

DEPARTMENT OF EDUCATION

OFFICE OF ELEMENTARY AND SECONDARY EDUCATION

Federal Funds

General and special funds:

EDUCATION FOR THE DISADVANTAGED

For carrying out title I and part D of title V of the Elementary and Secondary Education Act of 1965 ("ESEA") [and section 418A of the Higher Education Act of 1965, \$14,963,683,000], \$16,397,204,000, of which [\$7,382,995,000] \$8,677,136,000 shall become available on July 1, [2005] 2006, and shall remain available through September 30, [2006] 2007, and of which \$7,383,301,000 shall become available on October 1, [2005] 2006, and shall remain available through September 30, [2006] 2007 for academic year [2005–2006, and of which \$25,000,000 shall become available on October 1, 2004 and shall remain available until September 30, 2006] 2006–2007: *Provided*, That [\$7,037,592,000] \$6,934,854,000 shall be [available] for basic grants under section 1124: *Provided further*, That up to \$3,500,000 of these funds shall be available to the Secretary of Education on October 1, [2004] 2005, to obtain annually updated educational-agency-level census poverty data from the Bureau of the Census: *Provided further*, That \$1,365,031,000 shall be [available] for concentration grants under section 1124A: *Provided further*, That [\$2,219,843,000] \$2,822,581,000 shall be [available] for targeted grants under section 1125: *Provided further*, That \$2,219,843,000 shall be [available] for education finance incentive grants under section 1125A: *Provided further*, That each State, as a condition of receiving funds under part A of title I of the ESEA for fiscal year 2006 or any fiscal year thereafter shall participate in biennial State academic assessments of 12th grade reading and mathematics under the National Assessment of Educational Progress carried out under section 303(b) of the National Assessment of Educational Progress Authorization Act, if the Secretary pays the costs of administering those assessments: *Provided further*, That [\$25,000,000, available until September 30, 2006, shall be for a striving readers initiative authorized under section 1502 of the ESEA: *Provided further*, That \$9,500,000] \$9,424,000 shall be [available] to carry out part E of title I: *Provided further*, That from the funds available to carry out part E of title I, up to \$1,000,000 shall be available to the Secretary of Education to provide technical assistance to State and local educational agencies concerning part A of title I: *Provided further*, That [\$207,000,000 shall be available for comprehensive school reform grants under part F of the ESEA] \$1,240,000 shall be available under part D of title V, first for continuation awards for grants made under title IV, part A, subpart 2, chapter 2 and sections 402B and 402C of the Higher Education Act of 1965, and the remainder for formula grants to States to support competitive awards to local educational agencies to enable them to implement targeted interventions in high-need secondary schools: *Provided further*, That the Secretary may reserve a portion of such funds for research, evaluation, and technical assistance (Department of Education Appropriations Act, 2005.)

Program and Financing (in millions of dollars)

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

Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	2,376	115	
22.00 New budget authority (gross)	13,846	14,844	16,397
22.10 Resources available from recoveries of prior year obligations	1		
23.90 Total budgetary resources available for obligation	16,223	14,959	16,397
23.95 Total new obligations	–16,108	–14,959	–16,397
24.40 Unobligated balance carried forward, end of year	115		
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	7,145	7,581	9,014
40.35 Appropriation permanently reduced	–82	–120	
43.00 Appropriation (total discretionary)	7,063	7,461	9,014
55.00 Advance appropriation	9,027	7,383	7,383
55.35 Advance appropriation permanently reduced	–2,244		
55.90 Advance appropriation (total discretionary)	6,783	7,383	7,383
70.00 Total new budget authority (gross)	13,846	14,844	16,397
Change in obligated balances:			
72.40 Obligated balance, start of year	7,289	10,896	11,218
73.10 Total new obligations	16,108	14,959	16,397
73.20 Total outlays (gross)	–12,486	–14,637	–14,822
73.40 Adjustments in expired accounts (net)	–14		
73.45 Recoveries of prior year obligations	–1		
74.40 Obligated balance, end of year	10,896	11,218	12,793
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	4,607	6,648	6,726
86.93 Outlays from discretionary balances	7,879	7,989	8,096
87.00 Total outlays (gross)	12,486	14,637	14,822
Net budget authority and outlays:			
89.00 Budget authority	13,846	14,844	16,397
90.00 Outlays	12,486	14,637	14,822

Summary of Budget Authority and Outlays

(in millions of dollars)

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

SUMMARY OF PROGRAM LEVEL

(in millions of dollars)

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

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

General and special funds—Continued

EDUCATION FOR THE DISADVANTAGED—Continued

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

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

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

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

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

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

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

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

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

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

EDUCATION FOR THE DISADVANTAGED			
(Legislative proposal, not subject to PAYGO)			
Program and Financing (in millions of dollars)			
Identification code 91-0900-2-1-501	2004 actual	2005 est.	2006 est.
Obligations by program activity:			
00.11 Migrant education projects	34
10.00 Total new obligations (object class 41.0)	34
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	34
23.95 Total new obligations	—34
New budget authority (gross), detail:			
40.00 Appropriation	34
Change in obligated balances:			
72.40 Obligated balance, start of year
73.10 Total new obligations	34
73.20 Total outlays (gross)	—2
74.40 Obligated balance, end of year	32
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	2
Net budget authority and outlays:			
89.00 Budget authority	34
90.00 Outlays	2

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

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

IMPACT AID

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

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

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

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

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

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

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

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

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

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

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

SCHOOL IMPROVEMENT PROGRAMS

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

General and special funds—Continued

SCHOOL IMPROVEMENT PROGRAMS—Continued

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

Program and Financing (in millions of dollars)

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

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

SUMMARY OF PROGRAM LEVEL

(in millions of dollars)

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

Improving teacher quality.—

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

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

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

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

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

implement innovative strategies for improving student achievement.

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

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

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

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

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

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

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

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

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

Object Classification (in millions of dollars)

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

READING EXCELLENCE

Program and Financing (in millions of dollars)

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

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

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

EDUCATION REFORM

Program and Financing (in millions of dollars)

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

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

CHICAGO LITIGATION SETTLEMENT

Program and Financing (in millions of dollars)

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

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

OFFICE OF INDIAN EDUCATION

Federal Funds

General and special funds:

INDIAN EDUCATION

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

Program and Financing (in millions of dollars)

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

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

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

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

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

Object Classification (in millions of dollars)

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

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

OFFICE OF INNOVATION AND IMPROVEMENT

Federal Funds

General and special funds:

INNOVATION AND IMPROVEMENT

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

Program and Financing (in millions of dollars)

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

Budgetary resources available for obligation:

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

Recruiting and training high quality teachers and principals.—

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

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

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

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

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

School choice and flexibility.—

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

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

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

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

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

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

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

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

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

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

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

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

Object Classification (in millions of dollars)

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

OFFICE OF SAFE AND DRUG-FREE SCHOOLS

Federal Funds

General and special funds:

SAFE SCHOOLS AND CITIZENSHIP EDUCATION

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

General and special funds—Continued

SAFE SCHOOLS AND CITIZENSHIP EDUCATION—Continued

of 1998, and Public Law 102-73, \$867,713,000, of which \$467,908,000, shall become available on July 1, 2005 and remain available through September 30, 2006: *Provided*, That of the amount available for subpart 2 of part A of title IV of the ESEA, \$850,000 shall be used to continue the National Recognition Awards program under the same guidelines outlined by section 120(f) of Public Law 105-244] \$396,767,000: *Provided* [further], That [[\$440,908,000 shall be available for subpart 1 of part A of title IV and \$236,472,000] \$317,274,000 shall be available for subpart 2 of part A of title IV, of which \$5,000,000, to remain available until expended, shall be for the Project School Emergency Response to Violence program to provide education-related services to local educational agencies in which the learning environment has been disrupted due to a violent or traumatic crisis: *Provided further*, That [[\$133,691,000] \$79,493,000 shall be available to carry out part D of title V of the ESEA]: *Provided further*, That of the funds available to carry out subpart 3 of part C of title II, up to \$12,292,000 may be used to carry out section 2345 and \$3,050,000 shall be used by the Center for Civic Education to implement a comprehensive program to improve public knowledge, understanding, and support of the Congress and the State legislatures: *Provided further*, That \$27,000,000 shall be for Youth Offender Grants, of which \$5,000,000 shall be used in accordance with section 601 of Public Law 102-73 as that section was in effect prior to enactment of Public Law 105-220: *Provided further*, That of the funds available to carry out subpart 10 of part D of title V, up to \$2,000,000 may be used to support the Special Olympics National Summer Games]. (Department of Education Appropriations Act, 2005.)

Program and Financing (in millions of dollars)

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

73.10 Total new obligations	916	869	397
73.20 Total outlays (gross)	-21	-552	-784
74.00 Change in uncollected customer payments from Federal sources (unexpired)	-68	68	.....
74.40 Obligated balance, end of year	827	1,212	825

Outlays (gross), detail:

86.90 Outlays from new discretionary authority	21	17	8
86.93 Outlays from discretionary balances	535	776

87.00 Total outlays (gross)	21	552	784
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Offsets:

Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	-68
Against gross budget authority only:			
88.95 Change in uncollected customer payments from Federal sources (unexpired)	-68	68	.....

Net budget authority and outlays:

89.00 Budget authority	856	861	397
90.00 Outlays	21	484	784

Safe and drug-free schools and communities.—

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

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

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

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

Object Classification (in millions of dollars)

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

OFFICE OF ENGLISH LANGUAGE ACQUISITION**Federal Funds****General and special funds:****ENGLISH LANGUAGE ACQUISITION**

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

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

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

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

OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES

Federal Funds

General and special funds:

SPECIAL EDUCATION

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

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

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

General and special funds—Continued

SPECIAL EDUCATION—Continued

Program and Financing (in millions of dollars)—Continued

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

SUMMARY OF GRANTS TO STATES PROGRAM LEVEL

[In millions of dollars]

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

State Grants:

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

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

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

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

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

National activities:

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

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

Performance data related to program goals include:

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

Object Classification (in millions of dollars)

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

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

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

Program and Financing (in millions of dollars)

Identification code 91-0301-0-1-506	2004 actual	2005 est.	2006 est.
Obligations by program activity:			
Direct program:			
00.01 Vocational rehabilitation State grants	2,584	2,636	2,720
00.02 Client assistance State grants	12	12	12
00.03 Training	39	39	39
00.04 Demonstration and training programs	24	26	6
00.05 Migrant and seasonal farmworkers	2	2	.....
00.06 Recreational programs	2	2	.....
00.07 Protection and advocacy of individual rights	17	17	17
00.08 Projects with industry	22	22	.....
00.09 Supported employment State grants	38	37	.....
00.10 Independent living	127	131	131
00.11 Program improvement	1	1	1
00.12 Evaluation	1	1	1
00.13 Helen Keller National Center	9	10	9
00.14 National Institute on Disability and Rehabilitation Research	107	108	108
00.15 Assistive technology	26	30	15
01.00 Total direct program	3,011	3,074	3,059
09.01 Reimbursable program	2	2	2
10.00 Total new obligations	3,013	3,076	3,061
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	3,013	3,076	3,061
23.95 Total new obligations	-3,013	-3,076	-3,061
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	430	442	339
40.35 Appropriation permanently reduced	-3	-4	.....
43.00 Appropriation (total discretionary)	427	438	339
Mandatory:			
60.00 Appropriation	2,584	2,636	2,720
Discretionary:			
68.00 Spending authority from offsetting collections: Offsetting collections (cash)	2	2	2
70.00 Total new budget authority (gross)	3,013	3,076	3,061
Change in obligated balances:			
72.40 Obligated balance, start of year	1,193	1,302	1,027
73.10 Total new obligations	3,013	3,076	3,061
73.20 Total outlays (gross)	-2,899	-3,351	-3,076
73.40 Adjustments in expired accounts (net)	-7	.....	.....
74.10 Change in uncollected customer payments from Federal sources (expired)	2	.....	.....

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Assistive technology.—Grants are made to States to establish or expand alternative financing programs to increase access to assistive technology for individuals with disabilities.

