

DEPARTMENT OF EDUCATION

OFFICE OF ELEMENTARY AND SECONDARY EDUCATION

Federal Funds

General and special funds:

EDUCATION FOR THE DISADVANTAGED

For carrying out [title I of the Elementary and Secondary Education Act of 1965, and] section 418A of the Higher Education Act of 1965, \$30,000,000: *Provided, That the budget authority (but not the outlays) for \$6,758,300,000 provided under this heading in fiscal year 2001, to be available as an advance appropriation in fiscal year 2002, and the budget authority (but not the outlays) for \$195,000,000 provided under the heading, "Reading Excellence" in fiscal year 2001, to be available as an advance appropriation in fiscal year 2002, shall be considered direct spending in fiscal year 2002 for purposes of the Balanced Budget and Emergency Deficit Control Act of 1990, as amended, and section 2(a) of Public Law 106-554: Provided further, That under this heading in the Department of Education Appropriations Act, 2001, as enacted by section 1(a)(1) of P.L. 106-554, to carry out section 1124 of the Elementary and Secondary Education Act, delete "\$7,332,721,000" and insert in lieu thereof, "\$7,237,721,000" [\$9,532,621,000, of which \$2,731,921,000 shall become available on July 1, 2001, and shall remain available through September 30, 2002, and of which \$6,758,300,000 shall become available on October 1, 2001 and shall remain available through September 30, 2002, for academic year 2001-2002: Provided, That \$7,332,721,000 shall be available for basic grants under section 1124: Provided further, That \$225,000,000 of these funds shall be allocated among the States in the same proportion as funds are allocated among the States under section 1122, to carry out section 1116(c): Provided further, That 100 percent of these funds shall be allocated by states to local educational agencies for the purposes of carrying out section 1116(c): Provided further, That all local educational agencies receiving an allocation under the preceding proviso, and all other local educational agencies that are within a State that receives funds under part A of title I of the Elementary and Secondary Education Act of 1965 (other than a local educational agency within a State receiving a minimum grant under section 1124(d) or 1124A(a)(1)(B) of such Act), shall provide all students enrolled in a school identified under section 1116(c) with the option to transfer to another public school within the local educational agency, including a public charter school, that has not been identified for school improvement under section 1116(c), unless such option to transfer is prohibited by State law, or local law, which includes school board-approved local educational agency policy: Provided further, That if the local educational agency demonstrates to the satisfaction of the State educational agency that the local educational agency lacks the capacity to provide all students with the option to transfer to another public school, and after giving notice to the parents of children affected that it is not possible, consistent with State and local law, to accommodate the transfer request of every student, the local educational agency shall permit as many students as possible (who shall be selected by the local educational agency on an equitable basis) to transfer to a public school that has not been identified for school improvement under section 1116(c): Provided further, That up to \$3,500,000 of these funds shall be available to the Secretary on October 1, 2000, to obtain updated local educational agency level census poverty data from the Bureau of the Census: Provided further, That \$1,364,000,000 shall be available for concentration grants under section 1124A: Provided further, That grant awards under sections 1124 and 1124A of title I of the Elementary and Secondary Education Act of 1965 shall be not less than the greater of 100 percent of the amount each State and local educational agency received under this authority for fiscal year 2000 or the amount such State and local educational agency would receive if \$6,883,503,000 for Basic Grants and \$1,222,397,000 for Concentration Grants were allocated in accordance with section 1122(c)(3) of title I: Provided further, That notwithstanding any other provision of law, grant awards under section 1124A of title I of the Elementary and Secondary Education Act*

of 1965 shall be made to those local educational agencies that received a Concentration Grant under the Department of Education Appropriations Act, 2000, but are not eligible to receive such a grant for fiscal year 2001: *Provided further*, That the Secretary shall not take into account the hold harmless provisions in this section in determining State allocations under any other program administered by the Secretary in any fiscal year: *Provided further*, That \$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 \$210,000,000 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 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]. (*Department of Education Appropriations Act, 2001, as enacted by section 1(a)(1) of P.L. 106-554.*)

Program and Financing (in millions of dollars)

Identification code 91-0900-0-1-501	2000 actual	2001 est.	2002 est.
Obligations by program activity:			
Direct program:			
Grants to local educational agencies:			
00.01 Basic grants	6,771	6,929	5,408
00.02 Concentration grants	1,147	1,148	1,350
00.03 Capital expenses	14	6	.....
00.04 Even start	149	255	.....
00.05 State agency programs	397	432	.....
00.06 Evaluation	9	9	.....
00.07 Demonstrations of comprehensive school reform	171	211	.....
00.08 Migrant education projects	22	30	30
10.00 Total new obligations	8,680	9,020	6,788
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	16	41	.....
22.00 New budget authority (gross)	8,701	8,979	6,788
22.10 Resources available from recoveries of prior year obligations	4	.....	.....
23.90 Total budgetary resources available for obligation	8,721	9,020	6,788
23.95 Total new obligations	-8,680	-9,020	-6,788
24.40 Unobligated balance carried forward, end of year	41	.....	.....
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	2,496	2,774	30
55.00 Advance appropriation	6,205	6,205	.....
Mandatory:			
65.00 Advance appropriation .....	.....	.....	6,758
70.00 Total new budget authority (gross)	8,701	8,979	6,788
Change in unpaid obligations:			
Unpaid obligations, start of year:			
72.40 Unpaid obligations, start of year	3,472	3,616	4,165
72.99 Obligated balance, start of year	3,472	3,616	4,165
73.10 Total new obligations	8,680	9,020	6,788
73.20 Total outlays (gross)	-8,529	-8,471	-8,846
73.40 Adjustments in expired accounts (net)	-3	.....	.....
73.45 Recoveries of prior year obligations	-4	.....	.....
Unpaid obligations, end of year:			
74.40 Unpaid obligations, end of year	3,616	4,165	2,107
74.99 Obligated balance, end of year	3,616	4,165	2,107

General and special funds—Continued

EDUCATION FOR THE DISADVANTAGED—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 91-0900-0-1-501	2000 actual	2001 est.	2002 est.
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	5,545	5,441	5,408
86.93 Outlays from discretionary balances	2,984	3,030	3,439
87.00 Total outlays (gross)	8,529	8,471	8,846
Net budget authority and outlays:			
89.00 Budget authority	8,701	8,979	6,788
90.00 Outlays	8,529	8,471	8,846

Summary of Budget Authority and Outlays

(in millions of dollars)			
Enacted/requested:	2000 actual	2001 est.	2002 est.
Budget Authority	8,701	8,979	6,788
Outlays	8,529	8,471	8,847
Legislative proposal, not subject to PAYGO:			
Budget Authority			10,981
Outlays			549
Total:			
Budget Authority	8,701	8,979	17,769
Outlays	8,529	8,471	9,396

SUMMARY OF PROGRAM LEVEL

(in millions of dollars)			
	2000-2001 academic year	2001-2002 academic year	2002-2003 academic year
New Budget Authority	2,496	2,774	11,011
Advance appropriation	6,205	6,758	
Total program level	8,701	9,533	11,011
Change in advance appropriation from the previous year		+553	-6,758

The Administration proposes to reverse the misleading budget practice of using advance appropriations simply to avoid spending limitations. Accordingly, the amount requested to be appropriated for 2002 is sufficient to provide normal funding and no advance appropriation for 2003 is requested. In order to avoid overstating discretionary budget authority in 2002, language is proposed to designate the advance appropriation budget authority amount as direct spending.

Title I programs.—The Administration is working with Congress to develop legislation reauthorizing programs included in the Elementary and Secondary Education Act. When new authorizing legislation is enacted, resources for the affected programs will be requested. See the “Legislative proposal, not subject to PAYGO” schedule for additional details.

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	2000 actual	2001 est.	2002 est.
25.1 Advisory and assistance services	10	11	
25.2 Other services	9	9	
25.3 Purchases of goods and services from Government accounts	5	6	
41.0 Grants, subsidies, and contributions	8,656	8,994	6,788
99.9 Total new obligations	8,680	9,020	6,788

EDUCATION FOR THE DISADVANTAGED

(Legislative proposal, not subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 91-0900-2-1-501	2000 actual	2001 est.	2002 est.
Obligations by program activity:			
Direct program:			
Grants to local educational agencies:			
00.01 Basic grants			7,238
00.02 Concentration grants			1,364
00.03 Targeted Grants			459
00.04 Even start			250
00.05 Reading first State grants			900
00.06 Early reading first			75
00.07 State agency programs			426
00.08 Evaluation			9
00.09 Demonstrations of comprehensive school reform			260
10.00 Total new obligations			10,981

Budgetary resources available for obligation:

22.00 New budget authority (gross)			10,981
23.95 Total new obligations			-10,981

New budget authority (gross), detail:

Discretionary:			
40.00 Appropriation			10,981

Change in unpaid obligations:

73.10 Total new obligations			10,981
73.20 Total outlays (gross)			-549
Unpaid obligations, end of year:			
74.40 Unpaid obligations, end of year			10,432
74.99 Obligated balance, end of year			10,432

Outlays (gross), detail:

86.90 Outlays from new discretionary authority			549
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Net budget authority and outlays:

89.00 Budget authority			10,981
90.00 Outlays			549

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

Grants to local education agencies.—Funds are allocated through Basic, Concentration, and Targeted Grants formulas for local programs that provide extra academic support to help raise the achievement of disadvantaged students eligible for services. States will annually assess all students in grades 3-8 in at least reading and mathematics. School districts will use the assessment results to immediately identify, and provide assistance to, low-performing Title I schools; after two years of school failure, those schools would be subject to progressively stronger corrective measures and students would have the option of attending another public school. Following three years of poor performance, the program would provide funds to help students transfer to a higher-performing public or private school, or to obtain supplemental educational services.

Even start.—Funds support formula grants to States, which award grants for local projects to partnerships of local educational agencies and other organizations to operate projects integrating early childhood education, adult literacy, parenting education, and interactive literacy activities between parents and their children into “family literacy” programs for low-income families with children under age seven.

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

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

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

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

Evaluation.—Funds support national activities to evaluate Title I programs and a national assessment of the program's effectiveness in helping States, school districts, and schools raise the overall achievement of disadvantaged students and narrow the achievement gap.

Demonstrations of comprehensive school reform.—Funds support formula grants 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.

Object Classification (in millions of dollars)

Identification code 91-0900-2-1-501	2000 actual	2001 est.	2002 est.
25.1 Advisory and assistance services			16
25.2 Other services			14
25.3 Purchases of goods and services from Government accounts			8
41.0 Grants, subsidies, and contributions			10,943
99.9 Total new obligations			10,981

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, **[\$993,302,000]** **\$1,130,500,000**, of which \$882,000,000 shall be for basic support payments under section 8003(b), \$50,000,000 shall be for payments for children with disabilities under section 8003(d), **[\$12,802,000]** **\$150,000,000** shall be for *formula grants for construction* under section **[8007]** **8007(a)**, \$40,500,000 shall be for Federal property payments under section 8002, and \$8,000,000, to remain available until expended, shall be for facilities maintenance under section 8008: *Provided*, That \$6,802,000 of the funds for section 8007 shall be available for the local educational agencies and in the amounts specified in the statement of the managers on the conference report accompanying this Act: *Provided further*, That from the amount appropriated for section 8002, the Secretary shall treat as timely filed, and shall process for payment, an application for a fiscal year 1999 payment from Academy School District 20, Colorado, under that section if the Secretary has received that application not later than 30 days after the enactment of this Act: *Provided further*, That the Secretary of Education shall consider the local educational agency serving the Kadoka School District, 35-1, in South Dakota, eligible for payments under section 8002 for fiscal year 2001 and each succeeding fiscal year, with respect to land in Washabaugh and Jackson Counties, South Dakota, that is owned by the Department of Defense and used as a bombing range: *Provided further*, That from the amount appropriated for section 8002, the Secretary shall first increase the payment of any local educational agency that was denied funding or had its payment reduced under that section for fiscal year 1998 due to section 8002(b)(1)(C) to the amount that would have been made without the limitation of that section: *Provided further*, That from the amount appropriated for section 8002, \$500,000 shall be

for subsection 8002(j)). (*Department of Education Appropriations Act, 2001, as enacted by section 1(a)(1) of P.L. 106-554.*)

Program and Financing (in millions of dollars)

Identification code 91-0102-0-1-501	2000 actual	2001 est.	2002 est.
Obligations by program activity:			
Payments for federally connected children:			
00.01 Basic support payments	737	882	882
00.02 Supplemental payments for children with disabilities	50	50	50
00.03 Payments for heavily impacted districts	74	5	
00.91 Subtotal, payments for federally connected children	861	937	932
01.01 Facilities maintenance	6	11	11
02.01 Construction	7	6	150
03.01 Payments for Federal property	32	40	40
04.01 Construction earmarks	3	7	
05.01 Old construction (P.L. 81-815)	1		
10.00 Total new obligations (object class 41.0)	910	1,001	1,133
Budgetary resources available for obligation:			
21.00 Unobligated balance carried forward, start of year	24	14	5
22.00 New budget authority (gross)	906	993	1,130
22.10 Resources available from recoveries of prior year obligations	7		
23.90 Total budgetary resources available for obligation	937	1,007	1,135
23.95 Total new obligations	-910	-1,001	-1,133
23.98 Unobligated balance expiring or withdrawn	-15		
24.40 Unobligated balance carried forward, end of year	14	5	2
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	910	993	1,130
40.76 Reduction pursuant to P.L. 106-113	-4		
43.00 Appropriation (total discretionary)	906	993	1,130
Change in unpaid obligations:			
Unpaid obligations, start of year:			
72.40 Unpaid obligations, start of year	249	266	128
72.99 Obligated balance, start of year	249	266	128
73.10 Total new obligations	910	1,001	1,133
73.20 Total outlays (gross)	-877	-1,140	-1,114
73.40 Adjustments in expired accounts (net)	-9		
73.45 Recoveries of prior year obligations	-7		
Unpaid obligations, end of year:			
74.40 Unpaid obligations, end of year	266	128	148
74.99 Obligated balance, end of year	266	128	148
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	792	887	1,011
86.93 Outlays from discretionary balances	85	253	103
87.00 Total outlays (gross)	877	1,140	1,114
Net budget authority and outlays:			
89.00 Budget authority	906	993	1,130
90.00 Outlays	877	1,140	1,114

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

Basic support payments.—Payments will be made on behalf of approximately 1.2 million federally connected students enrolled in about 1,360 local educational agencies to assist them in meeting their operation and maintenance costs. Average per-student payments will be approximately \$750.

Payments for Children with Disabilities.—Payments in addition to those provided under the Individuals with Disabilities

General and special funds—Continued**IMPACT AID—Continued**

Education Act will be provided on behalf of approximately 53,000 federally connected students with disabilities in about 830 local educational agencies. Average per-student payments will be approximately \$940.

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

Construction.—Formula payments will be provided to approximately 155 local educational agencies with large proportions of federally connected students. Payments will be made on behalf of about 135,000 students who are military dependents or who reside on Indian lands.

Payments for Federal Property.—Payments are made to approximately 250 local educational agencies in which real property owned by the Federal Government represents 10 percent or more of the assessed value of real property in the local educational agency.

SCHOOL IMPROVEMENT PROGRAMS

For carrying out school improvement activities authorized by [titles II, IV, V–A and B, VI, IX, X, and XIII] title X–C of the Elementary and Secondary Education Act of 1965 (“ESEA”); [the McKinney-Vento Homeless Assistance Act; and] the Civil Rights Act of 1964 and part B of title VIII of the Higher Education Amendments of 1998, \$229,334,000: *Provided, That the budget authority (but not the outlays) for \$1,765,000,000 provided under this heading in fiscal year 2001, to be available as an advance appropriation in fiscal year 2002, shall be considered direct spending in fiscal year 2002 for purposes of the Balanced Budget and Emergency Deficit Control Act of 1990, as amended, and section 2(a) of Public Law 106–554; [\$4,872,084,000, of which \$2,403,750,000 shall become available on July 1, 2001, and remain available through September 30, 2002, and of which \$1,765,000,000 shall become available on October 1, 2001 and shall remain available through September 30, 2002 for academic year 2001–2002: *Provided, That \$485,000,000 shall be available for Eisenhower professional development State grants under part B of title II of the Elementary and Secondary Education Act of 1965: *Provided further, That each local educational agency shall use funds in excess of the allocation it received under such part for the preceding fiscal year to improve teacher quality by reducing the percentage of teachers who do not have State certification or are certified through emergency or provisional means; are teaching out of field in some or all of the subject areas and grade levels in which they teach; or who lack sufficient content knowledge to teach effectively in the areas they teach to obtain that knowledge: *Provided further, That the local educational agency may also use such excess funds for: activities authorized under section 2210 of the Elementary and Secondary Education Act of 1965; mentoring programs for new teachers; providing opportunities for teachers to attend multi-week institutes, such as those provided in the summer months, that provide intensive professional development in partnership with local educational agencies; and carrying out initiatives to promote the retention of highly qualified teachers who have a record of success in helping low-achieving students improve their academic success: *Provided further, That each State educational agency may use such excess funds to carry out activities under section 2207 of the Elementary and Secondary Education Act of 1965: *Provided further, That each State agency for higher education may use such excess funds to carry out activities under section 2211 of the Elementary and Secondary Education Act of 1965: *Provided further, That both State educational agencies and State agencies for higher education may also use such excess funds for multi-week institutes, such as those provided in the summer months, that provide intensive professional development in partnership with local educational agencies; and grants to partnerships of such entities as local educational agencies, institutions of higher education, and private business, to recruit, and prepare, and provide professional development to, and help retain, school principals and superintendents, especially for such individuals who serve, or are preparing to serve, in high-poverty, low-performing schools and local*******

educational agencies: *Provided further, That such activities may be undertaken in consortium with other States: *Provided further, That of the funds appropriated for part B of title II of the Elementary and Secondary Education Act of 1965, \$45,000,000 shall be available to States and allocated in accordance with section 2202(b) of that Act (except that the requirements of section 2203 shall not apply): *Provided further, That notwithstanding any other provision of law, each State shall use the amount made available under the preceding proviso to support efforts to meet the requirements for State eligibility for the Ed-Flex Partnership Act of 1999 or the requirements under section 1111 of title I of the Elementary and Secondary Education Act of 1965: *Provided further, That \$44,000,000 shall be available for national activities under section 2102 of the Elementary and Secondary Education Act of 1965: *Provided further, That of the amount available in the preceding proviso, \$3,000,000 shall be made available to the Secretary for the Troops-to-Teachers Program for transfer to the Defense Activity for Non-Traditional Education Support of the Department of Defense: *Provided further, That the funds transferred under the preceding proviso shall be used by the Secretary of Defense to administer the Troops-to-Teachers Program, including the selection of participants in the Program under the Troops-to-Teachers Program Act of 1999 (title XVII of Public Law 106–65; 20 U.S.C. 9301 et seq.): *Provided further, That for purposes of sections 1702(b) and (c) of the Troops-to-Teachers Program Act of 1999, the Secretary of Education shall be the administering Secretary and may, at the Secretary’s discretion, carry out the activities under section 1702(c) of that Act and retain a portion of the funds made available for the Troops-to-Teachers Program to carry out section 1702(b) and (c) of that Act: *Provided further, That of the amount made available under this heading for national activities under section 2102 of the Elementary and Secondary Education Act of 1965, the Secretary is authorized to use a portion of such funds to carry out activities to improve the knowledge and skills of early childhood educators and caregivers who work in urban or rural communities with high concentrations of young children living in poverty: *Provided further, That of the amount appropriated, \$3,208,000,000 shall be for title VI of the Elementary and Secondary Education Act of 1965 and to carry out activities under part B of the Individuals with Disabilities Education Act (20 U.S.C. 1411 et seq.): *Provided further, That of the amount made available for title VI, \$1,623,000,000 shall be available, notwithstanding any other provision of law, for grants for school repair and renovation, activities under part B of the Individuals with Disabilities Education Act (20 U.S.C. 1411 et seq.), and technology activities, in accordance with section 321 of this Act: *Provided further, That funds made available under this heading to carry out section 6301(b) of the Elementary and Secondary Education Act of 1965 shall be available for education reform projects that provide same gender schools and classrooms, consistent with applicable law: *Provided further, That of the amount made available to carry out activities authorized under part C of title IX of the Elementary and Secondary Education Act of 1965, \$1,000,000 shall be for the Alaska Humanities Forum for operation of the Rose student exchange program and \$1,000,000 shall be for the Alaska Native Heritage Center to support its program of cultural education activities: *Provided further, That of the amount made available for subpart 2 of part A of title IV of the Elementary and Secondary Education Act of 1965, \$10,000,000, to remain available until expended, shall be for Project School Emergency Response to Violence to provide education-related services to local educational agencies in which the learning environment has been disrupted due to a violent or traumatic crisis]. (Department of Education Appropriations Act, 2001, as enacted by section 1(a)(1) of P.L. 106–554.)*************

Program and Financing (in millions of dollars)

Identification code 91–1000–0–1–501		2000 actual	2001 est.	2002 est.
Direct program:				
Obligations by program activity:				
00.01	Eisenhower professional development State grants	335	486	.....
00.02	Innovative education program strategies State grants	80	386	285
00.03	Eisenhower professional development national activities	.....	41	.....
00.04	Class size reduction	400	1,374	1,150

00.05	School renovation grants	1,200		
	Safe and drug-free schools and communities:			
00.06	State grants	110	442	330
00.07	National programs	162	205	
00.08	Inexpensive book distribution	20	23	
00.09	Arts in education	12	28	
00.10	Magnet schools assistance	110	110	
00.11	Education for homeless children and youth	29	35	
00.12	Women's educational equity	3	3	
00.13	Training and advisory services	7	7	7
00.14	Ellender fellowships	2	2	
00.15	Education for Native Hawaiians	23	28	
00.16	Alaska Native education equity	13	15	
00.17	Charter schools grants	145	190	200
00.18	Advanced placement incentives	15	22	22
00.19	Comprehensive regional assistance centers	28	28	
01.00	Total direct program	1,494	4,625	1,994
09.01	Reimbursable program	57		
10.00	Total new obligations	1,551	4,625	1,994

Budgetary resources available for obligation:

21.40	Unobligated balance carried forward, start of year	4	6	
22.00	New budget authority (gross)	1,549	4,619	1,994
22.10	Resources available from recoveries of prior year obligations	3		
23.90	Total budgetary resources available for obligation	1,556	4,625	1,994
23.95	Total new obligations	-1,551	-4,625	-1,994
24.40	Unobligated balance carried forward, end of year	6		

New budget authority (gross), detail:

	Discretionary:			
40.00	Appropriation	1,512	3,107	229
40.76	Reduction pursuant to P.L. 106-113	-20		
41.00	Transferred to other accounts		-3	
43.00	Appropriation (total discretionary)	1,492	3,104	229
55.00	Advance appropriation		1,515	
	Mandatory:			
65.00	Advance appropriation			1,765
	Discretionary:			
68.00	Spending authority from offsetting collections: Offsetting collections (cash)	57		
70.00	Total new budget authority (gross)	1,549	4,619	1,994

Change in unpaid obligations:

	Unpaid obligations, start of year:			
72.40	Unpaid obligations, start of year	3,423	2,380	3,906
72.99	Obligated balance, start of year	3,423	2,380	3,906
73.10	Total new obligations	1,551	4,625	1,994
73.20	Total outlays (gross)	-2,578	-3,099	-3,611
73.40	Adjustments in expired accounts (net)	-12		
73.45	Recoveries of prior year obligations	-3		
	Unpaid obligations, end of year:			
74.40	Unpaid obligations, end of year	2,380	3,906	2,289
74.99	Obligated balance, end of year	2,380	3,906	2,289

Outlays (gross), detail:

86.90	Outlays from new discretionary authority	133	1,319	1,247
86.93	Outlays from discretionary balances	2,445	1,779	2,364
87.00	Total outlays (gross)	2,578	3,099	3,611

Offsets:

	Against gross budget authority and outlays:			
88.00	Offsetting collections (cash) from: Federal sources	-57		

Net budget authority and outlays:

89.00	Budget authority	1,492	4,619	1,994
90.00	Outlays	2,521	3,099	3,611

Note.—Includes \$846 million in budget authority in 2002 for activities previously financed from the Department of Education:

	(In millions of dollars)	2000 actual	2001 est.	
Office of Elementary and Secondary Education, Education Reform		453	846	

Summary of Budget Authority and Outlays

	(in millions of dollars)			
Enacted/requested:		2000 actual	2001 est.	2002 est.
Budget Authority		1,492	4,619	1,994

Outlays	2,521	3,098	3,611
Legislative proposal, not subject to PAYGO:			
Budget Authority			6,160
Outlays			308
Total:			
Budget Authority	1,492	4,619	8,154
Outlays	2,521	3,098	3,919

SUMMARY OF PROGRAM LEVEL

(in millions of dollars)

	2000-2001 Academic Year	2001-2002 Academic Year	2002-2003 Academic Year
New Budget Authority	3,052	5,391	6,389
Advance Appropriation	1,515	1,765	
Total program level	4,567	7,156	6,389
Change in advance appropriation over previous year	+1,515	+250	-1,765

The Administration proposes to reverse the misleading budget practice of using advance appropriations simply to avoid spending limitations. Accordingly, the amount requested to be appropriated for 2002 is sufficient to provide normal funding and no advance appropriation for 2003 is requested. In order to avoid overstating discretionary budget authority in 2002, language is proposed to designate the advance appropriation budget authority amount as direct spending.

The Administration is working with Congress to develop legislation reauthorizing programs included in the Elementary and Secondary Education Act. When new authorizing legislation is enacted, resources for the affected programs will be requested. See the "Legislative proposal, not subject to PAYGO" schedule for additional details.

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

Charter schools grants.—Funds support grants 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.

Advanced placement incentives.—Funds support grants to assist 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	2000 actual	2001 est.	2002 est.
Direct obligations:			
24.0 Printing and reproduction	1	2	
25.1 Advisory and assistance services	3	3	1
25.2 Other services	27	29	6
25.3 Purchases of goods and services from Government accounts	1	1	1
25.5 Research and development contracts	1		
41.0 Grants, subsidies, and contributions	1,461	4,590	1,986
99.0 Subtotal, direct obligations	1,494	4,625	1,994
99.0 Reimbursable obligations	57		
99.9 Total new obligations	1,551	4,625	1,994

General and special funds—Continued**SCHOOL IMPROVEMENT PROGRAMS**

(Legislative proposal, not subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 91–1000–2–1–501	2000 actual	2001 est.	2002 est.
Direct program:			
Obligations by program activity:			
00.01 State grants for improving teacher quality			2,600
00.02 Transition to teaching			30
00.03 Safe and drug free schools			644
00.04 21st Century community learning centers			846
00.05 Educational technology State grants			817
00.06 Choice and innovation State grants			472
00.07 State assessments			320
00.08 Reform and innovation fund			40
00.09 Charter schools homestead fund			175
00.10 Magnet schools assistance			110
00.11 Education for Native Hawaiians			28
00.12 Alaska Native education equity			15
00.13 Comprehensive regional assistance centers			28
00.14 Education of homeless children and youth			35
01.00 Total direct program			6,160
10.00 Total new obligations			6,160
Budgetary resources available for obligation:			
22.00 New budget authority (gross)			6,160
23.95 Total new obligations			–6,160
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation			6,160
Change in unpaid obligations:			
73.10 Total new obligations			6,160
73.20 Total outlays (gross)			–308
Unpaid obligations, end of year:			
74.40 Unpaid obligations, end of year			5,852
74.99 Obligated balance, end of year			5,852
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority			308
Net budget authority and outlays:			
89.00 Budget authority			6,160
90.00 Outlays			308

The resources in this schedule are proposed for later transmittal under proposed legislation to revise and reauthorize programs currently authorized under the Elementary and Secondary Education Act of 1965 and the McKinney-Vento Homeless Assistance Act.

State grants for improving teacher quality.—Funds support formula grants to States to provide professional development for teachers and administrators and to implement other teacher-related reforms.

Transition to teaching.—Funds support efforts to recruit more high-quality teachers, particularly teachers recruited through the Troops to Teachers program, into high-poverty local educational agencies.

Safe and drug-free schools.—Funds support formula grants to States and national activities to provide students with drug- and violence-prevention programs and to implement strategies to improve school safety.

21st Century community learning centers.—Funds support formula grants to States, which award subgrants to centers providing academic and related services for youth and other members of the community during after-school, weekend, and summer hours.

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

Choice and Innovation State grants.—Funds support formula grants to States to help local educational agencies implement innovative strategies for improving student achievement, including enhancing school choice.

State assessments.—Funds support grants to develop and implement the new assessments that States would use to annually test all children in grades 3–8 in reading and mathematics.

Reform and innovation fund.—Funds support projects that demonstrate and develop innovative approaches in priority areas of national significance, including school choice and character education.

Charter schools homestead fund.—Funds support competitive grants to public entities, such as State and local governments, nonprofit entities, and consortia of the two types of entities, to assist charter schools in acquiring, leasing, and renovating school facilities.

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

Education for Native Hawaiians.—Funds 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.—Funds 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.

