

DEPARTMENT OF EDUCATION

OFFICE OF ELEMENTARY AND SECONDARY EDUCATION

Federal Funds

General and special funds:

EDUCATION REFORM

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

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

Program and Financing (in millions of dollars)

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

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

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

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

Goals 2000:

General and special funds—Continued

EDUCATION REFORM—Continued

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

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

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

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

Educational Technology:

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

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

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

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

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

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

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

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

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

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

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

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

Object Classification (in millions of dollars)

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

EDUCATION FOR THE DISADVANTAGED

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

Program and Financing (in millions of dollars)

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

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

Summary of Program Level (in millions of dollars)

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

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

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

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

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

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

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

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

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

Object Classification (in millions of dollars)

Identification code 91-0900-0-1-501	1998 actual	1999 est.	2000 est.
25.1 Advisory and assistance services	9	9	9
25.2 Other services	7	7	7
25.3 Purchases of goods and services from Government accounts	2	2	2
41.0 Grants, subsidies, and contributions	7,783	3,723	8,726
99.9 Total new obligations	7,801	3,741	8,744

IMPACT AID

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

- (1) by inserting "(1)" after the subsection heading; and
- (2) by adding a new paragraph (2) at the end to read as follows: "(2) For each fiscal year beginning with fiscal year 1999, the Secretary shall treat the Webster School District, Day County, South Dakota as meeting the eligibility requirements of subsection (a)(1)(C) of this section."

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

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

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

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

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

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

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

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

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

General and special funds—Continued

IMPACT AID—Continued

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Program and Financing (in millions of dollars)

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

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

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

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

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

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

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

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

SCHOOL IMPROVEMENT PROGRAMS

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

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

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

Program and Financing (in millions of dollars)

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

General and special funds—Continued

SCHOOL IMPROVEMENT PROGRAMS—Continued

Program and Financing (in millions of dollars)—Continued

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

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

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

Safe and drug-free schools and communities:

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

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

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

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

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

Other programs.—

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

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

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

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

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

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

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

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

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

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

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

Object Classification (in millions of dollars)

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

99.9	Total new obligations	1,536	2,817	2,723
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READING EXCELLENCE

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

Program and Financing (in millions of dollars)

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

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

Object Classification (in millions of dollars)

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

CHICAGO LITIGATION SETTLEMENT

Program and Financing (in millions of dollars)

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

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

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

INDIAN EDUCATION

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

Program and Financing (in millions of dollars)

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

General and special funds—Continued

INDIAN EDUCATION—Continued

Program and Financing (in millions of dollars)—Continued

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

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

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

Special Programs for Indian children.—Competitive grants are made for a demonstration grants program and a professional development program. Increased funding in 2000 will support an initiative to train and recruit 1,000 new Indian teachers for positions in school districts with high concentrations of Indian students.

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

Object Classification (in millions of dollars)

Identification code 91-0101-0-1-501	1998 actual	1999 est.	2000 est.
11.1 Personnel compensation: Full-time permanent	2		
25.2 Other services	1	1	
41.0 Grants, subsidies, and contributions	60	65	77
99.9 Total new obligations	63	66	77

Personnel Summary

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

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

Federal Funds

General and special funds:

BILINGUAL AND IMMIGRANT EDUCATION

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

Program and Financing (in millions of dollars)

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

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

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

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

Object Classification (in millions of dollars)

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

OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES

Federal Funds

General and special funds:

SPECIAL EDUCATION

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

Program and Financing (in millions of dollars)

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

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

Summary of Program Level (in millions of dollars)

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

State Grants:

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

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

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

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

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

National activities.—These activities include research, demonstration, personnel preparation, technical assistance, grants to States to promote systems change, and other activities to support State efforts to improve results for children with disabilities under the State grants programs.

The goal of National activities is to link States, school systems, and families to best practices to improve results for infants, toddlers, and children with disabilities. Research and Innovation is included in the 21st Century Research Fund. The new Primary Education Intervention program would help achieve this goal by assisting school districts in addressing the needs of children with developmental delays ages 5 through 9 with marked problems in learning to read or behavioral problems.

Performance data related to these goals include:

Number of children served in first quarter of fiscal year:	1998 actual	1999 est.	2000 est.
Ages 3 through 21	5,976,000	6,125,000	6,248,000
Ages 3 through 5	571,888	582,200	592,700
Birth through 2	197,376	203,300	208,400

Educational Environment

Percent of children ages 6 through 21 provided special education in:	1993-1994 actual	1994-1995 actual	1995-1996 actual
Regular classrooms	43.4	44.5	45.3
Resource rooms	29.5	28.8	28.7
Separate classes	22.7	22.4	21.7
Separate schools	3.1	3.0	3.1
Residential facilities .....	.8	.7	.7
Home or hospital .....	.6	.6	.6

Status of Exiting Students

Percent of students with disabilities aged 14-21 leaving school:	1998 actual	1999 est.	2000 est.
Graduated with a diploma	51.7	52.3	52.6
Graduated through certification	10.9	11.1	10.9

General and special funds—Continued

SPECIAL EDUCATION—Continued

	1993-1994 actual	1994-1995 actual	1995-1996 actual
Reached maximum age and other	2.7	2.5	2.4
Dropped out of school	34.7	34.2	34.1
Object Classification (in millions of dollars)			
Identification code 91-0300-0-1-501	1998 actual	1999 est.	2000 est.
25.2 Other services	5	5	5
41.0 Grants, subsidies, and contributions	4,890	5,446	3,520
99.9 Total new obligations	4,895	5,451	3,525

REHABILITATION SERVICES AND DISABILITY RESEARCH

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

Program and Financing (in millions of dollars)

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

86.93 Outlays from current balances	862	1,021	794
86.97 Outlays from new permanent authority	2	2	2
86.98 Outlays from permanent balances	1	1	1
87.00 Total outlays (gross)	2,485	2,881	2,699

Offsets:			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	-3	-3	-3

Net budget authority and outlays:			
89.00 Budget authority	2,591	2,653	2,717
90.00 Outlays	2,482	2,878	2,696

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

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

CONSUMER OUTCOMES (CASES CLOSED)

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

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

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

Demonstration and training programs.—Grants are made for programs that expand, improve, or further the purpose of activities supported under the Rehabilitation Act.

