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DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE APPROPRIATIONS FOR 1977

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HEARINGS

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS HOUSE OF REPRESENTATIVES

NINETY-FOURTH CONGRESS

SECOND SESSION

SUBCOMMITTEE ON THE DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE

DANIEL J. FLOOD, Pennsylvania, *Chairman*

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NEAL SMITH, Iowa
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PART 5

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE:

Education

Printed for the use of the Committee on Appropriations

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DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE APPROPRIATIONS FOR FISCAL YEAR 1977

MONDAY, MARCH 8, 1976.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

EDUCATION OVERVIEW

WITNESSES

EDUCATION DIVISION

VIRGINIA Y. TROTTER, PH. D., ASSISTANT SECRETARY FOR EDUCATION
HAROLD L. HODGKINSON, PH. D., DIRECTOR, NATIONAL INSTITUTE OF EDUCATION

OFFICE OF EDUCATION

DR. T. H. BELL, COMMISSIONER OF EDUCATION
DUANE J. MATTHEIS, EXECUTIVE DEPUTY COMMISSIONER
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DR. EDWIN W. MARTIN, ACTING DEPUTY COMMISSIONER FOR EDUCATION OF THE HANDICAPPED
DR. WILLIAM F. PIERCE, DEPUTY COMMISSIONER FOR OCCUPATIONAL AND ADULT EDUCATION
DR. JOHN D. PHILLIPS, DEPUTY COMMISSIONER FOR POSTSECONDARY EDUCATION
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MRS. CORA P. BEEBE, DIRECTOR, DIVISION OF PLANNING AND BUDGETING
CHARLES MILLER II, DEPUTY ASSISTANT SECRETARY, COMPTROLLER

Mr. FLOOD. Continuing with the Department of Health, Education, and Welfare, we now take up the Education Division. The first part of this presentation will be made by Virginia Y. Trotter, the Assistant Secretary for Education.

We have a biographical sketch of you which we will put in the record at this point.

[The document follows:]

BIOGRAPHICAL SKETCH

Name: Virginia Y. Trotter.
Position: Assistant Secretary for Education.
Birthplace and date: Boise, Idaho, November 29, 1921.

Education: Ph. D. in Family Economics, Housing, Higher Education. Ohio State University, Columbus, Ohio, 1959. M.S. in Family Economics, Kansas State University, Manhattan, Kansas, 1949. B.S. in Home Economics, Kansas State University, Manhattan, Kansas, 1943.

Experience:

1974 to present—Assistant Secretary for Education, DHEW.

1972–74—Vice Chancellor for Academic Affairs and Professor of Education and Family Resources, University of Nebraska-Lincoln.

1970–72—Dean of the College of Home Economics, University of Nebraska-Lincoln.

1963–70—Associate Dean of the College of Agriculture and Home Economics, University of Nebraska-Lincoln.

1955–63—Assistant for Home Economics to the Dean of Agriculture, and Chairman of the Home Economics Department, University of Vermont.

1950–55—Assistant Professor and Head of the Family Economics and Management Division of the Department of Home Economics, University of Nebraska-Lincoln.

1948–50—Instructor and Director of the Home Management Laboratory, University of Utah.

Ms. TROTTER. I would like you to meet Dr. Bell, Commissioner of Education; Charlie Miller, who is the Deputy Assistant Secretary, Comptroller; Dr. Harold Hodgkinson, who is the Director of NIE; Mrs. Cora Beebe, with the Office of Education; and Dr. John Evans, also of the Office of Education, who is the Deputy Commissioner for Budget and Planning.

Mr. FLOOD. In view of the subject you are dealing with here, with no reflection upon anybody at all, but under all the circumstances, any questions I ask, don't presume that you must answer them all. Don't hesitate to call upon anybody on your staff at the table or backing you up here, by all means; or, if any of you think the boss isn't doing a good job, volunteer. It is all right with us.

But, if and when you do call on anybody or anybody volunteers, then we want a short biographical sketch of that person who speaks to be inserted in the record.

Please, with this subject, let's have everybody in the act here. Don't try to have one person make all the answers.

Of course, Dr. Bell, as an old marine, you know the attitude on volunteering.

I see you have a prepared statement. How do you want to handle that?

Ms. TROTTER. I have a short statement I would like to present, Mr. Chairman.

I am pleased to have the opportunity to speak to you in support of the administration's proposed education budget for fiscal year 1977. This budget recommends a spending authority of a little more than $6.9 billion for the Education Division of the Department. Within this amount, $539 million has been included for vocational education to fund the current year, 1976–77. These funds are in addition to a similar amount requested for this activity in our consolidation proposal which would place vocational education on the same advance funding basis as the other programs included in the proposed consolidation.

There is no need to reiterate the budget constraints we are all familiar with and the economic factors which dictate these constraints. Faced with these limitations, we have prepared this budget giving careful consideration to the most appropriate Federal response that can be given at this time.

Our priorities flow logically from what we perceive to be the appropriate Federal role in education. That role has four basic tenets: (1) State and local agencies are in a better position to deal with our educational problems than is the Federal Government, (2) support of individuals is preferred over support of institutions, (3) assuring equality of access is a major Federal responsibility, and (4) research, development and statistical information activities are appropriately centralized at the Federal level.

Given this perspective, there are three program areas which merit your special attention. At the elementary and secondary level, we are recommending further consolidation and deregulation of some 27 programs. At the postsecondary level, we are emphasizing student assistance as the most appropriate means of supporting postsecondary education. And supporting increased funding for education research and development appears to be an appropriate response to the need for improving the quality and efficiency of new and continuing programs.

The $20 million increase—a total of $90 million—proposed for NIE will provide funds to strengthen the Institute's R. & D. program activities. The Institute will continue its efforts to make research and development knowledge available to teachers, school administrators, and other education policymakers as well as to assist them in applying that knowledge to the solution of problems.

More than 90 percent of the funds requested for postsecondary education, will go to support four student financial aid programs, basic educational opportunity grants, guaranteed student loans, work-study, and State student incentive grants. This distribution of funds will help assure access to postsecondary education for all who seek it as well as a measure of choice in the selection of an educational institution which will most effectively serve that student's particular needs.

The basic opportunity grant program is based on the premise that eligible, needy students should have financial equality of access to postsecondary education—in fact, an entitlement. This program forms the underpinning to the Federal student assistance strategy. It provides a source of funds unavailable in equivalent magnitude anywhere else. The budget is built on the intent to fully fund basic opportunity grants.

The primary purposes of our consolidation proposal are (1) to relieve the administrative burdens placed on the States and local education agencies by the current conglomeration of Federal education programs and (2) to provide each State with maximum flexibility and responsibility to determine its own educational priorities and unique funding needs. The details of this proposal have been transmitted to the Congress in the form of proposed legislation—the Financial Assistance to Elementary and Secondary Education Act. We hope the Congress will give prompt and favorable consideration to this proposal.

I am ready to answer any questions that you have at this time or would you prefer to hear Dr. Bell's statement first?

Mr. FLOOD. We will hold our questions for the moment. The next part of the presentation will be made for the Office of Education by Dr. Bell.

We have your biographical sketch, which we will place in the record at this point.

[The document follows:]

BIOGRAPHICAL SKETCH

Name: Terrel Howard Bell.

Position: U.S. Commissioner.

Birthplace and date: Lava Hot Springs, Idaho, November 11, 1921.

Education: Southern Idaho College of Education, 1946, Bachelor of Arts. University of Idaho, 1954. Master of Science in Educational Administration. University of Utah, 1961. Doctorate in Educational Administration with allied field in Political Science. Graduate Study (no degree), Stanford University. Southern Utah State College, 1970. Doctor of Humanities (honoris causa).

Experience present: U.S. Commissioner.

1971–74: Superintendent of the Granite School District, Salt Lake City, Utah.

1970–71: Deputy Commissioner, U.S. Office of Education and Acting U.S. Commissioner of Education.

1963–69: Utah State Superintendent of Public Instruction.

1962–63: Professor and Department Head, Department of Educational Administration, Utah State University.

1957–61: Superintendent of Schools, Weber County School District of Ogden, Utah.

1954–56: Superintendent of Schools, Star Valley School District of Afton, Wyoming.

1947–53: Superintendent of Schools, Rockland, Idaho.

1946–47: Science Teacher and Athletic Coach, Eden, Idaho.

1942–46: First Sergeant, U.S. Marines in Pacific Area (World War II).

Association memberships: Presidential Appointee (with U.S. Senate Confirmation). The National Council on Educational Research (the governing board of the National Institute of Education). President's Commission on School Finance (1970 and 1971). President's Committee an Employment of the Handicapped Gallup Poll Advisory Panel (1973). Board of Directors, Utah Symphony. National Capital Area Council of Boy Scouts of America (1970 and 1971). President, National Federation of Large School Systems.

Publications: Your Child's Intellect, Olympus Publishing Co. (1972). MBO: A Performance Accountability System for School Administrators, Prentice Hall (1974).

Effective Teaching, Exposition Press (1962).

A Philosophy of Education for the Space Age, Exposition Press (1962).

The Prodigal Pedagogue (a novel), Exposition Press (1955).

Parenting and the Public Schools (to be published in 1974 by Olympus Publishing Co.).

Over 27 articles in journals and magazines.

Honors and awards: Distinguished Service Award of the National Association of State Boards of Education (1973). Secretary's Special Citation for Outstanding Contributions to the U.S. Office of Education (HEW) (1970). Certificate of Appreciation, U.S. Office of Education (1971). Distinguished Service Award of the Council of Chief State School Officers (1970). Distinguished Service Award of the Utah School Boards Association (1969). Distinguished Service Award of the National Advisory Council for Adult Education (1970). Phi Kappa Phi National Scholarship Honorary Society.

Mr. FLOOD. How would you like to present your statement?

STATEMENT OF THE COMMISSIONER

Dr. BELL. I would like to submit that for the record and give you a brief summary, if that is all right, Mr. Chairman.

Mr. FLOOD. Suppose we do that, without objection.

[The statement follows:]

Mr. Chairman and members of the committee: This is now the second year I have appeared before this committee to present the annual budget request for the Office of Education.

As in the past, I am here at a time of financial stringency, a time that demands the most careful balancing of the needs of education against the overall need for fiscal responsibility.

In facing these economic constraints during the process of developing the 1977 budget, we felt compelled once again to reexamine the respective roles in education of both State and Federal governments. Now, more than ever, it is impera-

tive that we make better use of their capacities in providing quality education to all Americans. More specifically, the budget which we are presenting to you today is based on two major premises.

First, we believe that the prime responsibility of the States is to support and administer the provision of most educational services; and that to do this effectively they must be able to make their own choices as to how best to meet their own needs. The President has just submitted to Congress a major new consolidation of most of our service-oriented elementary, secondary, vocational, and adult programs. This consolidation is designed to give more flexibility to the State and local education agencies that bear the brunt of the educational effort, promote the more effective use of available resources, and reduce red tape. This proposal would consolidate 24 programs into a single flexible activity and would be effective during academic year 1977–78. The funds for that year are included in our 1977 budget estimate which is currently before you; but in order not to delay the availability of funds, they are requested under existing authorities pending congressional action on the legislative proposal. Following their appropriation, the funds could be consolidated upon enactment of the new legislation. I have attached to my statement a table which lists these programs along with their proposed funding levels.

Our second major premise is that the Federal role in education is to promote equal access by targeting resources to the disadvantaged populations, and to help improve the quality of educational services through the demonstration of innovative and exemplary programs. In this connection, for example, we are proposing full funding of basic opportunity grants for students from low-income families, we are increasing our aid to local school districts to assist in desegregation, and we are continuing support for most of our demonstration programs.

We are requesting a total of $5.9 billion for the Office of Education.

I would now like to present to you some of the highlights of our budget, and will discuss them by individual appropriation account.

ELEMENTARY AND SECONDARY EDUCATION

We are requesting over $2.2 billion for programs at the elementary and secondary education levels. These funds will be directed toward the primary purposes of fostering equal educational opportunity for the disadvantaged and of strengthening local school systems through demonstration-type activities.

The budget includes $1.9 billion for title I of the Elementary and Secondary Education Act to provide compensatory educational services in local school districts as well as Bureau of Indian Affairs schools for over 4.5 million educationally disadvantaged children. State agencies will also receive funds to assist them in providing educational programs for migrant, neglected and delinquent, and handicapped children for whom they have responsibility.

For support and innovation grants to States we are requesting $172.9 million. This activity consolidated the previously separately funded programs of strengthening State departments of education, supplementary services, nutrition and health, and dropout prevention. This program as well as title I, is now advance funded; therefore, the fiscal year 1977 appropriation will be available from July 1977 through September 1978.

The remaining $139 million in the Elementary and Secondary Education request will support four programs, three of which—bilingual education, right to read, and followthrough—are concerned with the improvement of equal educational opportunity for students. To expand the capacity of the States to deliver basic services in bilingual education, we are requesting $90 million. These funds will support the demonstration of improved programs, teacher training, and materials development.

Our budget includes $12 million for the right to read program which aims at eliminating functional illiteracy through the support of exemplary reading programs for pre- and elementary school students and the study of the effectiveness of using reading specialists in the classroom. Again, the basic strategy is to encourage the various governmental levels, as well as the private sector, to increase and improve their efforts to eliminate illiteracy.

For the followthrough program, our request of $30 million reflects a proposed phaseout of this activity which has now completed its experimental purposes.

Our final request in this area is $7 million for educational broadcasting facilities. This will permit the upgrading of existing television and radio facilities and the activation of new stations to serve approximately 2.8 million additional viewers and 4 million additional listeners in 1977.

This elementary and secondary request is therefore about $216 million below the 1976 appropriation, leaving aside the proposed consolidation.

SCHOOL ASSISTANCE IN FEDERALLY AFFECTED AREAS

We are once again asking Congress to reform this program which provides aid to school districts where enrollments and the availability of local revenues have been adversely affected by Federal activities. Studies have shown that much of this aid cannot be justified in terms of a federally imposed burden.

Our 1977 request of $325 million, a decrease of $355 million from 1976, will continue payments (1) for children of parents who live and work on Federal property, (2) for children who reside on Federal property in States which do not provide suitable free public education, (3) for various minor provisions, and (4) for critical construction needs. On the other hand, we would eliminate funding for section 3(b) children. The overwhelming majority of the parents of these children live in the community while working on Federal property, and thus pay property taxes which support local schools. We would also propose not to fund children in low-rent public housing who do not constitue a federally imposed burden.

EMERGENCY SCHOOL AID

We are asking for an appropriation of $215 million for the Emergency School Aid Act and $34.7 million for the training and technical assistance supported under title IV of the Civil Rights Act.

While maintaining emergency school aid at the 1976 total level, we are proposing to move away from a broad State grant approach no longer justified by desegregation needs toward a new strategy that lets us pinpoint our efforts on major new desegregation efforts. We believe that this shift would allow great economies. More specifically, we are recommending appropriation language which would allow a small increase in the discretionary special programs account, from 5 to 10 percent of the total appropriation. This 5-percent increase would be offset by a 5-percent decrease in the State grant activities. This modest change will provide a total of $21.5 million in discretionary funds to meet the urgent and complex needs of cities facing special desegregation problems. This budget proposal is supported by a legislative proposal which would amend the statute relative to these percentage set-asides.

In addition, we are asking for an increase of $8 million in title IV funds, for a total of $34.7 million. This increase reflects the Federal strategy of upgrading State and local capability of handling the complex and varied problems related to desegregation, bilingual education needs, and the elimination of sex discrimination within education institutions. Title IV provides training and technical assistance advisory services to State and local education agencies to promote effective desegregation, and help districts comply with both the bilingual education requirements outlined in the *Lau* decision, and the sexual equality requirements of title IX. The $8 million increase will enable further development and extension of these critical service activities.

EDUCATION FOR THE HANDICAPPED

We are requesting a total of $236 million for programs to help improve educational opportunities for handicapped children. This is the same as the 1976 appropriation. This money is divided between the State grant program, which for the first time in 1977 will be governed by the new Education of All Handicapped Children Act, and a variety of capacity building programs.

Our request includes $110 million for grants to States, which represents 47 percent of the total OE request under this account. This request has been arrived at after a careful consideration of overall funding priorities as well as the specific purposes that Federal assistance in this area is designed to serve.

The major commitment undertaken by the Federal Government in this area is to bring about changes in educational patterns. One major emphasis of these efforts is to assist the States in extending the coverage of educational services for the handicapped to eventually reach the entire target population. So the major priority in the use of State grant funds is in identifying, diagnosing, and serving currently unserved children. The other major Federal effort in special education remains that of building State and local capacities to provide special educational services. We propose to do this as before in a variety of ways: Through developing model projects in order to disseminate successful products and practices to

State and local education agencies, through continued support designed to improve the quality and quantity of personnel trained in special education; through research activities that define and advance the state of the art; and through a variety of coordinating mechanisms designed to make sure that the States make the most effective provision of services to their children.

A third Federal responsibility is to support certain activities which cannot be effectively carried out by other levels of government because of high costs and relatively scattered populations. We continue, for instance, to support efforts designed to train deaf-blind students.

Finally, a new Federal responsibility in special education has been added by the passage of the Education for All Handicapped Children Act. That is to develop means of assuring compliance of State and local education agencies with the very detailed requirements of this legislation. This is an administrative responsibility we feel must be met regardless of the level of program funds.

OCCUPATIONAL, VOCATIONAL, AND ADULT EDUCATION

The specific shape of our vocational education request in fiscal year 1977 is dictated by the uncertain legislative picture. With Congress now considering new legislation in this area, and with the existing categorical authorities expired, we have submitted a request based on the only legislation that is still in force, the authorizations for basic grants to States, and vocational research. We are requesting a total of $539.3 million for these programs, including the $7.2 million permanent appropriation, to fund school year 1976–77, a decrease of $13 million.

I would add that our budgetary plans include an additional $539.3 million for vocational education in order to place this activity on the same advance funded basis as our elementary, secondary, and adult education programs. These funds, to cover school year 1977–78, will be included in a supplemental request to you upon enactment of new legislation.

For adult education, we are requesting $67.5 million, a decrease of $4 million from 1976. This program is already advance funded so the 1977 estimate will support academic year 1977–78.

POSTSECONDARY EDUCATION

Postsecondary education is expensive and getting more so. As costs mount, this society faces the increasing risk that talented, motivated students will be denied access to postsecondary opportunities—not from lack of interest, not from a considered desire to choose other types of careers, but from the simple lack of cash.

The fundamental policy of the Federal Government in postsecondary education is to lower the financial barriers to that education, so that no American is kept from having a chance at postsecondary education because of limited family resources.

Therefore, the overall budgetary posture of the administration is simple: To concentrate Federal dollars, first, on grants which make sure that low-income students have a chance at postsecondary education, and second, on a mix of work-study and loans to supplement these grants and give other students a way to finance their educational costs more effectively. This approach dictates an emphasis on student financial aid.

Once again the basic opportunity grant program is the keystone of our postsecondary education request. For fiscal year 1977 we are asking for $1.1 billion to full-fund basic grants. This program is critical in our efforts to lower financial barriers to postsecondary education. I might add that this request is based on an assumed participation rate of 59 percent for those students eligible for the program. We are now getting indications that our estimates of the rate of participation may be low. I frankly will be gratified by this, if it comes to pass, both as a sign that our confidence in the basic grants program has not been misplaced and as evidence that more disadvantaged students are in fact making use of the opportunities opened by this program. As more information becomes known and we establish a new participation rate, we shall advise this committee of the impact on our estimates for the program and any changes in funding that seem appropriate.

In addition to the basic grants program, we are also requesting $400 million for the guaranteed student loan program. The reduced appropration for guaranteed loans—from $452 million in 1976—is possible because of funds carried over from prior years, and will not diminish the scope of the program in any way. This program is an essential element of the Federal student aid package essential

both for low-income students who can use guaranteed loans to supplement their Federal grants, and for middle-income students who can use loans as a flexible financing source and as a way to pay for higher cost institutions.

As a supplement to basic grants and guaranteed loans, we are asking once again for $44 million for the State student incentive grant program. And we are again asking the Congress to eliminate the duplicative supplemental opportunity grants program and to end new Federal capital contributions for direct loans. With over $250 million already available for relending in the direct loan revolving fund, there is no clear reason to continue pumping badly needed capital into this area.

To round out our efforts to promote access to postsecondary education, we are proposing to reorganize the special programs for the disadvantaged, for which we are requesting $60.3 million. The planned restructuring should improve both the effectiveness of the programs and the efficiency with which services are delivered, permitting us to increase the size of the clientele served, while economizing on the Federal resources required. We are again requesting $110 million for the strengthening developing institutions program, to assist institutions serving large numbers of minority and disadvantaged students to enter the mainstream of American education.

Finally, in a number of small categorical programs with marginal priorities we are asking for reductions and program eliminations.

SPECIAL PROJECTS AND TRAINING

The Special Projects Act is the major discretionary program available to the Office of Education. In line with our overall need to tighten our belts we are asking for a total appropriation under this act of $29,850,000, a decrease of $7 million from the fiscal year 1976 appropriation. Our requested distribution within this total will enable us to target funds to those high priority areas where the need is greatest. For instance, emphasis will be placed on career education, women's educational equity, and the dissemination of information about successful projects throughout the educational system. In line with this, our proposed appropriation language will eliminate the specific percentage set-asides mandated in the basic law.

This appropriation also contains the Teacher Corps for which we are requesting level funding at $37.5 million. Teacher Corps activities will support a combination of preservice and inservice training designed to demonstrate better ways of teaching the disadvantaged.

SALARIES AND EXPENSES

Since coming to the Office of Education, I have emphasized that we must increase productivity through tighter management, implementation of an effective manpower utilization program, and simplification of procedures. These efforts have shown success and are absolutely essential in order to meet our expanding workload. For fiscal year 1977 I have focused capacities from both proposed new and reallocated personnel in order to bring together what I consider to be a bare minimum of resources to address the problems of fraud and abuse in the student aid programs.

The reallocations are based on program priority judgments and on the basis of our ability to increase our productivity in certain areas to allow for reductions. The request for personnel increases is a result of a careful assessment of all program activities.

In our request for salaries and expenses we are asking for a total appropriation of $115.4 million which is $8.1 million more than this account's fiscal year 1976 appropriation. Almost all of this increase is for built-in costs and the added personnel for student financial aid programs. The added staff will be allocated to efforts to attain better program compliance and to decrease fraud and abuse in these programs.

SUMMARY

In summary, Mr. Chairman, this request recognizes overall budgetary constraints while at the same time moving us toward a leaner, more streamlined and effective program structure. The educational consolidation and other changes proposed here will let us target Federal money more effectively on the needy, avoid redtape, and get much more mileage than we now can from the educational dollar.

My colleagues and I will be pleased to answer any questions you may have.

Tab A
Division of Planning and Budgeting
February 5, 1976
March 2, 1976 Revised

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Financial Assistance for Elementary and Secondary Education Act
(Thousands of dollars)

	1975 Appropriation	1976 Enacted Appropriation	1977 Budget Request
Elementary and Secondary Education			
1. Grants for disadvantaged	$1,900,000	$2,050,000	$1,900,000
2. Support and innovation grants	172,888	184,522	172,888
Subtotal	2,072,888	2,234,522	2,072,888
Education for the Handicapped			
3. State grant program	100,000	110,000	110,000
4. Deaf-Blind centers	12,000	16,000	16,000
5. Severely handicapped projects	2,826	3,250	3,250
6. Specific learning disabilities	3,250	5,000	5,000
7. Early childhood education	13,330	22,000	22,000
8. Regional vocational, adult, and postsecondary education programs	575	2,000	2,000
9. Innovation and development	9,341	11,000	11,000
10. Media services and captioned films	13,250	16,250	16,000
11. Regional resource centers	7,087	10,000	9,750
12. Recruitment and information	500	500	1,000
13. Special education manpower development	37,700	40,375	40,375
Subtotal	199,859	236,375	236,375
Occupational, Vocational, and Adult Education			
14. Basic vocational education grants to States	428,139	422,691	481,530
15. Programs for students with special needs	20,000	20,000	---
16. Consumer and homemaking education	35,994	40,994	---
17. Work-study	9,849	9,849	---
18. Cooperative education	19,500	19,500	---
19. State advisory councils	4,316	4,316	4,316
20. Innovation	16,000	16,000	---
21. Curriculum development	1,000	1,000	---
22. Research	18,000	18,000	53,503
23. Adult education	67,500	71,500	67,500
Subtotal	620,298	623,850	606,849
Library Resources			
24. School libraries and instructional resources	137,330	147,330	137,330
Subtotal	137,330	147,330	137,330
Additional amount	---	---	246,558
Total	3,030,375	3,242,077	3,300,000

Dr. BELL. This is the second year I have appeared before this committle to present the annual budget request for the Office of Education. As in the past, I am here at a time of financial stringency which demands the most careful balancing of the needs of education against the overall need for fiscal responsibility.

