est. | 2000 est. |
|--|-------------|-----------|-----------|
| Obligations by program activity: | | | |
| Federal Pell grants: | | | |
| 01.01 Federal Pell grants | 6,678 | 7,667 | 7,555 |
| Campus-based aid: | | | |
| 02.01 Federal supplemental educational opportunity grants (SEOG) | 621 | 619 | 631 |
| 02.02 Federal work-study | 838 | 870 | 934 |
| 02.03 Federal Perkins loans: Federal capital contributions | 136 | 100 | 100 |
| 02.05 Federal Perkins loans: Loan cancellations | 30 | 30 | 30 |
| 02.91 Subtotal, Campus-based activities | 1,625 | 1,619 | 1,695 |
| 03.01 State student incentive grants/Leveraging educational assistance partnership | 25 | 25 | 25 |
| 10.00 Total obligations (object class 41.0) | 8,328 | 9,311 | 9,275 |
| Budgetary resources available for obligation: | | | |
| 21.40 Unobligated balance available, start of year | 2,150 | 2,891 | 2,928 |
| 22.00 New budget authority (gross) | 8,979 | 9,348 | 9,183 |
| 22.10 Resources available from recoveries of prior year obligations | 91 | | |
| 23.90 Total budgetary resources available for obligation | 11,220 | 12,239 | 12,111 |
| 23.95 Total new obligations | -8,328 | -9,311 | -9,275 |
| 23.98 Unobligated balance expiring | -1 | | |
| 24.40 Unobligated balance available, end of year | 2,891 | 2,928 | 2,836 |

| New budget authority (gross), detail: | | | | |
|--|---------------------|-------|-------|-------|
| 40.00 | Appropriation | 8,979 | 9,348 | 9,183 |

| Change in unpaid obligations: | | | | |
|--------------------------------------|---|--------|--------|--------|
| 72.40 | Unpaid obligations, start of year: Obligated balance, start of year | 4,421 | 4,704 | 4,663 |
| 73.10 | Total new obligations | 8,328 | 9,311 | 9,275 |
| 73.20 | Total outlays (gross) | -7,934 | -9,352 | -9,144 |
| 73.40 | Adjustments in expired accounts | -21 | | |
| 73.45 | Adjustments in unexpired accounts | -91 | | |
| 74.40 | Unpaid obligations, end of year: Obligated balance, end of year | 4,704 | 4,663 | 4,793 |

| Outlays (gross), detail: | | | | |
|---------------------------------|--|-------|-------|-------|
| 86.90 | Outlays from new current authority | 1,658 | 1,950 | 1,749 |
| 86.93 | Outlays from current balances | 6,276 | 7,402 | 7,395 |
| 87.00 | Total outlays (gross) | 7,934 | 9,352 | 9,144 |

| Net budget authority and outlays: | | | | |
|--|------------------------|-------|-------|-------|
| 89.00 | Budget authority | 8,979 | 9,348 | 9,183 |
| 90.00 | Outlays | 7,934 | 9,352 | 9,144 |

Status of Direct Loans (in millions of dollars)

| Identification code 91-0200-0-1-502 | 1998 actual | 1999 est. | 2000 est. | |
|--|--|-----------|-----------|-----|
| Cumulative balance of direct loans outstanding: | | | | |
| 1210 | Outstanding, start of year | 141 | 137 | 154 |
| 1251 | Repayments: Repayments and prepayments | -25 | -26 | -27 |
| Write-offs for default: | | | | |
| 1263 | Direct loans | -7 | -9 | -8 |
| 1264 | Other adjustments, net | 28 | 52 | 55 |
| 1290 | Outstanding, end of year | 137 | 154 | 174 |

¹Includes in all years institutional matching share of defaulted notes assigned from institutions to the Education Department.

Federal Pell Grants.—Undergraduate students establish eligibility for these grants under award and need determination rules set out in the authorizing statute and the annual appropriations act.

The Administration is proposing a \$125 increase in the maximum Pell Grant award to \$3,250 for 2000.

Campus-based programs.—The Federal Supplemental Educational Opportunity Grants, Federal Work-Study, and Federal Perkins Loan programs are called the “campus-based” programs because participating institutions are responsible for administering the programs on their own campuses. These programs provide aid administrators with considerable flexibility in the packaging of financial aid awards to best meet the needs of students. The budget year estimates for the campus-based programs reflect funding under current law.

Federal Supplemental Educational Opportunity Grants.—Federal funds are awarded by formula to qualifying institutions, which use these funds to award grants to undergraduate students. While institutions have discretion in awarding these funds, they are required to give priority to Pell Grant recipients and other students with exceptional need. The Federal share of such grants may not exceed 75 percent of the total grant.

Federal Work-Study.—Federal funds are awarded by formula to qualifying institutions, which develop and provide part-time jobs for eligible undergraduate and graduate students with demonstrated need. Hourly earnings under the 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 Secretary has waived the required 25 percent employer funding match for students working in the America Reads Challenge as reading tutors of children and in family literacy programs, and for students working as math tutors for children in kindergarten through 9th grade in support of the America Counts Challenge.

Perkins Loan Program.—Institutions award low-interest loans from institutional revolving funds, which are comprised

of Federal Capital Contributions, institutional matching funds, and student repayments on outstanding loans.

The Higher Education Amendments of 1998 eliminated the Perkins Loan Revolving Fund, which was previously authorized under section 467(c) of the Higher Education Act. Collections from assigned loans and audits would have been deposited into this revolving fund for redistribution to institutions to make new loans.

Perkins Loan Program—Cancellations.—Under the Perkins Loan cancellation program, institutional revolving funds are reimbursed for indebtedness canceled as a result of a borrower engaging in certain public service activities, as specified in the Higher Education Act. As the number of borrowers with loans eligible for these loan cancellation benefits is rising, the cost of providing these benefits has increased in recent years.

Leveraging Educational Assistance Partnership Program.—Under this program, formerly known as the State Student Incentive Grant (SSIG) Program, Federal matching funds are awarded to assist States in providing programs of grants and work-study assistance to needy students attending qualifying institutions. When appropriations are \$30 million or less, States must match these Federal funds on at least a dollar-for-dollar basis and comply with statutory maintenance of effort requirements. State awards to students may not exceed \$5,000 per academic year.

When appropriations exceed \$30 million, those funds in excess of \$30 million are reserved for a new program: Special Leveraging Educational Assistance Partnership Program. Under Special LEAP, States may use the grant funds for several new authorized activities including increasing the dollar amount of LEAP grants to students who demonstrate financial need. The Federal share of the cost of these new authorized activities may not exceed 33¹/₃ percent.

Funding Tables.—The following tables display student aid funds available, the number of aid awards, average awards, and the unduplicated count of recipients from any Federal student aid program. The tables include the aid from programs in the Student Financial Assistance account, as well as aid from the Federal Family Education Loan (FFEL) program, and the William D. Ford Federal Direct Loan program. Loan amounts reflect the capital actually loaned, not the Federal cost of those loans. The data in these tables include the effects of matching funds wherever applicable.

AID FUNDS AVAILABLE FOR POSTSECONDARY EDUCATION AND TRAINING

[In millions of dollars]

| | 1998 actual | 1999 est. | 2000 est. |
|---|---------------|---------------|---------------|
| Pell grants | 7,211 | 7,373 | 7,893 |
| Student loans: | | | |
| Guaranteed student loans: | | | |
| Stafford loans | 10,762 | 10,905 | 11,344 |
| Unsubsidized Stafford loans | 7,292 | 7,858 | 8,477 |
| PLUS | 1,949 | 2,158 | 2,422 |
| Direct student loans: | | | |
| Stafford loans | 5,842 | 6,210 | 6,463 |
| Unsubsidized Stafford loans | 3,501 | 3,896 | 4,204 |
| PLUS | 1,057 | 1,257 | 1,411 |
| Consolidation: | | | |
| FFEL | 3,234 | 2,656 | 2,763 |
| Direct Loans | 2,431 | 4,869 | 4,077 |
| Student loans, subtotal | 26,067 | 39,809 | 41,161 |
| Work-study | 1,002 | 1,044 | 1,123 |
| Supplemental educational opportunity grants | 777 | 784 | 799 |
| Perkins loans | 1,058 | 1,058 | 1,058 |
| Leveraging Educational Assistance Partnership | 50 | 50 | 50 |
| Total aid available | 46,166 | 50,118 | 52,084 |

Note: Detail may not add to totals due to rounding.

NUMBER OF AID AWARDS

[In thousands]

| | 1998 actual | 1999 est. | 2000 est. |
|-------------------|-------------|-----------|-----------|
| Pell grants | 3,838 | 3,811 | 3,864 |

| | 1998 actual | 1999 est. | 2000 est. |
|---|---------------|---------------|---------------|
| Student loans: | | | |
| Guaranteed student loans: | | | |
| Stafford loans | 3,169 | 3,227 | 3,329 |
| Unsubsidized Stafford loans | 1,904 | 2,068 | 2,189 |
| PLUS | 305 | 331 | 361 |
| Direct student loans: | | | |
| Stafford loans | 1,787 | 1,840 | 1,898 |
| Unsubsidized Stafford loans | 1,059 | 1,092 | 1,157 |
| PLUS | 171 | 191 | 208 |
| Consolidation: | | | |
| FFEL | 194 | 168 | 173 |
| Direct Loans | 107 | 194 | 167 |
| Student loans, subtotal | 8,696 | 9,110 | 9,481 |
| Work-study | 892 | 930 | 1,000 |
| Supplemental educational opportunity grants | 1,109 | 1,118 | 1,139 |
| Perkins loans | 698 | 698 | 698 |
| Leveraging Educational Assistance Partnership | 83 | 83 | 83 |
| Total awards | 15,317 | 15,751 | 16,265 |

Note: Detail may not add to totals due to rounding.

AVERAGE AID AWARDS

[In whole dollars]

| | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| Pell grants | 1,879 | 1,935 | 2,043 |
| Student loans: | | | |
| Guaranteed student loans: | | | |
| Stafford loans | 3,396 | 3,379 | 3,408 |
| Unsubsidized Stafford loans | 3,830 | 3,799 | 3,873 |
| PLUS | 6,395 | 6,514 | 6,710 |
| Direct student loans: | | | |
| Stafford loans | 3,269 | 3,376 | 3,405 |
| Unsubsidized Stafford loans | 3,306 | 3,568 | 3,634 |
| PLUS | 6,174 | 6,593 | 6,791 |
| Consolidation: | | | |
| FFEL | 16,643 | 15,827 | 15,964 |
| Direct Loans | 22,772 | 25,116 | 24,427 |
| Work-study | 1,123 | 1,123 | 1,123 |
| Supplemental educational opportunity grants | 701 | 701 | 701 |
| Perkins loans | 1,516 | 1,516 | 1,516 |
| Leveraging Educational Assistance Partnership | 600 | 600 | 600 |

NUMBER OF STUDENTS AIDED

[In thousands]

| | 1998 actual | 1999 est. | 2000 est. |
|----------------------------------|-------------|-----------|-----------|
| Unduplicated student count | 8,245 | 8,462 | 8,769 |

The following table displays institutional administrative costs paid from program funds.

ADMINISTRATIVE PAYMENTS TO INSTITUTIONS

[In millions of dollars]

| | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| Pell grants | 20 | 20 | 20 |
| Work-study | 63 | 65 | 70 |
| Supplemental educational opportunity grants | 31 | 31 | 32 |
| Perkins loans | 42 | 42 | 41 |

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

DEFAULTED PERKINS LOANS

[In millions of dollars]

| | 1998 actual | 1999 est. | 2000 est. |
|---|--------------|--------------|--------------|
| Outstanding defaulted loans, beginning of year: | | | |
| Assigned defaulted loans ¹ | 141 | 137 | 154 |
| Unassigned defaulted loans ² | 932 | 994 | 1,060 |
| New defaulted loans | 197 | 226 | 235 |
| Collections on assigned loans | -25 | -26 | -27 |
| Collections on unassigned loans | -94 | -98 | -102 |
| Write-offs for assigned loans | -7 | -9 | -8 |
| Write-offs for unassigned loans | -13 | -10 | -7 |
| Outstanding defaulted loans, end of year | 1,131 | 1,214 | 1,305 |

¹ Permanently assigned to the Federal Government for collection. Does not include the following amounts in loans made to institutions to establish Perkins revolving funds: \$94 thousand in 1998, \$94 thousand in 1999, and \$94 thousand in 2000. These amounts are recorded as outstanding loans in the "Status of Direct Loans" schedule.

² Unassigned loans at institutions.

General and special funds—Continued

HIGHER EDUCATION

For carrying out, to the extent not otherwise provided, section 121 and titles II, III, IV, V, VI, VII, and VIII of the Higher Education Act of 1965, as amended, and the Mutual Educational and Cultural Exchange Act of 1961 [and Public Law 102-73; \$1,307,846,000] \$1,527,206,000, of which [\$13,000,000] \$12,000,000 for interest subsidies authorized by section 121 of the Higher Education Act, shall remain available until expended: *Provided*, That \$16,723,000 shall be for Youth Offender Grants, of which \$4,723,000, which shall become available on July 1, 1999, and remain available until September 30, 2000, shall be used in accordance with section 601 of Public Law 102-73 as that section was in effect prior to enactment of Public Law 105-220: *Provided further*, That \$4,800,000, to be available until expended, shall be for Salem State College in Salem, Massachusetts for activities authorized under Title III, part A, section 311(c)(2), of the Higher Education Act of 1965, as amended: *Provided further*, That of the funds made available under title VII, part B, \$5,000,000 shall be awarded to the St. Petersburg Junior College for a demonstration of a national method for increasing access to four year degrees and work force training for students attending community college; \$2,000,000 shall be for the Technology-Assisted Learning Campus in New Rochelle, New York for high-tech equipment; \$250,000 shall be awarded to the Center for Urban Research and Learning, Loyola University, Chicago; \$1,150,000 shall be awarded to the Southeast Community College in Letcher County, Kentucky; \$3,000,000 shall be for the Oregon State University Distance Education Alliance; \$1,000,000 shall be for the Appalachian Center for Economic Networks in Athens, Ohio; \$6,000,000 shall be to establish the Robert J. Dole Institute for Public Service and Public Policy on the University of Kansas campus in Lawrence, Kansas; \$1,000,000 shall be for the Oregon Institute of Public Service and Constitutional Studies at the Mark O. Hatfield School of Government at Portland State University; \$2,150,000 shall be awarded to the College of Natural Resources, University of Wisconsin at Stevens Point for technology-enhanced learning; \$1,500,000 shall be for the Touro Law Center in Central Islip, New York for the use of technology to bridge the gap between legal education and the actual practice of law; \$1,000,000 shall be for the International Center for Educational Technology and Distance Learning at Empire State College; \$500,000 shall be for the University of Northern Iowa National Institute of Technology for Inclusive Education; \$1,500,000 shall be for a demonstration project to expand the successful college student preparation at Prairie View A&M, Texas; \$750,000 shall be to identify and provide models of alcohol and drug abuse prevention and education in higher education at the college level; \$500,000 shall be for a teacher training program in experiential learning to be awarded to the Department of Language Teacher Education, School for International Training, Brattleboro, Vermont; and \$1,000,000 shall be for the Paul Simon Public Policy Institute at Southern Illinois University at Carbondale, Illinois: *Provided further*, That \$9,500,000 of the funds made available for title VII, part B shall be for a competition consistent with the subject areas outlined in the House and Senate reports and the statement of the managers, and that such competition should be administered in a manner consistent with current departmental practices and policies] *Provided*, That notwithstanding section 210 of the Higher Education Act, of the funds provided under this heading for title II of the Higher Education Act, not less than \$35,000,000 shall be for section 204, with the remainder divided evenly between sections 202 and 203: *Provided further*, That funds available for part A, subpart 2 of title VII of the Higher Education Act shall be available to fund awards for academic year 2000-2001 for fellowships under part A, subpart 1 of title VII of said Act, under the terms and conditions of part A, subpart 1; *Provided further*, That \$15,000,000 is for college awareness and preparation activities for middle and secondary school students and adults to inform them of the importance of postsecondary education and the availability of Federal student financial assistance: *Provided further*, That \$4,000,000 is for data collection and evaluation activities for programs under the Higher Education Act, including such activities needed to comply with the Government Performance and Results Act of 1993. (Department of Education Appropriations Act, 1999, as included in Public Law 105-277, section 101(f).)

| Program and Financing (in millions of dollars) | | 1998 actual | 1999 est. | 2000 est. |
|--|--|-------------|-----------|-----------|
| Identification code 91-0201-0-1-502 | | | | |
| Obligations by program activity: | | | | |
| Aid for institutional development: | | | | |
| 00.01 | Strengthening institutions | 55 | 60 | 62 |
| 00.02 | Strengthening tribally controlled colleges and universities | | 3 | 6 |
| 00.03 | Strengthening Alaska Native and Native Hawaiian-serving institutions | | 3 | 3 |
| 00.04 | Strengthening historically black colleges and universities | 119 | 134 | 149 |
| 00.05 | Strengthening historically black graduate institutions | 25 | 30 | 32 |
| 00.06 | Minority science and engineering improvement | 5 | 8 | 8 |
| 00.91 | Subtotal, aid for institutional development | 204 | 238 | 260 |
| Other aid for institutions: | | | | |
| 01.01 | Developing Hispanic-serving institutions | 12 | 28 | 42 |
| 01.02 | International education and foreign language studies | 60 | 68 | 69 |
| 01.03 | Fund for the Improvement of Postsecondary Education | 25 | 50 | 28 |
| 01.04 | Urban community service | 5 | 5 | |
| 01.05 | Demonstration projects to ensure quality higher education for students with disabilities | | 5 | 5 |
| 01.06 | Interest subsidy grants | 12 | 13 | 12 |
| 01.07 | Mary McLeod Bethune Memorial Fine Arts Center | 7 | | |
| 01.91 | Subtotal, other aid for institutions | 121 | 169 | 156 |
| Assistance for students: | | | | |
| 02.01 | Federal TRIO programs | 530 | 600 | 630 |
| 02.02 | Gaining early awareness and readiness for undergraduate programs (GEAR UP) | | 120 | 240 |
| 02.03 | National early intervention scholarships and partnerships | 4 | | |
| 02.04 | Byrd honors scholarships | 39 | 39 | 39 |
| 02.05 | Graduate assistance in areas of national need | 30 | 31 | 41 |
| 02.06 | Child care access means parents in school | | 5 | 5 |
| 02.07 | Learning anytime anywhere partnerships | | 10 | 20 |
| 02.08 | Preparing for college campaign | | | 15 |
| 02.09 | Advanced placement fees | 3 | | |
| 02.10 | State grants for incarcerated youth offenders | 12 | 17 | |
| 02.91 | Subtotal, aid for students | 618 | 822 | 990 |
| 03.01 | Teacher quality enhancement | | 77 | 115 |
| 03.02 | Minority teacher recruitment | 2 | | |
| 03.03 | Underground railroad program | | 2 | 2 |
| 03.04 | GPRA data/program evaluation | | | 4 |
| 03.91 | Subtotal, Other Aid | 2 | 79 | 121 |
| 10.00 | Total new obligations | 945 | 1,308 | 1,527 |
| Budgetary resources available for obligation: | | | | |
| 21.40 | Unobligated balance available, start of year | 4 | 5 | 5 |
| 22.00 | New budget authority (gross) | 947 | 1,308 | 1,527 |
| 23.90 | Total budgetary resources available for obligation | 951 | 1,313 | 1,532 |
| 23.95 | Total new obligations | -945 | -1,308 | -1,527 |
| 24.40 | Unobligated balance available, end of year | 5 | 5 | 5 |
| New budget authority (gross), detail: | | | | |
| 40.00 | Appropriation | 947 | 1,308 | 1,527 |
| Change in unpaid obligations: | | | | |
| 72.40 | Unpaid obligations, start of year: Obligated balance, start of year | 936 | 1,095 | 1,340 |
| 73.10 | Total new obligations | 945 | 1,308 | 1,527 |
| 73.20 | Total outlays (gross) | -785 | -1,062 | -1,242 |
| 73.40 | Adjustments in expired accounts | -1 | | |
| 74.40 | Unpaid obligations, end of year: Obligated balance, end of year | 1,095 | 1,340 | 1,626 |
| Outlays (gross), detail: | | | | |
| 86.90 | Outlays from new current authority | 52 | 166 | 192 |
| 86.93 | Outlays from current balances | 733 | 895 | 1,051 |
| 87.00 | Total outlays (gross) | 785 | 1,062 | 1,242 |
| Net budget authority and outlays: | | | | |
| 89.00 | Budget authority | 947 | 1,308 | 1,527 |
| 90.00 | Outlays | 785 | 1,062 | 1,242 |

Summary of Budget Authority and Outlays

(in millions of dollars)

| | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| Enacted/requested: | | | |
| Budget Authority | 947 | 1,308 | 1,527 |
| Outlays | 785 | 1,061 | 1,243 |
| Legislative proposal, not subject to PAYGO: | | | |
| Budget Authority | | | 52 |
| Outlays | | | 6 |
| Total: | | | |
| Budget Authority | 947 | 1,308 | 1,579 |
| Outlays | 785 | 1,061 | 1,249 |

Note.—Excludes \$12 million in budget authority in 2000 for State grants for incarcerated youth offenders, which is transferred to the Office of Vocational and Adult Education, vocational and adult education account. Comparable amounts for 1998 (\$12 million) and 1999 (\$17 million) are included above.

Aid for institutional development.—

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

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

Strengthening historically black colleges and universities.—Funds will 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 will 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 will 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 will support Hispanic-serving institutions to enable them to improve and expand their capacity to serve students.

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

Fund for the improvement of postsecondary education.—Funds will support flexible, field-initiated postsecondary improvement projects in a broad range of activities, as well as special focus programs.

Demonstration projects to ensure students with disabilities receive a quality higher education.—Funds will support model demonstration projects to provide technical assistance or professional development for faculty and administrators in institutions of higher education in order to provide students with disabilities a quality postsecondary education.

Interest subsidy grants.—Funds will meet mandatory interest subsidy costs of construction loan commitments made prior to 1974. **Assistance for students.—**

Federal TRIO programs.—Funds will support academic, counseling, and outreach services under 5 major programs to help prepare disadvantaged students for college and graduate studies.

Gaining early awareness and readiness for undergraduate programs (GEAR UP).—Funds will support State and partnership programs designed to increase secondary school achievement and college enrollment of students in high-poverty schools by providing early college preparation and awareness activities.

Byrd honors scholarships.—Funds will support postsecondary scholarships for outstanding high school students who show promise of continued academic excellence.

Graduate assistance in areas of national need.—Funds will support fellowships to financially needy graduate students who are studying in areas of national need, and who are or traditionally have been under-represented in these areas. Funds will also support students of superior ability completing graduate-level education.

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

Learning anytime anywhere partnerships.—Funds will support pilot projects using distance learning technology and other innovations to promote and enhance the delivery of postsecondary education and lifelong learning opportunities.

Preparing for college.—Funds are for college awareness and preparation activities for middle and secondary school students and adults to inform them of the importance of postsecondary education and the availability of Federal student financial assistance.

Other Programs.—

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

Underground railroad program.—Funds will support grants to one or more nonprofit educational organizations to establish facilities to house, display, and interpret artifacts relating to the history of the Underground Railroad.

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

Object Classification (in millions of dollars)

| Identification code 91-0201-0-1-502 | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| 25.1 Advisory and assistance services | 3 | | |
| 25.2 Other services | 2 | 5 | 4 |
| 25.3 Purchases of goods and services from Government accounts | 1 | | |
| 41.0 Grants, subsidies, and contributions | 938 | 1,303 | 1,523 |
| 99.0 Subtotal, direct obligations | 944 | 1,308 | 1,527 |
| 99.5 Below reporting threshold | 1 | | |
| 99.9 Total new obligations | 945 | 1,308 | 1,527 |

HIGHER EDUCATION

(Legislative proposal, not subject to PAYGO)

Program and Financing (in millions of dollars)

| Identification code 91-0201-2-1-502 | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| Obligations by program activity: | | | |
| Assistance for students: | | | |
| 01.01 College completion challenge grants | | | 35 |
| 01.02 D.C. resident tuition support | | | 17 |
| 10.00 Total new obligations | | | 52 |
| Budgetary resources available for obligation: | | | |
| 22.00 New budget authority (gross) | | | 52 |
| 23.95 Total new obligations | | | -52 |
| New budget authority (gross), detail: | | | |
| 40.00 Appropriation | | | 52 |
| Change in unpaid obligations: | | | |
| 73.10 Total new obligations | | | 52 |
| 73.20 Total outlays (gross) | | | -6 |
| 74.40 Unpaid obligations, end of year: Obligated balance, end of year | | | 46 |
| Outlays (gross), detail: | | | |
| 86.90 Outlays from new current authority | | | 6 |
| Net budget authority and outlays: | | | |
| 89.00 Budget authority | | | 52 |
| 90.00 Outlays | | | 6 |

The Administration will propose legislation that will authorize the use of funds for the following purposes:

College completion challenge grants.—Funds will support grants to help institutions of higher education increase the persistence rate of students at risk of dropping out of col-

General and special funds—Continued

HIGHER EDUCATION—Continued

lege by providing intensive summer programs, larger grant awards, and support services.

D.C. resident tuition support.—Funds will pay the difference between in-State and out-of-State tuition at public institutions of higher education in Maryland and Virginia on behalf of eligible D.C. residents.

Object Classification (in millions of dollars)

| Identification code 91-0201-2-1-502 | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| 25.2 Other services | | | 1 |
| 41.0 Grants, subsidies, and contributions | | | 51 |
| 99.9 Total new obligations | | | 52 |

HOWARD UNIVERSITY

For partial support of Howard University (20 U.S.C. 121 et seq.), **[\$214,489,000]** \$219,444,000, of which not less than \$3,530,000 shall be for a matching endowment grant pursuant to the Howard University Endowment Act (Public Law 98-480) [and], of which \$3,530,000 shall remain available until expended. (Department of Education Appropriations Act, 1999, as included in Public Law 105-277, section 101(f).)

