

# DEPARTMENT OF EDUCATION

## OFFICE OF ELEMENTARY AND SECONDARY EDUCATION

### Federal Funds

#### General and special funds:

#### EDUCATION REFORM

For carrying out activities authorized by titles III and IV of the Goals 2000: Educate America Act, [and] the School-to-Work Opportunities Act, and section 3132 of the Elementary and Secondary Education Act of 1965, [\$691,000,000] \$1,245,000,000, of which [\$476,000,000] \$603,500,000 for the Goals 2000[: Educate America] Act and \$200,000,000 for the School-to-Work Opportunities Act shall become available on July 1, [1997] 1998, and remain available through September 30, [1998] 1999. *Provided*, That none of the funds appropriated under this heading shall be obligated or expended to carry out section 304(a)(2)(A) of the Goals 2000[: Educate America] Act, *except that no more than \$1,500,000 may be used to carry out activities under section 314(a)(2) of that Act: Provided further, That section 315(a)(2) of the Goals 2000 Act shall not apply: Provided further, That up to one-half of one percent of the amount available under section 3132 shall be set aside for the outlying areas, to be distributed on the basis of their relative need as determined by the Secretary in accordance with the purposes of the program: Provided further, That if any State educational agency does not apply for a grant under section 3132, that State's allotment under section 3131 shall be reserved by the Secretary for grants to local educational agencies in that State that apply directly to the Secretary according to the terms and conditions published by the Secretary in the Federal Register. (Department of Education Appropriations Act, 1997.)*

#### Program and Financing (in millions of dollars)

Identification code 91-0500-0-1-501	1996 actual	1997 est.	1998 est.
<b>Obligations by program activity:</b>			
Goals 2000:			
00.01 State and local education systemic improvement	321	673	605
00.02 Parental assistance .....	10	15	15
00.91 Total goals 2000 .....	331	688	620
01.01 School-to-work opportunities .....	149	332	200
02.01 Technology Literacy Challenge Fund .....	.....	.....	425
10.00 Total obligations .....	480	1,020	1,245
<b>Budgetary resources available for obligation:</b>			
21.40 Unobligated balance available, start of year:			
Uninvested balance .....	265	329	.....
22.00 New budget authority (gross) .....	530	691	1,245
22.21 Unobligated balance transferred to other accounts	-2	.....	.....
22.22 Unobligated balance transferred from other accounts	16	.....	.....
23.90 Total budgetary resources available for obligation	809	1,020	1,245
23.95 New obligations .....	-480	-1,020	-1,245
24.40 Unobligated balance available, end of year:			
Uninvested balance .....	329	.....	.....
<b>New budget authority (gross), detail:</b>			
40.00 Appropriation .....	530	691	1,245
<b>Change in unpaid obligations:</b>			
72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation .....	322	532	861
73.10 New obligations .....	480	1,020	1,245
73.20 Total outlays (gross) .....	-271	-691	-730
73.40 Adjustments in expired accounts .....	1	.....	.....
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation .....	532	861	1,376
<b>Outlays (gross), detail:</b>			
86.90 Outlays from new current authority .....	7	83	149
86.93 Outlays from current balances .....	264	608	581

87.00	Total outlays (gross) .....	271	691	730
<b>Net budget authority and outlays:</b>				
89.00	Budget authority .....	530	691	1,245
90.00	Outlays .....	271	691	730

Note.—Includes \$425 million in budget authority in 1998 for activities previously financed through the Department of Education, Office of Educational Research and Improvement, Education Research, Statistics, and Improvement account. The comparable amount for 1997 is \$200 million and zero in 1996, since the program was first funded in 1997.

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

#### Goals 2000:

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

**Parental assistance.**—Centers in 42 States would continue to help provide parents with knowledge and skills they need to participate effectively in their children's education.

**School-to-Work Opportunities.**—School-to-work programs are jointly administered by the Departments of Education and Labor. An identical amount is provided for the Department of Labor to support these activities. Competitive, 5-year grants are awarded to States that have completed and are ready to implement their school-to-work plans. Thirty-seven States are currently in their first, second, or third year of these grants. Requested funds would enable all States to participate fully.

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

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

#### Object Classification (in millions of dollars)

Identification code 91-0500-0-1-501	1996 actual	1997 est.	1998 est.
25.1 Advisory and assistance services .....	2	2	4
25.2 Other services .....	3	6	6
25.3 Purchases of goods and services from Government accounts .....	1	1	1
41.0 Grants, subsidies, and contributions .....	474	1,011	1,234
99.9 Total obligations .....	480	1,020	1,245

#### EDUCATION FOR THE DISADVANTAGED

For carrying out title I of the Elementary and Secondary Education Act of 1965, and section 418A of the Higher Education Act, [\$7,698,469,000] \$8,077,266,000, of which [\$6,380,114,000] \$6,755,165,000 shall become available on July 1, [1997] 1998, and shall remain available through September 30, [1998] 1999, and of which \$1,298,386,000 shall become available on October 1, [1997] 1998 and shall remain available through September 30, [1998] 1999, for academic year [1997-1998] 1998-1999. *Provided*, That

**General and special funds—Continued**

**EDUCATION FOR THE DISADVANTAGED—Continued**

**[\$6,194,850,000]** \$6,191,350,000 shall be available for basic grants under section 1124: *Provided further*, That up to **[\$3,500,000]** \$4,000,000 of these funds shall be available to the Secretary on October 1, **[1996]** 1997, to obtain updated local-educational-agency-level census poverty data from the Bureau of the Census: *Provided further*, That \$999,249,000 shall be available for concentration grants under section 1124(A), \$350,000,000 shall be available for targeted grants under section 1125, **[and \$7,000,000]** \$10,000,000 shall be available for evaluations under section 1501, and not more than \$7,500,000 shall be reserved for section 1308, of which not more than \$3,000,000 shall be reserved for section 1308(d). (Department of Education Appropriations Act, 1997.)

Program and Financing (in millions of dollars)

Identification code 91-0900-0-1-501	1996 actual	1997 est.	1998 est.
<b>Obligations by program activity:</b>			
<b>Direct program:</b>			
Grants to local educational agencies:			
00.01 Basic grants .....	4,835	6,181	6,191
00.02 Concentration grants .....	547	941	999
00.03 Targeted grants .....			350
00.04 Set-aside for BIA/outlying areas .....	5	85	
00.05 Capital expenses .....	44	41	41
00.06 Even start .....	103	104	108
00.07 State agency programs .....	346	349	360
00.08 State school improvement .....			8
00.09 Evaluation .....	3	7	10
00.10 Migrant education projects .....	9	9	10
00.91 Total direct program .....	5,892	7,717	8,077
01.01 Reimbursable program .....	1	14	
10.00 Total obligations .....	5,893	7,731	8,077
<b>Budgetary resources available for obligation:</b>			
21.40 Unobligated balance available, start of year:			
Uninvested balance .....	17	41	
22.00 New budget authority (gross) .....	5,911	7,690	8,077
22.10 Resources available from recoveries of prior year obligations .....	7		
23.90 Total budgetary resources available for obligation .....	5,935	7,731	8,077
23.95 New obligations .....	-5,893	-7,731	-8,077
24.40 Unobligated balance available, end of year:			
Uninvested balance .....	41		
<b>New budget authority (gross), detail:</b>			
<b>Current:</b>			
40.00 Appropriation .....	5,930	6,400	6,779
41.00 Transferred to other accounts .....	-34		
43.00 Appropriation (total) .....	5,896	6,400	6,779
<b>Permanent:</b>			
61.00 Transferred to other accounts .....		-8	
65.00 Advance appropriation (definite) .....		1,298	1,298
68.00 Spending authority from offsetting collections: Offsetting collections (cash) .....	15		
70.00 Total new budget authority (gross) .....	5,911	7,690	8,077
<b>Change in unpaid obligations:</b>			
72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation .....	7,900	6,721	7,217
73.10 New obligations .....	5,893	7,731	8,077
73.20 Total outlays (gross) .....	-7,034	-7,235	-7,476
73.40 Adjustments in expired accounts .....	-31		
73.45 Adjustments in unexpired accounts .....	-7		
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation .....	6,721	7,217	7,818
<b>Outlays (gross), detail:</b>			
86.90 Outlays from new current authority .....	330	768	813
86.93 Outlays from current balances .....	6,695	5,421	5,390
86.97 Outlays from new permanent authority .....		1,032	1,038
86.98 Outlays from permanent balances .....	9	14	235
87.00 Total outlays (gross) .....	7,034	7,235	7,476

Offsets:			
Against gross budget authority and outlays:			
88.00	Offsetting collections (cash) from: Federal sources	-15	
<b>Net budget authority and outlays:</b>			
89.00	Budget authority .....	5,896	7,690 8,077
90.00	Outlays .....	7,020	7,235 7,476

*Grants to local educational agencies.*—Funds will be allocated through the Basic, Concentration, and Targeted grant formulas for local programs that stress the achievement of challenging State education standards, support schoolwide improvement, integrate Title I assessment and curriculum with State systemic reforms, and target funds to high-poverty schools. Up to \$4.0 million in Basic Grant funds will be used to continue work needed to obtain updated poverty data at the local educational agency level from the Bureau of the Census, for use in allocating Title I funds beginning in 1999, as required by the statute.

*Capital expenses.*—Funds are provided by formula to States to support capital costs incurred by local educational agencies that are associated with providing educational services to eligible children attending non-public schools.

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

*State agency neglected and delinquent program.*—Funds are provided by formula to States for educational services to children and youth under age 21 in State neglected, delinquent, or adult correction facilities. Services help institutionalized youth achieve the same challenging standards established for students in local public schools.

*State school improvement.*—Funds are provided by formula to States to be used for technical assistance, incentives, and other strategies to assist schools and districts to implement Title I programs that help children meet challenging State education standards.

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

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

*Reimbursable program.*—Amounts in this activity consist of funds appropriated in other accounts for consolidated grants to the insular areas.

Object Classification (in millions of dollars)

Identification code 91-0900-0-1-501	1996 actual	1997 est.	1998 est.
<b>Direct obligations:</b>			
25.1	Advisory and assistance services .....	6	8 11
25.2	Other services .....	3	6 6
41.0	Grants, subsidies, and contributions .....	5,883	7,703 8,060
99.0	Subtotal, direct obligations .....	5,892	7,717 8,077
99.0	Reimbursable obligations .....	1	14
99.9	Total obligations .....	5,893	7,731 8,077

**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, **[\$730,000,000]**, \$658,000,000, of which **[\$615,500,000]** \$584,000,000 shall be for basic support payments under section 8003(b), \$40,000,000 shall be for payments for children with disabilities under section 8003(d), **[\$52,000,000]** \$20,000,000, to remain available until expended, shall be for payments under

section 8003(f), **[\$5,000,000]** \$4,000,000 shall be for construction under section 8007, and \$10,000,000, to remain available until expended, shall be for facilities maintenance activities under section 8008 **[\$17,500,000 shall be for Federal property payments under section 8002]:** *Provided, That payments and eligibility under section 8003 shall be based only on federally connected children described in sections 8003(a)(1)(B) and 8003(a)(1)(C): Provided further, That notwithstanding the provisions of section 8003(b)(1)(B), any local educational agency that received a payment based on federally connected children described in sections 8003(a)(1)(B) and 8003(a)(1)(C) for fiscal year 1997 shall be eligible to receive a payment under sections 8003(b) and 8003(d) for fiscal year 1998: Provided further, That notwithstanding the provisions of section 8003(b)(1)(C), the maximum amount of the basic support payment shall be determined by multiplying each local educational agency's weighted student units for federally connected children described in sections 8003(a)(1)(B) and 8003(a)(1)(C) by the factor described under section 8003(b)(1)(C)(iv): Provided further, That notwithstanding the provisions of section 8003(b)(2), if funds provided are insufficient to pay each local educational agency the full amount of its payment calculated under section 8003(b)(1)(C), then payments shall be ratably reduced: Provided further, That none of the funds provided shall be used for payments under section 8003(e).* (Department of Education Appropriations Act, 1997.)

Program and Financing (in millions of dollars)

Identification code 91-0102-0-1-501	1996 actual	1997 est.	1998 est.
<b>Obligations by program activity:</b>			
Payments for federally connected children:			
00.01 Basic support payments .....	582	615	584
00.02 Supplemental payments for children with disabilities .....	40	40	40
00.03 Payments for heavily impacted districts .....	41	101	20
00.91 Subtotal, payments for federally connected children	663	756	644
01.01 Facilities maintenance .....	6	12	10
02.01 Construction .....	13	22	4
03.01 Payments for Federal property .....	16	18	
04.01 Payments for section 3(d)(2)(B) .....	3	4	
05.01 Disaster assistance .....	1	27	
06.01 Construction (P.L. 81-815) .....	1		
10.00 Total obligations .....	703	839	658
<b>Budgetary resources available for obligation:</b>			
21.40 Unobligated balance available, start of year:			
Uninvested balance .....	105	109	
22.00 New budget authority (gross) .....	693	730	658
22.10 Resources available from recoveries of prior year obligations .....	14		
23.90 Total budgetary resources available for obligation	812	839	658
23.95 New obligations .....	-703	-839	-658
24.40 Unobligated balance available, end of year:			
Uninvested balance .....	109		
<b>New budget authority (gross), detail:</b>			
40.00 Appropriation .....	693	730	658
<b>Change in unpaid obligations:</b>			
72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation .....	373	320	258
73.10 New obligations .....	703	839	658
73.20 Total outlays (gross) .....	-952	-901	-701
73.40 Adjustments in expired accounts .....	210		
73.45 Adjustments in unexpired accounts .....	-14		
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation .....	320	258	215
<b>Outlays (gross), detail:</b>			
86.90 Outlays from new current authority .....	531	599	532
86.93 Outlays from current balances .....	421	302	169
87.00 Total outlays (gross) .....	952	901	701
<b>Net budget authority and outlays:</b>			
89.00 Budget authority .....	693	730	658
90.00 Outlays .....	952	901	701

Funds help to pay the operating costs of local educational agencies that are affected by Federal activities. Payments would be made to local educational agencies that educate

children living on Indian lands and military dependents living on Federal property.

**Basic support payments.**—Payments would be made on behalf of approximately 330,000 federally connected children enrolled in nearly 1,000 school districts across the country. The request would provide an average payment of \$1,770 for each of these federally connected children.

**Supplemental payments for children with disabilities.**—Payments would be made for additional assistance to school districts educating federally connected children with disabilities. Approximately 31,000 such children are enrolled in school districts across the country. The request would provide approximately \$1,300 in additional assistance for the education of each of these children.

**Payments for heavily impacted districts.**—Increased payments would be provided for certain heavily impacted school districts, including school districts whose boundaries are the same as a military base, and school districts that enroll high proportions of federally connected children and meet certain fiscal requirements.

**Facilities maintenance.**—Funds would be used to provide emergency repairs for school facilities that are owned by the Department of Education and to facilitate the transfer of the facilities to local educational agencies.

**Construction.**—Formula-based payments for capital improvements would be made to school districts that meet the statutory eligibility criteria.

Object Classification (in millions of dollars)

Identification code 91-0102-0-1-501	1996 actual	1997 est.	1998 est.
32.0 Land and structures .....	6	12	10
41.0 Grants, subsidies, and contributions .....	697	827	648
99.9 Total obligations .....	703	839	658

SCHOOL CONSTRUCTION

(Legislative proposal, subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 91-0010-4-1-501	1996 actual	1997 est.	1998 est.
<b>Obligations by program activity:</b>			
10.00 Total obligations (object class 41.0) .....			5,000
<b>Budgetary resources available for obligation:</b>			
22.00 New budget authority (gross) .....			5,000
23.95 New obligations .....			-5,000
<b>New budget authority (gross), detail:</b>			
40.00 Appropriation .....			5,000
<b>Change in unpaid obligations:</b>			
73.10 New obligations .....			5,000
73.20 Total outlays (gross) .....			-1,250
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation .....			3,750
<b>Outlays (gross), detail:</b>			
86.90 Outlays from new current authority .....			1,250
<b>Net budget authority and outlays:</b>			
89.00 Budget authority .....			5,000
90.00 Outlays .....			1,250

**School construction.**—Under legislation that the Administration is submitting to the Congress in 1997, funds would provide Federal interest subsidies, or similar assistance, to States and localities to stimulate public elementary and secondary school construction and renovation. The legislation would create a one-time mandatory appropriation of \$5 billion.

General and special funds—Continued

90.00 Outlays ..... 1,246 1,516 1,396

SCHOOL IMPROVEMENT PROGRAMS

For carrying out school improvement activities authorized by titles II, IV[A-1], V-A and B, [VI], IX, X and XIII of the Elementary and Secondary Education Act of 1965; the Stewart B. McKinney Homeless Assistance Act; and the Civil Rights Act of 1964; [\$1,425,631,000] \$1,299,222,000, of which [\$1,202,478,000] \$977,000,000 shall become available on July 1, [1997] 1998, and remain available through September 30, [1998] 1999: Provided, That of the amount appropriated, [\$310,000,000] \$360,000,000 shall be for Eisenhower professional development State grants under title II-B of the Elementary and Secondary Education Act; \$100,000,000 shall be for charter schools under title X, part C of such Act; and [\$310,000,000] shall be for innovative education program strategies State grants under title VI-A. \$750,000 shall be for an evaluation of comprehensive regional assistance centers under title XIII of such Act: Provided further, That funds under titles II-B and IV-A-1 shall be used only for programs that are consistent with principles of effectiveness to be published in the Federal Register by the Secretary of Education. (Department of Education Appropriations Act, 1997.)

Program and Financing (in millions of dollars)			
Identification code 91-1000-0-1-501	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
Professional development and program innovation:			
00.01 Eisenhower professional development State grants	273	311	360
00.02 Innovative education program strategies State grants	275	310	
Safe and drug-free schools and communities:			
00.03 State grants	438	558	590
00.04 National programs	25		30
00.05 Inexpensive book distribution	10	10	12
00.06 Arts in education	9	9	10
00.07 Magnet schools assistance	95	95	95
00.08 Education for homeless children and youth	23	25	27
00.09 Women's educational equity		2	4
00.10 Training and advisory services	7	7	14
00.11 Ellender fellowships	2	2	
00.12 Education for Native Hawaiians	12	15	15
00.13 Alaska Native education equity		8	8
00.14 Foreign language assistance	10		
00.15 Charter schools	18	51	100
00.16 Comprehensive regional assistance centers	22	26	34
10.00 Total obligations	1,219	1,429	1,299
Budgetary resources available for obligation:			
21.40 Unobligated balance available, start of year:			
Uninvested balance	5	4	
22.00 New budget authority (gross)	1,218	1,426	1,299
23.90 Total budgetary resources available for obligation	1,223	1,430	1,299
23.95 New obligations	-1,219	-1,429	-1,299
24.40 Unobligated balance available, end of year:			
Uninvested balance	4		
New budget authority (gross), detail:			
40.00 Appropriation	1,224	1,426	1,299
41.00 Transferred to other accounts	-6		
43.00 Appropriation (total)	1,218	1,426	1,299
70.00 Total new budget authority (gross)	1,218	1,426	1,299
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation	1,761	1,693	1,606
73.10 New obligations	1,219	1,429	1,299
73.20 Total outlays (gross)	-1,246	-1,516	-1,396
73.40 Adjustments in expired accounts	-41		
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation	1,693	1,606	1,509
Outlays (gross), detail:			
86.90 Outlays from new current authority	51	171	156
86.93 Outlays from current balances	1,195	1,345	1,240
87.00 Total outlays (gross)	1,246	1,516	1,396
Net budget authority and outlays:			
89.00 Budget authority	1,218	1,426	1,299

*Eisenhower professional development State grants.*—Formula grants are provided to States, local districts, and institutions of higher education to support intensive, high-quality professional development in the core academic subject areas.

*Safe and drug-free schools and communities.*—  
*State grants.*—Formula grants are made to States and Outlying Areas to assist in combatting school violence and drug use by the Nation's children and youth.

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

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

*Arts in education.*—Funds support Federal leadership activities in arts education as well as the education activities of the Kennedy Center and Very Special Arts.

*Magnet schools assistance.*—Grants are made to local educational agencies to establish and operate magnet school programs that are part of approved desegregation plans.

*Education for homeless children and youth.*—Funds are provided to States, Outlying Areas, and the Bureau of Indian Affairs to provide educational and support services that enable homeless children and youth to enroll in, attend, and achieve success in school.

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

*Training and advisory services.*—Grants are made to regional desegregation assistance centers and State Educational Agencies that provide technical assistance to school districts in desegregating public schools and developing effective methods of coping with special educational problems associated with desegregation.

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

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

*Charter schools.*—The President is proposing a significant increase in this program to support innovative education reform and public school choice. Grants are awarded to State educational agencies and charter schools to support the design and initial implementation of model charter schools. These schools are created by teachers, parents, and members of the community, and are exempt from certain local, State, and Federal regulations.

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

Object Classification (in millions of dollars)

Identification code 91-1000-0-1-501	1996 actual	1997 est.	1998 est.
24.0 Printing and reproduction	1	1	1

25.1	Advisory and assistance services .....	2	2	2
25.2	Other services .....	14	17	20
25.5	Research and development contracts .....	1	1	1
41.0	Grants, subsidies, and contributions .....	1,201	1,408	1,275
99.9	Total obligations .....	1,219	1,429	1,299

73.20	Total outlays (gross) .....	-1	-4	-4
74.00	Unpaid obligations, end of year: Obligated balance:			
	Appropriation .....	1	3	3
Outlays (gross), detail:				
86.93	Outlays from current balances .....	1	4	4
Net budget authority and outlays:				
89.00	Budget authority .....			
90.00	Outlays .....	1	4	4

**AMERICA READS CHALLENGE**  
(Legislative proposal, subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 91-0011-4-1-501	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
00.01	America's Reading Corps .....		200
00.02	Parents as first teachers grants .....		60
10.00	Total obligations (object class 41.0) .....		260
Budgetary resources available for obligation:			
22.00	New budget authority (gross) .....		260
23.95	New obligations .....		-260
New budget authority (gross), detail:			
40.00	Appropriation .....		260
Change in unpaid obligations:			
73.10	New obligations .....		260
73.20	Total outlays (gross) .....		-31
74.00	Unpaid obligations, end of year: Obligated balance:		
	Appropriation .....		229
Outlays (gross), detail:			
86.90	Outlays from new current authority .....		31
Net budget authority and outlays:			
89.00	Budget authority .....		260
90.00	Outlays .....		31

**America's Reading Corps.**—The President has proposed a new initiative to work with families and communities in a national reading effort that will enlist a million trained and supervised reading tutors, most of whom will participate in after-school, weekend, and summer reading programs, to assist in teaching at least three million children to read independently and well by the end of the third grade. Department of Education funding for the America's Reading Corps will pay primarily for reading specialists and materials to train tutors while tutor recruitment efforts will be the focus of additional funds requested in the budget for the Corporation for National and Community Service.

**Parents as First Teachers grants.**—Funds will be made available to national and regional groups, as well as local communities and organizations, to support effective, proven literacy efforts that help parents to help their children become successful readers by the end of third grade.

**CHICAGO LITIGATION SETTLEMENT**

Program and Financing (in millions of dollars)

Identification code 91-0220-0-1-501	1996 actual	1997 est.	1998 est.	
Obligations by program activity:				
10.00	Total obligations (object class 41.0) .....	1	5	4
Budgetary resources available for obligation:				
21.40	Unobligated balance available, start of year:			
	Uninvested balance .....	10	9	4
23.95	New obligations .....	-1	-5	-4
24.40	Unobligated balance available, end of year:			
	Uninvested balance .....	9	4	
Change in unpaid obligations:				
72.40	Unpaid obligations, start of year: Obligated balance:			
	Appropriation .....	2	1	3
73.10	New obligations .....	1	5	4

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

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

**INDIAN EDUCATION**

For necessary expenses to carry out, to the extent not otherwise provided, title IX, part A of the Elementary and Secondary Education Act of 1965, as amended, and section 215 of the Department of Education Organization Act, **[\$61,000,000] \$62,600,000.** (*Department of the Interior and Related Agencies Appropriations Act, 1997.*)

Program and Financing (in millions of dollars)

Identification code 91-0101-0-1-501	1996 actual	1997 est.	1998 est.	
Obligations by program activity:				
00.01	Grants to local educational agencies .....	50	58	60
00.02	Fellowships .....	1		
00.03	Federal Administration .....	2	3	3
10.00	Total obligations .....	53	61	63
Budgetary resources available for obligation:				
21.40	Unobligated balance available, start of year:			
	Uninvested balance .....	1		
22.00	New budget authority (gross) .....	52	61	63
23.90	Total budgetary resources available for obligation	53	61	63
23.95	New obligations .....	-53	-61	-63
24.40	Unobligated balance available, end of year:			
	Uninvested balance .....			
New budget authority (gross), detail:				
40.00	Appropriation .....	52	61	63
Change in unpaid obligations:				
72.40	Unpaid obligations, start of year: Obligated balance:			
	Appropriation .....	93	66	60
73.10	New obligations .....	53	61	63
73.20	Total outlays (gross) .....	-77	-67	-61
73.40	Adjustments in expired accounts .....	-3		
74.00	Unpaid obligations, end of year: Obligated balance:			
	Appropriation .....	66	60	62
Outlays (gross), detail:				
86.90	Outlays from new current authority .....	2	9	10
86.93	Outlays from current balances .....	75	58	51
87.00	Total outlays (gross) .....	77	67	61
Net budget authority and outlays:				
89.00	Budget authority .....	52	61	63
90.00	Outlays .....	77	67	61

The Indian Education program (Title IX, Part A of the Elementary and Secondary Education Act) supports the efforts of local educational agencies and tribal schools to im-

**General and special funds—Continued**

**INDIAN EDUCATION—Continued**

prove teaching and learning for the Nation's American Indian and Alaska Native children.