In facing these constraints, while developing the 1977 budget, we felt compelled once again to reexamine the educational roles of both the State and Federal governments in order to make better use of their capacities in providing quality education to all deserving Americans. Therefore, our request to you is based upon the following two premises:

First, we believe that it is the prime responsibility of the States to provide for educational services and we are recommending a major consolidation of 24 of our service-oriented elementary, secondary and vocational and adult programs which will give States more flexibility to meet their own needs.

Second, we feel that the Federal role in education is to promote equal access by targeting resources to the disadvantaged and to improve the quality of education through demonstration programs.

We are requesting a total of $5,900 billion for the Office of Education and following are some highlights of our budget:

For elementary and secondary education, school assistance in Federal-affected agencies——

Mr. FLOOD. Did you say $5.9 billion?

Dr. BELL. Yes, sir, that is the Office of Education.

For elementary and secondary education and school assistance in federally affected areas and emergency school aid, we are requesting $2.8 billion. This will enable us to continue the title I elementary-secondary education program of services for the disadvantaged as well as high-priority demonstration programs such as bilingual education and right to read, and to begin a much needed reform in the payment to school districts affected by Federal activities. It will also allow us to increase our assistance to States and localities in dealing with problems related to bilingual desegregation education and elimination of sex discrimination.

Our budget includes $236 million for education of the handicapped and about half of this is to help the States identify and diagnose unserved children. Half is for demonstration and training programs to build State and local capacities.

Our request of $539.3 million for vocational education is included under the unexpired authorities of basic grants to States and also research in vocational education. This will enable States to continue existing activities pending enactment of the proposed consolidation program.

In the area of post-secondary education, we are proposing almost $2 billion with a continuing emphasis upon student financial aid. We would concentrate these funds first on grants to low-income students; second, on a mix of work study and loans to supplement these grants and to help other students finance a college education.

Most of the remainder of our request, about $275 million, will be used for high-priority programs such as adult education, school library resources, the Special Projects Act, and the Teachers Corps. Finally, for salaries and expenses, we are asking for $115.4 million for mandatory pay annualization costs and for increased personnel to

help reduce the serious problems of fraud and abuse that we are having in student aid programs.

That concludes my summarized statement, Mr. Chairman, and I would be happy to respond to questions.

EDUCATION AS A PRIORITY

Mr. FLOOD. My first questions are more for an overview of the education budget.

In many ways this budget for education programs looks very similar to the ones we have had in recent years. It is like an old expression in show business, "This is where I came in." It seems to be the same thing over again.

Overall the total budget proposes less funds for education. It appears the total request for 1977 is about $1.5 billion less than last year's appropriation. The cutbacks are proposed for impact aid of course, title I grants for the disadvantaged, student aid; in other words, you have a list here that, if I can understate the case, is very familiar to us.

Of course, you know we are going to examine this list very carefully, item by item. We always do. You will be given plenty of opportunity to defend your entire education budget. But the general impression from what has been sent up here and from what you have presented would indicate that the budget treats education as a low priority item.

We have used the expression around here for a few years, "realinement of priorities." That became the magic phrase in town "realinement of priorities."

That covered all sorts of things. Now, is there a realinement of priorities, and education is a low priority? Is it as bad as that or have we missed something?

Ms. TROTTER. I don't believe, Mr. Chairman, that it has a low priority at all. I think without doubt there are unmet needs in education and we certainly are trying to meet them within the constraints of the budget that you have before you.

STATE RESPONSIBILITIES

I think the question is, What is the appropriate level as far as Federal funding is concerned, how much support should be provided from Washington, and how much support should the States themselves provide. I feel that, given the kinds of fiscal constraints that we are under at this time, that—with what has to be done totally with the Federal budget—that we really have a budget that is trying to do exactly what should be done as far as the Federal role is concerned.

ADVANCED FUNDING

Mr. FLOOD. In the Marine Corps, they call that "tough duty."

Now, this committee, you know very well—and I mentioned this a few minutes ago—we have long supported the goal of early funding for education because back in the school districts, elementary, secondary and even for preschool education. The first time I remember holding hearings on preschool education, I was told that the term applies

to children five years of age. Then a few years later it was children three years of age and a couple of years ago somebody in your organization, when I raised that question, told me it was now children one year of age.

We have been at this early funding question because we were getting the word from the district and from higher education. Last year we reported—this committee was unanimous on this—we reported a separate bill for education. We passed it July 18. It was vetoed, as you will recall, and then Congress overrode that veto on the 10th of September. Then in November the President sent up rescissions and those were rejected.

Finally, just 2 weeks ago, the funds were made available, believe it or not. So I get the impression we really haven't accomplished very much.

Should we drop our enthusiasm on this committee for early funding or what?

Ms. TROTTER. I don't think there is any doubt about the fact that we——

Mr. FLOOD. It wasn't your idea though; it was our idea. What about it?

This is not the first year, but in view of the case history shall we just forget about this, or what?

Ms. TROTTER. Without doubt, the forward funding is, I think, one of the best things you have done in terms of helping the educational community plan for what they want to do and what they would like to do.

We would like to feel, too, that we can get the funds out as quickly as possible. However, in terms of, again, the fiscal constraints of the budget and what we——

Mr. FLOOD. Do you think the committee and the Congress was right in initiating these programs for advance funding for education in the Labor-HEW bill?

Ms. TROTTER. Yes, I do.

You see, the forward funding really means they do get the funds in time to plan for next year's budget.

Mr. FLOOD. That is what we thought.

Mr. MILLER. The delay in making the funds available only affects the programs where the funds apply to this school year. The advanced funding or forward funding programs are not hurt——

Mr. FLOOD. That is only part of what I was talking about. But this is March, and the school districts still don't know how much Federal funds they will get for planning their programs for the coming school year. They are planning their local budgets now.

BLOCK GRANTS

Now, the budget message makes a big thing about block grants. Oh, boy. Block grants are the greatest thing since sliced bread in wrappers. Big deal.

Now, under this concept of block grants, what do you see as the Federal role in elementary and secondary education? What is the picture of the Government? Is it a checkwriter; a big brother; a junior partner; a silent partner, or what?

Ms. TROTTER. Well, I certainly see the Federal Government role reinforcing what it has been and that is to give equity and equal

opportunity to all children regardless of their circumstances, including the disadvantaged, the handicapped, and so forth.

ROLE OF THE FEDERAL GOVERNMENT

Mr. FLOOD. That's nice but, what is the role of the Federal Government?

Ms. TROTTER. To see that children have equitable treatment in terms of educational opportunity.

Mr. FLOOD. Well, now, what is the Federal role? Do we say: "Mr. Clerk, write a check." Shall we do a Pontius Pilate and wash our hands after writing a check?

Ms. TROTTER. What we hear more about from the field than anything else is the problem of regulations, the red tape, the Federal Government being big brother and telling everyone exactly what to do and how to do it. What we really are proposing under consolidation is to give more responsibility to the States so they can meet their problems at the State level.

STATUS OF CONSOLIDATION LEGISLATION

Mr. FLOOD. The block grant proposal, of course, requires authorization. So we need a law and we must have a law before we can consider appropriations for it.

Now, what is the status of the block grant legislation proposal? The President sent that up last week, didn't he?

Ms. TROTTER. It has been introduced by Congressman Quie.

Mr. FLOOD. That being the case, it seems unlikely that block grant legislation would be enacted during fiscal year 1977.

Do you think we should ignore it and proceed upon the basis of the existing law?

Ms. TROTTER. We would like for you to take a very careful look at what we have proposed, because there are some parts—I mean, this total bill really does do a lot of what we have just been talking about. This legislation is just an extension of the fact that we have already done some block granting before, as you well know. We are trying to make the States be more responsible for the programs themselves, and really cut down on the amount of regulations and——

Mr. FLOOD. That isn't what I asked you. Shall we proceed under the existing law?

Ms. TROTTER. Yes.

RESPONSE FROM THE FIELD ON BLOCK GRANTS

Mr. FLOOD. You were touching on this before and you did in your statement too. What reaction do you expect to get from the local school boards on this block grant business? Do you have an educated guess or what?

Ms. TROTTER. We have been having some conversations with them and Commissioner Bell has talked with several of the groups.

Dr. BELL. We have met with the American Association of School Administrators, the group that represents the local school superintendents, and the National School Boards Association, and presented a tentative proposal to them.

At the time I met with them, the administration hadn't quite settled on a number of issues. The proposal has been changed a bit since then, but the response that we had from them was, well, they would take a look at it; they certainly were interested in less red tape from the Office of Education, which I think doesn't surprise anyone, and they felt that they would be willing to consider it, but certainly they didn't give me any strong commitment that they were in support of it.

The chief State school officers and the State boards of education I found were more supportive of it.

Mr. FLOOD. Are they the secretarys of education in the States?

Dr. BELL. No, the State commissioners of education. They were all in town last week and we explained the proposal to them and there were varying responses there.

Mr. FLOOD. Were they speaking in the capacity of administrators or educators?

Dr. BELL. I think they were speaking in their capacity as the State Commissioners of Education.

SCHOOL FINANCING

Mr. FLOOD. The financing of the public school system, certainly continues to be a very big problem for State and local governments. There is no question about that.

What do you think? What do you people think that the State and the local officials expect from the Federal Government on this question of school financing? Do you think most of them prefer a "hands-off" policy?

Ms. TROTTER. Of course, they would like as much autonomy and flexibility to really plan in terms of their own State programs as possible. At least this is what we are hearing all the time.

Mr. FLOOD. Do the State and local people want a hands-off policy from the Federal Government?

Ms. TROTTER. I am sure they expect there to be some accountability, Mr. Chairman.

Mr. FLOOD. What is the present proportion of Federal aid for financing elementary and secondary education?

Dr. BELL. It would be about 7 percent, Mr. Chairman.

Mr. FLOOD. Do you think the Federal share will ever increase to 25 percent or 30 percent?

Dr. BELL. Speaking for myself personally and over the long haul, when the economy is in better condition than it is now, I would hope that we would be able to increase appropriations.

Mr. FLOOD. You think it should increase?

Dr. BELL. I feel that, personally.

Mr. FLOOD. Would you say 25 percent? Thirty percent? Would you settle for 25?

Dr. BELL. I don't know if the percentage ought to be that high. I think the role of the Federal Government should be to continue to concern itself with those students nationwide who aren't being served, such as the disadvantaged, the bilingual and the handicapped students. It is obvious we are not serving all of the disadvantaged at this time, nor the handicapped, so I would hope in a better economy than we have now that over the long pull we might be able to increase our commitment to education.

Ms. TROTTER. Mr. Chairman, I would like to mention too the fact that the Federal Government has and should have an increasing role in research and demonstration. This is one area where the Federal Government can play a very important part; if each State sets up their own research and demonstration program it would be redundant and wasteful.

ACHIEVEMENT AND TEST SCORES

Mr. FLOOD. No matter how we feel about this business of sharing the cost, the fact is, education is a high cost enterprise.

But you know, questions are being raised in all sorts of places about the actual effect of schooling on pupil achievement.

Now, how much effect do you think schools really have on achievement? Did you ever have anybody ask you that?

Mr. HODGKINSON. There has been a great deal of public discussion about declining achievement test scores lately. Much of that neglects the considerable evidence that in grades 1, 2, and 3 reading achievement scores have consistently increased over the last decade. Those are grades in which a number of Federal programs, including right to read, follow through, head start, title I and numbers of research endeavors have occurred. Thus there are a number of indicators that things are getting better in what the public schools are designed to do.

There is, however, some reason to believe that in the later grades there are some achievement test score declines that are quite consistent.

Mr. FLOOD. That's interesting. Nevertheless, college admission test scores again this year show a decline not only in reading but also in math, science, and writing ability. You have heard me say time and time again, I would have been a Phi Beta Kappa in my junior year if it wasn't for mathematics. I can't add. That is why I am on the Appropriations Committee.

The scores have dropped from 20 to 30 percent.

Mr. HODGKINSON. But there are two different sets of tests.

Mr. FLOOD. I know that. But both show a drop of 20 to 30 percent in the last 10 years. No one seems to understand the reasons for the decline.

Mr. HODGKINSON. As I was trying to indicate earlier, the decline is not consistent across all of the tests. I believe you are referring to the scholastic aptitude test which has both a verbal and mathematical section. Those scores have declined, but the practice test, which is taken by sophomores in high school——

Mr. FLOOD. I am not talking about that.

Mr. HODGKINSON [continuing]. Does not show a decline. Also the achievement test scores——

Mr. FLOOD. That was my first question.

Mr. HODGKINSON [continuing]. In history, chemistry, physics, are not declining.

Mr. FLOOD. My second question was, what about the college test scores?

Mr. HODGKINSON. That is the scholastic aptitude tests. The scores that seniors make on the verbal and mathematical general aptitude sections, those have declined. The special tests in history—all the special areas that people study—those achievement scores have not declined.

So we have aptitudes which seem to be declining but actual performance measures are remaining steady.

BROADER CROSS SECTION OF STUDENTS

Ms. TROTTER. We do have, Mr. Chairman, a much greater cross section of students taking the tests now than ever before.

Mr. FLOOD. I am sure you are aware that the U.S. News & World Report showed a breakdown by verbal ability, mathematical ability, science, and writing skills? You are aware of that article? That's just a sample of what we have seen.

Mr. HODGKINSON. Yes; there are two tests. One is national assessment data, and the other is college admission tests.

Mr. FLOOD. I am going to insert this article from the U.S. News & World Report and you can comment for the record on that.

[The document follows:]

THOSE DROPPING TEST SCORES— EXPERTS GROPE FOR THE REASONS

Science, math and now writing—in each field, student scores are down. Some critics blame schools. Others see deeper causes.

A seemingly endless procession of poor scores reported by national testing agencies is raising fresh doubts about the kind of education U.S. youngsters are getting in today's public schools.

This year, few months have gone by without a new report of declines in scores that supposedly measure children's intellectual skills.

The latest jolt came on November 17, when the National Assessment of Educational Progress, a federally funded testing program based in Denver, reported a fall-off in "writing mechanics" performance between 1969-70 and 1974.

Among 17-year-olds, the over-all rating of the average essay dropped from 5.12 to 4.85 on an eight-point scale. And the ratio of students making a score of 4 or above dropped from 85 to 78 per cent, compared with the earlier sample.

A bright spot was found in essays by 9-year-olds, whose average quality "remained much the same between 1970 and 1974 and may actually have improved a bit," the report said.

"Rambling prose." In the 13-year-old bracket, however, came the greatest slump—from 5.0 to 4.7 in the average score. Sentence structure and vocabulary became more primitive, the graders said, with more misspellings and "a marked increase, especially among males, in rambling prose."

Over all, the agency concluded:

"American teen-agers are losing their ability to communicate through written English."

Other test results found to be equally discouraging:

A fall-off averaging 8 to 10 points on the College Entrance Examination Board's Scholastic Aptitude Test, taken by 1 million of last spring's high-school seniors. For the last 12 years, scores have been slipping on both the "college boards" and the rival American College Test, which are designed to measure basic academic skills.

On top of that, the National Assessment recently released a series of test results showing poor or declining performance, not only in writing, but in science, fundamental math and everyday arithmetic. Among the findings: Only 1 per cent of the nation's 17-year-olds can balance a checkbook correctly and only 10 per cent can compute a taxi fare.

Hostile camps. As the results pile up, they are widening the gap between two increasingly hostile camps of parents and educators struggling for control of the nation's schools.

On one side are hard-liners who want more teaching of facts and the basic skills of reading, arithmetic, and analytic thinking. In their view, test scores are falling because traditional instruction has been diluted by too much emphasis on personal and social goals, such as "improving self-concept" and "developing creativity."

Instead of preparing children to cope with the explosive growth of information, they claim, schools have reacted against the demands of the computer age in an attempt to make school "fun."

Egalitarian teachers and supervisors are also accused of contributing to lower scores by putting less stress on competition and the learning of academic or "cognitive" skills for fear of stigmatizing slow students.

Because of this concern for less-able youngsters, hard-liners say, college-bound students are making lower and

STUDENT SCORES: ONE DECLINE AFTER ANOTHER

In results of nationwide tests released in recent months —



VERBAL ABILITY

Scholastic Aptitude Test (SAT), College-Entrance Examination

	1963	1975
Average score	478	434



MATHEMATICAL ABILITY

Scholastic Aptitude Test

	1963	1975
Average score	502	472



SCIENCE KNOWLEDGE

National Assessment of Educational Progress

	1969-70	1972-73
Proportion of 17-year-olds answering a typical science question correctly	49%	46%



WRITING SKILLS

National Assessment of Educational Progress

	1969	1974
Average score among 17-year-olds on essay-writing test	5.12	4.85

THOSE DROPPING SCORES

[continued from preceding page]

lower scores on their entrance exams, though the National Assessment reports a 2 per cent increase in the number of 17-year-olds who can perform such elementary tasks as reading bug-spray labels and road signs.

Embattled educators themselves share some of the same concerns.

When asked the cause of test-score declines, 266 school administrators, responding to a nationwide survey funded by the Kettering Foundation, ranked permissiveness, lower grading standards and "a general decline in the teaching of basic fundamentals" as the biggest factors.

Tests unfair? Soft-liners, on the other hand, argue that standardized tests are unfair because they don't measure "affective"—or emotional—values that are needed more than ever, they say, to counter the "dehumanizing" effects of rampant technology.

In their view, highly competitive standards, insistence on measurable results and special attention to the gifted were tried in the drive to catch up with the 1957 Sputnik launch and were discredited in the youth rebellion and race riots of the late 1960s. Drilling home the isolated facts and narrow skills measured by standardized tests, they argue, would only "turn off" more students and cripple their ability to grasp the broad concepts of learning.

In a special issue on testing by the journal of the National Association of Elementary School Principals, New York psychology Prof. Banesh Hoffmann declared:

"Multiple-choice tests penalize the deep student, dampen creativity, foster intellectual dishonesty and undermine the very foundations of education."

With the debate over "cognitive" vs. "affective" skills shaping up as the fiercest struggle in the public schools, there is mounting pressure to find out exactly what the falling test scores mean.

For years, one explanation was that the college-board decline might reflect the fact that more disadvantaged—and thus lower-achieving—students were taking the tests as they developed new ambitions about going to college.

Drop at top, too. During the four years that such data have been collected, however, the College Board has found no change in the social and economic status of students taking the test, while scores are dropping faster than ever. Moreover, scores at the top of the scale have been falling as fast as those at the bottom, indicating that it isn't just greater numbers of low achievers dragging the average down.

Also ruled out, at least according to the Board's own studies, are any flaws in the test itself. If anything, the analysts say, numerical quirks may have made it a little easier to get a high score in recent years.

As for the charge that the test measures out-of-date skills, the Board replies simply that these are the abilities demanded by colleges. The proof, the agency says, is that students who score higher on the tests still get higher grades in their campus years.

These findings—coupled with drops in other scores and complaints of poorly prepared graduates from employers and college teachers—have convinced many educators that at least part of the decline is real. As one testing official put it:

"The ultimate blame may rest with the influence of television, permissive parents or dozens of factors beyond the control of schools. All we're saying is that traditional skills measured by the SAT and similar tests are really declining. Now it's up to the public to decide how important these skills are and what—if anything—should be done to improve them."

To get a more objective view, however, the Board in late October appointed a panel of outside experts to study the increasingly bitter controversy and report in a year or two.

Unions against tests. So heated has the whole debate become that teachers' unions are waging a national campaign against standardized tests—especially the hundreds of little-known exams that are supposed to provide a judgment of some aspect of a child's intelligence or emotional makeup.

If guidance counselors or bureaucrats put too much faith in those results, they say, a child may be marked for life as a "problem student" because of poor performance during a single day in school. Minority students are particularly vulnerable because of difficulties in using formal English, critics say, adding that this might help explain why a disproportionate number of them are shunted into "special education" classes.

"Norm referenced" quizzes, such as the Iowa Tests of Basic Skills, are often criticized by educators who fear their own teaching ability may be judged by students' results. Main complaint: Someone is always bound to look bad because for every high-scoring class or school, another has to be a certain number of percentiles or "grade levels" below the national average.

"When such test scores are disclosed, often odious and damaging comparisons are made between students, classes and districts, without properly considering what the test scores can mean and whether or not they are accurate," says the nation's largest teachers' union, the National Education Association.

The results are doubly odious, the unions say, when worried school officials try to bolster sagging scores by requiring teachers themselves to pass a standardized test, such as the National Teacher Examination, as many districts have done with new job applicants in recent years.

Moreover, some educators argue that norm-referenced tests have given the public a cynical attitude about the whole educational enterprise because schools in poor neighborhoods consistently score lower—no matter how much Government aid is pumped in. What critics call for is "criterion referenced" tests that will measure progress in absolute rather than comparative terms—or alternatively, a ban on public disclosure of the scores.

Schools defended. In announcing the commission that will study the decline in the Scholastic Aptitude Test scores, College Board President Sidney P. Marland, Jr., former U.S. Commissioner of Education, said: "The SAT was not designed as a measure of school performance. To single out the schools as being responsible for the decline is unwarranted, unfair and scientifically unfounded."

As for the decision to publish the falling scores, Mr. Marland said:

"We have been criticized by some for releasing this information. Mindful of the discomfort and even angry debate that the information has generated, we feel certain that to have withheld this information—and sat upon it with a 'what the public doesn't know can't hurt them' attitude—would have been an act of extreme irresponsibility."

This underlines what many educators see as the heart of the testing battle and many other controversies that dog the public schools—the inability to balance the conflicting desires and interests of millions of parents, students, employers and teachers.

To avoid making questionable comparisons, for instance, federal officials who set up the National Assessment of Educational Progress forbid reporting or analyzing the results on the basis of individual States, systems or educational approaches.

Now educators are often heard complaining that the results are too broadly stated to provide any help in making decisions.

Frustrating as the testing struggle may be, educators agree it is likely to continue for some time, unless the nation reaches a consensus on what it wants—and can reasonably expect—from the public schools.

Mr. HODGKINSON. The drop in scores on those tests which measure "ability" is difficult to interpret. By design, ability tests exclude tests items that reflect curriculum effects. This makes such tests "fair" because students who have the advantage of a new curriculum are not able to use this advantage over other students who do not have access to the new curricula. Clearly, then, what these tests measure cannot be mainly a function of curriculums. Thus it is hard to fault the schools or the new curriculums for drop in ability scores.

The drop in achievement test scores—science and writing skills—is more serious, I believe, in the policy implications of such score changes. Because the drop in science scores represents changes over time on the same test items, there is a clear downward shift and this is worthy of concern and investigation. The change in writing skill scores, however, involves some scaling procedures which introduce complications in interpreting the meaning of the score changes. Therefore, the significance is more difficult to evaluate than the more measurable science skills.

Mr. FLOOD. One study showed that the decline I mentioned was due to more women taking the admission tests. What do you think about that?

Dr. BELL. I have been asking both our Budget Director and our Assistant Secretary about that.

I believe that actually we have had more students of lower ability taking the tests than before. This is my reading of the situation.

Mr. FLOOD. What about you, Dr. Trotter?

Ms. TROTTER. There are some tests that show that women perform better than men do in higher education.

We just don't have any conclusive evidence about any of the differences here.

COLLEGE ENROLLMENT PROJECTIONS

Mr. FLOOD. Let's refer to higher education now. There seems to be a lot of uncertainty, by all means, on the future estimates on college enrollments. Some of these projections we understand indicate a decline of 23 percent in undergraduate enrollment over the next 10 years. Then the next day we get an equally authoritative statement showing that the enrollments over the next 10 years are going to be the same as they are today. Well now, what do your projections show?