Program and Financing (in millions of dollars)

| Identification code 91-0603-0-1-502 | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| Obligations by program activity: | | | |
| 00.01 General support | 181 | 185 | 189 |
| 00.02 Howard University Hospital | 29 | 29 | 30 |
| 10.00 Total obligations (object class 41.0) | 210 | 214 | 219 |
| Budgetary resources available for obligation: | | | |
| 22.00 New budget authority (gross) | 210 | 214 | 219 |
| 23.95 Total new obligations | -210 | -214 | -219 |
| New budget authority (gross), detail: | | | |
| 40.00 Appropriation | 210 | 214 | 219 |
| Change in unpaid obligations: | | | |
| 72.40 Unpaid obligations, start of year: Obligated balance, start of year | 5 | 10 | 13 |
| 73.10 Total new obligations | 210 | 214 | 219 |
| 73.20 Total outlays (gross) | -206 | -211 | -219 |
| 74.40 Unpaid obligations, end of year: Obligated balance, end of year | 10 | 13 | 13 |
| Outlays (gross), detail: | | | |
| 86.90 Outlays from new current authority | 204 | 201 | 206 |
| 86.93 Outlays from current balances | 2 | 10 | 13 |
| 87.00 Total outlays (gross) | 206 | 211 | 219 |
| Net budget authority and outlays: | | | |
| 89.00 Budget authority | 210 | 214 | 219 |
| 90.00 Outlays | 206 | 211 | 219 |

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 1998, direct Federal appropriations for general support represented approximately 58 percent of the university's educational and general expenditures.

PERKINS LOAN REVOLVING FUND

Program and Financing (in millions of dollars)

| Identification code 91-4248-0-1-502 | 1998 actual | 1999 est. | 2000 est. |
|--|-------------|-----------|-----------|
| Obligations by program activity: | | | |
| 00.01 Collection costs | 3 | | |
| 10.00 Total obligations (object class 25.2) | 3 | | |
| Budgetary resources available for obligation: | | | |
| 21.40 Unobligated balance available, start of year | 1 | 53 | |
| 22.00 New budget authority (gross) | 55 | | |
| 22.40 Capital transfer to general fund | | -53 | |
| 23.90 Total budgetary resources available for obligation | 56 | | |
| 23.95 Total new obligations | -3 | | |
| 24.40 Unobligated balance available, end of year | 53 | | |
| New budget authority (gross), detail: | | | |
| 68.00 Spending authority from offsetting collections (gross): Offsetting collections (cash) | 55 | | |
| Change in unpaid obligations: | | | |
| 72.40 Unpaid obligations, start of year: Obligated balance, start of year | | 3 | |
| 73.10 Total new obligations | 3 | | |
| 73.20 Total outlays (gross) | | -3 | |
| 74.40 Unpaid obligations, end of year: Obligated balance, end of year | 3 | | |
| Outlays (gross), detail: | | | |
| 86.98 Outlays from permanent balances | | 3 | |
| Offsets: | | | |
| Against gross budget authority and outlays: | | | |
| 88.40 Offsetting collections (cash) from: Non-Federal sources | -55 | | |
| Net budget authority and outlays: | | | |
| 89.00 Budget authority | | | |
| 90.00 Outlays | -55 | 3 | |

The Higher Education Amendments of 1998 repealed the Perkins Loan Revolving fund. Pursuant to section 467 of the Higher Education Amendments of 1998, these funds will be returned to the general fund of the Treasury.

FEDERAL FAMILY EDUCATION LOAN INSURANCE FUND

Program and Financing (in millions of dollars)

| Identification code 91-4256-0-3-502 | 1998 actual | 1999 est. | 2000 est. |
|--|-------------|-----------|-----------|
| Budgetary resources available for obligation: | | | |
| 21.40 Unobligated balance available, start of year | | 47 | |
| 22.00 New budget authority (gross) | 47 | | |
| 22.40 Capital transfer to general fund | | -47 | |
| 23.90 Total budgetary resources available for obligation | 47 | | |
| 24.40 Unobligated balance available, end of year | 47 | | |
| New budget authority (gross), detail: | | | |
| 68.00 Spending authority from offsetting collections (gross): Offsetting collections (cash) | 47 | | |
| Offsets: | | | |
| Against gross budget authority and outlays: | | | |
| 88.40 Offsetting collections (cash) from: Non-Federal sources | -47 | | |
| Net budget authority and outlays: | | | |
| 89.00 Budget authority | | | |
| 90.00 Outlays | -47 | | |

The Federal Family Education Loan Insurance Fund was established under Section 431 of the Higher Education Act of 1965, as amended, for use by the Secretary of Education to pay administrative costs related to default management

and prevention, guaranty agency oversight, and related expenses. In late 1998, the Department of Education transferred \$46.8 million into this insurance fund; these funds had been identified during an account reconciliation project as FFEL-related receipts from 1994, 1995, and 1996 that had never been applied to specific activities. Pursuant to section 434 of the Higher Education Amendments of 1998, these funds will be returned to the general fund of the Treasury.

Credit accounts:

FEDERAL DIRECT STUDENT LOAN PROGRAM, PROGRAM ACCOUNT

Program and Financing (in millions of dollars)

| Identification code 91-0243-0-1-502 | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| Obligations by program activity: | | | |
| 00.01 Direct loan subsidy | 218 | 70 | |
| 00.05 Upward reestimates of subsidy | 169 | | |
| 00.06 Interest on upward reestimate | 64 | | |
| 00.91 Direct Program by Activities—Subtotal (1 level) | 451 | 70 | |
| 07.09 Student loan administrative expenses | 530 | 617 | 735 |
| 07.10 Y2K Activities | | 1 | |
| 07.91 Direct Program by Activities—Subtotal (1 level) | 530 | 618 | 735 |
| 10.00 Total new obligations | 981 | 688 | 735 |
| Budgetary resources available for obligation: | | | |
| 21.40 Unobligated balance available, start of year | 2 | 4 | 4 |
| 22.00 New budget authority (gross) | 983 | 689 | 735 |
| 22.10 Resources available from recoveries of prior year obligations | 18 | | |
| 23.90 Total budgetary resources available for obligation | 1,003 | 693 | 739 |
| 23.95 Total new obligations | -981 | -688 | -735 |
| 23.98 Unobligated balance expiring | -18 | | |
| 24.40 Unobligated balance available, end of year | 4 | 4 | 4 |
| New budget authority (gross), detail: | | | |
| Current: | | | |
| 42.00 Transferred from other accounts | | 1 | |
| Permanent: | | | |
| 60.00 Appropriation | 507 | 618 | 735 |
| 60.05 Appropriation (indefinite) | 390 | | |
| 63.00 Appropriation (total) | 897 | 618 | 735 |
| Spending authority from offsetting collections: | | | |
| 68.00 Offsetting collections (cash) | 86 | 361 | 651 |
| 68.27 Capital transfer to general fund | | -291 | -651 |
| 68.90 Spending authority from offsetting collections (total) | 86 | 70 | |
| 70.00 Total new budget authority (gross) | 983 | 689 | 735 |
| Change in unpaid obligations: | | | |
| 72.40 Unpaid obligations, start of year: Obligated balance, start of year | 322 | 323 | 306 |
| 73.10 Total new obligations | 981 | 688 | 735 |
| 73.20 Total outlays (gross) | -962 | -703 | -703 |
| 73.45 Adjustments in unexpired accounts | -18 | | |
| 74.40 Unpaid obligations, end of year: Obligated balance, end of year | 323 | 306 | 338 |
| Outlays (gross), detail: | | | |
| 86.90 Outlays from new current authority | | 1 | |
| 86.97 Outlays from new permanent authority | 699 | 468 | 467 |
| 86.98 Outlays from permanent balances | 263 | 235 | 237 |
| 87.00 Total outlays (gross) | 962 | 703 | 703 |
| Offsets: | | | |
| Against gross budget authority and outlays: | | | |
| 88.00 Offsetting collections (cash) from: Federal sources | -86 | -361 | -651 |
| Net budget authority and outlays: | | | |
| 89.00 Budget authority | 897 | 328 | 84 |
| 90.00 Outlays | 876 | 342 | 52 |

Summary of Budget Authority and Outlays

(in millions of dollars)

| | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| Enacted/requested: | | | |
| Budget Authority | 897 | 328 | 84 |
| Outlays | 876 | 343 | 53 |
| Legislative proposal, subject to PAYGO: | | | |
| Budget Authority | | 98 | 15 |
| Outlays | | 96 | 15 |
| Legislative proposal, discretionary offset: | | | |
| Budget Authority | | | -110 |
| Outlays | | | -110 |
| Total: | | | |
| Budget Authority | 897 | 426 | -11 |
| Outlays | 876 | 439 | -42 |

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

| Identification code 91-0243-0-1-502 | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| Direct loan levels supportable by subsidy budget authority: | | | |
| 1150 Stafford | 6,192 | 6,872 | 7,151 |
| 1150 Unsubsidized Stafford | 3,904 | 4,396 | 4,743 |
| 1150 PLUS | 1,175 | 1,557 | 1,747 |
| 1150 Consolidated | 2,589 | 4,947 | 2,699 |
| 1159 Total direct loan levels | 13,860 | 17,772 | 16,340 |
| Direct loan subsidy (in percent): | | | |
| 1320 Stafford | 13.12 | 9.19 | 4.06 |
| 1320 Unsubsidized Stafford | -9.22 | -9.65 | -16.38 |
| 1320 PLUS | -9.26 | -8.95 | -13.41 |
| 1320 Consolidated | -4.88 | 0.04 | -7.72 |
| 1329 Weighted average subsidy rate | 1.57 | 0.39 | -5.69 |
| Direct loan subsidy budget authority: | | | |
| 1330 Stafford | 813 | 632 | 189 |
| 1330 Unsubsidized Stafford | -360 | -424 | -503 |
| 1330 PLUS | -109 | -139 | -132 |
| 1330 Consolidated | -126 | 2 | -205 |
| 1330 Reestimates of subsidy | 173 | -361 | |
| 1339 Total subsidy budget authority | 391 | -290 | -651 |
| Direct loan subsidy outlays: | | | |
| 1340 Stafford | 813 | 607 | 348 |
| 1340 Unsubsidized Stafford | -338 | -359 | -604 |
| 1340 PLUS | -90 | -102 | -166 |
| 1340 Consolidated | -114 | -2 | -205 |
| 1340 Reestimates of subsidy | 173 | -361 | |
| 1349 Total subsidy outlays | 444 | -217 | -627 |
| Student loan administrative expense data: | | | |
| 3510 Budget authority | 507 | 618 | 735 |
| 3590 Outlays | 432 | 559 | 679 |

The Federal Government operates two major student loan programs: the Federal Family Education Loan (FFEL) program—formerly the Guaranteed Student Loan (GSL) program—and the William D. Ford Federal Direct Loan (Direct Loan) program. The President is committed to improving the efficiency of both programs and allowing individual institutions to choose which of these two programs best meets their needs and the needs of their students.

This summary section outlines the structure of these two programs, highlights their differences and similarities, and provides text tables displaying program cost data; loan volume, subsidy, default, and interest rates; and other descriptive information. As part of his 2000 Budget, the President is proposing a number of changes for the Direct Loan and FFEL programs. These changes are discussed as part of this program description.

From its inception in 1965 through 1998, the FFEL program has provided over \$260 billion in loans to postsecondary students and their parents. Since July 1, 1994, the Direct Loan program has provided almost \$45 billion in new loans to students and parents. Taken together, the FFEL and Direct Loan programs will make almost \$32 billion in new loans available in 1999. Because funding for these two programs

Credit accounts—ContinuedFEDERAL DIRECT STUDENT LOAN PROGRAM, PROGRAM ACCOUNT—
Continued

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, and with Perkins Loans in particular, as part of the overall Federal effort to ensure access to higher education.

Loan capital in the FFEL program is provided by private lenders. State and private nonprofit guaranty agencies act as agents of the Federal Government, providing a variety of services including collection of some defaulted loans, default avoidance activities, and counseling to schools, students, and lenders. The Government provides substantial payments to these guaranty agencies. The Government also pays interest subsidies to lenders for certain borrowers, as well as most costs associated with loan defaults and other write-offs.

The Higher Education Amendments of 1998 (HEA) fundamentally restructured the guaranty agency system, reducing the need for agencies to hold Federal reserve funds. Accordingly, the President is proposing to bring forward \$165 million in reserve recalls included in the HEA. In addition, the President is proposing \$1.6 billion in new recalls over 2000–2004. (Amounts recalled in 2000 will be used to offset discretionary spending.) To provide guaranty agencies the maximum flexibility under this new structure, the President is also proposing to allow the Secretary of Education to expand the use of voluntary flexible agreements. These agreements, a limited number of which were authorized in the HEA, afford agencies greater discretion in their financial and operational organization.

The Direct Loan program was created by the Student Loan Reform Act (SLRA) of 1993. Under this program, the Federal Government provides loan funds to postsecondary institutions directly or through an alternative originator. Direct Loans offer a streamlined system that is simpler for student and parent borrowers, less prone to waste and abuse, and less expensive for the Federal taxpayer than the FFEL program. The program also offers income-contingent repayment options that allow borrowers to consider lower-paying careers, such as public service, without fear of default.

The Direct Loan program began operation in academic year 1994–1995 with 7 percent of overall loan volume. The program grew to 31 percent of overall volume in academic year 1995–1996, and is expected to account for 33 percent in academic year 1998–1999. All eligible institutions are free to participate in either the Direct Loan or FFEL program.

The Direct Loan and FFEL programs share many basic elements. Each program offers four types of loans: Stafford, Unsubsidized Stafford, PLUS for parents, and Consolidation. Evidence of financial need is required for a student to receive a subsidized Stafford loan. The other three loan programs are available to borrowers at all income levels. Loans can be used only to meet qualified educational expenses.

As a result of the HEA, the borrower interest rate for new Stafford Loans equals the 91-day Treasury bill rate plus 1.7 percent during in-school, grace, and deferment periods, and the 91-day Treasury bill plus 2.3 percent at all other times, with a cap of 8.25 percent, adjusted annually. Interest payments for these loans are fully subsidized by the Government while a student is in school and during grace and deferment periods. Unsubsidized Stafford loans carry the same borrower interest rate as Stafford loans, but have no interest subsidy. For new PLUS loans, the borrower interest rate equals the 91-day Treasury bill rate plus 3.1 percent, with a cap of 9 percent and no interest subsidy.

In the FFEL program, lenders may receive an interest subsidy, called a special allowance, from the Government to en-

sure 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 91-day Treasury bill rate for a given quarter plus 2.8 percent—or 2.2 percent during in-school, grace, or deferment periods—is higher than the current interest rate charged borrowers.

The Administration is proposing to reduce interest subsidy payments to 20 basis points on FFEL loans funded through tax-exempt securities. This reduction will bring lender returns on these loans in line with those realized on loans funded with private capital.

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. As a result of the HEA, the interest rate for new FFEL 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.

The interest rate for new Direct Consolidation Loans for which applications are received prior to February 1, 1999, equals the 91-day Treasury bill plus 2.3 percent. The rate for Direct Consolidation Loans for which applications are received after January 30, equals the weighted average of the interest rate on the loans consolidated, rounded up to the nearest one-eighth of one percent. Interest rates for all new FFEL and Direct Consolidation Loans are capped at 8.25 percent.

The Administration is proposing to extend the temporary Consolidation Loan policies included in the recent Higher Education Amendments of 1998 (HEA) through the end of 2000, producing significant savings for students while encouraging competition between the Direct Loan and Federal Family Education Loan programs. The proposal would also maintain the FFEL Consolidated Loan holder fee at 0.62 percent of outstanding volume, rather increase the fee to 1.05 percent on February 1, 1999, as required under the HEA. (The fee would increase to 1.05 percent as of October 1, 2000.)

Origination/insurance fees for each loan type are essentially the same across the two programs. Direct Loan borrowers are charged an origination fee equal to 4 percent of principal, which partially offsets Federal program operation costs. 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. In addition, FFEL lenders have the option of paying some or all of a borrower's origination fee for Stafford Loan borrowers.

Loan limits are also identical across the two programs. In addition, loans made under both programs are discharged when borrowers die, are totally and permanently disabled, or, under some circumstances, declare bankruptcy. The HEA limited discharges due to bankruptcy to borrowers who can demonstrate that repayment would constitute an "undue hardship."

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. The

HEA created an extended repayment plan of up to 25 years for new borrowers with outstanding loans totalling more than \$30,000. FFEL borrowers may change repayment plans annually.

The President is proposing a number of changes to improve the management and collection of defaulted loans which build on provisions enacted in the HEA. The amount guaranty agencies may retain on default collections will be reduced from 24 percent to 18.5 percent—approximately the rate paid on loans collected by the Department of Education through competitively awarded contracts. (The HEA lowered the guaranty agency retention rate from 27 percent to 24 percent through fiscal year 2003, and to 23 percent thereafter.) Second, the HEA lowered the amount guaranty agencies are reimbursed for most defaulted loans from 98 percent to 95 percent of outstanding principal and accrued interest. The President is proposing to create true risk-sharing by eliminating provisions that allow agencies to recoup this 5 percent cost from subsequent default collections.

Third, the HEA extended the time before lenders may submit a default claim on a delinquent loan by 90 days—from 180 days to 270 days. In order to promote risk-sharing and increase lenders' incentive to bring these loans back into repayment, the President is proposing that interest not continue to accrue during this additional 90-day period.

Lastly, data from the Department of Health and Human Services' National Directory of New Hires will be made available to assist in the Department of Education's default collection efforts.

This proposal will increase collections by enhancing the Department's ability to locate and garnish the wages of borrowers in default. Savings from this proposal will be used as an offset to discretionary spending.

In order to ensure the uninterrupted availability of aid funds for students and parents, Congress provided permanent funding to support student aid administration and expenses. These funds support Department personnel and contractors for Direct Loan origination and servicing, payments to guaranty agencies, as well as certain costs associated with activities common to Direct Loans, FFEL and other student assistance programs, such as application printing and processing. Discretionary funds requested for the FFEL program support additional Department personnel and administrative activities associated with operating the program.

Performance indicators have been developed on a broad spectrum of policy objectives in both the Direct Loan and FFEL programs. These indicators measure program efficiency, Federal costs, and financial management, as well as borrower and institutional satisfaction.

The following tables display performance indicators and program data; including projected overall Direct Loan and FFEL costs; loan volume, number of loans, and average loan amount; descriptive data, and program activity under the President's budget and legislative request.

Funding Levels (In thousands of dollars)

| | 1998 actual | 1999 est. | 2000 est. |
|--|-------------|-----------|-----------|
| Budget Authority: | | | |
| FFEL: | | | |
| Liquidating ¹ | 550,973 | -411,421 | -665,069 |
| Program ² | 2,054,499 | 3,397,638 | 3,250,195 |
| Reestimate of Prior Year Costs | — | -687,572 | — |
| Non-Contractual Modifications ³ | — | — | -539,522 |
| Subtotal, FFEL ² | 2,605,422 | 2,298,645 | 2,045,604 |
| Direct Loans: | | | |
| Program ² | 217,551 | 67,956 | -447,678 |
| Reestimate of Prior Year Costs | 229,613 | -552,730 | — |
| Non-Contractual Modifications ³ | — | — | -108,000 |
| Subtotal, Direct Loans ² | 447,164 | -484,774 | -555,678 |
| Consolidation Loans: | | | |
| FFEL | -73,208 | 127,674 | 116,786 |

| | | | |
|---|-----------|-----------|-----------|
| Reestimate of Prior Year Costs | — | 534,438 | — |
| Non-Contractual Modifications ³ | — | — | -51,918 |
| Direct Loans | -126,382 | 99,923 | -189,646 |
| Reestimate of Prior Year Costs | -56,921 | 191,850 | — |
| Non-Contractual Modifications ³ | — | — | — |
| Subtotal, Consolidation Loans | -256,510 | 953,885 | -124,778 |
| Administration: | | | |
| FFEL ⁴ | 46,371 | 47,276 | 48,000 |
| Student Aid ⁵ | 532,000 | 617,531 | 735,000 |
| Subtotal, Administration | 578,371 | 617,531 | 783,000 |
| Total, FFEL and Direct Loans | 3,374,447 | 3,432,563 | 2,148,148 |
| Outlays: | | | |
| FFEL: | | | |
| Liquidating ¹ | -117,527 | 213,055 | -626,817 |
| Program ² | 2,351,721 | 2,800,813 | 2,948,393 |
| Reestimate of Prior Year Costs ² | — | -687,572 | — |
| Non-Contractual Modifications ³ | — | — | -539,522 |
| Subtotal, FFEL ² | 2,234,194 | 2,326,296 | 1,782,054 |
| Direct Loans: | | | |
| Program ² | 217,403 | 145,909 | -423,569 |
| Reestimate of Prior Year Costs ² | 229,613 | -552,730 | — |
| Non-Contractual modification | — | — | 108,000 |
| Subtotal, Direct Loans ² | 501,016 | -406,821 | -315,569 |
| Consolidation Loans: | | | |
| FFEL | -104,355 | 158,622 | 116,603 |
| Reestimate of Prior Year Costs | — | 534,438 | — |
| Non-Contractual Modifications ³ | — | — | -51,918 |
| Direct Loans | -114,401 | 94,225 | -189,646 |
| Reestimate of Prior Year Costs | -56,921 | 191,850 | — |
| Non-Contractual Modifications ³ | — | — | — |
| Subtotal, Consolidation Loans | -275,676 | 979,135 | -124,961 |
| Administration: | | | |
| FFEL ⁴ | 37,811 | 46,742 | 51,310 |
| Student Aid ⁵ | 456,167 | 559,524 | 679,347 |
| Subtotal, Administration | 493,978 | 606,266 | 730,657 |
| Total, FFEL and Direct Loans | 2,953,512 | 3,504,876 | 2,072,181 |

¹ Liquidating account reflects loans made prior to 1992.

² Account-specific totals are derived by combining program and consolidation loan totals.

³ Reflect costs and savings associated with policy changes that do not change the terms of existing or future loans.

⁴ Reflects annual discretionary appropriation. Amount for 1999 reflects transfer from Treasury of \$794,000 for Year 2000-related activities.

⁵ Supports account maintenance fee payments to FFEL guaranty agencies, as well as a range of administrative activities such as application printing, mailing, and processing that are common to all Federal student financial assistance programs. Amount for 1998 reflects transfer of \$25 million from Higher Education Assistance Foundation Account. Amount for 1999 reflects transfer from Treasury of \$531,000 for Year 2000-related activities.

Summary of Loans Available (net commitments in millions of dollars)¹

| | 1998 actual | 1999 est. | 2000 est. |
|-------------------------------------|-------------|-----------|-----------|
| FFEL: | | | |
| Stafford | 10,762 | 10,905 | 11,344 |
| Unsubsidized Stafford | 7,292 | 7,858 | 8,477 |
| PLUS | 1,949 | 2,158 | 2,422 |
| Total, FFEL | 20,003 | 20,921 | 22,243 |
| Direct Loans: | | | |
| Stafford | 5,842 | 6,210 | 6,463 |
| Unsubsidized Stafford | 3,501 | 3,896 | 4,204 |
| PLUS | 1,057 | 1,257 | 1,411 |
| Total, Direct Loans | 10,400 | 11,363 | 12,078 |
| Consolidation Loans: | | | |
| FFEL | 3,234 | 2,656 | 2,763 |
| Direct Loans | 2,431 | 4,869 | 4,077 |
| Subtotal, Consolidation Loans | 5,665 | 7,525 | 6,840 |
| Total, All Loans | 36,067 | 39,809 | 41,161 |

¹ Net commitments equal gross commitments minus loan cancellations.