*Grants to local educational agencies.*—Formula grants support local educational agencies in their efforts to reform elementary and secondary school programs that serve Indian students, with the goal of ensuring that such programs are based on challenging State standards that are used for all students. In 1996, 1,219 formula grants were made to local educational agencies and certain tribal schools enrolling approximately 422,500 Indian students.

*Federal administration.*—Funds support the administrative expenses of the Office of Indian Education and the National Advisory Council on Indian Education.

Object Classification (in millions of dollars)			
Identification code 91-0101-0-1-501	1996 actual	1997 est.	1998 est.
11.1 Personnel compensation: Full-time permanent .....	2	2	2
41.0 Grants, subsidies, and contributions .....	51	58	60
99.5 Below reporting threshold .....		1	1
99.9 Total obligations .....	53	61	63

**Personnel Summary**

Identification code 91-0101-0-1-501	1996 actual	1997 est.	1998 est.
1001 Total compensable workyears: Full-time equivalent employment .....	30	24	24

**OFFICE OF BILINGUAL EDUCATION AND MINORITY LANGUAGES AFFAIRS**

**Federal Funds**

**General and special funds:**

**BILINGUAL AND IMMIGRANT EDUCATION**

For carrying out, to the extent not otherwise provided, bilingual, foreign language and immigrant education activities authorized by parts A and C and section 7203 of title VII of the Elementary and Secondary Education Act, without regard to section 7103(b), **[\$261,700,000] \$354,000,000**, of which **[\$100,000,000] \$150,000,000** shall be for immigrant education programs authorized by part C: *Provided*, That State educational agencies may use all, or any part of, their part C allocation for competitive grants to local educational agencies: *Provided further*, That the Department of Education should only support instructional programs which ensure that students completely master English in a timely fashion (a period of three to five years) while meeting rigorous achievement standards in the academic content areas. (*Department of Education Appropriations Act, 1997.*)

**Program and Financing (in millions of dollars)**

Identification code 91-1300-0-1-501	1996 actual	1997 est.	1998 est.
<b>Obligations by program activity:</b>			
00.01 Instructional services .....	117	157	160
00.02 Support services .....	10		14
00.03 Training grants .....	1		25
00.04 Foreign Language Assistance .....		5	5
00.05 Immigrant education .....	50	100	150
10.00 Total obligations .....	178	262	354
<b>Budgetary resources available for obligation:</b>			
22.00 New budget authority (gross) .....	178	262	354
23.95 New obligations .....	-178	-262	-354
<b>New budget authority (gross), detail:</b>			
40.00 Appropriation .....	178	262	354
<b>Change in unpaid obligations:</b>			
72.40 Unpaid obligations, start of year: Obligated balance: Appropriation .....	266	241	278

73.10 New obligations .....	178	262	354
73.20 Total outlays (gross) .....	-185	-225	-276
73.40 Adjustments in expired accounts .....	-18		
74.40 Unpaid obligations, end of year: Obligated balance: Appropriation .....	241	278	356
<b>Outlays (gross), detail:</b>			
86.90 Outlays from new current authority .....	4	31	42
86.93 Outlays from current balances .....	181	194	234
87.00 Total outlays (gross) .....	185	225	276
<b>Net budget authority and outlays:</b>			
89.00 Budget authority .....	178	262	354
90.00 Outlays .....	185	225	276

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

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

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

Object Classification (in millions of dollars)			
Identification code 91-1300-0-1-501	1996 actual	1997 est.	1998 est.
25.2 Other services .....	2		6
41.0 Grants, subsidies, and contributions .....	176	262	348
99.9 Total obligations .....	178	262	354

**OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES**

**Federal Funds**

**General and special funds:**

**SPECIAL EDUCATION**

[For carrying out parts B, C, D, E, F, G, and H and section 610(j)(2)(C) of the Individuals with Disabilities Education Act, \$4,036,000,000, of which \$3,783,685,000 shall become available for obligation on July 1, 1997, and shall remain available through September 30, 1998: *Provided*, That the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau shall continue to be eligible to receive funds under the Individuals with Disabilities Education Act consistent with the provisions of Public Law 104-134: *Provided further*, That the entities that received competitive awards for direct services to children under section 611 of the Individuals with Disabilities Education Act in accordance with the competition required in Public Law 104-134 shall continue to be funded, without competition, in the same amounts as under Public Law 104-134.] (*Department of Education Appropriations Act, 1997.*)

Program and Financing (in millions of dollars)

Identification code 91-0300-0-1-501	1996 actual	1997 est.	1998 est.
<b>Obligations by program activity:</b>			
State grants:			
00.01 Grants to States .....	2,349	3,119	
00.02 Preschool grants .....	366	361	
00.03 Grants for infants and families .....	429	505	
00.91 Subtotal, State grants .....	3,145	3,985	
Special purpose funds:			
01.01 Deaf-blindness .....	13	13	
01.02 Serious emotional disturbance .....	4	4	
01.03 Severe disabilities .....	10	10	
01.04 Early childhood education .....	25	25	
01.05 Secondary and transitional services .....	24	24	
01.06 Postsecondary education .....	9	9	
01.07 Innovation and development .....	14	16	
01.08 Media and captioning services .....	19	20	
01.09 Technology applications .....	10	10	
01.10 Special studies .....	4	4	
01.11 Personnel development .....	91	93	
01.12 Parent training .....	14	16	
01.13 Clearinghouses .....	2	2	
01.14 Regional resource centers .....	7	7	
01.15 Architectural barriers removal .....	1		
01.91 Subtotal, Special purpose funds .....	246	252	
10.00 Total obligations .....	3,390	4,238	
<b>Budgetary resources available for obligation:</b>			
21.40 Unobligated balance available, start of year:			
Uninvested balance .....	339	202	
22.00 New budget authority (gross) .....	3,245	4,036	
22.10 Resources available from recoveries of prior year obligations .....	8		
22.30 Unobligated balance expiring .....	-1		
23.90 Total budgetary resources available for obligation .....	3,592	4,238	
23.95 New obligations .....	-3,390	-4,238	
24.40 Unobligated balance available, end of year:			
Uninvested balance .....	202		
<b>New budget authority (gross), detail:</b>			
40.00 Appropriation .....	3,245	4,036	
<b>Change in unpaid obligations:</b>			
72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation .....	3,952	4,055	4,867
73.10 New obligations .....	3,390	4,238	
73.20 Total outlays (gross) .....	-3,222	-3,426	-3,332
73.40 Adjustments in expired accounts .....	-57		
73.45 Adjustments in unexpired accounts .....	-8		
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation .....	4,055	4,867	1,535
<b>Outlays (gross), detail:</b>			
86.90 Outlays from new current authority .....	122	404	
86.93 Outlays from current balances .....	3,100	3,022	3,332
87.00 Total outlays (gross) .....	3,222	3,426	3,332
<b>Net budget authority and outlays:</b>			
89.00 Budget authority .....	3,245	4,036	
90.00 Outlays .....	3,222	3,426	3,332
<b>Summary of Budget Authority and Outlays</b>			
[In millions of dollars]			
Enacted/requested:			
Budget Authority .....	3,245	4,036	
Outlays .....	3,222	3,426	3,332
Legislative proposal, not subject to PAYGO:			
Budget Authority .....			4,210
Outlays .....			421
Total:			
Budget Authority .....	3,245	4,036	4,210
Outlays .....	3,222	3,426	3,753

The administration will propose legislation authorizing programs under the Individuals with Disabilities Education Act.

When new authorizing legislation is enacted, resources will be requested for the Special Education account. See the "Legislative proposal, not subject to PAYGO" schedule for additional details.

Program measures under the current program include:

Number of children served on December 1 of fiscal year:	1995 actual	1996 actual	1997 est.
Ages 3 through 21 .....	5,439,626	5,628,577	5,798,000
Ages 3 through 5 .....	524,458	549,154	577,000
Birth through 2 .....	165,253	174,288	184,000
<b>Educational Environment</b>			
Children ages 3 through 21 provided special education in:			
Regular classrooms with or without resource rooms .....	3,397,326	3,563,883	3,746,481
Separate classes .....	1,160,943	1,219,867	1,232,312
Separate schools .....	219,055	204,764	192,112
Residential facilities .....	40,893	40,466	37,299
<b>Status of Exiting Students</b>			
Graduated with a diploma .....	100,742	103,801	113,945
Graduated through certification .....	30,839	34,732	23,948
Reached maximum age .....	4,337	5,096	4,594
Dropped out of school .....	51,489	NA	76,608
Status unknown .....	41,961	NA	42,460

NA—Not available due to changes in data collection form.

Object Classification (in millions of dollars)

Identification code 91-0300-0-1-501	1996 actual	1997 est.	1998 est.
25.2 Other services .....	8	8	
25.5 Research and development contracts .....	1	1	
41.0 Grants, subsidies, and contributions .....	3,381	4,229	
99.9 Total obligations .....	3,390	4,238	

SPECIAL EDUCATION

(Legislative proposal, not subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 91-0300-2-1-501	1996 actual	1997 est.	1998 est.
<b>Obligations by program activity:</b>			
State grants:			
00.01 Grants to States .....			3,249
00.02 Preschool grants .....			375
00.03 Grants for infants and families .....			324
00.91 Subtotal, State grants .....			3,948
Program support and improvement:			
01.01 Research to practice .....			100
01.02 State improvement .....			35
01.03 Professional development .....			82
01.04 Parent training and information .....			16
01.05 Technology development and educational media services .....			30
01.91 Subtotal, Program support and improvement .....			262
10.00 Total obligations .....			4,210
<b>Budgetary resources available for obligation:</b>			
22.00 New budget authority (gross) .....			4,210
23.95 New obligations .....			-4,210
<b>New budget authority (gross), detail:</b>			
40.00 Appropriation .....			4,210
<b>Change in unpaid obligations:</b>			
73.10 New obligations .....			4,210
73.20 Total outlays (gross) .....			-421
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation .....			3,789
<b>Outlays (gross), detail:</b>			
86.90 Outlays from new current authority .....			421
<b>Net budget authority and outlays:</b>			
89.00 Budget authority .....			4,210
90.00 Outlays .....			421

The resources in this schedule are proposed for later transmittal under proposed legislation to authorize programs under the Individuals with Disabilities Education Act.

**General and special funds—Continued**

**SPECIAL EDUCATION—Continued**

*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. The 1998 estimate of these children is 5,906,000.

*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 1998 estimate of these children is 600,000.

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

*Program support and improvement.*—These funds support a variety of research, demonstration, training, technical assistance, systems change, and other activities.

The Department is in the process of developing performance indicators that will provide information on the impact of special education and early intervention on improving results for children with disabilities.

Object Classification (in millions of dollars)

Identification code 91-0300-2-1-501	1996 actual	1997 est.	1998 est.
25.2 Other services .....			8
25.5 Research and development contracts .....			1
41.0 Grants, subsidies, and contributions .....			4,201
99.9 Total obligations .....			4,210

**REHABILITATION SERVICES AND DISABILITY RESEARCH**

For carrying out, to the extent not otherwise provided, [the Rehabilitation Act of 1973,] the Technology-Related Assistance for Individuals with Disabilities Act, [and the Helen Keller National Center Act, as amended, \$2,509,447,000] \$36,109,000. (Department of Education Appropriations Act, 1997.)

Program and Financing (in millions of dollars)

Identification code 91-0301-0-1-506	1996 actual	1997 est.	1998 est.
<b>Obligations by program activity:</b>			
<b>Direct program:</b>			
00.01 Vocational rehabilitation State grants .....	2,114	2,176	
00.02 Client assistance State grants .....	10	10	
00.03 Training .....	40	40	
00.04 Special demonstration programs .....	26	20	
00.05 Migratory workers .....	1	2	
00.06 Recreational programs .....	3	3	
00.07 Protection and advocacy .....	7	8	
00.08 Projects with industry .....	22	22	
00.09 Supported employment State grants .....	38	38	
00.10 Independent living .....	73	75	
00.11 Program improvement .....	1	2	
00.12 Evaluation .....	2	2	
00.13 Helen Keller National Center .....	7	7	
00.14 National Institute on Disability and Rehabilitation Research .....	70	70	
00.15 Assistive technology .....	36	36	36
00.16 1996 Paralympics Games .....	7		
00.91 Total direct program .....	2,457	2,511	36
01.01 Reimbursable program .....	2		
10.00 Total obligations .....	2,459	2,511	36
<b>Budgetary resources available for obligation:</b>			
21.40 Unobligated balance available, start of year:			
Uninvested balance .....	2	1	
22.00 New budget authority (gross) .....	2,458	2,509	36

23.90 Total budgetary resources available for obligation	2,460	2,510	36
23.95 New obligations .....	-2,459	-2,511	-36
24.40 Unobligated balance available, end of year:			
Uninvested balance .....	1		
<b>New budget authority (gross), detail:</b>			
<b>Current:</b>			
40.00 Appropriation .....	2,456	2,509	36
<b>Permanent:</b>			
68.00 Spending authority from offsetting collections: Off-			
setting collections (cash) .....	2		
70.00 Total new budget authority (gross) .....	2,458	2,509	36
<b>Change in unpaid obligations:</b>			
72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation .....	922	951	760
73.10 New obligations .....	2,459	2,511	36
73.20 Total outlays (gross) .....	-2,413	-2,702	-665
73.40 Adjustments in expired accounts .....	-18		
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation .....	951	760	131
<b>Outlays (gross), detail:</b>			
86.90 Outlays from new current authority .....	1,617	1,932	28
86.93 Outlays from current balances .....	794	770	637
86.97 Outlays from new permanent authority .....	2		
87.00 Total outlays (gross) .....	2,413	2,702	665
<b>Offsets:</b>			
<b>Against gross budget authority and outlays:</b>			
88.00 Offsetting collections (cash) from: Federal sources	-2		
<b>Net budget authority and outlays:</b>			
89.00 Budget authority .....	2,456	2,509	36
90.00 Outlays .....	2,410	2,702	665

**Summary of Budget Authority and Outlays**

(In millions of dollars)

	1996 actual	1997 est.	1998 est.
<b>Enacted/requested:</b>			
Budget Authority .....	2,456	2,509	36
Outlays .....	2,411	2,702	665
<b>Legislative proposal, not subject to PAYGO:</b>			
Budget Authority .....			2,547
Outlays .....			1,961
<b>Total:</b>			
Budget Authority .....	2,456	2,509	2,583
Outlays .....	2,411	2,702	2,626

The administration will propose legislation authorizing programs under the Rehabilitation Act and the Helen Keller National Center Act. When new legislation is enacted, resources for the affected programs will be requested. See the "Legislative proposal, not subject to PAYGO" schedule for additional details.

Programs and activities under the current laws are described below.

*Vocational rehabilitation State grants.*—The basic State grant program provides Federal matching funds to State vocational rehabilitation (VR) agencies to assist individuals with physical or mental impairments to become gainfully employed. Services provided include vocational evaluation, counseling, mental and physical restoration, education, vocational training, work adjustment, job placement, and post-employment services. Priority is given to serving those with the most severe disabilities.

As a result of the 1992 amendments to the Rehabilitation Act, the eligibility rate (applicants determined eligible for the VR program as a percent of all eligibility determinations) rose from 56.5 percent in 1992 to 76.5 percent in 1996. Half of the State VR agencies (41 of 82) could not serve all individuals determined to be eligible for the program. Of those individuals whose cases were closed in 1996 after receiving VR services, about 60 percent achieved an employment outcome and an estimated 86 percent of these individuals entered the competitive labor market or became self-employed.



The table below presents national estimates of the number of eligible individuals in the VR system (individuals being served and eligible individuals awaiting service) and estimates of the number of individuals who achieved an employment outcome under the program.

ESTIMATES OF ELIGIBLE INDIVIDUALS AND INDIVIDUALS REHABILITATED

	1995 actual	1996 preliminary
Eligible individuals in the VR system .....	1,250,314	1,254,100
Severe disabilities, percent .....	75.2	75.5
Individuals achieving employment outcomes .....	209,509	209,500
Severe disabilities, percent .....	76.0	77.3

*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.

*Special demonstration programs.*—Grants are made to develop innovative methods and comprehensive service programs to assist individuals with disabilities to achieve satisfactory vocational outcomes. Supported employment projects, which provide grants to expand or improve the provision of supported employment services to individuals with the most severe disabilities, are included under this activity.

*Migratory workers.*—Grants are made to State VR agencies and other nonprofit or local agencies to provide comprehensive vocational rehabilitation services to migrant or seasonal farm workers with disabilities.

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

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

*Projects with industry.*—Grants are made to a variety of public and private organizations, including State VR agencies, community rehabilitation programs, and labor organizations to provide training in work settings to prepare individuals with disabilities for employment and career advancement in the competitive labor market.

*Supported employment State grants.*—Formula grants are made to assist States in developing programs with public and nonprofit organizations to provide supported employment services for individuals with the most severe disabilities who require on-going support services to enter or retain competitive employment.

*Independent living.*—Grants are awarded to States and nonprofit agencies for services designed to enable individuals with significant disabilities to live and function more independently.

*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 purposes of the Rehabilitation Act. Examples of program improvement activities include technical assistance activities of national scope, and the development of an effective data management and reporting system, including program performance measures.

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

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

*National Institute on Disability and Rehabilitation Research.*—The Institute carries out a comprehensive and coordinated program of rehabilitation research and related activities. Through grants and contracts, it supports research and training centers, rehabilitation engineering centers, research and demonstration projects, information dissemination and utilization projects, and training activities.

*Assistive technology.*—Grants are made to States to support systems change and advocacy activities designed to develop and implement consumer-responsive comprehensive statewide programs of technology-related assistance for individuals with disabilities.

Object Classification (in millions of dollars)

Identification code 91-0301-0-1-506	1996 actual	1997 est.	1998 est.
25.1 Advisory and assistance services .....	5	7	1
25.2 Other services .....	2	2	
25.3 Purchases of goods and services from Government accounts .....	1	1	
25.5 Research and development contracts .....	1	1	
41.0 Grants, subsidies, and contributions .....	2,448	2,500	35
99.0 Subtotal, direct obligations .....	2,457	2,511	36
99.9 Total obligations .....	2,459	2,511	36

REHABILITATION SERVICES AND DISABILITY RESEARCH

(Legislative proposal, not subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 91-0301-2-1-506	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
Direct program:			
00.01 Vocational rehabilitation State grants .....			2,247
00.02 Client assistance State grants .....			11
00.03 Training .....			40
00.04 Special demonstration programs .....			17
00.05 Migratory workers .....			2
00.06 Recreational programs .....			3
00.07 Protection and advocacy .....			8
00.08 Projects with industry .....			22
00.09 Supported employment State grants .....			38
00.10 Independent living .....			76
00.11 Program improvement .....			4
00.12 Evaluation .....			1
00.13 Helen Keller National Center .....			7
00.14 National Institute on Disability and Rehabilitation Research .....			71
10.00 Total obligations .....			2,547
Budgetary resources available for obligation:			
22.00 New budget authority (gross) .....			2,547
23.95 New obligations .....			-2,547
New budget authority (gross), detail:			
40.00 Appropriation .....			2,547
Change in unpaid obligations:			
73.10 New obligations .....			2,547
73.20 Total outlays (gross) .....			-1,961
74.40 Unpaid obligations, end of year: Obligated balance: Appropriation .....			587
Outlays (gross), detail:			
86.90 Outlays from new current authority .....			1,961
Net budget authority and outlays:			
89.00 Budget authority .....			2,547
90.00 Outlays .....			1,961

**General and special funds—Continued**

**REHABILITATION SERVICES AND DISABILITY RESEARCH—Continued**

The administration is currently preparing a legislative proposal to reauthorize the expiring Rehabilitation Act and the Helen Keller National Center Act. The resources in this schedule are distributed under current law for illustrative purposes. The distribution of resources is subject to change pending the enactment of new authorizing legislation.

Object Classification (in millions of dollars)

Identification code 91-0301-2-1-506	1996 actual	1997 est.	1998 est.
25.1 Advisory and assistance services .....			6
25.2 Other services .....			2
25.3 Purchases of goods and services from Government accounts .....			1
25.5 Research and development contracts .....			1
41.0 Grants, subsidies, and contributions .....			2,537
99.9 Total obligations .....			2,547

**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.), \$6,680,000. (Department of Education Appropriations Act, 1997.)

Program and Financing (in millions of dollars)

Identification code 91-0600-0-1-501	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
10.00 Total obligations (object class 41.0) .....	7	7	7
Budgetary resources available for obligation:			
22.00 New budget authority (gross) .....	7	7	7
23.95 New obligations .....	-7	-7	-7
New budget authority (gross), detail:			
40.00 Appropriation .....	7	7	7
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation .....	1	2	
73.10 New obligations .....	7	7	7
73.20 Total outlays (gross) .....	-5	-9	-7
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation .....	2		
Outlays (gross), detail:			
86.90 Outlays from new current authority .....	4	7	7
86.93 Outlays from current balances .....	1	2	
87.00 Total outlays (gross) .....	5	9	7
Net budget authority and outlays:			
89.00 Budget authority .....	7	7	7
90.00 Outlays .....	5	9	7

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 1996, the portion of the Federal appropriation allocated to educational materials represented approximately 40 percent of the Printing House's total sales. The full appropriation represented approximately 34 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.), \$43,041,000: *Provided*, That from the amount available, the

Institute may at its discretion use funds for the endowment program as authorized under section 207. (Department of Education Appropriations Act, 1997.)

Program and Financing (in millions of dollars)

Identification code 91-0601-0-1-502	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
10.00 Total obligations (object class 41.0) .....	42	43	43
Budgetary resources available for obligation:			
22.00 New budget authority (gross) .....	42	43	43
23.95 New obligations .....	-42	-43	-43
New budget authority (gross), detail:			
40.00 Appropriation .....	42	43	43
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation .....			3
73.10 New obligations .....	42	43	43
73.20 Total outlays (gross) .....	-42	-40	-43
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation .....		3	2
Outlays (gross), detail:			
86.90 Outlays from new current authority .....	42	40	40
86.93 Outlays from current balances .....			3
87.00 Total outlays (gross) .....	42	40	43
Net budget authority and outlays:			
89.00 Budget authority .....	42	43	43
90.00 Outlays .....	42	40	43

This residential center provides postsecondary technical and professional education for people who are deaf to prepare them for employment, provides training, and conducts applied research into employment related aspects of deafness. In 1996, Federal appropriations represented 81.8 percent of the Institute's operating budget. The Institute may also use appropriated 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 (20 U.S.C. 4301 et seq.), \$79,182,000: *Provided*, That from the amount available, the University may at its discretion use funds for the endowment program as authorized under section 207. (Department of Education Appropriations Act, 1997.)