Mr. HODGKINSON. There is going to be a decline in the 18- to 21-year-old-age population. That is not a projection; that is a reality because those people are already born and they are here. The question is, what percentage of adults are going to return to further their education. As you know, there is considerable interest in life-long learning now throughout the country. It is not yet clear how many people will actually enroll for degrees in colleges and universities during the next decade, but in terms of the 18- to 21-year-old population, there is no question about the size of that group.

EFFECTS ON COLLEGE ENROLLMENTS

Mr. FLOOD. Do you think increases or decreases in the level of Federal aid have any direct effect upon college enrollments?

Mr. HODGKINSON. I have no evidence of that.

Ms. TROTTER. It would seem that the basic opportunity grants program would have a definite effect upon increased enrollments.

Dr. BELL. We had, Mr. Chairman, a 9.7 percent increase in enrollments last fall as compared to the previous fall. That is the highest increase we have had in a decade, and many think that is related to the employment situation. Because jobs are not so plentiful, those that would work are now finding themselves back in school. As things get tougher, they try to upgrade their capability.

Mr. FLOOD. We had the phrase "back to the campus."

Ms. TROTTER. We also have at the junior college level a large increase, and many of these are older students going back to school.

Mr. FLOOD. The legislative committees are currently considering the reauthorization for the Higher Education Act. Now, is the Administration recommending any major changes to the existing higher education program?

Dr. BELL. Yes, Mr. Chairman. We have the administration's bill now. We testified on that bill and that proposal is now before the Congress. We have testified both in the House and the Senate on it.

INSTITUTIONAL AID

Mr. FLOOD. I know that, but I am asking about major changes. There is a whole hatful of changes.

Dr. BELL. Prime changes, if the administration proposal is enacted, will be elimination of the supplemental education opportunity grant program and replacing that with a basic grants program and the elimination of further capital contributions to the national direct student loan program and replacing what we have been doing there with the guaranteed student loan program.

Mr. FLOOD. Essentially, Doctor, the budget policy for the support of higher education emphasizes student aid, student aid, student aid.

But, do you think there is a need for aid to institutions, particularly those that are financially distressed? We hear all over the place this is the major problem, the institutions are financially distressed and yet this is all aid to students, aid to students. What about that?

Ms. TROTTER. We do feel that the Federal role is to give as much direct aid to the student as possible. However, as you well know, we do have the developing institutions program which we recommend continue to be funded.

LOW COLLEGE TUITION

Mr. FLOOD. One of the new proposals, Dr. Bell, that is being suggested insofar as student aid is concerned, is based on the principle of low tuition, or no tuition.

The theory is this would enable the needy students to attend the less expensive public colleges. What is your reaction to that approach?

Dr. BELL. I think we should charge tuition for college age students. I think the student ought to pay a part of the cost, but I think we also need a means of helping those who otherwise would not be able to go to college. In some ways our student aid program can be viewed as indirect assistance to colleges because I think their tuition levels would be intolerable without the loans and the college work study and the basic grants that this committee has been providing——

STUDENT RELIANCE ON LOANS

Mr. FLOOD. The first time I heard the expression I raised the question with you when you first came on board about our giving birth to this new group of 19-year-old bankrupts—specialists in bankruptcy.

I was a lawyer, but it seems these 19-year-olds have forgotten more about the laws of bankruptcy than any lawyer I have ever known.

In the last several years, a lot of criticism has come up about this heavy reliance on loans for financing the cost of attending college. It has been argued that this policy encourages higher tuition rates.

Do you think this business of loans has contributed to the increasing tuition costs? That is a vicious circle.

Dr. BELL. We feel our prime emphasis ought to be on the grants and on the work study program and then the loans ought to be available to fill out after that. I think this emphasis is reflected in our budget that shows over $1 billion in grants, so we feel that is our prime responsibility.

Perhaps Dr. Phillips, our Deputy for Higher Education, could add to that a bit.

Dr. PHILLIPS. Mr. Chairman, I think it is important to note that in the fiscal year 1977 budget request we are actually projecting an increase of $145 million in the availability of grant assistance. You will recall the 1976 appropriation has $715 million in basic grants, $240 million in SEOG, and $20 million in SSIG.

The budget request before you would increase the appropriation for basic grants to $1.1 billion——

Mr. FLOOD. I am surprised by the people raising this argument.

Dr. PHILLIPS. The answer to your basic question is that we are endeavoring not to rely any more heavily on loans, but to shore up support for grants as the most important thing the Federal Government can do.

ROLE OF THE ASSISTANT SECRETARY FOR EDUCATION

Mr. FLOOD. Now, Dr. Trotter, this position of Assistant Secretary for Education was originally created in 1972. I think, as you probably know, or have heard, there have been comments by members of this committee which contributed a great deal to this idea down through the years.

In theory this job of yours was set up to coordinate policy and planning at the Federal level. That was the whole idea.

Now, Doctor, you have been on board for 2 long years. Is the position of Assistant Secretary everything that you envisioned when you took the job?

Ms. TROTTER. Well, that is a little difficult to answer.

Mr. FLOOD. That is why I asked you.

Ms. TROTTER. I would say we have made great strides toward coordination and the bringing together of the total Education Division. We have worked very hard at this and Dr. Bell, Dr. Hodgkinson and I really have worked to integrate the total program of the whole Division. This is working and we have real understanding.

For example, we don't have three bilingual programs; we have one bilingual program on which we are all working together. This is true with all the programs in which each agency has a share of the action.

Mr. FLOOD. Does anyone else care to comment on that?

Mr. WHEELER. I have to agree with the Assistant Secretary. I think the coordination has improved.

Dr. BELL. I think we should say, Mr. Chairman, the administration has proposed a consolidation of the position that I now hold and the position that Dr. Trotter holds into one position.

Dr. MARTIN. One area of coordination we have is with Dr. Hodgkinson. Dr. Hodgkinson shares with us an interest in research on the problems of the handicapped and we have worked out at great length over the last couple of years different foci of attention. This has allowed us to avoid the problem of having each of us doing the same thing. We have really had no complaints about that. We have seemed to have a good arrangement.

Ms. TROTTER. I would like to add to what has been said, the reason we proposed a new administration program——

CHANGE IN AUTHORITY

Mr. FLOOD. Let me interrupt. Let me ask you something: Would you recommend any changes in the authority or responsibility of the Office of Assistant Secretary for Education?

Ms. TROTTER. Yes; I would. I would recommend that we consolidate some of the authority of the Commissioner and the Assistant Secretary, creating more of a line agency program; that the line responsibilities be more clearly defined; that the program be a true division of education where we still coordinate, cooperate, and do all of this——

VOCATIONAL EDUCATION

Mr. FLOOD. I am concerned about your academicians. Are you including vocational education?

Ms. TROTTER. We are including everything. This is a total program of the Division of Education that we are talking about.

Dr. PIERCE. At my level our greatest responsibility is to coordinate our programs with those of the National Institute of Education to make sure there are no duplications in our demonstration programs. I think we have been very, very successful at that. I think Dr. Trotter and her office has been very helpful in assisting us in establishing appropriate relationships. It is difficult for us to respond to the question in more detail since at our level we work with all of the units.

Mr. FLOOD. That is a good statement. I can understand that.

Ms. TROTTER. When we are talking about organization and line authority and so forth, this doesn't mean we are going to need less people. I would like to say that whatever we propose, whether the top person in the organization be the Assistant Secretary-Commissioner, or whatever, with a deputy that does the day to day——

Mr. FLOOD. I am not going to say at this point let's go off the record and then say to all of you if you have any ideas on what you have said so far—I don't mean for you to have a huddle some place, but for the record, if any of the individual chiefs of section so feel, then we invite that comment for the record.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
February 11, 1976.

Hon. J. GLENN BEALL, Jr.,
Subcommittee on Education, Committee on Labor and Public Welfare, U.S. Senate, Washington, D.C.

DEAR SENATOR BEALL: This is in response to your letter regarding the provision in S. 2657, "To extend the Higher Education Act of 1965, to extend and revise the Vocational Education Act of 1963, and for other purposes," which would alter the structure of the education components of the Department of Health, Education, and Welfare.

In summary, we favor the consolidation of the authorities of the Assistant Secretary for Education and Commissioner of Education. However, we oppose those provisions of S. 2657 which would mandate the organizational structure of the Education Division, raise the rank of its principal officers, and create three separate institutes within the National Institute of Education (NIE).

The bill would raise the head of the Education Division to the rank of Under Secretary (Executive Level III) and assign to that person the title of "Commissioner of Education." Day-to-day operation of the Office of Education (OE) would be vested in an Executive Deputy Commissioner (at EL IV). The National Institute of Education would continue, headed by an EL IV Director, under the policy direction of the National Council on Educational Research. Three Institutes—Elementary and Secondary Education, Postsecondary Education, and Vocational Education (each headed by an EL V)—would be created to conduct research in those areas. However, no more than 75 percent of the appropriation could be spent through those Institutes, so at least 25 percent of the money would be available to the Director of the National Institute for research in areas which cross levels of education. Vocational research would be transferred from the Office of Education to the new Vocational Education Institute; the Fund for the Improvement of Postsecondary Education would be folded into the new Postsecondary Institute.

While we agree in principle with the proposal to consolidate the existing offices of Assistant Secretary for Education and Commissioner of Education, you should be aware that we are now in the process of studying the structure of the Department. This study may result in significant organizational changes within the Department, including proposed amendments to existing legislation, where necessary. In the meantime, we would oppose any action by the Congress which would establish particular organizational structures by statute, thereby impeding the ability of the Secretary to institute desirable changes in the organization of the Department. We therefore oppose those provisions of S. 2657 which would go beyond the simple consolidation of the offices of Assistant Secretary for Education and Commissioner of Education and would establish requirements relating to the structure of the Education Division. Furthermore, we favor elimination of those existing statutory provisions which establish a large number of officials who must report directly to the Commissioner. We suggest removing those reporting requirements and permitting the Education Division to be organized in the most appropriate manner.

The bill proposes the rank of Under Secretary (EL III) for the head of the Education Division. The Department opposes this provision because it would raise the rank of the head of the Education component of the Department above that of the other major components—Health and Welfare. We think it is desirable to maintain an appropriate balance among the various components of the Department. We would, therefore, also oppose elevation to EL IV of the Executive Deputy Commissioner and the Director of NIE, since this is the current level of the chief officer of the major components of the Department.

The bill proposes that the head of the Division be called "Commissioner." We feel that the head of the Division should also serve as the Secretary's principal staff officer for education and would favor retention of the title of "Assistant Secretary" resulting in a dual title, "Assistant Secretary/Commissioner." The bill should make clear that this officer is to have all of the authorities assigned to the Education Division.

The Department takes particular exception to the proposal to establish three issue-specific Institutes within NIE. While recognizing the need to generate constituent support for the Institute, which this proposal is intended to accomplish, we feel that, to be viable, the Institute must be allowed the flexibility to array its priorities as established by the National Council on Educational Research, the Secretary, and the Director of NIE. Therefore, we would oppose this

aspect of the proposal and support an extension of present authorities for NIE along the lines proposed in the administration's bill, S. 1498.

Finally, we suggest that any changes be delayed until January 1977 to allow the Department sufficient time to complete the organizational study referred to above.

We are advised by the Office of Management and Budget that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely,

MARJORIE LYNCH,
Under Secretary.

Dr. TROTTER. For the record, Mr. Chairman, I would like to submit a copy of the Department's response to the organizational change proposed by Senator Pell. I believe it will answer the concerns you raise.

FULL FUNDING

Mr. FLOOD. From time to time we hear a lot of talk about full funding for education. People say, "Look, how can you vote for an authorization bill in February for $100 million and then report out 6 months later an appropriation bill for half of that? How can you do that? How can you vote aye for $100 million and then 6 months later come out with another figure? How can you put that together?"

But many groups talk about full funding for education.

Now, just to show some idea about the magnitude of this problem, will you insert for the record at this point a tabulation that will show authorizations and appropriations for 1976. Then the authorizations and the budget requests for 1977. Do that program-by-program for the whole Office of Education.

Dr. BELL. Very good.

Dr. TROTTER. Just for the Office of Education or for the whole division?

Mr. FLOOD. The Office of Education will be enough.

[The information follows:]

3/2/76
Corrected 3/11/76

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Authorizations for Funded Programs
(thousands of dollars)

	1976		1977	
	Authorization	Appropriation	Authorization	Request
Elementary and Secondary Education				
1. Grants for disadvantaged (ESEA I) 1/	$4,355,894	$2,050,000	$4,394,905	$1,900,000
(Incentive grants, Part B)	(189,065)	(24,769)	(196,000)	(---)
(Special grants, Part C)	(---)	(---)	(----	(---)
2. Support and innovation grants:				
(a) Consolidation program (ESEA IV-C) 1/	Indefinite	184,522	Indefinite	172,888
(b) Strengthening State departments of education (ESEA V):				
(1) General support (Part A)	(90,000) 2/	(---)	(90,000) 2/	(---)
(2) Comprehensive planning and evaluation (Part C)	(20,000) 2/	(---)	(20,000) 2/	(---)
(c) Supplementary services (ESEA III)	(618,750) 2/	(---)	(618,750) 2/	(---)
(d) Nutrition and health (ESFA Sec. 808)	(26,000) 2/	(---)	(26,000) 2/	(---)
(e) Dropout prevention (ESEA Sec. 807)	(33,000) 2/	(---)	(33,000) 2/	(---)
3. Bilingual education (ESEA VII and VEA, Part J)	165,250 5/	97,770	158,750	90,000
4. Right to read	109,500	17,000	130,200	12,000
5. Follow through (Comm. Serv. Act, Part B)	70,000	59,000	60,000	30,000
6. Educational braodcasting facilities (Comm. Act III)	30,000*	12,500	--- 4/	7,000
7. Equipment and minor remodeling - Loans to nonprofit private schools (ESEA III)	(15,660) 3/	(---)	(15,660) 3/	(---)
8. Ellender fellowships (P.L. 92-506)	500*	500	---	---

* Based on 1-year extension authority under GEPA.
1/ Advance funded program. Amounts reflect authorizations for subsequent fiscal year.
2/ Authorization not effective during any year in which Consolidation Program under ESEA IV-C is funded.
3/ Authorization not effective during any year in which Consolidation Program under ESEA IV-B is funded.
4/ Extension legislation proposed.
5/ Includes $17,500,000 for Vocational Education Act, Part J, which is based on 1-year extension authority under GEPA.

	1976		1977	
	Authorization	Appropriation	Authorization	Request
Elementary and Secondary Education - (cont'd)				
9. Drug abuse education (DAE Act)	$ 30,000	$ 2,000	$ 34,000	$ ---
10. Environmental education (EE ACT)	10,000	3,000	15,000	---
11. Ethnic heritage studies (ESEA IX)	15,000	1,800	15,000	---
Total	4,786,144	2,428,092	4,807,855	2,211,888
Indian Education				
1. Payments to local educational agencies (IEA, Part A)	519,750	35,000	574,500	25,000
2. Special programs for Indian children (IEA, Part B)	37,000 1/	16,000	37,000 1/	12,000
3. Special programs for adult Indians (IEA, Part C)	8,000	4,000	8,000	3,000
4. Administration	Indefinite	2,055	Indefinite	2,055
Total	564,750	57,055	619,500	42,055
School Assistance in Federally Affected Areas				
1. Maintenance and operations (P.L. 874):				
(a) Payments for "a" children	254,886	248,738	272,084	249,400
(b) Payments for "b" children	687,736 2/	341,597	746,508 2/	---
(c) Special provisions	18,750	12,665	19,100	13,100
(d) Payments to other Federal agencies	46,000	46,000	52,500	52,500
(e) Savings provisions	4/	11,000	4/	---
Subtotal	1,007,372	660,000	1,090,192	315,000
2. Construction (P.L. 815)	70,000 3/	20,000	70,000 3/	10,000
Total	1,077,372	680,000	1,160,192	325,000

1/ Plus indefinite amount for fellowships for Indian students.
2/ Includes low-rent housing children.
3/ Excludes backlog of approvable projects.
4/ Requirements cannot be estimated.

	1976		1977	
	Authorization	Appropriation	Authorization	Request
Emergency School Aid				
1. Emergency School Aid Act	$ 215,000	$ 215,000	$ 215,000*	$ 215,000
2. Civil rights training and advisory services (CRA IV)	Indefinite	26,700	Indefinite	34,700
Total	215,000	241,700	215,000	249,700
Education for the Handicapped (EHA)				
1. State assistance:				
(a) State grant program (Part B)[1/]	200,000	110,000	Indefinite	110,000
(b) Deaf-blind centers (Part C, Sec. 622)	20,000	16,000	20,000	16,000
2. Special population programs:				
(a) Severely handicapped projects (Part C, Sec. 621 & 624)	Indefinite	3,250	19,000[2/]	3,250
(b) Specific learning disabilities (Part G)	20,000	5,000	20,000	5,000
(c) Early childhood education (Part C, Sec. 623)	36,000	22,000	38,000	22,000
3. Regional vocational, adult, and postsecondary programs (Part C, Sec. 625)	Indefinite	2,000	Indefinite	2,000
4. Innovation and development (Part E, Sec. 641 and 642)	20,000	11,000	20,000	11,000
5. Media and resource services:				
(a) Media services and captioned films (Part F)	22,000	16,250	22,000	16,000
(b) Regional resource centers (Part C, Sec. 621)	18,000	10,000	[2/]	9,750
(c) Recruitment and information (Part D, Sec. 633)	500	500	1,000	1,000
6. Special education manpower development (Part D, Sec. 631, 632, 634)	52,000	40,375	54,000	40,375
Total	388,500	236,375	194,000	236,375

*Based on 1-year extension authority under GEPA.

1/ Advance funded program. Amounts reflect authorizations for subsequent fiscal years.
2/ $19,000,000 authorized for Section 621. This authority is cited for both Severely Handicapped projects and regional resource centers.

	1976		1977	
	Authorization	Appropriation	Authorization	Request
Occupational, Vocational, and Adult Education				
1. Grants to States for vocational education:				
(a) Basic vocational education:				
(1) Annual appropriation (VEA Part B)	$ 504,000	$ 415,529	$ 504,000 2/	$ 474,369
(2) Permanent appropriation (Smith-Hughes Act)	7,161	7,161	7,161 2/	7,161
(b) Programs for students with special needs (VEA Part B)	60,000*	20,000	--- 2/	---
(c) Consumer and homemaking education (VEA Part F)	50,000*	40,994	--- 2/	---
(d) Work study (VEA Part H)	55,000*	9,849	--- 2/	---
(e) Cooperative education (VEA Part G)	75,000*	19,500	--- 2/	---
(f) State advisory councils (VEA Part A)	Indefinite	4,316	Indefinite	4,316
2. Vocational research:				
(a) Innovation (VEA Part D)	75,000*	16,000	2/	
(b) Curriculum development (VEA Part I)	10,000*	1,000	--- 2/	---
(c) Research (VEA Part C)	56,000	18,000	56,000 2/	53,503
3. Adult education (AEA) 1/	210,000	71,500	210,000	67,500
Total	1,102,161	623,849	777,161	606,849

*Based on 1-year extension authority under GEPA.
1/Advance funded program. Amounts reflect authorizations for subsequent fiscal years.
2/ Included under proposed legislation.

	1976		1977	
	Authorization	Appropriation	Authorization	Request
Higher Education				
1. Student assistance:				
(a) Basic opportunity grants (HEA IV-A-1)	Indefinite*	$ 715,000	$ --- 2/	$1,100,000
(b) Supplemental opportunity grants (HEA IV-A-2)	200,000 1/*	240,093	--- 1/	---
(c) Work-study (HEA IV-C)	420,000*	509,800	--- 2/	250,000
(d) Subsidized insured loans -- Interest subsidies (HEA IV-B)	Indefinite 1/	452,000	--- 1/2/	400,000
(e) Direct loans (HEA IV-E):				
(1) Federal capital contributions	400,000*	321,000	---	---
(2) Loans to institutions	Indefinite	2,000	Indefinite	---
(3) Teacher cancellations	Indefinite	8,960	Indefinite	11,920
(f) Incentive grants for State scholarships (HEA IV-A-3)	50,000 1/*	44,000	--- 1/2/	44,000
2. Special programs for the disadvantaged (HEA IV-A-4)	100,000*	70,331	--- 2/	60,331
3. Institutional assistance:				
(a) Strengthening developing institutions (HEA III)	120,000*	110,000	--- 2/	110,000
(b) Language training and area studies:				
(1) Centers, fellowships, and research (NDEA VI)	75,000*	13,300	--- 2/	8,640
(2) Fulbright-Hays fellowships (FHA)	Indefinite	2,700	Indefinite	1,360
(c) University community services (HEA I)	50,000*	12,125	---	---
(d) Aid to land-grant colleges:				
(1) Annual appropriation (Bankhead-Jones Act)	12,460	9,500	12,460	---
(2) Permanent appropriation (Second Morrill Act)	2,700	2,700	2,700	---
(e) State postsecondary education commissions (HEA Sec. 1203)	Indefinite*	3,500	---	---

*Based on 1-year extension authority under GEPA.
1/ Plus indefinite authorization for continuation awards.
2/ Extension legislation proposed.

69-745 (Pt. 5) O - 76 - 3

	1976		1977	
	Authorization	Appropriation	Authorization	Request
Higher Education (cont'd)				
3. Institutional assistance (cont'd)				
(f) Veterans cost of instruction (HEA IV-A-5, Sec. 420)	Indefinite*	$ 23,750	$ ---	$ ---
(g) Cooperative education (HEA IV-D)	$ 10,750*	10,750	---2/	8,000
4. Personnel development:				
(a) College teacher fellowships (HEA IX-B)	Indefinite*	1,000	---	---
(b) Training for disadvantaged (HEA IX-D	1,000*	---	---	---
(c) Public service fellowships (HEA IX-A andC)	Indefinite	4,000	---	---
(d) Mining fellowships (HEA IX-D)	Indefinite	3,000	---	---
Total	1,441,910	2,559,509	15,160	1,994,251
Library Resources				
1. Public libraries:				
(a) Services (LSCA I)	137,150	49,155	137,150*	---
(b) Interlibrary cooperation (LSCA III)	18,200	2,594	18,200*	---
2. School libraries and instructional resources:				
(a) Consolidation program (ESEA IV-B)3/	Indefinite	147,330	Indefinite	137,330
(b) School library resources (ESEA II)	(220,000)1/	(---)	(220,000)1/	(---)
(c) Equipment and minor remodeling (NDEA III):				
(1) Equipment grants to States	(114,840)1/	(---)	(114,840)1/	(---)
(2) State administration	(10,000)1/	(---)	(10,000)1/	(---)
3. College library resources (HEA II)	70,000*	9,975	---	---
4. Training and demonstrations (HEA II-B, Sec. 222 & 223)	30,000*	1,500	---	---
5. Undergraduate instructional equipment (HEA VI)	70,000*	7,500	---	---
Total	325,350	218,054	155,350	137,330

*Based on 1-year extension authority under GEPA.
1/ Authorization not effective during any year in which Consolidation Program under ESEA IV-B is funded.
2/ Included under proposed legislation.
3/ Advance funded program. Amounts reflect authorization for subsequent fiscal years.

	1976 Authorization	1976 Appropriation	1977 Authorization	1977 Request
Special Projects and Training				
1. Special projects:				
(a) Metric education	$ 10,000	$ 2,090	$ 10,000	$ 1,045
(b) Gifted and talented	12,250	2,560	12,250	1,280
(c) Community schools	17,000	3,553	17,000	1,777
(d) Career education	15,000	10,135	15,000	10,135
(e) Consumer education	15,000	3,135	15,000	1,567
(f) Women"s educational equity	30,000	6,270	30,000	5,896
(g) Arts in education programs	750	750	750	750
(h) Packaging and dissemination)	100,000	1,400	100,000	3,900
(i) Educational TV programming)		7,000		3,500
2. Educational personnel training:				
(a) Teacher Corps (EPDA, Part B-1)	37,500*	37,500	---1/	37,500
(b) Other educational personnel development (EPDA Parts D and F)	450,000*	15,462	---	---
Total	687,500	89,855	200,000	67,350
Educational Activities Overseas (Special Foreign Currency Program, P.L. 480)	Indefinite	2,000	Indefinite	2,000

* Based on 1-year extension authority under GEPA.