Number of Loans (In thousands)

| | 1998 actual | 1999 est. | 2000 est. |
|-----------------------------|-------------|-----------|-----------|
| FFEL: | | | |
| Stafford | 3,169 | 3,227 | 3,329 |
| Unsubsidized Stafford | 1,904 | 2,068 | 2,189 |
| PLUS | 305 | 331 | 361 |
| Total, FFEL | 5,378 | 5,627 | 5,878 |
| Direct Loans: | | | |
| Stafford | 1,787 | 1,840 | 1,898 |

Credit accounts—Continued**FEDERAL DIRECT STUDENT LOAN PROGRAM, PROGRAM ACCOUNT—
Continued****Number of Loans (In thousands)—Continued**

| | 1998 actual | 1999 est. | 2000 est. |
|--|--------------|--------------|--------------|
| Unsubsidized Stafford | 1,059 | 1,092 | 1,157 |
| PLUS | 171 | 191 | 208 |
| Total, Direct Loans | 3,018 | 3,122 | 3,263 |
| Consolidation Loans: | | | |
| FFEL | 194 | 168 | 173 |
| Direct Loans | 107 | 194 | 167 |
| Subtotal, Consolidation Loans | 301 | 362 | 340 |
| Total, All Loans | 8,696 | 9,110 | 9,481 |

Average Loan Size (in whole dollars)

| | 1998 actual | 1999 est. | 2000 est. |
|---|---------------|---------------|---------------|
| FFEL: | | | |
| Stafford | 3,396 | 3,379 | 3,408 |
| Unsubsidized Stafford | 3,830 | 3,799 | 3,873 |
| PLUS | 6,395 | 6,514 | 6,710 |
| Weighted Average, FFEL | 3,720 | 3,718 | 3,784 |
| Direct Loans: | | | |
| Stafford | 3,269 | 3,376 | 3,405 |
| Unsubsidized Stafford | 3,306 | 3,568 | 3,634 |
| PLUS | 6,174 | 6,593 | 6,791 |
| Weighted Average, Direct Loans | 3,447 | 3,640 | 3,702 |
| Consolidation Loans: | | | |
| FFEL | 16,643 | 15,827 | 15,964 |
| Direct Loans | 22,772 | 25,116 | 24,427 |
| Subtotal, Consolidation Loans | 18,816 | 20,806 | 20,118 |
| Weighted Average, All Loans | 4,147 | 4,370 | 4,341 |

Composition of Consolidation Loans

| | 1998 actual | 1999 est. | 2000 est. |
|--|--------------|--------------|--------------|
| Net commitments (in millions of dollars): | | | |
| FFEL: | | | |
| Standard consolidations | 2,790 | 2,291 | 2,383 |
| Consolidations from Default | 444 | 365 | 380 |
| Subtotal, FFEL | 3,234 | 2,656 | 2,763 |
| Direct Loans: | | | |
| Standard consolidations | 1,886 | 4,257 | 3,440 |
| Consolidations from Default | 545 | 612 | 636 |
| Subtotal, Direct Loans | 2,431 | 4,869 | 4,077 |
| Total: | | | |
| Standard consolidations | 5,195 | 7,744 | 7,115 |
| Consolidations from Default | 1,072 | 1,168 | 1,222 |
| Total, Consolidated Loans | 5,665 | 7,525 | 6,840 |

Summary of Subsidy Rates, Default Rates, Interest Rates, and Discount Rates

| | 1998 actual | 1999 est. | 2000 est. |
|--|--------------|--------------|---------------|
| Subsidy Rates (in percent) ¹ | | | |
| FFEL: | | | |
| Stafford | 20.25 | 21.02 | 19.70 |
| Unsubsidized Stafford | 5.73 | 7.80 | 6.21 |
| PLUS | 5.18 | 6.05 | 5.93 |
| Weighted Average, FFEL ² | 13.42 | 14.44 | 12.99 |
| Direct Loans: | | | |
| Stafford | 9.99 | 10.14 | 5.83 |
| Unsubsidized Stafford | (10.13) | (8.70) | (14.15) |
| PLUS | (6.87) | (6.78) | (10.45) |
| Weighted Average, Direct Loans ² | 1.33 | 1.63 | (3.20) |
| Consolidation Loans: | | | |
| FFEL | 2.91 | 4.80 | 4.22 |
| Direct Loans | 3.29 | 6.75 | 2.89 |
| Weighted Average, Consolidation Loans | 3.07 | 6.07 | 3.42 |

Default Rates (in percent) ³

| | 1998 actual | 1999 est. | 2000 est. |
|---|--------------|--------------|--------------|
| FFEL: | | | |
| Stafford | 16.64 | 15.99 | 15.69 |
| Unsubsidized Stafford | 15.66 | 15.53 | 15.23 |
| PLUS | 9.81 | 9.80 | 9.63 |
| Weighted Average, FFEL ² | 15.62 | 15.18 | 14.85 |
| Direct Loans: | | | |
| Stafford | 16.05 | 16.46 | 16.16 |
| Unsubsidized Stafford | 15.81 | 16.21 | 15.91 |
| PLUS | 9.33 | 9.55 | 9.56 |
| Weighted Average, Direct Loans ² | 15.29 | 15.61 | 15.30 |
| Consolidation Loans: | | | |
| FFEL | 22.11 | 22.02 | 21.96 |
| Direct Loans | 22.11 | 22.02 | 21.96 |
| Weighted Average, Consolidation Loans | 22.11 | 22.02 | 21.96 |
| Borrower Interest Rates (in percent) | | | |
| FFEL: | | | |
| Stafford ⁴ | 8.25 | 7.46 | 6.71 |
| Unsubsidized Stafford ⁴ | 8.25 | 7.46 | 6.71 |
| PLUS ⁴ | 8.98 | 8.26 | 7.51 |
| Direct Loans: | | | |
| Stafford ⁴ | 8.25 | 7.46 | 6.71 |
| Unsubsidized Stafford ⁴ | 8.25 | 7.46 | 6.71 |
| PLUS ⁴ | 8.98 | 8.26 | 7.51 |
| Consolidation Loans: | | | |
| FFEL ⁵ | — | — | — |
| Direct Loans ⁵ | — | — | — |
| Federal Borrowing Rate for Direct Loans (in percent) | 5.85 | 6.03 | 5.01 |

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. For comparative purposes, the subsidy rates shown for Direct Loans reflect only the standard repayment option.

² Account-specific totals are derived by combining program and consolidation loan totals.

³ 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 three years of repayment to determine institutional eligibility to participate in Federal loan programs. These three-year rates tend to be lower than those included in this table.

⁴ Rates shown are those set beginning July 1st of the previous fiscal year.

⁵ Interest rates under the FFEL Consolidation Loan program reflect a weighted average of the rates of the loans consolidated, rounded up to the nearest eighth of a percent. For Direct Loan Consolidation Loans, interest rates reflect the 91-day Treasury bill rate plus 2.3 percent.

Composition of Loan Collections (In thousands of dollars)

| | 1998 actual | 1999 est. | 2000 est. |
|---|------------------|------------------|------------------|
| FFEL: | | | |
| Collections by Guaranty Agencies ¹ | 1,154,544 | 1,355,582 | 1,401,324 |
| Collections by Department of Education | 427,824 | 422,537 | 430,809 |
| Internal Revenue Service Tax Refund Offsets | 598,085 | 552,975 | 560,156 |
| Total, FFEL ² | 2,180,453 | 2,331,095 | 2,392,288 |
| Direct Loans: | | | |
| Collections by Department of Education | 10,270 | 76,822 | 149,461 |
| Internal Revenue Service Tax Refund Offsets | 4,558 | 10,976 | 24,997 |
| Total, Direct Loans ² | 14,828 | 87,798 | 174,458 |
| Total, FFEL and Direct Loan | 2,195,281 | 2,418,893 | 2,566,747 |

¹ These figures show total collections by guaranty agencies. Actual Federal revenues resulting from these collections are lower than the amount shown because agencies retain a portion of the amount collected.

Projected Participation in Repayment Plans ¹ (in percent)

| | 1998 cohort | 1999 cohort | 2000 cohort |
|---|-------------|-------------|-------------|
| Direct Loans ¹ | | | |
| Standard: | | | |
| Percent of Loan Volume: ² | | | |
| Stafford | 83.08 | 78.97 | 75.06 |
| Unsubsidized Stafford | 79.24 | 74.75 | 70.52 |
| PLUS | 76.90 | 76.90 | 76.90 |
| Consolidation | 25.26 | 25.26 | 25.26 |
| Subsidy Rate (in percent): | | | |
| Stafford | 9.99 | 10.14 | 5.83 |
| Unsubsidized Stafford | —10.13 | —8.70 | —14.15 |
| PLUS | —6.87 | —6.78 | —10.45 |
| Consolidation | 3.29 | 6.75 | 2.89 |
| Graduated: ³ | | | |
| Percent of Loan Volume: ² | | | |
| Stafford | 12.10 | 15.24 | 18.22 |
| Unsubsidized Stafford | 14.31 | 17.61 | 20.71 |
| PLUS | 16.77 | 16.77 | 16.77 |
| Consolidation | 23.44 | 23.44 | 23.44 |
| Subsidy Rate (in percent): | | | |
| Stafford | 5.65 | 6.12 | —0.99 |
| Unsubsidized Stafford | —15.61 | —13.51 | —22.47 |

| | | | |
|--------------------------------------|--------|--------|--------|
| PLUS | -15.10 | -15.64 | -23.10 |
| Consolidation | -3.49 | 2.63 | -5.23 |
| Extended: ³ | | | |
| Percent of Loan Volume: ² | | | |
| Stafford | 3.74 | 4.71 | 5.63 |
| Unsubsidized Stafford | 5.22 | 6.42 | 7.55 |
| PLUS | 6.32 | 6.32 | 6.32 |
| Consolidation | 20.22 | 20.22 | 20.22 |
| Subsidy Rate (in percent): | | | |
| Stafford | 5.71 | 6.10 | -0.99 |
| Unsubsidized Stafford | -15.51 | -13.41 | -22.44 |
| PLUS | -15.18 | -15.72 | -23.35 |
| Consolidation | -3.26 | 2.68 | -5.10 |
| Income-Contingent: | | | |
| Percent of Loan Volume: ² | | | |
| Stafford | 1.08 | 1.08 | 1.08 |
| Unsubsidized Stafford | 1.22 | 1.22 | 1.22 |
| Consolidation | 31.08 | 31.08 | 31.08 |
| Subsidy Rate (in percent): | | | |
| Stafford | 4.25 | 2.71 | -4.15 |
| Unsubsidized Stafford | 4.16 | 2.76 | -4.20 |
| Consolidation | -3.58 | -3.21 | -10.98 |

¹No data is included for the Alternative repayment plan. Borrowers are not expected to participate in this plan due to the flexibility available under the other options. Income-contingent repayment is not available for PLUS borrowers.

²Percent of Loan Volume represents aggregate data. Individual borrowers may move between plans over time.

³Maximum terms under the Extended and Graduated repayment plans reflect the following "classes" based on borrower debt levels.

| Debt Level | Maximum Term (in years) | Percent of Volume Within Direct Extended and Graduated Plans (Stafford) FY 1999 |
|-------------------------|-------------------------|---|
| Below \$10,000 | 12 | 12.65 |
| \$10,000-\$20,000 | 15 | 22.89 |
| \$20,000-\$40,000 | 20 | 31.97 |
| \$40,000-\$60,000 | 25 | 15.81 |
| Above \$60,000 | 30 | 16.68 |

The Higher Education Amendments of 1998 broadened the availability of alternative repayment plans in the FFEL program. Data on the extent to which FFEL borrowers will take advantage of these plans is not yet available.

Subsidy costs for the FFEL and Direct Loan programs are estimated in accordance with procedures set out in the Credit Reform Act of 1990. Subsidy costs for each loan type are estimated separately and, because costs can vary widely within a program depending on the characteristics of the individual borrower, cost estimates are aggregated from data for homogeneous groups within risk categories.

Risk categories for Stafford and Unsubsidized Stafford Loans are based on the type of school attended by the borrower. Since PLUS loan borrowers are all parents, they are assumed to share similar risk profiles and are grouped together in a single category. For Consolidation Loans, risk categories distinguish between standard Consolidation Loans—in which borrowers in repayment consolidate a number of outstanding loans—and loans consolidated out of default.

Default rates are a major cause of differences in subsidy between risk categories. The default rates in the following tables reflect estimates of the percent of borrowers who will default over the lifetime of the loans. These estimates are revised annually based on an analysis of default trends prepared each year by an independent auditor. Within each risk group, it is assumed that borrowers choosing similar repayment plans will have similar default rates, regardless of whether they borrow under the FFEL or Direct Loan program.

The risk group data below also reflect proposed policy changes and interest rate projections in the President's 2000 Budget. These factors substantially decrease subsidy rates across years in the FFEL program.

FFEL RISK CATEGORIES: STAFFORD LOANS

| Risk Categories: | Subsidy Rate (as a percentage of loan commitments) | | |
|---|--|-----------|-----------|
| | 1998 actual | 1999 est. | 2000 est. |
| Category 1: 4 year college, 1st and 2nd year students | 24.62 | 25.56 | 24.39 |
| Category 2: 4 year college, 3rd and 4th year students | 16.91 | 18.08 | 16.96 |
| Category 3: 2 year college, all students | 20.76 | 21.56 | 19.84 |
| Category 4: Proprietary school, all students | 23.00 | 23.55 | 21.54 |
| Category 5: Graduate students | 18.91 | 20.14 | 19.32 |

Gross Default Rates (in percent)

| Risk Categories: | Gross Default Rates (in percent) | | |
|---|----------------------------------|-----------|-----------|
| | 1998 actual | 1999 est. | 2000 est. |
| Category 1: 4 year college, 1st and 2nd year students | 19.58 | 19.56 | 19.23 |
| Category 2: 4 year college, 3rd and 4th year students | 13.14 | 13.16 | 12.92 |
| Category 3: 2 year college, all students | 32.70 | 32.66 | 32.07 |
| Category 4: Proprietary school, all students | 49.13 | 49.21 | 48.29 |
| Category 5: Graduate students | 8.83 | 8.84 | 8.69 |

UNSUBSIDIZED STAFFORD LOANS

| Risk Categories: | Subsidy Rate (as a percentage of loan commitments) | | |
|---|--|-----------|-----------|
| | 1998 actual | 1999 est. | 2000 est. |
| Category 1: 4 year college, 1st and 2nd year students | 5.99 | 8.52 | 6.94 |
| Category 2: 4 year college, 3rd and 4th year students | 3.58 | 5.99 | 4.68 |
| Category 3: 2 year college, all students | 9.83 | 11.76 | 9.94 |
| Category 4: Proprietary school, all students | 15.48 | 16.81 | 14.64 |
| Category 5: Graduate students | 3.61 | 6.15 | 5.05 |

Gross Default Rates (in percent)

| Risk Categories: | Gross Default Rates (in percent) | | |
|---|----------------------------------|-----------|-----------|
| | 1998 actual | 1999 est. | 2000 est. |
| Category 1: 4 year college, 1st and 2nd year students | 19.07 | 19.11 | 18.79 |
| Category 2: 4 year college, 3rd and 4th year students | 13.06 | 13.09 | 12.87 |
| Category 3: 2 year college, all students | 32.06 | 32.09 | 31.51 |
| Category 4: Proprietary school, all students | 47.96 | 48.16 | 47.30 |
| Category 5: Graduate students | 8.71 | 8.73 | 8.58 |

PLUS LOANS

| Risk Categories: | Subsidy Rate (as a percentage of loan commitments) | | |
|----------------------|--|-----------|-----------|
| | 1998 actual | 1999 est. | 2000 est. |
| All PLUS Loans | 5.18 | 6.05 | 5.93 |

Gross Default Rates (in percent)

| | | | |
|----------------------|------|------|------|
| All PLUS Loans | 9.81 | 9.80 | 9.63 |
|----------------------|------|------|------|

DIRECT LOAN RISK CATEGORIES: STAFFORD LOANS

| Risk Categories: | Subsidy Rate (as a percentage of loan commitments) | | |
|---|--|-----------|-----------|
| | 1998 actual | 1999 est. | 2000 est. |
| Category 1: 4 year college, 1st and 2nd year students | 14.30 | 14.27 | 9.72 |
| Category 2: 4 year college, 3rd and 4th year students | 7.28 | 7.23 | 2.94 |
| Category 3: 2 year college, all students | 11.53 | 12.21 | 7.65 |
| Category 4: Proprietary school, all students | 16.16 | 17.21 | 13.21 |
| Category 5: Graduate students | 9.26 | 9.08 | 4.95 |

Gross Default Rates (in percent)

| Risk Categories: | Gross Default Rates (in percent) | | |
|---|----------------------------------|-----------|-----------|
| | 1998 actual | 1999 est. | 2000 est. |
| Category 1: 4 year college, 1st and 2nd year students | 19.89 | 20.14 | 19.80 |
| Category 2: 4 year college, 3rd and 4th year students | 13.10 | 13.15 | 12.92 |
| Category 3: 2 year college, all students | 33.01 | 33.25 | 32.64 |
| Category 4: Proprietary school, all students | 49.16 | 49.44 | 48.52 |
| Category 5: Graduate students | 8.81 | 8.82 | 8.66 |

UNSUBSIDIZED STAFFORD LOANS

| Risk Categories: | Subsidy Rate (as a percentage of loan commitments) | | |
|---|--|-----------|-----------|
| | 1998 actual | 1999 est. | 2000 est. |
| Category 1: 4 year college, 1st and 2nd year students | -9.48 | -7.78 | -14.01 |
| Category 2: 4 year college, 3rd and 4th year students | -11.66 | -10.37 | -15.71 |
| Category 3: 2 year college, all students | -6.34 | -4.09 | -9.58 |
| Category 4: Proprietary school, all students | 0.37 | 3.26 | -1.71 |
| Category 5: Graduate students | -11.06 | -10.29 | -15.55 |

Gross Default Rates (in percent)

| Risk Categories: | Gross Default Rates (in percent) | | |
|---|----------------------------------|-----------|-----------|
| | 1998 actual | 1999 est. | 2000 est. |
| Category 1: 4 year college, 1st and 2nd year students | 20.02 | 20.26 | 19.92 |

Credit accounts—Continued

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

| | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| Category 2: 4 year college, 3rd and 4th year students | 13.01 | 13.05 | 12.82 |
| Category 3: 2 year college, all students | 31.10 | 32.53 | 31.95 |
| Category 4: Proprietary school, all students | 48.01 | 48.33 | 47.47 |
| Category 5: Graduate students | 8.70 | 8.71 | 8.56 |

PLUS LOANS

Subsidy Rate (as a percentage of loan commitments)

| | 1998 actual | 1999 est. | 2000 est. |
|----------------|-------------|-----------|-----------|
| All PLUS Loans | -6.87 | -6.78 | -10.45 |

Gross Default Rates (in percent)

| | 1998 actual | 1999 est. | 2000 est. |
|----------------|-------------|-----------|-----------|
| All PLUS Loans | 9.33 | 9.55 | 9.56 |

Summary of Program Costs and Offsets (in thousands of dollars)

| | 1998 actual | 1999 est. | 2000 est. |
|--|-------------|-----------|-----------|
| Interest costs: | | | |
| Interest benefits: | | | |
| FFEL Liquidating | 98,311 | 8,105 | 1,960 |
| FFEL Program | 3,099,000 | 1,947,809 | 1,785,488 |
| Direct Loans ¹ | 817,352 | 900,569 | 912,983 |
| | 4,014,663 | 2,856,483 | 2,700,431 |
| Special allowance: | | | |
| FFEL Liquidating | 321,979 | 293,716 | 211,759 |
| FFEL Program | 320,000 | 237,779 | 378,190 |
| | 641,979 | 531,494 | 589,949 |
| Default costs and offsets: | | | |
| Default costs ² : | | | |
| FFEL Liquidating | 356,943 | 261,507 | 166,399 |
| FFEL Program | 1,699,000 | 2,979,425 | 3,247,440 |
| Direct Loans | 76,490 | 184,555 | 348,906 |
| | 2,132,433 | 3,425,486 | 3,762,744 |
| Gross default collections: | | | |
| FFEL Liquidating | 898,676 | 1,315,627 | 1,092,054 |
| FFEL Program | 1,281,777 | 1,015,468 | 1,300,234 |
| Direct Loans | 14,828 | 87,798 | 174,458 |
| | 2,195,281 | 2,418,893 | 2,566,747 |
| Default collection costs: | | | |
| FFEL Liquidating: | | | |
| Contract collection costs | 95,612 | 46,467 | 42,785 |
| Guaranty agency retention | 107,918 | 139,983 | 88,075 |
| | 203,530 | 186,450 | 130,860 |
| FFEL Program: | | | |
| Contract collection costs | 8,000 | 11,499 | 19,805 |
| Guaranty agency retention | 180,777 | 172,381 | 171,170 |
| | 188,777 | 183,880 | 190,975 |
| Direct Loans: | | | |
| Collection costs ³ | 1,129 | 254 | 847 |
| Net default costs: ⁴ | | | |
| FFEL Liquidating | (338,203) | (867,670) | (794,795) |
| FFEL Program | 606,000 | 2,147,838 | 2,138,180 |
| Direct Loans | 62,790 | 97,010 | 175,295 |
| | 330,587 | 1,377,178 | 1,518,680 |
| Death, disability, and bankruptcy costs: | | | |
| FFEL Liquidating | 43,618 | 37,656 | 26,825 |
| FFEL Program | 243,000 | 223,169 | 252,586 |
| Direct Loans | 28,419 | 54,989 | 80,629 |
| | 315,037 | 315,814 | 360,039 |
| Administrative Costs: | | | |
| Federal administration: | | | |
| FFEL | 46,371 | 47,276 | 48,000 |
| Student Aid Management ⁷ | 529,970 | 617,531 | 735,000 |
| Guaranty agency administrative payments: | | | |
| Account Maintenance Fee | 170,000 | 177,000 | 180,000 |
| Loan Issuance and Processing Fee | — | 152,895 | 162,580 |
| Supplemental preclaims assistance ⁵ | 91,463 | — | — |
| Lender-paid default prevention fee | — | — | — |
| Fees: | | | |
| Borrower origination fees: | | | |
| FFEL | 924,000 | 626,833 | 665,449 |
| Direct Loans | 381,968 | 447,010 | 475,044 |
| Lender origination fee ⁵ | 154,000 | 104,472 | 110,908 |

| | | | |
|---|---------|---------|---------|
| Sallie Mae offset fee ⁵ | 102,000 | 27,300 | 20,900 |
| Consolidation loan holder fees ⁵ | 233,000 | 165,621 | 169,877 |

¹ This represents net interest costs associated with Direct Loans.

² Default costs under FFEL reflect claims paid to guaranty agencies. Default costs under Direct Loans reflect non-repayment of defaulted loans.

³ In the budget schedules, Direct Loan collections are displayed net of collection costs.

⁴ Net default costs equal default claims minus net collections (gross collections minus contract collection costs and guaranty agency retention).

⁵ Applies to FFEL program only.

⁶ Amount for 1999 reflects transfer from Treasury of \$794,000 for Year 2000-related activities.

⁷ A number of expenses related to the administration of the student assistance programs are paid out of Student Aid Management funds. One of these expenses, account maintenance fee payments to guaranty agencies, is shown as a separate line. Amount for 1998 reflects transfer of \$25 million from the Higher Education Assistance Foundation Account. Amount for FY 1999 includes transfer from Treasury of \$531,000 for Year 2000-related activities.

Object Classification (in millions of dollars)

| Identification code 91-0243-0-1-502 | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| Personnel compensation: | | | |
| 11.1 Full-time permanent | 28 | 32 | 34 |
| 11.3 Other than full-time permanent | 1 | 1 | 1 |
| 11.9 Total personnel compensation | 29 | 33 | 35 |
| 12.1 Civilian personnel benefits | 6 | 7 | 8 |
| 21.0 Travel and transportation of persons | 3 | 4 | 3 |
| 23.1 Rental payments to GSA | 5 | 5 | 6 |
| 23.3 Communications, utilities, and miscellaneous charges | 30 | 36 | 40 |
| 24.0 Printing and reproduction | 6 | 7 | 9 |
| 25.1 Advisory and assistance services | 1 | 1 | 1 |
| 25.2 Other services | 6 | 10 | 8 |
| 25.3 Purchases of goods and services from Government accounts | 6 | 2 | 3 |
| 25.7 Operation and maintenance of equipment | 265 | 334 | 438 |
| 26.0 Supplies and materials | 1 | 1 | 1 |
| 31.0 Equipment | 2 | 1 | 3 |
| 32.0 Land and structures | 1 | — | — |
| 41.0 Grants, subsidies, and contributions | 621 | 247 | 180 |
| 99.9 Total new obligations | 981 | 688 | 735 |

Personnel Summary

| Identification code 91-0243-0-1-502 | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| 1001 Total compensable workyears: Full-time equivalent employment | 517 | 571 | 571 |

**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 | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| Obligations by program activity: | | | |
| 02.01 Direct loan subsidy | — | 98 | — |
| 10.00 Total new obligations (object class 41.0) | — | 98 | — |
| Budgetary resources available for obligation: | | | |
| 22.00 New budget authority (gross) | — | 98 | — |
| 23.95 Total new obligations | — | -98 | — |
| New budget authority (gross), detail: | | | |
| Spending authority from offsetting collections: | | | |
| 68.00 Offsetting collections (cash) | — | — | -15 |
| 68.27 Capital transfer to general fund | — | 98 | 15 |
| 68.90 Spending authority from offsetting collections (total) | — | 98 | — |
| Change in unpaid obligations: | | | |
| 72.40 Unpaid obligations, start of year: Obligated balance, start of year | — | — | 1 |
| 73.10 Total new obligations | — | 98 | — |
| 73.20 Total outlays (gross) | — | -96 | — |
| 74.40 Unpaid obligations, end of year: Obligated balance, end of year | — | 1 | 1 |
| Outlays (gross), detail: | | | |
| 86.97 Outlays from new permanent authority | — | 96 | — |

Offsets:
Against gross budget authority and outlays:
88.00 Offsetting collections (cash) from: Federal sources 15

Net budget authority and outlays:
89.00 Budget authority 98 15
90.00 Outlays 96 15

The Administration will propose legislation to extend the temporary consolidation loan policies included in the HEA through 2000.

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

| Identification code 91-0243-4-1-502 | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| Direct loan levels supportable by subsidy budget authority: | | | |
| 1150 Consolidated | | | 1,443 |
| 1159 Total direct loan levels | | | 1,443 |
| Direct loan subsidy (in percent): | | | |
| 1320 Consolidated | 1.98 | | 3.07 |
| 1329 Weighted average subsidy rate | | 0.55 | 0.53 |
| Direct loan subsidy budget authority: | | | |
| 1330 Consolidated | 98 | | 16 |
| 1330 Non-contractual modifications | | | |
| 1339 Total subsidy budget authority | 98 | | 16 |
| Direct loan subsidy outlays: | | | |
| 1340 Consolidated | 96 | | |
| 1349 Total subsidy outlays | 96 | | |

FEDERAL DIRECT STUDENT LOAN PROGRAM, PROGRAM ACCOUNT
(Legislative proposal, discretionary offset)

Program and Financing (in millions of dollars)

| Identification code 91-0243-6-1-502 | 1998 actual | 1999 est. | 2000 est. |
|--|-------------|-----------|-----------|
| New budget authority (gross), detail: | | | |
| Spending authority from offsetting collections: | | | |
| 68.00 Offsetting collections (cash) | | | 110 |
| 68.27 Capital transfer to general fund | | | -110 |
| 68.90 Spending authority from offsetting collections (total) | | | |
| Offsets: | | | |
| Against gross budget authority and outlays: | | | |
| 88.00 Offsetting collections (cash) from: Federal sources | | | -110 |
| Net budget authority and outlays: | | | |
| 89.00 Budget authority | | | -110 |
| 90.00 Outlays | | | -110 |

The Administration will propose legislation to improve the collection of defaulted student loans. Data from the National Directory of New Hires will be made available to assist the Department of Education's default collection efforts and will apply the offset to discretionary spending.