Program and Financing (in millions of dollars)

Identification code 91-0602-0-1-502	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
01.01 University programs .....	53		
02.01 Pre-college programs .....	24		
03.01 Endowment grant .....	1		
04.01 Consolidated Account .....		79	79
10.00 Total obligations (object class 41.0) .....	78	79	79
Budgetary resources available for obligation:			
22.00 New budget authority (gross) .....	78	79	79
23.95 New obligations .....	-78	-79	-79
New budget authority (gross), detail:			
40.00 Appropriation .....	78	79	79
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation .....	3	2	5
73.10 New obligations .....	78	79	79
73.20 Total outlays (gross) .....	-79	-76	-79
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation .....	2	5	5

Outlays (gross), detail:			
86.90	Outlays from new current authority	77	74
86.93	Outlays from current balances	2	5
87.00 Total outlays (gross)		79	79
Net budget authority and outlays:			
89.00	Budget authority	78	79
90.00	Outlays	79	79

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 students who are deaf of high school age. 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 1996, the Federal appropriation represented 63.6 percent of the University's operating budget, excluding Federal financial aid, vocational rehabilitation, and competitive grants, and 96.9 percent of the operating budgets of the related elementary and secondary schools. The University may also use appropriated 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 Applied Technology Education Act, and the Adult Education Act, and the National Literacy Act of 1991, [\$1,486,531,000, of which \$4,500,000 shall be for the National Institute for Literacy; and] \$1,565,966,000, of which [\$1,483,612,000] \$1,563,047,000 shall become available on July 1, [1997] 1998 and shall remain available through September 30, [1998] 1999; and of which \$6,000,000 from amounts available under the Adult Education Act shall be for the National Institute for Literacy under section 384(c): Provided, That, of the amounts made available for title II of the Carl D. Perkins Vocational and Applied Technology Education Act, [\$4,500,000] \$20,497,000 shall be used by the Secretary for national programs under title IV, without regard to section 451: Provided further, That, in addition, the Secretary may reserve up to \$9,000,000 under section 101(a)(1)(A) of the Carl D. Perkins Vocational and Applied Technology Education Act, without regard to section 451: Provided further, That the Secretary may reserve up to [\$5,000,000] \$6,000,000 under section 313(d) of the Adult Education Act for activities carried out under section 383 of that Act: Provided further, That no funds shall be awarded to a State Council under section 112(f) of the Carl D. Perkins Vocational and Applied Technology Education Act, and no State shall be required to operate such a Council. (Department of Education Appropriations Act, 1997.)

#### Program and Financing (in millions of dollars)

Identification code 91-0400-0-1-501          1996 actual          1997 est.          1998 est.

Obligations by program activity:			
Vocational education:			
Annual appropriations:			
Basic grants:			
00.01	Basic State grants	956	998
00.02	Indian and Hawaiian natives set-aside	15	30
00.03	Territorial set-aside	2	2
00.91 Subtotal, basic grants		973	1,030

01.01	Tech-prep education	100	100	105
01.02	Tribally controlled postsecondary vocational institutions	3	3	3
National programs:				
01.03	Research	7	18	20
01.04	National Occupational Information Coordinating Committee	4		
02.00	Total, annual appropriation	1,087	1,151	1,172
03.01	Permanent appropriation	7	7	7
04.00	Total, vocational education	1,094	1,158	1,179
Adult education:				
05.01	State programs	246	344	382
05.02	Evaluation and technical assistance	3	8	6
05.03	National Institute for Literacy	5	9	6
05.04	Workplace literacy partnerships	13		
05.05	Literacy programs for prisoners	5	9	
05.91	Total, adult education	272	370	394
10.00	Total obligations	1,366	1,528	1,573
Budgetary resources available for obligation:				
21.40	Unobligated balance available, start of year:			
	Uninvested balance	53	34	
22.00	New budget authority (gross)	1,347	1,494	1,573
23.90	Total budgetary resources available for obligation	1,400	1,528	1,573
23.95	New obligations	-1,366	-1,528	-1,573
24.40	Unobligated balance available, end of year:			
	Uninvested balance	34		

New budget authority (gross), detail:			
Current:			
40.00	Appropriation	1,340	1,487
Permanent:			
60.00	Appropriation	7	7
70.00	Total new budget authority (gross)	1,347	1,494

Change in unpaid obligations:			
72.40	Unpaid obligations, start of year: Obligated balance:		
	Appropriation	1,639	1,654
73.10	New obligations	1,366	1,528
73.20	Total outlays (gross)	-1,348	-1,598
73.40	Adjustments in expired accounts	-3	
74.40	Unpaid obligations, end of year: Obligated balance:		
	Appropriation	1,654	1,584

Outlays (gross), detail:			
86.90	Outlays from new current authority	67	179
86.93	Outlays from current balances	1,274	1,410
86.97	Outlays from new permanent authority	1	1
86.98	Outlays from permanent balances	7	8
87.00	Total outlays (gross)	1,348	1,598

Net budget authority and outlays:			
89.00	Budget authority	1,347	1,494
90.00	Outlays	1,348	1,598

#### Summary of Budget Authority and Outlays

	[In millions of dollars]		
	1996 actual	1997 est.	1998 est.
Enacted/requested:			
Budget Authority	1,347	1,494	1,573
Outlays	1,348	1,598	1,494
Legislative proposal, subject to PAYGO:			
Budget Authority			-7
Outlays			-1
Total:			
Budget Authority	1,347	1,494	1,566
Outlays	1,348	1,598	1,493

Budget authority for vocational and adult education includes the following amounts:

	[In millions of dollars]		
	1996 actual	1997 est.	1998 est.
1. Vocational education:			
a. Basic grants	973	1,016	1,044
b. Tech-prep education	100	100	105
c. Tribally controlled postsecondary vocational institutions	3	3	3

**General and special funds—Continued**

**VOCATIONAL AND ADULT EDUCATION—Continued**

	1996 actual	1997 est.	1998 est.
d. National programs .....	5	13	20
e. Permanent appropriation .....	7	7	0
2. Adult education:			
a. State programs .....	247	340	382
b. Evaluation and technical assistance .....	3	5	6
c. National Institute for Literacy .....	5	4	6
d. Literacy programs for prisoners .....	5	5	
Total .....	1,348	1,494	1,566

*Vocational and adult education.*—In fiscal year 1996, the Administration proposed to restructure Federal workforce-related education and training programs, including those under the Carl D. Perkins Vocational and Applied Technology Education Act, the Adult Education Act, and the National Literacy Act. During the 104th Congress, both the House and Senate passed bills that streamlined the Federal investment in Vocational and Adult Education. However, the 104th Congress adjourned without reconciling differences between the House and Senate bills. Absent new authorizing legislation, Congress extended the authority of the Perkins Act, the Adult Education Act, and the National Literacy Act through the 1997 appropriations act. The fiscal year 1998 budget estimate reflects funding under current law; however, the Administration will propose new legislation for Vocational and Adult Education early in the 105th Congress. Consistent with the earlier proposals, State formula grant programs for vocational education and for adult education would be streamlined and consolidated. In addition, national activities for both vocational and adult education would support State efforts through research, development, technical assistance, and evaluation.

Object Classification (in millions of dollars)

Identification code 91-0400-0-1-501	1996 actual	1997 est.	1998 est.
11.1 Personnel compensation: Full-time permanent .....	1	1	1
25.1 Advisory and assistance services .....	2	2	2
25.2 Other services .....	2	2	2
25.5 Research and development contracts .....	1	2	2
41.0 Grants, subsidies, and contributions .....	1,359	1,520	1,565
99.0 Subtotal, direct obligations .....	1,365	1,527	1,572
99.5 Below reporting threshold .....	1	1	1
99.9 Total obligations .....	1,366	1,528	1,573

Personnel Summary

Identification code 91-0400-0-1-501	1996 actual	1997 est.	1998 est.
1001 Total compensable workyears: Full-time equivalent employment .....	13	10	10

**VOCATIONAL AND ADULT EDUCATION**  
**(Legislative proposal, subject to PAYGO)**

Program and Financing (in millions of dollars)

Identification code 91-0400-4-1-501	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
03.01 Permanent appropriation .....			-7
10.00 Total obligations (object class 41.0) .....			-7
Budgetary resources available for obligation:			
22.00 New budget authority (gross) .....			-7
23.95 New obligations .....			7
New budget authority (gross), detail:			
60.00 Appropriation .....			-7

Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation .....			
73.10 New obligations .....			-7
73.20 Total outlays (gross) .....			1
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation .....			-6
Outlays (gross), detail:			
86.97 Outlays from new permanent authority .....			-1
Net budget authority and outlays:			
89.00 Budget authority .....			-7
90.00 Outlays .....			-1

The Smith-Hughes Act authorizes a permanent appropriation for four vocational education activities: Basic Grants, the Indian and Hawaiian Natives set-aside, the Territorial set-aside, and National Programs. The permanent appropriation is proposed for repeal, and an equivalent level of funding will be included in the Administration's proposal to reauthorize and restructure the Carl D. Perkins Vocational and Applied Technology Education Act.

**OFFICE OF POSTSECONDARY EDUCATION**

*Federal Funds*

**General and special funds:**

STUDENT FINANCIAL ASSISTANCE

For carrying out subparts 1[ 3, and 4] and 3, of part A, part C and part E of title IV of the Higher Education Act of 1965, as amended, [\$7,560,407,000] \$9,263,407,000, which shall remain available through September 30, [1998] 1999.

The maximum Pell Grant for which a student shall be eligible during award year [1997-1998] 1998-1999 shall be [\$2,700] \$3,000. *Provided*, That notwithstanding section 401(g) of the Act, if the Secretary determines, prior to publication of the payment schedule for such award year, that the amount included within this appropriation for Pell Grant awards in such award year, and any funds available from the fiscal year [1996] 1997 appropriation for Pell Grant awards, are insufficient to satisfy fully all such awards for which students are eligible, as calculated under section 401(b) of the Act, the amount paid for each such award shall be reduced by either a fixed or variable percentage, or by a fixed dollar amount, as determined in accordance with a schedule of reductions established by the Secretary for this purpose: *Provided further*, That notwithstanding section 476(b)(1)(A)(iv) of the Act, the income protection allowance for independent students without dependents other than a spouse shall be determined using the table appearing in section 477(b)(4) (or a successor table prescribed by the Secretary under section 478(b)), except that the income protection allowance for single students shall be equal to the amount specified in that table for a family size of two with one family member in college, minus the amount in the table for each additional family member. (Department of Education Appropriations Act, 1997.)

Program and Financing (in millions of dollars)

Identification code 91-0200-0-1-502	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
Pell grants:			
01.01 Current academic year program .....	2,522	3,670	4,284
01.02 Prior academic year program .....	2,404	3,611	2,249
01.03 Independent Student Formula Modification .....			450
01.91 Subtotal, Pell grants .....	4,926	7,281	6,983
Campus-based aid:			
02.01 Supplemental educational opportunity grants (SEOG) .....	587	587	583
02.02 Work-study .....	619	832	857
02.03 Perkins loans: Federal capital contributions .....	95	159	158
02.04 Perkins loans: Teacher cancellations .....	23	20	30
02.91 Subtotal, Campus-based activities .....	1,324	1,597	1,628
Campus-based aid:			
03.01 State Student Incentive Grants .....	32	50	

10.00	Total obligations (object class 41.0) .....	6,282	8,928	8,611
Budgetary resources available for obligation:				
21.40	Unobligated balance available, start of year:			
	Uninvested balance .....	3,561	3,617	2,249
22.00	New budget authority (gross) .....	6,258	7,560	9,263
22.10	Resources available from recoveries of prior year obligations .....	87		
22.30	Unobligated balance expiring .....	-8		
23.90	Total budgetary resources available for obligation	9,898	11,177	11,512
23.95	New obligations .....	-6,282	-8,928	-8,611
24.40	Unobligated balance available, end of year:			
	Uninvested balance .....	3,617	2,249	2,901
New budget authority (gross), detail:				
40.00	Appropriation .....	6,258	7,560	9,263
Change in unpaid obligations:				
72.40	Unpaid obligations, start of year: Obligated balance:			
	Appropriation .....	3,363	2,665	3,994
73.10	New obligations .....	6,282	8,928	8,611
73.20	Total outlays (gross) .....	-6,862	-7,599	-8,165
73.40	Adjustments in expired accounts .....	-31		
73.45	Adjustments in unexpired accounts .....	-87		
74.40	Unpaid obligations, end of year: Obligated balance:			
	Appropriation .....	2,665	3,994	4,440
Outlays (gross), detail:				
86.90	Outlays from new current authority .....	886	1,458	2,084
86.93	Outlays from current balances .....	5,973	6,141	6,081
86.98	Outlays from permanent balances .....	3		
87.00	Total outlays (gross) .....	6,862	7,599	8,165
Net budget authority and outlays:				
89.00	Budget authority .....	6,258	7,560	9,263
90.00	Outlays .....	6,862	7,599	8,165

Status of Direct Loans (in millions of dollars)

Identification code 91-0200-0-1-502	1996 actual	1997 est.	1998 est.
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year .....	187	207	223
1251 Repayments: Repayments and prepayments .....	-31	-31	-31
Write-offs for default:			
1263 Direct loans .....	-5	-8	-8
1264 Other adjustments, net .....	56	56	56
1290 Outstanding, end of year .....	207	223	240

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

**Federal Pell Grants.**—Undergraduate students establish eligibility for these grants under award and need determination rules set out in the authorizing statute and the annual appropriation act. The maximum award for FY 1998 would be \$3,000. The Department plans to transmit a legislative proposal later to modify the student aid need analysis provisions of the Higher Education Act of 1965 in order to increase the income protection allowance for single independent students and independent students without dependents other than a spouse. With this change, the law will provide income protection for these students at the same level as for independent students with dependents and parents of dependent students. This change will increase the eligibility of such students for Pell Grants and other need-based student aid.

**Federal Work-Study.**—Federal grants are awarded by formula to qualifying institutions, which develop and provide part-time jobs for eligible undergraduate and graduate students with demonstrated need. Federal grants in most cases pay 75 percent of a student's hourly earnings, with the remainder paid by the employer. Hourly earnings must not be less than the Federal minimum wage.

The President proposes to continue the policy of annual increases in Work-Study funding so that by FY 2000 one million students a year will be able to work their way through

college under the program. FY 1998 is the second year of this policy.

Institutions are currently required to spend at least 5 percent of their Work-Study allocation to pay students working in community service jobs. The President has encouraged participating institutions to use at least one-half of their Work-Study funding increases (over the FY 1996 Work-Study allocation level) for community service activities.

As part of the America Reads Challenge, the President has also called upon Work-Study recipients to earn their awards by working as reading tutors for kindergarten and elementary school students. The Department recently amended its regulations to waive the required 25 percent employer funding match for students working as reading tutors.

**Federal Supplemental Educational Opportunity Grants.**—Federal funds are awarded by formula to qualifying institutions, which use these funds at their discretion to award grants to undergraduate students, with priority for Pell Grant recipients and others with exceptional need. The Federal share of such grants may not exceed 75 percent of the total grant.

**Perkins Loan Program.**—Schools award loans from revolving funds, composed of Federal Capital Contributions, collections on prior year loans, and Federal payments for loan cancellations granted in exchange for specified types of teaching, military or public service.

**Perkins Loans—Cancellations.**—Under the Perkins Loan (formerly national direct student loan (NDSL)) cancellation program, institutional revolving funds are reimbursed for indebtedness cancelled as a result of a borrower engaging in certain public service occupations.

The Higher Education Amendments of 1992 broadened statutory cancellations in the Perkins Loan program. This has resulted in a progressive increase in the usage of cancellations provisions by Perkins Loan borrowers in recent years.

**Reauthorization of the Higher Education Act.**—The Department is currently developing proposals for reauthorization of the Higher Education Act. The Department's proposal will build on the accomplishments of the past four years and incorporate the following principles: (1) improve access to post-secondary education; (2) support effective education through high standards and high student achievement; (3) simplify program delivery and ensure accountability for taxpayer funds; and (4) improve outreach to potential students and linkages to employment and elementary/secondary education programs.

**Gatekeeping in Student Financial Assistance Programs.**—The Federal student aid programs will make available more than \$47 billion in grant, loan, and work-study assistance to about 8.1 million students in the academic year 1998-99. The Department of Education, together with States and accrediting agencies, works to ensure that institutions of higher education participating in the Federal student aid programs meet a basic standard of quality in the education and training of their students, and that these institutions are administratively capable and financially responsible.

Since 1993, the Department has terminated the participation of more than 381 institutions that have violated the Federal regulations. During 1997, it will complete its recertification of all institutions currently eligible to participate in the student financial assistance programs.

The Department has also developed a risk analysis system that better enables it to identify institutions with potentially serious problems, and is currently pilot-testing the system for nationwide implementation.

Furthermore, the Department has provided regulatory relief to institutions that have demonstrated outstanding administration of federal programs and strong financial responsibility. This relief will result in less frequent recertification, less fre-

**General and special funds—Continued**

**STUDENT FINANCIAL ASSISTANCE—Continued**

quent submission of compliance audits, and exemption from certain regulatory requirements.

The Department helps students make better decisions by requiring schools to provide important information about their education programs. It enforces long-standing statutory requirements for institutions to inform prospective students of educational programs, college costs, and financial aid.

The following tables display student aid funds available, the number of aid awards, average awards, and the unduplicated count of students receiving awards, based on current law and legislation proposed for later transmittal. The tables include aid under the Federal Family Education Loan (FFEL) program, formerly the Guaranteed Student Loan (GSL) program, the William D. Ford Direct Loan (DL) Program, as well as under programs in this account. The tables include the effects of matching funds wherever applicable. Perkins loan amounts also reflect available capital in institutional revolving funds, including loan collection and loan cancellation receipts. FFEL and DL amounts reflect the capital actually loaned, not the Federal costs of those loans.

**AID FUNDS AVAILABLE FOR POSTSECONDARY EDUCATION AND TRAINING**

[In millions of dollars]

	1996 actual	1997 est.	1998 est.
Pell grants .....	5,642	6,209	7,786
Student loans:			
Guaranteed student loans:			
Stafford loans .....	9,792	9,880	9,642
Unsubsidized Stafford loans .....	5,489	5,540	5,531
PLUS .....	1,430	1,545	1,600
Direct student loans:			
Stafford loans .....	5,028	5,830	6,958
Unsubsidized Stafford loans .....	2,529	3,083	3,765
PLUS .....	799	1,025	1,314
Consolidation:			
FFEL .....	4,266	4,214	4,389
Direct Loans .....	803	2,589	3,340
Student loans, subtotal .....	30,136	33,706	36,540
Work-study .....	760	1,007	1,036
Supplemental educational opportunity grants .....	738	738	738
Perkins loans .....	943	1,058	1,087
State student incentive grants .....	63	100	0
<b>Total aid available .....</b>	<b>38,282</b>	<b>42,818</b>	<b>47,186</b>

**NUMBER OF AID AWARDS**

[In thousands]

	1996 actual	1997 est.	1998 est.
Pell grants .....	3,601	3,661	4,009
Student loans:			
Guaranteed student loans:			
Stafford loans .....	2,871	2,693	2,524
Unsubsidized Stafford loans .....	1,525	1,450	1,380
PLUS .....	247	240	232
Direct student loans:			
Stafford loans .....	1,551	1,823	2,150
Unsubsidized Stafford loans .....	775	951	1,137
PLUS .....	142	185	230
Consolidation:			
FFEL .....	281	305	308
Direct Loans .....	83	215	290
Student loans, subtotal .....	7,476	7,862	8,250
Work-study .....	713	945	973
Supplemental educational opportunity grants .....	991	991	991
Perkins loans .....	703	788	810
State student incentive grants .....	105	167	0
<b>Total awards .....</b>	<b>13,588</b>	<b>14,414</b>	<b>15,034</b>

**AVERAGE AID AWARDS**

[In whole dollars]

	1996 actual	1997 est.	1998 est.
Pell grants .....	1,567	1,696	1,942

Student loans:

	1996 actual	1997 est.	1998 est.
Guaranteed student loans:			
Stafford loans .....	3,411	3,669	3,820
Unsubsidized Stafford loans .....	3,598	3,821	4,009
PLUS .....	5,788	6,437	6,909
Direct student loans:			
Stafford loans .....	3,242	3,198	3,236
Unsubsidized Stafford loans .....	3,262	3,242	3,312
PLUS .....	5,623	5,534	5,726
Consolidation:			
FFEL .....	15,160	13,816	14,250
Direct Loans .....	9,716	12,042	11,517
Work-study .....	1,065	1,065	1,065
Supplemental educational opportunity grants .....	745	745	745
Perkins loans .....	1,342	1,342	1,342
State student incentive grants .....	600	600	600

**NUMBER OF STUDENTS AIDED**

[In thousands]

	1996 actual	1997 est.	1998 est.
Unduplicated student count .....	7,238	7,607	8,057

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

**ADMINISTRATIVE PAYMENTS TO INSTITUTIONS**

[In millions of dollars]

	1996 actual	1997 est.	1998 est.
Pell grants .....	18	18	20
Work-study .....	47	64	66
Supplemental educational opportunity grants .....	30	30	30
Perkins loans .....	38	42	43
Direct student loans .....	8	0	0

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

**DEFAULTED PERKINS LOANS**

[In millions of dollars]

	1996 actual	1997 est.	1998 est.
Outstanding defaulted loans, beginning of year:			
Assigned defaulted loans <sup>1</sup> .....	187	207	223
Unassigned defaulted loans <sup>2</sup> .....	760	776	793
New defaulted loans .....	172	175	177
Collections on assigned loans .....	-31	-31	-31
Collections on unassigned loans .....	-87	-90	-92
Write-offs for assigned loans .....	-5	-8	-8
Write-offs for unassigned loans .....	-13	-13	-13
<b>Outstanding defaulted loans, end of year .....</b>	<b>983</b>	<b>1,016</b>	<b>1,049</b>

<sup>1</sup> Permanently assigned to the Federal Government for collection. Does not include the following amounts in loans made to institutions to establish Perkins revolving funds: \$94 thousand in 1996, \$94 thousand in 1997, and \$94 thousand in 1998. These amounts are recorded as outstanding loans in the "Status of Direct Loans" schedule.

<sup>2</sup> Unassigned loans at institutions.

**HIGHER EDUCATION**

For carrying out, to the extent not otherwise provided, [parts A and B of] title III, without regard to section 360(a)(1)(B)(ii), titles IV, V, VI, VII, and IX, and part A and subpart 1 of part B of title XI, and title XI of the Higher Education Act of 1965, as amended, part G of title XV of Public Law [102-423] 102-325 and the Mutual Educational and Cultural Exchange Act of 1961; [\$879,054,000] \$903,292,000, of which [\$15,673,000] \$13,700,000 for interest subsidies under title VII of the Higher Education Act, as amended, shall remain available until expended: *Provided*, That funds available for part D of title IX of the Higher Education Act shall be available to fund noncompeting continuation awards for academic year [1997-1998] 1998-1999 for fellowships awarded originally under part [B] C of title IX of said Act, under the terms and conditions of part [B: *Provided further*, That \$5,931,000 of the funds available for part D of title IX of the Higher Education Act shall be available to fund new and noncompeting continuation awards for academic year 1997-1998 for fellowships awarded under part C of title IX of said Act, under the terms and conditions of part C: *Provided further*, That notwithstanding sections 419D, 419E, and 419H of the Higher Education Act, as amended, scholarships made under title IV, part A, subpart 6 shall be prorated to maintain the same number of new scholarships in fiscal year 1997 as in fiscal year 1996: *Provided further*, That \$3,000,000, to remain available until expended, shall be for the George H.W. Bush fellowship program,

if authorized by April 1, 1997: *Provided further*, That \$3,000,000, to remain available until expended, shall be for the Edmund S. Muskie Foundation to establish an endowment fund to provide income to support such foundation on a continuing basis, if authorized by April 1, 1997: *Provided further*, That \$3,000,000, to remain available until expended, shall be for the Claiborne Pell Institute for International Relations and Public Policy at Salve Regina University in Newport, Rhode Island, if authorized by April 1, 1997: *Provided further*, That \$1,000,000, to remain available until expended, shall be for the Calvin Coolidge Memorial Foundation, if authorized by April 1, 1997: *Provided further*, That, of the amounts made available under title X, part A of the Higher Education Act, \$2,000,000 shall be awarded to the Pennsylvania Educational Telecommunications Exchange Network. ] *C: Provided further*, That funds available for part C of title III of the Higher Education Act shall be available only for awards to recipients that are title III, part B institutions, as defined in section 322(2) of said Act. (Department of Education Appropriations Act, 1997.)

Summary of Budget Authority and Outlays

[In millions of dollars]

Enacted/requested:	1996 actual	1997 est.	1998 est.
Budget Authority .....	837	879	903
Outlays .....	846	880	881
Legislative proposal, not subject to PAYGO:			
Budget Authority .....			132
Outlays .....			16
Total:			
Budget Authority .....	837	879	1,035
Outlays .....	846	880	897

*Aid for institutional development.—*

*Strengthening historically Black colleges and universities.—*Funds support grants to help historically Black undergraduate and graduate institutions equalize educational opportunity and strengthen their management and fiscal operations so that they may eventually become self-sufficient.