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

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

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

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

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

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

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

Program improvement.—Funds are used to promote broad-based planning and coordination, improve accountability, and enhance the Department's ability to address critical areas of national significance in achieving the goals of the Rehabilitation Act. Examples of program improvement activities include technical assistance activities and the development of an effective data management and reporting system that includes program performance measures.

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

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

National Institute on Disability and Rehabilitation Research.—The Institute carries out a comprehensive and coordinated program of rehabilitation research and related activities. Through grants and contracts, it supports the conduct and disseminating of research aimed at improving the lives of individuals with disabilities. The Institute is included in the 21st Century Research Fund.

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

Object Classification (in millions of dollars)

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

SPECIAL INSTITUTIONS FOR PERSONS WITH DISABILITIES

AMERICAN PRINTING HOUSE FOR THE BLIND

For carrying out the Act of March 3, 1879, as amended (20 U.S.C. 101 et seq.), **[\$8,661,000] \$8,973,000.** (Department of Education Appropriations Act, 1999, as included in Public Law 105-277, section 101(f).)

Program and Financing (in millions of dollars)

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

The Federal appropriation supports the production of free educational materials for students below the college level who are blind, research related to developing and improving products, and advisory services to consumer organizations on the availability and use of materials. In 1998, the portion of the Federal appropriation allocated to educational materials represented approximately 44.1 percent of the Printing House's total sales. The full appropriation represented approximately 40.4 percent of the Printing House's total budget.

NATIONAL TECHNICAL INSTITUTE FOR THE DEAF

For the National Technical Institute for the Deaf under titles I and II of the Education of the Deaf Act of 1986 (20 U.S.C. 4301 et seq.), **[\$45,500,000] \$47,925,000, of which \$2,651,000 shall be for construction and shall remain available until expended: Provided,** That from the total amount available, the Institute may at its discretion use funds for the endowment program as authorized under section 207. (Department of Education Appropriations Act, 1999, as included in Public Law 105-277, section 101(f).)

Program and Financing (in millions of dollars)

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

General and special funds—Continued

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

Program and Financing (in millions of dollars)—Continued

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

This residential center provides postsecondary technical and professional education for people who are deaf to prepare them for employment, provides training, and conducts applied research into employment related aspects of deafness. In 1998, Federal appropriations represented 81 percent of the Institute's operating budget. The Institute may use appropriated funds for the Endowment Grant program. The request also includes funds for the first phase of a construction project to renovate the Institute's dormitories.

GALLAUDET UNIVERSITY

For the Kendall Demonstration Elementary School, the Model Secondary School for the Deaf, and the partial support of Gallaudet University under titles I and II of the Education of the Deaf Act of 1986 (20 U.S.C. 4301 et seq.), [\$83,480,000] \$85,120,000, of which \$2,500,000 shall be for construction and shall remain available until expended: *Provided*, That from the total amount available, the University may at its discretion use funds for the endowment program as authorized under section 207. (Department of Education Appropriations Act, 1999, as included in Public Law 105-277, section 101(f).)

Program and Financing (in millions of dollars)

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

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

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

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

OFFICE OF VOCATIONAL AND ADULT EDUCATION

Federal Funds

General and special funds:

VOCATIONAL AND ADULT EDUCATION

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

Program and Financing (in millions of dollars)

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

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

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

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

Vocational education.—

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

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

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

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

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

Adult Education.—

State programs.—Formula grants are made to States to help eliminate functional illiteracy among the Nation's adults, to assist adults in obtaining a high school diploma or its equivalent, and to promote family literacy.

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

National leadership activities.—Funds support discretionary activities to evaluate the effectiveness of Federal, State, and local adult education programs and to test and demonstrate methods of improving program quality. New activities initiated in 2000 will include development of model programs for providing English language and citizenship education to recent immigrants, and models for using technology to expand service delivery.

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

Object Classification (in millions of dollars)

Identification code 91-0400-0-1-501	1998 actual	1999 est.	2000 est.
11.3 Personnel compensation: Other than full-time permanent	1	1	1
23.1 Rental payments to GSA		1	
25.1 Advisory and assistance services	2	1	
25.2 Other services		1	1
25.5 Research and development contracts	11	5	6
25.7 Operation and maintenance of equipment		1	
41.0 Grants, subsidies, and contributions	1,491	1,573	1,741
99.0 Subtotal, direct obligations	1,505	1,583	1,749
99.5 Below reporting threshold	1	1	1
99.9 Total new obligations	1,506	1,584	1,750

General and special funds—Continued

VOCATIONAL AND ADULT EDUCATION—Continued

Personnel Summary

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

OFFICE OF POSTSECONDARY EDUCATION

Federal Funds

General and special funds:

STUDENT FINANCIAL ASSISTANCE

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

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

Program and Financing (in millions of dollars)

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

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

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

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

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

Status of Direct Loans (in millions of dollars)

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

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

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

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

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

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

Federal Work-Study.—Federal funds are awarded by formula to qualifying institutions, which develop and provide part-time jobs for eligible undergraduate and graduate students with demonstrated need. Hourly earnings under the program must be at least equal to the Federal minimum wage. Federal funding in most cases pays 75 percent of a student’s hourly wages, with the remaining 25 percent paid by the employer. The Secretary has waived the required 25 percent employer funding match for students working in the America Reads Challenge as reading tutors of children and in family literacy programs, and for students working as math tutors for children in kindergarten through 9th grade in support of the America Counts Challenge.