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

| Identification code 91-0243-6-1-502 | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| Direct loan subsidy budget authority: | | | |
| 1330 Stafford | | | -2 |
| 1330 Unsubsidized Stafford | | | -1 |
| 1330 Non-contractual modifications | | | -108 |
| 1339 Total subsidy budget authority | | | -111 |
| Direct loan subsidy outlays: | | | |
| 1340 Stafford | | | -1 |
| 1340 Unsubsidized Stafford | | | -1 |
| 1340 Non-contractual modifications | | | -108 |

| | | | | |
|------|-----------------------------|--|--|------|
| 1349 | Total subsidy outlays | | | -110 |
|------|-----------------------------|--|--|------|

FEDERAL DIRECT STUDENT LOAN PROGRAM, FINANCING ACCOUNT

Program and Financing (in millions of dollars)

| Identification code 91-4253-0-3-502 | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| Obligations by program activity: | | | |
| Direct loans: | | | |
| 01.01 Stafford | 6,191 | 6,872 | 7,151 |
| 01.02 Unsubsidized Stafford | 3,905 | 4,396 | 4,743 |
| 01.03 PLUS | 1,175 | 1,557 | 1,747 |
| 01.04 Consolidated | 2,589 | 4,947 | 2,699 |
| 01.91 Subtotal, direct loans obligations | 13,860 | 17,772 | 16,340 |
| Payment for consolidations: | | | |
| 02.04 Consolidated | 13 | 22 | 14 |
| Payment of contract collection costs: | | | |
| 03.01 Stafford | 1 | | |
| 04.01 Interest payment to Treasury | 2,320 | 2,379 | 3,213 |
| 08.01 Payment of negative subsidy to program account | | | 651 |
| 08.02 Payment of downward reestimate to program account | 61 | 361 | |
| 08.91 Direct Program by Activities—Subtotal (1 level) | 61 | 361 | 651 |
| 10.00 Total new obligations | 16,255 | 20,534 | 20,218 |
| Budgetary resources available for obligation: | | | |
| 22.00 New financing authority (gross) | 16,238 | 20,535 | 20,219 |
| 22.10 Resources available from recoveries of prior year obligations | 18 | | |
| 23.90 Total budgetary resources available for obligation | 16,256 | 20,535 | 20,219 |
| 23.95 Total new obligations | -16,255 | -20,534 | -20,218 |

New financing authority (gross), detail:

| | | | |
|---|--------|--------|--------|
| 67.15 Authority to borrow (indefinite) | 13,703 | 18,048 | 17,185 |
| Spending authority from offsetting collections: | | | |
| 68.00 Offsetting collections (cash) | 3,889 | 3,629 | 4,966 |
| 68.10 From Federal sources: Change in receivables and unpaid, unfilled orders | -72 | -59 | -194 |
| 68.47 Portion applied to debt reduction | -1,282 | -1,083 | -1,738 |
| 68.90 Spending authority from offsetting collections (total) | 2,535 | 2,487 | 3,034 |
| 70.00 Total new financing authority (gross) | 16,238 | 20,535 | 20,219 |

Change in unpaid obligations:

| | | | |
|---|---------|---------|---------|
| Unpaid obligations, start of year: | | | |
| 72.40 Obligated balance, start of year | 3,872 | 5,396 | 3,549 |
| 72.95 Receivables from program account | 160 | 88 | 29 |
| 72.99 Total unpaid obligations, start of year | 4,032 | 5,484 | 3,578 |
| 73.10 Total new obligations | 16,255 | 20,534 | 20,218 |
| 73.20 Total financing disbursements (gross) | -14,785 | -22,441 | -19,988 |
| 73.45 Adjustments in unexpired accounts | -18 | | |
| Unpaid obligations, end of year: | | | |
| 74.40 Obligated balance, end of year | 5,396 | 3,549 | 3,973 |
| 74.95 Receivables from program account | 88 | 29 | -165 |
| 74.99 Total unpaid obligations, end of year | 5,484 | 3,578 | 3,808 |
| 87.00 Total financing disbursements (gross) | 14,785 | 22,441 | 19,988 |

Offsets:

| | | | |
|--|------|------|------|
| Against gross financing authority and financing disbursements: | | | |
| Offsetting collections (cash) from: | | | |
| Federal sources: | | | |
| Payments from subsidy account: | | | |
| 88.00 Stafford | -814 | -607 | |
| 88.00 Unsubsidized Stafford | 338 | 359 | |
| 88.00 PLUS | 90 | 102 | |
| 88.00 Consolidated | 114 | 2 | |
| 88.00 Upward reestimate | -233 | | |
| 88.25 Interest on uninvested funds | -634 | | |
| Non-Federal sources: | | | |
| Stafford loans: | | | |
| 88.40 Repayment of principal, Stafford | -838 | -554 | -895 |
| 88.40 Interest received on loans, Stafford | -165 | -598 | -827 |
| 88.40 Fees, Stafford | -216 | -246 | -256 |
| 88.40 Repayment of principal, Unsubsidized Stafford | -459 | -325 | -552 |

Credit accounts—Continued

FEDERAL DIRECT STUDENT LOAN PROGRAM, FINANCING ACCOUNT—Continued

Program and Financing (in millions of dollars)—Continued

| Identification code 91-4253-0-3-502 | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| Unsubsidized Stafford loans: | | | |
| 88.40 Interest received on loans, Unsubsidized Stafford | -154 | -363 | -531 |
| 88.40 Fees, Unsubsidized Stafford | -130 | -152 | -165 |
| 88.40 Repayment of principal, PLUS | -272 | -162 | -236 |
| 88.40 Interest received on loans, PLUS | -145 | -246 | -305 |
| PLUS loans: | | | |
| 88.40 Fees, PLUS | -36 | -48 | -55 |
| 88.40 Payment of principal, Consolidated | -188 | -273 | -432 |
| 88.40 Interest received on loans, Consolidated | -147 | -518 | -712 |
| 88.90 Total, offsetting collections (cash) | -3,889 | -3,629 | -4,966 |
| 88.95 Change in receivables from program accounts | 72 | 59 | 194 |
| Net financing authority and financing disbursements: | | | |
| 89.00 Financing authority | 12,421 | 16,965 | 15,447 |
| 90.00 Financing disbursements | 10,894 | 18,812 | 15,022 |

Status of Direct Loans (in millions of dollars)

| Identification code 91-4253-0-3-502 | 1998 actual | 1999 est. | 2000 est. |
|--|-------------|-----------|-----------|
| STAFFORD | | | |
| Position with respect to appropriations act limitation on obligations: | | | |
| 1111 Limitation on direct loans | | | |
| 1131 Direct loan obligations exempt from limitation | 6,192 | 6,953 | 7,236 |
| 1150 Total direct loan obligations | 6,192 | 6,953 | 7,236 |
| Cumulative balance of direct loans outstanding: | | | |
| 1210 Outstanding, start of year | 11,443 | 15,988 | 21,545 |
| 1231 Disbursements: Direct loan disbursements | 5,448 | 6,156 | 6,392 |
| 1251 Repayments: Repayments and prepayments | -837 | -576 | -928 |
| 1261 Adjustments: Capitalized interest | 50 | | |
| Write-offs for default: | | | |
| 1263 Direct loans | | -1 | -3 |
| 1264 Other adjustments, net | -116 | -22 | -32 |
| 1290 Outstanding, end of year | 15,988 | 21,545 | 26,974 |
| UNSUBSIDIZED STAFFORD | | | |
| Position with respect to appropriations act limitation on obligations: | | | |
| 1111 Limitation on direct loans | | | |
| 1131 Direct loan obligations exempt from limitation | 3,905 | 4,396 | 4,743 |
| 1150 Total direct loan obligations | 3,905 | 4,396 | 4,743 |
| Cumulative balance of direct loans outstanding: | | | |
| 1210 Outstanding, start of year | 5,887 | 8,769 | 12,228 |
| 1231 Disbursements: Direct loan disbursements | 3,237 | 3,809 | 4,120 |
| 1251 Repayments: Repayments and prepayments | -459 | -337 | -570 |
| 1261 Adjustments: Capitalized interest | 197 | | |
| Write-offs for default: | | | |
| 1263 Direct loans | | -1 | -1 |
| 1264 Other adjustments, net | -93 | -12 | -18 |
| 1290 Outstanding, end of year | 8,769 | 12,228 | 15,759 |
| PLUS | | | |
| Position with respect to appropriations act limitation on obligations: | | | |
| 1111 Limitation on direct loans | | | |
| 1131 Direct loan obligations exempt from limitation | 1,175 | 1,557 | 1,747 |
| 1150 Total direct loan obligations | 1,175 | 1,557 | 1,747 |
| Cumulative balance of direct loans outstanding: | | | |
| 1210 Outstanding, start of year | 1,539 | 2,180 | 3,200 |
| 1231 Disbursements: Direct loan disbursements | 915 | 1,210 | 1,364 |
| 1251 Repayments: Repayments and prepayments | -272 | -176 | -257 |
| 1261 Adjustments: Capitalized interest | 13 | | |
| Write-offs for default: | | | |
| 1263 Direct loans | | | -1 |
| 1264 Other adjustments, net | -15 | -14 | -20 |
| 1290 Outstanding, end of year | 2,180 | 3,200 | 4,286 |

| CONSOLIDATED | | | | |
|--|--|-------|-------|--------|
| Position with respect to appropriations act limitation on obligations: | | | | |
| 1111 | Limitation on direct loans | | | |
| 1131 | Direct loan obligations exempt from limitation | 2,589 | 4,947 | 2,699 |
| 1150 | Total direct loan obligations | 2,589 | 4,947 | 2,699 |
| Cumulative balance of direct loans outstanding: | | | | |
| 1210 | Outstanding, start of year | 2,343 | 4,733 | 9,390 |
| 1231 | Disbursements: Direct loan disbursements | 2,540 | 4,942 | 2,696 |
| 1251 | Repayments: Repayments and prepayments | -188 | -279 | -443 |
| 1261 | Adjustments: Capitalized interest | 75 | | |
| Write-offs for default: | | | | |
| 1263 | Direct loans | -1 | | |
| 1264 | Other adjustments, net | -36 | -6 | -11 |
| 1290 | Outstanding, end of year | 4,733 | 9,390 | 11,632 |

Balance Sheet (in millions of dollars)

| Identification code 91-4253-0-3-502 | 1997 actual | 1998 actual | 1999 est. | 2000 est. | |
|---|---|-------------|-----------|-----------|--------|
| ASSETS: | | | | | |
| 1101 | Federal assets: Fund balances with Treasury | 4,032 | 5,396 | 3,549 | 3,973 |
| Net value of assets related to post-1991 direct loans receivable: | | | | | |
| Direct loans receivable, gross: | | | | | |
| 1401 | Stafford | 11,443 | 15,988 | 21,544 | 26,974 |
| 1401 | Unsubsidized Stafford | 5,887 | 8,769 | 12,228 | 15,760 |
| 1401 | PLUS | 1,539 | 2,180 | 3,199 | 4,285 |
| 1401 | Consolidated | 2,343 | 4,733 | 9,390 | 11,631 |
| Interest receivable: | | | | | |
| 1402 | Interest receivable, Stafford | 41 | 80 | 107 | 134 |
| 1402 | Interest receivable, Unsub Stafford | 239 | 462 | 644 | 830 |
| 1402 | Interest receivable, PLUS | 11 | 3 | 4 | 6 |
| 1402 | Interest receivable, Consolidated | 46 | 77 | 153 | 190 |
| 1405 | Allowance for subsidy cost (-) | -764 | -1,575 | -2,019 | -1,857 |
| 1499 | Net present value of assets related to direct loans | 20,785 | 30,717 | 45,250 | 57,953 |
| 1999 | Total assets | 24,817 | 36,113 | 48,799 | 61,926 |
| LIABILITIES: | | | | | |
| 2103 | Federal liabilities: Debt | 22,713 | 35,097 | 52,063 | 67,509 |
| 2999 | Total liabilities | 22,713 | 35,097 | 52,063 | 67,509 |
| NET POSITION: | | | | | |
| 3100 | Appropriated capital | 2,104 | 1,016 | -3,263 | -5,582 |
| 3999 | Total net position | 2,104 | 1,016 | -3,263 | -5,582 |
| 4999 | Total liabilities and net position | 24,817 | 36,113 | 48,800 | 61,927 |

As required by the Federal Credit Reform Act of 1990, this non-budgetary account records all cash flows to and from the Government resulting from Direct Loans. The amounts in this account are a means of financing and are not included in the budget totals.

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

Program and Financing (in millions of dollars)

| Identification code 91-4253-4-3-502 | 1998 actual | 1999 est. | 2000 est. |
|--|--|-----------|-----------|
| Obligations by program activity: | | | |
| 01.04 | Consolidated | | 1,443 |
| Payment of consolidations: | | | |
| 03.04 | Consolidated | | 6 |
| 05.01 | Interest Payments to Treasury | -2 | 29 |
| 08.01 | Payment of negative subsidy to program account | | -15 |
| 10.00 | Total new obligations | -2 | 1,463 |
| Budgetary resources available for obligation: | | | |
| 22.00 | New financing authority (gross) | -2 | 1,463 |
| 23.95 | Total new obligations | 2 | -1,463 |
| New financing authority (gross), detail: | | | |
| 67.15 | Authority to borrow (indefinite) | -96 | 1,428 |
| Spending authority from offsetting collections: | | | |
| 68.00 | Offsetting collections (cash) | 90 | 49 |

| | | | |
|--|--|-----|--------|
| 68.47 | Portion applied to debt reduction | 4 | -14 |
| 68.90 | Spending authority from offsetting collections (total) | 94 | 35 |
| 70.00 | Total new financing authority (gross) | -2 | 1,463 |
| Change in unpaid obligations: | | | |
| 73.10 | Total new obligations | -2 | 1,463 |
| 73.20 | Total financing disbursements (gross) | 2 | -1,463 |
| 87.00 | Total financing disbursements (gross) | -2 | 1,463 |
| Offsets: | | | |
| Against gross financing authority and financing disbursements: | | | |
| Offsetting collections (cash) from: | | | |
| 88.00 | Federal sources | -96 | |
| Consolidated: | | | |
| Non-Federal sources: | | | |
| 88.40 | Payment of principal | -2 | -28 |
| 88.40 | Interest received on loans | 8 | -21 |
| 88.90 | Total, offsetting collections (cash) | -90 | -49 |
| Net financing authority and financing disbursements: | | | |
| 89.00 | Financing authority | -92 | 1,414 |
| 90.00 | Financing disbursements | -92 | 1,414 |

The Administration will propose legislation to extend the temporary consolidation loan policies included in the HEA through 2000.

Balance Sheet (in millions of dollars)

| Identification code 91-4253-4-3-502 | 1997 actual | 1998 actual | 1999 est. | 2000 est. |
|-------------------------------------|---|-------------|-----------|-----------|
| ASSETS: | | | | |
| 1101 | Federal assets: Fund balances with Treasury | | | |
| | Net value of assets related to post-1991 direct loans receivable: | | | |
| 1401 | Direct loans receivable, gross | | -2 | 1,412 |
| 1403 | Accounts receivable from foreclosed property | | | 23 |
| 1405 | Allowance for subsidy cost (-) | | | -164 |
| 1499 | Net present value of assets related to direct loans | | -2 | 1,271 |
| 1999 | Total assets | | -2 | 1,271 |
| LIABILITIES: | | | | |
| 2103 | Federal liabilities: Debt | | -93 | 1,321 |
| 2999 | Total liabilities | | -93 | 1,321 |
| NET POSITION: | | | | |
| 3100 | Appropriated capital | | 91 | -50 |
| 3999 | Total net position | | 91 | -50 |
| 4999 | Total liabilities and net position | | -2 | 1,271 |

**FEDERAL DIRECT STUDENT LOAN PROGRAM FINANCING ACCOUNT
(Legislative proposal, discretionary offset)**

Program and Financing (in millions of dollars)

| Identification code 91-4253-6-3-502 | 1998 actual | 1999 est. | 2000 est. |
|--|--|-----------|-----------|
| Obligations by program activity: | | | |
| 05.01 | Interest payments to treasury | | 2 |
| 08.01 | Payment of negative subsidy to program account | | 2 |
| 08.05 | Payment of non-contract modifications to program account | | 108 |
| 08.91 | Direct Program by Activities—Subtotal (1 level) | | 110 |
| 10.00 | Total new obligations | | 112 |
| Budgetary resources available for obligation: | | | |
| 22.00 | New financing authority (gross) | | 112 |
| 23.95 | Total new obligations | | -112 |
| New financing authority (gross), detail: | | | |
| 67.15 | Authority to borrow (indefinite) | | 111 |

| | | | |
|--|---|--|------|
| 68.00 | Spending authority from offsetting collections: | | |
| 68.10 | Offsetting collections (cash) | | 12 |
| | From Federal sources: Change in receivables and unpaid, unfilled orders | | -1 |
| 68.47 | Portion applied to debt reduction | | -10 |
| 68.90 | Spending authority from offsetting collections (total) | | 1 |
| 70.00 | Total new financing authority (gross) | | 112 |
| Change in unpaid obligations: | | | |
| 73.10 | Total new obligations | | 112 |
| 73.20 | Total financing disbursements (gross) | | -112 |
| Unpaid obligations, end of year: | | | |
| 74.40 | Obligated balance, end of year | | 1 |
| 74.95 | Receivables from program account | | -1 |
| 74.99 | Total unpaid obligations, end of year | | |
| 87.00 | Total financing disbursements (gross) | | 112 |
| Offsets: | | | |
| Against gross financing authority and financing disbursements: | | | |
| Offsetting collections (cash) from: | | | |
| Non-Federal sources: | | | |
| 88.40 | Payment of principal-Stafford | | -7 |
| 88.40 | Payment of principal-Unsubsidized Stafford | | -4 |
| 88.40 | Payment of principal-PLUS | | -1 |
| 88.90 | Total, offsetting collections (cash) | | -12 |
| 88.95 | Change in receivables from program accounts | | 1 |
| Net financing authority and financing disbursements: | | | |
| 89.00 | Financing authority | | 101 |
| 90.00 | Financing disbursements | | 100 |

The Administration will propose legislation to improve the collection of defaulted student loans. Data from the National Directory of New Hires will be made available to assist the Department of Education's default collection efforts. The offset will be applied to discretionary spending.

Status of Direct Loans (in millions of dollars)

| Identification code 91-4253-6-3-502 | 1998 actual | 1999 est. | 2000 est. |
|--|--|-----------|-----------|
| Stafford | | | |
| Position with respect to appropriations act limitation on obligations: | | | |
| 1111 | Limitation on direct loans | | |
| 1150 | Total direct loan obligations | | |
| Cumulative balance of direct loans outstanding: | | | |
| 1210 | Outstanding, start of year | | |
| 1251 | Repayments: Repayments and prepayments | | -7 |
| 1290 | Outstanding, end of year | | -7 |
| Unsubsidized Stafford | | | |
| Cumulative balance of direct loans outstanding: | | | |
| 1210 | Outstanding, start of year | | |
| 1251 | Repayments: Repayments and prepayments | | -4 |
| 1290 | Outstanding, end of year | | -4 |
| PLUS | | | |
| Cumulative balance of direct loans outstanding: | | | |
| 1210 | Outstanding, start of year | | |
| 1251 | Repayments: Repayments and prepayments | | -1 |
| 1290 | Outstanding, end of year | | -1 |

Balance Sheet (in millions of dollars)

| Identification code 91-4253-6-3-502 | 1997 actual | 1998 actual | 1999 est. | 2000 est. |
|-------------------------------------|---|-------------|-----------|-----------|
| Stafford | | | | |
| ASSETS: | | | | |
| 1101 | Federal assets: Fund balances with Treasury | | | 1 |
| | Net value of assets related to post-1991 direct loans receivable: | | | |
| | Direct loans receivable, gross: | | | |
| 1401 | Stafford | | | -7 |

Credit accounts—Continued

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

Balance Sheet (in millions of dollars)—Continued

| Identification code 91-4253-6-3-502 | 1997 actual | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-------------|-----------|-----------|
| 1401 Unsubsidized Stafford | | | | -4 |
| 1401 PLUS | | | | -1 |
| 1499 Net present value of assets re- lated to direct loans | | | | -12 |
| 1999 Total assets | | | | -11 |
| LIABILITIES: | | | | |
| 2103 Federal liabilities: Debt | | | | 101 |
| 2999 Total liabilities | | | | 101 |
| NET POSITION: | | | | |
| 3100 Appropriated capital | | | | -113 |
| 3999 Total net position | | | | -112 |
| 4999 Total liabilities and net position | | | | -12 |

FEDERAL FAMILY EDUCATION LOAN PROGRAM ACCOUNT

For Federal administrative expenses to carry out guaranteed student loans authorized by title IV, part B, of the Higher Education Act, as amended, [**\$46,482,000**] **\$48,000,000.** (Department of Education Appropriations Act, 1999, as included in Public Law 105-277, section 101(f).)

Note.—The following tables display the program account which includes the subsidy costs and administrative expenses associated with guaranteed student loan commitments beginning in 1992.

Program and Financing (in millions of dollars)

| Identification code 91-0231-0-1-502 | 1998 actual | 1999 est. | 2000 est. |
|--|-------------|-----------|-----------|
| Obligations by program activity: | | | |
| Guaranteed loan subsidy: | | | |
| 02.01 Stafford | 1,964 | 2,554 | 2,685 |
| 02.02 Unsubsidized Stafford | 161 | 695 | 759 |
| 02.03 PLUS | 3 | 149 | 174 |
| 02.05 Consolidated | -73 | 91 | 65 |
| 02.07 Upward reestimate | | 1,150 | |
| 02.08 Interest on reestimate | | 157 | |
| 02.91 Subtotal, subsidy cost | 2,055 | 4,796 | 3,683 |
| Administrative expenses: | | | |
| 07.01 Administrative expenses due to limitations | 46 | 46 | 48 |
| 07.02 Y2K Activities | | 1 | |
| 07.91 Direct Program by Activities—Subtotal (1 level) | 46 | 47 | 48 |
| 10.00 Total new obligations | 2,101 | 4,843 | 3,731 |
| Budgetary resources available for obligation: | | | |
| 22.00 New budget authority (gross) | 2,101 | 4,842 | 3,732 |
| 23.95 Total new obligations | -2,101 | -4,843 | -3,731 |
| New budget authority (gross), detail: | | | |
| Current: | | | |
| 40.00 Appropriation (Federal administration) | 46 | 46 | 48 |
| 42.00 Transferred from other accounts | | 1 | |
| 43.00 Appropriation (total) | 46 | 47 | 48 |
| Permanent: | | | |
| 60.05 Appropriation (indefinite) | 2,055 | 3,335 | 3,684 |
| 68.00 Spending authority from offsetting collections: Off- setting collections (cash) | | 1,460 | |
| 70.00 Total new budget authority (gross) | 2,101 | 4,842 | 3,732 |
| Change in unpaid obligations: | | | |
| 72.40 Unpaid obligations, start of year: Obligated balance, start of year | 1,148 | 859 | 1,426 |
| 73.10 Total new obligations | 2,101 | 4,843 | 3,731 |
| 73.20 Total outlays (gross) | -2,390 | -4,276 | -3,281 |
| 74.40 Unpaid obligations, end of year: Obligated balance, end of year | 859 | 1,426 | 1,875 |

| Outlays (gross), detail: | | | |
|--|-------|-------|-------|
| 86.90 Outlays from new current authority | 29 | 35 | 36 |
| 86.93 Outlays from current balances | 9 | 12 | 15 |
| 86.97 Outlays from new permanent authority | 1,228 | 3,402 | 2,200 |
| 86.98 Outlays from permanent balances | 1,124 | 827 | 1,031 |
| 87.00 Total outlays (gross) | 2,390 | 4,276 | 3,281 |

| Offsets: | | | |
|---|--|--------|--|
| Against gross budget authority and outlays: | | | |
| 88.00 Offsetting collections (cash) from: Federal sources | | -1,460 | |

| Net budget authority and outlays: | | | |
|--|-------|-------|-------|
| 89.00 Budget authority | 2,101 | 3,382 | 3,732 |
| 90.00 Outlays | 2,390 | 2,816 | 3,281 |

Summary of Budget Authority and Outlays

(in millions of dollars)

| Enacted/requested: | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| Budget Authority | 2,101 | 3,382 | 3,732 |
| Outlays | 2,390 | 2,816 | 3,282 |
| Legislative proposal, subject to PAYGO: | | | |
| Budget Authority | | 37 | -746 |
| Outlays | | 37 | -597 |
| Legislative proposal, discretionary offset: | | | |
| Budget Authority | | | -768 |
| Outlays | | | -766 |
| Total: | | | |
| Budget Authority | 2,101 | 3,419 | 2,218 |
| Outlays | 2,390 | 2,853 | 1,919 |

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

| Identification code 91-0231-0-1-502 | 1998 actual | 1999 est. | 2000 est. |
|--|-------------|-----------|-----------|
| Guaranteed loan levels supportable by subsidy budget authority: | | | |
| 2150 Stafford | 12,199 | 12,146 | 12,635 |
| 2150 Unsubsidized Stafford | 8,458 | 8,916 | 9,618 |
| 2150 PLUS | 2,114 | 2,460 | 2,760 |
| 2150 Consolidated | 4,048 | 2,660 | 2,767 |
| 2159 Total loan guarantee levels | 26,819 | 26,182 | 27,780 |
| Guaranteed loan subsidy (in percent): | | | |
| 2320 Stafford | 17.31 | 21.02 | 21.25 |
| 2320 Unsubsidized Stafford | 0.88 | 7.80 | 7.89 |
| 2320 PLUS | -1.90 | 6.05 | 6.32 |
| 2320 Consolidated | -3.52 | 3.41 | 2.35 |
| 2329 Weighted average subsidy rate | 7.47 | 13.32 | 13.26 |
| Guaranteed loan subsidy budget authority: | | | |
| 2330 Stafford | 1,964 | 2,554 | 2,685 |
| 2330 Unsubsidized Stafford | 161 | 695 | 759 |
| 2330 PLUS | 3 | 149 | 174 |
| 2330 Consolidated | -73 | 91 | 65 |
| 2330 Upward reestimate | | 1,307 | |
| 2330 Downward reestimate | | -1,460 | |
| 2339 Total subsidy budget authority | 2,055 | 3,336 | 3,683 |
| Guaranteed loan subsidy outlays: | | | |
| 2340 Stafford | 2,222 | 2,201 | 2,370 |
| 2340 Unsubsidized Stafford | 222 | 499 | 650 |
| 2340 PLUS | 12 | 101 | 145 |
| 2340 Consolidated | -104 | 121 | 65 |
| 2340 Upward reestimate | | 1,307 | |
| 2340 Downward reestimate | | -1,460 | |
| 2349 Total subsidy outlays | 2,352 | 2,769 | 3,230 |
| Administrative expense data: | | | |
| 3510 Budget authority | 46 | 47 | 47 |
| 3590 Outlays | 38 | 47 | 51 |

As required by the Federal Credit Reform Act of 1990, this program account records for this program the subsidy costs associated with Federal Family Education Loans (FFEL), formerly guaranteed student loans (GSL), committed in 1992 and beyond, as well as certain administrative expenses of the program. Administrative expenses include discretionary expenses for salaries, expenses and overhead of employees working directly on the program. Beginning with

the 1993 cohort, mandatory administrative costs, specifically contract collection costs and supplemental pre-claims assistance, are included in the FFEL subsidy estimates of each year's cohort. The subsidy amounts are estimated on a net present value basis.