Object Classification (in millions of dollars)

Identification code 91-0301-0-1-506	2004 actual	2005 est.	2006 est.
Direct obligations:			
25.1 Advisory and assistance services	9	11	9
25.2 Other services	2	2	1
41.0 Grants, subsidies, and contributions	3,000	3,061	3,049
99.0 Direct obligations	3,011	3,074	3,059
99.0 Reimbursable obligations	2	2	2
99.9 Total new obligations	3,013	3,076	3,061

SPECIAL INSTITUTIONS FOR PERSONS WITH DISABILITIES

AMERICAN PRINTING HOUSE FOR THE BLIND

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

Program and Financing (in millions of dollars)

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

General and special funds—Continued

SPECIAL INSTITUTIONS FOR PERSONS WITH DISABILITIES—Continued

AMERICAN PRINTING HOUSE FOR THE BLIND—Continued

Program and Financing (in millions of dollars)—Continued

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

The Federal appropriation supports the production of free educational materials for students below the college level who are blind, research related to developing and improving products, and advisory services to consumer organizations on the availability and use of materials. In 2004, the portion of the Federal appropriation allocated to educational materials represented approximately 58.5 percent of the Printing House's total sales. The full appropriation represented approximately 63.5 percent of the Printing House's total budget.

NATIONAL TECHNICAL INSTITUTE FOR THE DEAF

For the National Technical Institute for the Deaf under titles I and II of the Education of the Deaf Act of 1986 (20 U.S.C. 4301 et seq.), **[\$55,790,000]** **\$54,472,000**, of which **[\$1,685,000]** **\$800,000** shall be for construction and shall remain available until expended: *Provided*, That from the total amount available, the Institute may at its discretion use funds for the endowment program as authorized under section 207. (Department of Education Appropriations Act, 2005.)

Program and Financing (in millions of dollars)

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

Net budget authority and outlays:			
89.00 Budget authority	53	55	55
90.00 Outlays	54	52	54

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

GALLAUDET UNIVERSITY

For the Kendall Demonstration Elementary School, the Model Secondary School for the Deaf, and the partial support of Gallaudet University under titles I and II of the Education of the Deaf Act of 1986 (20 U.S.C. 4301 et seq.), **[\$105,400,000]** **\$104,557,000**: *Provided*, That from the total amount available, the University may at its discretion use funds for the endowment program as authorized under section 207. (Department of Education Appropriations Act, 2005.)

Program and Financing (in millions of dollars)

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

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

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

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

OFFICE OF VOCATIONAL AND ADULT EDUCATION

Federal Funds

General and special funds:

VOCATIONAL AND ADULT EDUCATION

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

Program and Financing (in millions of dollars)

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

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

Vocational education.—

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

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

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

Adult education—

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

General and special funds—Continued

VOCATIONAL AND ADULT EDUCATION—Continued

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

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

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

Object Classification (in millions of dollars)

Identification code 91-0400-0-1-501	2004 actual	2005 est.	2006 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent	1	1	.....
11.3 Other than full-time permanent	1	1	1
11.9 Total personnel compensation	2	2	1
24.0 Printing and reproduction .....	.....	.....	1
25.1 Advisory and assistance services	6	.....	.....
25.2 Other services	3	3	2
25.3 Other purchases of goods and services from Government accounts	3	1	1
25.5 Research and development contracts	9	9	5
41.0 Grants, subsidies, and contributions	1,955	2,077	1,113
99.0 Direct obligations	1,978	2,092	1,123
99.0 Reimbursable obligations	2	.....	.....
99.5 Below reporting threshold .....	.....	1	1
99.9 Total new obligations	1,980	2,093	1,124
Personnel Summary			
Identification code 91-0400-0-1-501	2004 actual	2005 est.	2006 est.
1001 Total compensable workyears: Civilian full-time equivalent employment	16	20	20

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

HIGHER EDUCATION

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

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

Program and Financing (in millions of dollars)

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

73.10	Total new obligations	2,084	2,117	24
73.20	Total outlays (gross)	—2,041	—2,205	—2,034
73.40	Adjustments in expired accounts (net)	—13	.....	.....
74.40	Obligated balance, end of year	2,864	2,776	766

Outlays (gross), detail:

86.90	Outlays from new discretionary authority	73	107	1
86.93	Outlays from discretionary balances	1,968	2,098	2,033
87.00	Total outlays (gross)	2,041	2,205	2,034

Net budget authority and outlays:

89.00	Budget authority	2,085	2,117	13
90.00	Outlays	2,041	2,205	2,034

Summary of Budget Authority and Outlays

(in millions of dollars)

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

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

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

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

Object Classification (in millions of dollars)

Identification code 91-0201-0-1-502	2004 actual	2005 est.	2006 est.
25.1 Advisory and assistance services	2	2	.....
25.2 Other services	5	7	1
25.3 Other purchases of goods and services from Government accounts	2	2	2
41.0 Grants, subsidies, and contributions	2,075	2,106	21
99.9 Total new obligations	2,084	2,117	24

HIGHER EDUCATION

(Legislative proposal, not subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 91-0201-2-1-502	2004 actual	2005 est.	2006 est.
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Obligations by program activity:

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

01.91	Subtotal, other aid for institutions .....	.....	219
02.01	Assistance for students:		
02.01	Federal TRIO programs .....	.....	369
02.05	Graduate assistance in areas of national need .....	.....	30
02.08	Child care access means parents in school .....	.....	16
02.91	Subtotal, assistance for students .....	.....	415
03.01	Community college access .....	.....	125
05.01	GPRA data/HEA program evaluation .....	.....	1
10.00	Total new obligations .....	.....	1,179

Budgetary resources available for obligation:

21.40	Unobligated balance carried forward, start of year .....	.....	1,189
22.00	New budget authority (gross) .....	.....	.....
23.90	Total budgetary resources available for obligation .....	.....	1,189
23.95	Total new obligations .....	.....	—1,179
24.40	Unobligated balance carried forward, end of year .....	.....	10

New budget authority (gross), detail:

40.00	Discretionary:		
40.00	Appropriation .....	.....	1,189

Change in obligated balances:

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

Outlays (gross), detail:

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

89.00	Budget authority	1,189
90.00	Outlays	59

Object Classification (in millions of dollars)

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

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

Aid for institutional development.—

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

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

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

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

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

General and special funds—Continued**HIGHER EDUCATION**—Continued

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

Other aid for institutions.—

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

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

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

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

Assistance for students.—

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

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

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

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

Other aid.—

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

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

HOWARD UNIVERSITY

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

Program and Financing (in millions of dollars)

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

THE BUDGET FOR FISCAL YEAR 2006

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

Howard University is a private, nonprofit educational institution consisting of 12 schools and colleges. Federal funds are used to provide partial support for university programs as well as for the teaching hospital facilities. In 2004, Federal funding represented approximately 53 percent of the university's revenue.

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS PROGRAM ACCOUNT

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

HISTORICALLY BLACK COLLEGE AND UNIVERSITY CAPITAL FINANCING PROGRAM ACCOUNT

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

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

Program and Financing (in millions of dollars)

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

Change in obligated balances:			
72.40 Obligated balance, start of year	1	1	1
73.10 Total new obligations	1	1	1
73.20 Total outlays (gross)	-1	-1	-1
74.40 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	2004 actual	2005 est.	2006 est.
Direct loan levels supportable by subsidy budget authority:			
115001 Historically Black Colleges and Universities	55	70	50
115901 Total direct loan levels	55	70	50
Direct loan subsidy (in percent):			
132001 Historically Black Colleges and Universities	0.00	0.00	0.00
Direct loan subsidy budget authority:			
133001 Historically Black Colleges and Universities .....	.....	.....	.....
133901 Total subsidy budget authority .....	.....	.....	.....
Direct loan subsidy outlays:			
134001 Historically Black Colleges and Universities .....	.....	.....	.....
134901 Total subsidy outlays .....	.....	.....	.....
Administrative expense data:			
351001 Budget authority	1	1	1
359001 Outlays from new authority .....	.....	1	1

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

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

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

Personnel Summary

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

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS FINANCING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 91-4252-0-3-502	2004 actual	2005 est.	2006 est.
Obligations by program activity:			
00.02 Interest paid to Treasury	1	1	1
10.00 Total new obligations (object class 43.0)	1	1	1
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	1	.....	.....
22.00 New financing authority (gross)	1	1	1
22.60 Portion applied to repay debt	-1	.....	.....
23.90 Total budgetary resources available for obligation	1	1	1
23.95 Total new obligations	-1	-1	-1
24.40 Unobligated balance carried forward, end of year .....	.....	.....	.....
New financing authority (gross), detail:			
Mandatory:			
69.00 Offsetting collections (cash)	3	3	2
69.47 Portion applied to repay debt	-2	-2	-1
69.90 Spending authority from offsetting collections (total mandatory)	1	1	1
Change in obligated balances:			
73.10 Total new obligations	1	1	1
73.20 Total financing disbursements (gross)	-1	-1	-1
87.00 Total financing disbursements (gross)	1	1	1
Offsets:			
Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
88.40 Interest repayments	-1	-1	-1
88.40 Principal repayments	-2	-2	-1
88.90 Total, offsetting collections (cash)	-3	-3	-2
Net financing authority and financing disbursements:			
89.00 Financing authority	-2	-2	-1
90.00 Financing disbursements	-2	-2	-1
Status of Direct Loans (in millions of dollars)			
Identification code 91-4252-0-3-502	2004 actual	2005 est.	2006 est.
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	22	20	18
1251 Repayments: Repayments and prepayments	-2	-2	-1
1290 Outstanding, end of year	20	18	17
Balance Sheet (in millions of dollars)			
Identification code 91-4252-0-3-502	2003 actual	2004 actual	
ASSETS:			
Net value of assets related to post-1991 direct loans receivable:			
1401 Direct loans receivable, gross	22	20	20
1402 Interest receivable	1	.....	-3
1405 Allowance for subsidy cost (-)	-3	.....	-3
1499 Net present value of assets related to direct loans	20	17	17
1999 Total assets	20	17	17
LIABILITIES:			
2103 Federal liabilities: Debt	20	17	17
2999 Total liabilities	20	17	17

General and special funds—Continued

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS FINANCING ACCOUNT—Continued

Balance Sheet (in millions of dollars)—Continued

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

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS LIQUIDATING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 91-0242-0-1-502	2004 actual	2005 est.	2006 est.
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Obligations by program activity:

00.02 Interest paid to Treasury	9	9	9
10.00 Total new obligations (object class 43.0)	9	9	9

Budgetary resources available for obligation:

21.40 Unobligated balance carried forward, start of year	1	.....	.....
22.00 New budget authority (gross)	9	9	9
22.10 Resources available from recoveries of prior year obligations	3	.....	.....
22.60 Portion applied to repay debt	−4	.....	.....
23.90 Total budgetary resources available for obligation	9	9	9
23.95 Total new obligations	−9	−9	−9
24.40 Unobligated balance carried forward, end of year .....	.....	.....	.....

New budget authority (gross), detail:

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

Change in obligated balances:

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

Outlays (gross), detail:

86.97 Outlays from new mandatory authority	9	9	9
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Offsets:

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

Net budget authority and outlays:

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

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

Status of Direct Loans (in millions of dollars)

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

Balance Sheet (in millions of dollars)

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

HISTORICALLY BLACK COLLEGE AND UNIVERSITY CAPITAL FINANCING DIRECT LOAN FINANCING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 91-4255-0-3-502	2004 actual	2005 est.	2006 est.
Obligations by program activity:			
00.01 Direct Loan Awards	55	70	50
00.02 Interest paid to Treasury	6	7	8
10.00 Total new obligations (object class 43.0)	61	77	58

Budgetary resources available for obligation:

22.00 New financing authority (gross)	106	77	58
22.70 Balance of authority to borrow withdrawn	−45	.....	.....
23.90 Total budgetary resources available for obligation	61	77	58
23.95 Total new obligations	−61	−77	−58

New financing authority (gross), detail:

Mandatory:			
67.10 Authority to borrow	100	70	50
69.00 Offsetting collections (cash)	21	10	12
69.47 Portion applied to repay debt	−15	−3	−4
69.90 Spending authority from offsetting collections (total mandatory)	6	7	8
70.00 Total new financing authority (gross)	106	77	58

Change in obligated balances:

72.40 Obligated balance, start of year	9	10	49
73.10 Total new obligations	61	77	58
73.20 Total financing disbursements (gross)	−60	−38	−54
74.40 Obligated balance, end of year	10	49	53
78.00 Total financing disbursements (gross)	60	38	54

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

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

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

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

OFFICE OF STUDENT FINANCIAL ASSISTANCE

Federal Funds

General and special funds:

STUDENT FINANCIAL ASSISTANCE

[For carrying out subparts 1, 3 and 4 of part A, part C and part E of title IV of the Higher Education Act of 1965, as amended, \$14,380,795,000, which shall remain available through September 30, 2006.]

