

DEPARTMENT OF EDUCATION

OFFICE OF ELEMENTARY AND SECONDARY EDUCATION

Federal Funds

General and special funds:

EDUCATION FOR THE DISADVANTAGED

For carrying out title I of the Elementary and Secondary Education Act of 1965 ("ESEA") and section 418A of the Higher Education Act of 1965, **[\$14,528,522,000]** *\$15,105,168,000*, of which **[\$6,983,169,000]** *\$7,522,480,000* shall become available on July 1, **[2004]** *2005*, and shall remain available through September 30, **[2005]** *2006*, and of which \$7,383,301,000 shall become available on October 1, **[2004]** *2005*, and shall remain available through September 30, **[2005]** *2006*, for academic year **[2004–2005]** *2005–2006*: *Provided*, That **[\$7,107,283,000]** *\$7,037,592,000* 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 of Education on October 1, **[2003]** *2004*, to obtain annually updated educational-agency-level census poverty data from the Bureau of the Census: *Provided further*, That \$1,365,031,000 shall be available for concentration grants under section 1124A: *Provided further*, That **[\$1,969,843,000]** *\$4,146,187,000* shall be available for targeted grants under section 1125: *Provided further*, That **[\$1,969,843,000]** *\$793,499,000* shall be available for education finance incentive grants under section 1125A: *Provided further*, That *\$9,500,000 shall be available to carry out part E of title I: [Provided further*, That \$235,000,000 shall be available for comprehensive school reform grants under part F of the ESEA: *Provided further*, That from the **[\$8,842,000]** *funds available to carry out part [E] A of title I, up to [\$1,000,000]* *\$10,000,000* shall be available to the Secretary of Education to provide technical assistance to state and local educational agencies concerning part A of title I. (*Division E, H.R. 2673, Consolidated Appropriations Bill, FY 2004.*)

Program and Financing (in millions of dollars)

Identification code 91–0900–0–1–501	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.01 Grants to local educational agencies	10,045	14,022	13,342
00.05 Reading first State grants	1,280	1,077	1,125
00.06 Early reading first	149	94	132
00.07 Striving readers .....	.....	.....	100
00.08 Even start	247	269	.....
00.09 Literacy through school libraries	12	20	20
00.10 State agency programs	443	453	442
00.11 Comprehensive school reform	234	244	.....
00.12 Evaluation	9	9	9
00.13 Close up fellowships	1	.....	.....
00.14 Advanced placement	23	.....	.....
00.15 Dropout prevention programs	11	.....	.....
00.16 Migrant education projects	39	35	35
10.00 Total new obligations	12,493	16,223	15,205
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	490	2,376	.....
22.00 New budget authority (gross)	14,379	13,846	15,205
22.10 Resources available from recoveries of prior year obligations	2	.....	.....
23.90 Total budgetary resources available for obligation	14,871	16,222	15,205
23.95 Total new obligations	–12,493	–16,223	–15,205
23.98 Unobligated balance expiring or withdrawn	–2	.....	.....
24.40 Unobligated balance carried forward, end of year	2,376	.....	.....
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	7,070	7,145	7,822
40.35 Appropriation permanently reduced	–79	–82	.....
42.00 Transferred from other accounts	5	.....	.....
43.00 Appropriation (total discretionary)	6,996	7,063	7,822
55.00 Advance appropriation	7,383	6,783	7,383

70.00 Total new budget authority (gross)	14,379	13,846	15,205
Change in obligated balances:			
72.40 Obligated balance, start of year	6,082	7,289	9,361
73.10 Total new obligations	12,493	16,223	15,205
73.20 Total outlays (gross)	–11,253	–14,151	–14,344
73.40 Adjustments in expired accounts (net)	–31	.....	.....
73.45 Recoveries of prior year obligations	–2	.....	.....
74.40 Obligated balance, end of year	7,289	9,361	10,222
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	6,067	6,149	6,671
86.93 Outlays from discretionary balances	5,186	8,002	7,673
87.00 Total outlays (gross)	11,253	14,151	14,344
Net budget authority and outlays:			
89.00 Budget authority	14,379	13,846	15,205
90.00 Outlays	11,253	14,151	14,344

SUMMARY OF PROGRAM LEVEL

(in millions of dollars)

	2003–2004 academic year	2004–2005 academic year	2005–2006 academic year
New Budget Authority	6,996	7,063	7,822
Advance appropriation	6,783	7,383	7,383
Total program level	13,779	14,446	15,205
Change in advance appropriation from the previous year	–600	+600	.....

Grants to local educational agencies.—Funds are allocated through four formulas—Basic Grants, Concentration Grants, Targeted Grants and Education Finance Incentive Grants—for local programs that provide extra academic support to help raise the achievement of eligible students in high-poverty schools or, in the case of schoolwide programs, help all students in high-poverty schools to meet challenging State academic standards. States must annually assess participating students in at least reading and mathematics, and school districts must identify for improvement, and provide assistance to, schools that for two consecutive years do not make adequate yearly progress toward helping all groups of students reach the proficient level on the State assessments. Districts must provide students attending such schools the choice of attending another public school that is not identified for improvement. After three or more years of a school not making adequate progress, students who remain in the school would be permitted to obtain supplemental educational services from a public- or private-sector provider. Schools that do not improve would be subject to progressively stronger corrective actions and, after six years of not making adequate yearly progress, reconstitution under a restructuring plan. A portion of funds would support technical assistance to help States and local educational agencies implement effective programs.

Reading first State grants.—Funds provide assistance to State and local educational agencies in establishing reading programs for students in grades K–3 that are grounded in scientifically based reading research, in order to ensure that every student can read at grade level or above by the end of third grade.

Early reading first.—Funds provide assistance to support local efforts, through competitive grants, to enhance the school readiness of young children, particularly those from low-income families, through scientific, research-based strategies and professional development that are designed to enhance the verbal skills, phonological awareness, letter knowl-

General and special funds—Continued

EDUCATION FOR THE DISADVANTAGED—Continued

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

Striving readers.—This new initiative supports the development, implementation, and evaluation of scientifically based reading interventions for middle school or high school students reading significantly below grade level. The program complements the Reading First program, which improves reading in elementary schools.

Literacy through school libraries.—Funds support competitive grants to local educational agencies to provide students with increased access to up-to-date school library materials and professional certified library media specialists.

State agency migrant program.—Funds support formula grants to States for educational services to children of migratory farmworkers and fishers, with resources and services focused on children who have moved within the past 36 months.

State agency neglected and delinquent program.—Funds support formula grants to States for educational services to children and youth under age 21 in State neglected, delinquent, or adult correction facilities.

Evaluation.—Funds support a series of impact studies designed to identify effective reading interventions in Title I and studies of the implementation of key No Child Left Behind requirements including assessments, accountability systems, school improvement requirements, public school choice, and supplemental educational services.

Migrant education projects.—Funds support grants to institutions of higher education and other nonprofit agencies that assist migrant students to earn a high school equivalency certificate or to complete their first year of college.

Object Classification (in millions of dollars)

Identification code 91-0900-0-1-501	2003 actual	2004 est.	2005 est.
24.0 Printing and reproduction	1	1	1
25.1 Advisory and assistance services	9	12	11
25.2 Other services	50	65	60
25.3 Other purchases of goods and services from Government accounts	4	5	5
41.0 Grants, subsidies, and contributions	12,429	16,140	15,128
99.9 Total new obligations	12,493	16,223	15,205

IMPACT AID

For carrying out programs of financial assistance to federally affected schools authorized by title VIII of the Elementary and Secondary Education Act of 1965, **[\$1,236,824,000]** **\$1,229,527,000**, of which **[\$1,070,000,000]** **\$1,063,687,000** shall be for basic support payments under section 8003(b), **[\$50,668,000]** **\$50,369,000** shall be for payments for children with disabilities under section 8003(d), **[\$46,208,000]** **\$45,936,000** shall be for construction under section 8007 and shall remain available through September 30, **[2005, \$62,000,000]** **2006, \$61,634,000** shall be for Federal property payments under section 8002, and **[\$7,948,000]** **\$7,901,000**, to remain available until expended, shall be for facilities maintenance under section 8008: *Provided*, That \$1,500,000 of the funds for section 8007 shall be available for the local educational agencies and in the amounts specified in the statement of the managers on the conference report accompanying this Act: *Provided further*, That, notwithstanding any other provision of law, these funds shall remain available until expended. (Division E, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)

Program and Financing (in millions of dollars)

Identification code 91-0102-0-1-501	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
Payments for federally connected children:			
00.01 Basic support payments	1,025	1,064	1,064
00.02 Supplemental payments for children with disabilities	51	50	50
00.91 Subtotal, payments for federally connected children	1,076	1,114	1,114
01.01 Facilities maintenance	7	7	8
02.01 Construction	48	47	46
03.01 Payments for Federal property	60	62	62
10.00 Total new obligations	1,191	1,230	1,230
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	38	35	35
22.00 New budget authority (gross)	1,188	1,230	1,230
23.90 Total budgetary resources available for obligation	1,226	1,265	1,265
23.95 Total new obligations	-1,191	-1,230	-1,230
24.40 Unobligated balance carried forward, end of year	35	35	35
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	1,196	1,237	1,230
40.35 Appropriation permanently reduced	-8	-7	
43.00 Appropriation (total discretionary)	1,188	1,230	1,230
Change in obligated balances:			
72.40 Obligated balance, start of year	202	293	176
73.10 Total new obligations	1,191	1,230	1,230
73.20 Total outlays (gross)	-1,097	-1,347	-1,235
73.40 Adjustments in expired accounts (net)	-2		
74.40 Obligated balance, end of year	293	176	171
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	1,013	1,078	1,078
86.93 Outlays from discretionary balances	84	269	157
87.00 Total outlays (gross)	1,097	1,347	1,235
Net budget authority and outlays:			
89.00 Budget authority	1,188	1,230	1,230
90.00 Outlays	1,097	1,347	1,235

Impact Aid helps to replace the lost local revenue that would otherwise be available to educate federally connected children. The presence of certain students living on Federal property, such as students who are military dependents or who reside on Indian lands, can place a financial burden on local educational agencies that educate them. The property on which the children live and their parents work is exempt from local property taxes, denying local educational agencies access to the primary source of revenue used by most communities to finance education.

Basic support payments.—Payments will be made on behalf of approximately 1.1 million federally connected students enrolled in about 1,290 local educational agencies to assist them in meeting their operation and maintenance costs. Average per-student payments will be approximately \$980.

Payments for Children with Disabilities.—Payments in addition to those provided under the Individuals with Disabilities Education Act will be provided on behalf of approximately 35,000 federally connected students with disabilities in about 870 local educational agencies. Average per-student payments will be approximately \$910.

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

Construction.—Formula payments will be provided to approximately 180 local educational agencies with large proportions of federally connected students. Payments will be made on behalf of about 140,000 students who are military dependents or who reside on Indian lands. In addition, approxi-

mately 25 construction grants will be awarded competitively to local educational agencies.

Payments for Federal Property.—Payments will be made to approximately 200 local educational agencies in which real property owned by the Federal Government represents 10 percent or more of the assessed value of real property in the local educational agency.

Object Classification (in millions of dollars)

Identification code 91-0102-0-1-501	2003 actual	2004 est.	2005 est.
21.0 Travel and transportation of persons		1	1
25.3 Other purchases of goods and services from Government accounts		1	1
41.0 Grants, subsidies, and contributions	1,191	1,228	1,228
99.9 Total new obligations	1,191	1,230	1,230

SCHOOL IMPROVEMENT PROGRAMS

For carrying out school improvement activities authorized by titles II, part B of title IV, part A [and subparts 6 and 9 of part D] of title V, parts A and B of title VI, and parts B and C of title VII of the Elementary and Secondary Education Act of 1965 ("ESEA"); the McKinney-Vento Homeless Assistance Act; *section 203 of the Educational Technical Assistance Act of 2002*; and the Civil Rights Act of 1964, [\$5,834,208,000] \$5,940,493,000, of which [\$4,282,199,000] \$4,389,178,000 shall become available on July 1, [2004] 2005, and remain available through September 30, [2005] 2006, and of which \$1,435,000,000 shall become available on October 1, [2004] 2005, and shall remain available through September 30, [2005] 2006, for academic year [2004-2005] 2005-2006: *Provided*, That [funds made available to carry out part B of title VII of the ESEA may be used for construction, renovation and modernization of any elementary school, secondary school, or structure related to an elementary school or secondary school, run by the Department of Education of the State of Hawaii, that serves a predominantly Native Hawaiian student body: *Provided further*, That from the funds referred to in the preceding proviso, not less than \$1,000,000 shall be for a grant to the Department of Education of the State of Hawaii for the activities described in such proviso: *Provided further*, That funds made available to carry out part C of title VII of the ESEA may be used for construction: *Provided further*, That \$391,600,000] \$410,000,000 shall be for subpart 1 of part A of title VI of the ESEA: *Provided further*, That [\$27,821,000] \$27,654,000 shall be available to carry out [part D of title V of the ESEA] *section 203 of the Educational Technical Assistance Act of 2002: Provided further*, That [no funds appropriated under this heading may be used to carry out section 5494 under the ESEA] *notwithstanding section 2202(a)(2) of the ESEA, the Secretary shall reserve \$120,000,000 of the funds available for part B of title II of that Act for competitive grants under that section that are designed to improve the achievement of secondary school students in mathematics, of which up to \$1,000,000 may be used for technical assistance and evaluation. (Division E, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)*

Program and Financing (in millions of dollars)

Identification code 91-1000-0-1-501	2003 actual	2004 est.	2005 est.
Direct program:			
Obligations by program activity:			
Improving teacher quality:			
00.01 Improving teacher quality State grants	2,930	2,674	2,930
00.02 Early childhood educator professional development	15	15	15
00.03 Mathematics and science partnerships	98	152	269
00.04 Educational technology State grants	683	706	692
00.05 Preparing tomorrow's teachers to use technology	62		
00.06 21st Century community learning centers	993	1,015	999
00.07 State grants for innovative programs	385	582	297
00.08 Javits gifted and talented education	11	11	
00.09 Foreign language assistance	16	17	
00.10 Foundations for learning grants	1		
00.11 State assessments	397	396	410
00.12 Education for homeless children and youth	55	60	60
00.13 Education for Native Hawaiians	31	33	33
00.14 Alaska Native education equity	31	33	33
00.15 Training and advisory services	7	7	7

00.16 Rural education	167	169	168
00.17 Comprehensive assistance centers			28
00.18 School leadership	12		
00.19 Advanced credentialling	10		
00.20 Troops-to-teachers	18	11	
00.21 Transition to teaching	42		
00.22 National writing project	17		
00.23 Civic education	29		
00.24 Teaching of traditional American history	99		
00.25 Education technology national activities	15		
00.26 Ready-to-learn television	23		
00.27 Charter schools grants	199		
00.28 Credit enhancement for charter school facilities	25		
00.29 Voluntary public school choice	26		
00.30 Magnet schools assistance	109		
00.31 Fund for the Improvement of Education programs of national significance	245		
00.32 Character education	25		
00.33 Reading is fundamental/Inexpensive book distribution	25		
00.34 Elementary and secondary school counselling	32		
00.35 Smaller learning communities	140	161	
00.36 Star schools	27		
00.37 Ready to teach	13		
00.38 Physical education for progress	60		
00.39 Community technology centers	32		
00.40 Exchanges with historic whaling and trading partners	7		
00.41 Arts in education	34		
00.42 Parental information resource centers	42		
00.43 Women's educational equity	3		
00.44 Comprehensive school reform	75	1	
Safe and drug-free schools and communities:			
00.45 State grants	469	336	
00.46 National programs	253	14	
01.00 Total direct program	7,988	6,393	5,941
09.01 Reimbursable program	67		
10.00 Total new obligations	8,055	6,393	5,941
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	249	263	
22.00 New budget authority (gross)	8,069	6,130	5,940
22.10 Resources available from recoveries of prior year obligations	2		
23.90 Total budgetary resources available for obligation	8,320	6,393	5,940
23.95 Total new obligations	-8,055	-6,393	-5,941
24.40 Unobligated balance carried forward, end of year	263		
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	6,289	4,399	4,505
40.35 Appropriation permanently reduced	-52	-34	
43.00 Appropriation (total discretionary)	6,237	4,365	4,505
55.00 Advance appropriation	1,765	1,765	1,435
68.10 Spending authority from offsetting collections: Change in uncollected customer payments from Federal sources (unexpired)	67		
70.00 Total new budget authority (gross)	8,069	6,130	5,940
Change in obligated balances:			
72.40 Obligated balance, start of year	8,142	9,581	7,017
73.10 Total new obligations	8,055	6,393	5,941
73.20 Total outlays (gross)	-6,592	-9,003	-6,611
73.40 Adjustments in expired accounts (net)	-16		
73.45 Recoveries of prior year obligations	-2		
74.00 Change in uncollected customer payments from Federal sources (unexpired)	-67		
74.10 Change in uncollected customer payments from Federal sources (expired)	60	46	
74.40 Obligated balance, end of year	9,581	7,017	6,347
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	1,124	1,526	1,301
86.93 Outlays from discretionary balances	5,468	7,477	5,310
87.00 Total outlays (gross)	6,592	9,003	6,611
Offsets:			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	-60	-46	
Against gross budget authority only:			
88.95 Change in uncollected customer payments from Federal sources (unexpired)	-67		
88.96 Portion of offsetting collections (cash) credited to expired accounts	60	46	
Net budget authority and outlays:			
89.00 Budget authority	8,002	6,130	5,940

General and special funds—Continued

SCHOOL IMPROVEMENT PROGRAMS—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 91-1000-0-1-501	2003 actual	2004 est.	2005 est.
90.00 Outlays	6,532	8,957	6,611

Note.—Includes \$28 million in budget authority in 2005 for activities previously financed from the Department of Education:

(in millions of dollars)	2003 actual	2004 est.	2005 est.
Institute of Education Sciences, Institute of Education Sciences	58	57	.....

SUMMARY OF PROGRAM LEVEL

(in millions of dollars)

	2003-2004 Academic Year	2004-2005 Academic Year	2005-2006 Academic Year
New Budget Authority	6,237	4,365	4,279
Advance Appropriation	1,765	1,435	1,435
Total program level	8,002	5,790	5,714
Change in advance appropriation over previous year	0	-330	0

Improving teacher quality.—

Improving teacher quality State grants.—Funds support State and school district activities to prepare, train, and recruit high-quality teachers to improve student achievement.

Early childhood educator professional development.—Funds support competitive grants to improve the knowledge and skills of early childhood educators who work in communities that have high concentrations of children living in poverty.

Mathematics and science partnerships.—Funds support State and local efforts to improve students' academic achievement in mathematics and science by promoting strong teaching skills for elementary and secondary school teachers, including integrating teaching methods based on scientifically-based research and technology into the curriculum.

Educational technology State grants.—Funds support formula grants to States, which target funds to high-poverty school districts, to acquire computers, connections, software, and teacher training to enable schools to integrate technology effectively into curricula.

21st Century community learning centers.—Funds support formula grants to States, which award subgrants to communities to provide academic enrichment opportunities and related services to students, primarily students who attend high-poverty schools, and their families during before-school, after-school, weekend, and summer hours.

State grants for innovative programs.—Funds support formula grants to States and local educational agencies to help implement innovative strategies for improving student achievement.

State assessments.—Funds support formula grants to States to develop and implement the new assessments, and related accountability efforts, that States would use to test all children annually in grades 3-8 in reading and mathematics.

Education for homeless children and youth.—Funds support formula grants to States to provide educational and support services that enable homeless children and youth to attend and achieve success in school.

Education for Native Hawaiians.—Funds provide supplemental education services to Native Hawaiians in areas such as family-based education, special education, gifted and talented education, higher education, curriculum development,

teacher training and recruitment, and community-based learning.

Alaska Native education equity.—Funds provide supplemental education services to Alaska Natives in areas such as educational planning, curriculum development, teacher training, teacher recruitment, student enrichment, and home-based instruction for pre-school children. Grants also go to organizations specified in the law.

Training and advisory services.—Funds support grants to regional equity assistance centers that provide technical assistance to school districts in addressing equity in education related to issues of race, gender, and national origin.

Rural education.—Funds support formula grants under two programs: Small, Rural Schools Achievement and Rural and Low-Income Schools programs. Funds under the Small, Rural Schools Achievement program, which provides rural local educational agencies with small enrollments with additional formula funds and flexibility in the use of other Federal formula funds, are allocated by formula directly from the Department to eligible local educational agencies. Funds under the Rural and Low-Income Schools program, which targets rural local educational agencies that serve concentrations of poor students, are allocated by formula to States, who in turn allocate funds to eligible local educational agencies within the States.

Comprehensive centers.—Funds support no fewer than 20 comprehensive centers, with at least one center in each of the 10 geographic regions, to provide technical assistance, training, and professional development in reading, mathematics, science, and technology to States, districts, and schools.

Object Classification (in millions of dollars)

Identification code 91-1000-0-1-501	2003 actual	2004 est.	2005 est.
Direct obligations:			
24.0 Printing and reproduction	1	.....	.....
25.1 Advisory and assistance services	15	20	22
25.2 Other services	62	18	18
25.3 Other purchases of goods and services from Government accounts	23	.....	.....
25.5 Research and development contracts	10	.....	.....
25.7 Operation and maintenance of equipment	1	.....	.....
41.0 Grants, subsidies, and contributions	7,876	6,355	5,901
99.0 Direct obligations	7,988	6,393	5,941
99.0 Reimbursable obligations	67	.....	.....
99.9 Total new obligations	8,055	6,393	5,941

INDIAN EDUCATION

For expenses necessary to carry out, to the extent not otherwise provided, title VII, part A of the Elementary and Secondary Education Act of 1965, **[\$121,573,000]** \$120,856,000. (*Division E, H.R. 2673, Consolidated Appropriations Bill, FY 2004.*)

Program and Financing (in millions of dollars)

Identification code 91-0101-0-1-501	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.01 Grants to local educational agencies	97	96	96
00.02 Special programs for Indian children	19	20	20
00.03 National activities	5	5	5
10.00 Total new obligations	121	121	121
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	121	121	121
23.95 Total new obligations	-121	-121	-121
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	122	122	121
40.35 Appropriation permanently reduced	-1	-1	.....
43.00 Appropriation (total discretionary)	121	121	121

Change in obligated balances:				
72.40	Obligated balance, start of year	145	147	142
73.10	Total new obligations	121	121	121
73.20	Total outlays (gross)	-116	-126	-121
73.40	Adjustments in expired accounts (net)	-3		
74.40	Obligated balance, end of year	147	142	141
Outlays (gross), detail:				
86.90	Outlays from new discretionary authority	3	6	6
86.93	Outlays from discretionary balances	113	120	115
87.00	Total outlays (gross)	116	126	121
Net budget authority and outlays:				
89.00	Budget authority	121	121	121
90.00	Outlays	116	126	121

The Indian Education program supports the efforts of local educational agencies and tribal schools to improve teaching and learning for the Nation's American Indian and Alaska Native Children.

Grants to local educational agencies.—Formula grants support local educational agencies in their efforts to reform elementary and secondary school programs that serve Indian students, with the goal of ensuring that such programs assist participating students in meeting the same academic standards as all other students. In 2003, the Department made 1,183 formula grants to local educational agencies and tribal schools serving more than 470,000 students.

Special programs for Indian Children.—The Department makes competitive awards for demonstration projects in early childhood education, professional development grants, American Indian Teacher Corps grants, and grants for the American Indian Administrator Corps. The professional development awards in this activity are designed to improve the quality of teachers and administrators in school districts with concentrations of Indian students.

National activities.—Funds support research, evaluation, data collection, and related activities.

Object Classification (in millions of dollars)				
Identification code 91-0101-0-1-501		2003 actual	2004 est.	2005 est.
25.2	Other services	4	4	4
41.0	Grants, subsidies, and contributions	117	117	117
99.9	Total new obligations	121	121	121

READING EXCELLENCE

Program and Financing (in millions of dollars)				
Identification code 91-0011-0-1-501		2003 actual	2004 est.	2005 est.
Change in obligated balances:				
72.40	Obligated balance, start of year	447	226	65
73.20	Total outlays (gross)	-220	-161	-65
74.40	Obligated balance, end of year	226	65	
Outlays (gross), detail:				
86.93	Outlays from discretionary balances	220	161	65
Net budget authority and outlays:				
89.00	Budget authority			
90.00	Outlays	220	161	65

Reading Excellence.—This program has been replaced by the Reading First program in the Education for the Disadvantaged account. Amounts in these schedules reflect balances that are spending out from prior-year appropriations.

EDUCATION REFORM

Program and Financing (in millions of dollars)				
Identification code 91-0500-0-1-501		2003 actual	2004 est.	2005 est.
Change in obligated balances:				
72.40	Obligated balance, start of year	781	226	
73.20	Total outlays (gross)	-532	-226	
73.40	Adjustments in expired accounts (net)	-24		
74.40	Obligated balance, end of year	226		
Outlays (gross), detail:				
86.93	Outlays from discretionary balances	532	226	
Net budget authority and outlays:				
89.00	Budget authority			
90.00	Outlays	532	226	

Programs in this account have been transferred to the School Improvement account or discontinued. Amounts in this schedule reflect balances that are spending out from prior-year appropriations.

CHICAGO LITIGATION SETTLEMENT

Program and Financing (in millions of dollars)				
Identification code 91-0220-0-1-501		2003 actual	2004 est.	2005 est.
Obligations by program activity:				
00.01	Direct Program Activity	1		
10.00	Total new obligations (object class 41.0)	1		
Budgetary resources available for obligation:				
21.40	Unobligated balance carried forward, start of year	1		
23.95	Total new obligations	-1		
Change in obligated balances:				
72.40	Obligated balance, start of year	1	1	
73.10	Total new obligations	1		
73.20	Total outlays (gross)	-1		
74.40	Obligated balance, end of year	1		
Outlays (gross), detail:				
86.93	Outlays from discretionary balances	1		
Net budget authority and outlays:				
89.00	Budget authority			
90.00	Outlays	1		

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

OFFICE OF INNOVATION AND IMPROVEMENT

Federal Funds

General and special funds:

INNOVATION AND IMPROVEMENT

For carrying out activities authorized by [parts] part G [and H] of title I, subpart 5 of part A and parts C and D of title II, and parts B, C, and D of title VI, and section 1504] of the Elementary and Secondary Education Act of 1965 ("ESEA"), [\$1,106,811,000] \$885,181,000: Provided, That [\$74,513,000 for continuing and new grants to demonstrate effective approaches to comprehensive school reform shall become available on July 1, 2004, and remain available through September 30, 2005, and shall be allocated and expended in the same manner as the funds provided under the Fund for the Improvement of Education for this purpose were allocated and expended in fiscal year 2003: Provided further, That \$18,500,000 shall be available to carry out section 2151(c) of the ESEA, of which not

General and special funds—Continued

INNOVATION AND IMPROVEMENT—Continued

less than \$10,000,000 shall be provided to the National Board for Professional Teaching Standards, not less than \$7,000,000 shall be provided to the National Council on Teacher Quality, and up to \$1,500,000 may be reserved by the Secretary to conduct an evaluation of activities authorized by such section] \$100,000,000 shall be for subpart 2 of part B of title V: Provided further, That [\$430,463,000] \$170,185,000 shall be available to carry out part D of title V of the ESEA: Provided further, That \$177,271,000 of the funds for subpart 1, part D of title V of the ESEA shall be available for the projects and in the amounts specified in the statement of the managers on the conference report accompanying this Act]. (Division E, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)

Program and Financing (in millions of dollars)

Identification code 91-0204-0-1-501	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.01 Troops-to-teachers	15	15	
00.02 Transition to teaching	45	45	
00.03 National writing project	18		
00.04 Teaching of traditional American history	119	119	
00.05 School leadership	12		
00.06 Advanced credentialing	18	7	
00.07 Charter school grants	219	219	
00.08 Credit enhancement for charter school facilities	37	100	
00.09 Voluntary public school choice	27	27	
00.10 Magnet schools assistance	109	109	
00.11 Choice incentive fund		50	
00.12 Advanced placement	24	51	
00.13 Dropout prevention program	5		
00.14 Close Up fellowships	2		
00.15 Ready-to-learn television	23	23	
00.16 FIE programs of national significance	281	45	
00.17 Adjunct Teacher Corps		40	
00.18 Military Families Initiative		10	
00.19 Reading is fundamental/inexpensive book distribution	25	25	
00.20 Star schools	20		
00.21 Ready to teach	14		
00.22 Exchanges with historic whaling and trading partners	8		
00.23 Excellence in economic education	2		
00.24 Arts in education	35		
00.25 Parental assistance information centers	42		
00.26 Women's educational equity	3		
10.00 Total new obligations	1,103	885	
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	1,103	885	
23.95 Total new obligations	-1,103	-885	
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	1,110	885	
40.35 Appropriation permanently reduced	-7		
43.00 Appropriation (total discretionary)	1,103	885	
Change in obligated balances:			
72.40 Obligated balance, start of year		1,048	
73.10 Total new obligations	1,103	885	
73.20 Total outlays (gross)	-55	-761	
74.40 Obligated balance, end of year	1,048	1,172	
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	55	44	
86.93 Outlays from discretionary balances		717	
87.00 Total outlays (gross)	55	761	
Net budget authority and outlays:			
89.00 Budget authority	1,103	885	
90.00 Outlays	55	761	

Improving teacher quality.—

Troops-to-teachers.—Funds assist eligible members of the armed forces to obtain certification as teachers and to become highly qualified teachers.

Transition to teaching.—Funds support competitive grants to establish programs to recruit and retain highly qualified mid-career professionals and recent college graduates as teachers in high-need schools.

Teaching of traditional American history.—Funds support competitive grants to school districts for activities to im-

prove history instruction and provide professional development for teachers of American history.

School choice and flexibility.—

Advanced credentialing.—Funds support the development of an advanced credential based on the content expertise of master teachers. Funds also support related activities to encourage and support teachers seeking advanced certification or advanced credentials.

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

Credit enhancement for charter school facilities.—Funds support competitive grants to State and local governments, nonprofit entities, and public and nonprofit consortia, to assist charter schools in acquiring, leasing, and renovating school facilities. Funds above \$200 million are used for the Per-Pupil Facilities Aid program, which provides funds to States to assist charter schools in obtaining facilities.

Voluntary public school choice.—Funds support competitive grants to State educational agencies and local educational agencies to implement programs that provide students, particularly students who attend low-performing schools, with expanded public school choice options.

Magnet schools assistance.—Funds support competitive grants to local educational agencies to establish and operate magnet school programs that are part of an approved desegregation plan.

Choice incentive fund.—Funds will support grants to States, local educational agencies, and community-based nonprofit organizations with a proven record for securing educational opportunities for children. These grants will support efforts to increase the capacity of high-quality public and private schools to serve additional students.

FIE programs of national significance.—Funds support nationally significant projects to improve the quality of elementary and secondary education in order to help all children meet challenging State content and student achievement standards.

Adjunct Teacher Corps.—Funds will support partnerships between school districts and appropriate public and/or private institutions to enable well-qualified professionals to teach specific high-school courses in the core academic subjects, particularly in mathematics and science. The program would support multiple approaches for utilizing these highly-trained individuals, such as part-time or substitute teaching and distance learning in areas of their professional expertise.

Military Families.—Funds would assist military families meet the challenges of moving their children into new school districts with varying academic and health-related requirements. The state grant program, to be jointly administered by the Department of Education and Defense, will encourage reciprocity agreements among states and school districts and fund data management systems and other activities to facilitate moves from one school district to another.

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

Ready-to-learn television.—Funds support the development, distribution, and production of educational video and accompanying materials and services for preschool children, elementary school children, and their parents to facilitate student academic achievement.

Advanced placement.—Funds support grants to States to pay test fees for low-income students if they are enrolled in an Advanced Placement course and competitive grants to State educational agencies, local educational agencies, and

national nonprofit educational entities to expand access for low-income individuals to Advanced Placement classes.

Object Classification (in millions of dollars)			
Identification code 91-0204-0-1-501	2003 actual	2004 est.	2005 est.
25.1	Advisory and assistance services	2	2
25.2	Other services	34	25
25.3	Other purchases of goods and services from Government accounts	5	3
25.5	Research and development contracts	4	3
41.0	Grants, subsidies, and contributions	1,058	852
99.9	Total new obligations	1,103	885

OFFICE OF SAFE AND DRUG-FREE SCHOOLS

Federal Funds

General and special funds:

SAFE SCHOOLS AND CITIZENSHIP EDUCATION

For carrying out activities authorized by subpart 3 of part C of title II, part A of title IV, and subparts [2,] 3 and 10 of part D of title V of the Elementary and Secondary Education Act of 1965 ("ESEA"), [title VIII-D of the Higher Education Amendments of 1998, and Public Law 102-73, \$862,813,000.] \$838,897,000 of which [\$470,483,000] \$440,908,000, shall become available on July 1, [2004] 2005 and remain available through September 30, [2005] 2006: *Provided*, That [of the amount available for subpart 2 of part A of title IV of the ESEA, \$850,000 shall be used to continue the National Recognition Awards program under the same guidelines outlined by section 120(f) of Public Law 105-244: *Provided further*, That \$445,483,000] \$440,908,000 shall be available for subpart 1 of part A of title IV and [\$234,680,000] \$275,069,000 shall be available for subpart 2 of part A of title IV: *Provided further*, That \$128,838,000 shall be available to carry out part D of title V of the ESEA], of which \$5,000,000, to remain available until expended, shall be for the Project School Emergency Response to Violence program to provide education-related services to local educational agencies in which the learning environment has been disrupted due to a violent or traumatic crisis: *Provided further*, That of the funds available to carry out subpart 3 of part C of title II, up to [\$11,922,000] \$11,852,000 may be used to carry out section 2345 [and \$2,980,000 shall be used by the Center for Civic Education to implement a comprehensive program to improve public knowledge, understanding, and support of the Congress and the state legislatures: *Provided further*, That \$25,000,000 shall be for Youth Offender Grants, of which \$5,000,000 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 of the funds available to carry-out subpart 10 of part D of title V, up to \$2,000,000 may be used to support the Special Olympics. (Division E, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)

Program and Financing (in millions of dollars)

Identification code 91-0203-0-1-501	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
Safe and drug-free schools and communities:			
00.01	State grants	441	441
National programs:			
00.02	Alcohol abuse reduction	30	
00.03	Mentoring program	50	100
00.04	Other national programs	154	175
00.91	Subtotal, Safe and drug-free schools and communities	675	716
01.01	Character education	25	25
02.01	Elementary and secondary school counseling	34	
03.01	Physical education program	70	70
04.01	Civic education	29	29
05.01	State grants for incarcerated youth offenders	20	
06.01	Literacy program for prisoners	5	
10.00	Total new obligations	858	840
Budgetary resources available for obligation:			
22.00	New budget authority (gross)	856	839

23.95	Total new obligations	-858	-840
New budget authority (gross), detail:			
Discretionary:			
40.00	Appropriation	863	839
40.35	Appropriation permanently reduced	-7	
43.00	Appropriation (total discretionary)	856	839
Change in obligated balances:			
72.40	Obligated balance, start of year		815
73.10	Total new obligations	858	840
73.20	Total outlays (gross)	-43	-598
74.40	Obligated balance, end of year	815	1,057
Outlays (gross), detail:			
86.90	Outlays from new discretionary authority	43	42
86.93	Outlays from discretionary balances		556
87.00	Total outlays (gross)	43	598
Net budget authority and outlays:			
89.00	Budget authority	856	839
90.00	Outlays	43	598

Safe and drug-free schools and communities.—

State Grants.—Funds provide formula grants to States to support research-based drug- and violence-prevention programs and to implement strategies to improve school safety.

Mentoring program.—Funds provide grants to local educational agencies and community-based organizations for mentoring programs serving at-risk youth in conjunction with the efforts of the USA Freedom Corps.

Other National Programs.—Funds support national activities to prevent violence and the illegal use of drugs among, and to promote safety and discipline for, students.

Character Education.—Funds provide grants to support the design and implementation of character education programs in the Nation's elementary and secondary schools.

Physical Education Program.—Funds provide grants to local educational agencies and community-based organizations to initiate, expand, or improve physical education programs for students.

Civic Education.—Funds support a grant to the nonprofit Center for Civic Education to promote civic competence and responsibility and improve the quality of civics and government education through coursework and curricula on the history and principles of the Constitution of the United States; and grants to eligible organizations for cooperative education exchange programs to improve the quality of civic and economic education in emerging democracies through exemplary curriculum and teacher training programs for educators. These activities complement civics programs coordinated by the USA Freedom Corps.

Object Classification (in millions of dollars)

Identification code 91-0203-0-1-501	2003 actual	2004 est.	2005 est.
24.0	Printing and reproduction	1	1
25.1	Advisory and assistance services	2	2
25.2	Other services	13	12
25.3	Other purchases of goods and services from Government accounts	2	
41.0	Grants, subsidies, and contributions	840	825
99.9	Total new obligations	858	840

OFFICE OF ENGLISH LANGUAGE ACQUISITION

Federal Funds

General and special funds:

ENGLISH LANGUAGE ACQUISITION

For carrying out part A of title III of the ESEA, [\$685,258,000] \$681,215,000, of which [\$560,301,000] \$595,715,000 shall become

General and special funds—Continued

ENGLISH LANGUAGE ACQUISITION—Continued

available on July 1, [2004] 2005, and shall remain available through September 30, [2005: *Provided*, That notwithstanding section 3111(c)(4)(B)(ii), the Secretary may, in determining the allotments under section 3111(c)(3), use the same Census data for the number of limited English proficient children and youth used for the previous year's allotments under section 3111(c)(3) and the most recent data collected from States for the number of immigrant children and youth that is acceptable to the Secretary] 2006: *Provided [further]*, That funds reserved under section 3111(c)(1)(D) of the ESEA that are not used in accordance with section 3111(c)(2) may be added to the funds that are available July 1, [2004] 2005 through September 30, [2005] 2006 for State allotments under section 3111(c)(3). (*Division E, H.R. 2673, Consolidated Appropriations Bill, FY 2004.*)

Program and Financing (in millions of dollars)

Identification code 91-1300-0-1-501	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.01 Language acquisition State grants	685	692	681
10.00 Total new obligations	685	692	681
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	12	11	.....
22.00 New budget authority (gross)	684	681	681
23.90 Total budgetary resources available for obligation	696	692	681
23.95 Total new obligations	-685	-692	-681
24.40 Unobligated balance carried forward, end of year	11	.....	.....
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	690	685	681
40.35 Appropriation permanently reduced	-4	-4	.....
41.00 Transferred to other accounts	-2	.....	.....
43.00 Appropriation (total discretionary)	684	681	681
Change in obligated balances:			
72.40 Obligated balance, start of year	833	938	811
73.10 Total new obligations	685	692	681
73.20 Total outlays (gross)	-565	-819	-627
73.40 Adjustments in expired accounts (net)	-14	.....	.....
74.40 Obligated balance, end of year	938	811	865
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	5	34	34
86.93 Outlays from discretionary balances	560	785	593
87.00 Total outlays (gross)	565	819	627
Net budget authority and outlays:			
89.00 Budget authority	684	681	681
90.00 Outlays	565	819	627

Language acquisition State grants.—This program provides formula grants to States to improve services for limited English proficient and immigrant students. States are accountable for demonstrating that limited English proficient students are learning English and meeting the same high State standards as all other students. The statute also authorizes national activities including professional development and evaluation, and requires funding for a national information clearinghouse on English language acquisition. The statute also continues discretionary grants for bilingual instructional services and bilingual professional development grants made under the antecedent statute.

Object Classification (in millions of dollars)

Identification code 91-1300-0-1-501	2003 actual	2004 est.	2005 est.
25.5 Research and development contracts	2	2	2
41.0 Grants, subsidies, and contributions	683	690	679
99.9 Total new obligations	685	692	681

OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES

Federal Funds

General and special funds:

SPECIAL EDUCATION

For carrying out *parts B, C, and D* of the Individuals with Disabilities Education Act, [11,307,072,000] \$12,176,101,000, of which [\$5,604,762,000] \$6,560,447,000 shall become available for obligation on July 1, [2004] 2005, and shall remain available through September 30, [2005] 2006, and of which \$5,413,000,000 shall become available on October 1, [2004] 2005, and shall remain available through September 30, [2005] 2006, for academic year [2004-2005] 2005-2006: *Provided*, [That \$11,400,000 shall be for Recording for the Blind and Dyslexic to support the development, production, and circulation of recorded educational materials: *Provided further*, That \$1,500,000 shall be for the recipient of funds provided by Public Law 105-78 under section 687(b)(2)(G) of the Act to provide information on diagnosis, intervention, and teaching strategies for children with disabilities: *Provided further*,] That the amount for section 611(c) of the Act shall be equal to the amount available for that section during fiscal year [2003] 2004, increased by the amount of inflation as specified in section 611(f)(1)(B)(ii) of the Act: *Provided further*, That \$6,879,000 of the funds for section 672 of the Act shall be available for the projects and in the amounts specified in the statement of the managers of the conference report accompanying this Act]. (*Division E, H.R. 2673, Consolidated Appropriations Bill, FY 2004.*)

Program and Financing (in millions of dollars)

Identification code 91-0300-0-1-501	2003 actual	2004 est.	2005 est.
Direct program:			
Obligations by program activity:			
State grants:			
00.01 Grants to States	8,246	10,371	11,068
00.02 Preschool grants	384	391	388
00.03 Grants for infants and families	430	486	467
00.91 Subtotal, State grants	9,060	11,248	11,923
National activities:			
01.01 State improvement	52	97	51
01.02 Research and innovation	77	78	.....
01.03 Technical assistance and dissemination	53	53	53
01.04 Personnel preparation	92	92	91
01.05 Parent information centers	26	26	26
01.06 Technology and media services	38	39	32
01.91 Subtotal, National activities	338	385	253
02.00 Total Direct Program	9,398	11,633	12,176
10.00 Total new obligations	9,398	11,633	12,176
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	99	135	.....
22.00 New budget authority (gross)	9,433	11,498	12,176
23.90 Total budgetary resources available for obligation	9,532	11,633	12,176
23.95 Total new obligations	-9,398	-11,633	-12,176
24.40 Unobligated balance carried forward, end of year	135	.....	.....
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	4,423	5,894	6,763
40.35 Appropriation permanently reduced	-62	-68	.....
43.00 Appropriation (total discretionary)	4,361	5,826	6,763
55.00 Advance appropriation	5,072	5,672	5,413
70.00 Total new budget authority (gross)	9,433	11,498	12,176
Change in obligated balances:			
72.40 Obligated balance, start of year	6,137	7,019	9,543
73.10 Total new obligations	9,398	11,633	12,176
73.20 Total outlays (gross)	-8,491	-9,109	-10,751
73.40 Adjustments in expired accounts (net)	-25	.....	.....
74.40 Obligated balance, end of year	7,019	9,543	10,968
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	3,224	3,912	3,762
86.93 Outlays from discretionary balances	5,267	5,197	6,989
87.00 Total outlays (gross)	8,491	9,109	10,751

Net budget authority and outlays:

89.00	Budget authority	9,433	11,498	12,176
90.00	Outlays	8,491	9,109	10,751

Note.—Excludes \$78 million in budget authority for Research and Innovation in Special Education, which is proposed for later transmittal under the Institute of Education Sciences account. Comparable amounts for 2003 (\$77 million) and 2004 (\$78 million) are included above.

SUMMARY OF GRANTS TO STATES PROGRAM LEVEL

[In millions of dollars]

	2003–2004 academic year	2004–2005 academic year	2005–2006 academic year
Current Budget Authority	3,202	4,655	5,655
Advance appropriation	5,672	5,413	5,413
Total program level	8,874	10,068	11,068
Change in advance appropriation from the previous year	+600	–259	.....

State Grants:

Grants to States.—Formula grants are provided to States to assist them in providing special education and related services to children with disabilities ages 3 through 21.

Preschool grants.—Formula grants provide additional funds to States to further assist them in providing special education and related services to children with disabilities ages 3 through 5 served under the Grants to States program.

The goal of both of these programs is to improve results for children with disabilities by assisting State and local educational agencies to provide children with disabilities with access to high quality education that will help them meet challenging standards and prepare them for employment and independent living.

Grants for infants and families.—Formula grants are provided to assist States to implement statewide systems of coordinated, comprehensive, multi-disciplinary interagency programs to provide early intervention services to children with disabilities, birth through age 2, and their families.

The goal of this program is to help States provide a comprehensive system of early intervention services that will enhance child and family outcomes.

National activities:

These activities include personnel preparation, technical assistance, and other activities to support State efforts to improve results for children with disabilities under the State Grants programs.

The goal of National Activities is to link States, school systems, and families to best practices to improve results for infants, toddlers, and children with disabilities.

The General Education Provisions Act extension for Grants for Infants and Families and National Activities programs applied through September 30, 2003; authorizing legislation is required. Pending legislation would transfer research activities currently funded under this account to the Institute of Education Sciences.

Performance data related to program goals include:

Number of children served in first quarter of fiscal year (in thousands):	2003 actual	2004 est.	2005 est.
Ages 3 through 21	6,611	6,737	6,858
Ages 3 through 5	647	666	686
Birth through 2	268	290	313
	1999–2000 actual	2000–2001 actual	2001–2002 actual
Educational Environment			
Percent of children ages 6 through 21 provided special education in:			
Regular classrooms	47.3	46.5	48.4
Resource rooms	28.3	29.8	28.3
Separate classes	20.3	19.5	19.2
Separate schools	2.9	3.0	2.9
Residential facilities .....	.7	.7	.7
Home or hospital .....	.5	.5	.4

Status of Exiting Students

Percent of students with disabilities aged 14–21 leaving school:

Graduated with a diploma	46.1	47.6	51.1
Graduated through certification	9.4	9.2	9.5
Dropped out of school	42.1	41.1	37.6
Reached maximum age and other	2.4	2.1	1.8

Object Classification (in millions of dollars)

Identification code 91–0300–0–1–501	2003 actual	2004 est.	2005 est.
25.1 Advisory and assistance services	2	2	2
25.2 Other services	22	23	23
41.0 Grants, subsidies, and contributions	9,374	11,608	12,151
99.9 Total new obligations	9,398	11,633	12,176

REHABILITATION SERVICES AND DISABILITY RESEARCH

For carrying out, to the extent not otherwise provided, the Rehabilitation Act of 1973, the Assistive Technology Act of 1998 (“the AT Act”), and the Helen Keller National Center Act, [\$3,013,305,000, of which \$1,000,000 shall be awarded to the American Academy of Orthotists and Prosthetists for activities that further the purposes of the grant received by the Academy for the period beginning October 1, 2003, including activities to meet the demand for orthotic and prosthetic provider services and improve patient care] \$3,047,197,000, of which \$15,000,000 shall be for grants to States under title III of the AT Act: Provided, That [the funds provided for title I of the Assistive Technology Act of 1998 (“the AT Act”) shall be allocated notwithstanding section 105(b)(1) of the AT Act: Provided further, That section 101(f) of the AT Act shall not limit the award of an extension grant to three years: Provided further, That no State or outlying area awarded funds under section 101 shall receive less than the amount received in fiscal year 2003] the Federal share of such grants shall not exceed 75 percent, and the requirements in sections 301(c)(2) and 302 of the AT Act shall not apply to such grants: Provided further, That [\$5,035,000 of the funds for section 303 of the Rehabilitation Act of 1973 shall be available for the projects and in the amounts specified in the statement of the managers of the conference report accompanying this Act] funds available under the Vocational Rehabilitation State Grants program may be used by State Vocational agencies to pay for the fiscal year 2005 continuation costs of projects funded in fiscal year 2003 under title VI, Part A, of the Rehabilitation Act. (Division E, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)

Program and Financing (in millions of dollars)

Identification code 91–0301–0–1–506	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
Direct program:			
00.01 Vocational rehabilitation State grants	2,533	2,584	2,697
00.02 Client assistance State grants	12	12	12
00.03 Training	39	39	39
00.04 Demonstration and training programs	21	24	19
00.05 Migrant and seasonal farmworkers	2	2	.....
00.06 Recreational programs	3	2	.....
00.07 Protection and advocacy of individual rights	17	17	19
00.08 Projects with industry	22	22	.....
00.09 Supported employment State grants	38	38	.....
00.10 Independent living	119	127	127
00.11 Program improvement	1	1	1
00.12 Evaluation	1	1	2
00.13 Helen Keller National Center	9	9	9
00.14 National Institute on Disability and Rehabilitation Research	109	107	107
00.15 Assistive technology	63	26	15
00.16 Access to Telework Fund	20	.....	.....
01.00 Total direct program	3,009	3,011	3,047
09.01 Reimbursable program	2	2	2
10.00 Total new obligations	3,011	3,013	3,049
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	56	.....	.....
22.00 New budget authority (gross)	2,956	3,013	3,049
23.90 Total budgetary resources available for obligation	3,012	3,013	3,049
23.95 Total new obligations	–3,011	–3,013	–3,049

General and special funds—Continued

REHABILITATION SERVICES AND DISABILITY RESEARCH—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 91-0301-0-1-506	2003 actual	2004 est.	2005 est.
23.98 Unobligated balance expiring or withdrawn	- 1		
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	424	430	411
40.35 Appropriation permanently reduced	- 3	- 3	
41.00 Transferred to other accounts	- 1		
43.00 Appropriation (total discretionary)	420	427	411
Mandatory:			
60.00 Appropriation	2,534	2,584	2,636
Spending authority from offsetting collections:			
Discretionary:			
68.00 Offsetting collections (cash)		1	1
68.10 Change in uncollected customer payments from Federal sources (unexpired)	2	1	1
68.90 Spending authority from offsetting collections (total discretionary)	2	2	2
70.00 Total new budget authority (gross)	2,956	3,013	3,049
Change in obligated balances:			
72.40 Obligated balance, start of year	1,070	1,193	994
73.10 Total new obligations	3,011	3,013	3,049
73.20 Total outlays (gross)	- 2,874	- 3,210	- 3,040
73.40 Adjustments in expired accounts (net)	- 14		
74.00 Change in uncollected customer payments from Federal sources (unexpired)	- 2	- 1	- 1
74.10 Change in uncollected customer payments from Federal sources (expired)	1		
74.40 Obligated balance, end of year	1,193	994	1,001
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	80	300	288
86.93 Outlays from discretionary balances	329	483	150
86.97 Outlays from new mandatory authority	1,941	1,809	1,845
86.98 Outlays from mandatory balances	524	618	757
87.00 Total outlays (gross)	2,874	3,210	3,040
Offsets:			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	- 2	- 3	- 1
Against gross budget authority only:			
88.95 Change in uncollected customer payments from Federal sources (unexpired)	- 2	- 1	- 1
88.96 Portion of offsetting collections (cash) credited to expired accounts	2	2	
Net budget authority and outlays:			
89.00 Budget authority	2,954	3,011	3,047
90.00 Outlays	2,872	3,207	3,039

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 2004.

The table below presents national data on selected performance measures for the VR State grants program. The data are based on the number of individuals whose service records were closed in fiscal years 2001 (385,221) and 2002 (367,625).

CONSUMER OUTCOMES (CASES CLOSED)

	2001 actual	2002 actual
Individuals achieving employment outcomes	233,691	221,084
Percent with significant disabilities	88.0%	88.8%
Employment outcomes as a percent all of individuals receiving services	60.7%	60.1%

The 2005 budget request reflects a multi-year Administration effort to reform job training programs, target resources to programs with documented effectiveness, and eliminate

funding for duplicative and overlapping programs. Consistent with this crosscutting reform, the budget consolidates funding for three programs in this account (Supported Employment State Grants, Projects with Industry, and the Migrant and Seasonal Farmworkers program) within the Vocational Rehabilitation State Grants program.

Client assistance State grants.—Formula grants are made to States to provide assistance in informing and advising clients and applicants of benefits available under the Rehabilitation Act and, if requested, to pursue legal or administrative remedies to ensure the protection of the rights of individuals with disabilities.

Training.—Grants are made to States and public or non-profit agencies and organizations, including institutions of higher education, to increase the number of skilled personnel available for employment in the field of rehabilitation and to upgrade the skills of those already employed.

Demonstration and training programs.—Grants are made for programs that expand and improve the provision of rehabilitation services or that further the purposes of the Rehabilitation Act.

Protection and advocacy of individual rights.—Formula grants are made to State protection and advocacy systems to protect the legal and human rights of individuals with disabilities.

Independent living.—Grants are awarded to States and non-profit agencies to assist individuals with significant disabilities in their achievement of self-determined independent living goals. Grants are also awarded to provide support services to older blind individuals to increase their ability to care for their own needs.

Program improvement.—Funds are used to promote broad-based planning and coordination, improve accountability, and enhance the Department's ability to address critical areas of national significance in achieving the goals of the Rehabilitation Act. Examples of program improvement activities include technical assistance, dissemination, and performance measurement activities.

Evaluation.—Studies are conducted to evaluate the impact and effectiveness of various programs authorized under the Rehabilitation Act.

Helen Keller National Center for Deaf-Blind Youths and Adults.—The Center provides services to deaf-blind youths and adults and provides training and technical assistance to professional and allied personnel at its national headquarters center and through its regional representatives and affiliate agencies.

National Institute on Disability and Rehabilitation Research.—The Institute carries out a comprehensive and coordinated program of rehabilitation research and related activities. Through grants and contracts, it supports the conduct and dissemination of research aimed at improving the lives of individuals with disabilities. The Institute also promotes the development and utilization of new technologies to assist these individuals in achieving greater independence and integration into society.

Assistive technology loan program.—Grants are made to States to establish or expand alternative 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	2003 actual	2004 est.	2005 est.
Direct obligations:			
25.1 Advisory and assistance services	10	10	9
25.2 Other services	2	2	2
25.3 Other purchases of goods and services from Government accounts	1	2	1
25.5 Research and development contracts	1		
41.0 Grants, subsidies, and contributions	2,995	2,997	3,035

99.0	Direct obligations	3,009	3,011	3,047
99.0	Reimbursable obligations	2	2	2
99.9	Total new obligations	3,011	3,013	3,049

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.), **[\$16,500,000] \$16,403,000.** (Division E, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)

Program and Financing (in millions of dollars)

Identification code 91-0600-0-1-501	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.01 Direct Program Activity	15	16	16
10.00 Total new obligations (object class 41.0)	15	16	16
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	16	16	16
23.95 Total new obligations	-15	-16	-16
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	16	16	16
Change in obligated balances:			
72.40 Obligated balance, start of year	6	7	1
73.10 Total new obligations	15	16	16
73.20 Total outlays (gross)	-14	-22	-16
74.40 Obligated balance, end of year	7	1	1
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	8	15	15
86.93 Outlays from discretionary balances	6	7	1
87.00 Total outlays (gross)	14	22	16
Net budget authority and outlays:			
89.00 Budget authority	16	16	16
90.00 Outlays	15	22	16

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 2003, the portion of the Federal appropriation allocated to educational materials represented approximately 58.5 percent of the Printing House's total sales. The full appropriation represented approximately 61.6 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.), **[\$53,800,000] \$53,803,000,** of which **[\$367,000] \$685,000** 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. (Division E, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)

Program and Financing (in millions of dollars)

Identification code 91-0601-0-1-502	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.01 Operations	52	53	53
00.02 Construction	2		1
10.00 Total new obligations (object class 41.0)	54	53	54
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	54	53	54
23.95 Total new obligations	-54	-53	-54
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	54	53	54

Change in obligated balances:			
72.40 Obligated balance, start of year		2	5
73.10 Total new obligations	54	53	54
73.20 Total outlays (gross)	-53	-50	-54
74.40 Obligated balance, end of year	2	5	4
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	52	50	50
86.93 Outlays from discretionary balances	1		4
87.00 Total outlays (gross)	53	50	54
Net budget authority and outlays:			
89.00 Budget authority	54	53	54
90.00 Outlays	53	50	54

This residential program provides postsecondary technical and professional education for people who are deaf to prepare them for employment, provides training, and conducts applied research into employment-related aspects of deafness. In 2003, Federal appropriations represented 81 percent of the Institute's operating budget. The request includes funds for the Endowment Grant program. The request also includes funds for part of the cost of construction projects to renovate the NTID theater and construct a new student development center.

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.), **[\$100,800,000] \$100,205,000:** *Provided,* That from the total amount available, the University may at its discretion use funds for the endowment program as authorized under section 207. (Division E, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)

Program and Financing (in millions of dollars)

Identification code 91-0602-0-1-502	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.01 Operations	98	100	100
10.00 Total new obligations (object class 41.0)	98	100	100
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	97	100	100
23.95 Total new obligations	-98	-100	-100
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	98	101	100
40.35 Appropriation permanently reduced	-1	-1	
43.00 Appropriation (total discretionary)	97	100	100
Change in obligated balances:			
72.40 Obligated balance, start of year			6
73.10 Total new obligations	98	100	100
73.20 Total outlays (gross)	-97	-94	-100
74.40 Obligated balance, end of year		6	6
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	97	94	94
86.93 Outlays from discretionary balances			6
87.00 Total outlays (gross)	97	94	100
Net budget authority and outlays:			
89.00 Budget authority	97	100	100
90.00 Outlays	98	94	100

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

General and special funds—Continued

GALLAUDET UNIVERSITY—Continued

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 2003, the Federal appropriation represented 65.3 percent of the University's total revenue, which also includes other Federal funds such as student financial aid, vocational rehabilitation, Endowment Grant program income, and competitive grants and contracts, and 97.3 percent of the revenue related to the elementary and secondary schools. The request also includes funds for the Endowment Grant program.

OFFICE OF VOCATIONAL AND ADULT
EDUCATION

Federal Funds

General and special funds:

VOCATIONAL AND ADULT EDUCATION

For carrying out, to the extent not otherwise provided, [the Carl D. Perkins Vocational and Technical Education Act of 1998,] the Adult Education and Family Literacy Act, [and subparts 4 and 11 of part D of title V of the Elementary and Secondary Education Act of 1965 ("ESEA"), \$2,121,690,000, of] \$590,233,000, which [\$1,304,712,000] shall become available on July 1, [2004] 2005 and shall remain available through September 30, [2005 and of which \$791,000,000 shall become available on October 1, 2004 and shall remain available through September 30, 2005: *Provided*, That notwithstanding any other provision of law or any regulation, the Secretary of Education shall not require the use of a restricted indirect cost rate for grants issued pursuant to section 117 of the Carl D. Perkins Vocational and Technical Education Act of 1998] 2006: *Provided*, [further] That of the amount provided for Adult Education State Grants, [\$69,545,000] \$69,135,000 shall be made available for integrated English literacy and civics education services to immigrants and other limited English proficient populations: *Provided further*, That of the amount reserved for integrated English literacy and civics education, notwithstanding section 211 of the Adult Education and Family Literacy Act, 65 percent shall be allocated to States based on a State's absolute need as determined by calculating each State's share of a 10-year average of the Immigration and Naturalization Service data for immigrants admitted for legal permanent residence for the 10 most recent years, and 35 percent allocated to States that experienced growth as measured by the average of the 3 most recent years for which Immigration and Naturalization Service data for immigrants admitted for legal permanent residence are available, except that no State shall be allocated an amount less than \$60,000: *Provided further*, That of the amounts made available for the Adult Education and Family Literacy Act, [\$9,223,000] \$9,169,000 shall be for national leadership activities under section 243 and [\$6,732,000] \$6,692,000 shall be for the National Institute for Literacy under section 242: *Provided further*, That \$185,000,000 shall be available to carry out part D of title V of the ESEA: *Provided further*, That \$175,000,000 shall be available to support the activities authorized under subpart 4 of part D of title V of the Elementary and Secondary Education Act of 1965, of which up to 5 percent shall become available October 1, 2003 and shall remain available through September 30, 2005, for evaluation, technical assistance, school networking, peer review of applications, and program outreach activities, and of which not less than 95 percent shall become available on July 1, 2004, and remain available through September 30, 2005, for grants to local educational agencies: *Provided further*, That funds made available to local education agencies under this subpart shall be used only for activities related to establishing smaller learning communities in high schools]. (*Division E, H.R. 2673, Consolidated Appropriations Bill, FY 2004.*)

Program and Financing (in millions of dollars)

Identification code 91-0400-0-1-501	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
Vocational education:			
Annual appropriations:			
Vocational education:			
00.01	1,185	1,204	791
00.02	12	12	12
00.03	10	9	1
00.04			
		7	7
00.05	105	109	
00.06	10	5	
00.91	1,329	1,346	804
Adult education:			
01.01	554	595	574
01.02	6	7	7
01.03	9	9	9
01.91	569	611	590
02.01	19		
03.01	5	5	
04.01			174
05.01		10	
10.00	1,922	1,972	1,568
Budgetary resources available for obligation:			
21.40	56	78	215
22.00	1,943	2,109	1,381
23.90	1,999	2,187	1,596
23.95	-1,922	-1,972	-1,568
24.40	78	215	27
New budget authority (gross), detail:			
Discretionary:			
40.00	1,165	1,331	590
40.35	-13	-13	
43.00	1,152	1,318	590
55.00	791	791	791
70.00	1,943	2,109	1,381
Change in obligated balances:			
72.40	1,652	1,618	1,658
73.10	1,922	1,972	1,568
73.20	-1,943	-1,932	-1,965
73.40	-13		
74.40	1,618	1,658	1,261
Outlays (gross), detail:			
86.90	613	661	585
86.93	1,330	1,271	1,380
87.00	1,943	1,932	1,965
Net budget authority and outlays:			
89.00	1,943	2,109	1,381
90.00	1,943	1,932	1,965

Summary of Budget Authority and Outlays

(in millions of dollars)

	2003 actual	2004 est.	2005 est.
Enacted/requested:			
Budget Authority	1,943	2,109	1,381
Outlays	1,943	1,932	1,965
Legislative proposal, not subject to PAYGO:			
Budget Authority			221
Outlays			51
Total:			
Budget Authority	1,943	2,109	1,602
Outlays	1,943	1,932	2,016

Vocational education.—The Administration is working with Congress to develop legislation reauthorizing programs included in the Carl D. Perkins Vocational and Technical Education Act of 1998. When new authorizing legislation is enacted resources for the affected programs will be requested.

Adult education—

State programs.—Funds support formula grants to States to help eliminate functional illiteracy among the Nation's adults, to assist adults in obtaining a high school diploma

or its equivalent, and to promote family literacy. A portion of the funds are reserved for formula grants to States to provide English literacy and civics education for immigrants and other limited English proficient adults.

National Institute for Literacy.—Funds support the Institute’s national leadership activities to improve and expand the Nation’s system for delivery of literacy services.

National leadership activities.—Funds support discretionary activities to evaluate the effectiveness of Federal, State, and local adult education programs, and to test and demonstrate methods of improving program quality.

results by linking grantee funding to success in achieving improved student outcomes.

Secondary and technical education.—The proposed reforms to Perkins would create a coordinated high school and technical education improvement program. The program would support and extend the goals of Title I of the Elementary and Secondary Education Act (ESEA) by requiring States and LEAs to focus more intensively on improving student outcomes, such as academic achievement, and ensuring that students are being taught the necessary skills to make successful transitions from high school to college and college to the workforce.

Funds would flow to States by formula, and States, in turn, would use most of their allocations to make competitive grants to partnerships between local education agencies and community and technical colleges. In addition, under the proposed national activities authority, the Department of Education would make grants to States to expand the State Scholars programs that increase the percentage of high school students who have the solid academic foundation necessary to succeed in postsecondary education and a dynamic labor market.

OFFICE OF POSTSECONDARY EDUCATION

Federal Funds

General and special funds:

HIGHER EDUCATION

For carrying out, to the extent not otherwise provided, section 121 and titles II, III, IV, V, VI, and VII of the Higher Education Act of 1965 (“HEA”), as amended, [section 1543 of the Higher Education Amendments of 1992, title VIII of the Higher Education Amendments of 1998, and] the Mutual Educational and Cultural Exchange Act of 1961, [\$2,094,511,000,] and section 117 of the Carl D. Perkins Vocational and Technical Education Act, \$1,977,028,000, of which [\$2,000,000] \$1,500,000 for interest subsidies authorized by section 121 of the HEA shall remain available until expended: *Provided*, That [\$9,935,000] \$9,876,000, to remain available through September 30, [2005] 2006, shall be available to fund fellowships for academic year [2005–2006] 2006–2007 under part A, subpart 1 of title VII of said Act, under the terms and conditions of part A, subpart 1: *Provided further*, That [\$994,000] \$988,000 is for data collection and evaluation activities for programs under the HEA, including such activities needed to comply with the Government Performance and Results Act of 1993: *Provided further*, That notwithstanding any other provision of law, funds made available in this Act to carry out title VI of the HEA and section 102(b)(6) of the Mutual Educational and Cultural Exchange Act of 1961 may be used to support visits and study in foreign countries by individuals who are participating in advanced foreign language training and international studies in areas that are vital to United States national security and who plan to apply their language skills and knowledge of these countries in the fields of government, the professions, or international development: *Provided further*, That up to one percent of the funds referred to in the preceding proviso may be used for program evaluation, national outreach, and information dissemination activities: *Provided further*, That [\$123,110,000 of the funds for part B of title VII of the Higher Education Act of 1965 shall be available for the projects and in the amounts specified in the statement of the managers of the conference report accompanying this Act] *the funds provided for title II of the HEA shall be allocated notwithstanding section 210 of such Act. (Division E, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)*

Program and Financing (in millions of dollars)

Identification code 91–0201–0–1–502	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
Aid for institutional development:			
00.01	81	81	81
00.02	23	23	24
00.03	8	11	6

Object Classification (in millions of dollars)

Identification code 91–0400–0–1–501	2003 actual	2004 est.	2005 est.
Direct obligations:			
Personnel compensation:			
11.1		1	1
11.3	1	1	1
11.9	1	2	2
25.1	1		
25.2	3	3	5
25.3			
	18	27	27
25.5	9	1	5
41.0	1,889	1,939	1,528
99.0	1,921	1,972	1,567
99.5	1		1
99.9	1,922	1,972	1,568

Personnel Summary

Identification code 91–0400–0–1–501	2003 actual	2004 est.	2005 est.
1001	15	19	19

OFFICE OF VOCATIONAL AND ADULT EDUCATION
VOCATIONAL AND ADULT EDUCATION
(Legislative proposal, not subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 91–0400–2–1–501	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
Vocational education:			
Annual appropriations:			
Vocational education:			
00.01			199
10.00			199
Budgetary resources available for obligation:			
22.00			221
23.95			–199
24.40			22
New budget authority (gross), detail:			
Discretionary:			
40.00			221
Change in obligated balances:			
73.10			199
73.20			–51
74.40			149
Outlays (gross), detail:			
86.90			51
Net budget authority and outlays:			
89.00			221
90.00			51

The resources in this schedule are proposed for later transmittal under proposed legislation to reform the Carl D. Perkins Vocational and Technical Education Act of 1998 (Perkins). The reforms would promote stronger accountability for

General and special funds—Continued

HIGHER EDUCATION—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 91-0201-0-1-502	2003 actual	2004 est.	2005 est.
00.04 Strengthening historically black colleges and universities	214	223	240
00.05 Strengthening historically black graduate institutions	54	53	58
00.06 Minority science and engineering improvement	9	9	9
00.91 Subtotal, aid for institutional development	389	400	418
Other aid for institutions:			
01.01 Developing Hispanic-serving institutions	92	94	96
01.02 International education and foreign language studies	108	103	103
01.03 Fund for the Improvement of Postsecondary Education	171	157	32
01.05 Demonstration projects to ensure quality higher education for students with disabilities	7	7	
01.06 Interest subsidy grants	3	10	2
01.07 Tribally controlled postsecondary vocational and technical institutions			7
01.91 Subtotal, other aid for institutions	381	371	240
Assistance for students:			
02.01 Federal TRIO programs	827	833	833
02.02 Gaining early awareness and readiness for undergraduate programs (GEAR UP)	293	298	298
02.03 Byrd honors scholarships	41	41	41
02.04 Javits fellowships	10	10	10
02.05 Graduate assistance in areas of national need	31	31	31
02.06 Thurgood Marshall legal educational opportunity program	5		
02.07 B.J. Stupak Olympic scholarships	1	1	
02.08 Child care access means parents in school	16	16	16
02.91 Subtotal, assistance for students	1,224	1,230	1,229
03.01 Teacher quality enhancement	89	89	89
04.01 GPRA data/HEA program evaluation	1	1	1
05.01 Underground railroad program	2	2	
10.00 Total new obligations	2,086	2,093	1,977
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	17	18	10
22.00 New budget authority (gross)	2,086	2,085	1,977
23.90 Total budgetary resources available for obligation	2,103	2,103	1,987
23.95 Total new obligations	-2,086	-2,093	-1,977
24.40 Unobligated balance carried forward, end of year	18	10	10
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	2,100	2,097	1,977
40.35 Appropriation permanently reduced	-14	-12	
43.00 Appropriation (total discretionary)	2,086	2,085	1,977
Change in obligated balances:			
72.40 Obligated balance, start of year	2,702	2,833	2,752
73.10 Total new obligations	2,086	2,093	1,977
73.20 Total outlays (gross)	-1,931	-2,174	-2,105
73.40 Adjustments in expired accounts (net)	-24		
74.40 Obligated balance, end of year	2,833	2,752	2,624
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	62	106	100
86.93 Outlays from discretionary balances	1,869	2,068	2,005
87.00 Total outlays (gross)	1,931	2,174	2,105
Net budget authority and outlays:			
89.00 Budget authority	2,086	2,085	1,977
90.00 Outlays	1,930	2,174	2,105

Note.—Includes \$7 million in budget authority in 2005 for activities previously financed from the Department of Education.

(in millions of dollars)	2003 actual	2004 est.
Office of Vocational and Adult Education	7	7

Aid for institutional development.—

Strengthening institutions.—Funds support planning and development grants for improving academic programs and financial management at schools that enroll high proportions of disadvantaged students and have low per-student expenditures.

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

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

Strengthening historically black colleges and universities.—Funds support grants to help historically black undergraduate institutions to improve and expand their capacity to serve students, and to strengthen management and fiscal operations.

Strengthening historically black graduate institutions.—Funds support grants to help historically black graduate institutions to improve and expand their capacity to serve students, and to strengthen management and fiscal operations.

Minority science and engineering improvement.—Funds support grants to predominantly minority institutions to help them make long-range improvements in science and engineering education and to increase the participation of minorities in scientific and technological careers.

Other aid for institutions.—

Developing Hispanic-serving institutions.—Funds support Hispanic-serving institutions to enable them to improve and expand their capacity to serve students.

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

Fund for the improvement of postsecondary education.—Funds support a broad range of postsecondary reform and improvement projects, as well as international consortia programs.

Interest subsidy grants.—Funds meet mandatory interest subsidy costs of construction loan commitments made prior to 1974.

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

Assistance for students.—

Federal TRIO programs.—Funds support postsecondary education outreach and student support services through 5 major programs designed to help individuals from disadvantaged backgrounds enter and complete college and graduate studies.

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

Byrd honors scholarships.—Funds support merit-based scholarships to students who have demonstrated outstanding academic achievement and who show promise of continued academic excellence for study at an institution of higher education.

Javits fellowships.—Funds support fellowships to students of superior ability who have financial need and who are pursuing doctoral degrees in the arts, humanities, and social sciences.

Graduate assistance in areas of national need.—Funds support fellowships to graduate students of superior ability who have financial need and who are from traditionally under-represented backgrounds for study in areas of national need.

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

Other aid.—

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

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

Object Classification (in millions of dollars)

Identification code 91-0201-0-1-502	2003 actual	2004 est.	2005 est.
25.1 Advisory and assistance services	3	4	4
25.2 Other services	4	5	6
25.3 Other purchases of goods and services from Government accounts	2	2	2
25.7 Operation and maintenance of equipment	1	1	1
41.0 Grants, subsidies, and contributions	2,076	2,081	1,964
99.9 Total new obligations	2,086	2,093	1,977

HOWARD UNIVERSITY

For partial support of Howard University (20 U.S.C. 121 et seq.), **[\$240,180,000]** \$238,763,000, of which not less than **[\$3,573,000]** \$3,600,000 shall be for a matching endowment grant pursuant to the Howard University Endowment Act (Public Law 98-480) and shall remain available until expended. (Division E, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)

Program and Financing (in millions of dollars)

Identification code 91-0603-0-1-502	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.01 General support	205	216	209
00.02 Howard University Hospital	30	30	30
10.00 Total new obligations (object class 41.0)	235	246	239
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	4	7	.....
22.00 New budget authority (gross)	238	239	239
23.90 Total budgetary resources available for obligation	242	246	239
23.95 Total new obligations	-235	-246	-239
24.40 Unobligated balance carried forward, end of year	7	.....	.....
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	240	240	239
40.35 Appropriation permanently reduced	-2	-1	.....
43.00 Appropriation (total discretionary)	238	239	239
Change in obligated balances:			
72.40 Obligated balance, start of year	4	.....	15
73.10 Total new obligations	235	246	239
73.20 Total outlays (gross)	-239	-232	-239
74.40 Obligated balance, end of year .....	.....	15	14
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	235	225	225
86.93 Outlays from discretionary balances	4	7	14
87.00 Total outlays (gross)	239	232	239
Net budget authority and outlays:			
89.00 Budget authority	238	239	239
90.00 Outlays	238	232	239

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 2003, Federal funding represented approximately 58 percent of the university's revenue.

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS PROGRAM ACCOUNT

For Federal administrative expenses authorized under section 121 of the Higher Education Act of 1965, **[\$774,000]** \$578,000 to carry out activities related to existing facility loans entered into under the Higher Education Act of 1965.

HISTORICALLY BLACK COLLEGE AND UNIVERSITY CAPITAL FINANCING PROGRAM ACCOUNT

The aggregate principal amount of outstanding bonds insured pursuant to section 344 of title III, part D of the Higher Education Act of 1965, shall not exceed \$357,000,000, and the cost, as defined in section 502 of the Congressional Budget Act of 1974, of such bonds shall not exceed zero.

For administrative expenses to carry out the Historically Black College and University Capital Financing Program entered into pursuant to title III, part D of the Higher Education Act of 1965, as amended, **[\$210,000]** \$212,000. (Division E, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)

Program and Financing (in millions of dollars)

Identification code 91-0241-0-1-502	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.09 Federal administration	1	1	1
10.00 Total new obligations (object class 99.5)	1	1	1
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	1	1	1
23.95 Total new obligations	-1	-1	-1
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	1	1	1
Change in obligated balances:			
72.40 Obligated balance, start of year	1	.....	.....
73.10 Total new obligations	1	1	1
73.20 Total outlays (gross)	-1	-1	-1
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	1	1	1
Net budget authority and outlays:			
89.00 Budget authority	1	1	1
90.00 Outlays	1	1	1

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

Identification code 91-0241-0-1-502	2003 actual	2004 est.	2005 est.
Direct loan levels supportable by subsidy budget authority:			
115001 Historically Black Colleges and Universities	269	269	170
115901 Total direct loan levels	269	269	170
Direct loan subsidy (in percent):			
132001 Historically Black Colleges and Universities	0.00	0.00	0.00
132901 Weighted average subsidy rate	0.00	0.00	0.00
Direct loan subsidy budget authority:			
133001 Historically Black Colleges and Universities .....	.....	.....	.....
133901 Total subsidy budget authority .....	.....	.....	.....
Direct loan subsidy outlays:			
134001 Historically Black Colleges and Universities .....	.....	.....	.....
134901 Total subsidy outlays .....	.....	.....	.....
Direct loan downward reestimate subsidy budget authority:			
137001 Historically Black Colleges and Universities .....	.....	.....	.....
137901 Total downward reestimate budget authority .....	.....	.....	.....
Administrative expense data:			
351001 Budget authority	1	1	1
358001 Outlays from balances .....	.....	.....	.....
359001 Outlays from new authority .....	.....	.....	.....

The College Housing and Academic Facilities Loans Program and the Historically Black College and University Capital Financing Program are administered separately, but are consolidated for presentation purposes.

General and special funds—Continued

HISTORICALLY BLACK COLLEGE AND UNIVERSITY CAPITAL FINANCING PROGRAM ACCOUNT—Continued

College Housing and Academic Facilities Loans Program.—Funds for this activity pay the Federal costs for administering the College Housing and Academic Facilities Loans (CHAFL), College Housing Loans (CHL), and Higher Education Facilities Loans (HEFL) programs. Prior to 1994, these programs provided financing for the construction, reconstruction, and renovation of housing, academic, and other educational facilities. Although no new loans have been awarded since fiscal year 1993, costs for administering the outstanding loans will remain through 2030.

Historically Black College and University Capital Financing Program.—The Historically Black College and University (HBCU) Capital Financing Program provides HBCUs with access to capital financing for the repair, renovation, and construction of classrooms, libraries, laboratories, dormitories, instructional equipment, and research instrumentation. The Higher Education Amendments of 1992 granted the Department authority to enter into insurance agreements with a private for-profit Designated Bonding Authority to guarantee no more than \$375,000,000 in outstanding principal and unpaid accrued interest combined. The bonding authority issues the loans and maintains an escrow account in which 5 percent of each institution's principal is deposited. This amount is estimated to be sufficient to cover all potential delinquencies and defaults. No subsidy appropriations are required. The 2005 budget provides funds for continuing Federal administrative activities only.

Personnel Summary

Identification code 91-0241-0-1-502	2003 actual	2004 est.	2005 est.
1001 Total compensable workyears: Civilian full-time equivalent employment	7	7	5

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS FINANCING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 91-4252-0-3-502	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.02 Interest paid to Treasury	2	1	1
10.00 Total new obligations (object class 43.0)	2	1	1
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year		1	
22.00 New financing authority (gross)	3	1	1
22.60 Portion applied to repay debt		-1	
23.90 Total budgetary resources available for obligation	3	1	1
23.95 Total new obligations	-2	-1	-1
24.40 Unobligated balance carried forward, end of year	1		
New financing authority (gross), detail:			
Mandatory:			
69.00 Offsetting collections (cash)	5	2	2
69.47 Portion applied to repay debt	-2	-1	-1
69.90 Spending authority from offsetting collections (total mandatory)	3	1	1
Change in obligated balances:			
73.10 Total new obligations	2	1	1
73.20 Total financing disbursements (gross)	-2	-1	-1
87.00 Total financing disbursements (gross)	2	1	1
Offsets:			
Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
88.40 Interest repayments	-2	-1	-1
88.40 Principal repayments	-3	-1	-1

88.90 Total, offsetting collections (cash)	-5	-2	-2
Net financing authority and financing disbursements:			
89.00 Financing authority	-2	-1	-1
90.00 Financing disbursements	-3	-1	-1

Consistent with the Federal Credit Reform Act of 1990, the College Housing and Academic Facilities Loans Financing Account records all cash flows to and from the Government resulting from direct loans made in fiscal years 1992 and 1993. The amounts in this account are a means of financing, and are not included in the budget totals.

Status of Direct Loans (in millions of dollars)

Identification code 91-4252-0-3-502	2003 actual	2004 est.	2005 est.
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	25	22	21
1251 Repayments: Repayments and prepayments	-3	-1	
1290 Outstanding, end of year	22	21	21

Balance Sheet (in millions of dollars)

Identification code 91-4252-0-3-502	2002 actual	2003 actual	2004 est.	2005 est.
ASSETS:				
Net value of assets related to post-1991 direct loans receivable:				
1401 Direct loans receivable, gross		22		
1402 Interest receivable		1		
1405 Allowance for subsidy cost (-)		-3		
1499 Net present value of assets related to direct loans		20		
1999 Total assets		20		
LIABILITIES:				
2103 Federal liabilities: Debt		20		
2999 Total liabilities		20		
4999 Total liabilities and net position		20		

Note: Consistent with Government-wide practice, information for 2004 and 2005 was not required to be collected.

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS LIQUIDATING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 91-0242-0-1-502	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.02 Interest paid to Treasury	8	10	9
10.00 Total new obligations (object class 43.0)	8	10	9
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	5	1	
22.00 New budget authority (gross)	9	10	9
22.10 Resources available from recoveries of prior year obligations	3		
22.40 Capital transfer to general fund	-2		
22.60 Portion applied to repay debt	-6	-1	
23.90 Total budgetary resources available for obligation	9	10	9
23.95 Total new obligations	-8	-10	-9
24.40 Unobligated balance carried forward, end of year	1		
New budget authority (gross), detail:			
Mandatory:			
60.00 Appropriation	16	3	3
60.47 Portion applied to repay debt	-13		
62.50 Appropriation (total mandatory)	3	3	3
69.00 Offsetting collections (cash)	51	38	36
69.27 Capital transfer to general fund	-2	-1	-22

69.47	Portion applied to repay debt	-43	-30	-8
69.90	Spending authority from offsetting collections (total mandatory)	6	7	6
70.00	Total new budget authority (gross)	9	10	9
Change in obligated balances:				
72.40	Obligated balance, start of year	12	4	4
73.10	Total new obligations	8	10	9
73.20	Total outlays (gross)	-13	-10	-9
73.45	Recoveries of prior year obligations	-3		
74.40	Obligated balance, end of year	4	4	4
Outlays (gross), detail:				
86.97	Outlays from new mandatory authority	9	10	9
86.98	Outlays from mandatory balances	4		
87.00	Total outlays (gross)	13	10	9
Offsets:				
Against gross budget authority and outlays:				
Offsetting collections (cash) from:				
88.40	Repayments of principal	-37	-26	-25
88.40	Interest received on loans	-14	-12	-11
88.90	Total, offsetting collections (cash)	-51	-38	-36
Net budget authority and outlays:				
89.00	Budget authority	-42	-28	-27
90.00	Outlays	-38	-28	-27

As required by the Federal Credit Reform Act of 1990, the College Housing and Academic Facilities Loans Liquidating Account records all cash flows to and from the Government resulting from direct loans made prior to 1992. This account includes loans made under the College Housing and Academic Facilities Loans, College Housing Loans, and Higher Education Facilities Loans programs, which continue to be administered separately.

Status of Direct Loans (in millions of dollars)

Identification code 91-0242-0-1-502	2003 actual	2004 est.	2005 est.	
CHAFL LIQUIDATING				
Cumulative balance of direct loans outstanding:				
1210	Outstanding, start of year	109	100	97
1251	Repayments: Repayments and prepayments	-9	-3	-3
1290	Outstanding, end of year	100	97	94
HIGHER EDUCATION FACILITIES LOANS				
Cumulative balance of direct loans outstanding:				
1210	Outstanding, start of year	22	20	19
1251	Repayments: Repayments and prepayments	-2	-1	-2
1290	Outstanding, end of year	20	19	17
COLLEGE HOUSING LOANS				
Cumulative balance of direct loans outstanding:				
1210	Outstanding, start of year	254	228	207
1251	Repayments: Repayments and prepayments	-26	-21	-20
1290	Outstanding, end of year	228	207	187

Balance Sheet (in millions of dollars)

Identification code 91-0242-0-1-502	2002 actual	2003 actual	2004 est.	2005 est.
ASSETS:				
Net value of assets related to pre-1992 direct loans receivable and acquired defaulted guaranteed loans receivable:				
1601	Direct loans, gross	385	348	
1602	Interest receivable	6	5	
1699	Value of assets related to direct loans	391	353	
1999	Total assets	391	353	
LIABILITIES:				
Federal liabilities:				
2103	Debt	192	130	
2104	Resources payable to Treasury	199	223	
2999	Total liabilities	391	353	

4999	Total liabilities and net position	391	353	
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Note: Consistent with Government-wide practice, information for 2004 and 2005 was not required to be collected.

**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	2003 actual	2004 est.	2005 est.	
Obligations by program activity:				
00.01	Direct Loan Awards	100	40	
00.02	Interest paid to Treasury	2	5	6
10.00	Total new obligations (object class 43.0)	2	105	46
Budgetary resources available for obligation:				
22.00	New financing authority (gross)	42	105	46
22.70	Balance of authority to borrow withdrawn	-40		
23.90	Total budgetary resources available for obligation	2	105	46
23.95	Total new obligations	-2	-105	-46
New financing authority (gross), detail:				
Mandatory:				
67.10	Authority to borrow	40	100	40
69.00	Offsetting collections (cash)	3	7	8
69.47	Portion applied to repay debt	-1	-2	-2
69.90	Spending authority from offsetting collections (total mandatory)	2	5	6
70.00	Total new financing authority (gross)	42	105	46
Change in obligated balances:				
72.40	Obligated balance, start of year	20	9	70
73.10	Total new obligations	2	105	46
73.20	Total financing disbursements (gross)	-14	-44	-63
74.40	Obligated balance, end of year	9	70	53
87.00	Total financing disbursements (gross)	14	44	63
Offsets:				
Against gross financing authority and financing disbursements:				
Offsetting collections (cash) from:				
88.40	Interest repayments	-2	-5	-6
88.40	Principal repayments	-1	-2	-2
88.90	Total, offsetting collections (cash)	-3	-7	-8
Net financing authority and financing disbursements:				
89.00	Financing authority	39	98	38
90.00	Financing disbursements	11	37	55

The Federal Financing Bank (FFB) purchases bonds issued by the HBCU Designated Bonding Authority. Under the policies governing Federal credit programs, bonds purchased by the FFB and supported by the Department of Education with a letter of credit create the equivalent of a Federal direct loan. HBCU bonds are also available for purchase by the private sector, and these will be treated as loan guarantees. However, the Department anticipates that all HBCU loans will be financed by the FFB.

Status of Direct Loans (in millions of dollars)

Identification code 91-4255-0-3-502	2003 actual	2004 est.	2005 est.	
Position with respect to appropriations act limitation on obligations:				
1111	Limitation on direct loans	269	269	170
1142	Unobligated direct loan limitation (-)	-269	-169	-130
1150	Total direct loan obligations		100	40
Cumulative balance of direct loans outstanding:				
1210	Outstanding, start of year	69	79	116
1231	Disbursements: Direct loan disbursements	11	38	57
1251	Repayments: Repayments and prepayments	-1	-1	-2
1290	Outstanding, end of year	79	116	171

General and special funds—Continued

**HISTORICALLY BLACK COLLEGE AND UNIVERSITY CAPITAL FINANCING
DIRECT LOAN FINANCING ACCOUNT—Continued**

Balance Sheet (in millions of dollars)

Identification code 91-4255-0-3-502	2002 actual	2003 actual	2004 est.	2005 est.
ASSETS:				
1101 Federal assets: Fund balances with Treasury		9		
Net value of assets related to post-1991 direct loans receivable:				
1401 Direct loans receivable, gross		79		
1402 Interest receivable		3		
1499 Net present value of assets related to direct loans		82		
1999 Total assets		91		
LIABILITIES:				
Federal liabilities:				
2102 Interest payable		3		
2103 Debt		79		
2201 Non-Federal liabilities: Undisbursed direct loans		9		
2999 Total liabilities		91		
4999 Total liabilities and net position		91		

Note: Consistent with Government-wide practice, information for 2004 and 2005 was not required to be collected.

OFFICE OF STUDENT FINANCIAL ASSISTANCE

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, \$14,090,430,000, which shall remain available through September 30, 2005.

The maximum Pell Grant for which a student shall be eligible during award year 2004-2005 shall be \$4,050.] (Division E, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)

Program and Financing (in millions of dollars)

Identification code 91-0200-0-1-502	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
Federal Pell grants:			
01.01 Federal Pell grants	12,608	10,224	2,264
Campus-based aid:			
02.01 Federal supplemental educational opportunity grants (SEOG)	761	771	
02.02 Federal work-study	1,011	999	
02.03 Federal Perkins loans: Federal capital contributions	102	99	
02.05 Federal Perkins loans: Loan cancellations	67	67	
02.91 Subtotal, Campus-based activities	1,941	1,936	
03.01 Leveraging educational assistance program	72	66	
04.01 Loan forgiveness for child care providers		1	
10.00 Total new obligations (object class 41.0)	14,621	12,227	2,264
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	1,026	33	1,813
22.00 New budget authority (gross)	13,363	14,007	
22.10 Resources available from recoveries of prior year obligations	266		
23.90 Total budgetary resources available for obligation	14,655	14,040	1,813
23.95 Total new obligations	-14,621	-12,227	-2,264
23.98 Unobligated balance expiring or withdrawn	-1		
24.40 Unobligated balance carried forward, end of year	33	1,813	-451
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	13,451	14,090	
40.35 Appropriation permanently reduced	-87	-83	
41.00 Transferred to other accounts	-1		
43.00 Appropriation (total discretionary)	13,363	14,007	

Change in obligated balances:

72.40 Obligated balance, start of year	8,226	8,479	6,335
73.10 Total new obligations	14,621	12,227	2,264
73.20 Total outlays (gross)	-14,048	-14,371	-7,830
73.40 Adjustments in expired accounts (net)	-53		
73.45 Recoveries of prior year obligations	-266		
74.40 Obligated balance, end of year	8,479	6,335	769

Outlays (gross), detail:

86.90 Outlays from new discretionary authority	5,098	6,168	
86.93 Outlays from discretionary balances	8,950	8,203	7,830
87.00 Total outlays (gross)	14,048	14,371	7,830

Net budget authority and outlays:

89.00 Budget authority	13,363	14,007	
90.00 Outlays	14,048	14,371	7,830

Summary of Budget Authority and Outlays

(in millions of dollars)

Enacted/requested:	2003 actual	2004 est.	2005 est.
Budget Authority	13,363	14,007	
Outlays	14,048	14,371	7,830
Legislative proposal, not subject to PAYGO:			
Budget Authority			14,699
Outlays			7,158
Total:			
Budget Authority	13,363	14,007	14,699
Outlays	14,048	14,371	14,988

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

The Administration is working with Congress to develop legislation reauthorizing programs included in the Higher Education Act. When new authorizing legislation is enacted, resources for the affected programs will be requested.

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. The 2005 data in these tables reflect the Administration's legislative proposals.

AID FUNDS AVAILABLE FOR POSTSECONDARY EDUCATION AND TRAINING

(in thousands)

	2003	2004	2005
Pell grants:			
Regular program	12,680,295	13,042,280	12,803,320
State Scholars pilot			33,000
Student loans:			
Guaranteed student loans:			
Stafford loans	15,618,242	17,698,690	19,052,088
Unsubsidized Stafford loans	14,185,510	16,406,054	18,012,122
PLUS	3,987,072	4,873,629	5,523,922
Direct student loans:			
Stafford loans	5,789,975	6,309,213	6,737,974
Unsubsidized Stafford loans	4,518,826	4,962,978	5,395,837
PLUS	1,659,964	1,947,252	2,195,405
Consolidation:			
FFEL	34,935,100	25,604,812	22,048,423
Direct Loans	6,657,328	6,276,200	6,320,042
Student loans, subtotal	87,352,018	84,078,827	85,285,814
Work-study	1,202,993	1,195,690	1,195,690
Supplemental educational opportunity grants	962,061	975,260	975,260
Perkins loans	1,201,367	1,262,882	1,136,684
Leveraging educational assistance partnership	169,695	168,517	
Loan forgiveness for child care providers	994		
Total aid available	103,569,423	100,723,456	101,396,768

NUMBER OF AID AWARDS			
(in thousands)			
	2003	2004	2005
Pell grants:			
Regular program	5,141	5,344	5,336
State Scholars pilot			36
Guaranteed student loans—Stafford loans	3,723	4,200	4,473
Guaranteed student loans—Unsubsidized Stafford loans	2,728	3,112	3,355
Guaranteed student loans—PLUS	400	542	496
Guaranteed student loans—Consolidation	1,204	881	750
Direct student loans—Stafford loans	1,318	1,408	1,489
Direct student loans—Unsubsidized Stafford loans	915	966	1,035
Direct student loans—PLUS	181	198	213
Direct student loans—Consolidation	297	269	260
Work-study	863	858	858
Supplemental educational opportunity grants	1,237	1,254	1,254
Perkins loans	641	674	606
Leveraging Educational Assistance Partnership	170	169	0
Total awards	18,817	19,875	20,123

AVERAGE AID AWARDS			
(in whole dollars)			
	2003	2004	2005
Pell grants:			
Regular program	2,467	2,441	2,399
State Scholars pilot			916
Guaranteed student loans—Stafford loans	3,420	3,435	3,473
Guaranteed student loans—Unsubsidized Stafford loans	4,182	4,239	4,318
Guaranteed student loans—PLUS	8,475	9,000	9,469
Guaranteed student loans—SLS	0	0	0
Guaranteed student loans—Consolidation	27,907	27,950	28,284
Direct student loans—Stafford loans	3,600	3,674	3,710
Direct student loans—Unsubsidized Stafford loans	4,040	4,199	4,265
Direct student loans—PLUS	7,889	8,461	8,878
Direct student loans—Consolidation	22,319	23,209	24,183
Work-study	1,394	1,394	1,394
Supplemental educational opportunity grants	778	778	778
Perkins loans	1,875	1,875	1,875
Leveraging Educational Assistance Partnership	1,000	1,000	0

NUMBER OF STUDENTS AIDED			
(in thousands)			
	2003	2004	2005
Unduplicated student count	8,385	8,855	9,241

ADMINISTRATIVE PAYMENTS TO INSTITUTIONS			
(in thousands of dollars)			
	2003	2004	2005
Pell grants	25,705	26,720	26,680
Work-study	75,216	74,762	74,762
Supplemental educational opportunity grants	38,482	39,010	39,010
Perkins loans	48,055	50,515	45,467

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

DEFAULTED PERKINS LOANS			
(In millions of dollars)			
	2003 actual	2004 est.	2005 est.
Outstanding defaulted loans, beginning of year:			
Assigned defaulted loans ¹	321	325	320
Unassigned defaulted loans ²	913	895	876
New defaulted loans	124	128	136
Collections on assigned loans	-25	-31	-37
Collections on unassigned loans	-107	-112	-117
Write-offs for assigned loans	-3	-4	-4
Write-offs for unassigned loans	-4	-5	-6
Outstanding defaulted loans, end of year	1,219	1,196	1,168

¹ Permanently assigned to the Federal Government for collection.
² Unassigned loans at institutions.

STUDENT FINANCIAL ASSISTANCE
(Legislative proposal, not subject to PAYGO)

Status of Direct Loans (in millions of dollars)

Identification code 91-0200-0-1-502			
	2003 actual	2004 est.	2005 est.
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	321	325	320
1251 Repayments: Repayments and prepayments	-25	-31	-37
Write-offs for default:			
1263 Direct loans	-3	-4	-4

1264 Other adjustments, net	32	30	31
1290 Outstanding, end of year	325	320	310

Program and Financing (in millions of dollars)			
Identification code 91-0200-2-1-502			
	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
Federal Pell grants:			
01.01 Federal Pell grants			10,007
01.02 Enhanced Pell Grants for State Scholars			26
01.91 Direct Program by Activities—Subtotal (1 level)			10,033
01.92 Subtotal, Federal Pell Grants			10,033
Campus-based aid:			
02.01 Federal supplemental educational opportunity grants (SEOG)			770
02.02 Federal work-study			999
02.05 Federal Perkins loans: Loan cancellations			67
02.91 Subtotal, Campus-based activities			1,836
10.00 Total new obligations (object class 41.0)			11,869
Budgetary resources available for obligation:			
22.00 New budget authority (gross)			14,699
23.95 Total new obligations			-11,869
24.40 Unobligated balance carried forward, end of year			2,830
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation			14,699
Change in obligated balances:			
73.10 Total new obligations			11,869
73.20 Total outlays (gross)			-7,158
74.40 Obligated balance, end of year			4,711
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority			7,158
Net budget authority and outlays:			
89.00 Budget authority			14,699
90.00 Outlays			7,158

The resources in this schedule are proposed for later transmittal under proposed legislation to reauthorize the Higher Education Act. Together with matching funds, this funding would provide nearly 8.3 million awards totaling more than \$16 billion in available aid.

Federal Pell Grants.—Pell Grants are the single largest source of grant aid for postsecondary education. This year, more than five million undergraduates will receive up to \$4,050 to help pay for postsecondary education. Undergraduate students establish eligibility for these grants under award and need determination rules set out in the authorizing statute and the annual appropriations act. The Administration proposes \$12.830 billion for Pell Grants in the 2005 Budget. Based on current estimates, this should provide sufficient funding for every Pell Grant that will be awarded to students in the 2005–2006 school year.

However, the Pell Grant program also has a \$3.7 billion funding shortfall that requires it to borrow from the subsequent year's appropriation to pay for program costs. This shortfall is largely due to recent underfunding. For instance, in last year's budget the Administration requested \$12.7 billion for Pell Grants to pay for both student awards in the 2004–2005 school year and part of the shortfall. The Congress, however, increased the cost of the Pell Grant program and provided less money than requested. We now expect the Pell Grant shortfall to increase to \$3.7 billion this year, \$1 billion more than the shortfall was in 2003 and \$2.3 billion more than 2002. The Administration will work closely with the Congress to provide sufficient funding for Pell Grants in the 2005–2006 school year, and retire the shortfall.

As part of the Administration's efforts to keep the Pell Grant program on a solid financial foundation, the budget also proposes to allow the Internal Revenue Service to match income data on student aid applications with the applicant's

General and special funds—Continued

STUDENT FINANCIAL ASSISTANCE—Continued

tax data to ensure that students do not receive awards that are higher or lower than the amount for which they are eligible. This is one component of the Administration's efforts to reduce erroneous payments governmentwide. This proposal is projected to save \$50 million in Pell Grant costs in 2005. Savings are expected to grow substantially in future years when the Department of Education fully implements this match.