Comprehensive regional assistance centers.—Funds support comprehensive regional technical assistance centers that provide services to recipients of Federal education funds to improve elementary and secondary education programs.

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

Object Classification (in millions of dollars)

Identification code 91–1000–2–1–501	2000 actual	2001 est.	2002 est.
24.0 Printing and reproduction			1
25.1 Advisory and assistance services			8
25.2 Other services			7
25.3 Purchases of goods and services from Government accounts			1
41.0 Grants, subsidies, and contributions			6,143
99.9 Total new obligations			6,160

READING EXCELLENCE

【For necessary expenses to carry out the Reading Excellence Act, \$91,000,000, which shall become available on July 1, 2001 and shall remain available through September 30, 2002 and \$195,000,000 which shall become available on October 1, 2001 and remain available through September 30, 2002.】 (Department of Education Appropriations Act, 2001, as enacted by section 1(a)(1) of P.L. 106–554.)

Program and Financing (in millions of dollars)

Identification code 91–0011–0–1–501	2000 actual	2001 est.	2002 est.
Obligations by program activity:			
00.01 Reading Excellence	76	302	195
10.00 Total new obligations	76	302	195
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	27	16	
22.00 New budget authority (gross)	65	286	195
23.90 Total budgetary resources available for obligation	92	302	195

23.95	Total new obligations	—76	—302	—195
24.40	Unobligated balance carried forward, end of year	16		

New budget authority (gross), detail:

Discretionary:				
40.00	Appropriation	65	91	
55.00	Advance appropriation		195	
Mandatory:				
65.00	Advance appropriation			195
70.00	Total new budget authority (gross)	65	286	195

Change in unpaid obligations:

Unpaid obligations, start of year:				
72.40	Unpaid obligations, start of year	233	282	397
72.99	Obligated balance, start of year	233	282	397
73.10	Total new obligations	76	302	195
73.20	Total outlays (gross)	—27	—187	—234
Unpaid obligations, end of year:				
74.40	Unpaid obligations, end of year	282	397	358
74.99	Obligated balance, end of year	282	397	358

Outlays (gross), detail:

86.90	Outlays from new discretionary authority		24	21
86.93	Outlays from discretionary balances	27	162	212
87.00	Total outlays (gross)	27	187	234

Net budget authority and outlays:

89.00	Budget authority	65	286	195
90.00	Outlays	27	187	234

Reading Excellence.—The Administration is working with Congress to develop legislation reauthorizing programs included in the Elementary and Secondary Education Act. The Administration anticipates enactment of a new Reading First initiative supporting early literacy efforts and that the Reading and Literacy Grants program will not be continued. Funds for the Reading First initiative are requested in fiscal year 2002 under the Education for the Disadvantaged account. See the “Legislative proposal, not subject to PAYGO” schedule in the Education for the Disadvantaged account for additional details.

Object Classification (in millions of dollars)

Identification code 91—0011—0—1—501	2000 actual	2001 est.	2002 est.
25.1	Advisory and assistance services	5	5
25.2	Other services	4	4
41.0	Grants, subsidies, and contributions	67	293
99.9	Total new obligations	76	302
			195

EDUCATION REFORM

【For carrying out activities authorized by title IV of the Goals 2000: Educate America Act as in effect prior to September 30, 2000, and sections 3122, 3132, 3136, and 3141, parts B, C, and D of title III, and section 10105 and part I of title X of the Elementary and Secondary Education Act of 1965, \$1,880,710,000, of which \$38,000,000 shall be for the Goals 2000: Educate America Act, and of which \$191,950,000 shall be for section 3122: *Provided*, 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 with respect to all funds appropriated to carry out section 10901 et seq. in this Act, the Secretary shall strongly encourage applications for grants that are to be submitted jointly by a local educational agency (or a consortium of local educational agencies) and a community-based organization that has experience

in providing before- and after-school services and all applications submitted to the Secretary shall contain evidence that the project contains elements that are designed to assist students in meeting or exceeding state and local standards in core academic subjects, as appropriate to the needs of participating children: *Provided further*, That \$125,000,000, which shall become available on July 1, 2001, and remain available through September 30, 2002, shall be available to support activities under section 10105 of part A of title X of the Elementary and Secondary Education Act of 1965, of which up to 6 percent shall become available October 1, 2000, and be available for evaluation, technical assistance, school networking, peer review of applications, and program outreach activities: *Provided further*, That funds made available to local educational agencies under this section shall be used only for activities related to establishing smaller learning communities in high schools: *Provided further*, That \$46,328,000 of the funds available to carry out section 3136 of the Elementary and Secondary Education Act of 1965, \$8,768,000 of the funds available to carry out part B of title III of that Act and \$20,614,000 of the funds available to carry out part I of title X of that Act shall be available for the projects and in the amounts specified in the statement of the managers on the conference report accompanying this Act.】 (*Department of Education Appropriations Act, 2001, as enacted by section 1(a)(1) of P.L. 106-554.*)

Program and Financing (in millions of dollars)

Identification code 91—0500—0—1—501	2000 actual	2001 est.	2002 est.
Obligations by program activity:			
00.01	21st Century community learning centers	453	846
00.02	Small learning communities		28
			97
00.91	Direct Program by Activities—Subtotal (1 level)	453	874
	Educational technology:		
01.01	Technology literacy challenge fund	425	450
01.02	Technology innovation challenge grants	146	136
01.03	Regional technology in education consortia	10	10
	National activities:		
01.04	Teacher training in technology	75	125
01.05	Community-based technology	33	65
01.06	Technology leadership activities	2	2
01.07	Star schools	51	59
01.08	Ready to learn television	16	16
01.09	Telecommunications demonstration project for mathematics		
		8	9
01.91	Total, Educational technology	766	872
	Goals 2000:		
02.01	State and local education systemic improvement	458	8
02.02	Parental assistance	33	38
02.91	Total, Goals 2000	491	46
03.01	School-to-work opportunities	81	55
10.00	Total new obligations	1,791	1,847
			97
Budgetary resources available for obligation:			
21.40	Unobligated balance carried forward, start of year	133	63
22.00	New budget authority (gross)	1,765	1,881
22.21	Unobligated balance transferred to other accounts	—48	
22.22	Unobligated balance transferred from other accounts	4	
23.90	Total budgetary resources available for obligation	1,854	1,944
23.95	Total new obligations	—1,791	—1,847
24.40	Unobligated balance carried forward, end of year	63	97

New budget authority (gross), detail:

Discretionary:			
40.00	Appropriation	1,768	1,881
40.76	Reduction pursuant to P.L. 106-113	—3	
43.00	Appropriation (total discretionary)	1,765	1,881

Change in unpaid obligations:

Unpaid obligations, start of year:			
72.40	Unpaid obligations, start of year	1,847	2,392
72.99	Obligated balance, start of year	1,847	2,392
73.10	Total new obligations	1,791	1,847
73.20	Total outlays (gross)	—1,243	—1,963
73.40	Adjustments in expired accounts (net)	—2	
Unpaid obligations, end of year:			
74.40	Unpaid obligations, end of year	2,392	2,277
74.99	Obligated balance, end of year	2,392	2,277
			747

General and special funds—Continued**EDUCATION REFORM—Continued****Program and Financing** (in millions of dollars)—Continued

Identification code 91-0500-0-1-501	2000 actual	2001 est.	2002 est.
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	136	188	.....
86.93 Outlays from discretionary balances	1,107	1,775	1,627
87.00 Total outlays (gross)	1,243	1,963	1,627
Net budget authority and outlays:			
89.00 Budget authority	1,765	1,881	.....
90.00 Outlays	1,243	1,963	1,627

Note.—Excludes \$846 million in budget authority in 2002 for activities transferred to the School Improvement Programs account. Comparable amounts for 2000 (\$453 million) and 2001 (\$846 million) are included above.

The Administration is working with the Congress to develop legislation reauthorizing programs included in the Elementary and Secondary Education Act. The Administration anticipates that the new legislation would streamline the 21st Century Community Learning Centers program and consolidate educational technology programs into flexible, performance-based grants to States. Funds for both programs are requested in fiscal year 2002 under the School Improvement Programs account. See the legislative proposal in the School Improvement account for additional details.

Object Classification (in millions of dollars)

Identification code 91-0500-0-1-501	2000 actual	2001 est.	2002 est.
Direct obligations:			
25.1 Advisory and assistance services	5	9	.....
25.2 Other services	11	17	.....
25.3 Purchases of goods and services from Government accounts	6	8	.....
25.5 Research and development contracts	10	.....	.....
41.0 Grants, subsidies, and contributions	1,759	1,812	97
99.0 Subtotal, direct obligations	1,791	1,846	97
99.5 Below reporting threshold .....	.....	1	.....
99.9 Total new obligations	1,791	1,847	97

CHICAGO LITIGATION SETTLEMENT**Program and Financing** (in millions of dollars)

Identification code 91-0220-0-1-501	2000 actual	2001 est.	2002 est.
Obligations by program activity:			
10.00 Total new obligations (object class 41.0)	1	1	.....
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	2	1	.....
23.95 Total new obligations	-1	-1	.....
24.40 Unobligated balance carried forward, end of year	1	.....	.....
Change in unpaid obligations:			
Unpaid obligations, start of year:			
72.40 Unpaid obligations, start of year	3	2	1
72.99 Obligated balance, start of year	3	2	1
73.10 Total new obligations	1	1	.....
73.20 Total outlays (gross)	-2	-2	-1
Unpaid obligations, end of year:			
74.40 Unpaid obligations, end of year	2	1	.....
74.99 Obligated balance, end of year	2	1	.....
Outlays (gross), detail:			
86.93 Outlays from discretionary balances	2	2	1
Net budget authority and outlays:			
89.00 Budget authority .....	.....	.....	.....
90.00 Outlays	2	2	1

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

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, \$115,500,000.】 (*Department of Education Appropriations Act, 2001, as enacted by section 1(a)(1) of P.L. 106-554.*)

Program and Financing (in millions of dollars)

Identification code 91-0101-0-1-501	2000 actual	2001 est.	2002 est.
Obligations by program activity:			
00.01 Grants to local educational agencies	62	93	.....
00.02 Special programs for Indian children	13	20	.....
00.03 National activities	2	3	.....
10.00 Total new obligations	77	116	.....
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	77	116	.....
23.95 Total new obligations	-77	-116	.....
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	77	116	.....
Change in unpaid obligations:			
Unpaid obligations, start of year:			
72.40 Unpaid obligations, start of year	86	95	126
72.99 Obligated balance, start of year	86	95	126
73.10 Total new obligations	77	116	.....
73.20 Total outlays (gross)	-65	-84	-102
73.40 Adjustments in expired accounts (net)	-2	.....	.....
Unpaid obligations, end of year:			
74.40 Unpaid obligations, end of year	95	126	25
74.99 Obligated balance, end of year	95	126	25
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	2	6	.....
86.93 Outlays from discretionary balances	63	79	102
87.00 Total outlays (gross)	65	84	102
Net budget authority and outlays:			
89.00 Budget authority	77	116	.....
90.00 Outlays	65	84	102
Summary of Budget Authority and Outlays			
(in millions of dollars)			
Enacted/requested:	2000 actual	2001 est.	2002 est.
Budget Authority	77	116	.....
Outlays	65	85	102
Legislative proposal, not subject to PAYGO:			
Budget Authority .....	.....	.....	116
Outlays .....	.....	.....	6
Total:			
Budget Authority	77	116	116
Outlays	65	85	108

The administration is working with Congress to develop legislation reauthorizing programs included in the Element-

tary and Secondary Education Act. When new authorizing legislation is enacted, resources for the affected programs will be requested. See the "Legislative proposal, not subject to PAYGO" schedule for additional details.

Object Classification (in millions of dollars)

Identification code 91-0101-0-1-501	2000 actual	2001 est.	2002 est.
25.2 Other services	2	3	
41.0 Grants, subsidies, and contributions	75	113	
99.9 Total new obligations	77	116	

INDIAN EDUCATION

(Legislative proposal, not subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 91-0101-2-1-501	2000 actual	2001 est.	2002 est.
Obligations by program activity:			
00.01 Grants to local educational agencies			93
00.02 Special programs for Indian children			20
00.03 National activities			3
10.00 Total new obligations			116
Budgetary resources available for obligation:			
22.00 New budget authority (gross)			116
23.95 Total new obligations			-116
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation			116
Change in unpaid obligations:			
73.10 Total new obligations			116
73.20 Total outlays (gross)			-6
73.40 Adjustments in expired accounts (net)			
Unpaid obligations, end of year:			
74.40 Unpaid obligations, end of year			110
74.99 Obligated balance, end of year			110
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority			6
Net budget authority and outlays:			
89.00 Budget authority			116
90.00 Outlays			6

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

Grants to local educational agencies.—Formula grants support local educational agencies in their efforts to reform elementary and secondary school programs that serve Indian students, with the goal of ensuring that such programs assist participating students in meeting the same academic standards as all other students. In 2000, the Department made 1,168 formula grants to local educational agencies and tribal schools serving more than 448,000 students.

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

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

Object Classification (in millions of dollars)

Identification code 91-0101-2-1-501	2000 actual	2001 est.	2002 est.
25.2 Other services			3

41.0	Grants, subsidies, and contributions		113
99.9	Total new obligations		116

**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, \$460,000,000: *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, 2001, as enacted by section 1(a)(1) of P.L. 106-554.*)

Program and Financing (in millions of dollars)

Identification code 91-1300-0-1-501	2000 actual	2001 est.	2002 est.
Obligations by program activity:			
00.01 Instructional services	162	180	
00.02 Support services	14	16	
00.03 Training grants	72	100	
00.04 Foreign language assistance	8	14	
00.05 Immigrant education	150	150	
10.00 Total new obligations	406	460	
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	406	460	
23.95 Total new obligations	-406	-460	
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	406	460	
Change in unpaid obligations:			
Unpaid obligations, start of year:			
72.40 Unpaid obligations, start of year	531	566	578
72.99 Obligated balance, start of year	531	566	578
73.10 Total new obligations	406	460	
73.20 Total outlays (gross)	-363	-448	-419
73.40 Adjustments in expired accounts (net)	-8		
Unpaid obligations, end of year:			
74.40 Unpaid obligations, end of year	566	578	159
74.99 Obligated balance, end of year	566	578	159
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	17	23	
86.93 Outlays from discretionary balances	346	425	419
87.00 Total outlays (gross)	363	448	419
Net budget authority and outlays:			
89.00 Budget authority	406	460	
90.00 Outlays	363	448	419

Summary of Budget Authority and Outlays

(in millions of dollars)			
Enacted/requested:	2000 actual	2001 est.	2002 est.
Budget Authority	406	460	
Outlays	363	448	419
Legislative proposal, not subject to PAYGO:			
Budget Authority			460
Outlays			23
Total:			
Budget Authority	406	460	460
Outlays	363	448	442

Bilingual and immigrant education.—The Administration is working with Congress to develop legislation reauthorizing

General and special funds—Continued

BILINGUAL AND IMMIGRANT EDUCATION—Continued

programs included in the Elementary and Secondary Education Act. When new authorizing legislation is enacted, resources for the affected programs will be requested. See the "Legislative proposal, not subject to PAYGO" schedule for additional details.

Object Classification (in millions of dollars)

Identification code	91-1300-0-1-501	2000 actual	2001 est.	2002 est.
25.5	Research and development contracts	5	6	.....
41.0	Grants, subsidies, and contributions	401	454	.....
99.9	Total new obligations	406	460	.....

BILINGUAL AND IMMIGRANT EDUCATION

(Legislation proposal, not subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code	91-1300-2-1-501	2000 actual	2001 est.	2002 est.
Obligations by program activity:				
00.06	Bilingual and immigrant education State grants (proposed legislation) .....	.....	.....	460
10.00	Total new obligations (object class 41.0) .....	.....	.....	460

Budgetary resources available for obligation:

22.00	New budget authority (gross) .....	.....	.....	460
23.95	Total new obligations .....	.....	.....	-460

New budget authority (gross), detail:

Discretionary:				
40.00	Appropriation .....	.....	.....	460

Change in unpaid obligations:

73.10	Total new obligations .....	.....	.....	460
73.20	Total outlays (gross) .....	.....	.....	-23
Unpaid obligations, end of year:				
74.40	Unpaid obligations, end of year .....	.....	.....	437
74.99	Obligated balance, end of year .....	.....	.....	437

Outlays (gross), detail:

86.90	Outlays from new discretionary authority	23
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Net budget authority and outlays:

89.00	Budget authority	460
90.00	Outlays	23

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

Bilingual and immigrant education State grants.—This program would provide formula grants to States based on their share of the Nation's limited English proficient and immigrant student population. States would make subgrants to local educational agencies based on their share of the State's limited English proficient and immigrant students. School districts would implement programs designed to assist participating students in learning English within three years and in meeting State standards in core content areas. States and local educational agencies would be accountable for demonstrating annual increases in the English proficiency of participating students.

OFFICE OF SPECIAL EDUCATION AND
REHABILITATIVE SERVICES

Federal Funds

General and special funds:

SPECIAL EDUCATION

For carrying out the Individuals with Disabilities Education Act, **[\$7,439,948,000] \$8,425,595,000**, of which **[\$2,090,452,000] \$8,162,452,000** shall become available for obligation on July 1, **[2001] 2002**, and shall remain available through September 30, **[2002]**, and of which \$5,072,000,000 shall become available on October 1, 2001 and shall remain available through September 30, 2002, for academic year 2001-2002] 2003: *Provided*, That **[\$9,500,000]** shall be for Recording for the Blind and Dyslexic to support the development, production, and circulation of recorded educational materials: *Provided further*, That \$1,500,000 shall be for the recipient of funds provided by Public Law 105-78 under section 687(b)(2)(G) of the Act to provide information on diagnosis, intervention, and teaching strategies for children with disabilities: *Provided further*, That \$7,353,000 of the funds for section 672 of the Act shall be available for the projects and in the amounts specified in the statement of the managers on the conference report accompanying this Act] *the budget authority (but not the outlays) for \$5,072,000,000 provided under this heading in fiscal year 2001, to be available as an advance appropriation in fiscal year 2002, shall be considered direct spending in fiscal year 2002 for purposes of the Balanced Budget and Emergency Deficit Control Act of 1990, as amended, and section 2(a) of Public Law 106-554; Provided further, That the amount for section 611(c) of the Act shall be equal to the amount available for that section under Public Law 106-554, increased by the rate of inflation as specified in section 611(f)(1)(B)(ii) of the Act. (Department of Education Appropriations Act, 2001, as enacted by section 1(a)(1) of P.L. 106-554.)*

Program and Financing (in millions of dollars)

Identification code	91-0300-0-1-501	2000 actual	2001 est.	2002 est.
Direct program:				
Obligations by program activity:				
State grants:				
00.01	Grants to States	1,171	5,119	12,412
00.02	Preschool grants	366	414	390
00.03	Grants for infants and families	345	480	384
00.91	Subtotal, State grants	1,882	6,013	13,186
National activities:				
01.01	State improvement	32	79	49
01.02	Research and innovation	65	78	70
01.03	Technical assistance and dissemination	46	53	53
01.04	Personnel preparation	82	81	82
01.05	Parent information centers	19	26	26
01.06	Technology and media services	36	39	32
01.91	Subtotal, National activities	280	356	312
02.00	Total Direct Program	2,162	6,369	13,498
09.01	Reimbursable program	1	.....	.....
10.00	Total new obligations	2,163	6,369	13,498
Budgetary resources available for obligation:				
21.40	Unobligated balance carried forward, start of year	119	259	.....
22.00	New budget authority (gross)	2,295	6,110	13,498
22.10	Resources available from recoveries of prior year obligations	8	.....	.....
23.90	Total budgetary resources available for obligation	2,422	6,369	13,498
23.95	Total new obligations	-2,163	-6,369	-13,498
23.98	Unobligated balance expiring or withdrawn .....	.....	.....	.....
24.40	Unobligated balance carried forward, end of year	259	.....	.....

New budget authority (gross), detail:

Discretionary:				
40.00	Appropriation	2,294	2,368	8,426
55.00	Advance appropriation .....	.....	3,742	.....
Mandatory:				
65.00	Advance appropriation .....	.....	.....	5,072
Discretionary:				
68.00	Spending authority from offsetting collections: Offsetting collections (cash)	1	.....	.....
70.00	Total new budget authority (gross)	2,295	6,110	13,498

Change in unpaid obligations:				
Unpaid obligations, start of year:				
72.40	Unpaid obligations, start of year	6,855	4,044	4,598
72.99	Obligated balance, start of year	6,855	4,044	4,598
73.10	Total new obligations	2,163	6,369	13,498
73.20	Total outlays (gross)	-4,950	-5,815	-6,933
73.40	Adjustments in expired accounts (net)	-15		
73.45	Recoveries of prior year obligations	-8		
Unpaid obligations, end of year:				
74.40	Unpaid obligations, end of year	4,044	4,598	11,163
74.99	Obligated balance, end of year	4,044	4,598	11,163
Outlays (gross), detail:				
86.90	Outlays from new discretionary authority	104	2,581	3,466
86.93	Outlays from discretionary balances	4,846	3,234	3,468
87.00	Total outlays (gross)	4,950	5,815	6,933
Offsets:				
Against gross budget authority and outlays:				
88.00	Offsetting collections (cash) from: Federal sources	-1		
Net budget authority and outlays:				
89.00	Budget authority	2,294	6,110	13,498
90.00	Outlays	4,949	5,815	6,933

SUMMARY OF PROGRAM LEVEL

(In millions of dollars)

	2000-2001 academic year	2001-2002 academic year	2002-2003 academic year
Current Budget Authority	2,294	2,368	8,426
Advance appropriation	3,742	5,072	
Total program level	6,036	7,440	8,426
Change in advance appropriation from the previous year	+3,742	+1,330	-5,072

The Administration proposes to reverse the misleading budget practice of using advance appropriations simply to avoid spending limitations. Accordingly, the amount requested to be appropriated for 2002 is sufficient to provide normal funding and no advance appropriation for 2003 is requested. In order to avoid overstating discretionary budget authority in 2002, language is proposed to designate the advance appropriation budget authority amount as direct spending.

State Grants:

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

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

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

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

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

Performance data related to these goals include:

Number of children served in first quarter of fiscal year:	2000 actual	2001 est.	2002 est.
Ages 3 through 21	6,270,000	6,377,000	6,466,000
Ages 3 through 5	588,944	600,700	612,700
Birth through 2	205,525	214,800	244,500
	1996-1997 actual	1997-1998 actual	1998-1999 actual

Educational Environment

Percent of children ages 6 through 21 provided special education in:

Regular classrooms	45.7	46.5	47.4
Resource rooms	28.5	29.1	28.4
Separate classes	21.4	20.4	20.1
Separate schools	3.1	2.8	2.9
Residential facilities .....	.7	.7	.7
Home or hospital .....	.6	.5	.5

Status of Exiting Students

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

Graduated with a diploma	53.5	55.4	57.4
Graduated through certification	11.4	11.2	11.2
Dropped out of school	32.7	31.0	28.9
Reached maximum age and other	2.4	2.4	2.5

Object Classification (in millions of dollars)

Identification code 91-0300-0-1-501	2000 actual	2001 est.	2002 est.
25.2 Other services	10	20	17
41.0 Grants, subsidies, and contributions	2,153	6,349	13,481
99.9 Total new obligations	2,163	6,369	13,498

REHABILITATION SERVICES AND DISABILITY RESEARCH

For carrying out, to the extent not otherwise provided, the Rehabilitation Act of 1973, the Assistive Technology Act of 1998, and the Helen Keller National Center Act, **[\$2,805,339,000] \$2,930,117,000, of which \$60,000,000 shall remain available through September 30, 2003: Provided,** That the funds provided for title I of the Assistive Technology Act of 1998 ("the AT Act") shall be allocated notwithstanding section 105(b)(1) of the AT Act: **Provided further,** That each State shall be provided \$50,000 for activities under section 102 of the AT Act: **Provided further,** That **[\$15,000,000] \$40,000,000** shall be used to support grants for up to three years to States under title III of the AT 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 301(c)(2) and section 302 of that Act shall not apply to such grants: **Provided further,** That \$4,600,000 of the funds for section 303 of the Rehabilitation Act of 1973 shall be available for the projects and in the amounts specified in the statement of the managers on the conference report accompanying this Act: **Provided further,** That \$400,000 of the funds for title II of the Rehabilitation Act of 1973 shall be for the Cerebral Palsy Research Foundation in Wichita, Kansas for the establishment of a Rehabilitation Research and Training Center to study and recommend incentives for employers to hire persons with significant disabilities. (Department of Education Appropriations Act, 2001, as enacted by section 1(a)(1) of P.L. 106-554.)

Program and Financing (in millions of dollars)

Identification code 91-0301-0-1-506	2000 actual	2001 est.	2002 est.
Obligations by program activity:			
Direct program:			
00.01 Vocational rehabilitation State grants	2,339	2,400	2,481
00.02 Client assistance State grants	11	12	12
00.03 Training	40	40	40
00.04 Demonstration and training programs	22	21	16
00.05 Migrant and seasonal farmworkers	2	2	2
00.06 Recreational programs	3	3	3
00.07 Protection and advocacy of individual rights	12	14	14
00.08 Projects with industry	22	22	22
00.09 Supported employment State grants	38	38	38
00.10 Independent living	85	100	100
00.11 Program improvement	2	2	1

General and special funds—Continued**REHABILITATION SERVICES AND DISABILITY RESEARCH—Continued****Program and Financing (in millions of dollars)—Continued**

Identification code 91-0301-0-1-506		2000 actual	2001 est.	2002 est.
00.12	Evaluation	2	2	1
00.13	Helen Keller National Center	9	9	9
00.14	National Institute on Disability and Rehabilitation Research	86	100	110
00.15	Assistive technology	34	41	61
00.16	Access to Telework Fund			20
01.00	Total direct program	2,707	2,806	2,930
09.01	Reimbursable program	2	2	2
10.00	Total new obligations	2,709	2,808	2,932
Budgetary resources available for obligation:				
22.00	New budget authority (gross)	2,709	2,808	2,932
23.95	Total new obligations	-2,709	-2,808	-2,932
New budget authority (gross), detail:				
Discretionary:				
40.00	Appropriation	369	406	449
40.76	Reduction pursuant to P.L. 106-113	-1		
43.00	Appropriation (total discretionary)	368	406	449
Mandatory:				
60.00	Appropriation	2,339	2,400	2,481
Discretionary:				
68.00	Spending authority from offsetting collections: Offsetting collections (cash)	2	2	2
70.00	Total new budget authority (gross)	2,709	2,808	2,932
Change in unpaid obligations:				
Unpaid obligations, start of year:				
72.40	Unpaid obligations, start of year	1,028	977	924
72.99	Obligated balance, start of year	1,028	977	924
73.10	Total new obligations	2,709	2,808	2,932
73.20	Total outlays (gross)	-2,758	-2,861	-2,892
73.40	Adjustments in expired accounts (net)	-2		
Unpaid obligations, end of year:				
74.40	Unpaid obligations, end of year	977	924	964
74.99	Obligated balance, end of year	977	924	964
Outlays (gross), detail:				
86.90	Outlays from new discretionary authority	66	285	315
86.93	Outlays from discretionary balances	229	380	122
86.97	Outlays from new mandatory authority	1,843	1,680	1,737
86.98	Outlays from mandatory balances	620	516	718
87.00	Total outlays (gross)	2,758	2,861	2,892
Offsets:				
Against gross budget authority and outlays:				
88.00	Offsetting collections (cash) from: Federal sources	-2	-2	-2
Net budget authority and outlays:				
89.00	Budget authority	2,707	2,806	2,930
90.00	Outlays	2,755	2,859	2,890

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 2002.

The table below presents national data on selected performance measures for the VR State grants program. The data are based on the number of individuals whose service records were closed in fiscal years 1998 (359,877) and 1999 (370,742). The 2002 target is to increase the number of individuals

with disabilities achieving an employment outcome by one percent over the previous year and to increase the employment outcome rate to 63.2 percent.

CONSUMER OUTCOMES (CASES CLOSED)

	1998 actual	1999 actual
Individuals achieving employment outcomes	223,668	231,714
Percent with significant disabilities	82.6%	84.9%
Employment outcomes as a percent all of individuals receiving services	62.2%	62.5%

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

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

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

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 2000, PWI projects placed in competitive employment approximately 61.9 percent (8,104) of the 13,083 individuals with disabilities served by the 99 projects. The 2002 target for this program is to place 62.2 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 1999, 73 percent of individuals with a supported employment goal achieved a competitive employment outcome.

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. Grants are also awarded to provide support services to older blind individuals to increase their ability to care for their own needs. 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, dissemination, and performance measurement activities.

Evaluation.—Studies are conducted to evaluate the impact and effectiveness of various programs authorized under the Rehabilitation Act. The multi-year national longitudinal study of the Vocational Rehabilitation State grants program is scheduled for completion in 2001. Expanded study findings on employment retention will be available in 2002.

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

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

Assistive technology.—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 financing programs to increase access to assistive technology for individuals with disabilities.

Access to telework fund.—Under this new program, Federal matching funds would be awarded to States to provide loans for individuals with disabilities to purchase computers and other equipment so that they can telework from home.