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

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

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

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

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

General and special funds—Continued

STUDENT FINANCIAL ASSISTANCE—Continued

and the unduplicated count of recipients from any Federal student aid program. The tables include the aid from programs in the Student Financial Assistance account, as well as aid from the Federal Family Education Loan (FFEL) program, and the William D. Ford Federal Direct Loan program. Loan amounts reflect the capital actually loaned, not the Federal cost of those loans. The data in these tables include the effects of matching funds wherever applicable. The 2006 data in these tables reflect the Administration's legislative proposals.

AID FUNDS AVAILABLE FOR POSTSECONDARY EDUCATION AND TRAINING

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

NUMBER OF AID AWARDS

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

AVERAGE AID AWARDS

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

NUMBER OF STUDENTS AIDED

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

ADMINISTRATIVE PAYMENTS TO INSTITUTIONS

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

Status of Direct Loans (in millions of dollars)

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

STUDENT FINANCIAL ASSISTANCE

(Legislative proposal, not subject to PAYGO)

Program and Financing (in millions of dollars)

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

Budgetary resources available for obligation:

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

New budget authority (gross), detail:

Discretionary:			
40.00 Appropriation .....	.....	.....	15,051

Change in obligated balances:

72.40 Obligated balance, start of year .....	.....	.....	.....
73.10 Total new obligations .....	.....	.....	14,386
73.20 Total outlays (gross) .....	.....	.....	−7,669

Outlays (gross), detail:

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

89.00 Budget authority	15,051
90.00 Outlays	7,669

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

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

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

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

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

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

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

Status of Direct Loans (in millions of dollars)

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

STUDENT FINANCIAL ASSISTANCE (Legislative proposal, subject to PAYGO)

Program and Financing (in millions of dollars)

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

Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year .....	.....	.....	.....
22.00 New budget authority (gross) .....	.....	.....	4,721
23.90 Total budgetary resources available for obligation .....	.....	.....	4,721
23.95 Total new obligations .....	.....	.....	—4,612
24.40 Unobligated balance carried forward, end of year .....	.....	.....	109
New budget authority (gross), detail:			
Mandatory:			
60.00 Appropriation .....	.....	.....	420
60.00 Appropriation .....	.....	.....	4,301
62.50 Appropriation (total mandatory) .....	.....	.....	4,721
Change in obligated balances:			
72.40 Obligated balance, start of year .....	.....	.....	.....
73.10 Total new obligations .....	.....	.....	4,612
73.20 Total outlays (gross) .....	.....	.....	—101
74.40 Obligated balance, end of year .....	.....	.....	4,511
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority .....	.....	.....	101
Net budget authority and outlays:			
89.00 Budget authority .....	.....	.....	4,721
90.00 Outlays .....	.....	.....	101

PERKINS LOAN ASSETS (Legislative proposal, subject to PAYGO)

Program and Financing (in millions of dollars)

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

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

General and special funds—Continued

PERKINS LOAN ASSETS—Continued

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

Status of Direct Loans (in millions of dollars)

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

STUDENT AID ADMINISTRATION

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

Program and Financing (in millions of dollars)

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

Summary of Budget Authority and Outlays

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

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

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

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

Object Classification (in millions of dollars)

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

Personnel Summary

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

STUDENT AID ADMINISTRATION

(Legislative proposal, not subject to PAYGO)

Program and Financing (in millions of dollars)

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

Change in obligated balances:				
72.40 Obligated balance, start of year				
73.10 Total new obligations	939			
73.20 Total outlays (gross)	—615			
74.40 Obligated balance, end of year	324			

Outlays (gross), detail:				
86.90 Outlays from new discretionary authority	615			

Net budget authority and outlays:				
89.00 Budget authority	939			
90.00 Outlays	615			

Object Classification (in millions of dollars)

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

Personnel Summary

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

FEDERAL STUDENT LOAN RESERVE FUND

Program and Financing (in millions of dollars)

Identification code 91-4257-0-3-502	2004 actual	2005 est.	2006 est.
Obligations by program activity:			
01.02 Obligations, non-federal	2,937	3,409	3,615

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

New budget authority (gross), detail:			
Mandatory:			
69.00 Offsetting collections (cash)	3,074	3,392	3,596

Change in obligated balances:			
73.10 Total new obligations	2,937	3,409	3,615
73.20 Total outlays (gross)	—2,937	—3,409	—3,615

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

Offsets:			
Against gross budget authority and outlays:			
Offsetting collections (cash) from:			

88.00 Federal sources	—2,885	—3,101	—3,296
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88.40 Non-Federal sources		—189	—291	—300
88.90 Total, offsetting collections (cash)		—3,074	—3,392	—3,596

Net budget authority and outlays:				
89.00 Budget authority				
90.00 Outlays		—137	17	19

Summary of Budget Authority and Outlays

(in millions of dollars)	2004 actual	2005 est.	2006 est.
Enacted/requested:			
Budget Authority			

Outlays	—137	17	19
Legislative proposal, subject to PAYGO:			
Budget Authority			

Outlays			—156
Total:			
Budget Authority			

Outlays	—137	17	—137
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The Higher Education Amendments of 1998 clarified that reserve funds held by public and non-profit guaranty agencies participating in the Federal Family Education Loan (FFEL) program are Federal property. These reserves are used to pay default claims from FFEL lenders and fees to support agency efforts to avert defaults. The Federal Government reimburses these reserves for default claim payments.

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

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

Balance Sheet (in millions of dollars)

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

FEDERAL STUDENT LOAN RESERVE FUND

(Legislative proposal, not subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 91-4257-4-3-502	2004 actual	2005 est.	2006 est.
Obligations by program activity:			
01.02 Obligations, non-federal			

10.00 Total new obligations (object class 42.0)			
24.40 Unobligated balance carried forward, end of year			

Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year			
22.00 New budget authority (gross)			156

22.40 Capital transfer to general fund			
23.90 Total budgetary resources available for obligation			156
23.95 Total new obligations			

24.40 Unobligated balance carried forward, end of year			156
New budget authority (gross), detail:			

Mandatory:			
69.00 Offsetting collections (cash)			
88.00 Federal sources			156

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

Identification code 91-4257-4-3-502 2004 actual 2005 est. 2006 est.

Change in obligated balances:

73.10 Total new obligations

Offsets:

Against gross budget authority and outlays:	
Offsetting collections (cash) from:	
88.00 Federal sources .....	.....
88.40 Non-Federal sources .....	.....
88.90 Total, offsetting collections (cash) .....	.....
	—156

Net budget authority and outlays:

89.00 Budget authority .....	.....
90.00 Outlays .....	.....
	—156

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

Identification code 91-0243-0-1-502 2004 actual 2005 est. 2006 est.

Obligations by program activity:

00.03 Subsidy modification .....	.....	49	.....
00.05 Upward Estimate Principal	2,102	1,262	.....
00.06 Interest on Upward Reestimate	627	374	.....
00.09 Administrative expenses	799	795	.....
10.00 Total new obligations	3,528	2,480	.....

Budgetary resources available for obligation:

21.40 Unobligated balance carried forward, start of year	26	27	.....
22.00 New budget authority (gross)	3,525	2,480	.....
22.10 Resources available from recoveries of prior year obligations	4	.....	.....
22.40 Capital transfer to general fund .....	.....	—27	.....
23.90 Total budgetary resources available for obligation	3,555	2,480	.....
23.95 Total new obligations	—3,528	—2,480	.....
24.40 Unobligated balance carried forward, end of year	27	.....	.....

New budget authority (gross), detail:

Discretionary:			
40.00 Appropriation .....	.....	—795	.....
Mandatory:			
60.00 Appropriation	795	795	795
60.00 Appropriation (indefinite)—Upward reestimate	2,729	1,636	.....
60.00 Appropriation (indefinite)—Upward reestimate .....	.....	49	.....
62.50 Appropriation (total mandatory)	3,524	2,480	795
69.00 Offsetting collections (cash)—negative subsidy	169	89	616
69.00 Offsetting collections (cash)—downward reestimate, principal	97	593	.....
69.00 Offsetting collections (cash)—downward reestimate, interest	6	31	.....
69.00 Offsetting collections (cash)—admin	1	.....	.....
69.27 Capital transfer to general fund	—272	—713	—616
69.90 Spending authority from offsetting collections (total mandatory)	1	.....	.....
70.00 Total new budget authority (gross)	3,525	2,480	.....

Change in obligated balances:

72.40 Obligated balance, start of year	255	260	357
73.10 Total new obligations	3,528	2,480	.....
73.20 Total outlays (gross)	—3,519	—2,383	—241
73.45 Recoveries of prior year obligations	—4	.....	.....

74.40 Obligated balance, end of year

260	357	116
Outlays (gross), detail:		
86.90 Outlays from new discretionary authority .....	.....	—467
86.97 Outlays from new mandatory authority	3,303	2,152
86.98 Outlays from mandatory balances	216	231
87.00 Total outlays (gross)	3,519	2,383
	241	.....

Offsets:

Against gross budget authority and outlays:	
88.00 Offsetting collections (cash) from: Federal sources	—273
	—713
	—616

Net budget authority and outlays:

89.00 Budget authority	3,252
90.00 Outlays	3,246
	1,767
	—616
	1,670
	—375

Summary of Budget Authority and Outlays

(in millions of dollars)

Enacted/requested:	
Budget Authority	2004 actual 3,252
Outlays	2005 est. 1,767
Outlays	2006 est. —616
Legislative proposal, subject to PAYGO:	
Budget Authority	—335
Outlays	—335
Total:	
Budget Authority	2004 actual 3,252
Outlays	2005 est. 1,432
Outlays	2006 est. —669

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

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

The Federal Government operates two major student loan programs: the Federal Family Education Loan (FFEL) program—formerly the Guaranteed Student Loan (GSL) program—and the William D. Ford Federal Direct Loan (Direct Loan) program. For 2006, the President is committed to improving the efficiency of both programs and allowing individual institutions to choose which of these two programs best meets their needs and the needs of their students.

This summary section outlines the structure of these two programs, highlights their differences and similarities, and provides text tables displaying program cost data; loan volume, subsidy, default, and interest rates; and other descriptive information. As part of his 2006 Budget, the President is proposing a comprehensive package of student aid policy proposals related to the reauthorization of the Higher Education Act (HEA). These proposals, which will expand student benefits and improve program efficiency, are discussed at the conclusion of this program description.

From its inception in 1965 through 2004, the FFEL program has provided over \$547 billion in loans to postsecondary students and their parents. Since July 1, 1994, the Direct Loan program has provided \$150 billion in new and consolidation loans to students and parents. Taken together, the FFEL and Direct Loan programs will make more than \$56 billion in new loans available in 2005. Because funding for these two programs is provided on a permanent indefinite basis, for budget purposes they are considered separately from other Federal student financial assistance programs. The FFEL and Direct Loan programs should be viewed in combination with these other programs, however, as part of the overall Federal effort to ensure access to higher education.