A description of the FFEL program and accompanying tables are included under the Federal Direct Student Loan program account.

| Object Classification (in millions of dollars) | | | |
|---|-------------|-----------|-----------|
| Identification code 91-0231-0-1-502 | 1998 actual | 1999 est. | 2000 est. |
| 11.1 Personnel compensation: Full-time permanent | 19 | 20 | 22 |
| 12.1 Civilian personnel benefits | 4 | 4 | 4 |
| 23.1 Rental payments to GSA | 2 | 2 | 2 |
| 23.3 Communications, utilities, and miscellaneous charges | 1 | 1 | 1 |
| 24.0 Printing and reproduction | 1 | 1 | 1 |
| 25.2 Other services | 1 | 1 | 1 |
| 25.3 Purchases of goods and services from Government accounts | 1 | 1 | 1 |
| 25.7 Operation and maintenance of equipment | 17 | 17 | 16 |
| 41.0 Grants, subsidies, and contributions | 2,055 | 4,796 | 3,683 |
| 99.9 Total new obligations | 2,101 | 4,843 | 3,731 |

| Personnel Summary | | | |
|---|-------------|-----------|-----------|
| Identification code 91-0231-0-1-502 | 1998 actual | 1999 est. | 2000 est. |
| 1001 Total compensable workyears: Full-time equivalent employment | 361 | 368 | 368 |

FAMILY FEDERAL EDUCATION LOAN PROGRAM ACCOUNT
(Legislative proposal, subject to PAYGO)

Program and Financing (in millions of dollars)

| Identification code 91-0231-4-1-502 | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| Obligations by program activity: | | | |
| Guaranteed loan subsidy: | | | |
| 02.01 Staff | | | -192 |
| 02.02 Unsubsidized Staff | | | -161 |
| 02.03 PLUS | | | -11 |
| 02.05 Consolidated | | 37 | 52 |
| 10.00 Total new obligations (object class 41.0) | | 37 | -312 |
| Budgetary resources available for obligation: | | | |
| 22.00 New budget authority (gross) | | 37 | -312 |
| 23.95 Total new obligations | | -37 | 312 |
| New budget authority (gross), detail: | | | |
| 60.05 Appropriation (indefinite) | | 37 | -746 |
| 68.00 Spending authority from offsetting collections: Offsetting collections (cash) | | | 434 |
| 70.00 Total new budget authority (gross) | | 37 | -312 |
| Change in unpaid obligations: | | | |
| 73.10 Total new obligations | | 37 | -312 |
| 73.20 Total outlays (gross) | | -37 | 163 |
| 74.40 Unpaid obligations, end of year: Obligated balance, end of year | | | -149 |
| Outlays (gross), detail: | | | |
| 86.97 Outlays from new permanent authority | | 37 | -163 |
| Offsets: | | | |
| Against gross budget authority and outlays: | | | |
| 88.00 Offsetting collections (cash) from: Federal sources | | | -434 |
| Net budget authority and outlays: | | | |
| 89.00 Budget authority | | 37 | -746 |
| 90.00 Outlays | | 37 | -597 |

The Administration will propose legislation to do the following: improve the management and collection of defaulted loans; extend the temporary loan consolidation policies in-

cluded in the HEA; reduce interest subsidy on loans financed through tax exempt securities; and expand the availability of Voluntary Flexible Agreements.

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

| Identification code 91-0231-4-1-502 | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| Guaranteed loan subsidy (in percent): | | | |
| 2320 Staff | | 0.00 | -1.52 |
| 2320 Unsubsidized Staff | | 0.00 | -1.67 |
| 2320 PLUS | | 0.00 | -0.39 |
| 2320 Consolidated | | 1.39 | 1.87 |
| 2329 Weighted average subsidy rate | | 0.14 | -1.12 |
| Guaranteed loan subsidy budget authority: | | | |
| 2330 Staff | | | -192 |
| 2330 Unsubsidized Staff | | | -161 |
| 2330 PLUS | | | -11 |
| 2330 Consolidated | | 37 | 52 |
| 2330 Non-contract Modifications | | | -434 |
| 2339 Total subsidy budget authority | | 37 | -746 |
| Guaranteed loan subsidy outlays: | | | |
| 2340 Staff | | | -115 |
| 2340 Unsubsidized Staff | | | -94 |
| 2340 PLUS | | | -6 |
| 2340 Consolidated | | 37 | 52 |
| 2340 Non-contract Modifications | | | -434 |
| 2349 Total subsidy outlays | | 37 | -597 |

FAMILY FEDERAL EDUCATION LOAN PROGRAM ACCOUNT
(Legislative proposal, discretionary offset)

Program and Financing (in millions of dollars)

| Identification code 91-0231-6-1-502 | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| Obligations by program activity: | | | |
| Guaranteed loan subsidy: | | | |
| 02.01 Staff | | | -4 |
| 02.02 Unsubsidized Staff | | | -1 |
| 10.00 Total new obligations (object class 41.0) | | | -5 |
| Budgetary resources available for obligation: | | | |
| 22.00 New budget authority (gross) | | | -5 |
| 23.95 Total new obligations | | | 5 |
| New budget authority (gross), detail: | | | |
| 60.05 Appropriation (indefinite) | | | -768 |
| 68.00 Spending authority from offsetting collections: Offsetting collections (cash) | | | 763 |
| 70.00 Total new budget authority (gross) | | | -5 |
| Change in unpaid obligations: | | | |
| 73.10 Total new obligations | | | -5 |
| 73.20 Total outlays (gross) | | | 3 |
| 74.40 Unpaid obligations, end of year: Obligated balance, end of year | | | -2 |
| Outlays (gross), detail: | | | |
| 86.97 Outlays from new permanent authority | | | -3 |
| Offsets: | | | |
| Against gross budget authority and outlays: | | | |
| 88.00 Offsetting collections (cash) from: Federal sources | | | -763 |
| Net budget authority and outlays: | | | |
| 89.00 Budget authority | | | -768 |
| 90.00 Outlays | | | -766 |

The Administration will propose legislation to improve the collection of defaulted student loans. Data from the National Directory of New Hires will be made available to assist the Department of Education's default collection efforts.

Credit accounts—Continued

FAMILY FEDERAL EDUCATION LOAN PROGRAM ACCOUNT—Continued

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

| Identification code 91-0231-6-1-502 | 1998 actual | 1999 est. | 2000 est. |
|--|-------------|-----------|-----------|
| Guaranteed loan subsidy (in percent): | | | |
| 2320 Stafford | | | - 0.03 |
| 2320 Unsubsidized Stafford | | | - 0.01 |
| 2329 Weighted average subsidy rate | | | - 0.02 |
| Guaranteed loan subsidy budget authority: | | | |
| 2330 Stafford | | | - 4 |
| 2330 Unsubsidized Stafford | | | - 1 |
| 2330 Non-contract modifications | | | - 763 |
| 2339 Total subsidy budget authority | | | - 768 |
| Guaranteed loan subsidy outlays: | | | |
| 2340 Stafford | | | - 3 |
| 2340 Unsubsidized Stafford | | | - 1 |
| 2340 Non-contract modifications | | | - 763 |
| 2349 Total subsidy outlays | | | - 767 |

FEDERAL FAMILY EDUCATION LOAN PROGRAM, FINANCING ACCOUNT

Note.—The financing account includes all cash flows to and from the Government from guaranteed student loans committed after 1991.

Program and Financing (in millions of dollars)

| Identification code 91-4251-0-3-502 | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| Obligations by program activity: | | | |
| Stafford loans: | | | |
| 01.01 Interest benefits | 3,099 | 1,948 | 1,785 |
| 01.02 Special allowance | 169 | 136 | 218 |
| 01.03 Default claims | 934 | 1,511 | 1,593 |
| 01.04 Death, disability, and bankruptcy claims | 101 | 103 | 113 |
| 01.06 Supplemental preclaims assistance | 25 | | |
| 01.07 Contract collection costs | 2 | 7 | 12 |
| 01.08 Loan Processing Fee | | 79 | 82 |
| 01.91 Subtotal, Stafford loans | 4,330 | 3,784 | 3,803 |
| Unsubsidized Stafford loans: | | | |
| 02.02 Special allowance | 62 | 77 | 137 |
| 02.03 Default claims | 260 | 691 | 853 |
| 02.04 Death, disability, and bankruptcy claims | 37 | 39 | 50 |
| 02.06 Supplemental preclaims assistance | 7 | | |
| 02.07 Contract collection costs | 3 | 1 | 2 |
| 02.08 Loan Processing Fee | | 58 | 63 |
| 02.91 Subtotal, Unsubsidized Stafford loans | 369 | 866 | 1,105 |
| PLUS loans: | | | |
| 03.02 Special allowance | 27 | 22 | 25 |
| 03.03 Default claims | 63 | 128 | 147 |
| 03.04 Death, disability, and bankruptcy claims | 31 | 45 | 51 |
| 03.05 Supplemental preclaims assistance | 3 | | |
| 03.06 Contract collection costs | 1 | | |
| 03.07 Loan Processing Fee | | 16 | 18 |
| 03.91 Subtotal, PLUS loans | 125 | 211 | 241 |
| SLS loans: | | | |
| 04.02 Special allowance | 9 | 3 | 2 |
| 04.03 Default claims | 123 | 134 | 101 |
| 04.04 Death, disability and bankruptcy claims | 13 | 11 | 9 |
| 04.06 Supplemental preclaims assistance | 4 | | |
| 04.07 Contract collection costs | 1 | 3 | 3 |
| 04.91 Subtotal, SLS loans | 150 | 151 | 115 |
| Consolidation loans: | | | |
| 05.02 Special allowance | 53 | | 8 |
| 05.03 Default claims | 319 | 515 | 553 |
| 05.04 Death, disability, and bankruptcy claims | 61 | 25 | 29 |
| 05.06 Supplemental preclaims assistance | 13 | | |
| 05.07 Contract collection costs | 1 | 1 | 2 |
| 05.91 Subtotal, Consolidations loans | 447 | 541 | 592 |
| 07.01 Interest paid to Treasury | 26 | 9 | |
| 08.02 Downward reestimate | | 1,128 | |
| 08.03 Interest on downward reestimate | | 331 | |
| 08.91 Direct Program by Activities—Subtotal (1 level) | | 1,459 | |

| | | | |
|---|---------|---------|---------|
| 10.00 Total new obligations | 5,447 | 7,021 | 5,856 |
| Budgetary resources available for obligation: | | | |
| 21.40 Unobligated balance available, start of year | 9,292 | 8,657 | 8,340 |
| 22.00 New financing authority (gross) | 4,812 | 6,704 | 6,066 |
| 23.90 Total budgetary resources available for obligation | 14,104 | 15,361 | 14,406 |
| 23.95 Total new obligations | - 5,447 | - 7,021 | - 5,856 |
| 24.40 Unobligated balance available, end of year | 8,657 | 8,340 | 8,549 |
| New financing authority (gross), detail: | | | |
| Spending authority from offsetting collections: | | | |
| 68.00 Offsetting collections (cash) | 5,381 | 6,821 | 5,862 |
| 68.10 From Federal sources: Change in receivables and unpaid, unfilled orders | - 332 | | 204 |
| 68.47 Portion applied to debt reduction | - 237 | - 117 | |
| 68.90 Spending authority from offsetting collections (total) | 4,812 | 6,704 | 6,066 |
| Change in unpaid obligations: | | | |
| Unpaid obligations, start of year: | | | |
| 72.40 Obligated balance, start of year | - 981 | - 557 | - 479 |
| 72.95 Receivables from program account | 1,159 | 827 | 827 |
| 72.99 Total unpaid obligations, start of year | 178 | 270 | 348 |
| 73.10 Total new obligations | 5,447 | 7,021 | 5,856 |
| 73.20 Total financing disbursements (gross) | - 5,355 | - 6,943 | - 5,915 |
| Unpaid obligations, end of year: | | | |
| 74.40 Obligated balance, end of year | - 557 | - 479 | - 740 |
| 74.95 Receivables from program account | 827 | 827 | 1,031 |
| 74.99 Total unpaid obligations, end of year | 270 | 348 | 291 |
| 87.00 Total financing disbursements (gross) | 5,355 | 6,943 | 5,915 |

Offsets:

| | | | |
|--|---------|---------|---------|
| Against gross financing authority and financing disbursements: | | | |
| Offsetting collections (cash) from: | | | |
| Federal sources: | | | |
| Payment from subsidy account: | | | |
| 88.00 Stafford loans | - 1,963 | - 2,293 | - 2,411 |
| 88.00 Unsubsidized Stafford | - 161 | - 613 | - 669 |
| 88.00 PLUS loans | - 3 | - 131 | - 153 |
| 88.00 Consolidated loans | 73 | - 91 | - 65 |
| 88.00 Upward reestimate | | - 1,307 | |
| 88.00 Scheduled payments from Liquidating account for noncontractual modifications | - 263 | - 125 | |
| 88.25 Interest on uninvested funds: Stafford loans | - 550 | - 491 | - 493 |
| Non-Federal sources: | | | |
| Stafford loans: | | | |
| 88.40 Recoveries on defaults | - 707 | - 509 | - 631 |
| 88.40 Origination fees | - 575 | - 378 | - 392 |
| 88.40 Sallie Mae offset fees | - 65 | - 14 | - 11 |
| 88.40 Recoveries on defaults | - 115 | - 112 | - 174 |
| 88.40 Origination fees | - 384 | - 268 | - 289 |
| Unsubsidized Stafford: | | | |
| 88.40 Sallie Mae offset fees | - 24 | - 6 | - 6 |
| 88.40 Recoveries on defaults | - 73 | - 38 | - 47 |
| 88.40 Origination fees | - 96 | - 72 | - 81 |
| PLUS: | | | |
| 88.40 Sallie Mae offset fees | - 13 | - 3 | - 2 |
| 88.40 Recoveries on defaults | - 165 | - 89 | - 98 |
| 88.40 Recoveries on defaults | - 41 | - 95 | - 137 |
| SLS: | | | |
| 88.40 Origination fees | - 23 | - 13 | - 14 |
| 88.40 Consolidated Loan Holders Fee | - 233 | - 173 | - 189 |
| 88.90 Total, offsetting collections (cash) | - 5,381 | - 6,821 | - 5,862 |
| 88.95 Change in receivables from program accounts | 332 | | - 204 |
| Net financing authority and financing disbursements: | | | |
| 89.00 Financing authority | - 237 | - 117 | |
| 90.00 Financing disbursements | - 26 | 122 | 53 |

Status of Guaranteed Loans (in millions of dollars)

| Identification code 91-4251-0-3-502 | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| STAFFORD | | | |
| Position with respect to appropriations act limitation on commitments: | | | |
| 2111 Limitation on guaranteed loans made by private lenders | | | |
| 2131 Guaranteed loan commitments exempt from limitation | 12,199 | 12,146 | 12,635 |

| | | | | |
|---|--|--------|--------|--------|
| 2150 | Total guaranteed loan commitments | 12,199 | 12,146 | 12,635 |
| Cumulative balance of guaranteed loans outstanding: | | | | |
| 2210 | Outstanding, start of year | 43,955 | 47,355 | 51,455 |
| 2231 | Disbursements of new guaranteed loans | 10,382 | 10,802 | 11,194 |
| 2251 | Repayments and prepayments | -5,274 | -5,150 | -6,487 |
| Adjustments: | | | | |
| 2261 | Terminations for default that result in loans receivable | -1,607 | -1,449 | -1,608 |
| 2263 | Terminations for default that result in claim payments | -101 | -103 | -113 |
| 2290 | Outstanding, end of year | 47,355 | 51,455 | 54,441 |

| | | | | |
|-------------|--|--------|--------|--------|
| Memorandum: | | | | |
| 2299 | Guaranteed amount of guaranteed loans outstanding, end of year | 47,355 | 51,455 | 54,441 |

| | | | | |
|---|--|-------|-------|-------|
| Addendum: | | | | |
| Cumulative balance of defaulted guaranteed loans that result in loans receivable: | | | | |
| 2310 | Outstanding, start of year | 2,709 | 3,515 | 4,394 |
| 2331 | Disbursements for guaranteed loan claims | 1,607 | 1,449 | 1,608 |
| 2351 | Repayments of loans receivable | -707 | -509 | -632 |
| 2361 | Write-offs of loans receivable | -94 | -61 | -76 |
| 2390 | Outstanding, end of year | 3,515 | 4,394 | 5,294 |

| | | | | |
|--|--|-------|-------|-------|
| UNSUBSIDIZED STAFFORD | | | | |
| Position with respect to appropriations act limitation on commitments: | | | | |
| 2131 | Guaranteed loan commitments exempt from limitation | 8,458 | 8,916 | 9,618 |
| 2150 | Total guaranteed loan commitments | 8,458 | 8,916 | 9,618 |

| | | | | |
|---|--|--------|--------|--------|
| Cumulative balance of guaranteed loans outstanding: | | | | |
| 2210 | Outstanding, start of year | 14,284 | 19,229 | 24,468 |
| 2231 | Disbursements of new guaranteed loans | 6,915 | 7,649 | 8,269 |
| 2251 | Repayments and prepayments | -1,506 | -1,734 | -2,525 |
| Adjustments: | | | | |
| 2261 | Terminations for default that result in loans receivable | -427 | -637 | -843 |
| 2263 | Terminations for default that result in claim payments | -37 | -39 | -50 |
| 2290 | Outstanding, end of year | 19,229 | 24,468 | 29,319 |

| | | | | |
|-------------|--|--------|--------|--------|
| Memorandum: | | | | |
| 2299 | Guaranteed amount of guaranteed loans outstanding, end of year | 19,229 | 24,468 | 29,319 |

| | | | | |
|---|--|------|-------|-------|
| Addendum: | | | | |
| Cumulative balance of defaulted guaranteed loans that result in loans receivable: | | | | |
| 2310 | Outstanding, start of year | 320 | 617 | 1,129 |
| 2331 | Disbursements for guaranteed loan claims | 427 | 637 | 843 |
| 2351 | Repayments of loans receivable | -115 | -112 | -174 |
| 2361 | Write-offs of loans receivable | -15 | -13 | -21 |
| 2390 | Outstanding, end of year | 617 | 1,129 | 1,777 |

| | | | | |
|--|--|-------|-------|-------|
| PLUS | | | | |
| Position with respect to appropriations act limitation on commitments: | | | | |
| 2131 | Guaranteed loan commitments exempt from limitation | 2,114 | 2,460 | 2,760 |
| 2150 | Total guaranteed loan commitments | 2,114 | 2,460 | 2,760 |

| | | | | |
|---|--|--------|-------|--------|
| Cumulative balance of guaranteed loans outstanding: | | | | |
| 2210 | Outstanding, start of year | 4,635 | 5,107 | 6,157 |
| 2231 | Disbursements of new guaranteed loans | 1,722 | 2,064 | 2,325 |
| 2251 | Repayments and prepayments | -1,103 | -849 | -1,071 |
| Adjustments: | | | | |
| 2261 | Terminations for default that result in loans receivable | -116 | -120 | -147 |
| 2263 | Terminations for default that result in claim payments | -31 | -45 | -51 |
| 2290 | Outstanding, end of year | 5,107 | 6,157 | 7,213 |

| | | | | |
|-------------|--|-------|-------|-------|
| Memorandum: | | | | |
| 2299 | Guaranteed amount of guaranteed loans outstanding, end of year | 5,107 | 6,157 | 7,213 |

| | | | | |
|---|--|-----|-----|-----|
| Addendum: | | | | |
| Cumulative balance of defaulted guaranteed loans that result in loans receivable: | | | | |
| 2310 | Outstanding, start of year | 335 | 368 | 445 |
| 2331 | Disbursements for guaranteed loan claims | 116 | 120 | 147 |
| 2351 | Repayments of loans receivable | -73 | -38 | -47 |
| 2361 | Write-offs of loans receivable | -10 | -5 | -6 |
| 2390 | Outstanding, end of year | 368 | 445 | 539 |

| | | | | |
|---|--|-------|-------|-------|
| SLS | | | | |
| Cumulative balance of guaranteed loans outstanding: | | | | |
| 2210 | Outstanding, start of year | 4,116 | 3,036 | 2,263 |
| 2251 | Repayments and prepayments | -862 | -627 | -636 |
| Adjustments: | | | | |
| 2261 | Terminations for default that result in loans receivable | -205 | -135 | -108 |
| 2263 | Terminations for default that result in claim payments | -13 | -11 | -9 |
| 2290 | Outstanding, end of year | 3,036 | 2,263 | 1,510 |

| | | | | |
|-------------|--|-------|-------|-------|
| Memorandum: | | | | |
| 2299 | Guaranteed amount of guaranteed loans outstanding, end of year | 3,036 | 2,263 | 1,510 |

| | | | | |
|---|--|------|-----|-----|
| Addendum: | | | | |
| Cumulative balance of defaulted guaranteed loans that result in loans receivable: | | | | |
| 2310 | Outstanding, start of year | 829 | 847 | 882 |
| 2331 | Disbursements for guaranteed loan claims | 205 | 135 | 108 |
| 2351 | Repayments of loans receivable | -165 | -89 | -98 |
| 2361 | Write-offs of loans receivable | -22 | -11 | -12 |
| 2390 | Outstanding, end of year | 847 | 882 | 880 |

| | | | | |
|--|--|-------|-------|-------|
| CONSOLIDATED | | | | |
| Position with respect to appropriations act limitation on commitments: | | | | |
| 2131 | Guaranteed loan commitments exempt from limitation | 4,049 | 2,660 | 2,767 |
| 2150 | Total guaranteed loan commitments | 4,049 | 2,660 | 2,767 |

| | | | | |
|---|--|--------|--------|--------|
| Cumulative balance of guaranteed loans outstanding: | | | | |
| 2210 | Outstanding, start of year | 8,396 | 9,675 | 10,744 |
| 2231 | Disbursements of new guaranteed loans | 2,947 | 2,655 | 2,762 |
| 2251 | Repayments and prepayments | -1,118 | -1,067 | -1,309 |
| Adjustments: | | | | |
| 2261 | Terminations for default that result in loans receivable | -489 | -494 | -557 |
| 2263 | Terminations for default that result in claim payments | -61 | -25 | -29 |
| 2290 | Outstanding, end of year | 9,675 | 10,744 | 11,611 |

| | | | | |
|-------------|--|-------|--------|--------|
| Memorandum: | | | | |
| 2299 | Guaranteed amount of guaranteed loans outstanding, end of year | 9,675 | 10,744 | 11,611 |

| | | | | |
|---|--|-----|-------|-------|
| Addendum: | | | | |
| Cumulative balance of defaulted guaranteed loans that result in loans receivable: | | | | |
| 2310 | Outstanding, start of year | 293 | 736 | 1,124 |
| 2331 | Disbursements for guaranteed loan claims | 489 | 494 | 557 |
| 2351 | Repayments of loans receivable | -41 | -95 | -137 |
| 2361 | Write-offs of loans receivable | -5 | -11 | -16 |
| 2390 | Outstanding, end of year | 736 | 1,124 | 1,528 |

Balance Sheet (in millions of dollars)

| | | | | |
|-------------------------------------|--|-------------|-----------|-----------|
| Identification code 91-4251-0-3-502 | 1997 actual | 1998 actual | 1999 est. | 2000 est. |
| ASSETS: | | | | |
| 1101 | Federal assets: Fund balances with Treasury | 9,292 | 7,830 | 8,340 |
| | Net value of assets related to post-1991 acquired defaulted guaranteed loans receivable: | | | |
| 1501 | Defaulted guaranteed loans receivable, gross | 4,485 | 6,083 | 7,974 |
| 1599 | Net present value of assets related to defaulted guaranteed loans | 4,485 | 6,083 | 7,974 |

Credit accounts—Continued

FEDERAL FAMILY EDUCATION LOAN PROGRAM, FINANCING ACCOUNT—Continued

Balance Sheet (in millions of dollars)—Continued

| Identification code 91-4251-0-3-502 | 1997 actual | 1998 actual | 1999 est. | 2000 est. |
|--|-------------|-------------|-----------|-----------|
| 1704 Net value of assets related to pre-1992 direct loans receivable and acquired defaulted guaranteed loans receivable: Defaulted guaranteed loans and interest receivable, net | | | | |
| 1999 Total assets | 13,777 | 13,913 | 16,314 | 18,567 |
| LIABILITIES: | | | | |
| 2103 Federal liabilities: Debt | 680 | 354 | 117 | |
| 2999 Total liabilities | 680 | 354 | 117 | |
| NET POSITION: | | | | |
| 3100 Appropriated capital | 13,097 | 13,559 | 16,197 | 18,567 |
| 3999 Total net position | 13,097 | 13,559 | 16,197 | 18,567 |
| 4999 Total liabilities and net position | 13,777 | 13,913 | 16,314 | 18,567 |

As required by the Federal Credit Reform Act of 1990, this nonbudgetary account records all cash flows to and from the Government resulting from Federal Family Education Loans (FFEL), formerly guaranteed student loans (GSL), committed in 1992 and beyond. The amounts in this account are a means of financing and are not included in the budget totals.