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

*Endowment challenge grants.—*Funds support endowment challenge grants for historically Black colleges and universities to enable such institutions to establish or increase institutional endowment funds.

*Other aid for institutions.—*

*Program development.—*Funds support: the Fund for the Improvement of Postsecondary Education (FIPSE), to address problems and encourage improvements in postsecondary education; the minority science improvement program, to improve science education at predominantly minority institutions; international education and foreign language study programs, to help strengthen American education in foreign languages and area and international studies and to provide research and study opportunities in foreign countries for American graduate students, faculty members, and teachers of foreign languages; and minority teacher recruitment, to encourage minorities to enter teaching careers.

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

*Aid for students.—*

*Federal TRIO programs.—*Funds support: academic, counseling and outreach services to help individuals from disadvantaged backgrounds enter and complete college; the student support services program to assist postsecondary students from disadvantaged backgrounds who need academic support to complete successfully their education; the McNair postbaccalaureate program, to provide support to disadvantaged groups underrepresented in graduate education; and staff training, to provide training opportunities for staff employed in or preparing for employment in TRIO programs. Funds also support the continuation of an evaluation of the TRIO programs.

*Advanced placement fees.—*Funds support State efforts to pay for the Advanced Placement test fees of low-income students to help students obtain college credit for high school courses.

*Scholarships.—*Funds support: Byrd honors scholarships for outstanding students who show promise of continued excellence.

*Graduate fellowships.—*Funds support graduate assistance to provide fellowships to financially needy graduate students who are studying in areas of national need, and

Program and Financing (in millions of dollars)

Identification code 91-0201-0-1-502	1996 actual	1997 est.	1998 est.
<b>Obligations by program activity:</b>			
Aid for institutional development:			
00.01 Strengthening historically Black colleges and universities .....	129	129	133
00.02 Strengthening institutions .....	55	55	55
00.03 Strengthening Hispanic serving institutions .....	11	11	12
00.04 Endowment challenge grants .....	7	8	2
00.91 Subtotal, aid for institutional development .....	202	203	202
Other aid for institutions:			
01.01 Program development .....	93	94	87
01.02 Interest subsidy grants .....	17	20	14
01.03 Special grants .....	8	8	
01.91 Subtotal, other aid for institutions .....	118	122	101
Aid for students:			
02.01 Federal TRIO programs .....	463	500	525
02.02 Advanced placement fees .....			6
02.03 Scholarships .....	32	33	39
02.04 Graduate fellowships .....	31	33	30
02.91 Subtotal, aid for students .....	526	566	600
10.00 Total obligations .....	846	891	903
<b>Budgetary resources available for obligation:</b>			
21.40 Unobligated balance available, start of year:			
Uninvested balance .....	20	12	
22.00 New budget authority (gross) .....	837	879	903
22.10 Resources available from recoveries of prior year obligations .....	2		
22.30 Unobligated balance expiring .....	-2		
23.90 Total budgetary resources available for obligation .....	857	891	903
23.95 New obligations .....	-846	-891	-903
24.40 Unobligated balance available, end of year:			
Uninvested balance .....	12		
<b>New budget authority (gross), detail:</b>			
40.00 Appropriation .....	837	879	903
<b>Change in unpaid obligations:</b>			
72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation .....	974	942	953
73.10 New obligations .....	846	891	903
73.20 Total outlays (gross) .....	-846	-880	-881
73.40 Adjustments in expired accounts .....	-29		
73.45 Adjustments in unexpired accounts .....	-2		
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation .....	942	953	975
<b>Outlays (gross), detail:</b>			
86.90 Outlays from new current authority .....	76	123	119
86.93 Outlays from current balances .....	770	757	762
87.00 Total outlays (gross) .....	846	880	881
<b>Net budget authority and outlays:</b>			
89.00 Budget authority .....	837	879	903
90.00 Outlays .....	847	880	881

**General and special funds—Continued**

**HIGHER EDUCATION—Continued**

**to students of superior ability completing graduate-level education.**

Object Classification (in millions of dollars)

Identification code 91-0201-0-1-502	1996 actual	1997 est.	1998 est.
25.1 Advisory and assistance services .....	1	1	1
25.3 Purchases of goods and services from Government accounts .....	1	1	1
25.7 Operation and maintenance of equipment .....	1	1	1
41.0 Grants, subsidies, and contributions .....	842	887	899
99.5 Below reporting threshold .....	1	1	1
99.9 Total obligations .....	846	891	903

**HIGHER EDUCATION**

(Proposed for later transmittal, not subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 91-0201-2-1-502	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
10.00 Total obligations (object class 41.0) .....			132
Budgetary resources available for obligation:			
22.00 New budget authority (gross) .....			132
23.95 New obligations .....			-132
New budget authority (gross), detail:			
40.00 Appropriation .....			132
Change in unpaid obligations:			
73.10 New obligations .....			132
73.20 Total outlays (gross) .....			-16
74.40 Unpaid obligations, end of year: Obligated balance: Appropriation .....			116
Outlays (gross), detail:			
86.90 Outlays from new current authority .....			16
Net budget authority and outlays:			
89.00 Budget authority .....			132
90.00 Outlays .....			16

**Presidential Honors Scholarships.**—The President is proposing a new program to reward the best and brightest of our nation's high school students. The program would provide \$1,000 merit-based scholarship awards to the top 5 percent of graduating students from every secondary school in the country. Awards would be used by students to offset the cost of attending any postsecondary education institution. This program would encourage and reward individual academic excellence and achievement in high school, and promote college attendance by graduating seniors.

**HOWARD UNIVERSITY**

For partial support of Howard University (20 U.S.C. 121 et seq.), \$196,000,000 [Provided, That from the amount available, the University may at its discretion use funds for the endowment program as authorized under], of which not less than \$3,530,000, of which \$3,530,000 shall remain available until expended, shall be for a matching endowment grant pursuant to the Howard University Endowment Act (Public Law 98-480). (Department of Education Appropriations Act, 1997.)

Program and Financing (in millions of dollars)

Identification code 91-0603-0-1-502	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
00.01 Academic program .....	152		
00.02 Endowment program .....	4		
00.03 Research .....	1		

00.04 Howard University Hospital .....	29	29	29
00.05 Construction .....	1		
00.06 Undistributed .....		167	167
10.00 Total obligations (object class 41.0) .....	187	196	196

Budgetary resources available for obligation:

21.40 Unobligated balance available, start of year: Uninvested balance .....	4		
22.00 New budget authority (gross) .....	182	196	196
22.10 Resources available from recoveries of prior year obligations .....	1		
23.90 Total budgetary resources available for obligation .....	187	196	196
23.95 New obligations .....	-187	-196	-196
24.40 Unobligated balance available, end of year: Uninvested balance .....			

New budget authority (gross), detail:

40.00 Appropriation .....	182	196	196
---------------------------	-----	-----	-----

Change in unpaid obligations:

72.40 Unpaid obligations, start of year: Obligated balance: Appropriation .....	14	9	13
73.10 New obligations .....	187	196	196
73.20 Total outlays (gross) .....	-194	-192	-196
73.40 Adjustments in expired accounts .....	3		
73.45 Adjustments in unexpired accounts .....	-1		
74.40 Unpaid obligations, end of year: Obligated balance: Appropriation .....	9	13	13

Outlays (gross), detail:

86.90 Outlays from new current authority .....	179	184	184
86.93 Outlays from current balances .....	15	8	12
87.00 Total outlays (gross) .....	194	192	196

Net budget authority and outlays:

89.00 Budget authority .....	182	196	196
90.00 Outlays .....	194	192	196

Howard University is a private, nonprofit educational institution consisting of 16 schools and colleges. Federal funds are used to provide partial support for university programs as well as for the teaching hospital facilities. In 1996, direct Federal appropriations for the academic and research programs represented 65 percent of the university's educational and general expenditures.

**Credit accounts:**

**FEDERAL DIRECT STUDENT LOAN PROGRAM ACCOUNT**

Program and Financing (in millions of dollars)

Identification code 91-0243-0-1-502	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
02.01 Direct loan subsidy .....	237	413	645
02.02 Reestimates of subsidy .....	3		
02.91 Subtotal, subsidy cost .....	240	413	645
07.09 Student loan administrative expenses .....	435	491	750
10.00 Total obligations .....	675	904	1,395
Budgetary resources available for obligation:			
22.00 New budget authority (gross) .....	680	904	1,395
22.40 Capital transfer to general fund .....	-5		
23.90 Total budgetary resources available for obligation .....	675	904	1,395
23.95 New obligations .....	-675	-904	-1,395
New budget authority (gross), detail:			
60.00 Appropriation .....	436	491	750
60.05 Appropriation (indefinite) .....	244	109	645
63.00 Appropriation (total) .....	680	600	1,395
68.00 Spending authority from offsetting collections: Offsetting collections (cash) .....		304	
70.00 Total new budget authority (gross) .....	680	904	1,395



Change in unpaid obligations:			
72.40	Unpaid obligations, start of year: Obligated balance:		
	Appropriation .....	465	220
73.10	New obligations .....	675	904
73.20	Total outlays (gross) .....	-595	-716
73.40	Adjustments in expired accounts .....	-326	
74.40	Unpaid obligations, end of year: Obligated balance:		
	Appropriation .....	220	408
<hr/>			
Outlays (gross), detail:			
86.97	Outlays from new permanent authority .....	472	549
86.98	Outlays from permanent balances .....	123	167
87.00	Total outlays (gross) .....	595	716
<hr/>			
Offsets:			
Against gross budget authority and outlays:			
88.00	Offsetting collections (cash) from: Federal sources .....		-304
<hr/>			
Net budget authority and outlays:			
89.00	Budget authority .....	680	600
90.00	Outlays .....	595	412

Summary of Budget Authority and Outlays

[In millions of dollars]

Enacted/requested:	1996 actual	1997 est.	1998 est.
Budget Authority .....	680	600	1,395
Outlays .....	595	412	1,126
Legislative proposal, subject to PAYGO:			
Budget Authority .....			-112
Outlays .....			-56
<hr/>			
Total:			
Budget Authority .....	680	600	1,283
Outlays .....	595	412	1,070

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

Identification code 91-0243-0-1-502	1996 actual	1997 est.	1998 est.
Direct loan levels supportable by subsidy budget authority:			
1150 Stafford .....	5,587	6,427	7,671
1150 Unsubsidized Stafford .....	2,869	3,475	4,246
1150 PLUS .....	972	1,265	1,626
1150 Consolidated .....	869	2,622	3,386
1159 Total direct loan levels .....	10,297	13,789	16,929
Direct loan subsidy (in percent):			
1320 Stafford .....	12.51	13.39	13.65
1320 Unsubsidized Stafford .....	-12.97	-9.77	-6.93
1320 PLUS .....	-8.09	-6.62	-6.34
1320 Consolidated .....	-0.83	-0.94	-0.14
1329 Weighted average subsidy rate .....	2.34	2.99	3.81
Direct loan subsidy budget authority:			
1330 Stafford .....	699	860	1,047
1330 Unsubsidized Stafford .....	-372	-339	-294
1330 PLUS .....	-79	-84	-103
1330 Consolidated .....	-7	-25	-5
1330 Downward reestimate .....	3	-304	
1339 Total subsidy budget authority .....	244	108	645
Direct loan subsidy outlays:			
1340 Stafford .....	570	661	881
1340 Unsubsidized Stafford .....	-313	-274	-276
1340 PLUS .....	-45	-60	-76
1340 Consolidated .....	-15	-24	-5
1340 Downward reestimate .....	3	-304	
1349 Total subsidy outlays .....	200	-1	524
<hr/>			
Student loan administrative expense data:			
3510 Budget authority .....	436	491	750
3590 Outlays .....	395	413	602

The Federal Government operates two major student loan programs: the Federal Family Education Loan (FFEL) program—formerly the Guaranteed Student Loan (GSL) program—and the William D. Ford Federal Direct Loan (Direct Loan) program. The President is committed to 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 fiscal year 1998 budget, the President is proposing a number of changes for the Direct Loan and FFEL programs. These changes are discussed as part of this program description.

From its inception in 1965 through 1996, the FFEL program has provided over \$217 billion in loans to postsecondary students and their parents. Since beginning on July 1, 1994, the Direct Loan program has provided over \$15 billion in loans to students and parents. Taken together, the FFEL and Direct Loan programs will make over \$32 billion available in FY 1997. 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, and with Perkins Loans in particular, as part of the overall Federal effort to ensure access to higher education.

Loan capital in the FFEL program is provided by private lenders. State and private nonprofit guaranty agencies act as agents of the Federal government, providing a variety of services including payment of default claims, collection of some defaulted loans, default avoidance activities, and counseling to schools and students. These agencies also provide various other services to 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 (SLRA) of 1993. Under this program, the Federal Government provides loan funds to postsecondary institutions directly or through an alternative originator. Direct Loans offer a streamlined system that is simpler for student and parent borrowers, less prone to waste and abuse, and less expensive for the Federal taxpayer than the FFEL program. The program also offers flexible repayment options that allow borrowers to consider lower-paying careers, such as public service, without fear of default.

The Direct Loan program began operation in academic year 1994-1995 with 7 percent of overall loan volume. The program grew to 32 percent of overall volume in academic year 1995-1996, and is expected to account for 36 percent in academic year 1996-1997. 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.

For new Stafford Loans, the interest rate equals the 91-day Treasury bill rate plus 2.5 percent during in-school, grace, and deferment periods, and the 91-day Treasury bill plus 3.1 percent at all other times, with a cap of 8.25 percent. These rates are 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 interest rate as Stafford loans, but have no interest subsidy. For PLUS loans, the interest rate equals the 52-week Treasury bill rate plus 3.1 percent, with a cap of 9 percent and no interest subsidy.

Beginning July 1, 1998, the interest rate for new Stafford and Unsubsidized Stafford loans will equal the Department's

**Credit accounts—Continued**

## FEDERAL DIRECT STUDENT LOAN PROGRAM ACCOUNT—Continued

borrowing rate—currently the 10–20-year bond rate—plus 1 percentage point, with a cap of 8.25 percent. This rate, adjusted annually, will apply throughout the life of the loan. In order to standardize interest subsidy payments across the FFEL and Direct Loan programs and reduce interest paid by students on unsubsidized loans, the President is proposing that, beginning on October 1, 1998, the interest subsidy rate for new Stafford and interest rate for new Unsubsidized Stafford loans equal the Department's borrowing rate during in-school, grace, and deferment periods.

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. Under FFEL, the interest rate for loans made on or after July 1, 1994, equals the weighted average of the interest rate on the loans consolidated, rounded upward to the nearest whole percent. Lenders may choose to offer a lower rate.

Direct Consolidation loans made up of underlying Stafford and Unsubsidized Stafford loans carry the variable Stafford interest rate; Direct Consolidation loan made up of underlying PLUS loans carry the variable PLUS interest rate. The President is proposing that interest rates for new FFEL Consolidation loans be calculated in the same way as is currently done for Direct Consolidation loans. The President is also proposing to allow borrowers whose FFEL Consolidation Loans include underlying Stafford Loans to maintain interest subsidy benefits associated with the Stafford portions of their loans. Direct Consolidation Loan borrowers already retain these benefits.

Origination/insurance fees for each loan type are essentially the same across the two programs. Direct Loan borrowers are charged an origination fee equal to 4 percent of principal, which partially offsets Federal program operation costs. FFEL borrowers pay an origination fee to the Government equal to 3 percent of principal, and are also liable for a guaranty agency insurance premium of up to 1 percent of principal.

Guaranty agencies have the option of waiving this premium. In addition, FFEL lenders have the option of paying some or all of a borrower's original fee for Stafford Loan borrowers. The President is proposing to eliminate the 1 percent guaranty agency insurance premium, reduce the Direct Loan origination fee from 4 percent to 3 percent, and further reduce fees for Stafford borrowers in both programs to 2 percent. The President is also proposing that FFEL lenders be required to offer any benefits involving the partial or complete payment of borrower origination fees to all eligible borrowers.

Loan limits are also identical across the two programs. The President has proposed a \$15,000 annual limit on borrowing for an individual student under the PLUS loan program. (There is currently no limit on borrowing under this program.)

In addition to these common elements, the Direct Loan and FFEL programs each have a number of unique provisions.

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).

The President is proposing to require FFEL lenders to offer four of these plans—standard, graduated, extended, and alternative—under the same terms and conditions available under Direct Loans. The President has determined that income-contingent repayment as offered through Direct Loans—under

which the Department has access to income data provided by the Internal Revenue Service—would not be feasible for private lenders to administer. In addition, the President is proposing to clarify current law that loan amounts forgiven after 25 years under the income-contingent repayment plan are not treated as income for tax purposes.

In the FFEL program, lenders may receive a quarterly 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 recent Stafford and Unsubsidized Stafford loans, for example, the Federal Government must pay lenders a special allowance if the average 91-day Treasury bill rate for a given quarter plus 3.1 percent—or 2.5 percent during in-school, grace, or deferment periods—is higher than the current interest rate charged borrowers.

The President is proposing to reset the interest rate for special allowance payments on new loans on an annual basis, as is done with borrower interest rates, rather than quarterly as is done under current law.

The President is proposing a number of changes to address serious structural problems with the FFEL default prevention system. Under the current system, lenders are insured by the government against default loss on 98 percent of the principle and accrued interest on all FFEL loans. The President proposes increasing this 2-percent risk-sharing to 5 percent. Supplemental pre-claims assistance payments to guaranty agencies, which have proven ineffective in achieving their intended goal of enhancing agency default prevention activities, would be eliminated. As a more effective means of accomplishing this goal, the President is proposing that lenders make payments to guaranty agencies only on delinquent loans that have been brought current as a result of guaranty agency efforts.

Guaranty agencies currently retain 27 percent of all collections on defaulted loans, a portion of which covers agency collection costs. In order to standardize payments for default collection activities across the student loan programs, the President is proposing to reduce guaranty agency default retention to 18.5 percent of the amount collected, the amount paid on loans collected by the Department of Education.

The President is proposing a number of changes in the guaranty agency system. The U.S. General Accounting Office and Federal courts have acknowledged that the Federal government is the actual guarantor of the loans. The State and non-profit intermediaries in the FFEL program act as agents of the Federal government; there are no non-Federal funds at risk. Guaranty agencies are not independent guarantors, but are in fact administrators of the Federal guarantee. The Administration proposes to end a system in which the guaranty agencies hold Federal funds from which they pay default claims. Instead, direct Federal payments will cover default claims. Guaranty agencies therefore no longer need to hold Federal funds in reserve, making possible the return of \$2.5 billion in reserve funds over five years. In addition, the President is proposing to periodically recertify guaranty agency agreements, which will be revised to include specific, publicly released performance indicators. Among other things, these revised agreements will require that agencies be audited annually using a methodology that samples loans held in agency systems, and that guaranty agencies submit timely, accurate, and consistent data to the Department, including data for the National Student Loan Data System. The Secretary of Education will have the authority to terminate agreements based on agency performance, and to award contracts for services currently performed by guaranty agencies.

In order to ensure the uninterrupted availability of aid funds for students and parents, Congress provided permanent

funding to support student aid administration and expenses. These funds support Department personnel and contractors for Direct Loan origination and servicing, payments to guaranty agencies, as well as certain costs associated with activities common to Direct Loans, FFEL and other student assistance programs, such as application printing and processing. The President believes that the current services level of this permanent appropriation could be reduced. Discretionary funds requested for the FFEL program support additional Department personnel and administrative activities associated with operating the program.

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

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

Funding Levels (In thousands of dollars)

	1996 actual	1997 est.	1998 est.
<b>Budget Authority:</b>			
<b>FFEL:</b>			
Liquidating <sup>1</sup> .....	1,152,916	(14,544)	(493,553)
Program <sup>2</sup> .....	2,937,780	2,631,163	2,068,274
Reestimate of Prior Year Cost <sup>2</sup> .....	595,000	(2,530,592)	
Subtotal, FFEL <sup>2</sup> .....	4,685,696	86,027	1,574,721
<b>Direct Loans:</b>			
Program <sup>2</sup> .....	248,230	437,338	756,105
Reestimate of Prior Year Cost <sup>2</sup> .....	2,698	(303,653)	
Subtotal, Direct Loans <sup>2</sup> .....	250,928	133,685	756,105
<b>Consolidation Loans:</b>			
FFEL .....	13,305	29,950	9,667
Direct Loans .....	(7,208)	(24,692)	(4,760)
Subtotal, Consolidation Loans .....	6,097	5,258	4,907
<b>Administration:</b>			
FFEL <sup>3</sup> .....	29,977	46,482	47,688
Student Aid <sup>4</sup> .....	435,652	491,000	532,000
Subtotal, Administration .....	465,629	537,482	579,688
Total, FFEL and Direct Loans .....	5,408,350	762,452	2,915,421
<b>Outlays:</b>			
<b>FFEL:</b>			
Liquidating <sup>1</sup> .....	615,609	7,266	(413,615)
Program <sup>2</sup> .....	2,398,610	2,483,035	2,078,153
Reestimate of Prior Year Costs <sup>2</sup> .....	595,000	(2,530,592)	
Subtotal, FFEL <sup>2</sup> .....	3,609,219	(40,291)	1,664,538
<b>Direct Loans:</b>			
Program <sup>2</sup> .....	212,165	326,939	586,154
Reestimate of Prior Year Costs <sup>2</sup> .....	2,698	(303,653)	
Subtotal, Direct Loans <sup>2</sup> .....	214,863	23,286	586,154
<b>Consolidation Loans:</b>			
FFEL .....	13,207	29,613	9,560
Direct Loans .....	(14,771)	(23,839)	(4,696)
Subtotal, Consolidation Loans .....	(1,564)	5,774	4,864
<b>Administration:</b>			
FFEL <sup>3</sup> .....	41,530	41,264	45,812
Student Aid <sup>4</sup> .....	394,669	413,650	489,096
Subtotal, Administration .....	436,199	454,922	534,908
Total, FFEL and Direct Loans .....	4,258,717	443,691	2,790,464

<sup>1</sup>Liquidating account reflects loans made prior to 1992. FY 1997 and 1998 estimates reflect net transfers to the general account.  
<sup>2</sup>Because these figures do not include totals for consolidation loans, they do not correspond with totals shown in account-specific schedules.  
<sup>3</sup>Reflects annual discretionary appropriation.  
<sup>4</sup>Supports administrative expense allowance payments to FFEL guaranty agencies, as well as a range of administrative activities, such as application printing, mailing, and processing, that are common to all Federal student financial assistance programs.

Summary of Loans Available (net commitments in millions of dollars)<sup>1</sup>

	1996 actual	1997 est.	1998 est.
<b>FFEL:</b>			
Stafford .....	9,792	9,880	9,642
Unsubsidized Stafford .....	5,489	5,540	5,531
PLUS .....	1,430	1,545	1,600
Total, FFEL .....	16,711	16,965	16,774
<b>Direct Loans:</b>			
Stafford .....	5,028	5,830	6,958
Unsubsidized Stafford .....	2,529	3,083	3,765
PLUS .....	799	1,025	1,314
Total, Direct Loans .....	8,357	9,938	12,037
<b>Consolidation Loans:</b>			
FFEL .....	4,266	4,214	4,389
Direct Loans .....	803	2,589	3,340
Subtotal, Consolidation Loans .....	5,069	6,803	7,729
Total, All Loans .....	30,137	33,706	36,540

<sup>1</sup>Net commitments equal gross commitments minus loan cancellations.