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

The Direct Loan program was created by the Student Loan Reform Act of 1993. Under this program, the Federal Government provides loan funds to postsecondary institutions directly or through an alternative originator. The Direct Loan program began operation in academic year 1994–1995 with 7 percent of overall loan volume and is expected to account for 24 percent in academic year 2005–2006. All eligible institutions are free to participate in either the Direct Loan or FFEL program.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Funding Levels (in thousands of dollars)

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

Credit accounts—Continued

FEDERAL DIRECT STUDENT LOAN PROGRAM PROGRAM ACCOUNT—Continued

Funding Levels (in thousands of dollars)—Continued

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

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

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

¹ Net commitments equal gross commitments minus loan cancellations.

Number of Loans (in thousands)

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

Average Loan Size (in whole dollars)

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

Summary of Subsidy, Default and Interest Rates

	2004 est.	2005 est.	2006 est.
Subsidy Rates (in percent)¹			
FFEL:			
Stafford	15.41	16.82	16.26
Unsubsidized Stafford	3.91	3.44	1.67
PLUS	1.62	1.53	0.74
Consolidation	14.42	16.12	9.06
Weighted Average, FFEL	11.40	11.96	8.22
Direct Loans:			
Stafford	4.55	5.15	3.65
Unsubsidized Stafford	−5.00	−6.64	−9.88
PLUS	−4.91	−5.08	−7.85
Consolidation	−0.81	0.31	−3.54
Weighted Average, Direct Loans	−0.61	−0.53	−3.51

Default Rates (in percent)²

FFEL:	Stafford	13.02	13.00	13.25
	Unsubsidized Stafford	12.38	12.40	12.38
	PLUS	6.39	6.40	6.39
	Consolidation	14.53	14.48	14.70
	Weighted Average, FFEL	13.15	13.02	12.89
Direct Loans:				
	Stafford	11.58	11.67	11.85
	Unsubsidized Stafford	11.52	11.62	11.56
	PLUS	5.49	5.54	5.54
	Consolidation	27.98	26.85	31.19
	Weighted Average, Direct Loans	17.13	17.00	17.50

Borrower Interest Rates (in percent)³

FFEL:	Stafford	6.55	6.63	6.68
	Unsubsidized Stafford	6.55	6.63	6.68
	PLUS	5.89	6.40	6.93
	Consolidation (reflects Sub and Unsub Stafford only)	3.77	4.03	5.55
Direct Loans:				
	Stafford	6.50	6.72	6.79
	Unsubsidized Stafford	6.50	6.72	6.79
	PLUS	5.54	5.88	6.39
	Consolidation (reflects Sub and Unsub Stafford only)	4.20	4.64	5.80

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

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

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

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

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

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

Selected Program Costs and Offsets (in thousands of dollars)

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

Details may not sum to total due to rounding.

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

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

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

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

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

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

Loan Disbursement and Subsidy Costs

Total Subsidy Costs—1992–2004

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

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

Object Classification (in millions of dollars)

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

Credit accounts—Continued**FEDERAL DIRECT STUDENT LOAN PROGRAM PROGRAM ACCOUNT—Continued****Personnel Summary**

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

**FEDERAL DIRECT STUDENT LOAN PROGRAM ACCOUNT
(Legislative proposal, subject to PAYGO)****Program and Financing (in millions of dollars)**

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

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

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

137002 Unsubsidized Stafford			
137003 PLUS			
137004 Consolidation			
137901 Total downward reestimate budget authority			
Student loan administrative expense data:			
351001 Budget authority			
359001 Outlays			

FEDERAL DIRECT STUDENT LOAN PROGRAM FINANCING ACCOUNT**Program and Financing (in millions of dollars)**

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

134901 Total subsidy outlays			
Direct loan upward reestimate subsidy budget authority:			
135001 Stafford			
135002 Unsubsidized Stafford			
135003 PLUS			
135004 Consolidation			
135901 Total upward reestimate budget authority			
Direct loan downward reestimate subsidy budget authority:			
137001 Stafford			

88.40	Repayment of principal, Unsubsidized Stafford	-4,451	-4,547	-3,482	1261	Adjustments: Capitalized interest	487	.....	.....
88.40	Interest received on loans, Unsubsidized Stafford	-395	-364	-508	1264	Write-offs for default: Other adjustments, net	-102	-182	-207
88.40	Origination Fees, Unsubsidized Stafford	-145	-151	-161	1290	Outstanding, end of year	37,155	41,609	44,741
88.40	Other fees, Unsubsidized Stafford	-11	.....	.....			
88.40	Repayment of principal, PLUS	-1,466	-1,572	-1,404					
88.40	Interest received on loans, PLUS	-178	-213	-324					
88.40	Origination Fees, PLUS	-64	-94	-104					
88.40	Other fees, PLUS	-3	.....	.....			
88.40	Payment of principal, Consolidation	-4,386	-4,428	-4,167					
88.40	Interest received on loans, Consolidation	-955	-2,065	-2,270					
88.40	Other fees, Consolidation	-24	.....	.....			
88.90	Total, offsetting collections (cash)	-22,195	-21,498	-17,593					
	Against gross financing authority only:								
88.95	Change in receivables from program accounts	-2	.....	.....			
	Net financing authority and financing disbursements:								
89.00	Financing authority	7,061	9,574	13,497					
90.00	Financing disbursements	3,953	7,714	11,377					
	Status of Direct Loans (in millions of dollars)								
	Identification code 91-4253-0-3-502		2004 actual	2005 est.	2006 est.				
	STAFFORD								
	Position with respect to appropriations act limitation on obligations:								
1111	Limitation on direct loans .....	.....	.....	.....		
1131	Direct loan obligations exempt from limitation	6,615	6,948	7,235					
1150	Total direct loan obligations	6,615	6,948	7,235					
	Cumulative balance of direct loans outstanding:								
1210	Outstanding, start of year	27,420	27,458	27,934					
1231	Disbursements: Direct loan disbursements	5,852	6,213	6,471					
1251	Repayments: Repayments and prepayments	-5,839	-5,672	-4,281					
1261	Adjustments: Capitalized interest	108	.....	.....			
1264	Write-offs for default: Other adjustments, net	-83	-65	-71					
1290	Outstanding, end of year	27,458	27,934	30,053					
	UNSUBSIDIZED STAFFORD								
	Position with respect to appropriations act limitation on obligations:								
1111	Limitation on direct loans .....	.....	.....	.....		
1131	Direct loan obligations exempt from limitation	5,217	5,841	6,229					
1150	Total direct loan obligations	5,217	5,841	6,229					
	Cumulative balance of direct loans outstanding:								
1210	Outstanding, start of year	19,098	19,554	20,352					
1231	Disbursements: Direct loan disbursements	4,616	5,039	5,375					
1251	Repayments: Repayments and prepayments	-4,451	-4,547	-3,482					
1261	Adjustments: Capitalized interest	350	362	422					
1264	Write-offs for default: Other adjustments, net	-59	-56	-63					
1290	Outstanding, end of year	19,554	20,352	22,604					
	PLUS								
	Position with respect to appropriations act limitation on obligations:								
1111	Limitation on direct loans .....	.....	.....	.....		
1131	Direct loan obligations exempt from limitation	2,302	2,535	2,806					
1150	Total direct loan obligations	2,302	2,535	2,806					
	Cumulative balance of direct loans outstanding:								
1210	Outstanding, start of year	4,495	5,078	5,805					
1231	Disbursements: Direct loan disbursements	2,038	2,346	2,596					
1251	Repayments: Repayments and prepayments	-1,467	-1,572	-1,404					
1261	Adjustments: Capitalized interest	24	.....	.....			
1264	Write-offs for default: Other adjustments, net	-12	-47	-55					
1290	Outstanding, end of year	5,078	5,805	6,942					
	CONSOLIDATION								
	Position with respect to appropriations act limitation on obligations:								
1111	Limitation on direct loans .....	.....	.....	.....		
1131	Direct loan obligations exempt from limitation	7,802	9,156	7,611					
1150	Total direct loan obligations	7,802	9,156	7,611					
	Cumulative balance of direct loans outstanding:								
1210	Outstanding, start of year	33,507	37,155	41,609					
1231	Disbursements: Direct loan disbursements	7,649	9,064	7,506					
1251	Repayments: Repayments and prepayments	-4,386	-4,428	-4,167					

Balance Sheet (in millions of dollars)

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

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

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

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

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

FEDERAL DIRECT STUDENT LOAN PROGRAM FINANCING ACCOUNT
(Legislative proposal, subject to PAYGO)**Program and Financing (in millions of dollars)**

Identification code 91-4253-4-3-502	2004 actual	2005 est.	2006 est.
Obligations by program activity:			
00.01	Direct Loan Obligations .....	.....	.....
02.01	Interest rate rebate, Stafford .....	.....	2
02.02	Interest rate rebate, Unsubsidized Stafford .....	.....	2
05.01	Interest payment to Treasury .....	.....	10
08.01	Obligation of negative subsidy .....	.....	58
08.05	Obligation of modification, negative	335	.....
10.00	Total new obligations	335	721
Budgetary resources available for obligation:			
22.00	New financing authority (gross)	335	721

Credit accounts—Continued

FEDERAL DIRECT STUDENT LOAN PROGRAM FINANCING ACCOUNT—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 91-4253-4-3-502	2004 actual	2005 est.	2006 est.
23.95 Total new obligations	—335	—721	

New financing authority (gross), detail:

Mandatory:

60.00 Appropriation	26		
67.10 Authority to borrow	335	708	
69.00 Offsetting collections (cash)	9		
69.47 Portion applied to repay debt	—26	4	
69.90 Spending authority from offsetting collections (total mandatory)	—26	13	

70.00 Total new financing authority (gross)	335	721	
Change in obligated balances:			
72.40 Obligated balance, start of year			
73.10 Total new obligations	335	721	
73.20 Total financing disbursements (gross)	—415		
74.40 Obligated balance, end of year	335	641	
87.00 Total financing disbursements (gross)	415		

Offsets:

Against gross financing authority and financing disbursements:

Offsetting collections (cash) from:			
Repayment of principal, Stafford			
Interest received on loans, Stafford			
Origination Fees, Stafford		—4	
Other fees, Stafford			
Repayment of principal, Unsubsidized Stafford			
Interest received on loans, Unsubsidized Stafford			
Origination Fees, Unsubsidized Stafford		—4	
Other fees, Unsubsidized Stafford			
Repayment of principal, PLUS			
Interest received on loans, PLUS			
Origination Fees, PLUS			
Other fees, PLUS			
Payment of principal, Consolidation		—2	
Interest received on loans, Consolidation		1	
Other fees, Consolidation			
88.90 Total, offsetting collections (cash)		—9	

Net financing authority and financing disbursements:

89.00 Financing authority	335	712	
90.00 Financing disbursements		406	

FEDERAL FAMILY EDUCATION LOAN PROGRAM ACCOUNT

Program and Financing (in millions of dollars)

Identification code 91-0231-0-1-502	2004 actual	2005 est.	2006 est.
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Obligations by program activity:

00.02 Guaranteed loan subsidy	9,602	10,111	7,241
00.04 Modification subsidy		148	
00.07 Upward reestimate, principal	216	1,948	
00.08 Upward reestimate, interest	129	85	
10.00 Total new obligations (object class 41.0)	9,947	12,292	7,241

Budgetary resources available for obligation:

22.00 New budget authority (gross)	9,947	12,292	7,241
22.10 Resources available from recoveries of prior year obligations	465	557	540
22.40 Capital transfer to general fund	—465	—557	—540
23.90 Total budgetary resources available for obligation	9,947	12,292	7,241
23.95 Total new obligations	—9,947	—12,292	—7,241

New budget authority (gross), detail:

Mandatory:

60.00 Appropriation	9,947	12,292	7,241
69.00 Offsetting collections (cash)—downward reestimate	3,966	1,440	
69.27 Capital transfer to general fund	—3,966	—1,440	

69.90 Spending authority from offsetting collections (total mandatory)

70.00 Total new budget authority (gross)

9,947 12,292 7,241

Change in obligated balances:

72.40 Obligated balance, start of year	1,506	1,745	1,955
73.10 Total new obligations	9,947	12,292	7,241
73.20 Total outlays (gross)	—9,242	—11,525	—6,543
73.40 Adjustments in expired accounts (net)	—1		
73.45 Recoveries of prior year obligations	—465	—557	—540

74.40 Obligated balance, end of year

1,745 1,955 2,113

Outlays (gross), detail:

86.93 Outlays from discretionary balances	1		
86.97 Outlays from new mandatory authority	8,204	10,339	5,215
86.98 Outlays from mandatory balances	1,037	1,186	1,328

87.00 Total outlays (gross)

9,242 11,525 6,543

Offsets:

Against gross budget authority and outlays:

88.00 Offsetting collections (cash) from: Federal sources

—3,966 —1,440

Net budget authority and outlays:

89.00 Budget authority

5,981 10,852 7,241

90.00 Outlays

5,275 10,085 6,543

Summary of Budget Authority and Outlays

(in millions of dollars)

Enacted/requested: 2004 actual 2005 est. 2006 est.