FEDERAL FAMILY EDUCATION LOAN PROGRAM, FINANCING ACCOUNT (Legislative proposal, subject to PAYGO)

Program and Financing (in millions of dollars)

| Identification code 91-4251-4-3-502 | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| Obligations by program activity: | | | |
| Stafford loans: | | | |
| 01.02 Special allowance | | | -7 |
| 01.06 Contract collection costs | | | 1 |
| 01.91 Subtotal, Stafford loans | | | -6 |
| Unsubsidized Stafford loans: | | | |
| 02.02 Special allowance | | | -5 |
| 08.05 Payment of non-contractual modifications to program account | | | 434 |
| 10.00 Total new obligations | | | 423 |

Budgetary resources available for obligation:

| | | | |
|--|--|----|------|
| 21.40 Unobligated balance available, start of year | | | 31 |
| 22.00 New financing authority (gross) | | 31 | -192 |
| 23.90 Total budgetary resources available for obligation | | 31 | -161 |
| 23.95 Total new obligations | | | -423 |
| 24.40 Unobligated balance available, end of year | | 31 | -584 |

New financing authority (gross), detail:

| | | | |
|---|--|----|------|
| 68.00 Spending authority from offsetting collections (gross): | | | |
| Offsetting collections (cash) | | 31 | -192 |

Change in unpaid obligations:

| | | | |
|---|--|--|------|
| 73.10 Total new obligations | | | 423 |
| 73.20 Total financing disbursements (gross) | | | -425 |
| 74.40 Unpaid obligations, end of year: Obligated balance, end of year | | | -2 |
| 87.00 Total financing disbursements (gross) | | | 425 |

Offsets:

| | | | |
|--|--|-----|-----|
| Against gross financing authority and financing disbursements: | | | |
| Offsetting collections (cash) from: | | | |
| Federal sources: | | | |
| Stafford loans | | | 172 |
| Unsubsidized Stafford loans | | | 142 |
| PLUS loans | | | 9 |
| Consolidated loans | | -37 | -52 |

| | | | |
|--|--|-----|-----|
| 88.00 Payment from liquidating account for non-contractual modifications | | | -69 |
| 88.25 Interest on uninvested funds | | -1 | 13 |
| Non-Federal sources: | | | |
| 88.40 Recoveries on defaults-Stafford loans | | | -24 |
| 88.40 Recoveries on defaults-Unsub Stafford loans | | | -7 |
| 88.40 Recoveries on defaults-PLUS loans | | | -2 |
| 88.40 Recoveries on defaults-SLS loans | | | -3 |
| 88.40 Recoveries on defaults-Consolidated loans | | | -6 |
| 88.40 Consolidated loan holder's fee | | 7 | 19 |
| 88.90 Total, offsetting collections (cash) | | -31 | 192 |

Net financing authority and financing disbursements:

| | | | |
|-------------------------------------|--|-----|-----|
| 89.00 Financing authority | | | |
| 90.00 Financing disbursements | | -31 | 617 |

The Administration will propose legislation to do the following: improve the management and collection of defaulted loans; extend the temporary loan consolidation policies included in the HEA; reduce interest subsidy on loans financed through tax exempt securities; and, expand the availability of Voluntary Flexible Agreements.

Balance Sheet (in millions of dollars)

| Identification code 91-4251-4-3-502 | 1997 actual | 1998 actual | 1999 est. | 2000 est. |
|--|-------------|-------------|-----------|-----------|
| ASSETS: | | | | |
| 1101 Federal assets: Fund balances with Treasury | | | 30 | -585 |
| Net value of assets related to post-1991 acquired defaulted guaranteed loans receivable: | | | | |
| 1501 Defaulted guaranteed loans receivable, gross | | | | -47 |
| 1599 Net present value of assets related to defaulted guaranteed loans | | | | -47 |
| 1999 Total assets | | | 30 | -632 |
| LIABILITIES: | | | | |
| 2999 Total liabilities | | | | |
| NET POSITION: | | | | |
| 3100 Appropriated capital | | | 30 | -632 |
| 3999 Total net position | | | 30 | -632 |
| 4999 Total liabilities and net position | | | 30 | -632 |

FAMILY FEDERAL EDUCATION LOAN PROGRAM, FINANCIAL ACCOUNT

(Legislative proposal, discretionary offset)

Program and Financing (in millions of dollars)

| Identification code 91-4251-6-3-502 | 1998 actual | 1999 est. | 2000 est. |
|--|-------------|-----------|-----------|
| Obligations by program activity: | | | |
| 08.05 Payment to Program account for non-contractual modifications | | | 763 |
| 10.00 Total new obligations | | | 763 |

Budgetary resources available for obligation:

| | | | |
|--|--|--|------|
| 22.00 New financing authority (gross) | | | 554 |
| 23.95 Total new obligations | | | -763 |
| 24.40 Unobligated balance available, end of year | | | -210 |

New financing authority (gross), detail:

| | | | |
|---|--|--|-----|
| 68.00 Spending authority from offsetting collections (gross): | | | |
| Offsetting collections (cash) | | | 554 |

Change in unpaid obligations:

| | | | |
|---|--|--|------|
| 73.10 Total new obligations | | | 763 |
| 73.20 Total financing disbursements (gross) | | | -763 |
| 87.00 Total financing disbursements (gross) | | | 763 |

Offsets:

| | | | |
|--|--|------|-----|
| Against gross financing authority and financing disbursements: | | | |
| Offsetting collections (cash) from: | | | |
| Federal sources: | | | |
| Payment from subsidy account: | | | |
| 88.00 | Stafford loans | 4 | |
| 88.00 | Payment from liquidating account for non-contractual modifications | -537 | |
| 88.25 | Interest on uninvested funds: Stafford loans | 5 | |
| Non-Federal sources: | | | |
| Stafford loans: | | | |
| 88.40 | Recoveries on defaults | -20 | |
| 88.40 | Recoveries on defaults | -4 | |
| 88.40 | Recoveries on defaults | -2 | |
| 88.90 | Total, offsetting collections (cash) | -554 | |
| Net financing authority and financing disbursements: | | | |
| 89.00 | Financing authority | | |
| 90.00 | Financing disbursements | | 209 |

The Administration will propose legislation to improve the collection of defaulted student loans. Data from the National Directory of New Hires will be made available to assist the Department of Education's default collection efforts and the offset will be applied to discretionary spending.

Status of Guaranteed Loans (in millions of dollars)

| Identification code 91-4251-6-3-502 | | 1998 actual | 1999 est. | 2000 est. |
|---|--|-------------|-----------|-----------|
| Stafford loans | | | | |
| Position with respect to appropriations act limitation on commitments: | | | | |
| 2111 | Limitation on guaranteed loans made by private lenders | | | |
| 2150 | Total guaranteed loan commitments | | | |
| Addendum: | | | | |
| Cumulative balance of defaulted guaranteed loans that result in loans receivable: | | | | |
| 2310 | Outstanding, start of year | | | |
| 2351 | Repayments of loans receivable | | | -20 |
| 2390 | Outstanding, end of year | | | -20 |
| Unsubsidized stafford loans | | | | |
| Position with respect to appropriations act limitation on commitments: | | | | |
| 2111 | Limitation on guaranteed loans made by private lenders | | | |
| 2150 | Total guaranteed loan commitments | | | |
| Addendum: | | | | |
| Cumulative balance of defaulted guaranteed loans that result in loans receivable: | | | | |
| 2310 | Outstanding, start of year | | | |
| 2351 | Repayments of loans receivable | | | -4 |
| 2390 | Outstanding, end of year | | | -4 |
| PLUS loans | | | | |
| Position with respect to appropriations act limitation on commitments: | | | | |
| 2111 | Limitation on guaranteed loans made by private lenders | | | |
| 2150 | Total guaranteed loan commitments | | | |
| Addendum: | | | | |
| Cumulative balance of defaulted guaranteed loans that result in loans receivable: | | | | |
| 2310 | Outstanding, start of year | | | |
| 2351 | Repayments of loans receivable | | | -2 |
| 2390 | Outstanding, end of year | | | -2 |

Balance Sheet (in millions of dollars)

| Identification code 91-4251-6-3-502 | | 1997 actual | 1998 actual | 1999 est. | 2000 est. |
|-------------------------------------|--|-------------|-------------|-----------|-----------|
| ASSETS: | | | | | |
| 1101 | Federal assets: Fund balances with Treasury | | | | -210 |
| | Net value of assets related to post-1991 acquired defaulted guaranteed loans receivable: | | | | |
| 1501 | Defaulted guaranteed loans receivable, gross | | | | -26 |
| 1599 | Net present value of assets related to defaulted guaranteed loans | | | | -26 |
| 1999 | Total assets | | | | -236 |
| LIABILITIES: | | | | | |
| 2999 | Total liabilities | | | | |
| NET POSITION: | | | | | |
| 3100 | Appropriated capital | | | | -236 |
| 3999 | Total net position | | | | -236 |

FEDERAL FAMILY EDUCATION LOAN LIQUIDATING ACCOUNT

Note.—The following tables display the liquidating account, which includes all cash flows to and from the Government from guaranteed student loan commitments prior to 1992.

Program and Financing (in millions of dollars)

| Identification code 91-0230-0-1-502 | | 1998 actual | 1999 est. | 2000 est. |
|--|---|-------------|-----------|-----------|
| Obligations by program activity: | | | | |
| Stafford loans: | | | | |
| 01.01 | Interest benefits, net of origination fees | 98 | 8 | 2 |
| 01.02 | Special allowance net of origination fees | 316 | 292 | 210 |
| 01.03 | Default claims | 325 | 215 | 141 |
| 01.04 | Death, disability, and bankruptcy claims | 33 | 31 | 23 |
| 01.06 | Supplemental preclaims assistance | 33 | | |
| 01.07 | Contract collection costs | 85 | 40 | 35 |
| 01.91 | Subtotal, Stafford loans | 890 | 586 | 411 |
| PLUS/SLS loans: | | | | |
| 02.01 | Default claims | 32 | 48 | 26 |
| 02.02 | Death, disability, and bankruptcy claims | 11 | 7 | 4 |
| 02.04 | Supplemental preclaims assistance | 7 | | |
| 02.05 | Contract collection costs | 10 | 9 | 7 |
| 02.06 | Special allowance net of origination fees | 6 | 2 | 2 |
| 02.91 | Subtotal, PLUS/SLS loans | 66 | 66 | 39 |
| Miscellaneous costs: | | | | |
| 03.01 | Scheduled payments to finance account for non-contractual modifications | 263 | 125 | |
| 10.00 | Total new obligations | 1,219 | 777 | 450 |
| Budgetary resources available for obligation: | | | | |
| 21.40 | Unobligated balance available, start of year | | 149 | |
| 22.00 | New budget authority (gross) | 1,342 | 777 | 450 |
| 22.10 | Resources available from recoveries of prior year obligations | 26 | | |
| 22.40 | Capital transfer to general fund | | -149 | |
| 23.90 | Total budgetary resources available for obligation | 1,368 | 777 | 450 |
| 23.95 | Total new obligations | -1,219 | -777 | -450 |
| 24.40 | Unobligated balance available, end of year | 149 | | |
| New budget authority (gross), detail: | | | | |
| 60.05 | Appropriation (indefinite) | 551 | | |
| Spending authority from offsetting collections: | | | | |
| 68.00 | Offsetting collections (cash) | 791 | 1,188 | 989 |
| 68.27 | Capital transfer to general fund | | -411 | -539 |
| 68.90 | Spending authority from offsetting collections (total) | 791 | 777 | 450 |
| 70.00 | Total new budget authority (gross) | 1,342 | 777 | 450 |
| Change in unpaid obligations: | | | | |
| 72.40 | Unpaid obligations, start of year: Obligated balance, start of year | | 220 | 741 |
| 73.10 | Total new obligations | 1,219 | 777 | 450 |
| 73.20 | Total outlays (gross) | -673 | -1,401 | -499 |

Credit accounts—Continued

**FEDERAL FAMILY EDUCATION LOAN LIQUIDATING ACCOUNT—
Continued**

Program and Financing (in millions of dollars)—Continued

| Identification code 91-0230-0-1-502 | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| 73.45 Adjustments in unexpired accounts | -26 | | |
| 74.40 Unpaid obligations, end of year: Obligated balance, end of year | 741 | 117 | 68 |
| Outlays (gross), detail: | | | |
| 86.97 Outlays from new permanent authority | 453 | 660 | 383 |
| 86.98 Outlays from permanent balances | 220 | 741 | 116 |
| 87.00 Total outlays (gross) | 673 | 1,401 | 499 |
| Offsets: | | | |
| Against gross budget authority and outlays: | | | |
| Offsetting collections (cash) from: | | | |
| Non-Federal sources: | | | |
| Stafford loans: | | | |
| 88.40 Federal collections on defaulted loans | -245 | -274 | -233 |
| 88.40 Federal collections on bankruptcies | -12 | -8 | -5 |
| 88.40 Offsets against Federal tax refunds | -156 | -327 | -286 |
| Other collections: | | | |
| 88.40 Reimbursements from guaranty agencies ... | -287 | -406 | -316 |
| 88.40 Sallie Mae Offset Fee | -3 | -3 | -1 |
| 88.40 Federal collections on defaulted loans, PLUS/SLS | -32 | -65 | -62 |
| 88.40 Federal collections on bankruptcies, PLUS/SLS | -2 | -2 | -1 |
| 88.40 Offsets against Federal tax refunds, PLUS/SLS | -20 | -41 | -36 |
| 88.40 Reimbursements from guaranty agencies, PLUS/SLS | -37 | -62 | -49 |
| 88.90 Total, offsetting collections (cash) | -791 | -1,188 | -989 |
| Net budget authority and outlays: | | | |
| 89.00 Budget authority | 551 | -411 | -539 |
| 90.00 Outlays | -118 | 213 | -490 |

Summary of Budget Authority and Outlays

(in millions of dollars)

| | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| Enacted/requested: | | | |
| Budget Authority | 551 | -411 | -539 |
| Outlays | -118 | 213 | -490 |
| Legislative proposal, not subject to PAYGO: | | | |
| Budget Authority | | | 480 |
| Outlays | | | 468 |
| Total: | | | |
| Budget Authority | 551 | -411 | -59 |
| Outlays | -118 | 213 | -22 |

Status of Guaranteed Loans (in millions of dollars)

| Identification code 91-0230-0-1-502 | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| STAFFORD LOANS | | | |
| Cumulative balance of guaranteed loans outstanding: | | | |
| 2210 Outstanding, start of year | 20,540 | 14,217 | 9,552 |
| 2251 Repayments and prepayments | -5,411 | -4,387 | -3,433 |
| Adjustments: | | | |
| 2261 Terminations for default that result in loans receivable | -868 | -240 | -158 |
| 2263 Terminations for default that result in claim payments | -44 | -38 | -27 |
| 2290 Outstanding, end of year | 14,217 | 9,552 | 5,934 |
| Memorandum: | | | |
| 2299 Guaranteed amount of guaranteed loans outstanding, end of year | 14,217 | 9,552 | 5,934 |

Addendum:

| | | | |
|---|-------|-------|-------|
| Cumulative balance of defaulted guaranteed loans that result in loans receivable: | | | |
| 2310 Outstanding, start of year | 9,236 | 8,818 | 8,098 |
| 2331 Disbursements for guaranteed loan claims | 868 | 240 | 158 |
| 2351 Repayments of loans receivable | -836 | -593 | -476 |
| 2361 Write-offs of loans receivable | -284 | -272 | -250 |

| | | | |
|-------------------------------------|-------|-------|-------|
| 2364 Other adjustments, net | -166 | -95 | -75 |
| 2390 Outstanding, end of year | 8,818 | 8,098 | 7,455 |

PLUS/SLS LOANS

| | | | |
|---|--------|-------|-------|
| Cumulative balance of guaranteed loans outstanding: | | | |
| 2210 Outstanding, start of year | 3,043 | 1,901 | 1,199 |
| 2251 Repayments and prepayments | -1,046 | -648 | -423 |
| Adjustments: | | | |
| 2261 Terminations for default that result in loans receivable | -85 | -47 | -30 |
| 2263 Terminations for default that result in claim payments | -11 | -7 | -4 |
| 2290 Outstanding, end of year | 1,901 | 1,199 | 742 |
| Memorandum: | | | |
| 2299 Guaranteed amount of guaranteed loans outstanding, end of year | 1,901 | 1,199 | 742 |

Addendum:

| | | | |
|---|-------|-------|-------|
| Cumulative balance of defaulted guaranteed loans that result in loans receivable: | | | |
| 2310 Outstanding, start of year | 2,766 | 2,640 | 2,493 |
| 2331 Disbursements for guaranteed loan claims | 85 | 47 | 30 |
| 2351 Repayments of loans receivable | -104 | -97 | -82 |
| 2361 Write-offs of loans receivable | -85 | -82 | -77 |
| 2364 Other adjustments, net | -22 | -15 | -12 |
| 2390 Outstanding, end of year | 2,640 | 2,493 | 2,352 |

Statement of Operations (in millions of dollars)

| Identification code 91-0230-0-1-502 | 1997 actual | 1998 actual | 1999 est. | 2000 est. |
|-------------------------------------|-------------|-------------|-----------|-----------|
| Stafford: | | | | |
| 0111 Revenue | 1,095 | 699 | 1,019 | 842 |
| 0112 Expense | -1,170 | -889 | -585 | -410 |
| 0119 Net income or loss (-) | -75 | -190 | 434 | 432 |
| PLUS/SLS: | | | | |
| 0121 Revenue | 140 | 91 | 169 | 147 |
| 0122 Expense | -42 | -67 | -66 | -40 |
| 0129 Net income or loss (-) | 98 | 24 | 103 | 107 |
| 0199 Net income or loss | 23 | -166 | 537 | 539 |

Balance Sheet (in millions of dollars)

| Identification code 91-0230-0-1-502 | 1997 actual | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-------------|-----------|-----------|
| ASSETS: | | | | |
| 1101 Federal assets: Fund balances with Treasury | 220 | 741 | 116 | 68 |
| Net value of assets related to pre-1992 direct loans receivable and acquired defaulted guaranteed loans receivable: | | | | |
| 1701 Defaulted guaranteed loans, gross | 11,244 | 11,458 | 10,591 | 9,807 |
| 1704 Defaulted guaranteed loans and interest receivable, net | 11,244 | 11,458 | 10,591 | 9,807 |
| 1799 Value of assets related to loan guarantees | 11,244 | 11,458 | 10,591 | 9,807 |
| 1999 Total assets | 11,464 | 12,199 | 10,707 | 9,875 |
| NET POSITION: | | | | |
| 3100 Appropriated capital | 11,464 | 12,199 | 10,707 | 9,875 |
| 3999 Total net position | 11,464 | 12,199 | 10,707 | 9,875 |

¹ Excludes interest and premium collections on insured loans.

As required by the Federal Credit Reform Act of 1990, this liquidating account records, for this program, all cash flows to and from the Government resulting from guaranteed student loans committed prior to 1992. This account is shown on a cash basis. All new loan activity in this program in 1992 and beyond is recorded in corresponding program and financing accounts.

Object Classification (in millions of dollars)

| Identification code 91-0230-0-1-502 | 1998 actual | 1999 est. | 2000 est. |
|-------------------------------------|-------------|-----------|-----------|
| 25.2 Other services | 96 | 49 | 43 |

| | | | | |
|------|--|-------|-----|-----|
| 33.0 | Investments and loans | 357 | 262 | 167 |
| 41.0 | Grants, subsidies, and contributions | 723 | 428 | 213 |
| 42.0 | Insurance claims and indemnities | 43 | 38 | 27 |
| 99.9 | Total new obligations | 1,219 | 777 | 450 |

FAMILY FEDERAL EDUCATION LOAN LIQUIDATING ACCOUNT
(Legislative proposal, not subject to PAYGO)

Program and Financing (in millions of dollars)

| Identification code 91-0230-2-1-502 | 1998 actual | 1999 est. | 2000 est. |
|--|---|-----------|-----------|
| Obligations by program activity: | | | |
| Stafford loans: | | | |
| 01.07 | Contract collection costs | | 2 |
| PLUS/SLS loans: | | | |
| 02.04 | Contract collection costs | | 1 |
| 03.01 | Payment to financing account for non-contract modifications | | 606 |
| 10.00 | Total new obligations | | 609 |
| Budgetary resources available for obligation: | | | |
| 22.00 | New budget authority (gross) | | 609 |
| 23.95 | Total new obligations | | -609 |
| New budget authority (gross), detail: | | | |
| Spending authority from offsetting collections: | | | |
| 68.00 | Offsetting collections (cash) | | 129 |
| 68.27 | Capital transfer to general fund | | 480 |
| 68.90 | Spending authority from offsetting collections (total) | | 609 |
| Change in unpaid obligations: | | | |
| 73.10 | Total new obligations | | 609 |
| 73.20 | Total outlays (gross) | | -597 |
| 74.40 | Unpaid obligations, end of year: Obligated balance, end of year | | 12 |
| Outlays (gross), detail: | | | |
| 86.97 | Outlays from new permanent authority | | 597 |
| Offsets: | | | |
| Against gross budget authority and outlays: | | | |
| Offsetting collections (cash) from: | | | |
| Stafford loans: | | | |
| Non-Federal sources: | | | |
| 88.40 | Federal collections on defaulted loans | | -107 |
| 88.40 | Offsets against Federal tax refunds | | |
| 88.40 | Reimbursements from guaranty agencies | | -19 |
| Other collections: | | | |
| 88.40 | Federal collections on defaulted loans, PLUS/SLS | | |
| 88.40 | Offsets against Federal tax refunds, PLUS/SLS | | |
| 88.40 | Reimbursements from guaranty agencies, PLUS/SLS | | -3 |
| 88.90 | Total, offsetting collections (cash) | | -129 |
| Net budget authority and outlays: | | | |
| 89.00 | Budget authority | | 480 |
| 90.00 | Outlays | | 468 |

The Administration will propose legislation to improve the collection of defaulted student loans. Data from the National Directory of New Hires will be made available to assist the Department of Education's default collection efforts.

Status of Guaranteed Loans (in millions of dollars)

| Identification code 91-0230-2-1-502 | 1998 actual | 1999 est. | 2000 est. |
|---|--|-----------|-----------|
| STAFFORD LOANS | | | |
| Cumulative balance of guaranteed loans outstanding: | | | |
| 2210 | Outstanding, start of year | | |
| 2251 | Repayments and prepayments | | |
| Adjustments: | | | |
| 2261 | Terminations for default that result in loans receivable | | |

| | | | |
|------|--|--|--|
| 2263 | Terminations for default that result in claim payments | | |
| 2290 | Outstanding, end of year | | |

Memorandum:

| | | | |
|------|--|--|--|
| 2299 | Guaranteed amount of guaranteed loans outstanding, end of year | | |
|------|--|--|--|

Addendum:

| | | | |
|---|--|--|------|
| Cumulative balance of defaulted guaranteed loans that result in loans receivable: | | | |
| 2310 | Outstanding, start of year | | |
| 2331 | Disbursements for guaranteed loan claims | | |
| 2351 | Repayments of loans receivable | | -119 |
| 2361 | Write-offs of loans receivable | | |
| 2364 | Other adjustments, net | | -4 |
| 2390 | Outstanding, end of year | | -123 |

PLUS/SLS LOANS

| | | | |
|---|--|--|--|
| Cumulative balance of guaranteed loans outstanding: | | | |
| 2210 | Outstanding, start of year | | |
| 2251 | Repayments and prepayments | | |
| Adjustments: | | | |
| 2261 | Terminations for default that result in loans receivable | | |
| 2263 | Terminations for default that result in claim payments | | |
| 2290 | Outstanding, end of year | | |

Memorandum:

| | | | |
|------|--|--|--|
| 2299 | Guaranteed amount of guaranteed loans outstanding, end of year | | |
|------|--|--|--|

Addendum:

| | | | |
|---|--|--|----|
| Cumulative balance of defaulted guaranteed loans that result in loans receivable: | | | |
| 2310 | Outstanding, start of year | | |
| 2331 | Disbursements for guaranteed loan claims | | |
| 2351 | Repayments of loans receivable | | -2 |
| 2361 | Write-offs of loans receivable | | |
| 2364 | Other adjustments, net | | -1 |
| 2390 | Outstanding, end of year | | -3 |

Statement of Operations (in millions of dollars)

| Identification code 91-0230-2-1-502 | 1997 actual | 1998 actual | 1999 est. | 2000 est. |
|-------------------------------------|------------------------------|-------------|-----------|-----------|
| Stafford: | | | | |
| 0111 | Revenue | | | 126 |
| 0112 | Expense | | | 2 |
| 0119 | Net income or loss (-) | | | 128 |
| PLUS/SLS: | | | | |
| 0121 | Revenue | | | 3 |
| 0122 | Expense | | | 1 |
| 0129 | Net income or loss (-) | | | 4 |
| 0199 | Net income or loss | | | 132 |

Balance Sheet (in millions of dollars)

| Identification code 91-0230-2-1-502 | 1997 actual | 1998 actual | 1999 est. | 2000 est. |
|---|---|-------------|-----------|-----------|
| ASSETS: | | | | |
| 1101 | Federal assets: Fund balances with Treasury | | | 12 |
| Net value of assets related to pre-1992 direct loans receivable and acquired defaulted guaranteed loans receivable: | | | | |
| 1701 | Defaulted guaranteed loans, gross | | | -126 |
| 1704 | Defaulted guaranteed loans and interest receivable, net | | | -126 |
| 1799 | Value of assets related to loan guarantees | | | -126 |
| 1999 | Total assets | | | -114 |
| NET POSITION: | | | | |
| 3100 | Appropriated capital | | | -114 |
| 3999 | Total net position | | | -114 |

Credit accounts—Continued

**FAMILY FEDERAL EDUCATION LOAN LIQUIDATING ACCOUNT—
Continued**

| Object Classification (in millions of dollars) | | | |
|---|-------------|-----------|-----------|
| Identification code 91-0230-2-1-502 | 1998 actual | 1999 est. | 2000 est. |
| 25.2 Other services | | | 3 |
| 41.0 Grants, subsidies, and contributions | | | 606 |
| 99.9 Total new obligations | | | 609 |

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS PROGRAM

For Federal administrative expenses authorized under section 121 of the Higher Education Act, **[\$698,000]** \$737,000 to carry out activities related to existing facility loans entered into under the Higher Education Act. (*Department of Education Appropriations Act, 1999, as included in Public Law 105-277, section 101(f).*)

HISTORICALLY BLACK COLLEGE AND UNIVERSITY CAPITAL FINANCING PROGRAM ACCOUNT

The total amount of bonds insured pursuant to section 344 of title III, part D of the Higher Education Act shall not exceed \$357,000,000, and the cost, as defined in section 502 of the Congressional Budget Act of 1974, of such bonds shall not exceed zero.