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

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

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

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

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

When appropriations exceed \$30 million, those funds in excess of \$30 million are reserved for a new program: Special Leveraging Educational Assistance Partnership Program. Under Special LEAP, States may use the grant funds for several new authorized activities including increasing the dollar amount of LEAP grants to students who demonstrate financial need. The Federal share of the cost of these new authorized activities may not exceed 33⅓ percent.

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

AID FUNDS AVAILABLE FOR POSTSECONDARY EDUCATION AND TRAINING

[In millions of dollars]

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

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

NUMBER OF AID AWARDS

[In thousands]

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

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

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

AVERAGE AID AWARDS

[In whole dollars]

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

NUMBER OF STUDENTS AIDED

[In thousands]

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

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

ADMINISTRATIVE PAYMENTS TO INSTITUTIONS

[In millions of dollars]

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

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

DEFAULTED PERKINS LOANS

[In millions of dollars]

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

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

² Unassigned loans at institutions.

General and special funds—Continued

HIGHER EDUCATION

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

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

Summary of Budget Authority and Outlays

(in millions of dollars)

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

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

Aid for institutional development.—

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

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

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

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

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

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

Other aid for institutions.—

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

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

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

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

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

Assistance for students.—

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

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

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

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

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

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

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

Other Programs.—

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

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

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

Object Classification (in millions of dollars)

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

HIGHER EDUCATION

(Legislative proposal, not subject to PAYGO)

Program and Financing (in millions of dollars)

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

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

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

General and special funds—Continued

HIGHER EDUCATION—Continued

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

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

Object Classification (in millions of dollars)

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

HOWARD UNIVERSITY

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

Program and Financing (in millions of dollars)

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

Howard University is a private, nonprofit educational institution consisting of 12 schools and colleges. Federal funds are used to provide partial support for university programs as well as for the teaching hospital facilities. In 1998, direct Federal appropriations for general support represented approximately 58 percent of the university's educational and general expenditures.

PERKINS LOAN REVOLVING FUND

Program and Financing (in millions of dollars)

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

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

FEDERAL FAMILY EDUCATION LOAN INSURANCE FUND

Program and Financing (in millions of dollars)

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

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

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

Credit accounts:

FEDERAL DIRECT STUDENT LOAN PROGRAM, PROGRAM ACCOUNT

Program and Financing (in millions of dollars)

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

Summary of Budget Authority and Outlays

(in millions of dollars)

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

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

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

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

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

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

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

is provided on a permanent indefinite basis, for budget purposes they are considered separately from other Federal student financial assistance programs. The FFEL and Direct Loan programs should be viewed in combination with these other programs, however, and with Perkins Loans in particular, as part of the overall Federal effort to ensure access to higher education.

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

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

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

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

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

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

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

sure a guaranteed rate of return on their loans. Special allowance payments vary by loan type, are determined quarterly, and are based on current borrower interest rates and market-yield formulas. For new Stafford and Unsubsidized Stafford loans, for example, the Federal Government must pay lenders a special allowance if the average 91-day Treasury bill rate for a given quarter plus 2.8 percent—or 2.2 percent during in-school, grace, or deferment periods—is higher than the current interest rate charged borrowers.

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

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

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

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

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

Guaranty agencies have the option of waiving this premium. In addition, FFEL lenders have the option of paying some or all of a borrower's origination fee for Stafford Loan borrowers.

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

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

FFEL borrowers may choose from among four repayment plans. Repayment periods under standard, graduated, and income-sensitive repayment may not exceed 10 years. The

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

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

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

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

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

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

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

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

Funding Levels (In thousands of dollars)

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

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

¹ Liquidating account reflects loans made prior to 1992.

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

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

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

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

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

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

¹ Net commitments equal gross commitments minus loan cancellations.

Number of Loans (In thousands)

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

Credit accounts—Continued

FEDERAL DIRECT STUDENT LOAN PROGRAM, PROGRAM ACCOUNT—Continued

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

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

Composition of Consolidation Loans

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

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

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

Default Rates (in percent) ³

FFEL:			
Stafford	16.64	15.99	15.69
Unsubsidized Stafford	15.66	15.53	15.23
PLUS	9.81	9.80	9.63
Weighted Average, FFEL ²	15.62	15.18	14.85
Direct Loans:			
Stafford	16.05	16.46	16.16
Unsubsidized Stafford	15.81	16.21	15.91
PLUS	9.33	9.55	9.56
Weighted Average, Direct Loans ²	15.29	15.61	15.30
Consolidation Loans:			
FFEL	22.11	22.02	21.96
Direct Loans	22.11	22.02	21.96
Weighted Average, Consolidation Loans	22.11	22.02	21.96

Borrower Interest Rates (in percent)

FFEL:			
Stafford ⁴	8.25	7.46	6.71
Unsubsidized Stafford ⁴	8.25	7.46	6.71
PLUS ⁴	8.98	8.26	7.51
Direct Loans:			
Stafford ⁴	8.25	7.46	6.71
Unsubsidized Stafford ⁴	8.25	7.46	6.71
PLUS ⁴	8.98	8.26	7.51
Consolidation Loans:			
FFEL ⁵	—	—	—
Direct Loans ⁵	—	—	—
Federal Borrowing Rate for Direct Loans (in percent)	5.85	6.03	5.01

¹ Subsidy rates represent the Federal portion of non-administrative costs—principally interest subsidies and defaults—associated with each borrowed dollar. For example, a \$1,000 loan with Federal subsidy costs of \$100 would have a subsidy rate of 10 percent. For comparative purposes, the subsidy rates shown for Direct Loans reflect only the standard repayment option.