Budget Authority

5,981 10,852 7,241

Outlays

5,276 10,085 6,543

Legislative proposal, subject to PAYGO:

Budget Authority

892 —685

Outlays

892 —484

Total:

Budget Authority

5,981 11,744 6,556

Outlays

5,276 10,977 6,059

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

Identification code 91-0231-0-1-502 2004 actual 2005 est. 2006 est.

Guaranteed loan levels supportable by subsidy budget authority:

215001 Stafford	20,124	21,573	22,460
215002 Unsubsidized Stafford	19,191	21,316	22,770
215003 PLUS	5,664	6,620	7,379
215004 Consolidation	39,240	35,039	25,527

215901 Total loan guarantee levels

84,219 84,548 78,136

Guaranteed loan subsidy (in percent):

232001 Stafford	15.41	16.82	18.34
232002 Unsubsidized Stafford	3.91	3.44	2.14
232003 PLUS	1.62	1.53	1.46
232004 Consolidation	14.42	16.12	9.90

232901 Weighted average subsidy rate

11.40 11.96 9.27

Guaranteed loan subsidy budget authority:

233001 Stafford	3,101	3,629	4,119
233002 Unsubsidized Stafford	751	733	487
233003 PLUS	92	101	108
233004 Consolidation	5,658	5,648	2,527

233901 Total subsidy budget authority

9,602 10,111 7,241

Guaranteed loan subsidy outlays:

234001 Stafford	2,490	3,020	3,454
234002 Unsubsidized Stafford	689	632	486
234003 PLUS	101	88	94
234004 Consolidation	5,616	5,605	2,509

234901 Total subsidy outlays

8,896 9,345 6,543

Guaranteed loan upward reestimate subsidy budget authority:

235001 Stafford	1,464	60	
235002 Unsubsidized Stafford			
235003 PLUS	2	1	
235004 Consolidation	634	2,074	
235005 SLS			2

235901 Total upward reestimate budget authority

2,100 2,137

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

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

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

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

Program and Financing (in millions of dollars)

Identification code 91-0231-4-1-502	2004 actual	2005 est.	2006 est.
Obligations by program activity:			
00.02 Guaranteed loan subsidy			—685
00.04 Modification subsidy		892	.....
10.00 Total new obligations (object class 41.0)	892		—685
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	892		—685
23.95 Total new obligations	—892		685
New budget authority (gross), detail:			
Mandatory:			
60.00 Appropriation	892		—685
Change in obligated balances:			
72.40 Obligated balance, start of year			
73.10 Total new obligations	892		—685
73.20 Total outlays (gross)	—892		484
74.40 Obligated balance, end of year			—201
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority	892		—484
Net budget authority and outlays:			
89.00 Budget authority	892		—685
90.00 Outlays	892		—484

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

Identification code 91-0231-4-1-502	2004 actual	2005 est.	2006 est.
Guaranteed loan levels supportable by subsidy budget authority:			
215001 Stafford			880
215002 Unsubsidized Stafford			712
215003 PLUS			6
215004 Consolidation			20
215901 Total loan guarantee levels			1,618
Guaranteed loan subsidy (in percent):			
232001 Stafford			—2.08
232002 Unsubsidized Stafford			—0.47
232003 PLUS			—0.72
232004 Consolidation			—0.84
232901 Weighted average subsidy rate			—1.05

Guaranteed loan subsidy budget authority:			
233001 Stafford .....			.....
233002 Unsubsidized Stafford .....			.....
233003 PLUS .....			.....
233004 Consolidation .....			.....
233901 Total subsidy budget authority			—685
Guaranteed loan subsidy outlays:			
234001 Stafford .....			.....
234002 Unsubsidized Stafford .....			.....
234003 PLUS .....			.....
234004 Consolidation .....			.....
234901 Total subsidy outlays			—484

Guaranteed loan upward reestimate subsidy budget authority:			
235001 Stafford .....			.....
235002 Unsubsidized Stafford .....			.....
235003 PLUS .....			.....
235004 Consolidation .....			.....
235005 SLS .....			.....
235901 Total upward reestimate budget authority .....			.....
Guaranteed loan downward reestimate subsidy budget authority:			
237001 Stafford .....			.....
237002 Unsubsidized Stafford .....			.....
237003 PLUS .....			.....
237004 Consolidation .....			.....
237005 SLS .....			.....
237901 Total downward reestimate subsidy budget authority .....			.....
Administrative expense data:			
351001 Budget authority .....			.....
359001 Outlays .....			.....

FEDERAL FAMILY EDUCATION LOAN PROGRAM FINANCING ACCOUNT

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

Program and Financing (in millions of dollars)

Identification code 91-4251-0-3-502	2004 actual	2005 est.	2006 est.
Obligations by program activity:			
Stafford loans:			
01.01 Interest benefits	1,187	1,435	2,274
01.02 Special allowance	500	965	751
01.03 Default claims	1,325	1,424	1,487
01.04 Death, disability, and bankruptcy claims	175	157	170
01.05 Teacher loan forgiveness, other write-offs	5	7	12
01.07 Contract collection costs	24	34	37
01.08 Loan Processing Fee	80	66	68
01.09 Voluntary flexible agreement performance fee	94	164	192
01.91 Subtotal, Stafford loans	3,390	4,252	4,991
Unsubsidized Stafford loans:			
02.02 Special allowance	361	781	633
02.03 Default claims	837	1,061	1,199
02.04 Death, disability, and bankruptcy claims	132	146	169
02.05 Teacher loan forgiveness, other write-offs	5	6	9
02.07 Contract collection costs	14	11	15
02.08 Loan Processing Fee	74	64	68
02.09 Voluntary flexible agreement performance fee	57	52	60
02.91 Subtotal, Unsubsidized Stafford loans	1,480	2,121	2,153
PLUS loans:			
03.02 Special allowance	20	17	15
03.03 Default claims	70	146	172
03.04 Death, disability, and bankruptcy claims	62	108	127
03.07 Contract Collection Costs	2	1	1
03.08 Loan Processing Fee	22	21	23
03.09 Voluntary flexible agreement performance fee	7	8	9
03.91 Subtotal, PLUS loans	183	301	347
SLS loans:			
04.02 Special allowance	2	.....	.....
04.03 Default claims	28	1	3
04.04 Death, disability and bankruptcy claims	8	3	2
04.07 Contract collection costs	8	4	4
04.08 Voluntary flexible agreement performance fee	4	4	5

Credit accounts—Continued

FEDERAL FAMILY EDUCATION LOAN PROGRAM FINANCING
ACCOUNT—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 91-4251-0-3-502		2004 actual	2005 est.	2006 est.
04.91	Subtotal, SLS loans	50	12	14
	Consolidation loans:			
05.01	Interest benefit	291	240	265
05.02	Special allowance	319	1,325	2,444
05.03	Default claims	617	1,503	1,856
05.04	Death, disability, and bankruptcy claims	335	490	596
05.07	Contract collection costs	6	12	15
05.08	Voluntary flexible agreement performance fee	67	49	57
05.91	Subtotal, Consolidations loans	1,635	3,619	5,233
08.02	Payment of downward reestimate to Program acnt	3,494	1,046	.....
08.04	Interest on downward reestimate	472	394	.....
08.91	Downward Reestimate- Subtotal (1 level)	3,966	1,440	.....
10.00	Total new obligations	10,704	11,745	12,738
Budgetary resources available for obligation:				
21.40	Unobligated balance carried forward, start of year	9,262	14,190	20,846
22.00	New financing authority (gross)	15,484	18,401	14,356
22.10	Resources available from recoveries of prior year obligations	148	.....	.....
23.90	Total budgetary resources available for obligation	24,894	32,591	35,202
23.95	Total new obligations	—10,704	—11,745	—12,738
24.40	Unobligated balance carried forward, end of year	14,190	20,846	22,464
New financing authority (gross), detail:				
	Mandatory:			
69.00	Offsetting collections (cash)	15,484	18,404	14,356
69.27	Capital transfer to general fund	.....	—3	.....
69.90	Spending authority from offsetting collections (total mandatory)	15,484	18,401	14,356
Change in obligated balances:				
72.40	Obligated balance, start of year	931	1,147	1,259
73.10	Total new obligations	10,704	11,745	12,738
73.20	Total financing disbursements (gross)	—10,340	—11,633	—12,632
73.45	Recoveries of prior year obligations	—148	.....	.....
74.40	Obligated balance, end of year	1,147	1,259	1,365
87.00	Total financing disbursements (gross)	10,340	11,633	12,632
Offsets:				
	Against gross financing authority and financing disbursements:			
	Offsetting collections (cash) from:			
	Payments from program account:			
88.00	Stafford loans	—2,490	—3,020	—3,454
88.00	Unsubsidized Stafford	—689	—632	—486
88.00	PLUS loans	—101	—87	—94
88.00	Consolidated loans	—5,616	—5,605	—2,509
88.00	Upward reestimate	—345	—2,033	.....
88.00	Modification	.....	—148	.....
88.25	Interest on uninvested funds	—436	—1,043	—1,265
	Student Loans: Stafford, Unsubsidized Stafford, PLUS, SLS & Consolidation:			
88.40	Stafford recoveries on defaults	—1,453	—1,335	—1,476
88.40	Stafford origination fees	—561	—648	—678
88.40	Stafford other fees	—39	.....	.....
88.40	Stafford Sallie Mae offset fees	—13	.....	.....
88.40	Unsubsidized Stafford recoveries on default	—738	—650	—788
88.40	Unsubsidized Stafford origination fees	—522	—621	—666
88.40	Unsubsidized Stafford other fees	—15	.....	.....
88.40	Unsubsidized Stafford Sallie Mae offset fees	—8	.....	.....
88.40	PLUS recoveries on defaults	—115	—101	—117
88.40	PLUS origination fees	—155	—198	—221
88.40	PLUS other fees	—4	.....	.....
88.40	PLUS Sallie Mae offset fees	—3	.....	.....
88.40	SLS recoveries on defaults	—120	—105	—95
88.40	SLS other fees	—3	.....	.....
88.40	Consolidation recoveries on defaults	—299	—634	—864
88.40	Consolidation origination fees	—184	—174	—127
88.40	Consolidation loan holders fee	—1,016	—1,370	—1,516
88.40	Consolidation other fees	—16	.....	.....
88.40	Splitter adjustment from Liquidating account	—543	.....	.....

88.90 Total, offsetting collections (cash) —15,484 —18,404 —14,356

Net financing authority and financing disbursements:

89.00 Financing authority —3

90.00 Financing disbursements —5,144 —6,771 —1,724

Status of Guaranteed Loans (in millions of dollars)

Identification code 91-4251-0-3-502 2004 actual 2005 est. 2006 est.