For administrative expenses to carry out the Historically Black College and University Capital Financing Program entered into pursuant to title III, part D of the Higher Education Act, as amended, **[\$96,000]** \$207,000. (*Department of Education Appropriations Act, 1999, as included in Public Law 105-277, section 101(f).*)

Program and Financing (in millions of dollars)

| Identification code 91-0241-0-1-502 | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| Obligations by program activity: | | | |
| 00.09 Federal administration | 1 | 1 | 1 |
| 10.00 Total obligations (object class 99.5) | 1 | 1 | 1 |
| Budgetary resources available for obligation: | | | |
| 22.00 New budget authority (gross) | 1 | 1 | 1 |
| 22.10 Resources available from recoveries of prior year obligations | 1 | | |
| 22.70 Balance of authority to borrow withdrawn | -1 | | |
| 23.90 Total budgetary resources available for obligation | 1 | 1 | 1 |
| 23.95 Total new obligations | -1 | -1 | -1 |
| New budget authority (gross), detail: | | | |
| 40.00 Appropriation (Federal administration) | 1 | 1 | 1 |
| Change in unpaid obligations: | | | |
| 72.40 Unpaid obligations, start of year: Obligated balance, start of year | 2 | 1 | 1 |
| 73.10 Total new obligations | 1 | 1 | 1 |
| 73.20 Total outlays (gross) | -1 | -1 | -1 |
| 73.45 Adjustments in unexpired accounts | -1 | | |
| 74.40 Unpaid obligations, end of year: Obligated balance, end of year | 1 | 1 | 1 |
| Outlays (gross), detail: | | | |
| 86.90 Outlays from new current authority | 1 | 1 | 1 |
| 86.93 Outlays from current balances | | | 1 |
| 87.00 Total outlays (gross) | 1 | 1 | 1 |
| Net budget authority and outlays: | | | |
| 89.00 Budget authority | 1 | 1 | 1 |
| 90.00 Outlays | 1 | 1 | 1 |

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

| Identification code 91-0241-0-1-502 | 1998 actual | 1999 est. | 2000 est. |
|-------------------------------------|-------------|-----------|-----------|
| Direct loan subsidy outlays: | | | |
| 1340 Subsidy outlays | | | |

| Administrative expense data: | | | |
|---------------------------------------|---|---|---|
| 3510 Budget authority | 1 | 1 | 1 |
| 3590 Outlays from new authority | 1 | 1 | 1 |

The College Housing and Academic Facilities Loan (CHAFL) Program account and the Historically Black College and University (HBCU) Capital Financing Program account are consolidated for presentation purposes only. The College Housing and Academic Facilities Loans and Historically Black College and University Capital Financing programs will continue to be administered separately.

The College Housing and Academic Facilities Loans (CHAFL) Program.—The Department began issuing CHAFL facility loans in 1987 and made its last awards in 1993. Prior to 1987, loans were made under two separate loan programs: Higher Education Facilities Loans (HEFL) and College Housing Loans (CHL). The loans support financing for the reconstruction, renovation, and construction of academic facilities, housing and other postsecondary education facilities for students and faculty. Although the Department no longer makes new loans, the Department continues to be responsible for conducting architectural and engineering reviews before disbursing payments to institutions and servicing the outstanding loans under an agreement with the Federal Reserve Bank.

In prior years, funding for CHAFL administration was in this account, and funding for CHL and HEFL administration was split between the Department's Program Administration account and the liquidating accounts for these two programs. Beginning in 1998, the Department consolidated funding for administrative activities for CHAFL, HEFL, and CHL under a single account. The 2000 request includes funding for personnel and other discretionary costs for all three programs. Loan servicing and architectural and engineering services for the HEFL and CHL programs are funded from their respective liquidating accounts.

Historically Black College and University Capital Financing Program.—The Historically Black College and University (HBCU) Capital Financing Program provides HBCUs with private capital for capital projects such as repairs, renovation, and construction of classrooms, libraries, laboratories, dormitories, instructional equipment, and research instrumentation. The 1994 appropriation granted the Department authority to enter into insurance agreements with a private for-profit Designated Bonding Authority to guarantee no more than \$357,000,000 loan principal plus accrued unpaid interest for taxable bonds. The bonding authority issues the bonds and maintains an escrow account in which 5 percent of each institution's principal is deposited. This amount is estimated to be sufficient to cover all potential delinquencies and defaults.

The first loan was issued in 1996 for \$3.5 million, and another loan for \$4.7 million was made in 1997. Additional loans are expected in 1999 and 2000. No subsidy appropriations are required. The 2000 budget requests funds for continuing Federal administrative activities only.

Personnel Summary

| Identification code 91-0241-0-1-502 | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| 1001 Total compensable workyears: Full-time equivalent employment | 7 | 7 | 7 |

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS FINANCING ACCOUNT

Note.—The financing account includes all cash flows to and from the Government from college housing and academic facilities loans committed after 1991.

Program and Financing (in millions of dollars)

| Identification code 91-4252-0-3-502 | 1998 actual | 1999 est. | 2000 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) | 2 | 1 | 1 |
| 22.10 Resources available from recoveries of prior year obligations | 5 | | |
| 22.70 Balance of authority to borrow withdrawn | -4 | | |
| 23.90 Total budgetary resources available for obligation | 3 | 1 | 1 |
| 23.95 Total new obligations | -1 | -1 | -1 |
| New financing authority (gross), detail: | | | |
| Spending authority from offsetting collections: | | | |
| 68.00 Offsetting collections (cash) | 2 | 1 | 1 |
| 68.10 Change in receivables from Program Account | -1 | | |
| 68.15 Adjustments to receivables | 1 | | |
| 68.90 Spending authority from offsetting collections (total) | 2 | 1 | 1 |
| Change in unpaid obligations: | | | |
| Unpaid obligations, start of year: | | | |
| Obligated balance, start of year: | | | |
| 72.40 Obligated balance: Borrowing Authority | 13 | 8 | 8 |
| 72.40 Obligated balance: Treasury Interest | 1 | 2 | |
| 72.95 Receivables from program account | 2 | 1 | 1 |
| 72.99 Total unpaid obligations, start of year | 16 | 11 | 9 |
| 73.10 Total new obligations | 1 | 1 | 1 |
| 73.20 Total financing disbursements (gross) | -3 | -4 | -2 |
| 73.45 Adjustments in unexpired accounts | -5 | | |
| Unpaid obligations, end of year: | | | |
| Obligated balance, end of year: | | | |
| 74.40 Obligated balance: Borrowing Authority | 8 | 8 | 7 |
| 74.40 Obligated balance: Treasury Interest | 2 | | |
| 74.95 Receivables from program account | 1 | 1 | 1 |
| 74.99 Total unpaid obligations, end of year | 11 | 9 | 8 |
| 87.00 Total financing disbursements (gross) | 3 | 4 | 2 |
| Offsets: | | | |
| Against gross financing authority and financing disbursements: | | | |
| Offsetting collections (cash) from: | | | |
| 88.25 Interest on uninvested funds | -1 | | |
| 88.40 Interest repayments | -1 | -1 | -1 |
| 88.90 Total, offsetting collections (cash) | -2 | -1 | -1 |
| 88.95 Change in receivables from program accounts | 1 | | |
| 88.96 From Federal sources: Adjustment to receivables and unpaid, unfilled orders | -1 | | |
| Net financing authority and financing disbursements: | | | |
| 89.00 Financing authority | | | |
| 90.00 Financing disbursements | 1 | 3 | 1 |

Status of Direct Loans (in millions of dollars)

| Identification code 91-4252-0-3-502 | 1998 actual | 1999 est. | 2000 est. |
|--|-------------|-----------|-----------|
| Position with respect to appropriations act limitation on obligations: | | | |
| 1111 Limitation on direct loans | | | |
| 1112 Unobligated direct loan limitation | | | |
| 1113 Unobligated limitation carried forward | | | |
| 1131 Direct loan obligations exempt from limitation | | | |
| 1150 Total direct loan obligations | | | |
| Cumulative balance of direct loans outstanding: | | | |
| 1210 Outstanding, start of year | 20 | 21 | 22 |
| 1231 Disbursements: Direct loan disbursements | 1 | 1 | 1 |
| 1290 Outstanding, end of year | 21 | 22 | 23 |

The reestimate of the subsidy from prior year obligations may require the Department to exercise its permanent indefi-

nite authority to borrow funds to cover outstanding Treasury interest expenses due on September 30, 2000.

Balance Sheet (in millions of dollars)

| Identification code 91-4252-0-3-502 | 1997 actual | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-------------|-----------|-----------|
| ASSETS: | | | | |
| Investments in US securities: | | | | |
| 1106 Federal assets: Receivables, net | 4 | 2 | 3 | 3 |
| Net value of assets related to post-1991 direct loans receivable: | | | | |
| 1401 Direct loans receivable, gross | 18 | 21 | 22 | 22 |
| 1402 Interest receivable | | 1 | 1 | 1 |
| 1405 Allowance for subsidy cost (-) | -1 | | | |
| 1499 Net present value of assets related to direct loans | 17 | 22 | 23 | 23 |
| 1999 Total assets | 21 | 24 | 26 | 26 |
| LIABILITIES: | | | | |
| Federal liabilities: | | | | |
| 2102 Interest payable | 1 | 1 | 1 | 1 |
| 2103 Debt | 20 | 27 | 27 | 27 |
| 2999 Total liabilities | 21 | 28 | 28 | 28 |
| NET POSITION: | | | | |
| 3100 Appropriated capital | 2 | -2 | -2 | -2 |
| 3999 Total net position | 2 | -2 | -2 | -2 |
| 4999 Total liabilities and net position | 23 | 26 | 26 | 26 |

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS LIQUIDATING ACCOUNT

Program and Financing (in millions of dollars)

| Identification code 91-0242-0-1-502 | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| Obligations by program activity: | | | |
| 10.00 Total obligations (object class 43.0) | 25 | 24 | 23 |
| Budgetary resources available for obligation: | | | |
| 21.40 Unobligated balance available, start of year | 58 | 15 | |
| 22.00 New budget authority (gross) | 67 | 57 | 53 |
| 22.10 Resources available from recoveries of prior year obligations | 3 | | |
| 22.40 Capital transfer to general fund | -88 | -48 | -30 |
| 23.90 Total budgetary resources available for obligation | 40 | 24 | 23 |
| 23.95 Total new obligations | -25 | -24 | -23 |
| 24.40 Unobligated balance available, end of year | 15 | | |
| New budget authority (gross), detail: | | | |
| 68.00 Spending authority from offsetting collections (gross): | | | |
| Offsetting collections (cash) | | | |
| | 67 | 57 | 53 |
| Change in unpaid obligations: | | | |
| 72.40 Unpaid obligations, start of year: Obligated balance, start of year | | | |
| | 30 | 29 | 29 |
| 73.10 Total new obligations | 25 | 24 | 23 |
| 73.20 Total outlays (gross) | -23 | -24 | -23 |
| 73.45 Adjustments in unexpired accounts | -3 | | |
| 74.40 Unpaid obligations, end of year: Obligated balance, end of year | 29 | 29 | 29 |
| Outlays (gross), detail: | | | |
| 86.97 Outlays from new permanent authority | 23 | 23 | 22 |
| 86.98 Outlays from permanent balances | | 1 | 1 |
| 87.00 Total outlays (gross) | 23 | 24 | 23 |
| Offsets: | | | |
| Against gross budget authority and outlays: | | | |
| Offsetting collections (cash) from: | | | |
| Non-Federal sources: | | | |
| 88.40 Repayments of principal | -46 | -38 | -35 |
| 88.40 Interest received on loans | -21 | -19 | -18 |
| 88.90 Total, offsetting collections (cash) | -67 | -57 | -53 |
| Net budget authority and outlays: | | | |
| 89.00 Budget authority | | | |

Credit accounts—Continued

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS LIQUIDATING ACCOUNT—Continued

Program and Financing (in millions of dollars)—Continued

| Identification code 91-0242-0-1-502 | 1998 actual | 1999 est. | 2000 est. |
|-------------------------------------|-------------|-----------|-----------|
| 90.00 Outlays | -44 | -33 | -30 |

The College Housing and Academic Facilities Loans Liquidating Account records all cash flows to and from the Government resulting from direct loans made prior to 1992 to schools and colleges for the reconstruction, renovation, and construction of academic facilities, housing and other post-secondary education facilities. Loans were made under three separate loan programs: Higher Education Facilities Loans, College Housing Loans, and College Housing and Academic Facilities Loans. Beginning in 1998, the Department consolidated the three loan programs into the CHAFL Liquidating account for budget presentation purposes only. The three individual programs continue to be administered separately.

Status of Direct Loans (in millions of dollars)

| Identification code 91-0242-0-1-502 | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| CHAFL LIQUIDATING | | | |
| Cumulative balance of direct loans outstanding: | | | |
| 1210 Outstanding, start of year | 154 | 151 | 151 |
| 1231 Disbursements: Direct loan disbursements | 4 | | |
| 1251 Repayments: Repayments and prepayments | -7 | | |
| 1290 Outstanding, end of year | 151 | 151 | 151 |
| HIGHER EDUCATION FACILITIES LOANS | | | |
| Cumulative balance of direct loans outstanding: | | | |
| 1210 Outstanding, start of year | 44 | 35 | 31 |
| 1251 Repayments: Repayments and prepayments | -9 | -4 | -2 |
| 1290 Outstanding, end of year | 35 | 31 | 29 |
| COLLEGE HOUSING LOANS | | | |
| Cumulative balance of direct loans outstanding: | | | |
| 1210 Outstanding, start of year | 416 | 380 | 349 |
| 1251 Repayments: Repayments and prepayments | -36 | -31 | -30 |
| 1290 Outstanding, end of year | 380 | 349 | 319 |

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 | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| 87.00 Total financing disbursements (gross) | 4 | 9 | 23 |
| Net financing authority and financing disbursements: | | | |
| 89.00 Financing authority | | | |
| 90.00 Financing disbursements | 4 | 9 | 23 |

In 1997, the Federal Financing Bank (FFB) began purchasing 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. For Budget purposes, all FFB loans shall be treated as direct loans. HBCU bonds are still available for purchase by the private sector, and these will be treated as loan guarantees. The Department expects some future loans may be financed from private sources.

Balance Sheet (in millions of dollars)

| Identification code 91-4255-0-3-502 | 1997 actual | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-------------|-----------|-----------|
| LIABILITIES: | | | | |
| 2204 Non-Federal liabilities: Liabilities for loan guarantees | | 4 | 13 | 36 |
| 2999 Total liabilities | | 4 | 13 | 36 |
| 4999 Total liabilities and net position | | 4 | 13 | 36 |

HISTORICALLY BLACK COLLEGE AND UNIVERSITY CAPITAL FINANCING, GUARANTEED LOAN FINANCING ACCOUNT

Program and Financing (in millions of dollars)

| Identification code 91-4254-0-3-502 | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| 87.00 Total financing disbursements (gross) | | 1 | 7 |
| Net financing authority and financing disbursements: | | | |
| 89.00 Financing authority | | | |
| 90.00 Financing disbursements | | 1 | 7 |

Note.—The appropriations language for this program specifies a limitation that applies to direct and guaranteed loans in total.

As noted above, this account represents the HBCU capital financing loans that the Department of Education expects to be financed from private sources.

Status of Guaranteed Loans (in millions of dollars)

| Identification code 91-4254-0-3-502 | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| Position with respect to appropriations act limitation on commitments: | | | |
| 2111 Limitation on guaranteed loans made by private lenders | | | |
| 2150 Total guaranteed loan commitments | | | |
| Cumulative balance of guaranteed loans outstanding: | | | |
| 2210 Outstanding, start of year | | | 1 |
| 2231 Disbursements of new guaranteed loans | | 1 | 7 |
| 2251 Repayments and prepayments | | | |
| 2290 Outstanding, end of year | | 1 | 8 |
| Memorandum: | | | |
| 2299 Guaranteed amount of guaranteed loans outstanding, end of year | | 1 | 8 |

Balance Sheet (in millions of dollars)

| Identification code 91-4254-0-3-502 | 1997 actual | 1998 actual | 1999 est. | 2000 est. |
|--|-------------|-------------|-----------|-----------|
| ASSETS: | | | | |
| 1101 Federal assets: Fund balances with Treasury | | | 1 | 7 |
| 1999 Total assets | | | 1 | 7 |

OFFICE OF EDUCATIONAL RESEARCH AND IMPROVEMENT

Federal Funds

General and special funds:

EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT

For carrying out activities authorized by the Educational Research, Development, Dissemination, and Improvement Act of 1994, including part E; the National Education Statistics Act of 1994, including sections 411 and 412; section 2102 of title II, and parts A, B, [I.] and K and section 10601 of title X, and part C of title XIII of the Elementary and Secondary Education Act of 1965, as amended, and title VI of Public Law 103-227, [\$664,867,000] \$540,282,000. Provided, That funds shall be available to the National Assessment Governing Board to support continuation of its contract for the devel-

opment of voluntary national tests in reading and mathematics, including pilot testing and field testing of test items and test forms: *Provided further*, That \$25,000,000 shall be available to demonstrate effective approaches to comprehensive school reform, to be allocated and expended in accordance with the instructions relating to this activity in the statement of managers on the conference report accompanying Public Law 105-78 [and in the statement of the managers on the conference report accompanying this Act]: *Provided further*, That the funds made available for comprehensive school reform shall become available on July 1, [1999] 2000, and remain available through September 30, [2000] 2001, and in carrying out this initiative, the Secretary and the States shall support only approaches that show the most promise of enabling children to meet challenging State content standards and challenging State student performance standards based on reliable research and effective practices, and include an emphasis on basic academics and parental involvement: [Provided further, That \$16,000,000 of the funds made available for title X, part A of the Elementary and Secondary Education Act, shall be carried out consistent with the subject areas outlined in the House and Senate reports and the statement of the managers, and should be administered in a manner consistent with current departmental practices and policies:] *Provided further*, That of the funds available for part A of title X of the Elementary and Secondary Education Act, \$5,000,000 shall be awarded to the National Constitution Center, established by Public Law 100-433, for exhibition design, program planning, and operation of the Center: *Provided further*, That the Secretary may require recipients of awards under part A of title X of the Elementary and Secondary Education Act to provide matching funds from sources other than Federal funds and may limit competitions to State or local educational agencies: *Provided further*, That of the funds available for section 10601 of title X of such Act, \$2,000,000 shall be awarded to the Center for Educational Technologies for production and distribution of an effective CD ROM product that would complement the "We the People: The Citizen and the Constitution" curriculum: *Provided further*, That, in addition to the \$6,000,000 for Title VI of Public Law 103-227 and notwithstanding the provisions of section 601(c)(1)(C) of that Act, \$1,000,000 shall be available to the Center for Civic Education to conduct a civic education program with Northern Ireland and the Republic of Ireland and, consistent with the civics and government activities authorized in section 601(c)(3) of Public Law 103-227, to provide civic education assistance to democracies in developing countries. The term "developing countries" shall have the same meaning as the term "developing country" in the Education for the Deaf Act: [Provided further, That of the amount provided for part A of title X of the Elementary and Secondary Education Act of 1965, \$2,000,000 shall be for a demonstration of full service community school sites in Charles County, Maryland, Westchester County, New York, Cranston, Rhode Island, and Skagit County, Washington; \$2,000,000 shall be awarded to First Book for literacy programs; \$1,750,000 shall be awarded to the Whitaker Center for Science and the Arts, Harrisburg, Pennsylvania for teaching of science education using the arts; \$350,000 shall be awarded to the School of Education at the University of Montana and the Montana Board of Crime Control for community-based initiatives to promote non-violent behavior in schools; \$1,000,000 shall be awarded to the NetDay organization to assist schools in connecting K-12 classrooms to the Internet; \$1,000,000 shall be awarded to the National Museum of Women in the Arts; \$1,000,000 shall be awarded to Youth Friends of Kansas City to improve attendance and academic performance; \$750,000 shall be awarded to the Thornberry Center for Youth and Families, Kansas City, Missouri to assist at-risk children; \$400,000 shall be for Bay Shore, New York for Literacy Education and Assessment Partnerships; \$1,150,000 shall be awarded to provide technology assistance and for operation of a math/science learning center in Perry County, Kentucky; \$100,000 shall be for Presidio School District, Texas for library equipment and materials; \$1,200,000 shall be for the Southeastern Pennsylvania Consortium for Higher Education; \$1,000,000 shall be for the Dowling College Global Learning Center at the former LaSalle Academy in New York for a master teacher training and education center; \$10,000,000 for continuing a demonstration of public school facilities repair and construction to the Iowa Department of Education; and \$1,000,000 shall be awarded to the Hechkscher Museum of Art, Long Island, New York for incorporating arts into education curriculum: *Provided further*, That of the amount provided for part I of title X of the Elementary and Secondary Education Act of 1965, \$500,000 shall be for after school programs for the Chippewa Falls Area United School System, Wisconsin; \$400,000 shall be for after-school programs

for the Wausau School System, Wisconsin; \$350,000 shall be for the New Rochelle School System, New York, after-school programs; \$100,000 shall be for the New York Hall of Science, Queens, New York, after-school program; \$25,000 shall be for Louisville Central Community Centers Youth Education Program to support after-school programming; \$25,000 shall be for Canaan's Community Development Corporation in Louisville, Kentucky for the Village Learning Center after-school program; \$300,000 shall be for the Bay Shore Community Learning Wellness and Fitness Center for Drug Free Lifestyles in Bay Shore, New York; \$2,500,000 shall be for an after school anti-drug pilot program in the Chicago Public Schools; and \$400,000 shall be for the Green Bay, Wisconsin Public School System after school program:] *Provided further*, That [\$10,000,000] \$55,000,000 of the funds provided for the national education research institutes shall be allocated notwithstanding [section] sections 912(m)(1)(B)-(F) and 931(c)(2)(B)-(C) of Public Law 103-227. (Department of Education Appropriations Act, 1999, as included in Public Law 105-277, section 101(i).)

| Program and Financing (in millions of dollars) | | | |
|---|-------------|-----------|-----------|
| Identification code 91-1100-0-1-503 | 1998 actual | 1999 est. | 2000 est. |
| Obligations by program activity: | | | |
| Research, development and dissemination: | | | |
| 00.01 National education research institutes | 54 | 64 | 109 |
| 00.02 Regional educational laboratories | 56 | 61 | 65 |
| 00.03 National dissemination activities | 19 | 19 | 24 |
| 00.04 Statistics | 59 | 68 | 78 |
| 00.05 Assessment | 35 | 40 | 44 |
| 00.06 Eisenhower professional development federal activities | 23 | 23 | 30 |
| 00.07 Fund for the improvement of education | 96 | 159 | 140 |
| 00.08 Javits gifted and talented education | 6 | 6 | 6 |
| 00.09 Eisenhower regional mathematics and science education consortia | 15 | 15 | 17 |
| 00.10 21st Century community learning centers | 40 | 200 | ..... |
| 00.11 National writing project | 5 | 7 | 10 |
| 00.12 Civic education | 6 | 8 | 10 |
| 00.13 International education exchange | 5 | 7 | 7 |
| 01.00 Total direct program | 419 | 677 | 540 |
| 09.01 Reimbursable program | 6 | ..... | ..... |
| 10.00 Total new obligations | 425 | 677 | 540 |
| Budgetary resources available for obligation: | | | |
| 21.40 Unobligated balance available, start of year ..... | ..... | 12 | ..... |
| 22.00 New budget authority (gross) | 437 | 665 | 540 |
| 23.90 Total budgetary resources available for obligation | 437 | 677 | 540 |
| 23.95 Total new obligations | -425 | -677 | -540 |
| 24.40 Unobligated balance available, end of year | 12 | ..... | ..... |
| New budget authority (gross), detail: | | | |
| Current: | | | |
| 40.00 Appropriation | 431 | 665 | 540 |
| Permanent: | | | |
| 68.00 Spending authority from offsetting collections: Offsetting collections (cash) | 6 | ..... | ..... |
| 70.00 Total new budget authority (gross) | 437 | 665 | 540 |
| Change in unpaid obligations: | | | |
| 72.40 Unpaid obligations, start of year: Obligated balance, start of year | 610 | 496 | 643 |
| 73.10 Total new obligations | 425 | 677 | 540 |
| 73.20 Total outlays (gross) | -520 | -530 | -659 |
| 73.40 Adjustments in expired accounts | -19 | ..... | ..... |
| 74.40 Unpaid obligations, end of year: Obligated balance, end of year | 496 | 643 | 524 |
| Outlays (gross), detail: | | | |
| 86.90 Outlays from new current authority | 63 | 151 | 156 |
| 86.93 Outlays from current balances | 455 | 375 | 503 |
| 86.97 Outlays from new permanent authority | 2 | ..... | ..... |
| 86.98 Outlays from permanent balances ..... | ..... | 3 | 1 |
| 87.00 Total outlays (gross) | 520 | 530 | 659 |
| Offsets: | | | |
| Against gross budget authority and outlays: | | | |
| 88.00 Offsetting collections (cash) from: Federal sources | -6 | ..... | ..... |
| Net budget authority and outlays: | | | |
| 89.00 Budget authority | 431 | 665 | 540 |

General and special funds—Continued

EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT—Continued

Program and Financing (in millions of dollars)—Continued

| Identification code 91-1100-0-1-503 | 1998 actual | 1999 est. | 2000 est. |
|-------------------------------------|-------------|-----------|-----------|
| 90.00 Outlays | 514 | 530 | 659 |

Note.—Excludes \$600 million in budget authority in 2000 for 21st Century community learning centers transferred to the Education Reform account. Comparable amounts for 1998 (\$40 million) and 1999 (\$200 million) are included above.