Object Classification (in millions of dollars)

Identification code 91-0301-0-1-506	2000 actual	2001 est.	2002 est.
Direct obligations:			
25.1 Advisory and assistance services	7	7	10
25.2 Other services	2	2	2
25.3 Purchases of goods and services from Government accounts		1	1
25.5 Research and development contracts	1	1	5
41.0 Grants, subsidies, and contributions	2,697	2,795	2,912
99.0 Subtotal, direct obligations	2,707	2,806	2,930
99.0 Reimbursable obligations	2	2	2
99.9 Total new obligations	2,709	2,808	2,932

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.), \$12,000,000. (*Department of Education Appropriations Act, 2001, as enacted by section 1(a)(1) of P.L. 106-554.*)

Program and Financing (in millions of dollars)

Identification code 91-0600-0-1-501	2000 actual	2001 est.	2002 est.
Obligations by program activity:			
10.00 Total new obligations (object class 41.0)	10	12	12
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	10	12	12
23.95 Total new obligations	-10	-12	-12
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	10	12	12
Change in unpaid obligations:			
Unpaid obligations, start of year:			
72.40 Unpaid obligations, start of year	3	4	1

72.99 Obligated balance, start of year	3	4	1
73.10 Total new obligations	10	12	12
73.20 Total outlays (gross)	-9	-15	-12
Unpaid obligations, end of year:			
74.40 Unpaid obligations, end of year	4	1	1
74.99 Obligated balance, end of year	4	1	1
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	7	11	11
86.93 Outlays from discretionary balances	3	4	1
87.00 Total outlays (gross)	9	15	12
Net budget authority and outlays:			
89.00 Budget authority	10	12	12
90.00 Outlays	9	15	12

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 2000, the portion of the Federal appropriation allocated to educational materials represented approximately 49.2 percent of the Printing House's total sales. The full appropriation represented approximately 37.4 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.), [\$53,376,000] \$52,570,000, of which [\$5,376,000] \$4,570,000 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, 2001, as enacted by section 1(a)(1) of P.L. 106-554.*)

Program and Financing (in millions of dollars)

Identification code 91-0601-0-1-502	2000 actual	2001 est.	2002 est.
Obligations by program activity:			
00.01 Operations	45	48	48
00.02 Construction	3	5	5
10.00 Total new obligations (object class 41.0)	48	53	53
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	48	53	53
23.95 Total new obligations	-48	-53	-53
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	48	53	53
Change in unpaid obligations:			
Unpaid obligations, start of year:			
72.40 Unpaid obligations, start of year	1	5	9
72.99 Obligated balance, start of year	1	5	9
73.10 Total new obligations	48	53	53
73.20 Total outlays (gross)	-44	-49	-51
Unpaid obligations, end of year:			
74.40 Unpaid obligations, end of year	5	9	11
74.99 Obligated balance, end of year	5	9	11
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	46	46	46
86.93 Outlays from discretionary balances	-2	3	5
87.00 Total outlays (gross)	44	49	51
Net budget authority and outlays:			
89.00 Budget authority	48	53	53
90.00 Outlays	44	49	51

This residential program provides postsecondary technical and professional education for people who are deaf to prepare

General and special funds—Continued**SPECIAL INSTITUTIONS FOR PERSONS WITH DISABILITIES—Continued**
NATIONAL TECHNICAL INSTITUTE FOR THE DEAF—Continued

them for employment, provides training, and conducts applied research into employment related aspects of deafness. In 2000, 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 third and final 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.), \$89,400,000: *Provided*, That from the total amount available, the University may at its discretion use funds for the endowment program as authorized under section 207. (*Department of Education Appropriations Act, 2001, as enacted by section 1(a)(1) of P.L. 106-554.*)

Program and Financing (in millions of dollars)

Identification code 91-0602-0-1-502	2000 actual	2001 est.	2002 est.
Obligations by program activity:			
00.01 Operations	83	89	89
00.02 Construction	3		
10.00 Total new obligations (object class 41.0)	86	89	89
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	86	89	89
23.95 Total new obligations	-86	-89	-89
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	86	89	89
Change in unpaid obligations:			
Unpaid obligations, start of year:			
72.40 Unpaid obligations, start of year	3	8	5
72.99 Obligated balance, start of year	3	8	5
73.10 Total new obligations	86	89	89
73.20 Total outlays (gross)	-81	-92	-89
Unpaid obligations, end of year:			
74.40 Unpaid obligations, end of year	8	5	5
74.99 Obligated balance, end of year	8	5	5
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	86	84	84
86.93 Outlays from discretionary balances	-5	8	5
87.00 Total outlays (gross)	81	92	89
Net budget authority and outlays:			
89.00 Budget authority	86	89	89
90.00 Outlays	81	92	89

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 2000, the Federal appropriation represented 63 percent of the University's operating budget, excluding Federal financial aid, vocational rehabilitation, and competitive grants and contracts, and 97.9 percent of the operating budgets of the related elementary and secondary schools. The University may also use appropriated funds for the Endowment Grant program.

OFFICE OF VOCATIONAL AND ADULT EDUCATION**Federal Funds****General and special funds:****VOCATIONAL AND ADULT EDUCATION**

For carrying out, to the extent not otherwise provided, the Carl D. Perkins Vocational and Technical Education Act, the Adult Education and Family Literacy Act, and title VIII-D of the Higher Education Act of 1965, as amended, and Public Law 102-73, [\$1,825,600,000, of which \$1,000,000 shall remain available until expended, and] \$1,801,660,000, of which [\$1,028,000,000] \$1,796,060,000 shall become available on July 1, [2001] 2002 and shall remain available through September 30, [2002 and of which \$791,000,000 shall become available on October 1, 2001 and shall remain available through September 30, 2002] 2003: *Provided*, That the budget authority (but not the outlays) for \$791,000,000 provided under this heading in fiscal year 2001, to be available as an advance appropriation in fiscal year 2002, shall be considered direct spending in fiscal year 2002 for purposes of the Balanced Budget and Emergency Deficit Control Act of 1990, as amended, and section 2(a) of Public Law 106-554: [of the amounts made available for the Carl D. Perkins Vocational and Technical Education Act, \$5,600,000 shall be for tribally controlled postsecondary vocational and technical institutions under section 117: *Provided further*, That \$9,000,000 shall be for carrying out section 118 of such Act: *Provided further*, That of the amounts made available for the Carl D. Perkins Vocational and Technical Education Act, \$5,000,000 shall be for demonstration activities authorized by section 207:] *Provided further*, That of the amount provided for Adult Education State Grants, \$70,000,000 shall be made available for integrated English literacy and civics education services to immigrants and other limited English proficient populations: *Provided further*, That of the amount reserved for integrated English literacy and civics education, notwithstanding section 211 of the Adult Education and Family Literacy Act, 65 percent shall be allocated to States based on a State's absolute need as determined by calculating each State's share of a 10-year average of the Immigration and Naturalization Service data for immigrants admitted for legal permanent residence for the 10 most recent years, and 35 percent allocated to States that experienced growth as measured by the average of the 3 most recent years for which Immigration and Naturalization Service data for immigrants admitted for legal permanent residence are available, except that no State shall be allocated an amount less than \$60,000: *Provided further*, That of the amounts made available for the Adult Education and Family Literacy Act, [\$14,000,000] \$9,500,000 shall be for national leadership activities under section 243 and [\$6,500,000] \$6,560,000 shall be for the National Institute for Literacy under section 242: *Provided further*, That \$22,000,000 shall be for Youth Offender Grants, of which \$5,000,000 shall be used in accordance with section 601 of Public Law 102-73 as that section was in effect prior to the enactment of Public Law 105-220: *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, 2001, as enacted by section 1(a)(1) of P.L. 106-554.*)

Program and Financing (in millions of dollars)

Identification code 91-0400-0-1-501	2000 actual	2001 est.	2002 est.
Obligations by program activity:			
Vocational education:			
Annual appropriations:			
Vocational education:			
00.01 Basic grants	257	1,095	1,795
00.02 National programs	15	17	17
00.03 Occupational and employment information	8	10	.....
00.04 Tribally controlled postsecondary vocational institutions	4	5	6
00.05 Tech-prep education	103	106	106
00.06 Tech-prep demonstration .....	.....	5	.....
00.91 Total, Vocational education	387	1,238	1,924
Adult education:			
01.01 State grants	443	538	550
01.02 National Institute for Literacy	6	6	7
01.03 National leadership activities	14	14	14
01.91 Total, adult education	463	558	570
02.01 State grants for incarcerated youth offenders	14	17	17
03.01 Literacy programs for prisoners .....	.....	6	5
09.01 Reimbursable program	2	.....	.....
10.00 Total new obligations	866	1,819	2,516
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	60	86	93
22.00 New budget authority (gross)	893	1,826	2,593
23.90 Total budgetary resources available for obligation	953	1,911	2,686
23.95 Total new obligations	-866	-1,819	-2,516
24.40 Unobligated balance carried forward, end of year	86	93	169
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	891	1,035	1,802
55.00 Advance appropriation .....	.....	791	.....
Mandatory:			
65.00 Advance appropriation .....	.....	.....	791
Discretionary:			
68.00 Spending authority from offsetting collections: Offsetting collections (cash)	2	.....	.....
70.00 Total new budget authority (gross)	893	1,826	2,593
Change in unpaid obligations:			
Unpaid obligations, start of year:			
72.40 Unpaid obligations, start of year	1,939	1,334	1,430
72.99 Obligated balance, start of year	1,939	1,334	1,430
73.10 Total new obligations	866	1,819	2,516
73.20 Total outlays (gross)	-1,465	-1,723	-1,774
73.40 Adjustments in expired accounts (net)	-6	.....	.....
Unpaid obligations, end of year:			
74.40 Unpaid obligations, end of year	1,334	1,430	2,172
74.99 Obligated balance, end of year	1,334	1,430	2,172
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	34	646	645
86.93 Outlays from discretionary balances	1,430	1,077	1,130
87.00 Total outlays (gross)	1,465	1,723	1,774
Offsets:			
Against gross budget authority and outlays:			
88.40 Offsetting collections (cash) from: Non-Federal sources	-2	.....	.....
Net budget authority and outlays:			
89.00 Budget authority	891	1,826	2,593
90.00 Outlays	1,463	1,723	1,774

Program levels for activities in this account are as follows:

	(in millions of dollars)			
		2000-2001 academic year	2001-2002 academic year	2002-2003 academic year
1. Vocational education:				
a. Basic grants:				
Annual appropriation	265	309	1,100	

Advance appropriation	791	791	.....
Subtotal, basic grants	1,056	1,100	1,100
b. National programs	18	18	12
c. Occupational & employment information	9	9	.....
d. Tribally controlled postsecondary vocational institutions	5	6	6
e. Tech-prep education	106	106	106
f. Tech-prep demonstration .....	.....	5	.....
Total, vocational education	1,194	1,244	1,224
2. Adult education:			
a. State grants	450	540	540
b. National Institute for Literacy	6	7	7
c. National leadership activities	14	14	10
Total, adult education	470	561	557
3. State grants for incarcerated youth offenders	14	17	17
4. Literacy programs for prisoners	5	5	5
Total	1,683	1,827	1,803

SUMMARY OF PROGRAM LEVEL

	(in millions of dollars)			
		2000-2001 academic year	2001-2002 academic year	2002-2003 academic year
New Budget Authority	891	1,035	1,802	
Advance appropriation	791	791	.....
Total program level	1,682	1,826	1,802	
Change in advance appropriation from the previous year	+791	.....	-791	

The Administration proposes to reverse the misleading budget practice of using advance appropriations simply to avoid spending limitations. Accordingly, the amount requested to be appropriated for 2002 is sufficient to provide normal funding and no advance appropriation for 2003 is requested. In order to avoid overstating discretionary budget authority in 2002, language is proposed to designate the advance appropriation budget authority amount as direct spending.

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 vocational 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 vocational education nationally. Activities include two national centers for research and dissemination in vocational education and a program of discretionary research and development projects.

Tribally controlled postsecondary vocational and technical 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

General and special funds—Continued**VOCATIONAL AND ADULT EDUCATION—Continued**

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

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

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

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.

Literacy programs for prisoners.—Funds are awarded on a competitive basis to State and local correctional agencies to establish and operate programs that reduce recidivism.

Object Classification (in millions of dollars)

Identification code 91-0400-0-1-501	2000 actual	2001 est.	2002 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent		1	
11.3 Other than full-time permanent	1	1	1
11.9 Total personnel compensation	1	2	1
25.1 Advisory and assistance services	5	6	6
25.2 Other services	3	3	3
25.3 Purchases of goods and services from Government accounts	1	1	1
25.5 Research and development contracts	7	8	8
41.0 Grants, subsidies, and contributions	845	1,797	2,495
99.0 Subtotal, direct obligations	862	1,817	2,514
99.0 Reimbursable obligations	2		
99.5 Below reporting threshold	2	2	2
99.9 Total new obligations	866	1,819	2,516

Personnel Summary

Identification code 91-0400-0-1-501	2000 actual	2001 est.	2002 est.
1001 Total compensable workyears: Full-time equivalent employment	15	20	16

OFFICE OF POSTSECONDARY EDUCATION**Federal Funds****General and special funds:****HIGHER EDUCATION**

For carrying out, to the extent not otherwise provided, section 121 and titles II, III, IV, V, VI, and VII of the Higher Education Act of 1965, as amended, [section 1543 of the Higher Education Amendments of 1992 and title VIII of the Higher Education Amendments of 1998,] and the Mutual Educational and Cultural Exchange Act of 1961, [\$1,911,710,000] \$1,723,223,000, of which [\$10,000,000] \$5,000,000 for interest subsidies authorized by section 121 of the Higher Education Act of 1965, shall remain available until expended: *Provided*, That \$10,000,000, to remain available through September 30, [2002] 2003, shall be available to fund fellowships for academic year [2002-2003] 2003-2004 under part A, subpart 1 of title VII of said Act, under the terms and conditions of part A, subpart 1: *Provided further*, That [\$3,000,000] \$1,000,000 is 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: [Provided further, That \$15,000,000 shall be available for tribally controlled colleges and universities under section 316 of the Higher Education Act of

1965, of which \$5,000,000 shall be used for construction and renovation: *Provided further*, That \$250,000 shall be for the Web-Based Education Commission to continue activities authorized under part J of title VIII of the Higher Education Amendments of 1998: *Provided further*, That \$115,487,000 of the funds for part B of title VII of the Higher Education Act of 1965 shall be available for the projects and in the amounts specified in the statement of the managers on the conference report accompanying this Act: *Provided further*, That the funds provided for title II of the Higher Education Act of 1965 shall be allocated notwithstanding section 210 of the Higher Education Act of 1965 and that up to 1.4 percent of the total funds made available under section 210 of the Higher Education Act of 1965 may be used to carry out the evaluation activities authorized under section 206(d) of that Act.] *Provided further*, That funds for part B of title VII of the Higher Education Act of 1965 may be used, at the discretion of the Secretary of Education, to fund continuation awards under title IV, part A, subpart 8 of such Act. (Department of Education Appropriations Act, 2001, as enacted by section 1(a)(1) of P.L. 106-554.)

Program and Financing (in millions of dollars)

Identification code 91-0201-0-1-502	2000 actual	2001 est.	2002 est.
Obligations by program activity:			
Aid for institutional development:			
00.01 Strengthening institutions	60	73	73
00.02 Strengthening tribally controlled colleges and universities	6	15	15
00.03 Strengthening Alaska Native and Native Hawaiian-serving institutions	5	6	6
00.04 Strengthening historically black colleges and universities	149	185	197
00.05 Strengthening historically black graduate institutions	31	45	48
00.06 Minority science and engineering improvement	8	8	8
00.91 Subtotal, aid for institutional development	259	332	347
Other aid for institutions:			
01.01 Developing Hispanic-serving institutions	42	69	73
01.02 International education and foreign language studies	70	78	78
01.03 Fund for the Improvement of Postsecondary Education	71	151	51
01.04 Demonstration projects to ensure quality higher education for students with disabilities	5	6	
01.05 Interest subsidy grants	11	18	5
01.91 Subtotal, other aid for institutions	199	322	207
Assistance for students:			
02.01 Federal TRIO programs	645	730	780
02.02 Gaining early awareness and readiness for undergraduate programs (GEAR UP)	200	295	227
02.03 Byrd honors scholarships	40	41	41
02.04 Javits fellowships	10	10	10
02.05 Graduate assistance in areas of national need	31	31	31
02.06 Thurgood Marshall legal educational program		4	
02.07 B. J. Stupak Olympic scholarships		1	
02.08 Child care access means parents in school	5	25	25
02.09 Learning anytime anywhere partnerships	23	30	
02.10 State grants for incarcerated youth offenders	5		
02.91 Subtotal, assistance for students	959	1,167	1,114
Other Aid:			
03.01 Teacher quality enhancement	98	98	54
03.02 GPRA data/HEA program evaluation	3	3	1
03.03 Underground railroad program	2	2	
03.04 Community scholarship mobilization	1		
03.91 Subtotal, Other Aid	104	103	55
09.01 Reimbursable program	8		
10.00 Total new obligations	1,529	1,924	1,723
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	12	22	10
22.00 New budget authority (gross)	1,538	1,912	1,723
23.90 Total budgetary resources available for obligation	1,550	1,934	1,733
23.95 Total new obligations	-1,529	-1,924	-1,723
24.40 Unobligated balance carried forward, end of year	22	10	10

New budget authority (gross), detail:

Discretionary:			
40.00 Appropriation	1,534	1,912	1,723

40.76	Reduction pursuant to P.L. 106-113	-4		
43.00	Appropriation (total discretionary)	1,530	1,912	1,723
68.00	Spending authority from offsetting collections: Offsetting collections (cash)	8		
70.00	Total new budget authority (gross)	1,538	1,912	1,723
Change in unpaid obligations:				
Unpaid obligations, start of year:				
72.40	Unpaid obligations, start of year	1,533	1,963	2,329
72.99	Obligated balance, start of year	1,533	1,963	2,329
73.10	Total new obligations	1,529	1,924	1,723
73.20	Total outlays (gross)	-1,098	-1,559	-1,777
Unpaid obligations, end of year:				
74.40	Unpaid obligations, end of year	1,963	2,329	2,275
74.99	Obligated balance, end of year	1,963	2,329	2,275
Outlays (gross), detail:				
86.90	Outlays from new discretionary authority	77	104	90
86.93	Outlays from discretionary balances	1,022	1,455	1,687
87.00	Total outlays (gross)	1,098	1,559	1,777
Offsets:				
Against gross budget authority and outlays:				
88.40	Offsetting collections (cash) from: Non-Federal sources	-8		
Net budget authority and outlays:				
89.00	Budget authority	1,530	1,912	1,723
90.00	Outlays	1,090	1,559	1,777

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 Alaska Native and Native Hawaiian 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 a broad range of postsecondary reform and improvement projects, as well as international consortia programs.

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

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

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

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

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

represented backgrounds for study in areas of national need.

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

Other aid.—

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

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

Object Classification (in millions of dollars)

Identification code 91-0201-0-1-502	2000 actual	2001 est.	2002 est.
Direct obligations:			
25.1 Advisory and assistance services	5	6	5
25.2 Other services	6	7	4
25.3 Purchases of goods and services from Government accounts	1	2	2
41.0 Grants, subsidies, and contributions	1,508	1,909	1,712
99.0 Subtotal, direct obligations	1,520	1,924	1,723
99.0 Reimbursable obligations	8		
99.5 Below reporting threshold	1		
99.9 Total new obligations	1,529	1,924	1,723

HOWARD UNIVERSITY

For partial support of Howard University (20 U.S.C. 121 et seq.), \$232,474,000, of which not less than \$3,600,000 shall be for a matching endowment grant pursuant to the Howard University Endowment Act (Public Law 98-480) and shall remain available until expended. (*Department of Education Appropriations Act, 2001, as enacted by section 1(a)(1) of P.L. 106-554.*)

Program and Financing (in millions of dollars)

Identification code 91-0603-0-1-502	2000 actual	2001 est.	2002 est.
Obligations by program activity:			
00.01 General support	193	202	202
00.02 Howard University Hospital	30	30	30

General and special funds—Continued

HOWARD UNIVERSITY—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 91-0603-0-1-502	2000 actual	2001 est.	2002 est.
10.00 Total new obligations (object class 41.0)	223	232	232
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	4		
22.00 New budget authority (gross)	219	232	232
23.90 Total budgetary resources available for obligation	223	232	232
23.95 Total new obligations	-223	-232	-232
24.40 Unobligated balance carried forward, end of year			
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	219	232	232
Change in unpaid obligations:			
Unpaid obligations, start of year:			
72.40 Unpaid obligations, start of year	1	14	14
72.99 Obligated balance, start of year	1	14	14
73.10 Total new obligations	223	232	232
73.20 Total outlays (gross)	-210	-232	-232
Unpaid obligations, end of year:			
74.40 Unpaid obligations, end of year	14	14	14
74.99 Obligated balance, end of year	14	14	14
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	209	218	218
86.93 Outlays from discretionary balances	1	14	14
87.00 Total outlays (gross)	210	232	232
Net budget authority and outlays:			
89.00 Budget authority	219	232	232
90.00 Outlays	210	232	232

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 2000, direct Federal appropriations for general support represented approximately 53 percent of the university's educational and general expenditures.

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS PROGRAM

For Federal administrative expenses authorized under section 121 of the Higher Education Act of 1965, \$762,000 to carry out activities related to existing facility loans entered into under the Higher Education Act of 1965. (*Department of Education Appropriations Act, 2001, as enacted by section 1(a)(1) of P.L. 106-554.*)

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 of 1965 shall not exceed \$357,000,000, and the cost, as defined in section 502 of the Congressional Budget Act of 1974, of such bonds shall not exceed zero.

For administrative expenses to carry out the Historically Black College and University Capital Financing Program entered into pursuant to title III, part D of the Higher Education Act of 1965, as amended, \$208,000. (*Department of Education Appropriations Act, 2001, as enacted by section 1(a)(1) of P.L. 106-554.*)

General Fund Credit Receipt Accounts (in millions of dollars)

Identification code 91-0241-0-1-502	2000 actual	2001 est.	2002 est.
0101 Negative subsidies/subsidy reestimates		2	

Program and Financing (in millions of dollars)

Identification code 91-0241-0-1-502	2000 actual	2001 est.	2002 est.
Obligations by program activity:			
00.09 Federal administration	1	1	1
10.00 Total new obligations (object class 99.5)	1	1	1
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	1	1	1
23.95 Total new obligations	-1	-1	-1
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation (Federal administration)	1	1	1
	1	1	1
Change in unpaid obligations:			
Unpaid obligations, start of year:			
72.40 Unpaid obligations, start of year			
72.95 Uncollected customer payments from Federal sources, start of year	-1	-1	-1
72.99 Obligated balance, start of year	-1	-1	-1
73.10 Total new obligations	1	1	1
73.20 Total outlays (gross)	-1	-1	-1
Unpaid obligations, end of year:			
74.95 Uncollected customer payments from Federal sources, end of year	-1	-1	-1
74.99 Obligated balance, end of year	-1	-1	-1
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	1	1	1
Net budget authority and outlays:			
89.00 Budget authority	1	1	1
90.00 Outlays	1	1	1
Summary of Loan Levels, Subsidy Budget Authority and Outlays by Program (in millions of dollars)			
Identification code 91-0241-0-1-502	2000 actual	2001 est.	2002 est.
Direct loan subsidy budget authority:			
1330 Subsidy budget authority downward reestimate		-2	
1339 Total subsidy budget authority		-2	
Direct loan subsidy outlays:			
1340 Subsidy outlays downward reestimate		-2	
1349 Total subsidy outlays		-2	
Administrative expense data:			
3510 Budget authority	1	1	1
3580 Outlays from balances	1	1	
3590 Outlays from new authority			

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

College Housing and Academic Facilities Loans Program.—Funds for this activity pay the Federal costs for administering the College Housing and Academic Facilities Loans (CHAFL), College Housing Loans (CHL), and Higher Education Facilities Loans (HEFL) programs. Prior to 1994, these programs provided financing for the construction, reconstruction, and renovation of housing, academic, and other educational facilities. Although no new loans have been awarded since fiscal year 1993, costs for administering the outstanding loans will remain for at least 30 more years. Agreements exist with the Department of Health and Human Services to provide architectural and engineering services and with the Federal Reserve Bank to provide loan servicing. The 2002 budget request provides funding for personnel compensation and other administrative costs. In accordance with the Federal Credit Reform Act, loan servicing costs for CHL and HEFL are paid from their respective collections.

Historically Black College and University Capital Financing Program.—The Historically Black College and University (HBCU) Capital Financing Program provides HBCUs with access to capital financing for the repair, renovation, and construction of classrooms, libraries, laboratories, dormitories, instructional equipment, and research instrumentation. The Higher Education Amendments of 1992 granted the Department authority to enter into insurance agreements with a private for-profit Designated Bonding Authority to guarantee no more than \$375,000,000 in outstanding principal and unpaid accrued interest combined. The bonding authority issues the 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.

Since the first loan was issued in 1996, a total of 8 loans for \$53 million have been made. Additional loans are expected in 2001 and 2002. No subsidy appropriations are required. The 2002 budget provides funds for continuing Federal administrative activities only.

Personnel Summary

Identification code 91-0241-0-1-502	2000 actual	2001 est.	2002 est.
1001 Total compensable workyears: Full-time equivalent employment	7	7	7

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS FINANCING ACCOUNT**Program and Financing (in millions of dollars)**

Identification code 91-4252-0-3-502	2000 actual	2001 est.	2002 est.
Obligations by program activity:			
00.02 Interest paid to Treasury	2	1	1
08.02 Payment of downward reestimate to receipt account		1	
08.04 Payment of interest on downward reestimates to receipt account		1	
08.91 Subtotal, Downward reestimate payments		2	
10.00 Total new obligations	2	3	1
Budgetary resources available for obligation:			
22.00 New financing authority (gross)	2	4	2
22.10 Resources available from recoveries of prior year obligations	2		
22.40 Capital transfer to general fund	-1		
22.60 Portion applied to repay debt		-1	-1
22.70 Balance of authority to borrow withdrawn	-1		
23.90 Total budgetary resources available for obligation	2	3	1
23.95 Total new obligations	-2	-3	-1
New financing authority (gross), detail:			
Mandatory:			
67.15 Authority to borrow (indefinite)		2	
69.00 Offsetting collections (cash)	2	2	2
70.00 Total new financing authority (gross)	2	4	2
Change in unpaid obligations:			
Unpaid obligations, start of year:			
72.40 Unpaid obligations: Borrowing Authority	6		
72.99 Obligated balance, start of year	6		
73.10 Total new obligations	2	3	1
73.20 Total financing disbursements (gross)	-6	-3	-1
73.45 Recoveries of prior year obligations	-2		
87.00 Total financing disbursements (gross)	6	3	1
Offsets:			
Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
Non-Federal sources:			
88.40 Interest repayments	-1	-1	-1

88.40	Principal repayments	-1	-1	-1
88.90	Total, offsetting collections (cash)	-2	-2	-2
Net financing authority and financing disbursements:				
89.00	Financing authority		2	
90.00	Financing disbursements	4	1	-1

The College Housing and Academic Facilities Loans Financing Account records all cash flows to and from the Government resulting from direct loans made in fiscal years 1992 and 1993.

Status of Direct Loans (in millions of dollars)

Identification code 91-4252-0-3-502	2000 actual	2001 est.	2002 est.
Position with respect to appropriations act limitation on obligations:			
1111 Limitation on direct loans			
1150 Total direct loan obligations			
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	23	26	25
1231 Disbursements: Direct loan disbursements	3		
1251 Repayments: Repayments and prepayments		-1	-1
1290 Outstanding, end of year	26	25	24

Balance Sheet (in millions of dollars)

Identification code 91-4252-0-3-502	1999 actual	2000 actual	2001 est.	2002 est.
ASSETS:				
Net value of assets related to post-1991 direct loans receivable:				
1401 Direct loans receivable, gross	22	26	25	24
1405 Allowance for subsidy cost (-)		-4	-4	-3
1499 Net present value of assets related to direct loans	22	22	21	21
1999 Total assets	22	22	21	21
LIABILITIES:				
2103 Federal liabilities: Debt	22	22	23	23
2999 Total liabilities	22	22	23	23
4999 Total liabilities and net position	22	22	23	23

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS LIQUIDATING ACCOUNT**Program and Financing (in millions of dollars)**

Identification code 91-0242-0-1-502	2000 actual	2001 est.	2002 est.
Obligations by program activity:			
00.01 New loan awards	2		
00.02 Interest paid to Treasury	18	14	14
10.00 Total new obligations	20	14	14
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	33	72	
22.00 New budget authority (gross)	59	60	50
22.60 Portion applied to repay debt		-118	-36
23.90 Total budgetary resources available for obligation	92	14	14
23.95 Total new obligations	-20	-14	-14
24.40 Unobligated balance carried forward, end of year	72		
New budget authority (gross), detail:			
Mandatory:			
60.05 Appropriation (indefinite)		7	2
69.00 Offsetting collections (cash)	63	55	50
69.27 Capital transfer to general fund	-4	-2	-2
69.90 Spending authority from offsetting collections (total mandatory)	59	53	48
70.00 Total new budget authority (gross)	59	60	50

General and special funds—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	2000 actual	2001 est.	2002 est.
Change in unpaid obligations:			
Unpaid obligations, start of year:			
72.40 Unpaid obligations, start of year	23	25	19
72.99 Obligated balance, start of year	23	25	19
73.10 Total new obligations	20	14	14
73.20 Total outlays (gross)	-17	-20	-15
Unpaid obligations, end of year:			
74.40 Unpaid obligations, end of year	25	19	18
74.99 Obligated balance, end of year	25	19	18
Outlays (gross), detail:			
86.98 Outlays from mandatory balances	17	20	15
Offsets:			
Against gross budget authority and outlays:			
Offsetting collections (cash) from:			
Non-Federal sources:			
88.40 Repayments of principal	-43	-38	-34
88.40 Interest received on loans	-20	-17	-16
88.90 Total, offsetting collections (cash)	-63	-55	-50
Net budget authority and outlays:			
89.00 Budget authority	-4	5	
90.00 Outlays	-46	-35	-35

The College Housing and Academic Facilities Loans Liquidating Account records all cash flows to and from the Government resulting from direct loans made prior to 1992. This account includes loans made under the College Housing and Academic Facilities Loans, College Housing Loans, and Higher Education Facilities Loans programs, which continue to be administered separately.