1/ Extension legislation proposed.

	1976 Authorization	1976 Appropriation	1977 Authorization	1977 Request
Salaries and Expenses				
1. Planning and evaluation (GEPA Sec. 411)	Indefinite	$ 6,383	Indefinite	$ 7,000
2. General program dissemination (GEPA Sec. 422)	Indefinite	500	Indefinite	500
3. Advisory committees (GEPA Part D)	Indefinite	2,454	Indefinite	2,041
4. Information clearinghouses	Indefinite	300	Indefinite	600
5. Program administration (GEPA)	Indefinite	97,255	Indefinite	105,293
Total	Indefinite	106,892	Indefinite	115,434
Student Loan Insurance Fund (HEA IV-B)	Indefinite	201,787	Indefinite	---
Higher Education Facilities Loan and Insurance Fund (HEA-VII-C)	Indefinite	3,412	Indefinite	3,401
Grand Total, OE Authorizations for Funded Programs	10,588,687	7,448,580	8,144,218	5,991,633

Unfunded Program Authorizations	1976 Authorization	1976 Request	1977 Authorization	1977 Request
Consumers Education Programs (ESEA, Title VIII, Sec. 811)	(15,000)[1/]	----	(15,000)[1/]	---
Clubs for Boys and Girls Interested in Science (P.L. 85-875)	50	---	50	---
Community Service and Continuing Education Programs--Special Programs and Projects Relating to Problems of the Elderly (HEA, Title I, Sec.110)	Indefinite	---	Indefinite	---
Direct Loans for Vocational Students (HEA IV-B, Sec. 433)	1,000*	---	---	---
Cost of Education Payments to Institutions of Higher Education (HEA, Title IV-A-5, Sec. 419)	1,000,000[2/]	---	---	---
Work-study for Community Service Learning Program (HEA, Title IV-C, Sec. 447)	50,000*	---	---	---
Grants for Construction of Undergraduate Academic Facilities (HEA, Title VII-A)	300,000*	---	---	---
Grants for Construction of Graduate Academic Facilities (HEA, Title VII-B)	80,000*	---	---	---
Direct Loans for Construction of Academic Facilities (HEA, Title VII-C)	200,000*	---	---	---
Networks for Knowledge (HEA, Title VIII)	15,000*	---	---	---
Graduate Program Grants to Institutions of Higher Education (HEA, Title IX-A)	50,000*	---	---	---
General Assistance to Graduate Schools (HEA, Title IX-F)	[2/]	---	---	---
Establishment and Expansion of Community Colleges (HEA, Title X-A-2)	150,000*	---	---	---
Occupational Education Programs (HEA, Title X-B)	500,000*	---	---	---
Library Construction (LSCA, Title II)	97,000	---	97,000*	---
Older Readers Library Services (LSCA, Title IV)	Indefinite	---	Indefinite*	---

* Based on 1-year extension under GEPA

1/ Authorization not effective during any year in which Consumers' Education program under Special Projects Act is funded.

2/ Total limitation of $1,000,000,000 applies to both cost of Education Payments (HEA IV-A-5, Sec. 419) and General Assistance to Graduate Schools (HEA IX-F).

Unfunded Program Authorizations (Cont'd)	1976 Authorization	1976 Request	1977 Authorization	1977 Request
Transfer to Department of Labor for Manpower Studies (VEA, Sec.103(a))	5,000	---	5,000	---
Residential Vocational Education (VEA, Part E):				
Demonstration Schools (Sec. 151)	35,000*	---	---	---
State Programs (Sec. 152)	15,000*	---	---	---
Grants to Reduce Borrowing Costs for Schools and Dormitories (Sec. 153)	30,000*	---	---	---
Special Adult Education Projects for the Elderly (AEA, Sec. 310)	Indefinite*	---	---	---
Grant Programs for Advanced and Undergraduate International Studies (IEA)	40,000*	---	---	---
Grants for the Removal of Architectural Barriers (EHA, Part A, Sec. 607)	Indefinite	---	Indefinite	---
Evaluation (EHA, Part B, Sec. 618)	Indefinite	---	Indefinite	---
Incentive Grants (EHA, Part B, Sec. 619)	---	---	Indefinite	---
Law School Clinical Experience Program (HEA XI)	7,500*	---	---	---
Grants to Strengthen Local Educational Agencies (ESEA, Title V-B)	(40,000)1/	---	(40,000)1/	---,
Research and Demonstration Projects in Correction Education Services (ESEA, Title VIII, Sec. 809)	500*	---	---	---
Inexpensive Book Distribution Programs for Reading Motivation (National Reading Improvement Program, Sec. 726)	4,000	---	9,000	---
Grand Total, OE Authorizations for Unfunded Programs	2,580,050	---	111,050	---
Grand Total, OE Authorizations	13,168,737	7,448,580	8,255,268	5,991,633

* Based on 1-year extension under GEPA.

1/ Authorization not effective during any year in which Consolidation Program under ESEA IV-C is funded.

DIFFERENTIATION OF RESPONSIBILITIES

Mr. SHRIVER. Dr. Trotter, how do your responsibilities for developing and communicating education policy and directing and supervising the Education Division differ from the responsibilities of the Commissioner of Education?

Ms. TROTTER. The Commissioner of Education is in charge of the Office of Education. My job is to coordinate and supervise and work with the total division which includes the National Institute of Education, the Office of Education, the Fund for the Improvement of Post-Secondary Education, the National Center for Education Statistics, as well as the Assistant Secretary's Office. It really encompasses the Education Division.

My job is really to look at policy. In addition to coordinating the Education Division, the other part of the Assistant Secretary's responsibility is to work closely with the Secretary's Office and with all of HEW. I coordinate not only in terms of the division itself, but in terms of working closely with the programs within HEW.

AGES RESPONDING BEST TO EDUCATION

Mr. SHRIVER. You say some of your policy research this past year has been concentrated on what you term a national debate over which age group of children best responds to compensatory education services.

Ms. TROTTER. This has been an important part of NIE's responsibility.

Mr. SHRIVER. Do you mean we haven't known when, after all these years, to get to those children?

Ms. TROTTER. Through our title I programs, we are doing a lot of work too. All these children haven't had an equal access to education.

Mr. HODGKINSON. The Congress asked NIE to deal with these programs financed by the Federal Government. This study will have an interim report out in 6 months and the final report will be out within a year and a quarter from now.

Dr. BELL. I think the thing we would prefer to do, Mr. Shriver, if we had the funds, would be to offer compensatory education from grades kindergarten at least through the 8th grade. At least that much.

Since we are only able to serve a limited number, the question has arisen on which level will we get the most results. I think that is one of several areas being explored by the NIE study.

Dr. EVANS. I think what the statement you read alluded to was that in Dr. Trotter's office there is an activity that supports some policy research activities. One in particular is at the Standard Research Institute, and in a recent study they gathered extensive data on the question of what is the most effective period of intervention where compensatory education is concerned. The basic title I program, the Head Start program, the Follow-Through program, the general literature in this area have all assumed that the most productive and appropriate period for intervention in compensatory education is the so-called early childhood period. That is where the research has been; that is where the money has been; that is where the programs have been.

There is one particular piece of research carried out in Dr. Trotter's office which found that where there has been some intervention at later

grade levels, which hasn't been all that common up until now, that a very surprising amount of increase in achievement scores was registered, thus raising some new possibilities for programmatic intervention in this area that had not fully been appreciated before. It is a research finding that is not trivial and is important for the programs that are authorized by the Congress and that are appropriated for by this committee.

Mr. SHRIVER. It is related to all these programs you have been talking about?

Dr. EVANS. And goes beyond that. Many of us have assumed that if you don't get to a disadvantaged child early on, you are wasting money at a later age; we have now determined that might not be true.

COMPENSATORY EDUCATION PROJECTS

Mr. SHRIVER. What programs within this agency have compensatory education elements?

Ms. TROTTER. In terms of compensatory education? Could I submit this for the record?

Mr. SHRIVER. All right.

(The information follows:)

COMPENSATORY PROGRAMS SUPPORTED BY THE FUND

In all, the Fund has supported nearly one million dollars in programs for low achieving learners in 1975–1976. They run the gamut from programs in which adult students learn to read and write using techniques tested in public school settings to programs which attempt to deal with the problems women and minority students have with mathematics and mathematical concepts. A grant at Jefferson County Community College of the University of Kentucky is developing individual self-paced modules in biology, chemistry and calculus. These modules are offered through a new computer facility at Jefferson County. Miles College, in Alabama, is sponsoring a highly successful "transition year" program for adults and high school graduates who need further basic skill training before entering postsecondary training and education programs. Four other individual grants also address this broad concern.

Perhaps the Fund's boldest effort to date has been the creation of a special competition in 1975 entitled, "Alternatives to the Revolving Door: Effective Approaches for Low-Achieving Students". In this Fund-supported activity, 11 institutions were selected from more than 200 applicants. These institutions demonstrated current success in providing instructional and counseling services to a variety of 'Open Admissions" students—from migrant Chicano farmworkers to inner-city Black women seeking new job opportunities. The air of the collaboration is to conduct further evaluation on these programs in hopes of illuminating features which account for their success and to disseminate these findings to interested practitioners. Half of the participating institutions are community colleges.

REPORT ON THE CONDITION OF EDUCATION

Mr. SHRIVER. I received in my office last week the 1976 edition of the "Condition of Education" put out by the National Center for Educational Statistics, some 300 pages of information. Who uses that?

Ms. TROTTER. All the educational communities in the United States and the Congress. This is probably one of the most important documents that NCES puts out and they have done this as a result of a mandate from Congress.

Mr. SHRIVER. How do educators acquire the book?

Mr. FLOOD. Will the gentleman read what it is?

Mr. SHRIVER. It is "The Condition of Education," 1976 edition, put out by the National Center for Educational Statistics.

Ms. TROTTER. This is just off the press. If you don't have a copy of it, we will see that you get a copy of it.

Mr. SHRIVER. I wondered how you disseminated it. You say everybody uses it.

Ms. TROTTER. We disseminate it to all the libraries. One free copy.

Mr. SHRIVER. What does it cost?

Dr. PHILLIPS. It is available from the Superintendent of Documents of the United States Government Printing Office for a price of $4.40 per copy.

Mr. FLOOD. The witness is now reading from the report.

Dr. BELL. I might indicate, Mr. Shriver, this report is required by law. It is required in the statute.

Ms. TROTTER. We also have a list of people it is sent to. One copy is sent to certain interested parties and the rest of them, if you want more, purchase it.

Mr. HODGKINSON. I am going out this evening to speak to a group of about 10,000 higher education administrators of which I was one before I came to Washington. Out of that group at least fifty per-cent——

Mr. FLOOD. Where, Yankee Stadium?

Mr. HODGKINSON. In Chicago. They pretty much take over the town.

Of this group I would say fifty per cent have heard of the report. The '75 version is widely referred to at educational conferences.

Mr. SHRIVER. I thought there should be something in the record to indicate this publication is widely read, including members of Congress.

FORWARD FUNDING

Which Education Division programs are not now forward funded?

Dr. BELL. I will ask our Budget Director to respond to that. She can do that more effectively than any of us. This is Mrs. Cora Beebe. Budget Director for the Office of Education.

Mrs. BEEBE. The programs which are not forward funded fall into two categories. The first category are those which are advance-funded, which includes title I of the Elementary and Secondary Act, the two new consolidations that were passed the year before last, education of the handicapped and adult education.

The other category of programs which are not forward funded includes only two major programs, vocational education and impact aid. The others are all relatively small and include, in the elementary and secondary area, Ellender fellowships, ethnic studies, educational broadcasting, right to read, drug abuse, public library programs, and special projects funds. This category also includes some of the programs in education for the handicapped.

I believe those are the only ones, other than salaries and expenses. I would be glad to provide you a detailed list for the record.

[The information follows:]

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE, OFFICE OF EDUCATION—CATEGORIES OF FUNDING

The term "forward funded" is generally used to describe those programs for which funds are appropriated in a given fiscal year, are obligated during that same fiscal year, and are used for programs carried on during the subsequent fiscal or academic year. (Example: Funds appropriated in fiscal year 1976, obligated in fiscal year 1976, and used for academic year 1976–77.)

The term "advance funded" is generally used to describe those programs for which funds are appropriated in a given fiscal year, become available for obligation during the subsequent fiscal year, and are used for programs carried on during the subsequent fiscal or academic year. (Example: Funds appropriated in fiscal year 1976, obligated in fiscal year 1977, and used for academic year 1976–77.) It should be noted, however, that, due to the changeover in fiscal years and the fact that obligations under these programs normally occur during the months of July through September, beginning in fiscal year 1977 the obligations will occur during the same year in which funds are appropriated, for use during the subsequent fiscal or academic year.

The term "current-year funded" is generally used to describe those programs for which funds are appropriated, obligated, and used in the same fiscal year.

I. FORWARD FUNDED PROGRAMS

Elementary and Secondary Education

Bilingual education (ESEA VII)
Followthrough (Comm. Serv. Act, B)
Eighty percent of funds
Educational broadcasting facilities (Comm. Act III)
Drug abuse education (DAE Act)
Environmental education (EE Act)
Ethnic heritage studies (ESEA IX)

Emergency School Aid

Emergency School Aid Act
Civil rights advisory services (CRA IV)

Education for the Handicapped

Deaf-blind centers (EHA–C, Sec. 622)
Severely handicapped projects (EHA–C, Sec. 624)
Specific learning disabilities (EHA–G)
Early childhood education (EHA–C, Sec. 623)
Regional vocational, adult, and postsecondary programs (EHA–C, Sec. 625)
Media services and captioned films (EHA–F)
Recruitment and information (EHA–D, Sec. 633)
Special education manpower development (EHA–D, Secs. 631, 632, 634)

Higher Education

Basic opportunity grants (HEA IV–A–1)
Supplemental opportunity grants (HEA IV–A–2)
Work-study (HEA IV–C)
Direct loans—Federal capital contributions (HEA IV–E)
Incentive grants for State scholarships (HEA IV–A–3)
Special programs for the disadvantaged (HEA IV–A–4)
Strengthening developing institutions (HEA III)
Language and area centers, fellowships, and research (NDEA VI)
Fulbright-Hays fellowships (FHA)
University community services—Special projects (HEA I)
State postsecondary education commissions (HEA Sec. 1203)
Veterans cost of instruction (HEA IV–A–5, Sec. 420)
Cooperative education (HEA IV–D)
College teacher fellowships (HEA IX–B)
Public service fellowships (HEA IX A and C)
Mining fellowships (HEA IX–D)

Library Resources

College library resources (HEA II–A)
Training and demonstrations (HEA II–B)
Undergraduate instructional equipment (HEA VI)
Education personnel development (EPDA–D)

II. ADVANCE FUNDED PROGRAMS

Elementary and Secondary Education

Grants for disadvantaged (ESEA I)
Support and innovation grants (ESEA IV–C)

Education for the Handicapped
State grant program (EHA–B)

Occupational, Vocational, and Adult Education
Adult education (AEA)

Library Resources
School libraries and instructional resources (ESEA IV–B)

III. CURRENT-YEAR FUNDED PROGRAMS

Elementary and Secondary Education
Right to Read (Ed Amends. VII)
Follow through (Comm. Serv. Act, B) Twenty percent of funds
Ellender fellowships (P.L. 92–506)

School Assistance in Federally Affected Areas
Maintenance and operations (P.L. 874)
Construction (P.L. 815)

Education for the Handicapped
Innovation and development (EHA–E)
Regional resource centers (EHA–C, Sec. 621)

Occupational, Vocational, and Adult Education
Grants to States for Vocational Education (VEA, Parts A, B, F, G, H; Smith-Hughes Act)[1]
Vocational research (VEA, Parts C, D, I)[1]

Higher Education
Subsidized insured loans—Interest subsidies (HEA IV–B)
Direct loans—Loans to institutions and teacher cancellations (HEA IV–E)
University community services—Grants to States (HEA I)
Aid to land-grant colleges (Bankhead-Jones and Second Morrill Acts)
Construction (HEA VII)

Library Resources
Public libraries (LSCA I, II, III)

Special Projects and Training
Special Projects Act
Teacher Corps (EPDA, Part B–1)

Educational Activities Overseas
(*Special Foreign Currency Program*)
Grants to American institutions (P.L. 480)

Salaries and Expenses
Planning and evaluation (GEPA)
General program dissemination (GEPA)
Advisory committees (GEPA)
Information clearinghouses (AEA; GEPA)
Program administration (GEPA)

Student Loan Insurance Fund (HEA IV–B)
Higher Education Facilities Loan and Insurance Fund (HEA VII–C)

IMPACT AID

Mr. SHRIVER. You mentioned impact aid, and you are again asking for a reform of that program. What changes have been made in the operation of the program since the last legislative changes were made?

Dr. BELL. We have now a much more complex impact aid program to manage. There are three tiers, there are four hold harmless provisions; there is now categorical aid in impact aid for the first time.

[1] President's fiscal year 1977 budget provides advance funding for vocational education beginning in academic year 1977–78 under proposed legislation.

By categorical aid I mean that the recipient school district must spend the money for a certain categorical student target population. That is unprecedented in the impact aid law. Those who now receive funds for public housing must spend the money on the disadvantaged and the handicapped under categorical programs, and so we have had to change considerably since Public Law 93–380 was passed. The administration of the program had to be changed to meet these new requirements and the three tiers in the funding have made the calculations much more complex. We have had to develop 79 subsystem computer programs to handle the calculations in the impact aid program. And so it is a much more complex law to administer than we have had in the past.

Mr. SHRIVER. Requiring more people under your jurisdiction?

Dr. BELL. Yes. We should have more people than we have in that program. Before the passage of this law, my predecessor decreased the number of staff in impact aid and we are struggling now to allocate more staff resources there and I would say candidly we are understaffed in the impact aid program at the present time.

Mr. SHRIVER. With these changes, has that legislation cleared up some of the abuses of the program that we heard about here?

Dr. BELL. I don't believe so. In fact, I think it's going to make it more complex to monitor and to see that the law is complied with.

For example, we are going to need to have some kind of compliance review to see that those who receive funds under the public housing provision are spending the moneys and have an audit trail that will track the moneys to disadvantaged and handicapped children.

I think the complexity of the law is going to add to the potential for misuse of funds.

Mr. MILLER. I am not sure whether you were using the term "abuse" in terms of fraud or in terms of money going to wealthy school districts.

There is an additional point I think you are searching for. The new law does say if you are a parent who lives in one State and works in another, you are no longer counted as a "b" parent, and I think this is something that responded to the criticism about the counties surrounding Washington, D.C.

However, that response is somewhat watered down by the hold-harmless provisions which still make certain that a large amount of money goes to those counties at least for a period of time.

Mr. SHRIVER. One of the criticisms that I have heard since I have been a member of this committee is that people in the school district where I live over in Fairfax County are counted in Fort Riley, Kans.

Mr. MILLER. They are not counted anymore if they live in Fairfax and work in the District of Columbia.

Dr. BELL. In the case of the suburban county school systems surrounding this city, the hold harmless provisions are the provisions, of course, that keep them from losing revenue, notwithstanding the prohibition against counting them, because they are held at the level that they were before, or within a percentage of that level.

PROGRAMS IN CONSOLIDATION PROPOSAL

Mr. SHRIVER. About the proposed consolidation, you say 24 programs will be folded into a single activity. I read someplace there would be three broad categories. Earlier we were told that 27 programs would be consolidated. What is the situation?

Dr. BELL. The number of programs that were included in the bill that was actually introduced by Congressman Quie was 24. There were three programs that were library funding programs that were taken out of the consolidation. So the number was reduced by three.

The proposed bill, Mr. Shriver, will have four titles in it. Title I will be general provisions. Title II will be a broad block grant for the disadvantaged and handicapped, altogether in one title. Seventy-five percent of the $3,300 million in the proposed bill would be required by law to be spent in that area on the State level as a means of preventing a decrease of Federal assistance.

So title II gives that authority. The States would have authority after required hearing provisions and so on to spend the money as they felt they needed it; the State education agency could spend the money for the disadvantaged and handicapped in whatever portion they elected, using its broad discretionary authority.

Title III of the act is a large block grant for vocational education and consolidates eight categorical programs into one block grant for vocational education.

Title IV is an innovation and experimental program that provides for the experimental and innovation programs that are now being carried out for handicapped and vocational studies. There is also a provision in this title for taking care of the deaf-blind students that were previously provided for in the handicapped law.

EDUCATION OF THE HANDICAPPED

Mr. SHRIVER. Under the approach you are proposing in the area of educational services for the handicapped, when should we expect the entire target population to be reached in an effective and adequate way?

Dr. BELL. Some of the provisions in the proposed consolidation law rescind or repeal Public Law 94–142, which is the new Education for All Handicapped Children Act, but the requirements for service to these children by a certain deadline would still be in the act. Perhaps Dr. Martin could talk to that if he would. He is the Deputy Commissioner for Education of the Handicapped.

Dr. MARTIN. The block grant would continue a priority on handicapped and disadvantaged children. That is reflected in the provision that three quarters of the State allotment that would be directed toward those purposes.

There is not, I think, a specific deadline in the proposal; I didn't see the last version to go forward, but I saw one last week and my feeling is while the commitment is made in terms of the direction of funds and the establishment of priorities, a specific deadline date for all children to be served is not included in the bill. There is a provision that handicapped children must not be discriminated against. I think probably the literal answer to the question is that the deadline of September 1, 1978, which is now in the Education of the Handicapped Act, I believe, would be removed by this proposal.

BASIC OPPORTUNITY GRANTS

Mr. SHRIVER. If the basic opportunity grants program were to be funded at the currently estimated participation rate, how much should be added to this budget request?

Dr. BELL. We would need an appropriation, I believe, of $1.379 billion if we get 74 percent participation. I might indicate, in responding to that question, that the previous year we had a participation rate of 51 percent and so we estimated that we would have a 56 percent participation rate.

Understand, there is no way to control this because it is an entitlement program and so it is hard for us to control it.

We were amazed, frankly, to find we had a 74 percent participation rate. Assuming a 74 percent participation rate next year, would it not, Dr. Phillips, would take about $1.379 billion?

Dr. PHILLIPS. I think that the figures we are using now for planning purposes are $1.315 billion for 1976–77 and $1.365 billion for 1977–78, not including the administrative costs which will amount to $14 million in 1977–78. So if you assume a continuation of the 74-percent participation rate, we would need an appropriation of $1.379 billion in fiscal 1977, an increase of $279 million over our current request of $1.1 billion.

Dr. BELL. If college enrollments are, as some individuals allege, contingent to some extent upon employment opportunities, especially for the low-income group, and if unemployment continues to decline then we may not get that level of participation. If the situation stays about like it is, it might increase a bit, but we are still assuming a 74-percent participation rate.

REQUEST FOR GUARANTEED LOANS

Mr. SHRIVER. Are you requesting a cut in the guaranteed student loan program for 1977?

Dr. PHILLIPS. No, we are requesting a decrease in the appropriation, but not a cut in our anticipated participation.

DEVELOPING INSTITUTIONS

Mr. SHRIVER. I want to commend you and your colleagues in regard to the operation of the strengthening of developing institutions program. It has been particularly effective, I think, in the smaller institutions. I hope this will not be reduced.

Dr. BELL. Our recommendation is to level fund that program. It has been at $110 million and it is one of the areas that hasn't been cut in the administration's budget proposal.

Mr. SHRIVER. Thank you.

UNSERVED HANDICAPPED CHILDREN

Mr. NATCHER. Dr. Bell, according to your justifications, for the fiscal year 1977, we have an estimated 2.2 million handicapped children who will not be receiving educational services. Is that figure correct?

Dr. BELL. I think it is.

Dr. MARTIN. That is correct.

Mr. NATCHER. How do you justify no increase at all in this budget with figures like that?