Research, development, and dissemination.—

*National education research institutes.—*Funds support the activities of five research institutes organized to address topics of national concern in education. The institutes carry out comprehensive programs of research and development by funding research centers, field-initiated research studies, and other research projects, with particular emphasis on interagency collaboration. The National Education Research Institutes are included in the 21st Century Research Fund.

*Regional educational laboratories.—*Ten laboratories provide applied research and development, dissemination, and technical assistance services to address needs in specified regions throughout the country.

*National dissemination activities.—*Funds support information clearinghouses, a national dissemination system, and a national library of education, which serves as a central location within the Federal government for information on education.

*Statistics.—*Funds support the collection of statistics on educational institutions and on individuals to monitor trends in education. Funds also support a coordinated program of statistical services to assist States in the development of comparable databases and analyses of the implications of data.

*Assessment.—*Funds support the National Assessment of Educational Progress, which surveys young Americans to provide reliable information about educational attainment in important skill areas. Both national- and State-representative data are collected.

*Eisenhower professional development Federal activities.—*Funds support activities to promote excellence in teaching by improving professional development in the core subject areas and disseminating information on effective programs and practices. Such activities include new projects in the America Counts national mathematics initiative as well as continued support for the Eisenhower National Mathematics and Science Clearinghouse and the National Board for Professional Teaching Standards.

*Fund for the improvement of education (FIE).—*Funds support nationally significant projects to improve the quality of education, assist all students to meet challenging standards, and contribute to achievement of the National Education Goals. Included under FIE are funds supporting the comprehensive school reform demonstration program that allow non-title I schools to participate.

*Javits gifted and talented education.—*Funds support projects designed to help educators identify and meet the special educational needs of gifted and talented students and, where appropriate, to adapt strategies successful with those students to improve instruction for all students.

*Eisenhower regional mathematics and science education consortia.—*Funds support regional consortia to disseminate exemplary mathematics and science education materials and provide technical assistance to help teachers and administrators implement new teaching methods and assessment tools.

*National writing project.—*Funds support a national professional development project to improve the teaching of writing by teachers of all subject areas.

*Civic education.—*Funds are used to provide an award to the Center for Civic Education to help educate students about the history and principles of the Constitution, including the

Bill of Rights, and to support the production and distribution of a CD ROM product that complements the “We the People” curriculum.

*International education exchange.—*Funds are used for international exchange programs to help improve civics and economics education in central and eastern European countries, countries that were part of the former Soviet Union, and the United States. Funds are also used to conduct a civic education program with Northern Ireland and the Republic of Ireland.

Object Classification (in millions of dollars)

| Identification code 91-1100-0-1-503 | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| Direct obligations: | | | |
| 11.3 Personnel compensation: Other than full-time permanent | 1 | 1 | 1 |
| 24.0 Printing and reproduction | 2 | 3 | 3 |
| 25.1 Advisory and assistance services | 14 | 14 | 14 |
| 25.2 Other services | 44 | 54 | 75 |
| 25.3 Purchases of goods and services from Government accounts | 13 | 13 | 13 |
| 25.5 Research and development contracts | 85 | 109 | 133 |
| 25.7 Operation and maintenance of equipment | 6 | 7 | 7 |
| 31.0 Equipment | 1 | 1 | 1 |
| 41.0 Grants, subsidies, and contributions | 253 | 475 | 293 |
| 99.0 Subtotal, direct obligations | 419 | 677 | 540 |
| 99.0 Reimbursable obligations | 6 | | |
| 99.9 Total new obligations | 425 | 677 | 540 |

Personnel Summary

| Identification code 91-1100-0-1-503 | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| 1001 Total compensable workyears: Full-time equivalent employment | 13 | 15 | 15 |

DEPARTMENTAL MANAGEMENT

Federal Funds

General and special funds:

PROGRAM ADMINISTRATION

For carrying out, to the extent not otherwise provided, the Department of Education Organization Act, including rental of conference rooms in the District of Columbia and hire of two passenger motor vehicles, **[\$362,000,000]** \$386,000,000. (Department of Education Appropriations Act, 1999, as included in Public Law 105-277, section 101(f).)

Program and Financing (in millions of dollars)

| Identification code 91-0800-0-1-503 | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| Obligations by program activity: | | | |
| 00.01 Direct program | 340 | 362 | 386 |
| 00.02 Y2K Activities | 1 | 3 | |
| 09.01 Reimbursable program | 1 | 1 | 1 |
| 10.00 Total new obligations | 342 | 366 | 387 |
| Budgetary resources available for obligation: | | | |
| 22.00 New budget authority (gross) | 342 | 366 | 387 |
| 23.95 Total new obligations | -342 | -366 | -387 |
| New budget authority (gross), detail: | | | |
| Current: | | | |
| 40.00 Appropriation | 341 | 362 | 386 |
| 42.00 Transferred from other accounts | | 3 | |
| 43.00 Appropriation (total) | 341 | 365 | 386 |
| Permanent: | | | |
| 68.00 Spending authority from offsetting collections: Offsetting collections (cash) | 1 | 1 | 1 |
| 70.00 Total new budget authority (gross) | 342 | 366 | 387 |

| Change in unpaid obligations: | | | | |
|---|---|------|------|------|
| 72.40 | Unpaid obligations, start of year: Obligated balance, start of year | 119 | 128 | 120 |
| 73.10 | Total new obligations | 342 | 366 | 387 |
| 73.20 | Total outlays (gross) | -328 | -374 | -380 |
| 73.40 | Adjustments in expired accounts | -5 | | |
| 74.40 | Unpaid obligations, end of year: Obligated balance, end of year | 128 | 120 | 126 |
| Outlays (gross), detail: | | | | |
| 86.90 | Outlays from new current authority | 247 | 276 | 292 |
| 86.93 | Outlays from current balances | 72 | 94 | 85 |
| 86.97 | Outlays from new permanent authority | 1 | | |
| 86.98 | Outlays from permanent balances | 8 | 4 | 2 |
| 87.00 | Total outlays (gross) | 328 | 374 | 380 |
| Offsets: | | | | |
| Against gross budget authority and outlays: | | | | |
| 88.00 | Offsetting collections (cash) from: Federal sources | -1 | -1 | -1 |
| Net budget authority and outlays: | | | | |
| 89.00 | Budget authority | 341 | 365 | 386 |
| 90.00 | Outlays | 327 | 373 | 379 |

The Program Administration account includes the direct Federal costs of providing grants and administering elementary and secondary education, bilingual education, Indian education, higher education, vocational and adult education, and special education programs, programs for persons with disabilities and a portion of the direct Federal costs for administering student financial aid programs. It also supports assessment, statistics, research and improvement activities, and costs for the Year 2000 computer conversion process.

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; telecommunciations; contractual services; financial management and accounting, including payments to schools, education agencies and other grant recipients, and preparation of auditable financial statements; information technology services; personnel management; budget formulation and execution; program evaluation; legal services; congressional and public relations; and intergovernmental affairs.

Also included in this account are contributions from the public. Activities supported include the Millennium Project, Satellite Town Meetings, Goals 2000 Teachers' Forum, School Recognition, Professional Development Awards, and the Gifts and Bequests Miscellaneous Fund. No new contributions are currently anticipated for 2000.

Reimbursable program.—Reimbursements to this account include the costs of providing administrative services to other agencies.

Object Classification (in millions of dollars)

| Identification code 91-0800-0-1-503 | 1998 actual | 1999 est. | 2000 est. | |
|-------------------------------------|--|-----------|-----------|-----|
| Direct obligations: | | | | |
| Personnel compensation: | | | | |
| 11.1 | Full-time permanent | 134 | 159 | 170 |
| 11.3 | Other than full-time permanent | 22 | 10 | 10 |
| 11.5 | Other personnel compensation | 3 | 3 | 3 |
| 11.9 | Total personnel compensation | 159 | 172 | 183 |
| 12.1 | Civilian personnel benefits | 32 | 37 | 40 |
| 21.0 | Travel and transportation of persons | 7 | 7 | 8 |
| 23.1 | Rental payments to GSA | 22 | 24 | 25 |
| 23.3 | Communications, utilities, and miscellaneous charges | 13 | 15 | 18 |
| 24.0 | Printing and reproduction | 6 | 7 | 3 |
| 25.1 | Advisory and assistance services | 6 | 5 | 5 |
| 25.2 | Other services | 26 | 23 | 30 |
| 25.3 | Purchases of goods and services from Government accounts | 7 | 7 | 6 |
| 25.7 | Operation and maintenance of equipment | 47 | 52 | 56 |
| 26.0 | Supplies and materials | 3 | 3 | 3 |
| 31.0 | Equipment | 11 | 12 | 8 |
| 32.0 | Land and structures | 2 | 1 | 1 |

| | | | | |
|------|------------------------------------|-----|-----|-----|
| 99.0 | Subtotal, direct obligations | 341 | 365 | 386 |
| 99.0 | Reimbursable obligations | 1 | 1 | 1 |
| 99.9 | Total new obligations | 342 | 366 | 387 |

Personnel Summary

| Identification code 91-0800-0-1-503 | 1998 actual | 1999 est. | 2000 est. | |
|-------------------------------------|--|-----------|-----------|-------|
| 1001 | Total compensable workyears: Full-time equivalent employment | 2,610 | 2,712 | 2,753 |

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, **[\$66,000,000]** \$73,262,000. (Department of Education Appropriations Act, 1999, as included in Public Law 105-277, section 101(f).)

Program and Financing (in millions of dollars)

| Identification code 91-0700-0-1-751 | 1998 actual | 1999 est. | 2000 est. | |
|--|---|-----------|-----------|-----|
| Obligations by program activity: | | | | |
| 00.01 | Civil rights | 61 | 66 | 73 |
| 10.00 | Total new obligations | 61 | 66 | 73 |
| Budgetary resources available for obligation: | | | | |
| 22.00 | New budget authority (gross) | 62 | 66 | 73 |
| 23.95 | Total new obligations | -61 | -66 | -73 |
| New budget authority (gross), detail: | | | | |
| 40.00 | Appropriation | 62 | 66 | 73 |
| Change in unpaid obligations: | | | | |
| 72.40 | Unpaid obligations, start of year: Obligated balance, start of year | 6 | 17 | 12 |
| 73.10 | Total new obligations | 61 | 66 | 73 |
| 73.20 | Total outlays (gross) | -50 | -71 | -70 |
| 74.40 | Unpaid obligations, end of year: Obligated balance, end of year | 17 | 12 | 15 |
| Outlays (gross), detail: | | | | |
| 86.90 | Outlays from new current authority | 47 | 56 | 60 |
| 86.93 | Outlays from current balances | 3 | 15 | 10 |
| 87.00 | Total outlays (gross) | 50 | 71 | 70 |
| Net budget authority and outlays: | | | | |
| 89.00 | Budget authority | 62 | 66 | 73 |
| 90.00 | Outlays | 50 | 71 | 70 |

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 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, and the Americans with Disabilities Act of 1990.

Object Classification (in millions of dollars)

| Identification code 91-0700-0-1-751 | 1998 actual | 1999 est. | 2000 est. | |
|-------------------------------------|--|-----------|-----------|----|
| Personnel compensation: | | | | |
| 11.1 | Full-time permanent | 36 | 40 | 42 |
| 11.3 | Other than full-time permanent | 2 | 2 | 2 |
| 11.9 | Total personnel compensation | 38 | 42 | 44 |
| 12.1 | Civilian personnel benefits | 8 | 9 | 9 |
| 21.0 | Travel and transportation of persons | 1 | 1 | 1 |
| 23.1 | Rental payments to GSA | 4 | 5 | 5 |
| 23.3 | Communications, utilities, and miscellaneous charges | 1 | 2 | 2 |

General and special funds—Continued

OFFICE FOR CIVIL RIGHTS—Continued

Object Classification (in millions of dollars)—Continued

| Identification code 91-0700-0-1-751 | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| 25.2 Other services | 1 | 1 | 1 |
| 25.3 Purchases of goods and services from Government accounts | 1 | 1 | 1 |
| 25.7 Operation and maintenance of equipment | 2 | 3 | 6 |
| 26.0 Supplies and materials | 1 | | |
| 31.0 Equipment | 3 | 2 | 3 |
| 99.0 Subtotal, direct obligations | 60 | 66 | 72 |
| 99.5 Below reporting threshold | 1 | | 1 |
| 99.9 Total new obligations | 61 | 66 | 73 |

Personnel Summary

| Identification code 91-0700-0-1-751 | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| 1001 Total compensable workyears: Full-time equivalent employment | 685 | 724 | 724 |

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, **[\$31,242,000] \$34,000,000.** (Department of Education Appropriations Act, 1999, as included in Public Law 105-277, section 101(f).)

Program and Financing (in millions of dollars)

| Identification code 91-1400-0-1-751 | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| Obligations by program activity: | | | |
| 00.01 Inspector General | 30 | 31 | 34 |
| 10.00 Total new obligations | 30 | 31 | 34 |
| Budgetary resources available for obligation: | | | |
| 22.00 New budget authority (gross) | 30 | 31 | 34 |
| 23.95 Total new obligations | -30 | -31 | -34 |
| New budget authority (gross), detail: | | | |
| 40.00 Appropriation | 30 | 31 | 34 |
| Change in unpaid obligations: | | | |
| 72.40 Unpaid obligations, start of year: Obligated balance, start of year | 5 | 11 | 6 |
| 73.10 Total new obligations | 30 | 31 | 34 |
| 73.20 Total outlays (gross) | -24 | -36 | -33 |
| 74.40 Unpaid obligations, end of year: Obligated balance, end of year | 11 | 6 | 7 |
| Outlays (gross), detail: | | | |
| 86.90 Outlays from new current authority | 20 | 26 | 28 |
| 86.93 Outlays from current balances | 4 | 10 | 5 |
| 87.00 Total outlays (gross) | 24 | 36 | 33 |
| Net budget authority and outlays: | | | |
| 89.00 Budget authority | 30 | 31 | 34 |
| 90.00 Outlays | 24 | 36 | 33 |

The Inspector General is responsible for the quality, coverage, and coordination of audit, investigation, and security 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 | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| Personnel compensation: | | | |
| 11.1 Full-time permanent | 16 | 17 | 18 |
| 11.3 Other than full-time permanent | 1 | 1 | 1 |
| 11.5 Other personnel compensation | 1 | 1 | 1 |
| 11.9 Total personnel compensation | 18 | 19 | 20 |
| 12.1 Civilian personnel benefits | 4 | 4 | 5 |
| 21.0 Travel and transportation of persons | 2 | 2 | 2 |
| 23.1 Rental payments to GSA | 2 | 2 | 2 |
| 23.3 Communications, utilities, and miscellaneous charges | | | 1 |
| 25.1 Advisory and assistance services | 1 | 1 | 1 |
| 25.3 Purchases of goods and services from Government accounts | 1 | 1 | 1 |
| 25.7 Operation and maintenance of equipment | 1 | 1 | 1 |
| 31.0 Equipment | | 1 | 1 |
| 99.0 Subtotal, direct obligations | 29 | 31 | 34 |
| 99.5 Below reporting threshold | 1 | | |
| 99.9 Total new obligations | 30 | 31 | 34 |

Personnel Summary

| Identification code 91-1400-0-1-751 | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| 1001 Total compensable workyears: Full-time equivalent employment | 279 | 285 | 285 |

HEADQUARTERS RENOVATION

Program and Financing (in millions of dollars)

| Identification code 91-1500-0-1-503 | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| Obligations by program activity: | | | |
| 10.00 Total new obligations (object class 25.2) | 1 | | |
| Budgetary resources available for obligation: | | | |
| 21.40 Unobligated balance available, start of year | 1 | | |
| 23.95 Total new obligations | -1 | | |
| Change in unpaid obligations: | | | |
| 72.40 Unpaid obligations, start of year: Obligated balance, start of year | 5 | 2 | |
| 73.10 Total new obligations | 1 | | |
| 73.20 Total outlays (gross) | -3 | -2 | |
| 74.40 Unpaid obligations, end of year: Obligated balance, end of year | 2 | | |
| Outlays (gross), detail: | | | |
| 86.93 Outlays from current balances | 3 | 2 | |
| Net budget authority and outlays: | | | |
| 89.00 Budget authority | | | |
| 90.00 Outlays | 3 | 2 | |

This account provides the Department of Education's portion of funds to renovate its headquarters building, including costs for administrative services, information technology, telecommunications cabling, and systems furniture. The remaining funds required for the renovation, which began in October 1994, will be provided by the General Services Administration.

GENERAL FUND RECEIPT ACCOUNTS

(in millions of dollars)

| | 1998 actual | 1999 est. | 2000 est. |
|---|-------------|-----------|-----------|
| Offsetting receipts from the public: | | | |
| 91-022100 FFEL Guarantee agency reserve recoveries: | | | |
| Legislative proposal, subject to PAYGO | | 142 | 103 |

| | | |
|--|-----|-----|
| 91-291500 Repayment of loans, capital contributions, higher education activities, Education | 50 | 50 |
| General Fund Offsetting receipts from the public | 192 | 153 |

GENERAL PROVISIONS

SEC. 301. No funds appropriated in this Act may be used for the transportation of students or teachers (or for the purchase of equipment for such transportation) in order to overcome racial imbalance in any school or school system, or for the transportation of students or teachers (or for the purchase of equipment for such transportation) in order to carry out a plan of racial desegregation of any school or school system.

SEC. 302. None of the funds contained in this Act shall be used to require, directly or indirectly, the transportation of any student to a school other than the school which is nearest the student's home, except for a student requiring special education, to the school offering such special education, in order to comply with title VI of the Civil Rights Act of 1964. For the purpose of this section an indirect requirement of transportation of students includes the transportation of students to carry out a plan involving the reorganization of the grade structure of schools, the pairing of schools, or the clustering of schools, or any combination of grade restructuring, pairing or clustering. The prohibition described in this section does not include the establishment of magnet schools.

SEC. 303. No funds appropriated under this Act may be used to prevent the implementation of programs of voluntary prayer and meditation in the public schools.

(TRANSFER OF FUNDS)

SEC. 304. Not to exceed 1 percent of any discretionary funds (pursuant to the Balanced Budget and Emergency Deficit Control Act, 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 fifteen days in advance of any transfer.

[NATIONAL TESTING]

[SEC. 305. (a) IN GENERAL.—Part C of the General Education Provisions Act (20 U.S.C. 1231 et seq.) is amended by adding at the end the following:

“SEC. 447. PROHIBITION ON FEDERALLY SPONSORED TESTING.

“(a) GENERAL PROHIBITION.—Notwithstanding any other provision of Federal law and except as provided in subsection (b), no funds provided to the Department of Education or to an applicable program, may be used to pilot test, field test, implement, administer or distribute in any way any federally sponsored national test in reading, mathematics, or any other subject that is not specifically and explicitly provided for in authorizing legislation enacted into law.

“(b) EXCEPTIONS.—Subsection (a) shall not apply to the Third International Mathematics and Science Study or other international comparative assessments developed under the authority of section 404(a)(6) of the National Education Statistics Act of 1994 (20 U.S.C. 9003(a)(6) et seq.) and administered to only a representative sample of pupils in the United States and in foreign nations.”.

(b) AUTHORITY OF NATIONAL ASSESSMENT GOVERNING BOARD.—Subject to section 447 of the General Education Provisions Act, the exclusive authority over the direction and all policies and guidelines for developing voluntary national tests pursuant to contract RJ97153001 previously entered into between the United States Department of Education and the American Institutes for Research and executed on August 15, 1997, and subsequently modified by the National Assessment Governing Board on February 11, 1998, shall continue to be vested in the National Assessment Governing Board established under section 412 of the National Education Statistics Act of 1994 (20 U.S.C. 9011).

(c) STUDIES.—

(1) PURPOSE, DEFINITION, AND ACHIEVEMENT LEVELS.—The National Assessment Governing Board shall determine and clearly

articulate in a report the purpose and intended use of any proposed federally sponsored national test. Such report shall also include—

(A) a definition of the meaning of the term “voluntary” in regards to the administration of any national test; and

(B) a description of the achievement levels and reporting methods to be used in grading any national test.

The report shall be submitted to the White House, the Committees on Education and the Workforce of the House of Representatives, the Committee on Labor and Human Resources of the Senate, and the Committees on Appropriations of the House of Representatives and the Senate not later than September 30, 1999.

(2) RESPONSE TO REPORT.—The National Assessment Governing Board shall develop and submit to the entities identified in paragraph (1) a report, not later than September 30, 1999, that addresses and responds to the findings reported by the National Academy of Sciences in the report entitled “Grading the Nation's Report Card: Evaluating NAEP and transforming the Assessment of Educational Progress” that assert that the achievement levels of the National Assessment of Educational Progress (NAEP) are fundamentally flawed.

(3) TECHNICAL FEASIBILITY.—The National Academy of Sciences shall conduct a study regarding the technical feasibility, validity, and reliability of including test items from the National Assessment of Educational Progress (NAEP) for 4th grade reading and 8th grade mathematics or from other tests in State and district assessments for the purpose of providing a common measure of individual student performance. The National Academy of Sciences shall submit, to the entities identified under paragraph (1), an interim progress report not later than June 30, 1999 and a final report not later than September 30, 1999.]

[SEC. 306. Notwithstanding any other provision of law, any institution of higher education which receives funds under title III of the Higher Education Act, except for grants made under section 326, may use up to 20 percent of its award under part A or part B of the Act for endowment building purposes authorized under section 331. Any institution seeking to use part A or part B funds for endowment building purposes shall indicate such intention in its application to the Secretary and shall abide by departmental regulations governing the endowment challenge grant program.]

[SEC. 307. (a) From the amount appropriated for title VI of the Elementary and Secondary Education Act of 1965 in accordance with this section, the Secretary of Education—

(1) shall make available a total of \$6,000,000 to the Secretary of the Interior (on behalf of the Bureau of Indian Affairs) and the outlying areas for activities under this section; and

(2) shall allocate the remainder by providing each State the greater of the amount the State would receive if a total of \$1,124,620,000 were allocated under section 1122 of the Elementary and Secondary Education Act of 1965 or under section 2202(b) of the Act for fiscal year 1998, except that such allocations shall be ratably increased or decreased as may be necessary.

(b)(1) Each State that receives funds under this section shall distribute 100 percent of such funds to local educational agencies, of which—

(A) 80 percent of such amount shall be allocated to such local educational agencies in proportion to the number of children, aged 5 to 17, who reside in the school district served by such local educational agency from families with incomes below the poverty line (as defined by the Office of Management and Budget and revised annually in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2))) applicable to a family of the size involved for the most recent fiscal year for which satisfactory data is available compared to the number of such individuals who reside in the school districts served by all the local educational agencies in the State for that fiscal year; and

(B) 20 percent of such amount shall be allocated to such local educational agencies in accordance with the relative enrollments of children, aged 5 to 17, in public and private nonprofit elementary and secondary schools within the boundaries of such agencies;

(2) Notwithstanding paragraph (1), if the award to a local educational agency under this section is less than the starting salary for a new teacher in that agency, the State shall not make the award unless the local educational agency agrees to form a consortium with not less than 1 other local educational agency for the purpose of reducing class size.

(c)(1) Each local educational agency that receives funds under this section shall use such funds to carry out effective approaches to

“SEC. 447. PROHIBITION ON FEDERALLY SPONSORED TESTING.—Continued

reducing class size with highly qualified teachers to improve educational achievement for both regular and special-needs children, with particular consideration given to reducing class size in the early elementary grades for which some research has shown class size reduction is most effective.

(2)(A) Each such local educational agency may pursue the goal of reducing class size through—

(i) recruiting, hiring, and training certified regular and special education teachers and teachers of special-needs children, including teachers certified through State and local alternative routes;

(ii) testing new teachers for academic content knowledge, and to meet State certification requirements that are consistent with title II of the Higher Education Act of 1965; and

(iii) providing professional development to teachers, including special education teachers and teachers of special-needs children, consistent with title II of the Higher Education Act of 1965.

(B) A local educational agency may use not more than a total of 15 percent of the award received under this section for activities described in clauses (ii) and (iii) of subparagraph (A).

(C) A local educational agency that has already reduced class size in the early grades to 18 or less children may use funds received under this section—

(i) to make further class-size reductions in grades 1 through 3;

(ii) to reduce class size in kindergarten or other grades; or

(iii) to carry out activities to improve teacher quality, including professional development.

(3) Each such agency shall use funds under this section only to supplement, and not to supplant, State and local funds that, in the

absence of such funds, would otherwise be spent for activities under this section.

(4) No funds made available under this section may be used to increase the salaries or provide benefits, other than participation in professional development and enrichment programs, to teachers who are, or have been, employed by the local educational agency.

(d)(1) Each State receiving funds under this section shall report on activities in the State under this section, consistent with section 6202(a)(2) of the Elementary and Secondary Education Act of 1965.

(2) Each school benefiting from this section, or the local educational agency serving that school, shall produce an annual report to parents, the general public, and the State educational agency, in easily understandable language, on student achievement that is a result of hiring additional highly qualified teachers and reducing class size.

(e) If a local educational agency uses funds made available under this section for professional development activities, the agency shall ensure for the equitable participation of private nonprofit elementary and secondary schools in such activities. Section 6402 of the Elementary and Secondary Education Act of 1965 shall not apply to other activities under this section.

(f) ADMINISTRATIVE EXPENSES.—A local educational agency that receives funds under this section may use not more than 3 percent of such funds for local administrative costs.

(g) REQUEST FOR FUNDS.—Each local educational agency that desires to receive funds under this section shall include in the application required under section 6303 of the Elementary and Secondary Education Act of 1965 a description of the agency's program to reduce class size by hiring additional highly qualified teachers.】 (*Department of Education Appropriations Act, 1999, as included in Public Law 105-277, section 101(f).*)