Number of Loans (In thousands)

	1996 actual	1997 est.	1998 est.
<b>FFEL:</b>			
Stafford .....	2,871	2,693	2,524
Unsubsidized Stafford .....	1,525	1,450	1,380
PLUS .....	247	240	232
Total, FFEL .....	4,643	4,383	4,136
<b>Direct Loans:</b>			
Stafford .....	1,551	1,823	2,150
Unsubsidized Stafford .....	775	951	1,137
PLUS .....	142	185	230
Total, Direct Loans .....	2,468	2,959	3,516
<b>Consolidation Loans:</b>			
FFEL .....	281	305	308
Direct Loans .....	83	215	290
Subtotal, Consolidation Loans .....	364	520	598
Total, All Loans .....	7,476	7,862	8,250

Average Loan Size (in whole dollars)

	1996 actual	1997 est.	1998 est.
<b>FFEL:</b>			
Stafford .....	3,411	3,669	3,820
Unsubsidized Stafford .....	3,598	3,821	4,009
PLUS .....	5,788	6,437	6,909
Weighted Average, FFEL .....	3,599	3,871	4,056
<b>Direct Loans:</b>			
Stafford .....	3,242	3,198	3,236
Unsubsidized Stafford .....	3,262	3,242	3,312
PLUS .....	5,823	5,534	5,726
Weighted Average, Direct Loans .....	3,388	3,359	3,423
<b>Consolidation Loans:</b>			
FFEL .....	15,180	13,816	14,250
Direct Loans .....	9,716	12,042	11,517
Subtotal, Consolidation Loans .....	13,923	13,083	12,925
Weighted Average, All Loans .....	4,031	4,287	4,429

Composition of Consolidation Loans

	1996 actual	1997 est.	1998 est.
<b>Net commitments (in millions of dollars):</b>			
<b>FFEL:</b>			
Standard consolidations .....	3,815	3,784	3,940
Consolidations from Default .....	451	430	449
Subtotal, FFEL .....	4,266	4,214	4,389
<b>Direct Loans:</b>			
Standard consolidations .....	513	2,270	2,989
Consolidations from Default .....	290	319	351
Subtotal, Direct Loans .....	803	2,589	3,340
<b>Total:</b>			
Standard consolidations .....	4,328	6,054	6,929

**Credit accounts—Continued**

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

Composition of Consolidation Loans—Continued

	1996 actual	1997 est.	1998 est.
Consolidations from Default .....	741	749	806
Total, Consolidated Loans .....	5,069	6,803	7,729

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

	1996 actual	1997 est.	1998 est.
<b>Subsidy Rates (in percent) <sup>1</sup></b>			
<b>FFEL:</b>			
Stafford .....	19.55	19.38	15.10
Unsubsidized Stafford .....	7.56	7.47	6.63
PLUS .....	3.83	3.70	3.32
Weighted Average, FFEL .....	14.22	14.01	11.15
<b>Direct Loans:</b>			
Stafford .....	14.25	13.39	14.65
Unsubsidized Stafford .....	-8.98	-9.77	-6.43
PLUS .....	-6.53	-6.62	-5.84
Weighted Average, Direct Loans .....	5.00	3.92	5.58
<b>Consolidation Loans:</b>			
FFEL .....	0.78	0.70	0.22
Direct Loans .....	0.27	-0.94	-0.14
Weighted Average, Consolidation Loans .....	0.70	0.08	0.06
<b>Default Rates (in percent) <sup>2</sup></b>			
<b>FFEL:</b>			
Stafford .....	18.00	17.70	17.67
Unsubsidized Stafford .....	17.55	17.22	17.19
PLUS .....	9.56	9.28	9.16
Weighted Average, FFEL .....	17.13	16.78	16.70
<b>Direct Loans:</b>			
Stafford .....	17.22	17.46	17.32
Unsubsidized Stafford .....	16.76	17.06	17.02
PLUS .....	8.51	8.69	8.68
Weighted Average, Direct Loans .....	16.25	16.43	16.28
<b>Consolidation Loans:</b>			
FFEL .....	10.50	10.50	10.50
Direct Loans .....	10.50	10.50	10.50
Weighted Average, Consolidation Loans .....	10.50	10.50	10.50
<b>Borrower Interest Rates (in percent)</b>			
<b>FFEL:</b>			
Stafford <sup>3</sup> .....	8.25	8.21	7.11
Unsubsidized Stafford <sup>3</sup> .....	8.25	8.21	7.11
PLUS <sup>3</sup> .....	8.60	8.62	8.21
<b>Direct Loans</b>			
Stafford <sup>3</sup> .....	8.25	8.21	7.11
Unsubsidized Stafford <sup>3</sup> .....	8.25	8.21	7.11
PLUS <sup>3</sup> .....	8.60	8.62	8.21
<b>Consolidation Loans:</b>			
FFEL <sup>4</sup> .....			
Direct Loans <sup>4</sup> .....			
Federal Borrowing Rate for Direct Loans (in percent) .....	6.64	6.35	6.11

<sup>1</sup> 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.

<sup>2</sup> 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 three-year rates tend to be lower than those included in this table.

<sup>3</sup> Rates shown for FY 1998 are those in effect beginning July 1, 1998.

<sup>4</sup> Under current law, interest rates under the FFEL Consolidation Loan program reflect a weighted average of the rates of the loans consolidated, rounded upward to the nearest whole percentage. For the Direct Loan Consolidation program, loans consolidated from the Stafford and Unsubsidized Stafford Loan program are charged the Stafford Loan interest rate. Loans consolidated from the PLUS Loan program are charged the PLUS interest rate.

Composition of Default Collections (In thousands of dollars)

	1996 actual	1997 est.	1998 est.
<b>FFEL:</b>			
Collections by Guaranty Agencies <sup>1</sup> .....	(1,291,999)	(1,027,653)	(1,078,173)
Collections by Department of Education .....	(808,253)	(642,883)	(674,487)
Internal Revenue Service Tax Refund Offsets .....	(513,785)	(408,663)	(428,753)
Total, FFEL <sup>2</sup> .....	(2,614,036)	(2,079,199)	(2,181,414)
<b>Direct Loans:</b>			
Collections by Department of Education .....	28	2,190	7,292

Internal Revenue Service Tax Refund Offsets .....			
Total, Direct Loans <sup>2</sup> .....	28	2,190	7,292
Total, FFEL and Direct Loans .....	(2,614,008)	(2,077,009)	(2,174,122)

<sup>1</sup> These figures show total collections by guaranty agencies. Actual Federal revenues resulting from these collections are lower than the amount shown because agencies retain 27 percent of the amount collected.

<sup>2</sup> These figures include collections on Consolidations Loans, which have very low default rates. For FY 1996, Consolidation Loan-related collections totaled \$26,555,135 for FFEL and \$4,437 for Direct Loans.

Projected Participation in Repayment Plans <sup>1</sup> (in thousands of dollars)

	1996 cohort	1997 cohort	1998 cohort
<b>FFEL:<sup>1</sup></b>			
<b>Standard:</b>			
Percent of Loan Volume: <sup>2</sup>			
Stafford .....	100.00	100.00	64.88
Unsubsidized Stafford .....	100.00	100.00	64.88
PLUS .....	100.00	100.00	80.68
Consolidation .....	100.00	100.00	69.59
Subsidy Rate (in percent): <sup>3</sup>			
Stafford .....	19.55	19.38	15.33
Unsubsidized Stafford .....	7.56	7.47	7.04
PLUS .....	3.83	3.70	3.54
Consolidation .....	0.78	0.70	0.30
<b>Graduated:<sup>3</sup></b>			
Percent of Loan Volume: <sup>2</sup>			
Stafford .....			28.73
Unsubsidized Stafford .....			28.73
PLUS .....			14.00
Consolidation .....			17.38
Subsidy Rate (in percent): <sup>3</sup>			
Stafford .....			14.66
Unsubsidized Stafford .....			5.85
PLUS .....			2.38
Consolidation .....			0.04
<b>Extended:<sup>3</sup></b>			
Percent of Loan Volume: <sup>2</sup>			
Stafford .....			6.39
Unsubsidized Stafford .....			6.39
PLUS .....			5.32
Consolidation .....			13.03
Subsidy Rate (in percent): <sup>3</sup>			
Stafford .....			14.70
Unsubsidized Stafford .....			6.01
PLUS .....			2.41
Consolidation .....			0.06
<b>Direct Loan:<sup>3</sup></b>			
<b>Standard:</b>			
Percent of Loan Volume: <sup>2</sup>			
Stafford .....	57.79	57.79	57.79
Unsubsidized Stafford .....	57.79	57.79	57.79
PLUS .....	80.68	80.68	80.68
Consolidation .....	18.62	18.62	18.62
Subsidy Rate (in percent): <sup>3</sup>			
Stafford .....	15.37	14.92	16.30
Unsubsidized Stafford .....	-9.45	-9.90	-6.32
PLUS .....	-5.79	-5.77	-4.97
Consolidation .....	2.10	1.79	4.57
<b>Graduated:<sup>3</sup></b>			
Percent of Loan Volume: <sup>2</sup>			
Stafford .....	28.73	28.73	28.73
Unsubsidized Stafford .....	28.73	28.73	28.73
PLUS .....	14.00	14.00	14.00
Consolidation .....	17.38	17.38	17.38
Subsidy Rate (in percent): <sup>3</sup>			
Stafford .....	13.12	11.86	13.47
Unsubsidized Stafford .....	-12.21	-13.22	-9.20
PLUS .....	-9.92	-10.52	-9.79
Consolidation .....	-0.35	-1.09	2.99
<b>Extended:<sup>3</sup></b>			
Percent of Loan Volume: <sup>3</sup>			
Stafford .....	6.39	6.39	6.39
Unsubsidized Stafford .....	6.39	6.39	6.39
PLUS .....	5.32	5.32	5.32
Consolidation .....	13.03	13.03	13.03
Subsidy Rate (in percent): <sup>3</sup>			
Stafford .....	13.57	12.41	14.03
Unsubsidized Stafford .....	-11.54	-12.40	-8.55
PLUS .....	-8.86	-9.30	-8.55
Consolidation .....	0.33	-0.28	3.31
<b>Income-Contingent:</b>			
Percent of Loan Volume: <sup>2</sup>			
Stafford .....	7.09	7.09	7.09
Unsubsidized Stafford .....	7.09	7.09	7.09
Consolidation .....	50.97	50.97	50.97
Subsidy Rate (in percent): <sup>3</sup>			
Stafford .....	10.26	7.96	6.62

Unsubsidized Stafford .....	10.18	7.71	5.80
Consolidation .....	-0.21	-2.06	-3.81

Category 4: Proprietary school, all students .....	18.59	18.5	18.3
Category 5: Graduate students .....	2.86	2.8	2.81

<sup>1</sup>No data is included for the Alternative repayment plan under either FFEL or Direct Loans. Borrowers are not expected to participate in this plan due to the flexibility available under the other options. For FFEL, no data is included for income-sensitive repayment. This option, which has been available for a number of years, has never made up more than a tiny portion of overall loan volume. For Direct Loans, income-contingent repayment is not available for PLUS borrowers.

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

<sup>3</sup>Maximum terms under the Extended and Graduated repayment plans reflect the following "classes" based on borrowers debt levels.

Debt Level	Maximum Term (in years)	Percent of Volume Within Affected Plans
Below \$10,000 .....	12	57.57
\$10,000-\$20,000 .....	15	24.28
\$20,000-\$40,000 .....	20	14.56
\$40,000-\$60,000 .....	25	2.22
Above \$60,000 .....	30	1.37

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

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

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

The risk group data below also reflect proposed policy changes and interest rate projections in the President's 1998 Budget. These factors substantially decrease subsidy rates across years in the FFEL program. Subsidy rates in the Direct Loan program increase over the same period, primarily due to proposals to reduce borrower origination fees.

FFEL RISK CATEGORIES: STAFFORD LOANS

Risk Categories:	Subsidy Rate (as a percentage of loan commitments)		
	1996 actual	1997 est.	1998 est.

Category 1: 4 year college, 1st and 2nd year students	25.68	25.25	20.39
Category 2: 4 year college, 3rd and 4th year students	16.17	15.77	13.08
Category 3: 2 year college, all students .....	22.9	22.51	20.36
Category 4: Proprietary school, all students .....	21.25	21.01	20.12
Category 5: Graduate students .....	16.9	16.53	12.94

Risk Categories:	Gross Default Rates (in percent)		
	1996 actual	1997 est.	1998 est.

Category 1: 4 year college, 1st and 2nd year students	21.49	21.14	21.1
Category 2: 4 year college, 3rd and 4th year students	15.23	15.24	15.35
Category 3: 2 year college, all students .....	31.18	31.11	31.12
Category 4: Proprietary school, all students .....	37.75	37.72	37.67
Category 5: Graduate students .....	10.37	10.38	10.39

UNSUBSIDIZED STAFFORD LOANS

Risk Categories:	Subsidy Rate (as a percentage of loan commitments)		
	1996 actual	1997 est.	1998 est.

Category 1: 4 year college, 1st and 2nd year students	10.29	10.09	9.93
Category 2: 4 year college, 3rd and 4th year students	6.73	6.69	6.66
Category 3: 2 year college, all students .....	15.6	15.46	15.35

Gross Default Rates (in percent)

Risk Categories:	1996 actual	1997 est.	1998 est.
	Category 1: 4 year college, 1st and 2nd year students	21.87	21.41
Category 2: 4 year college, 3rd and 4th year students	15.37	15.36	15.47
Category 3: 2 year college, all students .....	30.96	30.85	30.87
Category 4: Proprietary school, all students .....	37.5	37.48	37.45
Category 5: Graduate students .....	10.31	10.29	10.31

PLUS LOANS

Subsidy Rate (as a percentage of loan commitments)

Risk Categories:	1996 actual	1997 est.	1998 est.
	All PLUS Loans .....	3.83	3.7

Gross Default Rates (in percent)

All PLUS Loans .....	9.56	9.28	9.16
----------------------	------	------	------

DIRECT LOAN RISK CATEGORIES: STAFFORD LOANS

Subsidy Rate (as a percentage of loan commitments)

Risk Categories:	1996 actual	1997 est.	1998 est.
	Category 1: 4 year college, 1st and 2nd year students	20.51	19.27
Category 2: 4 year college, 3rd and 4th year students	11.33	10.33	12.63
Category 3: 2 year college, all students .....	18.91	18.16	20.39
Category 4: Proprietary school, all students .....	18.24	17.62	20.05
Category 5: Graduate students .....	11.63	10.52	12.63

Gross Default Rates (in percent)

Risk Categories:	1996 actual	1997 est.	1998 est.
	Category 1: 4 year college, 1st and 2nd year students	22.47	22.49
Category 2: 4 year college, 3rd and 4th year students	15.12	15.18	15.1
Category 3: 2 year college, all students .....	31.59	31.62	31.55
Category 4: Proprietary school, all students .....	37.66	37.76	37.8
Category 5: Graduate students .....	10.37	10.36	10.32

UNSUBSIDIZED STAFFORD LOANS

Subsidy Rate (as a percentage of loan commitments)

Risk Categories:	1996 actual	1997 est.	1998 est.
	Category 1: 4 year college, 1st and 2nd year students	-6.8	-7.82
Category 2: 4 year college, 3rd and 4th year students	-8.86	-9.7	-6.05
Category 3: 2 year college, all students .....	-0.98	-1.49	2.03
Category 4: Proprietary school, all students .....	2.9	2.35	5.6
Category 5: Graduate students .....	-12.77	-13.76	-9.92

Gross Default Rates (in percent)

Risk Categories:	1996 actual	1997 est.	1998 est.
	Category 1: 4 year college, 1st and 2nd year students	22.44	22.58
Category 2: 4 year college, 3rd and 4th year students	15.2	15.3	15.23
Category 3: 2 year college, all students .....	31.17	31.37	31.32
Category 4: Proprietary school, all students .....	37.45	37.52	37.58
Category 5: Graduate students .....	10.23	10.29	10.26

PLUS LOANS

Subsidy Rate (as a percentage of loan commitments)

Risk Categories:	1996 actual	1997 est.	1998 est.
	All PLUS Loans .....	-6.53	-6.62

Gross Default Rates (in percent)

All PLUS Loans .....	8.51	8.69	8.68
----------------------	------	------	------

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

	1996 actual	1997 est.	1998 est.
Interest subsidy costs:			
FFEL:			
Interest benefits .....	2,522,360	1,974,346	1,710,834
Special allowance .....	380,186	101,295	47,609
Total FFEL .....	2,902,546	2,075,641	1,758,443
Direct Loans <sup>1</sup> .....	396,626	641,753	918,899
Default costs and offsets:			
Default costs: <sup>2</sup>			
FFEL .....	2,573,669	2,874,541	3,006,268

**Credit accounts—Continued**

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

Summary of Program Costs and Offsets (In thousands of dollars)—Continued

	1996 actual	1997 est.	1998 est.
Direct Loans .....	4,743	23,254	74,230
Gross default collections:			
FFEL .....	-2,614,037	-2,079,199	-2,181,415
Direct Loans .....	(28)	(2,190)	(7,292)
Default collection costs:			
FFEL:			
Contract collection costs .....	145,148	104,021	101,499
Guaranty agency retention .....	348,840	277,466	291,107
Total, FFEL collect costs .....	493,988	381,487	392,606
Direct Loans:			
Collection costs <sup>3</sup> .....	0	91	302
Net default costs: <sup>4</sup>			
FFEL .....	453,620	1,176,829	1,217,459
Direct Loans .....	4,715	21,155	67,240
Death, disability, and bankruptcy costs:			
FFEL .....	222,890	261,603	260,072
Direct Loans .....	2,679	18,798	39,337
Other write-offs <sup>5,6</sup> .....	28,841	50,037	n.a.
Administrative Costs:			
Federal administration:			
FFEL .....	30,066	46,482	47,688
Student Aid <sup>7</sup> .....	436,000	491,000	532,000
Guaranty agency administrative payments:			
Student Aid Management <sup>8</sup> .....	167,040	152,752	152,143
Supplemental preclaims assistance <sup>5</sup> .....	43,002	22,501	7,165
Payments for origination services <sup>9</sup> .....	14,501	7,052	9,539
Fees:			
Borrower origination fees:			
FFEL .....	-583,428	-502,018	-505,558
Direct Loans .....	-317,550	-375,543	-447,727
Lender origination fee <sup>5</sup> .....	(105,366)	(104,740)	(106,205)
Sallie Mae offset fee <sup>5</sup> .....	(53,043)	(27,900)	(41,292)
Consolidated loan holder fees <sup>5</sup> .....	(64,301)	(129,130)	(162,128)

<sup>1</sup> This represents net interest costs associated with Direct Loans.  
<sup>2</sup> Default costs under FFEL reflect claims paid to guaranty agencies. Default costs under Direct Loans reflect non-repayment of defaulted loans.  
<sup>3</sup> In the budget schedules, Direct Loan collections are displayed net of collection costs.  
<sup>4</sup> Net default costs equal default claims minus net collections (gross collections minus contract collection costs and guaranty agency retention).  
<sup>5</sup> Applies to FFEL program only.  
<sup>6</sup> Includes repayment of agency advances, elimination of excess agency reserves, through direct payments to the Government and reduced reinsurance payments to the agencies, and purchase of rehabilitated loans by the agencies.  
<sup>7</sup> Supports a number of expenses related to the management of the student assistance programs. The largest of these, administrative expense allowances to guaranty agencies, is shown as a separate line.  
<sup>8</sup> Administrative Expense Allowances paid from Student Loan administrative funds.  
<sup>9</sup> Applies to Direct Loans only. These payments are made to Department contractors that provide alternative organization services. They are not made to institutions participating in the Direct Loan program.

Guaranty Agency Reserve Fund Levels (in millions of dollars)

1991	1992	1993	1994	1995	1996 <sup>1</sup>	1997 <sup>2</sup>	1998 <sup>1,2</sup>
526	904	1,110	1,413	1,767	1,900	2,100	1,660

<sup>1</sup> Estimated.  
<sup>2</sup> Assumes \$731 million returned to the Federal government.

Object Classification (in millions of dollars)

Identification code 91-0243-0-1-502	1996 actual	1997 est.	1998 est.
Personnel compensation:			
11.1 Full-time permanent .....	23	26	26
11.3 Other than full-time permanent .....	1	1	1
11.9 Total personnel compensation .....	24	27	27
12.1 Civilian personnel benefits .....	5	6	7
21.0 Travel and transportation of persons .....	2	3	6
23.1 Rental payments to GSA .....	5	5	9
23.3 Communications, utilities, and miscellaneous charges .....	14	14	29
24.0 Printing and reproduction .....	7	7	16
25.1 Advisory and assistance services .....	4	2	4
25.2 Other services .....	3	10	18
25.3 Purchases of goods and services from Government accounts .....	5	5	8
25.7 Operation and maintenance of equipment .....	184	257	478
26.0 Supplies and materials .....	1	1	1
31.0 Equipment .....	1	1	2
32.0 Land and structures .....	1	1	.....
41.0 Grants, subsidies, and contributions .....	420	565	790
99.9 Total obligations .....	675	904	1,395

Personnel Summary

Identification code 91-0243-0-1-502	1996 actual	1997 est.	1998 est.
1001 Total compensable workyears: Full-time equivalent employment .....	481	520	520

**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	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
02.01 Direct loan subsidy .....			106
07.09 Student loan administrative expenses .....			-218
10.00 Total obligations .....			-112
Budgetary resources available for obligation:			
22.00 New budget authority (gross) .....			-112
23.95 New obligations .....			112
New budget authority (gross), detail:			
60.00 Appropriation .....			-218
60.05 Appropriation (indefinite) .....			106
63.00 Appropriation (total) .....			-112
70.00 Total new budget authority (gross) .....			-112
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation .....			
73.10 New obligations .....			-112
73.20 Total outlays (gross) .....			56
73.40 Adjustments in expired accounts .....			
73.45 Adjustments in unexpired accounts .....			
74.00 Unpaid obligations, end of year: Obligated balance:			
Appropriation .....			-56
Outlays (gross), detail:			
86.97 Outlays from new permanent authority .....			-56
Net budget authority and outlays:			
89.00 Budget authority .....			-112
90.00 Outlays .....			-56

**A description of the Administration's proposed legislation to modify the Direct Loan program is included under the Federal Direct 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	1996 actual	1997 est.	1998 est.
Direct loan subsidy (in percent):			
1320 Stafford .....			1.00
1320 Unsubsidized Stafford .....			0.50
1320 PLUS .....			0.50
1329 Weighted average subsidy rate .....			0.63
Direct loan subsidy budget authority:			
1330 Stafford .....			77
1330 Unsubsidized Stafford .....			21
1330 PLUS .....			8
1339 Total subsidy budget authority .....			106
Direct loan subsidy outlays:			
1340 Stafford .....			41
1340 Unsubsidized Stafford .....			12
1340 PLUS .....			4
1349 Total subsidy outlays .....			57
Student loan administrative expense data:			
3510 Budget authority .....			-218
3590 Outlays .....			-113

Object Classification (in millions of dollars)

Identification code 91-0243-4-1-502	1996 actual	1997 est.	1998 est.
21.0			-3
23.1			-4
23.3			-13
24.0			-8
25.1			-2
25.2			-8
25.3			-3
25.7			-175
26.0			-1
31.0			-1
41.0			106
99.9			-112

**FEDERAL DIRECT STUDENT LOAN PROGRAM, FINANCING ACCOUNT**

Program and Financing (in millions of dollars)

Identification code 91-4253-0-3-502	1996 actual	1997 est.	1998 est.
<b>Obligations by program activity:</b>			
<b>Direct loans:</b>			
01.01	5,101	5,830	6,958
01.02	2,557	3,083	3,765
01.03	771	1,025	1,314
01.04	832	2,589	3,340
01.91	9,261	12,527	15,377
<b>Payment of origination services:</b>			
02.01	7	1	1
02.02	4		
02.03	1		
02.04	3	6	9
02.91	15	7	10
04.01	750	1,035	1,717
05.01		304	
10.00	10,026	13,873	17,104
<b>Budgetary resources available for obligation:</b>			
21.40			
Unobligated balance available, start of year:			
Uninvested balance		24	24
22.00	9,507	13,570	17,104
22.10			
Resources available from recoveries of prior year obligations	1,825	304	
22.70	-1,282		
Balance of authority to borrow withdrawn			
23.90	10,050	13,898	17,128
23.95	-10,026	-13,873	-17,104
24.40			
Unobligated balance available, end of year:			
Uninvested balance	24	24	24
<b>New financing authority (gross), detail:</b>			
67.15	9,024	12,140	14,775
Authority to borrow (indefinite)			
<b>Spending authority from offsetting collections:</b>			
68.00	1,286	1,667	2,989
68.47	-803	-237	-660
68.90			
Spending authority from offsetting collections (total)	483	1,430	2,329
70.00	9,507	13,570	17,104
<b>Change in unpaid obligations:</b>			
72.90			
Unpaid obligations, start of year: Obligated balance:			
Unpaid obligations	4,545	2,921	3,890
73.10	10,026	13,873	17,104
73.20	-9,824	-12,600	-16,260
73.45	-1,825	-304	
74.90			
Unpaid obligations, end of year: Obligated balance:			
Unpaid obligations	2,921	3,890	4,734
87.00	9,824	12,600	16,260
<b>Offsets:</b>			
Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
Federal sources:			
Payments from subsidy account:			
88.00	-638	-780	-950
Stafford			