² Account-specific totals are derived by combining program and consolidation loan totals.
³ Default rates displayed in this table, which reflect projected defaults over the life of a loan cohort, are used in developing program cost estimates. The Department uses other rates based on defaults occurring in the first three years of repayment to determine institutional eligibility to participate in Federal loan programs. These three-year rates tend to be lower than those included in this table.

⁴ Rates shown are those set beginning July 1st of the previous fiscal year.
⁵ Interest rates under the FFEL Consolidation Loan program reflect a weighted average of the rates of the loans consolidated, rounded up to the nearest eighth of a percent. For Direct Loan Consolidation Loans, interest rates reflect the 91-day Treasury bill rate plus 2.3 percent.

Composition of Loan Collections (In thousands of dollars)

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

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

Projected Participation in Repayment Plans ¹ (in percent)

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

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

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

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

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

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

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

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

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

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

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

FFEL RISK CATEGORIES: STAFFORD LOANS

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

Gross Default Rates (in percent)

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

UNSUBSIDIZED STAFFORD LOANS

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

Gross Default Rates (in percent)

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

PLUS LOANS

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

Risk Categories:	1998 actual	1999 est.	2000 est.
All PLUS Loans	9.81	9.80	9.63

DIRECT LOAN RISK CATEGORIES: STAFFORD LOANS

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

Gross Default Rates (in percent)

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

UNSUBSIDIZED STAFFORD LOANS

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

Gross Default Rates (in percent)

Risk Categories:	1998 actual	1999 est.	2000 est.
Category 1: 4 year college, 1st and 2nd year students	20.02	20.26	19.92

Credit accounts—Continued

FEDERAL DIRECT STUDENT LOAN PROGRAM, PROGRAM ACCOUNT—Continued

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

PLUS LOANS

Subsidy Rate (as a percentage of loan commitments)

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

Gross Default Rates (in percent)

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

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

	1998 actual	1999 est.	2000 est.
Interest costs:			
Interest benefits:			
FFEL Liquidating	98,311	8,105	1,960
FFEL Program	3,099,000	1,947,809	1,785,488
Direct Loans ¹	817,352	900,569	912,983
	4,014,663	2,856,483	2,700,431
Special allowance:			
FFEL Liquidating	321,979	293,716	211,759
FFEL Program	320,000	237,779	378,190
	641,979	531,494	589,949
Default costs and offsets:			
Default costs²:			
FFEL Liquidating	356,943	261,507	166,399
FFEL Program	1,699,000	2,979,425	3,247,440
Direct Loans	76,490	184,555	348,906
	2,132,433	3,425,486	3,762,744
Gross default collections:			
FFEL Liquidating	898,676	1,315,627	1,092,054
FFEL Program	1,281,777	1,015,468	1,300,234
Direct Loans	14,828	87,798	174,458
	2,195,281	2,418,893	2,566,747
Default collection costs:			
FFEL Liquidating:			
Contract collection costs	95,612	46,467	42,785
Guaranty agency retention	107,918	139,983	88,075
	203,530	186,450	130,860
FFEL Program:			
Contract collection costs	8,000	11,499	19,805
Guaranty agency retention	180,777	172,381	171,170
	188,777	183,880	190,975
Direct Loans:			
Collection costs ³	1,129	254	847
Net default costs ⁴			
FFEL Liquidating	(338,203)	(867,670)	(794,795)
FFEL Program	606,000	2,147,838	2,138,180
Direct Loans	62,790	97,010	175,295
	330,587	1,377,178	1,518,680
Death, disability, and bankruptcy costs:			
FFEL Liquidating	43,618	37,656	26,825
FFEL Program	243,000	223,169	252,586
Direct Loans	28,419	54,989	80,629
	315,037	315,814	360,039
Administrative Costs:			
Federal administration:			
FFEL	46,371	47,276	48,000
Student Aid Management ⁷	529,970	617,531	735,000
Guaranty agency administrative payments:			
Account Maintenance Fee	170,000	177,000	180,000
Loan Issuance and Processing Fee	—	152,895	162,580
Supplemental preclaims assistance ⁵	91,463	—	—
Lender-paid default prevention fee	—	—	—
Fees:			
Borrower origination fees:			
FFEL	924,000	626,833	665,449
Direct Loans	381,968	447,010	475,044
Lender origination fee ⁵	154,000	104,472	110,908

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

¹ This represents net interest costs associated with Direct Loans.

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

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

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

⁵ Applies to FFEL program only.

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

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

Object Classification (in millions of dollars)

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

Personnel Summary

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

FEDERAL DIRECT STUDENT LOAN PROGRAM, PROGRAM ACCOUNT

(Legislative proposal, subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 91-0243-4-1-502	1998 actual	1999 est.	2000 est.
Obligations by program activity:			
02.01 Direct loan subsidy	—	98	—
10.00 Total new obligations (object class 41.0)	—	98	—
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	—	98	—
23.95 Total new obligations	—	-98	—
New budget authority (gross), detail:			
Spending authority from offsetting collections:			
68.00 Offsetting collections (cash)	—	—	-15
68.27 Capital transfer to general fund	—	98	15
68.90 Spending authority from offsetting collections (total)	—	98	—
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance, start of year	—	—	1
73.10 Total new obligations	—	98	—
73.20 Total outlays (gross)	—	-96	—
74.40 Unpaid obligations, end of year: Obligated balance, end of year	—	1	1
Outlays (gross), detail:			
86.97 Outlays from new permanent authority	—	96	—