Enhanced Pell Grants for State Scholars.—The Administration proposes to establish a \$33 million pilot within the Pell Grant program to encourage students and States to participate in the State Scholars program. This pilot program would provide up to an additional \$1,000 to students who complete the rigorous State Scholars curriculum in high school. Students who complete a rigorous curriculum—with at least three years of mathematics and science, as well as four years of English and social studies, and courses in foreign language—are more successful in pursuing and completing further education. Currently, thirteen states participate in the State Scholars program. Although this pilot will operate within the larger Pell Grant program, total funding will be capped at the \$33 million level. If recipients qualify for more than this amount, a process will be developed to allocate awards within the available funding level.

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 allocation formula for the three campus-based programs has historically distributed a disproportionate share of funding to schools with a long history of program participation. The PART found that this statutory formula for allocating funding to schools fails to target aid to the neediest students. Beginning in 2005, the Administration proposes to phase-in a revised allocation formula under which funding distributions are based more directly on institutional need.

Federal Supplemental Educational Opportunity Grants (SEOG).—Federal funds are awarded by formula to qualifying institutions, which use these funds to award grants to undergraduate students. While institutions have discretion in awarding these funds, they are required to give priority to Pell Grant recipients and other students with exceptional need. The Federal share of such grants may not exceed 75 percent of the total grant. The Administration proposes \$770 million for the SEOG program in 2005. This level of funding would provide approximately \$975 million in aid to an estimated 1.3 million needy students.

Federal Work Study.—Federal funds are awarded by formula to qualifying institutions, which provide part-time jobs to eligible undergraduate and graduate students. Hourly earnings under this program must be at least equal to the Federal minimum wage. Federal funding in most cases pays 75 percent of a student's hourly wages, with the remaining 25 percent paid by the employer. The Administration proposes \$999 million for the Federal Work Study program, which will provide \$1.2 billion in aid to over one million students.

The Federal Work Study program also requires participating institutions to use at least 7 percent of the total funds granted to compensate students employed in community service jobs. However, the PART found that, while institutions placed an average of 15 percent of their students in community service jobs, many institutions (including many “elite” colleges and universities) fail to meet even the 7 percent

requirement. To address this issue, the Administration proposes to replace the 7 percent community service requirement with a separate set-aside for community service equal to 20 percent of the Work Study appropriation. Schools would apply for these community service funds separate from their regular allocation.

Perkins Loan Program.—Institutions award low-interest loans from Federal revolving funds held at institutions, which are comprised of Federal Capital Contributions, institutional matching funds, and student repayments on outstanding loans.

The Administration proposes no new budget authority for the Perkins loan program in 2005. The PART found that the program is redundant and duplicative, given the broad availability of need-based, subsidized, relatively low interest loans available through the two larger student loan programs (Family Federal Education Loans and Direct Student Loans). Plus, repayments of existing Perkins loans into Federal revolving funds held at institutions will continue to support more than \$1 billion in new Perkins loans in 2005.

Perkins Loan Program—Cancellations.—The Department of Education reimburses Federal revolving funds held at institutions for cancelled Perkins loans. Under the Higher Education Act, borrowers are eligible to have some or all of their Perkins loan repayment obligation cancelled if they enter certain fields of public service after graduation. Perkins loan balances are also cancelled in the event of a borrower's death, or total and permanent disability. In general, the revolving funds are reimbursed for 100 percent of the principal and accrued interest of the loan cancelled. The Administration's budget proposal for Perkins Loan cancellations is \$66.5 million.

STUDENT AID ADMINISTRATION

For Federal administrative expenses (in addition to funds made available under section 458), to carry out part D of title I, and subparts 1, 3, and 4 of part A, and parts B, C, D and E of title IV of the Higher Education Act of 1965, as amended, **[\$118,010,000]** \$934,639,000, which shall remain available through September 30, 2006, of which not more than \$195,000,000 shall be for account maintenance fees for fiscal year 2005 that are payable to guaranty agencies under part B and are calculated in accordance with section 458 of the Act. (Division E, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)

Program and Financing (in millions of dollars)			
Identification code 91–0202–0–1–502	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.01 Student aid administration	79	117	935
10.00 Total new obligations	79	117	935
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	79	117	935
23.95 Total new obligations	–79	–117	–935
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	105	117	935
41.00 Transferred to other accounts	–26		
43.00 Appropriation (total discretionary)	79	117	935
Change in obligated balances:			
72.40 Obligated balance, start of year		35	44
73.10 Total new obligations	79	117	935
73.20 Total outlays (gross)	–44	–108	–637
74.40 Obligated balance, end of year	35	44	342
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	44	82	607
86.93 Outlays from discretionary balances		26	30
87.00 Total outlays (gross)	44	108	637
Net budget authority and outlays:			
89.00 Budget authority	79	117	935
90.00 Outlays	44	108	637

The Department of Education manages Federal student aid programs that will provide over \$67 billion in Federal student aid grants and loans to over 9 million students and parents in 2005. Primary responsibility for administering these programs lies with the Office of Postsecondary Education and the performance-based Office of Federal Student Aid (FSA). FSA was created by Congress in 1998 with a mandate to improve service to students and other student aid program participants, reduce the cost of student aid administration, and improve accountability and program integrity.

The Department's student aid administrative activities are funded from two main sources: (1) funds appropriated on a permanent basis under section 458 of the Higher Education Act and (2) a discretionary appropriation partially supporting student aid administrative activities. Student aid administrative funds for 2004 totaled \$912 million, \$195 million of which supported the payment of account maintenance fees to FFEL guaranty agencies.

The budget for 2005 includes \$935 million for student aid administration. In order to improve accountability and simplify program oversight and operations, the Administration is proposing to consolidate funding for student aid administrative activities into a single discretionary account. Funding levels for this account will be based on a workload-based methodology consistent with the goals of the performance-based organization.

Object Classification (in millions of dollars)

Identification code 91-0202-0-1-502	2003 actual	2004 est.	2005 est.
Personnel compensation:			
11.1 Full-time permanent	23	43	94
11.5 Other personnel compensation	1	2	3
11.9 Total personnel compensation	24	45	97
12.1 Civilian personnel benefits	5	10	21
21.0 Travel and transportation of persons			4
23.1 Rental payments to GSA	5	7	14
23.3 Communications, utilities, and miscellaneous charges	3	7	26
24.0 Printing and reproduction	4	3	8
25.1 Advisory and assistance services			5
25.2 Other services	1	2	27
25.3 Other purchases of goods and services from Government accounts	2	2	26
25.7 Operation and maintenance of equipment	34	38	507
26.0 Supplies and materials			1
31.0 Equipment	1	3	4
41.0 Grants, subsidies, and contributions			195
99.9 Total new obligations	79	117	935

Personnel Summary

Identification code 91-0202-0-1-502	2003 actual	2004 est.	2005 est.
1001 Total compensable workyears: Civilian full-time equivalent employment	313	533	1,140

FEDERAL STUDENT LOAN RESERVE FUND

Program and Financing (in millions of dollars)

Identification code 91-4257-0-3-502	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
01.02 Obligations, non-federal	4,415	6,454	7,389
10.00 Total new obligations (object class 42.0)	4,415	6,454	7,389
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	1,169	1,107	918
22.00 New budget authority (gross)	4,354	6,265	7,347
23.90 Total budgetary resources available for obligation	5,523	7,372	8,265
23.95 Total new obligations	-4,415	-6,454	-7,389
24.40 Unobligated balance carried forward, end of year	1,107	918	876

New budget authority (gross), detail:

Mandatory:			
69.00 Offsetting collections (cash)	4,354	6,265	7,347
Change in obligated balances:			
73.10 Total new obligations	4,415	6,454	7,389
73.20 Total outlays (gross)	-4,416	-6,454	-7,389
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority	4,354	6,265	7,347
86.98 Outlays from mandatory balances	62	189	42
87.00 Total outlays (gross)	4,416	6,454	7,389
Offsets:			
Against gross budget authority and outlays:			
Offsetting collections (cash) from:			
88.00 Federal sources	-4,031	-5,913	-6,950
88.40 Non-Federal sources	-323	-352	-397
88.90 Total, offsetting collections (cash)	-4,354	-6,265	-7,347
Net budget authority and outlays:			
89.00 Budget authority			
90.00 Outlays	62	189	42

Summary of Budget Authority and Outlays

(in millions of dollars)

Enacted/requested:	2003 actual	2004 est.	2005 est.
Budget Authority			
Outlays	62	189	42
Legislative proposal, subject to PAYGO:			
Budget Authority			
Outlays			-246
Total:			
Budget Authority			
Outlays	62	189	-204

The Higher Education Amendments of 1998 clarified that reserve funds held by public and non-profit guaranty agencies participating in the Federal Family Education Loan (FFEL) program are Federal property. These reserves are used to pay default claims from FFEL lenders and fees to support agency efforts to successfully avert defaults. The Federal Government reimburses these reserves for default claim payments. The following schedules reflect the balances in these guaranty agency funds.

Balance Sheet (in millions of dollars)

Identification code 91-4257-0-3-502	2002 actual	2003 actual	2004 est.	2005 est.
ASSETS:				
1101 Federal assets: Fund balances with Treasury	1,169	1,107		
1999 Total assets	1,169	1,107		
NET POSITION:				
3300 Cumulative results of operations	1,169	1,107		
3999 Total net position	1,169	1,107		
4999 Total liabilities and net position	1,169	1,107		

Note: Consistent with Government-wide practice, information for 2004 and 2005 was not required to be collected.

FEDERAL STUDENT LOAN RESERVE FUND

(Legislative proposal, subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 91-4257-4-3-502	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
01.02 Obligations, non-federal			251
10.00 Total new obligations (object class 42.0)			251
Budgetary resources available for obligation:			
22.00 New budget authority (gross)			497
23.95 Total new obligations			-251

General and special funds—Continued

FEDERAL STUDENT LOAN RESERVE FUND—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 91-4257-4-3-502	2003 actual	2004 est.	2005 est.
24.40 Unobligated balance carried forward, end of year			246
New budget authority (gross), detail:			
Mandatory:			
69.00 Offsetting collections (cash)			497
Change in obligated balances:			
73.10 Total new obligations			251
73.20 Total outlays (gross)			-251
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority			251
Offsets:			
Against gross budget authority and outlays:			
88.40 Offsetting collections (cash) from: Non-Federal sources			-497
Net budget authority and outlays:			
89.00 Budget authority			
90.00 Outlays			-246

A description of how the Administration's legislative proposal will affect the Federal Student Loan Reserve Fund is included under the Federal Direct Student Loan Program Account.

Credit accounts:

FEDERAL DIRECT STUDENT LOAN PROGRAM, PROGRAM ACCOUNT

Program and Financing (in millions of dollars)

Identification code 91-0243-0-1-502	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.05 Upward Restimate Principal	3,721	2,102	
00.06 Interest on Upward Reestimate	870	627	
00.09 Administrative expenses	791	795	
10.00 Total new obligations	5,381	3,524	
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	14	26	
22.00 New budget authority (gross)	5,387	3,524	
22.10 Resources available from recoveries of prior year obligations	7		
22.40 Capital transfer to general fund		-26	
23.90 Total budgetary resources available for obligation	5,408	3,524	
23.95 Total new obligations	-5,381	-3,524	
24.40 Unobligated balance carried forward, end of year	26		
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation			-795
Mandatory:			
60.00 Appropriation	795	795	795
60.00 Appropriation (indefinite)—Upward reestimate	4,591	2,729	
62.50 Appropriation (total mandatory)	5,386	3,524	795
69.00 Offsetting collections (cash)—negative subsidy	366	245	492
69.00 Offsetting collections (cash)—downward reestimate, principal		97	
69.00 Offsetting collections (cash)—downward reestimate, interest		6	
69.10 Change in uncollected customer payments from Federal sources (unexpired)	1		
69.27 Capital transfer to general fund	-366	-348	-492
69.90 Spending authority from offsetting collections (total mandatory)	1		
70.00 Total new budget authority (gross)	5,387	3,524	
Change in obligated balances:			
72.40 Obligated balance, start of year	302	255	323
73.10 Total new obligations	5,381	3,524	
73.20 Total outlays (gross)	-5,421	-3,456	-208
73.45 Recoveries of prior year obligations	-7		
74.00 Change in uncollected customer payments from Federal sources (unexpired)	-1		

74.40 Obligated balance, end of year	255	323	116
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority			-515
86.97 Outlays from new mandatory authority	5,165	3,242	515
86.98 Outlays from mandatory balances	256	214	208
87.00 Total outlays (gross)	5,421	3,456	208
Offsets:			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	-366	-348	-492
Against gross budget authority only:			
88.95 Change in uncollected customer payments from Federal sources (unexpired)	-1		
Net budget authority and outlays:			
89.00 Budget authority	5,020	3,176	-492
90.00 Outlays	5,054	3,108	-284

Summary of Budget Authority and Outlays

(in millions of dollars)

Enacted/requested:	2003 actual	2004 est.	2005 est.
Budget Authority	5,020	3,176	-492
Outlays	5,055	3,108	-284
Legislative proposal, subject to PAYGO:			
Budget Authority			
Outlays			
Total:			
Budget Authority	5,020	3,176	-492
Outlays	5,055	3,108	-284

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

Identification code 91-0243-0-1-502	2003 actual	2004 est.	2005 est.
Direct loan levels supportable by subsidy budget authority:			
115001 Stafford	6,613	6,962	7,370
115002 Unsubsidized Stafford	5,497	5,648	6,115
115003 PLUS	1,732	2,049	2,309
115004 Consolidation	7,363	6,354	6,385
115901 Total direct loan levels	21,205	21,013	22,179
Direct loan subsidy (in percent):			
132001 Stafford	3.63	4.03	3.06
132002 Unsubsidized Stafford	-6.20	-5.48	-8.58
132003 PLUS	-6.53	-6.68	-8.96
132004 Consolidation	-1.42	-1.33	-2.16
132901 Weighted average subsidy rate	-1.50	-1.19	-2.90
Direct loan subsidy budget authority:			
133001 Stafford	240	281	226
133002 Unsubsidized Stafford	-341	-309	-525
133003 PLUS	-113	-137	-207
133004 Consolidation	-104	-85	-138
133901 Total subsidy budget authority	-318	-250	-644
Direct loan subsidy outlays:			
134001 Stafford	213	245	221
134002 Unsubsidized Stafford	-369	-284	-402
134003 PLUS	-109	-122	-175
134004 Consolidation	-102	-84	-136
134901 Total subsidy outlays	-367	-245	-492
Direct loan upward reestimate subsidy budget authority:			
135001 Stafford	1,538	1,180	
135002 Unsubsidized Stafford	3,141	1,305	
135003 PLUS	603	241	
135004 Consolidation	73	619	
135901 Total upward reestimate budget authority	5,355	3,345	
Direct loan downward reestimate subsidy budget authority:			
137001 Stafford	-32	-88	
137003 PLUS		-17	
137004 Consolidation	-732	-613	
137901 Total downward reestimate budget authority	-764	-718	
Student loan administrative expense data:			
351001 Budget authority	795	795	
359001 Outlays	830	727	208

The Federal Government operates two major student loan programs: the Federal Family Education Loan (FFEL) pro-

gram—formerly the Guaranteed Student Loan (GSL) program—and the William D. Ford Federal Direct Loan (Direct Loan) program. For 2005, 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 2005 budget, the President is proposing a package of policy proposals related to the reauthorization of the Higher Education Act (HEA). These proposals, which will expand student benefits and improve program efficiency, are discussed as part of this program description.

From its inception in 1965 through 2003, the FFEL program has provided over \$467 billion in loans to postsecondary students and their parents. Since July 1, 1994, the Direct Loan program has provided \$135 billion in new and consolidation loans to students and parents. Taken together, the FFEL and Direct Loan programs will make more than \$52 billion in new loans available in 2004. Because funding for these two programs is provided on a permanent indefinite basis, for budget purposes they are considered separately from other Federal student financial assistance programs. The FFEL and Direct Loan programs should be viewed in combination with these other programs, however as part of the overall Federal effort to 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 Direct Loan program was created by the Student Loan Reform Act of 1993. Under this program, the Federal Government provides loan funds to postsecondary institutions directly or through an alternative originator. The Direct Loan program began operation in academic year 1994–1995 with 7 percent of overall loan volume and is expected to account for 25 percent in academic year 2004–2005. 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.

Annual and aggregate loan limits are the same across the two programs. In order to help students meet increasing higher education costs, the Administration is proposing to increase loan limits for first-year students from \$2,625 to \$3,000. This limit has not been raised since 1986 and, when taking origination fees into account, has essentially remained unchanged since the early 1970's. This proposal will increase FFEL and Direct Loan costs by \$775 million over 2005–2014.

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.

The borrower rate on Stafford and Unsubsidized Stafford Loans is scheduled to be fixed at 6.8 percent for new loans beginning July 1, 2006. Under current interest rate projections, this would result in a substantial increase in interest rates for most borrowers. The Administration is proposing to eliminate the scheduled change and maintain the current variable interest rate formula, at a cost of \$1.8 billion over 2006–2014.

In the FFEL program, lenders may receive an interest subsidy, called a special allowance, from the Government to ensure a guaranteed rate of return on their loans. Special allowance payments vary by loan type, are determined quarterly, and are based on current borrower interest rates and market-yield formulas. For new Stafford and Unsubsidized Stafford loans, for example, the Federal Government must pay lenders a special allowance if the average 3-month commercial paper rate for a given quarter plus 2.34 percent—or 1.74 percent during in-school, grace, or deferment periods—is higher than the current interest rate charged borrowers.

Loans funded with the proceeds of tax-exempt securities originally issued before October 1, 1993, receive substantially higher special allowance payments than are currently paid on other types of loans. Loan holders are currently able to retain these higher benefits indefinitely by refinancing the underlying securities. The Administration is proposing to eliminate this refinancing provision, reducing special allowance payments by \$4.9 billion over 2005–2014.

Consolidation loans allow borrowers to combine loans made under Title IV of the Higher Education Act—FFEL, Direct Loans, and Perkins Loans—as well as some loans made under the Public Health Service Act. The interest rate for new FFEL and Direct Consolidation loans equals the weighted average of the interest rate on the loans consolidated, rounded up to the nearest one-eighth of one percent. Lenders may choose to offer a lower rate. Interest rates for all new FFEL and Direct Consolidation Loans are capped at 8.25 percent.

FFEL borrowers pay an origination fee to the Government equal to 3 percent of principal, and are also liable for a guaranty agency insurance premium of up to 1 percent of principal. Guaranty agencies have the option of waiving this premium and FFEL lenders have the option of paying some or all of a borrower's origination fee for Stafford Loan borrowers. In order to assure equal terms for FFEL borrowers, as well as strengthen the financial stability of the guaranty agency system, the Administration is proposing that agencies be required to collect the 1 percent insurance premium on all loans guaranteed or disbursed after October 1, 2004. This change will increase the Federal Student Loan Reserve Fund account by \$3.8 billion over 2005–2014.

Direct Loan borrowers are charged an origination fee equal to 3 percent of principal, which partially offsets Federal program operation costs. Borrowers in both programs may be offered financial incentives to encourage prompt repayment.

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.

Under both programs, new borrowers after October 1, 1998, who are employed as teachers in schools serving low-income populations for five consecutive, complete school years, qualify for up to \$5,000 in loan forgiveness. The Administration is proposing to increase this benefit to a maximum of \$17,500 for mathematics, science, and special education teachers considered highly qualified under criteria established in the No Child Left Behind Act of 2001.

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

Borrowers under Direct Loans may choose from among five repayment plans including income-contingent repayment (“pay-as-you-can”), under which annual repayment amounts vary based on the income of the borrower and the amount borrowed, and payments can be made over 25 years. Borrowers may switch between repayment plans at any time. (Income-contingent repayment is not available to Direct PLUS borrowers).

FFEL borrowers may choose from among four repayment plans. Repayment periods under standard, graduated, and income-sensitive repayment may not exceed 10 years. An extended repayment plan of up to 25 years is available for new borrowers with outstanding loans totalling more than \$30,000. FFEL borrowers may change repayment plans annually.

To standardize loan terms and help borrowers manage their debt, the Administration is proposing to standardize extended repayment terms in the FFEL and Direct Loan programs. Under this proposal, the repayment term for borrowers in both programs would be up to: 12 years for balances between \$7,500 and \$10,000; 15 years between \$10,000 and \$20,000; 20 years between \$20,000 and \$40,000; 25 years between \$40,000 and \$60,000; and 30 years in excess of \$60,000. This change will cost \$1 billion over 2005–2014.

Beyond the proposals discussed above, the Budget provides \$3 billion over 10 years for additional student benefits. These additional proposals—which could include reduced fees, default prevention activities, or additional loan limit increases—will be developed in consultation with Congress as part of the HEA reauthorization process. The Budget allocates this \$3 billion over 10 years across three accounts: (i) Approximately \$400 million in the Direct Loan account; (ii) approximately \$1.2 billion in the FFEL account; and (iii) approximately \$1.4 billion in the Federal Student Loan Reserve Fund account (which realizes increased revenues through the universal imposition of the 1 percent insurance premium). Under the current budget structure, student benefits funded in the Federal Student Loan Reserve Fund account do not affect subsidy calculations in the FFEL and DL accounts. If the Administration’s negotiations with Congress result in some or all of the \$1.4 billion in student benefits being shifted into the FFEL and/or DL accounts, the FFEL and/or DL subsidy rates would change. However, any such shift will not affect the net budgetary effect of the Administration’s HEA proposals.

The Administration also proposes to reinstate two expired provisions affecting institutions with cohort default rates of less than 10 percent for the three most recent fiscal years. This proposal would exempt these institutions from the requirement that loans to first-year students be delayed for 30 days prior to disbursement. It would also exempt these schools from the requirement that loans be issued in at least two separate disbursements.

Finally, the Administration proposes to clarify a current provision under which student aid applicants who have been convicted of a drug-related offense are ineligible for Federal student aid. Under this proposal, the current provision would only affect students who commit a drug-related offense while enrolled in higher education; offenses that occur prior to enrollment would not be subject to this provision.

Student loan program administration activities are supported from two sources, including a permanent appropriation authorized under Section 458 of the Higher Education Act and a discretionary student aid administration appropriation. In order to improve accountability and simplify the funding process for these administrative activities, the President is

proposing to combine all funding in the discretionary Student Aid Administration account.

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)

	2003 actual	2004 est.	2005 est.
Program Cost:			
FFEL:			
Liquidating ¹	(755,570)	(953,905)	(816,743)
Program:			
Regular	3,769,228	4,093,939	4,266,168
Consolidation	2,632,419	2,075,121	729,635
Reestimate of Prior Year Costs	(2,979,866)	0	0
Non-Contractual Modifications ²	0	0	0
Subtotal, Program	3,421,781	6,169,060	4,995,803
Total FFEL	2,666,210	5,215,155	4,179,059
Direct Loans:			
Program:			
Regular	(679,331)	(979,690)	(1,167,196)
Consolidation	191,199	69,623	(246,814)
Reestimate of Prior Year Costs	4,590,922	0	0
Non-Contractual Modifications ²	0	0	0
Total, Direct Loans	4,102,790	(910,067)	(1,414,010)
Student Aid Administration ³	0	0	0
Total, FFEL and Direct Loans	6,769,001	4,305,087	2,765,049
Program Cost Outlays:			
FFEL:			
Liquidating ¹	(1,700,833)	(897,374)	(816,743)
Program:			
Regular	3,161,836	3,505,515	3,690,099
Consolidation	2,596,007	2,049,157	721,633
Reestimate of Prior Year Costs	(2,979,866)	0	0
Non-Contractual Modifications ²	0	0	0
Subtotal, Program	2,777,976	5,554,672	4,411,732
Total, FFEL	1,077,143	4,657,298	3,594,988
Direct Loans:			
Program:			
Regular	(679,331)	(979,690)	(1,167,196)
Consolidation	191,199	69,623	(246,814)
Reestimate of Prior Year Costs	4,590,922	0	0
Non-Contractual Modifications ²	0	0	0
Total, Direct Loans	4,102,790	(910,067)	(1,414,010)
Student Aid Administration ³	0	0	0
Total, FFEL and Direct Loans	5,179,933	3,747,230	2,180,978

¹ Liquidating account reflects loans made prior to 1992.

² Reflects the cost or savings associated with policy changes that would affect the terms of existing loans.

³ Supports account maintenance fee payments to FFEL guaranty agencies, Direct Loan origination and servicing, and a range of administrative activities such as application printing, mailing, and processing that are common to all Federal student financial assistance programs.

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

	2003 est.	2004 est.	2005 est.
FFEL:			
Stafford	15,618	17,699	19,052
Unsubsidized Stafford	14,186	16,406	18,012
PLUS	3,987	4,874	5,524
Subtotal	33,791	38,978	42,588
Consolidation	34,935	25,605	22,048
Total, FFEL	68,726	64,583	64,637
Direct Loans:			
Stafford	5,790	6,309	6,738
Unsubsidized Stafford	4,519	4,963	5,396
PLUS	1,660	1,947	2,195
Subtotal	11,969	13,219	14,329
Consolidation	6,657	6,276	6,320
Total, Direct Loans	18,626	19,496	20,649
Total, All Loans	87,352	84,079	85,286

¹ Net commitments equal gross commitments minus loan cancellations.

Number of Loans (in thousands)			
	2003 est.	2004 est.	2005 est.
FFEL:			
Stafford	4,566	5,152	5,486
Unsubsidized Stafford	3,392	3,871	4,172
PLUS	470	542	583
Subtotal	8,429	9,564	10,241
Consolidation	1,252	916	780
Total, FFEL	9,681	10,480	11,021
Direct Loans:			
Stafford	1,608	1,717	1,816
Unsubsidized Stafford	1,119	1,182	1,265
PLUS	210	230	247
Subtotal	2,937	3,129	3,328
Consolidation	298	270	261
Total, Direct Loans	3,236	3,400	3,590
Total, All Loans	12,917	13,880	14,611

Average Loan Size (in whole dollars)			
	2003 est.	2004 est.	2005 est.
FFEL:			
Stafford	3,420	3,435	3,473
Unsubsidized Stafford	4,182	4,239	4,318
PLUS	8,475	9,000	9,469
Weighted Average, without Consolidations	4,009	4,076	4,158
Consolidation	27,907	27,950	28,284
Weighted Average, FFEL	7,099	6,162	5,865
Direct Loans:			
Stafford	3,600	3,674	3,710
Unsubsidized Stafford	4,040	4,199	4,265
PLUS	7,889	8,461	8,878
Weighted Average, without Consolidations	4,075	4,224	4,305
Consolidation	22,319	23,209	24,183
Weighted Average, Direct Loans	5,757	5,734	5,752
Weighted Average, All Loans	6,763	6,058	5,837

Summary of Subsidy, Default and Interest Rates

	2003 est.	2004 est.	2005 est.
Subsidy Rates (in percent) ¹			
FFEL:			
Stafford	13.84%	15.51%	16.37%
Unsubsidized Stafford	3.91%	4.19%	3.38%
PLUS	1.95%	1.76%	1.43%
Consolidation	6.11%	9.54%	10.82%
Weighted Average, FFEL	7.22%	9.19%	9.49%
Direct Loans:			
Stafford	7.96%	4.03%	3.05%
Unsubsidized Stafford	0.08%	-5.48%	-8.68%
PLUS	-1.95%	-6.68%	-9.07%
Consolidation	-8.16%	-1.33%	-2.14%
Weighted Average, Direct Loans	-0.36%	-1.19%	-2.93%

Default Rates (in percent) ²			
	2003 est.	2004 est.	2005 est.
FFEL:			
Stafford	12.80	12.93	13.09
Unsubsidized Stafford	12.17	12.31	12.41
PLUS	6.44	6.44	6.44
Consolidation	15.46	15.33	15.60
Weighted Average, FFEL	13.65	13.23	13.19
Direct Loans:			
Stafford	11.47	11.56	11.69
Unsubsidized Stafford	11.58	11.55	11.65
PLUS	5.57	5.61	5.63
Consolidation	30.91	28.50	26.63
Weighted Average, Direct Loans	17.92	16.42	15.61

Borrower Interest Rates (in percent) ³			
	2003 est.	2004 est.	2005 est.
FFEL:			
Stafford	6.50	6.72	6.79
Unsubsidized Stafford	6.50	6.72	6.79

PLUS	5.54	5.88	6.39
Consolidation (reflects Sub and Unsub Stafford only)	4.58	4.06	4.34
Direct Loans:			
Stafford	6.50	6.72	6.79
Unsubsidized Stafford	6.50	6.72	6.79
PLUS	5.54	5.88	6.39
Consolidation (reflects Sub and Unsub Stafford only)	4.99	4.53	4.84

¹ Subsidy rates represent the Federal portion of non-administrative costs—principally interest subsidies and defaults—associated with each borrowed dollar. For example, a \$1,000 loan with Federal subsidy costs of \$100 would have a subsidy rate of 10 percent.

² Default rates displayed in this table, which reflect projected defaults over the life of a loan cohort, are used in developing program cost estimates. The Department uses other rates based on defaults occurring in the first two years of repayment to determine institutional eligibility to participate in Federal loan programs. These two-year rates tend to be lower than those included in this table.

³ These represent average borrower interest rates during repayment for a typical borrower under standard repayment over the life of the loan.

Selected Program Costs and Offsets ¹ (in thousands of dollars)

	2003 actual	2004 est.	2005 est.
FFEL:			
Interest costs:			
Interest benefits:			
FFEL Liquidating	27,478	0	0
FFEL Program	1,196,434	1,009,011	1,253,472
Total	1,223,913	1,009,011	1,253,472
Special allowance			
FFEL Liquidating	2,776	0	181
FFEL Program	449,325	783,549	2,542,307
Total	452,101	783,549	2,542,487
Default costs and offsets:			
Default claims:			
FFEL Liquidating	121,969	0	0
FFEL Program	2,751,692	3,845,840	4,369,511
Total	2,873,661	3,845,840	4,369,511
Net default collections:			
FFEL Liquidating	1,950,621	0	0
FFEL Program	2,021,970	2,338,724	2,805,257
Total	3,972,591	2,338,724	2,805,257
Contract collection costs:			
FFEL Liquidating	112,140	0	0
FFEL Program	60,196	52,705	61,159
Total	172,336	52,705	61,159
Death, disability, and bankruptcy costs:			
FFEL Liquidating	35,048	0	0
FFEL Program	599,056	723,247	851,032
Total	634,104	723,247	851,032
Fees:			
Borrower origination fees	933,028	1,123,335	1,246,185
Lender origination fee	327,447	315,365	317,964
Sallie Mae offset fee	44,546	43,400	5,307
Consolidation loan holder fees	743,337	914,630	1,022,085
Direct Loans:			
Borrower repayments	16,003,203	0	0
Borrower origination fees	365,493	402,675	442,105
Net default Collections	518,616	1,819,669	2,099,480
Contact Collection Costs	88,664	90,605	122,288
Administrative Costs: ²			
Student Aid Administration	0	0	0
Guaranty agency administrative payments:			
Account Maintenance Fee (included in Student Aid Administration)	195,000	195,000	195,000
Loan Processing and Issuance Fee	173,366	179,433	196,180

Details may not sum to totals due to rounding.
¹ This table represents explicit cash flows in the FFEL and Direct Loan financing accounts. Examples of these flows would include payments of FFEL interest benefits, default claims, and discharge claims, or collections on FFEL or Direct Loan defaults, all of which involve explicit events that are reflected in the Department's financial systems as they occur. Non-events, such as Direct Loan interest benefits, defaults, or discharges, involve payments that are not received, and hence not recorded in the Department's financial systems in the same way. For that reason, these non-events are not included in this table.
² For 2005, no funds are requested for loan administration, as these costs would be part of the proposed discretionary Student Aid Administration account.

Object Classification (in millions of dollars)

Identification code 91-0243-0-1-502	2003 actual	2004 est.	2005 est.
Personnel compensation:			
11.1 Full-time permanent	45	49	
11.3 Other than full-time permanent	1		
11.5 Other personnel compensation	1	2	
11.9 Total personnel compensation	47	51	

Credit accounts—Continued

FEDERAL DIRECT STUDENT LOAN PROGRAM, PROGRAM ACCOUNT—
Continued

Object Classification (in millions of dollars)—Continued

Identification code 91-0243-0-1-502	2003 actual	2004 est.	2005 est.
12.1 Civilian personnel benefits	11	11	
21.0 Travel and transportation of persons	3	3	
23.1 Rental payments to GSA	7	7	
23.3 Communications, utilities, and miscellaneous charges	41	18	
24.0 Printing and reproduction	6	5	
25.1 Advisory and assistance services	6	6	
25.2 Other services	20	24	
25.3 Other purchases of goods and services from Govern- ment accounts	12	13	
25.6 Training	3	3	
25.7 Operation and maintenance of equipment	437	455	
31.0 Equipment	2	3	
32.0 Land and structures		1	
41.0 Grants, subsidies, and contributions	4,786	2,924	
99.9 Total new obligations	5,381	3,524	

Personnel Summary

Identification code 91-0243-0-1-502	2003 actual	2004 est.	2005 est.
1001 Total compensable workyears: Civilian full-time equiv- alent employment	589	607	

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	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.03 Loan modifications			5
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:			
Mandatory:			
60.00 Appropriation			5
69.00 Offsetting collections (cash)—negative subsidy			5
69.27 Capital transfer to general fund			-5
69.90 Spending authority from offsetting collections (total mandatory)			
70.00 Total new budget authority (gross)			5
Change in obligated balances:			
73.10 Total new obligations			5
73.20 Total outlays (gross)			-5
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority			5
Offsets:			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources			-5
Net budget authority and outlays:			
89.00 Budget authority			
90.00 Outlays			

A description of how the Administration's legislative pro-
posal will affect the Direct Loan program is included in the
preceding discussion under the Federal Direct Student Loan
Program Account.

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

Identification code 91-0243-4-1-502	2003 actual	2004 est.	2005 est.
Direct loan levels supportable by subsidy budget author- ity:			
115001 Stafford			67
115002 Unsubsidized Stafford			26
115003 PLUS			2
115004 Consolidation			13
115901 Total direct loan levels			108
Direct loan subsidy (in percent):			
132001 Stafford			-0.01
132002 Unsubsidized Stafford			-0.10
132003 PLUS			-0.11
132004 Consolidation			0.02
132901 Weighted average subsidy rate			-3.70
Direct loan subsidy budget authority:			
133001 Stafford			1
133002 Unsubsidized Stafford			-8
133003 PLUS			-3
133004 Consolidation			1
133005 subsidy for loan modifications			5
133901 Total subsidy budget authority			-4
Direct loan subsidy outlays:			
134001 Stafford			1
134002 Unsubsidized Stafford			-5
134003 PLUS			-2
134004 Consolidation			1
134005 Subsidy outlays for loan modification			5
134901 Total subsidy outlays			
135901 Total upward reestimate budget authority			
137901 Total downward reestimate budget authority			

FEDERAL DIRECT STUDENT LOAN PROGRAM, FINANCING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 91-4253-0-3-502	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
Direct loans:			
01.01 Stafford	6,776	6,962	7,370
01.02 Unsubsidized Stafford	5,381	5,648	6,115
01.03 PLUS	1,901	2,049	2,309
01.04 Consolidated	6,450	6,354	6,385
01.91 Subtotal, direct loans obligations	20,508	21,013	22,179
Payment for consolidations:			
02.01 Interest rate rebate, Stafford	84	92	99
02.02 Interest rate rebate, Unsubsidized Stafford	67	72	79
02.03 Interest rate rebate, PLUS	24	28	32
02.91 Direct Program by Activities—Subtotal (1 level)	175	192	210
03.01 Consolidation loans—Payment of Orig. Services	19	18	17
04.01 Payment of contract collections	89	91	114
05.01 Interest payment to Treasury	6,030	5,198	5,639
Other obligations:			
08.01 Obligation of negative subsidy	318	250	644
08.02 Payment of downward reestimate to program ac- count		103	
08.91 Direct Program by Activities—Subtotal (1 level)	318	353	644
10.00 Total new obligations	27,139	26,865	28,803
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	499	503	
22.00 New financing authority (gross)	27,845	26,865	28,803
22.10 Resources available from recoveries of prior year obli- gations	264	1,365	2,380
22.60 Portion applied to repay debt	-912	-452	
22.70 Balance of authority to borrow withdrawn	-54	-1,416	-2,380
23.90 Total budgetary resources available for obligation	27,642	26,865	28,803
23.95 Total new obligations	-27,139	-26,865	-28,803
24.40 Unobligated balance carried forward, end of year	503		
New financing authority (gross), detail:			
Mandatory:			
67.10 Authority to borrow	21,726	21,366	22,823
69.00 Offsetting collections (cash)	22,554	19,566	16,616

69.47	Portion applied to repay debt	-16,435	-14,067	-10,636
69.90	Spending authority from offsetting collections (total mandatory)	6,119	5,499	5,980
70.00	Total new financing authority (gross)	27,845	26,865	28,803
Change in obligated balances:				
72.40	Obligated balance, start of year	5,404	7,459	8,117
73.10	Total new obligations	27,139	26,865	28,803
73.20	Total financing disbursements (gross)	-24,821	-24,841	-26,765
73.45	Recoveries of prior year obligations	-264	-1,365	-2,380
74.40	Obligated balance, end of year	7,459	8,117	7,775
87.00	Total financing disbursements (gross)	24,821	24,841	26,765
Offsets:				
Against gross financing authority and financing disbursements:				
Offsetting collections (cash) from:				
Payments from program account:				
88.00	Upward reestimate	-3,721	-2,102	
88.00	Upward reestimate, interest	-870	-627	
88.25	Interest on uninvested funds	-1,076		
Stafford loans:				
88.40	Repayment of principal, Stafford	-5,719	-4,719	-4,315
88.40	Interest received on loans, Stafford	-419	-525	-600
88.40	Origination Fees, Stafford	-176	-185	-198
88.40	Other fees, Stafford	-18		
88.40	Repayment of principal, Unsubsidized Stafford	-4,251	-3,741	-3,488
88.40	Interest received on loans, Unsubsidized Stafford	-413	-350	-411
88.40	Origination Fees, Unsubsidized Stafford	-140	-144	-158
88.40	Other fees, Unsubsidized Stafford	-9		
88.40	Repayment of principal, PLUS	-1,379	-1,185	-1,188
88.40	Interest received on loans, PLUS	-180	-197	-245
88.40	Origination Fees, PLUS	-49	-74	-85
88.40	Other fees, PLUS	-2		
88.40	Payment of principal, Consolidation	-3,236	-3,418	-3,440
88.40	Interest received on loans, Consolidation	-880	-2,299	-2,488
88.40	Origination / Other fees, Consolidation	-16		
88.90	Total, offsetting collections (cash)	-22,554	-19,566	-16,616
Net financing authority and financing disbursements:				
89.00	Financing authority	5,291	7,299	12,187
90.00	Financing disbursements	2,266	5,275	10,149

Status of Direct Loans (in millions of dollars)

Identification code 91-4253-0-3-502				
STAFFORD				
Position with respect to appropriations act limitation on obligations:				
1111	Limitation on direct loans			
1131	Direct loan obligations exempt from limitation	6,776	6,962	7,370
1150	Total direct loan obligations	6,776	6,962	7,370
Cumulative balance of direct loans outstanding:				
1210	Outstanding, start of year	27,470	27,420	28,792
1231	Disbursements: Direct loan disbursements	5,663	6,151	6,594
1251	Repayments: Repayments and prepayments	-5,720	-4,719	-4,315
1261	Adjustments: Capitalized interest	108		
1264	Write-offs for default: Other adjustments, net	-101	-60	-65
1290	Outstanding, end of year	27,420	28,792	31,006
UNSUBSIDIZED STAFFORD				
Position with respect to appropriations act limitation on obligations:				
1111	Limitation on direct loans			
1131	Direct loan obligations exempt from limitation	5,381	5,648	6,115
1150	Total direct loan obligations			
1150	Total direct loan obligations	5,381	5,648	6,115
Cumulative balance of direct loans outstanding:				
1210	Outstanding, start of year	18,515	19,098	20,523
1231	Disbursements: Direct loan disbursements	4,497	4,806	5,268
1251	Repayments: Repayments and prepayments	-4,251	-3,741	-3,488
1261	Adjustments: Capitalized interest	407	410	381
1264	Write-offs for default: Other adjustments, net	-70	-50	-56
1290	Outstanding, end of year	19,098	20,523	22,628

PLUS				
Position with respect to appropriations act limitation on obligations:				
1111	Limitation on direct loans			
1131	Direct loan obligations exempt from limitation	1,901	2,049	2,309
1150	Total direct loan obligations			
1150	Total direct loan obligations	1,901	2,049	2,309
Cumulative balance of direct loans outstanding:				
1210	Outstanding, start of year	4,279	4,495	5,119
1231	Disbursements: Direct loan disbursements	1,589	1,849	2,124
1251	Repayments: Repayments and prepayments	-1,378	-1,185	-1,188
1261	Adjustments: Capitalized interest	23		
1264	Write-offs for default: Other adjustments, net	-18	-40	-46
1290	Outstanding, end of year	4,495	5,119	6,009

CONSOLIDATION				
Position with respect to appropriations act limitation on obligations:				
1111	Limitation on direct loans			
1131	Direct loan obligations exempt from limitation	6,450	6,354	6,385
1150	Total direct loan obligations			
1150	Total direct loan obligations	6,450	6,354	6,385
Cumulative balance of direct loans outstanding:				
1210	Outstanding, start of year	29,807	33,507	36,224
1231	Disbursements: Direct loan disbursements	6,673	6,290	6,307
1251	Repayments: Repayments and prepayments	-3,236	-3,418	-3,440
1261	Adjustments: Capitalized interest	386		
1264	Write-offs for default: Other adjustments, net	-123	-155	-175
1290	Outstanding, end of year	33,507	36,224	38,916

Balance Sheet (in millions of dollars)

Identification code 91-4253-0-3-502				
ASSETS:				
1101	Federal assets: Fund balances with Treasury	970	992	
Net value of assets related to post-1991 direct loans receivable:				
1401	Direct loans receivable, gross	80,070	84,520	
1402	Interest receivable	2,661	2,771	
1405	Allowance for subsidy cost (-)	2,115	-657	
1499	Net present value of assets related to direct loans	84,846	86,634	
1901	Other Federal assets: Other assets	3,769	4,223	
1999	Total assets	89,585	91,849	
LIABILITIES:				
Federal liabilities:				
2101	Accounts payable	87	62	
2103	Debt	89,498	91,787	
2999	Total liabilities	89,585	91,849	
NET POSITION:				
3999	Total net position			
4999	Total liabilities and net position	89,585	91,849	

Note: Consistent with Government-wide practice, information for 2004 and 2005 was not required to be collected.

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				
Obligations by program activity:				
Direct loans:				
01.01	Stafford			

Credit accounts—Continued

FEDERAL DIRECT STUDENT LOAN PROGRAM FINANCING ACCOUNT—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 91-4253-4-3-502	2003 actual	2004 est.	2005 est.
01.02 Unsubsidized Stafford			26
01.03 PLUS			2
01.04 Consolidated			13
01.91 Subtotal, direct loans obligations			108
Payment for consolidations:			
02.01 Interest rate rebate, Stafford			1
05.01 Interest payment to Treasury			1
Other obligations:			
08.01 Obligation of negative subsidy			9
10.00 Total new obligations			119
Budgetary resources available for obligation:			
22.00 New financing authority (gross)			118
23.95 Total new obligations			-119
New financing authority (gross), detail:			
Mandatory:			
60.00 Appropriation			1
67.10 Authority to borrow			117
69.00 Offsetting collections (cash)			8
69.47 Portion applied to repay debt			-8
69.90 Spending authority from offsetting collections (total mandatory)			
70.00 Total new financing authority (gross)			118
Change in obligated balances:			
73.10 Total new obligations			119
73.20 Total financing disbursements (gross)			-62
74.40 Obligated balance, end of year			57
87.00 Total financing disbursements (gross)			62
Offsets:			
Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
Payments from program account:			
88.00 Non-Contractual Modification			-5
Stafford loans:			
88.40 Origination Fees, Stafford			-1
88.40 Payment of principal, Consolidation			-2
88.90 Total, offsetting collections (cash)			-8
Net financing authority and financing disbursements:			
89.00 Financing authority			110
90.00 Financing disbursements			54

FEDERAL FAMILY EDUCATION LOAN PROGRAM ACCOUNT

Program and Financing (in millions of dollars)

Identification code 91-0231-0-1-502	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.02 Guaranteed Loan Net Subsidy	6,411	6,501	7,146
00.07 Upward reestimate, principal		216	
00.08 Upward reestimate, interest		129	
Administrative expenses:			
00.09 Administrative expenses	12		
10.00 Total new obligations	6,423	6,846	7,146
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	6,423	6,846	7,146
22.10 Resources available from recoveries of prior year obligations	413	465	540
22.40 Capital transfer to general fund	-413	-465	-540
23.90 Total budgetary resources available for obligation	6,423	6,846	7,146
23.95 Total new obligations	-6,423	-6,846	-7,146
New budget authority (gross), detail:			
Discretionary:			
42.00 Transferred from other accounts	12		
Mandatory:			
60.00 Appropriation	6,411	6,846	7,146

69.00 Offsetting collections (cash)—downward reestimate ...	2,980	3,966	
69.27 Capital transfer to general fund	-2,980	-3,966	
69.90 Spending authority from offsetting collections (total mandatory)			
70.00 Total new budget authority (gross)	6,423	6,846	7,146
Change in obligated balances:			
72.40 Obligated balance, start of year	1,393	1,506	1,733
73.10 Total new obligations	6,423	6,846	7,146
73.20 Total outlays (gross)	-5,897	-6,154	-6,327
73.45 Recoveries of prior year obligations	-413	-465	-540
74.40 Obligated balance, end of year	1,506	1,733	2,012
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	12		
86.93 Outlays from discretionary balances	12	3	
86.97 Outlays from new mandatory authority	4,909	5,114	5,135
86.98 Outlays from mandatory balances	964	1,037	1,192
87.00 Total outlays (gross)	5,897	6,154	6,327
Offsets:			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	-2,980	-3,966	
Net budget authority and outlays:			
89.00 Budget authority	3,443	2,880	7,146
90.00 Outlays	2,917	2,188	6,327

Summary of Budget Authority and Outlays

(in millions of dollars)

Enacted/requested:	2003 actual	2004 est.	2005 est.
Budget Authority	3,443	2,880	7,146
Outlays	2,917	2,188	6,327
Legislative proposal, subject to PAYGO:			
Budget Authority			-96
Outlays			57
Total:			
Budget Authority	3,443	2,880	7,050
Outlays	2,917	2,188	6,384

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

Identification code 91-0231-0-1-502	2003 actual	2004 est.	2005 est.
Guaranteed loan levels supportable by subsidy budget authority:			
215001 Stafford	16,534	20,186	21,542
215002 Unsubsidized Stafford	15,584	19,125	20,937
215003 PLUS	4,004	5,547	6,285
215004 Consolidation	30,854	25,902	22,297
215901 Total loan guarantee levels	66,976	70,760	71,061
Guaranteed loan subsidy (in percent):			
232001 Stafford	14.74	15.51	17.38
232002 Unsubsidized Stafford	6.02	4.19	4.24
232003 PLUS	3.78	1.76	1.72
232004 Consolidation	9.35	9.54	10.79
232901 Weighted average subsidy rate	9.57	9.19	10.06
Guaranteed loan subsidy budget authority:			
233001 Stafford	2,437	3,131	3,744
233002 Unsubsidized Stafford	938	801	888
233003 PLUS	151	98	108
233004 Consolidation	2,885	2,471	2,406
233901 Total subsidy budget authority	6,411	6,501	7,146
Guaranteed loan subsidy outlays:			
234001 Stafford	2,112	2,536	3,117
234002 Unsubsidized Stafford	769	724	740
234003 PLUS	138	104	92
234004 Consolidation	2,854	2,442	2,378
234901 Total subsidy outlays	5,873	5,806	6,327
Guaranteed loan upward reestimate subsidy budget authority:			
235001 Stafford		1,464	
235002 Unsubsidized Stafford	343		
235003 PLUS	80	2	
235004 Consolidation	32	634	
235901 Total upward reestimate budget authority	455	2,100	
Guaranteed loan downward reestimate subsidy budget authority:			
237001 Stafford	-2,643	-364	

237002 Unsubsidized Stafford	-207	-2,691	
237003 PLUS	-5	-625	
237004 Consolidation	-509	-1,542	
237005 SLS	-71	-499	
237901 Total downward reestimate subsidy budget authority	-3,435	-5,721	

Administrative expense data:

351001 Budget authority	12		
359001 Outlays	24	3	

As required by the Federal Credit Reform Act of 1990, this program account records the subsidy costs associated with Federal Family Education Loans (FFEL), formerly guaranteed student loans (GSL), committed in 1992 and beyond, 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. Consistent with the Administration's proposal to consolidate student aid administrative activities in a single discretionary account, these expenses are not reflected for 2004 and 2005. For a discussion of this proposal, see the narrative description above in the Student Aid Administration account. Beginning with the 1993 cohort, mandatory administrative costs, specifically contract collection costs, are included in the FFEL subsidy estimates of each year's cohort. Subsidy amounts are estimated on a net present value basis.

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

Object Classification (in millions of dollars)

Identification code 91-0231-0-1-502	2003 actual	2004 est.	2005 est.
11.1 Personnel compensation: Full-time permanent	10		
12.1 Civilian personnel benefits	2		
41.0 Grants, subsidies, and contributions	6,411	6,846	7,146
99.9 Total new obligations	6,423	6,846	7,146

Personnel Summary

Identification code 91-0231-0-1-502	2003 actual	2004 est.	2005 est.
1001 Total compensable workyears: Civilian full-time equivalent employment	129		

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

Program and Financing (in millions of dollars)

Identification code 91-0231-4-1-502	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.02 Guaranteed Loan Net Subsidy			-96
10.00 Total new obligations (object class 41.0)			-96
Budgetary resources available for obligation:			
22.00 New budget authority (gross)			-96
23.95 Total new obligations			96
New budget authority (gross), detail:			
Mandatory:			
60.00 Appropriation			-96
Change in obligated balances:			
73.10 Total new obligations			-96
73.20 Total outlays (gross)			-57
74.40 Obligated balance, end of year			-153
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority			57
Net budget authority and outlays:			
89.00 Budget authority			-96
90.00 Outlays			57

A description of how the Administration's legislative proposal will affect the Federal Family Education Loan program is included under the Federal Direct Student Loan Program Account.

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

Identification code 91-0231-4-1-502	2003 actual	2004 est.	2005 est.
Guaranteed loan levels supportable by subsidy budget authority:			
215001 Stafford			204
215002 Unsubsidized Stafford			72
215003 PLUS			5
215004 Consolidation			7
215901 Total loan guarantee levels			288
Guaranteed loan subsidy (in percent):			
232001 Stafford			-1.01
232002 Unsubsidized Stafford			-0.86
232003 PLUS			-0.29
232004 Consolidation			-0.03
232901 Weighted average subsidy rate			-33.33
Guaranteed loan subsidy budget authority:			
233001 Stafford			-184
233002 Unsubsidized Stafford			-178
233003 PLUS			-18
233004 Consolidation			7
233005 Subsidy due to modification			277
233901 Total subsidy budget authority			-96
Guaranteed loan subsidy outlays:			
234001 Stafford			-114
234002 Unsubsidized Stafford			-103
234003 PLUS			-10
234004 Consolidation			7
234005 Subsidy outlays due to modification			277
234901 Total subsidy outlays			57
235901 Total upward reestimate budget authority			
237901 Total downward reestimate subsidy budget authority			

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	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
Stafford loans:			
01.01 Interest benefits	1,063	1,168	1,438
01.02 Special allowance	333	407	868
01.03 Default claims	1,123	1,439	1,504
01.04 Death, disability, and bankruptcy claims	168	146	157
01.05 Teacher loan forgiveness, other write-offs	3	4	6
01.07 Contract collection costs	40	29	32
01.08 Loan Processing Fee	81	81	86
01.09 Voluntary flexible agreement performance fee	138		
01.91 Subtotal, Stafford loans	2,949	3,274	4,091
Unsubsidized Stafford loans:			
02.02 Special allowance	40	293	707
02.03 Default claims	745	1,006	1,131
02.04 Death, disability, and bankruptcy claims	122	126	146
02.05 Teacher loan forgiveness, other write-offs	3	4	6
02.07 Contract collection costs	2	9	11
02.08 Loan Processing Fee	73	76	84
02.09 Voluntary flexible agreement performance fee	43		
02.91 Subtotal, Unsubsidized Stafford loans	1,028	1,514	2,085
PLUS loans:			
03.02 Special allowance	16	16	18
03.03 Default claims	228	149	170
03.04 Death, disability, and bankruptcy claims	71	92	107
03.07 Contract Collection Costs	2	1	1
03.08 Loan Processing Fee	19	22	25
03.09 Voluntary flexible agreement performance fee	6		

Credit accounts—Continued

**FEDERAL FAMILY EDUCATION LOAN PROGRAM, FINANCING
ACCOUNT—Continued**

Program and Financing (in millions of dollars)—Continued

Identification code 91-4251-0-3-502	2003 actual	2004 est.	2005 est.
03.91 Subtotal, PLUS loans	342	280	321
SLS loans:			
04.03 Default claims	53	16	10
04.04 Death, disability and bankruptcy claims	10	3	3
04.07 Contract collection costs	10	4	4
04.08 Voluntary flexible agreement performance fee	4		
04.91 Subtotal, SLS loans	77	23	17
Consolidation loans:			
05.01 Interest benefit	134	215	229
05.02 Special allowance	61	68	476
05.03 Default claims	603	1,342	1,647
05.04 Death, disability, and bankruptcy claims	228	362	443
05.07 Contract collection costs	6	10	12
05.08 Voluntary flexible agreement performance fee	41		
05.91 Subtotal, Consolidations loans	1,073	1,997	2,807
08.02 Payment of downward reestimate to Program acct	2,206	3,494	
08.04 Interest on downward reestimate	774	472	
08.91 Downward Reestimate- Subtotal (1 level)	2,980	3,966	
10.00 Total new obligations	8,449	11,054	9,321
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	7,305	9,262	10,260
22.00 New financing authority (gross)	10,400	11,509	12,483
22.10 Resources available from recoveries of prior year obligations	5		
22.22 Unobligated balance transferred from other accounts		543	
23.90 Total budgetary resources available for obligation	17,710	21,314	22,743
23.95 Total new obligations	-8,449	-11,054	-9,321
24.40 Unobligated balance carried forward, end of year	9,262	10,260	13,422
New financing authority (gross), detail:			
Mandatory:			
69.00 Offsetting collections (cash)	10,400	11,509	12,483
Change in obligated balances:			
72.40 Obligated balance, start of year	1,382	931	1,218
73.10 Total new obligations	8,449	11,054	9,321
73.20 Total financing disbursements (gross)	-8,895	-10,767	-9,512
73.45 Recoveries of prior year obligations	-5		
74.40 Obligated balance, end of year	931	1,218	1,027
87.00 Total financing disbursements (gross)	8,895	10,767	9,512
Offsets:			
Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
Payments from program account:			
88.00 Stafford loans	-2,112	-2,536	-3,117
88.00 Unsubsidized Stafford	-769	-724	-740
88.00 PLUS loans	-138	-104	-92
88.00 Consolidated loans	-2,854	-2,442	-2,378
88.00 Upward reestimate		-345	
88.25 Interest on uninvested funds	-458	-629	-734
Student Loans: Stafford, Unsubsidized Stafford, PLUS, SLS & Consolidation:			
88.40 Stafford recoveries on defaults	-1,143	-1,153	-1,302
88.40 Stafford origination fees	-506	-599	-650
88.40 Stafford other fees	-14		
88.40 Stafford Sallie mae offset fee	-23	-8	-2
88.40 Unsubsidized Stafford recoveries on defaults	-416	-508	-635
88.40 Unsubsidized Stafford origination fees	-458	-552	-613
88.40 Unsubsidized Stafford other fees	-5		
88.40 Unsubsidized Stafford Sallie mae fees	-15	-6	-2
88.40 PLUS recoveries on defaults	-74	-86	-100
88.40 PLUS origination fees	-121	-160	-185
88.40 PLUS other fees	-1		
88.40 PLUS Sallie Mae offset fees	-4	-4	-1
88.40 SLS recoveries on defaults	-91	-111	-104
88.40 SLS other fees	-1		
88.40 SLS Sallie mae offset fee	-1		
88.40 Consolidation recoveries on defaults	-273	-489	-687
88.40 Consolidation origination fees	-176	-128	-110
88.40 Consolidation loan holders fee	-743	-925	-1,031
88.40 Consolidation loan other fees	-4		
88.90 Total, offsetting collections (cash)	-10,400	-11,509	-12,483

Net financing authority and financing disbursements:

89.00 Financing authority			
90.00 Financing disbursements	-1,506	-742	-2,971

Status of Guaranteed Loans (in millions of dollars)

Identification code 91-4251-0-3-502	2003 actual	2004 est.	2005 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	16,534	20,186	21,542
2150 Total guaranteed loan commitments	16,534	20,186	21,542
2199 Guaranteed amount of guaranteed loan commitments	16,534	20,186	21,542
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year	70,862	69,011	73,046
2231 Disbursements of new guaranteed loans	10,732	17,116	18,574
2251 Repayments and prepayments	-10,069	-11,515	-10,132
Adjustments:			
2261 Terminations for default that result in loans receivable	-1,061	-1,416	-1,520
2263 Terminations for default that result in claim payments	-168	-146	-157
2264 Other adjustments, net	-1,285	-4	-6
2290 Outstanding, end of year	69,011	73,046	79,805
Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year	69,011	73,046	79,805
Addendum:			
Cumulative balance of defaulted guaranteed loans that result in loans receivable:			
2310 Outstanding, start of year	2,668	2,714	2,943
2331 Disbursements for guaranteed loan claims	1,061	1,416	1,520
2351 Repayments of loans receivable	-1,025	-1,153	-1,302
2361 Write-offs of loans receivable	-31	-34	-36
2364 Other adjustments, net	41		
2390 Outstanding, end of year	2,714	2,943	3,125
UNSUBSIDIZED STAFFORD			
Position with respect to appropriations act limitation on commitments:			
2111 Limitation on guaranteed loans made by private lenders			
2131 Guaranteed loan commitments exempt from limitation	15,584	19,125	20,937
2150 Total guaranteed loan commitments	15,584	19,125	20,937
2199 Guaranteed amount of guaranteed loan commitments	15,584	19,125	20,937
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year	47,090	50,194	54,982
2231 Disbursements of new guaranteed loans	9,847	15,758	17,514
2251 Repayments and prepayments	-5,908	-9,857	-9,372
Adjustments:			
2261 Terminations for default that result in loans receivable	-713	-983	-1,132
2263 Terminations for default that result in claim payments	-122	-126	-146
2264 Other adjustments, net		-4	-6
2290 Outstanding, end of year	50,194	54,982	61,840
Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year	50,194	54,982	61,840
Addendum:			
Cumulative balance of defaulted guaranteed loans that result in loans receivable:			
2310 Outstanding, start of year	1,264	1,608	2,071
2331 Disbursements for guaranteed loan claims	713	983	1,132
2351 Repayments of loans receivable	-383	-507	-635
2361 Write-offs of loans receivable	-10	-13	-15
2364 Other adjustments, net	24		
2390 Outstanding, end of year	1,608	2,071	2,553

PLUS			
Position with respect to appropriations act limitation on commitments:			
2111	Limitation on guaranteed loans made by private lenders		
2131	Guaranteed loan commitments exempt from limitation	4,004	5,548
2150	Total guaranteed loan commitments	4,004	5,548
2199	Guaranteed amount of guaranteed loan commitments	4,004	5,548
Cumulative balance of guaranteed loans outstanding:			
2210	Outstanding, start of year	10,529	10,739
2231	Disbursements of new guaranteed loans	2,617	4,572
2251	Repayments and prepayments	-1,906	-2,906
Adjustments:			
2261	Terminations for default that result in loans receivable	-245	-164
2263	Terminations for default that result in claim payments	-71	-91
2264	Other adjustments, net	-185	
2290	Outstanding, end of year	10,739	12,150
Memorandum:			
2299	Guaranteed amount of guaranteed loans outstanding, end of year	10,739	12,150
Addendum:			
Cumulative balance of defaulted guaranteed loans that result in loans receivable:			
2310	Outstanding, start of year	209	389
2331	Disbursements for guaranteed loan claims	245	164
2351	Repayments of loans receivable	-64	-86
2361	Write-offs of loans receivable	-6	-7
2364	Other adjustments, net	5	
2390	Outstanding, end of year	389	460
SLS			
Cumulative balance of guaranteed loans outstanding:			
2210	Outstanding, start of year	1,276	511
2251	Repayments and prepayments	-227	-91
Adjustments:			
2261	Terminations for default that result in loans receivable	-52	-22
2263	Terminations for default that result in claim payments	-10	-3
2264	Other adjustments, net	-476	
2290	Outstanding, end of year	511	395
Memorandum:			
2299	Guaranteed amount of guaranteed loans outstanding, end of year	511	395
Addendum:			
Cumulative balance of defaulted guaranteed loans that result in loans receivable:			
2310	Outstanding, start of year	555	538
2331	Disbursements for guaranteed loan claims	52	22
2351	Repayments of loans receivable	-74	-111
2361	Write-offs of loans receivable	-4	-3
2364	Other adjustments, net	9	
2390	Outstanding, end of year	538	446
CONSOLIDATED			
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	30,853	25,902
2150	Total guaranteed loan commitments	30,853	25,902
2199	Guaranteed amount of guaranteed loan commitments	30,853	25,902
Cumulative balance of guaranteed loans outstanding:			
2210	Outstanding, start of year	49,434	79,017
2231	Disbursements of new guaranteed loans	34,958	25,631
2251	Repayments and prepayments	-4,465	-8,661
Adjustments:			
2261	Terminations for default that result in loans receivable	-682	-1,253
2263	Terminations for default that result in claim payments	-228	-362
2290	Outstanding, end of year	79,017	94,372

Memorandum:			
2299	Guaranteed amount of guaranteed loans outstanding, end of year	79,017	94,372
104,405			
Addendum:			
Cumulative balance of defaulted guaranteed loans that result in loans receivable:			
2310	Outstanding, start of year	1,402	1,870
2331	Disbursements for guaranteed loan claims	682	1,253
2351	Repayments of loans receivable	-230	-490
2361	Write-offs of loans receivable	-12	-17
2364	Other adjustments, net	28	
2390	Outstanding, end of year	1,870	2,616
3,535			

Balance Sheet (in millions of dollars)

Identification code 91-4251-0-3-502	2002 actual	2003 actual	2004 est.	2005 est.
ASSETS:				
1101	Federal assets: Fund balances with Treasury	8,687	10,193	
Net value of assets related to post-1991 acquired defaulted guaranteed loans receivable:				
1501	Defaulted guaranteed loans receivable, gross	6,098	7,119	
1502	Interest receivable	1,732	1,553	
1505	Allowance for subsidy cost (-)	-2,580	-1,312	
1599	Net present value of assets related to defaulted guaranteed loans	5,250	7,360	
1901	Other Federal assets: Other assets	339	1,034	
1999	Total assets	14,276	18,587	
LIABILITIES:				
2101	Federal liabilities: Accounts payable	2,706	3,277	
2204	Non-Federal liabilities: Liabilities for loan guarantees	11,570	15,310	
2999	Total liabilities	14,276	18,587	
4999	Total liabilities and net position	14,276	18,587	

Note: Consistent with Government-wide practice, information for 2004 and 2005 was not required to be collected.

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	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
Stafford loans:			
01.01	Interest benefits		1
01.02	Special allowance		-27
01.05	Teacher loan forgiveness, other write-offs		1
01.08	Loan Processing Fee		1
01.91	Subtotal, Stafford loans		-24
Unsubsidized Stafford loans:			
02.02	Special allowance		-22
02.05	Teacher loan forgiveness, other write-offs		1
02.91	Subtotal, Unsubsidized Stafford loans		-21
PLUS loans:			
03.02	Special allowance		-2
Consolidation loans:			
05.01	Interest benefit		-3
05.02	Special allowance		-8
05.03	Default claims		-93
05.04	Death, disability, and bankruptcy claims		-5
05.91	Subtotal, Consolidations loans		-109
10.00	Total new obligations		-156

Credit accounts—Continued

**FEDERAL FAMILY EDUCATION LOAN PROGRAM FINANCING
ACCOUNT—Continued**

Program and Financing (in millions of dollars)—Continued

Identification code 91-4251-4-3-502	2003 actual	2004 est.	2005 est.
Budgetary resources available for obligation:			
22.00 New financing authority (gross)			36
23.95 Total new obligations			156
24.40 Unobligated balance carried forward, end of year			192
New financing authority (gross), detail:			
Mandatory:			
69.00 Offsetting collections (cash)			36
Change in obligated balances:			
73.10 Total new obligations			-156
73.20 Total financing disbursements (gross)			138
74.40 Obligated balance, end of year			-17
87.00 Total financing disbursements (gross)			-138
Offsets:			
Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
Payments from program account:			
88.00 Stafford loans			114
88.00 Unsubsidized Stafford			103
88.00 PLUS loans			10
88.00 Consolidated loans			-7
88.00 Noncontractual modifications			-277
88.25 Interest on uninvested funds			-4
Student Loans: Stafford, Unsubsidized Stafford, PLUS, SLS & Consolidation:			
88.40 Stafford origination fees			-3
88.40 Unsubsidized Stafford origination fees			-1
88.40 PLUS origination fees			-2
88.40 Consolidation recoveries on defaults			23
88.40 Consolidation loan holders fee			8
88.90 Total, offsetting collections (cash)			-36
Net financing authority and financing disbursements:			
89.00 Financing authority			
90.00 Financing disbursements			-174

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	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
01.01 Interest benefits, net of origination fees	27	13	7
01.02 Special allowance net of origination fees	3	2	3
01.03 Default claims	100	96	65
01.04 Death, disability, and bankruptcy claims	26	20	14
01.05 Contract collection costs	92	62	51
01.06 Voluntary flexible agreements	15		
01.91 Subtotal, Stafford loans	263	193	140
02.01 Default claims	22	13	9
02.02 Death, disability, and bankruptcy claims	10	8	5
02.05 Contract collection costs	20	12	10
02.06 Voluntary flexible agreements	4		
02.91 Subtotal, PLUS/SLS loans	56	33	24
10.00 Total new obligations	319	226	164
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	1,032	887	
22.00 New budget authority (gross)	1,202	226	164
22.10 Resources available from recoveries of prior year obligations	4		
22.21 Unobligated balance transferred to other accounts		-543	
22.40 Capital transfer to general fund	-1,032	-344	
23.90 Total budgetary resources available for obligation	1,206	226	164
23.95 Total new obligations	-319	-226	-164
24.40 Unobligated balance carried forward, end of year	887		

New budget authority (gross), detail:

Mandatory:			
60.00 Appropriation		50	
69.00 Offsetting collections (cash)	1,957	1,180	981
69.27 Capital transfer to general fund	-755	-1,004	-817
69.90 Spending authority from offsetting collections (total mandatory)	1,202	176	164
70.00 Total new budget authority (gross)	1,202	226	164
Change in obligated balances:			
72.40 Obligated balance, start of year	-2	57	
73.10 Total new obligations	319	226	164
73.20 Total outlays (gross)	-256	-283	-164
73.45 Recoveries of prior year obligations	-4		
74.40 Obligated balance, end of year	57		
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority	258	226	164
86.98 Outlays from mandatory balances	-2	57	
87.00 Total outlays (gross)	256	283	164
Offsets:			
Against gross budget authority and outlays:			
Offsetting collections (cash) from:			
88.40 Fed collections on defaulted loans, Stafford	-272	-372	-310
88.40 Federal collections on bankruptcies, Stafford	-5	-5	-4
88.40 Offsets against Federal tax refunds, Stafford	-395	-281	-234
88.40 Reimbursements from guaranty agencies, Stafford			
	-914	-301	-250
88.40 Other collections/ fees, Stafford	-131	-36	-30
88.40 Sallie Mae offset fee	-1		
88.40 Federal collections on defaulted loans, PLUS/SLS	-50	-87	-72
88.40 Federal collections on bankruptcies, PLUS/SLS	-1	-1	-1
88.40 Offsets against Federal tax refunds, PLUS/SLS	-27	-21	-17
PLUS/SLS loans:			
88.40 Reimbursements from guaranty agencies, PLUS/SLS	-161	-76	-63
88.90 Total, offsetting collections (cash)	-1,957	-1,180	-981
Net budget authority and outlays:			
89.00 Budget authority	-755	-954	-817
90.00 Outlays	-1,701	-897	-817

Status of Guaranteed Loans (in millions of dollars)

Identification code 91-0230-0-1-502	2003 actual	2004 est.	2005 est.
STAFFORD LOANS			
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year	2,052	2,431	1,933
2251 Repayments and prepayments	-782	-378	-178
Adjustments:			
2261 Terminations for default that result in loans receivable	-100	-100	-72
2263 Terminations for default that result in claim payments	-26	-20	-14
2264 Other adjustments, net	1,287		
2290 Outstanding, end of year	2,431	1,933	1,669
Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year	2,431	1,933	1,669
Addendum:			
Cumulative balance of defaulted guaranteed loans that result in loans receivable:			
2310 Outstanding, start of year	10,887	8,864	8,270
2331 Disbursements for guaranteed loan claims	100	100	72
2351 Repayments of loans receivable	-911	-528	-440
2361 Write-offs of loans receivable	-128	-104	-97
2364 Other adjustments, net	-1,084	-62	-51
2390 Outstanding, end of year	8,864	8,270	7,754
PLUS/SLS LOANS			
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year	672	1,252	1,126
2251 Repayments and prepayments	-51	-104	-104
Adjustments:			
2261 Terminations for default that result in loans receivable	-22	-15	-10
2263 Terminations for default that result in claim payments	-9	-7	-5

2264	Other adjustments, net	662		
2290	Outstanding, end of year	1,252	1,126	1,007
Memorandum:				
2299	Guaranteed amount of guaranteed loans outstanding, end of year	1,252	1,126	1,007
Addendum:				
Cumulative balance of defaulted guaranteed loans that result in loans receivable:				
2310	Outstanding, start of year	2,041	1,692	1,575
2331	Disbursements for guaranteed loan claims	22	15	10
2351	Repayments of loans receivable	-143	-99	-82
2361	Write-offs of loans receivable	-22	-18	-17
2364	Other adjustments, net	-206	-15	-12
2390	Outstanding, end of year	1,692	1,575	1,474

Balance Sheet (in millions of dollars)

Identification code 91-0230-0-1-502	2002 actual	2003 actual	2004 est.	2005 est.
ASSETS:				
1101	Federal assets: Fund balances with Treasury	1,031	944	
	Net value of assets related to pre-1992 direct loans receivable and acquired defaulted guaranteed loans receivable:			
1701	Defaulted guaranteed loans, gross	12,928	10,555	
1702	Interest receivable	1,284	1,144	
1703	Allowance for estimated uncollectible loans and interest (-)	-13,175	-8,273	
1704	Defaulted guaranteed loans and interest receivable, net	1,037	3,426	
1799	Value of assets related to loan guarantees	1,037	3,426	
1901	Other Federal assets: Other assets	62	56	
1999	Total assets	2,130	4,426	
LIABILITIES:				
2104	Federal liabilities: Resources payable to Treasury	2,007	3,761	
Non-Federal liabilities:				
2201	Accounts payable	14	543	
2204	Liabilities for loan guarantees	109	122	
2999	Total liabilities	2,130	4,426	
4999	Total liabilities and net position	2,130	4,426	

Note: Consistent with Government-wide practice, information for 2004 and 2005 was not required to be collected.
 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 for 1992 and beyond is recorded in corresponding program and financing accounts.

Object Classification (in millions of dollars)

Identification code 91-0230-0-1-502	2003 actual	2004 est.	2005 est.	
25.2	Other services	113	74	61
33.0	Investments and loans	122	109	74
41.0	Grants, subsidies, and contributions	49	16	10
42.0	Insurance claims and indemnities	35	27	19
99.9	Total new obligations	319	226	164

INSTITUTE OF EDUCATION SCIENCES

Federal Funds

General and special funds:

INSTITUTE OF EDUCATION SCIENCES

For carrying out activities authorized by Public Law 107-279, **[\$478,717,000]** \$371,496,000: *Provided*, That, of the amount appro-

riated, **[\$166,500,000]** \$185,000,000 shall be available for obligation through September 30, **[2005: *Provided further***, That of the amount provided to carry out title I, parts B and D of Public Law 107-279, not less than \$24,362,000 shall be for the national research and development centers authorized under section 133(c): *Provided further*, That \$4,968,000 shall be available to extend for one additional year the contract for the Eisenhower National Clearinghouse for Mathematics and Science Education authorized under section 2102(a)(2) of the Elementary and Secondary Education Act of 1965, prior to its amendment by the No Child Left Behind Act of 2001, Public Law 107-110] 2006. (Division E, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)

Program and Financing (in millions of dollars)

Identification code 91-1100-0-1-503	2003 actual	2004 est.	2005 est.	
Direct program:				
Obligations by program activity:				
Research and statistics:				
00.01	Research, development, and dissemination	138	165	185
00.02	Statistics	89	91	91
00.03	Regional educational laboratories	67	67	
00.04	Assessment	95	95	95
Technical assistance providers:				
00.05	Regional technology in education consortia	10	10	
00.06	Comprehensive regional assistance centers	28	28	
00.07	Eisenhower regional mathematics and science education consortia	15	15	
00.08	Eisenhower National Clearinghouse for Mathematics and Science Education	5	5	
01.00	Total direct program	447	476	371
09.01	Reimbursable program	5	5	5
10.00	Total new obligations	452	481	376
Budgetary resources available for obligation:				
22.00	New budget authority (gross)	453	481	376
23.95	Total new obligations	-452	-481	-376
New budget authority (gross), detail:				
Discretionary:				
40.00	Appropriation	451	479	371
40.35	Appropriation permanently reduced	-3	-3	
43.00	Appropriation (total discretionary)	448	476	371
Spending authority from offsetting collections:				
68.00	Offsetting collections (cash)	1	1	1
68.10	Change in uncollected customer payments from Federal sources (unexpired)	4	4	4
68.90	Spending authority from offsetting collections (total discretionary)	5	5	5
70.00	Total new budget authority (gross)	453	481	376
Change in obligated balances:				
72.40	Obligated balance, start of year	683	575	449
73.10	Total new obligations	452	481	376
73.20	Total outlays (gross)	-586	-603	-453
73.40	Adjustments in expired accounts (net)	24		
74.00	Change in uncollected customer payments from Federal sources (unexpired)	-4	-4	-4
74.10	Change in uncollected customer payments from Federal sources (expired)	6		
74.40	Obligated balance, end of year	575	449	368
Outlays (gross), detail:				
86.90	Outlays from new discretionary authority	108	115	96
86.93	Outlays from discretionary balances	478	488	357
87.00	Total outlays (gross)	586	603	453
Offsets:				
Against gross budget authority and outlays:				
88.00	Offsetting collections (cash) from: Federal sources	-34	-5	-1
Against gross budget authority only:				
88.95	Change in uncollected customer payments from Federal sources (unexpired)	-4	-4	-4
88.96	Portion of offsetting collections (cash) credited to expired accounts	33	4	
Net budget authority and outlays:				
89.00	Budget authority	448	476	371
90.00	Outlays	552	598	452

Note.—Excludes \$28 million in budget authority in 2005 for activities transferred to Department of Education School Improvement Programs. Comparable amounts for 2003 (\$58 million) and 2004 (\$57 million) are included above.

General and special funds—Continued

INSTITUTE OF EDUCATION SCIENCES—Continued

Summary of Budget Authority and Outlays

(in millions of dollars)

Enacted/requested:	2003 actual	2004 est.	2005 est.
Budget Authority	448	476	371
Outlays	552	598	452
Legislative proposal, not subject to PAYGO:			
Budget Authority			78
Outlays			20
Total:			
Budget Authority	448	476	449
Outlays	552	598	472

Research and Statistics.—

Research, development, and dissemination.—Funds support the National Center for Education Research, which oversees a diverse portfolio of directed research, field-initiated studies, research and development centers, and inter-agency initiatives. Funds also support dissemination activities that provide parents, teachers, and schools with valid information on effective educational practice.

Statistics.—Funds support the Department's statistical data collection activities, which are conducted by the National Center for Education Statistics (NCES). NCES collects, analyzes, and disseminates statistics on education at all levels, from preschool through postsecondary and adult education, including statistics on international education activities.

Assessment.—Funds support the National Assessment of Educational Progress (NAEP). NAEP administers assessments to samples of students in order to gather reliable information about educational attainment in important academic areas. Funds support collection and reporting of national, State, and long-term trend information, including the conduct of biennial State NAEP in reading and mathematics at grades 4 and 8.

Object Classification (in millions of dollars)

Identification code 91-1100-0-1-503	2003 actual	2004 est.	2005 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent	1	1	1
11.3 Other than full-time permanent		1	1
11.9 Total personnel compensation	1	2	2
24.0 Printing and reproduction	1	1	1
25.1 Advisory and assistance services	2	3	3
25.2 Other services	183	185	179
25.3 Other purchases of goods and services from Government accounts	18	14	14
25.5 Research and development contracts	86	72	6
25.7 Operation and maintenance of equipment	3	3	3
41.0 Grants, subsidies, and contributions	152	196	163
99.0 Direct obligations	446	476	371
99.0 Reimbursable obligations	5	5	5
99.5 Below reporting threshold	1		
99.9 Total new obligations	452	481	376

Personnel Summary

Identification code 91-1100-0-1-503	2003 actual	2004 est.	2005 est.
1001 Total compensable workyears: Civilian full-time equivalent employment	12	15	15

INSTITUTE OF EDUCATION SCIENCES

(Legislative proposal, not subject to PAYGO)

Pending legislation would transfer the authority for research in special education from the Individuals with Disabilities Education Act to the Education Sciences Reform Act

of 2002 and create a National Center for Special Education Research within the Institute of Education Sciences.

Program and Financing (in millions of dollars)

Identification code 91-1100-2-1-503	2003 actual	2004 est.	2005 est.
Direct program:			
Obligations by program activity:			
00.09 Research and innovation in special education			78
10.00 Total new obligations			78
Budgetary resources available for obligation:			
22.00 New budget authority (gross)			78
23.95 Total new obligations			-78
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation			78
Change in obligated balances:			
73.10 Total new obligations			78
73.20 Total outlays (gross)			-20
74.40 Obligated balance, end of year			58
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority			20
Net budget authority and outlays:			
89.00 Budget authority			78
90.00 Outlays			20

Note: Includes \$78 million in budget authority for Research and Innovation in Special Education previously financed from the Department of Education:

(in millions of dollars)

	2003 actual	2004 est.
Office of Special Education and Rehabilitative Services, Special Education	77	78

Research and innovation in special education.—Funds support research and dissemination activities to address gaps in scientific knowledge in order to improve special education and early intervention services and results for infants, toddlers, and children with disabilities.

Object Classification (in millions of dollars)

Identification code 91-1100-2-1-503	2003 actual	2004 est.	2005 est.
25.2 Other services			3
25.3 Other purchases of goods and services from Government accounts			5
41.0 Grants, subsidies, and contributions			70
99.9 Total new obligations			78

DEPARTMENTAL MANAGEMENT

Federal Funds

General and special funds:

PROGRAM ADMINISTRATION

For carrying out, to the extent not otherwise provided, the Department of Education Organization Act, including rental of conference rooms in the District of Columbia and hire of three passenger motor vehicles, [\$425,000,000, of which \$13,644,000, to remain available until expended, shall be for building alterations and related expenses for the relocation of Department staff to Potomac Center Plaza in Washington, D.C.] \$429,568,000. (Division E, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)

Program and Financing (in millions of dollars)

Identification code 91-0800-0-1-503	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.01 Program administration	418	425	430
09.01 Reimbursable program	3	3	3
10.00 Total new obligations	422	428	433
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year		5	

22.00	New budget authority (gross)	427	423	433
23.90	Total budgetary resources available for obligation	427	428	433
23.95	Total new obligations	-422	-428	-433
23.98	Unobligated balance expiring or withdrawn	-1		
24.40	Unobligated balance carried forward, end of year	5		
New budget authority (gross), detail:				
Discretionary:				
40.00	Appropriation	413	425	430
40.35	Appropriation permanently reduced	-3	-5	
42.00	Transferred from other accounts	14		
43.00	Appropriation (total discretionary)	424	420	430
Spending authority from offsetting collections:				
68.00	Offsetting collections (cash)		1	1
68.10	Change in uncollected customer payments from Federal sources (unexpired)	3	2	2
68.90	Spending authority from offsetting collections (total discretionary)	3	3	3
70.00	Total new budget authority (gross)	427	423	433
Change in obligated balances:				
72.40	Obligated balance, start of year	122	113	146
73.10	Total new obligations	422	428	433
73.20	Total outlays (gross)	-429	-394	-425
73.40	Adjustments in expired accounts (net)	-2		
74.00	Change in uncollected customer payments from Federal sources (unexpired)	-3	-2	-2
74.10	Change in uncollected customer payments from Federal sources (expired)	3		
74.40	Obligated balance, end of year	113	146	152
Outlays (gross), detail:				
86.90	Outlays from new discretionary authority	335	316	329
86.93	Outlays from discretionary balances	94	78	96
87.00	Total outlays (gross)	429	394	425
Offsets:				
Against gross budget authority and outlays:				
88.00	Offsetting collections (cash) from: Federal sources	-6	-1	-1
Against gross budget authority only:				
88.95	Change in uncollected customer payments from Federal sources (unexpired)	-3	-2	-2
88.96	Portion of offsetting collections (cash) credited to expired accounts	5		
Net budget authority and outlays:				
89.00	Budget authority	424	420	430
90.00	Outlays	424	393	424

The Program Administration account includes the direct Federal costs of providing grants and administering elementary and secondary education, Indian education, English language acquisition, higher education, technical and adult education, special education programs, and programs for persons with disabilities. It also supports assessment, statistics, and research activities.

In addition, this account includes the cost of providing centralized support and administrative services, overall policy development, and strategic planning for the Department. Included in the centralized activities are rent and mail services; telecommunications; contractual services; financial management and accounting, including payments to schools, education agencies and other grant recipients, and preparation of auditable financial statements; information technology services; personnel management; personnel security; budget formulation and execution; program evaluation; legal services; congressional and public relations; and intergovernmental affairs.

Also included in this account are contributions from the public. Activities supported include receptions for Blue Ribbon Schools, Historically Black Colleges and Universities, and School Recognition. Contributions not designated for a specific purpose are in the account's Gifts and Bequests Miscellaneous Fund.

Reimbursable program.—Reimbursements to this account are for providing administrative services to other agencies, recycling activities, and in-kind travel.

Object Classification (in millions of dollars)		2003 actual	2004 est.	2005 est.
Identification code 91-0800-0-1-503				
Direct obligations:				
Personnel compensation:				
11.1	Full-time permanent	171	195	199
11.3	Other than full-time permanent	29	5	6
11.5	Other personnel compensation	4	4	4
11.9	Total personnel compensation	204	204	209
12.1	Civilian personnel benefits	44	43	44
13.0	Benefits for former personnel	1		
21.0	Travel and transportation of persons	5	6	6
23.1	Rental payments to GSA	31	37	41
23.3	Communications, utilities, and miscellaneous charges	10	13	12
24.0	Printing and reproduction	4	4	5
25.1	Advisory and assistance services	5	4	3
25.2	Other services	29	24	27
25.3	Other purchases of goods and services from Government accounts	15	13	12
25.7	Operation and maintenance of equipment	52	58	57
26.0	Supplies and materials	2	2	2
31.0	Equipment	14	12	11
32.0	Land and structures	2	4	1
99.0	Direct obligations	418	424	430
99.0	Reimbursable obligations	3	3	3
99.5	Below reporting threshold	1	1	
99.9	Total new obligations	422	428	433

Personnel Summary

Identification code 91-0800-0-1-503		2003 actual	2004 est.	2005 est.
1001	Total compensable workyears: Civilian full-time equivalent employment	2,461	2,358	2,351

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, **[\$89,275,000] \$92,801,000.** (Division E, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)

Program and Financing (in millions of dollars)

Identification code 91-0700-0-1-751		2003 actual	2004 est.	2005 est.
Obligations by program activity:				
00.01	Civil rights	84	88	93
10.00	Total new obligations	84	88	93
Budgetary resources available for obligation:				
22.00	New budget authority (gross)	84	88	93
23.95	Total new obligations	-84	-88	-93
New budget authority (gross), detail:				
Discretionary:				
40.00	Appropriation	86	89	93
40.35	Appropriation permanently reduced	-1	-1	
41.00	Transferred to other accounts	-1		
43.00	Appropriation (total discretionary)	84	88	93
Change in obligated balances:				
72.40	Obligated balance, start of year	15	16	19
73.10	Total new obligations	84	88	93
73.20	Total outlays (gross)	-83	-85	-88
74.40	Obligated balance, end of year	16	19	22
Outlays (gross), detail:				
86.90	Outlays from new discretionary authority	74	72	75
86.93	Outlays from discretionary balances	9	13	13
87.00	Total outlays (gross)	83	85	88
Net budget authority and outlays:				
89.00	Budget authority	84	88	93
90.00	Outlays	83	85	88

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

General and special funds—Continued

OFFICE FOR CIVIL RIGHTS—Continued

delivery of services or the provision of benefits in programs or activities of schools and institutions receiving financial assistance from the Department of Education. The authorities under which the Office for Civil Rights operates are Title VI of the Civil Rights Act of 1964 (racial and ethnic discrimination), Title IX of the Education Amendments of 1972 (sex discrimination), section 504 of the Rehabilitation Act of 1973 (discrimination against individuals with a disability), the Age Discrimination Act of 1975, the Americans with Disabilities Act of 1990 and the Boy Scouts of America Equal Access Act of 2002.

Object Classification (in millions of dollars)

Identification code 91-0700-0-1-751	2003 actual	2004 est.	2005 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent	47	49	50
11.3 Other than full-time permanent	2	2	3
11.9 Total personnel compensation	49	51	53
12.1 Civilian personnel benefits	11	11	11
21.0 Travel and transportation of persons	1	1	1
23.1 Rental payments to GSA	6	8	10
23.3 Communications, utilities, and miscellaneous charges	2	2	2
25.2 Other services	1	1	2
25.3 Other purchases of goods and services from Government accounts	2	2	2
25.7 Operation and maintenance of equipment	9	7	7
31.0 Equipment	1	1	1
99.0 Direct obligations	82	84	89
99.5 Below reporting threshold	2	4	4
99.9 Total new obligations	84	88	93

Personnel Summary

Identification code 91-0700-0-1-751	2003 actual	2004 est.	2005 est.
1001 Total compensable workyears: Civilian full-time equivalent employment	672	663	663

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, **[\$47,137,000] \$50,576,000.** (Division E, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)

Program and Financing (in millions of dollars)

Identification code 91-1400-0-1-751	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.01 Inspector General	41	47	51
10.00 Total new obligations	41	47	51
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	41	47	51
23.95 Total new obligations	-41	-47	-51
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	41	47	51
Change in obligated balances:			
72.40 Obligated balance, start of year	9	7	10
73.10 Total new obligations	41	47	51
73.20 Total outlays (gross)	-42	-44	-48
74.40 Obligated balance, end of year	7	10	13
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	35	37	41
86.93 Outlays from discretionary balances	7	7	7
87.00 Total outlays (gross)	42	44	48
Net budget authority and outlays:			
89.00 Budget authority	41	47	51

90.00 Outlays	42	44	48
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The Inspector General is responsible for the quality, coverage, and coordination of audit and investigation functions relating to Federal education activities. The Inspector General has the authority to inquire into all activities of the Department, including those performed under Federal education contracts, grants, or other agreements. Under the Chief Financial Officers Act of 1990, the Inspector General is also responsible for internal reviews of the Department's financial systems and audits of its financial statements.

Object Classification (in millions of dollars)

Identification code 91-1400-0-1-751	2003 actual	2004 est.	2005 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent	20	23	25
11.3 Other than full-time permanent	1	1	2
11.5 Other personnel compensation	1		
11.9 Total personnel compensation	22	24	27
12.1 Civilian personnel benefits	6	6	7
21.0 Travel and transportation of persons	2	1	2
23.1 Rental payments to GSA	3	4	4
23.3 Communications, utilities, and miscellaneous charges	1	1	1
25.1 Advisory and assistance services	2	4	4
25.2 Other services		1	1
25.3 Other purchases of goods and services from Government accounts	1	1	1
25.7 Operation and maintenance of equipment	2	2	3
31.0 Equipment		1	1
99.0 Direct obligations	39	45	51
99.5 Below reporting threshold	2	2	
99.9 Total new obligations	41	47	51

Personnel Summary

Identification code 91-1400-0-1-751	2003 actual	2004 est.	2005 est.
1001 Total compensable workyears: Civilian full-time equivalent employment	281	285	302

GENERAL FUND RECEIPT ACCOUNTS

(in millions of dollars)

	2003 actual	2004 est.	2005 est.
Offsetting receipts from the public:			
91-291500 Repayment of loans, capital contributions, higher education activities	44	50	50
General Fund Offsetting receipts from the public	44	50	50

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 of 1985, as amended) which are appropriated for the Department of Education in this Act may be transferred between appropriations, but no such appropriation shall be increased by more than 3 percent by any such transfer: *Provided*, That the Appropriations Committees of both Houses of Congress are notified at least 15 days in advance of any transfer.

SEC. 305. SPECIAL STUDY OF SIMPLIFICATION OF NEED ANALYSIS AND APPLICATION FOR TITLE IV AID. (a) STUDY REQUIRED.—The Advisory Committee on Student Financial Assistance established by section 491 of the Higher Education Act of 1965 (20 U.S.C. 1098), hereafter in this section referred to as “the Advisory Committee”, shall conduct a thorough study of the feasibility of simplifying the need analysis methodology for all Federal student financial assistance programs and the process of applying for such assistance.

(b) REQUIRED SUBJECTS OF STUDY.—In performing the study, the Advisory Committee shall, at a minimum, examine the following:

(1) whether the methodology used to calculate the expected family contribution can be simplified without significant adverse effects on program intent, costs, integrity, delivery, and distribution of awards;

(2) whether the number of data elements, and, accordingly, the number and complexity of questions asked of students and families, used to calculate the expected family contribution can be reduced without such adverse effects;

(3) whether the procedures for determining such data elements, including determining and updating offsets and allowances, is the most efficient, effective, and fair means to determine a family’s available income and assets;

(4) whether the methodology used to calculate the expected family contribution, specifically the consideration of income earned by a dependent student and its effect on Pell grant eligibility, is an effective and fair means to determine a family’s available income and a student’s need;

(5) whether the nature and timing of the application required in section 483(a)(1) of the Higher Education Act of 1965 (20 U.S.C. 1090(a)(1)), eligibility and award determination, financial aid processing, and funds delivery can be streamlined further for students and families, institutions, and States;

(6) whether it is feasible to allow students to complete only those limited sections of the financial aid application that apply to their specific circumstances and the State in which they reside;

(7) whether a widely disseminated printed form, or the use of an Internet or other electronic means, can be developed to notify individuals of an estimation of their approximate eligibility for grant, work-study, and loan assistance upon completion and verification of the simplified application form;

(8) whether information provided on other Federal forms (such as the form applying for supplemental security income under title XVI of the Social Security Act, the form for applying for food stamps under the Food Stamp Act of 1977, and the schedule for applying for the earned income tax credit under section 32 of the Internal Revenue Code of 1986) that are designed to determine eligibility for various Federal need-based assistance programs could be used to qualify potential students for the simplified needs test; and

(9) whether any proposed changes to data elements collected, in addition to those used to calculate expected family contribution, or any proposed changes to the form’s design or the process of applying for aid, may have adverse effects on program costs, integrity, delivery, or distribution of awards, as well as, application development or application processing.

(c) ADDITIONAL CONSIDERATIONS.—In conducting the feasibility study, the Advisory Committee’s primary objective under this sub-

section shall be simplifying the financial aid application forms and process and obtaining a substantial reduction in the number of required data items. In carrying out that objective, the Advisory Committee shall pay special attention to the needs of low-income and moderate-income students and families.

(d) CONSULTATION.—

(1) IN GENERAL.—The Advisory Committee shall consult with a broad range of interested parties in higher education, including parents and students, high school guidance counselors, financial aid and other campus administrators, appropriate State administrators, administrators of intervention and outreach programs, and appropriate officials from the Department of Education.

(2) FORMS DESIGN EXPERT.—With the goal of making significant changes to the form to make the questions more easily understandable, the Advisory Committee shall consult a forms design expert to ensure that its recommendations for revision of the application form would assist in making the form easily readable and understood by parents, students, and other members of the public.

(3) CONGRESSIONAL CONSULTATION.—The Advisory Committee shall consult on a regular basis with the Committee on Education and the Workforce of the House of Representatives and the Committee on Health, Education, Labor, and Pensions of the Senate in carrying out the feasibility study required by this subsection.

(4) DEPARTMENTAL CONSULTATION.—The Secretary of Education shall provide such assistance to the Advisory Committee as is requested and practicable in conducting the study required by this subsection.

(e) REPORTS.—

(1) INTERIM REPORT.—The Advisory Committee shall, not later than six months after the date of enactment of this Act, prepare and submit an interim report containing any such legislative changes as the Advisory Committee recommends to reform and simplify the needs analysis under part F of title IV of the Higher Education Act of 1965 (20 U.S.C. 1087kk et seq.) and forms and other requirements under such title to the Committee on Education and the Workforce of the House of Representatives, the Committee on Health, Education, Labor, and Pensions of the Senate, and the Secretary of Education.

(2) FINAL REPORT.—The Advisory Committee shall, not later than one year after the date of enactment of this Act, prepare and submit a full final report on the study, including recommendations for regulatory and administrative changes required by this section, to the Committee on Education and the Workforce of the House of Representatives, the Committee on Health, Education, Labor, and Pensions of the Senate, and the Secretary of Education.

(f) IMPLEMENTATION.—The Secretary of Education shall consult with the Committee on Education and the Workforce of the House of Representatives and the Committee on Health, Education, Labor, and Pensions of the Senate and shall subsequently initiate a redesign of the form required by section 483 of the Higher Education Act of 1965 (20 U.S.C. 1090). Such redesign shall include the testing of alternative simplified versions of the free federal form. The Secretary shall keep the Committee on Education and the Workforce of the House of Representatives and the Committee on Health, Education, Labor, and Pensions of the Senate fully and currently informed on the progress of these efforts.

(g) POSTPONEMENT OF TAX TABLE UPDATE PENDING REPORT AND IMPLEMENTATION.—The Secretary of Education shall not implement or enforce for the award year 2004–2005 the annual update to the allowances for State and other taxes in the tables used in the Federal needs analysis methodology, as prescribed by the Secretary on May 30, 2003 (68 Fed. Reg. 32473).]

SEC. 306. The Secretary of Education shall treat as timely filed an application under section 8003 of the Elementary and Secondary Education Act of 1965 from the local educational agency for Hydraburg, Alaska, for a payment for fiscal year 2004, and shall process such application for payment, if the Secretary has received the fiscal year 2004 application not later than 30 days after the date of enactment of this Act.]

SEC. 305. (a) DISCRETIONARY FUNDING.—Section 458(a)(1) of the Higher Education Act of 1965 (20 U.S.C. 1087h(a)(1)), is amended—

(TRANSFER OF FUNDS)—Continued

(1) in the matter preceding subparagraph (A), by striking “there shall be available to the Secretary, from funds not otherwise appropriated, funds to be obligated for—” and inserting in lieu thereof, “there are authorized to be appropriated to carry out this section such sums as may be necessary, for—”;

(2) in subparagraph (B), by striking the comma at the end thereof and inserting in lieu thereof a period; and

(3) by striking the flush language at the end thereof.

(b) **EFFECTIVE DATE.**—The amendments made by subsection (a) shall be effective for fiscal year 2005 and succeeding fiscal years. (Division E, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)

Note: Section 167, Division H, H.R. 2673, Consolidated Appropriations Bill, 2004, appropriates additional amounts for the Department of Education for 2004. The language is presented with the government-wide general provisions.