88.00	Unsubsidized Stafford	332	301	261
88.00	PLUS	62	68	83
88.00	Consolidated	7	24	5
88.00	Volume Reestimate	-3		
88.25	Interest on uninvested funds	-402		
<b>Non-Federal sources:</b>				
<b>Stafford loans:</b>				
88.40	Repayment of principal, Stafford	-84	-109	-256
88.40	Interest received on loans, Stafford	-9	-158	-367
88.40	Fees, Stafford	-188	-221	-259
88.40	Recoveries of defaults, Stafford		-1	-4
<b>Unsubsidized Stafford loans:</b>				
88.40	Repayment of principal, Unsubsidized Stafford	-51	-57	-146
88.40	Interest received on loans, Unsubsidized Stafford	-32	-83	-206
88.40	Fees, Unsubsidized Stafford	-94	-116	-140
88.40	Recoveries of defaults, Unsubsidized Stafford		-1	-2
<b>PLUS loans:</b>				
88.40	Repayment of principal, PLUS	-57	-123	-214
88.40	Interest received on loans, PLUS	-45	-137	-218
88.40	Fees, PLUS	-35	-38	-48
88.40	Recoveries of defaults, PLUS			-1
<b>Consolidated:</b>				
88.40	Payment of Principal, Consolidated	-22	-82	-194
88.40	Interest received on loans, Consolidated	-27	-154	-332
88.40	Recoveries of defaults, Consolidated			-1
88.90	Total, offsetting collections (cash)	-1,286	-1,667	-2,989
<b>Net financing authority and financing disbursements:</b>				
89.00	Financing authority	8,221	11,903	14,115
90.00	Financing disbursements	8,538	10,933	13,271

Status of Direct Loans (in millions of dollars)

Identification code 91-4253-0-3-502	1996 actual	1997 est.	1998 est.
<b>STAFFORD</b>			
<b>Position with respect to appropriations act limitation on obligations:</b>			
1111	Limitation on direct loans		
1131	Direct loan obligations exempt from limitation	5,101	5,830
1150	Total direct loan obligations	5,101	5,830
<b>Cumulative balance of direct loans outstanding:</b>			
1210	Outstanding, start of year	1,515	6,317
1231	Disbursements: Direct loan disbursements	4,901	5,549
1251	Repayments: Repayments and prepayments	-84	-109
1261	Adjustments: Capitalized interest	2	
<b>Write-offs for default:</b>			
1263	Direct loans		
1264	Other adjustments, net	-17	-4
1290	Outstanding, end of year	6,317	11,753
<b>UNSUBSIDIZED STAFFORD</b>			
<b>Position with respect to appropriations act limitation on obligations:</b>			
1131	Direct loan obligations exempt from limitation	2,558	3,083
1150	Total direct loan obligations	2,558	3,083
<b>Cumulative balance of direct loans outstanding:</b>			
1210	Outstanding, start of year	666	3,063
1231	Disbursements: Direct loan disbursements	2,459	2,897
1251	Repayments: Repayments and prepayments	-51	-57
1261	Adjustments: Capitalized interest	14	
<b>Write-offs for default:</b>			
1263	Direct loans		
1264	Other adjustments, net	-25	-3
1290	Outstanding, end of year	3,063	5,900
<b>PLUS</b>			
<b>Position with respect to appropriations act limitation on obligations:</b>			
1131	Direct loan obligations exempt from limitation	771	1,025
1150	Total direct loan obligations	771	1,025
<b>Cumulative balance of direct loans outstanding:</b>			
1210	Outstanding, start of year	216	865
1231	Disbursements: Direct loan disbursements	707	943
1251	Repayments: Repayments and prepayments	-57	-124

**Credit accounts—Continued**

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

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

Identification code 91-4253-0-3-502	1996 actual	1997 est.	1998 est.
Write-offs for default:			
1263 Direct loans			
1264 Other adjustments, net	-1	-8	-14
1290 Outstanding, end of year	865	1,676	2,644

CONSOLIDATED

Identification code 91-4253-0-3-502	1996 actual	1997 est.	1998 est.
Position with respect to appropriations act limitation on obligations:			
1131 Direct loan obligations exempt from limitation	832	2,589	3,340
1150 Total direct loan obligations	832	2,589	3,340

Cumulative balance of direct loans outstanding:

Identification code 91-4253-0-3-502	1996 actual	1997 est.	1998 est.
1210 Outstanding, start of year	296	1,320	3,824
1231 Disbursements: Direct loan disbursements	1,033	2,589	3,340
1251 Repayments: Repayments and prepayments	-22	-82	-194
1261 Adjustments: Capitalized interest	13		
Write-offs for default:			
1263 Direct loans			
1264 Other adjustments, net		-3	-8
1290 Outstanding, end of year	1,320	3,824	6,962

Balance Sheet (in millions of dollars)

Identification code 91-4253-0-3-502	1995 actual	1996 actual	1997 est.	1998 est.
ASSETS:				
1101 Federal assets: Fund balances with Treasury	4,913	2,921	3,890	4,733
Net value of assets related to post-1991 direct loans receivable:				
Direct loans receivable, gross:				
1401 Stafford	1,558	6,310	11,725	17,882
1401 Unsubsidized Stafford	708	3,044	5,885	9,192
1401 PLUS	225	861	1,662	2,607
1401 Consolidated	310	1,304	3,817	6,945
Interest receivable:				
1402 Interest receivable, Stafford		5	6	7
1402 Interest receivable, Unsub Stafford		114	138	167
1402 Interest receivable, PLUS		8	10	14
1402 Interest receivable, Consolidated		25	73	94
1405 Allowance for subsidy cost (-)	-553	-655	-764	-1,404
1499 Net present value of assets related to direct loans	2,248	11,016	22,552	35,504
1999 Total assets	7,161	13,937	26,442	40,237
LIABILITIES:				
2103 Federal liabilities: Debt	6,793	12,220	24,413	38,457
2999 Total liabilities	6,793	12,220	24,413	38,457
NET POSITION:				
3100 Appropriated capital	368	1,717	2,029	1,780
3999 Total net position	368	1,717	2,029	1,780
4999 Total liabilities and net position	7,161	13,937	26,442	40,237

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	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
04.01 Interest payment to Treasury			-3
10.00 Total obligations			-3

Budgetary resources available for obligation:			
22.00 New financing authority (gross)			-3
23.95 New obligations			3

New financing authority (gross), detail:			
67.15 Authority to borrow (indefinite)			-95
Spending authority from offsetting collections:			
68.00 Offsetting collections (cash)			95
68.47 Portion applied to debt reduction			-3
68.90 Spending authority from offsetting collections (total)			92
70.00 Total new financing authority (gross)			-3

Change in unpaid obligations:			
73.10 New obligations			-3
73.20 Total financing disbursements (gross)			3
87.00 Total financing disbursements (gross)			-3

Offsets:			
Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
Federal sources:			
Payments from subsidy account:			
88.00 Stafford			-70
88.00 Unsubsidized Stafford			-19
88.00 PLUS			-6
88.90 Total, offsetting collections (cash)			-95

Net financing authority and financing disbursements:			
89.00 Financing authority			-98
90.00 Financing disbursements			-98

Balance Sheet (in millions of dollars)

Identification code 91-4253-4-3-502	1995 actual	1996 actual	1997 est.	1998 est.
ASSETS:				
Net value of assets related to post-1991 direct loans receivable:				
1405 Allowance for subsidy cost (-)				-95
1499 Net present value of assets related to direct loans				-95
1999 Total assets				-95
LIABILITIES:				
2103 Federal liabilities: Debt				-98
2999 Total liabilities				-98
NET POSITION:				
3100 Appropriated capital				3
3999 Total net position				3
4999 Total liabilities and net position				-95

FEDERAL FAMILY EDUCATION LOAN PROGRAM ACCOUNT

For Federal administrative expenses to carry out guaranteed student loans authorized by title IV, part B, of the Higher Education Act, as amended, [S46,572,000] \$47,988,000. (Department of Education Appropriations Act, 1997.)

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

Program and Financing (in millions of dollars)

Identification code 91-0231-0-1-502	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
Guaranteed loan subsidy:			
02.01 Stafford	2,244	2,106	1,992
02.02 Unsubsidized Stafford	391	461	448
02.03 PLUS	44	64	66
02.05 Consolidated	13	30	33
02.07 Upward reestimate (92 cohort)	971	521	
02.08 Interest on reestimate	72	43	
02.91 Subtotal, subsidy cost	3,735	3,225	2,539



Administrative expenses:				
07.01	Administrative expenses due to limitations .....	30	46	48
10.00	Total obligations .....	3,765	3,271	2,587
Budgetary resources available for obligation:				
22.00	New budget authority (gross) .....	4,024	3,271	2,587
22.10	Resources available from recoveries of prior year obligations .....	206		
22.40	Capital transfer to general fund .....	-465		
23.90	Total budgetary resources available for obligation .....	3,765	3,271	2,587
23.95	New obligations .....	-3,765	-3,271	-2,587
New budget authority (gross), detail:				
Current:				
40.00	Appropriation (Federal Administration) .....	30	46	48
Permanent:				
60.05	Appropriation (indefinite) .....	3,546	471	2,539
68.00	Spending authority from offsetting collections: Offsetting collections (cash) .....	448	2,754	
70.00	Total new budget authority (gross) .....	4,024	3,271	2,587
Change in unpaid obligations:				
72.40	Unpaid obligations, start of year: Obligated balance:			
	Appropriation .....	1,002	1,065	1,219
73.10	New obligations .....	3,765	3,271	2,587
73.20	Total outlays (gross) .....	-3,496	-3,117	-2,395
73.45	Adjustments in unexpired accounts .....	-206		
74.40	Unpaid obligations, end of year: Obligated balance:			
	Appropriation .....	1,065	1,219	1,411
Outlays (gross), detail:				
86.90	Outlays from new current authority .....	25	31	34
86.93	Outlays from current balances .....	16	10	10
86.97	Outlays from new permanent authority .....	2,694	2,754	1,407
86.98	Outlays from permanent balances .....	761	322	944
87.00	Total outlays (gross) .....	3,496	3,117	2,395
Offsets:				
Against gross budget authority and outlays:				
88.00	Offsetting collections (cash) from: Federal sources .....	-448	-2,754	
Net budget authority and outlays:				
89.00	Budget authority .....	3,576	517	2,587
90.00	Outlays .....	3,048	363	2,395

Summary of Budget Authority and Outlays

[In millions of dollars]

	1996 actual	1997 est.	1998 est.
Enacted/requested:			
Budget Authority .....	3,576	517	2,587
Outlays .....	3,048	363	2,395
Legislative proposal, subject to PAYGO:			
Budget Authority .....		-340	-461
Outlays .....		-340	-263
Total:			
Budget Authority .....	3,576	177	2,126
Outlays .....	3,048	23	2,132

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

Identification code 91-0231-0-1-502	1996 actual	1997 est.	1998 est.
Guaranteed loan levels supportable by subsidy budget authority:			
2150 Stafford .....	10,557	10,863	10,596
2150 Unsubsidized Stafford .....	6,103	6,176	6,162
2150 PLUS .....	1,591	1,737	1,799
2150 Consolidated .....	4,061	4,262	4,438
2159 Total loan guarantee levels .....	22,312	23,038	22,995
Guaranteed loan subsidy (in percent):			
2320 Stafford .....	23.26	19.38	18.80
2320 Unsubsidized Stafford .....	7.09	7.47	7.27
2320 PLUS .....	3.14	3.70	3.65
2320 Consolidated .....	0.33	0.70	0.75
2329 Weighted average subsidy rate .....	13.23	11.55	11.04
Guaranteed loan subsidy budget authority:			
2330 Stafford .....	2,455	2,106	1,992
2330 Unsubsidized Stafford .....	433	461	448

2330 PLUS .....	50	64	66
2330 Consolidated .....	13	30	33
2330 Upward reestimate .....	1,043	564	
2330 Downward reestimate .....	-448	-2,754	
2339 Total subsidy budget authority .....	3,546	471	2,539
Guaranteed loan subsidy outlays:			
2340 Stafford .....	2,055	2,030	1,853
2340 Unsubsidized Stafford .....	311	401	407
2340 PLUS .....	33	51	58
2340 Consolidated .....	13	30	33
2340 Upward reestimate .....	1,043	564	
2340 Downward reestimate .....	-448	-2,754	
2349 Total subsidy outlays .....	3,007	322	2,351
Administrative expense data:			
3510 Budget authority .....	30	46	48
3590 Outlays .....	41	41	44

As required by the Federal Credit Reform Act of 1990, this program account records for this program the subsidy costs associated with Federal Family Education Loans (FFEL), formerly guaranteed student loans (GSL), committed in 1992 and beyond, as well as certain administrative expenses of the program. Administrative expenses include discretionary expenses for salaries, expenses and overhead of employees working directly on the program. Beginning with the 1993 cohort, mandatory administrative costs, specifically contract collection costs and supplemental pre-claims assistance, are included in the FFEL subsidy estimates of each year's cohort. The subsidy amounts are estimated on a net present value basis.

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

Object Classification (in millions of dollars)

Identification code 91-0231-0-1-502	1996 actual	1997 est.	1998 est.
Personnel compensation:			
11.1 Full-time permanent .....	15	18	19
11.3 Other than full-time permanent .....	1		
11.9 Total personnel compensation .....	16	18	19
12.1 Civilian personnel benefits .....	3	4	4
21.0 Travel and transportation of persons .....	1	1	1
23.1 Rental payments to GSA .....	2	2	2
23.3 Communications, utilities, and miscellaneous charges .....	1	5	1
24.0 Printing and reproduction .....	1	1	2
25.1 Advisory and assistance services .....	1		
25.2 Other services .....			1
25.3 Purchases of goods and services from Government accounts .....	1	1	1
25.7 Operation and maintenance of equipment .....	4	14	17
41.0 Grants, subsidies, and contributions .....	3,735	3,225	2,539
99.9 Total obligations .....	3,765	3,271	2,587

Personnel Summary

Identification code 91-0231-0-1-502	1996 actual	1997 est.	1998 est.
1001 Total compensable workyears: Full-time equivalent employment .....	330	368	368

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	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
Guaranteed loan subsidy:			
02.01 Stafford .....			-393
02.02 Unsubsidized Stafford .....			-39
02.03 PLUS .....			-6
02.05 Consolidated .....			-23
10.00 Total obligations (object class 41.0) .....			-461

**Credit accounts—Continued**

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

Program and Financing (in millions of dollars)—Continued

Identification code 91-0231-4-1-502	1996 actual	1997 est.	1998 est.
Budgetary resources available for obligation:			
22.00 New budget authority (gross)			-461
23.95 New obligations			461
New budget authority (gross), detail:			
60.05 Appropriation (indefinite)		-340	-461
68.00 Spending authority from offsetting collections: Offsetting collections (cash)		340	
70.00 Total new budget authority (gross)			-461
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation			
73.10 New obligations			-461
73.20 Total outlays (gross)			263
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation			-198
Outlays (gross), detail:			
86.97 Outlays from new permanent authority		324	-263
86.98 Outlays from permanent balances		-324	
87.00 Total outlays (gross)			-263
Offsets:			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources		-340	
Net budget authority and outlays:			
89.00 Budget authority		-340	-461
90.00 Outlays		-340	-263

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

Identification code 91-0231-4-1-502	1996 actual	1997 est.	1998 est.
Guaranteed loan subsidy (in percent):			
2320 Stafford		0.00	-3.71
2320 Unsubsidized Stafford		0.00	-0.64
2320 PLUS		0.00	-0.33
2320 Consolidated		0.00	-0.53
2329 Weighted average subsidy rate		0.00	-2.01
Guaranteed loan subsidy budget authority:			
2330 Stafford			-393
2330 Unsubsidized Stafford			-39
2330 PLUS			-6
2330 Consolidated			-23
2330 Downward reestimate			-340
2339 Total subsidy budget authority		-340	-461
Guaranteed loan subsidy outlays:			
2340 Stafford			-216
2340 Unsubsidized Stafford			-21
2340 PLUS			-3
2340 Consolidated			-23
2340 Downward reestimate			-340
2349 Total subsidy outlays		-340	-263

A description of the administration's proposed legislation to modify the Federal Family Education Loan program is included under the Federal Direct Student Loan program account.

**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	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
Stafford loans:			
01.01 Interest benefits	2,262	1,846	1,698
01.02 Special allowance	121		
01.03 Default claims	889	1,256	1,406
01.04 Death, disability, and bankruptcy claims	77	67	83
01.06 Supplemental preclaims assistance	9	5	6
01.07 Contract collection costs	1	5	8
01.91 Subtotal, Stafford loans	3,359	3,179	3,201
Unsubsidized Stafford loans:			
02.02 Special allowance	3		
02.03 Default claims	105	343	519
02.04 Death, disability, and bankruptcy claims	7	26	42
02.06 Supplemental preclaims assistance	1	1	2
02.07 Contract collection costs		1	2
02.91 Subtotal, Unsubsidized Stafford loans	116	371	565
PLUS loans:			
03.02 Special Allowance	1		
03.03 Default claims	80	110	121
03.04 Death, disability, and bankruptcy claims	19	38	41
03.05 Supplemental preclaims assistance	1		1
03.06 Contract Collection Costs		1	1
03.91 Subtotal, PLUS loans	101	149	164
SLS loans:			
04.03 Default claims	239	199	165
04.04 Death, disability and bankruptcy claims	2	14	14
04.06 Supplemental preclaims assistance	2	1	1
04.07 Contract collection costs	2	1	2
04.91 Subtotal, SLS loans	245	215	182
Consolidations loans:			
05.01 Interest benefits	1		
05.03 Default claims	115	172	241
05.04 Death, disability, and bankruptcy claims	6	35	45
05.06 Supplemental preclaims assistance	1	1	1
05.07 Contract Collection Costs			1
05.91 Subtotal, Consolidations loans	123	208	288
07.01 Interest paid to Treasury	83	50	26
08.01 Payment of downward reestimate to Program account	448	2,340	
09.01 Interest on downward reestimate		414	
10.00 Total obligations	4,475	6,926	4,426
Budgetary resources available for obligation:			
21.90 Unobligated balance available, start of year: Fund balance	7,559	9,146	6,669
22.00 New financing authority (gross)	5,807	4,449	3,880
22.10 Resources available from recoveries of prior year obligations	256		
23.90 Total budgetary resources available for obligation	13,622	13,595	10,549
23.95 New obligations	-4,475	-6,926	-4,426
24.90 Unobligated balance available, end of year: Fund balance	9,146	6,669	6,123
New financing authority (gross), detail:			
Spending authority from offsetting collections:			
68.00 Offsetting collections (cash)	6,261	4,775	4,117
68.47 Portion applied to debt reduction	-454	-326	-237
68.90 Spending authority from offsetting collections (total)	5,807	4,449	3,880
70.00 Total new financing authority (gross)	5,807	4,449	3,880
Change in unpaid obligations:			
72.90 Unpaid obligations, start of year: Obligated balance:			
Obligated balance		21	-886
73.10 New obligations		4,475	6,926
73.20 Total financing disbursements (gross)		-5,126	-5,000
73.45 Adjustments in unexpired accounts		-256	
74.90 Unpaid obligations, end of year: Obligated balance:			
Obligated balance		-886	1,039
87.00 Total financing disbursements (gross)		5,126	5,000

Offsets:			
Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
Federal sources:			
Payment from subsidy account:			
88.00	Stafford loans .....	-2,244	-1,915 -1,813
88.00	Unsubsidized Stafford .....	-390	-414 -402
88.00	PLUS loans .....	-44	-57 -58
88.00	Consolidated loans .....	-13	-30 -33
88.00	Upward reestimate .....	-1,043	-564 .....
88.00	Scheduled payments from Liquidating account for noncontractual modifications .....	-538	-376 -263
88.25	Interest on uninvested funds: Stafford loans .....	-514	-462 -438
Non-Federal sources:			
Stafford loans:			
88.40	Recoveries on defaults .....	-425	-123 -190
88.40	Origination fees .....	-420	-342 -341
88.40	Sallie Mae offset fees .....	-53	-28 -29
88.40	Other Fees .....	-15	.....
88.40	Recoveries on defaults .....	-76	-16 -35
Unsubsidized Stafford:			
88.40	Origination fees .....	-208	-191 -194
88.40	Other Fees .....	-4	.....
88.40	Recoveries on defaults .....	-40	-15 -22
PLUS:			
88.40	Origination fees .....	-52	-52 -55
88.40	Other Fees .....	-1	.....
88.40	Recoveries on defaults .....	-79	-29 -39
SLS:			
88.40	Other Fees .....	-1	.....
88.40	Recoveries on defaults .....	-27	-11 -21
88.40	Origination fees .....	-8	-21 -22
Consolidated:			
88.40	Consolidated Loan Holders Fee .....	-66	-129 -162
88.90	Total, offsetting collections (cash) .....	-6,261	-4,775 -4,117
Net financing authority and financing disbursements:			
89.00	Financing authority .....	-454	-326 -237
90.00	Financing disbursements .....	-1,134	225 683

Status of Guaranteed Loans (in millions of dollars)

Identification code 91-4251-0-3-502				
		1996 actual	1997 est.	1998 est.
STAFFORD				
Position with respect to appropriations act limitation on commitments:				
2131	Guaranteed loan commitments exempt from limitation	10,557	10,863	10,596
2150	Total guaranteed loan commitments .....	10,557	10,863	10,596
Cumulative balance of guaranteed loans outstanding:				
2210	Outstanding, start of year .....	37,830	44,316	49,598
2231	Disbursements of new guaranteed loans .....	9,752	9,779	9,738
2251	Repayments and prepayments .....	-2,076	-3,188	-4,359
Adjustments:				
2261	Terminations for default that result in loans receivable .....	-1,113	-1,242	-1,431
2263	Terminations for default that result in claim payments .....	-77	-67	-83
2290	Outstanding, end of year .....	44,316	49,598	53,463
Memorandum:				
2299	Guaranteed amount of guaranteed loans outstanding, end of year .....	44,316	49,598	53,463
Addendum:				
Cumulative balance of defaulted guaranteed loans that result in loans receivable:				
2310	Outstanding, start of year .....	955	1,643	2,747
2331	Disbursements for guaranteed loan claims .....	1,113	1,242	1,431
2351	Repayments of loans receivable .....	-425	-123	-190
2361	Write-offs of loans receivable .....	-15	-15	-23
2390	Outstanding, end of year .....	1,643	2,747	3,965
UNSUBSIDIZED STAFFORD				
Position with respect to appropriations act limitation on commitments:				
2131	Guaranteed loan commitments exempt from limitation	6,102	6,176	6,162
2150	Total guaranteed loan commitments .....	6,102	6,176	6,162

Cumulative balance of guaranteed loans outstanding:				
2210	Outstanding, start of year .....	7,210	11,180	15,643
2231	Disbursements of new guaranteed loans .....	4,374	5,469	5,536
2251	Repayments and prepayments .....	-273	-662	-1,183
Adjustments:				
2261	Terminations for default that result in loans receivable .....	-124	-318	-510
2263	Terminations for default that result in claim payments .....	-7	-26	-42
2290	Outstanding, end of year .....	11,180	15,643	19,444
Memorandum:				
2299	Guaranteed amount of guaranteed loans outstanding, end of year .....	11,180	15,643	19,444
Addendum:				
Cumulative balance of defaulted guaranteed loans that result in loans receivable:				
2310	Outstanding, start of year .....	45	93	393
2331	Disbursements for guaranteed loan claims .....	124	318	510
2351	Repayments of loans receivable .....	-76	-16	-35
2361	Write-offs of loans receivable .....	-2	-2	-4
2390	Outstanding, end of year .....	93	393	864
PLUS				
Position with respect to appropriations act limitation on commitments:				
2131	Guaranteed loan commitments exempt from limitation	1,591	1,737	1,799
2150	Total guaranteed loan commitments .....	1,591	1,737	1,799
Cumulative balance of guaranteed loans outstanding:				
2210	Outstanding, start of year .....	3,629	4,261	4,837
2231	Disbursements of new guaranteed loans .....	1,337	1,486	1,578
2251	Repayments and prepayments .....	-579	-763	-962
Adjustments:				
2261	Terminations for default that result in loans receivable .....	-107	-109	-123
2263	Terminations for default that result in claim payments .....	-19	-38	-41
2290	Outstanding, end of year .....	4,261	4,837	5,289
Memorandum:				
2299	Guaranteed amount of guaranteed loans outstanding, end of year .....	4,261	4,837	5,289
Addendum:				
Cumulative balance of defaulted guaranteed loans that result in loans receivable:				
2310	Outstanding, start of year .....	174	241	333
2331	Disbursements for guaranteed loan claims .....	107	109	123
2351	Repayments of loans receivable .....	-40	-15	-21
2361	Write-offs of loans receivable .....	-2	-2	-3
2390	Outstanding, end of year .....	241	333	432
SLS				
Position with respect to appropriations act limitation on commitments:				
2111	Limitation on guaranteed loans made by private lenders .....	.....	.....	.....
2150	Total guaranteed loan commitments .....	.....	.....	.....
Cumulative balance of guaranteed loans outstanding:				
2210	Outstanding, start of year .....	6,061	5,290	4,504
2251	Repayments and prepayments .....	-454	-560	-641
Adjustments:				
2261	Terminations for default that result in loans receivable .....	-316	-212	-176
2263	Terminations for default that result in claim payments .....	-1	-14	-14
2290	Outstanding, end of year .....	5,290	4,504	3,673
Memorandum:				
2299	Guaranteed amount of guaranteed loans outstanding, end of year .....	5,290	4,504	3,673
Addendum:				
Cumulative balance of defaulted guaranteed loans that result in loans receivable:				
2310	Outstanding, start of year .....	479	715	895
2331	Disbursements for guaranteed loan claims .....	316	212	176

