

Archived Information

ANNUAL INTEREST SUBSIDY GRANTS

Goal: To continue to help finance construction, reconstruction, or renovation of higher education facilities.	Funding History (\$ in millions)			
	Fiscal Year	Appropriation	Fiscal Year	Appropriation
Legislation: Higher Education Act (HEA) of 1965, Title I, Part B, Section 121.	1985	\$19	2000	\$12
	1990	\$22	2001	\$10
	1995	\$18	2002 (Requested)	\$5

Program Description

This program is intended to reduce the cost of construction, reconstruction, and renovation of academic facilities by subsidizing the interest costs on privately funded facilities loans.

Under this program, institutions of higher education and higher education building agencies receive Federal interest subsidies on 711 privately secured loans totaling \$1.43 billion negotiated between fiscal years 1970-73.

Subsidy grants reduce the interest rate from market levels to 3 percent. The amount of the annual subsidy is the difference between the interest costs actually incurred on loans obtained from nonfederal sources and the subsidized rate of 3 percent.

No new Interest Subsidy Grant commitments have been made since 1973. The authority to make new subsidy commitments was repealed by the Higher Education Amendments of 1992. However, authority to make mandatory annual subsidy payments on the outstanding loan portfolio was retained because some of the approved loans have repayment terms of up to 40 years, interest subsidy payments on outstanding loans are expected to continue until the year 2013.

At the beginning of the FY 2000 year there were 202 outstanding loans receiving subsidy. During the year, 42 loans were paid off, withdrawn, or canceled, leaving 160 loans in active status.

Program Performance

OBJECTIVE 1: CONTINUE TO PROVIDE STRONG FISCAL MANAGEMENT OF THE PROGRAM.

Targets and Performance Data			Assessment of Progress	Sources and Data Quality
<i>Number of material internal control weaknesses identified in the program portion of the Department's financial statement audits.</i>			Status: Target met.	Source: Financial program audits. <i>Frequency:</i> Annually. <i>Next collection update:</i> 2001. <i>Data to be reported:</i> 2001.
Year	Actual Performance	Performance Targets	Explanation: There were no findings of material control weaknesses noted for the Annual Interest Subsidy Grants program in the Department's 2000 audit.	Validation Procedure: No formal validation procedure. Limitations of Data and Planned Improvement: None.
1999:	No material weaknesses identified.	No finding of material control weaknesses.		
2000:	No material weaknesses identified.	No finding of material control weaknesses		
2001:		No finding of material control weaknesses		
2002:				