Dr. BELL. We would argue that this is the State's responsibility and we should continue in our capacity-building efforts, where we try to train teachers and provide some leadership and encouragement. It is the position of this administration to avoid going into another ongoing service program that could ultimately cost several billion dollars. So, as we deliberate on this within the administration, the position has been to try to avoid taking on this commitment that is the responsibility of State and local education agencies.

BUDGET LEVEL FOR EDUCATION

Mr. NATCHER. Dr. Bell, when the new Secretary of HEW appeared before our committee, I discussed with him generally our bill for the last 5 years. You know this bill has been vetoed five times, during the last 6 years, and education twice. We have overriden each time in the education appropriations bill. We overrode the last time, as you know, in the bill on health and education generally.

I discussed with him the deficiencies, Dr. Bell, generally, in this bill. I am very much concerned about the amounts that are presented and I explained that to the Secretary and certainly I join with my chairman when you say that we have a reduction of $1,526,620,000 in education. A little over $1,500 million. I think it is a serious matter.

I don't think that the chairman of this subcommittee, Mr. Flood, could take this bill to the floor and pass it as it is presented to the committee, Dr. Bell. I say that to you frankly.

IMPACT AID FUNDS

Another matter that you and I discuss each year is a matter that you have discussed a little, I believe, this afternoon, concerning impact aid funds. You know, Dr. Bell, we discussed that last year. I believe we discussed it a little bit the year before probably.

Your fiscal year 1977 budget proposes a total budget authority of $325 million for Federal impact aid for education, a requested amount which represents a decrease of $355 million from the fiscal year 1976 appropriation of $680 million under Public Law 94–94.

Now, Dr. Bell, could you explain in general terms your justification for requesting a fiscal year 1977 appropriation level which is less than half of the fiscal year 1976 appropriation to date, knowing full well, Dr. Bell, as you do, not only in your capacity, but just as a citizen, we couldn't take this bill to the floor and pass it with those figures. How do you justify those figures?

Dr. BELL. The impact aid appropriation was predicated, as you know, upon paying the "a" students, those who live on and work on Federal property. It is the administration's long-standing position that impact aid should not be provided to "b" students. This position reflects the view that more than property taxes are going for the support of students. As we get better State aid programs, State income taxes and sales taxes are also put into the State coffers out of which State legislature make appropriations.

We felt that this condition was recognized by the Congress in Public Law 93–380. In that law Congress directed me to set a standard so that if a State reaches a certain level of statewide equalization the money goes into the State coffers and by law bypasses the local district. We have felt that Congress by this action recognized the position that the administration has taken that it isn't just property taxes that fund schools these days. That was primarily the case back in the days when impact aid was passed, but there are other revenue sources besides property taxes that ought to be considered. Therefore the position of funding "a" students only and cutting "b" students, the administration feels, is more defensible, particularly under the budget stringency that we felt. We had some very difficult choices to make in that regard.

ORIGIN OF CONSOLIDATION PROPOSAL

Mr. NATCHER. Dr. Bell, you stated it was the administration's position as far as block grants are concerned in the program that has been presented on the Hill. Does any part of this program originate in the Office of Education?

Dr. BELL. The proposal for block grants was discussed with us, but it originally was a proposal that started with the Domestic Council and there was extensive discussion in OMB, but we have been involved in it, have had numerous opportunities to discuss it. In fact, Secretary Mathews and I had a chance to discuss it in the oval office for a while so we have had a chance to have impact upon it and to try to shape the direction of it. I think, though, it would be more accurate to say that this is a program that has been developed by the Domestic Council, by OMB, and by those of us who work in education in HEW. The initiation of the idea came from the Domestic Council.

STUDENTS LEAVING SERVICE ACADEMIES

Mr. NATCHER. Dr. Bell, an article appeared in the local papers this past weekend and I presume in a number of papers throughout the United States, concerning the service academies. Did you read this article?

Dr. BELL. I am not familiar with that.

Mr. NATCHER. For 10 years, Dr. Bell, I served on the Board of Visitors at West Point. I have also served on the Board at Annapolis. The article appearing in the papers pertained to the dropout rate and the attrition rate as far as our service academies are concerned.

The General Accounting Office made its report and under the General Accounting Office's explanation they define attrition as the separation of a student from the academy voluntarily or involuntarily before graduation.

Students at the three armed service academies have been leaving the schools in record numbers according to a report by the General Accounting Office. Officials of GAO and the investigative arm of Congress said the high attrition rate has cost taxpayers millions of dollars.

Last year Dr. Bell, at the Air Force Academy at Colorado Springs, the attrition rate, was 46 percent in the graduating class of 1975. The

Military Academy at West Point reached an 11-year peak with an attribution rate of 40 percent for its 1974 graduating class, but the dropout rate declined to 36 percent for the class of 1975.

The 1975 graduating class of the Naval Academy at Annapolis experienced its highest attrition rate in 12 years; 39 percent. In 1974 the Academy's cost per graduate was $70,700. And so on down.

Dr. Bell, as you and I well know, especially as far as the majority of the Members in the House and Senate are concerned, when they nominate these boys and girls they are right carefully selected from the standpoint of their accomplishments in high school and their grades generally.

What is the problem here, Dr. Bell?

Dr. BELL. I wouldn't have a good answer to that, Mr. Natcher. I am surprised at those attrition rates. Even in those institutions that aren't as selective as the academies, ordinarily you don't find that high a rate of attrition in higher education. It could be that young men—I guess now we will be saying young men and women—don't anticipate the rigor of the preparation required and the restrictions that are put on them in the military academies.

Mr. NATCHER. Now, Dr. Bell, let's go a little bit back of that. What about high schools? What about high schools as far as these boys and girls are concerned? Are they teaching them in the high schools and qualifying them to say in the service academies?

Dr. BELL. I think the high schools are doing a pretty good job with the top level, the top 20 percent from which the academies would be drawing their students. We do know that military service, ROTC, and so on had a pretty tough time during the Vietnam war, but we are finding that Reserve Officer Training Corps is getting more popular. If we were looking at the middle or the lower range of students, I think we could say some things about preparation, but certainly not at the top level.

I suspect one thing is that our society and young people are growing up with more freedom, a lot more permissiveness, a lot less deprivation and a lot less austere life than the military academies are likely to have now. So there may be a certain element of, I would say, cultural shock, in the new environment that they have moved to. It is a puzzling situation, actually.

Dr. PHILLIPS. I think it might be at least useful to bear in mind that over the last 4 or 5 years the whole tenor and approach to higher education has gone through a change whose full ramifications we are only now beginning to see. It really is no longer broadly conceived as a 4-year continuous effort leading to an undergraduate degree. There is very much evidence, particularly in the open admissions schools which include many State universities, as well as community colleges, that students are increasingly taking advantage of opportunities to work, develop career goals by experience, and then going to school sometimes part time, sometimes dropping in for a quarter or two quarters and then going back and gaining some real world experience.

I can't really answer your particular question, but I do think that the whole concept of values with which any student leaves a high school today, and approaches a college or postsecondary education, is very much different than it was only 15 or 18 years ago, when I started out in high school.

69-745 (Pt. 5) O - 76 - 4

I think you have to keep that in mind as part of the possible explanation.

Mr. NATCHER. Dr. Bell, I think you would say in the service academies today they are using the same standards and requirements they were using prior to World War II?

Dr. BELL. Yes.

Mr. NATCHER. When you read in the papers there are scandals in our service academies, concerning cheating. It started with the Air Force—we have had some at West Point; we have had some all around. Is this a weakness in the education system generally? What is the problem, Dr. Bell? Something is wrong.

VALUES IN EDUCATION

Dr. BELL. I have been concerned about this matter.

In an address to the annual meeting of the chief State school officers, I talked about the subject of discipline and moral development in our schools. I think we need to be doing more to teach values. Many say "Whose values? We don't know what values to teach and furthermore, whose should they be?" My argument has been that in the American system, in our Bill of Rights and our Constitution, and our whole system of government is implied an ethic and a standard and a value code that we ought to be teaching more diligently than we are.

I would also emphasize that I think this problem goes beyond the school. We need to recognize it isn't only the school that educates. The home educates, and the parent is the child's first teacher, and I think society in general has a responsibility for that.

Some articles I have read say it is the post-Watergate morality, and the times, but I really think we need to be doing more in teaching values and putting more emphasis on that aspect of discipline that has to do with high standards and high commitment.

QUALIFICATIONS OF HIGH SCHOOL STUDENTS

Mr. NATCHER. Dr. Bell, would you say that a high school graduate today is as well qualified to enter the service academies and to fulfill the requirements that are in existence as there were 10 years ago?

Dr. BELL. I would say he is better qualified in some ways and less well qualified in others.

Mr. NATCHER. This attrition rate surely shows they may not be qualified educationally—just generally.

Mr. TROTTER. No.

Mr. HODGKINSON. No.

Mr. NATCHER. You don't think so?

Dr. BELL. The point I was going to make about these students being better qualified is that I think the top 20 percent is better prepared academically. Now, I wouldn't want to say that about the lower half of the students, but I think the highly select top 20 percent is better qualified. They go through levels of advanced mathematics and advanced chemistry and physics that I certainly didn't have. I used to be a high school chemistry teacher and I have a boy taking high school chemistry this year and I have difficulty with his homework. That is how much the work has changed and how much more advanced it is than it was.

Mr. FLOOD. I have been on the Defense Appropriations Subcommittee since it was established at the end of World War II, have been on the board of visitors at the Naval Academies for many, many years. This has continually arisen. Not just recently. This question is not a new question by a long shot.

Mr. NATCHER. This has now come to the surface from the standpoint of admitting attrition rate and where they are.

A number of people in this room say, "Oh no, not from the standpoint of basic training in high schools, educationally."

I don't know whether you are right or not. I don't know whether you are right or not. You disagree, but I have my doubts.

Mr. FLOOD. What was that question Mr. Natcher just asked where everybody said no?

Ms. TROTTER. That they weren't as well prepared.

Dr. BELL. Less prepared academically.

Ms. TROTTER. They are not less well prepared.

Mr. FLOOD. What was the question?

Ms. TROTTER. They are not as well prepared academically.

Mr. NATHCER. That is correct, in the last 10 years.

Dr. BELL. I would argue they are better prepared academically. I don't think they are as prepared emotionally and psychologically and they may not have the inner toughness. I would argue it is not the academics and the academic program at the academies they have trouble with; it is the lifestyle there and the discipline and the rigor that goes with it.

To change from that—we have many problems now. A lot of our better students have some problems with alcohol and with pot and other freedoms of life that they suddenly find shut off when they go in and close the door in the academy. I think it is those kinds of adjustments where they are having their difficulties.

Mr. NATCHER. Now, Dr. Bell, where they fail the test in their examinations and all do you mean from the standpoint of the rigorous training they have up there, that that is bringing that about? The change from their home life?

Where they are failing, Dr. Bell, is in examinations and tests. Not from the standpoint of leaving a home where everything is quiet and complacent and they go up there and they have certain standards to meet and certain requirements and so forth.

From the standpoint of failure educationally.

Dr. BELL. You see, how you feel about your work, whatever it is, and how you react to it emotionally, has a lot to do with your achievement. We have known that for years.

I think the data will bear out that students are going to these academies with better preparation. It is the math and science and the command of the English language that they are after in military science training.

Mr. FLOOD. Dr. Bell, let me say this to you: You know, and I don't know, and that is the reason I am asking you, to be honest with you, you know and I don't know. Dr. Bell, I hope you are right. I want to say that to you.

Go right ahead.

Mr. HODGKINSON. There are two different factors. One is the dropout rate and the other is the flunk-out rate.

Mr. NATCHER. I am mainly interested from the standpoint of the flunk-out rate.

Ms. TROTTER. They didn't separate those, I don't believe.

Mr. NATCHER. They didn't percentagewise, but I happen to know about what it is and it is considerably different now and it has been in the last 5 years, than at any time during the last 10 years.

Mr. HODGKINSON. Generally in the country there has been an increase in the average grade which used to be a "C," and is a straight "B" now in colleges, and universities across the country. This is one reason why you have to keep the two things separate, because more students are going to two or three colleges before they get their degree and moving from an institution to another institution is no longer seen as a failure necessarily. This is part of the reason why the numbers are hard to interpret.

If a student flunks out, it means the student didn't meet the standards. If a student decides to leave West Point and go somewhere else, that is a different kind of decision.

Mr. NATCHER. Dr. Trotter, what were you going to say to us?

Dr. TROTTER. Exactly what he said. There is a difference between failure and voluntary dropout. We are experiencing more and more mobility from one university, one college, to the other. This may be particularly true of the military academies.

Mr. NATCHER. Dr. Trotter, do you believe high school graduates today are as well qualified academically to enter the service academies as they were 10 years ago?

Dr. TROTTER. I believe they are better qualified.

Mr. NATCHER. You really believe that?

Dr. TROTTER. I do believe that.

Mr. NATCHER. What about Dr. Phillips?

Dr. PHILLIPS. I was just going to suggest to you that in terms of an individual choicemaking, the service academies really have two things about them that are I think notable. One is that relative to other options available for postsecondary education, there is considerably less personal freedom. I think you would agree with that. In addition to that you have the military obligation itself that applies to graduates of the service academies.

I think if you put those two together, the dropout figures become more understandable, particularly since there are these other options constantly multiplying for students to try different approaches and experiment with different work situations and educational situations.

Mr. NATCHER. I know, Dr. Bell.

My chairman will have trouble presenting this bill.

Dr. BELL. I just wanted to say, if I could make a personal note, I have three sons who are in high school right now and I can say to you that the level of instruction they are receiving far exceeds the level that I had. I attended a very small high school and happened to be the valedictorian in my graduating class, which wasn't such a great thing because it was such a small school, but I was a reasonably able student, and these students are studying on a level that far exceeds that. It is easy for the older generation to look down at the younger. This reaction has been with us for years. For them to say, "They don't have it like we used to have it."

I think that is part of what we have to do to take care of ourselves and our own egos.

I would say, Mr. Natcher, that as far as the top level is concerned in high school—I am not talking about the others; we have some terrible problems there—but no one can convince me that the top level from whence we are taking these service academy people has declined.

Mr. FLOOD. Can these children read?

Dr. BELL. They certainly can. I am not saying all of them can read. We have some horrible problems, but not with the top 20 percent.

Mr. FLOOD. The 3 R's. Can they read?

Dr. BELL. The point I would like to make is that I wouldn't want to sit here and say there is nothing wrong with the public school system in America. I know better. It is that bottom 25 percent we are having problems with; that is a terrible problem.

Mr. NATCHER. What do you refer to when you say bottom?

Dr. BELL. The bottom 25 percent in human ability, intelligence quotient, and so on. That is where we are having the problems. It isn't the upper 20 percent we are talking about. We have some real problems with the bottom group and we are not performing nearly as well as we ought to be performing in American education in that regard. So I wouldn't want to come on and say that I think all is well in that direction. There is plenty of difference between what is and what ought to be.

DECREASE IN COLLEGE ENROLLMENTS

Mr. EARLY. In reference to the chairman's questions about the different statistics we are getting from every agency with regard to the 18 to 21 year olds, are you projecting that higher education is going to have decreased enrollment?

Dr. BELL. I think that can be responded to by Dr. Hodgkinson.

Mr. HODGKINSON. The latest census studies indicate that the size of the 18- to 21-year-old age group is going to start decreasing about 1979 to 1980.

Mr. EARLY. Will the enrollments decrease?

Mr. HODGKINSON. That is where Dr. Phillips and several others have raised different projections about possible enrollment. One important factor is the number of adults who will come back to colleges and universities as they are now doing in increasing numbers, but I don't believe anyone has a very accurate feeling about how large that pool is.

Mr. EARLY. Does HEW have projections in numbers? We have to have some number of students to associate this with.

Ms. TROTTER. We have some indications, but you have to take all these different kinds of indicators and put them together. You cannot look at one in isolation.

Dr. EVANS. The official projections at this time are for a significantly decreased enrollment during that period of time, for the reasons given by Dr. Hodgkinson. However, we should add some cautionary remarks about the need to take into account the frailty of those estimates. The problems are similar to the ones we have encountered on the participation rate in the basic grants program; these simply didn't turn out the way the estimators thought they would.

What Dr. Hodgkinson and Dr. Phillips indicate is that there are some trends in education which suggest the participation rate in post-secondary education of other age groups could raise. They have been

rising and if they do rise further, they could offset the clear declines that are going to occur as a result of the smaller cohorts in the age group levels referred to.

Mr. EARLY. You have made the assumption that you are going to reduce the number of students. Is that a proper assumption?

Dr. EVANS. Given the factors I have indicated, there are different experts making different estimates.

Mr. EARLY. But this committee depends on you people to be the experts. In spite of decreasing student enrollment, the number of acceptances at higher education institutions terminated because there were no more spaces.

Dr. EVANS. I am sure that will occur, but in terms of the college-going rate, when that is taken into account, the best predictions at this time are that for that period of time there will be a decreased enrollment. Unless you wanted to adopt the view that some of those other trends will compensate for that, and some do take that view——

Mr. EARLY. You cite a 9.7-percent increase in enrollment.

Mr. HODGKINSON. There is an increase in the population size which roughly parallels the increase in college enrollments. This increase halts in 1979, when we begin to project a downward trend in college enrollment. If there are additional students, they will be older, because we are going to run out of 18 to 21 year olds.

Mr. EARLY. The ones rejected now are rejected because there is no space.

Mr. HODGKINSON. I am talking about the total size of the 18- to 21-year-old pool.

Mr. EARLY. I was talking about that pool, but I am also talking about the results of that pool decreasing. The fact that you are rejecting in that 18- to 21-year-old pool now, indicates that you have fewer rejections down the line and your number of enrollments won't decrease.

Dr. EVANS. That rejection problem is not as large as it may appear in your comments. There is some rejection, but actually many State-supported schools and a great many private schools have unused space. In order for the enrollments to be maintained at its present level or to increase when the smaller population cohort arrives about 1980, we would have to get into a situation where virtually all, or at least the overwhelming majority of high school graduates, went on to some college or university. That kind of change does not seem likely, especially since there has been some change in that rate for other reasons, where people have gone into different kinds of post-secondary pursuits.

Mr. EARLY. That is the point that I think the administration is off course on, when they suggest decreases in spending in education. It is predicated on the idea that you are going to have fewer students down the line, which I don't think is true.

Dr. EVANS. Sir, that is not the case. The decreased requests in funding are for different reasons other than the predicted decline in numbers at that time.

Mr. EARLY. That is true, but it also illuminates the fact that you are predicting a decrease in student population.

Doctor, on page 1 of Dr. Trotter's statement, you state at the bottom of the page, "State and local agencies are in a better position to deal with our education problems than is the Federal Government."

STATE ROLE IN EDUCATION

You are not saying that has changed over the years, are you? Are you saying they have been in a better position in the past?

Dr. TROTTER. The ability to know what the problems are and what would really handle the local situation and take care of that region, lies at the State and local level.

Mr. EARLY. You are not saying that is a change in HEW policy, are you?

Dr. TROTTER. No, this is not a change.

POSTSECONDARY AID

Mr. EARLY. What percentage of the aid is to the student and what percentage is to the institutions now?

Dr. TROTTER. Are you talking about higher education?

Mr. EARLY. Yes.

Dr. TROTTER. We really are focusing most of our resources on aid to students.

Dr. BELL. I would say, Mr. Early, it would be about 95-percent aid to students and 5-percent aid to institutions in our budget.

Mr. EARLY. What has that been in this past year?

Dr. BELL. That is about where it has been in the past.

Dr. PHILLIPS. I think in this year's appropriations it is approximately 90 percent funds directed to students and 10 percent to institutional support programs of various natures. Under the 1977 budget request for higher education, I believe that percentage does shift upward to almost 95 percent and only 5 percent of the funds—primarily the developing institutions funds—are devoted to aid to institutions.

LOANS AND GRANTS

Mr. EARLY. Now, Doctor, with regard to the loan program, did you say you are not relying on the loans; you are headed more to the grant type of programs?

Dr. BELL. Our prime emphasis is on the grants. Our budget emphasis is there. We don't want to imply by that that we want to restrict the availability of loans for those who need them, but we wanted to put the emphasis of our budget dollars on the grant, recognizing what the chairman said about the burden of debt upon students.

Mr. EARLY. That is the impression I had gotten, the impression you didn't want to give.

On page 10 you state that for the guaranteed student loan program, requested funding represents a decrease of $52 million, from $452 million to $400 million.

STUDENT LOAN ACTIVITY

Could you tell us, what has been the activity in the student loan program?

Dr. BELL. I think Mr. Ed York who manages that program, who is Deputy Commissioner for Management, could respond to that.

Mr. YORK. I think you have to put the budget request into the context that we are really not asking for less funds for the loan program. The basic dollars going into the loan program come from private in-

dustry. The loans are made from private capital. What we are talking about are those funds where we pay interest payments to the lenders and where there are defaults that are guaranteed under the Federal program.

Mr. EARLY. If we accept that $52 million reduction, you are going to reduce the private sector commitments?

Mr. YORK. No, the $400 million is primarily to pay for the defaults that we know are coming. We have carryover funds from previous years. As Dr. Bell indicated earlier, our estimates of what the default rate was going to be were too high so we have an excess of funds carried over from the 1975 and 1976 appropriations into 1977. In fact we will be expending about $480 million in actual outlays.

Mr. EARLY. Defaults have been less than you anticipated?

Mr. YORK. Yes, sir; they have.

Mr. EARLY. That would make me think it has been a very successful program.

Mr. YORK. We would like to feel we are starting to have an impact on that. We had predicted a default rate in 1975 of about 19 percent. In fact, we experienced about 16.5 percent. In 1976 we predicted a default rate slightly higher than that. In fact it now looks like it is going to be about 16.7 percent.

In 1977 we are predicting that is leveling off and we don't think we will exceed 17 percent. We see a trend going in the direction that we have been trying to reach for a number of years.

Mr. EARLY. I see a much more constructive program in the loan program than I see in the outright grant, and you are shifting to more emphasis on the grant program.

Dr. BELL. I think we are putting our budget dollars there.

Mr. EARLY. Wherever you put your budget dollars, that is where you put your emphasis. That is all it is, money.

Dr. BELL. The point I wanted to make, Mr. Early, is that both programs are entitlement programs. Anyone who applies and can qualify can participate in both the grant and the loan program and we have no authority in the law to restrict the numbers who participate. So our desire to fund a grant program as well as we have, I think, has paid off, as shown by the enormous participation we have had. The participants in the basic grants program have increased by about seven times over the last 3 years.

Mr. EARLY. The outright grants?

Dr. BELL. Yes.

Mr. EARLY. I would expect that to increase.

Dr. TROTTER. I would like to say that these programs make a balanced program. No low-income student could attend a postsecondary institution on just the basic grants. What these students need is the loan and the work study to really balance this program. It is really all of them put together that makes it possible for students to be able to attend the postsecondary institution.

There is no way we could rely on the grant by itself. It is only half of the cost. This is not enough, so the student does need more help than just the basic grant.

Mr. YORK. Mr. Early, these programs are really not meant to deal with exactly the same population. The student loan program was initially meant to cover the middle-income students to give them the ability to go on and have some choice and access. I think the combina-

tion of work/study and basic grants with the loan program now starts to move that loan program back to where it was intended to be.

In fact, over the past few years it has been directed more to the low-income student that was initially intended by the Congress and I think the combination of these program will start to move it back to addressing the population for whom it was intended originally.

Mr. EARLY. Let me ask you this, Doctor: If the 1975–76 trend is less than originally estimated, do you feel this $52 million cutback in the loan program will in any way affect the trend?

Mr. YORK. No, sir. When we talk about the number of students who are able to take advantage of the loan program and to in fact get loans from private industry, that is almost a constant level over the past 3 years. There has been no increase or decrease in the number of students obtaining loans from private industry.

Mr. EARLY. Don't you think the fact that private industry was well aware we were going to pay up defaults eliminated their risks and that, consequently, they were much more eager to get into the program?

Mr. YORK. I think that is true to a degree. There is another factor that has to do with the yield on these loans. The yield on these loans is less to the lending institution than it is on their normal commercial loans, so there is a trade-off as far as the lending institution is concerned on making a dollar profit or possibly losing a little bit of money on the interest they get through the yield on these loans.