DEPARTMENT OF EDUCATION

OFFICE OF ELEMENTARY AND SECONDARY EDUCATION

Federal Funds

General and special funds:

EDUCATION FOR THE DISADVANTAGED

For carrying out title I and part D of title V of the Elementary and Secondary Education Act of 1965 ("ESEA") [and section 418A of the Higher Education Act of 1965, \$14,963,683,000], \$16,397,204,000, of which [\$7,382,995,000] \$8,677,136,000 shall become available on July 1, [2005] 2006, and shall remain available through September 30, [2006] 2007, and of which \$7,383,301,000 shall become available on October 1, [2005] 2006, and shall remain available through September 30, [2006] 2007 for academic year [2005-2006, and of which \$25,000,000 shall become available on October 1, 2004 and shall remain available until September 30, 2006] 2006-2007: *Provided*, That [\$7,037,592,000] \$6,934,854,000 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 of Education on October 1, [2004] 2005, to obtain annually updated educational-agency-level census poverty data from the Bureau of the Census: *Provided further*, That \$1,365,031,000 shall be [available] for concentration grants under section 1124A: *Provided further*, That [\$2,219,843,000] \$2,822,581,000 shall be [available] for targeted grants under section 1125: *Provided further*, That \$2,219,843,000 shall be [available] for education finance incentive grants under section 1125A: *Provided further*, That each State, as a condition of receiving funds under part A of title I of the ESEA for fiscal year 2006 or any fiscal year thereafter shall participate in biennial State academic assessments of 12th grade reading and mathematics under the National Assessment of Educational Progress carried out under section 303(b) of the National Assessment of Educational Progress Authorization Act, if the Secretary pays the costs of administering those assessments: *Provided further*, That [\$25,000,000, available until September 30, 2006, shall be for a striving readers initiative authorized under section 1502 of the ESEA: *Provided further*, That \$9,500,000] \$9,424,000 shall be [available] to carry out part E of title I: [*Provided further*, That from the funds available to carry out part E of title I, up to \$1,000,000 shall be available to the Secretary of Education to provide technical assistance to State and local educational agencies concerning part A of title I:] *Provided further*, That [\$207,000,000 shall be available for comprehensive school reform grants under part F of the ESEA] \$1,240,000 shall be available under part D of title V, first for continuation awards for grants made under title IV, part A, subpart 2, chapter 2 and sections 402B and 402C of the Higher Education Act of 1965, and the remainder for formula grants to States to support competitive awards to local educational agencies to enable them to implement targeted interventions in high-need secondary schools: *Provided further*, That the Secretary may reserve a portion of such funds for research, evaluation, and technical assistance (Department of Education Appropriations Act, 2005.)

Program and Financing (in millions of dollars)

Identification code 91-0900-0-1-501	2004 actual	2005 est.	2006 est.
Obligations by program activity:			
00.01 Grants to local educational agencies	14,008	12,755	13,342
00.02 Reading first State grants	1,013	1,105	1,042
00.03 Early reading first	94	104	104
00.04 Striving readers	25	200	
00.05 Even start	226	247	
00.06 Literacy through school libraries	40	20	20
00.07 High school intervention			1,240
00.08 State agency programs	447	447	440
00.09 Comprehensive school reform	236	213	
00.10 Evaluation	9	9	9
00.11 Migrant education projects	35	34	
10.00 Total new obligations	16,108	14,959	16,397

Budgetary resources available for obligation:			
21.40	Unobligated balance carried forward, start of year	2,376	115
22.00	New budget authority (gross)	13,846	14,844
22.10	Resources available from recoveries of prior year obligations	1	
23.90	Total budgetary resources available for obligation	16,223	14,959
23.95	Total new obligations	-16,108	-14,959
24.40	Unobligated balance carried forward, end of year	115	

New budget authority (gross), detail:			
Discretionary:			
40.00	Appropriation	7,145	7,581
40.35	Appropriation permanently reduced	-82	-120
43.00	Appropriation (total discretionary)	7,063	7,461
55.00	Advance appropriation	9,027	7,383
55.35	Advance appropriation permanently reduced	-2,244	
55.90	Advance appropriation (total discretionary)	6,783	7,383
70.00	Total new budget authority (gross)	13,846	14,844

Change in obligated balances:			
72.40	Obligated balance, start of year	7,289	10,896
73.10	Total new obligations	16,108	14,959
73.20	Total outlays (gross)	-12,486	-14,637
73.40	Adjustments in expired accounts (net)	-14	
73.45	Recoveries of prior year obligations	-1	
74.40	Obligated balance, end of year	10,896	11,218

Outlays (gross), detail:			
86.90	Outlays from new discretionary authority	4,607	6,648
86.93	Outlays from discretionary balances	7,879	7,989
87.00	Total outlays (gross)	12,486	14,637

Net budget authority and outlays:			
89.00	Budget authority	13,846	14,844
90.00	Outlays	12,486	14,637

Summary of Budget Authority and Outlays

(in millions of dollars)

	2004 actual	2005 est.	2006 est.
Enacted/requested:			
Budget Authority	13,846	14,844	16,397
Outlays	12,486	14,637	14,822
Legislative proposal, not subject to PAYGO:			
Budget Authority			34
Outlays			2
Total:			
Budget Authority	13,846	14,844	16,431
Outlays	12,486	14,637	14,824

SUMMARY OF PROGRAM LEVEL

(in millions of dollars)

	2004-2005 academic year	2005-2006 academic year	2006-2007 academic year
New Budget Authority	7,063	7,461	9,048
Advance appropriation	7,383	7,383	7,383
Total program level	14,446	14,844	16,431
Change in advance appropriation from the previous year	+600		

Grants to local educational agencies.—Funds are allocated through four formulas—Basic Grants, Concentration Grants, Targeted Grants and Education Finance Incentive Grants—for local programs that provide extra academic support to help raise the achievement of eligible students in high-poverty schools or, in the case of schoolwide programs, help all stu-

General and special funds—Continued

EDUCATION FOR THE DISADVANTAGED—Continued

dents in high-poverty schools to meet challenging State academic standards. States must annually assess participating students in at least reading and mathematics, and school districts must identify for improvement, and provide assistance to, schools that for two consecutive years do not make adequate yearly progress toward helping all groups of students reach the proficient level on the State assessments. Districts must provide students attending such schools the choice of attending another public school that is not identified for improvement. After three or more years of a school not making adequate progress, students who remain in the school are permitted to obtain supplemental educational services from a public- or private-sector provider. Schools that do not improve are subject to progressively stronger corrective actions and, after six years of not making adequate yearly progress, reconstitution under a restructuring plan.

Reading first State grants.—Funds provide assistance to State and local educational agencies in establishing reading programs for students in grades K–3 that are grounded in scientifically based reading research, in order to ensure that every student can read at grade level or above by the end of third grade.

Early reading first.—Funds provide assistance to support local efforts, through competitive grants, to enhance the school readiness of young children, particularly those from low-income families, through scientific, research-based strategies and professional development that are designed to enhance the verbal skills, phonological awareness, letter knowledge, pre-reading skills, and early language development of children ages three through five.

Striving readers.—Funds support the development, implementation, and evaluation of scientifically based reading interventions for middle school or high school students reading significantly below grade level. The program complements the Reading First program, which improves reading in elementary schools.

Literacy through school libraries.—Funds support competitive grants to local educational agencies to provide students with increased access to up-to-date school library materials and certified professional library media specialists.

High School Interventions.—This new initiative would support formula grants to States that would in turn award the funds competitively to local educational agencies to enable those entities to implement targeted interventions in high-need secondary schools in order to increase student achievement and narrow achievement gaps between students from different ethnic and racial groups and between disadvantaged students and their more advantaged peers.

State agency migrant program.—Funds support formula grants to States for educational services to children of migratory farmworkers and fishers, with resources and services focused on children who have moved within the past 36 months.

State agency neglected and delinquent program.—Funds support formula grants to States for educational services to children and youth under age 21 in State neglected, delinquent, or adult correction facilities.

Evaluation.—Funds support a series of impact studies designed to identify effective reading interventions in Title I and studies of the implementation of key No Child Left Behind requirements including assessments, accountability systems, school improvement requirements, public school choice, and supplemental educational services.

Object Classification (in millions of dollars)

Identification code 91–0900–0–1–501	2004 actual	2005 est.	2006 est.
24.0 Printing and reproduction	1	1	1
25.1 Advisory and assistance services	13	11	13
25.2 Other services	45	42	46
25.3 Other purchases of goods and services from Government accounts	5	5	5
41.0 Grants, subsidies, and contributions	16,044	14,900	16,332
99.9 Total new obligations	16,108	14,959	16,397

EDUCATION FOR THE DISADVANTAGED

(Legislative proposal, not subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 91–0900–2–1–501	2004 actual	2005 est.	2006 est.
Obligations by program activity:			
00.11 Migrant education projects			34
10.00 Total new obligations (object class 41.0)			34
Budgetary resources available for obligation:			
22.00 New budget authority (gross)			34
23.95 Total new obligations			–34
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation			34
Change in obligated balances:			
72.40 Obligated balance, start of year			
73.10 Total new obligations			34
73.20 Total outlays (gross)			–2
74.40 Obligated balance, end of year			32
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority			2
Net budget authority and outlays:			
89.00 Budget authority			34
90.00 Outlays			2

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

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.

IMPACT AID

For carrying out programs of financial assistance to federally affected schools authorized by title VIII of the Elementary and Secondary Education Act of 1965, **[\$1,253,893,000] \$1,240,862,000**, of which **[\$1,083,687,000] \$1,075,018,000** shall be for basic support payments under section 8003(b), **[\$50,369,000] \$49,966,000** shall be for payments for children with disabilities under section 8003(d), **[\$48,936,000] \$45,544,000** shall be for construction under section 8007 and shall remain available through September 30, **[2006, \$63,000,000] 2007, \$62,496,000** shall be for Federal property payments under section 8002, and **[\$7,901,000] \$7,838,000**, to remain available until expended, shall be for facilities maintenance under section 8008: *Provided*, That **[\$3,000,000** of the funds for section 8007 shall be available for the local educational agencies and in the amounts specified in the statement of the managers on the conference report accompanying this Act: *Provided further*, That, notwithstanding any other provision of law, these funds shall remain available until expended: *Provided further*, That] for purposes of computing the amount of a payment for an eligible local educational agency under section 8003(a) of the Elementary and Secondary Education Act (20 U.S.C. 7703(a)) for school year **[2004–2005] 2005–2006**, children enrolled in a school of such agency that would other-

wise be eligible for payment under section 8003(a)(1)(B) of such Act, but due to the deployment of both parents or legal guardians, or a parent or legal guardian having sole custody of such children, or due to the death of a military parent or legal guardian while on active duty (so long as such children reside on Federal property as described in section 8003(a)(1)(B)), are no longer eligible under such section, shall be considered as eligible students under such section, provided such students remain in average daily attendance at a school in the same local educational agency they attended prior to their change in eligibility status. (*Department of Education Appropriations Act, 2005.*)

Program and Financing (in millions of dollars)

Identification code 91-0102-0-1-501	2004 actual	2005 est.	2006 est.
Obligations by program activity:			
Payments for federally connected children:			
00.01 Basic support payments	1,063	1,075	1,075
00.02 Supplemental payments for children with disabilities	50	50	50
00.91 Subtotal, payments for federally connected children	1,113	1,125	1,125
01.01 Facilities maintenance	7	8	8
02.01 Construction	46	48	46
03.01 Payments for Federal property	62	62	62
10.00 Total new obligations	1,228	1,243	1,241
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	35	37	38
22.00 New budget authority (gross)	1,230	1,244	1,241
23.90 Total budgetary resources available for obligation	1,265	1,281	1,279
23.95 Total new obligations	-1,228	-1,243	-1,241
24.40 Unobligated balance carried forward, end of year	37	38	38
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	1,237	1,254	1,241
40.35 Appropriation permanently reduced	-7	-10	
43.00 Appropriation (total discretionary)	1,230	1,244	1,241
Change in obligated balances:			
72.40 Obligated balance, start of year	293	281	194
73.10 Total new obligations	1,228	1,243	1,241
73.20 Total outlays (gross)	-1,239	-1,330	-1,264
73.40 Adjustments in expired accounts (net)	-1		
74.40 Obligated balance, end of year	281	194	171
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	1,075	1,090	1,089
86.93 Outlays from discretionary balances	164	240	175
87.00 Total outlays (gross)	1,239	1,330	1,264
Net budget authority and outlays:			
89.00 Budget authority	1,230	1,244	1,241
90.00 Outlays	1,239	1,330	1,264

Impact Aid helps to replace the lost local revenue that would otherwise be available to educate federally connected children. The presence of certain students living on Federal property, such as students who are military dependents or who reside on Indian lands, can place a financial burden on local educational agencies that educate them. The property on which the children live and their parents work is exempt from local property taxes, denying local educational agencies access to the primary source of revenue used by most communities to finance education.

Basic support payments.—Payments will be made on behalf of approximately 1.0 million federally connected students enrolled in about 1,250 local educational agencies to assist them in meeting their operation and maintenance costs. Average per-student payments will be approximately \$1,036.

Payments for children with disabilities.—Payments in addition to those provided under the Individuals with Disabilities Education Act will be provided on behalf of approximately

57,000 federally connected students with disabilities in about 860 local educational agencies. Average per-student payments will be approximately \$881.

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

Construction.—Formula payments will be provided to approximately 180 local educational agencies with large proportions of federally connected students. Payments will be made on behalf of about 140,000 students who are military dependents or who reside on Indian lands. In addition, approximately 25 construction grants will be awarded competitively to local educational agencies.

Payments for Federal property.—Payments will be made to approximately 200 local educational agencies in which real property owned by the Federal Government represents 10 percent or more of the assessed value of real property in the local educational agency.

Object Classification (in millions of dollars)

Identification code 91-0102-0-1-501	2004 actual	2005 est.	2006 est.
25.3 Other purchases of goods and services from Government accounts	2	2	2
41.0 Grants, subsidies, and contributions	1,226	1,241	1,239
99.9 Total new obligations	1,228	1,243	1,241

SCHOOL IMPROVEMENT PROGRAMS

For carrying out school improvement activities authorized by [titles] section 1502 of part E of title I, title II, part B of title IV, part A [and subparts 6 and 9 of part D] of title V, parts A and B of title VI, and parts B and C of title VII of the Elementary and Secondary Education Act of 1965 ("ESEA"); the McKinney-Vento Homeless Assistance Act; section 203 of the Educational Technical Assistance Act of 2002; the Compact of Free Association Amendments Act of 2003; and the Civil Rights Act of 1964, [\$5,664,977,000] \$5,332,219,000, of which [\$4,034,196,000] \$3,736,482,000 shall become available on July 1, [2005] 2006, and remain available through September 30, [2006] 2007, and of which \$1,435,000,000 shall become available on October 1, [2005] 2006, and shall remain available through September 30, [2006] 2007, for academic year [2005-2006] 2006-2007: *Provided*, That [funds made available to carry out part B of title VII of the ESEA may be used for construction, renovation and modernization of any elementary school, secondary school, or structure related to an elementary school or secondary school, run by the Department of Education of the State of Hawaii, that serves a predominantly Native Hawaiian student body: *Provided further*, That from the funds referred to in the preceding proviso, not less than \$1,000,000 shall be for a grant to the Department of Education of the State of Hawaii for the activities described in such proviso, and \$600,000 shall be for a grant to the University of Hawaii School of Law for a Center of Excellence in Native Hawaiian law: *Provided further*, That funds made available to carry out part C of title VII of the ESEA may be used for construction: *Provided further*, That from the funds referred to in the preceding proviso, \$2,000,000 shall be provided to the Yuut Elitnaurviut Vocational Learning Center in Bethel, Alaska for construction; \$1,000,000 shall be provided to the University of Alaska Anchorage for high school enrichment programs of the UAA Native Science and Engineering program; and notwithstanding any other provision of law, of the funds available to the Alaska Native Heritage Center, up to \$1,000,000 may be used for repair and renovation of buildings on its campus: *Provided further*, That \$415,000,000] \$411,680,000 shall be for State assessments and related activities authorized under sections 6111 and 6112 of the ESEA: *Provided further*, That [the amount made available in the Department of Education Appropriations Act, 2004, under the heading School Improvement Programs and including any funds transferred by the Secretary of Education pursuant to section 304 of that Act for State assessment grants authorized under section 6111 of the Elementary and Secondary Education Act of 1965, shall not be less than \$390,000,000: *Provided further*, That, notwithstanding any

General and special funds—Continued

SCHOOL IMPROVEMENT PROGRAMS—Continued

other provision of law, including any across-the-board reduction that would otherwise apply, the funds made available for fiscal year 2005 under the heading School Improvement Programs for State assessment grants under section 6111 of the Elementary and Secondary Education Act of 1965 shall not be less than \$400,000,000: *Provided further*, That \$57,283,000 \$56,825,000 shall be available to carry out section 203 of the Educational Technical Assistance Act of 2002: *Provided further*, That \$29,111,000 shall be available to carry out part D of title V of the ESEA: *Provided further*, That no funds appropriated under this heading may be used to carry out section 5494 under the ESEA: *Provided further*, That \$12,230,000 \$18,183,000 shall be available to carry out the Supplemental Education Grants program for the Federated States of Micronesia[,] and \$6,100,000 shall be available to carry out the Supplemental Education Grants program] for the Republic of the Marshall Islands: *Provided further*, That up to 5 percent of these amounts may be reserved by the Federated States of Micronesia and the Republic of the Marshall Islands to administer the Supplemental Education Grants programs and to obtain technical assistance, oversight and consultancy services in the administration of these grants and to reimburse the United States Departments of Labor, Health and Human Services, and Education for such services: *Provided further*, That notwithstanding section 2202(a)(2) of the ESEA, \$120,000,000 of the funds for part B of title II of the ESEA shall be for competitive grants that are designed to improve the achievement of secondary school students in mathematics, of which up to \$1,000,000 may be used for technical assistance and evaluation: *Provided further*, That \$250,000,000 shall be available under section 1502 of the ESEA for grants to States to develop additional reading/language arts and mathematics assessments for secondary school students: *Provided further*, That each State receiving assistance under part A of title I of the ESEA for the fiscal year 2006 or any fiscal year thereafter shall develop such assessments and shall incorporate them into the assessment system that it administers under section 111(b)(3) of the ESEA, under such conditions as the Secretary may establish (Department of Education Appropriations Act, 2005.)

Program and Financing (in millions of dollars)

Identification code 91-1000-0-1-501	2004 actual	2005 est.	2006 est.
Obligations by program activity:			
Improving teacher quality:			
00.01 Improving teacher quality State grants	2,655	2,935	2,916
00.02 Early childhood educator professional development	15	15	15
00.03 Mathematics and science partnerships	150	180	269
00.04 Educational technology State grants	692	511	.....
00.05 21st Century community learning centers	1,005	1,002	991
00.06 State grants for innovative programs	582	199	100
00.07 Javits gifted and talented education	11	11	.....
00.08 Foreign language assistance	17	18	.....
00.09 State assessments	396	412	412
00.10 High school assessments .....	.....	.....	250
00.11 Education for homeless children and youth	60	63	62
00.12 Education for Native Hawaiians	33	34	33
00.13 Alaska Native education equity	33	34	31
00.14 Training and advisory services	7	7	7
00.15 Rural education	168	171	171
00.16 Supplemental education grants .....	.....	18	18
00.17 Comprehensive centers .....	.....	57	57
00.18 Troops-to-teachers	11	.....	.....
00.19 Smaller learning communities	135	.....	.....
00.20 Comprehensive school reform	1	.....	.....
00.21 Safe and drug-free schools and communities State grants	336	.....	.....
00.22 Safe and drug-free schools and communities national programs .....	.....	14	.....
10.00 Total new obligations	6,307	5,681	5,332
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	263	61	.....
22.00 New budget authority (gross)	6,131	5,620	5,332
22.10 Resources available from recoveries of prior year obligations	1	.....	.....
23.90 Total budgetary resources available for obligation	6,395	5,681	5,332
23.95 Total new obligations	-6,307	-5,681	-5,332
23.98 Unobligated balance expiring or withdrawn	-27	.....	.....

24.40 Unobligated balance carried forward, end of year	61	.....	.....
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	4,399	4,230	3,897
40.35 Appropriation permanently reduced	-34	-45	.....
42.00 Transferred from other accounts	1	.....	.....
43.00 Appropriation (total discretionary)	4,366	4,185	3,897
55.00 Advance appropriation	1,765	1,435	1,435
70.00 Total new budget authority (gross)	6,131	5,620	5,332
Change in obligated balances:			
72.40 Obligated balance, start of year	9,581	8,641	7,233
73.10 Total new obligations	6,307	5,681	5,332
73.20 Total outlays (gross)	-7,283	-7,089	-5,952
73.40 Adjustments in expired accounts (net)	-27	.....	.....
73.45 Recoveries of prior year obligations	-1	.....	.....
74.10 Change in uncollected customer payments from Federal sources (expired)	63	.....	.....
74.40 Obligated balance, end of year	8,641	7,233	6,613
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	913	973	968
86.93 Outlays from discretionary balances	6,370	6,116	4,984
87.00 Total outlays (gross)	7,283	7,089	5,952
Offsets:			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	-63	-3	.....
Against gross budget authority only:			
88.96 Portion of offsetting collections (cash) credited to expired accounts	63	3	.....
Net budget authority and outlays:			
89.00 Budget authority	6,131	5,620	5,332
90.00 Outlays	7,219	7,086	5,952

SUMMARY OF PROGRAM LEVEL

	(in millions of dollars)		
	2004-2005 Academic Year	2005-2006 Academic Year	2006-2007 Academic Year
New Budget Authority	4,365	4,185	3,897
Advance Appropriation	1,435	1,435	1,435
Total program level	5,800	5,620	5,332
Change in advance appropriation over previous year	0	0	0

Improving teacher quality.—

*Improving teacher quality State grants.—*Funds support State and school district activities to prepare, train, and recruit high-quality teachers to improve student achievement.

*Early childhood educator professional development.—*Funds support competitive grants to improve the knowledge and skills of early childhood educators who work in communities that have high concentrations of children living in poverty.

*Mathematics and science partnerships.—*Funds support State and local efforts to improve students' academic achievement in mathematics and science by promoting strong teaching skills for elementary and secondary school teachers, including integrating teaching methods based on scientifically-based research and technology into the curriculum.

*21st Century community learning centers.—*Funds support formula grants to States, which award subgrants to communities to provide academic enrichment opportunities and related services to students, primarily students who attend high-poverty schools, and their families during before-school, after-school, weekend, and summer hours.

*State grants for innovative programs.—*Funds support formula grants to States and local educational agencies to help

implement innovative strategies for improving student achievement.

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

High school assessments.—Funds would support formula grants to States for the development of reading/language arts and mathematics assessments for high school students.

Education for homeless children and youth.—Funds support formula grants to States to provide educational and support services that enable homeless children and youth to attend and achieve success in school.

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

Alaska Native education equity.—Funds provide supplemental education services to Alaska Natives in areas such as educational planning, curriculum development, teacher training, teacher recruitment, student enrichment, and home-based instruction for pre-school children. Grants also go to organizations specified in the law.

Training and advisory services.—Funds support grants to regional equity assistance centers that provide technical assistance to school districts in addressing equity in education related to issues of race, gender, and national origin.

Rural education.—Funds support formula grants under two programs: Small, Rural Schools Achievement and Rural and Low-Income Schools. Funds under the Small, Rural Schools Achievement program, which provides rural local educational agencies with small enrollments with additional formula funds and flexibility in the use of other Federal formula funds, are allocated by formula directly from the Department to eligible local educational agencies. Funds under the Rural and Low-Income Schools program, which targets rural local educational agencies that serve concentrations of poor students, are allocated by formula to States, who in turn allocate funds to eligible local educational agencies within the States.

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

Comprehensive centers.—Funds support no fewer than 20 comprehensive centers, with at least one center in each of 10 geographic regions, to provide technical assistance, training, and professional development in reading, mathematics, science, and technology to States, districts, and schools.

Object Classification (in millions of dollars)				
Identification code 91-1000-0-1-501	2004 actual	2005 est.	2006 est.	
25.1	Advisory and assistance services	7	7	7
25.2	Other services	27	27	27
25.3	Other purchases of goods and services from Government accounts	7	7	7
25.5	Research and development contracts	9	9	9
41.0	Grants, subsidies, and contributions	6,257	5,631	5,282
99.9	Total new obligations	6,307	5,681	5,332

READING EXCELLENCE

Program and Financing (in millions of dollars)

Identification code 91-0011-0-1-501	2004 actual	2005 est.	2006 est.
Change in obligated balances:			
72.40	Obligated balance, start of year	226	67

73.20	Total outlays (gross)	-159	-67
74.40	Obligated balance, end of year	67	
Outlays (gross), detail:			
86.93	Outlays from discretionary balances	159	67
Net budget authority and outlays:			
89.00	Budget authority		
90.00	Outlays	159	67

Reading Excellence.—This program has been replaced by the Reading First program in the Education for the Disadvantaged account. Amounts in these schedules reflect balances that are spending out from prior-year appropriations.

EDUCATION REFORM

Program and Financing (in millions of dollars)

Identification code 91-0500-0-1-501	2004 actual	2005 est.	2006 est.
Change in obligated balances:			
72.40	Obligated balance, start of year	226	120
73.20	Total outlays (gross)	-75	-120
73.40	Adjustments in expired accounts (net)	-31	
74.40	Obligated balance, end of year	120	
Outlays (gross), detail:			
86.93	Outlays from discretionary balances	75	120
Net budget authority and outlays:			
89.00	Budget authority		
90.00	Outlays	75	120

Programs in this account have been transferred to the School Improvement Programs account or discontinued. Amounts in this schedule reflect balances that are spending out from prior-year appropriations.

CHICAGO LITIGATION SETTLEMENT

Program and Financing (in millions of dollars)

Identification code 91-0220-0-1-501	2004 actual	2005 est.	2006 est.
Change in obligated balances:			
72.40	Obligated balance, start of year	1	1
73.20	Total outlays (gross)	-1	-1
74.40	Obligated balance, end of year	1	
Outlays (gross), detail:			
86.93	Outlays from discretionary balances	1	1
Net budget authority and outlays:			
89.00	Budget authority		
90.00	Outlays	1	1

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

OFFICE OF INDIAN EDUCATION

Federal Funds

General and special funds:

INDIAN EDUCATION

For expenses necessary to carry out, to the extent not otherwise provided, title VII, part A of the Elementary and Secondary Education Act of 1965, **[\$120,856,000]** **\$119,889,000.** (*Department of Education Appropriations Act, 2005.*)

Program and Financing (in millions of dollars)

Identification code 91-0101-0-1-501	2004 actual	2005 est.	2006 est.
Obligations by program activity:			
00.01 Grants to local educational agencies	96	95	96
00.02 Special programs for Indian children	20	20	20
00.03 National activities	5	5	4
10.00 Total new obligations	121	120	120
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	121	120	120
23.95 Total new obligations	-121	-120	-120
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	122	121	120
40.35 Appropriation permanently reduced	-1	-1	
43.00 Appropriation (total discretionary)	121	120	120
Change in obligated balances:			
72.40 Obligated balance, start of year	147	151	141
73.10 Total new obligations	121	120	120
73.20 Total outlays (gross)	-114	-130	-120
73.40 Adjustments in expired accounts (net)	-3		
74.40 Obligated balance, end of year	151	141	141
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	2	6	6
86.93 Outlays from discretionary balances	112	124	114
87.00 Total outlays (gross)	114	130	120
Net budget authority and outlays:			
89.00 Budget authority	121	120	120
90.00 Outlays	114	130	120

The Indian Education program supports the efforts of local educational agencies and tribal schools to improve teaching and learning for the Nation's American Indian and Alaska Native Children.

Grants to local educational agencies.—Formula grants support local educational agencies in their efforts to reform elementary and secondary school programs that serve Indian students, with the goal of ensuring that such programs assist participating students in meeting the same academic standards as all other students. In 2004, the Department made 1,166 formula grants to local educational agencies and tribal schools serving more than 458,000 students.

Special programs for Indian Children.—The Department makes competitive awards for demonstration projects in early childhood education, professional development grants, American Indian Teacher Corps grants, and grants for the American Indian Administrator Corps. The professional development awards in this activity are designed to improve the quality of teachers and administrators in school districts with concentrations of Indian students.

National activities.—Funds support research, evaluation, data collection, and related activities.

Object Classification (in millions of dollars)

Identification code 91-0101-0-1-501	2004 actual	2005 est.	2006 est.
25.2 Other services	5	5	4

41.0 Grants, subsidies, and contributions	116	115	116
99.9 Total new obligations	121	120	120

OFFICE OF INNOVATION AND IMPROVEMENT

Federal Funds

General and special funds:

INNOVATION AND IMPROVEMENT

For carrying out activities authorized by [parts] part G [and H] of title I, subpart 5 of part A and parts C and D of title II, and parts B, C, and D of title VI, and section 1504] of the Elementary and Secondary Education Act of 1965 (“ESEA”), **[\$1,101,454,000]** **\$1,307,871,000:** *Provided*, That **[\$17,000,000]** shall be available to carry out section 2151(c) of the ESEA, of which not less than \$10,000,000 shall be provided to the National Board for Professional Teaching Standards, and not less than \$7,000,000 shall be provided to the American Board for the Certification of Teacher Excellence] *from funds for subpart 4, part C of title II, up to 3 percent shall be available to the Secretary for technical assistance and dissemination of information: Provided further*, That **[\$37,279,000]** **\$36,981,000** shall be for subpart 2 of part B of title V: *Provided further*, That **[\$417,418,000]** **\$656,296,000** shall be available to carry out part D of title V of the ESEA: *Provided further*, That \$246,963,000 of the funds for subpart 1, part D of title V of the ESEA shall be available for the projects and in the amounts specified in the statement of the managers on the conference report accompanying this Act], of which \$500,000,000 of the funds for subpart 1 shall become available on July 1, 2006 and remain available through September 30, 2007, and shall be for grants to States and local educational agencies to provide financial incentives for teachers and schools that raise student achievement, for teachers who teach in low-income schools, and to develop performance-based teacher compensation systems. (*Department of Education Appropriations Act, 2005.*)

Program and Financing (in millions of dollars)

Identification code 91-0204-0-1-501	2004 actual	2005 est.	2006 est.
Obligations by program activity:			
Recruiting and training high quality teachers and principals:			
00.01 Teacher incentive fund			500
00.02 Troops-to-teachers	15	15	15
00.03 Transition to teaching	45	45	45
00.04 National writing project	18	20	
00.05 Teaching American history	119	119	119
00.06 School leadership	12	15	
00.07 Advanced credentialing	18	17	8
School choice and flexibility:			
00.08 Charter schools grants	219	217	219
00.09 Credit enhancement for charter school facilities	37	37	37
00.10 Voluntary public school choice	27	27	27
00.11 Magnet schools assistance	109	108	108
00.12 Choice incentive fund			50
00.13 Advanced placement	24	30	51
00.14 School dropout prevention	5	5	
00.15 Close Up fellowships	1	1	
00.16 Ready to learn television	23	23	23
00.17 FIE programs of national significance	281	257	29
00.18 Adjunct teacher corps initiative			40
00.19 State scholars capacity building			12
00.20 Reading is fundamental/Inexpensive book distribution	25	25	25
00.21 Star schools	20	21	
00.22 Ready to teach	14	14	
00.23 Exchanges with historic whaling and trading partners	8	9	
00.24 Excellence in economic education	1	1	
00.25 Mental health integration in schools		5	
00.26 Foundations for learning		1	
00.27 Arts in education	35	36	
00.28 Parental information and resource centers	42	42	
00.29 Womens educational equity	3	3	
01.00 Total direct program	1,101	1,093	1,308
09.01 DC School Choice	14	14	14
10.00 Total new obligations	1,115	1,107	1,322
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year		1	

22.00	New budget authority (gross)	1,116	1,106	1,322
23.90	Total budgetary resources available for obligation	1,116	1,107	1,322
23.95	Total new obligations	-1,115	-1,107	-1,322
24.40	Unobligated balance carried forward, end of year	1		
New budget authority (gross), detail:				
Discretionary:				
40.00	Appropriation	1,110	1,101	1,308
40.35	Appropriation permanently reduced	-7	-9	
41.00	Transferred to other accounts	-1		
43.00	Appropriation (total discretionary)	1,102	1,092	1,308
68.00	Spending authority from offsetting collections: Offsetting collections (cash)	14	14	14
70.00	Total new budget authority (gross)	1,116	1,106	1,322
Change in obligated balances:				
72.40	Obligated balance, start of year		1,041	1,380
73.10	Total new obligations	1,115	1,107	1,322
73.20	Total outlays (gross)	-74	-768	-1,059
74.40	Obligated balance, end of year	1,041	1,380	1,643
Outlays (gross), detail:				
86.90	Outlays from new discretionary authority	74	56	66
86.93	Outlays from discretionary balances		712	993
87.00	Total outlays (gross)	74	768	1,059
Offsets:				
Against gross budget authority and outlays:				
88.40	Offsetting collections (cash) from: Non-Federal sources	-14	-14	-14
Net budget authority and outlays:				
89.00	Budget authority	1,102	1,092	1,308
90.00	Outlays	60	754	1,045

Recruiting and training high quality teachers and principals.—

Teacher incentive fund.—Funds will reward teachers and schools that are raising student achievement and closing the achievement gap, provide incentives for effective teachers who choose to teach in low-income schools, and provide funds for the development of performance-based teacher compensation systems.

Troops-to-teachers.—Funds assist eligible members of the armed forces to obtain certification as teachers and to become highly qualified teachers.

Transition to teaching.—Funds support competitive grants to establish programs to recruit and retain highly qualified mid-career professionals and recent college graduates as teachers in high-need schools.

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

Advanced credentialing.—Funds support the development of an advanced credential based on the content expertise of master teachers. Funds also support related activities to encourage and support teachers seeking advanced certification or advanced credentials.

School choice and flexibility.—

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

Credit enhancement for charter school facilities.—Funds support competitive grants to State and local governments, nonprofit entities, and public and nonprofit consortia, to assist charter schools in acquiring, leasing, and renovating school facilities. Funds above \$200 million are used for the

Per-Pupil Facilities Aid program, which provides funds to States to assist charter schools in obtaining facilities.

Voluntary public school choice.—Funds support competitive grants to State educational agencies and local educational agencies to implement programs that provide students, particularly students who attend low-performing schools, with expanded public school choice options.

Magnet schools assistance.—Funds support competitive grants to local educational agencies to establish and operate magnet school programs that are part of an approved desegregation plan.

Choice incentive fund.—Funds will support grants to States, local educational agencies, and community-based nonprofit organizations with a proven record for securing educational opportunities for children. These grants will support efforts to increase the capacity of high-quality public and private schools to serve additional students.

Advanced placement.—Funds support grants to States to pay test fees for low-income students if they are enrolled in an Advanced Placement course and competitive grants to State educational agencies, local educational agencies, and national nonprofit educational entities to expand access for low-income individuals to Advanced Placement classes.

Ready-to-learn television.—Funds support the development, distribution, and production of educational video and accompanying materials and services for preschool children, elementary school children, and their parents to facilitate student academic achievement.

FIE programs of national significance.—Funds support nationally significant projects to improve the quality of elementary and secondary education in order to help all children meet challenging State content and student achievement standards.

Adjunct teacher corps.—Funds will support partnerships between school districts and appropriate public and/or private institutions to enable well-qualified professionals to teach specific high-school courses in the core academic subjects, particularly in mathematics and science.

State scholars capacity building.—Funds will support business and education partnerships in every State to encourage high school students to complete a rigorous curriculum in the core academic subjects.

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

Object Classification (in millions of dollars)

Identification code 91-0204-0-1-501	2004 actual	2005 est.	2006 est.	
Direct obligations:				
25.1	Advisory and assistance services	2	2	2
25.2	Other services	32	32	38
25.3	Other purchases of goods and services from Government accounts	16	16	19
25.5	Research and development contracts	5	1	
41.0	Grants, subsidies, and contributions	1,046	1,042	1,249
99.0	Direct obligations	1,101	1,093	1,308
99.0	Reimbursable obligations	14	14	14
99.9	Total new obligations	1,115	1,107	1,322

OFFICE OF SAFE AND DRUG-FREE SCHOOLS

Federal Funds

General and special funds:

SAFE SCHOOLS AND CITIZENSHIP EDUCATION

For carrying out activities authorized by [subpart 3 of part C of title II,] part A of title IV[,] and subparts [2,] 3 and 10 of part D of title V of the Elementary and Secondary Education Act of 1965 ("ESEA"), [title VIII-D of the Higher Education Amendments

General and special funds—Continued

SAFE SCHOOLS AND CITIZENSHIP EDUCATION—Continued

of 1998, and Public Law 102–73, \$867,713,000, of which \$467,908,000, shall become available on July 1, 2005 and remain available through September 30, 2006: *Provided*, That of the amount available for subpart 2 of part A of title IV of the ESEA, \$850,000 shall be used to continue the National Recognition Awards program under the same guidelines outlined by section 120(f) of Public Law 105–244] \$396,767,000: *Provided [further]*, That \$440,908,000 shall be available for subpart 1 of part A of title IV and \$236,472,000] \$317,274,000 shall be available for subpart 2 of part A of title IV, of which \$5,000,000, to remain available until expended, shall be for the Project School Emergency Response to Violence program to provide education-related services to local educational agencies in which the learning environment has been disrupted due to a violent or traumatic crisis: *Provided further*, That \$133,691,000] \$79,493,000 shall be available to carry out part D of title V of the ESEA: *Provided further*, That of the funds available to carry out subpart 3 of part C of title II, up to \$12,292,000 may be used to carry out section 2345 and \$3,050,000 shall be used by the Center for Civic Education to implement a comprehensive program to improve public knowledge, understanding, and support of the Congress and the State legislatures: *Provided further*, That \$27,000,000 shall be for Youth Offender Grants, of which \$5,000,000 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 of the funds available to carry out subpart 10 of part D of title V, up to \$2,000,000 may be used to support the Special Olympics National Summer Games]. (*Department of Education Appropriations Act, 2005.*)

Program and Financing (in millions of dollars)

Identification code 91–0203–0–1–501	2004 actual	2005 est.	2006 est.
Obligations by program activity:			
Safe and drug-free schools and communities:			
00.01 State grants	437	441	.....
National programs:			
00.02 Alcohol abuse reduction	30	33	.....
00.03 Mentoring program	50	49	49
00.04 Other national programs	154	153	269
00.91 Subtotal, Safe and drug-free schools and communities	671	676	318
01.01 Character education	25	24	24
02.01 Elementary and secondary school counseling	34	35	.....
03.01 Physical education program	69	73	55
04.01 Civic education	28	29	.....
05.01 State grants for incarcerated youth offenders	20	22	.....
06.01 Literacy program for prisoners .....	.....	10	.....
09.00 Reimbursable program	68	.....	.....
10.00 Total new obligations	916	869	397
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year .....	.....	8	.....
22.00 New budget authority (gross)	924	861	397
23.90 Total budgetary resources available for obligation	924	869	397
23.95 Total new obligations	–916	–869	–397
24.40 Unobligated balance carried forward, end of year	8	.....	.....
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	863	868	397
40.35 Appropriation permanently reduced	–7	–7	.....
43.00 Appropriation (total discretionary)	856	861	397
Spending authority from offsetting collections:			
68.00 Offsetting collections (cash) .....	.....	68	.....
68.10 Change in uncollected customer payments from Federal sources (unexpired)	68	–68	.....
68.90 Spending authority from offsetting collections (total discretionary)	68	.....	.....
70.00 Total new budget authority (gross)	924	861	397
Change in obligated balances:			
72.40 Obligated balance, start of year .....	.....	827	1,212

73.10 Total new obligations	916	869	397
73.20 Total outlays (gross)	–21	–552	–784
74.00 Change in uncollected customer payments from Federal sources (unexpired)	–68	68	.....
74.40 Obligated balance, end of year	827	1,212	825
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	21	17	8
86.93 Outlays from discretionary balances .....	.....	535	776
87.00 Total outlays (gross)	21	552	784
Offsets:			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources .....	.....	–68	.....
Against gross budget authority only:			
88.95 Change in uncollected customer payments from Federal sources (unexpired)	–68	68	.....
Net budget authority and outlays:			
89.00 Budget authority	856	861	397
90.00 Outlays	21	484	784

Safe and drug-free schools and communities.—

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

Other national programs.—Funds support the drug testing initiative and other national activities to prevent violence and the illegal use of drugs among, and to promote safety and discipline for, students.

Character education.—Funds provide grants to support the design and implementation of character education programs in the Nation’s elementary and secondary schools.

Physical education program.—Funds provide grants to local educational agencies and community-based organizations to initiate, expand, or improve physical education programs for students.

Object Classification (in millions of dollars)

Identification code 91–0203–0–1–501	2004 actual	2005 est.	2006 est.
Direct obligations:			
24.0 Printing and reproduction .....	.....	1	1
25.1 Advisory and assistance services	1	2	2
25.2 Other services	13	14	15
25.3 Other purchases of goods and services from Government accounts	2	2	2
25.5 Research and development contracts	2	.....	.....
41.0 Grants, subsidies, and contributions	830	850	377
99.0 Direct obligations	848	869	397
99.0 Reimbursable obligations	68	.....	.....
99.9 Total new obligations	916	869	397

OFFICE OF ENGLISH LANGUAGE ACQUISITION

Federal Funds

General and special funds:

ENGLISH LANGUAGE ACQUISITION

For carrying out part A of title III of the ESEA, \$681,215,000, of which \$595,715,000] \$675,765,000, which shall become available on July 1, [2005] 2006, and shall remain available through September 30, [2006: *Provided*, That funds reserved under section 3111(c)(1)(D) of the ESEA that are not used in accordance with section 3111(c)(2) may be added to the funds that are available July 1, 2005, through September 30, 2006, for State allotments under section 3111(c)(3)] 2007, except that 6.5 percent of such amount shall be available on October 1, 2005 and shall remain available through September 30, 2007, to carry out activities under section 3111(c)(1)(C). (*Department of Education Appropriations Act, 2005.*)

DEPARTMENT OF EDUCATION

Program and Financing (in millions of dollars)

Identification code 91-1300-0-1-501	2004 actual	2005 est.	2006 est.
Obligations by program activity:			
00.01 Language acquisition State grants	685	683	676
10.00 Total new obligations	685	683	676
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	11	7	.....
22.00 New budget authority (gross)	681	676	676
23.90 Total budgetary resources available for obligation	692	683	676
23.95 Total new obligations	-685	-683	-676
24.40 Unobligated balance carried forward, end of year	7	.....	.....
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	685	681	676
40.35 Appropriation permanently reduced	-4	-5	.....
43.00 Appropriation (total discretionary)	681	676	676
Change in obligated balances:			
72.40 Obligated balance, start of year	938	965	808
73.10 Total new obligations	685	683	676
73.20 Total outlays (gross)	-645	-840	-624
73.40 Adjustments in expired accounts (net)	-14	.....	.....
74.40 Obligated balance, end of year	965	808	860
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	5	34	34
86.93 Outlays from discretionary balances	640	806	590
87.00 Total outlays (gross)	645	840	624
Net budget authority and outlays:			
89.00 Budget authority	681	676	676
90.00 Outlays	645	840	624

Language acquisition State grants.—This program provides formula grants to States to improve services for limited English proficient and immigrant students. States are accountable for demonstrating that limited English proficient students are learning English and meeting the same high State standards as all other students. The statute also authorizes national activities including professional development and evaluation, and requires funding for a national information clearinghouse on English language acquisition.

Object Classification (in millions of dollars)

Identification code 91-1300-0-1-501	2004 actual	2005 est.	2006 est.
25.5 Research and development contracts	2	2	2
41.0 Grants, subsidies, and contributions	683	681	674
99.9 Total new obligations	685	683	676

OFFICE OF SPECIAL EDUCATION AND
REHABILITATIVE SERVICES

Federal Funds

General and special funds:

SPECIAL EDUCATION

For carrying out [parts B, C, and D of] the Individuals with Disabilities Education Act, [\$11,767,748,000] \$12,126,130,000, of which [\$6,145,270,000] \$5,719,151,000 shall become available [for obligation] on July 1, [2005] 2006, and shall remain available through September 30, [2006] 2007, and of which [\$5,413,000,000] \$6,204,000,000 shall become available on October 1, [2005] 2006, and shall remain available through September 30, [2006] 2007, for academic year [2005-2006] 2006-2007: *Provided*, [That \$11,400,000 shall be for Recording for the Blind and Dyslexic, Inc., to support

the development, production, and circulation of recorded educational materials: *Provided further*, That \$1,500,000 shall be for the recipient of funds provided by Public Law 105-78 under section 687(b)(2)(G) of the Act (as in effect prior to the enactment of the Individuals with Disabilities Education Improvement Act of 2004) to provide information on diagnosis, intervention, and teaching strategies for children with disabilities: *Provided further*,] That the amount for section [611(c)] 611(b)(2) of the Act shall be equal to the amount available for that [section] activity during fiscal year [2004] 2005, increased by the amount of inflation as specified in section [611(f)(1)(B)(ii)] 619(d)(2)(B) of the Act [(as in effect prior to the enactment of the Individuals with Disabilities Education Improvement Act of 2004)]. (*Department of Education Appropriations Act, 2005.*)

Program and Financing (in millions of dollars)

Identification code 91-0300-0-1-501	2004 actual	2005 est.	2006 est.
Obligations by program activity:			
State grants:			
00.01 Grants to States	10,351	10,611	10,306
00.02 Preschool grants	391	384	385
00.03 Grants for infants and families	469	458	441
00.91 Subtotal, State grants	11,211	11,453	11,132
National activities:			
01.01 State personnel development	45	102	.....
01.02 Research and innovation	77	.....	.....
01.03 Technical assistance and dissemination	53	52	49
01.04 Personnel preparation	91	91	91
01.05 Parent information centers	26	26	26
01.06 Technology and media services	39	39	32
01.07 Transition initiative .....	.....	.....	5
01.91 Subtotal, National activities	331	310	203
02.00 Total Direct Program	11,542	11,763	11,335
10.00 Total new obligations	11,543	11,763	11,335
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	135	89	.....
22.00 New budget authority (gross)	11,498	11,674	11,335
23.90 Total budgetary resources available for obligation	11,633	11,763	11,335
23.95 Total new obligations	-11,543	-11,763	-11,335
23.98 Unobligated balance expiring or withdrawn	-1	.....	.....
24.40 Unobligated balance carried forward, end of year	89	.....	.....
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	5,894	6,355	5,922
40.35 Appropriation permanently reduced	-68	-94	.....
43.00 Appropriation (total discretionary)	5,826	6,261	5,922
55.00 Advance appropriation	5,672	5,413	5,413
70.00 Total new budget authority (gross)	11,498	11,674	11,335
Change in obligated balances:			
72.40 Obligated balance, start of year	7,019	8,794	10,331
73.10 Total new obligations	11,543	11,763	11,335
73.20 Total outlays (gross)	-9,750	-10,226	-11,345
73.40 Adjustments in expired accounts (net)	-18	.....	.....
74.10 Change in uncollected customer payments from Federal sources (expired)	1	.....	.....
74.40 Obligated balance, end of year	8,794	10,331	10,321
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	3,598	3,751	3,761
86.93 Outlays from discretionary balances	6,152	6,475	7,584
87.00 Total outlays (gross)	9,750	10,226	11,345
Offsets:			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	-1	.....	.....
Against gross budget authority only:			
88.96 Portion of offsetting collections (cash) credited to expired accounts	1	.....	.....
Net budget authority and outlays:			
89.00 Budget authority	11,498	11,674	11,335

General and special funds—Continued

SPECIAL EDUCATION—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 91-0300-0-1-501	2004 actual	2005 est.	2006 est.
90.00 Outlays	9,749	10,226	11,345

SUMMARY OF GRANTS TO STATES PROGRAM LEVEL

(In millions of dollars)

	2004-2005 academic year	2005-2006 academic year	2006-2007 academic year
Current Budget Authority	\$4,655	\$5,177	\$4,894
Advance appropriation	5,413	5,413	6,204
Total program level	10,068	10,590	11,098
Change in advance appropriation from the previous year	-259		+791

State Grants:

Grants to States.—Formula grants are provided to States to assist them in providing special education and related services to children with disabilities ages 3 through 21.

Preschool grants.—Formula grants provide additional funds to States to further assist them in providing special education and related services to children with disabilities ages 3 through 5 served under the Grants to States program.

The goal of both of these programs is to improve results for children with disabilities by assisting State and local educational agencies to provide children with disabilities with access to high quality education that will help them meet challenging standards and prepare them for employment and independent living.

Grants for infants and families.—Formula grants are provided to assist States to implement statewide systems of coordinated, comprehensive, multi-disciplinary interagency programs to provide early intervention services to children with disabilities, birth through age 2, and their families.

The goal of this program is to help States provide a comprehensive system of early intervention services that will enhance child and family outcomes.

National activities:

These activities include personnel preparation, technical assistance, and other activities to support State efforts to improve results for children with disabilities under the State Grants programs.

The goal of National Activities is to link States, school systems, and families to best practices to improve results for infants, toddlers, and children with disabilities. The request includes funds for a new Transition Initiative to help States use data and research-based practices to improve post-school outcomes.

Performance data related to program goals include:

Status of Exiting Students	2000-2001 actual	2001-2002 actual	2002-2003 actual
Percent of students with disabilities aged 14-21 leaving school:			
Graduated with a diploma	47.6	51.1	51.9
Graduated through certification	9.2	9.5	12.7
Dropped out of school/not known to continue	41.1	37.6	33.6
Reached maximum age for services/other	2.1	1.8	1.8

Object Classification (in millions of dollars)

Identification code 91-0300-0-1-501	2004 actual	2005 est.	2006 est.
Direct obligations:			
25.2 Other services	30	27	14
41.0 Grants, subsidies, and contributions	11,512	11,736	11,321
99.0 Direct obligations	11,542	11,763	11,335
99.5 Below reporting threshold	1		

99.9 Total new obligations	11,543	11,763	11,335
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REHABILITATION SERVICES AND DISABILITY RESEARCH

For carrying out, to the extent not otherwise provided, the Rehabilitation Act of 1973, section 4(b)(2)(D) of the Assistive Technology Act of 1998 (“the AT Act”), and the Helen Keller National Center Act, [\$3,076,112,000] \$3,059,298,000, of which [\$1,000,000 shall be awarded to the American Academy of Orthotists and Prosthetists for activities that further the purposes of the grant received by the Academy for the period beginning October 1, 2003, including activities to meet the demand for orthotic and prosthetic provider services and improve patient care: *Provided*, That \$30,000,000 shall be used for carrying out the AT Act, including \$4,420,760 for State grants for protection and advocacy under section 5 of the AT Act and \$4,055,000] \$15,000,000 shall be for alternative financing programs under section 4(b)(2)(D) of the AT Act: *Provided further*, That the Federal share of grants for alternative financing programs [under section 4(b)(2)(D) of the AT Act] shall not exceed 75 percent, and the requirements in section 301(c)(2) and section 302 of the AT Act (as in effect on the day before the date of enactment of the Assistive Technology Act of 2004) shall not apply to such grants[: *Provided further*, That \$7,030,000 of the funds for section 303 of the Rehabilitation Act of 1973 shall be available for the projects and in the amounts specified in the statement of the managers of the conference report accompanying this Act]. (*Department of Education Appropriations Act, 2005.*)

Program and Financing (in millions of dollars)

Identification code 91-0301-0-1-506	2004 actual	2005 est.	2006 est.
Obligations by program activity:			
Direct program:			
00.01 Vocational rehabilitation State grants	2,584	2,636	2,720
00.02 Client assistance State grants	12	12	12
00.03 Training	39	39	39
00.04 Demonstration and training programs	24	26	6
00.05 Migrant and seasonal farmworkers	2	2	
00.06 Recreational programs	2	2	
00.07 Protection and advocacy of individual rights	17	17	17
00.08 Projects with industry	22	22	
00.09 Supported employment State grants	38	37	
00.10 Independent living	127	131	131
00.11 Program improvement	1	1	1
00.12 Evaluation	1	1	1
00.13 Helen Keller National Center	9	10	9
00.14 National Institute on Disability and Rehabilitation Research	107	108	108
00.15 Assistive technology	26	30	15
01.00 Total direct program	3,011	3,074	3,059
09.01 Reimbursable program	2	2	2
10.00 Total new obligations	3,013	3,076	3,061
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	3,013	3,076	3,061
23.95 Total new obligations	-3,013	-3,076	-3,061

New budget authority (gross), detail:

Discretionary:			
40.00 Appropriation	430	442	339
40.35 Appropriation permanently reduced	-3	-4	
43.00 Appropriation (total discretionary)	427	438	339
Mandatory:			
60.00 Appropriation	2,584	2,636	2,720
Discretionary:			
68.00 Spending authority from offsetting collections: Offsetting collections (cash)	2	2	2
70.00 Total new budget authority (gross)	3,013	3,076	3,061

Change in obligated balances:

72.40 Obligated balance, start of year	1,193	1,302	1,027
73.10 Total new obligations	3,013	3,076	3,061
73.20 Total outlays (gross)	-2,899	-3,351	-3,076
73.40 Adjustments in expired accounts (net)	-7		
74.10 Change in uncollected customer payments from Federal sources (expired)	2		

74.40	Obligated balance, end of year	1,302	1,027	1,012
Outlays (gross), detail:				
86.90	Outlays from new discretionary authority	79	308	238
86.93	Outlays from discretionary balances	367	460	154
86.97	Outlays from new mandatory authority	1,906	1,845	1,904
86.98	Outlays from mandatory balances	547	738	780
87.00	Total outlays (gross)	2,899	3,351	3,076
Offsets:				
Against gross budget authority and outlays:				
Offsetting collections (cash) from:				
88.00	Federal sources	-4	-2	-2
88.40	Non-Federal sources	-1		
88.90	Total, offsetting collections (cash)	-5	-2	-2
Against gross budget authority only:				
88.96	Portion of offsetting collections (cash) credited to expired accounts	3		
Net budget authority and outlays:				
89.00	Budget authority	3,011	3,074	3,059
90.00	Outlays	2,894	3,349	3,074

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

The program performance measures for this program are based on State VR agency performance indicators developed pursuant to Section 106 of the Rehabilitation Act. One of these indicators measures the percentage of general and combined State VR agencies that assist at least 55.8 percent of individuals receiving services to achieve an employment outcome. In 2003, 66 percent of the agencies met this performance criterion. Another measures the percentage of general and combined State VR agencies that assist at least 85 percent of individuals with employment outcomes to achieve competitive employment. In 2003, 93 percent of general and combined agencies met this performance criterion. The data are based on the approximately 372,250 individuals whose service records were closed in 2003 after receiving services.

The 2006 Budget reflects a multi-year Administration effort to reform job training programs, target resources to programs with documented effectiveness, and eliminate funding for duplicative and overlapping programs. Consistent with this crosscutting reform, the budget eliminates funding for three programs (Supported Employment State Grants, Projects with Industry, and the Migrant and Seasonal Farmworkers program). The services provided by these programs can be provided by the larger Vocational Rehabilitation State Grants program.

Client assistance State grants.—Formula grants are made to States to provide assistance in informing and advising clients and applicants of benefits available under the Rehabilitation Act and, if requested, to pursue legal or administrative remedies to ensure the protection of the rights of individuals with disabilities.

Training.—Grants are made to States and public or non-profit agencies and organizations, including institutions of higher education, to increase the number of skilled personnel available for employment in the field of rehabilitation and to upgrade the skills of those already employed.

Demonstration and training programs.—Grants are made for programs that expand and improve the provision of rehabilitation services or that further the purposes of the Rehabilitation Act.

Protection and advocacy of individual rights.—Formula grants are made to State protection and advocacy systems

to protect the legal and human rights of individuals with disabilities.

Independent living.—Grants are awarded to States and non-profit agencies to assist individuals with significant disabilities in their achievement of self-determined independent living goals. Grants are also awarded to provide support services to older blind individuals to increase their ability to care for their own needs.

Program improvement.—Funds are used to promote broad-based planning and coordination, improve accountability, and enhance the Department's ability to address critical areas of national significance in achieving the goals of the Rehabilitation Act. Examples of program improvement activities include technical assistance, dissemination, and performance measurement activities.

Evaluation.—Studies are conducted to evaluate the impact and effectiveness of various programs authorized under the Rehabilitation Act.

Helen Keller National Center for Deaf-Blind Youths and Adults.—The Center provides services to deaf-blind youths and adults and provides training and technical assistance to professional and allied personnel at its national headquarters center and through its regional representatives and affiliate agencies.

National Institute on Disability and Rehabilitation Research.—The Institute carries out a comprehensive and coordinated program of rehabilitation research and related activities. Through grants and contracts, it supports the conduct and dissemination of research and development aimed at improving the lives of individuals with disabilities. The Institute also promotes the development and utilization of new technologies to assist these individuals in achieving greater independence and integration into society.

Assistive technology.—Grants are made to States to establish or expand alternative 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	2004 actual	2005 est.	2006 est.
Direct obligations:			
25.1 Advisory and assistance services	9	11	9
25.2 Other services	2	2	1
41.0 Grants, subsidies, and contributions	3,000	3,061	3,049
99.0 Direct obligations	3,011	3,074	3,059
99.0 Reimbursable obligations	2	2	2
99.9 Total new obligations	3,013	3,076	3,061

SPECIAL INSTITUTIONS FOR PERSONS WITH DISABILITIES

AMERICAN PRINTING HOUSE FOR THE BLIND

For carrying out the Act of March 3, 1879, as amended (20 U.S.C. 101 et seq.), **[\$17,000,000] \$16,864,000.** (Department of Education Appropriations Act, 2005.)

Program and Financing (in millions of dollars)

Identification code 91-0600-0-1-501	2004 actual	2005 est.	2006 est.
Obligations by program activity:			
00.01 Direct Program Activity	16	17	17
10.00 Total new obligations (object class 41.0)	16	17	17
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	17	17	17
23.95 Total new obligations	-16	-17	-17
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	17	17	17

General and special funds—Continued

SPECIAL INSTITUTIONS FOR PERSONS WITH DISABILITIES—Continued

AMERICAN PRINTING HOUSE FOR THE BLIND—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 91-0600-0-1-501	2004 actual	2005 est.	2006 est.
Change in obligated balances:			
72.40 Obligated balance, start of year	7	5	1
73.10 Total new obligations	16	17	17
73.20 Total outlays (gross)	-18	-21	-17
74.40 Obligated balance, end of year	5	1	1
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	11	16	16
86.93 Outlays from discretionary balances	7	5	1
87.00 Total outlays (gross)	18	21	17
Net budget authority and outlays:			
89.00 Budget authority	17	17	17
90.00 Outlays	19	21	17

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 2004, the portion of the Federal appropriation allocated to educational materials represented approximately 58.5 percent of the Printing House's total sales. The full appropriation represented approximately 63.5 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.), **[\$55,790,000] \$54,472,000**, of which **[\$1,685,000] \$800,000** shall be for construction and shall remain available until expended: *Provided*, That from the total amount available, the Institute may at its discretion use funds for the endowment program as authorized under section 207. (*Department of Education Appropriations Act, 2005.*)

Program and Financing (in millions of dollars)

Identification code 91-0601-0-1-502	2004 actual	2005 est.	2006 est.
Obligations by program activity:			
00.01 Operations	53	54	54
00.02 Construction	1	1	1
10.00 Total new obligations (object class 41.0)	53	55	55
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	53	55	55
23.95 Total new obligations	-53	-55	-55
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	54	55	55
40.35 Appropriation permanently reduced	-1		
43.00 Appropriation (total discretionary)	53	55	55
Change in obligated balances:			
72.40 Obligated balance, start of year	2	1	4
73.10 Total new obligations	53	55	55
73.20 Total outlays (gross)	-54	-52	-54
74.40 Obligated balance, end of year	1	4	5
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	53	51	51
86.93 Outlays from discretionary balances	1	1	3
87.00 Total outlays (gross)	54	52	54

Net budget authority and outlays:

89.00 Budget authority	53	55	55
90.00 Outlays	54	52	54

This residential program provides postsecondary technical and professional education for people who are deaf to prepare them for employment, provides training, and conducts applied research into employment-related aspects of deafness. In 2004, Federal appropriations represented 81 percent of the Institute's operating budget. The request includes funds for the Endowment Grant program. The request also includes funds for the cost of a new construction project to replace the roof on the Institute's main classroom and administration building.

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.), **[\$105,400,000] \$104,557,000**: *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, 2005.*)

Program and Financing (in millions of dollars)

Identification code 91-0602-0-1-502	2004 actual	2005 est.	2006 est.
Obligations by program activity:			
00.01 Operations	100	105	105
10.00 Total new obligations (object class 41.0)	100	105	105
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	100	105	105
23.95 Total new obligations	-100	-105	-105
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	101	106	105
40.35 Appropriation permanently reduced	-1	-1	
43.00 Appropriation (total discretionary)	100	105	105
Change in obligated balances:			
72.40 Obligated balance, start of year			6
73.10 Total new obligations	100	105	105
73.20 Total outlays (gross)	-100	-99	-105
74.40 Obligated balance, end of year		6	6
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	100	99	99
86.93 Outlays from discretionary balances			6
87.00 Total outlays (gross)	100	99	105
Net budget authority and outlays:			
89.00 Budget authority	100	105	105
90.00 Outlays	100	99	105

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 2004, the appropriation for Gallaudet represented 64.9 percent of the total revenue for university-level programs and 97.1 percent of the revenue related to the elementary and secondary schools. In addition, the University receives other Federal funds such as student financial aid, vocational rehabilitation, Endowment Grant program income, and competitive grants and contracts. The request also includes funds for the Endowment Grant program.

OFFICE OF VOCATIONAL AND ADULT EDUCATION

Federal Funds

General and special funds:

VOCATIONAL AND ADULT EDUCATION

For carrying out, to the extent not otherwise provided, [the Carl D. Perkins Vocational and Technical Education Act of 1998,] the Adult Education and Family Literacy Act, [and subparts 4 and 11 of part D of title V of the Elementary and Secondary Education Act of 1965 (“ESEA”), \$2,027,166,000, of] \$215,734,000, which [\$1,226,404,000] shall become available on July 1, [2005] 2006 and shall remain available through September 30, [2006 and of which \$791,000,000 shall become available on October 1, 2005 and shall remain available through September 30, 2006] 2007: *Provided*, That of the amount provided for Adult Education State Grants, \$69,135,000 shall be made available for integrated English literacy and civics education services to immigrants and other limited English proficient populations: *Provided further*, That of the amount reserved for integrated English literacy and civics education, notwithstanding section 211 of the Adult Education and Family Literacy Act, 65 percent shall be allocated to States based on a State’s absolute need as determined by calculating each State’s share of a 10-year average of the Immigration and Naturalization Service data for immigrants admitted for legal permanent residence for the 10 most recent years, and 35 percent allocated to States that experienced growth as measured by the average of the 3 most recent years for which Immigration and Naturalization Service data for immigrants admitted for legal permanent residence are available, except that no State shall be allocated an amount less than \$60,000: *Provided further*, That of the amounts made available for the Adult Education and Family Literacy Act, [\$9,169,000] \$9,096,000 shall be for national leadership activities under section 243 and [\$6,692,000] \$6,638,000 shall be for the National Institute for Literacy under section 242[: *Provided further*, That \$100,238,000 shall be available to carry out part D of title V of the ESEA: *Provided further*, That \$95,238,000 shall be available to support the activities authorized under subpart 4 of part D of title V of the Elementary and Secondary Education Act of 1965, of which up to 5 percent shall become available October 1, 2004 and shall remain available through September 30, 2006, for evaluation, technical assistance, school networking, peer review of applications, and program outreach activities, and of which not less than 95 percent shall become available on July 1, 2005, and remain available through September 30, 2006, for grants to local educational agencies: *Provided further*, That funds made available to local education agencies under this subpart shall be used only for activities related to establishing smaller learning communities in high schools]. (*Department of Education Appropriations Act, 2005.*)

Program and Financing (in millions of dollars)

Identification code 91-0400-0-1-501	2004 actual	2005 est.	2006 est.	
Obligations by program activity:				
Vocational education:				
Annual appropriations:				
Vocational education:				
00.01	State grants	1,203	1,196	791
00.02	National programs	13	12	11
00.03	Occupational and employment information	9	11	
00.04	Tribally controlled postsecondary vocational institutions	7		
00.05	Tech-prep education State grants	109	106	
00.06	Tech-prep demonstration		5	5
00.91	Total, Vocational education	1,341	1,330	807
Adult education:				
01.01	State grants	602	569	207

01.02	National Institute for Literacy	7	7	7
01.03	National leadership activities	12	9	9
01.91	Total, adult education	621	585	223
02.01	Literacy programs for prisoners	5		
03.01	Smaller learning communities	1	173	94
04.01	Community technology centers	10	5	
09.01	Reimbursable program	2		
10.00	Total new obligations	1,980	2,093	1,124
Budgetary resources available for obligation:				
21.40	Unobligated balance carried forward, start of year	78	216	134
22.00	New budget authority (gross)	2,111	2,011	1,007
22.10	Resources available from recoveries of prior year obligations	7		
23.90	Total budgetary resources available for obligation	2,196	2,227	1,141
23.95	Total new obligations	-1,980	-2,093	-1,124
24.40	Unobligated balance carried forward, end of year	216	134	17
New budget authority (gross), detail:				
Discretionary:				
40.00	Appropriation	1,331	1,236	216
40.35	Appropriation permanently reduced	-13	-16	
43.00	Appropriation (total discretionary)	1,318	1,220	216
55.00	Advance appropriation from prior year	791	791	791
68.00	Spending authority from offsetting collections: Offsetting collections (cash)	2		
70.00	Total new budget authority (gross)	2,111	2,011	1,007
Change in obligated balances:				
72.40	Obligated balance, start of year	1,618	1,637	1,700
73.10	Total new obligations	1,980	2,093	1,124
73.20	Total outlays (gross)	-1,947	-2,030	-1,928
73.40	Adjustments in expired accounts (net)	-7		
73.45	Recoveries of prior year obligations	-7		
74.40	Obligated balance, end of year	1,637	1,700	896
Outlays (gross), detail:				
86.90	Outlays from new discretionary authority	600	656	566
86.93	Outlays from discretionary balances	1,347	1,374	1,362
87.00	Total outlays (gross)	1,947	2,030	1,928
Offsets:				
Against gross budget authority and outlays:				
88.40	Offsetting collections (cash) from: Non-Federal sources	-2		
Net budget authority and outlays:				
89.00	Budget authority	2,109	2,011	1,007
90.00	Outlays	1,945	2,030	1,928

Vocational education.—

State grants.—A 2006 advance appropriation from 2005 supports formula grants to States and localities to expand and improve their programs of vocational education and promote equal opportunity in vocational education programs for historically underserved populations. No new funds are requested for 2006.

National programs.—2005 appropriated funds are used in 2006 to support discretionary activities that contribute to knowledge of how to improve vocational education nationally. Activities include national centers for research and dissemination in career and technical education and a program of discretionary research and development projects. No new funds are requested for 2006.

Tech-prep demonstration.—2005 appropriated funds are used in 2006 to support competitive grants to consortia to establish tech-prep programs in secondary schools located on the sites of community colleges. No new funds are requested for 2006.

Adult education.—

State programs.—Funds support formula grants to States to help eliminate functional illiteracy among the Nation’s adults, to assist adults in obtaining a high school diploma

General and special funds—Continued

VOCATIONAL AND ADULT EDUCATION—Continued

or its equivalent, and to promote family literacy. A portion of the funds is reserved for formula grants to States to provide English literacy and civics education for immigrants and other limited English proficient adults.

National Institute for Literacy.—Funds support the Institute’s national leadership activities to improve and expand the Nation’s system for delivery of literacy services.

National leadership activities.—Funds support discretionary activities to evaluate the effectiveness of Federal, State, and local adult education programs, and to test and demonstrate methods of improving program quality.

Object Classification (in millions of dollars)

Identification code 91-0400-0-1-501	2004 actual	2005 est.	2006 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent	1	1	.....
11.3 Other than full-time permanent	1	1	1
11.9 Total personnel compensation	2	2	1
24.0 Printing and reproduction .....	.....	.....	1
25.1 Advisory and assistance services	6	.....	.....
25.2 Other services	3	3	2
25.3 Other purchases of goods and services from Government accounts	3	1	1
25.5 Research and development contracts	9	9	5
41.0 Grants, subsidies, and contributions	1,955	2,077	1,113
99.0 Direct obligations	1,978	2,092	1,123
99.0 Reimbursable obligations	2	.....	.....
99.5 Below reporting threshold .....	.....	1	1
99.9 Total new obligations	1,980	2,093	1,124

Personnel Summary

Identification code 91-0400-0-1-501	2004 actual	2005 est.	2006 est.
1001 Total compensable workyears: Civilian full-time equivalent employment	16	20	20

OFFICE OF POSTSECONDARY EDUCATION

Federal Funds

General and special funds:

HIGHER EDUCATION

For carrying out, to the extent not otherwise provided, [section 121 and titles II, III, IV, V, VI, and VII of the Higher Education Act of 1965 (“HEA”), as amended, section 1543 of the Higher Education Amendments of 1992,] the Mutual Educational and Cultural Exchange Act of 1961, [title VIII of the Higher Education Amendments of 1998, and section 117 of the Carl D. Perkins Vocational and Technical Education Act, \$2,134,269,000, of which \$1,500,000 for interest subsidies authorized by section 121 of the HEA shall remain available until expended: *Provided*, That \$9,876,000, to remain available through September 30, 2006, shall be available to fund fellowships for academic year 2006–2007 under part A, subpart 1 of title VII of said Act, under the terms and conditions of part A, subpart 1: *Provided further*, That notwithstanding any other provision of law or any regulation, the Secretary of Education shall not require the use of a restricted indirect cost rate for grants issued pursuant to section 117 of the Carl D. Perkins Vocational and Technical Education Act of 1998: *Provided further*, That \$988,000 is for data collection and evaluation activities for programs under the HEA, including such activities needed to comply with the Government Performance and Results Act of 1993] \$12,737,000: *Provided further*, That notwithstanding any other provision of law, funds made available in this Act to carry out [title VI of the HEA and] section 102(b)(6) of the Mutual Educational and Cultural Exchange Act of 1961 may be used to support visits and study in foreign countries by individuals who are participating in advanced foreign language

training and international studies in areas that are vital to United States national security and who plan to apply their language skills and knowledge of these countries in the fields of government, the professions, or international development: *Provided further*, That of the funds referred to in the preceding proviso up to 1 percent may be used for program evaluation, national outreach, and information dissemination activities [and \$1,500,000 shall be used for a contract with the National Research Council to carry out an independent review of title VI international education and foreign language studies and the section 102(b)(6) Fulbright-Hays programs: *Provided further*, That the funds provided for title II of the HEA shall be allocated notwithstanding section 210 of such Act: *Provided further*, That \$146,360,000 of the funds for part B of title VII of the Higher Education Act of 1965 shall be available for the projects and in the amounts specified in the statement of the managers of the conference report accompanying this Act]. (*Department of Education Appropriations Act, 2005.*)

Program and Financing (in millions of dollars)

Identification code 91-0201-0-1-502	2004 actual	2005 est.	2006 est.
Obligations by program activity:			
Aid for institutional development:			
00.01 Strengthening institutions	81	80	.....
00.02 Strengthening tribally controlled colleges and universities	23	24	.....
00.03 Strengthening Alaska Native and Native Hawaiian-serving institutions	11	12	.....
00.04 Strengthening historically black colleges and universities	223	239	.....
00.05 Strengthening historically black graduate institutions	53	58	.....
00.06 Minority science and engineering improvement	9	9	.....
00.91 Subtotal, aid for institutional development	400	422	.....
Other aid for institutions:			
01.01 Developing Hispanic-serving institutions	94	95	.....
01.02 International education and foreign language studies	104	107	13
01.03 Fund for the Improvement of Postsecondary Education	157	163	.....
01.05 Demonstration projects to ensure quality higher education for students with disabilities	7	7	.....
01.06 Interest subsidy grants	2	1	1
01.07 Tribally controlled postsecondary vocational and technical institutions .....	.....	7	.....
01.91 Subtotal, other aid for institutions	364	380	14
Assistance for students:			
02.01 Federal TRIO programs	832	837	.....
02.02 Gaining early awareness and readiness for undergraduate programs (GEAR UP)	298	306	.....
02.03 Byrd honors scholarships	41	41	.....
02.04 Javits fellowships	10	10	10
02.05 Graduate assistance in areas of national need	30	30	.....
02.06 Thurgood Marshall legal educational opportunity .....	.....	3	.....
02.07 B.J. Stupak Olympic scholarships	1	1	.....
02.08 Child care access means parents in school	16	16	.....
02.91 Subtotal, assistance for students	1,228	1,244	10
04.01 Teacher quality enhancement	89	68	.....
05.01 GPRA data/HEA program evaluation	1	1	.....
06.01 Underground railroad program	2	2	.....
10.00 Total new obligations	2,084	2,117	24
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	18	18	18
22.00 New budget authority (gross)	2,085	2,117	13
23.90 Total budgetary resources available for obligation	2,103	2,135	31
23.95 Total new obligations	-2,084	-2,117	-24
24.40 Unobligated balance carried forward, end of year	18	18	7
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	2,098	2,134	13
40.35 Appropriation permanently reduced	-13	-17	.....
43.00 Appropriation (total discretionary)	2,085	2,117	13
Change in obligated balances:			
72.40 Obligated balance, start of year	2,833	2,864	2,776

73.10	Total new obligations	2,084	2,117	24
73.20	Total outlays (gross)	-2,041	-2,205	-2,034
73.40	Adjustments in expired accounts (net)	-13		
74.40	Obligated balance, end of year	2,864	2,776	766
Outlays (gross), detail:				
86.90	Outlays from new discretionary authority	73	107	1
86.93	Outlays from discretionary balances	1,968	2,098	2,033
87.00	Total outlays (gross)	2,041	2,205	2,034
Net budget authority and outlays:				
89.00	Budget authority	2,085	2,117	13
90.00	Outlays	2,041	2,205	2,034

Summary of Budget Authority and Outlays

(in millions of dollars)

	2004 actual	2005 est.	2006 est.
Enacted/requested:			
Budget Authority	2,085	2,117	13
Outlays	2,041	2,205	2,034
Legislative proposal, not subject to PAYGO:			
Budget Authority			1,189
Outlays			59
Total:			
Budget Authority	2,085	2,117	1,202
Outlays	2,041	2,205	2,093

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

Interest subsidy grants.—Funds meet mandatory interest subsidy costs of construction loan commitments made prior to 1974.

Javits fellowships.—Funds support fellowships to students of superior ability who have financial need and who are pursuing doctoral degrees in the arts, humanities, and social sciences.

Object Classification (in millions of dollars)

Identification code 91-0201-0-1-502	2004 actual	2005 est.	2006 est.
25.1	Advisory and assistance services	2	2
25.2	Other services	5	7
25.3	Other purchases of goods and services from Government accounts	2	2
41.0	Grants, subsidies, and contributions	2,075	2,106
99.9	Total new obligations	2,084	2,117

HIGHER EDUCATION

(Legislative proposal, not subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 91-0201-2-1-502	2004 actual	2005 est.	2006 est.
Obligations by program activity:			
Aid for institutional development:			
00.01	Strengthening institutions		80
00.02	Strengthening tribally controlled colleges and universities		24
00.03	Strengthening Alaska Native and Native Hawaiian-serving institutions		7
00.04	Strengthening historically black colleges and universities		241
00.05	Strengthening historically black graduate institutions		58
00.06	Minority science and engineering improvement		9
00.91	Subtotal, aid for institutional development		419
Other aid for institutions:			
01.01	Developing Hispanic-serving institutions		96
01.02	International education and foreign language studies		94
01.03	Fund for the Improvement of Postsecondary Education		22
01.07	Tribally controlled postsecondary vocational and technical institutions		7

01.91	Subtotal, other aid for institutions		219
Assistance for students:			
02.01	Federal TRIO programs		369
02.05	Graduate assistance in areas of national need		30
02.08	Child care access means parents in school		16
02.91	Subtotal, assistance for students		415
03.01	Community college access		125
05.01	GPRA data/HEA program evaluation		1
10.00	Total new obligations		1,179
Budgetary resources available for obligation:			
21.40	Unobligated balance carried forward, start of year		
22.00	New budget authority (gross)		1,189
23.90	Total budgetary resources available for obligation		1,189
23.95	Total new obligations		-1,179
24.40	Unobligated balance carried forward, end of year		10

New budget authority (gross), detail:

Discretionary:			
40.00	Appropriation		1,189

Change in obligated balances:

72.40	Obligated balance, start of year		
73.10	Total new obligations		1,179
73.20	Total outlays (gross)		-59
74.40	Obligated balance, end of year		1,120

Outlays (gross), detail:

86.90	Outlays from new discretionary authority		59
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Net budget authority and outlays:

89.00	Budget authority		1,189
90.00	Outlays		59

Object Classification (in millions of dollars)

Identification code 91-0201-2-1-502	2004 actual	2005 est.	2006 est.
25.1	Advisory and assistance services		1
25.2	Other services		3
41.0	Grants, subsidies, and contributions		1,175
99.9	Total new obligations		1,179

The resources in this schedule are proposed for later transmittal under proposed legislation to revise and reauthorize programs currently under the Higher Education Act of 1965.

Aid for institutional development.—

Strengthening institutions.—Funds support planning and development grants for improving academic programs and financial management at schools that enroll high proportions of disadvantaged students and have low per-student expenditures.

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

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

Strengthening historically black colleges and universities.—Funds support grants to help historically black undergraduate institutions to improve and expand their capacity to serve students, and to strengthen management and fiscal operations.

Strengthening historically black graduate institutions.—Funds support grants to help historically black graduate institutions to improve and expand their capacity to serve students, and to strengthen management and fiscal operations.

General and special funds—Continued

HIGHER EDUCATION—Continued

Minority science and engineering improvement.—Funds support grants to predominantly minority institutions to help them make long-range improvements in science and engineering education and to increase the participation of minorities in scientific and technological careers.

Other aid for institutions.—

Developing Hispanic-serving institutions.—Funds support Hispanic-serving institutions to enable them to improve and expand their capacity to serve students.

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

Fund for the improvement of postsecondary education.—Funds support a broad range of postsecondary reform and improvement projects, as well as international consortia programs.

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

Assistance for students.—

Federal TRIO programs.—Funds support postsecondary education outreach and student support services to help individuals from disadvantaged backgrounds complete college and graduate studies.

Javits fellowships.—Funds requested will be used in 2007 to support fellowships to students of superior ability who have financial need and who are pursuing doctoral degrees in the arts, humanities, and social sciences.

Graduate assistance in areas of national need.—Funds support fellowships to graduate students of superior ability who have financial need and who are from traditionally under-represented backgrounds for study in areas of national need.

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

Other aid.—

Community college access grants.—Funds would support competitive grants to encourage States, local educational agencies, and community colleges to establish “dual enrollment” programs to enable high school students, particularly disadvantaged students, to take college-level courses and receive both high school and postsecondary credit.

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

HOWARD UNIVERSITY

For partial support of Howard University (20 U.S.C. 121 et seq.), [\$240,715,000] \$238,789,000, of which not less than [\$3,552,000] \$3,600,000 shall be for a matching endowment grant pursuant to the Howard University Endowment Act (Public Law 98–480) and shall remain available until expended. (*Department of Education Appropriations Act, 2005.*)

Program and Financing (in millions of dollars)

Identification code 91–0603–0–1–502	2004 actual	2005 est.	2006 est.
Obligations by program activity:			
00.01 General support	212	209	209
00.02 Howard University Hospital	30	30	30

10.00	Total new obligations (object class 41.0)	242	239	239
Budgetary resources available for obligation:				
21.40	Unobligated balance carried forward, start of year	7	4	4
22.00	New budget authority (gross)	239	239	239
23.90	Total budgetary resources available for obligation	246	243	243
23.95	Total new obligations	–242	–239	–239
24.40	Unobligated balance carried forward, end of year	4	4	4
New budget authority (gross), detail:				
Discretionary:				
40.00	Appropriation	240	241	239
40.35	Appropriation permanently reduced	–1	–2	.....
43.00	Appropriation (total discretionary)	239	239	239
Change in obligated balances:				
72.40	Obligated balance, start of year .....	.....	.....	11
73.10	Total new obligations	242	239	239
73.20	Total outlays (gross)	–242	–228	–239
74.40	Obligated balance, end of year .....	.....	11	11
Outlays (gross), detail:				
86.90	Outlays from new discretionary authority	235	225	225
86.93	Outlays from discretionary balances	7	3	14
87.00	Total outlays (gross)	242	228	239
Net budget authority and outlays:				
89.00	Budget authority	239	239	239
90.00	Outlays	242	228	239

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 2004, Federal funding represented approximately 53 percent of the university’s revenue.

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS PROGRAM ACCOUNT

For Federal administrative expenses [authorized under section 121 of the Higher Education Act of 1965, \$578,000] to carry out activities related to existing facility loans [entered into under] pursuant to section 121 of the Higher Education Act of 1965, as amended, \$573,000.

HISTORICALLY BLACK COLLEGE AND UNIVERSITY CAPITAL FINANCING PROGRAM ACCOUNT

The aggregate principal amount of outstanding bonds insured pursuant to section 344 of title III, part D of the Higher Education Act of 1965, shall not exceed \$357,000,000, and the cost, as defined in section 502 of the Congressional Budget Act of 1974, of such bonds shall not exceed zero.

For administrative expenses to carry out the Historically Black College and University Capital Financing Program entered into pursuant to title III, part D of the Higher Education Act of 1965, as amended, [\$212,000] \$210,000. (*Department of Education Appropriations Act, 2005.*)

Program and Financing (in millions of dollars)

Identification code 91–0241–0–1–502	2004 actual	2005 est.	2006 est.	
Obligations by program activity:				
00.09	Federal administration	1	1	1
10.00	Total new obligations (object class 99.5)	1	1	1
Budgetary resources available for obligation:				
22.00	New budget authority (gross)	1	1	1
23.95	Total new obligations	–1	–1	–1
New budget authority (gross), detail:				
Discretionary:				
40.00	Appropriation	1	1	1

Change in obligated balances:			
72.40	Obligated balance, start of year	1	1
73.10	Total new obligations	1	1
73.20	Total outlays (gross)	-1	-1
74.40	Obligated balance, end of year	1	1
Outlays (gross), detail:			
86.90	Outlays from new discretionary authority	1	1
Net budget authority and outlays:			
89.00	Budget authority	1	1
90.00	Outlays	1	1

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

Identification code 91-0241-0-1-502	2004 actual	2005 est.	2006 est.	
Direct loan levels supportable by subsidy budget authority:				
115001	Historically Black Colleges and Universities	55	70	50
115901	Total direct loan levels	55	70	50
Direct loan subsidy (in percent):				
132001	Historically Black Colleges and Universities	0.00	0.00	0.00
Direct loan subsidy budget authority:				
133001	Historically Black Colleges and Universities			
133901	Total subsidy budget authority			
Direct loan subsidy outlays:				
134001	Historically Black Colleges and Universities			
134901	Total subsidy outlays			
Administrative expense data:				
351001	Budget authority	1	1	1
359001	Outlays from new authority		1	1

The College Housing and Academic Facilities Loans Program and the Historically Black College and University Capital Financing Program are administered separately, but are consolidated for presentation purposes.

College Housing and Academic Facilities Loans Program.—Funds for this activity pay the Federal costs for administering the College Housing and Academic Facilities Loans (CHAFL), College Housing Loans (CHL), and Higher Education Facilities Loans (HEFL) programs. Prior to 1994, these programs provided financing for the construction, reconstruction, and renovation of housing, academic, and other educational facilities. Although no new loans have been awarded since fiscal year 1993, costs for administering the outstanding loans will remain through 2030.

Historically Black College and University Capital Financing Program.—The Historically Black College and University (HBCU) Capital Financing Program provides HBCUs with access to capital financing for the repair, renovation, and construction of classrooms, libraries, laboratories, dormitories, instructional equipment, and research instrumentation. The Higher Education Amendments of 1992 granted the Department authority to enter into insurance agreements with a private for-profit Designated Bonding Authority to guarantee no more than \$375,000,000 in outstanding principal and unpaid accrued interest combined. The bonding authority issues the loans and maintains an escrow account in which 5 percent of each institution's principal is deposited. This amount is estimated to be sufficient to cover all potential delinquencies and defaults. No subsidy appropriations are required. The 2006 Budget provides funds for continuing Federal administrative activities only.

Personnel Summary

Identification code 91-0241-0-1-502	2004 actual	2005 est.	2006 est.	
1001	Total compensable workyears: Civilian full-time equivalent employment	5	5	5

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS FINANCING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 91-4252-0-3-502	2004 actual	2005 est.	2006 est.	
Obligations by program activity:				
00.02	Interest paid to Treasury	1	1	1
10.00	Total new obligations (object class 43.0)	1	1	1
Budgetary resources available for obligation:				
21.40	Unobligated balance carried forward, start of year	1		
22.00	New financing authority (gross)	1	1	1
22.60	Portion applied to repay debt	-1		
23.90	Total budgetary resources available for obligation	1	1	1
23.95	Total new obligations	-1	-1	-1
24.40	Unobligated balance carried forward, end of year			
New financing authority (gross), detail:				
Mandatory:				
69.00	Offsetting collections (cash)	3	3	2
69.47	Portion applied to repay debt	-2	-2	-1
69.90	Spending authority from offsetting collections (total mandatory)	1	1	1
Change in obligated balances:				
73.10	Total new obligations	1	1	1
73.20	Total financing disbursements (gross)	-1	-1	-1
87.00	Total financing disbursements (gross)	1	1	1
Offsets:				
Against gross financing authority and financing disbursements:				
Offsetting collections (cash) from:				
88.40	Interest repayments	-1	-1	-1
88.40	Principal repayments	-2	-2	-1
88.90	Total, offsetting collections (cash)	-3	-3	-2
Net financing authority and financing disbursements:				
89.00	Financing authority	-2	-2	-1
90.00	Financing disbursements	-2	-2	-1

Consistent with the Federal Credit Reform Act of 1990, the College Housing and Academic Facilities Loans Financing Account records all cash flows to and from the Government resulting from direct loans made in fiscal years 1992 and 1993. The amounts in this account are a means of financing, and are not included in the budget totals.

Status of Direct Loans (in millions of dollars)

Identification code 91-4252-0-3-502	2004 actual	2005 est.	2006 est.	
Cumulative balance of direct loans outstanding:				
1210	Outstanding, start of year	22	20	18
1251	Repayments: Repayments and prepayments	-2	-2	-1
1290	Outstanding, end of year	20	18	17

Balance Sheet (in millions of dollars)

Identification code 91-4252-0-3-502	2003 actual	2004 actual	
ASSETS:			
Net value of assets related to post-1991 direct loans receivable:			
1401	Direct loans receivable, gross	22	20
1402	Interest receivable	1	
1405	Allowance for subsidy cost (-)	-3	-3
1499	Net present value of assets related to direct loans	20	17
1999	Total assets	20	17
LIABILITIES:			
2103	Federal liabilities: Debt	20	17
2999	Total liabilities	20	17

General and special funds—Continued

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS FINANCING ACCOUNT—Continued

Balance Sheet (in millions of dollars)—Continued

Identification code 91-4252-0-3-502	2003 actual	2004 actual
4999 Total liabilities and net position	20	17

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS LIQUIDATING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 91-0242-0-1-502	2004 actual	2005 est.	2006 est.
Obligations by program activity:			
00.02 Interest paid to Treasury	9	9	9
10.00 Total new obligations (object class 43.0)	9	9	9
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	1		
22.00 New budget authority (gross)	9	9	9
22.10 Resources available from recoveries of prior year obligations	3		
22.60 Portion applied to repay debt	-4		
23.90 Total budgetary resources available for obligation	9	9	9
23.95 Total new obligations	-9	-9	-9
24.40 Unobligated balance carried forward, end of year			

New budget authority (gross), detail:

Mandatory:			
60.00 Appropriation	1	2	3
69.00 Offsetting collections (cash)	46	35	34
69.27 Capital transfer to general fund	-4	-26	-25
69.47 Portion applied to repay debt	-34	-2	-3
69.90 Spending authority from offsetting collections (total mandatory)	8	7	6
70.00 Total new budget authority (gross)	9	9	9

Change in obligated balances:

72.40 Obligated balance, start of year	4	1	1
73.10 Total new obligations	9	9	9
73.20 Total outlays (gross)	-9	-9	-9
73.45 Recoveries of prior year obligations	-3		
74.40 Obligated balance, end of year	1	1	1

Outlays (gross), detail:

86.97 Outlays from new mandatory authority	9	9	9
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Offsets:

Against gross budget authority and outlays:			
Offsetting collections (cash) from:			
88.40 Repayments of principal	-34	-24	-23
88.40 Interest received on loans	-12	-11	-11
88.90 Total, offsetting collections (cash)	-46	-35	-34

Net budget authority and outlays:

89.00 Budget authority	-37	-26	-25
90.00 Outlays	-37	-26	-25

As required by the Federal Credit Reform Act of 1990, the College Housing and Academic Facilities Loans Liquidating Account records all cash flows to and from the Government resulting from direct loans made prior to 1992. This account includes loans made under the College Housing and Academic Facilities Loans, College Housing Loans, and Higher Education Facilities Loans programs, which continue to be administered separately.

Status of Direct Loans (in millions of dollars)

Identification code 91-0242-0-1-502	2004 actual	2005 est.	2006 est.
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	100	93	90
1251 Repayments: Repayments and prepayments	-7	-3	-3
1290 Outstanding, end of year	93	90	87
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	20	18	17
1251 Repayments: Repayments and prepayments	-2	-1	-2
1290 Outstanding, end of year	18	17	15
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	228	203	184
1251 Repayments: Repayments and prepayments	-25	-19	-18
1290 Outstanding, end of year	203	184	166

Balance Sheet (in millions of dollars)

Identification code 91-0242-0-1-502	2003 actual	2004 actual
ASSETS:		
Net value of assets related to pre-1992 direct loans receivable and acquired defaulted guaranteed loans receivable:		
1601 Direct loans, gross	348	314
1602 Interest receivable	5	6
1699 Value of assets related to direct loans	353	320
1999 Total assets	353	320
LIABILITIES:		
Federal liabilities:		
2103 Debt	130	92
2104 Resources payable to Treasury	223	228
2999 Total liabilities	353	320
4999 Total liabilities and net position	353	320

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	2004 actual	2005 est.	2006 est.
Obligations by program activity:			
00.01 Direct Loan Awards	55	70	50
00.02 Interest paid to Treasury	6	7	8
10.00 Total new obligations (object class 43.0)	61	77	58
Budgetary resources available for obligation:			
22.00 New financing authority (gross)	106	77	58
22.70 Balance of authority to borrow withdrawn	-45		
23.90 Total budgetary resources available for obligation	61	77	58
23.95 Total new obligations	-61	-77	-58
New financing authority (gross), detail:			
Mandatory:			
67.10 Authority to borrow	100	70	50
69.00 Offsetting collections (cash)	21	10	12
69.47 Portion applied to repay debt	-15	-3	-4
69.90 Spending authority from offsetting collections (total mandatory)	6	7	8
70.00 Total new financing authority (gross)	106	77	58
Change in obligated balances:			
72.40 Obligated balance, start of year	9	10	49
73.10 Total new obligations	61	77	58
73.20 Total financing disbursements (gross)	-60	-38	-54
74.40 Obligated balance, end of year	10	49	53
87.00 Total financing disbursements (gross)	60	38	54

Offsets:				
Against gross financing authority and financing disbursements:				
Offsetting collections (cash) from:				
88.40	Interest repayments	-6	-7	-8
88.40	Principal repayments	-15	-3	-4
88.90	Total, offsetting collections (cash)	-21	-10	-12
Net financing authority and financing disbursements:				
89.00	Financing authority	85	67	46
90.00	Financing disbursements	39	28	42

The Federal Financing Bank (FFB) purchases bonds issued by the HBCU Designated Bonding Authority. Under the policies governing Federal credit programs, bonds purchased by the FFB and supported by the Department of Education with a letter of credit create the equivalent of a Federal direct loan. HBCU bonds are also available for purchase by the private sector, and these will be treated as loan guarantees. However, the Department anticipates that all HBCU loans will be financed by the FFB.

Status of Direct Loans (in millions of dollars)

Identification code 91-4255-0-3-502				
	2004 actual	2005 est.	2006 est.	
Position with respect to appropriations act limitation on obligations:				
1111	Limitation on direct loans	229	229	162
1142	Unobligated direct loan limitation (-)	-174	-159	-112
1150	Total direct loan obligations	55	70	50
Cumulative balance of direct loans outstanding:				
1210	Outstanding, start of year	79	118	146
1231	Disbursements: Direct loan disbursements	54	31	46
1251	Repayments: Repayments and prepayments	-15	-3	-4
1290	Outstanding, end of year	118	146	188

Balance Sheet (in millions of dollars)

Identification code 91-4255-0-3-502			
	2003 actual	2004 actual	
ASSETS:			
1101	Federal assets: Fund balances with Treasury	9	10
Net value of assets related to post-1991 direct loans receivable:			
1401	Direct loans receivable, gross	79	118
1402	Interest receivable	3	3
1499	Net present value of assets related to direct loans	82	121
1999	Total assets	91	131
LIABILITIES:			
Federal liabilities:			
2102	Interest payable	3	3
2103	Debt	79	118
2201	Non-Federal liabilities: Undisbursed direct loans	9	10
2999	Total liabilities	91	131
4999	Total liabilities and net position	91	131

OFFICE OF STUDENT FINANCIAL ASSISTANCE

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, \$14,380,795,000, which shall remain available through September 30, 2006.]

[The maximum Pell Grant for which a student shall be eligible during award year 2005-2006 shall be \$4,050.] (Department of Education Appropriations Act, 2005.)

Program and Financing (in millions of dollars)				
Identification code 91-0200-0-1-502				
	2004 actual	2005 est.	2006 est.	
Obligations by program activity:				
01.01	Federal Pell grants	12,256	9,589	
02.01	Federal supplemental educational opportunity grants (SEOG)	771	780	
02.02	Federal work-study	1,003	991	
02.03	Federal Perkins loans: Federal capital contributions	102		
02.04	Federal Perkins loans: Loan cancellations	66	66	
02.91	Direct Program by Activities—Subtotal (1 level)	1,942	1,837	
03.01	Leveraging educational assistance partnership	68	66	
04.01	Loan forgiveness for child care providers	1		
10.00	Total new obligations (object class 41.0)	14,267	11,492	
Budgetary resources available for obligation:				
21.40	Unobligated balance carried forward, start of year	33	25	2,799
22.00	New budget authority (gross)	14,007	14,266	
22.10	Resources available from recoveries of prior year obligations	252		
22.30	Expired unobligated balance transfer to unexpired account	1		
23.90	Total budgetary resources available for obligation	14,293	14,291	2,799
23.95	Total new obligations	-14,267	-11,492	
23.98	Unobligated balance expiring or withdrawn	-1		
24.40	Unobligated balance carried forward, end of year	25	2,799	2,799
New budget authority (gross), detail:				
Discretionary:				
40.00	Appropriation	14,090	14,381	
40.35	Appropriation permanently reduced	-83	-115	
43.00	Appropriation (total discretionary)	14,007	14,266	
Change in obligated balances:				
72.40	Obligated balance, start of year	8,479	7,707	4,636
73.10	Total new obligations	14,267	11,492	
73.20	Total outlays (gross)	-14,854	-14,563	-7,171
73.40	Adjustments in expired accounts (net)	67		
73.45	Recoveries of prior year obligations	-252		
74.40	Obligated balance, end of year	7,707	4,636	-2,535
Outlays (gross), detail:				
86.90	Outlays from new discretionary authority	6,501	7,100	
86.93	Outlays from discretionary balances	8,353	7,463	7,171
87.00	Total outlays (gross)	14,854	14,563	7,171
Net budget authority and outlays:				
89.00	Budget authority	14,007	14,266	
90.00	Outlays	14,854	14,563	7,171
Summary of Budget Authority and Outlays				
(in millions of dollars)				
Enacted/requested:				
	Budget Authority	14,007	14,266	
	Outlays	14,854	14,563	7,171
Legislative proposal, not subject to PAYGO:				
	Budget Authority			15,051
	Outlays			7,669
Legislative proposal, subject to PAYGO:				
	Budget Authority			4,721
	Outlays			101
Total:				
	Budget Authority	14,007	14,266	19,772
	Outlays	14,854	14,563	14,941

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

The Administration is working with Congress to develop legislation reauthorizing programs included in the Higher Education Act. When new authorizing legislation is enacted, resources for the affected programs will be requested.

Funding Tables.—The following tables display student aid funds available, the number of aid awards, average awards,

General and special funds—Continued

STUDENT FINANCIAL ASSISTANCE—Continued

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. The 2006 data in these tables reflect the Administration's legislative proposals.