Status of Direct Loans (in millions of dollars)

Identification code 91-0242-0-1-502	2000 actual	2001 est.	2002 est.
CHAFL LIQUIDATING			
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	148	144	138
1231 Disbursements: Direct loan disbursements	4		
1251 Repayments: Repayments and prepayments	-8	-6	-5
1290 Outstanding, end of year	144	138	133
HIGHER EDUCATION FACILITIES LOANS			
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	30	27	24
1251 Repayments: Repayments and prepayments	-3	-3	-2
1290 Outstanding, end of year	27	24	22
COLLEGE HOUSING LOANS			
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	345	313	283
1251 Repayments: Repayments and prepayments	-32	-30	-27
1290 Outstanding, end of year	313	283	256

Statement of Operations (in millions of dollars)

Identification code 91-0242-0-1-502	1999 actual	2000 actual	2001 est.	2002 est.
CHAFL LIQUIDATING:				
0111 Revenue		16	14	12
0112 Expense		-12	-21	-14
0115 Net income or loss (-)		4	-7	-2
HIGHER EDUCATION FACILITIES LOANS:				
0121 Revenue		5	3	3
0122 Expense		-3	-1	-1
0125 Net income or loss (-)		2	2	2

COLLEGE HOUSING LOANS:

0131 Revenue	42	38	35
0132 Expense	-5	-38	-35
0135 Net income or loss (-)	37		
0191 Total revenues	63	55	50
0192 Total expenses	-20	-60	-50
0195 Total income or loss (-)	43	-5	
0199 Total comprehensive income	43	-5	

Balance Sheet (in millions of dollars)

Identification code 91-0242-0-1-502	1999 actual	2000 actual	2001 est.	2002 est.
ASSETS:				
Net value of assets related to pre-1992 direct loans receivable and acquired defaulted guaranteed loans receivable:				
1601 Direct loans, gross	484	445	412	
1602 Interest receivable	7	7	6	
1699 Value of assets related to direct loans	491	452	418	
1999 Total assets	491	452	418	
LIABILITIES:				
2103 Federal liabilities: Debt	346	228	191	
2999 Total liabilities	346	228	191	
4999 Total liabilities and net position	346	228	191	

Object Classification (in millions of dollars)

Identification code 91-0242-0-1-502	2000 actual	2001 est.	2002 est.
43.0 Interest and dividends	18	14	14
44.0 Refunds	2		
99.9 Total new obligations	20	14	14

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	2000 actual	2001 est.	2002 est.
Obligations by program activity:			
00.01 Direct Loan Awards	35	30	30
00.02 Interest paid to Treasury	1	1	2
10.00 Total new obligations	36	31	32
Budgetary resources available for obligation:			
22.00 New financing authority (gross)	60	32	33
22.70 Balance of authority to borrow withdrawn	-24		
23.90 Total budgetary resources available for obligation	36	32	33
23.95 Total new obligations	-36	-31	-32

New financing authority (gross), detail:

Mandatory:			
67.15 Authority to borrow (indefinite)	59	30	30
69.00 Offsetting collections (cash)	1	2	3
70.00 Total new financing authority (gross)	60	32	33

Change in unpaid obligations:

Unpaid obligations, start of year:			
72.40 Unpaid obligations, start of year		25	46
72.99 Obligated balance, start of year		25	46
73.10 Total new obligations	36	31	32
73.20 Total financing disbursements (gross)	-11	-11	-17
Unpaid obligations, end of year:			
74.40 Unpaid obligations: Borrowing Authority	25	46	61
74.99 Obligated balance, end of year	25	46	61
87.00 Total financing disbursements (gross)	11	11	17

Offsets:

Against gross financing authority and financing disbursements:				
Offsetting collections (cash) from:				
Non-Federal sources:				
88.40	Interest repayments	-1	-2	-2
88.40	Principal repayments			-1
88.90	Total, offsetting collections (cash)	-1	-2	-3

Net financing authority and financing disbursements:

89.00	Financing authority	59	30	30
90.00	Financing disbursements	10	9	14

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. However, the Department anticipates that all HBCU loans will be financed by the FFB.

Status of Direct Loans (in millions of dollars)

Identification code 91-4255-0-3-502	2000 actual	2001 est.	2002 est.
Position with respect to appropriations act limitation on obligations:			
1111 Limitation on direct loans	346	311	281
1113 Unobligated limitation carried forward	-311	-281	-251
1150 Total direct loan obligations	35	30	30
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	11	21	30
1231 Disbursements: Direct loan disbursements	10	9	15
1251 Repayments: Repayments and prepayments			-1
1290 Outstanding, end of year	21	30	44

Balance Sheet (in millions of dollars)

Identification code 91-4255-0-3-502	1999 actual	2000 actual	2001 est.	2002 est.
ASSETS:				
Net value of assets related to post-1991 direct loans receivable:				
1401 Direct loans receivable, gross	11	21	30	44
1499 Net present value of assets related to direct loans	11	21	30	44
1999 Total assets	11	21	30	44
LIABILITIES:				
2103 Federal liabilities: Debt	11	46	76	105
2999 Total liabilities	11	46	76	105
4999 Total liabilities and net position	11	46	76	105

OFFICE OF STUDENT FINANCIAL ASSISTANCE**Federal Funds****General and special funds:****STUDENT FINANCIAL ASSISTANCE**

For carrying out subparts 1, 3 and 4 of part A, section 428K, part C and part E of title IV of the Higher Education Act of 1965, as amended, **[\$10,674,000,000]** **\$11,674,000,000**, which shall remain available through September 30, **[2002]** **2003**.

The maximum Pell Grant for which a student shall be eligible during award year **[2001-2002]** **2002-2003** shall be **[\$3,750]** **\$3,850**: *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 **[2000]** **2001** 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. (*Department of Education Appropriations Act, 2001, as enacted by section 1(a)(1) of P.L. 106-554.*)

Program and Financing (in millions of dollars)

Identification code 91-0200-0-1-502	2000 actual	2001 est.	2002 est.
Obligations by program activity:			
Federal Pell grants:			
01.01 Federal Pell grants	10,730	8,657	9,400
Campus-based aid:			
02.01 Federal supplemental educational opportunity grants (SEOG)	636	693	691
02.02 Federal work-study	944	1,014	1,011
02.03 Federal Perkins loans: Federal capital contributions	104	100	100
02.05 Federal Perkins loans: Loan cancellations	30	60	60
02.91 Subtotal, Campus-based activities	1,714	1,867	1,862
03.01 Leveraging educational assistance partnership	40	55	55
04.01 Loan forgiveness for child care providers		1	1
10.00 Total new obligations (object class 41.0)	12,484	10,580	11,318
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	4,554	1,492	1,586
22.00 New budget authority (gross)	9,375	10,674	11,674
22.10 Resources available from recoveries of prior year obligations	47		
23.90 Total budgetary resources available for obligation	13,976	12,166	13,260
23.95 Total new obligations	-12,484	-10,580	-11,318
24.40 Unobligated balance carried forward, end of year	1,492	1,586	1,942
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	9,435	10,674	11,674
40.15 Appropriation (emergency)	10		
40.76 Reduction pursuant to P.L. 106-113	-70		
43.00 Appropriation (total discretionary)	9,375	10,674	11,674
Change in unpaid obligations:			
Unpaid obligations, start of year:			
72.40 Unpaid obligations, start of year	3,176	6,476	6,995
72.99 Obligated balance, start of year	3,176	6,476	6,995
73.10 Total new obligations	12,484	10,580	11,318
73.20 Total outlays (gross)	-9,060	-10,061	-11,158
73.40 Adjustments in expired accounts (net)	-76		
73.45 Recoveries of prior year obligations	-47		
Unpaid obligations, end of year:			
74.40 Unpaid obligations, end of year	6,476	6,995	7,155
74.99 Obligated balance, end of year	6,476	6,995	7,155
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	2,186	2,302	2,816
86.93 Outlays from discretionary balances	6,874	7,759	8,342
87.00 Total outlays (gross)	9,060	10,061	11,158
Net budget authority and outlays:			
89.00 Budget authority	9,375	10,674	11,674
90.00 Outlays	9,060	10,061	11,158

Status of Direct Loans (in millions of dollars)

Identification code 91-0200-0-1-502	2000 actual	2001 est.	2002 est.
Cumulative balance of direct loans outstanding: ¹			
1210 Outstanding, start of year	400	394	377
1231 Disbursements: Direct loan disbursements	25	25	25
1251 Repayments: Repayments and prepayments	-45	-37	-30
1264 Write-offs for default: Other adjustments, net	14	-5	-8
1290 Outstanding, end of year	394	377	364

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

General and special funds—Continued**STUDENT FINANCIAL ASSISTANCE—Continued**

The Administration's 2002 budget for the SFA account is \$11.674 billion, an increase of \$1 billion, or 9.4 percent, over the 2001 appropriation, which together with matching funds (less allowable administrative costs) would provide over 7 million awards totalling more than \$12.9 billion in available aid.

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 proposes \$9.756 billion, an increase of \$1 billion or 11.4 percent over the 2001 appropriation level, for the Pell Grant program in 2002, to raise the maximum award for the 2002–2003 award year to \$3,850—the highest ever and an increase of \$100 from the 2001–2002 level of \$3,750. Approximately 4 million students would receive grants under the program in the 2002–2003 award year.

Recent program data indicate that more people are applying for Pell Grants, and more of those applying are eligible to receive aid, than was previously forecast. As a result, the cost of funding awards for the 2001–2002 award year has increased by \$117 million since 2001 funds were appropriated; this additional need in 2001 would be funded from the proposed \$1 billion increase for 2002. In addition, the 2001 appropriation level was supplemented by \$319 million in surplus funds from prior years to fully fund the maximum award level of \$3,750. No surplus is expected to be available to supplement 2002 appropriations. Therefore, another \$436 million of the proposed \$1 billion increase for 2002 is needed just to maintain the previous year's funding level, replacing the \$117 million and \$319 million used for 2001. The remaining \$447 million of the \$1 billion would support increasing the maximum award by \$100, to \$3,850, for academic year 2002–2003 and would allow for the possibility of further growth in program costs.

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.

Federal Supplemental Educational Opportunity Grants (SEOG).—Federal funds are awarded by formula to qualifying institutions, which use these funds to award grants to undergraduate students. While institutions have discretion in awarding these funds, they are required to give priority to Pell Grant recipients and other students with exceptional need. The Federal share of such grants may not exceed 75 percent of the total grant. The Administration proposes \$691 million for the SEOG program in 2002, the same as the 2001 level. This level of funding would provide approximately \$875 million in available aid to an estimated 1.2 million needy students.

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. To continue to provide nearly 1 million students the opportunity to work their way through college, the Administration proposes \$1.011 billion, the same as the 2001 appropriation, for the Work-Study program.

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 Administration proposes \$100 million in new budget authority for the Perkins loan program, the same as the 2001 level. This level of funding would provide \$1.1 billion in available aid to some 695,000 needy undergraduate and graduate students in the 2002–2003 award year.

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. Amendments to the Higher Education Act in 1992 and 1998 greatly expanded the number of borrowers with loans eligible for cancellation. The Administration's budget proposal for Perkins Loan cancellations is \$60 million, the same as the 2001 level.

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 the Special Leveraging Educational Assistance Partnership (LEAP) 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 the authorized activities may not exceed 33⅓ percent. The Administration proposes \$55 million for LEAP in 2002, the same as the 2001 appropriation.

Loan Forgiveness for Child Care Providers.—Under this demonstration program, student loan borrowers who have earned degrees in early childhood education and worked for two full years as child care providers in low-income communities may have a portion of their loan obligation forgiven. Additional forgiveness is awarded for each additional consecutive year of service, up to a total of 100 percent of the borrower's outstanding balance after five full years. Awards are made on a first-come, first-served basis. The Administration proposes \$1 million for Loan Forgiveness for Child Care Providers in 2002, the same as the 2001 level. Fewer than 300 recipients are expected in either 2001 or 2002.

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)		
	2000 actual	2001 est.	2002 est.
Pell grants	7,925	9,172	9,562
Student loans:			
Guaranteed student loans:			
Stafford loans	11,259	11,436	11,683
Unsubsidized Stafford loans	9,126	9,907	10,606
PLUS	2,326	2,560	2,821
Direct student loans:			
Stafford loans	5,366	5,442	5,575

Unsubsidized Stafford loans	3,807	4,129	4,420
PLUS	1,175	1,290	1,419
Consolidation:			
FFEL	5,695	5,948	6,083
Direct Loans	5,369	8,290	5,307
Student loans, subtotal	44,124	49,002	47,914
Work-study	1,120	1,215	1,215
Supplemental educational opportunity grants	799	875	875
Perkins loans	1,084	1,113	1,113
Leveraging educational assistance partnership	90	135	135
Loan forgiveness for child care providers		1	1
Total aid available	55,141	61,513	60,816

DEFAULTED PERKINS LOANS

(In millions of dollars)

Outstanding defaulted loans, beginning of year:	2000 actual	2001 est.	2002 est.
Assigned defaulted loans ¹	400	394	377
Unassigned defaulted loans ²	980	1,017	1,056
New defaulted loans	185	201	263
Collections on assigned loans	-45	-37	-30
Collections on unassigned loans	-102	-107	-113
Write-offs for assigned loans	14	-5	-8
Write-offs for unassigned loans	-21	-30	-43
Outstanding defaulted loans, end of year	1,411	1,433	1,502

¹ Permanently assigned to the Federal Government for collection.² Unassigned loans at institutions.**NUMBER OF AID AWARDS**

(In thousands)

Pell grants	3,853	3,969	4,032
Student loans:			
Guaranteed student loans:			
Stafford loans	3,293	3,345	3,377
Unsubsidized Stafford loans	2,244	2,408	2,524
PLUS	342	366	388
Direct student loans:			
Stafford loans	1,552	1,535	1,553
Unsubsidized Stafford loans	1,010	1,028	1,078
PLUS	177	183	193
Consolidation:			
FFEL	298	306	309
Direct Loans	272	419	275
Student loans, subtotal	9,187	9,589	9,699
Work-study	912	990	990
Supplemental educational opportunity grants	1,087	1,190	1,190
Perkins loans	677	695	695
Leveraging educational assistance partnership	90	135	135
Loan forgiveness for child care providers		*	*
Total awards	15,806	16,568	16,741

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

*Fewer than 500 recipients

AVERAGE AID AWARDS

(In whole dollars)

Pell grants	2,057	2,311	2,371
Student loans:			
Guaranteed student loans:			
Stafford loans	3,419	3,418	3,460
Unsubsidized Stafford loans	4,066	4,115	4,202
PLUS	6,811	7,002	7,276
Direct student loans:			
Stafford loans	3,457	3,545	3,589
Unsubsidized Stafford loans	3,771	4,017	4,099
PLUS	6,643	7,056	7,335
Consolidation:			
FFEL	19,122	19,429	19,666
Direct Loans	19,747	19,785	19,265
Work-study	1,228	1,228	1,228
Supplemental educational opportunity grants	735	735	735
Perkins loans	1,600	1,600	1,600
Leveraging Educational Assistance Partnership	1,000	1,000	1,000
Loan Forgiveness for Child Care Providers		5,000	5,000

NUMBER OF STUDENTS AIDED

(In thousands)

Unduplicated student count	7,778	8,145	8,191
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The following table displays institutional administrative costs paid from program funds.

ADMINISTRATIVE PAYMENTS TO INSTITUTIONS

(In millions of dollars)

Pell grants	19	20	20
Work-study	70	76	76
Supplemental educational opportunity grants	32	35	35
Perkins loans	43	45	45

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

FEDERAL STUDENT LOAN RESERVE FUND**Program and Financing (in millions of dollars)**

Identification code 91-4257-0-3-502	2000 actual	2001 est.	2002 est.
Obligations by program activity:			
01.02 Obligations, non-federal	1,953	3,560	3,903
10.00 Total new obligations	1,953	3,560	3,903
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	2,093	2,232	2,329
22.00 New budget authority (gross)	2,092	3,657	3,962
22.40 Capital transfer to general fund			-1,085
23.90 Total budgetary resources available for obligation	4,185	5,889	5,206
23.95 Total new obligations	-1,953	-3,560	-3,903
24.40 Unobligated balance carried forward, end of year	2,232	2,329	1,303
New budget authority (gross), detail:			
Mandatory:			
69.00 Offsetting collections (cash)	2,092	3,657	3,962
Change in unpaid obligations:			
73.10 Total new obligations	1,953	3,560	3,903
73.20 Total outlays (gross)	-1,953	-3,560	-3,903
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority	1,953	3,560	3,903
Offsets:			
Against gross budget authority and outlays:			
Offsetting collections (cash) from:			
88.00 Federal sources	-1,646	-3,340	-3,643
88.40 Non-Federal sources	-446	-317	-319
88.90 Total, offsetting collections (cash)	-2,092	-3,657	-3,962
Net budget authority and outlays:			
89.00 Budget authority			
90.00 Outlays	-139	-97	-59

The Higher Education Amendments of 1998 clarified that reserve funds held by public and non-profit guaranty agencies participating in the Federal Family Education Loan (FFEL) program are Federal property. These reserves are used to pay default claims from FFEL lenders and fees to support agency efforts to successfully avert defaults. The Federal Government reimburses these reserves for default claim payments. In addition, optional borrower guarantee fees are deposited into the reserves (agencies may charge borrowers up to 1 percent of loan principal as a guarantee fee). The following schedules reflect the balances in these guaranty agency funds.

Statement of Operations (in millions of dollars)

Identification code 91-4257-0-3-502	1999 actual	2000 actual	2001 est.	2002 est.
0101 Revenue		2,092	3,657	3,962
0102 Expense		-1,953	-3,560	-3,903
0105 Net income or loss (-)		139	97	59

General and special funds—Continued**FEDERAL STUDENT LOAN RESERVE FUND—Continued****Balance Sheet** (in millions of dollars)

Identification code 91-4257-0-3-502	1999 actual	2000 actual	2001 est.	2002 est.
ASSETS:				
1101 Federal assets: Fund balances with Treasury		2,232	2,329	1,303
1999 Total assets		2,232	2,329	1,303
NET POSITION:				
3300 Cumulative results of operations		2,232	2,329	1,303
3999 Total net position		2,232	2,329	1,303

Object Classification (in millions of dollars)

Identification code 91-4257-0-3-502	2000 actual	2001 est.	2002 est.
41.0 Grants, subsidies, and contributions	294	131	139
42.0 Insurance claims and indemnities	1,659	3,429	3,764
99.9 Total new obligations	1,953	3,560	3,903

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

Identification code 91-0243-0-1-502	2000 actual	2001 est.	2002 est.
Obligations by program activity:			
00.05 Upward Subsidy Reestimate		1,085	
00.06 Interest on Subsidy Reestimate		74	
00.09 Student Loan Administrative Expenses	735	770	780
10.00 Total new obligations	735	1,929	780
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	12	11	11
22.00 New budget authority (gross)	735	1,929	780
23.90 Total budgetary resources available for obligation	747	1,940	791
23.95 Total new obligations	-735	-1,929	-780
24.40 Unobligated balance carried forward, end of year	11	11	11
New budget authority (gross), detail:			
Mandatory:			
60.00 Appropriation	735	770	780
60.05 Appropriation (indefinite)		1,159	
62.50 Appropriation (total mandatory)	735	1,929	780
Offsetting collections (cash):			
69.00 Offsetting collections (cash)	3,511	1,643	1,416
69.00 Offsetting collections (cash)—Downward Reestimate		531	
69.00 Offsetting collections (cash)—Interest on downward reestimate		147	
69.27 Capital transfer to general fund	-3,511	-2,321	-1,416
69.90 Spending authority from offsetting collections (total mandatory)			
70.00 Total new budget authority (gross)	735	1,929	780
Change in unpaid obligations:			
Unpaid obligations, start of year:			
72.40 Unpaid obligations, start of year	300	387	437
72.99 Obligated balance, start of year	300	387	437
73.10 Total new obligations	735	1,929	780
73.20 Total outlays (gross)	-649	-1,879	-777
Unpaid obligations, end of year:			
74.40 Unpaid obligations, end of year	387	437	440
74.99 Obligated balance, end of year	387	437	440
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority	433	1,641	492
86.98 Outlays from mandatory balances	216	238	285
87.00 Total outlays (gross)	649	1,879	777

Offsets:

88.00	Against gross budget authority and outlays: Offsetting collections (cash) from: Federal sources	-3,511	-2,321	-1,416
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Net budget authority and outlays:

89.00	Budget authority	-2,776	-392	-636
90.00	Outlays	-2,862	-442	-639

Summary of Budget Authority and Outlays

(in millions of dollars)

Enacted/requested:	2000 actual	2001 est.	2002 est.
Budget Authority	-2,776	-392	-636
Outlays	-2,862	-442	-639
Legislative proposal, subject to PAYGO:			
Budget Authority			4
Outlays			4
Total:			
Budget Authority	-2,776	-392	-632
Outlays	-2,862	-442	-635

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

Identification code 91-0243-0-1-502	2000 actual	2001 est.	2002 est.
Direct loan levels supportable by subsidy budget authority:			
1150 Stafford	5,759	5,868	6,010
1150 Unsubsidized Stafford	4,210	4,598	4,923
1150 PLUS	1,338	1,447	1,593
1150 Consolidated	4,547	8,450	5,422
1159 Total direct loan levels	15,854	20,363	17,948
Direct loan subsidy (in percent):			
1320 Stafford	2.37	2.50	2.66
1320 Unsubsidized Stafford	-23.26	-22.38	-22.20
1320 PLUS	-18.07	-16.38	-16.21
1320 Consolidated	-7.85	-8.01	-6.96
1329 Weighted average subsidy rate	-9.09	-8.82	-8.74
Direct loan subsidy budget authority:			
1330 Stafford	136	147	160
1330 Unsubsidized Stafford	-979	-1,029	-1,093
1330 PLUS	-242	-237	-258
1330 Consolidated	-357	-677	-377
1330 Subsidy Reestimate Upward		1,159	
1330 Subsidy Reestimate Downward	-2,442	-678	
1339 Total subsidy budget authority	-3,884	-1,315	-1,568
Direct loan subsidy outlays:			
1340 Stafford	218	133	144
1340 Unsubsidized Stafford	-754	-903	-966
1340 PLUS	-180	-209	-225
1340 Consolidated	-353	-664	-369
1340 Subsidy Reestimate Upward		1,159	
1340 Subsidy Reestimate Downward	-2,442	-678	
1349 Total subsidy outlays	-3,511	-1,162	-1,416
Student loan administrative expense data:			
3510 Budget authority	735	770	780
3590 Outlays	649	719	777

The Federal Government operates two major student loan programs: the Federal Family Education Loan (FFEL) program—formerly the Guaranteed Student Loan (GSL) program—and the William D. Ford Federal Direct Loan (Direct Loan) program. For 2002, 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 2002 budget, the President is proposing a change to the loan forgiveness provisions of the Direct Loan and FFEL programs. This proposal is discussed as part of this program description.

From its inception in 1965 through 2000, the FFEL program has provided over \$300 billion in loans to postsecondary students and their parents. Since July 1, 1994, the Direct Loan program has provided \$72 billion in new and consolidation loans to students and parents. Taken together, the FFEL and Direct Loan programs will make almost \$35 billion in new loans available in 2001. Because funding for these two programs is provided on a permanent indefinite basis, for budget purposes they are considered separately from other Federal student financial assistance programs. The FFEL and Direct Loan programs should be viewed in combination with these other programs, however, and with Perkins Loans in particular, as part of the overall Federal effort to ensure access to higher education.

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

The Direct Loan program was created by the Student Loan Reform Act of 1993. Under this program, the Federal Government provides loan funds to postsecondary institutions directly or through an alternative originator. The Direct Loan program began operation in academic year 1994–1995 with 7 percent of overall loan volume and is expected to account for 31 percent in academic year 2000–2001. All eligible institutions are free to participate in either the Direct Loan or FFEL program.

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

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

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

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

to offer a lower rate. Interest rates for all new FFEL and Direct Consolidation Loans are capped at 8.25 percent.

FFEL borrowers pay an origination fee to the Government equal to 3 percent of principal, and are also liable for a guaranty agency insurance premium of up to 1 percent of principal. Guaranty agencies have the option of waiving this premium and FFEL lenders have the option of paying some or all of a borrower's origination fee for Stafford Loan borrowers. Direct Loan borrowers are charged an origination fee equal to 3 percent of principal, which partially offsets Federal program operation costs. Borrowers in both programs may be offered financial incentives to encourage prompt repayment.

Loan limits are also identical across the two programs. In addition, loans made under both programs are discharged when borrowers die, are totally and permanently disabled, or, under some circumstances, declare bankruptcy.

Under both programs, new borrowers after October 1, 1998, who are employed as teachers in schools serving low-income populations for five consecutive, complete school years, qualify for up to \$5,000 in loan forgiveness. The Administration is proposing to increase this benefit to a maximum of \$17,500 for qualifying mathematics and science teachers.