Mr. EARLY. In earlier testimony it was indicated what was supposed to happen with these loans is not actually happening. The banks are not giving the loans to the poor and the really needy; the banks are really just giving it to the students who are a low risk.

Mr. YORK. I think, Mr. Early, that relates to the point I made earlier that this program initially was not intended to be directed to the very, very low income people. It was the purpose of the grant programs to adress that population with the loan program meant to address the middle-income student.

Dr. PHILLIPS. If we got more than the $400 million that is requested here, we almost surely would not be able to use it. In other words, the guaranteeed loan program is current year funding as opposed to the other programs in this budget which are forward funded. This is an estimate of what it will cost to meet all the obligations in that program.

You know, we have had less draw on this year's funds than we had anticipated. As Mr. York indicated, we will have a carryover and we are now estimating the total cost to sustain the program at maximum levels will be $400 million.

Mr. EARLY. What draw did you have on the $452 million for this year?

Mr. YORK. We are projecting in fiscal year 1977 an outlay of $480 million, which is a combination of an appropriation of $400 million and a carry-over of slightly over $80 million from prior years.

Mr. EARLY. What did you have this year?

Mr. YORK. We have a carryover of approximately $80 million.

Mr. EARLY. What was your funding in that category in the beginning?

Mr. YORK. In fiscal year 1976 we had an appropriation of $377 million plus a carryover of $74 million, so that in 1976 we used approxi-

mately $371 million of the appropriations and added approximately $6 million to the carryover.

Mr. EARLY. That is very useful to this committee. It indicates that you have more than enough money with the reductions so far.

Mr. YORK. We are estimating the outlays for the year will be $480 million, which is $400 million plus $80 million carryover.

FRAUD IN STUDENT AID PROGRAMS

Mr. EARLY. In your statement on page 12 dealing with salaries and expenses, you state that you need more staff to administer the student financial aid program. The added staff will be allocated to efforts to attain better program compliance and to decrease fraud and abuse in these programs.

Would you estimate for the committee the amount of fraud there has been in the program?

Dr. BELL. Yes. We sent a special report to the committee on fraud and abuse. The report was transmitted on February 16.

The report deals with the abuse of the program by students and by lenders and the default rates that we have had and the problems we have had with some institutions, a few closing their doors and leaving students holding the bag.

This has been related to the guaranteed student loan program.

Mr. EARLY. Could you identify the fraud?

Dr. BELL. I don't have specific data on fraud as such.

Mr. EARLY. Do you have an estimate?

Dr. BELL. I don't have. Do you, Mr. York?

Mr. YORK. No, Mr. Commissioner.

Mr. Early, we don't have a specific dollar amount that we can relate to fraud per se. There have been no specific cases of fraud against the Federal Government that have gone to the courts where there has been any convictions related to this program so it is impossible to identify a specific dollar amount. There are some cases which are under investigation by the U.S. Attorney which may in fact end up in the courts, but we don't know at this point whether they will or whether they won't.

We are aware of significant—as opposed to fraud—significant abuse of this program.

Mr. EARLY. Give us an example of abuse.

Mr. YORK. I think a good example would be where we start with what we believe is a conflict of interest. Where we have an educational institution, probably a proprietary institution that, in addition to being an educational institution, has qualified as a lender under this program. It is making loans to the students who are attending the institution. That starts with what we think is sort of a basic conflict of interest. We have had numerous cases where, in doing that, in fact then there have been sales of notes to institutions. In some cases these have possibly been at discounts, which are precluded by law and precluded by regulation.

These are some of the cases being investigated where in fact an educational institution as a lender makes loans, turns around and sells those notes to another lender at a discount. That is clearly an abuse of the program and could possibly even be considered fraud under certain circumstances. That is an example of the type of situation that we are encountering.

INCREASE IN SALARIES AND EXPENSES

Mr. EARLY. With regard to salaries and expenses, it is one of the few accounts that show an increase. You are holding steady with most of the programs; with others you are cutting back or eliminating, but you are requesting an increase in salaries and expenses.

I get the impression administrative costs are going up even though we are having numerous cutbacks.

Dr. BELL. First of all, we are going to be required to meet the increases that come in the Civil Service scale for the employees that we have. Next to that we are proposing an increase, a net increase of staff of 148. We now have approximately, just in round numbers, approximately 3,000 staff members in the Office of Education.

Mr. EARLY. How many in Washington?

Mr. YORK. It is approximately 2,200.

Dr. BELL. And about 800 in the regional offices.

Mr. YORK. I think, Mr. Early, although there is an increase, part of that increase is directed to the idea of 200 positions which are devoted to addressing this problem of fraud and abuse in all of the student aid programs. This is not just in the guaranteed student loan program, but it is also for the basic educational opportunity program, for the student loan program, and there is some addition of people in the accreditation area. There is a gross increase of 200 positions.

In addition to that, in other program areas we are reducing by 58 positions, so the number that you see is a net increase of 142, which is made up of 200 additional positions specifically in the student aid programs to address some of the problems we know that are there, and a decrease in other program areas of 58 positions.

Mr. EARLY. How does that wash? In Dr. Trotter's statement she says the Federal Government thinks the local communities and the States can better handle education and yet, in your administrative setup you have just 800 positions in all the regions and 2,200 here in Washington?

Dr. BELL. I would have more staff in the regions if Congress didn't prohibit it by law. Public Law 93–380 prohibits further regionalization of our programs. We are doing much of this from headquarters because it is required by mandate of the Congress.

Mr. EARLY. Do you have legislation pending to change it?

Dr. BELL. No; It has been a long battle of some years about regionalization.

Mr. EARLY. And the Congress is insisting on your keeping the bulk of your operations here in Washington?

Dr. BELL. They certainly are and wrote some very strong language prohibiting regionalization.

Mr. YORK. We have very few programs that are, in fact, decentralized. There is only a small handful of programs where the program responsibility resides in the regional offices.

Dr. BELL. We are prohibited from decentralizing any program that wasn't out there in June of 1973.

Dr. TROTTER. In my statement, Mr. Early, I was referring to elementary-secondary programs and we are not asking for that kind of authority as far as the higher education programs are concerned.

Mr. EARLY. In the last paragraph of your statement you say the primary purpose of the consolidation proposal is as follows: "To relieve the administrative burdens placed on the States and local agencies . . ."

How do you feel that is going to be accomplished? How do you feel it will relieve some of the administrative burdens placed on States and local education agencies by the conglomeration of Federal education programs.

Dr. TROTTER. Instead of eight categorical programs, each with their own regulations, you will have one block grant with stipulations in terms of how to administer that program.

STATE ACTIONS UNDER CONSOLIDATION

Mr. EARLY. Do you have a fear, Doctor, that the States, which are all in fiscal trouble, are going to take your block grant program and just implement present spending in education?

Dr. TROTTER. The provisions of this authority will hold harmless and will have some caveats that we hope will help the States continue the same kind of effort that we have been making.

Mr. EARLY. How does "hold harmless" fit into this?

Dr. BELL. The formula that we propose in the bill that has been introduced by Congressman Quie gives each State the same money they received this year under the 24 programs. We have calculated what they received and we have developed a formula that will give each State that amount of money. The lowest increase any State will receive is 0.08 percent in Oregon.

Mr. EARLY. Do you feel that is progressive?

Dr. BELL. We don't propose it is progressive by way of funding.

Mr. EARLY. You have stated that all States will get what they did last year. Why do any studies if you are going to follow that trend?

Dr. BELL. The proposal is to simplify the administration and management of 24 categorical programs by giving more responsibility for the details to the States, rather than having us administering it from back here on the Potomac River. If we can eliminate those 24 different categories, and the reports required and the laws and the regulations that are now inherent in those laws it would simplify the program considerably.

Mr. EARLY. It could and should be better administered in the regions, but my question is, with these block grants, communities like New York—that is the best example—may just take your reimbursement and apply it as they have done with their revenue sharing moneys, which have the same type of restriction, to programs already in effect right now.

Dr. BELL. I wouldn't anticipate they would expand with this program because the State of New York would get approximately the same amount of money it is now getting in these categories.

Mr. EARLY. I don't think they are going to expand. I think you will have drastic cutbacks.

Dr. BELL. They won't cut back because they will have to spend the funds for the purposes that we are providing the money.

Mr. EARLY. Yes, but the States are already spending x dollars in those categories now. Your new restriction isn't going to eliminate them from using it there.

Dr. BELL. We don't anticipate a dramatic change in that regard. We anticipate a great change in the amount of paperwork and red-tape and restriction that we would have.

For example, a State will have authority to spend money on the disadvantaged or the handicapped without the categorical restrictions that it faces now. As the States look at their own State school finance program, they can look at their needs and have more discretion as to how they spend it vis-a-vis those categories.

CUTBACK IN MASSACHUSETTS

Mr. EARLY. Let me use the State of Massachusetts as an example, Doctor. My State. They are going to eliminate chapter 766.

We are defeating our own purposes as far as I can see—if we try to promote a program on the Federal end, to the disadvantage of minorities. I believe that will be the ultimate result of the route you are taking.

Dr. BELL. Suppose the State Department of Education in Massachusetts and the State board through in the programs they have and the funds that have been appropriated, are already admittedly meeting the needs of the handicapped children in that State?

Mr. EARLY. There is not one of the 50 States adequately meeting——

Dr. BELL. Some are——

Mr. EARLY. Identify one State that is meeting the needs of the handicapped.

Dr. BELL. I will name two that are doing a close to total job. They are Minnesota and Utah.

Mr. EARLY. You say "close to total." That leaves an awful lot of room. That means they are not meeting the needs of the handicapped.

Dr. BELL. It's a question of priorities in a State. If the State concludes that it would prefer to spend money on one of the other areas related to the handicapped or the disadvantaged, it would have the discretion to spend it. It wouldn't have to spend money on a specific program simply because the Federal law says you either spend it there or send it back to Washington. Often States have another priority that is higher. That is the problem with categorical moneys. They don't take into account the fact that there are 50 State school systems, 50 State school finance programs and some of them are already facing places where, on their own priority basis, they would rather spend the money in another area.

It is hard to write Federal legislation in a way that will take into account 50 State statutes and 50 separate State education systems. So a block grant approach, with some discretion between categories, or among categories, makes sense to me.

Mr. EARLY. Had you initiated these programs as block grants, it would make a lot more sense, but now what you are doing is after the fact. You are not going to the butt of the problem; you are going at it when it is in full bloom and you are going to clip off some of the bloom.

CONDITION OF EDUCATION

On this document "Condition of Education, 1976" what was the cost of the 1975 version?

Dr. TROTTER. We would have to supply that for the record because I am not sure. You are talking about per copy?

Mr. EARLY. No, gross cost. Supply for the record how much was returned of that gross cost by sale.

Dr. TROTTER. All right.

[The information follows:]

Cost of the 1975 "Condition of Education"

	1975 actual
Contract cost	$72,000
Printing cost (15,000 copies)	20,500
Total	92,500
Return through GPO	2,969

Mr. EARLY. Do we know what the projected cost of the 1976 book will be?

Dr. TROTTER. We do receive a sizable amount of money back from the sale of the book.

Mr. EARLY. I want to find out how much.

How much is appropriated for 1977 for the continued publication of this book?

Dr. TROTTER. I can't draw that out by itself.

Mr. EARLY. Can't your budget person answer that?

Dr. TROTTER. It is under publications and we have a lot of publications. I think I could get this information for you.

Mr. MILLER. We will be glad to send that information directly to you in addition to providing it for the record.

[The information follows:]

COSTS OF THE 1976 AND 1977 "CONDITION OF EDUCATION"

	1976 projected	1977 projected
Contract cost	$75,000	$100,000
Printing cost (15,000 copies)	23,000	25,000
Total	98,000	125,000

ADVANCE FUNDING

Mr. EARLY. When did advance funding start? What year?

Mrs. BEEBE. Fiscal year 1975.

Mr. EARLY. Was that sold with the idea of being a very short program or was it sold with the idea that advance funding was here to stay?

Mrs. BEEBE. No, sir. Once it is enacted, it becomes a permanent fact. In order to begin advanced funding there is an appropriation in a single year covering 2 full years of activity. Any subsequent appropriation for the same activity would, from there on, be on an advance-funded basis.

Mr. EARLY. You are not anticipating terminating advanced funding?

Mrs. BEEBE. No, sir.

EDUCATIONAL BROADCAST FACILITIES

Mr. EARLY. On page 4 of your statement, you request $7 million for educational broadcasting facilities. How many new stations are we talking about?

Mrs. BEEBE. Thirty-seven.

Mr. EARLY. Will you supply for the record where they are?

Mrs. BEEBE. At this point I regret we would be unable to supply that for the record. The proposals, of course, are some 11 months away from being submitted to the Office of Education. What we have done to estimate the 37 new awards is to take an average of the awards and divide it by the amount requested in the appropriation.

We don't at this point know which stations will receive those awards.

Mr. EARLY. Are you saying that the applications for these awards are 11 months away from being submitted to your office?

Mrs. BEEBE. Approximately. We usually receive the awards—this is for the 1977 appropriations—in February. Our closing date this year was December 12. The 1977 requests will come in in December or January of next year.

IMPACT AID REDUCTIONS

Mr. EARLY. On that page, under school assistance in federally affected areas, you state that you are once again asking Congress to reform this program which provides aid to school districts where enrollments and availability of local revenues have been adversely affected by Federal activities.

Can you explain that?

Dr. BELL. It is our position that the Federal Government should only pay for those students whose parents both work and live on Federal property and we shouldn't be paying for the "b" category students whose parents are Federal employees but do not live on Federal property.

Mr. EARLY. With regard to your requests for education for the handicapped, deaf and blind student aid, is this matching?

Dr. MARTIN. It is not matching required by statute. It is, however, more than matched voluntarily by State and local contributions. The program has gradually grown up over a period of time and the impact of it has been to encourage the local communities to develop programs.

In some instances, in Massachusetts for example, we have had a long-standing relationship with a special school, the Perkins School.

DEAF-BLIND PROGRAM

Mr. EARLY. As I recall, we always have appropriated money in our State budget for the deaf and the blind to get the matching Federal money.

Dr. MARTIN. Well, I think that is probably right in this way, sir: We have had a policy in developing the program that we weren't interested in paying the full cost of those services by the Federal Government, so we have attempted each year to assure that there was no cutback in State and local expenditures. From the Massachusetts point of view—if they stopped funding for deaf and blind children in the State of Massachusetts, we would have some great concern about that. Instead of that, as they increase support we make a liberal contribu-

tion, over $3,000 a youngster, on behalf of those youngsters—in fact, throughout the whole New England region.

Dr. BELL. I think, Mr. Early, that would also apply to the Rehabilitation Act, where there is a substantial amount of matching required at the State level.

When I worked with State legislatures, we had the rehabilitation program, where there was matching, and we were constantly talking to the legislature about how much more Federal rehabilitation money they could get if they raised the matching part.

Dr. MARTIN. That might also be true for adults. That is not a program we administer, but it is under the Rehabilitation Act.

Mr. EARLY. Would you check and find out? I know Massachusetts cut back. I think they cut back some moneys in that area. I just want to make sure that their cutbacks will not affect their eligibilities for Federal funding.

Dr. MARTIN. We can do that.

This year we are starting for the first time to feel that pinch. I have had conferences this past week with people in California and Illinois who are also concerned about that problem. In the past we have had a fairly fast acceleration of State and local funding. I will check on Massachusetts for the record or send it directly to your office.

Mr. EARLY. Send it directly to my office.

COMPLIANCE WITH NEW HANDICAPPED LAW

On page 8, Doctor. you get into State and local compliance.

Dr. BELL. That is compliance under the new act, the Education of All Handicapped Children Act. There is a requirement that by a fixed date, set in the law, the States have to meet the needs of all handicapped children. Dr. Martin may be able to go into more detail on that, on what date that has to be done under the new law and what has to be done, and what the compliance requirements will be in that connection.

Mr. EARLY. Can you give us the dates?

Dr. MARTIN. It is a date in the bill, Mr. Early, of September 1978. At that time we have to have commitments from each State that they will have in place a system to educate all handicapped children

We have, for example, in Massachusetts—you mentioned chapter 776, a date of several years ago. Nevertheless, implementation is still going on. For example, 60 percent of the funds spent in Massachusetts this year from Federal sources actually went to children who were unserved under the mandate.

Mr. EARLY. To meet the deadline do they have to meet requirements established for 1976–77? Do they have to be advanced to that stage?

Mr. MARTIN. No; theoretically they could do it all at the last moment. We feel it is unrealistic to expect that. We expect a great deal of activity between the Office of Education and the States and the local school districts, pointing out the impact of the law not only on the ultimate provision of services, but on a number of specific requirements. For example, the way parents are informed about judgments made on the child.

They have to have their rights protected and there are a number of similar procedural requirements. In some States they are commonplace, but in others they have resulted in certain problems over the identification of children, the failure to provide parents with notice

of these things, so there is quite a laundry list of specifics Congress wrote into the bill to protect the rights of children.

We feel we have to provide technical assistance between now and that time in order not to surprise the State with a deadline.

Mr. EARLY. Is there any State having difficulties with nonconformiyt in this area?

Dr. MARTIN. Not yet, but that is a real risk under the new legislation of having to cut off funds, though it obviously is the last thing we would want to do. We can't find ourselves in a situation where, if, for example, there is a substantial failure to comply with the deadline or other provisions of the law—the Commissioner is under obligation to consider cutting off those funds. I can well imagine and, as a matter of fact, I have from time to time felt we would find ourselves in the middle of a situation like that where the State did not have the sources available and parents and others might be suing us to do something about it. I think it depends on the good faith effort on the part of the State.

STATE NONCOMPLIANCE

Mr. EARLY. How many States are having Federal funds withheld for noncompliance?

Dr. BELL. I don't know of any that have had funds withheld.

Mrs. BEEBE. Ferndale, Mich., has had noncompliance.

Dr. BELL. The question went to State compliance.

Mr. EARLY. I was referring to any States having any moneys.

Dr. BELL. Ferndale, Mich.

Dr. MARTIN. There have been, from time to time, such cases but they have been resolved. There were several out of compliance because of the Civil Rights Act.

Dr. BELL. There is a maintenance-of-effort requirement, Mr. Early, that may start to pinch next year, that if a school district doesn't maintain their effort of the previous year, they are disqualified for Federal moneys.

In the State of Washington there is a law that the people vote on the tax levy each year, and there have been a number of levies voted down. We have been meeting with the State department of education people in Washington and they may be in some difficulty with that.

VOCATIONAL EDUCATION

Mr. EARLY. Two final questions, Doctor: one on vocational education. With unemployment like it is throughout the whole country, I expect there will be many questions in reference to cuts in vocational education.

Dr. BELL. Dr. Pierce is the Deputy Commissioner for Vocational Education and I am sure he will be glad to defend a cut in his budget.

Dr. PIERCE. Every program in the Office of Education had to be looked at in terms of whether or not it could absorb some kind of cut with the least harmful effect to children.

In vocational education we are blessed by the fact that the States spend $6.33 of State and local money for every dollar of Federal money. This percentage and ratio have been going up every year. In this year's budget proposal it is suggested that the States can absorb a rather small cut in vocational educational education, $13 million as

69-745 (Pt. 5) O - 76 - 5

you have observed, and absorb that with the increased funds that they will put into the program.

In addition, there are some shifts in program direction that indicate to us that more funds, even at that reduced level, will be available for programs for children.

For example, 2 years ago the States were spending about $35 million for construction purposes. Last year they spent $19 million. That additional money is now being diverted to program costs and to new programs rather than for construction of facilities.

So that, given necessary budgetary constraints, it is our judgment that we can absorb that in vocational education. Obviously, like everyone in this room and as the Commissioner has said, we would prefer not to recommend the reduction but those are the facts of life.

Mr. EARLY. That is what I feel is happening. Vocational education is getting an across-the-board cut in your budget. It is typical of bureaucracies to resist making changes. Vocational education should be at least doubling in budget, whereas some other education programs should be eliminated.

Dr. BELL. I might indicate, Mr. Early, if our consolidation proposal passes, we are authorized to increase the amount in vocational education by $59 million.

Mr. EARLY. That is contingent upon the bill in the Senate.

Dr. BELL. No, upon the bill introduced by Representative Quie.

Mr. EARLY. Is that the bill being heard on vocational education in the Senate today? I have had 33 people in my office today all vehemently opposed to that. It cuts back on the flexibility of vocational education in the States, which I think is disastrous.

I see a practical implementation for vocational education that has never been realized and unemployment is due in a large part to that fact.

Dr. BELL. We all want the other part of the administration's budget cut. We weren't an exception to that.

Mr. EARLY. You are the one who should be making those decisions. No one likes to cut anyone out, but the responsibility is such that certain programs should get increased money, others should be cut back drastically and others, eliminated. We never eliminate anything in the Federal Government.

TEACHER SURPLUS

Doctor, one more question. How are you addressing the problem of the surplus of teachers? Do we adress it anywhere in the proposed budget for 1977?

Dr. BELL. We don't propose anything here in the Education Professions Development Act, except the teachers corps, which is to help the inner city specialized program, with a lot of emphasis on training of teachers already there, in order to help them do a better job of working with low income and minority children. Because of the teacher surplus this is one area where we are cutting back on funds. But our budget doesn't really address the problem as far as taking care of the employment of teachers is concerned. In fact, I would have to admit that level funding budgeting with salary schedules going up would actually work a bit in the opposite direction because of inflation.

We don't address the problem here to any significant degree, the problem of the surplus of teachers.

Dr. MARTIN. We will be asking for funds for short-term training for about 25,000 teachers. They will learn more about the education of the handicapped so they can be more effective in implementing these new State laws and requirements.

The money we are spending on teachers wouldn't be to increase the surplus, but rather to retain.

Mr. EARLY. As a new member, I am not as diplomatic as Mr. Flood and the others. I don't think we are really addressing the problem. We are not allowing the ball to get out in the middle of the road.

Mr. Michel?

PARENT INVOLVEMENT

Mr. MICHEL. Last year, Dr. Bell, you observed in our hearings that "most of the successful title I projects have a strong parent involvement component in them, which I think tells us that we need to involve the home in the game of education even more extensively than we have." This is of course one of the keys to the success of private and parochial schools—the involvement of parents. This involvement seems to be more effectively generated in the private sector than the public, and I thus wonder if this doesn't tell us we ought to redirect our efforts into that area such as through the voucher system or some such approach rather than continue to pile billions into the public school system with very few gains to show for it?

Dr. BELL. I do not believe that we can "sell" the voucher system to the public schools of the Nation. But I believe that we must do more, much more, to involve parents in public school instruction. I am emphasizing this in my work whenever possible.

FUNDS TO NONPUBLIC SCHOOLS

Mr. MICHEL. What is the total amount of OE funds going to elementary and secondary nonpublic schools.

Dr. BELL. Except in the case of some discretionary project grant funds, no funds go directly to nonpublic schools. OE funds go to public school districts for the administration of the various titles which mandate the provision of nonsectarian and noninstitutional related services for children enrolled in private, or nonpublic, elementary and secondary schools. The total value of these benefits is not known. It could be gained only by an expensive survey of all public school districts receiving such funds. Even then the local public school administrators would have to estimate the pro rata share of funds based upon the type and amount of benefits provided to the nonpublic participants.

Mr. MICHEL. What programs represent the major sources of these funds and approximately how much does each provide?

Dr. BELL. We will provide for the record a list of the programs that provide benefits for children enrolled in nonpublic schools. An estimate of the value of title I services was projected for fiscal year 1977 at about $82 million from the total $2,050 billion for the program. This estimate was made by estimating nonpublic participants at 225,000 and estimating they shared equally in the average per pupil cost of $365. The ESEA title II program actually provides benefits to the most nonpublic school participants. A study of 19 large cities for 1972–73 by the Natural Center for Educational Statistics, gave ESEA title

II expenditures of just under $1 million for nonpublic participants from a total of $8.446 million expended for the program.