AID FUNDS AVAILABLE FOR POSTSECONDARY EDUCATION AND TRAINING

	[in thousands]		
	2004	2005	2006
Pell grants	13,090,868	12,901,175	13,591,660
Enhanced Pell Grants for State Scholars	0	0	33,000
Student loans:			
Guaranteed student loans:			
Stafford loans	17,591,540	18,847,048	20,362,970
Unsubsidized Stafford loans	16,531,099	18,207,705	20,056,662
PLUS	5,143,106	5,898,107	6,577,527
Direct student loans:			
Stafford loans	5,971,842	6,294,928	6,792,725
Unsubsidized Stafford loans	4,761,479	5,140,520	5,710,007
PLUS	2,106,810	2,424,624	2,685,374
Consolidation:			
FFEL	35,946,562	34,736,700	25,326,020
Direct Loans	7,782,000	9,036,135	7,620,207
Loans for short-term training	0	0	283,558
Perkins loans	1,262,882	1,135,368	0
Student loans, subtotal	97,097,319	101,721,134	95,415,052
Work study	1,194,390	1,184,229	1,184,229
Supplemental educational opportunity grants	975,260	985,722	985,722
Leveraging educational assistance partnerships	168,517	166,928	0
Presidential math and science scholars	0	0	100,000
Total aid available	112,526,354	116,959,188	111,309,662

NUMBER OF AID AWARDS

	[in thousands]		
	2004	2005	2006
Pell grants	5,302	5,330	5,468
Enhanced Pell grants for state scholars	0	0	36
Guaranteed student loans—Stafford loans	5,098	5,439	5,645
Guaranteed student loans—Unsubsidized Stafford loans	3,887	4,224	4,436
Guaranteed student loans—PLUS	565	617	656
Guaranteed student loans—Consolidation	1,243	1,185	826
Direct student loans—Stafford loans	1,625	1,679	1,741
Direct student loans—Unsubsidized Stafford loans	1,132	1,184	1,245
Direct student loans—PLUS	244	265	281
Direct student loans—Consolidation	331	374	316
Loans for short-term training	0	0	377
Perkins loans	630	567	0
Work-study	826	819	819
Supplemental educational opportunity grants	1,278	1,292	1,292
Leveraging educational assistance partnerships	169	167	0
Presidential math and science scholars	0	0	20
Total awards	22,330	23,140	23,138

AVERAGE AID AWARDS

	[in whole dollars]		
	2004	2005	2006
Pell grants	2,469	2,420	2,486
Enhanced Pell grants for state scholars	0	0	911
Guaranteed student loans—Stafford loans	3,450	3,465	3,607
Guaranteed student loans—Unsubsidized Stafford loans	4,253	4,311	4,521
Guaranteed student loans—PLUS	9,103	9,565	10,024
Guaranteed student loans—SLS	0	0	0
Guaranteed student loans—Consolidation	28,925	29,323	30,662
Direct student loans—Stafford loans	3,675	3,750	3,901
Direct student loans—Unsubsidized Stafford loans	4,205	4,341	4,586
Direct student loans—PLUS	8,651	9,157	9,573
Direct student loans—Consolidation	23,543	24,161	24,138
Loans for short-term training	0	0	752
Perkins loans	2,003	2,003	0
Work-study	1,446	1,446	1,446
Supplemental educational opportunity grants	763	763	763
Leveraging educational assistance partnerships	1,000	1,000	0
Presidential math and science scholars	0	0	5,000

NUMBER OF STUDENTS AIDED

	[in thousands]		
Unduplicated student count	9,432	9,879	10,216

ADMINISTRATIVE PAYMENTS TO INSTITUTIONS

	[in thousands of dollars]		
	2004	2005	2006
Pell grants	26,510	26,650	27,340
Work-study	74,697	74,065	74,065
Supplemental educational opportunity grants	39,010	39,429	39,429
Perkins loans	50,515	45,415	0

Status of Direct Loans (in millions of dollars)

Identification code 91-0200-0-1-502	2004 actual	2005 est.	2006 est.
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	325	324	324
1251 Repayments: Repayments and prepayments	-24	-24	-25
Write-offs for default:			
1263 Direct loans	-6	-7	-7
1264 Other adjustments, net	29	31	32
1290 Outstanding, end of year	324	324	324

STUDENT FINANCIAL ASSISTANCE

(Legislative proposal, not subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 91-0200-2-1-502	2004 actual	2005 est.	2006 est.
Obligations by program activity:			
01.01 Federal Pell grants			12,543
01.02 Enhanced Pell grants for State scholars			24
01.91 Direct Program by Activities—Subtotal (1 level)			12,567
02.01 Federal supplemental educational opportunity grants (SEOG)			779
02.02 Federal work-study			990
02.91 Direct Program by Activities—Subtotal (1 level)			1,769
05.01 Presidential math and science scholars			50
10.00 Total new obligations (object class 41.0)			14,386

Budgetary resources available for obligation:

21.40 Unobligated balance carried forward, start of year			
22.00 New budget authority (gross)			15,051
23.90 Total budgetary resources available for obligation			15,051
23.95 Total new obligations			-14,386
24.40 Unobligated balance carried forward, end of year			665

New budget authority (gross), detail:

40.00 Discretionary:			
Appropriation			15,051

Change in obligated balances:

72.40 Obligated balance, start of year			
73.10 Total new obligations			14,386
73.20 Total outlays (gross)			-7,669
74.40 Obligated balance, end of year			6,717

Outlays (gross), detail:

86.90 Outlays from new discretionary authority			7,669
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Net budget authority and outlays:

89.00 Budget authority			15,051
90.00 Outlays			7,669

The resources in this schedule are proposed for later transmittal under proposed legislation to reauthorize the Higher Education Act. The Administration's Higher Education Act reauthorization proposals, including 2006 funding levels for programs in the Student Financial Assistance Account, are discussed under the Federal Direct Student Loan Program Account. Together with matching funds, this funding would provide nearly 7.6 million awards totaling almost \$16 billion in available aid.

Federal Pell Grants.—Pell Grants are the single largest source of grant aid for postsecondary education. In 2005, more than five million undergraduates will receive up to \$4,050 to help pay for postsecondary education. Undergraduate students establish eligibility for these grants under award and need determination rules set out in the authorizing statute and the annual appropriations act.

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

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

Federal Work Study.—Federal funds are awarded by formula to qualifying institutions, which provide part-time jobs to eligible undergraduate and graduate students. Hourly earnings under this program must be at least equal to the Federal minimum wage. Federal funding in most cases pays 75 percent of a student’s hourly wages, with the remaining 25 percent paid by the employer. The Federal Work Study program also requires participating institutions to use at least 7 percent of the total funds granted to compensate students employed in community service jobs.

Perkins Loan Program.—Institutions award low-interest loans from Federal revolving funds held at institutions, which are comprised of Federal Capital Contributions, institutional matching funds, and student repayments on outstanding loans.

Perkins Loan Program—Cancellations.—The Department of Education reimburses Federal revolving funds held at institutions for cancelled Perkins loans. Under the Higher Education Act, borrowers are eligible to have some or all of their Perkins loan repayment obligation cancelled if they enter certain fields of public service after graduation. Perkins loan balances are also cancelled in the event of a borrower’s death, or total and permanent disability. In general, the revolving funds are reimbursed for 100 percent of the principal and accrued interest of the loan cancelled.

Status of Direct Loans (in millions of dollars)

Identification code 91–0200–2–1–502	2004 actual	2005 est.	2006 est.
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year			
1251 Repayments: Repayments and prepayments			
Write-offs for default:			
1263 Direct loans			
1264 Other adjustments, net			– 324
1290 Outstanding, end of year			– 324

STUDENT FINANCIAL ASSISTANCE

(Legislative proposal, subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 91–0200–4–1–502	2004 actual	2005 est.	2006 est.
Obligations by program activity:			
01.01 Federal Pell Grants			4,612
10.00 Total new obligations (object class 41.0)			4,612

Budgetary resources available for obligation:			
21.40	Unobligated balance carried forward, start of year		
22.00	New budget authority (gross)		4,721
23.90	Total budgetary resources available for obligation		4,721
23.95	Total new obligations		– 4,612
24.40	Unobligated balance carried forward, end of year		109

New budget authority (gross), detail:			
Mandatory:			
60.00	Appropriation		420
60.00	Appropriation		4,301
62.50	Appropriation (total mandatory)		4,721

Change in obligated balances:			
72.40	Obligated balance, start of year		
73.10	Total new obligations		4,612
73.20	Total outlays (gross)		– 101
74.40	Obligated balance, end of year		4,511

Outlays (gross), detail:			
86.97	Outlays from new mandatory authority		101

Net budget authority and outlays:			
89.00	Budget authority		4,721
90.00	Outlays		101

PERKINS LOAN ASSETS

(Legislative proposal, subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 91–0219–4–1–502	2004 actual	2005 est.	2006 est.
Obligations by program activity:			
01.01	Institutional Share of Perkins Collections		146
10.00	Total new obligations (object class 41.0)		146
Budgetary resources available for obligation:			
21.40	Unobligated balance carried forward, start of year		
22.00	New budget authority (gross)		146
23.90	Total budgetary resources available for obligation		146
23.95	Total new obligations		– 146
24.40	Unobligated balance carried forward, end of year		
New budget authority (gross), detail:			
Mandatory:			
69.00	Offsetting collections (cash)		726
69.27	Capital transfer to general fund		– 580
69.90	Spending authority from offsetting collections (total mandatory)		146
Change in obligated balances:			
72.40	Obligated balance, start of year		
73.10	Total new obligations		146
73.20	Total outlays (gross)		– 146
74.40	Obligated balance, end of year		
Outlays (gross), detail:			
86.97	Outlays from new mandatory authority		146
Offsets:			
Against gross budget authority and outlays:			
88.40	Offsetting collections (cash) from: Non-Federal sources		– 726
Net budget authority and outlays:			
89.00	Budget authority		– 580
90.00	Outlays		– 580

The 2006 Budget proposes to eliminate the Perkins Loan program and recall the Federal portion of revolving funds held by participating institutions. (This proposal is discussed, as part of a broader review of Higher Education Act reauthor-

General and special funds—Continued

PERKINS LOAN ASSETS—Continued

ization proposals, under the Federal Direct Student Loan Program Account). This account records amounts recalled from Perkins Loan institutions and subsequent loan repayments on outstanding Perkins Loans, as well as reimbursements of institutional funds to participating schools.

Status of Direct Loans (in millions of dollars)

Identification code 91-0219-4-1-502	2004 actual	2005 est.	2006 est.
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year			
1251 Repayments: Repayments and prepayments			- 726
Write-offs for default:			
1263 Direct loans			- 51
1264 Other adjustments, net			8,000
1290 Outstanding, end of year			7,223

STUDENT AID ADMINISTRATION

[For Federal administrative expenses (in addition to funds made available under section 458), to carry out part D of title I, and subparts 1, 3, and 4 of part A, and parts B, C, D and E of title IV of the Higher Education Act of 1965, as amended, \$120,247,000.] (Department of Education Appropriations Act, 2005.)

Program and Financing (in millions of dollars)

Identification code 91-0202-0-1-502	2004 actual	2005 est.	2006 est.
Obligations by program activity:			
00.01 Student aid administration	117	119	
10.00 Total new obligations	117	119	
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	117	119	
23.95 Total new obligations	- 117	- 119	
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	118	120	
40.35 Appropriation permanently reduced	- 1	- 1	
43.00 Appropriation (total discretionary)	117	119	
Change in obligated balances:			
72.40 Obligated balance, start of year	35	36	51
73.10 Total new obligations	117	119	
73.20 Total outlays (gross)	- 115	- 104	- 34
74.40 Obligated balance, end of year	36	51	17
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	83	85	
86.93 Outlays from discretionary balances	32	19	34
87.00 Total outlays (gross)	115	104	34
Net budget authority and outlays:			
89.00 Budget authority	117	119	
90.00 Outlays	115	104	34

Summary of Budget Authority and Outlays

(in millions of dollars)

	2004 actual	2005 est.	2006 est.
Enacted/requested:			
Budget Authority	117	119	
Outlays	115	104	34
Legislative proposal, not subject to PAYGO:			
Budget Authority			939
Outlays			615
Total:			
Budget Authority	117	119	939
Outlays	115	104	649

The Department of Education manages Federal student aid programs that will provide over \$110 billion in Federal student aid grants and loans to 10.2 million students and parents in 2006. Primary responsibility for administering these programs lies with the Office of Postsecondary Education and the performance-based Office of Federal Student Aid (FSA). FSA was created by Congress in 1998 with a mandate to improve service to students and other student aid program participants, reduce student aid administration costs, and improve accountability and program integrity.

The Department's student aid administrative activities are funded from two main sources: (1) funds appropriated on a permanent basis under section 458 of the Higher Education Act; and (2) a discretionary appropriation partially supporting student aid administrative activities. Student aid administrative funds for 2005 totaled \$914 million, \$195 million of which supported the payment of account maintenance fees to FFEL guaranty agencies.

The Budget for 2006 includes \$939 million for student aid administration. In order to improve accountability and simplify program oversight and operations, the Administration is proposing to consolidate funding for student aid administrative activities into a single discretionary account. Funding levels for this account will be based on a workload-based methodology consistent with the goals of the performance-based organization.

Object Classification (in millions of dollars)

Identification code 91-0202-0-1-502	2004 actual	2005 est.	2006 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent	42	45	
11.3 Other than full-time permanent	1		
11.5 Other personnel compensation	1	1	
11.9 Total personnel compensation	44	46	
12.1 Civilian personnel benefits	11	11	
23.1 Rental payments to GSA	7	7	
23.3 Communications, utilities, and miscellaneous charges	5	8	
24.0 Printing and reproduction	3	2	
25.2 Other services	1	1	
25.3 Other purchases of goods and services from Government accounts	5	3	
25.7 Operation and maintenance of equipment	40	39	
31.0 Equipment	1	1	
99.0 Direct obligations	117	118	
99.5 Below reporting threshold		1	
99.9 Total new obligations	117	119	

Personnel Summary

Identification code 91-0202-0-1-502	2004 actual	2005 est.	2006 est.
1001 Total compensable workyears: Civilian full-time equivalent employment	534	533	

STUDENT AID ADMINISTRATION

(Legislative proposal, not subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 91-0202-2-1-502	2004 actual	2005 est.	2006 est.
Obligations by program activity:			
00.01 Student aid administration			939
10.00 Total new obligations			939
Budgetary resources available for obligation:			
22.00 New budget authority (gross)			939
23.95 Total new obligations			- 939
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation			939

Change in obligated balances:

72.40	Obligated balance, start of year			
73.10	Total new obligations			939
73.20	Total outlays (gross)			-615
74.40	Obligated balance, end of year			324

Outlays (gross), detail:

86.90	Outlays from new discretionary authority			615
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Net budget authority and outlays:

89.00	Budget authority			939
90.00	Outlays			615

Object Classification (in millions of dollars)

Identification code 91-0202-2-1-502	2004 actual	2005 est.	2006 est.
Personnel compensation:			
11.1	Full-time permanent		103
11.5	Other personnel compensation		3
11.9	Total personnel compensation		106
12.1	Civilian personnel benefits		26
21.0	Travel and transportation of persons		4
23.1	Rental payments to GSA		16
23.3	Communications, utilities, and miscellaneous charges		16
24.0	Printing and reproduction		2
25.2	Other services		17
25.3	Other purchases of goods and services from Govern- ment accounts		12
25.7	Operation and maintenance of equipment		541
26.0	Supplies and materials		1
31.0	Equipment		3
41.0	Grants, subsidies, and contributions		195
99.9	Total new obligations		939

Personnel Summary

Identification code 91-0202-2-1-502	2004 actual	2005 est.	2006 est.
1001	Total compensable workyears: Civilian full-time equiv- alent employment		1,186

FEDERAL STUDENT LOAN RESERVE FUND

Program and Financing (in millions of dollars)

Identification code 91-4257-0-3-502	2004 actual	2005 est.	2006 est.	
Obligations by program activity:				
01.02	Obligations, non-federal	2,937	3,409	3,615
10.00	Total new obligations (object class 42.0)	2,937	3,409	3,615

Budgetary resources available for obligation:

21.40	Unobligated balance carried forward, start of year	1,107	1,039	1,022
22.00	New budget authority (gross)	3,074	3,392	3,596
22.40	Capital transfer to general fund	-205		-82
23.90	Total budgetary resources available for obligation	3,976	4,431	4,536
23.95	Total new obligations	-2,937	-3,409	-3,615
24.40	Unobligated balance carried forward, end of year	1,039	1,022	921

New budget authority (gross), detail:

Mandatory:				
69.00	Offsetting collections (cash)	3,074	3,392	3,596

Change in obligated balances:

73.10	Total new obligations	2,937	3,409	3,615
73.20	Total outlays (gross)	-2,937	-3,409	-3,615

Outlays (gross), detail:

86.97	Outlays from new mandatory authority	3,074	3,392	3,596
86.98	Outlays from mandatory balances	-137	17	19
87.00	Total outlays (gross)	2,937	3,409	3,615

Offsets:

Against gross budget authority and outlays:				
Offsetting collections (cash) from:				
88.00	Federal sources	-2,885	-3,101	-3,296

88.40	Non-Federal sources	-189	-291	-300
88.90	Total, offsetting collections (cash)	-3,074	-3,392	-3,596

Net budget authority and outlays:

89.00	Budget authority			
90.00	Outlays	-137	17	19

Summary of Budget Authority and Outlays

(in millions of dollars)

Enacted/requested:	2004 actual	2005 est.	2006 est.
Budget Authority			
Outlays	-137	17	19
Legislative proposal, subject to PAYGO:			
Budget Authority			
Outlays			-156
Total:			
Budget Authority			
Outlays	-137	17	-137

The Higher Education Amendments of 1998 clarified that reserve funds held by public and non-profit guaranty agencies participating in the Federal Family Education Loan (FFEL) program are Federal property. These reserves are used to pay default claims from FFEL lenders and fees to support agency efforts to avert defaults. The Federal Government reimburses these reserves for default claim payments.

As discussed under the Federal Direct Student Loan Program Account, the Administration is proposing to require guaranty agencies to collect a currently optional 1 percent insurance premium paid by borrowers into the Federal Student Loan Reserve Fund.

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

Balance Sheet (in millions of dollars)

Identification code 91-4257-0-3-502	2003 actual	2004 actual	
ASSETS:			
1101	Federal assets: Fund balances with Treasury	1,107	1,039
1999	Total assets	1,107	1,039
NET POSITION:			
3300	Cumulative results of operations	1,107	1,039
3999	Total net position	1,107	1,039
4999	Total liabilities and net position	1,107	1,039

FEDERAL STUDENT LOAN RESERVE FUND
(Legislative proposal, not subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 91-4257-4-3-502	2004 actual	2005 est.	2006 est.
Obligations by program activity:			
01.02	Obligations, non-federal		
10.00	Total new obligations (object class 42.0)		

Budgetary resources available for obligation:

21.40	Unobligated balance carried forward, start of year			
22.00	New budget authority (gross)			156
22.40	Capital transfer to general fund			
23.90	Total budgetary resources available for obligation			156
23.95	Total new obligations			
24.40	Unobligated balance carried forward, end of year			156

New budget authority (gross), detail:

Mandatory:				
69.00	Offsetting collections (cash)			156

General and special funds—Continued
FEDERAL STUDENT LOAN RESERVE FUND—Continued
Program and Financing (in millions of dollars)—Continued

Identification code 91-4257-4-3-502	2004 actual	2005 est.	2006 est.
Change in obligated balances:			
73.10 Total new obligations			
Offsets:			
Against gross budget authority and outlays:			
Offsetting collections (cash) from:			
88.00 Federal sources			
88.40 Non-Federal sources			-156
88.90 Total, offsetting collections (cash)			-156
Net budget authority and outlays:			
89.00 Budget authority			
90.00 Outlays			-156

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

Identification code 91-0243-0-1-502	2004 actual	2005 est.	2006 est.
Obligations by program activity:			
00.03 Subsidy modification		49	
00.05 Upward Restimate Principal	2,102	1,262	
00.06 Interest on Upward Reestimate	627	374	
00.09 Administrative expenses	799	795	
10.00 Total new obligations	3,528	2,480	
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	26	27	
22.00 New budget authority (gross)	3,525	2,480	
22.10 Resources available from recoveries of prior year obligations	4		
22.40 Capital transfer to general fund		-27	
23.90 Total budgetary resources available for obligation	3,555	2,480	
23.95 Total new obligations	-3,528	-2,480	
24.40 Unobligated balance carried forward, end of year	27		
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation			-795
Mandatory:			
60.00 Appropriation	795	795	795
60.00 Appropriation (indefinite)—Upward reestimate	2,729	1,636	
60.00 Appropriation (indefinite)—Upward reestimate		49	
62.50 Appropriation (total mandatory)	3,524	2,480	795
69.00 Offsetting collections (cash)—negative subsidy	169	89	616
69.00 Offsetting collections (cash)—downward reestimate, principal	97	593	
69.00 Offsetting collections (cash)—downward reestimate, interest	6	31	
69.00 Offsetting collections (cash)—admin	1		
69.27 Capital transfer to general fund	-272	-713	-616
69.90 Spending authority from offsetting collections (total mandatory)	1		
70.00 Total new budget authority (gross)	3,525	2,480	
Change in obligated balances:			
72.40 Obligated balance, start of year	255	260	357
73.10 Total new obligations	3,528	2,480	
73.20 Total outlays (gross)	-3,519	-2,383	-241
73.45 Recoveries of prior year obligations	-4		
74.40 Obligated balance, end of year	260	357	116
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority			-467
86.97 Outlays from new mandatory authority	3,303	2,152	466
86.98 Outlays from mandatory balances	216	231	242
87.00 Total outlays (gross)	3,519	2,383	241

Offsets:			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	-273	-713	-616
Net budget authority and outlays:			
89.00 Budget authority	3,252	1,767	-616
90.00 Outlays	3,246	1,670	-375

Summary of Budget Authority and Outlays

(in millions of dollars)			
Enacted/requested:	2004 actual	2005 est.	2006 est.
Budget Authority	3,252	1,767	-616
Outlays	3,246	1,670	-375
Legislative proposal, subject to PAYGO:			
Budget Authority		-335	-53
Outlays		-335	-53
Total:			
Budget Authority	3,252	1,432	-669
Outlays	3,246	1,335	-428

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

Identification code 91-0243-0-1-502	2004 actual	2005 est.	2006 est.
Direct loan levels supportable by subsidy budget authority:			
115001 Stafford	6,631	6,948	7,235
115002 Unsubsidized Stafford	5,401	5,841	6,229
115003 PLUS	2,102	2,535	2,806
115004 Consolidation	7,845	9,156	7,611
115901 Total direct loan levels	21,979	24,480	23,881
Direct loan subsidy (in percent):			
132001 Stafford	4.55	5.15	4.33
132002 Unsubsidized Stafford	-5.00	-6.64	-10.77
132003 PLUS	-4.91	-5.08	-7.75
132004 Consolidation	-0.81	0.31	-2.99
132901 Weighted average subsidy rate	-0.61	-0.53	-3.36
Direct loan subsidy budget authority:			
133001 Stafford	302	358	313
133002 Unsubsidized Stafford	-270	-388	-671
133003 PLUS	-103	-129	-217
133004 Consolidation	-64	28	-228
133901 Total subsidy budget authority	-135	-131	-803
Direct loan subsidy outlays:			
134001 Stafford	256	309	297
134002 Unsubsidized Stafford	-261	-309	-510
134003 PLUS	-101	-116	-179
134004 Consolidation	-64	27	-224
134901 Total subsidy outlays	-170	-89	-616
Direct loan upward reestimate subsidy budget authority:			
135001 Stafford	1,180	158	
135002 Unsubsidized Stafford	1,305	113	
135003 PLUS	241	140	
135004 Consolidation	619	1,382	
135901 Total upward reestimate budget authority	3,345	1,793	
Direct loan downward reestimate subsidy budget authority:			
137001 Stafford	-88	-359	
137002 Unsubsidized Stafford		-294	
137003 PLUS	-17	-53	
137004 Consolidation	-613	-75	
137901 Total downward reestimate budget authority	-718	-781	
Student loan administrative expense data:			
351001 Budget authority	795	795	
359001 Outlays	790	696	239

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. For 2006, 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 2006 Budget, the President is proposing a comprehensive package of student aid policy proposals related to the reauthorization of the Higher Education Act (HEA). These proposals, which will expand student benefits and improve program efficiency, are discussed at the conclusion of this program description.

From its inception in 1965 through 2004, the FFEL program has provided over \$547 billion in loans to postsecondary students and their parents. Since July 1, 1994, the Direct Loan program has provided \$150 billion in new and consolidation loans to students and parents. Taken together, the FFEL and Direct Loan programs will make more than \$56 billion in new loans available in 2005. Because funding for these two programs is provided on a permanent indefinite basis, for budget purposes they are considered separately from other Federal student financial assistance programs. The FFEL and Direct Loan programs should be viewed in combination with these other programs, however, as part of the overall Federal effort to 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 Direct Loan program was created by the Student Loan Reform Act of 1993. Under this program, the Federal Government provides loan funds to postsecondary institutions directly or through an alternative originator. The Direct Loan program began operation in academic year 1994–1995 with 7 percent of overall loan volume and is expected to account for 24 percent in academic year 2005–2006. 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.

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 ensure a guaranteed rate of return on their loans. Special allowance payments vary by loan type, are determined quarterly, and are based on current borrower interest rates and market-yield formulas. For new Stafford and Unsubsidized Stafford loans, for example, the Federal Government must pay lenders a special allowance if the average 3-month commercial paper rate for a given quarter plus 2.34 percent—or 1.74 percent

during in-school, grace, or deferment periods—is higher than the current interest rate charged borrowers.

Loans funded with the proceeds of tax-exempt securities originally issued before October 1, 1993, receive substantially higher special allowance payments than are currently paid on other types of loans. The Taxpayer-Teacher Protection Act of 2004 temporarily limited the ability of loan holders to retain these higher benefits indefinitely by refinancing the underlying securities. These temporary provisions are in effect through December 31, 2005.

Consolidation loans allow borrowers to combine loans made under Title IV of the Higher Education Act—FFEL, Direct Loans, and Perkins Loans—as well as some loans made under the Public Health Service Act. The interest rate for new FFEL and Direct Consolidation loans equals the weighted average of the interest rate on the loans consolidated, rounded up to the nearest one-eighth of one percent. Lenders may choose to offer a lower rate. Interest rates for all new FFEL and Direct Consolidation Loans are capped at 8.25 percent.

FFEL borrowers pay an origination fee to the Government equal to 3 percent of principal, and are also liable for a guaranty agency insurance premium of up to 1 percent of principal. Guaranty agencies have the option of waiving this premium and FFEL lenders have the option of paying some or all of a borrower's origination fee for Stafford Loan borrowers.

Direct Loan borrowers are charged an origination fee equal to 3 percent of principal, which partially offsets Federal program operation costs. Borrowers in both programs may be offered financial incentives to encourage prompt repayment.

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.

Under both programs, new borrowers after October 1, 1998, who are employed as teachers in schools serving low-income populations for five consecutive, complete school years, qualify for up to \$5,000 in loan forgiveness. The Taxpayer-Teacher Protection Act of 2004 temporarily extended this benefit to \$17,500 for mathematics, science, and special education teachers considered highly qualified under criteria established in the No Child Left Behind Act of 2001. These temporary provisions affect new borrowers who take out loans between October 1, 1998, and September 30, 2005; they do not affect borrowers who have already received forgiveness benefits.

Borrowers under Direct Loans may choose from among five repayment plans including income-contingent repayment (“pay-as-you-can”), under which annual repayment amounts vary based on the income of the borrower and the amount borrowed, and payments can be made over 25 years. Borrowers may switch between repayment plans at any time. (Income-contingent repayment is not available to Direct PLUS borrowers).

FFEL borrowers may choose from among four repayment plans. Repayment periods under standard, graduated, and income-sensitive repayment may not exceed 10 years. An extended repayment plan of up to 25 years is available for new borrowers with outstanding loans totalling more than \$30,000. FFEL borrowers may change repayment plans annually.

Reauthorization Proposals. In 2005, the Federal government will provide over \$70 billion in new grants, loans, and work-study assistance to help students pay for postsecondary education, including \$57 billion in guaranteed and direct student loans and \$13 billion in Pell Grants. Although the Federal government continues to provide extraordinary levels of aid for students, more funds are needed to increase the level of Pell Grant aid to low-income students.

The President proposes a package of reforms to address this problem while improving the effectiveness of the Pell

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

Grant and student loan programs. These reforms will increase the Pell Grant maximum award from \$4,050 to \$4,550 over 5 years and invest substantial new funds in student loan borrowers. These proposals would also reduce subsidies to various FFEL program participants, who would also be required to bear a greater share of overall program risk.

Federal Pell Grants. The centerpiece of the Administration's budget and reauthorization proposal is designed to address the financial need of low-income students pursuing a postsecondary education. The Administration proposes to assist these students by investing more than \$19 billion in new mandatory funding for the Pell Grant program from 2006–2015. These funds would be used to increase the maximum grant award by \$100 a year each of the next five years, and retire the current \$4.3 billion funding shortfall, putting the program on a firm financial footing. The Administration proposes to fund this proposal through mandatory savings generated by other reauthorization proposals. The cost of operating the Pell Grant program at the current maximum award level of \$4,050, together with program changes discussed below, would continue to be funded through discretionary appropriations. This package of programmatic changes also includes a new budget scoring rule that would ensure the program is fully funded and shortfalls would not materialize in future years.

While Pell Grants have been very successful in ensuring access to postsecondary education for low-income students, the Administration is proposing several changes to increase the program's effectiveness and improve its overall operation. Pell Grants would be made available year-round at eligible two- and four-year degree granting institutions, giving students a more convenient option for accelerating their studies and promptly completing their educations. As a further incentive for timely completion, Pell Grant eligibility would be limited to the equivalent of 16 semesters. To better target aid to students with the greatest financial need, the Administration proposes to index the minimum Pell Grant award to the maximum award beginning in 2007. Currently, students who qualify for an award between \$200 and \$400 receive \$400. Indexing would raise the \$200 minimum award dollar-for-dollar with increases in the maximum, without adjusting the \$400 actual payment; for example, the \$100 increase proposed for 2007 would increase the minimum award to \$300 with a \$400 actual payment. With the next \$100 increase, proposed for 2008, the minimum award and actual payment would be \$400, which would continue to go up in future years as the maximum award increases. Lastly, the Administration proposes to eliminate the Pell Grant award rule related to tuition sensitivity. This rule limits the amount of support that students with greatest need receive while attending low-cost institutions.

The Administration also proposes \$33 million for Enhanced Pell Grants for State Scholars to encourage students and States to participate in the State Scholars program. This program would provide up to an additional \$1,000 to students completing the rigorous State Scholars curriculum in high school. The State Scholars curriculum consists of at least three years of mathematics and science, four years of English, three and a half years of social studies, and foreign language coursework. Currently, thirteen states participate in the States Scholars program. Although this new program will operate within the larger Pell Grant program, total funding would be capped at \$33 million in 2006. If recipients qualify for more than this amount, a process would be developed to allocate awards within the available funding level.

To support these policies the 2006 Budget includes a total of \$18.0 billion for Pell Grants in 2006: \$13.2 billion in discretionary funding, \$4.3 billion in mandatory funding to eliminate the prior year shortfall, and an additional \$420 million in mandatory funding to fund a \$100 increase in the maximum award to \$4,150. Nearly 5.5 million students will receive Pell Grants under this proposal.

Campus-Based Programs. To help fund the higher Pell maximum awards and make more funds available to all eligible students, the Administration proposes eliminating the Perkins Loan program and recalling the federal portion of revolving funds held by participating institutions. With the number of Perkins Loan institutions declining from 3,338 in academic year 1983–1984 to 1,796 in 2003–2004—and with only 3 percent of students enrolled in postsecondary education receiving Perkins Loans each year, the Administration believes the federal share of funds held by this small group of institutions would better serve students if invested in Pell Grants, which serve all eligible students regardless of institution. Last year, the PART found the Perkins Loan program to be duplicative of the larger guaranteed and direct student loan programs. Proposed increases to student loan limits in these programs and the continuation of very low interest rates would significantly offset the impact of eliminating the Perkins Loan program. Under the Administration's proposal, institutions would retain their own contributions into Perkins Loan revolving funds. Recalling the federal portion of the Perkins Loan funds, less amounts needed to support statutory loan forgiveness benefits, will provide \$6.0 billion, to help offset the costs of the proposed new benefits for all eligible students.

The Administration is also proposing to phase in revised allocation formulae for the SEOG and Work-Study programs under which funding distributions are based more directly on institutional need. The current allocation formulae have historically distributed a disproportionate share of funding to institutions with a long history of program participation rather than on the number of low-income students enrolled. Since these institutions do not have a higher proportion of low-income students, the PART review identified the current formulae as problematic.

Lastly, the Administration proposes to replace the 7 percent community service requirements in the Work Study program with a separate set-aside equal to 20 percent of the Work-Study appropriation. Institutions would apply for these community service funds separate from their regular allocation. Program-wide, institutions place 15 percent of their students in community service jobs, however, the PART process found many individual institutions fail to meet the 7 percent requirement. Under the proposed approach, institutions that do not wish to participate in community service activities will no longer be required to do so and those that do wish to participate will be awarded additional funds. Overall, this proposal would double the amount of Work Study funds used for community service activities.

Consistent with these proposals, the 2006 Budget includes \$778 million for SEOG and \$990 million for Work-Study, which would generate \$986 million and \$1.2 billion, respectively, in new aid to students. No funds are included for the Leveraging Educational Partnerships program.

Student Loans. The 2006 Budget includes a comprehensive package of proposals to make the student loan programs more efficient, cost-effective vehicles for helping students finance their postsecondary educations. Strategic reductions in loan subsidies to financial participants in the FFEL Program are specifically tied to operational efficiencies and program management improvements that have been realized in the last several years. Savings generated from these proposals would in large part be reinvested in benefits for students in the Pell Grant and the student loan programs.

To help students meet rising higher education costs, the Administration is proposing to increase annual subsidized loan limits to \$3,500 for first-year students, \$4,500 for second year students, and annual unsubsidized loan limits to \$12,000 for graduate and professional students. (The Administration also proposes corresponding increases in aggregate loan limits.) The Administration also is proposing to help borrowers manage their debt with more flexible extended repayment plans for all student loans based on the current Direct Loan model. Lastly, the Administration intends to make permanent the teacher loan forgiveness provisions of the Taxpayer-Teacher Protection Act of 2004.

In addition, the Administration is proposing to maintain the current variable interest rate formula. The borrower rate on Stafford and Unsubsidized Stafford Loans is scheduled to be fixed at 6.8 percent for new loans beginning July 1, 2006. Under current interest rate projections, this would substantially increase interest rates for most borrowers. Rather than increase interest rates for students, the Administration proposes spending \$4.4 billion to keep interest rates low for students and families.

To encourage lenders to continue to strengthen default prevention efforts and in recognition of the strong repayment record associated with student loans today, the Administration proposes to reduce the amount of loan principal insured against default from 98 to 95 percent and better target insurance for lenders identified as exceptional performers. The Administration also proposes creating a .25 percent annual loan holder fee on the outstanding balance of non-consolidation loans in order to recover excess earnings that result from the basic program structure. Lastly, the Taxpayer-Teacher Protection Act of 2004's provisions related to tax-exempt securities will be made permanent. New proposals affecting lenders will reduce federal costs by \$8.7 billion over 2006–2015.

To strengthen the financial stability of the guaranty agencies' Federal Reserve fund, the Administration is proposing that agencies be required to collect the 1 percent insurance premium on all loans guaranteed or disbursed after July 1, 2006. The Administration expects guaranty agencies to operate more efficiently in the future and proposes to reduce incrementally the amount guaranty agencies may retain from collections on defaulted loans from 23 percent to roughly 16 percent—the average paid by the Department of Education to private collection agents. Finally, the Administration would provide reduced reinsurance to guaranty agencies to correspond to the reduced insurance rate paid to lenders in the program. For many guaranty agencies, reinsurance would be reduced from the current 95 percent to 92 percent. These changes are intended to foster increased guaranty agency default prevention activities and improve overall financial management. The latter two changes to the guaranty agency system will increase the Federal Student Loan Reserve Fund and reduce FFEL program costs by a combined \$1.7 billion over 2006–2015.

The Administration is also proposing to significantly restructure the current Loan Consolidation program to help address the needs of both current and former students. Accordingly, the 2006 Budget includes the following proposals: replace the current fixed-rate interest formula for consolidation loans with the variable rate formula used for student loans, placing current and former students on equal terms; allow borrowers to reconsolidate on multiple occasions subject to a 1 percent borrower origination fee on reconsolidation; eliminate the statutory provision limiting borrower ability to choose their consolidation lender; and increase the current one-time lender fee on new consolidation loans by 50 basis points to 1 percent. Restructuring the Loan Consolidation program will reduce program costs by \$3.7 billion over 2006–2015.

Taken together, the Administration's proposed student benefits would increase student loan program costs by \$7.7 billion over 2006–2015. Total proposed changes to the FFEL and Direct Loan programs would produce net savings of \$19 billion over the same period.

Presidential Math-Science Scholars. The 2006 Budget includes \$50 million for this new program, under which the Department of Education would enter into a public-private partnership to award \$100 million annually in grants to low-income students who pursue studies in math and science. The program would provide approximately 20,000 low-income students who receive Pell Grants with separate additional awards of up to \$5,000 each.

Loans for Short-Term Training. The Administration proposes a new loan program, jointly administered by the Department of Education and Labor, to help dislocated, unemployed, transitioning, or older workers and students. This market-oriented program will allow participants to acquire or upgrade specific job-related skills through short-term training programs, usually shorter than 10 weeks and not currently eligible for Federal student aid. These programs must lead to an industry credential, certificate, or employer endorsed technical/occupational skills.

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

Two provisions restricting schools' eligibility to participate in the federal student assistance program are also proposed for elimination. The first, which requires 50 percent of a program's courses be offered on campus, restricts the availability of distance education. The second, requiring at least 10 percent of a school's revenue come from non-federal sources, has not been shown to be a reliable indicator of institutional quality.

The Administration proposes to clarify a current provision under which student aid applicants who have been convicted of a drug-related offense are ineligible for Federal student aid. Under this proposal, the current provision would only affect students who commit a drug-related offense while enrolled in higher education; incoming students, who are currently subject to the provision, would be exempted.

Lastly, the Administration proposes that military personnel on active duty automatically be considered as independent for the purpose of determining eligibility for federal student aid.

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

Funding Levels (in thousands of dollars)

	2004 actual	2005 est.	2006 est.
Program Cost:			
FFEL:			
Liquidating ¹	(179,625)	(834,864)	(712,601)
Program:			
Regular	3,943,225	4,463,212	4,241,830
Consolidation	5,658,390	5,648,276	2,314,494
Reestimate of Prior Year Costs	(3,620,994)	592,658	0
Non-Contractual Modifications ²	0	1,039,778	0
Subtotal, Program	5,980,621	11,743,924	6,556,324
Total FFEL	5,800,996	10,909,060	5,843,723
Direct Loans:			
Program:			
Regular	(105,725)	(116,253)	(400,914)
Consolidation	(63,649)	27,614	(268,512)

Credit accounts—Continued**FEDERAL DIRECT STUDENT LOAN PROGRAM ACCOUNT—Continued****Funding Levels (in thousands of dollars)—Continued**

	2004 actual	2005 est.	2006 est.
Reestimate of Prior Year Costs	2,626,596	1,011,844	0
Non-Contractual Modifications ²	0	(286,212)	0
Total, Direct Loans	2,457,222	636,994	(669,425)
Total, FFEL and Direct Loans	8,258,218	11,546,054	5,174,298
Program Cost Outlays:			
FFEL:			
Liquidating ¹	(476,011)	(784,247)	(712,601)
Program:			
Regular	3,280,069	3,739,398	3,760,575
Consolidation	5,615,746	5,605,227	2,298,306
Reestimate of Prior Year Costs	(3,620,994)	592,658	0
Non-Contractual Modifications ²	0	1,039,778	0
Subtotal, Program	5,274,822	10,977,062	6,058,881
Total, FFEL	4,798,810	10,192,814	5,346,280
Direct Loans:			
Program:			
Regular	(105,725)	(116,253)	(400,914)
Consolidation	(63,649)	27,614	(268,512)
Reestimate of Prior Year Costs	2,626,596	1,011,844	0
Non-Contractual Modifications ²	0	(286,212)	0
Total, Direct Loans	2,457,222	636,994	(669,425)
Total, FFEL and Direct Loans	7,256,032	10,829,808	4,676,854

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

	2004 est.	2005 est.	2006 est.
FFEL:			
Stafford	17,592	18,847	20,363
Unsubsidized Stafford	16,531	18,208	20,057
PLUS	5,143	5,898	6,578
Subtotal	39,266	42,953	46,997
Consolidation	35,947	34,737	25,326
Total, FFEL	75,212	77,690	72,323
Direct Loans:			
Stafford	5,972	6,295	6,793
Unsubsidized Stafford	4,761	5,141	5,710
PLUS	2,107	2,425	2,685
Subtotal	12,840	13,860	15,188
Consolidation	7,782	9,036	7,620
Total, Direct Loans	20,622	22,896	22,808
Total, All Loans	95,834	100,586	95,131

¹ Net commitments equal gross commitments minus loan cancellations.**Number of Loans (in thousands)**

	2004 est.	2005 est.	2006 est.
FFEL:			
Stafford	5,098	5,439	5,645
Unsubsidized Stafford	3,887	4,224	4,436
PLUS	565	617	656
Subtotal	9,550	10,279	10,738
Consolidation	1,243	1,185	826
Total, FFEL	10,793	11,464	11,564
Direct Loans:			
Stafford	1,625	1,679	1,741
Unsubsidized Stafford	1,132	1,184	1,245
PLUS	244	265	281
Subtotal	3,001	3,128	3,267
Consolidation	331	374	316
Total, Direct Loans	3,331	3,502	3,582
Total, All Loans	14,125	14,966	15,146

Average Loan Size (in whole dollars)

	2004 est.	2005 est.	2006 est.
FFEL:			
Stafford	3,450	3,465	3,607
Unsubsidized Stafford	4,253	4,311	4,521
PLUS	9,103	9,565	10,024
Weighted Average, without Consolidations	4,111	4,179	4,377
Consolidation	28,925	29,323	30,662
Weighted Average, FFEL	6,968	6,777	6,254
Direct Loans:			
Stafford	3,675	3,750	3,901
Unsubsidized Stafford	4,205	4,341	4,586
PLUS	8,651	9,157	9,573
Weighted Average, without Consolidations	4,279	4,431	4,649
Consolidation	23,543	24,161	24,138
Weighted Average, Direct Loans	6,190	6,538	6,367
Weighted Average, All Loans	6,785	6,721	6,281

Summary of Subsidy, Default and Interest Rates

	2004 est.	2005 est.	2006 est.
Subsidy Rates (in percent)¹			
FFEL:			
Stafford	15.41	16.82	16.26
Unsubsidized Stafford	3.91	3.44	1.67
PLUS	1.62	1.53	0.74
Consolidation	14.42	16.12	9.06
Weighted Average, FFEL	11.40	11.96	8.22
Direct Loans:			
Stafford	4.55	5.15	3.65
Unsubsidized Stafford	-5.00	-6.64	-9.88
PLUS	-4.91	-5.08	-7.85
Consolidation	-0.81	0.31	-3.54
Weighted Average, Direct Loans	-0.61	-0.53	-3.51
Default Rates (in percent)²			
FFEL:			
Stafford	13.02	13.00	13.25
Unsubsidized Stafford	12.38	12.40	12.38
PLUS	6.39	6.40	6.39
Consolidation	14.53	14.48	14.70
Weighted Average, FFEL	13.15	13.02	12.89
Direct Loans:			
Stafford	11.58	11.67	11.85
Unsubsidized Stafford	11.52	11.62	11.56
PLUS	5.49	5.54	5.54
Consolidation	27.98	26.85	31.19
Weighted Average, Direct Loans	17.13	17.00	17.50
Borrower Interest Rates (in percent)³			
FFEL:			
Stafford	6.55	6.63	6.68
Unsubsidized Stafford	6.55	6.63	6.68
PLUS	5.89	6.40	6.93
Consolidation (reflects Sub and Unsub Stafford only)	3.77	4.03	5.55
Direct Loans:			
Stafford	6.50	6.72	6.79
Unsubsidized Stafford	6.50	6.72	6.79
PLUS	5.54	5.88	6.39
Consolidation (reflects Sub and Unsub Stafford only)	4.20	4.64	5.80

¹ Subsidy rates represent the Federal portion of non-administrative costs—principally interest subsidies and defaults associated with each borrowed dollar. For example, a \$1,000 loan with Federal subsidy costs of \$100 would have a subsidy rate of 10 percent.² Default rates displayed in this table, which reflect projected defaults over the life of a loan cohort, are used in developing program cost estimates. The Department uses other rates based on defaults occurring in the first two years of repayment to determine institutional eligibility to participate in Federal loan programs. These two-year rates tend to be lower than those included in this table.³ These represent average borrower interest rates during repayment for a typical borrower under standard repayment over the life of the loan.

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

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

The Federal Credit Reform Act of 1990 accounts for differences in the amount and timing of cash flows among direct and guaranteed loan programs to make cost estimates for these programs comparable with each other and other federal programs.

Selected Program Costs and Offsets (in thousands of dollars)

	2004 actual	2005 est.	2006 est.
FFEL:			
Payments to lenders			
Interest benefits	1,494,541	1,688,024	2,532,291
Special allowance payments	1,205,198	3,094,827	3,836,276
Default claims	2,943,297	4,185,304	4,741,575
Loan discharges	736,013	920,881	1,077,049
Teacher loan forgiveness	10,181	12,977	20,591
Payments to guaranty agencies			
Loan processing and issuance fees	175,950	150,592	161,426
Account maintenance fees	195,000	195,000	195,000
Other administrative payments	241,683	304,947	356,051
Fees paid to the Department of Education			
Borrower origination fees	(1,060,400)	(1,258,028)	(1,360,839)
Lender origination fees	(361,786)	(383,597)	(384,964)
Sallie Mae offset fees	(24,683)		
Loan holder fees	(1,015,647)	(1,369,786)	(1,551,806)
Other Major Transactions			
Net default collections	(4,001,348)	(3,829,167)	(4,182,454)
Contract collection costs	126,260	118,557	118,874
Federal administrative costs	231,597	229,463	238,147
Net Cash Flow, FFEL	895,857	4,057,994	5,797,217
Direct Loans			
Loan disbursements to borrowers	20,341,765	22,865,881	22,516,080
Borrower interest payments	(1,643,021)	(2,812,403)	(3,352,109)
Borrower principal payments	(15,765,785)	(15,070,843)	(11,953,989)
Borrower origination fees	(391,678)	(431,390)	(466,415)
Net default collections	(667,758)	(1,498,086)	(1,828,952)
Contract collection costs	81,373	121,598	145,254
Federal administrative costs	388,528	396,336	407,292
Net Operating Cash Flows	2,343,423	3,571,094	5,467,161
Loan capital borrowings from Treasury	(20,341,765)	(22,865,881)	(22,516,080)
Net interest payments to Treasury	4,763,027	5,490,828	6,035,175
Principal payments to Treasury	12,592,340	14,049,306	11,182,230
Subtotal Treasury activity	(2,986,398)	(3,325,748)	(5,298,676)
Net Cash Flow, Direct Loans	(642,975)	245,346	168,485

Details may not sum to total due to rounding.

The following chart compares total FFEL and Direct Loan costs on a subsidy rate basis: program costs calculated under the Federal Credit Reform Act of 1990 and comparably projected estimates of Federal administrative costs, including expenses related to FFEL program oversight and servicing the Direct Loan portfolio. As with any long-term projection, the comparison is based on assumed future interest rates, borrower characteristics, administrative costs, and other factors over the life of the loan cohort. To the degree actual conditions differ from projections, estimated subsidy rates will change.

Student Loan Program Costs: Comparative Analysis Including Program and Administrative Activities (in thousands of dollars)

	2004 actual	2005 est.	2006 est.
FFEL			
Program costs: ¹			
Interest subsidies	13.01	13.48	10.28
Interest income	0.00	0.00	0.00
Net defaults	1.06	0.91	0.83

Fees	-5.42	-5.15	-5.53
Other	2.74	2.72	2.64
Total	11.40	11.96	8.22
Federal administrative costs	0.69	0.69	0.69
Total	12.09	12.65	8.91
Total adjusted cost:			
Direct Loans			
Program costs: ¹			
Interest subsidies and income, net	-5.62	-5.52	-8.12
Net Defaults	1.70	1.48	1.71
Fees	-2.02	-1.98	-2.17
Other	5.33	5.49	5.06
Total	-0.61	-0.53	-3.51
Federal administrative costs	1.45	1.45	1.45
Total adjusted cost	0.84	0.92	-2.06

¹ Fees primarily reflect borrower origination fees and, in FFEL, lender origination and consolidation loan holder fees. Other primarily reflects loan discharges due to death, disability, or bankruptcy.

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

Loan Disbursement and Subsidy Costs

	FFEL	Direct Loans
Total Subsidy Costs—1992–2004		
Original Subsidy Costs	+\$46 billion	-\$2 billion
Cumulative Reestimates	-\$7 billion	+\$5 billion
1992–2004 Subsidy Costs	+\$39 billion	+\$3 billion
Total Disbursements	\$413 billion	\$146 billion

Changes in interest rate projections are a significant factor in FFEL and Direct Loan reestimates; recent declines in interest rates below historical averages have accordingly been a major driver in changes to program costs. Changes in borrower behavior (notably, prepayment of loans through consolidation and reduction in defaults) have also contributed to these reestimates. The average lifetime subsidy rate for all outstanding FFEL loans after the most recent reestimate is 9.40; the comparable Direct Loan rate is 1.76. For the oldest loan cohorts, many of the subsidy costs have been expended (e.g., in-school interest subsidies).

Object Classification (in millions of dollars)

Identification code 91–0243–0–1–502	2004 actual	2005 est.	2006 est.
Personnel compensation:			
11.1 Full-time permanent	48	51	
11.3 Other than full-time permanent	2		
11.5 Other personnel compensation	1	1	
Total personnel compensation	51	52	
12.1 Civilian personnel benefits	12	13	
21.0 Travel and transportation of persons	3	4	
23.1 Rental payments to GSA	7	7	
23.3 Communications, utilities, and miscellaneous charges	17	8	
24.0 Printing and reproduction	4	4	
25.1 Advisory and assistance services	4	2	
25.2 Other services	22	32	
25.3 Other purchases of goods and services from Government accounts	11	4	
25.6 Training	2	11	
25.7 Operation and maintenance of equipment	467	459	
26.0 Supplies and materials	1	1	
31.0 Equipment	3	2	
32.0 Land and structures		1	
41.0 Grants, subsidies, and contributions	2,924	1,880	
99.9 Total new obligations	3,528	2,480	

Credit accounts—Continued

FEDERAL DIRECT STUDENT LOAN PROGRAM ACCOUNT—Continued

Personnel Summary

Identification code 91-0243-0-1-502	2004 actual	2005 est.	2006 est.
1001 Total compensable workyears: Civilian full-time equivalent employment	607	607	.....

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

Program and Financing (in millions of dollars)

Identification code 91-0243-4-1-502	2004 actual	2005 est.	2006 est.
New budget authority (gross), detail:			
Mandatory:			
69.00 Offsetting collections (cash)—negative subsidy		335	53
69.00 Offsetting collections (cash)—downward reestimate, principal			
69.00 Offsetting collections (cash)—downward reestimate, interest			
69.00 Offsetting collections (cash)—admin			
69.27 Capital transfer to general fund		-335	-53
69.90 Spending authority from offsetting collections (total mandatory)			
Offsets:			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources		-335	-53
Net budget authority and outlays:			
89.00 Budget authority		-335	-53
90.00 Outlays		-335	-53

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

Identification code 91-0243-4-1-502	2004 actual	2005 est.	2006 est.
Direct loan levels supportable by subsidy budget authority:			
115001 Stafford			274
115002 Unsubsidized Stafford			262
115003 PLUS			2
115004 Consolidation			111
115901 Total direct loan levels			649
Direct loan subsidy (in percent):			
132001 Stafford			-0.68
132002 Unsubsidized Stafford			0.89
132003 PLUS			-0.10
132004 Consolidation			-0.55
132901 Weighted average subsidy rate			-0.15
Direct loan subsidy budget authority:			
133001 Stafford			-39
133002 Unsubsidized Stafford			30
133003 PLUS			-3
133004 Consolidation			-46
133901 Total subsidy budget authority			-58
Direct loan subsidy outlays:			
134001 Stafford			-24
134002 Unsubsidized Stafford			18
134003 PLUS			-2
134004 Consolidation			-45
134901 Total subsidy outlays			-53
Direct loan upward reestimate subsidy budget authority:			
135001 Stafford			
135002 Unsubsidized Stafford			
135003 PLUS			
135004 Consolidation			
135901 Total upward reestimate budget authority			
Direct loan downward reestimate subsidy budget authority:			
137001 Stafford			

137002 Unsubsidized Stafford			
137003 PLUS			
137004 Consolidation			
137901 Total downward reestimate budget authority			

Student loan administrative expense data:

351001 Budget authority			
359001 Outlays			

FEDERAL DIRECT STUDENT LOAN PROGRAM FINANCING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 91-4253-0-3-502	2004 actual	2005 est.	2006 est.
Obligations by program activity:			
00.01 Direct Loan Obligations	21,936	24,480	23,881
02.01 Interest rate rebate, Stafford	87	93	97
02.02 Interest rate rebate, Unsubsidized Stafford	69	76	81
02.03 Interest rate rebate, PLUS	31	35	39
02.91 Direct Program by Activities—Subtotal (1 level)	187	204	217
03.01 Consolidation loans—Payment of Orig. Services	18	21	19
04.01 Payment of contract collections	81	122	145
05.01 Interest payment to Treasury	5,761	5,491	6,025
08.01 Obligation of negative subsidy	135	130	803
08.02 Payment of downward reestimate to program account	103	624	.....
08.91 Direct Program by Activities—Subtotal (1 level)	238	754	803
10.00 Total new obligations	28,221	31,072	31,090
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	503	938	.....
22.00 New financing authority (gross)	29,258	31,072	31,090
22.10 Resources available from recoveries of prior year obligations	2,899	2,456	1,827
22.60 Portion applied to repay debt	-1,237	-938	.....
22.70 Balance of authority to borrow withdrawn	-2,264	-2,456	-1,827
23.90 Total budgetary resources available for obligation	29,159	31,072	31,090
23.95 Total new obligations	-28,221	-31,072	-31,090
24.40 Unobligated balance carried forward, end of year	938	.....	.....
New financing authority (gross), detail:			
Mandatory:			
67.10 Authority to borrow	22,383	25,234	24,684
69.00 Offsetting collections (cash)	22,195	21,498	17,593
69.10 Change in uncollected customer payments from Federal sources (unexpired)	2	.....	.....
69.27 Capital transfer to general fund (for modification adj transfer)		-1	.....
69.47 Portion applied to repay debt	-15,322	-15,659	-11,187
69.90 Spending authority from offsetting collections (total mandatory)	6,875	5,838	6,406
70.00 Total new financing authority (gross)	29,258	31,072	31,090
Change in obligated balances:			
72.40 Obligated balance, start of year	7,459	6,631	6,035
73.10 Total new obligations	28,221	31,072	31,090
73.20 Total financing disbursements (gross)	-26,148	-29,212	-28,970
73.45 Recoveries of prior year obligations	-2,899	-2,456	-1,827
74.00 Change in uncollected customer payments from Federal sources (unexpired)	-2	.....	.....
74.40 Obligated balance, end of year	6,631	6,035	6,328
87.00 Total financing disbursements (gross)	26,148	29,212	28,970
Offsets:			
Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
88.00 Upward reestimate	-2,102	-1,262	.....
88.00 Upward reestimate, interest	-627	-374	.....
88.00 Modification .....	.....	-49	.....
88.25 Interest on uninvested funds	-998	.....	.....
88.40 Repayment of principal, Stafford	-5,839	-5,672	-4,280
88.40 Interest received on loans, Stafford	-348	-521	-699
88.40 Origination Fees, Stafford	-183	-186	-194
88.40 Other fees, Stafford	-20	.....	.....

DEPARTMENT OF EDUCATION

88.40	Repayment of principal, Unsubsidized Stafford	-4,451	-4,547	-3,482
88.40	Interest received on loans, Unsubsidized Stafford	-395	-364	-508
88.40	Origination Fees, Unsubsidized Stafford	-145	-151	-161
88.40	Other fees, Unsubsidized Stafford	-11		
88.40	Repayment of principal, PLUS	-1,466	-1,572	-1,404
88.40	Interest received on loans, PLUS	-178	-213	-324
88.40	Origination Fees, PLUS	-64	-94	-104
88.40	Other fees, PLUS	-3		
88.40	Payment of principal, Consolidation	-4,386	-4,428	-4,167
88.40	Interest received on loans, Consolidation	-955	-2,065	-2,270
88.40	Other fees, Consolidation	-24		
88.90	Total, offsetting collections (cash)	-22,195	-21,498	-17,593
	Against gross financing authority only:			
88.95	Change in receivables from program accounts	-2		
Net financing authority and financing disbursements:				
89.00	Financing authority	7,061	9,574	13,497
90.00	Financing disbursements	3,953	7,714	11,377

Status of Direct Loans (in millions of dollars)

Identification code 91-4253-0-3-502	2004 actual	2005 est.	2006 est.	
STAFFORD				
Position with respect to appropriations act limitation on obligations:				
1111	Limitation on direct loans			
1131	Direct loan obligations exempt from limitation	6,615	6,948	7,235
1150	Total direct loan obligations	6,615	6,948	7,235
Cumulative balance of direct loans outstanding:				
1210	Outstanding, start of year	27,420	27,458	27,934
1231	Disbursements: Direct loan disbursements	5,852	6,213	6,471
1251	Repayments: Repayments and prepayments	-5,839	-5,672	-4,281
1261	Adjustments: Capitalized interest	108		
1264	Write-offs for default: Other adjustments, net	-83	-65	-71
1290	Outstanding, end of year	27,458	27,934	30,053
UNSUBSIDIZED STAFFORD				
Position with respect to appropriations act limitation on obligations:				
1111	Limitation on direct loans			
1131	Direct loan obligations exempt from limitation	5,217	5,841	6,229
1150	Total direct loan obligations	5,217	5,841	6,229
Cumulative balance of direct loans outstanding:				
1210	Outstanding, start of year	19,098	19,554	20,352
1231	Disbursements: Direct loan disbursements	4,616	5,039	5,375
1251	Repayments: Repayments and prepayments	-4,451	-4,547	-3,482
1261	Adjustments: Capitalized interest	350	362	422
1264	Write-offs for default: Other adjustments, net	-59	-56	-63
1290	Outstanding, end of year	19,554	20,352	22,604
PLUS				
Position with respect to appropriations act limitation on obligations:				
1111	Limitation on direct loans			
1131	Direct loan obligations exempt from limitation	2,302	2,535	2,806
1150	Total direct loan obligations	2,302	2,535	2,806
Cumulative balance of direct loans outstanding:				
1210	Outstanding, start of year	4,495	5,078	5,805
1231	Disbursements: Direct loan disbursements	2,038	2,346	2,596
1251	Repayments: Repayments and prepayments	-1,467	-1,572	-1,404
1261	Adjustments: Capitalized interest	24		
1264	Write-offs for default: Other adjustments, net	-12	-47	-55
1290	Outstanding, end of year	5,078	5,805	6,942
CONSOLIDATION				
Position with respect to appropriations act limitation on obligations:				
1111	Limitation on direct loans			
1131	Direct loan obligations exempt from limitation	7,802	9,156	7,611
1150	Total direct loan obligations	7,802	9,156	7,611
Cumulative balance of direct loans outstanding:				
1210	Outstanding, start of year	33,507	37,155	41,609
1231	Disbursements: Direct loan disbursements	7,649	9,064	7,506
1251	Repayments: Repayments and prepayments	-4,386	-4,428	-4,167

1261	Adjustments: Capitalized interest	487		
1264	Write-offs for default: Other adjustments, net	-102	-182	-207
1290	Outstanding, end of year	37,155	41,609	44,741

Balance Sheet (in millions of dollars)

Identification code 91-4253-0-3-502	2003 actual	2004 actual	
ASSETS:			
Federal assets:			
1101	Fund balances with Treasury	992	1,672
Investments in US securities:			
1106	Receivables, net	4,223	1,218
Net value of assets related to post-1991 direct loans receivable:			
1401	Direct loans receivable, gross	84,520	89,245
1402	Interest receivable	2,771	2,858
1405	Allowance for subsidy cost (-)	-657	1,644
1499	Net present value of assets related to direct loans	86,634	93,747
1999	Total assets	91,849	96,637
LIABILITIES:			
Federal liabilities:			
2101	Accounts payable	62	217
2103	Debt	91,787	96,420
2999	Total liabilities	91,849	96,637
4999	Total liabilities and net position	91,849	96,637

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

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

Direct Loans receivable, line 1401 reflects the nominal unpaid principal balance, including capitalized interest. Interest Receivable, line 1402, includes only non-capitalized interest. A positive Allowance for Subsidy, line 1405, indicates the outstanding portfolio (including the Financial Statements' reestimates) has a negative subsidy, increasing the portfolio's net present value; the 2003 negative value represents the reverse.

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

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	2004 actual	2005 est.	2006 est.
Obligations by program activity:			
00.01	Direct Loan Obligations		649
02.01	Interest rate rebate, Stafford		2
02.02	Interest rate rebate, Unsubsidized Stafford		2
05.01	Interest payment to Treasury		10
08.01	Obligation of negative subsidy		58
08.05	Obligation of modification, negative	335	
10.00	Total new obligations	335	721
Budgetary resources available for obligation:			
22.00	New financing authority (gross)	335	721

Credit accounts—Continued

FEDERAL DIRECT STUDENT LOAN PROGRAM FINANCING ACCOUNT—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 91-4253-4-3-502	2004 actual	2005 est.	2006 est.
23.95 Total new obligations		-335	-721
New financing authority (gross), detail:			
Mandatory:			
60.00 Appropriation		26	
67.10 Authority to borrow		335	708
69.00 Offsetting collections (cash)			9
69.47 Portion applied to repay debt		-26	4
69.90 Spending authority from offsetting collections (total mandatory)		-26	13
70.00 Total new financing authority (gross)		335	721
Change in obligated balances:			
72.40 Obligated balance, start of year			335
73.10 Total new obligations		335	721
73.20 Total financing disbursements (gross)			-415
74.40 Obligated balance, end of year		335	641
87.00 Total financing disbursements (gross)			415
Offsets:			
Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
88.40 Repayment of principal, Stafford			
88.40 Interest received on loans, Stafford			
88.40 Origination Fees, Stafford		-4	
88.40 Other fees, Stafford			
88.40 Repayment of principal, Unsubsidized Stafford			
88.40 Interest received on loans, Unsubsidized Stafford			
88.40 Origination Fees, Unsubsidized Stafford		-4	
88.40 Other fees, Unsubsidized Stafford			
88.40 Repayment of principal, PLUS			
88.40 Interest received on loans, PLUS			
88.40 Origination Fees, PLUS			
88.40 Other fees, PLUS			
88.40 Payment of principal, Consolidation			-2
88.40 Interest received on loans, Consolidation			1
88.40 Other fees, Consolidation			
88.90 Total, offsetting collections (cash)			-9
Net financing authority and financing disbursements:			
89.00 Financing authority		335	712
90.00 Financing disbursements			406

FEDERAL FAMILY EDUCATION LOAN PROGRAM ACCOUNT

Program and Financing (in millions of dollars)

Identification code 91-0231-0-1-502	2004 actual	2005 est.	2006 est.
Obligations by program activity:			
00.02 Guaranteed loan subsidy	9,602	10,111	7,241
00.04 Modification subsidy		148	
00.07 Upward reestimate, principal	216	1,948	
00.08 Upward reestimate, interest	129	85	
10.00 Total new obligations (object class 41.0)	9,947	12,292	7,241
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	9,947	12,292	7,241
22.10 Resources available from recoveries of prior year obligations	465	557	540
22.40 Capital transfer to general fund	-465	-557	-540
23.90 Total budgetary resources available for obligation	9,947	12,292	7,241
23.95 Total new obligations	-9,947	-12,292	-7,241
New budget authority (gross), detail:			
Mandatory:			
60.00 Appropriation	9,947	12,292	7,241
69.00 Offsetting collections (cash)—downward reestimate	3,966	1,440	
69.27 Capital transfer to general fund	-3,966	-1,440	

69.90 Spending authority from offsetting collections (total mandatory)			
70.00 Total new budget authority (gross)	9,947	12,292	7,241
Change in obligated balances:			
72.40 Obligated balance, start of year	1,506	1,745	1,955
73.10 Total new obligations	9,947	12,292	7,241
73.20 Total outlays (gross)	-9,242	-11,525	-6,543
73.40 Adjustments in expired accounts (net)	-1		
73.45 Recoveries of prior year obligations	-465	-557	-540
74.40 Obligated balance, end of year	1,745	1,955	2,113
Outlays (gross), detail:			
86.93 Outlays from discretionary balances	1		
86.97 Outlays from new mandatory authority	8,204	10,339	5,215
86.98 Outlays from mandatory balances	1,037	1,186	1,328
87.00 Total outlays (gross)	9,242	11,525	6,543
Offsets:			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	-3,966	-1,440	
Net budget authority and outlays:			
89.00 Budget authority	5,981	10,852	7,241
90.00 Outlays	5,275	10,085	6,543

Summary of Budget Authority and Outlays

(in millions of dollars)

	2004 actual	2005 est.	2006 est.
Enacted/requested:			
Budget Authority	5,981	10,852	7,241
Outlays	5,276	10,085	6,543
Legislative proposal, subject to PAYGO:			
Budget Authority		892	-685
Outlays		892	-484
Total:			
Budget Authority	5,981	11,744	6,556
Outlays	5,276	10,977	6,059

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

Identification code 91-0231-0-1-502	2004 actual	2005 est.	2006 est.
Guaranteed loan levels supportable by subsidy budget authority:			
215001 Stafford	20,124	21,573	22,460
215002 Unsubsidized Stafford	19,191	21,316	22,770
215003 PLUS	5,664	6,620	7,379
215004 Consolidation	39,240	35,039	25,527
215901 Total loan guarantee levels	84,219	84,548	78,136
Guaranteed loan subsidy (in percent):			
232001 Stafford	15.41	16.82	18.34
232002 Unsubsidized Stafford	3.91	3.44	2.14
232003 PLUS	1.62	1.53	1.46
232004 Consolidation	14.42	16.12	9.90
232901 Weighted average subsidy rate	11.40	11.96	9.27
Guaranteed loan subsidy budget authority:			
233001 Stafford	3,101	3,629	4,119
233002 Unsubsidized Stafford	751	733	487
233003 PLUS	92	101	108
233004 Consolidation	5,658	5,648	2,527
233901 Total subsidy budget authority	9,602	10,111	7,241
Guaranteed loan subsidy outlays:			
234001 Stafford	2,490	3,020	3,454
234002 Unsubsidized Stafford	689	632	486
234003 PLUS	101	88	94
234004 Consolidation	5,616	5,605	2,509
234901 Total subsidy outlays	8,896	9,345	6,543
Guaranteed loan upward reestimate subsidy budget authority:			
235001 Stafford	1,464	60	
235002 Unsubsidized Stafford			
235003 PLUS	2	1	
235004 Consolidation	634	2,074	
235005 SLS		2	
235901 Total upward reestimate budget authority	2,100	2,137	

Guaranteed loan downward reestimate subsidy budget authority:		
237001	Stafford	-364 -384
237002	Unsubsidized Stafford	-2,691 -334
237003	PLUS	-625 -32
237004	Consolidation	-1,542 -793
237005	SLS	-499 -1
237901	Total downward reestimate subsidy budget authority	-5,721 -1,544
Administrative expense data:		
351001	Budget authority	
359001	Outlays	1

As required by the Federal Credit Reform Act of 1990, this program account records the subsidy costs associated with Federal Family Education Loans (FFEL), formerly guaranteed student loans (GSL), committed in 1992 and beyond. Beginning with the 1993 cohort, mandatory administrative costs, specifically contract collection costs, are included in the FFEL subsidy estimates of each year's cohort. Subsidy amounts are estimated on a net present value basis.

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

FEDERAL FAMILY EDUCATION LOAN PROGRAM ACCOUNT

(Legislative proposal, subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 91-0231-4-1-502	2004 actual	2005 est.	2006 est.
Obligations by program activity:			
00.02	Guaranteed loan subsidy		-685
00.04	Modification subsidy	892	
10.00	Total new obligations (object class 41.0)	892	-685
Budgetary resources available for obligation:			
22.00	New budget authority (gross)	892	-685
23.95	Total new obligations	-892	685

Net budget authority (gross), detail:			
Mandatory:			
60.00	Appropriation	892	-685

Change in obligated balances:			
72.40	Obligated balance, start of year		
73.10	Total new obligations	892	-685
73.20	Total outlays (gross)	-892	484
74.40	Obligated balance, end of year		-201

Outlays (gross), detail:			
86.97	Outlays from new mandatory authority	892	-484

Net budget authority and outlays:			
89.00	Budget authority	892	-685
90.00	Outlays	892	-484

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

Identification code 91-0231-4-1-502	2004 actual	2005 est.	2006 est.
Guaranteed loan levels supportable by subsidy budget authority:			
215001	Stafford		880
215002	Unsubsidized Stafford		712
215003	PLUS		6
215004	Consolidation		20
215901	Total loan guarantee levels		1,618
Guaranteed loan subsidy (in percent):			
232001	Stafford		-2.08
232002	Unsubsidized Stafford		-0.47
232003	PLUS		-0.72
232004	Consolidation		-0.84
232901	Weighted average subsidy rate		-1.05

Guaranteed loan subsidy budget authority:		
233001	Stafford	-324
233002	Unsubsidized Stafford	-95
233003	PLUS	-53
233004	Consolidation	-213
233901	Total subsidy budget authority	-685
Guaranteed loan subsidy outlays:		
234001	Stafford	-190
234002	Unsubsidized Stafford	-54
234003	PLUS	-30
234004	Consolidation	-210
234901	Total subsidy outlays	-484
Guaranteed loan upward reestimate subsidy budget authority:		
235001	Stafford	
235002	Unsubsidized Stafford	
235003	PLUS	
235004	Consolidation	
235005	SLS	
235901	Total upward reestimate budget authority	
Guaranteed loan downward reestimate subsidy budget authority:		
237001	Stafford	
237002	Unsubsidized Stafford	
237003	PLUS	
237004	Consolidation	
237005	SLS	
237901	Total downward reestimate subsidy budget authority	
Administrative expense data:		
351001	Budget authority	
359001	Outlays	

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	2004 actual	2005 est.	2006 est.
Obligations by program activity:			
Stafford loans:			
01.01	Interest benefits	1,187	1,435
01.02	Special allowance	500	965
01.03	Default claims	1,325	1,424
01.04	Death, disability, and bankruptcy claims	175	157
01.05	Teacher loan forgiveness, other write-offs	5	7
01.07	Contract collection costs	24	34
01.08	Loan Processing Fee	80	66
01.09	Voluntary flexible agreement performance fee	94	164
01.91	Subtotal, Stafford loans	3,390	4,252
Unsubsidized Stafford loans:			
02.02	Special allowance	361	781
02.03	Default claims	837	1,061
02.04	Death, disability, and bankruptcy claims	132	146
02.05	Teacher loan forgiveness, other write-offs	5	6
02.07	Contract collection costs	14	11
02.08	Loan Processing Fee	74	64
02.09	Voluntary flexible agreement performance fee	57	52
02.91	Subtotal, Unsubsidized Stafford loans	1,480	2,121
PLUS loans:			
03.02	Special allowance	20	17
03.03	Default claims	70	146
03.04	Death, disability, and bankruptcy claims	62	108
03.07	Contract Collection Costs	2	1
03.08	Loan Processing Fee	22	21
03.09	Voluntary flexible agreement performance fee	7	8
03.91	Subtotal, PLUS loans	183	301
SLS loans:			
04.02	Special allowance	2	
04.03	Default claims	28	1
04.04	Death, disability and bankruptcy claims	8	3
04.07	Contract collection costs	8	4
04.08	Voluntary flexible agreement performance fee	4	4

Credit accounts—Continued

**FEDERAL FAMILY EDUCATION LOAN PROGRAM FINANCING
ACCOUNT—Continued**

Program and Financing (in millions of dollars)—Continued

Identification code 91-4251-0-3-502	2004 actual	2005 est.	2006 est.
04.91 Subtotal, SLS loans	50	12	14
Consolidation loans:			
05.01 Interest benefit	291	240	265
05.02 Special allowance	319	1,325	2,444
05.03 Default claims	617	1,503	1,856
05.04 Death, disability, and bankruptcy claims	335	490	596
05.07 Contract collection costs	6	12	15
05.08 Voluntary flexible agreement performance fee	67	49	57
05.91 Subtotal, Consolidations loans	1,635	3,619	5,233
08.02 Payment of downward reestimate to Program acct	3,494	1,046	
08.04 Interest on downward reestimate	472	394	
08.91 Downward Reestimate- Subtotal (1 level)	3,966	1,440	
10.00 Total new obligations	10,704	11,745	12,738
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	9,262	14,190	20,846
22.00 New financing authority (gross)	15,484	18,401	14,356
22.10 Resources available from recoveries of prior year obligations	148		
23.90 Total budgetary resources available for obligation	24,894	32,591	35,202
23.95 Total new obligations	-10,704	-11,745	-12,738
24.40 Unobligated balance carried forward, end of year	14,190	20,846	22,464
New financing authority (gross), detail:			
Mandatory:			
69.00 Offsetting collections (cash)	15,484	18,404	14,356
69.27 Capital transfer to general fund		-3	
69.90 Spending authority from offsetting collections (total mandatory)	15,484	18,401	14,356
Change in obligated balances:			
72.40 Obligated balance, start of year	931	1,147	1,259
73.10 Total new obligations	10,704	11,745	12,738
73.20 Total financing disbursements (gross)	-10,340	-11,633	-12,632
73.45 Recoveries of prior year obligations	-148		
74.40 Obligated balance, end of year	1,147	1,259	1,365
87.00 Total financing disbursements (gross)	10,340	11,633	12,632
Offsets:			
Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
Payments from program account:			
88.00 Stafford loans	-2,490	-3,020	-3,454
88.00 Unsubsidized Stafford	-689	-632	-486
88.00 PLUS loans	-101	-87	-94
88.00 Consolidated loans	-5,616	-5,605	-2,509
88.00 Upward reestimate	-345	-2,033	
88.00 Modification		-148	
88.25 Interest on uninvested funds	-436	-1,043	-1,265
Student Loans: Stafford, Unsubsidized Stafford, PLUS, SLS & Consolidation:			
88.40 Stafford recoveries on defaults	-1,453	-1,335	-1,476
88.40 Stafford origination fees	-561	-648	-678
88.40 Stafford other fees	-39		
88.40 Stafford Sallie Mae offset fees	-13		
88.40 Unsubsidized Stafford recoveries on default	-738	-650	-788
88.40 Unsubsidized Stafford origination fees	-522	-621	-666
88.40 Unsubsidized Stafford other fees	-15		
88.40 Unsubsidized Stafford Sallie Mae offset fees	-8		
88.40 PLUS recoveries on defaults	-115	-101	-117
88.40 PLUS origination fees	-155	-198	-221
88.40 PLUS other fees	-4		
88.40 PLUS Sallie Mae offset fees	-3		
88.40 SLS recoveries on defaults	-120	-105	-95
88.40 SLS other fees	-3		
88.40 Consolidation recoveries on defaults	-299	-634	-864
88.40 Consolidation origination fees	-184	-174	-127
88.40 Consolidation loan holders fee	-1,016	-1,370	-1,516
88.40 Consolidation other fees	-16		
88.40 Splitter adjustment from Liquidating account	-543		

88.90 Total, offsetting collections (cash)	-15,484	-18,404	-14,356
Net financing authority and financing disbursements:			
89.00 Financing authority		-3	
90.00 Financing disbursements	-5,144	-6,771	-1,724

Status of Guaranteed Loans (in millions of dollars)

Identification code 91-4251-0-3-502	2004 actual	2005 est.	2006 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	20,124	21,573	22,460
2150 Total guaranteed loan commitments	20,124	21,573	22,460
2199 Guaranteed amount of guaranteed loan commitments	20,124	21,573	22,460
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year	69,011	72,302	75,919
2231 Disbursements of new guaranteed loans	17,024	18,525	19,361
2251 Repayments and prepayments	-12,229	-13,310	-9,853
Adjustments:			
2261 Terminations for default that result in loans receivable	-1,325	-1,434	-1,503
2263 Terminations for default that result in claim payments	-175	-157	-170
2264 Other adjustments, net	-4	-7	-12
2290 Outstanding, end of year	72,302	75,919	83,742
Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year	72,302	75,919	83,742
Addendum:			
Cumulative balance of defaulted guaranteed loans that result in loans receivable:			
2310 Outstanding, start of year	2,715	2,657	2,750
2331 Disbursements for guaranteed loan claims	1,325	1,434	1,503
2351 Repayments of loans receivable	-1,264	-1,335	-1,476
2361 Write-offs of loans receivable	-6	-6	-6
2364 Other adjustments, net	-113		
2390 Outstanding, end of year	2,657	2,750	2,771
UNSUBSIDIZED STAFFORD			
Position with respect to appropriations act limitation on commitments:			
2111 Limitation on guaranteed loans made by private lenders			
2131 Guaranteed loan commitments exempt from limitation	19,191	21,316	22,770
2150 Total guaranteed loan commitments	19,191	21,316	22,770
2199 Guaranteed amount of guaranteed loan commitments	19,191	21,316	22,770
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year	50,194	56,221	60,335
2231 Disbursements of new guaranteed loans	15,893	17,750	19,039
2251 Repayments and prepayments	-8,892	-12,439	-9,702
Adjustments:			
2261 Terminations for default that result in loans receivable	-837	-1,045	-1,199
2263 Terminations for default that result in claim payments	-132	-146	-169
2264 Other adjustments, net	-5	-6	-9
2290 Outstanding, end of year	56,221	60,335	68,295
Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year	56,221	60,335	68,295
Addendum:			
Cumulative balance of defaulted guaranteed loans that result in loans receivable:			
2310 Outstanding, start of year	1,608	1,695	2,074
2331 Disbursements for guaranteed loan claims	837	1,045	1,199
2351 Repayments of loans receivable	-665	-651	-788
2361 Write-offs of loans receivable	-13	-15	-18
2364 Other adjustments, net	-72		

DEPARTMENT OF EDUCATION

2390	Outstanding, end of year	1,695	2,074	2,467
PLUS				
Position with respect to appropriations act limitation on commitments:				
2111	Limitation on guaranteed loans made by private lenders			
2131	Guaranteed loan commitments exempt from limitation	5,664	6,620	7,379
2150	Total guaranteed loan commitments	5,664	6,620	7,379
2199	Guaranteed amount of guaranteed loan commitments	5,664	6,620	7,379
Cumulative balance of guaranteed loans outstanding:				
2210	Outstanding, start of year	10,739	13,498	15,264
2231	Disbursements of new guaranteed loans	4,794	5,659	6,328
2251	Repayments and prepayments	-1,903	-3,648	-3,345
Adjustments:				
2261	Terminations for default that result in loans receivable	-70	-137	-171
2263	Terminations for default that result in claim payments	-62	-108	-127
2264	Other adjustments, net			
2290	Outstanding, end of year	13,498	15,264	17,949
Memorandum:				
2299	Guaranteed amount of guaranteed loans outstanding, end of year	13,498	15,264	17,949
Addendum:				
Cumulative balance of defaulted guaranteed loans that result in loans receivable:				
2310	Outstanding, start of year	389	334	363
2331	Disbursements for guaranteed loan claims	70	137	171
2351	Repayments of loans receivable	-104	-101	-117
2361	Write-offs of loans receivable	-7	-7	-8
2364	Other adjustments, net	-14		
2390	Outstanding, end of year	334	363	409
SLS				
Cumulative balance of guaranteed loans outstanding:				
2210	Outstanding, start of year	511	384	202
2251	Repayments and prepayments	-91	-174	-73
Adjustments:				
2261	Terminations for default that result in loans receivable	-28	-5	-2
2263	Terminations for default that result in claim payments	-8	-3	-2
2264	Other adjustments, net			
2290	Outstanding, end of year	384	202	125
Memorandum:				
2299	Guaranteed amount of guaranteed loans outstanding, end of year	384	202	125
Addendum:				
Cumulative balance of defaulted guaranteed loans that result in loans receivable:				
2310	Outstanding, start of year	537	414	287
2331	Disbursements for guaranteed loan claims	28	5	2
2351	Repayments of loans receivable	-92	-105	-95
2361	Write-offs of loans receivable	-41	-27	-17
2364	Other adjustments, net	-18		
2390	Outstanding, end of year	414	287	177

CONSOLIDATION				
Position with respect to appropriations act limitation on commitments:				
2111	Limitation on guaranteed loans made by private lenders			
2131	Guaranteed loan commitments exempt from limitation	39,240	35,039	25,527
2150	Total guaranteed loan commitments	39,240	35,039	25,527
2199	Guaranteed amount of guaranteed loan commitments	39,240	35,039	25,527
Cumulative balance of guaranteed loans outstanding:				
2210	Outstanding, start of year	79,017	100,176	124,341
2231	Disbursements of new guaranteed loans	36,119	34,785	25,299
2251	Repayments and prepayments	-14,008	-8,736	-9,020
Adjustments:				
2261	Terminations for default that result in loans receivable	-617	-1,394	-1,834

2263	Terminations for default that result in claim payments	-335	-490	-596
2290	Outstanding, end of year	100,176	124,341	138,190
Memorandum:				
2299	Guaranteed amount of guaranteed loans outstanding, end of year	100,176	124,341	138,190
Addendum:				
Cumulative balance of defaulted guaranteed loans that result in loans receivable:				
2310	Outstanding, start of year	1,870	2,148	2,887
2331	Disbursements for guaranteed loan claims	617	1,394	1,834
2351	Repayments of loans receivable	-231	-634	-864
2361	Write-offs of loans receivable	-16	-21	-28
2364	Other adjustments, net	-92		
2390	Outstanding, end of year	2,148	2,887	3,829

Balance Sheet (in millions of dollars)

Identification code 91-4251-0-3-502	2003 actual	2004 actual	
ASSETS:			
Federal assets:			
1101	Fund balances with Treasury	10,193	15,337
Investments in US securities:			
1106	Receivables, net	1,034	1,972
Net value of assets related to post-1991 acquired defaulted guaranteed loans receivable:			
1501	Defaulted guaranteed loans receivable, gross	7,119	7,247
1502	Interest receivable	1,553	1,580
1505	Allowance for subsidy cost (-)	-1,312	-1,416
1599	Net present value of assets related to defaulted guaranteed loans	7,360	7,411
1999	Total assets	18,587	24,720
LIABILITIES:			
2101	Federal liabilities: Accounts payable	3,277	1,506
2204	Non-Federal liabilities: Liabilities for loan guarantees	15,310	23,214
2999	Total liabilities	18,587	24,720
4999	Total liabilities and net position	18,587	24,720

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	2004 actual	2005 est.	2006 est.
Obligations by program activity:			
Stafford loans:			
01.01	Interest benefits		-13
01.02	Special allowance		-11
01.08	Loan Processing Fee		1
01.91	Subtotal, Stafford loans		-23
Unsubsidized Stafford loans:			
02.02	Special allowance		-10
02.08	Loan Processing Fee		1
02.91	Subtotal, Unsubsidized Stafford loans		-9
PLUS loans:			
03.02	Special allowance		-1
Consolidation loans:			
05.01	Interest benefit		-2
05.02	Special allowance		11
05.91	Subtotal, Consolidations loans		9

Credit accounts—Continued

FEDERAL FAMILY EDUCATION LOAN PROGRAM FINANCING
ACCOUNT—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 91-4251-4-3-502	2004 actual	2005 est.	2006 est.
10.00 Total new obligations			-24
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year			940
22.00 New financing authority (gross)	940		-356
23.90 Total budgetary resources available for obligation	940	940	584
23.95 Total new obligations			24
24.40 Unobligated balance carried forward, end of year	940	940	608
New financing authority (gross), detail:			
Mandatory:			
60.00 Appropriation	22		
69.00 Offsetting collections (cash)	915		-356
69.27 Capital transfer to general fund	3		
69.90 Spending authority from offsetting collections (total mandatory)	918		-356
70.00 Total new financing authority (gross)	940	940	-356
Change in obligated balances:			
72.40 Obligated balance, start of year			
73.10 Total new obligations			-24
73.20 Total financing disbursements (gross)			21
74.40 Obligated balance, end of year			-3
87.00 Total financing disbursements (gross)			-21
Offsets:			
Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
Payments from program account:			
88.00 Stafford loans			190
88.00 Unsubsidized Stafford			54
88.00 PLUS loans			30
88.00 Consolidated loans			210
88.00 Upward reestimate			
88.00 Modification	-892		
88.25 Interest on uninvested funds	-23		-37
Student Loans: Stafford, Unsubsidized Stafford, PLUS, SLS & Consolidation:			
88.40 Stafford recoveries on defaults			
88.40 Stafford origination fees			-12
88.40 Stafford other fees			
88.40 Stafford Sallie Mae offset fees			
88.40 Stafford loanholder fee (proposed)			-17
88.40 Unsubsidized Stafford recoveries on default			
88.40 Unsubsidized Stafford origination fees			-10
88.40 Unsubsidized Stafford other fees			
88.40 Unsubsidized Stafford Sallie Mae offset fees			
88.40 Unsubsidized Stafford loanholder fee (proposed)			-16
88.40 PLUS recoveries on defaults			
88.40 PLUS origination fees			
88.40 PLUS other fees			
88.40 PLUS Sallie Mae offset fees			
88.40 PLUS loanholder fee (proposed)			-4
88.40 SLS recoveries on defaults			
88.40 SLS other fees			
88.40 Consolidation recoveries on defaults			
88.40 Consolidation origination fees			-32
88.40 Consolidation loan holders fee			
88.40 Consolidation other fees			
88.40 Splitter adjustment from Liquidating account			
88.90 Total, offsetting collections (cash)	-915		356
Net financing authority and financing disbursements:			
89.00 Financing authority	25		
90.00 Financing disbursements	-915		335

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	2004 actual	2005 est.	2006 est.
Obligations by program activity:			
01.01 Interest benefits, net of origination fees	16	11	9
01.02 Special allowance net of origination fees	3	7	3
01.03 Default claims	62	44	22
01.04 Death, disability, and bankruptcy claims	17	13	9
01.05 Contract collection costs	62	47	40
01.06 Voluntary flexible agreements	11	22	25
01.91 Subtotal, Stafford loans	171	144	108
02.01 Default claims	5	6	3
02.02 Death, disability, and bankruptcy claims	7	5	3
02.05 Contract collection costs	12	9	8
02.06 Voluntary flexible agreements	1	5	7
02.91 Subtotal, PLUS/SLS loans	25	25	21
10.00 Total new obligations	196	169	129
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	887	302	
22.00 New budget authority (gross)	478	169	129
22.10 Resources available from recoveries of prior year obligations	20		
22.40 Capital transfer to general fund	-887	-302	
23.90 Total budgetary resources available for obligation	498	169	129
23.95 Total new obligations	-196	-169	-129
24.40 Unobligated balance carried forward, end of year	302		
New budget authority (gross), detail:			
Mandatory:			
60.00 Appropriation	50		
69.00 Offsetting collections (cash)	657	1,004	842
69.27 Capital transfer to general fund	-229	-835	-713
69.90 Spending authority from offsetting collections (total mandatory)	428	169	129
70.00 Total new budget authority (gross)	478	169	129
Change in obligated balances:			
72.40 Obligated balance, start of year	57	51	
73.10 Total new obligations	196	169	129
73.20 Total outlays (gross)	-182	-220	-129
73.45 Recoveries of prior year obligations	-20		
74.40 Obligated balance, end of year	51		
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority	125	169	129
86.98 Outlays from mandatory balances	57	51	
87.00 Total outlays (gross)	182	220	129
Offsets:			
Against gross budget authority and outlays:			
Offsetting collections (cash) from:			
88.40 Fed collections on defaulted loans, Stafford	-214	-315	-264
88.40 Federal collections on bankruptcies, Stafford	-4	-3	-2
88.40 Offsets against Federal tax refunds, Stafford	-311	-238	-199
88.40 Reimbursements from guaranty agencies, Stafford	-419	-261	-220
88.40 Other collections/ fees, Stafford	-70	-29	-25
88.40 Splitter adjustment	543		
88.40 Sallie Mae offset fee	-1		
88.40 Federal collections on defaulted loans, PLUS/SLS	-65	-74	-62
88.40 Federal collections on bankruptcies, PLUS/SLS	-1	-1	-1
88.40 PLUS/SLS loans:			
88.40 Offsets against Federal tax refunds, PLUS/SLS	-24	-17	-15
88.40 Reimbursements from guaranty agencies, PLUS/SLS	-91	-66	-54
88.90 Total, offsetting collections (cash)	-657	-1,004	-842

Net budget authority and outlays:				
89.00	Budget authority	- 179	- 835	- 713
90.00	Outlays	- 476	- 784	- 713

Status of Guaranteed Loans (in millions of dollars)

Identification code 91-0230-0-1-502	2004 actual	2005 est.	2006 est.	
STAFFORD LOANS				
Cumulative balance of guaranteed loans outstanding:				
2210	Outstanding, start of year	2,431	1,745	1,505
2251	Repayments and prepayments	- 607	- 178	- 74
Adjustments:				
2261	Terminations for default that result in loans receivable	- 62	- 49	- 45
2263	Terminations for default that result in claim payments	- 17	- 13	- 9
2264	Other adjustments, net			
2290	Outstanding, end of year	1,745	1,505	1,377

Memorandum:				
2299	Guaranteed amount of guaranteed loans outstanding, end of year	1,745	1,505	1,377

Addendum:				
Cumulative balance of defaulted guaranteed loans that result in loans receivable:				
2310	Outstanding, start of year	8,864	8,822	8,344
2331	Disbursements for guaranteed loan claims	62	49	45
2351	Repayments of loans receivable	- 514	- 447	- 375
2361	Write-offs of loans receivable	- 28	- 28	- 26
2364	Other adjustments, net	438	- 52	- 44
2390	Outstanding, end of year	8,822	8,344	7,944

PLUS/SLS LOANS				
Cumulative balance of guaranteed loans outstanding:				
2210	Outstanding, start of year	1,252	928	813
2251	Repayments and prepayments	- 313	- 104	- 88
Adjustments:				
2261	Terminations for default that result in loans receivable	- 4	- 6	- 7
2263	Terminations for default that result in claim payments	- 7	- 5	- 3
2264	Other adjustments, net			
2290	Outstanding, end of year	928	813	715

Memorandum:				
2299	Guaranteed amount of guaranteed loans outstanding, end of year	928	813	715

Addendum:				
Cumulative balance of defaulted guaranteed loans that result in loans receivable:				
2310	Outstanding, start of year	1,692	1,502	1,257
2331	Disbursements for guaranteed loan claims	4	6	7
2351	Repayments of loans receivable	- 94	- 84	- 70
2361	Write-offs of loans receivable	- 175	- 155	- 130
2364	Other adjustments, net	75	- 12	- 12
2390	Outstanding, end of year	1,502	1,257	1,052

Balance Sheet (in millions of dollars)

Identification code 91-0230-0-1-502	2003 actual	2004 actual	
ASSETS:			
Federal assets:			
1101	Fund balances with Treasury	944	353
Investments in US securities:			
1106	Receivables, net	56	11
Net value of assets related to pre-1992 direct loans receivable and acquired defaulted guaranteed loans receivable:			
1701	Defaulted guaranteed loans, gross	10,555	10,323
1702	Interest receivable	1,144	857
1703	Allowance for estimated uncollectible loans and interest (-)	- 8,273	- 7,921
1704	Defaulted guaranteed loans and interest receivable, net	3,426	3,259
1799	Value of assets related to loan guarantees ..	3,426	3,259

1999	Total assets	4,426	3,623
LIABILITIES:			
2104	Federal liabilities: Resources payable to Treasury	3,761	3,498
Non-Federal liabilities:			
2201	Accounts payable	543	10
2204	Liabilities for loan guarantees	122	115
2999	Total liabilities	4,426	3,623
4999	Total liabilities and net position	4,426	3,623

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 for 1992 and beyond is recorded in corresponding program and financing accounts.

Object Classification (in millions of dollars)

Identification code 91-0230-0-1-502	2004 actual	2005 est.	2006 est.	
25.2	Other services	74	56	47
33.0	Investments and loans	66	51	25
41.0	Grants, subsidies, and contributions	32	45	44
42.0	Insurance claims and indemnities	24	17	13
99.9	Total new obligations	196	169	129

**LOANS FOR SHORT TERM TRAINING PROGRAM ACCOUNT
(Legislative Proposal, not subject to PAYGO)**

Program and Financing (in millions of dollars)

Identification code 91-0217-2-1-502	2004 actual	2005 est.	2006 est.
Obligations by program activity:			
Loan Subsidy:			
00.02	Loan Subsidy		11
10.00	Total new obligations		11

Budgetary resources available for obligation:

21.40	Unobligated balance carried forward, start of year		
22.00	New budget authority (gross)		11
23.90	Total budgetary resources available for obligation		11
23.95	Total new obligations		- 11
24.40	Unobligated balance carried forward, end of year		

New budget authority (gross), detail:

Discretionary:			
40.00	Appropriation		11

Change in obligated balances:

72.40	Obligated balance, start of year		
73.10	Total new obligations		11
73.20	Total outlays (gross)		- 11
74.40	Obligated balance, end of year		

Outlays (gross), detail:

86.90	Outlays from new discretionary authority		11
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Net budget authority and outlays:

89.00	Budget authority		11
90.00	Outlays		11

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

Identification code 91-0217-2-1-502	2004 actual	2005 est.	2006 est.
Direct loan levels supportable by subsidy budget authority:			
115001	Direct loan levels		85
115901	Total direct loan levels		85

Credit accounts—Continued

LOANS FOR SHORT TERM TRAINING PROGRAM ACCOUNT—Continued

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

Identification code 91-0217-2-1-502	2004 actual	2005 est.	2006 est.
Direct loan subsidy (in percent):			
132001 Subsidy rate			-1.56
132901 Weighted average subsidy rate			-1.56
Direct loan subsidy budget authority:			
133001 Subsidy budget authority			-1
133901 Total subsidy budget authority			-1
Direct loan subsidy outlays:			
134001 Subsidy outlays			-1
134901 Total subsidy outlays			-1
Guaranteed loan levels supportable by subsidy budget authority:			
215001 Loan guarantee levels			198
215901 Total loan guarantee levels			198
Guaranteed loan subsidy (in percent):			
232001 Subsidy rate			5.71
232901 Weighted average subsidy rate			5.71
Guaranteed loan subsidy budget authority:			
233001 Subsidy budget authority			11
233901 Total subsidy budget authority			11
Guaranteed loan subsidy outlays:			
234001 Subsidy outlays			11
234901 Total subsidy outlays			11

Object Classification (in millions of dollars)

Identification code 91-0217-2-1-502	2004 actual	2005 est.	2006 est.
11.1 Personnel compensation: Full-time permanent			
41.0 Grants, subsidies, and contributions			11
99.9 Total new obligations			11

Loans for Short Term Training—The Administration proposes a new loan program, jointly administered by the Departments of Education and Labor, to help dislocated, unemployed, transitioning, or older workers and students. This market-oriented program will allow participants to acquire or upgrade specific job-related skills through short-term training programs. These programs are usually shorter than 10 weeks and are not currently eligible for Federal student aid. These programs must lead to an industry credential, certificate, or employer endorsed technical/occupational skills.

As required by the Federal Credit Reform Act of 1990, this account records, for this program, the subsidy costs associated with the direct loans obligated and loan guarantees committed in 1992 and beyond (including modifications of direct loans or loan guarantees that resulted from obligations or commitments in any year). The subsidy amounts are estimated on a present value basis.

LOANS FOR SHORT TERM TRAINING GUARANTEED LOAN FINANCING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 91-4573-2-4-502	2004 actual	2005 est.	2006 est.
Obligations by program activity:			
00.01 Special Allowance			1
00.02 Default Claims			
00.03 Death, disability, and bankruptcy claims			
00.04 Contract Collection Costs			
10.00 Total new obligations			1

Budgetary resources available for obligation:

21.40 Unobligated balance carried forward, start of year			
22.00 New budget authority (gross)			11
23.90 Total budgetary resources available for obligation			11
23.95 Total new obligations			-1
24.40 Unobligated balance carried forward, end of year			10

New budget authority (gross), detail:

Discretionary:			
68.00 Spending authority from offsetting collections (gross): Offsetting collections (cash)			11

Change in obligated balances:

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

Outlays (gross), detail:

87.00 Total outlays (gross)			1
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Offsets:

Against gross budget authority and outlays:			
Offsetting collections (cash) from:			
88.00 Federal sources			-11
88.25 Interest on uninvested funds			
88.40 Recoveries on Defaults			
88.90 Total, offsetting collections (cash)			-11

Net budget authority and outlays:

89.00 Budget authority			
90.00 Outlays			-10

Status of Guaranteed Loans (in millions of dollars)

Identification code 91-4573-2-4-502	2004 actual	2005 est.	2006 est.
Position with respect to appropriations act limitation on commitments:			
2111 Limitation on guaranteed loans made by private lenders			198
2131 Guaranteed loan commitments exempt from limitation			
2150 Total guaranteed loan commitments			198
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year			
2231 Disbursements of new guaranteed loans			198
2251 Repayments and prepayments			-11
Adjustments:			
2261 Terminations for default that result in loans receivable			
2263 Terminations for default that result in claim payments			
2290 Outstanding, end of year			187
Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year			187
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			
2361 Write-offs of loans receivable			
2364 Other adjustments, net			
2390 Outstanding, end of year			

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 loan guarantees committed in 1992 and beyond (including modifications of loan guarantees that resulted from commitments in any year). The amounts in this account are a means of financing and are not included in the budget totals.