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

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

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, and 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)

	2000 actual	2001 est.	2002 est.
Program Cost:			
FFEL:			
Liquidating ¹	(1,188,367)	(741,821)	(604,457)
Program:			
Regular	3,565,824	3,714,477	4,008,183
Consolidation	196,823	137,635	213,849
Reestimate of Prior Year Costs	776,001	(4,727,793)	
Non-Contractual Modifications ²			4,420
Subtotal, Program	4,538,648	(875,681)	4,226,451

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

	2000 actual	2001 est.	2002 est.
Total FFEL:	3,350,282	(1,617,502)	3,621,994
Direct Loans:			
Program:			
Regular	(715,953)	(979,179)	(1,044,966)
Consolidation	(352,697)	(664,024)	(369,364)
Reestimate of Prior Year Costs	(2,442,286)	481,223	
Non-Contractual Modification ²			2,596
Total, Direct Loans	(3,510,936)	(1,161,980)	(1,411,735)
Administration:			
FFEL ³	48,000	48,000	49,636
Student Aid ⁴	735,000	770,000	780,000
Subtotal, Administration	783,000	818,000	829,636
Total, FFEL and Direct Loans	622,346	(1,961,482)	(3,039,896)
Program Cost Outlays:			
FFEL:			
Liquidating ¹	(1,636,701)	(699,345)	(604,457)
Program:			
Regular	3,333,312	3,445,578	3,447,111
Consolidation	196,823	137,409	213,499
Reestimate of Prior Year Costs	776,000	(4,727,793)	
Non-Contractual Modification ²			4,420
Subtotal, Program	4,306,135	(1,144,806)	3,665,029
Total, FFEL	2,669,434	(1,844,151)	3,060,572
Direct Loans:			
Program:			
Regular	(715,953)	(979,179)	(1,044,966)
Consolidation	(352,697)	(664,024)	(369,364)
Reestimate of Prior Year Costs	(2,442,286)	481,223	
Non-Contractual Modifications ²			2,596
Total, Direct Loans	(3,510,936)	(1,161,980)	(1,411,735)
Administration:			
FFEL ³	38,038	56,092	49,808
Student Aid ⁴	648,696	719,495	777,164
Subtotal, Administration	686,734	775,587	826,972
Total, FFEL and Direct Loans	(154,768)	(2,230,544)	2,475,810

¹ Liquidating account reflects loans made prior to 1992.² Reflect the costs or savings associated with policy changes that would affect the terms of existing loans.³ Reflects annual discretionary appropriation.⁴ Supports account maintenance fee payments to FFEL guaranty agencies, Direct Loan origination and servicing, and a range of administrative activities such as application printing, mailing, and processing that are common to all Federal student financial assistance programs.**Summary of Loans Available** (net commitments in millions of dollars)¹

	2000 actual	2001 est.	2002 est.
FFEL:			
Stafford	11,259	11,436	11,683
Unsubsidized Stafford	9,126	9,907	10,606
PLUS	2,326	2,560	2,821
Subtotal	22,711	23,903	25,111
Consolidation	5,695	5,948	6,083
Total, FFEL	28,407	29,851	31,193
Direct Loans:			
Stafford	5,366	5,442	5,575
Unsubsidized Stafford	3,807	4,129	4,420
PLUS	1,175	1,290	1,419
Subtotal	10,347	10,860	11,414
Consolidation	5,369	8,290	5,307
Total, Direct Loans	15,717	19,150	16,721
Total, All Loans	44,124	49,001	47,914

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

	2000 actual	2001 est.	2002 est.
FFEL:			
Stafford	3,293	3,345	3,377
Unsubsidized Stafford	2,244	2,408	2,524
PLUS	342	366	388
Subtotal	5,879	6,119	6,289
Consolidation	298	306	309

Total, FFEL	6,176	6,425	6,598
Direct Loans:			
Stafford	1,552	1,535	1,553
Unsubsidized Stafford	1,010	1,028	1,078
PLUS	177	183	193
Subtotal	2,739	2,745	2,825
Consolidation	272	419	275
Total, Direct Loans	3,011	3,164	3,101
Total, All Loans	9,187	9,589	9,699

Average Loan Size (in whole dollars)

	2000 actual	2001 est.	2002 est.
FFEL:			
Stafford	3,419	3,418	3,460
Unsubsidized Stafford	4,066	4,115	4,202
PLUS	6,811	7,002	7,276
Weighted Average, without Consolidations	3,863	3,906	3,993
Consolidation	19,122	19,429	19,666
Weighted Average, FFEL	4,599	4,646	4,728
Direct Loans:			
Stafford	3,457	3,545	3,589
Unsubsidized Stafford	3,771	4,017	4,099
PLUS	6,643	7,056	7,335
Weighted Average, Direct Loans	3,778	3,956	4,040
Consolidation	19,747	19,785	19,265
Weighted Average, Direct Loans	5,221	6,052	5,393
Weighted Average, All Loans	4,803	5,110	4,940

Summary of Subsidy Rates, Default and Interest Rates

	2000 actual	2001 est.	2002 est.
Subsidy Rates (in percent)¹			
FFEL:			
Stafford	24.92	22.46	23.15
Unsubsidized Stafford	8.47	6.24	6.86
PLUS	5.80	3.83	3.92
Consolidation	4.29	2.31	3.51
Weighted Average, FFEL	14.20	11.62	12.18
Direct Loans:			
Stafford	2.37	2.50	2.68
Unsubsidized Stafford	−23.26	−22.38	−22.19
PLUS	−18.07	−16.38	−16.21
Consolidation	−7.85	−8.01	−6.96
Weighted Average, Direct Loans	−9.09	−8.82	−8.73
Default Rates (in percent)²			
FFEL:			
Stafford	15.68	15.80	15.80
Unsubsidized Stafford	14.63	14.74	14.85
PLUS	9.19	9.38	9.57
Weighted Average, FFEL	16.70	16.72	16.67
Direct Loans:			
Stafford	14.68	14.80	14.81
Unsubsidized Stafford	14.02	14.13	14.25
PLUS	8.84	8.99	9.14
Consolidation	19.71	19.02	19.90
Weighted Average, Direct Loans	15.80	16.09	15.79
Borrower Interest Rates (in percent)³			
FFEL:			
Stafford	7.70	7.59	7.48
Unsubsidized Stafford	7.70	7.59	7.48
PLUS	8.57	8.70	8.62
Consolidation (reflects Sub and Unsub Stafford Only)	7.79	8.25	8.00
Direct Loans:			
Stafford	7.70	7.59	7.48
Unsubsidized Stafford	7.70	7.59	7.48
PLUS	8.57	8.70	8.62
Consolidation (reflects Sub and Unsub Stafford only)	7.69	8.00	7.88

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

Composition of Loan Collections (In thousands of dollars)

	2000 actual	2001 est.	2002 est.
FFEL:			
Collections by Guaranty Agencies ¹	2,596,201	2,045,315	2,095,001
Collections by Department of Education ²	634,663	423,516	431,160
Internal Revenue Service Tax Refund Offsets	927,097	716,361	715,369
Total, FFEL	4,157,960	3,185,192	3,241,192
Direct Loans:			
Collections by Department of Education ²	123,507	522,619	712,330
Internal Revenue Service Tax Refund Offsets	45,144	78,553	116,066
Total, Direct Loans	168,652	601,172	828,396
Total, FFEL and Direct Loan	4,326,612	3,786,364	4,069,926

¹These figures show collections net of the amount agencies are allowed to retain under the provisions of the Higher Education Act of 1965. Agencies may retain 24 percent of most collections, and 18.5 percent of amounts collected through the consolidation of existing defaulted loans.

²These figures include amounts subsequently paid to Department contract collections agencies; contract collection costs total \$110 million for 2000 (\$81 million for FFEL and \$29 million for Direct Loans); \$171 million for 2001 (\$77 million for FFEL and \$95 million for Direct Loans); and \$207 million for 2002 (\$78 million for FFEL and \$129 million for Direct Loans).

Projected Participation in Repayment Plans ¹ (in percent)

	2000 actual	2001 est.	2002 est.
Standard:			
Percent of Loan Volume: ²			
Stafford	74.14	70.18	66.43
Unsubsidized Stafford	70.24	66.17	62.34
PLUS	77.82	77.82	77.82
Consolidation	37.42	35.18	39.03
Subsidy Rate (in percent):			
Stafford	5.28	5.21	5.71
Unsubsidized Stafford	-19.53	-18.92	-18.32
PLUS	-13.99	-13.14	-12.99
Consolidation	-0.83	-0.53	0.05
Graduated: ³			
Percent of Loan Volume ²			
Stafford	18.57	21.57	24.41
Unsubsidized Stafford	20.67	23.66	26.47
PLUS	16.20	16.20	16.20
Consolidation	26.13	24.94	26.99
Subsidy Rate (in percent):			
Stafford	-6.50	-4.15	-3.55
Unsubsidized Stafford	-34.52	-30.66	-29.92
PLUS	-33.14	-28.12	-27.83
Consolidation	-12.73	-13.94	-12.73
Extended: ³			
Percent of Loan Volume: ²			
Stafford	5.90	6.85	7.75
Unsubsidized Stafford	7.51	8.59	9.61
PLUS	5.99	5.99	5.99
Consolidation	15.75	16.95	14.89
Subsidy Rate (in percent):			
Stafford	-5.87	-3.29	-2.72
Unsubsidized Stafford	-33.70	-29.62	-28.98
PLUS	-32.67	-26.16	-25.92
Consolidation	-12.64	-12.74	-11.63
Income-Contingent:			
Percent of Loan Volume: ²			
Stafford	1.40	1.40	1.40
Unsubsidized Stafford	1.58	1.58	1.58
Consolidation	20.69	22.93	19.09
Subsidy Rate (in percent):			
Stafford	0.39	0.32	0.49
Unsubsidized Stafford	0.30	0.12	0.23
Consolidation	-12.29	-9.53	-9.46

¹For modeling purposes, all FFEL borrowers are assumed to have chosen Standard repayment. For Direct Loans, no data is included for the Alternative repayment plan, since 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 Direct 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 01
Below \$10,000	12	5.73
\$10,000-\$20,000	15	13.24
\$20,000-\$40,000	20	32.00
\$40,000-\$60,000	25	20.74
Above \$60,000	30	28.29

The Higher Education Amendments of 1998 broadened the availability of alternative repayment plans in the FFEL program. As noted in the Table above, 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.

FFEL RISK CATEGORIES: STAFFORD LOANS

Subsidy Rate (as a percentage of loan commitments)

Risk Categories:	2000 actual	2001 est.	2002 est.
Category 1: 4 year college, 1st and 2nd year students	30.52	27.25	27.88
Category 2: 4 year college, 3rd and 4th year students	21.63	20.33	21.05
Category 3: 2 year college, all students	24.98	24.19	24.97
Category 4: Proprietary school, all students	25.50	17.11	18.18
Category 5: Graduate students	24.22	22.07	22.74

Gross Default Rates (in percent)

Risk Categories:	2000 actual	2001 est.	2002 est.
Category 1: 4 year college, 1st and 2nd year students	19.26	19.43	19.53
Category 2: 4 year college, 3rd and 4th year students	12.64	12.73	12.79
Category 3: 2 year college, all students	30.52	30.74	30.85
Category 4: Proprietary school, all students	44.60	45.11	45.53
Category 5: Graduate students	8.19	8.24	8.26

UNSUBSIDIZED STAFFORD LOANS

Subsidy Rate (as a percentage of loan commitments)

Risk Categories:	2000 actual	2001 est.	2002 est.
Category 1: 4 year college, 1st and 2nd year students	9.79	6.73	7.44
Category 2: 4 year college, 3rd and 4th year students	6.76	5.65	6.25
Category 3: 2 year college, all students	12.74	10.37	11.06
Category 4: Proprietary school, all students	17.51	8.58	9.54
Category 5: Graduate students	6.92	5.56	6.11

Gross Default Rates (in percent)

Risk Categories:	2000 actual	2001 est.	2002 est.
Category 1: 4 year college, 1st and 2nd year students	19.69	19.87	20.00
Category 2: 4 year college, 3rd and 4th year students	12.48	12.57	12.67
Category 3: 2 year college, all students	29.64	29.89	30.11
Category 4: Proprietary school, all students	42.85	43.47	44.00
Category 5: Graduate students	8.10	8.14	8.18

PLUS LOANS

Subsidy Rate (as a percentage of loan commitments)

	2000 actual	2001 est.	2002 est.
All PLUS Loans	5.80	3.83	3.92

Gross Default Rates (in percent)

	2000 actual	2001 est.	2002 est.
All PLUS Loans	9.19	9.38	9.57

Credit accounts—Continued**FEDERAL DIRECT STUDENT LOAN PROGRAM, PROGRAM ACCOUNT—Continued****DIRECT LOAN RISK CATEGORIES: STAFFORD LOANS**

Subsidy Rate (as a percentage of loan commitments)

Risk Categories:	2000 actual	2001 est.	2002 est.
Category 1: 4 year college, 1st and 2nd year students	7.42	7.08	7.28
Category 2: 4 year college, 3rd and 4th year students	-0.68	0.41	0.61
Category 3: 2 year college, all students	5.52	7.24	7.59
Category 4: Proprietary school, all students	11.50	4.24	4.84
Category 5: Graduate students	0.99	1.12	1.25

Gross Default Rates (in percent)

Risk Categories:	2000 actual	2001 est.	2002 est.
Category 1: 4 year college, 1st and 2nd year students	19.35	19.52	19.61
Category 2: 4 year college, 3rd and 4th year students	12.49	12.58	12.64
Category 3: 2 year college, all students	30.50	30.74	30.86
Category 4: Proprietary school, all students	44.14	44.65	45.07
Category 5: Graduate students	8.11	8.15	8.17

UNSUBSIDIZED STAFFORD LOANS

Subsidy Rate (as a percentage of loan commitments)

Risk Categories:	2000 actual	2001 est.	2002 est.
Category 1: 4 year college, 1st and 2nd year students	-23.04	-21.89	-21.43
Category 2: 4 year college, 3rd and 4th year students	-24.74	-22.87	-22.79
Category 3: 2 year college, all students	-16.90	-15.74	-15.60
Category 4: Proprietary school, all students	-7.83	-14.36	-14.21
Category 5: Graduate students	-24.96	-23.74	-23.55

Gross Default Rates (in percent)

Risk Categories:	2000 actual	2001 est.	2002 est.
Category 1: 4 year college, 1st and 2nd year students	19.36	19.54	19.66
Category 2: 4 year college, 3rd and 4th year students	12.27	12.36	12.45
Category 3: 2 year college, all students	29.45	29.72	29.95
Category 4: Proprietary school, all students	42.30	42.91	43.44
Category 5: Graduate students	8.01	8.05	8.09

PLUS LOANS

Subsidy Rate (as a percentage of loan commitments)

	2000 actual	2001 est.	2002 est.
All PLUS Loans	-18.07	-16.38	-16.21

Gross Default Rates (in percent)

	2000 actual	2001 est.	2002 est.
All PLUS Loans	8.84	8.99	9.14

Selected Program Costs and Offsets¹ (in thousands of dollars)

	2000 actual	2001 est.	2002 est.
FFEL:			
Interest costs:			
Interest benefits:			
FFEL Liquidating	16,481		
FFEL Program	1,926,586	2,177,225	2,121,050
Total	1,943,067	2,177,225	2,121,050
Special allowance:			
FFEL Liquidating	75,539	46,228	25,013
FFEL Program	900,126	782,745	908,788
Total	975,666	828,973	933,802
Default costs and offsets:			
Default claims:			
FFEL Liquidating	86,351	115,419	62,716
FFEL Program	1,560,662	3,224,912	3,580,502
Total	1,647,013	3,340,331	3,643,218
Net default collections:			
FFEL Liquidating	2,008,624	981,554	756,467
FFEL Program	2,149,336	2,203,638	2,485,062
Total	4,157,960	3,185,192	3,241,530
Contract collection costs:			
FFEL Liquidating	40,912	42,060	33,584
FFEL Program	40,285	34,684	44,544
Total	81,197	76,743	78,128
Death, disability, and bankruptcy costs:			
FFEL Liquidating	34,858	44,768	36,502
FFEL Program	274,703	371,638	421,800

Total	309,560	416,406	458,303
Fees:			
Borrower origination fees:	750,082	706,622	739,777
Lender origination fee	125,014	117,770	123,296
Sallie Mae offset fee:	44,723	51,368	47,374
Consolidation loan holder fees:	209,817	278,037	318,984
Direct Loans:			
Borrower repayments:	5,820,065	6,636,713	8,335,706
Borrower origination fees:	358,336	286,635	183,226
Net default Collections:	168,652	601,172	828,396
Contact Collection Costs	28,546	94,699	129,074
Administrative Costs:			
Federal administration:			
FFEL	48,000	48,000	49,636
Student Aid Management (SAM) ²	735,000	770,000	780,000
Guaranty agency administrative payments:			
Account Maintenance Fee (included in SAM)	180,000	170,000	180,000
Loan Issuance and Processing Fee	149,799	176,814	185,782

Details may not sum to totals due to rounding.

¹ This table represents explicit cash flows in the FFEL and Direct Loan financing accounts. Examples of these flows would include payments of FFEL interest benefits, default claims, and discharge claims, or collections on FFEL or Direct Loan defaults all of which involve explicit events that are reflected in the Department's financial systems as they occur. Non-events, such as Direct Loan interest benefits, defaults, or discharges, involve payments that are not received, and hence not recorded in the Department's financial systems in the same way. For that reason, these non-events are not included in this table.

² 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.

Object Classification (in millions of dollars)

Identification code 91-0243-0-1-502	2000 actual	2001 est.	2002 est.
Personnel compensation:			
11.1 Full-time permanent	33	37	39
11.5 Other personnel compensation	3	3	2
11.9 Total personnel compensation	36	40	41
12.1 Civilian personnel benefits	8	8	9
21.0 Travel and transportation of persons	6	6	5
23.1 Rental payments to GSA	6	7	5
23.3 Communications, utilities, and miscellaneous charges	41	37	48
24.0 Printing and reproduction	12	8	8
25.1 Advisory and assistance services	1	6	6
25.2 Other services	30	25	32
25.3 Purchases of goods and services from Government accounts	5	1	3
25.7 Operation and maintenance of equipment	394	449	438
31.0 Equipment	5	1	2
32.0 Land and structures	11	12	3
41.0 Grants, subsidies, and contributions	180	1,329	180
99.9 Total new obligations	735	1,929	780

Personnel Summary

Identification code 91-0243-0-1-502	2000 actual	2001 est.	2002 est.
1001 Total compensable workyears: Full-time equivalent employment	554	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	2000 actual	2001 est.	2002 est.
Obligations by program activity:			
00.03 Non contractual modification			3
10.00 Total new obligations (object class 41.0)			3
Budgetary resources available for obligation:			
22.00 New budget authority (gross)			3
23.95 Total new obligations			-3
New budget authority (gross), detail:			
Mandatory:			
60.05 Appropriation (indefinite)			3
69.00 Offsetting collections (cash)			-1
69.27 Capital transfer to general fund			1
69.90 Spending authority from offsetting collections (total mandatory)			
70.00 Total new budget authority (gross)			3

Change in unpaid obligations:			
73.10	Total new obligations		3
73.20	Total outlays (gross)		-3
Outlays (gross), detail:			
86.97	Outlays from new mandatory authority		3
Offsets:			
Against gross budget authority and outlays:			
88.00	Offsetting collections (cash) from: Federal sources		1
Net budget authority and outlays:			
89.00	Budget authority		4
90.00	Outlays		4

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

Identification code 91-0243-4-1-502	2000 actual	2001 est.	2002 est.
Direct loan subsidy (in percent):			
1320 Stafford			0.02
1320 Unsubsidized Stafford			0.02
1329 Weighted average subsidy rate			0.01
Direct loan subsidy budget authority:			
1330 Stafford			1
1330 Unsubsidized Stafford			1
1330 Non contractual modifications			2
1339 Total subsidy budget authority			4
Direct loan subsidy outlays:			
1340 Stafford			1
1340 Non contractual modifications			2
1349 Total subsidy outlays			3

FEDERAL DIRECT STUDENT LOAN PROGRAM, FINANCING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 91-4253-0-3-502	2000 actual	2001 est.	2002 est.
Obligations by program activity:			
Direct loans:			
01.01 Stafford	5,759	5,868	6,010
01.02 Unsubsidized Stafford	4,210	4,598	4,923
01.03 PLUS	1,338	1,447	1,593
01.04 Consolidated	4,547	8,450	5,422
01.91 Subtotal, direct loans obligations	15,854	20,363	17,948
Payment for consolidations:			
02.04 Consolidated	26	47	31
03.01 Payment of contract collections	29	95	129
04.01 Interest payment to Treasury	4,402	4,177	5,265
Other obligations:			
08.01 Payment of negative subsidy to program account	1,316	1,663	1,432
08.02 Payment of downward reestimate to program account	2,158	531	
08.04 Payment of interest on downward reestimate to program account	284	147	
08.91 Subtotal, other obligations	3,758	2,341	1,432
10.00 Total new obligations	24,069	27,023	24,805
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	5	17	
22.00 New financing authority (gross)	24,082	27,006	24,805
23.90 Total budgetary resources available for obligation	24,087	27,023	24,805
23.95 Total new obligations	-24,069	-27,023	-24,805
24.40 Unobligated balance carried forward, end of year	17		
New financing authority (gross), detail:			
Mandatory:			
67.15 Authority to borrow (indefinite)	19,612	22,687	19,381
69.00 Offsetting collections (cash)	7,539	8,684	9,347
69.47 Portion applied to repay debt	-3,069	-4,365	-3,923
69.90 Spending authority from offsetting collections (total mandatory)	4,470	4,319	5,424
70.00 Total new financing authority (gross)	24,082	27,006	24,805

Change in unpaid obligations:				
Unpaid obligations, start of year:				
72.40	Unpaid obligations, start of year	6,718	7,020	3,373
<hr/>				
72.99	Obligated balance, start of year	6,718	7,020	3,373
73.10	Total new obligations	24,069	27,023	24,805
73.20	Total financing disbursements (gross)	- 23,766	- 30,670	- 24,606
73.40	Adjustments in expired accounts (net)			
Unpaid obligations, end of year:				
74.40	Unpaid obligations, end of year	7,020	3,373	3,573
<hr/>				
74.99	Obligated balance, end of year	7,020	3,373	3,573
87.00	Total financing disbursements (gross)	23,766	30,670	24,606
<hr/>				
Offsets:				
Against gross financing authority and financing dis-				
bursements:				
Offsetting collections (cash) from:				
Federal sources:				
Payments from program account:				
88.00	Upward reestimate		- 1,085	
88.00	Interest on upward reestimate		- 74	
88.25	Interest on uninvested funds	- 1,191		
Non-Federal sources:				
Stafford loans:				
88.40	Repayment of principal, Stafford	- 1,825	- 1,283	- 1,647
88.40	Interest received on loans, Stafford	- 404	- 1,224	- 1,428
88.40	Fees, Stafford	- 188	- 139	- 83
88.40	Repayment of principal, Unsubsidized Staf-			
	ford	- 1,156	- 820	- 1,101
88.40	Interest received on loans, Unsubsidized			
	Stafford	- 325	- 831	- 1,023
88.40	Fees, Unsubsidized Stafford	- 131	- 103	- 66
88.40	Repayment of principal, PLUS	- 544	- 257	- 323
88.40	Interest received on loans, PLUS	- 227	- 347	- 387
88.40	Fees, PLUS	- 40	- 45	- 35
88.40	Payment of principal, Consolidated	- 955	- 973	- 1,342
88.40	Interest received on loans, Consolidated	- 553	- 1,503	- 1,912
<hr/>				
88.90	Total, offsetting collections (cash)	- 7,539	- 8,684	- 9,347
<hr/>				

Status of Direct Loans (in millions of dollars)

Identification code 91-4253-0-3-502		2000 actual	2001 est.	2002 est.
STAFFORD				
Position with respect to appropriations act limitation on obligations:				
1111	Limitation on direct loans			
1131	Direct loan obligations exempt from limitation	5,759	5,868	6,010
1150	Total direct loan obligations	5,759	5,868	6,010
Cumulative balance of direct loans outstanding:				
1210	Outstanding, start of year	19,067	23,943	28,057
1231	Disbursements: Direct loan disbursements	6,557	5,436	5,510
1251	Repayments: Repayments and prepayments	-1,825	-1,283	-1,647
1261	Adjustments: Capitalized interest	119		
1264	Write-offs for default: Other adjustments, net	25	-39	-46
1290	Outstanding, end of year	23,943	28,057	31,874
UNSUBSIDIZED STAFFORD				
Position with respect to appropriations act limitation on obligations:				
1131	Direct loan obligations exempt from limitation	4,210	4,598	4,923
1150	Total direct loan obligations	4,210	4,598	4,923
Cumulative balance of direct loans outstanding:				
1210	Outstanding, start of year	11,516	15,506	19,437
1231	Disbursements: Direct loan disbursements	4,812	4,046	4,342
1251	Repayments: Repayments and prepayments	-1,156	-820	-1,101
1261	Adjustments: Capitalized interest	309	729	783
1264	Write-offs for default: Other adjustments, net	25	-24	-29
1290	Outstanding, end of year	15,506	19,437	23,432
PLUS				
Position with respect to appropriations act limitation on obligations:				
1131	Direct loan obligations exempt from limitation	1,338	1,447	1,593

Credit accounts—Continued**FEDERAL DIRECT STUDENT LOAN PROGRAM, FINANCING ACCOUNT—Continued****Status of Direct Loans (in millions of dollars)—Continued**

Identification code 91-4253-0-3-502	2000 actual	2001 est.	2002 est.
1150 Total direct loan obligations	1,338	1,447	1,593
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	2,737	3,642	4,618
1231 Disbursements: Direct loan disbursements	1,396	1,255	1,380
1251 Repayments: Repayments and prepayments	-544	-257	-323
1261 Adjustments: Capitalized interest	35		
1264 Write-offs for default: Other adjustments, net	18	-22	-28
1290 Outstanding, end of year	3,642	4,618	5,647
CONSOLIDATED			
Position with respect to appropriations act limitation on obligations:			
1131 Direct loan obligations exempt from limitation	4,547	8,450	5,422
1150 Total direct loan obligations	4,547	8,450	5,422
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	11,655	14,622	21,965
1231 Disbursements: Direct loan disbursements	3,618	8,290	5,307
1251 Repayments: Repayments and prepayments	-955	-973	-1,342
1261 Adjustments: Capitalized interest	269	88	60
1264 Write-offs for default: Other adjustments, net	35	-62	-90
1290 Outstanding, end of year	14,622	21,965	25,900

Balance Sheet (in millions of dollars)

Identification code 91-4253-0-3-502	1999 actual	2000 actual	2001 est.	2002 est.
ASSETS:				
1101 Federal assets: Fund balances with Treasury	-6,718	7,020	3,373	3,573
Net value of assets related to post-1991 direct loans receivable:				
Direct loans receivable, gross:				
1401 Stafford	19,698	23,943	28,057	31,875
1401 Unsubsidized Stafford	11,216	15,505	19,437	23,432
1401 PLUS	2,848	3,643	4,618	5,647
1401 Consolidated	12,067	14,622	21,965	25,899
Interest receivable:				
1402 Interest receivable, Stafford	333	405	474	539
1402 Interest receivable, Unsub Stafford	405	516	647	780
1402 Interest receivable, PLUS	1,965	2,513	3,186	3,896
1402 Interest receivable, Consolidated ...	427	518	777	917
1405 Allowance for subsidy cost (-)	-1,558	2,585	3,321	2,927
1499 Net present value of assets related to direct loans	47,401	64,250	82,482	95,912
1999 Total assets	40,683	71,270	85,855	99,485
LIABILITIES:				
2103 Federal liabilities: Debt	52,070	68,612	86,935	102,393
2999 Total liabilities	52,070	68,612	86,935	102,393
NET POSITION:				
3100 Appropriated capital	-11,386	2,657	-1,079	-2,909
3999 Total net position	-11,386	2,657	-1,079	-2,909
4999 Total liabilities and net position	40,684	71,269	85,856	99,484

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	2000 actual	2001 est.	2002 est.
Obligations by program activity:			
Other obligations:			
08.01 Payment of negative subsidy to program account			-2
10.00 Total new obligations			-2
Budgetary resources available for obligation:			
22.00 New financing authority (gross)			1
23.95 Total new obligations			2
24.40 Unobligated balance carried forward, end of year			3
New financing authority (gross), detail:			
Mandatory:			
67.15 Authority to borrow (indefinite)			-2
69.00 Offsetting collections (cash)			3
70.00 Total new financing authority (gross)			1
Change in unpaid obligations:			
73.10 Total new obligations			-2
73.20 Total financing disbursements (gross)			2
87.00 Total financing disbursements (gross)			-2
Offsets:			
Against gross financing authority and financing disbursements:			
Payments from program account:			
88.00 Offsetting collections (cash) from: Non Contractual Modification			-3
Net financing authority and financing disbursements:			
89.00 Financing authority			-2
90.00 Financing disbursements			-5

Balance Sheet (in millions of dollars)

Identification code 91-4253-4-3-502	1999 actual	2000 actual	2001 est.	2002 est.
LIABILITIES:				
2103 Federal liabilities: Debt				-2
2999 Total liabilities				-2
NET POSITION:				
3100 Appropriated capital				2
3999 Total net position				2

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 of 1965, as amended, **[\$48,000,000] \$49,636,000.** (*Department of Education Appropriations Act, 2001, as enacted by section 1(a)(1) of P.L. 106-554.*)

Program and Financing (in millions of dollars)

Identification code 91-0231-0-1-502	2000 actual	2001 est.	2002 est.
Obligations by program activity:			
00.02 Guaranteed Loan Net Subsidy	3,763	3,852	4,218
00.07 Upward reestimate	607		
00.08 Interest on reestimate	169		
Administrative expenses:			
00.09 Administrative expenses due to limitations	48	48	50
10.00 Total new obligations	4,587	3,900	4,268
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	4,624	3,900	4,268
23.95 Total new obligations	-4,587	-3,900	-4,268
23.98 Unobligated balance expiring or withdrawn	-37		

New budget authority (gross), detail:			
Discretionary:			
40.00	Appropriation (Federal administration)	48	48 50
Mandatory:			
60.05	Appropriation (indefinite)	4,576	3,852 4,218
Offsetting collections (cash):			
69.00	Offsetting collections (cash)—downward reestimate		3,526
69.00	Offsetting collections (cash)—interest on downward reestimate		1,202
69.27	Capital transfer to general fund		—4,728
69.90	Spending authority from offsetting collections (total mandatory) .....		.....
70.00	Total new budget authority (gross)	4,624	3,900 4,268
Change in unpaid obligations:			
Unpaid obligations, start of year:			
72.40	Unpaid obligations, start of year	1,032	1,275 1,535
72.99	Obligated balance, start of year	1,032	1,275 1,535
73.10	Total new obligations	4,587	3,900 4,268
73.20	Total outlays (gross)	—4,344	—3,639 —3,708
Unpaid obligations, end of year:			
74.40	Unpaid obligations, end of year	1,275	1,535 2,095
74.99	Obligated balance, end of year	1,275	1,535 2,095
Outlays (gross), detail:			
86.90	Outlays from new discretionary authority	36	37 39
86.93	Outlays from discretionary balances	2	19 11
86.97	Outlays from new mandatory authority	3,301	2,345 2,581
86.98	Outlays from mandatory balances	1,006	1,238 1,077
87.00	Total outlays (gross)	4,344	3,639 3,708
Offsets:			
Against gross budget authority and outlays:			
88.00	Offsetting collections (cash) from: Federal sources		—4,728
Net budget authority and outlays:			
89.00	Budget authority	4,624	—828 4,268
90.00	Outlays	4,344	—1,089 3,708

Summary of Budget Authority and Outlays

(in millions of dollars)