[The information follows:]

FEDERAL EDUCATION LAWS REQUIRING PROGRAM BENEFITS FOR PRIVATE ELEMENTARY AND SECONDARY SCHOOL STUDENTS

Elementary and Secondary Education Act

1. Educationally deprived children from low income areas (title I).
2. Neglected and delinquent children (title I).
3. Migratory children (title I).
4. School library resources, textbooks and instructional material (title II).
5. Guidance, counseling, and testing (title III).
6. Innovative educational programs (title III).
7. School health and nutrition services (title VIII).
8. Bilingual education (title VII).
9. Right to read.

Education Amendments of 1974

1. Consolidation of Education Programs (title IV)
   (*a*) *Part B*—Library and learning resources and testing, counseling guidance, NDEA III equipment.
   (*b*) *Part C*—Innovative educational programs, dropout prevention, school health and nutrition services, and educational support.
   (Authorizes secular, neutral, and nonideological services, materials, and equipment to assure equitable participation for children in private schools.)
2. Gifted and talented children program (section 404).
3. National reading improvement program (title VII).

Education of the Handicapped Act

1. Handicapped preschool and school programs (part B).
2. Early childhood education (part C).
3. Children with specific learning disabilities (part G).
4. Deaf/blind centers (part C).

Emergency School Assistance Act

1. Desegregation assistance basic, pilot, and special programs.
2. Desegregation assistance bilingual education.
3. Desegregation assistance in teaching mathematics.
4. Desegregation assistance educational television.

Community Services Act

1. Follow Through for children from Headstart programs.

Higher Education Act

1. Talent Search for aid to young people to be admitted to higher education.
2. Upward Bound which provides college preparation for low-income family children who are underachievers.

Indian Education Act

1. Special projects and programs (pt. B).

Vocational Education Act

1. Program for persons who have special educational needs (102b).
2. Innovative vocational educational projects (pt. D).
3. Cooperative vocational education programs (pt. G).

National Defense Education Act

Strengthening instruction in academic subjects.

Occupational Education Act of 1972

Prepared by Dwight R. Crum, Director, Nonpublic Educational Services, Immediate Office of the Commissioner, USOE, Washington, D.C., November 6, 1975.

Mr. MICHEL. How about in higher education, breaking out student assistance moneys from the rest of the higher education programs?

What is the total amount going to private colleges and universities in each of these two areas of higher education?

Dr. BELL. We would be happy to provide that information for the record.

[The information follows:]

HIGHER EDUCATION—FEDERAL DOLLARS TO PRIVATE COLLEGES AND UNIVERSITIES—FISCAL YEAR 1975

OBLIGATIONS

[Dollars in thousands]

	Obligations as of June 30, 1975	Amount to private colleges and universities	Percent of total obligations
Student assistance	$1,433,631	[1] $428,845	30.0
All other programs higher education appropriation	330,767	153,565	46.4
Total	1,764,398	582,410	33.0

[1] Does not include private proprietary schools.

SOCIAL PROMOTION

Mr. MICHEL. Do you have any information as to the extent to which social promotion is occurring in the public schools, that is, the practice of passing students to a higher grade regardless of whether they have learned the material? The superintendent of schools in Houston was recently quoted as saying that "Social promotion is a serious problem in Houston and every other major school district in the country."

Dr. BELL. No, we have no data on the prevalence of social promotion. I'm sure, however, that many educators would agree with the superintendent in Houston about the seriousness of the problem.

Mr. MICHEL. Does the practice of social promotion explain perhaps why some of these standardized test scores have been falling in recent years?

Dr. BELL. The most widely used score trends are those from the college admissions tests. Such tests have a restricted student population; only those students who are competing for college entrance are likely to sit for such tests. In my view, it is unlikely that social promotion could be responsible for altering score patterns in this particular group of students because such a form of promotion tends to affect only the lowest achieving segment of the student population, those who would generally not go on to college.

RIGHT TO READ

Mr. MICHEL. What plans do you have for funding the reading is fundamental program which was recently authorized by Congress?

Dr. BELL. I assume you are referring to the inexpensive book distribution program contained in the recently passed amendments to title VII of Public Law 93-380. This program becomes a new section under part C of title VII. No funds were requested for this program in fiscal year 1976 or 1977.

Mr. MICHEL. Can some of the right to read funds be used for this purpose?

Dr. BELL. The appropriation request for right to read is $12 million and it would be inappropriate to utilize any of these funds for the inexpensive book distribution program since this would further jeopardize the continuation of funded programs initiated in fiscal year 1976.

BILINGUAL EDUCATION ACTIVITIES

Mr. MICHEL. How many different bilingual programs are there in the Office of Education, what is their total funding level, and is there any effort being made to consolidate them?

Dr. BELL. The major bilingual education program administered by the Office of Education is funded under title VII of the Elementary and Secondary Education Act. Two other programs which specifically address bilingual education needs are supported by the bilingual education set-aside of the Emergency School Aid Act and by title IV of the Civil Rights Act.

A number of other OE programs have also funded bilingual education activities. For example, our right-to-read program is spending over $1 million on bilingual projects out of its total budget of $12 million.

We would like to supply for the record a list of the 1975 level of support for bilingual education by program. Please note that these are estimates.

(The information follows:)

Office of Education 1975 obligations for bilingual education activities

	Thousands
Elementary and secondary education:	
A. Supplementary services (ESEA III)	$1,200
B. Bilingual education (ESEA, VII)	82,000
C. Right-to-read (Coop. Res. Act)	1,096
D. Follow through (OEO Act)	5,000
E. Bilingual vocational training (VEA, part J)	2,800
Indian education	411
Education for the handicapped	1,000
Occupational, vocational and adult education:	
A. Vocational education	1,400
B. Adult education (AEA, III)	2,000
C. Teacher Corps	5,361
D. EPDA (part D)	407
Higher education:	
A. Developing institutions (HEA III)	11,800
B. EPDA (part E)	149
C. Ethnic heritage	255
D. Library programs	4,500
Emergency School Aid	17,886
Total	137,265

We have no plans to consolidate our bilingual programs. We are instituting several efforts to coordinate our activities in this area, in order to avoid duplication and share our knowledge about bilingual education.

For example, OE's Regional Commissioners have set up a three-member Task Force on Bilingual Education to develop ideas for the coordination and improvement of bilingual education activities across the ten OE regions. The Regional Commissioners in Region VI (Dallas) and Region IX (San Francisco) have also established special organizations to foster communication and cooperation among bilingual educators in their respective regions.

CAREER AND VOCATIONAL EDUCATION

Mr. MICHEL. You have an Office of Career Education in the Office of Education and you have career education programs under vocational education and under the special projects program. Is there a considerable degree of duplication and, if so, what steps are being taken in the direction of consolidation?

Dr. BELL. OE's Office of Career Education was established as part of the special projects program and so does not duplicate here at all. Current career education activities being carried out under part D of the 1968 Vocational Education Act Amendments are concentrating on experience-based career education while activities in the Office of Career Education are oriented primarily around an approach that assumes career education is for all students and all levels of education.

Even if there were considerable duplication, it would not be possible to consolidate these programs without changing existing laws. The Office of Career Education administers career education activities under the Special Projects Act, Education Amendments of 1974, which require the Director of the Office of Career Education to report directly to the U.S. Commissioner of Education. On the other hand, the Education Amendments of 1972 require that all activities, including part D, be administered by the Deputy Commissioner for Occupational and Adult Education. Thus, the present legal requirements mandate that any career education activities supported under the Vocational Education Act be administered separately from the career education activities of the Office of Career Education.

TEACHER SUPPLY

Mr. MICHEL. We keep hearing about a surplus of teachers in general, about shortages in certain areas, such as bilingualism, handicapped, vocational education, medical education, et cetera. What kinds of specific efforts are being made to direct the surpluses into the shortage areas?

I wonder whether we continue to need special assistance training programs in these shortage fields when it ought to be in the student's own self-interest to enter these areas, simply to be insured of employment.

Dr. BELL. Over the past few years, as increasing numbers of students have moved from surplus fields into fields that still remain in short supply, the Office of Education has deemphasized preservice training in favor of inservice activities. For example, in manpower development for education of the handicapped, which is one of the largest remaining shortage areas, the increasing supply of preservice teachers has enabled the Office of Education to shift its priority toward inservice training. In fiscal year 1977 the Office of Education expects to devote 31 percent of its manpower development funds in this program to inservice training, versus 69 percent for preservice training. This represents an increase of about 2 percent in inservice training from our projections for fiscal year 1976 funds.

The situation in a number of other areas is somewhat different. In bilingual education, for instance, the major manpower problem remains one of finding qualified applicants. Therefore, the Office of

Education through its bilingual education program has attempted to stimulate the number of undergraduates interested in teaching in order to assure an ultimately reliable supply. The same situation is true for teachers of Indian children.

In other fields in which there remains a short supply, such as vocational education subjects, the office does believe that the time has come to place greater reliance on market forces to fill this area. For this reason the fiscal year 1977 budget proposes to phase out support for part F of the Education Professions Development Act, and to give the States larger resources, through the block grant proposal, to develop their own inservice and, if necessary, preservice resources.

VOUCHER SYSTEM PROGRAM

Mr. MICHEL. How is the NIE experiment with a voucher system coming along?

Dr. BELL. The Alum Rock voucher program is now in its fourth year with 9,000 students in 14 schools participating in the program. The project is scheduled to run for 1 more year, after which various components of the voucher system will probably be adopted by the school district. While certain segments of the original plan, most notably the inclusion of private schools, were never fully implemented, others such as parental choice are now being spread to the entire school district.

The Institute is supporting a major evaluation of the voucher program to provide documentation and examination of the project's various components. This evaluation will continue through fiscal year 1977 and provide detailed studies of the multiple-option education systems.

Mr. MICHEL. Are you giving any serious consideration to this voucher approach toward educational funding?

Dr. BELL. The Institute is limited to research and development activities to provide improvement in our education system, which precludes our involvement in operational funding of programs.

The purpose of this project is to gather facts on the operation of such a system and provide information to State and local officials who are charged with the responsibility of making educational policy. This information will hopefully allow these officials to better address the question of whether or not a voucher approach should receive serious consideration as a vehicle for achieving a multiple-option education system.

STATUS OF GUIDANCE AND COUNSELING SECTION

Mr. MICHEL. We have heard some criticism that the Office of Education does not have a guidance and counseling section. What kind of administrative machinery do you have in this regard, and how well is it working?

Dr. BELL. The Office of Education at this time does not have a guidance and counseling unit specifically identified as such. At the time title V–A of the National Defense Education Act (which authorized grants to States for the establishment and maintenance of guidance and counseling programs) was in existence, there was a branch for guidance, counseling, and testing of substantial size (about 20 professional positions). When title V–A, NDEA, was combined with title III of the Elementary and Secondary Education Act (Title III—Supple-

mentary Centers and Services; Guidance, Counseling, and Testing), it became necessary in view of constraints on manpower and S. & E. funds to assume a more generalized approach to administering this program and focus responsibility for the guidance, counseling, and testing aspects of title III, ESEA, in the division dealing with the total title III, ESEA, program.

This division contains two of the professional staff from the former guidance and counseling branch, one of whom became a branch chief in the title III, ESEA, operation, and the other has been assigned to give a major part of his time to guidance and counseling activities. The guidance persons in the title III, ESEA, program are responsible for guidance and counseling under title IV–B, and for coordinating guidance aspects with the entire staff of some 60 persons assigned to title IV as well as with persons in all 50 States and jurisdictions responsible for guidance and counseling at the State level.

Although titles III and IV, ESEA, are the only programs with funding specifically mandated for guidance, counseling, and testing, there are other programs administered by OE in which the use of funds for guidance and counseling is authorized. I am in the process of a continuing dialogue with representatives of the guidance and counseling community who are in positions of professional leadership about their concerns, including the matter of an organizational unit for guidance and counseling in OE. Until such time as it may be possible to establish a specific guidance and counseling unit, to encompass all OE programs which have guidance and counseling components, I have appointed Dr. Kenneth Hoyt, Director of Career Education in my office, to serve as liaison with these representatives, as well as to orchestrate the guidance and counseling activities of OE programs which involve such activities.

A guidance and counseling committee composed of Office of Education personnel who have some responsibility for programs with guidance and counseling components has been established. This committee, through Dr. Hoyt, keeps me informed about guidance activities. This administration machinery is adequate as a temporary expedient.

However, I believe that strong leadership at the national level is important to the continuing improvement of guidance and counseling programs, and that these programs are necessary components of quality education. With the advent of the consolidation of title III, ESEA, under title IV, ESEA, in accordance with Public Law 93–380, and the consequent placement of guidance, counseling, and testing under part B of title IV, it is expected that a pending adjustment in the organizational structure to administer this program will provide for guidance and counseling along with the other programs mandated by 93–380 to be a part of title IV, ESEA.

CABINET-LEVEL DEPARTMENT OF EDUCATION

Mr. MICHEL. What are your feelings about having a Cabinet-level Department of Education?

Dr. BELL. I am in favor of having a Cabinet-level Department of Education, but I do not believe that this position is shared by this administration. Being an educator, I admit to bias on this subject. But I believe that education in the United States is important enough to

justify a Cabinet-level department. I should emphasize that this is my personal view—that I speak for myself, and I am sure that I do not represent the Department of Health, Education, and Welfare in this matter.

Mr. EARLY. Mr. Conte?

POST-SECONDARY EDUCATION

Mr. CONTE. Mr. Commissioner, your administration has said that its higher education student financial assistance budget proposals for fiscal year 1977 would promote equal educational opportunity for students by providing both access and choice. Yet your budget would eliminate the SEOG program and weaken the interest subsidy program, the only two programs which provide choice for lower- and middle-income students.

For purposes of illustration, take a typical student from my district coming from a family of five having the district's median income of $10,300. Let's compare his possible treatment under current rules and programs with your proposals.

	Current rules and proposals	Proposed administration budget
Family contribution	$420	$420
Basic educational opportunity grants	980	980
Supplemental educational opportunity grants	695	----
State scholarship	----	----
Total family and grant aid	2,095	1,400

State scholarship—the administration refers to its State student incentive grant (SSIG) proposal as a choice instrument. This is not persuasive for the following reasons: Funding is only 18 percent of the existing SEOG program and its effect on real student choice will vary from State to State depending upon decisions by State officials.

In Massachusetts, the current budgetary situation makes it unlikely that additional State moneys will be appropriated for SSIG matching. Current State and SSIG funds provide scholarships only at a relatively low-income level. The income cutoff point for a student from a family of four children is $8,700.

Under current proposals, this student would have to come up with about $200 more from loans or work in order to attend the University of Massachusetts so access is assured. To attend Hampshire College or other excellent private Massachusetts colleges, such as Boston University or Holy Cross, this student would have to raise another $3,200 to $4,300 each year. This is quite a burden, but at least it provides some choice for the student and his or her parents who make substantial sacrifices.

However, under the administration's proposal, the student would have to raise about $800 in order to attend the University of Massachusetts, again not unreasonable if loans and work-study assistance is available. Once again, access is reasonably satisfied. But choice is now severely diminished if not eliminated. The student without the SEOG grant must raise $4,000 to $5,000 each year in order to attend a private college or university.

Therefore, without the SEOG program, our private colleges and universities will only be able to afford a handful of BEOG students because each such student will cost over $2,000 in loans and work required of the student. And middle-income students, hard pressed on every side, will no longer be able to afford private education either since institutional aid is limited and State scholarship aid is not available to them.

In summary, are you not forcing this student to attend only the heavily State-subsidized colleges and universities by eliminating the SEOG program and encouraging a dual system of higher education—one for the rich and a handful of lower-income students and the other for most lower- and middle-income students?

Dr. BELL. Mr. Conte, you have raised some very thoughtful points concerning our student financial aid programs. I will try to respond to all your concerns.

First, let me state quite candidly that the first priority in our student financial aid programs is to provide access for the lower-income students. Without these programs, those students simply would not be able to pursue postsecondary education at all. That is why we give first priority to the full funding of the basic grants program.

We also attempt to provide some degree of choice to lower- and middle-income students, through the other Federal student financial aid programs—the State student incentive grant, guaranteed student loan, college work-study, and national direct student loan programs, and currently, the supplemental educational opportunity grant program. But we acknowledge readily that we cannot, through Federal programs alone, finance the attendance of low-income students at the very highest-cost private institutions, in the range of $5,000 to $7,000. Our hope is that institutions in that cost range can combine Federal funds with State, private, and institutional funds, to finance the attendance of at least some low-income students.

There are, however, many private institutions throughout the country in the range of $3,500 to $4,500, which a lower- or middle-income student can afford to attend through the combination of family resources, Federal student financial aid programs, a moderate amount of student summer earnings, and, in some cases, a modest institutional or private contribution. The college scholarship service publication, "Student Expenses at Postsecondary Institutions, 1975–76," a survey using costs supplied by over 2,400 postsecondary institutions, lists an average cost nationwide of $4,391 for resident students and $3,950 for commuter students at 4-year private institutions; that amount includes charges for tuition, fees, books, supplies, room and board, transportation, and personal expenses. Institutions in this cost range are accessible to many students.

In the State of Massachusetts, for instance, costs for the following private institutions are listed as follows: Northeastern University, $4,132 for a resident student and $3,082 for a commuter; Springfield College, $4,000 and $3,700; and Suffolk University, $3,900 and $3,000. Granted, there are also many private institutions in the State of Massachusetts that are substantially more costly to attend, such as those you mentioned. However, the Federal Government alone is simply unable to finance fully the attendance of students at those institutions.

The State of Massachusetts, however, is also contributing substantial resources to aid students attending private institutions. In 1974–75, for example, approximately 50 percent of all Massachusetts awards in the State student incentive grant program were made to students attending 4-year private institutions. According to program statistics supplied by the State agency to our Federal SSIG program staff, Massachusetts is spending approximately $10,715,000 for need-based grants to students in postsecondary education in the current academic year and will spend about $11,665,000 for the same purpose in the next academic year. A significant part of this expenditure goes to middle-income students. In 1974–75, the SSIG program aided 950 students from income levels above $9,000, representing 38 percent of all SSIG recipients in Massachusetts, and 350 of these awards went to students at income levels of $12,000 and above.

The proposal to eliminate the SEOG program is necessitated by the higher priority given to full funding of the basic grants program and the fact that the current budgetary constraints do not permit us to fund both programs. We believe that the basic grants program provides a more equitable distribution method than the SEOG program. The two programs serve substantially the same income range of students—a finding supported by our own program statistics and by independent surveys by the American Council on Education—so it seems more logical to us to concentrate the funds in one grant program, with a uniform and equitable treatment of all students.

I should also point out that our statistics do not support the belief that elimination of the SEOG program will contribute substantially to the lack of attendance at private institutions, because the SEOG funds are currently spent primarily at public institutions. In fiscal year 1974, for example, approximately 70 percent of the students, with 62.4 percent of the funds, attended public institutions, while 26.8 percent of the students, with 34 percent of the funds, attended private nonprofit institutions. The remaining 3.2 percent of the students and 3.6 percent of the funds were at proprietary institutions. Therefore, we cannot agree that elimination of the SEOG program will have a significant adverse effect on private institutions, particularly since some of the increased basic grants funds will go to students attending private institutions.

In summary, then, I assure you that we are not insensitive to the dilemma that you raise concerning the middle-income student, particularly those seeking to attend private institutions. Our continued first priority is to provide access to low-income students, but the full range of our programs also provides some degree of choice to both low- and middle-income students.

Mr. Conte. Mr. Commissioner, the interest subsidy at present is the only form or financial aid we have to help middle-income students and almost the only financial aid for those who pursue graduate study. You have recommended that the interest subsidy be changed to an interest deferral.

Would you tell the committee the additional cost that would represent to a student who borrows $1,500 per year for 4 years of college plus $2,000 per year for 3 years of graduate school—a total of $12,000—compared with the present program?

Dr. BELL. This proposal has been under consideration for some time. However, we are not making this recommendation this year. There are no official proposals before Congress at this time. However, the additional cost to a student without interest subsidy during his in-school period of 7 years and grace period of 12 months would be $3,990 at 7 percent. Under the present program, the student would pay slightly over $4,600 interest on $12,000 repaid over the statutory 10 year repayment period. Therefore, the total cost of the student would be $8,590 interest or the additional cost of $3,990.

Mr. CONTE. Would you tell the committee how much this proposed change would save the Government this year, the next year, and the next 5 years?

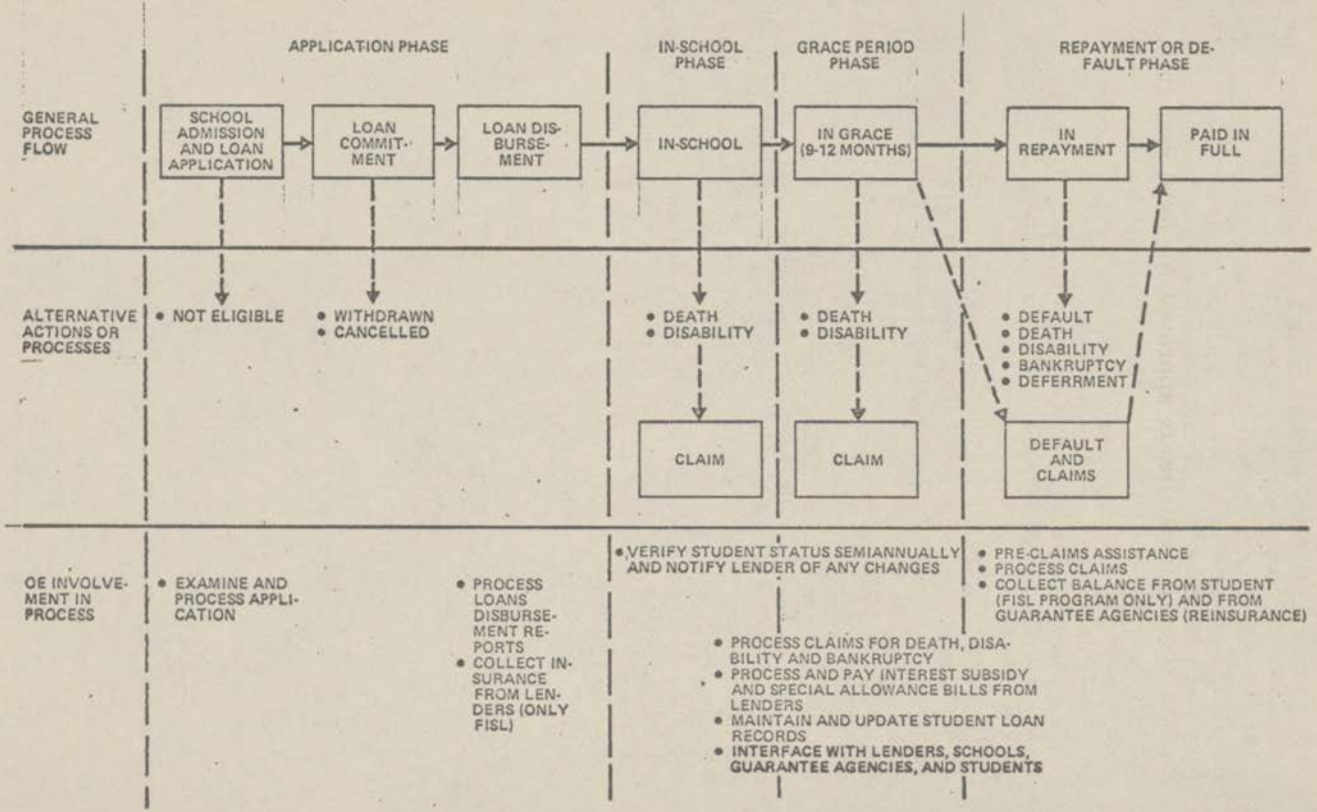
Dr. BELL. Estimated savings on removal of the interest subsidy on new loans would be $42 million for 1977, $131 million for 1978, $230 million for 1979, $286 million for 1980 and $310 million for 1981.

Mr. CONTE. Would you provide for the hearing record a detailed description of the actual operation of the present program compared with the likely operation of the proposed program?

Dr. BELL. The only difference in the proposed program would be that on new loans made, the lender would not bill the Office of Education, but would accrue the interest due from the student until the repayment period began, then add it to the prinicpal amount of the student's loan and collect it over the duration of the repayment period. All other phases of the loan program would remain the same. We are attaching a general process flow chart of the present program for additional detail.