Offsets:			
Against gross budget authority and outlays:			
88.00	Offsetting collections (cash) from: Federal sources		15
Net budget authority and outlays:			
89.00	Budget authority	98	15
90.00	Outlays	96	15

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

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

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

1349	Total subsidy outlays		-110
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FEDERAL DIRECT STUDENT LOAN PROGRAM, FINANCING ACCOUNT

Program and Financing (in millions of dollars)

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

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

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

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

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

Program and Financing (in millions of dollars)

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

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

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

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

Credit accounts—Continued

FEDERAL DIRECT STUDENT LOAN PROGRAM, FINANCING ACCOUNT—Continued

Program and Financing (in millions of dollars)—Continued

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

Status of Direct Loans (in millions of dollars)

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

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

Balance Sheet (in millions of dollars)

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

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

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

Program and Financing (in millions of dollars)

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

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

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

Balance Sheet (in millions of dollars)

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

FEDERAL DIRECT STUDENT LOAN PROGRAM FINANCING ACCOUNT

(Legislative proposal, discretionary offset)

Program and Financing (in millions of dollars)

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

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

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

Status of Direct Loans (in millions of dollars)

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

Balance Sheet (in millions of dollars)

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

Credit accounts—Continued

FEDERAL DIRECT STUDENT LOAN PROGRAM FINANCING ACCOUNT—Continued

Balance Sheet (in millions of dollars)—Continued

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

FEDERAL FAMILY EDUCATION LOAN PROGRAM ACCOUNT

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

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

Program and Financing (in millions of dollars)

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

Outlays (gross), detail:

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

Offsets:

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

Net budget authority and outlays:

89.00 Budget authority	2,101	3,382	3,732
90.00 Outlays	2,390	2,816	3,281

Summary of Budget Authority and Outlays

(in millions of dollars)

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

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

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

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

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

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

Object Classification (in millions of dollars)

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

Personnel Summary

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

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

Program and Financing (in millions of dollars)

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

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

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

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

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

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

Program and Financing (in millions of dollars)

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

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

Credit accounts—Continued

FAMILY FEDERAL EDUCATION LOAN PROGRAM ACCOUNT—Continued

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

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

FEDERAL FAMILY EDUCATION LOAN PROGRAM, FINANCING ACCOUNT

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

Program and Financing (in millions of dollars)

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

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

Offsets:

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

Status of Guaranteed Loans (in millions of dollars)

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

2150	Total guaranteed loan commitments	12,199	12,146	12,635
Cumulative balance of guaranteed loans outstanding:				
2210	Outstanding, start of year	43,955	47,355	51,455
2231	Disbursements of new guaranteed loans	10,382	10,802	11,194
2251	Repayments and prepayments	-5,274	-5,150	-6,487
Adjustments:				
2261	Terminations for default that result in loans receivable	-1,607	-1,449	-1,608
2263	Terminations for default that result in claim payments	-101	-103	-113
2290	Outstanding, end of year	47,355	51,455	54,441
Memorandum:				
2299	Guaranteed amount of guaranteed loans outstanding, end of year	47,355	51,455	54,441
Addendum:				
Cumulative balance of defaulted guaranteed loans that result in loans receivable:				
2310	Outstanding, start of year	2,709	3,515	4,394
2331	Disbursements for guaranteed loan claims	1,607	1,449	1,608
2351	Repayments of loans receivable	-707	-509	-632
2361	Write-offs of loans receivable	-94	-61	-76
2390	Outstanding, end of year	3,515	4,394	5,294
UNSUBSIDIZED STAFFORD				
Position with respect to appropriations act limitation on commitments:				
2131	Guaranteed loan commitments exempt from limitation	8,458	8,916	9,618
2150	Total guaranteed loan commitments	8,458	8,916	9,618
Cumulative balance of guaranteed loans outstanding:				
2210	Outstanding, start of year	14,284	19,229	24,468
2231	Disbursements of new guaranteed loans	6,915	7,649	8,269
2251	Repayments and prepayments	-1,506	-1,734	-2,525
Adjustments:				
2261	Terminations for default that result in loans receivable	-427	-637	-843
2263	Terminations for default that result in claim payments	-37	-39	-50
2290	Outstanding, end of year	19,229	24,468	29,319
Memorandum:				
2299	Guaranteed amount of guaranteed loans outstanding, end of year	19,229	24,468	29,319
Addendum:				
Cumulative balance of defaulted guaranteed loans that result in loans receivable:				
2310	Outstanding, start of year	320	617	1,129
2331	Disbursements for guaranteed loan claims	427	637	843
2351	Repayments of loans receivable	-115	-112	-174
2361	Write-offs of loans receivable	-15	-13	-21
2390	Outstanding, end of year	617	1,129	1,777
PLUS				
Position with respect to appropriations act limitation on commitments:				
2131	Guaranteed loan commitments exempt from limitation	2,114	2,460	2,760
2150	Total guaranteed loan commitments	2,114	2,460	2,760
Cumulative balance of guaranteed loans outstanding:				
2210	Outstanding, start of year	4,635	5,107	6,157
2231	Disbursements of new guaranteed loans	1,722	2,064	2,325
2251	Repayments and prepayments	-1,103	-849	-1,071
Adjustments:				
2261	Terminations for default that result in loans receivable	-116	-120	-147
2263	Terminations for default that result in claim payments	-31	-45	-51
2290	Outstanding, end of year	5,107	6,157	7,213
Memorandum:				
2299	Guaranteed amount of guaranteed loans outstanding, end of year	5,107	6,157	7,213