Enacted/requested:			
	2000 actual	2001 est.	2002 est.
Budget Authority	4,624	—828	4,268
Outlays	4,345	—1,089	3,708
Legislative proposal, subject to PAYGO:			
Budget Authority			8
Outlays			7
Total:			
Budget Authority	4,624	—828	4,276
Outlays	4,345	—1,089	3,715

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

Identification code 91-0231-0-1-502			
2000 actual			
2001 est.			
2002 est.			
Guaranteed loan levels supportable by subsidy budget authority:			
2150	Stafford	10,761	12,877 13,152
2150	Unsubsidized Stafford	8,875	11,382 12,186
2150	PLUS	2,279	2,943 3,244
2150	Consolidated	4,588	5,958 6,093
2159	Total loan guarantee levels	26,503	33,160 34,675
Guaranteed loan subsidy (in percent):			
2320	Stafford	24.92	22.46 23.14
2320	Unsubsidized Stafford	8.47	6.24 6.85
2320	PLUS	5.80	3.83 3.92
2320	Consolidated	4.29	2.31 3.51
2329	Weighted average subsidy rate	14.20	11.62 12.17
Guaranteed loan subsidy budget authority:			
2330	Stafford	2,682	2,892 3,043
2330	Unsubsidized Stafford	752	710 834
2330	PLUS	132	113 127
2330	Consolidated	197	138 214
2330	Subsidy reestimate upward	776	.....
2330	Subsidy reestimate downward		—4,728
2339	Total subsidy budget authority	4,539	—875 4,218

Guaranteed loan subsidy outlays:			
2340	Stafford	2,517	2,665 2,647
2340	Unsubsidized Stafford	690	672 692
2340	PLUS	126	109 106
2340	Consolidated	197	137 213
2340	Subsidy reestimate upward	776	.....
2340	Subsidy reestimate downward		—4,728
2349	Total subsidy outlays	4,306	—1,145 3,658
Administrative expense data:			
3510	Budget authority	48	48 50
3590	Outlays	38	56 50

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

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

Object Classification (in millions of dollars)

Identification code 91-0231-0-1-502			
2000 actual			
2001 est.			
2002 est.			
Personnel compensation:			
11.1	Full-time permanent	22	24 25
11.3	Other than full-time permanent	1	.....
11.9	Total personnel compensation	23	24 25
12.1	Civilian personnel benefits	5	5 6
21.0	Travel and transportation of persons		1 1
23.1	Rental payments to GSA	5	4 4
23.3	Communications, utilities, and miscellaneous charges	2	2 2
25.2	Other services		1 4
25.3	Purchases of goods and services from Government accounts	1	1 1
25.7	Operation and maintenance of equipment	9	9 6
31.0	Equipment		1 1
32.0	Land and structures	2	.....
41.0	Grants, subsidies, and contributions	4,540	3,852 4,218
99.9	Total new obligations	4,587	3,900 4,268

Personnel Summary

Identification code 91-0231-0-1-502			
2000 actual			
2001 est.			
2002 est.			
1001	Total compensable workyears: Full-time equivalent employment	372	368 368

FEDERAL FAMILY EDUCATION LOAN PROGRAM ACCOUNT

(Legislative proposal, subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 91-0231-4-1-502			
2000 actual			
2001 est.			
2002 est.			
Obligations by program activity:			
00.02	Guaranteed Loan Net Subsidy		8
10.00	Total new obligations (object class 41.0)		8
Budgetary resources available for obligation:			
22.00	New budget authority (gross)		8
23.95	Total new obligations		—8
New budget authority (gross), detail:			
Mandatory:			
60.05	Appropriation (indefinite)		8
			8
Change in unpaid obligations:			
73.10	Total new obligations		8

Credit accounts—Continued**FEDERAL FAMILY EDUCATION LOAN PROGRAM ACCOUNT—Continued****Program and Financing (in millions of dollars)—Continued**

Identification code 91-0231-4-1-502	2000 actual	2001 est.	2002 est.
73.20 Total outlays (gross)			-7
Unpaid obligations, end of year:			
74.40 Unpaid obligations, end of year			1
74.99 Obligated balance, end of year			1
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority			7
Net budget authority and outlays:			
89.00 Budget authority			8
90.00 Outlays			7

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

Identification code 91-0231-4-1-502	2000 actual	2001 est.	2002 est.
Guaranteed loan subsidy (in percent):			
2320 Stafford			0.02
2320 Unsubsidized Stafford			0.01
2329 Weighted average subsidy rate			0.01
Guaranteed loan subsidy budget authority:			
2330 Stafford			2
2330 Unsubsidized Stafford			2
2330 Non contractual modification			4
2339 Total subsidy budget authority			8
Guaranteed loan subsidy outlays:			
2340 Stafford			2
2340 Unsubsidized Stafford			1
2340 Non contractual modification			4
2349 Total subsidy outlays			7
Administrative expense data:			
3510 Budget authority			
3590 Outlays from new authority			

FEDERAL FAMILY EDUCATION LOAN PROGRAM, FINANCING ACCOUNT

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

Program and Financing (in millions of dollars)

Identification code 91-4251-0-3-502	2000 actual	2001 est.	2002 est.
Obligations by program activity:			
Stafford loans:			
01.01 Interest benefits	1,926	2,177	2,121
01.02 Special allowance	799	387	434
01.03 Default claims	748	1,375	1,460
01.04 Death, disability, and bankruptcy claims	123	129	138
01.07 Contract collection costs	26	20	25
01.08 Loan Processing Fee	73	84	85
01.91 Subtotal, Stafford loans	3,695	4,172	4,263
Unsubsidized Stafford loans:			
02.02 Special allowance	82	254	320
02.03 Default claims	407	830	983
02.04 Death, disability, and bankruptcy claims	54	65	76
02.07 Contract collection costs	3	5	7
02.08 Loan Processing Fee	61	74	79
02.91 Subtotal, Unsubsidized Stafford loans	607	1,228	1,465
PLUS loans:			
03.02 Special allowance	11	21	18
03.03 Default claims	70	125	145
03.04 Death, disability, and bankruptcy claims	56	59	66
03.07 Contract Collection Costs	1	2	2
03.08 Loan Processing Fee	16	19	21
03.91 Subtotal, PLUS loans	154	226	252
SLS loans:			
04.02 Special allowance	2		

04.03 Default claims	49	93	66
04.04 Death, disability and bankruptcy claims	9	7	7
04.07 Contract collection costs	7	4	5
04.91 Subtotal, SLS loans	67	104	78
Consolidation loans:			
05.02 Special allowance	6	120	136
05.03 Default claims	286	802	927
05.04 Death, disability, and bankruptcy claims	34	111	135
05.07 Contract collection costs	3	4	6
05.91 Subtotal, Consolidations loans	329	1,037	1,204
08.02 Downward reestimate		3,526	
08.04 Interest on downward reestimate		1,202	
08.91 Direct Program by Activities—Subtotal (1 level)		4,728	
10.00 Total new obligations	4,852	11,495	7,262

Budgetary resources available for obligation:

21.40 Unobligated balance carried forward, start of year	4,990	8,250	4,165
22.00 New financing authority (gross)	8,112	7,410	7,762
23.90 Total budgetary resources available for obligation	13,102	15,660	11,927
23.95 Total new obligations	-4,852	-11,495	-7,262
24.40 Unobligated balance carried forward, end of year	8,250	4,165	4,664

New financing authority (gross), detail:

Mandatory:			
69.00 Offsetting collections (cash)	8,112	7,410	7,762

Change in unpaid obligations:

Unpaid obligations, start of year:			
72.40 Unpaid obligations, start of year	2,152	1,361	3,224
72.99 Obligated balance, start of year	2,152	1,361	3,224
73.10 Total new obligations	4,852	11,495	7,262
73.20 Total financing disbursements (gross)	-5,643	-9,632	-8,450
Unpaid obligations, end of year:			
74.40 Unpaid obligations, end of year	1,361	3,224	2,037
74.99 Obligated balance, end of year	1,361	3,224	2,037
87.00 Total financing disbursements (gross)	5,643	9,632	8,450

Offsets:

Against gross financing authority and financing disbursements:

Offsetting collections (cash) from:

Federal sources:

Payments from program account:			
88.00 Stafford loans	-2,518	-2,665	-2,647
88.00 Unsubsidized Stafford	-690	-672	-692
88.00 PLUS loans	-126	-109	-106
88.00 Consolidated loans	-197	-137	-213
88.00 Upward reestimate	-607		
88.00 Interest on upward reestimate	-169		
88.25 Interest on uninvested funds	-500	-440	-359

Non-Federal sources:

Student Loans: Stafford, Unsubsidized Stafford, PLUS, SLS & Consolidation:			
88.40 Stafford recoveries on defaults	-1,585	-1,192	-1,266
88.40 Stafford origination fees	-438	-399	-404
88.40 Stafford Sallie Mae offset fees	-25	-28	-25
88.40 Unsubsidized Stafford recoveries on defaults	-159	-440	-536
88.40 Unsubsidized Stafford origination fees	-349	-339	-364
88.40 Unsubsidized Stafford Sallie Mae offset fees	-13	-17	-17
88.40 PLUS recoveries on defaults	-56	-65	-75
88.40 PLUS origination fees	-88	-86	-95
88.40 PLUS Sallie Mae offset fees	-5	-6	-6
88.40 SLS recoveries on defaults	-187	-131	-128
88.40 SLS Sallie Mae offset fees	-1	-1	
88.40 Consolidation recoveries on defaults	-162	-375	-480
88.40 Consolidation origination fees	-27	-30	-30
88.40 Consolidated loan holders fee	-210	-278	-319
88.90 Total, offsetting collections (cash)	-8,112	-7,410	-7,762

Net financing authority and financing disbursements:

89.00 Financing authority			
90.00 Financing disbursements	-2,469	2,222	688

Status of Guaranteed Loans (in millions of dollars)

Identification code 91-4251-0-3-502		2000 actual	2001 est.	2002 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	12,074	12,877	13,152
2150	Total guaranteed loan commitments	12,074	12,877	13,152
Cumulative balance of guaranteed loans outstanding:				
2210	Outstanding, start of year	55,684	60,388	62,832
2231	Disbursements of new guaranteed loans	10,298	11,414	11,552
2251	Repayments and prepayments	-4,473	-7,538	-8,817
Adjustments:				
2261	Terminations for default that result in loans receivable	-998	-1,303	-1,472
2263	Terminations for default that result in claim payments	-123	-129	-138
2290	Outstanding, end of year	60,388	62,832	63,957
Memorandum:				
2299	Guaranteed amount of guaranteed loans outstanding, end of year	60,388	62,832	63,957
Addendum:				
Cumulative balance of defaulted guaranteed loans that result in loans receivable:				
2310	Outstanding, start of year	3,148	2,446	2,455
2331	Disbursements for guaranteed loan claims	998	1,303	1,472
2351	Repayments of loans receivable	-1,340	-1,192	-1,266
2361	Write-offs of loans receivable	-112	-102	-106
2364	Other adjustments, net	-248		
2390	Outstanding, end of year	2,446	2,455	2,555
UNSUBSIDIZED STAFFORD				
Position with respect to appropriations act limitation on commitments:				
2131	Guaranteed loan commitments exempt from limitation	10,128	11,382	12,186
2150	Total guaranteed loan commitments	10,128	11,382	12,186
Cumulative balance of guaranteed loans outstanding:				
2210	Outstanding, start of year	30,537	36,361	41,840
2231	Disbursements of new guaranteed loans	8,181	9,673	10,389
2251	Repayments and prepayments	-1,759	-3,349	-4,410
Adjustments:				
2261	Terminations for default that result in loans receivable	-544	-780	-977
2263	Terminations for default that result in claim payments	-54	-65	-76
2290	Outstanding, end of year	36,361	41,840	46,766
Memorandum:				
2299	Guaranteed amount of guaranteed loans outstanding, end of year	36,361	41,840	46,766
Addendum:				
Cumulative balance of defaulted guaranteed loans that result in loans receivable:				
2310	Outstanding, start of year	748	1,050	1,331
2331	Disbursements for guaranteed loan claims	544	780	977
2351	Repayments of loans receivable	-134	-440	-536
2361	Write-offs of loans receivable	-49	-59	-75
2364	Other adjustments, net	-59		
2390	Outstanding, end of year	1,050	1,331	1,697
PLUS				
Position with respect to appropriations act limitation on commitments:				
2131	Guaranteed loan commitments exempt from limitation	2,626	2,943	3,244
2150	Total guaranteed loan commitments	2,626	2,943	3,244
Cumulative balance of guaranteed loans outstanding:				
2210	Outstanding, start of year	6,630	7,470	8,553
2231	Disbursements of new guaranteed loans	2,064	2,466	2,718
2251	Repayments and prepayments	-1,075	-1,205	-1,460
Adjustments:				
2261	Terminations for default that result in loans receivable	-93	-119	-145

2263	Terminations for default that result in claim payments	-56	-59	-66
2290	Outstanding, end of year	7,470	8,553	9,600
Memorandum:				
2299	Guaranteed amount of guaranteed loans outstanding, end of year	7,470	8,553	9,600
Addendum:				
Cumulative balance of defaulted guaranteed loans that result in loans receivable:				
2310	Outstanding, start of year	221	199	205
2331	Disbursements for guaranteed loan claims	93	119	145
2351	Repayments of loans receivable	-47	-65	-75
2361	Write-offs of loans receivable	-51	-48	-52
2364	Other adjustments, net	-17		
2390	Outstanding, end of year	199	205	223
SLS				
Cumulative balance of guaranteed loans outstanding:				
2210	Outstanding, start of year	2,418	2,001	1,183
2251	Repayments and prepayments	-342	-723	-525
Adjustments:				
2261	Terminations for default that result in loans receivable	-66	-88	-71
2263	Terminations for default that result in claim payments	-9	-7	-7
2290	Outstanding, end of year	2,001	1,183	580
Memorandum:				
2299	Guaranteed amount of guaranteed loans outstanding, end of year	2,001	1,183	580
Addendum:				
Cumulative balance of defaulted guaranteed loans that result in loans receivable:				
2310	Outstanding, start of year	606	458	408
2331	Disbursements for guaranteed loan claims	66	88	71
2351	Repayments of loans receivable	-158	-131	-128
2361	Write-offs of loans receivable	-8	-7	-6
2364	Other adjustments, net	-48		
2390	Outstanding, end of year	458	408	345
CONSOLIDATED				
Position with respect to appropriations act limitation on commitments:				
2131	Guaranteed loan commitments exempt from limitation	4,599	5,958	6,093
2150	Total guaranteed loan commitments	4,599	5,958	6,093
Cumulative balance of guaranteed loans outstanding:				
2210	Outstanding, start of year	22,737	27,891	31,207
2231	Disbursements of new guaranteed loans	6,059	5,948	6,083
2251	Repayments and prepayments	-490	-1,784	-2,221
Adjustments:				
2261	Terminations for default that result in loans receivable	-381	-737	-924
2263	Terminations for default that result in claim payments	-34	-111	-135
2290	Outstanding, end of year	27,891	31,207	34,010
Memorandum:				
2299	Guaranteed amount of guaranteed loans outstanding, end of year	27,891	31,207	34,010
Addendum:				
Cumulative balance of defaulted guaranteed loans that result in loans receivable:				
2310	Outstanding, start of year	1,060	1,190	1,516
2331	Disbursements for guaranteed loan claims	381	737	924
2351	Repayments of loans receivable	-137	-375	-480
2361	Write-offs of loans receivable	-31	-36	-46
2364	Other adjustments, net	-83		
2390	Outstanding, end of year	1,190	1,516	1,914

Credit accounts—Continued**FEDERAL FAMILY EDUCATION LOAN PROGRAM, FINANCING ACCOUNT—Continued****Balance Sheet (in millions of dollars)**

Identification code 91-4251-0-3-502	1999 actual	2000 actual	2001 est.	2002 est.
ASSETS:				
1101 Federal assets: Fund balances with Treasury	6,384	8,250	4,165	4,664
Net value of assets related to post-1991 acquired defaulted guaranteed loans receivable:				
1501 Defaulted guaranteed loans receivable, gross	8,701	5,342	5,913	6,732
1599 Net present value of assets related to defaulted guaranteed loans	8,701	5,342	5,913	6,732
1999 Total assets	15,085	13,592	10,078	11,396
NET POSITION:				
3100 Appropriated capital	14,968	13,592	10,077	11,396
3999 Total net position	14,968	13,592	10,077	11,396
4999 Total liabilities and net position	15,085	13,592	10,077	11,396

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	2000 actual	2001 est.	2002 est.
Budgetary resources available for obligation:			
22.00 New financing authority (gross)			7
24.40 Unobligated balance carried forward, end of year			7
New financing authority (gross), detail:			
Mandatory:			
69.00 Offsetting collections (cash)			7
Offsets:			
Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
Payments from program account:			
Federal sources:			
88.00 Stafford loans			-2
88.00 Unsubsidized Stafford			-1
88.00 Scheduled payments from program account for noncontractual modifications			-4
88.90 Total, offsetting collections (cash)			-7
Net financing authority and financing disbursements:			
89.00 Financing authority			
90.00 Financing disbursements			-7

Balance Sheet (in millions of dollars)

Identification code 91-4251-4-3-502	1999 actual	2000 actual	2001 est.	2002 est.
ASSETS:				
1101 Federal assets: Fund balances with Treasury				7
1999 Total assets				7
NET POSITION:				
3100 Appropriated capital				7
3999 Total net position				7
4999 Total liabilities and net position				7

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	2000 actual	2001 est.	2002 est.
Obligations by program activity:			
Stafford loans:			
01.01 Interest benefits, net of origination fees	16		
01.02 Special allowance net of origination fees	72	44	23
01.03 Default claims	72	97	56
01.04 Death, disability, and bankruptcy claims	30	34	27
01.07 Contract collection costs	31	34	28
01.91 Subtotal, Stafford loans	221	209	134
PLUS/SLS loans:			
02.01 Default claims	14	18	6
02.02 Death, disability, and bankruptcy claims	5	11	10
02.05 Contract collection costs	8	8	6
02.06 Special allowance net of origination fees	3	2	2
02.91 Subtotal, PLUS/SLS loans	30	39	24
10.00 Total new obligations	251	248	158
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	3,779	578	
22.00 New budget authority (gross)	830	248	158
22.40 Capital transfer to general fund	-3,779	-578	
23.90 Total budgetary resources available for obligation	830	248	158
23.95 Total new obligations	-251	-248	-158
24.40 Unobligated balance carried forward, end of year	578		
New budget authority (gross), detail:			
Mandatory:			
60.05 Appropriation (indefinite)	96		
69.00 Offsetting collections (cash)	2,018	990	762
69.27 Capital transfer to general fund	-1,284	-742	-604
69.90 Spending authority from offsetting collections (total mandatory)	734	248	158
70.00 Total new budget authority (gross)	830	248	158
Change in unpaid obligations:			
Unpaid obligations, start of year:			
72.40 Unpaid obligations, start of year	172	42	
72.99 Obligated balance, start of year	172	42	
73.10 Total new obligations	251	248	158
73.20 Total outlays (gross)	-383	-291	-158
Unpaid obligations, end of year:			
74.40 Unpaid obligations, end of year	42		
74.99 Obligated balance, end of year	42		
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority		248	158
86.98 Outlays from mandatory balances	383	42	
87.00 Total outlays (gross)	383	291	158
Offsets:			
Against gross budget authority and outlays:			
Offsetting collections (cash) from:			
Federal student loans:			
Non-Federal sources:			
88.40 Federal collections on defaulted loans	-468	-190	-152
88.40 Federal collections on bankruptcies	-8	-7	-5
88.40 Offsets against Federal tax refunds	-575	-235	-182
88.40 Reimbursements from guaranty agencies	-660	-400	-301
88.40 Federal collections on defaulted loans, PLUS/SLS	-126	-42	-33
88.40 Federal collections on bankruptcies, PLUS/SLS	-1	-2	-1
88.40 Offsets against Federal tax refunds, PLUS/SLS	-73	-42	-33
88.40 Reimbursements from guaranty agencies, PLUS/SLS	-107	-72	-55
88.90 Total, offsetting collections (cash)	-2,018	-990	-762
Net budget authority and outlays:			
89.00 Budget authority	-1,188	-742	-604

90.00	Outlays	— 1,637	— 699	— 604
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Status of Guaranteed Loans (in millions of dollars)

Identification code 91-0230-0-1-502	2000 actual	2001 est.	2002 est.
STAFFORD LOANS			
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year	11,470	8,670	5,953
2251 Repayments and prepayments	— 2,532	— 2,574	— 1,657
Adjustments:			
2261 Terminations for default that result in loans receivable	— 238	— 98	— 65
2263 Terminations for default that result in claim payments	— 30	— 45	— 37
2290 Outstanding, end of year	8,670	5,953	4,194
Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year	8,670	5,953	4,194

Addendum:

Cumulative balance of defaulted guaranteed loans that result in loans receivable:			
2310 Outstanding, start of year	14,737	13,579	12,768
2331 Disbursements for guaranteed loan claims	238	98	65
2351 Repayments of loans receivable	— 1,733	— 523	— 396
2361 Write-offs of loans receivable	— 300	— 277	— 260
2364 Other adjustments, net	637	— 109	— 81
2390 Outstanding, end of year	13,579	12,768	12,096

PLUS/SLS LOANS

Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year	1,855	1,444	1,112
2251 Repayments and prepayments	— 360	— 303	— 159
Adjustments:			
2261 Terminations for default that result in loans receivable	— 46	— 18	— 8
2263 Terminations for default that result in claim payments	— 5	— 11	— 10
2290 Outstanding, end of year	1,444	1,112	935
Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year	1,444	1,112	935

Addendum:

Cumulative balance of defaulted guaranteed loans that result in loans receivable:			
2310 Outstanding, start of year	3,172	2,979	2,834
2331 Disbursements for guaranteed loan claims	46	18	8
2351 Repayments of loans receivable	— 311	— 93	— 71
2361 Write-offs of loans receivable	— 53	— 50	— 47
2364 Other adjustments, net	125	— 20	— 16
2390 Outstanding, end of year	2,979	2,834	2,708

Statement of Operations (in millions of dollars)

Identification code 91-0230-0-1-502	1999 actual	2000 actual	2001 est.	2002 est.
Stafford:				
0111 Revenue	1,019	1,711	832	639
0112 Expense	— 585	— 221	— 211	— 134
0115 Net income or loss (—)	434	1,490	621	505
PLUS/SLS:				
0121 Revenue	169	307	158	123
0122 Expense	— 66	— 30	— 38	— 24
0125 Net income or loss (—)	103	277	120	99
0191 Total revenues	1,188	2,018	990	762
0192 Total expenses	— 651	— 251	— 249	— 158
0195 Total income or loss (—)	537	1,767	741	604
0199 Total comprehensive income	537	1,767	741	604

Balance Sheet (in millions of dollars)

Identification code 91-0230-0-1-502	1999 actual	2000 actual	2001 est.	2002 est.
ASSETS:				
Net value of assets related to pre-1992 direct loans receivable and acquired defaulted guaranteed loans receivable:				
1701 Defaulted guaranteed loans, gross	10,591	16,560	15,928	15,437
1704 Defaulted guaranteed loans and interest receivable, net	10,591	16,560	15,928	15,437
1799 Value of assets related to loan guarantees	10,591	16,560	15,928	15,437
1999 Total assets	10,707	16,560	15,928	15,437
NET POSITION:				
3100 Appropriated capital	10,707	16,560	15,928	15,437
3999 Total net position	10,707	16,560	15,928	15,437

¹ Excludes interest and premium collections on insured loans.

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

Object Classification (in millions of dollars)

Identification code 91-0230-0-1-502	2000 actual	2001 est.	2002 est.
25.2 Other services	40	42	33
33.0 Investments and loans	85	115	63
41.0 Grants, subsidies, and contributions	92	46	25
42.0 Insurance claims and indemnities	34	45	37
99.9 Total new obligations	251	248	158

OFFICE OF EDUCATIONAL RESEARCH AND IMPROVEMENT**Federal Funds****General and special funds:****EDUCATION RESEARCH, STATISTICS, AND [IMPROVEMENT]
ASSESSMENT**

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, parts A, B, K and L and sections 10102 and 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, \$732,721,000] \$273,067,000: *Provided*, [That of the funds appropriated for part A of title X of the Elementary and Secondary Education Act of 1965, as amended, \$5,000,000 shall be made available for a high school reform program of grants to State educational agencies to improve academic performance and provide technical skills training: *Provided further*, That of the funds appropriated for part A of title X of the Elementary and Secondary Education Act of 1965, as amended, \$5,000,000 shall be made available to carry out part L of title X of the Act: *Provided further*, That of the amount available for part A of title X of the Elementary and Secondary Education Act of 1965, as amended, \$5,000,000 shall be available for grants to State and local educational agencies, in collaboration with other agencies and organizations, for school dropout prevention programs designed to address the needs of populations or communities with the highest dropout rates: *Provided further*, That of the amount made available for part A of title X of the Elementary and Secondary Education Act of 1965, as amended, \$50,000,000 shall be made available to enable the Secretary of Education to award grants to develop, implement, and strengthen programs to teach American history (not social studies) as a separate subject within school curricula: *Provided further*,] That \$53,000,000 of the amount available for the national education research institutes

General and special funds—Continued

EDUCATION RESEARCH, STATISTICS, AND [IMPROVEMENT]
ASSESSMENT—Continued

shall be allocated notwithstanding section 912(m)(1)(B–F) and subparagraphs (B) and (C) of section 931(c)(2) of Public Law 103–227 [and \$20,000,000 of that \$53,000,000 shall be made available for the Interagency Education Research Initiative: *Provided further*, That of the funds appropriated for part A of title X of the Elementary and Secondary Education Act, as amended, \$50,000,000 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 Public Law 105–277: *Provided further*, That the funds made available for comprehensive school reform shall become available on July 1, 2001, and remain available through September 30, 2002, 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 \$139,624,000 of the funds for section 10101 of the Elementary and Secondary Education Act of 1965 shall be available for the projects and in the amounts specified in the statement of the managers on the conference report accompanying this Act: *Provided further*, That of the funds appropriated under section 10601 of title X of the Elementary and Secondary Education Act of 1965, as amended, \$2,000,000 shall be used to conduct a violence prevention demonstration program: *Provided further*, That of the funds available for section 10601 of title X of the Elementary and Secondary Education Act of 1965, as amended, \$150,000 shall be awarded to the Center for Educational Technologies to complete 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, of the funds for title VI of Public Law 103–227 and notwithstanding the provisions of section 601(c)(1)(C) of that Act, \$1,200,000 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]. (*Department of Education Appropriations Act, 2001, as enacted by section 1(a)(1) of P.L. 106–554.*)

Program and Financing (in millions of dollars)

Identification code 91–1100–0–1–503	2000 actual	2001 est.	2002 est.
Direct program:			
Obligations by program activity:			
Research, development and dissemination:			
00.01 Research and dissemination	103	120	123
00.02 Regional educational laboratories	65	65	65
00.03 Statistics	68	80	85
00.04 Assessment	40	40	
00.05 Eisenhower professional development Federal activities	23	23	
00.06 Fund for the Improvement of Education	242	341	
00.07 Javits gifted and talented education	7	8	
00.08 Eisenhower regional mathematics and science education consortia	15	15	
00.09 National writing project	9	10	
00.10 Civic education	10	12	
00.11 International education exchange	7	10	
01.00 Total direct program	589	724	273
09.01 Reimbursable program	6	6	6
10.00 Total new obligations	595	730	279
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year		2	
22.00 New budget authority (gross)	597	728	279
23.90 Total budgetary resources available for obligation	597	730	279
23.95 Total new obligations	–595	–730	–279
24.40 Unobligated balance carried forward, end of year	2		

New budget authority (gross), detail:

Discretionary:			
40.00 Appropriation	597	733	273
40.75 Reduction pursuant to P.L. 106–554 (Labor/HHS)		–1	
40.76 Reduction pursuant to P.L. 106–113	–6		
41.00 Transferred to other accounts		–10	
43.00 Appropriation (total discretionary)	591	722	273
68.00 Spending authority from offsetting collections: Offsetting collections (cash)	6	6	6
70.00 Total new budget authority (gross)	597	728	279

Change in unpaid obligations:

Unpaid obligations, start of year:			
72.40 Unpaid obligations, start of year	682	720	725
72.99 Obligated balance, start of year	682	720	725
73.10 Total new obligations	595	730	279
73.20 Total outlays (gross)	–563	–725	–644
73.40 Adjustments in expired accounts (net)	5		
Unpaid obligations, end of year:			
74.40 Unpaid obligations, end of year	720	725	360
74.99 Obligated balance, end of year	720	725	360

Outlays (gross), detail:

86.90 Outlays from new discretionary authority	85	130	70
86.93 Outlays from discretionary balances	478	595	574
87.00 Total outlays (gross)	563	725	644

Offsets:

Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	–6	–6	–6

Net budget authority and outlays:

89.00 Budget authority	591	722	273
90.00 Outlays	556	719	638

The Administration is working with Congress to develop legislation reauthorizing the National Assessment of Educational Progress. When new authorizing legislation is enacted, resources for this program will be requested. See the “Legislative proposal, not subject to PAYGO” schedule for additional details.