STAFFORD

Position with respect to appropriations act limitation on commitments:

2111 Limitation on guaranteed loans made by private lenders

2131 Guaranteed loan commitments exempt from limitation 20,124 21,573 22,460

2150 Total guaranteed loan commitments 20,124 21,573 22,460

2199 Guaranteed amount of guaranteed loan commitments 20,124 21,573 22,460

Cumulative balance of guaranteed loans outstanding:

2210 Outstanding, start of year 69,011 72,302 75,919

2231 Disbursements of new guaranteed loans 17,024 18,525 19,361

2251 Repayments and prepayments —12,229 —13,310 —9,853

Adjustments:

2261 Terminations for default that result in loans receivable —1,325 —1,434 —1,503

2263 Terminations for default that result in claim payments —175 —157 —170

2264 Other adjustments, net —4 —7 —12

2290 Outstanding, end of year 72,302 75,919 83,742

Memorandum:

2299 Guaranteed amount of guaranteed loans outstanding, end of year 72,302 75,919 83,742

Addendum:

Cumulative balance of defaulted guaranteed loans that result in loans receivable:

2310 Outstanding, start of year 2,715 2,657 2,750

2331 Disbursements for guaranteed loan claims 1,325 1,434 1,503

2351 Repayments of loans receivable —1,264 —1,335 —1,476

2361 Write-offs of loans receivable —6 —6 —6

2364 Other adjustments, net —113

2390 Outstanding, end of year 2,657 2,750 2,771

UNSUBSIDIZED STAFFORD

Position with respect to appropriations act limitation on commitments:

2111 Limitation on guaranteed loans made by private lenders

2131 Guaranteed loan commitments exempt from limitation 19,191 21,316 22,770

2150 Total guaranteed loan commitments 19,191 21,316 22,770

2199 Guaranteed amount of guaranteed loan commitments 19,191 21,316 22,770

Cumulative balance of guaranteed loans outstanding:

2210 Outstanding, start of year 50,194 56,221 60,335

2231 Disbursements of new guaranteed loans 15,893 17,750 19,039

2251 Repayments and prepayments —8,892 —12,439 —9,702

Adjustments:

2261 Terminations for default that result in loans receivable —837 —1,045 —1,199

2263 Terminations for default that result in claim payments —132 —146 —169

2264 Other adjustments, net —5 —6 —9

2290 Outstanding, end of year 56,221 60,335 68,295

Memorandum:

2299 Guaranteed amount of guaranteed loans outstanding, end of year 56,221 60,335 68,295

Addendum:

Cumulative balance of defaulted guaranteed loans that result in loans receivable:

2310 Outstanding, start of year 1,608 1,695 2,074

2331 Disbursements for guaranteed loan claims 837 1,045 1,199

2351 Repayments of loans receivable —665 —651 —788

2361 Write-offs of loans receivable —13 —15 —18

2364 Other adjustments, net —72

Credit accounts—Continued

FEDERAL FAMILY EDUCATION LOAN PROGRAM FINANCING
ACCOUNT—Continued

Program and Financing (in millions of dollars)—Continued

		2004 actual	2005 est.	2006 est.
Identification code 91-4251-4-3-502				
10.00 Total new obligations				
21.40 Unobligated balance carried forward, start of year		940		
22.00 New financing authority (gross)		940	—356	
23.90 Total budgetary resources available for obligation		940	584	
23.95 Total new obligations		940	24	
24.40 Unobligated balance carried forward, end of year		940	608	
New financing authority (gross), detail:				
Mandatory:				
60.00 Appropriation		22		
69.00 Offsetting collections (cash)		915	—356	
69.27 Capital transfer to general fund		3		
69.90 Spending authority from offsetting collections (total mandatory)		918	—356	
70.00 Total new financing authority (gross)		940	—356	
Change in obligated balances:				
72.40 Obligated balance, start of year				
73.10 Total new obligations			—24	
73.20 Total financing disbursements (gross)			21	
74.40 Obligated balance, end of year			—3	
87.00 Total financing disbursements (gross)			—21	
Offsets:				
Against gross financing authority and financing disbursements:				
Offsetting collections (cash) from:				
Payments from program account:				
88.00 Stafford loans		190		
88.00 Unsubsidized Stafford		54		
88.00 PLUS loans		30		
88.00 Consolidated loans		210		
88.00 Upward reestimate				
88.00 Modification		—892		
88.25 Interest on uninvested funds		—23	—37	
Student Loans: Stafford, Unsubsidized Stafford, PLUS, SLS & Consolidation:				
88.40 Stafford recoveries on defaults				
88.40 Stafford origination fees			—12	
88.40 Stafford other fees				
88.40 Stafford Sallie Mae offset fees				
88.40 Stafford loanholder fee (proposed)			—17	
88.40 Unsubsidized Stafford recoveries on default				
88.40 Unsubsidized Stafford origination fees			—10	
88.40 Unsubsidized Stafford other fees				
88.40 Unsubsidized Stafford Sallie Mae offset fees				
88.40 Unsubsidized Stafford loanholder fee (proposed)			—16	
88.40 PLUS recoveries on defaults				
88.40 PLUS origination fees				
88.40 PLUS other fees				
88.40 PLUS Sallie Mae offset fees				
88.40 PLUS loanholder fee (proposed)			—4	
88.40 SLS recoveries on defaults				
88.40 SLS other fees				
88.40 Consolidation recoveries on defaults				
88.40 Consolidation origination fees			—32	
88.40 Consolidation loan holders fee				
88.40 Consolidation other fees				
88.40 Splitter adjustment from Liquidating account				
88.90 Total, offsetting collections (cash)		—915	356	
Net financing authority and financing disbursements:				
89.00 Financing authority		25		
90.00 Financing disbursements		—915	335	

FEDERAL FAMILY EDUCATION LOAN LIQUIDATING ACCOUNT

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

Program and Financing (in millions of dollars)—Continued

		2004 actual	2005 est.	2006 est.
Identification code 91-0230-0-1-502				
Obligations by program activity:				
01.01 Interest benefits, net of origination fees		16	11	9
01.02 Special allowance net of origination fees		3	7	3
01.03 Default claims		62	44	22
01.04 Death, disability, and bankruptcy claims		17	13	9
01.05 Contract collection costs		62	47	40
01.06 Voluntary flexible agreements		11	22	25
01.91 Subtotal, Stafford loans		171	144	108
02.01 Default claims		5	6	3
02.02 Death, disability, and bankruptcy claims		7	5	3
02.05 Contract collection costs		12	9	8
02.06 Voluntary flexible agreements		1	5	7
02.91 Subtotal, PLUS/SLS loans		25	25	21
10.00 Total new obligations		196	169	129
Budgetary resources available for obligation:				
21.40 Unobligated balance carried forward, start of year		887	302	
22.00 New budget authority (gross)		478	169	129
22.10 Resources available from recoveries of prior year obligations		20		
22.40 Capital transfer to general fund		—887	—302	
23.90 Total budgetary resources available for obligation		498	169	129
23.95 Total new obligations		—196	—169	—129
24.40 Unobligated balance carried forward, end of year		302		
New budget authority (gross), detail:				
Mandatory:				
60.00 Appropriation		50		
69.00 Offsetting collections (cash)		657	1,004	842
69.27 Capital transfer to general fund		—229	—835	—713
69.90 Spending authority from offsetting collections (total mandatory)		428	169	129
70.00 Total new budget authority (gross)		478	169	129
Change in obligated balances:				
72.40 Obligated balance, start of year		57	51	
73.10 Total new obligations		196	169	129
73.20 Total outlays (gross)		—182	—220	—129
73.45 Recoveries of prior year obligations		—20		
74.40 Obligated balance, end of year		51		
Outlays (gross), detail:				
86.97 Outlays from new mandatory authority		125	169	129
86.98 Outlays from mandatory balances		57	51	
87.00 Total outlays (gross)		182	220	129
Offsets:				
Against gross budget authority and outlays:				
Offsetting collections (cash) from:				
88.40 Fed collections on defaulted loans, Stafford		—214	—315	—264
88.40 Federal collections on bankruptcies, Stafford		—4	—3	—2
88.40 Offsets against Federal tax refunds, Stafford		—311	—238	—199
88.40 Reimbursements from guaranty agencies, Stafford		—419	—261	—220
88.40 Other collections/ fees, Stafford		—70	—29	—25
88.40 Splitter adjustment		543		
88.40 Sallie Mae offset fee		—1		
88.40 Federal collections on defaulted loans, PLUS/SLS		—65	—74	—62
88.40 Federal collections on bankruptcies, PLUS/SLS		—1	—1	—1
88.40 Offsets against Federal tax refunds, PLUS/SLS		—24	—17	—15
88.40 Reimbursements from guaranty agencies, PLUS/SLS		—91	—66	—54
88.90 Total, offsetting collections (cash)		—657	—1,004	—842

Net budget authority and outlays:			
89.00 Budget authority	—179	—835	—713
90.00 Outlays	—476	—784	—713

Status of Guaranteed Loans (in millions of dollars)

Identification code 91-0230-0-1-502 2004 actual 2005 est. 2006 est.

STAFFORD LOANS			
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year	2,431	1,745	1,505
2251 Repayments and prepayments	—607	—178	—74
Adjustments:			
2261 Terminations for default that result in loans receivable	—62	—49	—45
2263 Terminations for default that result in claim payments	—17	—13	—9
2264 Other adjustments, net .....	.....	.....	.....
2290 Outstanding, end of year	1,745	1,505	1,377

Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year	1,745	1,505	1,377

Addendum:			
Cumulative balance of defaulted guaranteed loans that result in loans receivable:			
2310 Outstanding, start of year	8,864	8,822	8,344
2331 Disbursements for guaranteed loan claims	62	49	45
2351 Repayments of loans receivable	—514	—447	—375
2361 Write-offs of loans receivable	—28	—28	—26
2364 Other adjustments, net	438	—52	—44
2390 Outstanding, end of year	8,822	8,344	7,944

PLUS/SLS LOANS			
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year	1,252	928	813
2251 Repayments and prepayments	—313	—104	—88
Adjustments:			
2261 Terminations for default that result in loans receivable	—4	—6	—7
2263 Terminations for default that result in claim payments	—7	—5	—3
2264 Other adjustments, net .....	.....	.....	.....
2290 Outstanding, end of year	928	813	715

Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year	928	813	715
Addendum:			
Cumulative balance of defaulted guaranteed loans that result in loans receivable:			
2310 Outstanding, start of year	1,692	1,502	1,257
2331 Disbursements for guaranteed loan claims	4	6	7
2351 Repayments of loans receivable	—94	—84	—70
2361 Write-offs of loans receivable	—175	—155	—130
2364 Other adjustments, net	75	—12	—12
2390 Outstanding, end of year	1,502	1,257	1,052

Balance Sheet (in millions of dollars)

Identification code 91-0230-0-1-502 2003 actual 2004 actual

ASSETS:			
Federal assets:			
1101 Fund balances with Treasury	944	353	
Investments in US securities:			
1106 Receivables, net	56	11	
Net value of assets related to pre-1992 direct loans receivable and acquired defaulted guaranteed loans receivable:			
1701 Defaulted guaranteed loans, gross	10,555	10,323	
1702 Interest receivable	1,144	857	
1703 Allowance for estimated uncollectible loans and interest (—)	—8,273	—7,921	
1704 Defaulted guaranteed loans and interest receivable, net	3,426	3,259	
1799 Value of assets related to loan guarantees ..	3,426	3,259	

1999 Total assets	4,426	3,623
LIABILITIES:		
2104 Federal liabilities: Resources payable to Treasury	3,761	3,498
Non-Federal liabilities:		
2201 Accounts payable	543	10
2204 Liabilities for loan guarantees	122	115
2999 Total liabilities	4,426	3,623
4999 Total liabilities and net position	4,426	3,623

¹ Excludes interest and premium collections on insured loans.

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

Object Classification (in millions of dollars)

Identification code 91-0230-0-1-502	2004 actual	2005 est.	2006 est.
25.2 Other services	74	56	47
33.0 Investments and loans	66	51	25
41.0 Grants, subsidies, and contributions	32	45	44
42.0 Insurance claims and indemnities	24	17	13
99.9 Total new obligations	196	169	129

LOANS FOR SHORT TERM TRAINING PROGRAM ACCOUNT

(Legislative Proposal, not subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 91-0217-2-1-502	2004 actual	2005 est.	2006 est.
Obligations by program activity:			
00.02 Loan Subsidy	11
10.00 Total new obligations			

Budgetary resources available for obligation:

21.40 Unobligated balance carried forward, start of year .....	.....	.....	.....
22.00 New budget authority (gross) .....	.....	.....	11
23.90 Total budgetary resources available for obligation .....	.....	.....	11
23.95 Total new obligations .....	.....	.....	—11
24.40 Unobligated balance carried forward, end of year .....	.....	.....	.....