Addendum:					
Cumulative balance of defaulted guaranteed loans that result in loans receivable:					
2310	Outstanding, start of year	335	368	445	
2331	Disbursements for guaranteed loan claims	116	120	147	
2351	Repayments of loans receivable	-73	-38	-47	
2361	Write-offs of loans receivable	-10	-5	-6	
2390	Outstanding, end of year	368	445	539	
SLS					
Cumulative balance of guaranteed loans outstanding:					
2210	Outstanding, start of year	4,116	3,036	2,263	
2251	Repayments and prepayments	-862	-627	-636	
Adjustments:					
2261	Terminations for default that result in loans receivable	-205	-135	-108	
2263	Terminations for default that result in claim payments	-13	-11	-9	
2290	Outstanding, end of year	3,036	2,263	1,510	
Memorandum:					
2299	Guaranteed amount of guaranteed loans outstanding, end of year	3,036	2,263	1,510	
Addendum:					
Cumulative balance of defaulted guaranteed loans that result in loans receivable:					
2310	Outstanding, start of year	829	847	882	
2331	Disbursements for guaranteed loan claims	205	135	108	
2351	Repayments of loans receivable	-165	-89	-98	
2361	Write-offs of loans receivable	-22	-11	-12	
2390	Outstanding, end of year	847	882	880	
CONSOLIDATED					
Position with respect to appropriations act limitation on commitments:					
2131	Guaranteed loan commitments exempt from limitation	4,049	2,660	2,767	
2150	Total guaranteed loan commitments	4,049	2,660	2,767	
Cumulative balance of guaranteed loans outstanding:					
2210	Outstanding, start of year	8,396	9,675	10,744	
2231	Disbursements of new guaranteed loans	2,947	2,655	2,762	
2251	Repayments and prepayments	-1,118	-1,067	-1,309	
Adjustments:					
2261	Terminations for default that result in loans receivable	-489	-494	-557	
2263	Terminations for default that result in claim payments	-61	-25	-29	
2290	Outstanding, end of year	9,675	10,744	11,611	
Memorandum:					
2299	Guaranteed amount of guaranteed loans outstanding, end of year	9,675	10,744	11,611	
Addendum:					
Cumulative balance of defaulted guaranteed loans that result in loans receivable:					
2310	Outstanding, start of year	293	736	1,124	
2331	Disbursements for guaranteed loan claims	489	494	557	
2351	Repayments of loans receivable	-41	-95	-137	
2361	Write-offs of loans receivable	-5	-11	-16	
2390	Outstanding, end of year	736	1,124	1,528	
Balance Sheet (in millions of dollars)					
Identification code 91-4251-0-3-502		1997 actual	1998 actual	1999 est.	2000 est.
ASSETS:					
1101	Federal assets: Fund balances with Treasury	9,292	7,830	8,340	8,549
Net value of assets related to post-1991 acquired defaulted guaranteed loans receivable:					
1501	Defaulted guaranteed loans receivable, gross	4,485	6,083	7,974	10,018
1599	Net present value of assets related to defaulted guaranteed loans	4,485	6,083	7,974	10,018

Credit accounts—Continued

FEDERAL FAMILY EDUCATION LOAN PROGRAM, FINANCING ACCOUNT—Continued

Balance Sheet (in millions of dollars)—Continued

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

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

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

Program and Financing (in millions of dollars)

Identification code 91-4251-4-3-502	1998 actual	1999 est.	2000 est.
Obligations by program activity:			
Stafford loans:			
01.02 Special allowance			-7
01.06 Contract collection costs			1
01.91 Subtotal, Stafford loans			-6
Unsubsidized Stafford loans:			
02.02 Special allowance			-5
08.05 Payment of non-contractual modifications to program account			434
10.00 Total new obligations			423
Budgetary resources available for obligation:			
21.40 Unobligated balance available, start of year			31
22.00 New financing authority (gross)		31	-192
23.90 Total budgetary resources available for obligation		31	-161
23.95 Total new obligations			-423
24.40 Unobligated balance available, end of year		31	-584
New financing authority (gross), detail:			
68.00 Spending authority from offsetting collections (gross):			
Offsetting collections (cash)		31	-192
Change in unpaid obligations:			
73.10 Total new obligations			423
73.20 Total financing disbursements (gross)			-425
74.40 Unpaid obligations, end of year: Obligated balance, end of year			-2
87.00 Total financing disbursements (gross)			425
Offsets:			
Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
Federal sources:			
88.00 Stafford loans			172
88.00 Unsubsidized Stafford loans			142
88.00 PLUS loans			9
88.00 Consolidated loans		-37	-52

88.00 Payment from liquidating account for non-contractual modifications			-69
88.25 Interest on uninvested funds		-1	13
Non-Federal sources:			
88.40 Recoveries on defaults-Stafford loans			-24
88.40 Recoveries on defaults-Unsub Stafford loans			-7
88.40 Recoveries on defaults-PLUS loans			-2
88.40 Recoveries on defaults-SLS loans			-3
88.40 Recoveries on defaults-Consolidated loans			-6
88.40 Consolidated loan holder's fee		7	19
88.90 Total, offsetting collections (cash)		-31	192
Net financing authority and financing disbursements:			
89.00 Financing authority			
90.00 Financing disbursements		-31	617

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

Balance Sheet (in millions of dollars)

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

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

Program and Financing (in millions of dollars)

Identification code 91-4251-6-3-502	1998 actual	1999 est.	2000 est.
Obligations by program activity:			
08.05 Payment to Program account for non-contractual modifications			763
10.00 Total new obligations			763
Budgetary resources available for obligation:			
22.00 New financing authority (gross)			554
23.95 Total new obligations			-763
24.40 Unobligated balance available, end of year			-210
New financing authority (gross), detail:			
68.00 Spending authority from offsetting collections (gross):			
Offsetting collections (cash)			554
Change in unpaid obligations:			
73.10 Total new obligations			763
73.20 Total financing disbursements (gross)			-763
87.00 Total financing disbursements (gross)			763