Research and dissemination.—Funds support the activities of the five National Education Research Institutes, as well as interagency research focusing on large-scale educational improvements and teaching language minority students. Funds also support a variety of dissemination activities that make the best research-based information on educational practice available to educators, parents, and policymakers.

Regional educational laboratories.—Funds support a network of 10 regional educational laboratories responsible for promoting the use of broad-based systemic strategies to improve student achievement. The regional laboratories conduct applied research and development, dissemination, and technical assistance to address needs in their regions.

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.

Summary of Budget Authority and Outlays

	(in millions of dollars)		
Enacted/requested:	2000 actual	2001 est.	2002 est.
Budget Authority	591	722	273
Outlays	557	719	638
Legislative proposal, not subject to PAYGO:			
Budget Authority			109
Outlays			28
Total:			
Budget Authority	591	722	382
Outlays	557	719	666

Object Classification (in millions of dollars)

Identification code 91-1100-0-1-503	2000 actual	2001 est.	2002 est.
Direct obligations:			
11.3 Personnel compensation: Other than full-time permanent	1	1	.....
24.0 Printing and reproduction	2	2	1
25.1 Advisory and assistance services	2	2	.....
25.2 Other services	70	82	70
25.3 Purchases of goods and services from Government accounts	29	43	25
25.5 Research and development contracts	95	95	92
25.7 Operation and maintenance of equipment	7	7	7
41.0 Grants, subsidies, and contributions	381	490	76
92.0 Undistributed	2	2	2
99.0 Subtotal, direct obligations	589	724	273
99.0 Reimbursable obligations	6	6	6
99.9 Total new obligations	595	730	279

Personnel Summary

Identification code 91-1100-0-1-503	2000 actual	2001 est.	2002 est.
1001 Total compensable workyears: Full-time equivalent employment	12	15	1

EDUCATION RESEARCH STATISTICS AND ASSESSMENT

(Legislative proposal, not subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 91-1100-2-1-503	2000 actual	2001 est.	2002 est.
Direct program:			
00.04 Obligations by program activity: Assessment			109
01.00 Total direct program			109
09.01 Reimbursable program			1
10.00 Total new obligations			110
Budgetary resources available for obligation:			
22.00 New budget authority (gross)			110
23.95 Total new obligations			-110
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation			109
68.00 Spending authority from offsetting collections: Offsetting collections (cash)			1
70.00 Total new budget authority (gross)			110
Change in unpaid obligations:			
73.10 Total new obligations			110
73.20 Total outlays (gross)			-29
Unpaid obligations, end of year:			
74.40 Unpaid obligations, end of year			81
74.99 Obligated balance, end of year			81
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority			29
Offsets:			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources			-1
Net budget authority and outlays:			
89.00 Budget authority			109
90.00 Outlays			28

Assessment.—The National Assessment of Educational Progress (NAEP) administers assessments and surveys to a sample of students in order to gather reliable information about educational attainment in important skill areas. Under the Administration's proposal, NAEP would continue to provide

national, State and long-term trend information. In addition, Federal funds would pay for the costs of annual State NAEP in reading and mathematics at grades 4 and 8.

Object Classification (in millions of dollars)

Identification code 91-1100-2-1-503	2000 actual	2001 est.	2002 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent			1
11.3 Other than full-time permanent			1
11.9 Total personnel compensation			2
25.1 Advisory and assistance services			1
25.2 Other services			2
25.5 Research and development contracts			2
41.0 Grants, subsidies, and contributions			102
99.0 Subtotal, direct obligations			109
99.0 Reimbursable obligations			1
99.9 Total new obligations			110

Personnel Summary

Identification code 91-1100-2-1-503	2000 actual	2001 est.	2002 est.
1001 Total compensable workyears: Full-time equivalent employment			14

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, **[\$413,184,000] \$424,212,000.** (*Department of Education Appropriations Act, 2001, as enacted by section 1(a)(1) of P.L. 106-554.*)

Unavailable Collections (in millions of dollars)

Identification code 91-0800-0-1-503	2000 actual	2001 est.	2002 est.
01.99 Balance, start of year		1	1
Receipts:			
02.00 Contributions	1		
04.00 Total: Balances and collections	1	1	1
07.99 Balance, end of year	1	1	1

Program and Financing (in millions of dollars)

Identification code 91-0800-0-1-503	2000 actual	2001 est.	2002 est.
Obligations by program activity:			
00.01 Program administration	382	412	424
00.02 Trust funds	1		
09.01 Reimbursable program	10	1	1
10.00 Total new obligations	393	413	425
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	2		
22.00 New budget authority (gross)	394	413	425
22.21 Unobligated balance transferred to other accounts	-1		
23.90 Total budgetary resources available for obligation	395	413	425
23.95 Total new obligations	-393	-413	-425
23.98 Unobligated balance expiring or withdrawn	-1		
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	384	413	424
40.75 Reduction pursuant to P.L. 106-554 (Labor/HHS)		-1	
43.00 Appropriation (total discretionary)	384	412	424

General and special funds—Continued**PROGRAM ADMINISTRATION—Continued****Program and Financing (in millions of dollars)—Continued**

Identification code 91-0800-0-1-503	2000 actual	2001 est.	2002 est.
68.00 Spending authority from offsetting collections: Offsetting collections (cash)	10	1	1
70.00 Total new budget authority (gross)	394	413	425
Change in unpaid obligations:			
Unpaid obligations, start of year:			
72.40 Unpaid obligations, start of year	138	148	128
72.99 Obligated balance, start of year	138	148	128
73.10 Total new obligations	393	413	425
73.20 Total outlays (gross)	-367	-433	-415
73.40 Adjustments in expired accounts (net)	-16		
Unpaid obligations, end of year:			
74.40 Unpaid obligations, end of year	148	128	138
74.99 Obligated balance, end of year	148	128	138
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	281	315	326
86.93 Outlays from discretionary balances	86	119	89
87.00 Total outlays (gross)	367	433	415
Offsets:			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	-10	-1	-1
Net budget authority and outlays:			
89.00 Budget authority	384	412	424
90.00 Outlays	357	432	414

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, and research activities.

In addition, this account includes the cost of providing centralized support and administrative services, overall policy development, and strategic planning for the Department. Included in the centralized activities are rent and mail services; telecommunications; contractual services; financial management and accounting, including payments to schools, education agencies and other grant recipients, and preparation of auditable financial statements; information technology services; personnel management; 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 Presidential Scholars, Satellite Town Meetings, School Recognition, and the Gifts and Bequests Miscellaneous Fund.

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

Object Classification (in millions of dollars)

Identification code 91-0800-0-1-503	2000 actual	2001 est.	2002 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent	155	187	195
11.3 Other than full-time permanent	25	8	9
11.5 Other personnel compensation	4	4	3
11.9 Total personnel compensation	184	199	207
12.1 Civilian personnel benefits	38	43	44
21.0 Travel and transportation of persons	7	7	7

23.1 Rental payments to GSA	29	34	35
23.3 Communications, utilities, and miscellaneous charges	12	13	13
24.0 Printing and reproduction	3	6	6
25.1 Advisory and assistance services	3	5	4
25.2 Other services	21	23	23
25.3 Purchases of goods and services from Government accounts	11	9	8
25.7 Operation and maintenance of equipment	57	57	63
26.0 Supplies and materials	3	3	3
31.0 Equipment	11	10	9
32.0 Land and structures	4	3	2
99.0 Subtotal, direct obligations	383	412	424
99.0 Reimbursable obligations	9	1	1
99.5 Below reporting threshold	1		
99.9 Total new obligations	393	413	425

Personnel Summary

Identification code 91-0800-0-1-503	2000 actual	2001 est.	2002 est.
1001 Total compensable workyears: Full-time equivalent employment	2,659	2,755	2,755

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, **[\$76,000,000] \$79,934,000.** (*Department of Education Appropriations Act, 2001, as enacted by section 1(a)(1) of P.L. 106-554.*)

Program and Financing (in millions of dollars)

Identification code 91-0700-0-1-751	2000 actual	2001 est.	2002 est.
Obligations by program activity:			
00.01 Civil rights	71	76	80
10.00 Total new obligations	71	76	80
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	71	76	80
23.95 Total new obligations	-71	-76	-80
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	71	76	80
Change in unpaid obligations:			
Unpaid obligations, start of year:			
72.40 Unpaid obligations, start of year	20	23	16
72.99 Obligated balance, start of year	20	23	16
73.10 Total new obligations	71	76	80
73.20 Total outlays (gross)	-68	-83	-79
Unpaid obligations, end of year:			
74.40 Unpaid obligations, end of year	23	16	17
74.99 Obligated balance, end of year	23	16	17
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	61	63	68
86.93 Outlays from discretionary balances	7	20	11
87.00 Total outlays (gross)	68	83	79
Net budget authority and outlays:			
89.00 Budget authority	71	76	80
90.00 Outlays	68	83	79

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	2000 actual	2001 est.	2002 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent	42	45	48
11.3 Other than full-time permanent	1	2	2
11.9 Total personnel compensation	43	47	50
12.1 Civilian personnel benefits	9	10	11
21.0 Travel and transportation of persons	1	1	1
23.1 Rental payments to GSA	5	6	6
23.3 Communications, utilities, and miscellaneous charges	2	2	2
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	4	5	5
31.0 Equipment	2	1	1
99.0 Subtotal, direct obligations	68	74	78
99.5 Below reporting threshold	3	2	2
99.9 Total new obligations	71	76	80

Personnel Summary

Identification code 91-0700-0-1-751	2000 actual	2001 est.	2002 est.
1001 Total compensable workyears: Full-time equivalent employment	712	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, [[\$36,500,000] \$38,720,000. (*Department of Education Appropriations Act, 2001, as enacted by section 1(a)(1) of P.L. 106-554.*)

Program and Financing (in millions of dollars)

Identification code 91-1400-0-1-751	2000 actual	2001 est.	2002 est.
Obligations by program activity:			
00.01 Inspector General	34	36	39
10.00 Total new obligations	34	36	39
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	34	36	39
23.95 Total new obligations	-34	-36	-39
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	34	36	39
Change in unpaid obligations:			
Unpaid obligations, start of year:			
72.40 Unpaid obligations, start of year	9	10	9
72.99 Obligated balance, start of year	9	10	9
73.10 Total new obligations	34	36	39
73.20 Total outlays (gross)	-33	-38	-38
Unpaid obligations, end of year:			
74.40 Unpaid obligations, end of year	10	9	10
74.99 Obligated balance, end of year	10	9	10
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	27	29	32
86.93 Outlays from discretionary balances	6	8	7
87.00 Total outlays (gross)	33	38	38
Net budget authority and outlays:			
89.00 Budget authority	34	36	39

90.00 Outlays	33	38	38
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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	2000 actual	2001 est.	2002 est.
Personnel compensation:			
11.1 Full-time permanent	16	19	20
11.3 Other than full-time permanent	1	1	1
11.5 Other personnel compensation	1		
11.9 Total personnel compensation	18	20	21
12.1 Civilian personnel benefits	4	5	6
21.0 Travel and transportation of persons	2	2	2
23.1 Rental payments to GSA	3	3	3
25.1 Advisory and assistance services	2	2	3
25.2 Other services	1	1	
25.3 Purchases of goods and services from Government accounts	1	1	1
25.7 Operation and maintenance of equipment	1	2	2
31.0 Equipment	1		1
32.0 Land and structures	1		
99.9 Total new obligations	34	36	39

Personnel Summary

Identification code 91-1400-0-1-751	2000 actual	2001 est.	2002 est.
1001 Total compensable workyears: Full-time equivalent employment	262	285	285

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

Identification code 91-1500-0-1-503	2000 actual	2001 est.	2002 est.
Change in unpaid obligations:			
Unpaid obligations, start of year:			
72.40 Unpaid obligations, start of year	3	3	
72.99 Obligated balance, start of year	3	3	
73.20 Total outlays (gross)		-3	
Unpaid obligations, end of year:			
74.40 Unpaid obligations, end of year	3		
74.99 Obligated balance, end of year	3		
Outlays (gross), detail:			
86.93 Outlays from discretionary balances		3	
Net budget authority and outlays:			
89.00 Budget authority			
90.00 Outlays		3	

This account provided 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 was completed in 1998, were provided by the General Services Administration.

GENERAL FUND RECEIPT ACCOUNTS

(in millions of dollars)

	2000 actual	2001 est.	2002 est.
Offsetting receipts from the public:			
91-274130 College housing and academic facilities loan, downward reestimates of subsidies		2	
91-291500 Repayment of loans, capital contributions, higher education activities	69	50	50
91-310300 FFEL Guarantee agency reserve recoveries			59
91-310900 HEAF reserve recoveries		7	
General Fund Offsetting receipts from the public	69	59	109

GENERAL PROVISIONS

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

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

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

(TRANSFER OF FUNDS)

SEC. 304. Not to exceed 1 percent of any discretionary funds (pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985, as amended) which are appropriated for the Department of Education in this Act may be transferred between appropriations, but no such appropriation shall be increased by more than 3 percent by any such transfer: *Provided*, That the Appropriations Committees of both Houses of Congress are notified at least 15 days in advance of any transfer.

[SEC. 305. The Comptroller General of the United States shall evaluate the extent to which funds made available under part A of title I of the Elementary and Secondary Education Act of 1965 are allocated to schools and local educational agencies with the greatest concentrations of school-age children from low-income families, the extent to which allocations of such funds adjust to shifts in concentrations of pupils from low-income families in different regions, States, and substate areas, the extent to which the allocation of such funds encourages the targeting of State funds to areas with higher concentrations of children from low-income families, and the implications of current distribution methods for such funds, shall make formula and other policy recommendations to improve the targeting of such funds to more effectively serve low-income children in both rural and urban areas, and shall prepare interim and final reports based on the results of the study, to be submitted to Congress not later than February 1, 2001, and April 1, 2001.]

[SEC. 306. (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 same percentage of that remainder as it received of the funds allocated to States under section 307(a)(2) of the Department of Education Appropriations Act, 1999.

(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 are 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 fully qualified teacher in that agency, who is certified within the State (which may include certification through State or local alternative routes), has a baccalaureate degree, and demonstrates the general knowledge, teaching skills, and subject matter knowledge required to teach in his or her content areas, that agency may use funds under this section to (A) help pay the salary of a full- or part-time teacher hired to reduce class size, which may be in combination with other Federal, State, or local funds; or (B) pay for activities described in subsection (c)(2)(A)(iii) which may be related to teaching in smaller classes.

(c)(1) The basic purpose and intent of this section is to reduce class size with fully qualified teachers. Each local educational agency that receives funds under this section shall use such funds to carry out effective approaches to reducing class size with fully qualified teachers who are certified within the State, including teachers certified through State or local alternative routes, and who demonstrate competency in the areas in which they teach, 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 use funds under this section for—

(i) recruiting (including through the use of signing bonuses, and other financial incentives), hiring, and training fully qualified regular and special education teachers (which may include hiring special education teachers to team-teach with regular teachers in classrooms that contain both children with disabilities and non-disabled children) and teachers of special-needs children who are certified within the State, including teachers certified through State or local alternative routes, have a baccalaureate degree and demonstrate the general knowledge, teaching skills, and subject matter knowledge required to teach in their content areas;

(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 (which may include such activities as those described in section 2210 of the Elementary and Secondary Education Act of 1965, opportunities for teachers to attend multi-week institutes, such as those made available during the summer months that provide intensive professional development in partnership with local educational agencies and initiatives that promote retention and mentoring), to teachers, including special education teachers and teachers of special-needs children, in order to meet the goal of ensuring that all instructional staff have the subject matter knowledge, teaching knowledge, and teaching skills necessary to teach effectively in the content area or areas in which they provide instruction, consistent with title II of the Higher Education Act of 1965.

(B)(i) Except as provided under clause (ii), a local educational agency may use not more than a total of 25 percent of the award received under this section for activities described in clauses (ii) and (iii) of subparagraph (A).

(ii) A local educational agency in which 10 percent or more of teachers in elementary schools, as defined by section 14101(14) of the Elementary and Secondary Education Act of 1965, have not met applicable State and local certification requirements (including certifi-

cation through State or local alternative routes), or if such requirements have been waived, may use more than 25 percent of the funds it receives under this section for activities described in subparagraph (A)(iii) to help teachers who are not certified by the State become certified, including through State or local alternative routes, or to help teachers affected by class size reduction who lack sufficient content knowledge to teach effectively in the areas they teach to obtain that knowledge, if the local educational agency notifies the State educational agency of the percentage of the funds that it will use for the purpose described in this clause.

(C) A local educational agency that has already reduced class size in the early grades to 18 or less children (or has already reduced class size to a State or local class size reduction goal that was in effect on the day before the enactment of the Department of Education Appropriations Act, 2000, if that State or local educational agency goal is 20 or fewer children) may use funds received under this section—

- (i) to make further class size reductions in grades kindergarten through 3;
- (ii) to reduce class size in other grades; or
- (iii) to carry out activities to improve teacher quality including professional development.

(D) If a local educational agency has already reduced class size in the early grades to 18 or fewer children and intends to use funds provided under this section to carry out professional development activities, including activities to improve teacher quality, then the State shall make the award under subsection (b) to the local educational agency.

(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 not hired under this section. Funds under this section may be used to pay the salary of teachers hired under section 307 of the Department of Education Appropriations Act, 1999, or under section 310 of the Department of Education Appropriations Act, 2000.

(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 State and local educational agency receiving funds under this section shall publicly report to parents on its progress in reducing class size, increasing the percentage of classes in core academic areas taught by fully qualified teachers who are certified within the State and demonstrate competency in the content areas in which they teach, and on the impact that hiring additional highly qualified teachers and reducing class size, has had, if any, on increasing student academic achievement.

(3) Each school receiving funds under this section shall provide to parents, upon request, the professional qualifications of their child's teacher.

(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) 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) 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.

(h) No funds under this section may be used to pay the salary of any teacher hired with funds under section 307 of the Department of Education Appropriations Act, 1999, unless, by the start of the 2001–2002 school year, the teacher is certified within the State (which may include certification through State or local alternative routes) and demonstrates competency in the subject areas in which he or she teaches.

(i) Not later than 30 days after the date of the enactment of this Act, the Secretary shall provide specific notification to each local educational agency eligible to receive funds under this part regarding the flexibility provided under subsection (c)(2)(B)(ii) and the ability

to use such funds to carry out activities described in subsection (c)(2)(A)(iii).]

[SEC. 307. Section 412 of the National Education Statistics Act of 1994 (Public Law 103–382) is amended—

(1) in subsection 412(c)(1), after “period of” and before “years,” by striking “3” and inserting “4”; and

(2) after “expiration of such term,” by adding the following new subsection:

“(4) CONFORMING PROVISION.—Members of the Board previously granted 3 year terms, whose terms are in effect on the date of enactment of the Department of Education Appropriations Act, 2001, shall have their terms extended by one year.”.]

[SEC. 308. (a) Section 435(a)(2) of the Higher Education Act of 1965 (20 U.S.C. 1085(a)(2)) is amended by adding at the end thereof the following new subparagraph:

“(D) Notwithstanding the first sentence of subparagraph (A), the Secretary shall restore the eligibility to participate in a program under subpart 1 of part A, part B, or part D of an institution that did not appeal its loss of eligibility within 30 days of receiving notification if the Secretary determines, on a case-by-case basis, that the institution's failure to appeal was substantially justified under the circumstances, and that—

“(i) the institution made a timely request that the appropriate guaranty agency correct errors in the draft data used to calculate the institution's cohort default rate;

“(ii) the guaranty agency did not correct the erroneous data in a timely fashion; and

“(iii) the institution would have been eligible if the erroneous data had been corrected by the guaranty agency.”.

(b) The amendment made by subsection (a) of this section shall be effective for cohort default rate calculations for fiscal years 1997 and 1998.]

[SEC. 309. Section 439(r)(2) of the Higher Education Act of 1965 (20 U.S.C. 1087–2(r)(2)) is amended—

(1) in clause (A)(i), by striking “auditors and examiners” and inserting “and fix the compensation of such auditors and examiners as may be necessary”; and

(2) by inserting at the end of subparagraph (E) the following new subparagraph:

“(F) COMPENSATION OF AUDITORS AND EXAMINERS.—

“(i) RATES OF PAY.—Rates of basic pay for all auditors and examiners appointed pursuant to subparagraph (A) may be set and adjusted by the Secretary of the Treasury without regard to the provisions of chapter 51 or subchapter III of chapter 53 of title 5, United States Code.

“(ii) COMPARABILITY.—

“(I) IN GENERAL.—Subject to section 5373 of title 5, United States Code, the Secretary of the Treasury may provide additional compensation and benefits to auditors and examiners appointed pursuant to subparagraph (A) if the same type of compensation or benefits are then being provided by any agency referred to in section 1206 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1833b) or, if not then being provided, could be provided by such an agency under applicable provisions of law, rule, or regulation.

“(II) CONSULTATION.—In setting and adjusting the total amount of compensation and benefits for auditors and examiners appointed pursuant to subparagraph (A), the Secretary of the Treasury shall consult with, and seek to maintain comparability with, the agencies referred to in section 1206 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1833b).”.]

[SEC. 310. Section 117(i) of the Carl D. Perkins Vocational and Technical Education Act of 1998 (20 U.S.C. 2327(i)) is amended by inserting “such sums as may be necessary for” before “each of the 4 succeeding fiscal years.”.]

[SEC. 311. Section 432(m)(1) of the Higher Education Act of 1965 (20 U.S.C. 1082(m)(1)) is amended—

(1) by striking clause (iv) of subparagraph (D); and

(2) by adding at the end the following new subparagraph:

“(E) PERFECTION OF SECURITY INTERESTS IN STUDENT LOANS.—

“(i) IN GENERAL.—Notwithstanding the provisions of any State law to the contrary, including the Uniform Commercial Code as in effect in any State, a security interest in loans made under this part, on behalf of any eligible lender (as defined in section 435(d)) shall attach, be perfected, and be

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assigned priority in the manner provided by the applicable State's law for perfection of security interests in accounts, as such law may be amended from time to time (including applicable transition provisions). If any such State's law provides for a statutory lien to be created in such loans, such statutory lien may be created by the entity or entities governed by such State law in accordance with the applicable statutory provisions that created such a statutory lien.

“(ii) COLLATERAL DESCRIPTION.—In addition to any other method for describing collateral in a legally sufficient manner permitted under the laws of the State, the description of collateral in any financing statement filed pursuant to this subparagraph shall be deemed legally sufficient if it lists such loans, or refers to records (identifying such loans) retained by the secured party or any designee of the secured party identified in such financing statement, including the debtor or any loan servicer.

“(iii) SALES.—Notwithstanding clauses (i) and (ii) and any provisions of any State law to the contrary, other than any such State's law providing for creation of a statutory lien, an outright sale of loans made under this part shall be effective and perfected automatically upon attachment as defined in the Uniform Commercial Code of such State.”.]

[SEC. 312. Section 435(a)(5) of the Higher Education Act of 1965 (20 U.S.C. 1085(a)(5)) is amended—

(1) in subparagraph (A)(i), by striking “July 1, 2002,” and inserting “July 1, 2004,”;

(2) in subparagraph (B), by striking “1999, 2000, and 2001” and inserting “1999 through 2003”.]

[SEC. 313. From the amounts made available for the “Fund for the Improvement of Education” under the heading “Education Research, Statistics, and Improvement”, \$10,000,000, to remain available until expended, shall be available to the Secretary of Education to be transferred to the Secretary of the Interior for an award to the National Constitution Center for construction activities authorized under Public Law 100-433.]

[SEC. 314. Section 4116(b)(4) of the Elementary and Secondary Education Act of 1965 is amended by striking subparagraph (D) and inserting in lieu thereof: “(D) the development and implementation of character education and training programs that reflect the values of parents, teachers, and local communities, and incorporate elements of good character, including honesty, citizenship, courage, justice, respect, personal responsibility, and trustworthiness; and”.]

[SEC. 315. The Secretary of Education shall review the nursing program operated by Graceland University in Lamoni, Iowa, and may exercise the waiver authority provided in section 102(a)(3)(B) of the Higher Education Act of 1965, without regard to the provisions of 34 CFR 600.7(b)(3)(ii), if the Secretary determines that such a waiver is appropriate.]

[SEC. 316. Section 415 of the Higher Education Act of 1965 is amended—

(1) in section 415A(a)(2), by striking “section 415F” and inserting “section 415E”;

(2) in section 415E, by striking 415E(c) and inserting in lieu thereof the following:

“(c) AUTHORIZED ACTIVITIES.—Each State receiving a grant under this section may use the grant funds for—

“(1) making awards that—

“(A) supplement grants received under section 415C(b)(2) by eligible students who demonstrate financial need; or

“(B) provide grants under section 415C(b)(2) to additional eligible students who demonstrate financial need;

“(2) providing scholarships for eligible students—

“(A) who demonstrate financial need; and

“(B) who—

“(i) desire to enter a program of study leading to a career in—

“(I) information technology;

“(II) mathematics, computer science, or engineering;

“(III) teaching; or

“(IV) another field determined by the State to be critical to the State's workforce needs; or

“(ii) demonstrate merit or academic achievement; and

“(3) making awards that—

“(A) supplement community service work-study awards received under section 415C(b)(2) by eligible students who demonstrate financial need; or

“(B) provide community service work-study awards under section 415C(b)(2) to additional eligible students who demonstrate financial need.”.

(3) in section 415E, adding at the end the following new subsections:

“(f) SPECIAL RULE.—Notwithstanding subsection (d), for purposes of determining a State's share of the cost of the authorized activities described in subsection (c), the State shall consider only those expenditures from non-Federal sources that exceed its total expenditures for need-based grants, scholarships, and work-study assistance for fiscal year 1999 (including any such assistance provided under this subpart).

“(g) USE OF FUNDS FOR ADMINISTRATIVE COSTS PROHIBITED.—A State receiving a grant under this section shall not use any of the grant funds to pay administrative costs associated with any of the authorized activities described in subsection (c).”.]

[SEC. 317. (a) Section 402D of the Higher Education Act of 1965 (20 U.S.C. 1070a-14) is amended—

(1) by redesignating subsection (c) as subsection (d); and

(2) by inserting after subsection (b) the following new subsection:

“(c) SPECIAL RULE.—

“(1) USE FOR STUDENT AID.—A recipient of a grant that undertakes any of the permissible services identified in subsection (b) may, in addition, use such funds to provide grant aid to students. A grant provided under this paragraph shall not exceed the maximum appropriated Pell Grant or, be less than the minimum appropriated Pell Grant, for the current academic year. In making grants to students under this subsection, an institution shall ensure that adequate consultation takes place between the student support service program office and the institution's financial aid office.

“(2) ELIGIBLE STUDENTS.—For purposes of receiving grant aid under this subsection, eligible students shall be current participants in the student support services program offered by the institution and be—

“(A) students who are in their first 2 years of postsecondary education and who are receiving Federal Pell Grants under subpart 1; or

“(B) students who have completed their first 2 years of postsecondary education and who are receiving Federal Pell Grants under subpart 1 if the institution demonstrates to the satisfaction of the Secretary that—

“(i) these students are at high risk of dropping out; and

“(ii) it will first meet the needs of all its eligible first- and second-year students for services under this paragraph.

“(3) DETERMINATION OF NEED.—A grant provided to a student under paragraph (1) shall not be considered in determining that student's need for grant or work assistance under this title, except that in no case shall the total amount of student financial assistance awarded to a student under this title exceed that student's cost of attendance, as defined in section 472.

“(4) MATCHING REQUIRED.—A recipient of a grant who uses such funds for the purpose described in paragraph (1) shall match the funds used for such purpose, in cash, from non-Federal funds, in an amount that is not less than 33 percent of the total amount of funds used for that purpose. This paragraph shall not apply to any grant recipient that is an institution of higher education eligible to receive funds under part A or B of title III or title V.

“(5) RESERVATION.—In no event may a recipient use more than 20 percent of the funds received under this section for grant aid.

“(6) SUPPLEMENT, NOT SUPPLANT.—Funds received by a grant recipient that are used under this subsection shall be used to supplement, and not supplant, non-Federal funds expended for student support services programs.”.

(b) The amendments made by subsection (a) shall apply with respect to student support services grants awarded on or after the date of enactment of this Act.]

[SEC. 318. (a) Subparagraph (B) of section 427A(c)(4) of the Higher Education Act of 1965 (20 U.S.C. 1077a(c)(4)) is amended to read as follows:

“(B)(i) For any 12-month period beginning on July 1 and ending on or before June 30, 2001, the rate determined under this subparagraph is determined on the preceding June 1 and is equal to—

“(I) the bond equivalent rate of 52-week Treasury bills auctioned at the final auction held prior to such June 1; plus

“(II) 3.25 percent.

“(ii) For any 12-month period beginning on July 1 of 2001 or any succeeding year, the rate determined under this subparagraph is determined on the preceding June 26 and is equal to—

“(I) the weekly average 1-year constant maturity Treasury yield, as published by the Board of Governors of the Federal Reserve System, for the last calendar week ending on or before such June 26; plus

“(II) 3.25 percent.”