New budget authority (gross), detail:

Discretionary:	.....	.....	11
40.00 Appropriation .....	.....	.....	11

Change in obligated balances:

72.40 Obligated balance, start of year .....	.....	.....	.....
73.10 Total new obligations	11
73.20 Total outlays (gross)	—11

74.40 Obligated balance, end of year
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Outlays (gross), detail:

86.90 Outlays from new discretionary authority	11
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Net budget authority and outlays:

89.00 Budget authority	11
90.00 Outlays	11

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

Identification code 91-0217-2-1-502	2004 actual	2005 est.	2006 est.
Direct loan levels supportable by subsidy budget authority:			
115001 Direct loan levels	85
115901 Total direct loan levels			
115901 Total direct loan levels	85

Credit accounts—Continued

LOANS FOR SHORT TERM TRAINING PROGRAM ACCOUNT—Continued

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

Identification code 91-0217-2-1-502	2004 actual	2005 est.	2006 est.
Direct loan subsidy (in percent):			
132001 Subsidy rate	-1.56
132901 Weighted average subsidy rate	-1.56
Direct loan subsidy budget authority:			
133001 Subsidy budget authority	-1
133901 Total subsidy budget authority	-1
Direct loan subsidy outlays:			
134001 Subsidy outlays	-1
134901 Total subsidy outlays	-1
Guaranteed loan levels supportable by subsidy budget authority:			
215001 Loan guarantee levels	198	
215901 Total loan guarantee levels	198	
Guaranteed loan subsidy (in percent):			
232001 Subsidy rate	5.71	
232901 Weighted average subsidy rate	5.71	
Guaranteed loan subsidy budget authority:			
233001 Subsidy budget authority	11	
233901 Total subsidy budget authority	11	
Guaranteed loan subsidy outlays:			
234001 Subsidy outlays	11	
234901 Total subsidy outlays	11	

Object Classification (in millions of dollars)

Identification code 91-0217-2-1-502	2004 actual	2005 est.	2006 est.
11.1 Personnel compensation: Full-time permanent	11
41.0 Grants, subsidies, and contributions	11
99.9 Total new obligations	11	

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

As required by the Federal Credit Reform Act of 1990, this account records, for this program, the subsidy costs associated with the direct loans obligated and loan guarantees committed in 1992 and beyond (including modifications of direct loans or loan guarantees that resulted from obligations or commitments in any year). The subsidy amounts are estimated on a present value basis.

LOANS FOR SHORT TERM TRAINING GUARANTEED LOAN FINANCING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 91-4573-2-4-502	2004 actual	2005 est.	2006 est.
Obligations by program activity:			
00.01 Special Allowance	1
00.02 Default Claims	
00.03 Death, disability, and bankruptcy claims	
00.04 Contract Collection Costs	
10.00 Total new obligations	1

Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year .....	.....	.....	11
22.00 New budget authority (gross) .....	.....	.....
23.90 Total budgetary resources available for obligation .....	.....	.....	11
23.95 Total new obligations .....	.....	.....	-1
24.40 Unobligated balance carried forward, end of year .....	.....	.....	10

New budget authority (gross), detail:			
Discretionary:			
68.00 Spending authority from offsetting collections (gross): Offset collections (cash) .....	.....	.....	11

Change in obligated balances:			
72.40 Obligated balance, start of year .....	.....	.....
73.10 Total new obligations .....	.....	.....	1
73.20 Total outlays (gross) .....	.....	.....	-1
74.40 Obligated balance, end of year .....	.....	.....

Outlays (gross), detail:			
87.00 Total outlays (gross) .....	.....	.....	1

Offsets:			
Against gross budget authority and outlays:			
Offsetting collections (cash) from:			
88.00 Federal sources .....	.....	.....	-11
88.25 Interest on uninvested funds .....	.....	.....
88.40 Recoveries on Defaults .....	.....	.....
88.90 Total, offsetting collections (cash) .....	.....	.....	-11

Net budget authority and outlays:			
89.00 Budget authority .....	.....	.....
90.00 Outlays .....	.....	.....	-10

Status of Guaranteed Loans (in millions of dollars)

Identification code 91-4573-2-4-502	2004 actual	2005 est.	2006 est.
Position with respect to appropriations act limitation on commitments:			
2111 Limitation on guaranteed loans made by private lenders	198
2131 Guaranteed loan commitments exempt from limitation	
2150 Total guaranteed loan commitments	198

Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year .....	.....	.....
2231 Disbursements of new guaranteed loans .....	.....	.....	198
Repayments and prepayments			
2251 Repayments and prepayments .....	.....	.....	-11
Adjustments:			
2261 Terminations for default that result in loans receivable .....	.....	.....
2263 Terminations for default that result in claim payments .....	.....	.....
2290 Outstanding, end of year .....	.....	.....	187

Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year .....	.....	.....	187

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

As required by the Federal Credit Reform Act of 1990, this non-budgetary account records all cash flows to and from the Government resulting from loan guarantees committed in 1992 and beyond (including modifications of loan guarantees that resulted from commitments in any year). The amounts in this account are a means of financing and are not included in the budget totals.

LOANS FOR SHORT TERM TRAINING DIRECT LOAN FINANCING ACCOUNT			
Program and Financing (in millions of dollars)			
Identification code 91-4574-2-4-502	2004 actual	2005 est.	2006 est.
Obligations by program activity:			
00.01 Loan obligations	85		
00.02 Interest payments to Treasury	2		
00.03 Contract Collection Costs			
00.91 Direct Program by Activities—Subtotal (1 level)	87		
08.01 Obligation of Negative subsidy	1		
10.00 Total new obligations	88		
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year			
22.00 New budget authority (gross)	88		
23.90 Total budgetary resources available for obligation	88		
23.95 Total new obligations	-88		
24.40 Unobligated balance carried forward, end of year			
New budget authority (gross), detail:			
Mandatory:			
67.10 Authority to borrow	86		
69.00 Offsetting collections (cash)	7		
69.47 Portion applied to repay debt	-5		
69.90 Spending authority from offsetting collections (total mandatory)	2		
70.00 Total new budget authority (gross)	88		
Change in obligated balances:			
72.40 Obligated balance, start of year			
73.10 Total new obligations	88		
73.20 Total outlays (gross)	-88		
74.40 Obligated balance, end of year			
Outlays (gross), detail:			
87.00 Total outlays (gross)	88		
Offsets:			
Against gross budget authority and outlays:			
Offsetting collections (cash) from:			
88.00 Federal sources			
88.25 Interest on uninvested funds			
88.40 Payment of Principal	-5		
88.40 Interest received on loans	-2		
88.40 Recoveries of defaulted loans			
88.90 Total, offsetting collections (cash)	-7		
Net budget authority and outlays:			
89.00 Budget authority	81		
90.00 Outlays	81		
Status of Direct Loans (in millions of dollars)			
Identification code 91-4574-2-4-502	2004 actual	2005 est.	2006 est.
Position with respect to appropriations act limitation on obligations:			
1111 Limitation on direct loans	85		
1131 Direct loan obligations exempt from limitation			
1150 Total direct loan obligations	85		
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year			
1231 Disbursements: Direct loan disbursements	85		
1251 Repayments: Repayments and prepayments	-5		
1264 Write-offs for default: Other adjustments, net			
1290 Outstanding, end of year	80		

As required by the Federal Credit Reform Act of 1990, this non-budgetary account records all cash flows to and from the Government resulting from direct loans obligated in 1992

and beyond (including modifications of direct loans that resulted from obligations in any year). The amounts in this account are a means of financing and are not included in budget totals.

INSTITUTE OF EDUCATION SCIENCES

Federal Funds

General and special funds:

INSTITUTE OF EDUCATION SCIENCES

For carrying out activities authorized by the Education Sciences Reform Act of 2002, as amended, [The] the National Assessment of Educational Progress Authorization Act, [and] section 208 of the Educational Technical Assistance Act of 2002, [§527,453,000: Provided, That, of the amount appropriated, \$190,518,000] and section 664 of the Individuals with Disabilities Education Act, \$479,064,000, of which \$271,560,000 shall be available [for obligation] until September 30, [2006: Provided further, That \$83,774,000 shall be for research and innovation in special education authorized under section 177 of the Education Science Reform Act, as amended: Provided further, That \$10,623,000 of the funds for section 177 of the Act shall be available for the projects and in the amounts specified in the statement of the managers of the conference report accompanying this Act] 2007. (Department of Education Appropriations Act, 2005.)

Program and Financing (in millions of dollars)			
Identification code 91-1100-0-1-503	2004 actual	2005 est.	2006 est.
Obligations by program activity:			
Research and statistics:			
00.01 Research, development, and dissemination	165	166	164
00.02 Statistics	92	91	91
00.03 Regional educational laboratories	67	66	
00.04 Assessment	95	94	116
Technical assistance providers:			
00.05 Regional technology in education consortia	10		
00.06 Comprehensive regional assistance centers	28		
00.07 Eisenhower regional mathematics and science education consortia	14		
00.08 Eisenhower National Clearinghouse for Mathematics and Science Education	5		
00.09 Research in special education		83	73
00.10 Statewide data systems		25	25
00.11 Special education studies and evaluations			10
01.00 Total direct program	476	525	479
09.01 Reimbursable program	4	4	4
10.00 Total new obligations	480	529	483
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year		2	
22.00 New budget authority (gross)	480	527	483
22.10 Resources available from recoveries of prior year obligations	1		
23.90 Total budgetary resources available for obligation	481	529	483
23.95 Total new obligations	-480	-529	-483
24.40 Unobligated balance carried forward, end of year	2		
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	479	527	479
40.35 Appropriation permanently reduced	-3	-4	
43.00 Appropriation (total discretionary)	476	523	479
Spending authority from offsetting collections:			
68.00 Offsetting collections (cash)	3	4	4
68.10 Change in uncollected customer payments from Federal sources (unexpired)	1		
68.90 Spending authority from offsetting collections (total discretionary)	4	4	4
70.00 Total new budget authority (gross)	480	527	483
Change in obligated balances:			
72.40 Obligated balance, start of year	575	602	495

General and special funds—Continued

INSTITUTE OF EDUCATION SCIENCES—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 91-1100-0-1-503	2004 actual	2005 est.	2006 est.
73.10 Total new obligations	480	529	483
73.20 Total outlays (gross)	−443	−636	−512
73.40 Adjustments in expired accounts (net)	−12	.....	.....
73.45 Recoveries of prior year obligations	−1	.....	.....
74.00 Change in uncollected customer payments from Federal sources (unexpired)	−1	.....	.....
74.10 Change in uncollected customer payments from Federal sources (expired)	4	.....	.....
74.40 Obligated balance, end of year	602	495	466
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	90	134	123
86.93 Outlays from discretionary balances	353	502	389
87.00 Total outlays (gross)	443	636	512
Offsets:			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	−7	−4	−4
Against gross budget authority only:			
88.95 Change in uncollected customer payments from Federal sources (unexpired)	−1	.....	.....
88.96 Portion of offsetting collections (cash) credited to expired accounts	4	.....	.....
Net budget authority and outlays:			
89.00 Budget authority	476	523	479
90.00 Outlays	435	632	508

Research and Statistics.—

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

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

Assessment.—Funds support the National Assessment of Educational Progress (NAEP). NAEP administers assessments to samples of students in order to gather reliable information about educational attainment in important academic areas. Funds support collection and reporting of national, State, and long-term trend information, including the conduct of biennial State NAEP in reading and mathematics at grades 4 and 8. In 2006, funds will also support costs of expanding State NAEP to grade 12.

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

Statewide data systems.—Funds support competitive awards to State educational agencies to foster the design, development, and implementation of longitudinal data systems.

Special education studies and evaluations.—Funds support objective studies, evaluations, and assessments related to the implementation of the Individuals with Disabilities Education Act in order to improve special education and early intervention services and results for infants, toddlers, and children with disabilities.