**Credit accounts—Continued**

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

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

Identification code 91-4251-0-3-502	1996 actual	1997 est.	1998 est.
2351 Repayments of loans receivable .....	-79	-29	-39
2361 Write-offs of loans receivable .....	-1	-3	-5
2390 Outstanding, end of year .....	715	895	1,027
<b>CONSOLIDATED</b>			
Position with respect to appropriations act limitation on commitments:			
2131 Guaranteed loan commitments exempt from limitation .....	4,061	4,262	4,438
2150 Total guaranteed loan commitments .....	4,061	4,262	4,438
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year .....	2,827	6,501	9,635
2231 Disbursements of new guaranteed loans .....	4,353	4,214	4,389
2251 Repayments and prepayments .....	-543	-876	-1,246
Adjustments:			
2261 Terminations for default that result in loans receivable .....	-129	-169	-239
2263 Terminations for default that result in claim payments .....	-7	-35	-45
2290 Outstanding, end of year .....	6,501	9,635	12,494
Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year .....	6,501	9,635	12,494
Addendum:			
Cumulative balance of defaulted guaranteed loans that result in loans receivable:			
2310 Outstanding, start of year .....	23	125	282
2331 Disbursements for guaranteed loan claims .....	129	169	239
2351 Repayments of loans receivable .....	-27	-11	-21
2361 Write-offs of loans receivable .....	-1	-3	-3
2390 Outstanding, end of year .....	125	282	497

**Balance Sheet (in millions of dollars)**

Identification code 91-4251-0-3-502	1995 actual	1996 actual	1997 est.	1998 est.
<b>ASSETS:</b>				
1101 Federal assets: Fund balances with Treasury .....	7,559	9,146	6,303	5,746
Net value of assets related to post-1991 acquired defaulted guaranteed loans receivable:				
1501 Defaulted guaranteed loans receivable, gross .....	1,676	2,817	4,650	6,785
1599 Net present value of assets related to defaulted guaranteed loans .....	1,676	2,817	4,650	6,785
Net value of assets related to pre-1992 direct loans receivable and acquired defaulted guaranteed loans receivable:				
1701 Defaulted guaranteed loans, gross ....	-3,507	12,151	11,236	9,448
1704 Defaulted guaranteed loans and interest receivable, net .....	-3,507	12,151	11,236	9,448
1999 Total assets .....	5,728	24,114	22,189	21,979
<b>LIABILITIES:</b>				
2103 Federal liabilities: Debt .....	1,605	1,134	680	354
2999 Total liabilities .....	1,605	1,134	680	354
<b>NET POSITION:</b>				
3100 Appropriated capital .....	4,123	22,980	21,509	21,626
3999 Total net position .....	4,123	22,980	21,509	21,626
4999 Total liabilities and net position .....	5,728	24,114	22,189	21,980

As required by the Federal Credit Reform Act of 1990, this nonbudgetary account records all cash flows to and from the Government resulting from guaranteed student loans 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 FINANCING ACCOUNT**

(Legislative proposal, subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 91-4251-4-3-502	1996 actual	1997 est.	1998 est.
<b>Obligations by program activity:</b>			
Stafford loans:			
01.01 Interest benefits .....			-51
01.06 Supplemental preclaims assistance .....			-6
01.07 Contract collection costs .....			1
01.91 Subtotal, Stafford loans .....			-56
Unsubsidized Stafford loans:			
02.06 Supplemental preclaims assistance .....			-2
<b>PLUS loans:</b>			
03.03 Default claims .....			-1
03.04 Death, disability, and bankruptcy claims .....			-1
03.91 Subtotal, PLUS loans .....			-2
<b>SLS loans:</b>			
04.06 Supplemental preclaims assistance .....			-1
<b>Consolidations loans:</b>			
05.04 Death, disability, and bankruptcy claims .....			-1
05.06 Supplemental preclaims assistance .....			-1
05.91 Subtotal, Consolidations loans .....			-2
08.01 Payment of downward reestimate to Program account .....		342	
10.00 Total obligations .....		342	-63
<b>Budgetary resources available for obligation:</b>			
21.90 Unobligated balance available, start of year: Fund balance .....			-369
22.00 New financing authority (gross) .....		-27	-446
23.90 Total budgetary resources available for obligation .....		-27	-815
23.95 New obligations .....		-342	63
24.90 Unobligated balance available, end of year: Fund balance .....		-369	-752
<b>New financing authority (gross), detail:</b>			
68.00 Spending authority from offsetting collections (gross):			
Offsetting collections (cash) .....		-27	-446
<b>Change in unpaid obligations:</b>			
72.90 Unpaid obligations, start of year: Obligated balance:			
Obligated balance .....			52
73.10 New obligations .....		342	-63
73.20 Total financing disbursements (gross) .....		-290	2
74.90 Unpaid obligations, end of year: Obligated balance:			
Obligated balance .....		52	-9
87.00 Total financing disbursements (gross) .....		290	-2
<b>Offsets:</b>			
Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
Federal sources:			
Payment from subsidy account:			
88.00 Stafford loans .....			357
88.00 Unsubsidized Stafford .....			35
88.00 PLUS loans .....			5
88.00 Consolidated loans .....			23
88.25 Interest on uninvested funds: Stafford loans .....		27	68
Non-Federal sources:			
Stafford loans:			
88.40 Recoveries on defaults .....			-20
88.40 Sallie Mae offset fees .....			-13
88.40 Recoveries on defaults .....			-3
88.40 Recoveries on defaults .....			-2
88.40 Recoveries on defaults .....			-4
88.90 Total, offsetting collections (cash) .....		27	446
<b>Net financing authority and financing disbursements:</b>			
89.00 Financing authority .....			
90.00 Financing disbursements .....		317	444

Status of Guaranteed Loans (in millions of dollars)

Identification code 91-4251-4-3-502	1996 actual	1997 est.	1998 est.
<b>STAFFORD</b>			
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year			
2251 Repayments and prepayments			3
2290 Outstanding, end of year			3
Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year			3
Addendum:			
Cumulative balance of defaulted guaranteed loans that result in loans receivable:			
2310 Outstanding, start of year			
2351 Repayments of loans receivable			-20
2361 Write-offs of loans receivable			-2
2390 Outstanding, end of year			-22
<b>UNSUBSIDIZED STAFFORD</b>			
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year			
2251 Repayments and prepayments			2
2290 Outstanding, end of year			2
Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year			2
Addendum:			
Cumulative balance of defaulted guaranteed loans that result in loans receivable:			
2310 Outstanding, start of year			
2351 Repayments of loans receivable			-3
2361 Write-offs of loans receivable			-1
2390 Outstanding, end of year			-4
<b>PLUS</b>			
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year			
2251 Repayments and prepayments			10
2263 Adjustments: Terminations for default that result in claim payments			1
2290 Outstanding, end of year			11
Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year			11
Addendum:			
Cumulative balance of defaulted guaranteed loans that result in loans receivable:			
2310 Outstanding, start of year			
2351 Repayments of loans receivable			-1
2361 Write-offs of loans receivable			-2
2390 Outstanding, end of year			-3
<b>SLS</b>			
Position with respect to appropriations act limitation on commitments:			
2111 Limitation on guaranteed loans made by private lenders			
2150 Total guaranteed loan commitments			
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year			
2251 Repayments and prepayments			152
2290 Outstanding, end of year			152
Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year			152

Addendum:

Cumulative balance of defaulted guaranteed loans that result in loans receivable:			
2310	Outstanding, start of year		
2351	Repayments of loans receivable		-4
2361	Write-offs of loans receivable		-1
2390	Outstanding, end of year		-5
<b>CONSOLIDATED</b>			
Cumulative balance of guaranteed loans outstanding:			
2210	Outstanding, start of year		
2251	Repayments and prepayments		33
2263	Adjustments: Terminations for default that result in claim payments		1
2290	Outstanding, end of year		34
Memorandum:			
2299	Guaranteed amount of guaranteed loans outstanding, end of year		34

Balance Sheet (in millions of dollars)

Identification code 91-4251-4-3-502	1995 actual	1996 actual	1997 est.	1998 est.
<b>ASSETS:</b>				
1101	Federal assets: Fund balances with Treasury		-369	-752
	Net value of assets related to post-1991 acquired defaulted guaranteed loans receivable:			
1501	Defaulted guaranteed loans receivable, gross			-34
1599	Net present value of assets related to defaulted guaranteed loans			-34
1999	Total assets		-369	-786
<b>NET POSITION:</b>				
3100	Appropriated capital		-369	-786
3999	Total net position		-369	-786
4999	Total liabilities and net position		-369	-786

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	1996 actual	1997 est.	1998 est.	
<b>Obligations by program activity:</b>				
<b>Stafford loans:</b>				
01.01	Interest benefits, net of origination fees	260	128	64
01.02	Special allowance net of origination fees	254	101	48
01.03	Default claims	1,091	767	539
01.04	Death, disability, and bankruptcy claims	106	74	32
01.06	Supplemental preclaims assistance	28	14	7
01.07	Contract collection costs	136	78	68
01.91	Subtotal, Stafford loans	1,875	1,162	758
<b>PLUS/SLS loans:</b>				
02.01	Default claims	56	30	16
02.02	Death, disability, and bankruptcy claims	5	7	4
02.04	Supplemental preclaims assistance	1	1	
02.05	Contract collection costs	7	18	20
02.91	Subtotal, PLUS/SLS loans	69	56	40
<b>Miscellaneous costs:</b>				
03.01	Scheduled payments to finance account for non-contractual modifications	538	376	263
10.00	Total obligations	2,482	1,594	1,061
<b>Budgetary resources available for obligation:</b>				
22.00	New budget authority (gross)	2,772	1,608	1,554
22.10	Resources available from recoveries of prior year obligations	34		
22.40	Capital transfer to general fund	-324	-14	-493
23.90	Total budgetary resources available for obligation	2,482	1,594	1,061

**Credit accounts—Continued**

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

Program and Financing (in millions of dollars)—Continued

Identification code 91-0230-0-1-502	1996 actual	1997 est.	1998 est.
23.95 New obligations .....	-2,482	-1,594	-1,061
New budget authority (gross), detail:			
60.05 Appropriation (indefinite) .....	1,153		
68.00 Spending authority from offsetting collections: Offsetting collections (cash) .....	1,619	1,608	1,554
70.00 Total new budget authority (gross) .....	2,772	1,608	1,554
Change in unpaid obligations:			
74.20 Unpaid obligations, start of year: Obligated balance:			
Appropriation .....	48	261	239
73.10 New obligations .....	2,482	1,594	1,061
73.20 Total outlays (gross) .....	-2,234	-1,614	-1,140
73.45 Adjustments in unexpired accounts .....	-34		
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation .....	261	239	159
Outlays (gross), detail:			
86.97 Outlays from new permanent authority .....	2,186	1,353	901
86.98 Outlays from permanent balances .....	48	261	239
87.00 Total outlays (gross) .....	2,234	1,614	1,140
Offsets:			
Against gross budget authority and outlays:			
Offsetting collections (cash) from:			
Non-Federal sources:			
Stafford loans:			
88.40 Federal collections on defaulted loans .....	-475	-472	-456
88.40 Federal collections on bankruptcies .....	-23	-23	-23
88.40 Offsets against Federal tax refunds .....	-317	-315	-304
Other collections:			
88.40 Reimbursements from guaranty agencies ...	-583	-577	-559
88.40 Federal collections on defaulted loans .....	-75	-75	-72
88.40 Federal collections on bankruptcies .....	-4	-4	-3
88.40 Offsets against Federal tax refunds .....	-50	-50	-48
88.40 Reimbursements from guaranty agencies ...	-92	-92	-89
88.90 Total, offsetting collections (cash) .....	-1,619	-1,608	-1,554
Net budget authority and outlays:			
89.00 Budget authority .....	1,153		
90.00 Outlays .....	616	6	-414

Status of Guaranteed Loans (in millions of dollars)

Identification code 91-0230-0-1-502	1996 actual	1997 est.	1998 est.
STAFFORD LOANS			
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year .....	26,846	26,412	20,540
2251 Repayments and prepayments .....	-9,110	-5,002	-4,536
Adjustments:			
2261 Terminations for default that result in loans receivable .....	-1,076	-810	-569
2263 Terminations for default that result in claim payments .....	-106	-60	-30
2264 Other adjustments, net .....	9,858		
2290 Outstanding, end of year .....	26,412	20,540	15,405
Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year .....	26,412	20,540	15,405
Addendum:			
Cumulative balance of defaulted guaranteed loans that result in loans receivable:			
2310 Outstanding, start of year .....	10,013	9,868	9,185
2331 Disbursements for guaranteed loan claims .....	1,365	810	569
2351 Repayments of loans receivable .....	-1,395	-1,398	-1,359
2361 Write-offs of loans receivable .....	-11	-11	-11
2364 Other adjustments, net .....	-104	-84	-65
2390 Outstanding, end of year .....	9,868	9,185	8,319

PLUS/SLS LOANS			
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year .....	2,727	3,914	3,043
2251 Repayments and prepayments .....	-964	-831	-1,691
Adjustments:			
2261 Terminations for default that result in loans receivable .....	-56	-33	-18
2263 Terminations for default that result in claim payments .....	-5	-7	-3
2264 Other adjustments, net .....	2,212		
2290 Outstanding, end of year .....	3,914	3,043	1,331
Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year .....	3,914	3,043	1,331
Addendum:			
Cumulative balance of defaulted guaranteed loans that result in loans receivable:			
2310 Outstanding, start of year .....	3,166	2,991	2,611
2331 Disbursements for guaranteed loan claims .....	68	33	18
2351 Repayments of loans receivable .....	-222	-208	-193
2361 Write-offs of loans receivable .....	-3	-190	-187
2364 Other adjustments, net .....	-18	-15	-12
2390 Outstanding, end of year .....	2,991	2,611	2,237

<sup>1</sup> Excludes interest and premium collections on insured loans.

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

Object Classification (in millions of dollars)

Identification code 91-0230-0-1-502	1996 actual	1997 est.	1998 est.
25.2 Other services .....	142	96	88
33.0 Investments and loans .....	1,147	796	555
41.0 Grants, subsidies, and contributions .....	1,081	620	382
42.0 Insurance claims and indemnities .....	112	82	36
99.9 Total obligations .....	2,482	1,594	1,061

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS PROGRAM

[For administrative expenses to carry out the existing direct loan program of college housing and academic facilities loans entered into pursuant to title VII, part C, of the Higher Education Act, as amended, \$698,000.]

For Federal administrative expenses to carry out activities related to facility loans entered into under title VII, part C and section 702 of the Higher Education Act, as amended, \$1,069,000. (Department of Education Appropriations Act, 1997.)

HISTORICALLY BLACK COLLEGE AND UNIVERSITY CAPITAL FINANCING PROGRAM ACCOUNT

The total amount of bonds insured pursuant to section 724 of title VII, part B of the Higher Education Act shall not exceed \$357,000,000, and the cost, as defined in section 502 of the Congressional Budget Act of 1974, of such bonds shall not exceed zero.

For administrative expenses to carry out the Historically Black College and University Capital Financing Program entered into pursuant to title VII, part B of the Higher Education Act, as amended, \$104,000. (Department of Education Appropriations Act, 1997.)

Program and Financing (in millions of dollars)

Identification code 91-0241-0-1-502	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
00.09 Federal administration .....	1	1	1
10.00 Total obligations .....	1	1	1
Budgetary resources available for obligation:			
22.00 New budget authority (gross) .....	1	1	1

22.10	Resources available from recoveries of prior year obligations .....	2		
23.90	Total budgetary resources available for obligation .....	3	1	1
23.95	New obligations .....	-1	-1	-1
New budget authority (gross), detail:				
40.00	Appropriation (Federal administration) .....	1	1	1
Change in unpaid obligations:				
72.90	Unpaid obligations, start of year: Obligated balance:			
	Fund balance .....	8	5	4
73.10	New obligations .....	1	1	1
73.20	Total outlays (gross) .....	-2	-2	-2
73.45	Adjustments in unexpired accounts .....	-2		
74.90	Unpaid obligations, end of year: Obligated balance:			
	Fund balance .....	5	4	4
Outlays (gross), detail:				
86.90	Outlays from new current authority .....	1	1	1
86.93	Outlays from current balances .....	1	1	1
87.00	Total outlays (gross) .....	2	2	2
Net budget authority and outlays:				
89.00	Budget authority .....	1	1	1
90.00	Outlays .....	2	2	2

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

Identification code 91-0241-0-1-502	1996 actual	1997 est.	1998 est.
Direct loan subsidy outlays:			
1340 Subsidy outlays .....	1	1	
Administrative expense data:			
3510 Budget authority .....	1	1	1
3590 Outlays from new authority .....	1	1	1

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

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

In prior years, funding for CHAFL administration was in this account, and funding for CHL and HEFL administration was split between the Department's Program Administration account and the liquidating accounts for these two programs. In fiscal year 1998, the Department plans to consolidate funding for administrative activities for CHAFL, HEFL and CHL under a single account. The FY 1998 request includes funding for personnel, loan servicing, and architectural and engineering services.

*Historically Black College and University Capital Financing Program.*—The Historically Black College and University (HBCU) Capital Financing Program provides HBCUs with private capital for capital projects such as repairs, renovation and construction of classrooms, libraries, laboratories, dormitories, instructional equipment, and research instrumentation. The 1994 appropriation granted the Department authority to enter into insurance agreements with a private for-

profit Designated Bonding Authority to guarantee no more than \$357,000,000 loan principal plus accrued unpaid interest for taxable bonds. The bonding authority issues the bonds and maintains an escrow account in which 10 percent of each institution's principal is deposited. This amount is estimated to be sufficient to cover all potential delinquencies and defaults.

The first loan was issued in 1996 for \$3.5 million, and additional loans are expected in 1997 and 1998. No subsidy appropriations are required. The 1998 budget requests funds for continuing Federal administrative activities only.

Object Classification (in millions of dollars)

Identification code 91-0241-0-1-502	1996 actual	1997 est.	1998 est.
25.3 Direct obligations: Purchases of goods and services from Government accounts .....			1
99.5 Below reporting threshold .....	1	1	
99.9 Total obligations .....	1	1	1

Personnel Summary

Identification code 91-0241-0-1-502	1996 actual	1997 est.	1998 est.
1001 Total compensable workyears: Full-time equivalent employment .....	8	7	9

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS FINANCING ACCOUNT

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

Program and Financing (in millions of dollars)

Identification code 91-4252-0-3-502	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
00.02 Interest paid to Treasury .....	1	1	1
10.00 Total obligations .....	1	1	1
Budgetary resources available for obligation:			
22.00 New financing authority (gross) .....	1		1
23.95 New obligations .....	-1	-1	-1
New financing authority (gross), detail:			
Spending authority from offsetting collections:			
68.00 Offsetting collections (cash) .....	2	1	1
68.10 Change in orders on hand from Federal sources .....	-4	-1	
68.15 Adjustment to orders on hand from Federal sources .....	2		
68.90 Spending authority from offsetting collections (total) .....			1
70.00 Total new financing authority (gross) .....			1
Change in unpaid obligations:			
Unpaid obligations, start of year:			
72.90 Obligated balance: Authority to Borrow .....	38	22	16
72.95 Obligate balance: Subsidy .....	8	4	3
72.99 Total unpaid obligations, start of year .....	46	26	19
73.10 New obligations .....	1	1	1
73.20 Total financing disbursements (gross) .....	-9	-8	-4
73.40 Adjustments in expired accounts .....	-12		
Unpaid obligations, end of year:			
74.90 Obligated balance: Obligated balance .....	22	16	14
74.95 Receivables from program account .....	4	3	3
74.99 Total unpaid obligations, end of year .....	26	19	17
87.00 Total financing disbursements (gross) .....	9	8	4
Offsets:			
Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
88.00 Principal repayments .....	-1		
88.25 Interest on uninvested funds .....	-1		

**Credit accounts—Continued**

**COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS FINANCING ACCOUNT—Continued**

Program and Financing (in millions of dollars)—Continued

Identification code 91-4252-0-3-502	1996 actual	1997 est.	1998 est.
88.40 Interest repayments .....		-1	-1
88.90 Total, offsetting collections (cash) .....	-2	-1	-1
88.95 Change in receivables from program accounts .....	4	1	
88.96 Adjustment to orders on hand from Federal sources .....	-2		
Net financing authority and financing disbursements:			
89.00 Financing authority .....	1		
90.00 Financing disbursements .....	7	7	3

**Status of Direct Loans (in millions of dollars)**

Identification code 91-4252-0-3-502	1996 actual	1997 est.	1998 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 .....	6	13	19
1231 Disbursements: Direct loan disbursements .....	7	6	3
1251 Repayments: Repayments and prepayments .....			
1290 Outstanding, end of year .....	13	19	22

The reestimate of the subsidy from prior year obligations may require the Department to exercise its permanent indefinite authority to borrow funds to cover outstanding Treasury interest expenses due on September 30, 1998.

**Balance Sheet (in millions of dollars)**

Identification code 91-4252-0-3-502	1995 actual	1996 actual	1997 est.	1998 est.
<b>ASSETS:</b>				
Investments in US securities:				
1106 Federal assets: Receivables, net .....	9	8	4	3
Net value of assets related to post-1991 direct loans receivable:				
1401 Direct loans receivable, gross .....	5	11	19	22
1402 Interest receivable .....			1	1
1405 Allowance for subsidy cost (-) .....	-2	-4	-1	
1499 Net present value of assets related to direct loans .....	3	7	19	23
1999 Total assets .....	12	15	23	26
<b>LIABILITIES:</b>				
Federal liabilities:				
2102 Interest payable .....	1	1	1	1
2103 Debt .....	5	11	20	27
2999 Total liabilities .....	6	12	21	28
<b>NET POSITION:</b>				
3100 Appropriated capital .....	6	3	2	-2
3999 Total net position .....	6	3	2	-2
4999 Total liabilities and net position .....	12	15	23	26

**[COLLEGE HOUSING LOANS]**

[Pursuant to title VII, part C of the Higher Education Act, as amended, for necessary expenses of the college housing loans program, the Secretary shall make expenditures and enter into contracts without regard to fiscal year limitation using loan repayments and other resources available to this account. Any unobligated balances becoming available from fixed fees paid into this account pursuant to 12 U.S.C. 1749d, relating to payment of costs for inspections and site visits, shall be available for the operating expenses of this account.] (Department of Education Appropriations Act, 1997.)