(b) Subparagraph (A) of section 455(b)(4) of such Act (20 U.S.C. 1087e(b)(4)) is amended to read as follows:

“(A)(i) For Federal Direct PLUS Loans for which the first disbursement is made on or after July 1, 1994, the applicable rate of interest shall, during any 12-month period beginning on July 1 and ending on or before June 30, 2001, be determined on the preceding June 1 and be equal to—

“(I) the bond equivalent rate of 52-week Treasury bills auctioned at final auction held prior to such June 1; plus

“(II) 3.1 percent,

except that such rate shall not exceed 9 percent.

“(ii) For any 12-month period beginning on July 1 of 2001 or any succeeding year, the applicable rate of interest determined under this subparagraph shall be determined on the preceding June 26 and be equal to—

“(I) the weekly average 1-year constant maturity Treasury yield, as published by the Board of Governors of the Federal Reserve System, for the last calendar week ending on or before such June 26; plus

“(II) 3.1 percent,

except that such rate shall not exceed 9 percent.”]

[SEC. 319. Section 1543 of the Higher Education Amendments of 1992 (20 U.S.C. 1070 note) is amended by adding at the end the following new subsection:

“(e) DESIGNATION.—Scholarships awarded under this section shall be known as ‘B. J. Stupak Olympic Scholarships.’”]

[SEC. 320. (a) Subject to subsection (c), the Secretary of Education shall release the reversionary interests that were retained by the United States, as part of the conveyance of certain real property situated in the County of Marin, State of California, in an April 3, 1978 Quitclaim Deed, which was filed for record on June 5, 1978, in Book 3384, at page 33, of the official Records of Marin County, California.

(b) The Secretary shall execute the release of the reversionary interests under subsection (a) without consideration.

(c) The Secretary shall execute and file in the appropriate office or offices a deed of release, amended deed, or other appropriate instruments effectuating the release of the reversionary interests under subsection (a). In all other respects the provisions of the April 3, 1978 Quitclaim Deed shall remain intact.]

[SEC. 321. (a) GRANTS TO NATIVE AMERICAN SCHOOLS AND STATE EDUCATIONAL AGENCIES.—

(1) ALLOCATION OF FUNDS.—Of the amount made available under the heading “School improvement programs” for grants made in accordance with this section for school repair and renovation, activities under part B of the Individuals with Disabilities Education Act (20 U.S.C. 1411 et seq.), and technology activities, the Secretary of Education shall allocate—

(A) \$75,000,000 for grants to impacted local educational agencies (as defined in paragraph (3)) for school repair, renovation, and construction;

(B) \$3,250,000 for grants to outlying areas for school repair and renovation in high-need schools and communities, allocated on such basis, and subject to such terms and conditions, as the Secretary determines appropriate;

(C) \$25,000,000 for grants to public entities, private nonprofit entities, and consortia of such entities, for use in accordance with subpart 2 of part C of title X of the Elementary and Secondary Education Act of 1965; and

(D) the remainder to State educational agencies in proportion to the amount each State received under part A of title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6311 et seq.) for fiscal year 2000, except that no State shall receive less than 0.5 percent of the amount allocated under this subparagraph.

(2) DETERMINATION OF GRANT AMOUNT.—

(A) DETERMINATION OF WEIGHTED STUDENT UNITS.—For purposes of computing the grant amounts under paragraph (1)(A) for fiscal year 2001, the Secretary shall determine the results

obtained by the computation made under section 8003 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7703) with respect to children described in subsection (a)(1)(C) of such section and computed under subsection (a)(2)(B) of such section for such year—

(i) for each impacted local educational agency that receives funds under this section; and

(ii) for all such agencies together.

(B) COMPUTATION OF PAYMENT.—For fiscal year 2001, the Secretary shall calculate the amount of a grant to an impacted local educational agency by—

(i) dividing the amount described in paragraph (1)(A) by the results of the computation described in subparagraph (A)(ii); and

(ii) multiplying the number derived under clause (i) by the results of the computation described in subparagraph (A)(i) for such agency.

(3) DEFINITION.—For purposes of this section, the term “impacted local educational agency” means, for fiscal year 2001—

(A) a local educational agency that receives a basic support payment under section 8003(b) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7703(b)) for such fiscal year; and

(B) with respect to which the number of children determined under section 8003(a)(1)(C) of such Act for the preceding school year constitutes at least 50 percent of the total student enrollment in the schools of the agency during such school year.

(b) WITHIN-STATE ALLOCATIONS.—

(1) ADMINISTRATIVE COSTS.—

(A) STATE EDUCATIONAL AGENCY ADMINISTRATION.—Except as provided in subparagraph (B), each State educational agency may reserve not more than 1 percent of its allocation under subsection (a)(1)(D) for the purpose of administering the distribution of grants under this subsection.

(B) STATE ENTITY ADMINISTRATION.—If the State educational agency transfers funds to a State entity described in paragraph (2)(A), the agency shall transfer to such entity 0.75 of the amount reserved under this paragraph for the purpose of administering the distribution of grants under this subsection.

(2) RESERVATION FOR COMPETITIVE SCHOOL REPAIR AND RENOVATION GRANTS TO LOCAL EDUCATIONAL AGENCIES.—

(A) IN GENERAL.—Subject to the reservation under paragraph (1), of the funds allocated to a State educational agency under subsection (a)(1)(D), the State educational agency shall distribute 75 percent of such funds to local educational agencies or, if such State educational agency is not responsible for the financing of education facilities, the agency shall transfer such funds to the State entity responsible for the financing of education facilities (referred to in this section as the “State entity”) for distribution by such entity to local educational agencies in accordance with this paragraph, to be used, consistent with subsection (c), for school repair and renovation.

(B) COMPETITIVE GRANTS TO LOCAL EDUCATIONAL AGENCIES.—

(i) IN GENERAL.—The State educational agency or State entity shall carry out a program of competitive grants to local educational agencies for the purpose described in subparagraph (A). Of the total amount available for distribution to such agencies under this paragraph, the State educational agency or State entity, shall, in carrying out the competition—

(I) award to high poverty local educational agencies described in clause (ii), in the aggregate, at least an amount which bears the same relationship to such total amount as the aggregate amount such local educational agencies received under part A of title I of the Elementary and Secondary Education Act of 1965 for fiscal year 2000 bears to the aggregate amount received for such fiscal year under such part by all local educational agencies in the State;

(II) award to rural local educational agencies in the State, in the aggregate, at least an amount which bears the same relationship to such total amount as the aggregate amount such rural local educational agencies received under part A of title I of the Elementary and Secondary Education Act of 1965 for fiscal year 2000 bears to the aggregate amount received for such fiscal year under such part by all local educational agencies in the State; and

(III) award the remaining funds to local educational agencies not receiving an award under subclause (I) or (II), in-

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cluding high poverty and rural local educational agencies that did not receive such an award.

(ii) **HIGH POVERTY LOCAL EDUCATIONAL AGENCIES.**—A local educational agency is described in this clause if—

(I) the percentage described in subparagraph (C)(i) with respect to the agency is 30 percent or greater; or

(II) the number of children described in such subparagraph with respect to the agency is at least 10,000.

(C) **CRITERIA FOR AWARDING GRANTS.**—In awarding competitive grants under this paragraph, a State educational agency or State entity shall take into account the following criteria:

(i) The percentage of poor children 5 to 17 years of age, inclusive, in a local educational agency.

(ii) The need of a local educational agency for school repair and renovation, as demonstrated by the condition of its public school facilities.

(iii) The fiscal capacity of a local educational agency to meet its needs for repair and renovation of public school facilities without assistance under this section, including its ability to raise funds through the use of local bonding capacity and otherwise.

(iv) In the case of a local educational agency that proposes to fund a repair or renovation project for a charter school or schools, the extent to which the school or schools have access to funding for the project through the financing methods available to other public schools or local educational agencies in the State.

(v) The likelihood that the local educational agency will maintain, in good condition, any facility whose repair or renovation is assisted under this section.

(D) **POSSIBLE MATCHING REQUIREMENT.**—

(i) **IN GENERAL.**—A State educational agency or State entity may require local educational agencies to match funds awarded under this subsection.

(ii) **MATCH AMOUNT.**—The amount of a match described in clause (i) may be established by using a sliding scale that takes into account the relative poverty of the population served by the local educational agency.

(3) **RESERVATION FOR COMPETITIVE IDEA OR TECHNOLOGY GRANTS TO LOCAL EDUCATIONAL AGENCIES.**—

(A) **IN GENERAL.**—Subject to the reservation under paragraph (1), of the funds allocated to a State educational agency under subsection (a)(1)(D), the State educational agency shall distribute 25 percent of such funds to local educational agencies through competitive grant processes, to be used for the following:

(i) To carry out activities under part B of the Individuals with Disabilities Education Act (20 U.S.C. 1411 et seq.).

(ii) For technology activities that are carried out in connection with school repair and renovation, including—

(I) wiring;

(II) acquiring hardware and software;

(III) acquiring connectivity linkages and resources; and

(IV) acquiring microwave, fiber optics, cable, and satellite transmission equipment.

(B) **CRITERIA FOR AWARDING IDEA GRANTS.**—In awarding competitive grants under subparagraph (A) to be used to carry out activities under part B of the Individuals with Disabilities Education Act (20 U.S.C. 1411 et seq.), a State educational agency shall take into account the following criteria:

(i) The need of a local educational agency for additional funds for a student whose individually allocable cost for expenses related to the Individuals with Disabilities Education Act substantially exceeds the State's average per-pupil expenditure (as defined in section 14101(2) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801(2))).

(ii) The need of a local educational agency for additional funds for special education and related services under part B of the Individuals with Disabilities Education Act (20 U.S.C. 1411 et seq.).

(iii) The need of a local educational agency for additional funds for assistive technology devices (as defined in section 602 of the Individuals with Disabilities Education Act (20 U.S.C. 1401)) or assistive technology services (as so defined) for children being served under part B of the Individuals with Disabilities Education Act (20 U.S.C. 1411 et seq.).

(iv) The need of a local educational agency for additional funds for activities under part B of the Individuals with Dis-

abilities Education Act (20 U.S.C. 1411 et seq.) in order for children with disabilities to make progress toward meeting the performance goals and indicators established by the State under section 612(a)(16) of such Act (20 U.S.C. 1412).

(C) **CRITERIA FOR AWARDING TECHNOLOGY GRANTS.**—In awarding competitive grants under subparagraph (A) to be used for technology activities that are carried out in connection with school repair and renovation, a State educational agency shall take into account the need of a local educational agency for additional funds for such activities, including the need for the activities described in subclauses (I) through (IV) of subparagraph (A)(ii).

(c) **RULES APPLICABLE TO SCHOOL REPAIR AND RENOVATION.**—With respect to funds made available under this section that are used for school repair and renovation, the following rules shall apply:

(1) **PERMISSIBLE USES OF FUNDS.**—School repair and renovation shall be limited to one or more of the following:

(A) Emergency repairs or renovations to public school facilities only to ensure the health and safety of students and staff, including—

(i) repairing, replacing, or installing roofs, electrical wiring, plumbing systems, or sewage systems;

(ii) repairing, replacing, or installing heating, ventilation, or air conditioning systems (including insulation); and

(iii) bringing public schools into compliance with fire and safety codes.

(B) School facilities modifications necessary to render public school facilities accessible in order to comply with the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.).

(C) School facilities modifications necessary to render public school facilities accessible in order to comply with section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794).

(D) Asbestos abatement or removal from public school facilities.

(E) Renovation, repair, and acquisition needs related to the building infrastructure of a charter school.

(2) **IMPERMISSIBLE USES OF FUNDS.**—No funds received under this section may be used for—

(A) payment of maintenance costs in connection with any projects constructed in whole or part with Federal funds provided under this section;

(B) the construction of new facilities, except for facilities for an impacted local educational agency (as defined in subsection (a)(3)); or

(C) stadiums or other facilities primarily used for athletic contests or exhibitions or other events for which admission is charged to the general public.

(3) **CHARTER SCHOOLS.**—A public charter school that constitutes a local educational agency under State law shall be eligible for assistance under the same terms and conditions as any other local educational agency (as defined in section 14101(18) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801(18))).

(4) **SUPPLEMENT, NOT SUPPLANT.**—Excluding the uses described in subparagraphs (B) and (C) of paragraph (1), a local educational agency shall use Federal funds subject to this subsection only to supplement the amount of funds that would, in the absence of such Federal funds, be made available from non-Federal sources for school repair and renovation.

(d) **SPECIAL RULE.**—Each local educational agency that receives funds under this section shall ensure that, if it carries out repair or renovation through a contract, any such contract process ensures the maximum number of qualified bidders, including small, minority, and women-owned businesses, through full and open competition.

(e) **PUBLIC COMMENT.**—Each local educational agency receiving funds under paragraph (2) or (3) of subsection (b)—

(1) shall provide parents, educators, and all other interested members of the community the opportunity to consult on the use of funds received under such paragraph;

(2) shall provide the public with adequate and efficient notice of the opportunity described in paragraph (1) in a widely read and distributed medium; and

(3) shall provide the opportunity described in paragraph (1) in accordance with any applicable State and local law specifying how the comments may be received and how the comments may be reviewed by any member of the public.

(f) **REPORTING.**—

(1) **LOCAL REPORTING.**—Each local educational agency receiving funds under subsection (a)(1)(D) shall submit a report to the State

educational agency, at such time as the State educational agency may require, describing the use of such funds for—

(A) school repair and renovation (and construction, in the case of an impacted local educational agency (as defined in subsection (a)(3)));

(B) activities under part B of the Individuals with Disabilities Education Act (20 U.S.C. 1411 et seq.); and

(C) technology activities that are carried out in connection with school repair and renovation, including the activities described in subclauses (I) through (IV) of subsection (b)(3)(A)(ii).

(2) STATE REPORTING.—Each State educational agency shall submit to the Secretary of Education, not later than December 31, 2002, a report on the use of funds received under subsection (a)(1)(D) by local educational agencies for—

(A) school repair and renovation (and construction, in the case of an impacted local educational agency (as defined in subsection (a)(3)));

(B) activities under part B of the Individuals with Disabilities Education Act (20 U.S.C. 1411 et seq.); and

(C) technology activities that are carried out in connection with school repair and renovation, including the activities described in subclauses (I) through (IV) of subsection (b)(3)(A)(ii).

(3) ADDITIONAL REPORTS.—Each entity receiving funds allocated under subsection (a)(1)(A) or (B) shall submit to the Secretary, not later than December 31, 2002, a report on its uses of funds under this section, in such form and containing such information as the Secretary may require.

(g) APPLICABILITY OF PART B OF IDEA.—If a local educational agency uses funds received under this section to carry out activities under part B of the Individuals with Disabilities Education Act (20 U.S.C. 1411 et seq.), such part (including provisions respecting the participation of private school children), and any other provision of law that applies to such part, shall apply to such use.

(h) REALLOCATION.—If a State educational agency does not apply for an allocation of funds under subsection (a)(1)(D) for fiscal year 2001, or does not use its entire allocation for such fiscal year, the Secretary may reallocate the amount of the State educational agency's allocation (or the remainder thereof, as the case may be) to the remaining State educational agencies in accordance with subsection (a)(1)(D).

(i) PARTICIPATION OF PRIVATE SCHOOLS.—

(1) IN GENERAL.—Section 6402 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7372) shall apply to subsection (b)(2) in the same manner as it applies to activities under title VI of such Act, except that—

(A) such section shall not apply with respect to the title to any real property renovated or repaired with assistance provided under this section;

(B) the term “services” as used in section 6402 of such Act with respect to funds under this section shall be provided only to private, nonprofit elementary or secondary schools with a rate of child poverty of at least 40 percent and may include for purposes of subsection (b)(2) only—

(i) modifications of school facilities necessary to meet the standards applicable to public schools under the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.);

(ii) modifications of school facilities necessary to meet the standards applicable to public schools under section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794); and

(iii) asbestos abatement or removal from school facilities; and

(C) notwithstanding the requirements of section 6402(b) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7372(b)), expenditures for services provided using funds made available under subsection (b)(2) shall be considered equal for purposes of such section if the per-pupil expenditures for services described in subparagraph (B) for students enrolled in private nonprofit elementary and secondary schools that have child poverty rates of at least 40 percent are consistent with the per-pupil expenditures under this section for children enrolled in the public schools in the school district of the local educational agency receiving funds under this section.

(2) REMAINING FUNDS.—If the expenditure for services described in paragraph (1)(B) is less than the amount calculated under paragraph (1)(C) because of insufficient need for such services, the remainder shall be available to the local educational agency for renovation and repair of public school facilities.

(3) APPLICATION.—If any provision of this section, or the application thereof, to any person or circumstances is judicially determined to be invalid, the provisions of the remainder of the section and the application to other persons or circumstances shall not be affected thereby.

(j) DEFINITIONS.—For purposes of this section:

(1) CHARTER SCHOOL.—The term “charter school” has the meaning given such term in section 10310(1) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8066(1)).

(2) ELEMENTARY SCHOOL.—The term “elementary school” has the meaning given such term in section 14101(14) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801(14)).

(3) LOCAL EDUCATIONAL AGENCY.—The term “local educational agency” has the meaning given such term in subparagraphs (A) and (B) of section 14101(18) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801(18)).

(4) OUTLYING AREA.—The term “outlying area” has the meaning given such term in section 14101(21) of the Elementary and Secondary Act of 1965 (20 U.S.C. 8801(21)).

(5) POOR CHILDREN AND CHILD POVERTY.—The terms “poor children” and “child poverty” refer to children 5 to 17 years of age, inclusive, who are 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 (42 U.S.C. 9902(2)) applicable to a family of the size involved for the most recent fiscal year for which data satisfactory to the Secretary are available.

(6) RURAL LOCAL EDUCATIONAL AGENCY.—The term “rural local educational agency” means a local educational agency that the State determines is located in a rural area using objective data and a commonly employed definition of the term “rural”.

(7) SECONDARY SCHOOL.—The term “secondary school” has the meaning given such term in section 14101(25) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801(25)).

(8) STATE.—The term “State” means each of the 50 states, the District of Columbia, and the Commonwealth of Puerto Rico.]

[SEC. 322. (a) Part C of title X of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8061 et seq.) is amended—

(1) by inserting after the part heading the following:

“Subpart 1—Basic Charter School Grant Program”;

and

(2) by adding at the end the following:

“Subpart 2—Credit Enhancement Initiatives To Assist Charter School Facility Acquisition, Construction, and Renovation

“SEC. 10321. PURPOSE.

“The purpose of this subpart is to provide one-time grants to eligible entities to permit them to demonstrate innovative credit enhancement initiatives that assist charter schools to address the cost of acquiring, constructing, and renovating facilities.

“SEC. 10322. GRANTS TO ELIGIBLE ENTITIES.

“(a) IN GENERAL.—The Secretary shall use 100 percent of the amount available to carry out this subpart to award not less than 3 grants to eligible entities having applications approved under this subpart to demonstrate innovative methods of assisting charter schools to address the cost of acquiring, constructing, and renovating facilities by enhancing the availability of loans or bond financing.

“(b) GRANTEE SELECTION.—The Secretary shall evaluate each application submitted, and shall make a determination of which are sufficient to merit approval and which are not. The Secretary shall award at least one grant to an eligible entity described in section 10330(2)(A), at least one grant to an eligible entity described in section 10330(2)(B), and at least one grant to an eligible entity described in section 10330(2)(C), if applications are submitted that permit the Secretary to do so without approving an application that is not of sufficient quality to merit approval.

“(c) GRANT CHARACTERISTICS.—Grants under this subpart shall be of a sufficient size, scope, and quality so as to ensure an effective demonstration of an innovative means of enhancing credit for the financing of charter school acquisition, construction, or renovation.

“(d) SPECIAL RULE.—In the event the Secretary determines that the funds available are insufficient to permit the Secretary to award not less than 3 grants in accordance with subsections (a) through (c), such 3-grant minimum and the second sentence of subsection (b) shall not apply, and the Secretary may determine the appropriate number of grants to be awarded in accordance with subsection (c).

“SEC. 10323. APPLICATIONS.

“(a) IN GENERAL.—To receive a grant under this subpart, an eligible entity shall submit to the Secretary an application in such form as the Secretary may reasonably require.

“(b) CONTENTS.—An application under subsection (a) shall contain—

“(1) a statement identifying the activities proposed to be undertaken with funds received under this subpart, including how the applicant will determine which charter schools will receive assistance, and how much and what types of assistance charter schools will receive;

“(2) a description of the involvement of charter schools in the application’s development and the design of the proposed activities;

“(3) a description of the applicant’s expertise in capital market financing;

“(4) a description of how the proposed activities will leverage the maximum amount of private-sector financing capital relative to the amount of government funding used and otherwise enhance credit available to charter schools;

“(5) a description of how the applicant possesses sufficient expertise in education to evaluate the likelihood of success of a charter school program for which facilities financing is sought;

“(6) in the case of an application submitted by a State governmental entity, a description of the actions that the entity has taken, or will take, to ensure that charter schools within the State receive the funding they need to have adequate facilities; and

“(7) such other information as the Secretary may reasonably require.

“SEC. 10324. CHARTER SCHOOL OBJECTIVES.

“An eligible entity receiving a grant under this subpart shall use the funds deposited in the reserve account established under section 10325(a) to assist one or more charter schools to access private sector capital to accomplish one or both of the following objectives:

“(1) The acquisition (by purchase, lease, donation, or otherwise) of an interest (including an interest held by a third party for the benefit of a charter school) in improved or unimproved real property that is necessary to commence or continue the operation of a charter school.

“(2) The construction of new facilities, or the renovation, repair, or alteration of existing facilities, necessary to commence or continue the operation of a charter school.

“SEC. 10325. RESERVE ACCOUNT.

“(a) USE OF FUNDS.—To assist charter schools to accomplish the objectives described in section 10324, an eligible entity receiving a grant under this subpart shall, in accordance with State and local law, directly or indirectly, alone or in collaboration with others, deposit the funds received under this subpart (other than funds used for administrative costs in accordance with section 10326) in a reserve account established and maintained by the entity for this purpose. Amounts deposited in such account shall be used by the entity for one or more of the following purposes:

“(1) Guaranteeing, insuring, and reinsuring bonds, notes, evidences of debt, loans, and interests therein, the proceeds of which are used for an objective described in section 10324.

“(2) Guaranteeing and insuring leases of personal and real property for an objective described in section 10324.

“(3) Facilitating financing by identifying potential lending sources, encouraging private lending, and other similar activities that directly promote lending to, or for the benefit of, charter schools.

“(4) Facilitating the issuance of bonds by charter schools, or by other public entities for the benefit of charter schools, by providing technical, administrative, and other appropriate assistance (including the recruitment of bond counsel, underwriters, and potential investors and the consolidation of multiple charter school projects within a single bond issue).

“(b) INVESTMENT.—Funds received under this subpart and deposited in the reserve account shall be invested in obligations issued or guaranteed by the United States or a State, or in other similarly low-risk securities.

“(c) REINVESTMENT OF EARNINGS.—Any earnings on funds received under this subpart shall be deposited in the reserve account established under subsection (a) and used in accordance with such subsection.

“SEC. 10326. LIMITATION ON ADMINISTRATIVE COSTS.

“An eligible entity may use not more than 0.25 percent of the funds received under this subpart for the administrative costs of carrying out its responsibilities under this subpart.

“SEC. 10327. AUDITS AND REPORTS.

“(a) FINANCIAL RECORD MAINTENANCE AND AUDIT.—The financial records of each eligible entity receiving a grant under this subpart shall be maintained in accordance with generally accepted accounting principles and shall be subject to an annual audit by an independent public accountant.

“(b) REPORTS.—

“(1) GRANTEE ANNUAL REPORTS.—Each eligible entity receiving a grant under this subpart annually shall submit to the Secretary a report of its operations and activities under this subpart.

“(2) CONTENTS.—Each such annual report shall include—

“(A) a copy of the most recent financial statements, and any accompanying opinion on such statements, prepared by the independent public accountant reviewing the financial records of the eligible entity;

“(B) a copy of any report made on an audit of the financial records of the eligible entity that was conducted under subsection (a) during the reporting period;

“(C) an evaluation by the eligible entity of the effectiveness of its use of the Federal funds provided under this subpart in leveraging private funds;

“(D) a listing and description of the charter schools served during the reporting period;

“(E) a description of the activities carried out by the eligible entity to assist charter schools in meeting the objectives set forth in section 10324; and

“(F) a description of the characteristics of lenders and other financial institutions participating in the activities undertaken by the eligible entity under this subpart during the reporting period.

“(3) SECRETARIAL REPORT.—The Secretary shall review the reports submitted under paragraph (1) and shall provide a comprehensive annual report to the Congress on the activities conducted under this subpart.

“SEC. 10328. NO FULL FAITH AND CREDIT FOR GRANTEE OBLIGATIONS.

“No financial obligation of an eligible entity entered into pursuant to this subpart (such as an obligation under a guarantee, bond, note, evidence of debt, or loan) shall be an obligation of, or guaranteed in any respect by, the United States. The full faith and credit of the United States is not pledged to the payment of funds which may be required to be paid under any obligation made by an eligible entity pursuant to any provision of this subpart.

“SEC. 10329. RECOVERY OF FUNDS.

“(a) IN GENERAL.—The Secretary, in accordance with chapter 37 of title 31, United States Code, shall collect—

“(1) all of the funds in a reserve account established by an eligible entity under section 10325(a) if the Secretary determines, not earlier than 2 years after the date on which the entity first received funds under this subpart, that the entity has failed to make substantial progress in carrying out the purposes described in section 10325(a); or

“(2) all or a portion of the funds in a reserve account established by an eligible entity under section 10325(a) if the Secretary determines that the eligible entity has permanently ceased to use all or a portion of the funds in such account to accomplish any purpose described in section 10325(a).

“(b) EXERCISE OF AUTHORITY.—The Secretary shall not exercise the authority provided in subsection (a) to collect from any eligible entity any funds that are being properly used to achieve one or more of the purposes described in section 10325(a).

“(c) PROCEDURES.—The provisions of sections 451, 452, and 458 of the General Education Provisions Act (20 U.S.C. 1234 et seq.) shall apply to the recovery of funds under subsection (a).

“(d) CONSTRUCTION.—This section shall not be construed to impair or affect the authority of the Secretary to recover funds under part D of the General Education Provisions Act (20 U.S.C. 1234 et seq.).

“SEC. 10330. DEFINITIONS.

“In this subpart:

“(1) The term ‘charter school’ has the meaning given such term in section 10310.

“(2) The term ‘eligible entity’ means—

- “(A) a public entity, such as a State or local governmental entity;
- “(B) a private nonprofit entity; or
- “(C) a consortium of entities described in subparagraphs (A) and (B).

“SEC. 10331. AUTHORIZATION OF APPROPRIATIONS.

“For the purpose of carrying out this subpart, there are authorized to be appropriated \$100,000,000 for fiscal year 2001.”.

(b) Part C of title X of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8061 et seq.) is amended in each of the following provisions by striking “part” each place such term appears and inserting “subpart”:

- (1) Sections 10301 through 10305.
- (2) Section 10307.
- (3) Sections 10309 through 10311.

SEC. 323. (a) Section 8003(b)(2)(F) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7703(b)(2)(F)) is amended—

(1) by striking “the Secretary shall use” and inserting “the Secretary—

- “(i) shall use”;
- (2) by striking the period at the end and inserting “; and”; and
- (3) by adding at the end the following:

“(ii) except as provided in subparagraph (C)(i)(I), shall include all of the children described in subparagraphs (F) and (G) of subsection (a)(1) enrolled in schools of the local educational agency in determining (I) the eligibility of the agency for assistance under this paragraph, and (II) the amount of such assistance if the number of such children meet the requirements of subsection (a)(3).”.

(b) Section 8003(b)(2) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7703(b)(2)) is amended by adding at the end the following:

“(G) DETERMINATION OF AVERAGE TAX RATES FOR GENERAL FUND PURPOSES.—For the purpose of determining average tax rates for general fund purposes for local educational agencies in a State under this paragraph (except under subparagraph (C)(i)(II)(bb)), the Secretary shall use either—

“(i) the average tax rate for general fund purposes for comparable local educational agencies, as determined by the Secretary in regulations; or

“(ii) the average tax rate of all the local educational agencies in the State.”].

SEC. 305. (a) *Notwithstanding section 321(b)(2)(A) and (3)(A) of the Department of Education Appropriations Act, 2001, a State educational agency may determine the percentage of the funds allocated to the agency under section 321(a)(1)(D) of that Act that the agency shall distribute in accordance with section 321(b)(2)(A) and (3) of that Act.*

(b) *Notwithstanding section 321(b)(1)(B) of that Act, if a State educational agency transfers funds received under section 321(a)(1)(D) of that Act to the State entity responsible for the financing of education facilities, the State educational agency shall transfer to the State entity that share of the administrative funds reserved by the agency under section 321(b)(1)(A) of that Act that is in proportion to the percentage of funds that the agency determines under subsection (a) that it will distribute in accordance with section 321(b)(2) of that Act. (Department of Education Appropriations Act, 2001, as enacted by section 1(a)(1) of P.L. 106-554.)*