Object Classification (in millions of dollars)

Identification code 91-1100-0-1-503	2004 actual	2005 est.	2006 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent	1	1	1
11.3 Other than full-time permanent	1	1	1
11.9 Total personnel compensation	2	2	2
24.0 Printing and reproduction	1	.....	.....
25.1 Advisory and assistance services	4	3	2
25.2 Other services	181	179	211
25.3 Other purchases of goods and services from Government accounts	19	18	18
25.5 Research and development contracts	77	76	10
41.0 Grants, subsidies, and contributions	191	244	233
99.0 Direct obligations	475	522	476
99.0 Reimbursable obligations	4	4	4
99.5 Below reporting threshold	1	3	3
99.9 Total new obligations	480	529	483

Personnel Summary

Identification code 91-1100-0-1-503	2004 actual	2005 est.	2006 est.
1001 Total compensable workyears: Civilian full-time equivalent employment	11	16	16

DEPARTMENTAL MANAGEMENT

Federal Funds

General and special funds:

PROGRAM ADMINISTRATION

For carrying out, to the extent not otherwise provided, the Department of Education Organization Act, including rental of conference rooms in the District of Columbia and hire of three passenger motor vehicles, [\$423,379,000] \$418,992,000. (Department of Education Appropriations Act, 2005.)

Program and Financing (in millions of dollars)

Identification code 91-0800-0-1-503	2004 actual	2005 est.	2006 est.
Obligations by program activity:			
00.01 Program administration			
09.01 Reimbursable program	418	425	419
09.01 Reimbursable program	1	1	1
10.00 Total new obligations	420	426	420
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	5	6	.....
22.00 New budget authority (gross)	421	420	420
23.90 Total budgetary resources available for obligation	426	426	420
23.95 Total new obligations	−420	−426	−420
23.98 Unobligated balance expiring or withdrawn	−1	.....	.....
24.40 Unobligated balance carried forward, end of year	6	.....	.....
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	425	423	419
40.35 Appropriation permanently reduced	−5	−4	.....
43.00 Appropriation (total discretionary)	420	419	419
68.00 Spending authority from offsetting collections: Offsetting collections (cash)	1	1	1
70.00 Total new budget authority (gross)	421	420	420
Change in obligated balances:			
72.40 Obligated balance, start of year	113	121	159
73.10 Total new obligations	420	426	420
73.20 Total outlays (gross)	−406	−388	−430
73.40 Adjustments in expired accounts (net)	−8	.....	.....
74.10 Change in uncollected customer payments from Federal sources (expired)	2	.....	.....
74.40 Obligated balance, end of year	121	159	149

Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	327	324	323
86.93 Outlays from discretionary balances	79	64	107
87.00 Total outlays (gross)	406	388	430
Offsets:			
Against gross budget authority and outlays:			
Offsetting collections (cash) from:			
88.00 Federal sources	−3	−1	−1
88.40 Non-Federal sources	−1		
88.90 Total, offsetting collections (cash)	−4	−1	−1
Against gross budget authority only:			
88.96 Portion of offsetting collections (cash) credited to expired accounts	3		
Net budget authority and outlays:			
89.00 Budget authority	420	419	419
90.00 Outlays	402	387	429

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

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

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

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

Object Classification (in millions of dollars)			
Identification code 91-0800-0-1-503	2004 actual	2005 est.	2006 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent	166	198	197
11.3 Other than full-time permanent	29	7	7
11.5 Other personnel compensation	4	4	3
11.9 Total personnel compensation	199	209	207
12.1 Civilian personnel benefits	46	47	47
21.0 Travel and transportation of persons	5	5	5
23.1 Rental payments to GSA	32	35	36
23.3 Communications, utilities, and miscellaneous charges	12	13	13
24.0 Printing and reproduction	4	5	4
25.1 Advisory and assistance services	4	3	2
25.2 Other services	30	22	20
25.3 Other purchases of goods and services from Government accounts	23	13	14
25.7 Operation and maintenance of equipment	47	56	58
26.0 Supplies and materials	2	2	2
31.0 Equipment	14	14	10
32.0 Land and structures	1	1	1
99.0 Direct obligations	419	425	419
99.0 Reimbursable obligations	1	1	1

99.9 Total new obligations	420	426	420
Personnel Summary			
Identification code 91-0800-0-1-503	2004 actual	2005 est.	2006 est.
1001 Total compensable workyears: Civilian full-time equivalent employment	2,263	2,315	2,244

OFFICE FOR CIVIL RIGHTS

For expenses necessary for the Office for Civil Rights, as authorized by section 203 of the Department of Education Organization Act, [§90,248,000] \$91,526,000. (Department of Education Appropriations Act, 2005.)

Program and Financing (in millions of dollars)			
Identification code 91-0700-0-1-751	2004 actual	2005 est.	2006 est.
Obligations by program activity:			
00.01 Civil rights	88	89	92
10.00 Total new obligations	88	89	92
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	88	89	92
23.95 Total new obligations	−88	−89	−92
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	89	90	92
40.35 Appropriation permanently reduced	−1	−1	.....
43.00 Appropriation (total discretionary)	88	89	92
Change in obligated balances:			
72.40 Obligated balance, start of year	16	20	21
73.10 Total new obligations	88	89	92
73.20 Total outlays (gross)	−83	−88	−91
73.40 Adjustments in expired accounts (net)	−1	.....	.....
74.40 Obligated balance, end of year	20	21	22
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	73	73	76
86.93 Outlays from discretionary balances	10	15	15
87.00 Total outlays (gross)	83	88	91
Net budget authority and outlays:			
89.00 Budget authority	88	89	92
90.00 Outlays	83	88	91

The Office for Civil Rights is responsible for ensuring that no person is unlawfully discriminated against on the basis of race, color, national origin, sex, disability, or age in the delivery of services or the provision of benefits in programs or activities of schools and institutions receiving financial assistance from the Department of Education. The authorities under which the Office for Civil Rights operates are Title VI of the Civil Rights Act of 1964 (racial and ethnic discrimination), Title IX of the Education Amendments of 1972 (sex discrimination), section 504 of the Rehabilitation Act of 1973 (discrimination against individuals with a disability), the Age Discrimination Act of 1975, the Americans with Disabilities Act of 1990 and the Boy Scouts of America Equal Access Act of 2002.

Object Classification (in millions of dollars)			
Identification code 91-0700-0-1-751	2004 actual	2005 est.	2006 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent	49	52	51
11.3 Other than full-time permanent	2	2	2
11.9 Total personnel compensation	51	54	53
12.1 Civilian personnel benefits	13	13	13

General and special funds—Continued

OFFICE FOR CIVIL RIGHTS—Continued

Object Classification (in millions of dollars)—Continued

Identification code 91-0700-0-1-751		2004 actual	2005 est.	2006 est.
21.0	Travel and transportation of persons	1	1	1
23.1	Rental payments to GSA	7	9	10
23.3	Communications, utilities, and miscellaneous charges	2	2	2
25.2	Other services	1	1	1
25.3	Other purchases of goods and services from Government accounts	5	3	3
25.7	Operation and maintenance of equipment	8	4	6
31.0	Equipment .....	.....	1	1
99.0	Direct obligations	88	88	90
99.5	Below reporting threshold .....	.....	1	2
99.9	Total new obligations	88	89	92

Personnel Summary

Identification code 91-0700-0-1-751		2004 actual	2005 est.	2006 est.
1001	Total compensable workyears: Civilian full-time equivalent employment	655	656	638

OFFICE OF THE INSPECTOR GENERAL

For expenses necessary for the Office of the Inspector General, as authorized by section 212 of the Department of Education Organization Act, [§47,790,000] \$49,408,000. (Department of Education Appropriations Act, 2005.)

Program and Financing (in millions of dollars)

Identification code 91-1400-0-1-751		2004 actual	2005 est.	2006 est.
Obligations by program activity:				
00.01	Inspector General	47	47	49
10.00	Total new obligations	47	47	49
Budgetary resources available for obligation:				
22.00	New budget authority (gross)	46	47	49
23.95	Total new obligations	−47	−47	−49
New budget authority (gross), detail:				
Discretionary:				
40.00	Appropriation	47	48	49
40.35	Appropriation permanently reduced	−1	−1	.....
43.00	Appropriation (total discretionary)	46	47	49
Change in obligated balances:				
72.40	Obligated balance, start of year	7	14	11
73.10	Total new obligations	47	47	49
73.20	Total outlays (gross)	−40	−50	−49
74.40	Obligated balance, end of year	14	11	11
Outlays (gross), detail:				
86.90	Outlays from new discretionary authority	35	40	40
86.93	Outlays from discretionary balances	5	10	9
87.00	Total outlays (gross)	40	50	49
Net budget authority and outlays:				
89.00	Budget authority	46	47	49
90.00	Outlays	40	50	49

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

for internal reviews of the Department's financial systems and audits of its financial statements.

Object Classification (in millions of dollars)

Identification code 91-1400-0-1-751		2004 actual	2005 est.	2006 est.
11.1	Direct obligations:	.....	.....	.....
11.1.1	Personnel compensation:	.....	.....	.....
11.1.1.1	Full-time permanent	21	25	25
11.1.1.2	Other than full-time permanent	1	1	1
11.1.1.3	Other personnel compensation	2	.....	1
11.1.2	Total personnel compensation	24	26	27
12.1	Civilian personnel benefits	6	8	7
21.0	Travel and transportation of persons	1	2	1
23.1	Rental payments to GSA	3	4	5
23.3	Communications, utilities, and miscellaneous charges	1	1	1
25.1	Advisory and assistance services	4	2	3
25.2	Other services .....	.....	1	1
25.3	Other purchases of goods and services from Government accounts	2	1	1
25.7	Operation and maintenance of equipment	4	1	3
31.0	Equipment	1	1	.....
99.0	Direct obligations	46	47	49
99.5	Below reporting threshold	1	.....	.....
99.9	Total new obligations	47	47	49

Personnel Summary

Identification code 91-1400-0-1-751		2004 actual	2005 est.	2006 est.
1001	Total compensable workyears: Civilian full-time equivalent employment	268	302	285

GENERAL FUND RECEIPT ACCOUNTS

(in millions of dollars)

		2004 actual	2005 est.	2006 est.
Offsetting receipts from the public:	91-291500 Repayment of loans, capital contributions, higher education activities	51	50	50
General Fund Offsetting receipts from the public	51	50	50	

GENERAL PROVISIONS

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

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

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

(TRANSFER OF FUNDS)

SEC. 304. Not to exceed 1 percent of any discretionary funds (pursuant to the Balanced Budget and Emergency Deficit Control Act of

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

【SEC. 305. Section 8002(m) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7702(m)) is amended by striking “5 years” each place it appears and inserting “7 years”.】

【SEC. 306. (a) Section 167 of division H of the Consolidated Appropriations Act, 2004 (Public Law 108–199; 118 Stat. 3) is amended by striking “\$200,000, for Western Maine Technical College, South Paris, Maine, for education programs and marketing activities” and inserting “\$200,000, for Central Maine Community College, Auburn, Maine, for education programs, student recruitment and marketing activities at the Central Maine Community College-Western Maine University and Community College Center in South Paris, Maine”.】

【(b) In the statement of the managers of the committee of conference accompanying H.R. 2673 (Public Law 108–199; House Report

108–401), in the matter in title III of division E, relating to the Fund for the Improvement of Education under the heading “Innovation and Improvement” the provision specifying \$300,000 for the Provo City Public Schools, Provo, Utah, to develop, purchase and implement an English language instructional program for training and certifying ESL teachers shall be deemed to read as follows: “Provo City Public Schools, Provo, Utah, for an English language instructional program, \$300,000”.】

【SEC. 307. Notwithstanding any other provision of law, students from the Republic of the Marshall Islands and the Federated States of Micronesia enrolled in institutions in the Republic of Palau shall be eligible for grants under subpart 1 of part A of title IV of the Higher Education Act of 1965 to the extent such grants continue to be available to students from the Republic of the Marshall Islands and the Federated States of Micronesia who are attending institutions in the United States.】 (Department of Education Appropriations Act, 2005.)