Program and Financing (in millions of dollars)

Identification code 91-0242-0-1-502	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
10.00 Total obligations (object class 43.0) .....	33	25	24
Budgetary resources available for obligation:			
21.40 Unobligated balance available, start of year:			
Uninvested balance .....	41	41	50
22.00 New budget authority (gross) .....	36	29	27
22.10 Resources available from recoveries of prior year obligations .....		10	
22.60 Redemption of debt .....	-3	-5	-3
23.90 Total budgetary resources available for obligation	74	75	74
23.95 New obligations .....	-33	-25	-24
24.40 Unobligated balance available, end of year:			
Uninvested balance .....	41	50	51

**New budget authority (gross), detail:**

60.05 Appropriation (indefinite) .....	6	3	3
Spending authority from offsetting collections:			
68.00 Offsetting collections (cash) .....	76	59	59
68.27 Capital transfer to general fund .....	-4	-3	-3
68.47 Portion applied to debt reduction .....	-42	-30	-32
68.90 Spending authority from offsetting collections (total) .....	30	26	24
70.00 Total new budget authority (gross) .....	36	29	27

**Change in unpaid obligations:**

72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation .....	43	46	31
73.10 New obligations .....	33	25	24
73.20 Total outlays (gross) .....	-30	-30	-27
73.45 Adjustments in unexpired accounts .....		-10	
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation .....	46	31	28

**Outlays (gross), detail:**

86.97 Outlays from new permanent authority .....	30	23	23
86.98 Outlays from permanent balances .....		7	4
87.00 Total outlays (gross) .....	30	30	27

**Offsets:**

Against gross budget authority and outlays:			
Offsetting collections (cash) from:			
Non-Federal sources:			
88.40 Repayments of principal .....	-50	-39	-39
88.40 Interest received on loans .....	-26	-20	-20
88.90 Total, offsetting collections (cash) .....	-76	-59	-59

**Net budget authority and outlays:**

89.00 Budget authority .....	-40	-30	-32
90.00 Outlays .....	-45	-29	-32

**Status of Direct Loans (in millions of dollars)**

Identification code 91-0242-0-1-502	1996 actual	1997 est.	1998 est.
<b>CHAFL LIQUIDATING</b>			
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year .....	144	152	148
1231 Disbursements: Direct loan disbursements .....	13		
1251 Repayments: Repayments and prepayments .....	-5	-4	-3
1290 Outstanding, end of year .....	152	148	145

**COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS LIQUIDATING ACCOUNT**

**[HIGHER EDUCATION FACILITIES LOANS]**

[The Secretary is hereby authorized to make such expenditures, within the limits of funds available under this heading and in accord with law, and to make such contracts and commitments without regard to fiscal year limitation, as provided by section 104 of the Government Corporation Control Act (31 U.S.C. 9104), as may be necessary in carrying out the program for the current fiscal year.] (Department of Education Appropriations Act, 1997.)



HIGHER EDUCATION FACILITIES LOANS				
Cumulative balance of direct loans outstanding:				
1210	Outstanding, start of year	54	48	42
1251	Repayments: Repayments and prepayments	-6	-6	-6
1290	Outstanding, end of year	48	42	36
COLLEGE HOUSING LOANS				
Cumulative balance of direct loans outstanding:				
1210	Outstanding, start of year	484	446	415
1251	Repayments: Repayments and prepayments	-38	-31	-31
1290	Outstanding, end of year	446	415	384

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

**HISTORICALLY BLACK COLLEGE AND UNIVERSITY CAPITAL FINANCING, FINANCING ACCOUNT**

Status of Guaranteed Loans (in millions of dollars)

Identification code 91-4254-0-3-502	1996 actual	1997 est.	1998 est.	
Position with respect to appropriations act limitation on commitments:				
2111	Limitation on guaranteed loans made by private lenders			
Cumulative balance of guaranteed loans outstanding:				
2210	Outstanding, start of year		10	
2231	Disbursements of new guaranteed loans	10	15	
2251	Repayments and prepayments			
2290	Outstanding, end of year	10	25	
Memorandum:				
2299	Guaranteed amount of guaranteed loans outstanding, end of year	10	25	

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

In FY 1997, the Federal Financing Bank (FFB) began purchasing bonds issued by the HBCU Designated Bonding Authority. Under the policies governing Federal credit programs, loan guarantees by the FFB create the equivalent of a Federal direct loan. For budget purposes, all FFB loans shall be treated as direct loans. HBCU bonds are still available for purchase by the private sector, and these will be treated as loan guarantees. The Department expects some future loans may be financed from private sources.

**OFFICE OF EDUCATIONAL RESEARCH AND IMPROVEMENT**

**Federal Funds**

**General and special funds:**

EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT

For carrying out activities authorized by the Educational Research, Development, Dissemination, and Improvement Act of 1994, including part E; the National Education Statistics Act of 1994; section 2102, sections [3132,] 3136 and 3141, parts B, C, and D of title III and parts A, B, and I, [and K] and section 10601 of title X, and part C of title XIII of the Elementary and Secondary Education Act of 1965, as amended, and title VI of Public Law 103-227, \$510,693,000

[\$598,350,000: *Provided*, That \$200,000,000 shall be for section 3132, \$56,965,000 shall be for section 3136 and \$10,000,000 shall be for section 3141 of the Elementary and Secondary Education Act: *Provided further*, That notwithstanding any other provision of law, one-half of one percent of the amount available for section 3132 of the Elementary and Secondary Education Act of 1965, as amended, shall be set aside for the outlying areas to be distributed among the outlying areas on the basis of their relative need as determined by the Secretary in accordance with the purposes of the program: *Provided further*, That, notwithstanding section 3131(b) of said Act, if any State educational agency does not apply for a grant under section 3132, that State's allotment under section 3131 shall be reserved by the Secretary for grants to local educational agencies in the State that apply directly to the Secretary according to the terms and conditions announced by the Secretary in the Federal Register: *Provided further*, That, of the amount available for title III, part B of the Elementary and Secondary Education Act of 1965, as amended, funds shall be awarded to continue the Iowa Communication Network state-wide fiber optic demonstration and \$2,000,000 shall be awarded to the Southeastern Pennsylvania Consortium for Higher Education for the establishment of local and wide area computer networks to provide instructional resources to students and faculty: *Provided further*, That none of the funds appropriated in this paragraph may be obligated or expended for the Goals 2000 Community Partnerships Program]. (*Department of Education Appropriations Act, 1997.*)

Program and Financing (in millions of dollars)				
Identification code 91-1100-0-1-999	1996 actual	1997 est.	1998 est.	
Obligations by program activity:				
Direct program:				
Research, development and dissemination:				
00.01	National education research institutes	43	54	62
00.02	Regional educational laboratories	51	51	54
00.03	National dissemination activities	13	19	19
00.04	Statistics	46	50	66
00.05	Assessment	33	33	38
00.06	Eisenhower professional development national activities	18	13	30
Educational technology:				
Technology for education:				
00.07	Technology literacy challenge fund		200	
00.08	Technology innovation challenge grants	38	57	75
00.09	Regional technology in education consortia	10	10	10
00.10	Star schools	23	30	26
00.11	Ready to learn television	6	7	7
00.12	Telecommunications demonstration project for mathematics	1	1	2
00.13	Fund for the improvement of education	38	40	40
00.14	Javits gifted and talented education	3	5	7
00.15	Eisenhower regional mathematics and science education consortia	15	15	15
00.16	After-school learning centers	1	1	50
00.17	National writing project	3	3	
00.18	Civic education	4	4	5
00.19	International education exchange	5	5	5
00.91	Subtotal, direct program	351	598	511
02.01	Reimbursable program	2		
10.00	Total obligations	353	598	511
Budgetary resources available for obligation:				
22.00	New budget authority (gross)	353	598	511
23.95	New obligations	-353	-598	-511
New budget authority (gross), detail:				
Current:				
40.00	Appropriation	351	598	511
Permanent:				
68.00	Spending authority from offsetting collections: Offsetting collections (cash)	2		
70.00	Total new budget authority (gross)	353	598	511
Change in unpaid obligations:				
72.40	Unpaid obligations, start of year: Obligated balance:			
	Appropriation	322	358	543
73.10	New obligations	353	598	511
73.20	Total outlays (gross)	-313	-412	-551
73.40	Adjustments in expired accounts	-4		
74.40	Unpaid obligations, end of year: Obligated balance:			
	Appropriation	358	543	503

**General and special funds—Continued**

**EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT—Continued**

Program and Financing (in millions of dollars)—Continued

Identification code 91-1100-0-1-999	1996 actual	1997 est.	1998 est.
Outlays (gross), detail:			
86.90 Outlays from new current authority .....	82	130	129
86.93 Outlays from current balances .....	229	281	422
86.98 Outlays from permanent balances .....	2	1	.....
87.00 Total outlays (gross) .....	313	412	551
Offsets:			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources .....	-2	.....	.....
Net budget authority and outlays:			
89.00 Budget authority .....	351	598	511
90.00 Outlays .....	311	412	551

Note.—Excludes \$425 million in budget authority in 1998 for activities transferred to the Office of Elementary and Secondary Education, Education Reform Account. The comparable amount for 1997 was \$200 million (included above) and zero in 1996, since the program was first funded in 1997.

*Research, development, and dissemination.—*

*National research institutes.*—Funds support the activities of five research institutes organized to address topics of national concern in education. The institutes carry out comprehensive programs of research and development by funding research centers, field-initiated research studies, and other research projects.

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

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

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

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

*Eisenhower professional development national activities.*—Funds support activities to promote excellence in teaching. Such activities include strengthening professional standards for teachers, demonstrating ways to engage teachers and other educators in the use of effective teaching and learning strategies, providing support services for both Eisenhower State and Federal program activities, and evaluating these activities.

*Technology for education.—*

*Technology innovation challenge grants.*—Competitive grants are made to consortia of school districts and other partners to improve teaching and learning through the effective use of technologies.

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

*Star schools.*—Funds support the acquisition of telecommunications equipment and development of instructional programming for distance learning.

*Ready to learn television.*—Funds support the development of educational programming for preschool and elementary school children and their parents.

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

*Fund for the improvement of education.*—Funds support nationally significant projects to improve the quality of education, assist all students to meet challenging standards, contribute to achievement of the National Education Goals and support the Christa McAuliffe Fellowships.

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

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

*After-school learning centers.*—Funds support school-based after-school tutoring and other educational and violence prevention services to members of the community.

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

*International education exchange.*—Funds are used for international exchange programs to help improve civics and economics education in central and eastern European countries, countries that were part of the former Soviet Union, and the United States.

Object Classification (in millions of dollars)

Identification code 91-1100-0-1-999	1996 actual	1997 est.	1998 est.
Direct obligations:			
11.3 Personnel compensation: Other than full-time permanent .....	1	1	1
24.0 Printing and reproduction .....	2	2	1
25.1 Advisory and assistance services .....	5	5	5
25.2 Other services .....	46	52	71
25.3 Purchases of goods and services from Government accounts .....	9	9	9
25.5 Research and development contracts .....	55	56	56
25.7 Operation and maintenance of equipment .....	9	9	9
41.0 Grants, subsidies, and contributions .....	222	462	357
99.0 Subtotal, direct obligations .....	349	596	509
99.0 Reimbursable obligations .....	2	.....	.....
99.5 Below reporting threshold .....	2	2	2
99.9 Total obligations .....	353	598	511

Personnel Summary

Identification code 91-1100-0-1-999	1996 actual	1997 est.	1998 est.
1001 Total compensable workyears: Full-time equivalent employment .....	11	13	13

LIBRARIES

The account for the Office of Library programs, which was formerly shown under the Department of Education, Office of Educational Research and Improvement, is now part of the Institute of Museum and Library Services.

**DEPARTMENTAL MANAGEMENT**

**Federal Funds**

**General and special funds:**

PROGRAM ADMINISTRATION

For carrying out, to the extent not otherwise provided, the Department of Education Organization Act, including rental of conference rooms in the District of Columbia and hire of two passenger motor vehicles, **[\$327,000,000]** \$341,039,000. (Department of Education Appropriations Act, 1997.)

Program and Financing (in millions of dollars)

Identification code 91-0800-0-1-503	1996 actual	1997 est.	1998 est.
<b>Obligations by program activity:</b>			
00.01 Direct program .....	326	326	341
01.01 Reimbursable programs .....	6	8	8
10.00 Total obligations .....	332	334	349
<b>Budgetary resources available for obligation:</b>			
22.00 New budget authority (gross) .....	333	334	349
22.30 Unobligated balance expiring .....	-1		
23.90 Total budgetary resources available for obligation	332	334	349
23.95 New obligations .....	-332	-334	-349
<b>New budget authority (gross), detail:</b>			
<b>Current:</b>			
40.00 Appropriation .....	327	327	341
40.75 Reduction pursuant to P.L. 104-208 .....		-1	
43.00 Appropriation (total) .....	327	326	341
<b>Permanent:</b>			
68.00 Spending authority from offsetting collections: Offsetting collections (cash) .....	6	8	8
70.00 Total new budget authority (gross) .....	333	334	349
<b>Change in unpaid obligations:</b>			
<b>Unpaid obligations, start of year: Obligated balance:</b>			
72.40 Appropriation .....	183	119	123
73.10 New obligations .....	332	334	349
73.20 Total outlays (gross) .....	-406	-330	-348
73.40 Adjustments in expired accounts .....	10		
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation .....	119	123	124
<b>Outlays (gross), detail:</b>			
86.90 Outlays from new current authority .....	254	245	253
86.93 Outlays from current balances .....	130	78	87
86.97 Outlays from new permanent authority .....	3	4	4
86.98 Outlays from permanent balances .....	19	3	4
87.00 Total outlays (gross) .....	406	330	348
<b>Offsets:</b>			
<b>Against gross budget authority and outlays:</b>			
88.00 Offsetting collections (cash) from: Federal sources	-6	-8	-8
<b>Net budget authority and outlays:</b>			
89.00 Budget authority .....	327	326	341
90.00 Outlays .....	400	322	340

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

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, edu-

cation agencies and other grant recipients, and preparation of auditable financial statements; ADP services; personnel management; budget formulation and execution; program evaluation; legal services; congressional and public relations; and intergovernmental affairs.

**Reimbursable program.**—Reimbursements to this account include the costs of collecting defaulted Perkins student loans and of providing administrative services to other agencies.

Also included in this account are contributions from the public. Activities supported include the Goals 2000 Teachers' Forum, and the Gifts and Bequests Miscellaneous Fund. No new contributions are currently anticipated for 1998.

Object Classification (in millions of dollars)

Identification code 91-0800-0-1-503	1996 actual	1997 est.	1998 est.
<b>Direct obligations:</b>			
<b>Personnel compensation:</b>			
11.1 Full-time permanent .....	137	140	141
11.3 Other than full-time permanent .....	13	11	11
11.5 Other personnel compensation .....	2	1	1
11.9 Total personnel compensation .....	152	152	153
12.1 Civilian personnel benefits .....	30	31	33
21.0 Travel and transportation of persons .....	5	5	5
23.1 Rental payments to GSA .....	23	22	25
23.3 Communications, utilities, and miscellaneous charges .....	17	16	17
24.0 Printing and reproduction .....	8	9	10
25.1 Advisory and assistance services .....	5	5	5
25.2 Other services .....	10	9	13
25.3 Purchases of goods and services from Government accounts .....	14	15	14
25.4 Operation and maintenance of facilities .....	1	1	1
25.7 Operation and maintenance of equipment .....	44	50	46
26.0 Supplies and materials .....	3	3	3
31.0 Equipment .....	13	5	13
32.0 Land and structures .....	1	1	2
99.0 Subtotal, direct obligations .....	326	324	340
99.0 Reimbursable obligations .....	6	7	7
99.5 Below reporting threshold .....		3	2
99.9 Total obligations .....	332	334	349

Personnel Summary

Identification code 91-0800-0-1-503	1996 actual	1997 est.	1998 est.
<b>Total compensable workyears:</b>			
1001 Full-time equivalent employment .....	2,733	2,630	2,575
1005 Full-time equivalent of overtime and holiday hours	3	3	3

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, **[\$55,000,000]** \$61,500,000. (Department of Education Appropriations Act, 1997.)

Program and Financing (in millions of dollars)

Identification code 91-0700-0-1-751	1996 actual	1997 est.	1998 est.
<b>Obligations by program activity:</b>			
00.01 Direct program: Civil Rights .....	55	55	62
10.00 Total obligations .....	55	55	62
<b>Budgetary resources available for obligation:</b>			
22.00 New budget authority (gross) .....	55	55	62
23.95 New obligations .....	-55	-55	-62
<b>New budget authority (gross), detail:</b>			
40.00 Appropriation .....	55	55	62
<b>Change in unpaid obligations:</b>			
<b>Unpaid obligations, start of year: Obligated balance:</b>			
72.40 Appropriation .....	28	11	9
73.10 New obligations .....	55	55	62

**General and special funds—Continued**

**OFFICE FOR CIVIL RIGHTS—Continued**

Program and Financing (in millions of dollars)—Continued

Identification code 91-0700-0-1-751	1996 actual	1997 est.	1998 est.
73.20 Total outlays (gross) .....	-72	-57	-60
74.40 Unpaid obligations, end of year: Obligated balance: Appropriation .....	11	9	11
Outlays (gross), detail:			
86.90 Outlays from new current authority .....	48	48	53
86.93 Outlays from current balances .....	24	9	7
87.00 Total outlays (gross) .....	72	57	60
Net budget authority and outlays:			
89.00 Budget authority .....	55	55	62
90.00 Outlays .....	72	57	60

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, and the Americans with Disabilities Act of 1990.

Object Classification (in millions of dollars)

Identification code 91-0700-0-1-751	1996 actual	1997 est.	1998 est.
Personnel compensation:			
11.1 Full-time permanent .....	37	37	38
11.3 Other than full-time permanent .....	1	1	1
11.9 Total personnel compensation .....	38	38	39
12.1 Civilian personnel benefits .....	7	7	8
21.0 Travel and transportation of persons .....	1	1	1
23.1 Rental payments to GSA .....	4	4	5
23.3 Communications, utilities, and miscellaneous charges .....	1	1	1
25.2 Other services .....	1	1	1
25.3 Purchases of goods and services from Government accounts .....	1	2	2
25.7 Operation and maintenance of equipment .....	1	1	2
26.0 Supplies and materials .....	1	1	1
31.0 Equipment .....	1	1	1
99.5 Below reporting threshold .....	1	1	1
99.9 Total obligations .....	55	55	62

Personnel Summary

Identification code 91-0700-0-1-751	1996 actual	1997 est.	1998 est.
1001 Total compensable workyears: Full-time equivalent employment .....	744	724	724

**OFFICE OF THE INSPECTOR GENERAL**

For expenses necessary for the Office of the Inspector General, as authorized by Section 212 of the Department of Education Organization Act, [S30,000,000] \$32,000,000. (Department of Education Appropriations Act, 1997.)

Program and Financing (in millions of dollars)

Identification code 91-1400-0-1-751	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
00.01 Inspector General .....	29	30	32
10.00 Total obligations .....	29	30	32

Budgetary resources available for obligation:			
22.00 New budget authority (gross) .....	29	30	32
23.95 New obligations .....	-29	-30	-32

New budget authority (gross), detail:			
40.00 Appropriation .....	29	30	32

Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation .....	8	6	5
73.10 New obligations .....	29	30	32
73.20 Total outlays (gross) .....	-31	-31	-31
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation .....	6	5	6

Outlays (gross), detail:			
86.90 Outlays from new current authority .....	25	26	27
86.93 Outlays from current balances .....	6	5	4
87.00 Total outlays (gross) .....	31	31	31

Net budget authority and outlays:			
89.00 Budget authority .....	29	30	32
90.00 Outlays .....	31	31	31

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

Object Classification (in millions of dollars)

Identification code 91-1400-0-1-751	1996 actual	1997 est.	1998 est.
Personnel compensation:			
11.1 Full-time permanent .....	17	18	19
11.5 Other personnel compensation .....	1	1	1
11.9 Total personnel compensation .....	18	19	20
12.1 Civilian personnel benefits .....	4	4	5
21.0 Travel and transportation of persons .....	1	1	1
23.1 Rental payments to GSA .....	2	2	2
25.1 Advisory and assistance services .....	1	1	1
25.3 Purchases of goods and services from Government accounts .....	1	1	1
25.7 Operation and maintenance of equipment .....	1	1	1
99.5 Below reporting threshold .....	2	3	1
99.9 Total obligations .....	29	30	32

Personnel Summary

Identification code 91-1400-0-1-751	1996 actual	1997 est.	1998 est.
1001 Total compensable workyears: Full-time equivalent employment .....	305	317	317

**HEADQUARTERS RENOVATION**

Program and Financing (in millions of dollars)

Identification code 91-1500-0-1-503	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
10.00 Total obligations .....	1	6	6
Budgetary resources available for obligation:			
21.40 Unobligated balance available, start of year:			
Uninvested balance .....	6	6	6
22.00 New budget authority (gross) .....	7	7	7
23.90 Total budgetary resources available for obligation .....	7	6	6
23.95 New obligations .....	-1	-6	-6
24.40 Unobligated balance available, end of year:			
Uninvested balance .....	6	6	6

New budget authority (gross), detail:			
40.00	Appropriation .....	7	
Change in unpaid obligations:			
72.40	Unpaid obligations, start of year: Obligated balance:		
	Appropriation .....	1	2
73.10	New obligations .....	1	6
73.20	Total outlays (gross) .....	-5	-2
74.40	Unpaid obligations, end of year: Obligated balance:		
	Appropriation .....	1	2
Outlays (gross), detail:			
86.93	Outlays from current balances .....	5	2
Net budget authority and outlays:			
89.00	Budget authority .....	7	
90.00	Outlays .....	5	2

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

Object Classification (in millions of dollars)			
Identification code 91-1500-0-1-503			
		1996 actual	1997 est. 1998 est.
25.2	Other services .....		1
25.7	Operation and maintenance of equipment .....		2
31.0	Equipment .....		3
99.0	Subtotal, direct obligations .....		6
99.5	Below reporting threshold .....	1	
99.9	Total obligations .....	1	6

**GENERAL FUND RECEIPT ACCOUNTS**

(in millions of dollars)

		1996 actual	1997 est.	1998 est.
Offsetting receipts from the public:				
91-022100	FFEL Guarantee agency reserve recoveries:			
	Legislative proposal, subject to PAYGO .....			731
91-291500	Repayment of loans, capital contributions,			
	higher education activities, Education .....	61	62	61
General Fund Offsetting receipts from the public .....		61	62	792

**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.

SEC. 304. Notwithstanding any other provision of law, funds available under section 458 of the Higher Education Act shall not exceed \$491,000,000 for fiscal year 1997. The Department of Education shall use \$80,000,000 of the amounts provided for payment of administrative cost allowances to guaranty agencies for fiscal year 1996. For fiscal year 1997, the Department of Education shall pay administrative costs to guaranty agencies, calculated on the basis of 0.85 percent of the total principal amount of loans upon which insurance was issued on or after October 1, 1996: *Provided*, That such administrative costs shall be paid only on the first \$8,200,000,000 of the principal amount of loans upon which insurance was issued on or after October 1, 1996 by such guaranty agencies, and shall not exceed a total of \$70,000,000. Such payments are to be paid quarterly, and receipt of such funds and uses of such funds shall be in accordance with section 428(f) of the Higher Education Act.]

[Notwithstanding section 458 of the Higher Education Act, the Secretary may not use funds available under that section or any other section for subsequent fiscal years for administrative expenses of the William D. Ford Direct Loan Program. The Secretary may not require the return of guaranty agency reserve funds during fiscal year 1997, except after consultation with both the Chairmen and ranking members of the House Economic and Educational Opportunities Committee and the Senate Labor and Human Resources Committee. Any reserve funds recovered by the Secretary shall be returned to the Treasury of the United States for purposes of reducing the Federal deficit.]

[No funds available to the Secretary may be used for (1) the hiring of advertising agencies or other third parties to provide advertising services for student loan programs prior to January 1, 1997, or (2) payment of administrative fees relating to the William D. Ford Direct Loan Program to institutions of higher education.]

SEC. 305. None of the funds appropriated in this Act may be obligated or expended to carry out section 621(b) of Public Law 101-589.]

**[(TRANSFER OF FUNDS)]**

SEC. 306. Not to exceed 1 percent of any discretionary funds (pursuant to the Balanced Budget and Emergency Deficit Control Act, as amended) which are appropriated for the current fiscal year for the Department of Education in this Act may be transferred between appropriations, but no such appropriation shall be increased by more than 3 percent by any such transfer: *Provided*, That the Appropriations Committees of both Houses of Congress are notified at least fifteen days in advance of any transfer.]

SEC. 307. (a) Section 8003(f)(3)(A)(i) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7703(f)(3)(A)(i)) is amended—

[(1) in the matter preceding subclause (I), by striking "The Secretary" and all that follows through "greater of—" and inserting the following: "The Secretary, in conjunction with the local educational agency, shall first determine each of the following:";]

[(2) in each of subclauses (I) through (III), by striking "the average" each place it appears the first time in each such subclause and inserting "The average";]

[(3) in subclause (I), by striking the semicolon and inserting a period;]

[(4) in subclause (II), by striking ": or" and inserting a period; and]

[(5) by adding at the end the following: "The local educational agency shall select one of the amounts determined under subclause (I), (II), or (III) for purposes of the remaining computations under this subparagraph.".]

[(b) The amendments made by subsection (a) shall apply with respect to fiscal years beginning with fiscal year 1995.]

SEC. 308. Section 485(e)(9) of the Higher Education Act of 1965 is amended by striking out "June 30" in the second sentence of such section and inserting "August 30".] (*Department of Education Appropriations Act, 1997.*)