LOANS FOR SHORT TERM TRAINING DIRECT LOAN FINANCING
ACCOUNT

Program and Financing (in millions of dollars)

Identification code 91-4574-2-4-502	2004 actual	2005 est.	2006 est.
Obligations by program activity:			
00.01	Loan obligations		85
00.02	Interest payments to Treasury		2
00.03	Contract Collection Costs		
00.91	Direct Program by Activities—Subtotal (1 level)		87
08.01	Obligation of Negative subsidy		1
10.00	Total new obligations		88
Budgetary resources available for obligation:			
21.40	Unobligated balance carried forward, start of year		
22.00	New budget authority (gross)		88
23.90	Total budgetary resources available for obligation		88
23.95	Total new obligations		-88
24.40	Unobligated balance carried forward, end of year		
New budget authority (gross), detail:			
Mandatory:			
67.10	Authority to borrow		86
69.00	Offsetting collections (cash)		7
69.47	Portion applied to repay debt		-5
69.90	Spending authority from offsetting collections (total mandatory)		2
70.00	Total new budget authority (gross)		88
Change in obligated balances:			
72.40	Obligated balance, start of year		
73.10	Total new obligations		88
73.20	Total outlays (gross)		-88
74.40	Obligated balance, end of year		
Outlays (gross), detail:			
87.00	Total outlays (gross)		88
Offsets:			
Against gross budget authority and outlays:			
Offsetting collections (cash) from:			
88.00	Federal sources		
88.25	Interest on uninvested funds		
88.40	Payment of Principal		-5
88.40	Interest received on loans		-2
88.40	Recoveries of defaulted loans		
88.90	Total, offsetting collections (cash)		-7
Net budget authority and outlays:			
89.00	Budget authority		81
90.00	Outlays		81

Status of Direct Loans (in millions of dollars)

Identification code 91-4574-2-4-502	2004 actual	2005 est.	2006 est.
Position with respect to appropriations act limitation on obligations:			
1111	Limitation on direct loans		85
1131	Direct loan obligations exempt from limitation		
1150	Total direct loan obligations		85
Cumulative balance of direct loans outstanding:			
1210	Outstanding, start of year		
1231	Disbursements: Direct loan disbursements		85
1251	Repayments: Repayments and prepayments		-5
1264	Write-offs for default: Other adjustments, net		
1290	Outstanding, end of year		80

As required by the Federal Credit Reform Act of 1990, this non-budgetary account records all cash flows to and from the Government resulting from direct loans obligated in 1992

and beyond (including modifications of direct loans that resulted from obligations in any year). The amounts in this account are a means of financing and are not included in budget totals.

INSTITUTE OF EDUCATION SCIENCES

Federal Funds

General and special funds:

INSTITUTE OF EDUCATION SCIENCES

For carrying out activities authorized by the Education Sciences Reform Act of 2002, as amended, [The] the National Assessment of Educational Progress Authorization Act, [and] section 208 of the Educational Technical Assistance Act of 2002, [\$527,453,000: Provided, That, of the amount appropriated, \$190,518,000] and section 664 of the Individuals with Disabilities Education Act, \$479,064,000, of which \$271,560,000 shall be available [for obligation] until September 30, [2006: Provided further, That \$83,774,000 shall be for research and innovation in special education authorized under section 177 of the Education Science Reform Act, as amended: Provided further, That \$10,623,000 of the funds for section 177 of the Act shall be available for the projects and in the amounts specified in the statement of the managers of the conference report accompanying this Act] 2007. (Department of Education Appropriations Act, 2005.)

Program and Financing (in millions of dollars)

Identification code 91-1100-0-1-503	2004 actual	2005 est.	2006 est.	
Obligations by program activity:				
Research and statistics:				
00.01	Research, development, and dissemination	165	166	164
00.02	Statistics	92	91	91
00.03	Regional educational laboratories	67	66	
00.04	Assessment	95	94	116
Technical assistance providers:				
00.05	Regional technology in education consortia	10		
00.06	Comprehensive regional assistance centers	28		
00.07	Eisenhower regional mathematics and science education consortia	14		
00.08	Eisenhower National Clearinghouse for Mathematics and Science Education	5		
00.09	Research in special education		83	73
00.10	Statewide data systems		25	25
00.11	Special education studies and evaluations			10
01.00	Total direct program	476	525	479
09.01	Reimbursable program	4	4	4
10.00	Total new obligations	480	529	483
Budgetary resources available for obligation:				
21.40	Unobligated balance carried forward, start of year		2	
22.00	New budget authority (gross)	480	527	483
22.10	Resources available from recoveries of prior year obligations		1	
23.90	Total budgetary resources available for obligation	481	529	483
23.95	Total new obligations	-480	-529	-483
24.40	Unobligated balance carried forward, end of year	2		
New budget authority (gross), detail:				
Discretionary:				
40.00	Appropriation	479	527	479
40.35	Appropriation permanently reduced	-3	-4	
43.00	Appropriation (total discretionary)	476	523	479
Spending authority from offsetting collections:				
68.00	Offsetting collections (cash)	3	4	4
68.10	Change in uncollected customer payments from Federal sources (unexpired)	1		
68.90	Spending authority from offsetting collections (total discretionary)	4	4	4
70.00	Total new budget authority (gross)	480	527	483
Change in obligated balances:				
72.40	Obligated balance, start of year	575	602	495

General and special funds—Continued

INSTITUTE OF EDUCATION SCIENCES—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 91-1100-0-1-503	2004 actual	2005 est.	2006 est.
73.10 Total new obligations	480	529	483
73.20 Total outlays (gross)	- 443	- 636	- 512
73.40 Adjustments in expired accounts (net)	- 12		
73.45 Recoveries of prior year obligations	- 1		
74.00 Change in uncollected customer payments from Federal sources (unexpired)	- 1		
74.10 Change in uncollected customer payments from Federal sources (expired)	4		
74.40 Obligated balance, end of year	602	495	466
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	90	134	123
86.93 Outlays from discretionary balances	353	502	389
87.00 Total outlays (gross)	443	636	512
Offsets:			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	- 7	- 4	- 4
Against gross budget authority only:			
88.95 Change in uncollected customer payments from Federal sources (unexpired)	- 1		
88.96 Portion of offsetting collections (cash) credited to expired accounts	4		
Net budget authority and outlays:			
89.00 Budget authority	476	523	479
90.00 Outlays	435	632	508

Research and Statistics.—

*Research, development, and dissemination.—*Funds support the National Center for Education Research, which oversees a diverse portfolio of directed research, field-initiated studies, research and development centers, and inter-agency initiatives. Funds also support dissemination activities that provide parents, teachers, and schools with valid information on effective educational practice.

*Statistics.—*Funds support the Department's statistical data collection activities, which are conducted by the National Center for Education Statistics (NCES). NCES collects, analyzes, and disseminates statistics on education at all levels, from preschool through postsecondary and adult education, including statistics on international education activities.

*Assessment.—*Funds support the National Assessment of Educational Progress (NAEP). NAEP administers assessments to samples of students in order to gather reliable information about educational attainment in important academic areas. Funds support collection and reporting of national, State, and long-term trend information, including the conduct of biennial State NAEP in reading and mathematics at grades 4 and 8. In 2006, funds will also support costs of expanding State NAEP to grade 12.

*Research in special education.—*Funds support research to address gaps in scientific knowledge in order to improve special education and early intervention services and results for infants, toddlers, and children with disabilities.

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

*Special education studies and evaluations.—*Funds support objective studies, evaluations, and assessments related to the implementation of the Individuals with Disabilities Education Act in order to improve special education and early intervention services and results for infants, toddlers, and children with disabilities.

Object Classification (in millions of dollars)

Identification code 91-1100-0-1-503	2004 actual	2005 est.	2006 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent	1	1	1
11.3 Other than full-time permanent	1	1	1
11.9 Total personnel compensation	2	2	2
24.0 Printing and reproduction	1		
25.1 Advisory and assistance services	4	3	2
25.2 Other services	181	179	211
25.3 Other purchases of goods and services from Government accounts	19	18	18
25.5 Research and development contracts	77	76	10
41.0 Grants, subsidies, and contributions	191	244	233
99.0 Direct obligations	475	522	476
99.0 Reimbursable obligations	4	4	4
99.5 Below reporting threshold	1	3	3
99.9 Total new obligations	480	529	483

Personnel Summary

Identification code 91-1100-0-1-503	2004 actual	2005 est.	2006 est.
1001 Total compensable workyears: Civilian full-time equivalent employment	11	16	16

DEPARTMENTAL MANAGEMENT

Federal Funds

General and special funds:

PROGRAM ADMINISTRATION

For carrying out, to the extent not otherwise provided, the Department of Education Organization Act, including rental of conference rooms in the District of Columbia and hire of three passenger motor vehicles, **[\$423,379,000] \$418,992,000.** (*Department of Education Appropriations Act, 2005.*)

Program and Financing (in millions of dollars)

Identification code 91-0800-0-1-503	2004 actual	2005 est.	2006 est.
Obligations by program activity:			
00.01 Program administration	418	425	419
09.01 Reimbursable program	1	1	1
10.00 Total new obligations	420	426	420
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	5	6	
22.00 New budget authority (gross)	421	420	420
23.90 Total budgetary resources available for obligation	426	426	420
23.95 Total new obligations	- 420	- 426	- 420
23.98 Unobligated balance expiring or withdrawn	- 1		
24.40 Unobligated balance carried forward, end of year	6		
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	425	423	419
40.35 Appropriation permanently reduced	- 5	- 4	
43.00 Appropriation (total discretionary)	420	419	419
68.00 Spending authority from offsetting collections: Offsetting collections (cash)	1	1	1
70.00 Total new budget authority (gross)	421	420	420
Change in obligated balances:			
72.40 Obligated balance, start of year	113	121	159
73.10 Total new obligations	420	426	420
73.20 Total outlays (gross)	- 406	- 388	- 430
73.40 Adjustments in expired accounts (net)	- 8		
74.10 Change in uncollected customer payments from Federal sources (expired)	2		
74.40 Obligated balance, end of year	121	159	149

Outlays (gross), detail:				
86.90	Outlays from new discretionary authority	327	324	323
86.93	Outlays from discretionary balances	79	64	107
87.00	Total outlays (gross)	406	388	430
Offsets:				
Against gross budget authority and outlays:				
Offsetting collections (cash) from:				
88.00	Federal sources	-3	-1	-1
88.40	Non-Federal sources	-1		
88.90	Total, offsetting collections (cash)	-4	-1	-1
Against gross budget authority only:				
88.96	Portion of offsetting collections (cash) credited to expired accounts	3		
Net budget authority and outlays:				
89.00	Budget authority	420	419	419
90.00	Outlays	402	387	429

The Program Administration account includes the direct Federal costs of providing grants and administering elementary and secondary education, Indian education, English language acquisition, higher education, technical and adult education, special education programs, and programs for persons with disabilities. It also supports assessment, statistics, and research activities.

In addition, this account includes the cost of providing centralized support and administrative services, overall policy development, and strategic planning for the Department. Included in the centralized activities are rent and mail services; telecommunications; contractual services; financial management and accounting, including payments to schools, education agencies and other grant recipients, and preparation of auditable financial statements; information technology services; personnel management; personnel security; budget formulation and execution; program evaluation; legal services; congressional and public relations; and intergovernmental affairs.

Also included in this account are contributions from the public. Activities supported include receptions for Blue Ribbon Schools, Historically Black Colleges and Universities, and School Recognition. Contributions not designated for a specific purpose are in the account's Gifts and Bequests Miscellaneous Fund.

Reimbursable program.—Reimbursements to this account are for providing administrative services to other agencies, recycling activities, and in-kind travel.

Object Classification (in millions of dollars)				
Identification code 91-0800-0-1-503	2004 actual	2005 est.	2006 est.	
Direct obligations:				
Personnel compensation:				
11.1	Full-time permanent	166	198	197
11.3	Other than full-time permanent	29	7	7
11.5	Other personnel compensation	4	4	3
11.9	Total personnel compensation	199	209	207
12.1	Civilian personnel benefits	46	47	47
21.0	Travel and transportation of persons	5	5	5
23.1	Rental payments to GSA	32	35	36
23.3	Communications, utilities, and miscellaneous charges	12	13	13
24.0	Printing and reproduction	4	5	4
25.1	Advisory and assistance services	4	3	2
25.2	Other services	30	22	20
25.3	Other purchases of goods and services from Government accounts	23	13	14
25.7	Operation and maintenance of equipment	47	56	58
26.0	Supplies and materials	2	2	2
31.0	Equipment	14	14	10
32.0	Land and structures	1	1	1
99.0	Direct obligations	419	425	419
99.0	Reimbursable obligations	1	1	1

99.9	Total new obligations	420	426	420
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Personnel Summary

Identification code 91-0800-0-1-503	2004 actual	2005 est.	2006 est.	
1001	Total compensable workyears: Civilian full-time equivalent employment	2,263	2,315	2,244

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, **[\$90,248,000] \$91,526,000.** (*Department of Education Appropriations Act, 2005.*)

Program and Financing (in millions of dollars)

Identification code 91-0700-0-1-751	2004 actual	2005 est.	2006 est.	
Obligations by program activity:				
00.01	Civil rights	88	89	92
10.00	Total new obligations	88	89	92
Budgetary resources available for obligation:				
22.00	New budget authority (gross)	88	89	92
23.95	Total new obligations	-88	-89	-92
New budget authority (gross), detail:				
Discretionary:				
40.00	Appropriation	89	90	92
40.35	Appropriation permanently reduced	-1	-1	
43.00	Appropriation (total discretionary)	88	89	92
Change in obligated balances:				
72.40	Obligated balance, start of year	16	20	21
73.10	Total new obligations	88	89	92
73.20	Total outlays (gross)	-83	-88	-91
73.40	Adjustments in expired accounts (net)	-1		
74.40	Obligated balance, end of year	20	21	22
Outlays (gross), detail:				
86.90	Outlays from new discretionary authority	73	73	76
86.93	Outlays from discretionary balances	10	15	15
87.00	Total outlays (gross)	83	88	91
Net budget authority and outlays:				
89.00	Budget authority	88	89	92
90.00	Outlays	83	88	91

The Office for Civil Rights is responsible for ensuring that no person is unlawfully discriminated against on the basis of race, color, national origin, sex, disability, or age in the delivery of services or the provision of benefits in programs or activities of schools and institutions receiving financial assistance from the Department of Education. The authorities under which the Office for Civil Rights operates are Title VI of the Civil Rights Act of 1964 (racial and ethnic discrimination), Title IX of the Education Amendments of 1972 (sex discrimination), section 504 of the Rehabilitation Act of 1973 (discrimination against individuals with a disability), the Age Discrimination Act of 1975, the Americans with Disabilities Act of 1990 and the Boy Scouts of America Equal Access Act of 2002.

Object Classification (in millions of dollars)

Identification code 91-0700-0-1-751	2004 actual	2005 est.	2006 est.	
Direct obligations:				
Personnel compensation:				
11.1	Full-time permanent	49	52	51
11.3	Other than full-time permanent	2	2	2
11.9	Total personnel compensation	51	54	53
12.1	Civilian personnel benefits	13	13	13

General and special funds—Continued

OFFICE FOR CIVIL RIGHTS—Continued

Object Classification (in millions of dollars)—Continued

Identification code 91-0700-0-1-751	2004 actual	2005 est.	2006 est.
21.0 Travel and transportation of persons	1	1	1
23.1 Rental payments to GSA	7	9	10
23.3 Communications, utilities, and miscellaneous charges	2	2	2
25.2 Other services	1	1	1
25.3 Other purchases of goods and services from Government accounts	5	3	3
25.7 Operation and maintenance of equipment	8	4	6
31.0 Equipment		1	1
99.0 Direct obligations	88	88	90
99.5 Below reporting threshold		1	2
99.9 Total new obligations	88	89	92

Personnel Summary

Identification code 91-0700-0-1-751	2004 actual	2005 est.	2006 est.
1001 Total compensable workyears: Civilian full-time equivalent employment	655	656	638

OFFICE OF THE INSPECTOR GENERAL

For expenses necessary for the Office of the Inspector General, as authorized by section 212 of the Department of Education Organization Act, **[\$47,790,000] \$49,408,000.** (*Department of Education Appropriations Act, 2005.*)

Program and Financing (in millions of dollars)

Identification code 91-1400-0-1-751	2004 actual	2005 est.	2006 est.
Obligations by program activity:			
00.01 Inspector General	47	47	49
10.00 Total new obligations	47	47	49
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	46	47	49
23.95 Total new obligations	-47	-47	-49
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	47	48	49
40.35 Appropriation permanently reduced	-1	-1	
43.00 Appropriation (total discretionary)	46	47	49
Change in obligated balances:			
72.40 Obligated balance, start of year	7	14	11
73.10 Total new obligations	47	47	49
73.20 Total outlays (gross)	-40	-50	-49
74.40 Obligated balance, end of year	14	11	11
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	35	40	40
86.93 Outlays from discretionary balances	5	10	9
87.00 Total outlays (gross)	40	50	49
Net budget authority and outlays:			
89.00 Budget authority	46	47	49
90.00 Outlays	40	50	49

The Inspector General is responsible for the quality, coverage, and coordination of audit and investigation functions relating to Federal education activities. The Inspector General has the authority to inquire into all activities of the Department, including those performed under Federal education contracts, grants, or other agreements. Under the Chief Financial Officers Act of 1990, the Inspector General is also responsible

for internal reviews of the Department's financial systems and audits of its financial statements.

Object Classification (in millions of dollars)

Identification code 91-1400-0-1-751	2004 actual	2005 est.	2006 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent	21	25	25
11.3 Other than full-time permanent	1	1	1
11.5 Other personnel compensation	2		1
11.9 Total personnel compensation	24	26	27
12.1 Civilian personnel benefits	6	8	7
21.0 Travel and transportation of persons	1	2	1
23.1 Rental payments to GSA	3	4	5
23.3 Communications, utilities, and miscellaneous charges	1	1	1
25.1 Advisory and assistance services	4	2	3
25.2 Other services		1	1
25.3 Other purchases of goods and services from Government accounts	2	1	1
25.7 Operation and maintenance of equipment	4	1	3
31.0 Equipment	1	1	
99.0 Direct obligations	46	47	49
99.5 Below reporting threshold	1		
99.9 Total new obligations	47	47	49

Personnel Summary

Identification code 91-1400-0-1-751	2004 actual	2005 est.	2006 est.
1001 Total compensable workyears: Civilian full-time equivalent employment	268	302	285

GENERAL FUND RECEIPT ACCOUNTS

(in millions of dollars)

	2004 actual	2005 est.	2006 est.
Offsetting receipts from the public:			
91-291500 Repayment of loans, capital contributions, higher education activities	51	50	50
General Fund Offsetting receipts from the public	51	50	50

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 of

1985, as amended) which are appropriated for the Department of Education in this Act may be transferred between appropriations, but no such appropriation shall be increased by more than 3 percent by any such transfer: *Provided*, That the Appropriations Committees of both Houses of Congress are notified at least 15 days in advance of any transfer.

【SEC. 305. Section 8002(m) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7702(m)) is amended by striking “5 years” each place it appears and inserting “7 years”.】

【SEC. 306. (a) Section 167 of division H of the Consolidated Appropriations Act, 2004 (Public Law 108–199; 118 Stat. 3) is amended by striking “\$200,000, for Western Maine Technical College, South Paris, Maine, for education programs and marketing activities” and inserting “\$200,000, for Central Maine Community College, Auburn, Maine, for education programs, student recruitment and marketing activities at the Central Maine Community College-Western Maine University and Community College Center in South Paris, Maine”.】

【(b) In the statement of the managers of the committee of conference accompanying H.R. 2673 (Public Law 108–199; House Report

108–401), in the matter in title III of division E, relating to the Fund for the Improvement of Education under the heading “Innovation and Improvement” the provision specifying \$300,000 for the Provo City Public Schools, Provo, Utah, to develop, purchase and implement an English language instructional program for training and certifying ESL teachers shall be deemed to read as follows: “Provo City Public Schools, Provo, Utah, for an English language instructional program, \$300,000”.】

【SEC. 307. Notwithstanding any other provision of law, students from the Republic of the Marshall Islands and the Federated States of Micronesia enrolled in institutions in the Republic of Palau shall be eligible for grants under subpart 1 of part A of title IV of the Higher Education Act of 1965 to the extent such grants continue to be available to students from the Republic of the Marshall Islands and the Federated States of Micronesia who are attending institutions in the United States.】 (*Department of Education Appropriations Act, 2005.*)

DEPARTMENT OF EDUCATION

OFFICE OF ELEMENTARY AND SECONDARY EDUCATION

Federal Funds

General and special funds:

EDUCATION FOR THE DISADVANTAGED

For carrying out title I and part D of title V of the Elementary and Secondary Education Act of 1965 ("ESEA") and section 418A of the Higher Education Act of 1965, **[\$14,627,435,000]** \$16,469,541,000, of which **[\$7,073,126,000]** \$8,566,907,000 shall become available on July 1, **[2006]** 2007, and shall remain available through September 30, **[2007]** 2008, and of which \$7,383,301,000 shall become available on October 1, **[2006]** 2007, and shall remain available through September 30, **[2007]** 2008 for academic year **[2006-2007]** 2007-2008: *Provided*, That **[\$6,934,854,000]** \$6,808,408,000 shall be for basic grants under section 1124: *Provided further*, That up to \$3,472,000 of these funds shall be available to the Secretary of Education on October 1, **[2005]** 2006, to obtain annually updated educational-agency-level census poverty data from the Bureau of the Census: *Provided further*, That \$1,365,031,000 shall be for concentration grants under section 1124A: *Provided further*, That \$2,269,843,000 shall be for targeted grants under section 1125: *Provided further*, That \$2,269,843,000 shall be for education finance incentive grants under section 1125A: *Provided further*, That \$200,000,000 shall be for school improvement grants under section 1003(g): *Provided Further*, That State educational agencies shall carry out section 1003(g) without regard to the 95 percent requirement in paragraph (7) of that section: *Provided Further*, That State educational agencies receiving funds under part A of title I of the ESEA shall carry out section 1003(a) without regard to section 1003(e): *Provided further*, That **[\$9,424,000]** \$9,330,000 shall be to carry out part E of title I: *Provided further*, That **[\$8,000,000]** shall be available for section 1608 of the ESEA, of which \$1,465,000 shall be available for a continuation award for the comprehensive school reform clearinghouse previously funded under the heading "Innovation and Improvement" in title III of division F of Public Law 108-447: **[\$1,475,000,000]** shall be available under part D of title V of the ESEA first for continuation awards for grants made under title IV, part A, subpart 2, chapter 2 and sections 402B and 402C of the Higher Education Act of 1965, and the remainder shall be for formula grants to States to support the development of additional reading/language arts and mathematics assessments for high-school students and competitive awards to local educational agencies to enable them to implement targeted interventions in high-need secondary schools: *Provided further*, That the Secretary may reserve a portion of such funds for research, evaluation, and technical assistance: *Provided further*, That each State receiving assistance under part A of title I of the ESEA for fiscal year 2007 or any fiscal year thereafter shall: (1) develop such assessments and shall incorporate them into the assessment system that it administers under section 1111(b)(3) of the ESEA, under such conditions as the Secretary may establish; and (2) participate in biennial State academic assessments of 12th-grade reading and mathematics under the National Assessment of Progress carried out under section 303(b) of the National Assessment of Educational Progress Authorization Act, if the Secretary pays the cost of administering those assessments. (Department of Education Appropriations Act, 2006.)

Program and Financing (in millions of dollars)

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

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

Budgetary resources available for obligation:

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

New budget authority (gross), detail:

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

Change in obligated balances:

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

Outlays (gross), detail:

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

Net budget authority and outlays:

89.00 Budget authority	14,843	14,481	16,470
90.00 Outlays	14,636	14,955	15,707

SUMMARY OF PROGRAM LEVEL

(in millions of dollars)

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

Grants to local educational agencies.—Funds are allocated through four formulas—Basic Grants, Concentration Grants, Targeted Grants and Education Finance Incentive Grants—for local programs that provide extra academic support to help raise the achievement of eligible students in high-poverty schools or, in the case of schoolwide programs, help all students in high-poverty schools to meet challenging State academic standards. States must annually assess participating students in at least reading and mathematics, and school

General and special funds—Continued

EDUCATION FOR THE DISADVANTAGED—Continued

districts must identify for improvement, and provide assistance to, schools that for two consecutive years do not make adequate yearly progress toward helping all groups of students reach the proficient level on the State assessments. Districts must provide students attending such schools the choice of attending another public school that is not identified for improvement. After three or more years of a school not making adequate progress, students who remain in the school are permitted to obtain supplemental educational services from a public- or private-sector provider. Schools that do not improve are subject to progressively stronger corrective actions and, after six years of not making adequate yearly progress, reconstitution under a restructuring plan.

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

Reading first State grants.—Funds provide assistance to State and local educational agencies in establishing reading programs for students in grades K–3 that are grounded in scientifically based reading research, in order to ensure that every student can read at grade level or above by the end of third grade.

Early reading first.—Funds provide assistance to support local efforts, through competitive grants, to enhance the school readiness of young children, particularly those from low-income families, through scientific, research-based strategies and professional development that are designed to enhance the verbal skills, phonological awareness, letter knowledge, pre-reading skills, and early language development of children ages three through five.

Striving readers.—Funds support the development, implementation, and evaluation of scientifically based reading interventions for middle school or high school students reading significantly below grade level. The program complements the Reading First program, which improves reading in elementary schools.

American Competitiveness Initiative:

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

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

Literacy through school libraries.—Funds support competitive grants to local educational agencies to provide students with increased access to up-to-date school library materials and certified professional library media specialists.

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

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

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

State agency migrant program.—Funds support formula grants to States for educational services to children of migratory farmworkers and fishers, with resources and services focused on children who have moved within the past 36 months.

State agency neglected and delinquent program.—Funds support formula grants to States for educational services to children and youth under age 21 in State neglected, delinquent, or adult correction facilities.

Evaluation.—Funds support a series of impact studies designed to identify effective reading interventions in Title I and studies of the implementation of key No Child Left Behind Act requirements including assessments, accountability systems, school improvement requirements, public school choice, and supplemental educational services.

Migrant education projects.—Funds support grants to institutions of higher education and other nonprofit agencies that assist migrant students to earn a high school equivalency certificate or to complete their first year of college.

Object Classification (in millions of dollars)

Identification code 91-0900-0-1-501	2005 actual	2006 est.	2007 est.
24.0 Printing and reproduction	2	2	2
25.1 Advisory and assistance services	6	6	7
25.2 Other services	42	41	46
25.3 Other purchases of goods and services from Government accounts	4	4	4
25.5 Research and development contracts	16	16	18
41.0 Grants, subsidies, and contributions	14,761	14,542	16,393
99.9 Total new obligations	14,831	14,611	16,470

IMPACT AID

For carrying out programs of financial assistance to federally affected schools authorized by title VIII of the Elementary and Secondary Education Act of 1965, **[\$1,240,862,000]** *\$1,228,453,000*, of which **[\$1,102,896,000]** *\$1,091,867,000* shall be for basic support payments under section 8003(b), **[\$49,966,000]** *\$49,466,000* shall be for payments for children with disabilities under section 8003(d), **[\$18,000,000]** *\$17,820,000* shall be for construction under section **[8007(a)]** *8007(b)* and shall remain available through September 30, 2008, **[\$65,000,000]** *\$64,350,000* shall be for Federal property payments under section 8002, and **[\$5,000,000]** *\$4,950,000*, to remain available until expended, shall be for facilities maintenance under section 8008: *Provided*, That for purposes of computing the amount of a payment for an eligible local educational agency under section 8003(a) **[of the Elementary and Secondary Education Act (20 U.S.C. 7703(a))]** for school year 2006–2007 **[2005–2006]**, children enrolled in a school of such agency that would otherwise be eligible for payment under section 8003(a)(1)(B) of such Act, but due to the deployment of both parents or legal guardians, or a parent or legal guardian having sole custody of such children, or due to the death of a military parent or legal guardian while on active duty (so long as such children reside on Federal property as described in section 8003(a)(1)(B)), are no longer eligible under such section, shall be considered as eligible students under such section, provided such students remain in average daily attendance at a school in the same local educational agency they attended prior to their change in eligibility status. *(Department of Education Appropriations Act, 2006.)*

Program and Financing (in millions of dollars)

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

DEPARTMENT OF EDUCATION

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

Impact Aid helps to replace the lost local revenue that would otherwise be available to educate federally connected children. The presence of certain students living on Federal property, such as students who are military dependents or who reside on Indian lands, can place a financial burden on local educational agencies that educate them. The property on which the children live and their parents work is exempt from local property taxes, denying local educational agencies access to the primary source of revenue used by most communities to finance education.

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

Payments for children with disabilities.—Payments in addition to those provided under the Individuals with Disabilities Education Act will be provided on behalf of approximately 55,000 federally connected students with disabilities in about 860 local educational agencies. Average per-student payments will be approximately \$908.

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

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

Payments for Federal property.—Payments will be made to approximately 200 local educational agencies in which real property owned by the Federal Government represents 10 percent or more of the assessed value of real property in the local educational agency.

Object Classification (in millions of dollars)

Identification code 91-0102-0-1-501	2005 actual	2006 est.	2007 est.
25.3 Other purchases of goods and services from Government accounts		1	1
41.0 Grants, subsidies, and contributions	1,246	1,257	1,210
99.9 Total new obligations	1,246	1,258	1,211

SCHOOL IMPROVEMENT PROGRAMS

For carrying out school improvement activities authorized by title II, part B of title IV, part A and [subparts] subpart [6 and] 9 of part D of title V, parts A and B of title VI, and parts B and C of title VII of the Elementary and Secondary Education Act of 1965 ("ESEA"); the McKinney-Vento Homeless Assistance Act; section 203 of the Educational Technical Assistance Act of 2002; the Compact of Free Association Amendments Act of 2003; and the Civil Rights Act of 1964, [\$5,308,564,000] \$4,973,158,000, of which [\$3,676,482,000] \$3,353,117,000 shall become available on July 1, [2006] 2007, and remain available through September 30, [2007] 2008, and of which \$1,435,000,000 shall become available on October 1, [2006] 2007, and shall remain available through September 30, [2007] 2008, for academic year [2006-2007] 2007-2008: *Provided*, [That funds made available to carry out part B of title VII of the ESEA may be used for construction, renovation and modernization of any elementary school, secondary school, or structure related to an elementary school or secondary school, run by the Department of Education of the State of Hawaii, that serves a predominantly Native Hawaiian student body: *Provided further*, That from the funds referred to in the preceding proviso, not less than \$1,250,000 shall be for a grant to the Department of Education of the State of Hawaii for the activities described in such proviso, and \$1,250,000 shall be for a grant to the University of Hawaii School of Law for a Center of Excellence in Native Hawaiian law: *Provided further*, That funds made available to carry out part C of title VII of the ESEA may be used for construction: *Provided further*, That up to 100 percent of the funds available to a State educational agency under part D of title II of the ESEA may be used for subgrants described in section 2412(a)(2)(B) of such act: *Provided further*,] That [\$411,680,000] \$407,563,000 shall be for State assessments and related activities authorized under sections 6111 and 6112 of the ESEA: *Provided further*, That [\$56,825,000] \$56,257,000 shall be available to carry out section 203 of the Educational Technical Assistance Act of 2002: *Provided further*, That [\$31,693,000] \$23,780,000 shall be available to carry out part D of title V of the ESEA: *Provided further*, That no funds appropriated under this heading may be used to carry out section 5494 under the ESEA: *Provided further*, That [\$12,132,000] \$18,001,000 shall be available to carry out the Supplemental Education Grants program for the Federated States of Micronesia[,] and [\$6,051,000] shall be available to carry out the Supplemental Education Grants program] for the Republic of the Marshall Islands: *Provided further*, That up to 5 percent of these amounts may be reserved by the Federated States of Micronesia and the Republic of the Marshall Islands to administer the Supplemental Education Grants programs and to obtain technical assistance, oversight and consultancy services in the administration of these grants and to reimburse the United States Departments of Labor, Health and Human Services, and Education for such services. (Department of Education Appropriations Act, 2006.)

Program and Financing (in millions of dollars)

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

General and special funds—Continued

SCHOOL IMPROVEMENT PROGRAMS—Continued

Program and Financing (in millions of dollars)—Continued

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

SUMMARY OF PROGRAM LEVEL

(in millions of dollars)

	2005-2006 Academic Year	2006-2007 Academic Year	2007-2008 Academic Year
New Budget Authority	4,185	3,820	3,536
Advance Appropriation	1,435	1,435	1,435
Total program level	5,620	5,255	4,971
Change in advance appropriation over previous year	0	0	0

Improving teacher quality:

Improving teacher quality State grants.—Funds support State and school district activities to prepare, train, and recruit high-quality teachers to improve student achievement.

Early childhood educator professional development.—Funds support competitive grants to improve the knowledge and skills of early childhood educators who work in communities that have high concentrations of children living in poverty.

Mathematics and science partnerships.—Funds support State and local efforts to improve students' academic achievement in mathematics and science by promoting strong teaching skills for elementary and secondary school teachers. These efforts may include the integration of teaching methods based on scientifically-based research and technology into the curriculum.

21st Century community learning centers.—Funds support formula grants to States, which award subgrants to communities to provide academic enrichment opportunities and related services to students, primarily students who attend high-poverty schools, and their families during before-school, after-school, weekend, and summer hours.

State grants for innovative programs.—Funds support formula grants to States and local educational agencies to help implement innovative strategies for improving student achievement.

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

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

Education for homeless children and youth.—Funds support formula grants to States to provide educational and support services that enable homeless children and youth to attend and achieve success in school.

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

Alaska Native education equity.—Funds provide supplemental education services to Alaska Natives in such areas as educational planning, curriculum development, teacher training, teacher recruitment, student enrichment, and home-based instruction for pre-school children. Grants also go to organizations specified in the law.

Training and advisory services.—Funds support grants to regional equity assistance centers that provide technical assistance to school districts in addressing equity in education related to issues of race, gender, and national origin.

Rural education.—Funds support formula grants under two programs: Small, Rural Schools Achievement and Rural and Low-Income Schools. The Small, Rural Schools Achievement program provides rural local educational agencies with small enrollments with additional formula funds and flexibility in the use of other Federal formula funds. Funds under the Rural and Low-Income Schools program, which targets rural local educational agencies that serve concentrations of poor students, are allocated by formula to States, which in turn allocate funds to eligible local educational agencies within the States.

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

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

Object Classification (in millions of dollars)

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

INDIAN EDUCATION

For expenses necessary to carry out, to the extent not otherwise provided, title VII, part A of the Elementary and Secondary Education Act of 1965, **[\$119,889,000]** \$118,690,000. (Department of Education Appropriations Act, 2006.)

Program and Financing (in millions of dollars)

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

The Indian Education program supports the efforts of local educational agencies and tribal schools to improve teaching and learning for the Nation's American Indian and Alaska Native Children.

Grants to local educational agencies.—Formula grants support local educational agencies in their efforts to reform elementary and secondary school programs that serve Indian students, with the goal of ensuring that such programs assist participating students in meeting the same academic standards as all other students. In 2005, the Department made 1,258 formula grants to local educational agencies and tribal schools serving more than 481,000 students.

Special programs for Indian Children.—The Department makes competitive awards for demonstration projects in early childhood education and college preparation, as well as professional development grants for training Native American teachers and administrators for employment in school districts with concentrations of Indian students.

National activities.—Funds support research, evaluation, data collection, and related activities.

Object Classification (in millions of dollars)

Identification code 91-0101-0-1-501	2005 actual	2006 est.	2007 est.
25.2 Other services	5	4	4
41.0 Grants, subsidies, and contributions	115	115	115
99.9 Total new obligations	120	119	119

READING EXCELLENCE

Program and Financing (in millions of dollars)

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

Reading Excellence.—This program has been replaced by the Reading First program in the Education for the Disadvantaged account. Amounts in these schedules reflect balances that are spending out from prior-year appropriations.

EDUCATION REFORM

Program and Financing (in millions of dollars)

Identification code 91-0500-0-1-501	2005 actual	2006 est.	2007 est.
Change in obligated balances:			
72.40 Obligated balance, start of year	120	64	.....
73.20 Total outlays (gross)	-35	-64	.....
73.40 Adjustments in expired accounts (net)	-20	-20	.....
74.40 Obligated balance, end of year	64	.....	.....
Outlays (gross), detail:			
86.93 Outlays from discretionary balances	35	64	.....
Net budget authority and outlays:			
89.00 Budget authority .....	.....	.....	.....
90.00 Outlays	36	64	.....

Programs in this account have been transferred to the School Improvement Programs account or discontinued. Amounts in this schedule reflect balances that are spending out from prior-year appropriations.

CHICAGO LITIGATION SETTLEMENT

Program and Financing (in millions of dollars)

Identification code 91-0220-0-1-501	2005 actual	2006 est.	2007 est.
Change in obligated balances:			
72.40 Obligated balance, start of year	1	.....	.....
73.20 Total outlays (gross)	-1	.....	.....
74.40 Obligated balance, end of year .....	.....	.....	.....
Outlays (gross), detail:			
86.93 Outlays from discretionary balances	1	.....	.....
Net budget authority and outlays:			
89.00 Budget authority .....	.....	.....	.....

General and special funds—Continued

CHICAGO LITIGATION SETTLEMENT—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 91-0220-0-1-501	2005 actual	2006 est.	2007 est.
90.00 Outlays	1		

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

OFFICE OF INNOVATION AND IMPROVEMENT

Federal Funds

General and special funds:

INNOVATION AND IMPROVEMENT

For carrying out activities authorized by [parts] part G [and H] of title I, subpart 5 of part A and parts C and D of title II, and parts B, C, and D of title V[, and section 1504] of the Elementary and Secondary Education Act of 1965 ("ESEA"), [\$945,947,000] \$850,966,000, of which [\$95,000,000] \$94,050,000 shall become available on July 1, [2006] 2007 and remain available until September 30, [2007] 2008: *Provided*, [That \$16,864,000 shall be available to carry out section 2151(c) of the ESEA, of which not less than \$9,920,000 shall be provided to the National Board for Professional Teaching Standards, and not less than \$6,944,000 shall be provided to the American Board for the Certification of Teacher Excellence: *Provided further*,] That from funds for subpart 4, part C of title II, up to 3 percent shall be available to the Secretary for technical assistance and dissemination of information: *Provided further*, That [\$36,981,000] \$36,611,000 shall be for subpart 2 of part B of title V: *Provided further*, That [\$260,111,000] \$203,043,000 shall be available to carry out part D of title V of the ESEA, of which [\$100,000,000] \$99,000,000 of the funds for subpart 1 shall be for competitive grants to local educational agencies, including charter schools that are local educational agencies, or States, or partnerships of (1) a local educational agency, a State, or both and (2) at least one non-profit organization to develop and implement performance-based teacher and principal compensation systems in high-need schools: *Provided further*, That such performance-based compensation systems must consider gains in student academic achievement as well as classroom evaluations conducted multiple times during each school year among other factors and provide educators with incentives to take on additional responsibilities and leadership roles: *Provided further*, That five percent of such funds for competitive grants shall become available on October 1, [2005] 2006 for technical assistance, training, peer review of applications, program outreach and evaluation activities and that 95 percent shall become available on July 1, [2006] 2007 and remain available through September 30, [2007] 2008 for competitive grants: *Provided further*, That an eligible entity receiving a grant under section 1705 of part G of title I, ESEA, shall provide (a) matching funds from State, local, or other sources to cover at least two-thirds of the total cost of the activities to be assisted; and (b) incentives, such as salary increments or bonuses, to teachers who become qualified to teach advanced placement classes and to teachers whose students pass advanced placement exams. (Department of Education Appropriations Act, 2006.)

Program and Financing (in millions of dollars)

Identification code 91-0204-0-1-501	2005 actual	2006 est.	2007 est.
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Obligations by program activity:

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

00.03	Transition to teaching	45	44	44
00.04	National writing project	20	21	
00.05	Teaching American history	119	120	50
00.06	School leadership	15	15	
00.07	Advanced credentialing	17	17	8
School choice and flexibility:				
00.08	Charter schools grants	217	215	215
00.09	Credit enhancement for charter school facilities	37	37	37
00.10	Voluntary public school choice	27	26	26
00.11	Magnet schools assistance	108	107	107
00.12	Advanced placement	30	32	122
00.13	School dropout prevention	5	5	
00.14	Close Up fellowships	1	1	
00.15	Ready to learn television	23	24	24
00.16	Academies for American history and civics		2	
00.17	FIE programs of national significance	257	12	39
00.18	National mathematics panel			10
00.19	Evaluation of mathematics and science education			5
00.20	Adjunct teacher corps			25
00.21	Reading is fundamental/Inexpensive book distribution	25	25	25
00.22	Star schools	21	15	
00.23	Ready to teach	14	11	
00.24	Exchanges with historic whaling and trading partners	9	9	
00.25	Excellence in economic education	1	1	
00.26	Mental health integration in schools	5	5	
00.27	Foundations for learning	1	1	
00.28	Arts in education	36	35	
00.29	Parental information and resource centers	42	39	
00.30	Womens educational equity	3	3	
01.00	Total direct program	1,093	936	851
09.01	DC School Choice	14	14	14
10.00	Total new obligations	1,107	950	865
Budgetary resources available for obligation:				
21.40	Unobligated balance carried forward, start of year	1		
22.00	New budget authority (gross)	1,106	950	865
23.90	Total budgetary resources available for obligation	1,107	950	865
23.95	Total new obligations	-1,107	-950	-865
23.98	Unobligated balance expiring or withdrawn	-1		
24.40	Unobligated balance carried forward, end of year			
New budget authority (gross), detail:				
Discretionary:				
40.00	Appropriation	1,101	946	851
40.33	Appropriation permanently reduced (P.L. 109-148)		-10	
40.35	Appropriation permanently reduced	-9		
43.00	Appropriation (total discretionary)	1,092	936	851
68.00	Spending authority from offsetting collections: Offsetting collections (cash)	14	14	14
70.00	Total new budget authority (gross)	1,106	950	865
Change in obligated balances:				
72.40	Obligated balance, start of year	1,041	1,595	1,326
73.10	Total new obligations	1,107	950	865
73.20	Total outlays (gross)	-552	-1,219	-1,028
74.40	Obligated balance, end of year	1,595	1,326	1,163
Outlays (gross), detail:				
86.90	Outlays from new discretionary authority	50	48	44
86.93	Outlays from discretionary balances	502	1,171	984
87.00	Total outlays (gross)	552	1,219	1,028
Offsets:				
Against gross budget authority and outlays:				
88.40	Offsetting collections (cash) from: Non-Federal sources	-14	-14	-14
Net budget authority and outlays:				
89.00	Budget authority	1,092	936	851
90.00	Outlays	538	1,205	1,014

Recruiting and training high quality teachers and principals:

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

Troops-to-teachers.—Funds assist eligible members of the armed forces to obtain certification as teachers and to become highly qualified teachers.

Transition to teaching.—Funds support competitive grants to establish programs to recruit and retain highly qualified mid-career professionals and recent college graduates as teachers in high-need schools.

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

Advanced credentialing.—Funds support the development of an advanced credential based on the content expertise of master teachers. Funds also support related activities to encourage and support teachers seeking advanced certification or advanced credentials.

Adjunct teacher corps.—Funds would support partnerships between school districts and appropriate public and/or private institutions to enable well-qualified professionals to teach specific high-school courses in the core academic subjects, particularly mathematics and science.

School choice and flexibility:

Charter schools grants.—Funds support competitive grants to State educational agencies and charter schools to support the planning, design, initial implementation, and dissemination of information regarding charter schools. These schools are created by teachers, parents, and members of the community, and are exempt from certain local, State, and Federal regulations. Funds above \$200 million are used for the State Charter School Facilities Incentive Grant program, which provides funds to States to assist charter schools in obtaining facilities.

Credit enhancement for charter school facilities.—Funds support competitive grants to State and local governments, nonprofit entities, and public and nonprofit consortia, to assist charter schools in acquiring, leasing, and renovating school facilities.

Voluntary public school choice.—Funds support competitive grants to State educational agencies and local educational agencies to implement programs that provide students, particularly students who attend low-performing schools, with expanded public school choice options.

Magnet schools assistance.—Funds support competitive grants to local educational agencies to establish and operate magnet school programs that are part of an approved desegregation plan.

American competitiveness initiative proposals:

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

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

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

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

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

FIE programs of national significance.—Funds support nationally significant projects to improve the quality of elementary and secondary education in order to help all children meet challenging State content and student achievement standards.

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

Object Classification (in millions of dollars)

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

OFFICE OF SAFE AND DRUG-FREE SCHOOLS

Federal Funds

General and special funds:

SAFE SCHOOLS AND CITIZENSHIP EDUCATION

For carrying out activities authorized by [subpart 3 of part C of title II,] part A of title IV[,] and subparts [2,] 3 and 10 of part D of title V of the Elementary and Secondary Education Act of 1965 ("ESEA"), [\$736,886,000, of which \$350,000,000 shall become available on July 1, 2006 and remain available through September 30, 2007: *Provided*, That of the amount available for subpart 2 of part A of title IV of the ESEA, \$850,000 shall be used to continue the National Recognition Awards program under the same guidelines outlined by section 120(f) of Public Law 105-244] \$266,627,000: *Provided* [further], That [\$350,000,000 shall be available for subpart 1 of part A of title IV and \$224,580,000] \$215,992,000 shall be available for subpart 2 of part A of title IV, of which [not less than \$1,449,000] \$5,000,000, to remain available until expended, shall be for the Project School Emergency Response to Violence program to provide education-related services to local educational agencies in which the learning environment has been disrupted due to a violent or traumatic crisis: *Provided further*, That [\$132,901,000] \$50,635,000 shall be available to carry out part D of title V of the ESEA]: *Provided further*, That of the funds available to carry out subpart 3 of part C of title II, up to \$12,194,000 may be used to carry out section 2345 and \$3,025,000 shall be used by the Center for Civic Education to implement a comprehensive program to improve public knowledge, understanding, and support of the Congress and the State legislatures]. (*Department of Education Appropriations Act, 2006.*)

Program and Financing (in millions of dollars)

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

General and special funds—Continued

SAFE SCHOOLS AND CITIZENSHIP EDUCATION—Continued

Program and Financing (in millions of dollars)—Continued

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

Safe and drug-free schools and communities:

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

Other national programs.—Funds support the drug testing initiative and other national activities to prevent violence and the illegal use of drugs among, and to promote safety and discipline for, students.

Character education.—Funds provide grants to support the design and implementation of character education programs in the Nation's elementary and secondary schools.

Physical education program.—Funds provide grants to local educational agencies and community-based organizations to initiate, expand, or improve physical education programs for students.

Object Classification (in millions of dollars)

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

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

OFFICE OF ENGLISH LANGUAGE ACQUISITION

Federal Funds

General and special funds:

ENGLISH LANGUAGE ACQUISITION

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

Program and Financing (in millions of dollars)

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

Language acquisition State grants.—This program provides formula grants to States to improve services for limited English proficient and immigrant students. States are accountable for demonstrating that limited English proficient students are learning English and meeting the same high State standards as all other students. The statute also authorizes national activities including professional development and evaluation, and requires funding for a national information clearinghouse on English language acquisition.

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

OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES

Federal Funds

General and special funds:

SPECIAL EDUCATION

For carrying out the Individuals with Disabilities Education Act, **[\$11,770,607,000]** \$11,697,502,000, of which **[\$6,141,604,000]** \$5,284,912,000 shall become available on July 1, **[2006]** 2007, and shall remain available through September 30, **[2007]** 2008, and of which **[\$5,424,200,000]** \$6,215,200,000 shall become available on October 1, **[2006]** 2007, and shall remain available through September 30, **[2007]** 2008, for academic year **[2006-2007]** 2007-2008: *Provided,* **[That \$12,000,000 shall be for Recording for the Blind and Dyslexic, Inc., to support the development, production, and circulation of recorded educational materials: *Provided further,* That \$1,500,000 shall be for the recipient of funds provided by Public Law 105-78 under section 687(b)(2)(G) of the Act (as in effect prior to the enactment of the Individuals with Disabilities Education Improvement Act of 2004) to provide information on diagnosis, intervention, and teaching strategies for children with disabilities: *Provided further,* That the amount for section 611(b)(2) of the Act shall be equal to the lesser of the amount available for that activity during fiscal year **[2005]** 2006, increased by the amount of inflation as specified in section 619(d)(2)(B) of the Act or the percentage increase in the funds appropriated under section 611(i) of the Act. (Department of Education Appropriations Act, 2006.)**

Program and Financing (in millions of dollars)

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

Change in obligated balances:				
72.40	Obligated balance, start of year	8,794	9,534	10,482
73.10	Total new obligations	11,696	11,658	10,956
73.20	Total outlays (gross)	-10,939	-10,710	-11,523
73.40	Adjustments in expired accounts (net)	-17		
74.40	Obligated balance, end of year	9,534	10,482	9,915
Outlays (gross), detail:				
86.90	Outlays from new discretionary authority	3,016	3,749	3,756
86.93	Outlays from discretionary balances	7,923	6,961	7,767
87.00	Total outlays (gross)	10,939	10,710	11,523
Net budget authority and outlays:				
89.00	Budget authority	11,674	11,641	10,906
90.00	Outlays	10,940	10,710	11,523

SUMMARY OF GRANTS TO STATES PROGRAM LEVEL

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

State Grants:

Grants to States.—Formula grants are provided to States to assist them in providing special education and related services to children with disabilities ages 3 through 21.

Preschool grants.—Formula grants provide additional funds to States to further assist them in providing special education and related services to children with disabilities ages 3 through 5 served under the Grants to States program.

The goal of both of these programs is to improve results for children with disabilities by assisting State and local educational agencies to provide children with disabilities with access to high quality education that will help them meet challenging standards and prepare them for employment and independent living.

Grants for infants and families.—Formula grants are provided to assist States to implement statewide systems of coordinated, comprehensive, multi-disciplinary interagency programs to provide early intervention services to children with disabilities, birth through age 2, and their families.

The goal of this program is to help States provide a comprehensive system of early intervention services that will enhance child and family outcomes.

National activities.—These activities include personnel preparation, technical assistance, and other activities to support State efforts to improve results for children with disabilities under the State Grants programs.

The goal of National Activities is to link States, school systems, and families to best practices to improve results for infants, toddlers, and children with disabilities. The request includes funds for a new Transition Initiative to help States use data and research-based practices to improve post-school outcomes.

Performance data related to program goals include:

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

General and special funds—Continued

SPECIAL EDUCATION—Continued

Object Classification (in millions of dollars)

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

REHABILITATION SERVICES AND DISABILITY RESEARCH

For carrying out, to the extent not otherwise provided, the Rehabilitation Act of 1973, the Assistive Technology Act of 1998 [“the AT Act”], and the Helen Keller National Center Act, [“\$3,129,638,000,” \$3,180,414,000. [of which \$1,000,000 shall be awarded to the American Academy of Orthotists and Prosthetists for activities that further the purposes of the grant received by the Academy for the period beginning October 1, 2003, including activities to meet the demand for orthotic and prosthetic provider services and improve patient care: *Provided*, That \$30,760,000 shall be used for carrying out the AT Act, including \$4,385,000 for State grants for protection and advocacy under section 5 of the AT Act and \$3,760,000 shall be for alternative financing programs under section 4(b)(2)(D) of the AT Act: *Provided further*, That the Federal share of grants for alternative financing programs shall not exceed 75 percent, and the requirements in section 301(c)(2) and section 302 of the AT Act (as in effect on the day before the date of enactment of the Assistive Technology Act of 2004) shall not apply to such grants.] (*Department of Education Appropriations Act, 2006.*)

Program and Financing (in millions of dollars)

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

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

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

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

The 2007 Budget reflects a multi-year Administration effort to reform job training programs, target resources to programs with documented effectiveness, and eliminate funding for duplicative and overlapping programs. Consistent with this crosscutting reform, the budget eliminates funding for three programs (Supported Employment State Grants, Projects with Industry, and the Migrant and Seasonal Farmworkers program). The services provided by these programs can be provided by the larger Vocational Rehabilitation State Grants program.

Client assistance State grants.—Formula grants are made to States to provide assistance in informing and advising clients and applicants of benefits available under the Rehabilitation Act and, if requested, to pursue legal or administrative remedies to ensure the protection of the rights of individuals with disabilities.

Training.—Grants are made to States and public or non-profit agencies and organizations, including institutions of

higher education, to increase the number of skilled personnel available for employment in the field of rehabilitation and to upgrade the skills of those already employed.

Demonstration and training programs.—Grants are made for programs that expand and improve the provision of rehabilitation services or that further the purposes of the Rehabilitation Act.

Protection and advocacy of individual rights.—Formula grants are made to State protection and advocacy systems to protect the legal and human rights of individuals with disabilities.

Independent living.—Grants are awarded to States and non-profit agencies to assist individuals with significant disabilities in their achievement of self-determined independent living goals. Grants are also awarded to provide support services to older blind individuals to increase their ability to care for their own needs.

Program improvement.—Funds are used to promote broad-based planning and coordination, improve accountability, and enhance the Department's ability to address critical areas of national significance in achieving the goals of the Rehabilitation Act. Examples of program improvement activities include technical assistance, dissemination, and performance measurement activities.

Evaluation.—Studies are conducted to evaluate the impact and effectiveness of various programs authorized under the Rehabilitation Act.

Helen Keller National Center for Deaf-Blind Youths and Adults.—The Center provides services to deaf-blind youths and adults and provides training and technical assistance to professional and allied personnel at its national headquarters center and through its regional representatives and affiliate agencies.

National Institute on Disability and Rehabilitation Research.—The Institute carries out a comprehensive and coordinated program of rehabilitation research and related activities. Through grants and contracts, it supports the conduct and dissemination of research and development aimed at improving the lives of individuals with disabilities. The Institute also promotes the development and utilization of new technologies to assist these individuals in achieving greater independence and integration into society.

Assistive technology.—Formula grants are made to States to implement comprehensive Statewide programs designed to maximize the ability of individuals with disabilities of all ages to obtain assistive technology. States conduct activities that include alternative financing programs, device reutilization programs, device loan programs, and device demonstrations.

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

SPECIAL INSTITUTIONS FOR PERSONS WITH DISABILITIES

AMERICAN PRINTING HOUSE FOR THE BLIND

For carrying out the Act of March 3, 1879, as amended (20 U.S.C. 101 et seq.), **[\$17,750,000]** \$17,573,000. (Department of Education Appropriations Act, 2006.)

Program and Financing (in millions of dollars)

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

The Federal appropriation supports the production of free educational materials for students below the college level who are blind, research related to developing and improving products, and advisory services to consumer organizations on the availability and use of materials. In 2005, the portion of the Federal appropriation allocated to educational materials represented approximately 64 percent of the Printing House's total sales. The full appropriation represented approximately 74 percent of the Printing House's total budget.

NATIONAL TECHNICAL INSTITUTE FOR THE DEAF

For the National Technical Institute for the Deaf under titles I and II of the Education of the Deaf Act of 1986 (20 U.S.C. 4301 et seq.), **[\$56,708,000,]** \$55,349,000 [of which \$800,000 shall be for construction and shall remain available until expended]: *Provided*, That from the total amount available, the Institute may at its discretion use funds for the endowment program as authorized under section 207. (Department of Education Appropriations Act, 2006.)

Program and Financing (in millions of dollars)

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

General and special funds—Continued

NATIONAL TECHNICAL INSTITUTE FOR THE DEAF—Continued

Program and Financing (in millions of dollars)—Continued

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

This residential program provides postsecondary technical and professional education for people who are deaf to prepare them for employment, provides training, and conducts applied research into employment-related aspects of deafness. In 2005, Federal appropriations represented 81 percent of the Institute's operating budget. The request includes funds for the Endowment Grant program.

GALLAUDET UNIVERSITY

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

Program and Financing (in millions of dollars)

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

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

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

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

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

Object Classification (in millions of dollars)

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

OFFICE OF VOCATIONAL AND ADULT EDUCATION

Federal Funds

General and special funds:

VOCATIONAL AND ADULT EDUCATION

For carrying out, to the extent not otherwise provided, [the Carl D. Perkins Vocational and Technical Education Act of 1998,] the Adult Education and Family Literacy Act, [title VIII-D of the Higher Education Amendments of 1998, and subpart 4 of part D of title V of the Elementary and Secondary Education Act of 1965 ("ESEA"), \$2,012,282,000, of] \$579,552,000, which [\$1,216,558,000] shall become available on July 1, [2006] 2007 and shall remain available through September 30, [2007 and of which \$791,000,000 shall become available on October 1, 2006 and shall remain available through September 30, 2007] 2008: Provided, That of the amount provided for Adult Education State Grants, [\$68,582,000] \$67,896,000 shall be made available for integrated English literacy and civics education services to immigrants and other limited English proficient populations: Provided further, That of the amount reserved for integrated English literacy and civics education, notwithstanding section 211 of the Adult Education and Family Literacy Act, 65 percent shall be allocated to States based on a State's absolute need as determined by calculating each State's share of a 10-year average of the Immigration and Naturalization Service data for immigrants admitted for legal permanent residence for the 10 most recent years, and 35 percent allocated to States that experienced growth as measured by the average of the 3 most recent years for which Immigration and Naturalization Service data for immigrants admitted for legal permanent residence are available, except that no State shall be allocated an amount less than \$60,000: Provided further, That of the amounts made available for the Adult Education and Family Literacy Act, [\$9,096,000] \$9,005,000 shall be for national leadership activities under section 243 and [\$6,638,000] \$6,572,000 shall be for the National Institute for Literacy under section 242: Provided further, That \$94,476,000 shall be available to support the activities authorized under subpart 4 of part D of title V of the Elementary and Secondary Education Act of 1965, of which up to 5 percent shall become available October 1, 2005 and shall remain available through

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

Program and Financing (in millions of dollars)

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

Vocational education:

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

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

Adult education:

State programs.—Funds support formula grants to States to help eliminate functional illiteracy among the Nation's adults, to assist adults in obtaining a high school diploma or its equivalent, and to promote family literacy. A portion of the funds is reserved for formula grants to States to provide English literacy and civics education for immigrants and other limited English proficient adults.

National Institute for Literacy.—Funds support the Institute's national leadership activities to improve and expand the Nation's system for delivery of literacy services.

National leadership activities.—Funds support discretionary activities to evaluate the effectiveness of Federal, State, and local adult education programs, and to test and demonstrate methods of improving program quality.

Object Classification (in millions of dollars)

Identification code 91-0400-0-1-501	2005 actual	2006 est.	2007 est.	
11.3	Personnel compensation: Other than full-time permanent	1	1	1
25.1	Advisory and assistance services	1		
25.2	Other services	5	19	25
25.3	Other purchases of goods and services from Government accounts	2	1	
25.5	Research and development contracts	15	2	
25.7	Operation and maintenance of equipment			1
41.0	Grants, subsidies, and contributions	2,066	1,975	1,442
99.0	Direct obligations	2,090	1,998	1,469
99.5	Below reporting threshold	1	2	3
99.9	Total new obligations	2,091	2,000	1,472

Personnel Summary

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

OFFICE OF POSTSECONDARY EDUCATION

Federal Funds

General and special funds:

HIGHER EDUCATION

For carrying out, to the extent not otherwise provided, titles [II, III, IV, V, VI, and VII of the Higher Education Act of 1965 ("HEA"), as amended, [section 1543 of the Higher Education Amendments of 1992,] the Mutual Educational and Cultural Exchange Act of 1961, [title VIII of the Higher Education Amendments of 1998,] and section 117 of the Carl D. Perkins Vocational and Technical Education Act, [\$1,970,760,000] \$1,108,711,000: *Provided*, That [\$9,797,000] \$9,699,000, to remain available through September 30, [2007] 2008, shall be available to fund fellowships for academic year [2007-2008] 2008-2009 under part A, subpart 1 of title VII of [said Act] the HEA, under the terms and conditions of part A, subpart 1: *Provided further*, That notwithstanding any other provision of law or any regulation, the Secretary of Education shall not require the use of a restricted indirect cost rate for grants issued pursuant to section 117 of the Carl D. Perkins Vocational and Technical Education Act of 1998: *Provided further*, That [\$980,000] \$970,000 is for data collection and evaluation activities for programs under the HEA, including such activities needed to comply with the Government Performance and Results Act of 1993: *Provided further*, That notwithstanding any other provision of law, funds made available in this Act to carry out title VI of the HEA and section 102(b)(6) of the Mutual Edu-

General and special funds—Continued

HIGHER EDUCATION—Continued

cational and Cultural Exchange Act of 1961 may be used to support visits and study in foreign countries by individuals who are participating in advanced foreign language training and international studies in areas that are vital to United States national security and who plan to apply their language skills and knowledge of these countries in the fields of government, the professions, or international development: *Provided further*, That of the funds referred to in the preceding proviso up to 1 percent may be used for program evaluation, national outreach, and information dissemination activities: *Provided further*, That [the funds provided for title II of the HEA shall be allocated notwithstanding section 210 of such Act] \$24,000,000 shall be for grants to institutions of higher education, in partnership with local educational agencies, to establish instructional programs at all educational levels in languages critical to U.S. national security. (Department of Education Appropriations Act, 2006.)

Program and Financing (in millions of dollars)

Identification code 91-0201-0-1-502	2005 actual	2006 est.	2007 est.
Obligations by program activity:			
Aid for institutional development:			
00.01 Strengthening institutions	80	79	79
00.02 Strengthening tribally controlled colleges and universities	24	24	24
00.03 Strengthening Alaska Native and Native Hawaiian-serving institutions	12	12	9
00.04 Strengthening historically black colleges and universities	239	238	238
00.05 Strengthening historically black graduate institutions	58	58	58
00.06 Minority science and engineering improvement	9	9	9
00.91 Subtotal, aid for institutional development	422	420	417
Other aid for institutions:			
01.01 Developing Hispanic-serving institutions	95	95	95
01.02 International education and foreign language studies	107	106	107
01.03 Fund for the Improvement of Postsecondary Education	162	22	22
01.04 Demonstration projects to ensure quality higher education for students with disabilities	7	7	
01.05 Interest subsidy grants	1	1	1
01.06 Tribally controlled postsecondary vocational and technical institutions	7	7	7
01.91 Subtotal, other aid for institutions	379	238	232
Assistance for students:			
02.01 Federal TRIO programs	837	828	380
02.02 Gaining early awareness and readiness for undergraduate programs (GEAR UP)	306	303	
02.03 Byrd honors scholarships	41	41	
02.04 Javits fellowships	10	10	10
02.05 Graduate assistance in areas of national need	30	30	30
02.06 Thurgood Marshall legal educational opportunity	3	3	
02.07 B.J. Stupak Olympic scholarships	1	1	
02.08 Child care access means parents in school	16	16	16
02.91 Subtotal, assistance for students	1,244	1,232	436
03.01 Teacher quality enhancement	68	60	
04.01 GPRR data/HEA program evaluation	1	1	1
05.01 Underground railroad program	2	2	
06.01 Advancing America through foreign language partnerships			24
10.00 Total new obligations	2,116	1,953	1,110
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	18	19	17
22.00 New budget authority (gross)	2,117	1,951	1,109
23.90 Total budgetary resources available for obligation	2,135	1,970	1,126
23.95 Total new obligations	-2,116	-1,953	-1,110
24.40 Unobligated balance carried forward, end of year	19	17	16
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	2,134	1,971	1,109
40.33 Appropriation permanently reduced (P.L. 109-148)		-20	
40.35 Appropriation permanently reduced	-17		

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

Aid for institutional development:

Strengthening institutions.—Funds support planning and development grants for improving academic programs and financial management at schools that enroll high proportions of disadvantaged students and have low per-student expenditures.

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

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

Strengthening historically black colleges and universities.—Funds support grants to help historically black undergraduate institutions to improve and expand their capacity to serve students, and to strengthen management and fiscal operations.

Strengthening historically black graduate institutions.—Funds support grants to help historically black graduate institutions to improve and expand their capacity to serve students, and to strengthen management and fiscal operations.

Minority science and engineering improvement.—Funds support grants to predominantly minority institutions to help them make long-range improvements in science and engineering education and to increase the participation of minorities in scientific and technological careers.

Other aid for institutions:

Developing Hispanic-serving institutions.—Funds support Hispanic-serving institutions to enable them to improve and expand their capacity to serve students.

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

Fund for the improvement of postsecondary education.—Funds support a broad range of postsecondary reform and improvement projects, as well as international consortia programs.

Interest subsidy grants.—Balances from prior year appropriations meet mandatory interest subsidy costs of construction loan commitments made prior to 1974.

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

Assistance for students:

Federal TRIO programs.—Funds support postsecondary education outreach and support services to help disadvan-

taged adults enter and complete college and graduate studies.

Javits fellowships.—Funds support fellowships to students of superior ability who have financial need and who are pursuing doctoral degrees in the arts, humanities, and social sciences.

Graduate assistance in areas of national need.—Funds support fellowships to graduate students of superior ability who have financial need and who are from traditionally under-represented backgrounds for study in areas of national need.

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

Other aid:

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

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

Object Classification (in millions of dollars)

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

HOWARD UNIVERSITY

For partial support of Howard University (20 U.S.C. 121 et seq.), **[\$239,790,000]** \$237,392,000, of which not less than **[\$3,562,000]** \$3,600,000 shall be for a matching endowment grant pursuant to the Howard University Endowment Act (Public Law 98-480) and shall remain available until expended. (Department of Education Appropriations Act, 2006.)

Program and Financing (in millions of dollars)

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

Change in obligated balances:			
72.40 Obligated balance, start of year			10
73.10 Total new obligations	235	240	237
73.20 Total outlays (gross)	-235	-230	-238
74.40 Obligated balance, end of year		10	9

Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	235	223	223
86.93 Outlays from discretionary balances		7	15
87.00 Total outlays (gross)	235	230	238

Net budget authority and outlays:			
89.00 Budget authority	239	237	237
90.00 Outlays	235	230	238

Howard University is a private, nonprofit educational institution consisting of 12 schools and colleges. Federal funds are used to provide partial support for university programs as well as for the teaching hospital facilities. In 2005, Federal funding represented approximately 52 percent of the university's revenue.

Credit accounts:

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS PROGRAM ACCOUNT

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

HISTORICALLY BLACK COLLEGE AND UNIVERSITY CAPITAL FINANCING PROGRAM ACCOUNT

The aggregate principal amount of outstanding bonds insured pursuant to section 344 of title III, part D of the Higher Education Act of 1965, shall not exceed \$357,000,000, and the cost, as defined in section 502 of the Congressional Budget Act of 1974, of such bonds shall not exceed zero.

For administrative expenses to carry out the Historically Black College and University Capital Financing Program entered into pursuant to title III, part D of the Higher Education Act of 1965, as amended, **[\$210,000]** \$190,000. (Department of Education Appropriations Act, 2006.)

Program and Financing (in millions of dollars)

Identification code 91-0241-0-1-502	2005 actual	2006 est.	2007 est.
Obligations by program activity:			
00.09 Federal administration	1	1	1
10.00 Total new obligations (object class 99.5)	1	1	1
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	1	1	1
23.95 Total new obligations	-1	-1	-1
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	1	1	1
Change in obligated balances:			
72.40 Obligated balance, start of year	1		
73.10 Total new obligations	1	1	1
73.20 Total outlays (gross)	-1	-1	-1
74.40 Obligated balance, end of year			
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	1	1	1
Net budget authority and outlays:			
89.00 Budget authority	1	1	1
90.00 Outlays	1	1	1

Credit accounts—Continued

HISTORICALLY BLACK COLLEGE AND UNIVERSITY CAPITAL FINANCING PROGRAM ACCOUNT—Continued

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

Identification code 91-0241-0-1-502	2005 actual	2006 est.	2007 est.
Direct loan levels supportable by subsidy budget authority:			
115001 Historically Black Colleges and Universities	39	56	56
115901 Total direct loan levels	39	56	56
Direct loan subsidy (in percent):			
132001 Historically Black Colleges and Universities	0.00	0.00	0.00
Direct loan subsidy budget authority:			
133001 Historically Black Colleges and Universities			
133901 Total subsidy budget authority			
Direct loan subsidy outlays:			
134001 Historically Black Colleges and Universities			
134901 Total subsidy outlays			
Administrative expense data:			
351001 Budget authority	1	1	1
359001 Outlays from new authority	1	1	1

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

College Housing and Academic Facilities Loans Program.—Funds for this activity pay the Federal costs for administering the College Housing and Academic Facilities Loans (CHAFL), College Housing Loans (CHL), and Higher Education Facilities Loans (HEFL) programs. Prior to 1994, these programs provided financing for the construction, reconstruction, and renovation of housing, academic, and other educational facilities. Although no new loans have been awarded since fiscal year 1993, costs for administering the outstanding loans will remain through 2030.

Historically Black College and University Capital Financing Program.—The Historically Black College and University (HBCU) Capital Financing Program provides HBCUs with access to capital financing for the repair, renovation, and construction of classrooms, libraries, laboratories, dormitories, instructional equipment, and research instrumentation. The Higher Education Amendments of 1992 granted the Department authority to enter into insurance agreements with a private for-profit Designated Bonding Authority to guarantee no more than \$375,000,000 in outstanding principal and unpaid accrued interest combined. The bonding authority issues the loans and maintains an escrow account in which 5 percent of each institution's principal is deposited. Since this amount is intended to be sufficient to cover all potential delinquencies and defaults, no subsidy appropriations have been required. The 2007 Budget provides funds for continuing Federal administrative activities only.

Personnel Summary

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

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS FINANCING ACCOUNT

Program and Financing (in millions of dollars)

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

Status of Direct Loans (in millions of dollars)

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

As required by the Federal Credit Reform Act of 1990, this non-budgetary account records all cash flows to and from the Government resulting from direct loans obligated in fiscal years 1992 and 1993. The amounts in this account are a means of financing and are not included in the budget totals.

Balance Sheet (in millions of dollars)

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

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS LIQUIDATING
ACCOUNT

Program and Financing (in millions of dollars)

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

Status of Direct Loans (in millions of dollars)

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

As required by the Federal Credit Reform Act of 1990, the College Housing and Academic Facilities Loans Liquidating Account records all cash flows to and from the Government resulting from direct loans obligated prior to 1992. This account includes loans made under the College Housing and Academic Facilities Loans, College Housing Loans, and Higher Education Facilities Loans programs, which continue to be administered separately.

Balance Sheet (in millions of dollars)

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

HISTORICALLY BLACK COLLEGE AND UNIVERSITY CAPITAL FINANCING
DIRECT LOAN FINANCING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 91-4255-0-3-502	2005 actual	2006 est.	2007 est.
Obligations by program activity:			
00.01 Direct Loan Awards	39	56	56
00.02 Interest paid to Treasury	6	8	8
10.00 Total new obligations	45	64	64
Budgetary resources available for obligation:			
22.00 New financing authority (gross)	45	64	64
23.95 Total new obligations	-45	-64	-64
New financing authority (gross), detail:			
Mandatory:			
67.10 Authority to borrow	39	56	56
Spending authority from offsetting collections:			
69.00 Offsetting collections (cash)	9	12	12
69.47 Portion applied to repay debt	-3	-4	-4
69.90 Spending authority from offsetting collections (total mandatory)	6	8	8
70.00 Total new financing authority (gross)	45	64	64
Change in obligated balances:			
72.40 Obligated balance, start of year	10	38	39
73.10 Total new obligations	45	64	64
73.20 Total financing disbursements (gross)	-17	-63	-50
74.40 Obligated balance, end of year	38	39	53
87.00 Total financing disbursements (gross)	17	63	50
Offsets:			
Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
88.40 Interest repayments	-6	-8	-8
88.40 Principal repayments	-3	-4	-4
88.90 Total, offsetting collections (cash)	-9	-12	-12
Net financing authority and financing disbursements:			
89.00 Financing authority	36	52	52
90.00 Financing disbursements	8	51	38

Status of Direct Loans (in millions of dollars)

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

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

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

As required by the Federal Credit Reform Act of 1990, this non-budgetary account records all cash flows to and from the Government resulting from direct loans obligated in fiscal year 1996 and beyond. The Federal Financing Bank (FFB) purchases bonds issued by the HBCU Designated Bonding Authority. Under the policies governing Federal credit programs, bonds purchased by the FFB and supported by the Department of Education with a letter of credit create the equivalent of a Federal direct loan. HBCU bonds are also available for purchase by the private sector, and these will be treated as loan guarantees. However, the Department anticipates that all HBCU loans will be financed by the FFB. The amounts in this account are a means of financing and are not included in the budget totals.

Balance Sheet (in millions of dollars)

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

OFFICE OF FEDERAL STUDENT AID**Federal Funds****General and special funds:****STUDENT FINANCIAL ASSISTANCE**

For carrying out subparts 1, 3, and 4 of part A, part C and part E of title IV of the Higher Education Act of 1965, as amended, **[\$15,077,752,000] \$14,490,057,000**, which shall remain available through September 30, **[2007] 2008**.

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

Program and Financing (in millions of dollars)

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

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

New budget authority (gross), detail:

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

Change in obligated balances:

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

Outlays (gross), detail:

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

Net budget authority and outlays:

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

Status of Direct Loans (in millions of dollars)

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

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

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

Federal Pell Grants.—Pell Grants are the single largest source of grant aid for postsecondary education. In 2006, more than 5 million undergraduates will receive up to \$4,050 to help pay for postsecondary education. Undergraduate students establish eligibility for these grants under award and need determination rules set out in the authorizing statute and the annual appropriations act.

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

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

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

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

Federal Work-Study.—Federal funds are awarded by formula to qualifying institutions, which provide part-time jobs to eligible undergraduate and graduate students. Hourly earnings under this program must be at least equal to the Federal minimum wage. Federal funding in most cases pays 75 percent of a student’s hourly wages, with the remaining 25 percent paid by the employer. The Federal Work-Study program also requires participating institutions to use at least 7 percent of the total funds granted to compensate students employed in community service jobs.

Perkins Loan Program.—Institutions award low-interest loans from Federal revolving funds held at institutions, which are comprised of Federal Capital Contributions, institutional matching funds, and student repayments on outstanding loans.

Perkins Loan Program.—The Department of Education reimburses Federal revolving funds held at institutions for cancelled Perkins loans. Under the Higher Education Act, borrowers are eligible to have some or all of their Perkins loan repayment obligation cancelled if they enter certain fields of public service after graduation. Perkins loan balances are also cancelled in the event of a borrower’s death, or total and permanent disability. In general, the revolving funds are reimbursed for 100 percent of the principal and accrued interest of the loan cancelled.

Funding Tables.—The following tables display student aid funds available, the number of aid awards, average awards, and the unduplicated count of recipients from any Federal student aid program. The tables include aid from programs in the Student Financial Assistance account, as well as aid from the Academic Competitiveness Grant, Federal Family Education Loan, and William D. Ford Direct Student Loan programs. Loan amounts reflect the capital actually loaned, not the Federal cost of these loans. The data in these tables include the effects of matching funds wherever appropriate. The 2007 data in these tables reflect the Administration’s legislative proposals.

AID FUNDS AVAILABLE FOR POSTSECONDARY EDUCATION AND TRAINING

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

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

NUMBER OF AID AWARDS

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

AVERAGE AID AWARDS

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

NUMBER OF STUDENTS AIDED

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

ADMINISTRATIVE PAYMENTS TO INSTITUTIONS

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

ACADEMIC COMPETITIVENESS/SMART GRANT PROGRAM

Program and Financing (in millions of dollars)

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

General and special funds—Continued**ACADEMIC COMPETITIVENESS/SMART GRANT PROGRAM—Continued****Program and Financing (in millions of dollars)—Continued**

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

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

PERKINS LOAN ASSETS

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

Program and Financing (in millions of dollars)

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

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

STUDENT AID ADMINISTRATION

For Federal administrative expenses [(in addition to funds made available under section 458),] to carry out part D of title I, and subparts 1, 3, and 4 of part A, and parts B, C, D and E of title IV of the Higher Education Act of 1965, as amended, [[\$120,000,000]] \$733,720,000. (Department of Education Appropriations Act, 2006.)

Program and Financing (in millions of dollars)

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

The Department of Education manages Federal student aid programs that will provide over \$110 billion in Federal student aid grants and loans to 10.2 million students and parents in 2007. Primary responsibility for administering these programs lies with the Office of Postsecondary Education and the performance-based Office of Federal Student Aid (FSA). FSA was created by Congress in 1998 with a mandate to improve service to students and other student aid program participants, reduce student aid administration costs, and improve accountability and program integrity.

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

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

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

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

Personnel Summary

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

Public enterprise funds:

FEDERAL STUDENT LOAN RESERVE FUND

Program and Financing (in millions of dollars)

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

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

The Higher Education Amendments of 1998 clarified that reserve funds held by public and non-profit guaranty agencies participating in the Federal Family Education Loan (FFEL) program are Federal property. These reserves are used to pay default claims from FFEL lenders and fees to support agency efforts to avert defaults. The Federal Government reimburses these reserves for default claim payments.

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

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

Balance Sheet (in millions of dollars)

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

Credit accounts:

FEDERAL DIRECT STUDENT LOAN PROGRAM PROGRAM ACCOUNT

Program and Financing (in millions of dollars)

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

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

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

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

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

The Federal Government operates two major student loan programs: the Federal Family Education Loan (FFEL) program and the William D. Ford Federal Direct Loan (Direct Loan) program. For 2007, the President is committed to improving the efficiency of both programs and allowing individual institutions to choose which of these two programs best meets their needs and the needs of their students.

This summary section outlines the structure of these two programs, highlights their differences and similarities, and provides text tables displaying program cost data; loan volume, subsidy, default, and interest rates; and other descriptive information. This section also discusses the impact of the Higher Education Reconciliation Act of 2005, which was awaiting final congressional action and enactment as the Budget was being prepared.

From its inception in 1965 through 2005, the FFEL program has provided over \$644 billion in loans to postsecondary students and their parents. Since July 1, 1994, the Direct Loan program has provided \$178 billion in new and consolidation loans to students and parents. Taken together, the FFEL and Direct Loan programs will make more than \$60 billion in new loans available in 2006. Because funding for these two programs is provided on a permanent indefinite basis, for budget purposes they are considered separately from other Federal student financial assistance programs. The FFEL and Direct Loan programs should be viewed in combination with these other programs, however, as part of the overall Federal effort to expand access to higher education.

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

The Direct Loan program was created by the Student Loan Reform Act of 1993. Under this program, the Federal Government provides loan funds to postsecondary institutions directly. The Direct Loan program began operation in academic year 1994-1995 with 7 percent of overall loan volume and is expected to account for 23 percent in academic year 2006-2007. All eligible institutions are free to participate in either the Direct Loan or FFEL program.

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

For most loans made prior to July 1, 2006, the borrower interest rate for new Stafford Loans equals the 91-day Treasury bill rate plus 1.7 percent during in-school, grace, and deferment periods, and the 91-day Treasury bill plus 2.3 percent at all other times, with a cap of 8.25 percent, adjusted annually. For loans made on or after July 1, 2006, the borrower interest rate is fixed at 6.8 percent. Interest payments for these loans are fully subsidized by the Government while a student is in school and during grace and deferment periods. Unsubsidized Stafford loans carry the same borrower interest rate as Stafford loans, but have no interest subsidy. For most PLUS loans made prior to July 1, 2006, the borrower interest rate equals the 91-day Treasury bill rate plus 3.1 percent, with a cap of 9 percent and no interest subsidy. The Higher Education Amendments of 2005 would increase the fixed borrower interest rate on PLUS loans made on or after July 1, 2006, from 7.9 percent to 8.5 percent.

In the FFEL program, lenders may receive an interest subsidy, called a special allowance, from the Government to ensure a guaranteed rate of return on their loans. Special allowance payments vary by loan type, are determined quarterly, and are based on current borrower interest rates and market-yield formulas. For new Stafford and Unsubsidized Stafford loans, for example, the Federal Government must pay lenders a special allowance if the average 3-month commercial paper rate for a given quarter plus 2.34 percent-or 1.74 percent during in-school, grace, or deferment periods-is higher than the current interest rate charged borrowers. Under the Higher Education Reconciliation Act of 2005, for periods when the borrower interest rate exceeds the special allowance rate on loans made on or after April 1, 2006, lenders would remit the difference to the government.

Loans funded with the proceeds of tax-exempt securities originally issued before October 1, 1993, receive substantially higher special allowance payments than are currently paid on other types of loans. The Taxpayer-Teacher Protection Act of 2004 temporarily limited the ability of loan holders to retain these higher benefits indefinitely by refinancing the underlying securities. The Higher Education Reconciliation Act of 2005 would make these limits permanent and also eliminate the practice of recycling tax-exempt securities for most loan holders.

Consolidation loans allow borrowers to combine loans made under Title IV of the Higher Education Act-FFEL, Direct Loans, and Perkins Loans as well as some loans made under the Public Health Service Act. The interest rate for new FFEL and Direct Consolidation loans equals the weighted average of the interest rate on the loans consolidated, rounded up to the nearest one-eighth of one percent. Lenders may choose to offer a lower rate. Interest rates for all new FFEL and Direct Consolidation Loans are capped at 8.25 percent. The Higher Education Reconciliation Act of 2005 would eliminate the practice of in-school loan consolidation and revise the circumstances under which a FFEL borrower could obtain a Direct Consolidation Loan.

FFEL borrowers pay an origination fee to the Government equal to 3 percent of principal, and are also liable for a guaranty agency insurance premium of up to 1 percent of principal. Guaranty agencies have the option of waiving this premium and FFEL lenders have the option of paying some or all of a borrower's origination fee for Stafford Loan borrowers. Direct Loan borrowers are charged an origination fee equal to 3 percent of principal. The Higher Education Reconciliation Act of 2005 includes phased reductions that would eliminate FFEL origination fees by July 1, 2010, and lower Direct Loan fees to 1 percent by the same date; the Act would also require guaranty agencies to collect the insurance premium. Borrowers in both programs may be offered financial incentives to encourage prompt repayment.

Loan limits are also identical across the two programs. The Higher Education Reconciliation Act of 2005 would increase annual loan limits for first-year, second-year, and graduate and professional students. Loans made under both programs are discharged when borrowers die, are totally and permanently disabled, or, under some circumstances, declare bankruptcy.

Under both programs, new borrowers after October 1, 1998, who are employed as teachers in schools serving low-income populations for five consecutive, complete school years, qualify for up to \$5,000 in loan forgiveness. The Taxpayer-Teacher Protection Act of 2004 temporarily extended this benefit to \$17,500 for mathematics, science, and special education teachers considered highly qualified under criteria established in the No Child Left Behind Act of 2001. The Higher Education Reconciliation Act of 2005 would make these extended benefits permanent.

Borrowers under Direct Loans may choose from among five repayment plans including income-contingent repayment ("pay-as-you-can"), under which annual repayment amounts vary based on the income of the borrower and the amount borrowed, and payments can be made over 25 years. Borrowers may switch between repayment plans at any time. (Income-contingent repayment is not available to Direct PLUS borrowers).

FFEL borrowers may choose from among four repayment plans. Repayment periods under standard, graduated, and income-sensitive repayment may not exceed 10 years. An extended repayment plan of up to 25 years is available for new borrowers with outstanding loans totalling more than \$30,000. FFEL borrowers may change repayment plans annually.

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

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

The Act would also revise a current provision under which student aid applicants who have been convicted of a drug-related offense are ineligible for Federal student aid. Under this change, only students who commit a drug-related offense while enrolled in higher education would lose eligibility; incoming students, who are currently subject to the provision, would be exempted.

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

The following tables display performance indicators and program data; including projected overall Direct Loan and FFEL costs; loan volume, number of loans, and average loan amount; descriptive data, and program activity assuming passage of the Higher Education Reconciliation Act of 2005 and the President's budget and legislative request.

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

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

(in thousands of dollars)

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

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

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

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

(in thousands)

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

Average Loan Size (in whole dollars)

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

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

Summary of Subsidy, Default and Interest Rates

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

¹ Subsidy rates represent the Federal portion of non-administrative costs—principally interest subsidies and defaults—associated with each borrowed dollar. For example, a \$1,000 loan with Federal subsidy costs of \$100 would have a subsidy rate of 10 percent.² Default rates displayed in this table, which reflect projected defaults over the life of a loan cohort, are used in developing program cost estimates. The Department uses other rates based on defaults occurring in the first two years of repayment to determine institutional eligibility to participate in Federal loan programs. These two-year rates tend to be lower than those included in this table.³ These represent average borrower interest rates during repayment for a typical borrower under standard repayment over the life of the loan.

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

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

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

these programs comparable with each other and other federal programs.

Selected Program Costs and Offsets

(in thousands of dollars)

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

Details may not sum to total due to rounding.

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

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

(expressed as percentages)

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

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

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

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

Loan Disbursement and Subsidy Costs

Total Subsidy Costs—1992–2006

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

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

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

Object Classification (in millions of dollars)

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

Credit accounts—Continued

FEDERAL DIRECT STUDENT LOAN PROGRAM PROGRAM ACCOUNT—Continued

Program and Financing (in millions of dollars)

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

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

Status of Direct Loans (in millions of dollars)

Identification code 91-4253-0-3-502	2005 actual	2006 est.	2007 est.
STAFFORD			
Position with respect to appropriations act limitation on obligations:			
1111 Limitation on direct loans .....	.....	.....	.....
1131 Direct loan obligations exempt from limitation	6,482	6,727	7,234
1150 Total direct loan obligations	6,482	6,727	7,234
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	27,458	24,928	25,578
1231 Disbursements: Direct loan disbursements	5,616	6,002	6,334
1251 Repayments: Repayments and prepayments	-8,296	-5,283	-3,029
1261 Adjustments: Capitalized interest	283	.....	.....
1264 Write-offs for default: Other adjustments, net	-133	-69	-73
1290 Outstanding, end of year	24,928	25,578	28,810
UNSUBSIDIZED STAFFORD			
Position with respect to appropriations act limitation on obligations:			
1111 Limitation on direct loans .....	.....	.....	.....
1131 Direct loan obligations exempt from limitation	5,450	5,977	6,574
1150 Total direct loan obligations	5,450	5,977	6,574
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	19,554	17,829	18,978
1231 Disbursements: Direct loan disbursements	4,615	5,117	5,551
1251 Repayments: Repayments and prepayments	-6,739	-4,333	-2,579
1261 Adjustments: Capitalized interest	494	427	569
1264 Write-offs for default: Other adjustments, net	-95	-62	-67
1290 Outstanding, end of year	17,829	18,978	22,452
PLUS			
Position with respect to appropriations act limitation on obligations:			
1111 Limitation on direct loans .....	.....	.....	.....
1131 Direct loan obligations exempt from limitation	2,262	2,693	3,022
1150 Total direct loan obligations	2,262	2,693	3,022
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	5,078	4,922	5,824
1231 Disbursements: Direct loan disbursements	2,117	2,475	2,778
1251 Repayments: Repayments and prepayments	-2,298	-1,519	-1,391
1261 Adjustments: Capitalized interest	52	.....	.....
1264 Write-offs for default: Other adjustments, net	-27	-54	-63
1290 Outstanding, end of year	4,922	5,824	7,148
CONSOLIDATION			
Position with respect to appropriations act limitation on obligations:			
1111 Limitation on direct loans .....	.....	.....	.....
1131 Direct loan obligations exempt from limitation	17,663	13,824	7,977
1150 Total direct loan obligations	17,663	13,824	7,977
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	37,155	47,027	54,841
1231 Disbursements: Direct loan disbursements	15,136	13,740	7,908
1251 Repayments: Repayments and prepayments	-6,046	-5,691	-5,359

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

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

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

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

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

Balance Sheet (in millions of dollars)

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

FEDERAL FAMILY EDUCATION LOAN PROGRAM ACCOUNT

Program and Financing (in millions of dollars)

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

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

New budget authority (gross), detail:

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

Change in obligated balances:

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

Outlays (gross), detail:

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

Offsets:

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

Net budget authority and outlays:

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

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

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

Credit accounts—Continued

FEDERAL FAMILY EDUCATION LOAN PROGRAM ACCOUNT—Continued

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

Identification code 91-0231-0-1-502	2005 actual	2006 est.	2007 est.
237002 Unsubsidized Stafford	-392	-94	
237003 PLUS	-44	-44	
237004 Consolidation	-793	-386	
237005 SLS	-1		
237901 Total downward reestimate subsidy budget authority	-1,614	-804	
Administrative expense data:			
351001 Budget authority			
359001 Outlays			

As required by the Federal Credit Reform Act of 1990, this program account records the subsidy costs associated with Federal Family Education Loans (FFEL), formerly guaranteed student loans (GSL), committed in 1992 and beyond. Beginning with the 1993 cohort, mandatory administrative costs, specifically contract collection costs, are included in the FFEL subsidy estimates of each year's cohort. Subsidy amounts are estimated on a net present value basis.

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

FEDERAL FAMILY EDUCATION LOAN PROGRAM FINANCING ACCOUNT

Program and Financing (in millions of dollars)

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

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

Budgetary resources available for obligation:

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

New financing authority (gross), detail:

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

Change in obligated balances:

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

Offsets:

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

Net financing authority and financing disbursements:

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

Status of Guaranteed Loans (in millions of dollars)

Identification code 91-4251-0-3-502	2005 actual	2006 est.	2007 est.
STAFFORD			
Position with respect to appropriations act limitation on commitments:			
2111 Limitation on guaranteed loans made by private lenders			
2131 Guaranteed loan commitments exempt from limitation	21,376	22,615	24,328
2150 Total guaranteed loan commitments	21,376	22,615	24,328
2199 Guaranteed amount of guaranteed loan commitments	21,376	22,615	24,328

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

Memorandum:				
2299	Guaranteed amount of guaranteed loans outstanding, end of year	74,601	81,108	93,536
Addendum:				
Cumulative balance of defaulted guaranteed loans that result in loans receivable:				
2310	Outstanding, start of year	2,657	2,454	2,322
2331	Disbursements for guaranteed loan claims	987	1,398	1,564
2351	Repayments of loans receivable	-1,226	-1,341	-1,463
2361	Write-offs of loans receivable	-181	-189	-182
2364	Other adjustments, net	217		
2390	Outstanding, end of year	2,454	2,322	2,241

UNSUBSIDIZED STAFFORD				
Position with respect to appropriations act limitation on commitments:				
2111	Limitation on guaranteed loans made by private lenders			
2131	Guaranteed loan commitments exempt from limitation	21,185	23,801	26,019
2150	Total guaranteed loan commitments	21,185	23,801	26,019
2199	Guaranteed amount of guaranteed loan commitments	21,185	23,801	26,019

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

Memorandum:				
2299	Guaranteed amount of guaranteed loans outstanding, end of year	59,179	66,318	79,677
Addendum:				
Cumulative balance of defaulted guaranteed loans that result in loans receivable:				
2310	Outstanding, start of year	1,695	1,740	1,912
2331	Disbursements for guaranteed loan claims	691	1,008	1,188
2351	Repayments of loans receivable	-655	-661	-790
2361	Write-offs of loans receivable	-145	-175	-194
2364	Other adjustments, net	154		
2390	Outstanding, end of year	1,740	1,912	2,116

PLUS				
Position with respect to appropriations act limitation on commitments:				
2111	Limitation on guaranteed loans made by private lenders			
2131	Guaranteed loan commitments exempt from limitation	6,614	7,722	8,702
2150	Total guaranteed loan commitments	6,614	7,722	8,702
2199	Guaranteed amount of guaranteed loan commitments	6,614	7,722	8,702

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

Memorandum:				
2299	Guaranteed amount of guaranteed loans outstanding, end of year	14,611	17,029	21,055
Addendum:				
Cumulative balance of defaulted guaranteed loans that result in loans receivable:				
2310	Outstanding, start of year	334	291	264
2331	Disbursements for guaranteed loan claims	62	130	159
2351	Repayments of loans receivable	-68	-94	-109
2361	Write-offs of loans receivable	-63	-63	-60
2364	Other adjustments, net	26		
2390	Outstanding, end of year	291	264	254

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

Memorandum:				
2299	Guaranteed amount of guaranteed loans outstanding, end of year	276	184	126
Addendum:				
Cumulative balance of defaulted guaranteed loans that result in loans receivable:				
2310	Outstanding, start of year	414	385	302
2331	Disbursements for guaranteed loan claims	17	22	20
2351	Repayments of loans receivable	-74	-100	-89
2361	Write-offs of loans receivable	-6	-5	-4
2364	Other adjustments, net	34		
2390	Outstanding, end of year	385	302	229

CONSOLIDATION				
Position with respect to appropriations act limitation on commitments:				
2111	Limitation on guaranteed loans made by private lenders			
2131	Guaranteed loan commitments exempt from limitation	51,230	45,511	25,239
2150	Total guaranteed loan commitments	51,230	45,511	25,239
2199	Guaranteed amount of guaranteed loan commitments	51,230	45,511	25,239

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

Memorandum:				
2299	Guaranteed amount of guaranteed loans outstanding, end of year	138,457	168,892	179,160
Addendum:				
Cumulative balance of defaulted guaranteed loans that result in loans receivable:				
2310	Outstanding, start of year	2,148	3,696	4,181
2331	Disbursements for guaranteed loan claims	2,061	1,741	1,990
2351	Repayments of loans receivable	-393	-701	-941
2361	Write-offs of loans receivable	-447	-555	-613
2364	Other adjustments, net	327		
2390	Outstanding, end of year	3,696	4,181	4,617

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

Credit accounts—Continued

**FEDERAL FAMILY EDUCATION LOAN PROGRAM FINANCING
ACCOUNT—Continued**

Balance Sheet (in millions of dollars)

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

FEDERAL FAMILY EDUCATION LOAN LIQUIDATING ACCOUNT

Program and Financing (in millions of dollars)

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

Outlays (gross), detail:

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

Status of Guaranteed Loans (in millions of dollars)

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

¹Excludes interest and premium collections on insured loans.

As required by the Federal Credit Reform Act of 1990, this liquidating account records, for this program, all cash flows to and from the Government resulting from guaranteed

student loans committed prior to 1992. This account is shown on a cash basis. All new loan activity in this program for 1992 and beyond is recorded in corresponding program and financing accounts.

Balance Sheet (in millions of dollars)

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

Object Classification (in millions of dollars)

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

INSTITUTE OF EDUCATION SCIENCES

Federal Funds

General and special funds:

INSTITUTE OF EDUCATION SCIENCES

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

Program and Financing (in millions of dollars)

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

Budgetary resources available for obligation:

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

New budget authority (gross), detail:

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

Change in obligated balances:

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

Outlays (gross), detail:

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

Offsets:

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

Net budget authority and outlays:

89.00 Budget authority	527	517	554
90.00 Outlays	457	659	539

Research and Statistics:

Research, development, and dissemination.—Funds support the National Center for Education Research, which oversees a diverse portfolio of directed research, field-initiated studies, research and development centers, and inter-agency initiatives. Funds also support dissemination activities that provide parents, teachers, and schools with valid information on effective educational practice.

Statistics.—Funds support the Department's statistical data collection activities, which are conducted by the National Center for Education Statistics (NCES). NCES collects, analyzes, and disseminates statistics on education at all levels, from preschool through postsecondary and adult education, including statistics on international education activities. In 2007, funds will also support costs of beginning a new longitudinal study of secondary school students.

Assessment.—Funds support the National Assessment of Educational Progress (NAEP). NAEP administers assessments to samples of students in order to gather reliable information about educational attainment in important academic areas. Funds support collection and reporting of national, State, and long-term trend information, including the conduct of biennial State NAEP in reading and mathematics at grades 4 and 8. In 2007, funds will also support costs of expanding State NAEP to grade 12 in 2009.

Research in special education.—Funds support research to address gaps in scientific knowledge in order to improve special education and early intervention services and results for infants, toddlers, and children with disabilities.

General and special funds—Continued

INSTITUTE OF EDUCATION SCIENCES—Continued

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

Special education studies and evaluations.—Funds support objective studies, evaluations, and assessments related to the implementation of the Individuals with Disabilities Education Act in order to improve special education and early intervention services and results for infants, toddlers, and children with disabilities.