Offsets:

Against gross financing authority and financing disbursements:

Offsetting collections (cash) from:

Federal sources:

Payment from subsidy account:

88.00	Stafford loans	4
88.00	Payment from liquidating account for non-contractual modifications	- 537
88.25	Interest on uninvested funds: Stafford loans	5

Non-Federal sources:

Stafford loans:

88.40	Recoveries on defaults	- 20
88.40	Recoveries on defaults	- 4
88.40	Recoveries on defaults	- 2

88.90 Total, offsetting collections (cash)

Net financing authority and financing disbursements:

89.00	Financing authority	
90.00	Financing disbursements	209

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

Status of Guaranteed Loans (in millions of dollars)

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

Balance Sheet (in millions of dollars)

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

FEDERAL FAMILY EDUCATION LOAN LIQUIDATING ACCOUNT

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

Program and Financing (in millions of dollars)

Identification code 91-0230-0-1-502	1998 actual	1999 est.	2000 est.	
Obligations by program activity:				
Stafford loans:				
01.01	Interest benefits, net of origination fees	98	8	2
01.02	Special allowance net of origination fees	316	292	210
01.03	Default claims	325	215	141
01.04	Death, disability, and bankruptcy claims	33	31	23
01.06	Supplemental preclaims assistance	33		
01.07	Contract collection costs	85	40	35
01.91	Subtotal, Stafford loans	890	586	411
PLUS/SLS loans:				
02.01	Default claims	32	48	26
02.02	Death, disability, and bankruptcy claims	11	7	4
02.04	Supplemental preclaims assistance	7		
02.05	Contract collection costs	10	9	7
02.06	Special allowance net of origination fees	6	2	2
02.91	Subtotal, PLUS/SLS loans	66	66	39
Miscellaneous costs:				
03.01	Scheduled payments to finance account for non-contractual modifications	263	125	
10.00	Total new obligations	1,219	777	450
Budgetary resources available for obligation:				
21.40	Unobligated balance available, start of year		149	
22.00	New budget authority (gross)	1,342	777	450
22.10	Resources available from recoveries of prior year obligations	26		
22.40	Capital transfer to general fund		- 149	
23.90	Total budgetary resources available for obligation	1,368	777	450
23.95	Total new obligations	- 1,219	- 777	- 450
24.40	Unobligated balance available, end of year	149		
New budget authority (gross), detail:				
60.05	Appropriation (indefinite)	551		
Spending authority from offsetting collections:				
68.00	Offsetting collections (cash)	791	1,188	989
68.27	Capital transfer to general fund		- 411	- 539
68.90	Spending authority from offsetting collections (total)	791	777	450
70.00	Total new budget authority (gross)	1,342	777	450
Change in unpaid obligations:				
72.40	Unpaid obligations, start of year: Obligated balance, start of year		741	117
73.10	Total new obligations	1,219	777	450
73.20	Total outlays (gross)	- 673	- 1,401	- 499

Credit accounts—Continued

FEDERAL FAMILY EDUCATION LOAN LIQUIDATING ACCOUNT—Continued

Program and Financing (in millions of dollars)—Continued

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

Summary of Budget Authority and Outlays

(in millions of dollars)

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

Status of Guaranteed Loans (in millions of dollars)

Identification code 91-0230-0-1-502	1998 actual	1999 est.	2000 est.
STAFFORD LOANS			
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year	20,540	14,217	9,552
2251 Repayments and prepayments	- 5,411	- 4,387	- 3,433
Adjustments:			
2261 Terminations for default that result in loans receivable	- 868	- 240	- 158
2263 Terminations for default that result in claim payments	- 44	- 38	- 27
2290 Outstanding, end of year	14,217	9,552	5,934
Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year	14,217	9,552	5,934
Addendum:			
Cumulative balance of defaulted guaranteed loans that result in loans receivable:			
2310 Outstanding, start of year	9,236	8,818	8,098
2331 Disbursements for guaranteed loan claims	868	240	158
2351 Repayments of loans receivable	- 836	- 593	- 476
2361 Write-offs of loans receivable	- 284	- 272	- 250

2364 Other adjustments, net	- 166	- 95	- 75
2390 Outstanding, end of year	8,818	8,098	7,455
PLUS/SLS LOANS			
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year	3,043	1,901	1,199
2251 Repayments and prepayments	- 1,046	- 648	- 423
Adjustments:			
2261 Terminations for default that result in loans receivable	- 85	- 47	- 30
2263 Terminations for default that result in claim payments	- 11	- 7	- 4
2290 Outstanding, end of year	1,901	1,199	742
Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year	1,901	1,199	742
Addendum:			
Cumulative balance of defaulted guaranteed loans that result in loans receivable:			
2310 Outstanding, start of year	2,766	2,640	2,493
2331 Disbursements for guaranteed loan claims	85	47	30
2351 Repayments of loans receivable	- 104	- 97	- 82
2361 Write-offs of loans receivable	- 85	- 82	- 77
2364 Other adjustments, net	- 22	- 15	- 12
2390 Outstanding, end of year	2,640	2,493	2,352

Statement of Operations (in millions of dollars)

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

Balance Sheet (in millions of dollars)

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

¹ Excludes interest and premium collections on insured loans.

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

Object Classification (in millions of dollars)

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

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

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

Program and Financing (in millions of dollars)

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

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

Status of Guaranteed Loans (in millions of dollars)

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

2263	Terminations for default that result in claim payments		
2290	Outstanding, end of year		
Memorandum:			
2299	Guaranteed amount of guaranteed loans outstanding, end of year		

Addendum:

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

PLUS/SLS LOANS

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

Memorandum:

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

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

Statement of Operations (in millions of dollars)

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

Balance Sheet (in millions of dollars)

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

Credit accounts—Continued

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

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

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS PROGRAM

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

HISTORICALLY BLACK COLLEGE AND UNIVERSITY CAPITAL FINANCING PROGRAM ACCOUNT

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

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

Program and Financing (in millions of dollars)

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

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

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

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

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

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

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

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

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

Personnel Summary

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

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS FINANCING ACCOUNT

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

Program and Financing (in millions of dollars)

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

Status of Direct Loans (in millions of dollars)

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

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

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

Balance Sheet (in millions of dollars)

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

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS LIQUIDATING ACCOUNT

Program and Financing (in millions of dollars)

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

Credit accounts—Continued

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS LIQUIDATING ACCOUNT—Continued

Program and Financing (in millions of dollars)—Continued

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

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

Status of Direct Loans (in millions of dollars)

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

HISTORICALLY BLACK COLLEGE AND UNIVERSITY CAPITAL FINANCING DIRECT LOAN FINANCING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 91-4255-0-3-502	1998 actual	1999 est.	2000 est.
87.00 Total financing disbursements (gross)	4	9	23
Net financing authority and financing disbursements:			
89.00 Financing authority			
90.00 Financing disbursements	4	9	23

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

Balance Sheet (in millions of dollars)

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

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

Program and Financing (in millions of dollars)

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

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

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

Status of Guaranteed Loans (in millions of dollars)

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

Balance Sheet (in millions of dollars)

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

OFFICE OF EDUCATIONAL RESEARCH AND IMPROVEMENT

Federal Funds

General and special funds:

EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT

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

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

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

Program and Financing (in millions of dollars)

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

General and special funds—Continued

EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT—Continued

Program and Financing (in millions of dollars)—Continued

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

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

Research, development, and dissemination.—

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

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

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

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

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

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

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

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

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

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

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

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

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

Object Classification (in millions of dollars)

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

Personnel Summary

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

DEPARTMENTAL MANAGEMENT

Federal Funds

General and special funds:

PROGRAM ADMINISTRATION

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

Program and Financing (in millions of dollars)

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

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

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

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

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

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

Object Classification (in millions of dollars)

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

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

Personnel Summary

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

OFFICE FOR CIVIL RIGHTS

For expenses necessary for the Office for Civil Rights, as authorized by section 203 of the Department of Education Organization Act, **[\$66,000,000] \$73,262,000.** (Department of Education Appropriations Act, 1999, as included in Public Law 105-277, section 101(f).)

Program and Financing (in millions of dollars)

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

The Office for Civil Rights is responsible for ensuring that no person is unlawfully discriminated against on the basis of race, color, national origin, sex, disability, or age in the delivery of services or the provision of benefits in programs or activities of schools and institutions receiving financial assistance 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	1998 actual	1999 est.	2000 est.	
Personnel compensation:				
11.1	Full-time permanent	36	40	42
11.3	Other than full-time permanent	2	2	2
11.9	Total personnel compensation	38	42	44
12.1	Civilian personnel benefits	8	9	9
21.0	Travel and transportation of persons	1	1	1
23.1	Rental payments to GSA	4	5	5
23.3	Communications, utilities, and miscellaneous charges	1	2	2

General and special funds—Continued

OFFICE FOR CIVIL RIGHTS—Continued

Object Classification (in millions of dollars)—Continued

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

Personnel Summary

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

OFFICE OF THE INSPECTOR GENERAL

For expenses necessary for the Office of the Inspector General, as authorized by section 212 of the Department of Education Organization Act, **[\$31,242,000]** \$34,000,000. (Department of Education Appropriations Act, 1999, as included in Public Law 105-277, section 101(f).)

Program and Financing (in millions of dollars)

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

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

Object Classification (in millions of dollars)

Identification code 91-1400-0-1-751	1998 actual	1999 est.	2000 est.
Personnel compensation:			
11.1 Full-time permanent	16	17	18
11.3 Other than full-time permanent	1	1	1
11.5 Other personnel compensation	1	1	1
11.9 Total personnel compensation	18	19	20
12.1 Civilian personnel benefits	4	4	5
21.0 Travel and transportation of persons	2	2	2
23.1 Rental payments to GSA	2	2	2
23.3 Communications, utilities, and miscellaneous charges			1
25.1 Advisory and assistance services	1	1	1
25.3 Purchases of goods and services from Government accounts	1	1	1
25.7 Operation and maintenance of equipment	1	1	1
31.0 Equipment		1	1
99.0 Subtotal, direct obligations	29	31	34
99.5 Below reporting threshold	1		
99.9 Total new obligations	30	31	34

Personnel Summary

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

HEADQUARTERS RENOVATION

Program and Financing (in millions of dollars)

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

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

GENERAL FUND RECEIPT ACCOUNTS

(in millions of dollars)

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

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

GENERAL PROVISIONS

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

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

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

(TRANSFER OF FUNDS)

SEC. 304. Not to exceed 1 percent of any discretionary funds (pursuant to the Balanced Budget and Emergency Deficit Control Act, as amended) which are appropriated for the Department of Education in this Act may be transferred between appropriations, but no such appropriation shall be increased by more than 3 percent by any such transfer: *Provided*, That the Appropriations Committees of both Houses of Congress are notified at least fifteen days in advance of any transfer.

[NATIONAL TESTING]

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

“SEC. 447. PROHIBITION ON FEDERALLY SPONSORED TESTING.

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

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

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

(c) STUDIES.—

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

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

- (A) a definition of the meaning of the term “voluntary” in regards to the administration of any national test; and
- (B) a description of the achievement levels and reporting methods to be used in grading any national test.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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