Object Classification (in millions of dollars)

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

Personnel Summary

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

DEPARTMENTAL MANAGEMENT

Federal Funds

General and special funds:

PROGRAM ADMINISTRATION

For carrying out, to the extent not otherwise provided, the Department of Education Organization Act, including rental of conference rooms in the District of Columbia and hire of three passenger motor vehicles, **[\$415,303,000.] \$425,966,000, of which \$4,550,000, to remain available until expended, shall be for building alterations and related expenses for the move of Department staff to the Mary E. Switzer building in Washington, D.C. (Department of Education Appropriations Act, 2006.)**

Program and Financing (in millions of dollars)

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

24.40 Unobligated balance carried forward, end of year .....	.....	.....	.....
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	423	415	426
40.33 Appropriation permanently reduced (P.L. 109-148)	-4	-4	.....
40.35 Appropriation permanently reduced	-4	.....	.....
43.00 Appropriation (total discretionary)	419	411	426
Spending authority from offsetting collections:			
68.00 Offsetting collections (cash) .....	.....	1	1
68.10 Change in uncollected customer payments from Federal sources (unexpired)	2	.....	.....
68.90 Spending authority from offsetting collections (total discretionary)	2	1	1
70.00 Total new budget authority (gross)	421	412	427
Change in obligated balances:			
72.40 Obligated balance, start of year	121	125	147
73.10 Total new obligations	426	412	427
73.20 Total outlays (gross)	-417	-390	-429
73.40 Adjustments in expired accounts (net)	-6	.....	.....
74.00 Change in uncollected customer payments from Federal sources (unexpired)	-2	.....	.....
74.10 Change in uncollected customer payments from Federal sources (expired)	2	.....	.....
74.40 Obligated balance, end of year	125	147	145
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	334	320	330
86.93 Outlays from discretionary balances	83	70	99
87.00 Total outlays (gross)	417	390	429
Offsets:			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	-2	-1	-1
Against gross budget authority only:			
88.95 Change in uncollected customer payments from Federal sources (unexpired)	-2	.....	.....
88.96 Portion of offsetting collections (cash) credited to expired accounts	2	.....	.....
Net budget authority and outlays:			
89.00 Budget authority	419	411	426
90.00 Outlays	414	389	428

The Program Administration account includes the direct Federal costs of providing grants and administering elementary and secondary education, Indian education, English language acquisition, higher education, technical and adult education, special education programs, and programs for persons with disabilities. It also supports assessment, statistics, and research activities.

In addition, this account includes the cost of providing centralized support and administrative services, overall policy development, and strategic planning for the Department. Included in the centralized activities are rent and mail services; telecommunications; contractual services; financial management and accounting, including payments to schools, education agencies and other grant recipients, and preparation of auditable financial statements; information technology services; personnel management; personnel security; budget formulation and execution; program evaluation; legal services; congressional and public relations; and intergovernmental affairs.

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

Also included in this account are contributions from the public. Activities supported include receptions for Blue Ribbon Schools, Historically Black Colleges and Universities, and School Recognition. Contributions not designated for a specific purpose are in the account's Gifts and Bequests Miscellaneous Fund.

Reimbursable program.—Reimbursements to this account are for providing administrative services to other agencies, recycling activities, and in-kind travel.

Object Classification (in millions of dollars)

Identification code 91-0800-0-1-503	2005 actual	2006 est.	2007 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent	171	197	203
11.3 Other than full-time permanent	29	5	5
11.5 Other personnel compensation	3	4	4
11.9 Total personnel compensation	203	206	212
12.1 Civilian personnel benefits	48	48	51
13.0 Benefits for former personnel	1		
21.0 Travel and transportation of persons	5	5	5
23.1 Rental payments to GSA	36	38	39
23.3 Communications, utilities, and miscellaneous charges	11	11	11
24.0 Printing and reproduction	3	4	4
25.1 Advisory and assistance services	3	2	2
25.2 Other services	23	19	20
25.3 Other purchases of goods and services from Government accounts	23	15	15
25.7 Operation and maintenance of equipment	52	48	47
26.0 Supplies and materials	2	2	2
31.0 Equipment	14	12	15
32.0 Land and structures		1	3
99.0 Direct obligations	424	411	426
99.0 Reimbursable obligations	2	1	1
99.9 Total new obligations	426	412	427

Personnel Summary

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

OFFICE FOR CIVIL RIGHTS

For expenses necessary for the Office for Civil Rights, as authorized by section 203 of the Department of Education Organization Act, **[\$91,526,000] \$92,866,000.** (*Department of Education Appropriations Act, 2006.*)

Program and Financing (in millions of dollars)

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

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

The Office for Civil Rights is responsible for ensuring that no person is unlawfully discriminated against on the basis of race, color, national origin, sex, disability, or age in the delivery of services or the provision of benefits in programs or activities of schools and institutions receiving financial assistance from the Department of Education. The authorities under which the Office for Civil Rights operates are Title VI of the Civil Rights Act of 1964 (racial and ethnic discrimination), Title IX of the Education Amendments of 1972 (sex discrimination), section 504 of the Rehabilitation Act of 1973 (discrimination against individuals with a disability), the Age Discrimination Act of 1975, the Americans with Disabilities Act of 1990 and the Boy Scouts of America Equal Access Act of 2002.

Object Classification (in millions of dollars)

Identification code 91-0700-0-1-751	2005 actual	2006 est.	2007 est.
Personnel compensation:			
11.1 Full-time permanent	50	53	53
11.3 Other than full-time permanent	2	2	2
11.5 Other personnel compensation		1	1
11.9 Total personnel compensation	52	56	56
12.1 Civilian personnel benefits	12	13	13
21.0 Travel and transportation of persons	1	1	1
23.1 Rental payments to GSA	7	8	9
23.3 Communications, utilities, and miscellaneous charges	2	2	2
25.2 Other services	1	2	2
25.3 Other purchases of goods and services from Government accounts	3	3	4
25.7 Operation and maintenance of equipment	7	3	3
31.0 Equipment	2	1	1
32.0 Land and structures		1	1
99.0 Direct obligations	87	90	92
99.5 Below reporting threshold	2	1	1
99.9 Total new obligations	89	91	93

Personnel Summary

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

OFFICE OF THE INSPECTOR GENERAL

For expenses necessary for the Office of the Inspector General, as authorized by section 212 of the Department of Education Organization Act, **[\$49,000,000] \$53,145,000.** (*Department of Education Appropriations Act, 2006.*)

Program and Financing (in millions of dollars)

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

General and special funds—Continued

OFFICE OF THE INSPECTOR GENERAL—Continued

Program and Financing (in millions of dollars)—Continued

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

The Inspector General is responsible for the quality, coverage, and coordination of audit and investigation functions relating to Federal education activities. The Inspector General has the authority to inquire into all activities of the Department, including those performed under Federal education contracts, grants, or other agreements. Under the Chief Financial Officers Act of 1990, the Inspector General is also responsible for internal reviews of the Department's financial systems and audits of its financial statements.

Object Classification (in millions of dollars)

Identification code 91-1400-0-1-751	2005 actual	2006 est.	2007 est.
Personnel compensation:			
11.1 Full-time permanent	23	25	26
11.3 Other than full-time permanent	1	1	1
11.5 Other personnel compensation	2		
11.9 Total personnel compensation	26	26	27
12.1 Civilian personnel benefits	8	8	8
21.0 Travel and transportation of persons	1	2	2
23.1 Rental payments to GSA	4	4	5
23.3 Communications, utilities, and miscellaneous charges	1	1	1
25.1 Advisory and assistance services	2	3	3
25.2 Other services		1	1
25.3 Other purchases of goods and services from Government accounts	2	1	1
25.7 Operation and maintenance of equipment	2	1	3
31.0 Equipment	1	1	1
32.0 Land and structures		1	1
99.9 Total new obligations	47	49	53

Personnel Summary

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

HURRICANE EDUCATION RECOVERY

Federal Funds

General and special funds:

HURRICANE EDUCATION RECOVERY

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

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

Program and Financing (in millions of dollars)

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

Budgetary resources available for obligation:

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

New budget authority (gross), detail:

Discretionary:			
40.00 Appropriation		1,600	

Change in obligated balances:

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

Outlays (gross), detail:

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

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

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

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

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

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

GENERAL FUND RECEIPT ACCOUNTS

(in millions of dollars)

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

GENERAL PROVISIONS

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

in order to carry out a plan of racial desegregation of any school or school system.

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

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

(TRANSFER OF FUNDS)

SEC. 304. Not to exceed 1 percent of any discretionary funds (pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985, as amended) which are appropriated for the Department of Education in this Act may be transferred between appropriations, but no such appropriation shall be increased by more than 3 percent by any such transfer: *Provided*, That the Appropriations Committees of both Houses of Congress are notified at least 15 days in advance of any transfer.

【SEC. 305. For an additional amount to carry out subpart 1 of part A of title IV of the Higher Education Act of 1965 for the purpose of eliminating the estimated accumulated shortfall of budget authority for such subpart, \$4,300,000,000, pursuant to section 303 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.】

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

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

DEPARTMENT OF EDUCATION

OFFICE OF ELEMENTARY AND SECONDARY EDUCATION

Federal Funds

EDUCATION FOR THE DISADVANTAGED

For carrying out title I of the Elementary and Secondary Education Act of 1965 ("ESEA") and section 418A of the Higher Education Act of 1965, \$16,139,090,000, of which \$8,571,383,000 shall become available on July 1, 2008, and shall remain available through September 30, 2009, and of which \$7,383,301,000 shall become available on October 1, 2008, and shall remain available through September 30, 2009 for academic year 2008–2009: Provided, That \$6,808,408,000 shall be for basic grants under section 1124: Provided further, That up to \$4,000,000 of these funds shall be available to the Secretary of Education on October 1, 2007, to obtain annually updated educational-agency-level census poverty data from the Bureau of the Census: Provided further, That \$1,365,031,000 shall be for concentration grants under section 1124A: Provided further, That \$3,466,618,000 shall be for targeted grants under section 1125: Provided further, That \$2,269,843,000 shall be for education finance incentive grants under section 1125A: Provided further, That \$500,000,000 shall be for school improvement grants under section 1003(g): Provided further, That \$9,327,000 shall be to carry out part E of title I.

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

Program and Financing (in millions of dollars)

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

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

Summary of Budget Authority and Outlays

(in millions of dollars)

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

SUMMARY OF PROGRAM LEVEL

(in millions of dollars)

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

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

Grants to local educational agencies.—Funds are allocated through four formulas—Basic Grants, Concentration Grants, Targeted Grants and Education Finance Incentive Grants—for local programs that provide extra academic support to help raise the achievement of eligible students in high-poverty schools or, in the case of schoolwide programs, help all students in high-poverty schools to meet challenging State academic standards. States must annually assess participating students in at least reading, mathematics, and science, and school districts must identify for improvement, and provide assistance to, schools that for two consecutive years do not make adequate yearly progress toward helping all groups of students reach the proficient level on the State assessments in reading and mathematics. Districts must provide students attending such schools the choice of attending another public school that is not identified for improvement. After three or more years of a school not making adequate progress, students who remain in the school are permitted to obtain supplemental educational services from a public- or private-sector provider. Schools that do not improve are subject to progressively stronger corrective actions and, after six years of not making adequate yearly progress, reconstitution under a restructuring plan. 2008 funds would be expended under a reauthorization proposal to expand the benefits of the program to more high school students, refine accountability systems, include science in accountability determinations, and give students in low-performing schools more options.

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

EDUCATION FOR THE DISADVANTAGED—Continued

of improvement because they have not met their student achievement goals for at least two consecutive years. Activities may include the development and implementation of school improvement plans, professional development for teachers and staff, corrective actions such as instituting a new curriculum, and the provision of public school choice and supplemental educational services.

Reading first State grants.—Funds provide assistance to State and local educational agencies in establishing reading programs for students in grades K–3 that are grounded in scientifically based reading research, in order to ensure that every student can read at grade level or above by the end of third grade.

Early reading first.—Funds provide assistance to support local efforts, through competitive grants, to enhance the school readiness of young children, particularly those from low-income families, through scientific, research-based strategies and professional development that are designed to enhance the verbal skills, phonological awareness, letter knowledge, pre-reading skills, and early language development of children ages three through five. For the reauthorization of ESEA, the Department is proposing to strengthen partnerships between preschool providers and institutions of higher education that provide professional development to early childhood educators.

Striving readers.—Funds support the development, implementation, and evaluation of scientifically based reading interventions for middle school or high school students reading significantly below grade level. The program complements the Reading First program, which improves reading in elementary schools.

Literacy through school libraries.—Funds support competitive grants to local educational agencies to provide students with increased access to up-to-date school library materials and certified professional library media specialists.

State agency migrant program.—Funds support formula grants to States for educational services to children of migratory farmworkers and fishers, with resources and services focused on children who have moved within the past 36 months.

State agency neglected and delinquent program.—Funds support formula grants to States for educational services to children and youth under age 21 in State neglected, delinquent, or adult correction facilities.

Evaluation.—Funds support a series of impact studies designed to identify effective reading interventions in Title I and studies of the implementation of key No Child Left Behind Act requirements including assessments, accountability systems, school improvement requirements, public school choice, and supplemental educational services.

Migrant education projects.—Funds support grants to institutions of higher education and other nonprofit agencies that assist migrant students to earn a high school equivalency certificate or to complete their first year of college.

Object Classification (in millions of dollars)			
Identification code 91–0900–0–1–501	2006 actual	2007 est.	2008 est.
Direct obligations:			
24.0 Printing and reproduction	2	2	2
25.1 Advisory and assistance services	5	7	7
25.2 Other services	58	46	41
25.3 Other purchases of goods and services from Government accounts	3	4	5
25.7 Operation and maintenance of equipment	6		
41.0 Grants, subsidies, and contributions	14,408	14,551	16,084
99.9 Total new obligations	14,482	14,610	16,139

EDUCATION FOR THE DISADVANTAGED
(Legislative proposal, not subject to PAYGO)

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

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

Math now for elementary school students.—Funds would support competitive grants to improve instruction in mathematics for students in kindergarten through 6th grade through such activities as professional development, diagnostic assessments, and curriculum implementation.

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

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

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

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

IMPACT AID

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

ondary Education Act of 1965, \$1,228,100,000, of which \$1,091,867,000 shall be for basic support payments under section 8003(b), \$49,466,000 shall be for payments for children with disabilities under section 8003(d), \$17,820,000 shall be for construction under section 8007(b) and shall remain available through September 30, 2009, \$64,350,000 shall be for Federal property payments under section 8002, and \$4,597,000, to remain available until expended, shall be for facilities maintenance under section 8008: Provided, That for purposes of computing the amount of a payment for an eligible local educational agency under section 8003(a) for school year 2007–2008, children enrolled in a school of such agency that would otherwise be eligible for payment under section 8003(a)(1)(B) of such Act, but due to the deployment of both parents or legal guardians, or a parent or legal guardian having sole custody of such children, or due to the death of a military parent or legal guardian while on active duty (so long as such children reside on Federal property as described in section 8003(a)(1)(B)), are no longer eligible under such section, shall be considered as eligible students under such section, provided such students remain in average daily attendance at a school in the same local educational agency they attended prior to their change in eligibility status.

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

Program and Financing (in millions of dollars)

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

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

Impact Aid helps to replace the lost local revenue that would otherwise be available to educate federally connected children. The presence of certain students living on Federal property, such as students who are military dependents or who reside on Indian lands, can place a financial burden

on local educational agencies that educate them. The property on which the children live and their parents work is exempt from local property taxes, denying local educational agencies access to the primary source of revenue used by most communities to finance education.

Basic support payments.—Payments will be made on behalf of approximately 1.0 million federally connected students enrolled in about 1,260 local educational agencies to assist them in meeting their operation and maintenance costs. Average per-student payments will be approximately \$1,100.

Payments for children with disabilities.—Payments in addition to those provided under the Individuals with Disabilities Education Act will be provided on behalf of approximately 58,000 federally connected students with disabilities in about 900 local educational agencies. Average per-student payments will be approximately \$850.

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

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

Payments for Federal property.—Payments will be made to approximately 200 local educational agencies in which real property owned by the Federal Government represents 10 percent or more of the assessed value of real property in the local educational agency.

SCHOOL IMPROVEMENT PROGRAMS

For carrying out school improvement activities authorized by title II, part B of title IV, subpart 9 of part D of title V, and parts A and B of title VI of the Elementary and Secondary Education Act of 1965 (“ESEA”); the McKinney-Vento Homeless Assistance Act; section 203 of the Educational Technical Assistance Act of 2002; the Compact of Free Association Amendments Act of 2003; and the Civil Rights Act of 1964, \$4,698,276,000, of which \$3,158,151,000 shall become available on July 1, 2008, and remain available through September 30, 2009, and of which \$1,435,000,000 shall become available on October 1, 2008, and shall remain available through September 30, 2009, for academic year 2008–2009: Provided, That \$411,630,000 shall be for State assessments and related activities authorized under sections 6111 and 6112 of the ESEA: Provided further, That \$56,256,000 shall be available to carry out section 203 of the Educational Technical Assistance Act of 2002: Provided further, That \$23,755,000 shall be available to carry out part D of title V of the ESEA: Provided further, That no funds appropriated under this heading may be used to carry out section 5494 under the ESEA: Provided further, That \$18,001,000 shall be available to carry out the Supplemental Education Grants program for the Federated States of Micronesia and for the Republic of the Marshall Islands: Provided further, That up to 5 percent of these amounts may be reserved by the Federated States of Micronesia and the Republic of the Marshall Islands to administer the Supplemental Education Grants programs and to obtain technical assistance, oversight and consultancy services in the administration of these grants and to reimburse the United States Departments of Labor, Health and Human Services, and Education for such services.

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

Program and Financing (in millions of dollars)

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

SCHOOL IMPROVEMENT PROGRAMS—Continued

Program and Financing (in millions of dollars)—Continued

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

SUMMARY OF PROGRAM LEVEL

(in millions of dollars)

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

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

Improving teacher quality:

Improving teacher quality State grants.—Funds support State and school district activities to prepare, train, and recruit high-quality teachers to improve student achievement.

Mathematics and science partnerships.—Funds support State and local efforts to improve students' academic achievement in mathematics and science by promoting strong teaching skills for elementary and secondary school teachers. These

efforts may include the integration of teaching methods based on scientifically-based research and technology into the curriculum.

Other Activities:

21st Century community learning centers.—Funds support formula grants to States, which award subgrants to communities to provide academic enrichment opportunities and related services to students, primarily students who attend high-poverty schools, and their families during before-school, after-school, weekend, and summer hours.

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

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

Education for homeless children and youth.—Funds support formula grants to States to provide educational and support services that enable homeless children and youth to attend and achieve success in school.

Training and advisory services.—Funds support grants to regional equity assistance centers that provide technical assistance to school districts in addressing equity in education related to issues of race, gender, and national origin.

Rural education.—Funds support formula grants under two programs: Small, Rural Schools Achievement and Rural and Low-Income Schools. The Small, Rural Schools Achievement program provides rural local educational agencies with small enrollments with additional formula funds and flexibility in the use of other Federal formula funds. Funds under the Rural and Low-Income Schools program, which targets rural local educational agencies that serve concentrations of poor students, are allocated by formula to States, which in turn allocate funds to eligible local educational agencies within the States.

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

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

Object Classification (in millions of dollars)

Identification code 91-1000-0-1-501	2006 actual	2007 est.	2008 est.
Direct obligations:			
25.1 Advisory and assistance services	13	14	12
25.2 Other services	22	23	21
41.0 Grants, subsidies, and contributions	5,231	5,275	4,665
99.9 Total new obligations	5,266	5,312	4,698

INDIAN EDUCATION

For expenses necessary to carry out, to the extent not otherwise provided, title VII, part A of the Elementary and Secondary Education Act of 1965, \$118,683,000.

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

Program and Financing (in millions of dollars)

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

DEPARTMENT OF EDUCATION

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

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

The Indian Education programs support the efforts of local educational agencies and tribal schools to improve teaching and learning for the Nation's American Indian and Alaska Native Children.

Grants to local educational agencies.—Formula grants support local educational agencies in their efforts to reform elementary and secondary school programs that serve Indian students, with the goal of ensuring that such programs assist participating students in meeting the same academic standards as all other students. In 2006, the Department made 1,196 formula grants to local educational agencies and tribal schools serving more than 469,000 students.

Special programs for Indian Children.—The Department makes competitive awards for demonstration projects in early childhood education and college preparation, as well as professional development grants for training Native American teachers and administrators for employment in school districts with concentrations of Indian students.

National activities.—Funds support research, evaluation, data collection, and related activities.

Object Classification (in millions of dollars)

Identification code 91-0101-0-1-501	2006 actual	2007 est.	2008 est.	
Direct obligations:				
25.1	Advisory and assistance services	1	1	1
25.2	Other services	2	2	2
25.7	Operation and maintenance of equipment	1	1	1
41.0	Grants, subsidies, and contributions	115	115	115
99.9	Total new obligations	119	119	119

READING EXCELLENCE

Program and Financing (in millions of dollars)

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

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

This program has been replaced by the Reading First program in the Education for the Disadvantaged account. Amounts in these schedules reflect balances that are spending out from prior-year appropriations.

EDUCATION REFORM

Program and Financing (in millions of dollars)

Identification code 91-0500-0-1-501	2006 actual	2007 est.	2008 est.	
Change in obligated balances:				
72.40	Obligated balance, start of year	64	4	
73.20	Total outlays (gross)	-17	-4	
73.40	Adjustments in expired accounts (net)	-43		
74.40	Obligated balance, end of year	4		
Outlays (gross), detail:				
86.93	Outlays from discretionary balances	17	4	
Net budget authority and outlays:				
89.00	Budget authority			
90.00	Outlays	17	4	

Programs in this account have been transferred to the School Improvement Programs account or discontinued. Amounts in this schedule reflect balances that are spending out from prior-year appropriations.

OFFICE OF INNOVATION AND IMPROVEMENT

Federal Funds

INNOVATION AND IMPROVEMENT

For carrying out activities authorized by part G of title I, parts C and D of title II, and parts B, C, and D of title V of the Elementary and Secondary Education Act of 1965, \$897,018,000: Provided, That from funds for subpart 4, part C of title II, up to 3 percent shall be available to the Secretary for technical assistance and dissemination of information: Provided further, That \$36,611,000 shall be for subpart 2 of part B of title V: Provided further, That \$257,108,000 shall be available to carry out part D of title V of the ESEA, of which \$199,000,000 of the funds for subpart 1 shall be for competitive grants to local educational agencies, including charter schools that are local educational agencies, or States, or partnerships of (1) a local educational agency, a State, or both and (2) at least one non-profit organization to develop and implement performance-based teacher and principal compensation systems in high-need schools: Provided further, That such performance-based compensation systems must consider gains in student academic achievement as well as classroom evaluations conducted multiple times during each school year among other factors and provide educators with incentives to take on additional responsibilities and leadership roles: Provided further, That up to five percent of such funds for competitive grants shall be available for technical assistance, training, peer review of applications, program outreach and evaluation activities.

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

Program and Financing (in millions of dollars)

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

INNOVATION AND IMPROVEMENT—Continued

Program and Financing (in millions of dollars)—Continued

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

Summary of Budget Authority and Outlays

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

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

Recruiting and training high quality teachers:

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

Troops-to-teachers.—Funds assist eligible members of the armed forces to obtain certification as teachers and to become highly qualified teachers.

Transition to teaching.—Funds support competitive grants to establish programs to recruit and retain mid-career professionals and recent college graduates as teachers in high-need schools.

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

Other activities:

Charter schools grants.—Funds support competitive grants to State educational agencies and charter schools to support the planning, design, initial implementation, and dissemination of information regarding charter schools. These schools are created by teachers, parents, and members of the community, and are exempt from certain local, State, and Federal regulations. A portion of the funding supports State efforts to assist charter schools in obtaining facilities.

Credit enhancement for charter school facilities.—Funds support competitive grants to State and local governments, nonprofit entities, and public and nonprofit consortia, to assist charter schools in acquiring, leasing, and renovating school facilities.

Voluntary public school choice.—Funds support competitive grants to State and local educational agencies to implement programs that provide students, particularly students who attend low-performing schools, with expanded public school choice options.

Magnet schools assistance.—Funds support competitive grants to local educational agencies to establish and operate magnet school programs that are part of an approved desegregation plan.

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

Ready-to-learn television.—Funds support the development, distribution, and production of educational video programming and accompanying materials and services for preschool and elementary school children and their parents to facilitate student academic achievement.

FIE programs of national significance.—Funds support nationally significant projects to improve the quality of elementary and secondary education in order to help all children meet challenging State content and student achievement standards.

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

Object Classification (in millions of dollars)			
Identification code 91-0204-0-1-501	2006 actual	2007 est.	2008 est.
Direct obligations:			
25.1 Advisory and assistance services	2	3	5
25.2 Other services	53	52	53
41.0 Grants, subsidies, and contributions	786	880	839
99.0 Direct obligations	841	935	897
99.0 Reimbursable obligations	15	14	15
99.9 Total new obligations	856	949	912

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

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

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

Adjunct teacher corps.—Funds would support partnerships between school districts and appropriate public and/or private institutions to enable well-qualified professionals to teach specific high-school courses in the core academic subjects, particularly mathematics and science.

OFFICE OF SAFE AND DRUG-FREE SCHOOLS

Federal Funds

SAFE SCHOOLS AND CITIZENSHIP EDUCATION

For carrying out activities authorized by part A of title IV of the Elementary and Secondary Education Act of 1965, \$324,248,000, of which \$100,000,000 shall become available on July 1, 2008 and remain available through September 30, 2009: Provided, That \$224,248,000 shall be available for subpart 2 of part A of title IV, of which \$10,000,000, to remain available until expended, shall be for the Project School Emergency Response to Violence program to provide education-related services to local educational agencies in which the learning environment has been disrupted due to a violent or traumatic crisis.

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

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

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

Safe and drug-free schools and communities:

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

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

SAFE SCHOOLS AND CITIZENSHIP EDUCATION—Continued

environment to enable those students to meet challenging academic standards.

Object Classification (in millions of dollars)

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

OFFICE OF ENGLISH LANGUAGE ACQUISITION

Federal Funds

ENGLISH LANGUAGE ACQUISITION

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

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

Program and Financing (in millions of dollars)

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

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

Language acquisition State grants.—This program provides formula grants to States to improve services for limited English proficient and immigrant students. States are accountable for demonstrating that limited English proficient students are learning English and meeting the same high State standards as all other students. The statute also authorizes national activities including professional development and evaluation, and requires funding for a national information clearinghouse on English language acquisition.

Object Classification (in millions of dollars)

Identification code 91-1300-0-1-501	2006 actual	2007 est.	2008 est.
Direct obligations:			
25.5 Research and development contracts	2	2	2
41.0 Grants, subsidies, and contributions	669	676	669
99.9 Total new obligations	671	678	671

OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES

Federal Funds

SPECIAL EDUCATION

For carrying out the Individuals with Disabilities Education Act, \$11,485,147,000, of which \$5,080,559,000 shall become available on July 1, 2008, and shall remain available through September 30, 2009, and of which \$6,215,200,000 shall become available on October 1, 2008, and shall remain available through September 30, 2009, for academic year 2008-2009: Provided, That the amount for section 611(b)(2) of the Act shall be equal to the lesser of the amount available for that activity during fiscal year 2007, increased by the amount of inflation as specified in section 619(d)(2)(B) of the Act, or the percentage increase in the funds appropriated under section 611(i) of the Act.

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

Program and Financing (in millions of dollars)

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

DEPARTMENT OF EDUCATION

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

SUMMARY OF GRANTS TO STATES PROGRAM LEVEL

(In millions of dollars)

	2006-2007	2007-2008	2008-2009
	academic year	academic year	academic year
Current Budget Authority	\$5,159	\$5,068	4,277
Advance appropriation	5,424	5,424	6,215
Total program level	10,583	10,492	10,492
Change in advance appropriation from the previous year	+11	0	+791

State Grants:

Grants to States.—Formula grants are provided to States to assist them in providing special education and related services to children with disabilities ages 3 through 21.

Preschool grants.—Formula grants provide additional funds to States to further assist them in providing special education and related services to children with disabilities ages 3 through 5 served under the Grants to States program.

The goal of both of these programs is to improve results for children with disabilities by assisting State and local educational agencies to provide children with disabilities with access to high quality education that will help them meet challenging standards and prepare them for employment and independent living.

Grants for infants and families.—Formula grants are provided to assist States to implement statewide systems of coordinated, comprehensive, multi-disciplinary interagency programs to provide early intervention services to children with disabilities, birth through age 2, and their families.

The goal of this program is to help States provide a comprehensive system of early intervention services that will enhance child and family outcomes.

National activities.—These activities include personnel preparation, technical assistance, and other activities to support State efforts to improve results for children with disabilities under the State Grants programs.

The goal of National Activities is to link States, school systems, and families to best practices to improve results for infants, toddlers, and children with disabilities.

Performance data related to program goals include:

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

Object Classification (in millions of dollars)

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

REHABILITATION SERVICES AND DISABILITY RESEARCH

For carrying out, to the extent not otherwise provided, the Rehabilitation Act of 1973, the Assistive Technology Act of 1998, and the Helen Keller National Center Act, \$3,184,263,000, of which \$2,837,160,000 shall be for grants for vocational rehabilitation services under Title I of the Rehabilitation Act.

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

Program and Financing (in millions of dollars)

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

REHABILITATION SERVICES AND DISABILITY RESEARCH—Continued

Program and Financing (in millions of dollars)—Continued

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

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

The program performance measures for this program are based on State VR agency performance indicators developed pursuant to Section 106 of the Rehabilitation Act. One of these indicators measures the percentage of general and combined State VR agencies that assist at least 55.8 percent of individuals receiving services to achieve an employment outcome. In 2005, 71 percent of the agencies met this performance criterion. Another indicator measures the percentage of general and combined State VR agencies that assist at least 85 percent of individuals with employment outcomes to achieve competitive employment. In 2005, 95 percent of general and combined agencies met this performance criterion. This outcome data are based on the approximately 356,229 individuals whose service records were closed in 2005 after receiving services.

The 2008 Budget reflects a multi-year Administration effort to reform job training programs, target resources to programs with documented effectiveness, and eliminate funding for duplicative and overlapping programs. Consistent with this crosscutting reform, the budget eliminates funding for three programs (Supported Employment State Grants, Projects with Industry, and the Migrant and Seasonal Farmworkers program). The services provided by these programs can continue to be provided by the larger Vocational Rehabilitation State Grants program.

Client assistance State grants.—Formula grants are made to States to provide assistance in informing and advising clients and applicants of benefits available under the Rehabilitation Act and, if requested, to pursue legal or administrative remedies to ensure the protection of the rights of individuals with disabilities.

Training.—Grants are made to States and public or non-profit agencies and organizations, including institutions of higher education, to increase the number of skilled personnel available for employment in the field of rehabilitation and to upgrade the skills of those already employed.

Demonstration and training programs.—Grants are made for programs that expand and improve the provision of rehabilitation services or that further the purposes of the Rehabilitation Act.

Protection and advocacy of individual rights.—Formula grants are made to State protection and advocacy systems

to protect the legal and human rights of individuals with disabilities.

Independent living.—Grants are awarded to States and non-profit agencies to assist individuals with significant disabilities in their achievement of self-determined independent living goals. Grants are also awarded to provide support services to older blind individuals to increase their ability to care for their own needs.

Program improvement.—Funds are used to promote broad-based planning and coordination, improve accountability, and enhance the Department's ability to address critical areas of national significance in achieving the goals of the Rehabilitation Act. Examples of program improvement activities include technical assistance, dissemination, and performance measurement activities.

Evaluation.—Studies are conducted to evaluate the impact and effectiveness of various programs authorized under the Rehabilitation Act.

Helen Keller National Center for Deaf-Blind Youths and Adults.—The Center provides services to deaf-blind youths and adults and provides training and technical assistance to professional and allied personnel at its national headquarters center and through its regional representatives and affiliate agencies.

National Institute on Disability and Rehabilitation Research.—The Institute carries out a comprehensive and coordinated program of rehabilitation research and related activities. Through grants and contracts, it supports the conduct and dissemination of research and development aimed at improving the lives of individuals with disabilities. The Institute also promotes the development and utilization of new technologies to assist these individuals in achieving greater independence and integration into society.

Assistive technology.—Formula grants are made to States to implement comprehensive Statewide programs designed to maximize the ability of individuals with disabilities of all ages to obtain assistive technology. States conduct activities that include alternative financing programs, device reutilization programs, device loan programs, and device demonstrations. Funds also support national technical assistance activities.

Object Classification (in millions of dollars)

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

SPECIAL INSTITUTIONS FOR PERSONS WITH DISABILITIES

AMERICAN PRINTING HOUSE FOR THE BLIND

For carrying out the Act of March 3, 1879, as amended (20 U.S.C. 101 et seq.), \$17,573,000.

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

Program and Financing (in millions of dollars)

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

DEPARTMENT OF EDUCATION

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

The Federal appropriation supports the production and distribution of free educational materials for students below the college level who are blind, research related to developing and improving products, and advisory services to consumer organizations on the availability and use of materials. In 2006, the portion of the Federal appropriation allocated to educational materials represented approximately 68.6 percent of the Printing House's total sales. The full appropriation represented approximately 68.8 percent of the Printing House's total budget.

NATIONAL TECHNICAL INSTITUTE FOR THE DEAF

For the National Technical Institute for the Deaf under titles I and II of the Education of the Deaf Act of 1986 (20 U.S.C. 4301 et seq.), \$56,262,000, of which \$913,000 shall be for construction and shall remain available until expended: Provided, That from the total amount available, the Institute may at its discretion use funds for the endowment program as authorized under section 207.

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

Program and Financing (in millions of dollars)

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

87.00	Total outlays (gross)	57	54	56
Net budget authority and outlays:				
89.00	Budget authority	56	56	56
90.00	Outlays	57	54	56

This residential program provides postsecondary technical and professional education for people who are deaf to prepare them for employment, provides training, and conducts applied research into employment-related aspects of deafness. In 2006, the Federal appropriation represented 80 percent of the Institute's operating budget. The request includes funds for a variety of construction projects. The request also includes funds for the Endowment Grant program.

GALLAUDET UNIVERSITY

For the Kendall Demonstration Elementary School, the Model Secondary School for the Deaf, and the partial support of Gallaudet University and related activities under titles I and II of the Education of the Deaf Act of 1986 (20 U.S.C. 4301, et seq.), \$106,998,000, of which \$600,000 shall be for the Secretary of Education to carry out section 205 of the Act: Provided, That from the total amount available to the University, the University may at its discretion use funds for the endowment program as authorized under section 207.

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

Program and Financing (in millions of dollars)

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

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

Gallaudet operates two elementary and secondary education programs on the main campus of the University. The Kendall Demonstration Elementary School serves students who are deaf from infancy through age 15, and the Model Secondary

GALLAUDET UNIVERSITY—Continued

School for the Deaf serves high school age students who are deaf. Both schools also develop and disseminate information on effective educational techniques and strategies for teachers and professionals working with students who are deaf or hard of hearing.

In 2006, the appropriation for Gallaudet represented 63.3 percent of the total revenue for university-level programs and 97.8 percent of the revenue related to the elementary and secondary schools. In addition, the University receives other Federal funds such as student financial aid, vocational rehabilitation, Endowment Grant program income, and competitive grants and contracts. The request includes \$600,000 for the Secretary of Education to conduct a study that is intended to assist Gallaudet in improving its performance on key outcome measures. The request also includes funds for the Endowment Grant program.

Object Classification (in millions of dollars)

Identification code 91-0602-0-1-502	2006 actual	2007 est.	2008 est.
Direct obligations:			
25.1 Advisory and assistance services			1
41.0 Grants, subsidies, and contributions	107	107	106
99.9 Total new obligations	107	107	107

OFFICE OF VOCATIONAL AND ADULT EDUCATION

Federal Funds

CAREER, TECHNICAL, AND ADULT EDUCATION

For carrying out, to the extent not otherwise provided, the Carl D. Perkins Career and Technical Education Act of 2006 and the Adult Education and Family Literacy Act, \$1,197,174,000, of which \$1,189,808,000 shall become available on July 1, 2008 and shall remain available through September 30, 2009: Provided, That of the amounts made available for the Carl D. Perkins Career and Technical Education Act of 2006, \$7,366,000 is for postsecondary career and technical institutions under section 117: Provided further, That of the amount provided for Adult Education State Grants, \$67,896,000 shall be made available for integrated English literacy and civics education services to immigrants and other limited English proficient populations: Provided further, That of the amount reserved for integrated English literacy and civics education, notwithstanding section 211 of the Adult Education and Family Literacy Act, 65 percent shall be allocated to States based on a State's absolute need as determined by calculating each State's share of a 10-year average of the United States Citizenship and Immigration Services data for immigrants admitted for legal permanent residence for the 10 most recent years, and 35 percent allocated to States that experienced growth as measured by the average of the 3 most recent years for which United States Citizenship and Immigration Services data for immigrants admitted for legal permanent residence are available, except that no State shall be allocated an amount less than \$60,000: Provided further, That of the amounts made available for the Adult Education and Family Literacy Act, \$9,096,000 shall be for national leadership activities under section 243 and \$6,638,000 shall be for the National Institute for Literacy under section 242.

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

Program and Financing (in millions of dollars)

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

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

Budgetary resources available for obligation:

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

New budget authority (gross), detail:

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

Change in obligated balances:

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

Outlays (gross), detail:

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

Net budget authority and outlays:

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

Career and technical education:

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

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

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

Adult education:

State programs.—Funds support formula grants to States to help eliminate functional illiteracy among the Nation's adults, to assist adults in obtaining a high school diploma or its equivalent, and to promote family literacy. A portion of the funds is reserved for formula grants to States to provide English literacy and civics education for immigrants and other limited English proficient adults.

National Institute for Literacy.—Funds support the Institute's national leadership activities to improve and expand the Nation's system for delivery of literacy services.

National leadership activities.—Funds support discretionary activities to evaluate the effectiveness of Federal, State, and local adult education programs, and to test and demonstrate methods of improving program quality.

Object Classification (in millions of dollars)

Identification code 91-0400-0-1-501	2006 actual	2007 est.	2008 est.
Direct obligations:			
11.3 Personnel compensation: Other than full-time permanent	1	1	1
23.1 Rental payments to GSA	1		
25.1 Advisory and assistance services	2	6	7
25.2 Other services	4	12	8
25.3 Other purchases of goods and services from Government accounts	17	17	9
25.5 Research and development contracts	13	1	2
41.0 Grants, subsidies, and contributions	1,958	1,962	2,051
99.0 Direct obligations	1,996	1,999	2,078
99.5 Below reporting threshold	1	1	1
99.9 Total new obligations	1,997	2,000	2,079

Employment Summary

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

OFFICE OF POSTSECONDARY EDUCATION

Federal Funds

HIGHER EDUCATION

For carrying out, to the extent not otherwise provided, titles III, IV, V, VI, and VII of the Higher Education Act of 1965 ("HEA"), as amended, the Mutual Educational and Cultural Exchange Act of 1961, \$1,837,737,000: Provided, That \$9,797,000, to remain available through September 30, 2009, shall be available to fund fellowships for academic year 2009-2010 under part A, subpart 1 of title VII of the HEA, under the terms and conditions of part A, subpart 1: Provided further, That \$970,000 is for data collection and evaluation activities for programs under the HEA, including such activities needed to comply with the Government Performance and Results Act of 1993: Provided further, That notwithstanding any other provision of law, funds made available in this Act to carry out title VI of the HEA and section 102(b)(6) of the Mutual Educational and Cultural Exchange Act of 1961 may be used to support visits and study in foreign countries by individuals who are participating in advanced foreign language training and international studies in areas that are vital to United States national security and who plan to apply their language skills and knowledge of these countries in the fields of government, the professions, or international development: Provided further, That of the funds referred to in the preceding proviso, up to 1 percent may be used for program evaluation, national outreach, and information dissemination activities: Provided further, That \$24,000,000 shall be for grants to institutions of higher education, in partnership with local educational agencies, to establish instructional programs at all educational levels in languages critical to U.S. national security.

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

Program and Financing (in millions of dollars)

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

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

Budgetary resources available for obligation:

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

New budget authority (gross), detail:

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

Change in obligated balances:

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

Outlays (gross), detail:

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

Net budget authority and outlays:

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

Aid for institutional development:

Strengthening institutions.—Funds support planning and development grants for improving academic programs and financial management at schools that enroll high proportions of disadvantaged students and have low per-student expenditures.

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

HIGHER EDUCATION—Continued

Strengthening historically black colleges and universities.—Funds support grants to help historically black undergraduate institutions to improve and expand their capacity to serve students, and to strengthen management and fiscal operations.

Strengthening historically black graduate institutions.—Funds support grants to help historically black graduate institutions to improve and expand their capacity to serve students, and to strengthen management and fiscal operations.

Minority science and engineering improvement.—Funds support grants to predominantly minority institutions to help them make long-range improvements in science and engineering education and to increase the participation of minorities in scientific and technological careers.

Other aid for institutions:

Developing Hispanic-serving institutions.—Funds support Hispanic-serving institutions to enable them to improve and expand their capacity to serve students.

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

Fund for the improvement of postsecondary education.—Funds support a broad range of postsecondary reform and improvement projects, as well as international consortia programs.

Interest subsidy grants.—Balances from prior year appropriations meet mandatory interest subsidy costs of construction loan commitments made prior to 1974.

Assistance for students:

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

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

Javits fellowships.—Funds support fellowships to students of superior ability who have financial need and who are pursuing doctoral degrees in the arts, humanities, and social sciences.

Graduate assistance in areas of national need.—Funds support fellowships to graduate students of superior ability who have financial need and who are from traditionally underrepresented backgrounds for study in areas of national need.

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

Other activities:

Other higher education activities.—Funds support data collection and evaluation activities for programs under the Higher Education Act of 1965, including such activities needed to comply with the Government Performance and Results Act of 1993.

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

Object Classification (in millions of dollars)

Identification code 91-0201-0-1-502	2006 actual	2007 est.	2008 est.
Direct obligations:			
25.1 Advisory and assistance services	4	4	4

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

HOWARD UNIVERSITY

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

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

Program and Financing (in millions of dollars)

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

Howard University is a private, nonprofit educational institution consisting of 12 schools and colleges. Federal funds are used to provide partial support for university programs as well as for the teaching hospital facilities. In 2006, Federal funding represented approximately 51 percent of the university's revenue.

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS PROGRAM ACCOUNT

For Federal administrative expenses to carry out activities related to existing facility loans pursuant to section 121 of the Higher Education Act of 1965, as amended \$481,000.

HISTORICALLY BLACK COLLEGE AND UNIVERSITY CAPITAL FINANCING PROGRAM ACCOUNT

For administrative expenses to carry out the Historically Black College and University Capital Financing Program entered into pursuant to title III, part D of the Higher Education Act of 1965, as amended, \$188,000.

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

Program and Financing (in millions of dollars)

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

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

Identification code 91-0241-0-1-502	2006 actual	2007 est.	2008 est.
Direct loan levels supportable by subsidy budget authority:			
115002 Historically Black Colleges and Universities	15	75	
115003 HBCU Hurricane Supplemental		235	
115999 Total direct loan levels	15	310	
Direct loan subsidy (in percent):			
132002 Historically Black Colleges and Universities	0.00	0.00	0.00
132003 HBCU Hurricane Supplemental	0.00	76.14	0.00
132999 Weighted average subsidy rate	0.00	57.72	0.00
Direct loan subsidy budget authority:			
133003 HBCU Hurricane Supplemental		179	
133999 Total subsidy budget authority		179	
Direct loan subsidy outlays:			
134003 HBCU Hurricane Supplemental		179	
134999 Total subsidy outlays		179	
Direct loan upward reestimates:			
135002 Historically Black Colleges and Universities		14	
135999 Total upward reestimate budget authority		14	
Administrative expense data:			
3510 Budget authority	1	1	1
3590 Outlays from new authority	1	1	1

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

but consolidated in the President's budget for presentation purposes.

College Housing and Academic Facilities Loans Program.—Funds for this activity pay the Federal costs for administering the College Housing and Academic Facilities Loans (CHAFL), College Housing Loans (CHL), and Higher Education Facilities Loans (HEFL) programs. Prior to 1994, these programs provided financing for the construction, reconstruction, and renovation of housing, academic, and other educational facilities. Although no new loans have been awarded since fiscal year 1993, costs for administering the outstanding loans will remain through 2030.

Historically Black College and University Capital Financing Program.—The Historically Black College and University (HBCU) Capital Financing Program provides HBCUs with access to capital financing for the repair, renovation, and construction of classrooms, libraries, laboratories, dormitories, instructional equipment, and research instrumentation. The Higher Education Amendments of 1992 granted the Department authority to enter into insurance agreements with a private for-profit Designated Bonding Authority to guarantee no more than \$375,000,000 in outstanding principal and unpaid accrued interest combined. The bonding authority issues the loans and maintains an escrow account in which 5 percent of each institution's principal is deposited. In 2006 P.L. 109-234, an emergency supplemental appropriation act, provided authority issue loans with more favorable terms to HBCUs affected by Hurricane Katrina. The Department estimates that it will guarantee \$235 million of these loans in 2007, at a cost of \$179 million. The Department anticipates that the program will surpass the statutory loan cap of \$375 million in principal and accrued interest in fiscal year 2007, at which point the Department will not have authority to make additional loan guarantees. The 2008 Budget provides funds for continuing Federal administrative activities only.

Object Classification (in millions of dollars)

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

Employment Summary

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

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS FINANCING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 91-4252-0-3-502	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
00.02 Interest paid to Treasury	1	1	1
10.00 Total new obligations	1	1	1
Budgetary resources available for obligation:			
22.00 New financing authority (gross)	1	1	1
23.95 Total new obligations	-1	-1	-1
New financing authority (gross), detail:			
Mandatory:			
Spending authority from offsetting collections:			
69.00 Offsetting collections (cash)	2	2	2
69.47 Portion applied to repay debt	-1	-1	-1

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS FINANCING ACCOUNT—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 91-4252-0-3-502	2006 actual	2007 est.	2008 est.
69.90 Spending authority from offsetting collections (total mandatory)	1	1	1
Change in obligated balances:			
73.10 Total new obligations	1	1	1
73.20 Total financing disbursements (gross)	-1	-1	-1
Outlays (gross), detail:			
87.00 Total financing disbursements (gross)	1	1	1
Offsets:			
Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
88.40 Interest repayments	-1	-1	-1
88.40 Principal repayments	-1	-1	-1
88.90 Total, offsetting collections (cash)	-2	-2	-2
Net financing authority and financing disbursements:			
89.00 Financing authority	-1	-1	-1
90.00 Financing disbursements	-1	-1	-1

Status of Direct Loans (in millions of dollars)

Identification code 91-4252-0-3-502	2006 actual	2007 est.	2008 est.
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	19	18	18
1251 Repayments: Repayments and prepayments	-1	-1	-1
1290 Outstanding, end of year	18	18	18

As required by the Federal Credit Reform Act of 1990, this non-budgetary account records all cash flows to and from the Government resulting from direct loans obligated in fiscal years 1992 and 1993. The amounts in this account are a means of financing and are not included in the budget totals.

Balance Sheet (in millions of dollars)

Identification code 91-4252-0-3-502	2005 actual	2006 actual
ASSETS:		
Net value of assets related to post-1991 direct loans receivable:		
1401 Direct loans receivable, gross	19	19
1402 Interest receivable	1	1
1405 Allowance for subsidy cost (-)	-3	-3
1499 Net present value of assets related to direct loans	17	17
1999 Total assets	17	17
LIABILITIES:		
2103 Federal liabilities: Debt	17	17
2999 Total liabilities	17	17
4999 Total liabilities and net position	17	17

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS LIQUIDATING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 91-0242-0-1-502	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
00.02 Interest paid to Treasury	7	8	7
10.00 Total new obligations (object class 43.0)	7	8	7
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year		1	
22.00 New budget authority (gross)	8	8	7

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

New budget authority (gross), detail:

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

Change in obligated balances:

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

Outlays (gross), detail:

86.97 Outlays from new mandatory authority	8	8	7
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Offsets:

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

Net budget authority and outlays:

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

Status of Direct Loans (in millions of dollars)

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

As required by the Federal Credit Reform Act of 1990, the College Housing and Academic Facilities Loans Liquidating Account records all cash flows to and from the Government resulting from direct loans obligated prior to 1992. This account includes loans made under the College Housing and Academic Facilities Loans, College Housing Loans, and Higher Education Facilities Loans programs, which continue to be administered separately.

Balance Sheet (in millions of dollars)

Identification code 91-0242-0-1-502	2005 actual	2006 actual
ASSETS:		
1601 Direct loans, gross	282	255
1602 Interest receivable	6	6
1699 Value of assets related to direct loans	288	261
1999 Total assets	288	261

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

**HISTORICALLY BLACK COLLEGE AND UNIVERSITY CAPITAL FINANCING
DIRECT LOAN FINANCING ACCOUNT**

Program and Financing (in millions of dollars)

Identification code 91-4255-0-3-502	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
00.01	Direct loan awards	15	310
00.02	Interest paid to Treasury	7	7
10.00	Total new obligations	22	317
Budgetary resources available for obligation:			
22.00	New financing authority (gross)	22	317
23.95	Total new obligations	-22	-317
24.40	Unobligated balance carried forward, end of year		
New financing authority (gross), detail:			
Mandatory:			
67.10	Authority to borrow	15	310
Spending authority from offsetting collections:			
69.00	Offsetting collections (cash)	20	205
69.47	Portion applied to repay debt	-13	-198
69.90	Spending authority from offsetting collections (total mandatory)	7	7
70.00	Total new financing authority (gross)	22	317
Change in obligated balances:			
72.40	Obligated balance, start of year	38	11
73.10	Total new obligations	22	317
73.20	Total financing disbursements (gross)	-49	-178
74.40	Obligated balance, end of year	11	150
Outlays (gross), detail:			
87.00	Total financing disbursements (gross)	49	178
Offsets:			
Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
88.00	Federal sources	-193	
88.40	Interest repayments	-7	-7
88.40	Principal repayments	-13	-5
88.90	Total, offsetting collections (cash)	-20	-205
Net financing authority and financing disbursements:			
89.00	Financing authority	2	112
90.00	Financing disbursements	29	-27
Status of Direct Loans (in millions of dollars)			
Identification code 91-4255-0-3-502	2006 actual	2007 est.	2008 est.
Position with respect to appropriations act limitation on obligations:			
1111	Limitation on direct loans	208	216
1142	Unobligated direct loan limitation (-)	-193	94
1150	Total direct loan obligations	15	310
Cumulative balance of direct loans outstanding:			
1210	Outstanding, start of year	126	155
1231	Disbursements: Direct loan disbursements	42	170
1251	Repayments: Repayments and prepayments	-13	-5
1290	Outstanding, end of year	155	320

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

the Federal Government resulting from direct loans obligated in fiscal year 1996 and beyond. The Federal Financing Bank (FFB) purchases bonds issued by the HBCU Designated Bonding Authority. Under the policies governing Federal credit programs, bonds purchased by the FFB and supported by the Department of Education with a letter of credit create the equivalent of a Federal direct loan. HBCU bonds are also available for purchase by the private sector, and these will be treated as loan guarantees. However, the Department anticipates that all HBCU loans will be financed by the FFB. The amounts in this account are a means of financing and are not included in the budget totals.

Balance Sheet (in millions of dollars)

Identification code 91-4255-0-3-502	2005 actual	2006 actual
ASSETS:		
1101	Federal assets: Fund balances with Treasury	10
	Net value of assets related to post-1991 direct loans receivable:	
1401	Direct loans receivable, gross	126
1402	Interest receivable	3
1499	Net present value of assets related to direct loans	129
1999	Total assets	139
LIABILITIES:		
Federal liabilities:		
2102	Interest payable	3
2103	Debt	126
2201	Non-Federal liabilities: Undisbursed direct loans	10
2999	Total liabilities	139
4999	Total liabilities and net position	139

OFFICE OF FEDERAL STUDENT AID

Federal Funds

STUDENT FINANCIAL ASSISTANCE

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

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

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

Program and Financing (in millions of dollars)

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

New budget authority (gross), detail:
Discretionary:

STUDENT FINANCIAL ASSISTANCE—Continued

Program and Financing (in millions of dollars)—Continued

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

Summary of Budget Authority and Outlays

(in millions of dollars)

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

Status of Direct Loans (in millions of dollars)

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

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

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

Federal Pell Grants.—Pell Grants are the single largest source of grant aid for postsecondary education. In 2007, more than 5 million undergraduates will receive up to \$4,050 to help pay for postsecondary education. Undergraduate students establish eligibility for these grants under award and need determination rules set out in the authorizing statute and the annual appropriations act.

Federal Work Study.—This program provides aid administrators with considerable flexibility in packaging financial aid awards to best meet student needs. Federal funds are awarded by formula to qualifying institutions, which provide part-time jobs to eligible undergraduate and graduate students. Hourly earnings under this program must be at least equal to the Federal minimum wage. Federal funding in most cases pays 75 percent of a student's hourly wages, with the remaining 25 percent paid by the employer. The Federal Work-Study program also requires participating institutions to use at least 7 percent of the total funds granted to compensate students employed in community service jobs.

Funding Tables.—The following tables display student aid funds available, the number of aid awards, average awards, and the unduplicated count of recipients from any Federal student aid program. The tables include aid from programs in the Student Financial Assistance account, as well as aid from the Academic Competitiveness/SMART Grant, Federal Family Education Loan, and William D. Ford Direct Student Loan programs. Loan amounts reflect the capital actually loaned, not the Federal cost of these loans. The data in these tables include matching funds wherever appropriate. The 2008 data in these tables reflect the Administration's legislative proposals.

AID FUNDS AVAILABLE FOR POSTSECONDARY EDUCATION AND TRAINING

(in thousands)

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

NUMBER OF AID AWARDS

(in thousands)

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

AVERAGE AID AWARDS

[in whole dollars]

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

NUMBER OF STUDENTS AIDED

[in thousands]

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

[in thousands of dollars]

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

STUDENT FINANCIAL ASSISTANCE

(Legislative proposal, subject to PAYGO)

Program and Financing (in millions of dollars)

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

Status of Direct Loans (in millions of dollars)

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

ACADEMIC COMPETITIVENESS/SMART GRANT PROGRAM

Program and Financing (in millions of dollars)

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

Summary of Budget Authority and Outlays

(in millions of dollars)

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

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

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

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

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

ACADEMIC COMPETITIVENESS/SMART GRANT PROGRAM—Continued

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

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

Program and Financing (in millions of dollars)

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

PERKINS LOAN ASSETS

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

PERKINS LOAN ASSETS
(Legislative proposal, subject to PAYGO)

Program and Financing (in millions of dollars)

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

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

Status of Direct Loans (in millions of dollars)

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

STUDENT AID ADMINISTRATION

For Federal administrative expenses to carry out part D of title I, and subparts 1, 3, and 4 of part A, and parts B, C, D and E of title IV of the Higher Education Act of 1965, as amended, \$708,216,000, which shall remain available until expended.

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

Program and Financing (in millions of dollars)

Identification code 91-0202-0-1-502	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
00.01 Student aid administration	119	718	708
10.00 Total new obligations	119	718	708
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	119	718	708
23.95 Total new obligations	-119	-718	-708
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	120	718	708
40.35 Appropriation permanently reduced	-1		
43.00 Appropriation (total discretionary)	119	718	708
Change in obligated balances:			
72.40 Obligated balance, start of year	36	45	324
73.10 Total new obligations	119	718	708
73.20 Total outlays (gross)	-110	-439	-622
74.40 Obligated balance, end of year	45	324	410
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	82	409	406
86.93 Outlays from discretionary balances	28	30	216
87.00 Total outlays (gross)	110	439	622
Net budget authority and outlays:			
89.00 Budget authority	119	718	708
90.00 Outlays	110	439	622

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

the performance-based Federal Student Aid (FSA), which are both overseen by the Office of the Under Secretary. FSA was created by Congress in 1998 with a mandate to improve service to students and other student aid program participants, reduce student aid administration costs, and improve accountability and program integrity.

Prior to 2007, student aid administrative activities were funded from two main sources: (1) funds appropriated on a permanent basis under section 458 of the Higher Education Act (which included an amount—\$220 million in 2006—for account maintenance fee payments to Federal Family Education Loan guaranty agencies); and (2) a discretionary appropriation partially supporting student aid administrative activities. Under the Higher Education Reconciliation Act of 2005, student aid administrative funds for 2007 and subsequent years are funded from a single discretionary account. (Account maintenance fees payments for these years are paid from the FFEL Program Account.)

The Budget for 2008 includes \$708 million for student aid administration. Most of these funds support systems maintained by private contractors to process student aid applications; provide and track aid awards to students, parents, and schools; and service the over-\$100 billion portfolio of William D. Ford Direct Student Loans.

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

Object Classification (in millions of dollars)

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

Employment Summary

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

FEDERAL STUDENT LOAN RESERVE FUND

Program and Financing (in millions of dollars)

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

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

Summary of Budget Authority and Outlays

(in millions of dollars)

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

The Higher Education Amendments of 1998 clarified that reserve funds held by public and non-profit guaranty agencies participating in the Federal Family Education Loan (FFEL) program are Federal property. These reserves are used to pay default claims from FFEL lenders and fees to support agency efforts to avert defaults. The Federal Government reimburses these reserves for default claim payments.

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

Balance Sheet (in millions of dollars)

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

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

Program and Financing (in millions of dollars)

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

FEDERAL DIRECT STUDENT LOAN PROGRAM PROGRAM ACCOUNT

Program and Financing (in millions of dollars)

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

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

Summary of Budget Authority and Outlays

(in millions of dollars)

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

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

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

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

The Federal Government operates two major student loan programs: the Federal Family Education Loan (FFEL) program and the William D. Ford Federal Direct Loan (Direct Loan) program. For 2008, the President is committed to improving the efficiency of both programs and allowing individual institutions to choose which of these two programs best meets their needs and the needs of their students.

This summary section outlines the structure of these two programs, highlights their differences and similarities, and provides text tables displaying program cost data; loan volume, subsidy, default, and interest rates; and other descriptive information. This section also concludes with a comprehensive discussion of the Administration's policy proposals for the Federal student financial aid programs.

From its inception in 1965 through 2006, the FFEL program has provided \$636 billion in loans to postsecondary students and their parents. Since July 1, 1994, the Direct Loan program has provided \$176 billion in new and consolidation loans to students and parents. Taken together, the FFEL and Direct Loan programs will make nearly \$67 billion in new loans available in 2007. Because funding for these two programs is provided on a permanent indefinite basis, for budget purposes they are considered separately from other Federal student financial assistance programs. The FFEL and Direct Loan programs should be viewed in combination with these other programs, however, as part of the overall Federal effort to expand access to higher education.

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

The Direct Loan program was created by the Student Loan Reform Act of 1993. Under this program, the Federal Government provides loan funds to postsecondary institutions directly. The Direct Loan program began operation in academic year 1994–1995 with 7 percent of overall loan volume and is expected to account for 20 percent in academic year 2008–2009. All eligible institutions are free to participate in either the Direct Loan or FFEL program.

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

For Stafford Loans made on or after July 1, 2006, the borrower interest rate is fixed at 6.8 percent. For most loans made immediately prior to July 1, 2006, the borrower interest rate equals the 91-day Treasury bill rate plus 1.7 percent during in-school, grace, and deferment periods, and the 91-day Treasury bill plus 2.3 percent at all other times, with a cap of 8.25 percent, adjusted annually. Interest payments for these loans are fully subsidized by the Government while a student is in school and during grace and deferment periods. Unsubsidized Stafford loans carry the same borrower

interest rate as Stafford loans, but have no interest subsidy. For most PLUS loans made prior to July 1, 2006, the borrower interest rate equals the 91-day Treasury bill rate plus 3.1 percent, with a cap of 9 percent and no interest subsidy. The fixed borrower interest rate on PLUS loans made on or after July 1, 2006, is 7.9 percent for Direct Loans and 8.5 percent for FFEL.

In the FFEL program, lenders may receive an interest subsidy, called a special allowance, from the Government to ensure a guaranteed rate of return on their loans. Special allowance payments vary by loan type, are determined quarterly, and are based on current borrower interest rates and market-yield formulas. For new Stafford and Unsubsidized Stafford loans, for example, the Federal Government must pay lenders a special allowance if the average 3-month commercial paper rate for a given quarter plus 2.34 percent-or 1.74 percent during in-school, grace, or deferment periods-is higher than the current interest rate charged borrowers. For periods when the borrower interest rate exceeds the special allowance rate on loans made on or after April 1, 2006, lenders remit the difference to the government.

Consolidation loans allow borrowers to combine loans made under Title IV of the Higher Education Act—FFEL, Direct Loans, and Perkins Loans as well as some loans made under the Public Health Service Act. The interest rate for new FFEL and Direct Consolidation loans equals the weighted average of the interest rate on the loans consolidated, rounded up to the nearest one-eighth of one percent. Lenders may choose to offer a lower rate. Interest rates for all new FFEL and Direct Consolidation Loans are capped at 8.25 percent. The Higher Education Reconciliation Act of 2005 eliminated the practice of in-school loan consolidation and revised the circumstances under which a FFEL borrower could obtain a Direct Consolidation Loan.

FFEL borrowers pay an origination fee to the Government equal to 3 percent of principal, and are also liable for a guaranty agency insurance premium of up to 1 percent of principal. Guaranty agencies have the option of waiving this premium and FFEL lenders have the option of paying some or all of a borrower's origination fee for Stafford Loan borrowers. Direct Loan borrowers are charged an origination fee equal to 3 percent of principal. The Higher Education Reconciliation Act of 2005 includes phased reductions that eliminate FFEL origination fees by July 1, 2010, and lowers Direct Loan fees to 1 percent by the same date; the Act also requires guaranty agencies to collect the insurance premium. Borrowers in both programs may be offered financial incentives to encourage prompt repayment.

Loan limits are also identical across the two programs. Loans made under both programs are discharged when borrowers die, are totally and permanently disabled, or, under some circumstances, declare bankruptcy.

Under both programs, new borrowers after October 1, 1998, who are employed as teachers in schools serving low-income populations for five consecutive, complete school years, qualify for up to \$5,000 in loan forgiveness; this benefit is increased to \$17,500 for mathematics, science, and special education teachers considered highly qualified under criteria established in the No Child Left Behind Act of 2001.

Borrowers under Direct Loans may choose from among five repayment plans including income-contingent repayment ("pay-as-you-can"), under which annual repayment amounts vary based on the income of the borrower and the amount borrowed, and payments can be made over 25 years. Borrowers may switch between repayment plans at any time. (Income-contingent repayment is not available to Direct PLUS borrowers).

FFEL borrowers may choose from among four repayment plans. Repayment periods under standard, graduated, and income-sensitive repayment may not exceed 10 years. An ex-

FEDERAL DIRECT STUDENT LOAN PROGRAM PROGRAM ACCOUNT—
Continued

tended repayment plan of up to 25 years is available for new borrowers with outstanding loans totalling more than \$30,000. FFEL borrowers may change repayment plans annually.

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

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

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

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

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

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

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

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

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

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

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

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

Funding Levels

(in thousands of dollars)

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

¹ Liquidating account reflects loans made prior to 1992.

² Reflects the cost or savings associated with policy changes, including those contained in the Higher Education Reconciliation Act of 2006, that would affect the terms of existing loans.

Summary of Loans Available

(net commitments in millions of dollars)¹

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

¹ Net commitments equal gross commitments minus loan cancellations.

Number of Loans

(in thousands)

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

Average Loan Size (in whole dollars)

(in thousands)

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

Summary of Subsidy and Default Rates

(in percent)

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

¹ Subsidy rates represent the Federal portion of non-administrative costs—principally interest subsidies and defaults—associated with each borrowed dollar. For example, a \$1,000 loan with Federal subsidy costs of \$100 would have a subsidy rate of 10 percent.

² Default rates displayed in this table, which reflect projected defaults over the life of a loan cohort, are used in developing program cost estimates. The Department uses other rates based on defaults occurring in the first two years of repayment to determine institutional eligibility to participate in Federal loan programs. These two-year rates tend to be lower than those included in this table.

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

FEDERAL DIRECT STUDENT LOAN PROGRAM PROGRAM ACCOUNT—
Continued

ments are partially offset by borrower origination fees and lender fees for originations and an annual consolidation loan holder fee. In Direct Loans, cash outflows are primarily payments to Treasury. Cash inflows include principal and interest payments on outstanding Direct Loans.

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

The Federal Credit Reform Act of 1990 accounts for differences in the amount and timing of cash flows among direct and guaranteed loan programs to make cost estimates for these programs comparable with each other and other federal programs.

Selected Program Costs and Offsets

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

Details may not sum to total due to rounding.

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

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

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

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

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

Loan Disbursement and Subsidy Costs

	FFEL	Direct Loans
Total Subsidy Costs—1992–2007		
Original Subsidy Costs	+\$71.6bil	+\$0.4bil
Cumulative Reestimates	+\$1.2bil	+\$10.7bil
Net Subsidy Costs	+\$72.8bil	+\$11.1bil
Total Disbursements	\$627.0bil	\$205.6bil

Changes in interest rate projections are a significant factor in FFEL and Direct Loan reestimates; recent declines in interest rates below historical averages have accordingly been a major driver in changes to program costs. Changes in borrower behavior (notably, prepayment of loans through consolidation and reduction in defaults) have also contributed to these reestimates. The average lifetime subsidy rate for all outstanding FFEL loans after the most recent reestimate is 11.60; the comparable Direct Loan rate is 5.42. For the oldest loan cohorts, many of the subsidy costs have been expended (e.g., in-school interest subsidies).

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

Object Classification (in millions of dollars)

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

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

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

Employment Summary

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

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(Legislative proposal, subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 91-0243-4-1-502	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
00.01 Direct Loan Subsidy			9
10.00 Total new obligations (object class 41.0)			9
Budgetary resources available for obligation:			
22.00 New budget authority (gross)			9
23.95 Total new obligations			-9
24.40 Unobligated balance carried forward, end of year			
New budget authority (gross), detail:			
Mandatory:			
60.00 Appropriation -federal administration			
60.00 Appropriation (indefinite)—loan subsidy			9
60.00 Appropriation—upward modification			
60.00 Appropriation (indefinite)—Upward reestimate			
62.50 Appropriation (total mandatory)			9
Change in obligated balances:			
73.10 Total new obligations			9
73.20 Total outlays (gross)			-6
74.40 Obligated balance, end of year			3
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority			6
Net budget authority and outlays:			
89.00 Budget authority			9
90.00 Outlays			6

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

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

FEDERAL DIRECT STUDENT LOAN PROGRAM FINANCING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 91-4253-0-3-502	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
00.01 Direct Loan Obligations	36,305	19,503	21,103
00.02 Interest payment to Treasury	6,505	5,597	5,974
00.91 Direct Program by Activities—Subtotal (1 level)	42,810	25,100	27,077
02.01 Interest rate rebate, Stafford	82	86	94
02.02 Interest rate rebate, Unsubsidized Stafford	70	75	81
02.03 Interest rate rebate, PLUS	33	36	40
02.91 Direct Program by Activities—Subtotal (1 level)	185	197	215
03.01 Consolidation loans—Payment of Orig. Services	26	10	12
04.01 Payment of contract collections	127	150	160
08.02 Payment of downward reestimate to receipt account (fy07)	501	940	
08.04 Interest on downward reestimate	22	45	
08.91 Direct Program by Activities—Subtotal (1 level)	523	985	
10.00 Total new obligations	43,671	26,442	27,464
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	1,697	6,479	
22.00 New financing authority (gross)	49,593	26,442	27,464
22.10 Resources available from recoveries of prior year obligations	3,396	4,015	5,029
22.60 Portion applied to repay debt	-4,536	-5,926	
22.70 Balance of authority to borrow withdrawn		-4,568	-5,029
23.90 Total budgetary resources available for obligation	50,150	26,442	27,464
23.95 Total new obligations	-43,671	-26,442	-27,464
24.40 Unobligated balance carried forward, end of year	6,479		
New financing authority (gross), detail:			
Mandatory:			
67.10 Authority to borrow	35,073	20,030	20,627
Spending authority from offsetting collections:			
69.00 Offsetting collections (cash)	42,208	20,711	17,205
69.10 Change in uncollected customer payments from Federal sources (unexpired)	-4	17	15
69.47 Portion applied to repay debt	-27,684	-14,316	-10,383
69.90 Spending authority from offsetting collections (total mandatory)	14,520	6,412	6,837
70.00 Total new financing authority (gross)	49,593	26,442	27,464
Change in obligated balances:			
72.40 Obligated balance, start of year	8,658	9,379	7,174
73.10 Total new obligations	43,671	26,442	27,464
73.20 Total financing disbursements (gross)	-39,558	-24,615	-25,610
73.45 Recoveries of prior year obligations	-3,396	-4,015	-5,029
74.00 Change in uncollected customer payments from Federal sources (unexpired)	4	-17	-15
74.40 Obligated balance, end of year	9,379	7,174	3,984
Outlays (gross), detail:			
87.00 Total financing disbursements (gross)	39,558	24,615	25,610
Offsets:			
Against gross financing authority and financing disbursements:			

FEDERAL DIRECT STUDENT LOAN PROGRAM FINANCING ACCOUNT—
Continued

Program and Financing (in millions of dollars)—Continued

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

Status of Direct Loans (in millions of dollars)

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

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

CONSOLIDATION

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

Cumulative balance of direct loans outstanding:

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

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

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

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

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

Balance Sheet (in millions of dollars)

Identification code 91-4253-0-3-502	2005 actual	2006 actual
ASSETS:		
Federal assets:		
1101 Fund balances with Treasury	4,913	8,621
Investments in US securities:		
1106 Receivables, net	4,150	4,631
Net value of assets related to post-1991 direct loans receivable:		
1401 Direct loans receivable, gross	94,707	97,307
1402 Interest receivable	3,121	3,702
1405 Allowance for subsidy cost (-)	-2,132	-8,405
1499 Net present value of assets related to direct loans	95,696	92,604
1999 Total assets	104,759	105,856
LIABILITIES:		
Federal liabilities:		
2101 Accounts payable	388	426
2103 Debt	104,371	105,430
2999 Total liabilities	104,759	105,856
4999 Total liabilities and net position	104,759	105,856

FEDERAL DIRECT STUDENT LOAN PROGRAM FINANCING ACCOUNT

(Legislative proposal, subject to PAYGO)

Program and Financing (in millions of dollars)

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

FEDERAL FAMILY EDUCATION LOAN PROGRAM ACCOUNT

Program and Financing (in millions of dollars)

Identification code 91-0231-0-1-502	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
00.02 Guaranteed loan subsidy	17,274	5,860	5,078
00.04 Modification subsidy, upward	1,724		
00.07 Upward reestimate, principal	6,998	183	
00.08 Upward reestimate, interest	2,375	372	
10.00 Total new obligations (object class 41.0)	28,371	6,415	5,078
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	28,371	6,415	5,078
22.10 Resources available from recoveries of prior year obligations	632	802	622
22.40 Capital transfer to general fund	-632	-802	-622
23.90 Total budgetary resources available for obligation	28,371	6,415	5,078
23.95 Total new obligations	-28,371	-6,415	-5,078
New budget authority (gross), detail:			
Mandatory:			
60.00 Appropriation	28,371	6,415	5,078
Spending authority from offsetting collections:			
69.00 Offsetting collections (cash)—downward reestimate	303		
69.00 Offsetting collections (cash)			
69.27 Capital transfer to general fund	-303		
69.90 Spending authority from offsetting collections (total mandatory)			
70.00 Total new budget authority (gross)	28,371	6,415	5,078
Change in obligated balances:			
72.40 Obligated balance, start of year	1,944	2,247	1,999
73.10 Total new obligations	28,371	6,415	5,078
73.20 Total outlays (gross)	-27,435	-5,861	-4,307
73.40 Adjustments in expired accounts (net)	-1		
73.45 Recoveries of prior year obligations	-632	-802	-622
74.40 Obligated balance, end of year	2,247	1,999	2,148
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority	26,125	4,417	2,931
86.98 Outlays from mandatory balances	1,310	1,444	1,376
87.00 Total outlays (gross)	27,435	5,861	4,307
Offsets:			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	-303		
Net budget authority and outlays:			
89.00 Budget authority	28,068	6,415	5,078
90.00 Outlays	27,132	5,861	4,307

Summary of Budget Authority and Outlays

(in millions of dollars)

	2006 actual	2007 est.	2008 est.
Enacted/requested:			
Budget Authority	28,068	6,415	5,078
Outlays	27,132	5,861	4,307
Legislative proposal, subject to PAYGO:			
Budget Authority			-1,208
Outlays			-1,025
Total:			
Budget Authority	28,068	6,415	3,870
Outlays	27,132	5,861	3,282

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

Identification code 91-0231-0-1-502	2006 actual	2007 est.	2008 est.
Guaranteed loan levels supportable by subsidy budget authority:			
215001 Stafford	22,728	24,840	26,863
215002 Unsubsidized Stafford	23,702	25,819	28,031
215003 PLUS	7,358	10,425	11,560
215004 Consolidation	81,788	26,978	32,014

FEDERAL FAMILY EDUCATION LOAN PROGRAM ACCOUNT—Continued

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

Identification code 91-0231-0-1-502	2006 actual	2007 est.	2008 est.
215999 Total loan guarantee levels	135,576	88,062	98,468
Guaranteed loan subsidy (in percent):			
232001 Stafford	18.55	18.03	18.14
232002 Unsubsidized Stafford	1.66	0.01	-0.01
232003 PLUS	0.27	-0.28	0.00
232004 Consolidation	15.46	5.22	0.65
232999 Weighted average subsidy rate	12.74	6.65	5.16
Guaranteed loan subsidy budget authority:			
233001 Stafford	4,216	4,479	4,873
233002 Unsubsidized Stafford	393	2	-3
233003 PLUS	20	-29	
233004 Consolidation	12,645	1,408	208
233999 Total subsidy budget authority	17,274	5,860	5,078
Guaranteed loan subsidy outlays:			
234001 Stafford	3,425	3,755	4,108
234002 Unsubsidized Stafford	410	116	-1
234003 PLUS	41	-9	-10
234004 Consolidation	12,461	1,444	210
234999 Total subsidy outlays	16,337	5,306	4,307
Guaranteed loan upward reestimates:			
235001 Stafford	1,458	114	
235002 Unsubsidized Stafford	945		
235003 PLUS	104		
235004 Consolidation	7,362	3,350	
235005 SLS	19	83	
235999 Total upward reestimate budget authority	9,888	3,547	
Guaranteed loan downward reestimates:			
237001 Stafford	-280	-3,669	
237002 Unsubsidized Stafford	-94	-2,590	
237003 PLUS	-44	-252	
237004 Consolidation	-386	-192	
237005 SLS		-4	
237999 Total downward reestimate subsidy budget authority	-804	-6,707	

As required by the Federal Credit Reform Act of 1990, this program account records the subsidy costs associated with Federal Family Education Loans (FFEL), formerly guaranteed student loans (GSL), committed in 1992 and beyond. Beginning with the 1993 cohort, mandatory administrative costs, specifically contract collection costs, are included in the FFEL subsidy estimates of each year's cohort. Subsidy amounts are estimated on a net present value basis.

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

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

Program and Financing (in millions of dollars)

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

Outlays (gross), detail:

86.97	Outlays from new mandatory authority		-1,025
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Net budget authority and outlays:

89.00	Budget authority		-1,208
90.00	Outlays		-1,025

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

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

FEDERAL FAMILY EDUCATION LOAN PROGRAM FINANCING ACCOUNT

Program and Financing (in millions of dollars)

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

FEDERAL FAMILY EDUCATION LOAN PROGRAM FINANCING
ACCOUNT—Continued

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

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

Addendum:

Cumulative balance of defaulted guaranteed loans that result in loans receivable:			
2310 Outstanding, start of year	291	312	292
2331 Disbursements for guaranteed loan claims	145	158	196
2351 Repayments of loans receivable	-79	-115	-132
2361 Write-offs of loans receivable	-63	-63	-63
2364 Other adjustments, net	18		
2390 Outstanding, end of year	312	292	293

SLS

Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year	276	201	143
2251 Repayments and prepayments	-42	-37	-22
Adjustments:			
2261 Terminations for default that result in loans receivable	-27	-20	-14
2263 Terminations for default that result in claim payments	-6	-1	
2290 Outstanding, end of year	201	143	107

Memorandum:

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

Cumulative balance of defaulted guaranteed loans that result in loans receivable:			
2310 Outstanding, start of year	385	375	314
2331 Disbursements for guaranteed loan claims	27	20	14
2351 Repayments of loans receivable	-53	-76	-70
2361 Write-offs of loans receivable	-6	-5	-5
2364 Other adjustments, net	22		
2390 Outstanding, end of year	375	314	253

CONSOLIDATION

Position with respect to appropriations act limitation on commitments:			
2111 Limitation on guaranteed loans made by private lenders			
2131 Guaranteed loan commitments exempt from limitation	81,788	26,978	32,014
2150 Total guaranteed loan commitments	81,788	26,978	32,014
2199 Guaranteed amount of guaranteed loan commitments	81,788	26,708	31,693

Cumulative balance of guaranteed loans outstanding:

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

Memorandum:

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

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

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

Balance Sheet (in millions of dollars)

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

FEDERAL FAMILY EDUCATION LOAN PROGRAM FINANCING ACCOUNT

(Legislative proposal, subject to PAYGO)

Program and Financing (in millions of dollars)

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

Budgetary resources available for obligation:

22.00 New financing authority (gross)			-947
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DEPARTMENT OF EDUCATION

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

FEDERAL FAMILY EDUCATION LOAN LIQUIDATING ACCOUNT

Program and Financing (in millions of dollars)

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

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

Status of Guaranteed Loans (in millions of dollars)

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

FEDERAL FAMILY EDUCATION LOAN LIQUIDATING ACCOUNT—
Continued

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

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

¹Excludes interest and premium collections on insured loans.

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

Balance Sheet (in millions of dollars)

Identification code 91-0230-0-1-502	2005 actual	2006 actual
ASSETS:		
1101 Federal assets: Fund balances with Treasury	362	295
1701 Defaulted guaranteed loans, gross	9,306	8,730
1702 Interest receivable	595	336
1703 Allowance for estimated uncollectible loans and interest (-)	-6,736	-4,718
1704 Defaulted guaranteed loans and interest receivable, net	3,165	4,348
1799 Value of assets related to loan guarantees	3,165	4,348
1999 Total assets	3,527	4,643
LIABILITIES:		
2104 Federal liabilities: Resources payable to Treasury	3,412	4,555
Non-Federal liabilities:		
2201 Accounts payable	4	-15
2204 Liabilities for loan guarantees	111	103
2999 Total liabilities	3,527	4,643
4999 Total liabilities and net position	3,527	4,643

Object Classification (in millions of dollars)

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

INSTITUTE OF EDUCATION SCIENCES

Federal Funds

INSTITUTE OF EDUCATION SCIENCES

For carrying out activities authorized by the Education Sciences Reform Act of 2002, as amended, the National Assessment of Educational Progress Authorization Act, section 208 of the Educational Technical Assistance Act of 2002, and section 664 of the Individuals

with Disabilities Education Act, \$594,262,000, of which \$293,144,000 shall be available until September 30, 2009.

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

Program and Financing (in millions of dollars)

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

Research and Statistics:

Research, development, and dissemination.—Funds support the National Center for Education Research, which oversees a diverse portfolio of directed research, evaluation studies, research and development centers, and dissemination activities that provide parents, teachers, and schools with valid information on effective educational practice.

Statistics.—Funds support the Department's statistical data collection activities, which are conducted by the National Center for Education Statistics (NCES). NCES collects, analyzes, and disseminates statistics on education at all levels, from preschool through postsecondary and adult education, including statistics on international education activities. In 2008, funds will also support a higher education unit record pilot. The pilot will modify several components of the Integrated

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

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

Assessment.—Funds support the National Assessment of Educational Progress (NAEP). NAEP administers assessments to samples of students in order to gather reliable information about educational attainment in important academic areas. Funds support collection and reporting of national, State, and long-term trend information, including the conduct of biennial State NAEP in reading and mathematics at grades 4 and 8. In 2008, funds will also support costs of expanding State NAEP to grade 12 in 2009.

Research in special education.—Funds support research to address gaps in scientific knowledge in order to improve special education and early intervention services and results for infants, toddlers, and children with disabilities.

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

Special education studies and evaluations.—Funds support objective studies, evaluations, and assessments related to the implementation of the Individuals with Disabilities Education Act in order to improve special education and early intervention services and results for infants, toddlers, and children with disabilities.

Object Classification (in millions of dollars)

Identification code 91-1100-0-1-503	2006 actual	2007 est.	2008 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent	1	1	1
11.3 Other than full-time permanent	1	1	1
11.9 Total personnel compensation	2	2	2
24.0 Printing and reproduction	1	1	1
25.1 Advisory and assistance services	4	3	4
25.2 Other services	167	167	194
25.3 Other purchases of goods and services from Government accounts	15	15	15
25.5 Research and development contracts	99	99	99
41.0 Grants, subsidies, and contributions	253	253	277
99.0 Direct obligations	541	540	592
99.0 Reimbursable obligations	2	2	2
99.5 Below reporting threshold		2	2
99.9 Total new obligations	543	544	596

Employment Summary

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

DEPARTMENTAL MANAGEMENT

Federal Funds

PROGRAM ADMINISTRATION

For carrying out, to the extent not otherwise provided, the Department of Education Organization Act, including rental of conference rooms in the District of Columbia and hire of three passenger motor vehicles, \$446,934,000, of which \$17,303,000, to remain available until expended, shall be for building alterations and related expenses for

the move of Department staff to the Mary E. Switzer building in Washington, D.C.

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

Program and Financing (in millions of dollars)

Identification code 91-0800-0-1-503	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
00.01 Program administration	410	411	447
00.02 Trust Fund	36	24	
09.01 Reimbursable program	1	1	1
10.00 Total new obligations	447	436	448
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year		24	
22.00 New budget authority (gross)	472	412	448
23.90 Total budgetary resources available for obligation	472	436	448
23.95 Total new obligations	-447	-436	-448
23.98 Unobligated balance expiring or withdrawn	-1		
24.40 Unobligated balance carried forward, end of year	24		
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	415	411	447
40.35 Appropriation permanently reduced	-4		
43.00 Appropriation (total discretionary)	411	411	447
58.00 Spending authority from offsetting collections: Offsetting collections (cash)		1	1
Mandatory:			
60.00 Appropriation	61		
70.00 Total new budget authority (gross)	472	412	448
Change in obligated balances:			
72.40 Obligated balance, start of year	125	144	127
73.10 Total new obligations	447	436	448
73.20 Total outlays (gross)	-422	-453	-429
73.40 Adjustments in expired accounts (net)	-4		
74.10 Change in uncollected customer payments from Federal sources (expired)	-2		
74.40 Obligated balance, end of year	144	127	146
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	337	322	338
86.93 Outlays from discretionary balances	85	71	91
86.98 Outlays from mandatory balances		60	
87.00 Total outlays (gross)	422	453	429
Offsets:			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	-2	-1	-1
Against gross budget authority only:			
88.96 Portion of offsetting collections (cash) credited to expired accounts	2		
Net budget authority and outlays:			
89.00 Budget authority	472	411	447
90.00 Outlays	420	452	428

The Program Administration account includes the direct Federal costs of providing grants and administering elementary and secondary education, Indian education, English language acquisition, higher education, technical and adult education, special education programs, and programs for persons with disabilities. It also supports assessment, statistics, and research activities.

In addition, this account includes the cost of providing centralized support and administrative services, overall policy development, and strategic planning for the Department. Included in the centralized activities are rent and mail services; telecommunications; contractual services; financial management and accounting, including payments to schools, education agencies and other grant recipients, and preparation

PROGRAM ADMINISTRATION—Continued

of auditable financial statements; information technology services; personnel management; personnel security; budget formulation and execution; program evaluation; legal services; congressional and public relations; and intergovernmental affairs.

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

Also included in this account are contributions from the public. Activities supported include receptions for Blue Ribbon Schools, Historically Black Colleges and Universities, and School Recognition. In 2006, this account received a transfer from the Department of State of \$61 million. These funds came from foreign countries in support of the Department of Education's efforts to assist educational programs and entities affected by Hurricane Katrina. Contributions not designated for a specific purpose are in the account's Gifts and Bequests Miscellaneous Fund.

Reimbursable program.—Reimbursements to this account are for providing administrative services to other agencies, recycling activities, and in-kind travel.

Object Classification (in millions of dollars)

Identification code 91-0800-0-1-503	2006 actual	2007 est.	2008 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent	167	193	201
11.3 Other than full-time permanent	30	9	10
11.5 Other personnel compensation	4	3	4
11.9 Total personnel compensation	201	205	215
12.1 Civilian personnel benefits	49	51	54
13.0 Benefits for former personnel	1		
21.0 Travel and transportation of persons	5	5	5
23.1 Rental payments to GSA	36	36	38
23.3 Communications, utilities, and miscellaneous charges	11	9	11
24.0 Printing and reproduction	3	4	4
25.1 Advisory and assistance services	5	3	2
25.2 Other services	24	19	20
25.3 Other purchases of goods and services from Government accounts	20	17	16
25.7 Operation and maintenance of equipment	44	48	51
26.0 Supplies and materials	2	2	2
31.0 Equipment	9	12	24
32.0 Land and structures	1		5
41.0 Grants, subsidies, and contributions	35	24	
99.0 Direct obligations	446	435	447
99.0 Reimbursable obligations	1	1	1
99.9 Total new obligations	447	436	448

Employment Summary

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

OFFICE FOR CIVIL RIGHTS

For expenses necessary for the Office for Civil Rights, as authorized by section 203 of the Department of Education Organization Act, \$93,771,000.

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

Program and Financing (in millions of dollars)

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

00.01 Civil rights	90	90	94
10.00 Total new obligations	90	90	94
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	91	90	94
23.95 Total new obligations	-90	-90	-94
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	92	90	94
40.35 Appropriation permanently reduced	-1		
43.00 Appropriation (total discretionary)	91	90	94
Change in obligated balances:			
72.40 Obligated balance, start of year	22	20	16
73.10 Total new obligations	90	90	94
73.20 Total outlays (gross)	-91	-94	-93
73.40 Adjustments in expired accounts (net)	-1		
74.40 Obligated balance, end of year	20	16	17
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	75	77	80
86.93 Outlays from discretionary balances	16	17	13
87.00 Total outlays (gross)	91	94	93
Net budget authority and outlays:			
89.00 Budget authority	91	90	94
90.00 Outlays	91	94	93

The Office for Civil Rights is responsible for ensuring that no person is unlawfully discriminated against on the basis of race, color, national origin, sex, disability, or age in the delivery of services or the provision of benefits in programs or activities of schools and institutions receiving financial assistance from the Department of Education. The authorities under which the Office for Civil Rights operates are Title VI of the Civil Rights Act of 1964 (racial and ethnic discrimination), Title IX of the Education Amendments of 1972 (sex discrimination), section 504 of the Rehabilitation Act of 1973 (discrimination against individuals with a disability), the Age Discrimination Act of 1975, the Americans with Disabilities Act of 1990 and the Boy Scouts of America Equal Access Act of 2002.

Object Classification (in millions of dollars)

Identification code 91-0700-0-1-751	2006 actual	2007 est.	2008 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent	51	53	55
11.3 Other than full-time permanent	2	2	3
11.5 Other personnel compensation	1	1	1
11.9 Total personnel compensation	54	56	59
12.1 Civilian personnel benefits	13	14	14
21.0 Travel and transportation of persons	1	1	1
23.1 Rental payments to GSA	7	7	7
23.3 Communications, utilities, and miscellaneous charges	2	1	1
25.2 Other services	4	2	2
25.3 Other purchases of goods and services from Government accounts	2	3	3
25.7 Operation and maintenance of equipment	5	4	5
31.0 Equipment		1	1
99.0 Direct obligations	88	89	93
99.5 Below reporting threshold	2	1	1
99.9 Total new obligations	90	90	94

Employment Summary

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

OFFICE OF THE INSPECTOR GENERAL

For expenses necessary for the Office of the Inspector General, as authorized by section 212 of the Department of Education Organization Act, \$53,239,000.

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

Program and Financing (in millions of dollars)

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

The Inspector General is responsible for the quality, coverage, and coordination of audit and investigation functions relating to Federal education activities. The Inspector General has the authority to inquire into all activities of the Department, including those performed under Federal education contracts, grants, or other agreements. Under the Chief Financial Officers Act of 1990, the Inspector General is also responsible for internal reviews of the Department's financial systems and audits of its financial statements.

Object Classification (in millions of dollars)

Identification code 91-1400-0-1-751	2006 actual	2007 est.	2008 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent	23	25	27
11.3 Other than full-time permanent	1	1	
11.5 Other personnel compensation	2		
11.9 Total personnel compensation	26	26	27
12.1 Civilian personnel benefits	8	8	9
21.0 Travel and transportation of persons	2	2	2
23.1 Rental payments to GSA	4	4	5
23.3 Communications, utilities, and miscellaneous charges	1	1	1
25.1 Advisory and assistance services	2	2	3
25.2 Other services	1	1	1
25.3 Other purchases of goods and services from Government accounts	1	1	1
25.7 Operation and maintenance of equipment	2	2	3
31.0 Equipment	1		1
32.0 Land and structures		1	
99.0 Direct obligations	48	48	53
99.5 Below reporting threshold	1		
99.9 Total new obligations	49	48	53

Employment Summary

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

HURRICANE EDUCATION RECOVERY

Federal Funds

HURRICANE EDUCATION RECOVERY

Program and Financing (in millions of dollars)

Identification code 91-0013-0-1-500	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
00.01 Programs to restart school operations	750		
00.02 Assistance for homeless children and youth	5		
00.03 Temporary emergency impact aid for displaced students	878		
00.91 Subtotal, Aid for elementary and secondary education	1,633		
01.01 Aid for institutions of higher education	200		
01.02 Aid for recovering institutions	50		
01.91 Subtotal, Postsecondary institutional assistance	250		
10.00 Total new obligations (object class 41.0)	1,883		
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	1,885		
23.95 Total new obligations	-1,883		
23.98 Unobligated balance expiring or withdrawn	-2		
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	1,885		
Change in obligated balances:			
72.40 Obligated balance, start of year		743	
73.10 Total new obligations	1,883		
73.20 Total outlays (gross)	-1,140	-743	
74.40 Obligated balance, end of year		743	
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	1,140		
86.93 Outlays from discretionary balances		743	
87.00 Total outlays (gross)	1,140	743	
Net budget authority and outlays:			
89.00 Budget authority	1,885		
90.00 Outlays	1,140	743	

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

GENERAL FUND RECEIPT ACCOUNTS

(in millions of dollars)

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

(in millions of dollars)—Continued

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

GENERAL PROVISIONS

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

SEC. 302. None of the funds contained in this Act shall be used to require, directly or indirectly, the transportation of any student to a school other than the school which is nearest the student's home,

except for a student requiring special education, to the school offering such special education, in order to comply with title VI of the Civil Rights Act of 1964. For the purpose of this section an indirect requirement of transportation of students includes the transportation of students to carry out a plan involving the reorganization of the grade structure of schools, the pairing of schools, or the clustering of schools, or any combination of grade restructuring, pairing or clustering. The prohibition described in this section does not include the establishment of magnet schools.

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

(TRANSFER OF FUNDS)

SEC. 304. Not to exceed 1 percent of any discretionary funds (pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985, as amended) which are appropriated for the Department of Education in this Act may be transferred between appropriations, but no such appropriation shall be increased by more than 3 percent by any such transfer: Provided, That the Appropriations Committees of both Houses of Congress are notified at least 15 days in advance of any transfer.

DEPARTMENT OF EDUCATION

OFFICE OF ELEMENTARY AND SECONDARY EDUCATION

Federal Funds

EDUCATION FOR THE DISADVANTAGED

For carrying out title I of the Elementary and Secondary Education Act of 1965 ("ESEA"), section 6201 of the America COMPETES Act, and section 418A of the Higher Education Act of 1965, **[\$15,755,083,000]** \$16,617,059,000, of which **[\$7,639,035,000]** \$8,409,108,000 shall become available on July 1, **[2008]** 2009, and shall remain available through September 30, **[2009]** 2010, and of which \$7,934,756,000 shall become available on October 1, **[2008]** 2009, and shall remain available through September 30, **[2009]** 2010, for academic year **[2008–2009]** 2009–2010: *Provided*, That **[\$6,835,271,000]** \$6,597,946,000 shall be for basic grants under section 1124: *Provided further*, That up to \$4,000,000 of these funds shall be available to the Secretary of Education on October 1, **[2007]** 2008, to obtain annually updated local educational-agency-level census poverty data from the Bureau of the Census: *Provided further*, That \$1,365,031,000 shall be for concentration grants under section 1124A: *Provided further*, That **[\$2,967,949,000]** \$3,373,975,000 shall be for targeted grants under section 1125: *Provided further*, That \$2,967,949,000 shall be for education finance incentive grants under section 1125A: *Provided further*, That **[\$9,330,000]** \$9,167,000 shall be to carry out sections 1501 and 1503: *Provided further*, That \$1,634,000 shall be available for a comprehensive school reform clearinghouse]. (*Department of Education Appropriations Act, 2008.*)

Program and Financing (in millions of dollars)

Identification code 91–0900–0–1–501	2007 actual	2008 est.	2009 est.
Obligations by program activity:			
00.01 Grants to local educational agencies	12,833	13,369	14,305
00.02 School improvement grants .....	.....	616	491
00.03 Reading first State grants	1,023	464	1,000
00.04 Early reading first	118	113	113
00.05 Striving readers	26	64	100
00.06 Even start	88	69	.....
00.07 Literacy through school libraries	19	19	19
00.08 State agency programs	439	445	452
00.09 Comprehensive school reform	2	2	.....
00.10 Evaluation	9	9	9
00.11 Migrant education projects	34	33	33
00.12 Math Now .....	.....	.....	95
10.00 Total new obligations	14,591	15,203	16,617
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	129	265	.....
22.00 New budget authority (gross)	14,725	14,938	16,617
22.10 Resources available from recoveries of prior year obligations	2	.....	.....
23.90 Total budgetary resources available for obligation	14,856	15,203	16,617
23.95 Total new obligations	–14,591	–15,203	–16,617
24.40 Unobligated balance carried forward, end of year	265	.....	.....
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	7,342	7,821	8,682
40.33 Appropriation permanently reduced (P.L. 110–161) .....	.....	–266	.....
43.00 Appropriation (total discretionary)	7,342	7,555	8,682
55.00 Advance appropriation	7,383	7,383	7,935
70.00 Total new budget authority (gross)	14,725	14,938	16,617
Change in obligated balances:			
72.40 Obligated balance, start of year	10,803	10,866	11,034
73.10 Total new obligations	14,591	15,203	16,617
73.20 Total outlays (gross)	–14,487	–15,035	–15,306
73.40 Adjustments in expired accounts (net)	–39	.....	.....
73.45 Recoveries of prior year obligations	–2	.....	.....

74.40	Obligated balance, end of year	10,866	11,034	12,345
Outlays (gross), detail:				
86.90	Outlays from new discretionary authority	2,380	6,069	6,521
86.93	Outlays from discretionary balances	12,107	8,966	8,785
87.00	Total outlays (gross)	14,487	15,035	15,306
Net budget authority and outlays:				
89.00	Budget authority	14,725	14,938	16,617
90.00	Outlays	14,487	15,035	15,306

Summary of Budget Authority and Outlays

(in millions of dollars)

	2007 actual	2008 est.	2009 est.
Enacted/requested:			
Budget Authority	14,725	14,938	16,617
Outlays	14,487	15,035	15,306
Legislative proposal, not subject to PAYGO:			
Budget Authority .....	.....	.....	300
Outlays .....	.....	.....	6
Total:			
Budget Authority	14,725	14,938	16,917
Outlays	14,487	15,035	15,312

SUMMARY OF PROGRAM LEVEL

(in millions of dollars)

	2007–2008 Academic Year	2008–2009 Academic Year	2009–2010 Academic Year
New Budget Authority	7,342	7,555	8,682
Advance appropriation	7,383	7,383	7,935
Total program level	14,726	14,938	16,617
Change in advance appropriation from the previous year	0	0	0

Note: Additional authorizing language is sought for \$16,488,725,000 in this account.

Grants to local educational agencies.—Funds are allocated through four formulas—Basic Grants, Concentration Grants, Targeted Grants and Education Finance Incentive Grants—for local programs that provide extra academic support to help raise the achievement of eligible students in high-poverty schools or, in the case of schoolwide programs, help all students in high-poverty schools to meet challenging State academic standards. States must annually assess all students in at least reading, mathematics, and science. School districts must identify for improvement, and provide assistance to, participating schools that for two consecutive years do not make adequate yearly progress toward ensuring that all students reach the proficient level on the State assessments in reading and mathematics by 2014. Districts must provide students attending such schools the choice of attending another public school that is not identified for improvement. After three or more years of a school not making adequate yearly progress, low-income students who remain in the school may obtain supplemental educational services from a public- or private-sector provider. Schools that do not improve are subject to progressively stronger interventions and, after six years of not making adequate yearly progress, reconstitution under a restructuring plan. Fiscal year 2009 funds would be expended under a reauthorization proposal to expand the benefits of the program to more high school students, refine accountability systems, include science in accountability determinations, and give students in low-performing schools more options.

EDUCATION FOR THE DISADVANTAGED—Continued

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

Reading first State grants.—Funds provide assistance to State and local educational agencies in establishing reading programs for students in grades K–3 that are grounded in scientifically based reading research, in order to ensure that every student can read at grade level or above by the end of third grade.

Early reading first.—Competitive grants provide assistance to support local efforts to enhance the school readiness of young children, particularly those from low-income families, through scientific, research-based strategies and professional development that are designed to enhance the verbal skills, phonological awareness, letter knowledge, pre-reading skills, and early language development of children ages three through five. For the reauthorization of ESEA, the Department is proposing amendments to strengthen partnerships between preschool providers and institutions of higher education that provide professional development to early childhood educators.

Striving readers.—Funds support the development, implementation, and evaluation of scientifically based reading interventions for middle school or high school students reading significantly below grade level. The program complements the Reading First program, which improves reading in elementary schools.

Math now for elementary school and middle school students.—Funds support competitive grants to improve instruction in mathematics for students in kindergarten through 9th grade.

Literacy through school libraries.—Funds support competitive grants to local educational agencies to provide students with increased access to up-to-date school library materials and certified professional library media specialists.

State agency migrant program.—Funds support formula grants to States for educational services to children of migratory farmworkers and fishers, with resources and services focused on children who have moved within the past 36 months.

State agency neglected and delinquent program.—Funds support formula grants to States for educational services to children and youth through age 21 in local and State-run institutions for neglected or delinquent youths, and adult correction facilities.

Evaluation.—Funds support a series of impact studies designed to identify effective reading interventions in Title I and studies of the implementation of key No Child Left Behind Act requirements, including assessments, accountability systems, school improvement requirements, public school choice, and supplemental educational services.

Migrant education projects.—Funds support grants to institutions of higher education and nonprofit organizations that assist migrant students in earning a high school equivalency certificate or in completing their first year of college.

Object Classification (in millions of dollars)

Identification code 91–0900–0–1–501	2007 actual	2008 est.	2009 est.
Direct obligations:			
24.0 Printing and reproduction	3	3	3
25.1 Advisory and assistance services	2	2	4
25.2 Other services	45	46	53

25.3 Other purchases of goods and services from Government accounts	3	4	4
41.0 Grants, subsidies, and contributions	14,538	15,148	16,553
99.9 Total new obligations	14,591	15,203	16,617

EDUCATION FOR THE DISADVANTAGED
(Legislative proposal, not subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 91–0900–2–1–501	2007 actual	2008 est.	2009 est.
Obligations by program activity:			
00.01 Pell grants for kids			300
10.00 Total new obligations			300
Budgetary resources available for obligation:			
22.00 New budget authority (gross)			300
23.95 Total new obligations			–300
24.40 Unobligated balance carried forward, end of year			
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation			300
Change in obligated balances:			
73.10 Total new obligations			300
73.20 Total outlays (gross)			–6
74.40 Obligated balance, end of year			294
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority			6
Net budget authority and outlays:			
89.00 Budget authority			300
90.00 Outlays			6

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

Pell Grants for Kids.—Funds would support competitive grants to States, municipalities, local educational agencies (LEAs), and public or private nonprofit organizations for scholarships to enable low-income students in grades K–12 enrolled in persistently low-performing schools to attend a private or out-of-district public school.

Object Classification (in millions of dollars)

Identification code 91–0900–2–1–501	2007 actual	2008 est.	2009 est.
Direct obligations:			
25.1 Advisory and assistance services			3
41.0 Grants, subsidies, and contributions			297
99.9 Total new obligations			300

IMPACT AID

For carrying out programs of financial assistance to federally affected schools authorized by title VIII of the Elementary and Secondary Education Act of 1965, **[\$1,262,778,000]** *\$1,240,718,000*, of which **[\$1,125,192,000]** *\$1,105,535,000* shall be for basic support payments under section 8003(b), **[\$49,466,000]** *\$48,602,000* shall be for payments for children with disabilities under section 8003(d), **[\$17,820,000]** *\$17,509,000* shall be for construction under section 8007(b) and shall remain available through September 30, **[2009,]** *[\$65,350,000]* *2010, \$64,208,000* shall be for Federal property payments under section 8002, and **[\$4,950,000]** *\$4,864,000*, to remain available until expended, shall be for facilities maintenance under section 8008: *Provided*, That for purposes of computing the amount of a payment for an eligible local educational agency under section 8003(a) for school year **[2007–2008]** *2008–2009*, children enrolled in a school of such agency that would otherwise be eligible for pay-

ment under section 8003(a)(1)(B) of such Act, but due to the deployment of both parents or legal guardians, or a parent or legal guardian having sole custody of such children, or due to the death of a military parent or legal guardian while on active duty (so long as such children reside on Federal property as described in section 8003(a)(1)(B)), are no longer eligible under such section, shall be considered as eligible students under such section, provided such students remain in average daily attendance at a school in the same local educational agency they attended prior to their change in eligibility status. (*Department of Education Appropriations Act, 2008.*)

Program and Financing (in millions of dollars)

Identification code 91-0102-0-1-501	2007 actual	2008 est.	2009 est.
Obligations by program activity:			
00.01 Basic support payments	1,092	1,106	1,106
00.02 Payments for children with disabilities	49	49	49
00.91 Direct Program by Activities—Subtotal (1 level)	1,141	1,155	1,155
01.01 Facilities maintenance	8	5	5
02.01 Construction	18		18
03.01 Payments for Federal property	64	64	64
10.00 Total new obligations (object class 41.0)	1,231	1,224	1,242
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	6	3	20
22.00 New budget authority (gross)	1,228	1,241	1,241
23.90 Total budgetary resources available for obligation	1,234	1,244	1,261
23.95 Total new obligations	-1,231	-1,224	-1,242
24.40 Unobligated balance carried forward, end of year	3	20	19
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	1,228	1,263	1,241
40.33 Appropriation permanently reduced (P.L. 110-161)		-22	
43.00 Appropriation (total discretionary)	1,228	1,241	1,241
Change in obligated balances:			
72.40 Obligated balance, start of year	379	446	281
73.10 Total new obligations	1,231	1,224	1,242
73.20 Total outlays (gross)	-1,163	-1,389	-1,287
73.40 Adjustments in expired accounts (net)	-1		
74.40 Obligated balance, end of year	446	281	236
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	1,020	1,099	1,099
86.93 Outlays from discretionary balances	143	290	188
87.00 Total outlays (gross)	1,163	1,389	1,287
Net budget authority and outlays:			
89.00 Budget authority	1,228	1,241	1,241
90.00 Outlays	1,163	1,389	1,287

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

Impact Aid helps to replace the lost local revenue that would otherwise be available to educate federally connected children. The presence of certain students living on Federal property, such as students who are military dependents or who reside on Indian lands, can place a financial burden on local educational agencies that educate them. The property on which the children live and their parents work is exempt from local property taxes, denying local educational agencies access to the primary source of revenue used by most communities to finance education.

Basic support payments.—Payments will be made on behalf of approximately 1.0 million federally connected students enrolled in about 1,240 local educational agencies to assist them in meeting their operation and maintenance costs. Average per-student payments will be approximately \$1,100.

Payments for children with disabilities.—Payments in addition to those provided under the Individuals with Disabilities Education Act will be provided on behalf of approximately 55,000 federally connected students with disabilities in about

900 local educational agencies. Average per-student payments will be approximately \$900.

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

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

Payments for Federal property.—Payments will be made to approximately 200 local educational agencies in which real property owned by the Federal Government represents 10 percent or more of the assessed value of real property in the local educational agency.

SCHOOL IMPROVEMENT PROGRAMS

For carrying out school improvement activities authorized by *parts A and B of title II, part B of title IV, [subparts 6 and] subpart 9 of part D of title V, and parts A and B of title VI, and parts B and C of title VII of the Elementary and Secondary Education Act of 1965 (“ESEA”); the McKinney-Vento Homeless Assistance Act; section 203 of the Educational Technical Assistance Act of 2002; the Compact of Free Association Amendments Act of 2003; and the Civil Rights Act of 1964, [\$5,383,119,000] \$4,566,323,000, of which [\$3,763,355,000] \$3,023,879,000 shall become available on July 1, [2008] 2009, and remain available through September 30, [2009] 2010, and of which \$1,435,000,000 shall become available on October 1, [2008] 2009, and shall remain available through September 30, [2009] 2010, for academic year [2008–2009] 2009–2010: *Provided*, That [funds made available to carry out part B of title VII of the ESEA may be used for construction, renovation and modernization of any elementary school, secondary school, or structure related to an elementary school or secondary school, run by the Department of Education of the State of Hawaii, that serves a predominantly Native Hawaiian student body: *Provided further*, That from the funds referred to in the preceding proviso, not less than \$1,250,000 shall be for a grant to the Department of Education of the State of Hawaii for the activities described in such proviso, and \$1,250,000 shall be for a grant to the University of Hawaii School of Law for a Center of Excellence in Native Hawaiian law: *Provided further*, That funds made available to carry out part C of title VII of the ESEA may be used for construction: *Provided further*, That up to 100 percent of the funds available to a State educational agency under part D of title II of the ESEA may be used for subgrants described in section 2412(a)(2)(B) of such Act: *Provided further*,] \$408,732,000 shall be for State assessments and related activities authorized under sections 6111 and 6112 of the ESEA: *Provided further*, That [\$58,129,000] \$57,113,000 shall be available to carry out section 203 of the Educational Technical Assistance Act of 2002: *Provided further*, That [\$33,707,000] \$25,655,000 shall be available to carry out part D of title V of the ESEA: *Provided further*, That no funds appropriated under this heading may be used to carry out section 5494 under the ESEA: *Provided further*, That [\$18,001,000] \$17,687,000 shall be available to carry out the Supplemental Education Grants program for the Federated States of Micronesia and the Republic of the Marshall Islands: *Provided further*, That up to 5 percent of these amounts may be reserved by the Federated States of Micronesia and the Republic of the Marshall Islands to administer the Supplemental Education Grants programs and to obtain technical assistance, oversight and consultancy services in the administration of these grants and to reimburse the United States Departments of Labor, Health and Human Services, and Education for such services: *Provided further*, That [\$2,400,000] at least \$7,360,000 of the funds available for the Foreign Language Assistance Program shall be available for 5-year grants to local educational agencies that would work in partnership with one or more institutions of higher education to establish or expand articulated programs of study in languages critical to United States national security that will enable successful students to advance from elementary school through college to achieve a superior level of proficiency in those languages. (*Department of Education Appropriations Act, 2008.*)*

SCHOOL IMPROVEMENT PROGRAMS—Continued

Program and Financing (in millions of dollars)

Identification code 91-1000-0-1-501	2007 actual	2008 est.	2009 est.
Obligations by program activity:			
00.01 Improving teacher quality State grants	2,877	2,964	2,835
00.02 Early childhood educator professional development	15		
00.03 Mathematics and science partnerships	179	184	179
00.04 Educational technology State grants	272	274	
00.05 21st Century learning opportunities	979	1,093	800
00.06 State grants for innovative programs	99	1	
00.07 Javits gifted and talented education	8	7	
00.08 Foreign language assistance	24	26	25
00.09 State assessments	406	418	409
00.10 Education for homeless children and youth	62	64	64
00.11 Education for Native Hawaiians	34	33	
00.12 Alaska Native education equity	34	33	
00.13 Training and advisory services	7	7	7
00.14 Rural education	169	173	172
00.15 Supplemental education grants	18	18	18
00.16 Comprehensive centers	56	57	57
10.00 Total new obligations	5,239	5,352	4,566
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	46	63	
22.00 New budget authority (gross)	5,255	5,289	4,566
22.10 Resources available from recoveries of prior year obligations	1		
23.90 Total budgetary resources available for obligation	5,302	5,352	4,566
23.95 Total new obligations	-5,239	-5,352	-4,566
24.40 Unobligated balance carried forward, end of year	63		
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	3,820	3,948	3,131
40.33 Appropriation permanently reduced (P.L. 110-161)		-94	
43.00 Appropriation (total discretionary)	3,820	3,854	3,131
55.00 Advance appropriation	1,435	1,435	1,435
70.00 Total new budget authority (gross)	5,255	5,289	4,566
Change in obligated balances:			
72.40 Obligated balance, start of year	6,712	6,366	6,346
73.10 Total new obligations	5,239	5,352	4,566
73.20 Total outlays (gross)	-5,483	-5,372	-5,233
73.40 Adjustments in expired accounts (net)	-101		
73.45 Recoveries of prior year obligations	-1		
74.40 Obligated balance, end of year	6,366	6,346	5,679
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	796	967	952
86.93 Outlays from discretionary balances	4,687	4,405	4,281
87.00 Total outlays (gross)	5,483	5,372	5,233
Net budget authority and outlays:			
89.00 Budget authority	5,255	5,289	4,566
90.00 Outlays	5,483	5,372	5,233

SUMMARY OF PROGRAM LEVEL

(in millions of dollars)

	2007-2008 Academic Year	2008-2009 Academic Year	2009-2010 Academic Year
New Budget Authority	3,820	3,854	3,131
Advance Appropriation	1,435	1,435	1,435
Total program level	5,255	5,289	4,566
Change in advance appropriation over previous year	0	0	0

Note: Additional authorizing language is sought for \$4,484,534,000 in this account.

Improving teacher quality:

Improving teacher quality State grants.—Funds support State and school district activities to prepare, train, and recruit high-quality teachers to improve student achievement.

Mathematics and science partnerships.—Funds support State and local efforts to improve students' academic achievement in mathematics and science by promoting strong teaching skills for elementary and secondary school teachers. These efforts may include the integration of teaching methods based on scientifically based research and technology into the curriculum.

Other Activities:

21st Century learning opportunities (formerly 21st Century community learning centers).—Funds in this revised program support formula grants to States, which award subgrants to public or private organizations to provide scholarships for extended learning opportunities to low-income students in under-performing schools.

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

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

Education for homeless children and youth.—Funds support formula grants to States to provide educational and support services that enable homeless children and youth to attend and achieve success in school.

Training and advisory services.—Funds support grants to regional equity assistance centers that provide technical assistance to school districts in addressing educational equity related to issues of race, gender, and national origin.

Rural education.—Funds support formula grants under two programs: Small, Rural Schools Achievement and Rural and Low-Income Schools. The Small, Rural Schools Achievement program provides rural local educational agencies with small enrollments with additional formula funds and flexibility in the use of other Federal formula funds. Funds under the Rural and Low-Income Schools program, which targets rural local educational agencies that serve concentrations of poor students, are allocated by formula to States, which in turn allocate funds to eligible local educational agencies within the States.

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

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

Object Classification (in millions of dollars)

Identification code 91-1000-0-1-501	2007 actual	2008 est.	2009 est.
Direct obligations:			
25.1 Advisory and assistance services	10	10	9
25.2 Other services	25	26	22
41.0 Grants, subsidies, and contributions	5,204	5,316	4,535
99.9 Total new obligations	5,239	5,352	4,566

INDIAN EDUCATION

For expenses necessary to carry out, to the extent not otherwise provided, title VII, part A of the Elementary and Secondary Education Act of 1965, [\$121,690,000] \$119,564,000. (Department of Education Appropriations Act, 2008.)

Program and Financing (in millions of dollars)

Identification code 91-0101-0-1-501	2007 actual	2008 est.	2009 est.
Obligations by program activity:			
00.01 Grants to local educational agencies	96	97	97
00.02 Special programs for Indian children	19	19	19
00.03 National activities	4	4	4
10.00 Total new obligations	119	120	120
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	119	120	120
23.95 Total new obligations	-119	-120	-120
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	119	122	120
40.33 Appropriation permanently reduced (P.L. 110-161)		-2	
43.00 Appropriation (total discretionary)	119	120	120
Change in obligated balances:			
72.40 Obligated balance, start of year	140	136	139
73.10 Total new obligations	119	120	120
73.20 Total outlays (gross)	-118	-117	-118
73.40 Adjustments in expired accounts (net)	-5		
74.40 Obligated balance, end of year	136	139	141
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	8	6	6
86.93 Outlays from discretionary balances	110	111	112
87.00 Total outlays (gross)	118	117	118
Net budget authority and outlays:			
89.00 Budget authority	119	120	120
90.00 Outlays	118	117	118

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

The Indian Education programs support the efforts of local educational agencies and tribal schools to improve teaching and learning for the Nation's American Indian and Alaska Native Children.

Grants to local educational agencies.—Formula grants support local educational agencies in their efforts to reform elementary and secondary school programs that serve Indian students, with the goal of ensuring that such programs assist participating students in meeting the same academic standards as all other students. In 2007, the Department made 1,237 formula grants to local educational agencies and tribal schools serving more than 474,000 students.

Special programs for Indian children.—The Department makes competitive awards for demonstration projects in early childhood education and college preparation, as well as professional development grants for training Native American teachers and administrators for employment in school districts with concentrations of Indian students.

National activities.—Funds support research, evaluation, data collection, and related activities.

Object Classification (in millions of dollars)

Identification code 91-0101-0-1-501	2007 actual	2008 est.	2009 est.
Direct obligations:			
25.1 Advisory and assistance services	1	1	1
25.2 Other services	3	3	3
41.0 Grants, subsidies, and contributions	115	116	116
99.9 Total new obligations	119	120	120

READING EXCELLENCE

Program and Financing (in millions of dollars)

Identification code 91-0011-0-1-501	2007 actual	2008 est.	2009 est.
Change in obligated balances:			
72.40 Obligated balance, start of year	6		
73.40 Adjustments in expired accounts (net)	-6		
Net budget authority and outlays:			
89.00 Budget authority			
90.00 Outlays			

This program has been replaced by the Reading First program in the Education for the Disadvantaged account. Amounts in these schedules reflect balances that are spending out from prior-year appropriations.

EDUCATION REFORM

Program and Financing (in millions of dollars)

Identification code 91-0500-0-1-501	2007 actual	2008 est.	2009 est.
Change in obligated balances:			
72.40 Obligated balance, start of year	5		
73.20 Total outlays (gross)	-1		
73.40 Adjustments in expired accounts (net)	-4		
74.40 Obligated balance, end of year			
Outlays (gross), detail:			
86.93 Outlays from discretionary balances	1		
Net budget authority and outlays:			
89.00 Budget authority			
90.00 Outlays	1		

Programs in this account have been transferred to the School Improvement Programs account or discontinued. Amounts in this schedule reflect balances that are spending out from prior-year appropriations.

OFFICE OF INNOVATION AND IMPROVEMENT

Federal Funds

INNOVATION AND IMPROVEMENT

For carrying out activities authorized by [part G of title I, subpart 5 of part A and] parts C and D of title II, and parts B, C, and D of title VI, and section 1504] of the Elementary and Secondary Education Act of 1965 ("ESEA"), [\$1,003,040,000] and by part II of subtitle A of title VI of the America COMPETES Act, \$857,517,000: Provided, That [\$9,821,000 shall be provided to the National Board for Professional Teaching Standards to carry out section 2151(c) of the ESEA: Provided further, That] from funds for subpart 4, part C of title II of the ESEA, up to 3 percent shall be available to the Secretary for technical assistance and dissemination of information: Provided further, That [\$357,059,000] \$252,300,000 shall be available to carry out part D of title V of the ESEA: [Provided further, That \$100,573,000 of the funds for subpart 1, part D of title V of the ESEA shall be available for the projects and in the amounts specified in the explanatory statement described in section 4 (in the matter preceding division A of this consolidated Act):] Provided further, That [\$99,000,000] \$200,000,000 of the funds for subpart 1, part D of title V of the ESEA shall be for competitive grants to local educational agencies, including charter schools that are local educational agencies, or States, or partnerships of: (1) a local educational agency, a State, or both; and (2) at least one non-profit organization to develop and implement performance-based teacher and principal compensation systems in high-need schools: Provided further, That such performance-based compensation systems must consider gains in student academic achievement as well as classroom evaluations conducted multiple times during each school year among other factors and provide educators with incentives to take on addi-

INNOVATION AND IMPROVEMENT—Continued

tional responsibilities and leadership roles: *Provided further*, That up to 5 percent of such funds for competitive grants shall be available for technical assistance, training, peer review of applications, program outreach and evaluation activities: *Provided further*, That of the funds available for part B of title V of the ESEA, the Secretary shall use up to **[\$24,783,000]** \$82,642,000 to carry out activities under section 5205(b) and under subpart 2, and shall use not less than \$190,000,000 to carry out other activities authorized under subpart 1: *Provided further*, That funds available for part II of subtitle A of title VI of the America COMPETES Act shall first be used for grants under section 1704 of the ESEA and for continuation grants under section 1705 of the ESEA. (Department of Education Appropriations Act, 2008.)

Program and Financing (in millions of dollars)

Identification code 91-0204-0-1-501	2007 actual	2008 est.	2009 est.
Obligations by program activity:			
00.01 Teacher incentive fund	94	97	200
00.02 Troops-to-teachers	15	14	14
00.03 Transition to teaching	44	44	44
00.04 National writing project	21	23	.....
00.05 Teaching American history	120	118	50
00.06 School leadership	15	14	.....
00.07 Advanced credentialing	17	10	.....
School choice and flexibility:			
00.08 Charter schools grants	215	211	236
00.09 Credit enhancement for charter school facilities	37	.....	37
00.10 Voluntary public school choice	26	26	26
00.11 Magnet schools assistance	107	105	105
00.12 Advanced placement	37	44	70
00.13 Close Up fellowships	1	2	.....
00.14 Ready-to-learn-television	24	24	24
00.15 Academies for American history and civics	2	2	.....
00.16 FIE programs of national significance	16	122	52
00.17 Reading is fundamental/Inexpensive book distribution	25	25	.....
00.18 Star schools	12	.....	.....
00.19 Ready to teach	11	11	.....
00.20 Exchanges with historic whaling and trading partners	9	9	.....
00.21 Excellence in economic education	1	1	.....
00.22 Mental health integration in schools	1	5	.....
00.23 Foundations for learning	5	1	.....
00.24 Arts in education	35	37	.....
00.25 Parental information and resource centers	40	39	.....
00.26 Womens educational equity	2	2	.....
01.00 Total direct program	932	986	858
09.01 DC School Choice	14	15	18
10.00 Total new obligations	946	1,001	876
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	94	.....	.....
22.00 New budget authority (gross)	852	1,001	876
23.90 Total budgetary resources available for obligation	946	1,001	876
23.95 Total new obligations	-946	-1,001	-876
24.40 Unobligated balance carried forward, end of year .....	.....	.....	.....
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	838	1,003	858
40.33 Appropriation permanently reduced (P.L. 110-161) .....	.....	-17	.....
43.00 Appropriation (total discretionary)	838	986	858
58.00 Spending authority from offsetting collections: Offsetting collections (cash)	14	15	18
70.00 Total new budget authority (gross)	852	1,001	876
Change in obligated balances:			
72.40 Obligated balance, start of year	1,535	1,617	1,304
73.10 Total new obligations	946	1,001	876
73.20 Total outlays (gross)	-860	-1,314	-805
73.40 Adjustments in expired accounts (net)	-4	.....	.....
74.40 Obligated balance, end of year	1,617	1,304	1,375
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	28	50	44
86.93 Outlays from discretionary balances	832	1,264	761

87.00	Total outlays (gross)	860	1,314	805
Offsets:				
Against gross budget authority and outlays:				
88.40	Offsetting collections (cash) from: Non-Federal sources	-14	-15	-18
Net budget authority and outlays:				
89.00	Budget authority	838	986	858
90.00	Outlays	846	1,299	787

Summary of Budget Authority and Outlays

(in millions of dollars)

	2007 actual	2008 est.	2009 est.
Enacted/requested:			
Budget Authority	838	986	858
Outlays	846	1,299	787
Legislative proposal, not subject to PAYGO:			
Budget Authority .....	.....	.....	10
Outlays .....	.....	.....	1
Total:			
Budget Authority	838	986	868
Outlays	846	1,299	788

Note: Additional authorizing language is sought for \$787,517,000 in this account.

Recruiting and training high-quality teachers and principals:

Teacher incentive fund.—Funds support the development of performance-based compensation systems that reward teachers and principals who are raising student achievement and closing the achievement gap.

Troops-to-teachers.—Funds assist eligible members of the armed forces to obtain certification as teachers and to become highly qualified teachers.

Transition to teaching.—Funds support competitive grants to establish programs to recruit and retain mid-career professionals and recent college graduates as teachers in high-need schools.

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

School choice and flexibility:

Charter schools grants.—Funds support competitive grants to State educational agencies and charter schools to support the planning, design, initial implementation, and dissemination of information regarding charter schools. These schools are created by teachers, parents, and members of the community, and may receive waivers from certain local, State, and Federal regulations. A portion of the funding supports State efforts to assist charter schools in obtaining facilities.

Credit enhancement for charter school facilities.—Funds support competitive grants to State and local governments, nonprofit entities, and public and nonprofit consortia, to assist charter schools in acquiring, leasing, and renovating school facilities.

Voluntary public school choice.—Funds support competitive grants to State and local educational agencies to implement programs that provide students, particularly students who attend low-performing schools, with expanded public school choice options.

Magnet schools assistance.—Funds support competitive grants to local educational agencies to establish and operate magnet school programs that are part of an approved desegregation plan.

Other activities:

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

pay test fees for low-income students who are enrolled in AP or IB courses.

Ready-to-learn television.—Funds support the development, distribution, and production of educational video programming and accompanying materials and services for preschool and elementary school children and their parents to facilitate student academic achievement.

FIE programs of national significance.—Funds support nationally significant projects to improve the quality of elementary and secondary education in order to help all children meet challenging State content and student achievement standards.

Object Classification (in millions of dollars)			
Identification code 91-0204-0-1-501	2007 actual	2008 est.	2009 est.
Direct obligations:			
25.1 Advisory and assistance services	3	3	3
25.2 Other services	48	51	45
41.0 Grants, subsidies, and contributions	880	931	810
99.0 Direct obligations	931	985	858
99.0 Reimbursable obligations	13	15	18
99.5 Below reporting threshold	2	1	
99.9 Total new obligations	946	1,001	876

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

Program and Financing (in millions of dollars)			
Identification code 91-0204-2-1-501	2007 actual	2008 est.	2009 est.
Obligations by program activity:			
00.01 Adjunct Teacher Corps			10
10.00 Total new obligations (object class 41.0)			10
Budgetary resources available for obligation:			
22.00 New budget authority (gross)			10
23.95 Total new obligations			-10
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation			10
Change in obligated balances:			
73.10 Total new obligations			10
73.20 Total outlays (gross)			-1
74.40 Obligated balance, end of year			9
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority			1
Net budget authority and outlays:			
89.00 Budget authority			10
90.00 Outlays			1

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

Adjunct teacher corps.—Funds would support partnerships between school districts and appropriate public and/or private institutions to enable well-qualified professionals to teach specific high-school courses in the core academic subjects, particularly mathematics and science.

D of title V] of the Elementary and Secondary Education Act of 1965 [“(ESEA”), \$705,733,000] \$281,963,000, of which \$300,000,000 \$100,000,000 shall become available on July 1, [2008] 2009, and remain available through September 30, [2009] 2010: *Provided*, That \$300,000,000 \$100,000,000 shall be available for subpart 1 of part A of title IV and \$222,519,000 \$181,963,000 shall be available for subpart 2 of part A of title IV, of which [not less than \$1,500,000] \$5,000,000, to remain available until expended, shall be for the Project School Emergency Response to Violence (“Project SERV”) program to provide education-related services to local educational agencies and to institutions of higher education in which the learning environment has been disrupted due to a violent or traumatic crisis: *Provided further*, That Project SERV funds appropriated in previous fiscal years may be used to provide services to local educational agencies and to institutions of higher education in which the learning environment has been disrupted due to a violent or traumatic crisis: *Provided further*, That \$150,729,000 shall be available to carry out part D of title V of the ESEA: *Provided further*, That of the funds available to carry out subpart 3 of part C of title II, up to \$12,072,000 may be used to carry out section 2345 and \$2,950,000 shall be used by the Center for Civic Education to implement a comprehensive program to improve public knowledge, understanding, and support of the Congress and the State legislatures]. (*Department of Education Appropriations Act, 2008.*)

Program and Financing (in millions of dollars)			
Identification code 91-0203-0-1-501	2007 actual	2008 est.	2009 est.
Obligations by program activity:			
00.01 State grants	344	299	100
00.02 National activities	147	143	182
00.03 Alcohol abuse reduction	32	32	
00.04 Mentoring program	49	49	
00.91 Subtotal, Safe and drug-free schools and communities	572	523	282
01.01 Character education	24	24	
02.01 Elementary and secondary school counseling	35	48	
03.01 Physical education program	73	76	
04.01 Civic education	29	32	
06.00 Total direct program	733	703	282
09.00 Reimbursable program	73	73	73
10.00 Total new obligations	806	776	355
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	5	10	
22.00 New budget authority (gross)	811	766	355
23.90 Total budgetary resources available for obligation	816	776	355
23.95 Total new obligations	-806	-776	-355
24.40 Unobligated balance carried forward, end of year	10		
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	738	706	282
40.33 Appropriation permanently reduced (P.L. 110-161)		-13	
43.00 Appropriation (total discretionary)	738	693	282
58.00 Spending authority from offsetting collections: Offsetting collections (cash)	73	73	73
70.00 Total new budget authority (gross)	811	766	355
Change in obligated balances:			
72.40 Obligated balance, start of year	1,257	1,233	1,161
73.10 Total new obligations	806	776	355
73.20 Total outlays (gross)	-827	-848	-778
73.40 Adjustments in expired accounts (net)	-3		
74.40 Obligated balance, end of year	1,233	1,161	738
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	23	15	7
86.93 Outlays from discretionary balances	804	833	771
87.00 Total outlays (gross)	827	848	778
Offsets:			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	-73	-73	-73

OFFICE OF SAFE AND DRUG-FREE SCHOOLS

Federal Funds

SAFE SCHOOLS AND CITIZENSHIP EDUCATION

For carrying out activities authorized by [subpart 3 of part C of title II,] part A of title IV [, and subparts 2, 3, and 10 of part

SAFE SCHOOLS AND CITIZENSHIP EDUCATION—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 91-0203-0-1-501	2007 actual	2008 est.	2009 est.
Net budget authority and outlays:			
89.00 Budget authority	738	693	282
90.00 Outlays	754	775	705

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

Safe and drug-free schools and communities:

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

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

Object Classification (in millions of dollars)

Identification code 91-0203-0-1-501	2007 actual	2008 est.	2009 est.
Direct obligations:			
24.0 Printing and reproduction	1	1	1
25.1 Advisory and assistance services	4	4	4
25.2 Other services	12	12	12
25.3 Other purchases of goods and services from Government accounts	3	3	3
41.0 Grants, subsidies, and contributions	713	683	262
99.0 Direct obligations	733	703	282
99.0 Reimbursable obligations	73	73	73
99.9 Total new obligations	806	776	355

OFFICE OF ENGLISH LANGUAGE ACQUISITION

Federal Funds

ENGLISH LANGUAGE ACQUISITION

For carrying out part A of title III of the Elementary and Secondary Education Act of 1965, [\$712,848,000] \$730,000,000, which shall become available on July 1, [2008] 2009, and shall remain available through September 30, [2009] 2010, except that 6.5 percent of such amount shall be available on October 1, [2007] 2008, and shall remain available through September 30, [2009] 2010, to carry out activities under section 3111(c)(1)(C). (*Department of Education Appropriations Act, 2008.*)

Program and Financing (in millions of dollars)

Identification code 91-1300-0-1-501	2007 actual	2008 est.	2009 est.
Obligations by program activity:			
00.01 English language acquisition grants	666	710	730
10.00 Total new obligations	666	710	730
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	7	10	
22.00 New budget authority (gross)	669	700	730
23.90 Total budgetary resources available for obligation	676	710	730
23.95 Total new obligations	-666	-710	-730
24.40 Unobligated balance carried forward, end of year	10		
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	669	712	730

40.33 Appropriation permanently reduced (P.L. 110-161)		-12	
43.00 Appropriation (total discretionary)	669	700	730

Change in obligated balances:

72.40 Obligated balance, start of year	983	915	827
73.10 Total new obligations	666	710	730
73.20 Total outlays (gross)	-729	-798	-641
73.40 Adjustments in expired accounts (net)	-5		
74.40 Obligated balance, end of year	915	827	916

Outlays (gross), detail:

86.90 Outlays from new discretionary authority	5	35	37
86.93 Outlays from discretionary balances	724	763	604
87.00 Total outlays (gross)	729	798	641

Net budget authority and outlays:

89.00 Budget authority	669	700	730
90.00 Outlays	729	798	641

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

Language acquisition State grants.—This program provides formula grants to States to improve services for limited English proficient and immigrant students. States are accountable for demonstrating that limited English proficient students are learning English and meeting the same high State standards as all other students. The statute also authorizes national activities including professional development and evaluation, and requires funding for a national information clearinghouse on English language acquisition.

Object Classification (in millions of dollars)

Identification code 91-1300-0-1-501	2007 actual	2008 est.	2009 est.
Direct obligations:			
25.5 Research and development contracts	2	2	2
41.0 Grants, subsidies, and contributions	664	708	728
99.9 Total new obligations	666	710	730

OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES

Federal Funds

SPECIAL EDUCATION

For carrying out the Individuals with Disabilities Education Act ("IDEA") [and the Special Olympics Sport and Empowerment Act of 2004, \$12,181,473,000], \$12,335,943,000, of which [\$5,084,406,000] \$4,446,820,000 shall become available on July 1, [2008] 2009, and shall remain available through September 30, [2009] 2010, and of which [\$6,856,444,000] \$7,647,444,000 shall become available on October 1, [2008] 2009, and shall remain available through September 30, [2009] 2010, for academic year [2008-2009] 2009-2010: [Provided, That \$13,000,000 shall be for Recording for the Blind and Dyslexic, Inc., to support activities under section 674(c)(1)(D) of the IDEA: *Provided further*, That \$1,500,000 shall be for the recipient of funds provided by Public Law 105-78 under section 687(b)(2)(G) of the IDEA (as in effect prior to the enactment of the Individuals with Disabilities Education Improvement Act of 2004) to provide information on diagnosis, intervention, and teaching strategies for children with disabilities:] *Provided [further]*, That the amount for section 611(b)(2) of the IDEA shall be equal to the lesser of the amount available for that activity during fiscal year [2007] 2008, increased by the amount of inflation as specified in section 619(d)(2)(B) of the IDEA, or the percentage increase in the funds appropriated under section 611(i) of the IDEA: *Provided further*, That nothing in section 674(e) of the IDEA shall be construed to establish a private right of action against the National Instructional Materials Access Center for failure to perform the duties of such center or otherwise authorize a private right of action related to the performance of such center: *Provided further*, That \$7,500,000 shall be available to support the 2009 Special Olympics World Winter Games]. (*Department of Education Appropriations Act, 2008.*)

Program and Financing (in millions of dollars)

Identification code 91-0300-0-1-501	2007 actual	2008 est.	2009 est.
Obligations by program activity:			
State grants:			
00.01 Grants to States	10,822	9,582	10,493
00.02 Preschool grants	378	377	374
00.03 Grants for infants and families	442	445	436
00.91 Subtotal, State grants	11,642	10,404	11,303
National activities:			
01.01 State personnel development	50	23	48
01.02 Technical assistance and dissemination	49	48	48
01.03 Personnel preparation	90	88	88
01.04 Parent information centers	26	26	26
01.05 Technology and media services	38	39	31
01.91 Subtotal, National activities	253	224	241
02.00 Total Direct Program	11,895	10,628	11,544
02.01 Special Olympics education programs		12	
10.00 Total new obligations	11,895	10,640	11,544
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	171	79	
22.00 New budget authority (gross)	11,803	10,561	11,544
23.90 Total budgetary resources available for obligation	11,974	10,640	11,544
23.95 Total new obligations	-11,895	-10,640	-11,544
24.40 Unobligated balance carried forward, end of year	79		
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	6,379	5,325	4,688
40.33 Appropriation permanently reduced (P.L. 110-161)		-188	
43.00 Appropriation (total discretionary)	6,379	5,137	4,688
55.00 Advance appropriation	5,424	5,424	6,856
70.00 Total new budget authority (gross)	11,803	10,561	11,544
Change in obligated balances:			
72.40 Obligated balance, start of year	9,212	9,317	8,185
73.10 Total new obligations	11,895	10,640	11,544
73.20 Total outlays (gross)	-11,778	-11,772	-11,938
73.40 Adjustments in expired accounts (net)	-12		
74.40 Obligated balance, end of year	9,317	8,185	7,791
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	3,208	4,385	5,429
86.93 Outlays from discretionary balances	8,570	7,387	6,509
87.00 Total outlays (gross)	11,778	11,772	11,938
Net budget authority and outlays:			
89.00 Budget authority	11,803	10,561	11,544
90.00 Outlays	11,778	11,772	11,938

SUMMARY OF GRANTS TO STATES PROGRAM LEVEL

(In millions of dollars)

	2007-2008 academic year	2008-2009 academic year	2009-2010 academic year
Current Budget Authority	\$5,359	\$4,091	\$3,638
Advance appropriation	5,424	6,856	7,647
Total program level	10,783	10,948	11,285
Change in advance appropriation from the previous year	0	+1,432	+791

State Grants:

Grants to States.—Formula grants are provided to States to assist them in providing special education and related services to children with disabilities ages 3 through 21.

Preschool grants.—Formula grants provide additional funds to States to further assist them in providing special education and related services to children with disabilities ages 3 through 5 served under the Grants to States program.

The goal of both of these programs is to improve results for children with disabilities by assisting State and local edu-

cational agencies to provide children with disabilities with access to high quality education that will help them meet challenging standards and prepare them for employment and independent living.

Grants for infants and families.—Formula grants are provided to assist States to implement statewide systems of coordinated, comprehensive, multi-disciplinary interagency programs to provide early intervention services to children with disabilities, birth through age 2, and their families.

The goal of this program is to help States provide a comprehensive system of early intervention services that will enhance child and family outcomes.

National activities.—These activities include personnel preparation, technical assistance, and other activities to support State efforts to improve results for children with disabilities under the State Grants programs.

The goal of National Activities is to link States, school systems, and families to best practices to improve results for infants, toddlers, and children with disabilities.

Performance data related to program goals include:

Status of Exiting Students Percent of students with disabilities aged 14-21 leaving school:	2003-2004 actual	2004-2005 actual	2005-2006 actual
	Graduated with a diploma	54.2	54.4	56.5
Graduated through certification	13.1	15.5	15.3
Dropped out of school/not known to continue	30.9	28.3	26.2
Reached maximum age for services/other	1.8	1.8	1.9

Object Classification (in millions of dollars)

Identification code 91-0300-0-1-501	2007 actual	2008 est.	2009 est.
Direct obligations:			
25.1 Advisory and assistance services	6	6	6
41.0 Grants, subsidies, and contributions	11,888	10,634	11,538
99.0 Direct obligations	11,894	10,640	11,544
99.5 Below reporting threshold	1		
99.9 Total new obligations	11,895	10,640	11,544

REHABILITATION SERVICES AND DISABILITY RESEARCH

For carrying out, to the extent not otherwise provided, the Rehabilitation Act of 1973, the Assistive Technology Act of 1998, and the Helen Keller National Center Act, **[\$3,283,929,000] \$3,218,264,000**, of which **[\$1,000,000] \$2,874,043,000** shall be [awarded to the American Academy of Orthotists and Prosthetists for activities that further the purposes of the grant received by the Academy for the period beginning October 1, 2003, including activities to meet the demand for orthotic and prosthetic provider services and improve patient care: *Provided*, That \$3,155,000 of the funds for section 303 of the Rehabilitation Act of 1973 shall be available for the projects and in the amounts specified in the explanatory statement described in section 4 (in the matter preceding division A of this consolidated Act)] *for grants for vocational rehabilitation services under Title I of the Rehabilitation Act of 1973. (Department of Education Appropriations Act, 2008.)*

Program and Financing (in millions of dollars)

Identification code 91-0301-0-1-506	2007 actual	2008 est.	2009 est.
Obligations by program activity:			
00.01 Vocational rehabilitation State grants	2,837	2,874	2,874
00.02 Client assistance State grants	12	11	11
00.03 Training	38	38	38
00.04 Demonstration and training programs	9	10	9
00.05 Migrant and seasonal farmworkers	2	2	
00.06 Recreational programs	3	2	
00.07 Protection and advocacy of individual rights	16	16	16
00.08 Projects with industry	17	19	
00.09 Supported employment State grants	30	29	
00.10 Independent living	130	128	128
00.11 Program improvement	1	1	1
00.12 Evaluation	1	1	2

REHABILITATION SERVICES AND DISABILITY RESEARCH—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 91-0301-0-1-506	2007 actual	2008 est.	2009 est.
00.13 Helen Keller National Center	9	8	8
00.14 National Institute on Disability and Rehabilitation Research	107	106	106
00.15 Assistive technology	30	30	25
01.00 Total direct program	3,242	3,275	3,218
09.01 Reimbursable program	2	2	2
10.00 Total new obligations	3,244	3,277	3,220
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	3,244	3,279	3,221
23.95 Total new obligations	-3,244	-3,277	-3,220
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	405	410	244
40.33 Appropriation permanently reduced (P.L. 110-161)		-7	
43.00 Appropriation (total discretionary)	405	403	244
58.00 Spending authority from offsetting collections: Offsetting collections (cash)	2	2	2
Mandatory:			
60.00 Appropriation	2,837	2,874	2,975
70.00 Total new budget authority (gross)	3,244	3,279	3,221
Change in obligated balances:			
72.40 Obligated balance, start of year	1,396	1,430	1,102
73.10 Total new obligations	3,244	3,277	3,220
73.20 Total outlays (gross)	-3,177	-3,605	-3,260
73.40 Adjustments in expired accounts (net)	-33		
74.40 Obligated balance, end of year	1,430	1,102	1,062
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	77	283	172
86.93 Outlays from discretionary balances	334	406	143
86.97 Outlays from new mandatory authority	1,966	2,012	2,082
86.98 Outlays from mandatory balances	800	904	863
87.00 Total outlays (gross)	3,177	3,605	3,260
Offsets:			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	-2	-2	-2
Net budget authority and outlays:			
89.00 Budget authority	3,242	3,277	3,219
90.00 Outlays	3,175	3,603	3,258

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

The program performance measures for this program are based on State VR agency performance indicators developed pursuant to Section 106 of the Rehabilitation Act. One of these indicators measures the percentage of general and combined State VR agencies that assist at least 55.8 percent of individuals receiving services to achieve an employment outcome. In 2006, 82 percent of the agencies met this performance criterion. Another indicator measures the percentage of general and combined State VR agencies that assist at least 85 percent of individuals with employment outcomes to achieve competitive employment. In 2006, 96 percent of general and combined agencies met this performance criterion. These outcome data are based on the approximately 352,140 individuals whose service records were closed in 2006 after receiving services.

The 2009 Budget reflects a multi-year Administration effort to reform job training programs, target resources to programs with documented effectiveness, and eliminate funding for duplicative and overlapping programs. Consistent with this crosscutting reform, the budget eliminates funding for three programs (Supported Employment State Grants, Projects with Industry, and the Migrant and Seasonal Farmworkers program). The services provided by these programs can continue to be provided by the larger Vocational Rehabilitation State Grants program.

Client assistance State grants.—Formula grants are made to States to provide assistance in informing and advising clients and applicants of benefits available under the Rehabilitation Act and, if requested, to pursue legal or administrative remedies to ensure the protection of the rights of individuals with disabilities.

Training.—Grants are made to States and public or non-profit agencies and organizations, including institutions of higher education, to increase the number of skilled personnel available for employment in the field of rehabilitation and to upgrade the skills of those already employed.

Demonstration and training programs.—Grants are made for programs that expand and improve the provision of rehabilitation services or that further the purposes of the Rehabilitation Act.

Protection and advocacy of individual rights.—Formula grants are made to State protection and advocacy systems to protect the legal and human rights of individuals with disabilities.

Independent living.—Grants are awarded to States and non-profit agencies to assist individuals with significant disabilities in their achievement of self-determined independent living goals. Grants are also awarded to provide support services to older blind individuals to increase their ability to care for their own needs.

Program improvement.—Funds are used to promote broad-based planning and coordination, improve accountability, and enhance the Department's ability to address critical areas of national significance in achieving the goals of the Rehabilitation Act. Examples of program improvement activities include technical assistance, dissemination, and performance measurement activities.

Evaluation.—Studies are conducted to evaluate the impact and effectiveness of various programs authorized under the Rehabilitation Act.

Helen Keller National Center for Deaf-Blind Youths and Adults.—The Center provides services to deaf-blind youths and adults and provides training and technical assistance to professional and allied personnel at its national headquarters center and through its regional representatives and affiliate agencies.

National Institute on Disability and Rehabilitation Research.—The Institute carries out a comprehensive and coordinated program of rehabilitation research and related activities. Through grants and contracts, it supports the conduct and dissemination of research and development aimed at improving the lives of individuals with disabilities. The Institute also promotes the development and utilization of new technologies to assist these individuals in achieving greater independence and integration into society.

Assistive technology.—Formula grants are made to States to implement comprehensive Statewide programs designed to maximize the ability of individuals with disabilities of all ages to obtain assistive technology. States conduct activities that include alternative financing programs, device reutilization programs, device loan programs, and device demonstrations. Funds also support national technical assistance activities.

Object Classification (in millions of dollars)			
Identification code 91-0301-0-1-506	2007 actual	2008 est.	2009 est.
Direct obligations:			
25.1 Advisory and assistance services	8	10	10
25.2 Other services	2	1	1
41.0 Grants, subsidies, and contributions	3,232	3,264	3,207
99.0 Direct obligations	3,242	3,275	3,218
99.0 Reimbursable obligations	2	2	2
99.9 Total new obligations	3,244	3,277	3,220

SPECIAL INSTITUTIONS FOR PERSONS WITH DISABILITIES

AMERICAN PRINTING HOUSE FOR THE BLIND

For carrying out the Act of March 3, 1879, **[\$22,000,000]** \$21,616,000. (Department of Education Appropriations Act, 2008.)

Program and Financing (in millions of dollars)

Identification code 91-0600-0-1-501	2007 actual	2008 est.	2009 est.
Obligations by program activity:			
00.01 Direct program activity	18	22	22
10.00 Total new obligations (object class 41.0)	18	22	22
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	18	22	22
23.95 Total new obligations	-18	-22	-22
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	18	22	22
Change in obligated balances:			
72.40 Obligated balance, start of year	4	4	4
73.10 Total new obligations	18	22	22
73.20 Total outlays (gross)	-18	-22	-22
74.40 Obligated balance, end of year	4	4	4
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	14	21	21
86.93 Outlays from discretionary balances	4	1	1
87.00 Total outlays (gross)	18	22	22
Net budget authority and outlays:			
89.00 Budget authority	18	22	22
90.00 Outlays	18	22	22

The Federal appropriation supports: the production and distribution of free educational materials for students below the college level who are blind, research related to developing and improving products, and advisory services to consumer organizations on the availability and use of materials. In 2007, the portion of the Federal appropriation allocated to educational materials represented approximately 64.2 percent of the Printing House's total sales. The full appropriation represented approximately 66.4 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, **[\$60,757,000]** \$59,195,000, of which **[\$1,705,000]** \$1,175,000 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 of such Act. (Department of Education Appropriations Act, 2008.)

Program and Financing (in millions of dollars)

Identification code 91-0601-0-1-502	2007 actual	2008 est.	2009 est.
Obligations by program activity:			

00.01 Operations	56	58	58
00.02 Construction		2	1
10.00 Total new obligations (object class 41.0)	56	60	59

Budgetary resources available for obligation:

22.00 New budget authority (gross)	56	60	59
23.95 Total new obligations	-56	-60	-59

New budget authority (gross), detail:

Discretionary:			
40.00 Appropriation	56	61	59
40.33 Appropriation permanently reduced (P.L. 110-161)		-1	
43.00 Appropriation (total discretionary)	56	60	59

Change in obligated balances:

72.40 Obligated balance, start of year	2		5
73.10 Total new obligations	56	60	59
73.20 Total outlays (gross)	-58	-55	-59
74.40 Obligated balance, end of year		5	5

Outlays (gross), detail:

86.90 Outlays from new discretionary authority	56	55	55
86.93 Outlays from discretionary balances	2		4
87.00 Total outlays (gross)	58	55	59

Net budget authority and outlays:

89.00 Budget authority	56	60	59
90.00 Outlays	58	55	59

This residential program provides postsecondary technical and professional education for people who are deaf to prepare them for employment, provides training, and conducts applied research into employment-related aspects of deafness. In 2007, the Federal appropriation represented 79 percent of the Institute's operating budget. The request includes funds for a variety of construction projects. The request also includes funds for the Endowment Grant program.

GALLAUDET UNIVERSITY

For the Kendall Demonstration Elementary School, the Model Secondary School for the Deaf, and the partial support of Gallaudet University under titles I and II of the Education of the Deaf Act of 1986, **[\$115,400,000]** \$119,384,000, of which \$6,000,000 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, 2008.)

Program and Financing (in millions of dollars)

Identification code 91-0602-0-1-502	2007 actual	2008 est.	2009 est.
Obligations by program activity:			
00.01 Operations	107	113	113
00.02 Construction			6
10.00 Total new obligations (object class 41.0)	107	113	119
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	107	113	119
23.95 Total new obligations	-107	-113	-119
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	107	115	119
40.33 Appropriation permanently reduced (P.L. 110-161)		-2	
43.00 Appropriation (total discretionary)	107	113	119
Change in obligated balances:			
72.40 Obligated balance, start of year			7
73.10 Total new obligations	107	113	119
73.20 Total outlays (gross)	-107	-106	-114
74.40 Obligated balance, end of year		7	12

GALLAUDET UNIVERSITY—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 91-0602-0-1-502	2007 actual	2008 est.	2009 est.
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	107	106	107
86.93 Outlays from discretionary balances			7
87.00 Total outlays (gross)	107	106	114
Net budget authority and outlays:			
89.00 Budget authority	107	113	119
90.00 Outlays	107	106	114

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 (MSSD) 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 2007, the appropriation for Gallaudet represented 61.0 percent of the total revenue for university-level programs and 97.8 percent of the revenue related to the elementary and secondary schools. In addition, the University receives other Federal funds such as student financial aid, vocational rehabilitation, Endowment Grant program income, and competitive grants and contracts. The request includes \$6,000,000 for construction related to a soil stabilization problem affecting the MSSD dormitories and classroom building. The request also includes funds for the Endowment Grant program.

OFFICE OF VOCATIONAL AND ADULT
EDUCATION

Federal Funds

CAREER, TECHNICAL, AND ADULT EDUCATION

For carrying out, to the extent not otherwise provided, [the Carl D. Perkins Career and Technical Education Act of 2006,] the Adult Education and Family Literacy Act, [subpart 4 of part D of title V of the Elementary and Secondary Education Act of 1965 ("ESEA") and title VIII-D of the Higher Education Amendments of 1998, \$1,976,166,000, of which \$4,077,000] \$574,590,000, which shall become available on [October 1, 2007 and remain available until September 30, 2009, of which \$1,181,089,000 shall become available on] July 1, [2008] 2009, and shall remain available through September 30, [2009, and of which \$791,000,000 shall become available on October 1, 2008, and shall remain available through September 30, 2009] 2010: *Provided*, That of the amount provided for Adult Education State Grants, \$67,896,000 shall be made available for integrated English literacy and civics education services to immigrants and other limited English proficient populations: *Provided further*, That of the amount reserved for integrated English literacy and civics education, notwithstanding section 211 of the Adult Education and Family Literacy Act, 65 percent shall be allocated to States based on a State's absolute need as determined by calculating each State's share of a 10-year average of the United States Citizenship and Immigration Services data for immigrants admitted for legal permanent residence for the 10 most recent years, and 35 percent allocated to States that experienced growth as measured by the average of the 3 most recent years for which United States Citizenship and Immigration Services data for immigrants admitted for legal permanent residence are available, except that no State shall be allocated an amount less than \$60,000: *Provided further*, That of the amounts made avail-

able for the Adult Education and Family Literacy Act, [\$7,000,000] \$14,000,000 shall be for national leadership activities under section 243 and [\$6,583,000] \$6,468,000 shall be for the National Institute for Literacy under section 242. [*Provided further*, That \$81,532,000 shall be available to support the activities authorized under subpart 4 of part D of title V of the ESEA, of which up to 5 percent shall become available October 1, 2007, and shall remain available through September 30, 2009, for evaluation, technical assistance, school networks, peer review of applications, and program outreach activities, and of which not less than 95 percent shall become available on July 1, 2008, and remain available through September 30, 2009, for grants to local educational agencies: *Provided further*, That funds made available to local educational agencies under this subpart shall be used only for activities related to establishing smaller learning communities within large high schools or small high schools that provide alternatives for students enrolled in large high schools.] (*Department of Education Appropriations Act, 2008.*)

Program and Financing (in millions of dollars)

Identification code 91-0400-0-1-501	2007 actual	2008 est.	2009 est.
Obligations by program activity:			
00.01 State grants	1,181	1,164	791
00.02 National programs	9	18	
00.04 Tech prep education State grants	104	103	
00.91 Total, Career and technical education	1,294	1,285	791
01.01 State grants	564	565	554
01.02 National leadership activities	10	15	14
01.03 National Institute for Literacy	6	13	7
01.91 Total, adult education	580	593	575
02.01 Smaller learning communities	94	174	
03.01 State grants for incarcerated youth offenders	23	22	
10.00 Total new obligations	1,991	2,074	1,366
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	131	132	
22.00 New budget authority (gross)	1,992	1,942	1,366
23.90 Total budgetary resources available for obligation	2,123	2,074	1,366
23.95 Total new obligations	-1,991	-2,074	-1,366
24.40 Unobligated balance carried forward, end of year	132		
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	1,201	1,185	575
40.33 Appropriation permanently reduced (P.L. 110-161)		-34	
43.00 Appropriation (total discretionary)	1,201	1,151	575
55.00 Advance appropriation from prior year	791	791	791
70.00 Total new budget authority (gross)	1,992	1,942	1,366
Change in obligated balances:			
72.40 Obligated balance, start of year	1,762	1,792	1,739
73.10 Total new obligations	1,991	2,074	1,366
73.20 Total outlays (gross)	-1,956	-2,127	-1,877
73.40 Adjustments in expired accounts (net)	-5		
74.40 Obligated balance, end of year	1,792	1,739	1,228
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	620	651	583
86.93 Outlays from discretionary balances	1,336	1,476	1,294
87.00 Total outlays (gross)	1,956	2,127	1,877
Net budget authority and outlays:			
89.00 Budget authority	1,992	1,942	1,366
90.00 Outlays	1,956	2,127	1,877

Adult education:

State programs.—Funds support formula grants to States to help eliminate functional illiteracy among the Nation's adults, to assist adults in obtaining a high school diploma or its equivalent, and to promote family literacy. A portion of the funds is reserved for formula grants to States to pro-

vide English literacy and civics education for immigrants and other limited English proficient adults.

National Institute for Literacy.—Funds support the Institute’s national leadership activities to improve and expand the Nation’s system for delivery of literacy services.

National leadership activities.—Funds support discretionary activities to evaluate the effectiveness of Federal, State, and local adult education programs, and to test and demonstrate methods of improving program quality.

Object Classification (in millions of dollars)

Identification code 91-0400-0-1-501	2007 actual	2008 est.	2009 est.
Direct obligations:			
11.3 Personnel compensation: Other than full-time permanent	1	1	1
25.1 Advisory and assistance services	1	6	2
25.2 Other services	6	12	16
25.5 Research and development contracts	11	5	.....
41.0 Grants, subsidies, and contributions	1,970	2,048	1,345
99.0 Direct obligations	1,989	2,072	1,364
99.5 Below reporting threshold	2	2	2
99.9 Total new obligations	1,991	2,074	1,366

Employment Summary

Identification code 91-0400-0-1-501	2007 actual	2008 est.	2009 est.
Direct:			
1001 Civilian full-time equivalent employment	14	16	16

OFFICE OF POSTSECONDARY EDUCATION

Federal Funds

HIGHER EDUCATION

For carrying out, to the extent not otherwise provided, titles [II,] III, IV, V, VI, and VII of the Higher Education Act of 1965 (“HEA”), [section 1543 of the Higher Education Amendments of 1992,] the Mutual Educational and Cultural Exchange Act of 1961, [title VIII of the Higher Education Amendments of 1998, part I of subtitle A of title VI of the America COMPETES Act, and section 117 of the Carl D. Perkins Career and Technical Education Act of 2006,] and subtitle C of title VI of the America COMPETES Act, [\$2,057,801,000] \$1,733,684,000: Provided, That [\$9,699,000] \$9,844,000, to remain available through September 30, [2009] 2010, shall be available to fund fellowships for academic year [2009-2010] 2010-2011 under subpart 1 of part A of title VII of the HEA, under the terms and conditions of such subpart 1: Provided further, That [\$620,000] \$1,609,000 is for data collection and evaluation activities for programs under the HEA, including such activities needed to comply with the Government Performance and Results Act of 1993: Provided further, That notwithstanding any other provision of law, funds made available in this Act to carry out title VI of the HEA and section 102(b)(6) of the Mutual Educational and Cultural Exchange Act of 1961 may be used to support visits and study in foreign countries by individuals who are participating in advanced foreign language training and international studies in areas that are vital to United States national security and who plan to apply their language skills and knowledge of these countries in the fields of government, the professions, or international development: Provided further, That of the funds referred to in the preceding proviso up to 1 percent may be used for program evaluation, national outreach, and information dissemination activities[: Provided further, That the funds provided for title II of the HEA shall be allocated notwithstanding section 210 of such Act: Provided further, That \$100,668,000 of the funds for part B of title VII of the Higher Education Act of 1965 shall be available for the projects and in the amounts specified in the explanatory statement described in section 4 (in the matter preceding division A of this consolidated Act)]. (Department of Education Appropriations Act, 2008.)

Program and Financing (in millions of dollars)

Identification code 91-0201-0-1-502	2007 actual	2008 est.	2009 est.
Obligations by program activity:			
00.01 Strengthening institutions	79	78	78
00.02 Strengthening tribally controlled colleges and universities	24	53	30
00.03 Strengthening Alaska Native and Native Hawaiian-serving institutions	12	26	15
00.04 Strengthening historically black colleges and universities	238	323	238
00.05 Strengthening historically black graduate institutions	58	57	57
00.06 Minority science and engineering improvement	9	9	9
00.07 Strengthening predominantly Black institutions	15	15	15
00.08 Strengthening Asian American and Native American Pacific Islander-serving institutions	5	5	5
00.09 Strengthening Native American-serving nontribal institutions	5	5	5
00.91 Subtotal, aid for institutional development	420	571	452
Other aid for institutions:			
01.01 Developing Hispanic-serving institutions	95	193	174
01.02 International education and foreign language studies	106	109	110
01.03 Fund for the Improvement of Postsecondary Education	22	120	37
01.04 Demonstration projects to ensure quality higher education for students with disabilities	7	7	.....
01.05 Interest subsidy grants	1	1	.....
01.06 Tribally controlled postsecondary vocational and technical institutions	7	8	.....
01.91 Subtotal, other aid for institutions	238	438	321
Assistance for students:			
02.01 Federal TRIO programs	828	885	885
02.02 Gaining early awareness and readiness for undergraduate programs (GEAR UP)	303	303	303
02.03 Byrd honors scholarships	40	40	.....
02.04 Javits fellowships	10	10	10
02.05 Graduate assistance in areas of national need	30	29	33
02.06 Thurgood Marshall legal educational opportunity	3	3	.....
02.07 B.J. Stupak Olympic scholarships	1	1	.....
02.08 Child care access means parents in school	16	16	16
02.91 Subtotal, assistance for students	1,231	1,287	1,247
03.01 Teachers for a competitive tomorrow .....	.....	2	.....
03.02 Teacher quality enhancement	60	34	.....
03.03 GPRA data/HEA program evaluation	1	1	2
03.04 Underground railroad program	2	2	.....
03.05 Advancing America through foreign language partnerships .....	.....	.....	24
03.06 College access challenge grant program .....	.....	66	66
03.07 Hurricane aid for postsecondary institutions	30	.....	.....
03.91 Subtotal, other higher education activities	93	105	92
10.00 Total new obligations	1,982	2,401	2,112
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	14	13	12
22.00 New budget authority (gross)	1,981	2,400	2,112
23.90 Total budgetary resources available for obligation	1,995	2,413	2,124
23.95 Total new obligations	-1,982	-2,401	-2,112
24.40 Unobligated balance carried forward, end of year	13	12	12
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	1,981	2,058	1,734
40.33 Appropriation permanently reduced (P.L. 110-161) .....	.....	-36	.....
43.00 Appropriation (total discretionary)	1,981	2,022	1,734
Mandatory:			
60.00 Appropriation .....	.....	378	378
70.00 Total new budget authority (gross)	1,981	2,400	2,112
Change in obligated balances:			
72.40 Obligated balance, start of year	2,746	2,719	3,028
73.10 Total new obligations	1,982	2,401	2,112
73.20 Total outlays (gross)	-1,951	-2,092	-2,318
73.40 Adjustments in expired accounts (net)	-58	.....	.....
74.40 Obligated balance, end of year	2,719	3,028	2,822
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	46	101	87

HIGHER EDUCATION—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 91-0201-0-1-502		2007 actual	2008 est.	2009 est.
86.93	Outlays from discretionary balances	1,905	1,972	1,955
86.97	Outlays from new mandatory authority		19	19
86.98	Outlays from mandatory balances			257
87.00	Total outlays (gross)	1,951	2,092	2,318
Net budget authority and outlays:				
89.00	Budget authority	1,981	2,400	2,112
90.00	Outlays	1,951	2,092	2,318

Aid for institutional development:

Strengthening institutions.—Funds support planning and development grants for improving academic programs and financial management at schools that enroll high proportions of disadvantaged students and have low per-student expenditures.

Strengthening tribally controlled colleges and universities.—Mandatory (College Cost Reduction and Access Act) funds support grants to American Indian tribally controlled colleges and universities with scarce resources to enable them to improve and expand their capacity to serve Indian students.

Strengthening Alaska Native and Native Hawaiian-serving institutions.—Mandatory (College Cost Reduction and Access Act) funds support Alaska Native and Native Hawaiian-serving institutions to enable them to improve and expand their capacity to serve Alaska Native and Native Hawaiian students.

Strengthening historically Black colleges and universities.—Discretionary and mandatory (College Cost Reduction and Access Act) funds support grants to help historically Black undergraduate institutions to improve and expand their capacity to serve students, and to strengthen management and fiscal operations.

Strengthening historically Black graduate institutions.—Funds support grants to help historically Black graduate institutions to improve and expand their capacity to serve students, and to strengthen management and fiscal operations.

Minority science and engineering improvement.—Funds support grants to predominantly minority institutions to help them make long-range improvements in science and engineering education and to increase the participation of minorities in scientific and technological careers.

Strengthening predominantly Black institutions.—Mandatory (College Cost Reduction and Access Act) funds support grants to predominantly Black institutions for programs in any of the following areas: science, technology, engineering, or mathematics; health education; internationalization or globalization; teacher preparation; or improving educational outcomes of African American males.

Strengthening Asian American and Native American Pacific Islander-serving institutions.—Mandatory (College Cost Reduction and Access Act) funds support grants to help Asian American and Native American Pacific Islander-serving institutions to improve and expand their capacity to serve students, and to strengthen management and fiscal operations.

Strengthening Native American-serving nontribal institutions.—Mandatory (College Cost Reduction and Access Act) funds support grants to help Native American-serving nontribal institutions to improve and expand their capacity to serve Native American students.

Other aid for institutions:

Developing Hispanic-serving institutions.—Discretionary funds support Hispanic-serving institutions to enable them to improve and expand their capacity to serve students. Mandatory (College Cost Reduction and Access Act) funds provide additional support for activities to increase the number of Hispanic and other low income students attaining degrees

in the fields of science, technology, engineering, or mathematics (STEM); and to develop model transfer and articulation agreements between 2-year Hispanic-serving institutions and 4-year institutions in STEM fields.

International education and foreign language studies programs.—Funds promote the development and improvement of domestic and overseas international and foreign language programs, and an Institute for International Public Policy.

Fund for the improvement of postsecondary education.—Funds support a broad range of postsecondary reform and improvement projects, as well as international consortia programs.

Interest subsidy grants.—Balances from prior year appropriations meet mandatory interest subsidy costs of construction loan commitments made prior to 1974.

Assistance for students:

Federal TRIO programs.—Discretionary funds support postsecondary education outreach and student support services to help individuals from disadvantaged backgrounds prepare for, enter, and complete college and graduate studies. Mandatory (College Cost Reduction and Access Act) funds provide additional support for the TRIO Upward Bound program.

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

Javits fellowships.—Funds support fellowships to students of superior ability who have financial need and who are pursuing doctoral degrees in the arts, humanities, and social sciences.

Graduate assistance in areas of national need.—Funds support fellowships to graduate students of superior ability who have financial need for study in areas of national need.

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

Other activities:

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

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

College access challenge grant program.—Mandatory (College Cost Reduction and Access Act) funds support partnerships among Federal, State and local government entities, and philanthropic organizations through matching challenge grants aimed at increasing the number of underrepresented students who enter and remain in postsecondary education.

Object Classification (in millions of dollars)

Identification code 91-0201-0-1-502		2007 actual	2008 est.	2009 est.
Direct obligations:				
25.1	Advisory and assistance services	4	4	5
25.2	Other services	4	8	6
25.3	Other purchases of goods and services from Government accounts			
		2	2	2
25.7	Operation and maintenance of equipment	1	1	1
41.0	Grants, subsidies, and contributions	1,971	2,386	2,098
99.9	Total new obligations	1,982	2,401	2,112

HOWARD UNIVERSITY

For partial support of Howard University, **[\$237,392,000]** \$233,245,000, of which not less than **[\$3,526,000]** \$3,600,000 shall be for a matching endowment grant pursuant to the Howard University Endowment Act (Public Law 98-480) and shall remain available until expended. (Department of Education Appropriations Act, 2008.)

Program and Financing (in millions of dollars)

Identification code 91-0603-0-1-502	2007 actual	2008 est.	2009 est.
Obligations by program activity:			
00.01 General support	215	204	204
00.02 Howard University Hospital	29	29	29
10.00 Total new obligations (object class 41.0)	244	233	233
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	11	4	4
22.00 New budget authority (gross)	237	233	233
23.90 Total budgetary resources available for obligation	248	237	237
23.95 Total new obligations	-244	-233	-233
24.40 Unobligated balance carried forward, end of year	4	4	4
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	237	237	233
40.33 Appropriation permanently reduced (P.L. 110-161)		-4	
41.00 Transferred to other accounts	-4		
42.00 Transferred from other accounts	4		
43.00 Appropriation (total discretionary)	237	233	233
Change in obligated balances:			
72.40 Obligated balance, start of year			10
73.10 Total new obligations	244	233	233
73.20 Total outlays (gross)	-244	-223	-233
74.40 Obligated balance, end of year		10	10
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	233	219	219
86.93 Outlays from discretionary balances	11	4	14
87.00 Total outlays (gross)	244	223	233
Net budget authority and outlays:			
89.00 Budget authority	237	233	233
90.00 Outlays	244	223	233

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 2007, Federal funding represented approximately 50 percent of the university's revenue.

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS PROGRAM

For Federal administrative expenses to carry out activities related to existing facility loans pursuant to section 121 of the Higher Education Act of 1965, **[\$481,000]** \$461,000.

HISTORICALLY BLACK COLLEGE AND UNIVERSITY CAPITAL FINANCING PROGRAM ACCOUNT

Notwithstanding the limitations contained in section 344(a) of the Higher Education Act of 1965, the aggregate principal amount of outstanding bonds insured under the Historically Black College and University Capital Financing Program is authorized to equal but not exceed \$725,000,000, which may be used for loans to public and private historically Black colleges and universities without regard to paragraphs (1) and (2) of section 344(a).

For the cost of guaranteed loans, \$10,000,000, as authorized pursuant to title III, Part D of the Higher Education Act of 1965: Provided, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: Provided further, That these funds are available to subsidize total loan principal, any part of which is to be guaranteed, not to exceed

\$100,000,000. In addition, for administrative expenses to carry out the Historically Black College and University Capital Financing Program entered into pursuant to part D of title III of the Higher Education Act of 1965, **[\$188,000]** \$354,000. (Department of Education Appropriations Act, 2008.)

Program and Financing (in millions of dollars)

Identification code 91-0241-0-1-502	2007 actual	2008 est.	2009 est.
Obligations by program activity:			
00.01 Direct loan subsidy	304		10
00.05 Reestimates of direct loan subsidy	11	2	
00.06 Interest on reestimates of direct loan subsidy	3	16	
00.09 Federal administration	1	1	1
10.00 Total new obligations	319	19	11
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	319	19	11
23.95 Total new obligations	-319	-19	-11
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	305	1	11
Mandatory:			
60.00 Appropriation	14	18	
70.00 Total new budget authority (gross)	319	19	11
Change in obligated balances:			
73.10 Total new obligations	319	19	11
73.20 Total outlays (gross)	-319	-19	-11
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	305	1	11
86.97 Outlays from new mandatory authority	14	18	
87.00 Total outlays (gross)	319	19	11
Net budget authority and outlays:			
89.00 Budget authority	319	19	11
90.00 Outlays	319	19	11
Summary of Loan Levels, Subsidy Budget Authority and Outlays by Program (in millions of dollars)			
Identification code 91-0241-0-1-502	2007 actual	2008 est.	2009 est.
Direct loan levels supportable by subsidy budget authority:			
115002 Historically Black Colleges and Universities	67		61
115003 HBCU Hurricane Supplemental	400		
115999 Total direct loan levels	467		61
Direct loan subsidy (in percent):			
132002 Historically Black Colleges and Universities	0.00	0.00	16.31
132003 HBCU Hurricane Supplemental	76.14	0.00	0.00
132999 Weighted average subsidy rate	65.22	0.00	16.31
Direct loan subsidy budget authority:			
133002 Historically Black Colleges and Universities			10
133003 HBCU Hurricane Supplemental	304		
133999 Total subsidy budget authority	304		10
Direct loan subsidy outlays:			
134002 Historically Black Colleges and Universities			10
134003 HBCU Hurricane Supplemental	304		
134999 Total subsidy outlays	304		10
Direct loan upward reestimates:			
135002 Historically Black Colleges and Universities	14	2	
135003 HBCU Hurricane Supplemental		16	
135999 Total upward reestimate budget authority	14	18	
Direct loan downward reestimates:			
137001 College housing and academic facilities loans		-2	
137002 Historically Black Colleges and Universities		-1	
137003 HBCU Hurricane Supplemental		-17	
137999 Total downward reestimate budget authority		-20	
Administrative expense data:			
3510 Budget authority	1	1	1
3590 Outlays from new authority	1	1	1

HISTORICALLY BLACK COLLEGE AND UNIVERSITY CAPITAL FINANCING PROGRAM ACCOUNT—Continued

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

College Housing and Academic Facilities Loans Program.—Funds for this activity pay the Federal costs for administering the College Housing and Academic Facilities Loans (CHAFL), College Housing Loans (CHL), and Higher Education Facilities Loans (HEFL) programs. Prior to 1994, these programs provided financing for the construction, reconstruction, and renovation of housing, academic, and other educational facilities. Although no new loans have been awarded since fiscal year 1993, costs for administering the outstanding loans will remain through 2030.

Historically Black College and University Capital Financing Program.—The Historically Black College and University (HBCU) Capital Financing Program provides HBCUs with access to capital financing for the repair, renovation, and construction of classrooms, libraries, laboratories, dormitories, instructional equipment, and research instrumentation. The Higher Education Amendments of 1992 granted the Department authority to enter into insurance agreements with a private for-profit Designated Bonding Authority to guarantee no more than \$375,000,000 in outstanding principal and unpaid accrued interest combined. The bonding authority issues the loans and maintains an escrow account in which five percent of each institution's principal is deposited. The program has now surpassed the statutory loan cap. The Administration's proposal for fiscal year 2009 would increase the loan cap to \$725 million. Analysis has shown that the program can no longer be operated as a zero subsidy program. As a result, the Administration's proposal would include \$10 million in loan subsidy, allowing the program to guarantee an estimated \$61 million in new loans in fiscal year 2009. The Administration will work with the Designated Bonding Authority to target available loan authority at those HBCUs whose financial status restricts their access to traditional sources of capital financing, such as bank loans and bond financing. The Administration is committed to working with Congress to identify and implement any legislative changes as necessary to target the new loan authority in this manner. In addition, the Administration's proposal provides increased funds for Federal administrative activities. These additional funds will allow the Department to expand the technical assistance activities that it provides to HBCUs to increase their financial stability and knowledge.

Object Classification (in millions of dollars)

Identification code 91-0241-0-1-502	2007 actual	2008 est.	2009 est.
41.0 Direct obligations: Grants, subsidies, and contributions	318	18	10
99.5 Below reporting threshold	1	1	1
99.9 Total new obligations	319	19	11

Employment Summary

Identification code 91-0241-0-1-502	2007 actual	2008 est.	2009 est.
Direct:			
1001 Civilian full-time equivalent employment	4	4	4

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS FINANCING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 91-4252-0-3-502	2007 actual	2008 est.	2009 est.
Obligations by program activity:			
00.02 Interest paid to Treasury	1	1	1
08.04 Payment of interest on downward reestimates to receipt account		2	
10.00 Total new obligations	1	3	1
Budgetary resources available for obligation:			
22.00 New financing authority (gross)	1	3	1
23.95 Total new obligations	-1	-3	-1
New financing authority (gross), detail:			
Mandatory:			
Spending authority from offsetting collections:			
69.00 Offsetting collections (cash)	4	2	2
69.47 Portion applied to repay debt	-3	1	-1
69.90 Spending authority from offsetting collections (total mandatory)	1	3	1
Change in obligated balances:			
73.10 Total new obligations	1	3	1
73.20 Total financing disbursements (gross)	-1	-3	-1
Outlays (gross), detail:			
87.00 Total financing disbursements (gross)	1	3	1
Offsets:			
Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
88.00 Federal sources			-1
88.40 Interest repayments	-1	-1	-1
88.40 Principal repayments	-3	-1	
88.90 Total, offsetting collections (cash)	-4	-2	-2
Net financing authority and financing disbursements:			
89.00 Financing authority	-3	1	-1
90.00 Financing disbursements	-3	1	-1

Status of Direct Loans (in millions of dollars)

Identification code 91-4252-0-3-502	2007 actual	2008 est.	2009 est.
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	18	15	15
1251 Repayments: Repayments and prepayments	-3		
1290 Outstanding, end of year	15	15	15

As required by the Federal Credit Reform Act of 1990, this non-budgetary account records all cash flows to and from the Government resulting from direct loans obligated in fiscal years 1992 and 1993. The amounts in this account are a means of financing and are not included in the budget totals.

Balance Sheet (in millions of dollars)

Identification code 91-4252-0-3-502	2006 actual	2007 actual
ASSETS:		
Net value of assets related to post-1991 direct loans receivable:		
1401 Direct loans receivable, gross	19	16
1402 Interest receivable	1	
1405 Allowance for subsidy cost (-)	-3	-3
1499 Net present value of assets related to direct loans	17	13
1999 Total assets	17	13
LIABILITIES:		
2103 Federal liabilities: Debt	17	13
2999 Total liabilities	17	13
4999 Total liabilities and net position	17	13

DEPARTMENT OF EDUCATION

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS LIQUIDATING
ACCOUNT

Program and Financing (in millions of dollars)

Identification code 91-0242-0-1-502	2007 actual	2008 est.	2009 est.
Obligations by program activity:			
00.02 Interest paid to Treasury	7	7	7
10.00 Total new obligations (object class 43.0)	7	7	7
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	1		
22.00 New budget authority (gross)	7	7	7
22.40 Capital transfer to general fund	-1		
23.90 Total budgetary resources available for obligation	7	7	7
23.95 Total new obligations	-7	-7	-7
New budget authority (gross), detail:			
Mandatory:			
60.00 Appropriation	2	2	2
Spending authority from offsetting collections:			
69.00 Offsetting collections (cash)	41	28	27
69.27 Capital transfer to general fund	-27	-20	-19
69.47 Portion applied to repay debt	-9	-3	-3
69.90 Spending authority from offsetting collections (total mandatory)	5	5	5
70.00 Total new budget authority (gross)	7	7	7
Change in obligated balances:			
72.40 Obligated balance, start of year	1	1	1
73.10 Total new obligations	7	7	7
73.20 Total outlays (gross)	-7	-7	-7
74.40 Obligated balance, end of year	1	1	1
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority	7	7	7
Offsets:			
Against gross budget authority and outlays:			
Offsetting collections (cash) from:			
88.40 Repayments of principal	-32	-19	-19
88.40 Interest received on loans	-9	-9	-8
88.90 Total, offsetting collections (cash)	-41	-28	-27
Net budget authority and outlays:			
89.00 Budget authority	-34	-21	-20
90.00 Outlays	-34	-21	-20

Status of Direct Loans (in millions of dollars)

Identification code 91-0242-0-1-502	2007 actual	2008 est.	2009 est.
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	248	216	213
1251 Repayments: Repayments and prepayments	-32	-3	-3
1290 Outstanding, end of year	216	213	210

As required by the Federal Credit Reform Act of 1990, the College Housing and Academic Facilities Loans Liquidating Account records all cash flows to and from the Government resulting from direct loans obligated prior to 1992. This account includes loans made under the College Housing and Academic Facilities Loans, College Housing Loans, and Higher Education Facilities Loans programs, which continue to be administered separately.

Balance Sheet (in millions of dollars)

Identification code 91-0242-0-1-502	2006 actual	2007 actual
ASSETS:		
1601 Direct loans, gross	255	216
1602 Interest receivable	6	5
1699 Value of assets related to direct loans	261	221

1999 Total assets	261	221
LIABILITIES:		
Federal liabilities:		
2103 Debt	76	67
2104 Resources payable to Treasury	185	154
2999 Total liabilities	261	221
4999 Total liabilities and net position	261	221

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	2007 actual	2008 est.	2009 est.
Obligations by program activity:			
00.01 Direct loan awards	467		61
00.02 Interest paid to Treasury	7	10	11
00.91 Direct Program by Activities—Subtotal (1 level)	474	10	72
08.02 Payment of downward reestimate		18	
10.00 Total new obligations	474	28	72
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year		319	
22.00 New financing authority (gross)	793	28	83
22.60 Portion applied to repay debt		-319	-4
23.90 Total budgetary resources available for obligation	793	28	79
23.95 Total new obligations	-474	-28	-72
24.40 Unobligated balance carried forward, end of year		319	7
New financing authority (gross), detail:			
Mandatory:			
67.10 Authority to borrow	467		61
Spending authority from offsetting collections:			
69.00 Offsetting collections (cash)	337	37	35
69.47 Portion applied to repay debt	-11	-9	-13
69.90 Spending authority from offsetting collections (total mandatory)	326	28	22
70.00 Total new financing authority (gross)	793	28	83
Change in obligated balances:			
72.40 Obligated balance, start of year	11	308	135
73.10 Total new obligations	474	28	72
73.20 Total financing disbursements (gross)	-177	-201	-159
74.40 Obligated balance, end of year	308	135	48
Outlays (gross), detail:			
87.00 Total financing disbursements (gross)	177	201	159
Offsets:			
Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
88.00 Federal sources	-319	-18	-10
88.40 Interest repayments	-7	-10	-12
88.40 Principal repayments	-11	-9	-13
88.90 Total, offsetting collections (cash)	-337	-37	-35
Net financing authority and financing disbursements:			
89.00 Financing authority	456	-9	48
90.00 Financing disbursements	-160	164	124

Status of Direct Loans (in millions of dollars)

Identification code 91-4255-0-3-502	2007 actual	2008 est.	2009 est.
Position with respect to appropriations act limitation on obligations:			
1111 Limitation on direct loans	216		100
1142 Unobligated direct loan limitation (-)	251		-39
1150 Total direct loan obligations	467		61
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	155	314	497

**HISTORICALLY BLACK COLLEGE AND UNIVERSITY CAPITAL FINANCING
DIRECT LOAN FINANCING ACCOUNT—Continued**

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

Identification code 91-4255-0-3-502	2007 actual	2008 est.	2009 est.
1231 Disbursements: Direct loan disbursements	170	192	147
1251 Repayments: Repayments and prepayments	-11	-9	-13
1290 Outstanding, end of year	314	497	631

As required by the Federal Credit Reform Act of 1990, this non-budgetary account records all cash flows to and from the Federal Government resulting from direct loans obligated in fiscal year 1996 and beyond. The Federal Financing Bank (FFB) purchases bonds issued by the HBCU Designated Bonding Authority. Under the policies governing Federal credit programs, bonds purchased by the FFB and supported by the Department of Education with a letter of credit create the equivalent of a Federal direct loan. HBCU bonds are also available for purchase by the private sector, and these will be treated as loan guarantees. However, the Department anticipates that all HBCU loans will be financed by the FFB. The amounts in this account are a means of financing and are not included in the budget totals.

Balance Sheet (in millions of dollars)

Identification code 91-4255-0-3-502	2006 actual	2007 actual
ASSETS:		
1101 Federal assets: Fund balances with Treasury	22	319
Net value of assets related to post-1991 direct loans receivable:		
1401 Direct loans receivable, gross	155	314
1402 Interest receivable	3	5
1499 Net present value of assets related to direct loans	158	319
1999 Total assets	180	638
LIABILITIES:		
Federal liabilities:		
2102 Interest payable	3	5
2103 Debt	155	314
2201 Non-Federal liabilities: Undisbursed direct loans	22	319
2999 Total liabilities	180	638
4999 Total liabilities and net position	180	638

OFFICE OF FEDERAL STUDENT AID

Federal Funds

STUDENT FINANCIAL ASSISTANCE

(INCLUDING [RESCISSION] CANCELLATION)

For carrying out [subparts] *subpart 1*, 3, and 4] of part A and [.] part C [and part E] of title IV of the Higher Education Act of 1965, [\$16,114,317,000] \$17,831,551,000, which shall remain available through September 30, [2009] 2010.

The maximum Pell Grant for which a student shall be eligible during award year [2008-2009] 2009-2010 shall be [\$4,241] \$4,310.

Of the unobligated funds available under section 401A(e)(1)(C) of the Higher Education Act of 1965, [\$525,000,000] \$652,000,000 are [rescinded] hereby permanently cancelled. (Department of Education Appropriations Act, 2008.)

Program and Financing (in millions of dollars)

Identification code 91-0200-0-1-502	2007 actual	2008 est.	2009 est.
Obligations by program activity:			
01.01 Federal Pell grants	14,357	15,412	15,671
02.01 Federal supplemental educational opportunity grants (SEOG)	772	759	
02.02 Federal work-study	985	982	980
02.04 Federal Perkins loans: Loan cancellations	65	64	
02.91 Campus-based activities—Subtotal (1 level)	1,822	1,805	980

03.01 Leveraging educational assistance partnership	65	64	
10.00 Total new obligations (object class 41.0)	16,244	17,281	16,651

Budgetary resources available for obligation:

21.40 Unobligated balance carried forward, start of year	2,693	2,190	3,031
22.00 New budget authority (gross)	15,542	18,122	19,922
22.10 Resources available from recoveries of prior year obligations	423		
23.90 Total budgetary resources available for obligation	18,658	20,312	22,953
23.95 Total new obligations	-16,244	-17,281	-16,651
23.98 Unobligated balance expiring or withdrawn	-224		
24.40 Unobligated balance carried forward, end of year	2,190	3,031	6,302

New budget authority (gross), detail:

Discretionary:			
40.00 Appropriation	15,542	16,114	17,832
40.33 Appropriation permanently reduced (P.L. 110-161)		-33	
43.00 Appropriation (total discretionary)	15,542	16,081	17,832
Mandatory:			
60.00 Appropriation		2,041	2,090
70.00 Total new budget authority (gross)	15,542	18,122	19,922

Change in obligated balances:

72.40 Obligated balance, start of year	8,723	9,559	9,993
73.10 Total new obligations	16,244	17,281	16,651
73.20 Total outlays (gross)	-14,927	-16,847	-18,620
73.40 Adjustments in expired accounts (net)	-58		
73.45 Recoveries of prior year obligations	-423		
74.40 Obligated balance, end of year	9,559	9,993	8,024

Outlays (gross), detail:

86.90 Outlays from new discretionary authority	4,112	4,731	5,246
86.93 Outlays from discretionary balances	10,815	11,554	11,348
86.97 Outlays from new mandatory authority		559	564
86.98 Outlays from mandatory balances		3	1,462
87.00 Total outlays (gross)	14,927	16,847	18,620

Net budget authority and outlays:

89.00 Budget authority	15,542	18,122	19,922
90.00 Outlays	14,927	16,847	18,620

Status of Direct Loans (in millions of dollars)

Identification code 91-0200-0-1-502	2007 actual	2008 est.	2009 est.
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	322	313	304
1251 Repayments: Repayments and prepayments	-25	-25	-24
Write-offs for default:			
1263 Direct loans	-14	-13	-13
1264 Other adjustments, net (+ or -)	30	29	28
1290 Outstanding, end of year	313	304	295

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

Funding from the Student Financial Assistance account and related matching funds would provide nearly 6.6 million awards totaling over \$19.4 billion in available aid in award year 2009-2010.

Federal Pell Grants.—Pell Grants are the single largest source of grant aid for postsecondary education. Funding for this program is provided from two sources: discretionary appropriations and, beginning in fiscal year 2008, mandatory funding authorized under the College Cost Reduction and Access Act of 2007. In 2008, more than 5.7 million undergraduates will receive up to \$4,241 from discretionary funding and an additional \$490 from mandatory funds to help pay for postsecondary education. Undergraduate students establish eligibility for these grants under award and need determination rules set out in the authorizing statute and the annual appropriations act.

Federal Work Study.—Federal funds are awarded by formula to qualifying institutions, which provide part-time jobs

to eligible undergraduate and graduate students. Hourly earnings under this program must be at least equal to the Federal minimum wage. Federal funding in most cases pays 75 percent of a student's hourly wages, with the remaining 25 percent paid by the employer. The Federal Work-Study program also requires participating institutions to use at least seven percent of the total funds granted to compensate students employed in community service jobs. The 2009 Budget includes \$980 million for Work-Study, which would generate \$1.2 million in new aid to nearly 800,000 students.

Funding tables.—The following tables display student aid funds available, the number of aid awards, average awards, and the unduplicated count of recipients from any Federal student aid program. The tables include aid from programs in the Student Financial Assistance account, as well as aid from the Academic Competitiveness/SMART Grant, TEACH Grant, Federal Family Education Loan, William D. Ford Direct Student Loan, and proposed Loans for Short-Term Training programs. Loan amounts reflect the capital actually loaned, not the Federal cost of these loans. The data in these tables include matching funds wherever appropriate. The 2009 data in these tables reflect the Administration's legislative proposals.

AID FUNDS AVAILABLE FOR POSTSECONDARY EDUCATION AND TRAINING

	[in thousands]		
	2007	2008	2009
Pell grants	14,381,860	16,428,110	18,180,180
Academic competitiveness grants	350,000	440,000	490,000
SMART grants	230,000	260,000	270,000
TEACH grants	0	86,000	114,000
Student loans:			
Guaranteed student loans:			
Stafford loans	21,712,624	24,049,531	24,866,360
Unsubsidized Stafford loans	21,400,361	23,384,163	24,696,064
PLUS	8,206,854	8,808,082	9,745,297
Direct student loans:			
Stafford loans	5,780,587	6,247,573	6,453,401
Unsubsidized Stafford loans	4,918,136	5,307,183	5,597,101
PLUS	2,323,383	2,548,716	2,816,018
Consolidation:			
FFEL	46,940,683	33,939,925	38,862,640
Direct Loans	3,484,288	4,116,185	4,425,596
Perkins loans	1,104,497	1,103,398	0
Loans for short-term training	0	0	362,593
Student loans, subtotal	115,871,414	109,504,756	117,825,070
Work study	1,171,225	1,171,395	1,171,395
Supplemental educational opportunity grants	975,865	958,816	0
Leveraging educational assistance partnerships	164,961	161,555	0
Total aid available	133,145,324	129,010,631	138,050,645

NUMBER OF AID AWARDS

	[in thousands]		
	2007	2008	2009
Pell grants	5,428	5,578	5,764
Academic competitiveness grants	456	559	643
SMART grants	72	79	85
TEACH grants	0	31	41
Guaranteed student loans-Stafford loans	6,044	6,458	6,653
Guaranteed student loans-Unsubsidized Stafford loans	4,715	4,988	5,218
Guaranteed student loans-PLUS	760	790	831
Guaranteed student loans-Consolidation	1,672	1,144	1,264
Direct student loans-Stafford loans	1,477	1,526	1,571
Direct student loans-Unsubsidized Stafford loans	1,052	1,086	1,133
Direct student loans-PLUS	235	245	257
Direct student loans—Consolidation	151	176	187
Perkins loans	504	504	0
Loans for short-term training	0	0	377
Work-study	792	793	793
Supplemental educational opportunity grants	1,227	1,255	0
Leveraging educational assistance partnerships	165	162	0
Total awards	24,801	25,372	24,816

AVERAGE AID AWARDS

	[in whole dollars]		
	2007	2008	2009
Pell grants	2,650	2,945	3,154

Academic competitiveness grants	768	787	762
SMART grants	3,194	3,291	3,176
TEACH grants	0	2,774	2,780
Guaranteed student loans-Stafford loans	3,592	3,724	3,738
Guaranteed student loans-Unsubsidized Stafford loans	4,538	4,688	4,733
Guaranteed student loans-PLUS	10,798	11,152	11,726
Guaranteed student loans-Consolidation	28,072	29,667	30,752
Direct student loans-Stafford loans	3,914	4,093	4,109
Direct student loans-Unsubsidized Stafford loans	4,673	4,887	4,939
Direct student loans-PLUS	9,895	10,410	10,943
Direct student loans—Consolidation	23,074	23,396	23,697
Perkins loans	2,190	2,190	0
Loans for short-term training	0	0	962
Work-study	1,478	1,478	1,478
Supplemental educational opportunity grants	764	764	0
Leveraging educational assistance partnerships	1,000	1,000	0

NUMBER OF STUDENTS AIDED

	[in thousands]		
Unduplicated student count	10,075	10,560	10,857

ADMINISTRATIVE PAYMENTS TO INSTITUTIONS

	[in thousands of dollars]		
	2006	2007	2008
Pell grants	27,140	27,890	28,820
Work-study	73,267	73,277	73,277
Supplemental educational opportunity grants	39,035	38,353	0
Perkins loans	44,180	44,136	0

ACADEMIC COMPETITIVENESS/SMART GRANT PROGRAM

Program and Financing (in millions of dollars)

Identification code 91-0205-0-1-502	2007 actual	2008 est.	2009 est.
Obligations by program activity:			
00.01 ACG/SMART Grants	1,024	352	730
10.00 Total new obligations (object class 41.0)	1,024	352	730
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	850	395	308
22.10 Resources available from recoveries of prior year obligations		45	
22.30 Expired unobligated balance transfer to unexpired account	743	569	657
23.90 Total budgetary resources available for obligation	1,593	1,009	965
23.95 Total new obligations	-1,024	-352	-730
23.98 Unobligated balance expiring or withdrawn	-569	-657	-235
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation			-652
Mandatory:			
60.00 Appropriation	850	920	960
60.35 Appropriation permanently reduced (H.R. 2764)		-525	
62.50 Appropriation (total mandatory)	850	395	960
70.00 Total new budget authority (gross)	850	395	308
Change in obligated balances:			
72.40 Obligated balance, start of year	3	578	286
73.10 Total new obligations	1,024	352	730
73.20 Total outlays (gross)	-449	-599	-705
73.45 Recoveries of prior year obligations		-45	
74.40 Obligated balance, end of year	578	286	311
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority	446	70	76
86.98 Outlays from mandatory balances	3	529	629
87.00 Total outlays (gross)	449	599	705
Net budget authority and outlays:			
89.00 Budget authority	850	395	308
90.00 Outlays	449	599	705

These need-based programs provide grants to U.S citizens who attend school on a full-time basis. Students receiving

ACADEMIC COMPETITIVENESS/SMART GRANT PROGRAM—Continued

grants must be eligible to receive a Pell Grant and, for second-, third-, and fourth-year students, must maintain at least a 3.0 grade point average.

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

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

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

In 2009, the Administration proposes to rescind \$652 million in unobligated balances. Remaining balances are sufficient to meet estimated demand in these programs through the 2010–2011 academic year, when the authorizing statute specifies the program will sunset.

Direct loan subsidy budget authority:			
133001 TEACH Grants	7	14	
133999 Total subsidy budget authority	7	14	
Direct loan subsidy outlays:			
134001 TEACH Grants	3	11	
134999 Total subsidy outlays	3	11	

The TEACH grant program, authorized by the College Cost Reduction and Access Act of 2007, awards annual grants of up to \$4,000 to full- or part-time undergraduate and graduate students who agree to teach mathematics, science, foreign languages, bilingual education, or special education, or reading at a high-poverty school for not less than four years within eight years of graduating. The program will begin awarding grants in the 2008–2009 award year. Students must have a grade point average of 3.25 or higher to be eligible to receive a grant. Students who fail to fulfill the service requirements must repay the grants, including interest accrued from the time of award.

Because TEACH grants turn into loans in cases where the service requirements are not fulfilled, for budget and accounting purposes the program is operated consistent with the requirements of the Federal Credit Reform Act of 1990. This program account records subsidy costs reflecting the net present value of the estimated lifetime Federal program costs for grants awarded in a given fiscal year. Under this approach the subsidy cost reflects the cost of grant awards net of expected future repayments for grants that are converted to loans. This treatment will be reexamined for the 2010 Budget, following a review of program implementation and the completion of final program regulations a different approach may ultimately be deemed more appropriate.

TEACH GRANT PROGRAM ACCOUNT

Program and Financing (in millions of dollars)

Identification code 91–0206–0–1–502	2007 actual	2008 est.	2009 est.
Obligations by program activity:			
00.01 TEACH Grant subsidy		7	14
10.00 Total new obligations (object class 41.0)		7	14
Budgetary resources available for obligation:			
22.00 New budget authority (gross)		7	14
23.95 Total new obligations		–7	–14
24.40 Unobligated balance carried forward, end of year			
New budget authority (gross), detail:			
Mandatory:			
60.00 Appropriation		7	14
Change in obligated balances:			
72.40 Obligated balance, start of year			4
73.10 Total new obligations		7	14
73.20 Total outlays (gross)		–3	–11
74.40 Obligated balance, end of year		4	7
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority		3	8
86.98 Outlays from mandatory balances			3
87.00 Total outlays (gross)		3	11
Net budget authority and outlays:			
89.00 Budget authority		7	14
90.00 Outlays		3	11

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

Identification code 91–0206–0–1–502	2007 actual	2008 est.	2009 est.
Direct loan levels supportable by subsidy budget authority:			
115001 TEACH Grants		57	105
115999 Total direct loan levels		57	105
Direct loan subsidy (in percent):			
132001 TEACH Grants		13.03	13.05
132999 Weighted average subsidy rate		13.03	13.05

TEACH GRANT FINANCING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 91–4290–0–3–502	2007 actual	2008 est.	2009 est.
Obligations by program activity:			
00.01 TEACH Grants		57	105
00.02 Interest payments to Treasury		1	4
10.00 Total new obligations		58	109
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year			3
22.00 New financing authority (gross)		61	120
22.60 Portion applied to repay debt			–3
23.90 Total budgetary resources available for obligation		61	120
23.95 Total new obligations		–58	–109
24.40 Unobligated balance carried forward, end of year		3	11
New financing authority (gross), detail:			
Mandatory:			
67.10 Authority to borrow		57	105
69.00 Spending authority from offsetting collections: Offsetting collections (cash)		4	15
70.00 Total new financing authority (gross)		61	120
Change in obligated balances:			
72.40 Obligated balance, start of year			27
73.10 Total new obligations		58	109
73.20 Total financing disbursements (gross)		–31	–100
74.40 Obligated balance, end of year		27	36
Outlays (gross), detail:			
87.00 Total financing disbursements (gross)		31	100
Offsets:			
Against gross financing authority and financing disbursements:			

Offsetting collections (cash) from:			
88.00	Federal sources	-3	-11
88.40	Non-Federal sources	-1	-4
88.90	Total, offsetting collections (cash)	-4	-15
Net financing authority and financing disbursements:			
89.00	Financing authority	57	105
90.00	Financing disbursements	27	85

Status of Direct Loans (in millions of dollars)

Identification code 91-4290-0-3-502			
Position with respect to appropriations act limitation on obligations:			
1111	Limitation on direct loans		
1131	Direct loan obligations exempt from limitation	57	105
1150	Total direct loan obligations	57	105
Cumulative balance of direct loans outstanding:			
1210	Outstanding, start of year		29
1231	Disbursements: Direct loan disbursements	30	96
1251	Repayments: Repayments and prepayments	-1	-4
1261	Adjustments: Capitalized interest		
1264	Write-offs for default: Other adjustments, net (+ or -)		
1290	Outstanding, end of year	29	121

As required by the Federal Credit Reform Act of 1990, this nonbudgetary account records all cash flows to and from the Government resulting from the TEACH Grant program. Amounts in this account are a means of financing and are not included in the budget totals.

PERKINS LOAN ASSETS

(Legislative proposal, subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 91-0219-4-1-502			
Obligations by program activity:			
01.01	Institutional Share of Perkins Collections		240
10.00	Total new obligations (object class 41.0)		240
Budgetary resources available for obligation:			
22.00	New budget authority (gross)		240
23.95	Total new obligations		-240
New budget authority (gross), detail:			
Mandatory:			
Spending authority from offsetting collections:			
69.00	Offsetting collections (cash)		1,356
69.27	Capital transfer to general fund		-1,116
69.90	Spending authority from offsetting collections (total mandatory)		240
Change in obligated balances:			
73.10	Total new obligations		240
73.20	Total outlays (gross)		-240
Outlays (gross), detail:			
86.97	Outlays from new mandatory authority		240
Offsets:			
Against gross budget authority and outlays:			
88.40	Offsetting collections (cash) from: Non-Federal sources		-1,356
Net budget authority and outlays:			
89.00	Budget authority		-1,116
90.00	Outlays		-1,116

Status of Direct Loans (in millions of dollars)

Identification code 91-0219-4-1-502			
Cumulative balance of direct loans outstanding:			
1210	Outstanding, start of year		
1251	Repayments: Repayments and prepayments		-756
Write-offs for default:			
1263	Direct loans		-54
1264	Other adjustments, net (+ or -)		8,200
1290	Outstanding, end of year		7,390

The 2009 Budget proposes to eliminate the Perkins Loan program and to recall the entire Federal portion of revolving funds held by participating institutions. The program is duplicative of the larger and more broadly available Federal Family Education Loan and Federal Direct Student Loan programs. The Perkins Loan account records amounts recalled from Perkins Loan institutions and subsequent repayments on outstanding Perkins Loans, as well as reimbursements of institutional funds to participating schools.

STUDENT AID ADMINISTRATION

For Federal administrative expenses to carry out part D of title I, and subparts 1, 3, and 4 of part A, and parts B, C, D, and E of title IV of the Higher Education Act of 1965, **[\$708,216,000]** \$714,000,000, which shall remain available until expended. (*Department of Education Appropriations Act, 2008.*)

Program and Financing (in millions of dollars)

Identification code 91-0202-0-1-502			
Obligations by program activity:			
00.01	Student aid administration	718	696
10.00	Total new obligations	718	696
Budgetary resources available for obligation:			
22.00	New budget authority (gross)	718	696
23.95	Total new obligations	-718	-696
24.40	Unobligated balance carried forward, end of year		
New budget authority (gross), detail:			
Discretionary:			
40.00	Appropriation	720	708
40.33	Appropriation permanently reduced (P.L. 110-161)		-12
40.35	Appropriation permanently reduced	-1	
41.00	Transferred to other accounts	-1	
43.00	Appropriation (total discretionary)	718	696
Change in obligated balances:			
72.40	Obligated balance, start of year	44	333
73.10	Total new obligations	718	696
73.20	Total outlays (gross)	-429	-629
74.40	Obligated balance, end of year	333	400
Outlays (gross), detail:			
86.90	Outlays from new discretionary authority	394	401
86.93	Outlays from discretionary balances	35	228
87.00	Total outlays (gross)	429	629
Net budget authority and outlays:			
89.00	Budget authority	718	696
90.00	Outlays	429	629

The Department of Education manages Federal student aid programs that will provide \$138 billion in Federal student aid grants and loans to 10.9 million students and parents in 2009. Primary responsibility for administering these programs lies with the Office of Postsecondary Education and the performance-based Federal Student Aid (FSA), which are both overseen by the Office of the Under Secretary. FSA was created by Congress in 1998 with a mandate to improve

STUDENT AID ADMINISTRATION—Continued

service to students and other student aid program participants, reduce student aid administration costs, and improve accountability and program integrity.

The 2009 Budget includes \$714 million for student aid administration. Most of these funds support systems maintained by private contractors to process student aid applications; provide and track aid awards to students, parents, and schools; and service the over-\$100 billion portfolio of William D. Ford Direct Student Loans.

Consistent with the 2008 Budget, the Department of Education and the Internal Revenue Service are continuing the implementation of a process to verify students' (and their parents') income, tax and certain household information appearing on their income tax return that they provided as part of their application for Federal student aid. This process is part of ongoing efforts to ensure students receive the correct amount of Federal student aid, and is a key component of the Administration's efforts to reduce erroneous payments government-wide.

Object Classification (in millions of dollars)

Identification code 91-0202-0-1-502	2007 actual	2008 est.	2009 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent	94	108	111
11.3 Other than full-time permanent	4		
11.5 Other personnel compensation	2	2	2
11.9 Total personnel compensation	100	110	113
12.1 Civilian personnel benefits	25	29	30
21.0 Travel and transportation of persons	3	4	5
23.1 Rental payments to GSA	15	15	16
23.3 Communications, utilities, and miscellaneous charges	7	4	6
24.0 Printing and reproduction	7	8	8
25.1 Advisory and assistance services	6	5	4
25.2 Other services	36	50	53
25.3 Other purchases of goods and services from Government accounts	11	12	12
25.7 Operation and maintenance of equipment	503	456	464
26.0 Supplies and materials	1	1	1
31.0 Equipment	4	1	1
32.0 Land and structures		1	1
99.9 Total new obligations	718	696	714

Employment Summary

Identification code 91-0202-0-1-502	2007 actual	2008 est.	2009 est.
Direct:			
1001 Civilian full-time equivalent employment	1,050	1,140	1,140

FEDERAL STUDENT LOAN RESERVE FUND

Program and Financing (in millions of dollars)

Identification code 91-4257-0-3-502	2007 actual	2008 est.	2009 est.
Obligations by program activity:			
01.02 Obligations, non-federal	7,978	9,162	9,674
10.00 Total new obligations (object class 42.0)	7,978	9,162	9,674
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	579	1,105	1,247
22.00 New budget authority (gross)	8,517	9,304	9,843
22.40 Capital transfer to general fund	-13		
23.90 Total budgetary resources available for obligation	9,083	10,409	11,090
23.95 Total new obligations	-7,978	-9,162	-9,674
24.40 Unobligated balance carried forward, end of year	1,105	1,247	1,416

New budget authority (gross), detail:

Mandatory:
Spending authority from offsetting collections:

69.00	Offsetting collections (cash)	8,771	9,304	9,843
69.27	Capital transfer to general fund	-254		
69.90	Spending authority from offsetting collections (total mandatory)	8,517	9,304	9,843
Change in obligated balances:				
73.10	Total new obligations	7,978	9,162	9,674
73.20	Total outlays (gross)	-7,978	-9,162	-9,673
Outlays (gross), detail:				
86.97	Outlays from new mandatory authority	7,966	9,304	9,843
86.98	Outlays from mandatory balances	12	-142	-170
87.00	Total outlays (gross)	7,978	9,162	9,673
Offsets:				
Against gross budget authority and outlays:				
Offsetting collections (cash) from:				
88.00	Federal sources	-7,966	-8,630	-9,118
88.40	Non-Federal sources	-805	-674	-725
88.90	Total, offsetting collections (cash)	-8,771	-9,304	-9,843
Net budget authority and outlays:				
89.00	Budget authority	-254		
90.00	Outlays	-793	-142	-170

The Higher Education Amendments of 1998 clarified that reserve funds held by public and non-profit guaranty agencies participating in the Federal Family Education Loan (FFEL) program are Federal property. These reserves are used to pay default claims from FFEL lenders and fees to support agency efforts to avert defaults. The Federal Government reimburses these reserves for default claim payments.

The following schedule reflects the balances in these guaranty agency funds. During 2008, OMB, Treasury and the Department will continue an ongoing review of the budgetary and financial presentation of these funds in the context of relevant laws and guidance.

Balance Sheet (in millions of dollars)

Identification code 91-4257-0-3-502	2006 actual	2007 actual
ASSETS:		
1101 Federal assets: Fund balances with Treasury	579	1,105
1999 Total assets	579	1,105
NET POSITION:		
3300 Cumulative results of operations	579	1,105
3999 Total net position	579	1,105
4999 Total liabilities and net position	579	1,105

FEDERAL DIRECT STUDENT LOAN PROGRAM PROGRAM ACCOUNT

Program and Financing (in millions of dollars)

Identification code 91-0243-0-1-502	2007 actual	2008 est.	2009 est.
Obligations by program activity:			
00.01 Direct Loan Subsidy	265	256	385
00.03 Subsidy modification, upward		4,143	
00.05 Upward Reestimate	3,614	885	
00.06 Interest on Upward Reestimate	1,088	273	
00.09 Administrative expenses	4		
10.00 Total new obligations	4,971	5,557	385
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	28	28	3
22.00 New budget authority (gross)	4,967	5,532	385
22.10 Resources available from recoveries of prior year obligations	4		
23.90 Total budgetary resources available for obligation	4,999	5,560	388
23.95 Total new obligations	-4,971	-5,557	-385
24.40 Unobligated balance carried forward, end of year	28	3	3

New budget authority (gross), detail:			
Mandatory:			
60.00	Appropriation (indefinite)—loan subsidy	265	385
60.00	Appropriation—upward modification	4,143	
60.00	Appropriation (indefinite)—Upward reestimate	4,702	1,158
60.36	Unobligated balance permanently reduced	-25	
62.50	Appropriation (total mandatory)	4,967	5,532 385
Change in obligated balances:			
72.40	Obligated balance, start of year	517	70 18
73.10	Total new obligations	4,971	5,557 385
73.20	Total outlays (gross)	-5,391	-5,609 -402
73.40	Adjustments in expired accounts (net)	-23	
73.45	Recoveries of prior year obligations	-4	
74.40	Obligated balance, end of year	70	18 1
Outlays (gross), detail:			
86.93	Outlays from discretionary balances	212	52 17
86.97	Outlays from new mandatory authority	4,967	5,557 385
86.98	Outlays from mandatory balances	212	
87.00	Total outlays (gross)	5,391	5,609 402
Net budget authority and outlays:			
89.00	Budget authority	4,967	5,532 385
90.00	Outlays	5,391	5,609 402

Summary of Budget Authority and Outlays

(in millions of dollars)

	2007 actual	2008 est.	2009 est.
Enacted/requested:			
Budget Authority	4,967	5,532	385
Outlays	5,391	5,609	402
Legislative proposal, subject to PAYGO:			
Budget Authority			-56
Outlays			-56
Total:			
Budget Authority	4,967	5,532	329
Outlays	5,391	5,609	346

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

Identification code 91-0243-0-1-502	2007 actual	2008 est.	2009 est.
Direct loan levels supportable by subsidy budget authority:			
115001 Stafford	6,235	6,946	7,174
115002 Unsubsidized Stafford	5,562	6,047	6,378
115003 PLUS	2,560	2,701	2,984
115004 Consolidation	4,493	4,197	4,512
115999 Total direct loan levels	18,850	19,891	21,048
Direct loan subsidy (in percent):			
132001 Stafford	10.11	9.74	10.92
132002 Unsubsidized Stafford	-7.84	-10.31	-9.82
132003 PLUS	-8.13	-11.75	-11.75
132004 Consolidation	6.05	9.88	11.03
132999 Weighted average subsidy rate	1.37	0.76	1.44
Direct loan subsidy budget authority:			
133001 Stafford	630	609	705
133002 Unsubsidized Stafford	-436	-547	-550
133003 PLUS	-208	-300	-331
133004 Consolidation	272	407	488
133999 Total subsidy budget authority	258	169	312
Direct loan subsidy outlays:			
134001 Stafford	570	588	681
134002 Unsubsidized Stafford	-374	-485	-553
134003 PLUS	-175	-262	-318
134004 Consolidation	274	405	488
134999 Total subsidy outlays	295	246	298
Direct loan upward reestimates:			
135001 Stafford	382		
135002 Unsubsidized Stafford	732		
135003 PLUS	166		
135004 Consolidation	3,571		
135005 Federal Direct Student Loan Reestimates		1,158	
135999 Total upward reestimate budget authority	4,851	1,158	
Direct loan downward reestimates:			

137001 Stafford	-157	
137002 Unsubsidized Stafford	-45	
137003 PLUS	-61	
137004 Consolidation	-870	
137005 Federal Direct Student Loan Reestimates		-574
137999 Total downward reestimate budget authority	-1,133	-574

The Federal Government operates two major student loan programs: the Federal Family Education Loan (FFEL) program and the William D. Ford Federal Direct Loan (Direct Loan) program. For 2009, the President is committed to improving the efficiency of both programs and allowing institutions of higher education to choose which of these two programs best meets their needs and the needs of their students.

This summary section outlines the structure of these two programs, highlights their differences and similarities, and provides text tables displaying program cost data; loan volume, subsidy, default, and interest rates; and other descriptive information. This section also concludes with a comprehensive discussion of the Administration's policy proposals for the Federal student financial aid programs.

From its inception in 1965 through 2007, the FFEL program has provided \$735 billion in loans to postsecondary students and their parents. Since July 1, 1994, the Direct Loan program has provided \$194 billion in new and consolidation loans to students and parents. Taken together, the FFEL and Direct Loan programs will make over \$70 billion in new loans available in 2008. Because funding for these two programs is provided on a permanent indefinite basis, for budget purposes they are considered separately from other Federal student financial assistance programs. The FFEL and Direct Loan programs should be viewed in combination with these other programs, however, as part of the overall Federal effort to expand access to higher education.

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

The Direct Loan program was created by the Student Loan Reform Act of 1993. Under this program, the Federal Government provides loan funds to postsecondary institutions directly. The Direct Loan program began operation in academic year 1994-1995 with 7 percent of overall loan volume and is expected to account for 20 percent in academic year 2008-2009. All eligible institutions are free to participate in either the Direct Loan or FFEL program.

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

For Stafford Loans made on or after July 1, 2006, and before July 1, 2008, the borrower interest rate is fixed at 6.8 percent. The College Cost Reduction and Access Act of 2007 (CCRAA) included a phased interest rate reduction for new Stafford Loans, with fixed rates dropping to 6.0 percent on July 1, 2008, 5.6 percent on July 1, 2009, 4.5 percent on July 1, 2010, and 3.4 percent on July 1, 2011. Rates for new loans originated on or after July 1, 2012, return to 6.8 percent. For most loans made immediately prior to July 1, 2006, the borrower interest rate equals the 91-day Treasury bill rate plus 1.7 percent during in-school, grace, and deferment periods, and the 91-day Treasury bill plus

FEDERAL DIRECT STUDENT LOAN PROGRAM PROGRAM ACCOUNT—
Continued

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 generally carry the same borrower interest rate as Stafford loans, but have no interest subsidy. (Borrower interest rates on new Unsubsidized Stafford loans were not reduced under the CCRAA, and so will remain at a fixed 6.8 percent.) For most PLUS loans made prior to July 1, 2006, the borrower interest rate equals the 91-day Treasury bill rate plus 3.1 percent, with a cap of 9 percent and no interest subsidy. The fixed borrower interest rate on PLUS loans made on or after July 1, 2006, is 7.9 percent for Direct Loans and 8.5 percent for FFEL.

In the FFEL program, lenders may receive an interest subsidy, called a special allowance, from the Government to ensure a guaranteed rate of return on their loans. Special allowance payments vary by loan type, are determined quarterly, and are based on current borrower interest rates and market-yield formulas. For periods when the borrower interest rate exceeds the special allowance rate on loans made on or after April 1, 2006, lenders remit the difference to the government. The CCRAA reduced special allowance rates and created separate subsidy levels for for-profit and not-for-profit loan holders. For Stafford and Unsubsidized Stafford loans made on or after October 1, 2007, for example, the Federal Government must pay lenders a special allowance if the average 3-month commercial paper rate for a given quarter plus 1.79 percent for for-profit holders or 1.94 percent for not-for-profit holders is higher than the current interest rate charged to borrowers. The CCRAA also reduced the guarantee percentage paid to lenders on most defaults from 97 percent to 95 percent of unpaid loan principal. The Administration will closely monitor the effects of the CCRAA's provisions to ensure they do not cause unintended consequences, increase taxpayer costs, or upset the vital competitive balance between the Federal Family Education Loan and Direct Loan programs.

Consolidation loans allow borrowers to combine loans made under Title IV of the Higher Education Act—FFEL, Direct Loans, and Perkins Loans as well as some loans made under the Public Health Service Act. The interest rate for new FFEL and Direct Consolidation loans equals the weighted average of the interest rate on the loans consolidated, rounded up to the nearest one-eighth of one percent. Lenders may choose to offer a lower rate. Interest rates for all new FFEL and Direct Consolidation Loans are capped at 8.25 percent.

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 and lenders have the option of paying some or all of a student borrower's insurance premium and origination fee. Direct Loan borrowers are charged an origination fee equal to 3 percent of principal. The Higher Education Reconciliation Act of 2005 included phased reductions that eliminate FFEL origination fees by July 1, 2010, and lower Direct Loan fees to 1 percent by the same date; the Act also required guaranty agencies to collect the insurance premium. Borrowers in both programs may be offered financial incentives to encourage prompt repayment.

Loan limits are also identical across the two programs. Loans made under both programs are discharged when borrowers die, are totally and permanently disabled, or, under some circumstances, declare bankruptcy.

Under both programs, new borrowers after October 1, 1998, who are employed as teachers in schools serving low-income populations for five consecutive, complete school years, qualify for up to \$5,000 in loan forgiveness; this benefit is increased to \$17,500 for mathematics, science, and special education

teachers considered highly qualified under criteria established in the No Child Left Behind Act of 2001. In addition, the CCRAA created a new loan forgiveness program for public-sector employees under which qualifying borrowers who have worked for 10 years while making payments on their student loan will have any remaining loan balance forgiven. This new benefit is only available in the Direct Loan program, though FFEL borrowers may access the benefit by taking out a Direct Consolidation Loan. Under the CCRAA, loan forgiveness for public-sector employees is available for all borrowers, regardless of when they took out their loans; the Budget proposes to limit eligibility to new loans originated on or after July 1, 2009. The five-year savings from this proposal are \$1.464 billion.

Borrowers under Direct Loans may choose from among five repayment plans including income-contingent repayment ("pay-as-you-can"), under which annual repayment amounts vary based on the income of the borrower and the amount borrowed, and payments can be made over 25 years. Borrowers may switch between repayment plans at any time. (Income-contingent repayment is not available to Direct PLUS borrowers). FFEL borrowers may choose from among four repayment plans. Repayment periods under standard, graduated, and income-sensitive repayment may not exceed 10 years. An extended repayment plan of up to 25 years is available for new borrowers with outstanding loans totalling more than \$30,000. FFEL borrowers may change repayment plans annually. The CCRAA created a new partial economic hardship deferment that allows qualifying student borrowers in both programs to choose an income-based repayment plan under which Stafford Loan interest payment are paid by the Federal Government for up to three years and outstanding balances are forgiven after 25 years in repayment. The interest subsidy is also available for the Stafford Loan portion of Consolidation Loans. The Budget proposes to eliminate the interest subsidy under the income-based plan, as similar subsidies are already available through economic hardship and unemployment deferments. The five-year savings from this proposal are \$457 million.

The CCRAA created a pilot program under which the rights to originate PLUS loans to parents in each state will be determined through a competitive auction. The two lowest bidders in each state will win the exclusive right to originate new PLUS loans at institutions in that State beginning on July 1, 2009. New auctions will be held every two years.

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

Federal Budget Authority and Outlays

(in thousands of dollars)

	2007	2008	2009
Program Cost:			
FFEL:			
Liquidating ¹	(491,770)	(615,033)	(553,095)
Program:			
Regular	4,098,489	2,704,947	3,292,800
Consolidation	2,751,609	(1,628,520)	(885,537)
Net Reestimate of Prior Year Costs	(3,159,611)	989,951	0
Net Modification ²	0	(2,464,349)	0
Subtotal, Program	3,690,487	(397,971)	2,407,263
Total FFEL	3,198,717	(1,013,004)	1,854,168
Direct Loans:			
Program:			
Regular	(1,702)	(148,678)	(110,959)
Consolidation	266,315	404,237	439,629
Net Reestimate of Prior Year Costs	3,717,563	584,519	0
Net Modification ²	0	4,143,273	(1,591,034)
Total, Direct Loans	3,982,176	4,983,351	(1,262,364)

DEPARTMENT OF EDUCATION

Total, FFEL and Direct Loans	7,180,893	3,970,347	591,804
Program Cost Outlays:			
FFEL:			
Liquidating ¹	(661,436)	(615,033)	(553,095)
Program:			
Regular	3,620,193	2,731,020	2,702,822
Consolidation	2,759,604	(1,592,035)	(885,365)
Net Reestimate of Prior Year Costs	(3,159,611)	989,951	0
Net Modification ²	0	(2,464,349)	0
Subtotal, Program	3,220,186	(335,413)	1,817,457
Total, FFEL	2,558,750	(950,446)	1,264,362
Direct Loans:			
Program:			
Regular	21,300	405,168	442,072
Consolidation	273,493	(159,302)	(200,413)
Net Reestimate of Prior Year Costs	3,717,563	584,519	0
Net Modification ²	0	4,143,273	0
Total, Direct Loans	4,012,356	4,973,658	(1,349,375)
Total, FFEL and Direct Loans	6,571,106	4,023,212	(85,013)

¹ Liquidating account reflects loans made prior to 1992.
² Reflects the cost or savings associated with policy changes, including those contained in the College Cost Reduction and Access Act of 2007, that would affect the terms of existing loans.

Summary of Loans Available

(net commitments in millions of dollars)¹

	2007 actual	2008 est.	2009 est.
FFEL:			
Stafford	21,713	24,050	24,866
Unsubsidized Stafford	24,400	23,384	24,696
PLUS	8,207	8,808	9,745
Subtotal	51,320	56,242	59,308
Consolidation	46,941	33,940	38,863
Total, FFEL	98,261	90,182	98,170
Direct Loans:			
Stafford	5,781	6,248	6,453
Unsubsidized Stafford	4,918	5,307	5,597
PLUS	2,323	2,549	2,816
Subtotal	13,022	14,103	14,867
Consolidation	3,484	4,116	4,426
Total, Direct Loans	16,506	18,220	19,292
Total, All Loans	114,767	108,401	117,462

¹ Net commitments equal gross commitments minus loan cancellations.

Number of Loans

(in thousands)

	2007 actual	2008 est.	2009 est.
FFEL:			
Stafford	6,044	6,458	6,653
Unsubsidized Stafford	4,715	4,988	5,218
PLUS	760	790	831
Subtotal	11,519	12,235	12,702
Consolidation	1,672	1,144	1,264
Total, FFEL	13,191	13,379	13,966
Direct Loans:			
Stafford	1,477	1,526	1,571
Unsubsidized Stafford	1,052	1,086	1,133
PLUS	235	245	257
Subtotal	2,764	2,857	2,961
Consolidation	151	176	187
Total, Direct Loans	2,915	3,033	3,148
Total, All Loans	16,106	16,413	17,114

Average Loan Size (in whole dollars)

	2007 actual	2008 est.	2009 est.
FFEL:			
Stafford	3,592	3,724	3,738
Unsubsidized Stafford	4,538	4,688	4,733
PLUS	10,798	11,152	11,726
Weighted Average, without Consolidations	4,455	4,597	4,669
Consolidation	28,072	29,667	30,752
Weighted Average, FFEL	7,449	6,740	7,029

Direct Loans:			
Stafford	3,914	4,093	4,109
Unsubsidized Stafford	4,673	4,887	4,939
PLUS	9,895	10,410	10,943
Weighted Average, without Consolidations	4,711	4,936	5,020
Consolidation	23,074	23,396	23,697
Weighted Average, Direct Loans	5,663	6,007	6,128
Weighted Average, All Loans	7,126	6,605	6,864

Summary of Default Rates

	2007 est.	2008 est.	2009 est.
FFEL:			
Stafford	11.21	11.65	11.60
Unsubsidized Stafford	10.15	10.05	10.01
PLUS	4.51	4.48	4.47
Consolidation	14.34	14.50	14.45
Weighted Average, FFEL	11.92	11.61	11.62
Direct Loans:			
Stafford	11.60	11.89	11.85
Unsubsidized Stafford	10.84	10.75	10.71
PLUS	5.59	5.55	5.53
Consolidation	27.33	26.26	26.88
Weighted Average, Direct Loans	13.85	13.92	14.04

¹ Default rates displayed in this table, which reflect projected defaults over the life of a loan cohort, are used in developing program cost estimates. The Department uses other rates based on defaults occurring in the first two years of repayment to determine institutional eligibility to participate in Federal loan programs. These two-year rates tend to be lower than those included in this table.

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

The following table shows government payments to and from lenders, guaranty agencies, and borrowers for specific years, regardless of when loans were originated. These flows do not reflect long-term costs to the government, nor the value of outstanding loan assets: these are reflected in credit reform subsidy estimates. For example, defaulted FFEL loans that are repaid through consolidation produce cash revenue in the current year as the underlying loans are paid off, which is included in the table. But these consolidations also incur estimated future costs — such as subsequent re-defaults, loan discharges, and lender interest subsidy payments — that are not reflected.

The Federal Credit Reform Act of 1990 accounts for differences in the amount and timing of cash flows among direct and guaranteed loan programs to make cost estimates for these programs comparable with each other and other federal programs.

Selected Program Costs and Offsets

(in thousands of dollars)

	2007 actual	2008 est.	2009 est.
FFEL:			
Payments to lenders			
Interest benefits	3,520,115	4,215,506	4,283,168
Special allowance payments	7,728,251	4,449,541	3,077,099
Default claims	6,327,418	5,412,379	6,456,088
Loan discharges	1,090,043	1,357,311	1,512,615
Teacher loan forgiveness	36,783	227,392	230,887
Administrative payments to guaranty agencies	876,500	711,497	551,294
Fees paid to the Department of Education			
Borrower origination fees	(1,033,948)	(950,843)	(726,787)
Lender origination fees	(536,763)	(795,064)	(941,774)
Loan holder fees	(2,286,124)	(2,554,234)	(2,739,042)
Other Major Transactions			
Net default collections	(4,465,188)	(4,806,114)	(5,218,267)
Contract collection costs	103,017	88,999	86,233
Federal administrative costs	224,853	218,008	223,696
Net Cash Flow, FFEL	11,584,956	7,574,380	6,795,209
Direct Loans			
Loan disbursements to borrowers	16,048,920	18,152,570	19,236,578

FEDERAL DIRECT STUDENT LOAN PROGRAM PROGRAM ACCOUNT—
Continued

Selected Program Costs and Offsets—Continued

(in thousands of dollars)

	2007 actual	2008 est.	2009 est.
Borrower interest payments	(2,248,496)	(2,962,750)	(2,996,921)
Borrower principal payments	(11,392,475)	(11,376,407)	(12,306,593)
Borrower origination fees	(370,612)	(388,123)	(352,005)
Net default collections	(752,953)	(1,842,926)	(2,004,563)
Contract collection costs	214,891	143,343	158,320
Federal administrative costs	345,496	334,979	343,720
Net Operating Cash Flows	1,844,772	2,060,687	2,078,535
Loan capital borrowings from Treasury	(16,048,920)	(18,152,570)	(19,236,578)
Net interest payments to Treasury	4,423,886	5,876,002	6,257,024
Principal payments to Treasury	8,068,532	10,326,572	11,008,389
Subtotal Treasury activity	(3,556,502)	(1,949,995)	(1,971,165)
Net Cash Flow, Direct Loans	(1,711,730)	110,692	107,371

Details may not sum to total due to rounding.

by the College Cost Reduction and Access Act of 2007 resulted in a net decrease in FFEL program costs and an increase in Direct Loan program costs. As a result, for new loans the cost difference between FFEL and Direct Loans is smaller than in previous years.

For Consolidation Loans, Direct Loan costs are substantially higher than those in FFEL, largely because roughly half of Direct Loan consolidation volume is from underlying defaulted loans. In comparison, consolidations from default represent less than 2 percent of FFEL consolidation volume. Consolidations from default are much more likely to re-default than other consolidations, resulting in much higher Federal costs. Information on FFEL and Direct Loan consolidation costs and loan volume composition are provided below, as is a table comparing costs across programs by subsidy component.

Student Loan Program Costs: Comparative Analysis including Program and
Administrative Expenses

(expressed as percentages)

	2007 est.	2008 est.	2009 est.
FFEL			
New Loans			
Stafford	17.46	15.42	16.67
Unsubsidized Stafford	-0.79	-3.73	-3.07
PLUS	-3.93	-5.96	-5.94
Subtotal, new loan subsidy	6.38	4.07	4.70
Federal administrative costs	0.55	0.55	0.55
Subtotal, new loans	6.92	4.61	5.24
Consolidation Loans			
Loan subsidy	7.76	-4.78	-2.27
Federal administrative costs	0.04	0.04	0.04
Subtotal, consolidation loans	7.80	-4.74	-2.23
New and Consolidation Loans			
Loan subsidy	6.99	1.07	2.21
Federal administrative costs	0.37	0.37	0.37
Total, FFEL	7.36	1.44	2.58
Direct Loans			
New Loans			
Stafford	10.67	9.74	10.80
Unsubsidized Stafford	-8.10	-10.31	-9.97
PLUS	-9.77	-11.75	-11.75
Subtotal, new loan subsidy	-0.06	-1.68	-1.28
Federal administrative costs	2.05	2.05	2.05
Subtotal, new loans	1.98	0.37	0.77
Consolidation Loans			
Loan subsidy	13.27	9.88	9.98
Federal administrative costs	0.27	0.27	0.27
Subtotal, consolidation loans	13.54	10.15	10.25
New and Consolidation Loans			
Loan subsidy	2.56	0.76	1.13
Federal administrative costs	1.50	1.50	1.50
Total, Direct Loans	4.06	2.26	2.64

The chart above compares total FFEL and Direct Loan costs on a subsidy rate basis: program costs calculated under the Federal Credit Reform Act of 1990 and comparably projected estimates of Federal administrative costs, including expenses related to FFEL program oversight and servicing the Direct Loan portfolio. As with any long-term projection, the comparison is based on assumed future interest rates, borrower characteristics, administrative costs, and other factors over the life of the loan cohort. To the degree actual conditions differ from projections, estimated subsidy rates will change.

Cost estimates for the two programs have changed since the 2008 President's Budget, as legislative changes enacted

Consolidation Loan Subsidy Rates and Loan Volume

(expressed as percentages)

	2007 est.	2008 est.	2009 est.
Subsidy Rates			
FFEL			
Not from default	7.75	-4.83	-2.33
From default	8.48	-1.22	0.59
Total	7.76	-4.78	-2.27
Direct Loans			
Not from default	1.44	-3.25	-4.16
From default	24.79	24.21	24.40
Total	13.27	9.88	9.98
Percent of Loan Volume			
FFEL			
Not from default	98.86	98.44	98.58
From default	1.14	1.56	1.42
Total	100.00	100.00	100.00
Direct Loans			
Not from default	49.32	52.16	50.54
From default	50.68	47.84	49.46
Total	100.00	100.00	100.00

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

(expressed as percentages)

	2007 est.	2008 est.	2009 est.
FFEL			
Program costs:¹			
Interest subsidies	7.71	1.92	2.81
Net defaults	1.16	0.87	0.89
Fees	-4.96	-4.68	-4.48
Other	3.07	2.96	2.98
Total	6.99	1.07	2.21
Federal administrative costs	0.37	0.37	0.37
Total	7.36	1.44	2.58
Direct Loans			
Program costs:¹			
Interest subsidies and income, net	-5.31	-7.39	-6.86
Net defaults	2.45	1.98	2.06
Fees	-2.47	-2.10	-1.78
Other	7.89	8.26	7.71
Total	2.56	0.76	1.13
Federal administrative costs	1.50	1.50	1.50
Total adjusted cost	4.06	2.26	2.64

¹ Fees primarily reflect borrower origination fees and, in FFEL, lender origination and consolidation loan holder fees. Other primarily reflects loan discharges due to death, disability, or bankruptcy; contract collection costs, loan forgiveness, and Direct Loan interest rate rebates.

Totals may not add due to rounding.

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

Loan Disbursement and Subsidy Costs

Total Subsidy Costs—1992–2008

	FFEL	Direct Loans
Original Subsidy Costs	+\$78.0bil	+\$0.7bil
Cumulative Reestimates	+\$1.0bil	+\$11.1bil
Net Subsidy Costs	+\$78.9bil	+\$11.8bil
Total Disbursements	\$745.1bil	\$225.7bil

Changes in interest rate projections are a significant factor in FFEL and Direct Loan reestimates; recent declines in interest rates below historical averages have accordingly been a major driver in changes to program costs. Changes in borrower behavior (notably, prepayment of loans through consolidation and reduction in defaults) have also contributed to these reestimates. The average lifetime subsidy rate for all outstanding FFEL loans after the most recent reestimate is 10.59; the comparable Direct Loan rate is 5.25. For the oldest loan cohorts, many of the subsidy costs have been expended (e.g., in-school interest subsidies).

Object Classification (in millions of dollars)

Identification code 91–0243–0–1–502	2007 actual	2008 est.	2009 est.
Direct obligations:			
25.7 Operation and maintenance of equipment	4		
41.0 Grants, subsidies, and contributions	4,967	5,557	385
99.9 Total new obligations	4,971	5,557	385

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	2007 actual	2008 est.	2009 est.
Obligations by program activity:			
00.01 Direct Loan Subsidy			– 56
10.00 Total new obligations (object class 41.0)			– 56
Budgetary resources available for obligation:			
22.00 New budget authority (gross)			– 56
23.95 Total new obligations			56
24.40 Unobligated balance carried forward, end of year			
New budget authority (gross), detail:			
Mandatory:			
60.00 Appropriation -federal administration			
60.00 Appropriation (indefinite)—loan subsidy			– 56
60.00 Appropriation—upward modification			
62.50 Appropriation (total mandatory)			– 56
Change in obligated balances:			
73.10 Total new obligations			– 56
73.20 Total outlays (gross)			56
74.40 Obligated balance, end of year			
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority			– 56
Net budget authority and outlays:			
89.00 Budget authority			– 56
90.00 Outlays			– 56

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

Identification code 91–0243–4–1–502	2007 actual	2008 est.	2009 est.
Direct loan subsidy (in percent):			
132001 Stafford			– 0.12
132002 Unsubsidized Stafford			– 0.15
132004 Consolidation			– 1.04
132999 Weighted average subsidy rate			– 0.30
Direct loan subsidy budget authority:			
133001 Stafford			– 8

133002 Unsubsidized Stafford			– 8
133004 Consolidation			– 46
133999 Total subsidy budget authority			– 62
Direct loan subsidy outlays:			
134001 Stafford			– 5
134002 Unsubsidized Stafford			– 5
134004 Consolidation			– 46
134999 Total subsidy outlays			– 56

FEDERAL DIRECT STUDENT LOAN PROGRAM FINANCING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 91–4253–0–3–502	2007 actual	2008 est.	2009 est.
Obligations by program activity:			
00.01 Direct Loan Obligations	18,850	18,220	19,292
00.02 Interest payment to Treasury	5,675	5,876	6,216
00.03 New Loan Obligations for prior cohorts	724		
00.91 Direct Program by Activities—Subtotal (1 level)	25,249	24,096	25,508
02.01 Interest rate rebate, Stafford	81	92	96
02.02 Interest rate rebate, Unsubsidized Stafford	69	78	82
02.03 Interest rate rebate, PLUS	34	37	41
02.91 Direct Program by Activities—Subtotal (1 level)	184	207	219
03.01 Consolidation loans—Payment of Orig. Services	17	17	18
04.01 Payment of contract collection costs	215	143	158
08.01 Obligation of negative loan subsidy		97	73
08.02 Downward reestimate to receipt account	940	477	
08.04 Interest on downward reestimate	45	97	
08.91 Direct Program by Activities—Subtotal (1 level)	985	671	73
10.00 Total new obligations	26,650	25,134	25,976
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	6,479	3,563	
22.00 New financing authority (gross)	27,782	25,133	25,976
22.10 Resources available from recoveries of prior year obligations	2,611	5,497	2,925
22.60 Portion applied to repay debt	– 6,659	– 3,562	
22.70 Balance of authority to borrow withdrawn		– 5,497	– 2,925
23.90 Total budgetary resources available for obligation	30,213	25,134	25,976
23.95 Total new obligations	– 26,650	– 25,134	– 25,976
24.40 Unobligated balance carried forward, end of year	3,563		
New financing authority (gross), detail:			
Mandatory:			
60.00 Appropriation		122	
67.10 Authority to borrow	19,570	18,766	18,980
Spending authority from offsetting collections:			
69.00 Offsetting collections (cash)	21,013	22,127	18,045
69.10 Change in uncollected customer payments from Federal sources (unexpired)	– 30		
69.27 Capital transfer to general fund		– 131	
69.47 Portion applied to repay debt	– 12,771	– 15,751	– 11,049
69.90 Spending authority from offsetting collections (total mandatory)	8,212	6,245	6,996
70.00 Total new financing authority (gross)	27,782	25,133	25,976
Change in obligated balances:			
72.40 Obligated balance, start of year	9,379	10,716	5,581
73.10 Total new obligations	26,650	25,134	25,976
73.20 Total financing disbursements (gross)	– 22,732	– 24,772	– 25,716
73.45 Recoveries of prior year obligations	– 2,611	– 5,497	– 2,925
74.00 Change in uncollected customer payments from Federal sources (unexpired)	30		
74.40 Obligated balance, end of year	10,716	5,581	2,916
Outlays (gross), detail:			
87.00 Total financing disbursements (gross)	22,732	24,772	25,716
Offsets:			
Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			

FEDERAL DIRECT STUDENT LOAN PROGRAM FINANCING ACCOUNT—
Continued

Program and Financing (in millions of dollars)—Continued

Identification code 91-4253-0-3-502	2007 actual	2008 est.	2009 est.
88.00 Direct Loan Subsidy	-295	-256	-385
88.00 Upward reestimate	-3,614	-885	
88.00 Upward reestimate, interest	-1,088	-273	
88.00 Upward Modification		-4,143	
88.25 Interest on uninvested funds	-1,251		
88.40 Repayment of principal, Stafford	-3,704	-4,007	-4,356
88.40 Interest received on loans, Stafford	-490	-612	-605
88.40 Origination Fees, Stafford	-163	-157	-131
88.40 Other fees, Stafford	-38		
88.40 Repayment of principal, Unsubsidized Stafford	-2,798	-3,343	-3,849
88.40 Interest received on loans, Unsubsidized Stafford	-480	-504	-522
88.40 Origination Fees, Unsubsidized Stafford	-139	-133	-113
88.40 Other fees, Unsubsidized Stafford	-3		
88.40 Repayment of principal, PLUS	-1,246	-1,582	-1,770
88.40 Interest received on loans, PLUS	-303	-410	-432
88.40 Origination Fees, PLUS	-69	-98	-108
88.40 Other fees, PLUS	-5		
88.40 Payment of principal, Consolidation	-4,012	-3,824	-3,825
88.40 Interest received on loans, Consolidation	-1,284	-1,900	-1,949
88.40 Other fees, Consolidation	-31		
88.90 Total, offsetting collections (cash)	-21,013	-22,127	-18,045
Against gross financing authority only:			
88.95 Change in receivables from program accounts	30		
Net financing authority and financing disbursements:			
89.00 Financing authority	6,799	3,006	7,931
90.00 Financing disbursements	1,719	2,645	7,671

Status of Direct Loans (in millions of dollars)

Identification code 91-4253-0-3-502	2007 actual	2008 est.	2009 est.
STAFFORD			
Position with respect to appropriations act limitation on obligations:			
1111 Limitation on direct loans			
1131 Direct loan obligations exempt from limitation	6,235	6,248	6,453
1150 Total direct loan obligations	6,235	6,248	6,453
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	22,524	24,331	26,403
1231 Disbursements: Direct loan disbursements	5,391	6,172	6,384
1251 Repayments: Repayments and prepayments	-3,704	-4,007	-4,356
1261 Adjustments: Capitalized interest	152		
1264 Write-offs for default: Other adjustments, net (+ or -)	-32	-93	-98
1290 Outstanding, end of year	24,331	26,403	28,333
UNSUBSIDIZED STAFFORD			
Position with respect to appropriations act limitation on obligations:			
1111 Limitation on direct loans			
1131 Direct loan obligations exempt from limitation	5,562	5,307	5,597
1150 Total direct loan obligations			
1150 Total direct loan obligations	5,562	5,307	5,597
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	16,361	18,486	20,797
1231 Disbursements: Direct loan disbursements	4,610	5,207	5,495
1251 Repayments: Repayments and prepayments	-2,798	-3,343	-3,849
1261 Adjustments: Capitalized interest	338	526	641
1264 Write-offs for default: Other adjustments, net (+ or -)	-25	-79	-84
1290 Outstanding, end of year	18,486	20,797	23,000
PLUS			
Position with respect to appropriations act limitation on obligations:			
1111 Limitation on direct loans			
1131 Direct loan obligations exempt from limitation	2,560	2,549	2,816
1150 Total direct loan obligations			
1150 Total direct loan obligations	2,560	2,549	2,816

Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	4,765	5,846	6,683
1231 Disbursements: Direct loan disbursements	2,289	2,453	2,715
1251 Repayments: Repayments and prepayments	-1,246	-1,582	-1,770
1261 Adjustments: Capitalized interest	46	11	31
1264 Write-offs for default: Other adjustments, net (+ or -)	-8	-45	-49
1290 Outstanding, end of year	5,846	6,683	7,610

CONSOLIDATION

Position with respect to appropriations act limitation on obligations:			
1111 Limitation on direct loans			
1131 Direct loan obligations exempt from limitation	4,493	4,116	4,426
1150 Total direct loan obligations			
1150 Total direct loan obligations	4,493	4,116	4,426

Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	53,657	53,777	53,821
1231 Disbursements: Direct loan disbursements	3,575	4,114	4,424
1251 Repayments: Repayments and prepayments	-4,012	-3,824	-3,825
1261 Adjustments: Capitalized interest	628		
1264 Write-offs for default: Other adjustments, net (+ or -)	-71	-246	-266
1290 Outstanding, end of year	53,777	53,821	54,154

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 Federal Direct Student Loans. The amounts in this account are a means of financing and are not included in the budget totals.

Balance Sheet (in millions of dollars)

Identification code 91-4253-0-3-502	2006 actual	2007 actual
ASSETS:		
Federal assets:		
1101 Fund balances with Treasury	8,621	5,365
Investments in US securities:		
1106 Receivables, net	4,631	611
1206 Non-Federal assets: Receivables, net		6
Net value of assets related to post-1991 direct loans receivable:		
1401 Direct loans receivable, gross	97,307	102,440
1402 Interest receivable	3,702	4,807
1405 Allowance for subsidy cost (-)	-8,405	-8,245
1499 Net present value of assets related to direct loans	92,604	99,002
1999 Total assets	105,856	104,984
LIABILITIES:		
Federal liabilities:		
2101 Accounts payable	426	497
2103 Debt	105,430	103,893
2201 Non-Federal liabilities: Accounts payable		594
2999 Total liabilities	105,856	104,984
4999 Total liabilities and net position	105,856	104,984

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	2007 actual	2008 est.	2009 est.
Obligations by program activity:			
00.02 Interest payment to Treasury			41
08.01 Obligation of negative subsidy			6
08.05 Obligation of downward modification to negative subsidy receipt account			1,591
08.91 Direct Program by Activities—Subtotal (1 level)			1,597
10.00 Total new obligations			1,638
Budgetary resources available for obligation:			
22.00 New financing authority (gross)			1,638
23.95 Total new obligations			-1,638

24.40	Unobligated balance carried forward, end of year		
New financing authority (gross), detail:			
Mandatory:			
60.00	Appropriation	57	
67.10	Authority to borrow	1,728	
Spending authority from offsetting collections:			
69.00	Offsetting collections (cash)	-56	
69.27	Capital transfer to general fund	-75	
69.47	Portion applied to repay debt	-16	
69.90	Spending authority from offsetting collections (total mandatory)	-147	
70.00	Total new financing authority (gross)	1,638	
Change in obligated balances:			
73.10	Total new obligations	1,638	
73.20	Total financing disbursements (gross)	-1,632	
74.40	Obligated balance, end of year	6	
Outlays (gross), detail:			
87.00	Total financing disbursements (gross)	1,632	
Offsets:			
Against gross financing authority and financing disbursements:			
88.00	Offsetting collections (cash) from: Direct Loan Subsidy	56	
Net financing authority and financing disbursements:			
89.00	Financing authority	1,694	
90.00	Financing disbursements	1,688	

FEDERAL FAMILY EDUCATION LOAN PROGRAM ACCOUNT

Program and Financing (in millions of dollars)

Identification code 91-0231-0-1-502	2007 actual	2008 est.	2009 est.	
Obligations by program activity:				
00.02	Guaranteed loan subsidy	6,850	1,076	2,407
00.04	Modification subsidy, upward		11	
00.07	Upward reestimate, principal	183	1,893	
00.08	Upward reestimate, interest	372	1,553	
10.00	Total new obligations (object class 41.0)	7,405	4,533	2,407
Budgetary resources available for obligation:				
22.00	New budget authority (gross)	7,405	4,533	2,407
22.10	Resources available from recoveries of prior year obligations	802	673	
22.40	Capital transfer to general fund	-802	-673	
23.90	Total budgetary resources available for obligation	7,405	4,533	2,407
23.95	Total new obligations	-7,405	-4,533	-2,407
New budget authority (gross), detail:				
Mandatory:				
60.00	Appropriation	7,405	4,533	2,407
Change in obligated balances:				
72.40	Obligated balance, start of year	2,247	1,915	1,076
73.10	Total new obligations	7,405	4,533	2,407
73.20	Total outlays (gross)	-6,935	-4,699	-1,817
73.45	Recoveries of prior year obligations	-802	-673	
74.40	Obligated balance, end of year	1,915	1,076	1,666
Outlays (gross), detail:				
86.97	Outlays from new mandatory authority	5,491	3,457	993
86.98	Outlays from mandatory balances	1,444	1,242	824
87.00	Total outlays (gross)	6,935	4,699	1,817
Net budget authority and outlays:				
89.00	Budget authority	7,405	4,533	2,407
90.00	Outlays	6,935	4,699	1,817

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

Identification code 91-0231-0-1-502	2007 actual	2008 est.	2009 est.	
Guaranteed loan levels supportable by subsidy budget authority:				
215001	Stafford	24,933	28,259	29,219
215002	Unsubsidized Stafford	25,811	28,069	29,646
215003	PLUS	10,108	10,162	11,242
215004	Consolidation	48,021	34,069	39,010
215999	Total loan guarantee levels	108,873	100,559	109,117
Guaranteed loan subsidy (in percent):				
232001	Stafford	17.32	15.42	16.67
232002	Unsubsidized Stafford	-0.19	-3.73	-3.07
232003	PLUS	-1.69	-5.96	-5.94
232004	Consolidation	5.73	-4.78	-2.27
232999	Weighted average subsidy rate	6.29	1.07	2.21
Guaranteed loan subsidy budget authority:				
233001	Stafford	4,318	4,358	4,871
233002	Unsubsidized Stafford	-49	-1,047	-910
233003	PLUS	-171	-606	-668
233004	Consolidation	2,752	-1,628	-886
233999	Total subsidy budget authority	6,850	1,076	2,407
Guaranteed loan subsidy outlays:				
234001	Stafford	3,614	3,694	4,058
234002	Unsubsidized Stafford	89	-582	-802
234003	PLUS	-82	-381	-553
234004	Consolidation	2,759	-1,592	-886
234999	Total subsidy outlays	6,380	1,139	1,817
Guaranteed loan upward reestimates:				
235001	Stafford	114		
235004	Consolidation	3,350		
235005	SLS	83		
235006	FFEL Reestimates		3,446	
235999	Total upward reestimate budget authority	3,547	3,446	
Guaranteed loan downward reestimates:				
237001	Stafford	-3,669		
237002	Unsubsidized Stafford	-2,590		
237003	PLUS	-252		
237004	Consolidation	-192		
237005	SLS	-4		
237006	FFEL Reestimates		-2,456	
237999	Total downward reestimate subsidy budget authority	-6,707	-2,456	

As required by the Federal Credit Reform Act of 1990, this program account records the subsidy costs associated with Federal Family Education Loans (FFEL), formerly guaranteed student loans (GSL), committed in 1992 and beyond. Beginning with the 1993 cohort, mandatory administrative costs, specifically contract collection costs, are included in the FFEL subsidy estimates of each year's cohort. Subsidy amounts are estimated on a net present value basis.

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

FEDERAL FAMILY EDUCATION LOAN PROGRAM FINANCING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 91-4251-0-3-502	2007 actual	2008 est.	2009 est.	
Obligations by program activity:				
01.01	Default claims	1,956	1,406	1,685
01.02	Special allowance	427	95	182
01.03	Interest benefits	2,617	3,371	3,682
01.04	Death, disability, and bankruptcy claims	161	182	194
01.05	Teacher loan forgiveness, other write-offs	20	132	134
01.07	Contract collection costs	15	14	15
01.08	Guaranty Agency loan processing issuance fees	71	94	98
01.09	Voluntary flexible agreement performance fee	106	118	
01.10	Guaranty Agency account maintenance fees	78	53	60
01.91	Subtotal, Stafford loans	5,451	5,465	6,050
02.02	Default claims	1,489	1,197	1,465
02.03	Special allowance	357	87	180

FEDERAL FAMILY EDUCATION LOAN PROGRAM FINANCING
ACCOUNT—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 91-4251-0-3-502	2007 actual	2008 est.	2009 est.
02.04 Death, disability, and bankruptcy claims	149	178	199
02.05 Teacher loan forgiveness, other write-offs	17	95	97
02.07 Contract collection costs	7	3	4
02.08 Guaranty Agency loan processing issuance fees	71	91	97
02.09 Voluntary flexible agreement performance fee	78	37	
02.10 Guaranty Agency account maintenance fees	63	42	49
02.91 Subtotal, Unsubsidized Stafford loans	2,231	1,730	2,091
03.01 Default claims	194	146	196
03.03 Special allowance	16	7	14
03.04 Death, disability, and bankruptcy claims	53	118	131
03.07 Contract Collection Costs	1	1	1
03.08 Guaranty Agency loan processing issuance fees	30	34	33
03.09 Voluntary flexible agreement performance fee	10	5	
03.10 Guaranty Agency account maintenance fees	15	18	21
03.91 Subtotal, PLUS loans	319	329	396
04.03 Default claims	22	13	4
04.04 Death, disability and bankruptcy claims	3	2	
04.07 Contract collection costs	4	3	3
04.09 Voluntary flexible agreement performance fee	1	3	
04.10 Guaranty Agency account maintenance fees	1		
04.91 Subtotal, SLS loans	31	21	7
05.01 Default claims	2,561	2,571	3,034
05.02 Special allowance	6,948	4,968	4,217
05.03 Interest benefits	890	835	596
05.04 Death, disability, and bankruptcy claims	706	859	973
05.05 Teacher loan forgiveness, other write-offs	18		
05.07 Contract collection costs	5	5	7
05.08 Voluntary flexible agreement performance fee	130	35	
05.10 Guaranty Agency account maintenance fees	216	178	193
05.91 Subtotal, Consolidations loans	11,474	9,451	9,020
08.01 Obligation of negative subsidy		103	
08.02 Downward reestimate to receipt account	3,582	2,082	
08.04 Interest on downward reestimate	133	374	
08.05 Downward Modification		2,475	
08.91 Downward Reestimate- Subtotal (1 level)	3,715	5,034	
10.00 Total new obligations	23,221	22,030	17,564
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	40,011	33,230	26,785
22.00 New financing authority (gross)	16,008	15,585	13,891
22.10 Resources available from recoveries of prior year obligations	432		
23.90 Total budgetary resources available for obligation	56,451	48,815	40,676
23.95 Total new obligations	-23,221	-22,030	-17,564
24.40 Unobligated balance carried forward, end of year	33,230	26,785	23,112
New financing authority (gross), detail:			
Mandatory:			
60.00 Appropriation		28	
Spending authority from offsetting collections:			
69.00 Offsetting collections (cash)	16,008	15,615	13,891
69.27 Capital transfer to general fund		-58	
69.90 Spending authority from offsetting collections (total mandatory)	16,008	15,557	13,891
70.00 Total new financing authority (gross)	16,008	15,585	13,891
Change in obligated balances:			
72.40 Obligated balance, start of year	3,531	3,709	3,519
73.10 Total new obligations	23,221	22,030	17,564
73.20 Total financing disbursements (gross)	-22,611	-22,220	-18,277
73.45 Recoveries of prior year obligations	-432		
74.40 Obligated balance, end of year	3,709	3,519	2,806
Outlays (gross), detail:			
87.00 Total financing disbursements (gross)	22,611	22,220	18,277
Offsets:			
Against gross financing authority and financing disbursements:			

Identification code 91-4251-0-3-502	2007 actual	2008 est.	2009 est.
Offsetting collections (cash) from:			
88.00 Program subsidy account	-6,380	-1,242	-1,817
88.00 Upward reestimate	-555	-3,446	
88.00 Modification		-11	
88.25 Interest on uninvested funds	-1,616	-1,891	-1,635
88.40 Stafford recoveries on defaults	-1,247	-1,579	-1,630
88.40 Stafford borrower origination fees	-417	-344	-226
88.40 Stafford lender origination fees	-102	-197	-246
88.40 Stafford other fees	-75		
88.40 Stafford special allowance rebate		-234	-440
88.40 Unsubsidized Stafford recoveries on default	-680	-1,025	-1,134
88.40 Unsubsidized Stafford borrower origination fees	-421	-352	-254
88.40 Unsubsidized Stafford lender origination fees	-103	-191	-242
88.40 Unsubsidized Stafford other fees	-42		
88.40 Unsubsidized Stafford special allowance rebate		-234	-534
88.40 PLUS recoveries on defaults	-123	-120	-133
88.40 PLUS borrower origination fees	-196	-255	-247
88.40 PLUS lender origination fees	-38	-69	-73
88.40 PLUS other fees	-8		
88.40 PLUS special allowance rebate	-18	-110	-201
88.40 SLS recoveries on defaults	-47	-67	-58
88.40 SLS other fees	-2		
88.40 Consolidation recoveries on defaults	-1,301	-1,224	-1,559
88.40 Consolidation lender origination fees	-294	-339	-380
88.40 Consolidation loan holders fee	-2,286	-2,554	-2,739
88.40 Consolidation other fees	-54		
88.40 Consolidation special allowance rebate	-3	-131	-343
88.90 Total, offsetting collections (cash)	-16,008	-15,615	-13,891
Net financing authority and financing disbursements:			
89.00 Financing authority		-30	
90.00 Financing disbursements	6,603	6,605	4,386

Status of Guaranteed Loans (in millions of dollars)

Identification code 91-4251-0-3-502	2007 actual	2008 est.	2009 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	24,933	28,259	29,219
2150 Total guaranteed loan commitments	24,933	28,259	29,219
2199 Guaranteed amount of guaranteed loan commitments	24,683	27,411	28,342
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year	59,099	61,951	74,616
2231 Disbursements of new guaranteed loans	20,993	23,576	24,590
2251 Repayments and prepayments	-15,535	-9,083	-11,623
Adjustments:			
2261 Terminations for default that result in loans receivable	-1,956	-1,514	-1,672
2263 Terminations for default that result in claim payments	-161	-182	-194
2264 Other adjustments, net	-489	-132	-134
2290 Outstanding, end of year	61,951	74,616	85,583
Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year	61,332	72,378	83,016
Addendum:			
Cumulative balance of defaulted guaranteed loans that result in loans receivable:			
2310 Outstanding, start of year	3,046	4,027	3,801
2331 Disbursements for guaranteed loan claims	1,956	1,514	1,672
2351 Repayments of loans receivable	-1,059	-1,579	-1,630
2361 Write-offs of loans receivable	-161	-161	-157
2364 Other adjustments, net	245		
2390 Outstanding, end of year	4,027	3,801	3,686
UNSUBSIDIZED STAFFORD			
Position with respect to appropriations act limitation on commitments:			
2111 Limitation on guaranteed loans made by private lenders			
2131 Guaranteed loan commitments exempt from limitation	25,811	28,069	29,646
2150 Total guaranteed loan commitments	25,811	28,069	29,646
2199 Guaranteed amount of guaranteed loan commitments	25,553	27,227	28,757
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year	49,928	54,588	65,993

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2231	Disbursements of new guaranteed loans	20,949	22,804	24,242
2251	Repayments and prepayments	-13,503	-9,863	-13,178
Adjustments:				
2261	Terminations for default that result in loans receivable	-1,489	-1,262	-1,449
2263	Terminations for default that result in claim payments	-149	-178	-199
2264	Other adjustments, net	-1,148	-96	-97
2290	Outstanding, end of year	54,588	65,993	75,312
Memorandum:				
2299	Guaranteed amount of guaranteed loans outstanding, end of year	54,042	64,013	73,052
Addendum:				
Cumulative balance of defaulted guaranteed loans that result in loans receivable:				
2310	Outstanding, start of year	2,294	3,269	3,344
2331	Disbursements for guaranteed loan claims	1,489	1,262	1,449
2351	Repayments of loans receivable	-563	-1,025	-1,134
2361	Write-offs of loans receivable	-149	-162	-169
2364	Other adjustments, net	198		
2390	Outstanding, end of year	3,269	3,344	3,490
PLUS				
Position with respect to appropriations act limitation on commitments:				
2111	Limitation on guaranteed loans made by private lenders			
2131	Guaranteed loan commitments exempt from limitation	10,108	10,162	11,242
2150	Total guaranteed loan commitments	10,108	10,162	11,242
2199	Guaranteed amount of guaranteed loan commitments	10,007	9,857	10,905
Cumulative balance of guaranteed loans outstanding:				
2210	Outstanding, start of year	10,469	13,624	17,641
2231	Disbursements of new guaranteed loans	8,239	8,495	8,244
2251	Repayments and prepayments	-6,407	-4,204	-5,093
Adjustments:				
2261	Terminations for default that result in loans receivable	-194	-156	-192
2263	Terminations for default that result in claim payments	-53	-118	-130
2264	Other adjustments, net	1,570		
2290	Outstanding, end of year	13,624	17,641	20,470
Memorandum:				
2299	Guaranteed amount of guaranteed loans outstanding, end of year	13,488	17,112	19,856
Addendum:				
Cumulative balance of defaulted guaranteed loans that result in loans receivable:				
2310	Outstanding, start of year	312	371	352
2331	Disbursements for guaranteed loan claims	194	156	192
2351	Repayments of loans receivable	-105	-120	-133
2361	Write-offs of loans receivable	-53	-55	-54
2364	Other adjustments, net	23		
2390	Outstanding, end of year	371	352	357
SLS				
Cumulative balance of guaranteed loans outstanding:				
2210	Outstanding, start of year	201	187	153
2251	Repayments and prepayments	-105	-17	-13
Adjustments:				
2261	Terminations for default that result in loans receivable	-22	-15	-6
2263	Terminations for default that result in claim payments	-3	-2	
2264	Other adjustments, net	116		
2290	Outstanding, end of year	187	153	134
Memorandum:				
2299	Guaranteed amount of guaranteed loans outstanding, end of year	186	149	130
Addendum:				
Cumulative balance of defaulted guaranteed loans that result in loans receivable:				
2310	Outstanding, start of year	375	381	326
2331	Disbursements for guaranteed loan claims	22	15	6
2351	Repayments of loans receivable	-35	-67	-58

2361	Write-offs of loans receivable	-3	-3	-3
2364	Other adjustments, net	22		
2390	Outstanding, end of year	381	326	271
CONSOLIDATION				
Position with respect to appropriations act limitation on commitments:				
2111	Limitation on guaranteed loans made by private lenders			
2131	Guaranteed loan commitments exempt from limitation	48,021	34,069	39,010
2150	Total guaranteed loan commitments	48,021	34,069	39,010
2199	Guaranteed amount of guaranteed loan commitments	47,541	33,047	37,840
Cumulative balance of guaranteed loans outstanding:				
2210	Outstanding, start of year	203,604	231,279	243,145
2231	Disbursements of new guaranteed loans	46,596	33,991	38,018
2251	Repayments and prepayments	-14,948	-18,652	-19,597
Adjustments:				
2261	Terminations for default that result in loans receivable	-2,561	-2,614	-3,016
2263	Terminations for default that result in claim payments	-706	-859	-973
2264	Other adjustments, net	-706		
2290	Outstanding, end of year	231,279	243,145	257,577
Memorandum:				
2299	Guaranteed amount of guaranteed loans outstanding, end of year	228,966	235,851	249,849
Addendum:				
Cumulative balance of defaulted guaranteed loans that result in loans receivable:				
2310	Outstanding, start of year	4,237	5,276	5,836
2331	Disbursements for guaranteed loan claims	2,561	2,614	3,016
2351	Repayments of loans receivable	-1,135	-1,224	-1,559
2361	Write-offs of loans receivable	-706	-830	-909
2364	Other adjustments, net	319		
2390	Outstanding, end of year	5,276	5,836	6,384
As required by the Federal Credit Reform Act of 1990, this nonbudgetary account records all cash flows to and from the Government resulting from Federal Family Education Loans (FFEL), formerly guaranteed student loans (GSL), committed in 1992 and beyond. The amounts in this account are a means of financing and are not included in the budget totals.				
Balance Sheet (in millions of dollars)				
Identification code 91-4251-0-3-502		2006 actual	2007 actual	
ASSETS:				
Federal assets:				
1101	Fund balances with Treasury	43,542	36,938	
Investments in US securities:				
1106	Receivables, net	551	1,983	
1206	Non-Federal assets: Receivables, net		29	
Net value of assets related to post-1991 acquired defaulted guaranteed loans receivable:				
1501	Defaulted guaranteed loans receivable, gross	10,263	13,325	
1502	Interest receivable	1,823	1,957	
1505	Allowance for subsidy cost (-)	-2,847	-2,755	
1599	Net present value of assets related to defaulted guaranteed loans	9,239	12,527	
1999	Total assets	53,332	51,477	
LIABILITIES:				
2101	Federal liabilities: Accounts payable	951	743	
Non-Federal liabilities:				
2201	Accounts payable	31	3	
2204	Liabilities for loan guaranties	52,350	50,731	
2999	Total liabilities	53,332	51,477	
4999	Total liabilities and net position	53,332	51,477	

FEDERAL FAMILY EDUCATION LOAN LIQUIDATING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 91-0230-0-1-502	2007 actual	2008 est.	2009 est.
Obligations by program activity:			
01.01 Interest benefits, net of origination fees	13	9	5
01.02 Special allowance net of origination fees	2	2	1
01.03 Default claims	94	68	61
01.04 Death, disability, and bankruptcy claims	14	14	12
01.05 Contract collection costs	60	53	47
01.06 Voluntary flexible agreements	5	3	
01.91 Subtotal, Stafford loans	188	149	126
02.01 Default claims	10	11	10
02.02 Death, disability, and bankruptcy claims	5	5	5
02.05 Contract collection costs	11	10	9
02.07 Voluntary flexible agreements	1	1	
02.91 Subtotal, PLUS/SLS loans	27	27	24
10.00 Total new obligations	215	176	150
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	243	190	
22.00 New budget authority (gross)	394	176	150
22.10 Resources available from recoveries of prior year obligations	11		
22.40 Capital transfer to general fund	-243	-190	
23.90 Total budgetary resources available for obligation	405	176	150
23.95 Total new obligations	-215	-176	-150
24.40 Unobligated balance carried forward, end of year	190		
New budget authority (gross), detail:			
Mandatory:			
Spending authority from offsetting collections:			
69.00 Offsetting collections (cash)	886	791	703
69.27 Capital transfer to general fund	-492	-615	-553
69.90 Spending authority from offsetting collections (total mandatory)	394	176	150
Change in obligated balances:			
72.40 Obligated balance, start of year	51	30	30
73.10 Total new obligations	215	176	150
73.20 Total outlays (gross)	-225	-176	-150
73.45 Recoveries of prior year obligations	-11		
74.40 Obligated balance, end of year	30	30	30
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority	225	176	150
Offsets:			
Against gross budget authority and outlays:			
Offsetting collections (cash) from:			
88.40 Fed collections on defaulted loans, Stafford	-228	-219	-195
88.40 Federal collections on bankruptcies, Stafford	-7	-4	-3
88.40 Offsets against Federal tax refunds, Stafford	-267	-235	-209
88.40 Reimbursements from guaranty agencies, Stafford	-193	-165	-147
88.40 Other collections/ fees, Stafford	-58	-48	-43
88.40 Federal collections on defaulted loans, PLUS/SLS	-70	-67	-59
88.40 Federal collections on bankruptcies, PLUS/SLS	-3	-1	-1
88.40 Offsets against Federal tax refunds, PLUS/SLS	-21	-18	-16
88.40 Reimbursements from guaranty agencies, PLUS/SLS	-39	-34	-30
88.90 Total, offsetting collections (cash)	-886	-791	-703
Net budget authority and outlays:			
89.00 Budget authority	-492	-615	-553
90.00 Outlays	-661	-615	-553

Status of Guaranteed Loans (in millions of dollars)

Identification code 91-0230-0-1-502	2007 actual	2008 est.	2009 est.
STAFFORD LOANS			
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year	978	1,482	1,353
2251 Repayments and prepayments	-51	-41	-24
Adjustments:			

2261 Terminations for default that result in loans receivable	-93	-74	-65
2263 Terminations for default that result in claim payments	-14	-14	-12
2264 Other adjustments, net	662		
2290 Outstanding, end of year	1,482	1,353	1,252
Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year	1,467	1,312	1,215
Addendum:			
Cumulative balance of defaulted guaranteed loans that result in loans receivable:			
2310 Outstanding, start of year	7,511	7,059	6,754
2331 Disbursements for guaranteed loan claims	93	74	65
2351 Repayments of loans receivable	-271	-325	-289
2361 Write-offs of loans receivable	-14	-13	-12
2364 Other adjustments, net	-260	-41	-37
2390 Outstanding, end of year	7,059	6,754	6,481

PLUS/SLS LOANS

Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year	648	174	155
2251 Repayments and prepayments	-6	-3	-1
Adjustments:			
2261 Terminations for default that result in loans receivable	-10	-11	-11
2263 Terminations for default that result in claim payments	-5	-5	-5
2264 Other adjustments, net	-453		
2290 Outstanding, end of year	174	155	138

Memorandum:

2299 Guaranteed amount of guaranteed loans outstanding, end of year	172	149	134
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Addendum:

Cumulative balance of defaulted guaranteed loans that result in loans receivable:			
2310 Outstanding, start of year	1,220	1,148	1,094
2331 Disbursements for guaranteed loan claims	10	11	11
2351 Repayments of loans receivable	-35	-55	-49
2361 Write-offs of loans receivable	-5	-4	-4
2364 Other adjustments, net	-42	-6	-5
2390 Outstanding, end of year	1,148	1,094	1,047

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

Balance Sheet (in millions of dollars)

Identification code 91-0230-0-1-502	2006 actual	2007 actual
ASSETS:		
1101 Federal assets: Fund balances with Treasury	295	221
1701 Defaulted guaranteed loans, gross	8,730	8,208
1702 Interest receivable	336	223
1703 Allowance for estimated uncollectible loans and interest (-)	-4,718	-4,396
1704 Defaulted guaranteed loans and interest receivable, net	4,348	4,035
1799 Value of assets related to loan guarantees	4,348	4,035
1999 Total assets	4,643	4,256
LIABILITIES:		
2104 Federal liabilities: Resources payable to Treasury	4,555	4,108
Non-Federal liabilities:		
2201 Accounts payable	-15	5
2204 Liabilities for loan guarantees	103	143
2999 Total liabilities	4,643	4,256
4999 Total liabilities and net position	4,643	4,256

Object Classification (in millions of dollars)

Identification code 91-0230-0-1-502	2007 actual	2008 est.	2009 est.
Direct obligations:			
25.2 Other services	71	63	56
33.0 Investments and loans	104	79	72
41.0 Grants, subsidies, and contributions	22	14	6
42.0 Insurance claims and indemnities	18	20	16
99.9 Total new obligations	215	176	150

LOANS FOR SHORT-TERM TRAINING PROGRAM ACCOUNT

(Legislative proposal, not subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 91-0217-2-1-502	2007 actual	2008 est.	2009 est.
Obligations by program activity:			
Loan Subsidy:			
00.02 Loan subsidy			3
10.00 Total new obligations (object class 41.0)			3
Budgetary resources available for obligation:			
22.00 New budget authority (gross)			3
23.95 Total new obligations			-3
24.40 Unobligated balance carried forward, end of year			
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation			3
Change in obligated balances:			
73.10 Total new obligations			3
73.20 Total outlays (gross)			-3
74.40 Obligated balance, end of year			
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority			3
Net budget authority and outlays:			
89.00 Budget authority			3
90.00 Outlays			3

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

Identification code 91-0217-2-1-502	2007 actual	2008 est.	2009 est.
Direct loan levels supportable by subsidy budget authority:			
115001 Loans for Short Term Training			46
115999 Total direct loan levels			46
Direct loan subsidy (in percent):			
132001 Loans for Short Term Training			-0.27
132999 Weighted average subsidy rate			-0.27
Guaranteed loan levels supportable by subsidy budget authority:			
215001 Loans for Short Term Training			316
215999 Total loan guarantee levels			316
Guaranteed loan subsidy (in percent):			
232001 Loans for Short Term Training			1.02
232999 Weighted average subsidy rate			1.02
Guaranteed loan subsidy budget authority:			
233001 Loans for Short Term Training			3
233999 Total subsidy budget authority			3
Guaranteed loan subsidy outlays:			
234001 Loans for Short Term Training			3
234999 Total subsidy outlays			3

Loans for Short-Term Training.—The Administration proposes a new loan program, jointly administered by the De-

partments of Education and Labor, to help dislocated, unemployed, transitioning, or older workers and students. This market-oriented program will allow participants to acquire or upgrade job-related skills through short-term training programs. These programs are usually shorter than 10 weeks and are not currently eligible for Federal student aid. Eligible programs for the new loans must lead to an industry credential, certificate, or employer-endorsed technological/occupational skills.

As required by the Federal Credit Reform Act of 1990, this account records, for this program, the subsidy costs associated with the direct loans obligated and loan guarantees committed in 2009 and beyond (including modifications of direct loans and loan guarantees that resulted from obligations or commitments in any year). Subsidy amounts are estimated on a present value basis.

LOANS FOR SHORT-TERM TRAINING GUARANTEED LOAN FINANCING ACCOUNT

(Legislative proposal, not subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 91-4573-2-0-502	2007 actual	2008 est.	2009 est.
Obligations by program activity:			
00.01 Default Claims			4
00.06 Loan Processing and Issuance Fee			1
10.00 Total new obligations			5
Budgetary resources available for obligation:			
22.00 New financing authority (gross)			5
23.95 Total new obligations			-5
24.40 Unobligated balance carried forward, end of year			
New financing authority (gross), detail:			
Mandatory:			
67.10 Authority to borrow			1
69.00 Spending authority from offsetting collections: Offsetting collections (cash)			4
70.00 Total new financing authority (gross)			5
Change in obligated balances:			
73.10 Total new obligations			5
73.20 Total financing disbursements (gross)			-4
74.40 Obligated balance, end of year			1
Outlays (gross), detail:			
87.00 Total financing disbursements (gross)			4
Offsets:			
Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
88.00 Federal sources			-3
88.40 Special Allowance Payments			-1
88.90 Total, offsetting collections (cash)			-4
Net financing authority and financing disbursements:			
89.00 Financing authority			1
90.00 Financing disbursements			

Status of Guaranteed Loans (in millions of dollars)

Identification code 91-4573-2-0-502	2007 actual	2008 est.	2009 est.
Position with respect to appropriations act limitation on commitments:			
2111 Limitation on guaranteed loans made by private lenders			316
2131 Guaranteed loan commitments exempt from limitation			
2150 Total guaranteed loan commitments			316

LOANS FOR SHORT-TERM TRAINING GUARANTEED LOAN FINANCING
ACCOUNT—Continued

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

Identification code 91-4573-2-0-502	2007 actual	2008 est.	2009 est.
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year			
2231 Disbursements of new guaranteed loans			246
2251 Repayments and prepayments			-88
Adjustments:			
2261 Terminations for default that result in loans receivable			-3
2263 Terminations for default that result in claim payments			
2290 Outstanding, end of year			155
Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year			150
Addendum:			
Cumulative balance of defaulted guaranteed loans that result in loans receivable:			
2310 Outstanding, start of year			
2331 Disbursements for guaranteed loan claims			3
2351 Repayments of loans receivable			-3
2361 Write-offs of loans receivable			
2364 Other adjustments, net			
2390 Outstanding, end of year			

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 loan guarantees committed in 1992 and beyond (including modifications that resulted from commitments in any year). Amounts in this account are a means of financing and are not included in budget totals.

LOANS FOR SHORT-TERM TRAINING GUARANTEED LOAN FINANCING
ACCOUNT

(Legislative proposal, not subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 91-4574-2-0-502	2007 actual	2008 est.	2009 est.
Obligations by program activity:			
00.01 Loan obligations			46
10.00 Total new obligations			46
Budgetary resources available for obligation:			
22.00 New financing authority (gross)			46
23.95 Total new obligations			-46
24.40 Unobligated balance carried forward, end of year			
New financing authority (gross), detail:			
Mandatory:			
67.10 Authority to borrow			46
Spending authority from offsetting collections:			
69.00 Offsetting collections (cash)			13
69.47 Portion applied to repay debt			-13
69.90 Spending authority from offsetting collections (total mandatory)			
70.00 Total new financing authority (gross)			46
Change in obligated balances:			
73.10 Total new obligations			46
73.20 Total financing disbursements (gross)			-37
74.40 Obligated balance, end of year			9
Outlays (gross), detail:			
87.00 Total financing disbursements (gross)			37

Offsets:

Against gross financing authority and financing disbursements:			
88.40	Offsetting collections (cash) from: Payment of Principal		-13

Net financing authority and financing disbursements:

89.00	Financing authority		33
90.00	Financing disbursements		24

Status of Direct Loans (in millions of dollars)

Identification code 91-4574-2-0-502	2007 actual	2008 est.	2009 est.
Position with respect to appropriations act limitation on obligations:			
1111	Limitation on direct loans		46
1131	Direct loan obligations exempt from limitation		
1150	Total direct loan obligations		46
Cumulative balance of direct loans outstanding:			
1210	Outstanding, start of year		
1231	Disbursements: Direct loan disbursements		37
1251	Repayments: Repayments and prepayments		-13
1264	Write-offs for default: Other adjustments, net (+ or -)		
1290	Outstanding, end of year		24

As required by the Federal Credit Reform Act of 1990, this non-budgetary account records all cash flows to and from the Government resulting from direct loans obligated in 1992 and beyond (including modifications that resulted from obligations in any year). Amounts in this account are a means of financing and are not included in budget totals.

INSTITUTE OF EDUCATION SCIENCES

Federal Funds

INSTITUTE OF EDUCATION SCIENCES

For carrying out activities authorized by the Education Sciences Reform Act of 2002, the National Assessment of Educational Progress Authorization Act, section 208 of the Educational Technical Assistance Act of 2002, and section 664 of the Individuals with Disabilities Education Act, **[\$555,815,000] \$658,247,000**, of which **[\$293,155,000] \$347,241,000** shall be available until September 30, **[2009] 2010: Provided, That [of the amount] funds** available to carry out section 208 of the Educational Technical Assistance Act *may be used for Statewide data systems that include postsecondary and workforce information: Provided further, That up to \$5,000,000 of the funds available to carry out section 208 of the Educational Technical Assistance Act may be used for State data coordinators and for awards to [entities, including entities other than States,]public or private organizations or agencies to improve data coordination. (Department of Education Appropriations Act, 2008.)*

Program and Financing (in millions of dollars)

Identification code 91-1100-0-1-503	2007 actual	2008 est.	2009 est.	
Obligations by program activity:				
00.01	Research, development, and dissemination	160	162	167
00.02	Statistics	90	88	104
00.03	Regional educational laboratories	65	66	68
00.04	Assessment	93	104	139
00.05	Research in special education	72	71	71
00.06	Statewide data systems	25	48	100
00.07	Special education studies and evaluations	8	11	9
01.00	Total direct program	513	550	658
09.01	Reimbursable program	1	1	1
10.00	Total new obligations	514	551	659
Budgetary resources available for obligation:				
21.40	Unobligated balance carried forward, start of year		4	
22.00	New budget authority (gross)	518	547	659
23.90	Total budgetary resources available for obligation	518	551	659

23.95	Total new obligations	-514	-551	-659
24.40	Unobligated balance carried forward, end of year	4		
New budget authority (gross), detail:				
Discretionary:				
40.00	Appropriation	517	556	658
40.33	Appropriation permanently reduced (P.L. 110-161)		-10	
43.00	Appropriation (total discretionary)	517	546	658
58.00	Spending authority from offsetting collections: Offsetting collections (cash)	1	1	1
70.00	Total new budget authority (gross)	518	547	659
Change in obligated balances:				
72.40	Obligated balance, start of year	759	826	947
73.10	Total new obligations	514	551	659
73.20	Total outlays (gross)	-438	-430	-461
73.40	Adjustments in expired accounts (net)	-9		
74.40	Obligated balance, end of year	826	947	1,145
Outlays (gross), detail:				
86.90	Outlays from new discretionary authority	101	31	37
86.93	Outlays from discretionary balances	337	399	424
87.00	Total outlays (gross)	438	430	461
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	517	546	658
90.00	Outlays	437	429	460

Research and Statistics:

Research, development, and dissemination.—Funds support a diverse portfolio of directed research, evaluation studies, research and development centers, and dissemination activities that provide parents, teachers, and schools with scientifically based information on effective educational practice.

Statistics.—Funds support the Department's statistical data collection activities, which are conducted by the National Center for Education Statistics (NCES). NCES collects, analyzes, and disseminates statistics on education at all levels, from preschool through postsecondary and adult education, including statistics on international education activities.

Regional educational laboratories.—Funds support a network of 10 regional laboratories that provide expert advice, including training and technical assistance, to help States and school districts apply proven research findings in their school improvement efforts. 2009 funds would be used for the fourth year of 5-year contracts for these laboratories and for an evaluation.

Assessment.—Funds support the National Assessment of Educational Progress (NAEP). NAEP administers assessments to samples of students in order to gather reliable information about educational attainment in important academic areas. Funds support collection and reporting of national, State, and long-term trend information, including the conduct of biennial State NAEP in reading and mathematics at grades 4 and 8. In 2009, funds will also support costs of conducting assessments in U.S. History, civics, and geography in 2010 and of expanding 12th grade State NAEP to include all States in 2011.

Research in special education.—Funds support research to address gaps in scientific knowledge in order to improve special education and early intervention services and results for infants, toddlers, and children with disabilities.

Statewide data systems.—Funds support competitive awards to State educational agencies to foster the design, development, and implementation of longitudinal data systems, including pre-kindergarten through grade 12. In 2009, funding will also support data coordination activities and the expansion

of these data systems to include postsecondary and workforce information.

Special education studies and evaluations.—Funds support studies, evaluations, and assessments related to the implementation of the Individuals with Disabilities Education Act in order to improve special education and early intervention services and results for infants, toddlers, and children with disabilities.

Object Classification (in millions of dollars)

Identification code 91-1100-0-1-503	2007 actual	2008 est.	2009 est.	
Direct obligations:				
Personnel compensation:				
11.1	Full-time permanent	1	1	1
11.3	Other than full-time permanent	1	1	1
11.9	Total personnel compensation	2	2	2
25.1	Advisory and assistance services	10	11	12
25.2	Other services	158	173	205
25.3	Other purchases of goods and services from Government accounts	9	9	5
25.5	Research and development contracts	116	117	109
31.0	Equipment	1		
41.0	Grants, subsidies, and contributions	216	236	323
99.0	Direct obligations	512	548	656
99.0	Reimbursable obligations	1	1	1
99.5	Below reporting threshold	1	2	2
99.9	Total new obligations	514	551	659

Employment Summary

Identification code 91-1100-0-1-503	2007 actual	2008 est.	2009 est.	
Direct:				
1001	Civilian full-time equivalent employment	12	14	14

DEPARTMENTAL MANAGEMENT**Federal Funds**

DEPARTMENTAL MANAGEMENT

PROGRAM ADMINISTRATION

For carrying out, to the extent not otherwise provided, the Department of Education Organization Act, including rental of conference rooms in the District of Columbia and hire of three passenger motor vehicles, **[\$418,587,000]** **\$444,439,000**, of which **[\$2,100,000]** **\$7,939,000**, to remain available until expended, shall be for **[building alterations and related expenses for the move of]** **relocation of, and renovation of buildings occupied by**, Department staff **[to the Mary E. Switzer building in Washington, DC]**. (*Department of Education Appropriations Act, 2008.*)

Program and Financing (in millions of dollars)

Identification code 91-0800-0-1-503	2007 actual	2008 est.	2009 est.	
Obligations by program activity:				
00.01	Program administration	416	411	444
00.02	Trust Fund	25		
09.01	Reimbursable program	3	3	3
10.00	Total new obligations	444	414	447
Budgetary resources available for obligation:				
21.40	Unobligated balance carried forward, start of year	26	3	3
22.00	New budget authority (gross)	421	414	447
23.90	Total budgetary resources available for obligation	447	417	450
23.95	Total new obligations	-444	-414	-447
24.40	Unobligated balance carried forward, end of year	3	3	3
New budget authority (gross), detail:				
Discretionary:				
40.00	Appropriation	419	418	444
40.33	Appropriation permanently reduced (P.L. 110-161)		-7	

DEPARTMENTAL MANAGEMENT—Continued
PROGRAM ADMINISTRATION—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 91-0800-0-1-503	2007 actual	2008 est.	2009 est.
43.00 Appropriation (total discretionary)	419	411	444
58.00 Spending authority from offsetting collections: Offsetting collections (cash)	2	3	3
70.00 Total new budget authority (gross)	421	414	447
Change in obligated balances:			
72.40 Obligated balance, start of year	147	164	125
73.10 Total new obligations	444	414	447
73.20 Total outlays (gross)	-424	-453	-439
73.40 Adjustments in expired accounts (net)	-3		
74.40 Obligated balance, end of year	164	125	133
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	332	327	345
86.93 Outlays from discretionary balances	71	95	85
86.98 Outlays from mandatory balances	21	31	9
87.00 Total outlays (gross)	424	453	439
Offsets:			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	-2	-3	-3
Net budget authority and outlays:			
89.00 Budget authority	419	411	444
90.00 Outlays	422	450	436

The Program Administration account includes the direct Federal costs of providing grants and administering elementary and secondary education, Indian education, English language acquisition, higher education, career, technical and adult education, special education programs, and programs for persons with disabilities. It also supports assessment, statistics, and research activities.

In addition, this account includes the cost of providing centralized support and administrative services, overall policy development, and strategic planning for the Department. Included in the centralized activities are rent and mail services; telecommunications; contractual services; financial management and accounting, including payments to schools, education agencies and other grant recipients, and preparation of auditable financial statements; information technology services; personnel management; personnel security; budget formulation and execution; program evaluation; legal services; congressional and public relations; and intergovernmental affairs.

Included in this account is the Department of Education's cost to relocate staff and renovate buildings occupied by Department staff.

Also included in this account are contributions from the public. Activities supported include receptions for Blue Ribbon Schools, Historically Black Colleges and Universities, and School Recognition. Contributions not designated for a specific purpose are in the account's Gifts and Bequests Miscellaneous Fund.

Reimbursable program.—Reimbursements to this account are for providing administrative services to other agencies and in-kind travel.

Object Classification (in millions of dollars)

Identification code 91-0800-0-1-503	2007 actual	2008 est.	2009 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent	168	197	202
11.3 Other than full-time permanent	33	11	12
11.5 Other personnel compensation	2	4	4

11.9 Total personnel compensation	203	212	218
12.1 Civilian personnel benefits	50	54	56
21.0 Travel and transportation of persons	6	5	6
23.1 Rental payments to GSA	37	38	41
23.3 Communications, utilities, and miscellaneous charges	6	8	9
24.0 Printing and reproduction	2	4	4
25.1 Advisory and assistance services	4	2	2
25.2 Other services	25	21	22
25.3 Other purchases of goods and services from Government accounts	22	20	26
25.7 Operation and maintenance of equipment	50	41	52
26.0 Supplies and materials	1	1	1
31.0 Equipment	8	3	4
32.0 Land and structures			3
41.0 Grants, subsidies, and contributions	25		
99.0 Direct obligations	439	409	444
99.0 Reimbursable obligations	2	2	2
99.5 Below reporting threshold	3	3	1
99.9 Total new obligations	444	414	447

Employment Summary

Identification code 91-0800-0-1-503	2007 actual	2008 est.	2009 est.
Direct:			
1001 Civilian full-time equivalent employment	2,113	2,096	2,096

OFFICE FOR CIVIL RIGHTS

For expenses necessary for the Office for Civil Rights, as authorized by section 203 of the Department of Education Organization Act, **[\$91,205,000]** \$101,040,000. (*Department of Education Appropriations Act, 2008.*)

Program and Financing (in millions of dollars)

Identification code 91-0700-0-1-751	2007 actual	2008 est.	2009 est.
Obligations by program activity:			
00.01 Civil rights	91	90	101
10.00 Total new obligations	91	90	101
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	91	90	101
23.95 Total new obligations	-91	-90	-101
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	91	91	101
40.33 Appropriation permanently reduced (P.L. 110-161)		-1	
43.00 Appropriation (total discretionary)	91	90	101
Change in obligated balances:			
72.40 Obligated balance, start of year	21	21	16
73.10 Total new obligations	91	90	101
73.20 Total outlays (gross)	-91	-95	-96
74.40 Obligated balance, end of year	21	16	21
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	77	78	84
86.93 Outlays from discretionary balances	14	17	12
87.00 Total outlays (gross)	91	95	96
Net budget authority and outlays:			
89.00 Budget authority	91	90	101
90.00 Outlays	91	95	96

The Office for Civil Rights is responsible for ensuring that no person is unlawfully discriminated against on the basis of race, color, national origin, sex, disability, or age in the delivery of services or the provision of benefits in programs or activities of schools and institutions receiving financial assistance from the Department of Education. The authorities under which the Office for Civil Rights operates are Title VI of the Civil Rights Act of 1964 (racial and ethnic discrimi-

nation), Title IX of the Education Amendments of 1972 (sex discrimination), section 504 of the Rehabilitation Act of 1973 (discrimination against individuals with a disability), the Age Discrimination Act of 1975, the Americans with Disabilities Act of 1990 and the Boy Scouts of America Equal Access Act of 2002.

Object Classification (in millions of dollars)

Identification code 91-0700-0-1-751	2007 actual	2008 est.	2009 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent	51	54	56
11.3 Other than full-time permanent	3	3	3
11.5 Other personnel compensation	1		1
11.9 Total personnel compensation	55	57	60
12.1 Civilian personnel benefits	13	15	15
21.0 Travel and transportation of persons	1	1	1
23.1 Rental payments to GSA	8	8	9
23.3 Communications, utilities, and miscellaneous charges	1	1	1
25.2 Other services	2	1	5
25.3 Other purchases of goods and services from Government accounts	3	2	3
25.7 Operation and maintenance of equipment	6	4	6
31.0 Equipment	1	1	1
99.0 Direct obligations	90	90	101
99.5 Below reporting threshold	1		
99.9 Total new obligations	91	90	101

Employment Summary

Identification code 91-0700-0-1-751	2007 actual	2008 est.	2009 est.
Direct:			
1001 Civilian full-time equivalent employment	614	629	629

OFFICE OF THE INSPECTOR GENERAL

For expenses necessary for the Office of the Inspector General, as authorized by section 212 of the Department of Education Organization Act, **[\$51,753,000] \$54,539,000.** (*Department of Education Appropriations Act, 2008.*)

Program and Financing (in millions of dollars)

Identification code 91-1400-0-1-751	2007 actual	2008 est.	2009 est.
Obligations by program activity:			
00.01 Inspector General	50	51	55
10.00 Total new obligations	50	51	55
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	50	51	55
23.95 Total new obligations	-50	-51	-55
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	49	52	55
40.33 Appropriation permanently reduced (P.L. 110-161)		-1	
42.00 Transferred from other accounts	1		
43.00 Appropriation (total discretionary)	50	51	55
Change in obligated balances:			
72.40 Obligated balance, start of year	12	14	13
73.10 Total new obligations	50	51	55
73.20 Total outlays (gross)	-48	-52	-54
74.40 Obligated balance, end of year	14	13	14
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	42	42	45
86.93 Outlays from discretionary balances	6	10	9
87.00 Total outlays (gross)	48	52	54
Net budget authority and outlays:			
89.00 Budget authority	50	51	55

90.00 Outlays	48	52	54
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The Inspector General is responsible for the quality, coverage, and coordination of audit and investigation functions relating to Federal education activities. The Inspector General has the authority to inquire into all activities of the Department, including those performed under Federal education contracts, grants, or other agreements. Under the Chief Financial Officers Act of 1990, the Inspector General is also responsible for internal reviews of the Department's financial systems and audits of its financial statements.

Object Classification (in millions of dollars)

Identification code 91-1400-0-1-751	2007 actual	2008 est.	2009 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent	23	25	27
11.3 Other than full-time permanent	1		1
11.5 Other personnel compensation	2		
11.9 Total personnel compensation	26	25	28
12.1 Civilian personnel benefits	8	9	10
21.0 Travel and transportation of persons	1	2	2
23.1 Rental payments to GSA	4	5	5
23.3 Communications, utilities, and miscellaneous charges	1	1	
25.1 Advisory and assistance services	2	3	3
25.2 Other services	1	1	1
25.3 Other purchases of goods and services from Government accounts	2	1	1
25.7 Operation and maintenance of equipment	3	3	3
31.0 Equipment	1		1
99.0 Direct obligations	49	50	54
99.5 Below reporting threshold	1	1	1
99.9 Total new obligations	50	51	55

Employment Summary

Identification code 91-1400-0-1-751	2007 actual	2008 est.	2009 est.
Direct:			
1001 Civilian full-time equivalent employment	282	270	280

HURRICANE EDUCATION RECOVERY

Federal Funds

HURRICANE EDUCATION RECOVERY

Program and Financing (in millions of dollars)

Identification code 91-0013-0-1-500	2007 actual	2008 est.	2009 est.
Obligations by program activity:			
00.04 Hurricane educator assistance program	30		
10.00 Total new obligations (object class 41.0)	30		
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	30		
23.95 Total new obligations	-30		
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	30		
Change in obligated balances:			
72.40 Obligated balance, start of year	744	359	
73.10 Total new obligations	30		
73.20 Total outlays (gross)	-415	-359	
74.40 Obligated balance, end of year	359		
Outlays (gross), detail:			
86.93 Outlays from discretionary balances	415	359	
Net budget authority and outlays:			
89.00 Budget authority	30		

HURRICANE EDUCATION RECOVERY—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 91-0013-0-1-500	2007 actual	2008 est.	2009 est.
90.00 Outlays	415	359	.....

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

GENERAL FUND RECEIPT ACCOUNTS

(in millions of dollars)

	2007 actual	2008 est.	2009 est.
Offsetting receipts from the public:			
91-143500 General Fund Proprietary Interest Receipts, not Otherwise Classified	20	20	20
91-271810 Federal Family Education Loan Program, Negative Subsidies		2,578	.....
91-271830 Federal Family Education Loan Program, Downward Reestimates of Subsidies	3,715	2,456	.....
91-274130 College Housing and Academic Facilities Loan, Downward Reestimates of Subsidies		20	.....
91-278110 Federal Direct Student Loan Program, Negative Subsidies		10	87
Legislative proposal, subject to PAYGO			1,591
91-278130 Federal Direct Student Loan Program, Downward Reestimates of Subsidies	985	574	.....
91-291500 Repayment of Loans, Capital Contributions, Higher Education Activities	35	42	42
91-322000 All Other General Fund Proprietary Receipts Including Budget Clearing Accounts	115	47	47
General Fund Offsetting receipts from the public	4,870	5,747	1,787
Intragovernmental payments:			
91-388500 Undistributed Intragovernmental Payments and Receivables from Cancelled Accounts	1	4	4
General Fund Intragovernmental payments	1	4	4

GENERAL PROVISIONS

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

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

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

(TRANSFER OF FUNDS)

SEC. 304. Not to exceed 1 percent of any discretionary funds (pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985) 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 transfer authority granted by this section shall be available only to meet emergency needs and shall not be used to create any new program or to fund any project or

activity for which no funds are provided in this Act: *Provided further*, That the Committees on Appropriations of the House of Representatives and the Senate are notified at least 15 days in advance of any transfer.

【SEC. 305. None of the funds made available in this Act may be used to promulgate, implement, or enforce any revision to the regulations in effect under section 496 of the Higher Education Act of 1965 on June 1, 2007, until legislation specifically requiring such revision is enacted.】

【SEC. 306. (a) MAINTENANCE OF INTEGRITY AND ETHICAL VALUES WITHIN DEPARTMENT OF EDUCATION.—Within 60 days after the enactment of this Act, the Secretary of Education shall implement procedures—

(1) to assess whether a covered individual or entity has a potential financial interest in, or impaired objectivity towards, a product or service purchased with, or guaranteed or insured by, funds administered by the Department of Education or a contracted entity of the Department; and

(2) to disclose the existence of any such potential financial interest or impaired objectivity.

(b) REVIEW BY INSPECTOR GENERAL.—

(1) Within 60 days after the implementation of the procedures described in subsection (a), the Inspector General of the Department of Education shall report to the Committees on Appropriations of the House of Representatives and the Senate on the adequacy of such procedures.

(2) Within 1 year, the Inspector General shall conduct at least 1 review to ensure that such procedures are properly implemented and are effective to uncover and disclose the existence of potential financial interests or impaired objectivity described in subsection (a).

(3) The Inspector General shall report to such Committees any recommendations for modifications to such procedures that the Inspector General determines are necessary to uncover and disclose the existence of such potential financial interests or impaired objectivity.

(c) DEFINITION.—For purposes of this section, the term “covered individual or entity” means—

(1) an officer or professional employee of the Department of Education;

(2) a contractor or subcontractor of the Department, or an individual hired by the contracted entity;

(3) a member of a peer review panel of the Department; or

(4) a consultant or advisor to the Department.】

【SEC. 307. (a) Notwithstanding section 8013(9)(B) of the Elementary and Secondary Education Act of 1965, North Chicago Community Unit School District 187, North Shore District 112, and Township High School District 113 in Lake County, Illinois, and Glenview Public School District 34 and Glenbrook High School District 225 in Cook County, Illinois, shall be considered local educational agencies as such term is used in and for purposes of title VIII of such Act for fiscal years 2008 and 2009.

(b) Notwithstanding any other provision of law, federally connected children (as determined under section 8003(a) of the Elementary and Secondary Education Act of 1965) who are in attendance in the North Shore District 112, Township High School District 113, Glenview Public School District 34, and Glenbrook High School District 225 described in subsection (a), shall be considered to be in attendance in the North Chicago Community Unit School District 187 described in subsection (a) for purposes of computing the amount that the North Chicago Community Unit School District 187 is eligible to receive under subsection (b) or (d) of such section for fiscal years 2008 and 2009 if—

(1) such school districts have entered into an agreement for such students to be so considered and for the equitable apportionment among all such school districts of any amount received by the North Chicago Community Unit School District 187 under such section; and

(2) any amount apportioned among all such school districts pursuant to paragraph (1) is used by such school districts only for the direct provision of educational services.】

【SEC. 308. Prior to January 1, 2008, the Secretary of Education may not terminate any voluntary flexible agreement under section 428A of the Higher Education Act of 1965 that existed on October 1, 2007. With respect to an entity with which the Secretary of Education had a voluntary flexible agreement under section 428A of the Higher Education Act of 1965 on October 1, 2007 that is not cost neutral, if the Secretary terminates such agreement on or after

January 1, 2008, the Secretary of Education shall, not later than March 31, 2008, negotiate to enter, and enter, into a new voluntary flexible agreement with such entity so that the agreement is cost neutral, unless such entity does not want to enter into such agreement.】

【SEC. 309. Notwithstanding section 102(a)(4)(A) of the Higher Education Act of 1965, the Secretary of Education shall not take into account a bankruptcy petition filed in the United States Bankruptcy Court for the Northern District of New York on February 21, 2001, in determining whether a nonprofit educational institution that is a subsidiary of an entity that filed such petition meets the definition of an “institution of higher education” under section 102 of that Act.】

【(RESCISSION OF FUNDS)】

【SEC. 310. Of the unobligated balances available under the Federal Direct Student Loan Program Administration authorized by section

458 of the Higher Education Act and the Higher Education Reconciliation Act of 2005, \$25,000,000 are rescinded.】

【SEC. 311. The Secretary of Education shall—

(1) deem each local educational agency that received a fiscal year 2007 basic support payment for heavily impacted local educational agencies under section 8003(b)(2) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7703(b)(2)) as eligible to receive a fiscal year 2008 basic support payment for heavily impacted local educational agencies under such section; and

(2) make a payment to such local educational agency under such section for fiscal year 2008. 】【*(Department of Education Appropriations Act, 2008.)*】