[The information follows:]

GENERAL PROCESS FLOW



Mr. CONTE. Mr. Commissioner, the BEOG program for this academic year 1975–76—fiscal year 1975—has a shortfall of $180 million for next academic year, you have estimated a shortfall of $600 million in the appropriations already approved for fiscal year 1976. I have several questions and requests to make of you regarding these forecasts.

First, would you provide the committee a detailed account of the manner in which you make projections of the cost of the BEOG program? In particular, would you explain the method used for estimating the "participation rate" and precisely what this term means? Is your model a demographic model or an enrollment model, or what? For example, which persons in the United States would be included in the group of persons representing a 100-percent "participation rate?"

Dr. BELL. Our estimation model and procedures are extremely complex, Mr. Conte. However, I'll try to explain this process as simply as I can.

The general computational approach of the computer model is that of an aggregate need analysis, in which the potentially eligible student population is divided into many categories of students with similar family characteristics. Data on these characteristics is, to the best of our knowledge, the most accurate and reliable data available. They are taken from a wide variety of sources, but include items such as enrollments from Census Current Population Survey and NCES, income distribution from the census, and applicant data, and college costs from basic grant institutional expenditure reports. Much of the family characteristic data, such as family size distributions and number of students per family in postsecondary education, are distributed by several income classes to yield the many categories of students with similar family and financial characteristics.

A family contribution is calculated for each homogeneous group considered in the model and an average award is calculated. This average award is multiplied by the number of students in a given aggregate and summed over all groups to yield a total program cost and total number of eligible students.

This "total eligible students" yielded by the model represents the theoretical number of students in the United States who would receive basic grants if they were all to apply and become recipients. This is the figure we refer to when we speak of a 100-percent participation rate. Since the model only provides figures on the total cost and total number of eligibles in the program at a 100-percent participation rate, further estimates must be made concerning the percentage of potentially eligible students who will actually apply for and receive aid from the basic grant program. This percentage, which is applied to total number of eligibles and total program cost, is called the participation rate. Another way to look at this is as an adjustment factor which estimates the degree to which the eligible population will actually receive grants.

The determination of the participation rate is based on a process of elimination of those potentially eligible students who, for a number of reasons, are not expected to receive the benefits of the program. In this context, the model projections are based on the assumption that all eligible students will apply for and receive basic grant assist-

ance (a 100-percent participation rate). Yet we know that there are potentially eligible persons whose personal plans do not include post-secondary education, and therefore, they neither enroll in school nor apply for assistance. Second, a number of students plan to enroll, actually apply for basic grants but decide later not to attend school.

Such personal decisions are difficult to project because a number of variables may influence such actions. It is our feeling that the maximum award level for a given year may be a very important factor influencing the participation rate. For example, the maximum award increased from $452 during the first year of operation to $1,400 during the current year of the program and the corresponding participation rate went from 30 percent to 74 percent. In addition, more subtle factors, such as the prevailing economic or employment conditions, may also impact the participation rate in either positive or negative ways.

The participation rate is further influenced by students who attend eligible schools but enroll in ineligible programs offered by such schools or enroll on less than a half-time basis. Therefore, these students who are counted in the total enrollment contribute to the difficulties inherent in determining an accurate participation rate.

Related to the issue of making accurate participation and cost projections is the determination of the average award for the projected recipients. In this context, it should be noted that part-time students became eligible for basic grant assistance for the first time during the 1975–76 academic year. As a result, estimates of the impact of part-timers on program cost and participation rates had to be made entirely without the benefit of program experience. A related consideration would be students who are not enrolled for a full academic year and, therefore, are not paid their full entitlement as originally projected. We do make adjustments for these factors, but such estimates have had to be made on the basis of limited program information.

These adjustments to the original model estimates are nearly all a function of human behavior. While estimates of this behavior can be made, these projections can at best be good guesses until they are supported by program experience. On the other hand, with more program experience comes a better estimate of this participation behavior and more accurate cost projections. In time, these participation factors will stabilize to the extent that we will be able to predict much more accurately. In the meantime, we will have to expect a certain amount of variance in program estimates, although this problem will increasingly be minimized as we gain program experience.

The estimation of participation rates involves several steps. The first of these is to determine actual recipients and expenditures for the current year as accurately as possible based on those amounts reported by participating institutions. This number is computed as a percentage of the total eligible population resulting in an estimate of actual participation for the current year. This participation rate is then compared with those of previous years in an effort to determine any apparent trends. A judgment must then be made as to how this rate is likely to change for the coming year in view of prevailing circumstances related to the various components of participation behavior.

Mr. Conte. Would you also provide the committee for the record cost projections for a fully funded BEOG program under the following assumptions: "participation rates" of 70 percent, 75 percent, 80 percent, 85 percent, 90 percent, 95 percent, and 100 percent; "maxi-

mum award amounts" of $1,400, $1,600, $1,800; "cost" or "need" or two-thirds "need"; three-quarters "cost" or three-quarters "need," complete removal of "cost" or "need" limitation? For example, what would be the cost of full funding for the BEOG program assuming a 90 percent participation rate, a $1,400 maximum award, and a three-quarters "need" limitation? Please provide definitions of "need," "cost," and "participation rates."

Dr. BELL. We have tables showing the full funding costs of the basic grant program based on the various options you requested which we will be happy to furnish for the record.

In response to the rest of your question, the authorizing legislation defines need to be the difference between the expected family contribution and the actual cost of attendance at the institution in which the student is enrolled. Actual cost of attendance includes tuition, fees, room and board (or an allowance for off-campus living expenses), and an allowance for books, supplies, and miscellaneous expenses.

The term participation rate, which we use so frequently, means the percentage of students in our potentially eligible pool who actually apply for and receive basic grant awards.

Mr. CONTE. In your forecast of the amount of money needed for a fully funded BEOG program during academic year 1976–77 (fiscal year 1976), which assumes a maximum award of $1,400 and a one-half "cost" limitation, is the assumption of a 74 percent "participation rate" realistic or are we going to face another shortfall this time next year?

Dr. BELL. As you know, Mr. Conte, the estimation of the utilization and funding requirements is always a problem for the basic grant program. The program not only undergoes major changes each year, such as the inclusion of part-time students, adjustments in the family contribution schedules, and so forth, but the program must also estimate enrollments before the academic year begins.

We believe that the significant increase in the demand for funds during the current year is due in large measure to the unexpected 9.7-percent increase in enrollments experienced in 1975–76. Indications are that this increase was largely caused by economic conditions and the shortage of jobs available to high school graduates. Since the state of the economy is improving significantly, this increase in enrollments may not hold up in the 1976–77 academic year. Therefore, we have assumed that the participation rate for the basic grant program will remain constant. While a shortfall could indeed occur next year, we believe that we have developed the best possible estimate in light of the information which is presently available.

PHASE-OUT OF NDSL

Mr. CONTE. Mr. Commissioner, you have made suggestions for coordinating and simplifying the terms of the two major educational lending programs: NDSL and GSL. However, you have also proposed eliminating additional capital contributions under the NDSL program.

The NDSL program, having less complex administrative requirements for the institution and serving a student population often unable to obtain commercial loans, have been of irreplaceable service to small institutions and low income students.

Would you tell the committee how you plan to provide loans to those students to whom banks will not lend, and whose institutions do not have enough capital to provide loans under NDSL, and cannot fulfill the requirements to become FISL lenders?

Dr. BELL. As indicated in our budget submission, we estimate that about 329,000 fewer loans will be made in academic year 1977–78 without any Federal Capital Contribution (FCC) to the National Direct Student Loan (NDSL) program than will be made in academic year 1976–77 when there was a FCC of $321 million. It is our expectation that most of these 329,000 students will be able to obtain loans from the Guaranteed Loan program or from existing NDSL loan funds at institutions. Some increase in grants and loans from non-Federal sources can also be expected. In order to increase the availability of guaranteed loans, we have taken a number of steps to increase lender participation in the program. Administratively, we are taking action to expedite the disbursement of interest, special allowance and claims payments. In our legislative proposal to the Congress to extend and amend the Higher Education Act, we are proposing an increase in the interest rate from 7% to 8% as well as a number of other measures to improve the operation of the program. Thus it is our belief that an end of Federal support for the NDSL program will not have a major impact on students' ability to obtain financial aid.

Of course, it would be foolish to pretend that the elimination of a NDSL appropriation of $321 million would have no impact at all. However, as we have pointed out many times before, since Federal funds are not limitless, the development of a budget proposal inevitably involves the setting of priorities and the allocation of funds to high priority programs at the expense of low priority programs. We have assigned top priority to the full funding of basic grants and guaranteed loans which will require more than $1.5 billion for these two programs. We simply cannot justify a higher priority for the NDSL program and the diversion of funds from basic grants to direct loans when we are fully supporting the Guaranteed Loan program and the NDSL institutional loan funds already contain more than $3 billion.

FOLLOW-THROUGH

Mr. CONTE. I notice a $29 million cut in the Follow Through program. This is premised on the supposition that the $17.5 million rescission of the program would have been approved. Since that rescission was not approved, do you intend to revise your estimate in view of the disapproval of the rescission?

Dr. BELL. The administration's position is that, because the objectives of the Follow Through program, which is experimental in nature, will be achieved in fiscal year 1976 with the completion and publication of the results from the national longitudinal study, we do not intend to revise the fiscal year 1977 budget estimate despite the fact that the $17.5 million rescission was disapproved.

Mr. CONTE. You plan to discontinue an estimated 24 projects with your $30 million funding figure. What projects would be terminated—provide a list for the record.

Dr. BELL. The 24 projects have not been identified at this time. In order to establish a list of projects not to be funded by the Office of Education during fiscal year 1977, all of the local Follow Through

project applicants would have to submit applications which would be reviewed in accordance with criteria published in the Follow Through regulations (40 F.R. 17715).

COLLEGE WORK-STUDY

Mr. CONTE. Concerning work-study, you mentioned last year that this was one of your most successful programs; would you please, explain then why your budget shows a decreased amount to be spent in this area?

Mr. BELL. In order to fully fund the basic grant program and to continue full funding of the guaranteed student loan program and still keep the higher education budget within fiscally responsible limits, it was necessary to reduce or eliminate funding for other, lower priority programs. Since the private sector already provides about $5 billion in student employment, we consider that the function of the college work-study program is to supplement this private employment by subsidizing jobs for those needy students who cannot find jobs in the private sector. We believe that our proposed funding level will enable the program to adequately fulfill that function. This judgment is in accord with our basic position that we should concentrate funds on the basic grant program since there are no major non-federal sources of grant money while the private sector is already the major source of loans and jobs.

ENVIRONMENTAL EDUCATION

Mr. CONTE. Has the environmental education program at the Federal level been scrapped altogether? What are your recommendations in that regard?

Dr. BELL. We would terminate the environmental education program on the grounds that its major objectives—alerting the public to environmental issues and stimulating non-Federal efforts—have been largely achieved.

We feel that this is one of the programs for which State and local agencies should have the primary funding responsibility and for which the Federal role should be a catalytic one of supporting demonstrations and capacity building.

DEINSTITUTIONALIZATION OF THE HANDICAPPED

Mr. CONTE. Would you please explain to me the progress you have made over the past year with regard to the deinstitutionalization of the handicapped?

Dr. BELL. We do not have the data for the past year compiled yet for this area. This data should be available in the near future, since the Bureau of Education for the Handicapped is now in the process of pulling it out of the State plans and reports; however, I can give you some idea of the progress made in deinstitutionalization of the handicapped over the past 10 years.

As you know, the Federal information on deinstitutionalization comes to us through reports covering ESEA-title I funds that are set aside for the handicapped. About 10 years ago, 95 percent of these title I funds were spent by State institutions on children in institutions, that is children receiving their education in the institutions. By 1974 we

saw a tremendous change. This number was reduced to 65 percent. In other words, 35 percent of the money went to institutions for use on children who were able to go into the community for their education.

LEARNING RESOURCE CENTERS

Mr. CONTE. In regard to learning resource centers, how well have you achieved improved techniques of dealing with State and local agencies?

Dr. BELL. The history of our progress in this area goes back to 1974, when our contracting procedures for the centers changed, substantially changing the centers themselves. Prior to 1974, the centers that predated the area learning resource centers, did not coordinate very well with special State needs. New contracts that were first awarded in 1974 attempted to remedy this problem through tighter language that more specifically required the centers to work directly with the State directors of special education, and to tailor their activities to priorities identified by the States.

VOCATIONAL EDUCATION

Mr. CONTE. Last year you talked about the targeting of vocational education in areas of high unemployment. Would you provide for the record, statistics in regard to these programs, vis-a-vis, urban vs rural environments?

Dr. PIERCE. The vocational education statute places an emphasis on the disadvantaged and the handicapped. Most disadvantaged and handicapped students reside in areas with high unemployment. Fifteen percent of part B funds must be used for the disadvantaged and 10 percent of part B funds must be used for the handicapped. Similarly, all of the funds provided for students with special needs under section 102(b) must be used for the disadvantaged and all of the funds provided for cooperative education, part G, programs must be used in areas of high youth unemployment and dropouts. Of the funds provided for part F, consumer and homemaking, one-third must be used in depressed areas. With regard to the geographic location of persons enrolled in these programs, our current national reporting system does not provide statistics between urban and rural.

Mr. CONTE. Has an improvement been made with regard to the dropout rate of students in vocational education programs?

Dr. PIERCE. Vocational education curricula are known to have greater holding power than other programs on the average, but exact national dropout statistics for vocational students are hard to compare with data for all other programs for the following reasons. The great number of vocational enrollment occurs in the 11th and 12th years of high school, hence students dropping out of school before they reach their junior or senior year would not be considered vocational education dropouts. At the postsecondary level, it is not uncommon for students to withdraw from school when they reach a skill/knowledge level which enables them to begin employment. The overall reported 1.1-percent-dropout rate for vocational education high school programs is very low. However, it really cannot be compared to the general 9.4-percent dropout rate for 16- and 17-year-olds and 16.6 percent for the 18- and 19-year-olds.

CAREER EDUCATION

Mr. CONTE. What sort of progress can you report as to your stated goal of putting career education on the same level as academic education?

Dr. BELL. The Office of Education has never stated an explicit goal of "putting career education on the same level as academic education."

What we are trying to do through the career education movement is to promote a better relationship between formal education and the outside world—to get us to the point of realizing that academic learning and knowledge about the larger society complement each other. Progress in this area is qualitative and difficult to measure, but I believe that we have made a considerable amount of progress over the past few years in convincing most educators that career education is not a synonym for anti-intellectualism, and by the same token that it builds on and goes beyond formal vocational education.

The Office of Education is now completing work on a major survey of the status of career education efforts in the United States. The survey should be available in the late spring. It will give more detailed information on the state of the career education movement.

VETERAN'S PARTICIPATION IN BASIC GRANTS

Mr. CONTE. Would you please tell me whether, and by how much, the veteran's participation in basic opportunity grants has gone up in the past year?

Dr. BELL. We are pleased to report that the participation of veterans in basic grants has increased dramatically since the program's inception in 1973–74. We have a comparison table that we will supply for the record. This table shows that the number of veterans receiving basic grant support has grown from 1,200 in 1973–74 to over 38,000 in 1975–76.

VETERANS, PARTICIPATION IN THE BASIC GRANT PROGRAM

	[1] 1973–74	1974–75	[2] 1975–76
Applicants	10,100	22,500	82,100
Eligibles	1,900	8,900	44,140
Recipients	1,200	7,400	38,800

[1] Estimated.
[2] Projected.,

Note: 1973–74 figures are based on estimated proportion of applicants reporting both GI bill and war orphans benefits; 1975–76 figures are projected based on an earlier statistical run. For all years, recipients are estimated based on the average percentage of qualifiers in each year that received basic grant awards.

OTHER VETERANS-RELATED EFFORTS

Mr. CONTE. What other activity has HEW been engaged in over the past year to stimulate interest of GI's in higher education?

Dr. BELL. The veterans' cost-of-instruction program (VCIP) is an entitlement program whereby institutions of higher education receive funds from the Office of Education for veterans enrolled at their respective institutions. Currently there are 1,206 institutions participating in the program reflecting a veterans enrollment of 916,946. The VCI program provides educational and personal services to veterans; that is, outreach, recruitment, tutorial, counseling,

and special education courses. The VCI program is assisting the educationally disadvantaged veterans particularly.

Also, all of the special programs for students from disadvantaged background have worked directly with veterans. Talent Search assisted 3,192 veterans. In Upward Bound 12,610 individuals received instruction preparatory to the GED examination and 18,204 veterans received information assistance about postsecondary or secondary educational opportuinties. The educational opportunity centers program served 2,544 veterans in the several authorized activities taking place in the centers such as career counseling, postsecondary admissions, assistance in obtaining financial aid, and referrals to GED programs. Seven thousand and eleven veterans who were enrolled in postsecondary education programs were provided assistance to enable these students to complete their academic programs through the special services for disadvantaged students program.

RECRUITMENT OF MINORITIES

Mr. CONTE. Would you please explain to me and this committee the work that has been done with regard to the recruitment of minorities in the area of higher education?

Dr. BELL. Four of our programs have significant records in this regard.

During program year 1974–75, Talent Search served 110,975 individuals, of whom 79.7 percent were minorities: 11 percent Native American, 47.6 percent black, 20.3 percent Spanish-surnamed, and 0.8 percent Asian American. These students received counseling to remain in secondary school, assistance in applying for admission to postsecondary institutions as well as for financial assistance, or, in the case of dropouts from secondary or postsecondary education programs, assistance in reentry into such programs. Of the total recipient group of 110,975, approximately 17,100 dropouts received such help; 42,404 students actually enrolled in postsecondary education; and 29,492 were accepted into postsecondary institution but had not yet enrolled in such programs.

Upward Bound has served an equally large percentage of minorities. During program year 1974–75, 35,993 regular secondary school students participated in the program, 12,610 veterans received instruction, and an additional 18,204 veterans received informational assistance for postsecondary education. Of the regular recipient group of 35,993, approximately 5.1 percent were Native Americans, 56.6 percent black, 9.3 percent were Spanish-surnamed, and 0.7 percent were Asian American. The cumulative percentage of Upward Bound participants planning postsecondary enrollment since 1965 has been the following: 57.5 percent black, 3.9 percent Native American, 1 percent Asian American, 9.8 percent Spanish-surnamed, 23.4 white, and 4.4 percent with no indication of race or ethnicity.

During program year 1974–75, the special services for the disadvantaged program served 86,400 students enrolled in postsecondary education. Of this number, 7,011 were veterans and 5,211 were physically handicapped. Our data reveal that 5.9 percent of the students were Native Americans, 52.1 percent black, 1.8 percent Asian American, and 18.7 percent Spanish-surnamed. This program does not support any recruitment activities but is designed to serve individuals who

are enrolled or accepted for enrollment in postsecondary education, to enable them to persist in their chosen postsecondary program.

The Office of Education initiated the educational opportunity centers as pilot programs in 1974 by funding 12 locations in the Nation. During the initial year, over 32,000 individuals participated in some aspect of the center's work. The racial-ethnic breakdown was 2 percent Native Americans, 45 percent blacks, 1 percent Asian American, 17 percent Spanish-surnamed, 29 percent white, and 6 percent with no indication of racial-ethnic background. Fourteen thousand and thirty of these individuals, or 43.5 percent, were in some form of postsecondary education. An additional 4,148 individuals were accepted for enrollment but had not begun postsecondary education.

TUITION EQUALIZATION

Mr. CONTE. What progress has been made with regard to the Carnegie report which suggested that equalization of tuition is part of an answer to the plight of private colleges? (Last year's hearing, p. 597.)

Dr. BELL. The 1975 Carnegie Foundation report, "More Than Survival," noted that nine States had instituted tuition equalization grants (presumably in 1974) as one answer to the financial problems of private colleges. Today 15 States have tuition grant programs which either make up the cost difference between public and private tuitions or allow larger grants where the student's enrollment in a private college causes greater need. In addition, however, six States now have contract program which provide direct funding to private institutions within the State for each State resident enrolled. This institutional aid is often channeled by the institution into student aid in order to make attendance more financially feasible for many students. In fact, the contracts between the States and the private institution often stipulate that the State will pay the institution the tuition differential between public college attendance and enrollment at the participating private college. Finally, some States, in response to the fiscal crisis on private college campuses, intentionally allocate a larger majority of their State scholarship funds to students attending private institutions. California and Massachusetts, for example, regularly award for 75 percent of such scholarship funds to private college students.

BANK PARTICIPATION IN GSL

Mr. CONTE. Last year, there was mention of the fact that many banks are unwilling to participate in the loan programs. What have you done over the past year to encourage participation?

Dr. BELL. Our principle efforts over the past year have been in the task of improving the Office of Guaranteed Student Loans service to lenders. This required a complete change in the automated systems in the Office of Guaranteed Student Loans, which is in process. We have made some progress in the lender service area. We have reduced the turnaround time for providing insurance commitments to lenders. We have speeded up the service provided lenders under our new automated preclaim assistance program. We have installed online systems in four of our regional offices to improve service in the insurance claim

program, and will have online capability in all of our regional offices very shortly. This will speed up our payment of claims dramatically. It is our opinion that as we begin to demonstrate prompt and efficient service to all of the lenders, more will be willing to participate in the program.

Mr. CONTE. What effect is the interest rate on these loans now having in regard to the lending institution's willingness to participate?

Dr. BELL. Most lenders we have talked with indicate that they would remain active in the program if the return, interest and special allowance, would at least be sufficient to cover their costs. They are willing to break even. This is why we have proposed this year that the interest subsidy on new loans be raised from 7 to 8 percent and that the special allowance paid lenders be raised to a maximum of 4 percent on old loans carrying inteerst rates of 6 and 7 percent. With this increase of 1 percent on interest subsidy, the rate of return to the lender on student loans could more realistically match their costs. With the special allowance rates from 0 to 4 percent, we would provide an assurance to lenders that if interest rates in the marketplace swing rapidly upward, an equitable return could be maintained.

USE OF WORK-STUDY FUNDS

Mr. CONTE. Mr. Commissioner, would you describe to me the sorts of things you are doing to curb the use of work-study funds by organizations to displace full-time workers?

Dr. BELL. Mr. Conte, the authorizing legislation for the college work-study program provides in section 444 that work performed by students will not result in the displacement of employed workers. This is a matter which has not required any special effort, other than distribution of the statute and regulations, to prevent such an illegal act. Inquiries or reported violations have been very infrequent and have been handled on a case by case basis. No situations requiring correction are known to us at this time. Violations disclosed by audits and program reviews occur so rarely as to be almost nonexistent.

DEVELOPING INSTITUTIONS PROGRAM

Mr. CONTE. You have one program called the developing institutions program, would you elaborate on the functions and goals of this program?

Dr. PHILLIPS. The developing institutions program is concerned with a continuum effort to strengthen our Nation's colleges, which involves two thrusts: basic and advanced. The basic institutional development program attempts to narrow the gap between small, weak colleges and stronger institutions and to prepare the first group for participation in the advanced program. This is achieved by emphasizing the development of strengths in five principal categories of institutional support; administrative improvement, faculty development, curriculum development, student services programs, and development programs. Most projects are in the form of cooperative arrangements under which the developing institutions draw on the talent and experience of stronger colleges and universities, on the educational resources of business and industry, and on the strengths of other

developing institutions in an effort to improve their academic programs, their administrative and management resources, and their student services.

Types of arrangements are (*a*) bilateral arrangements between the developing institution and another institution or agency, and (*b*) consortium arrangements between at least three developing institutions, which may also involve other institutions and agencies. The functions and goals of the advanced institutional development program are as follows:

1. To assist the institution in refining or restructuring its mission in order to enrich the education of its students and prepare them for graduate school and entry into the professions, where students from low-income families are currently underrepresented.

2. To provide through a small number of large grants for a more rapid development of new curriculums and implementation of effective scholarly competence in teaching strategies.

3. To improve the administrative and management capability of the institution in order to assure a self-sustaining operational base.

Mr. CONTE. Would you provide the committee for the record cost projections for a fully funded BEOG program under the following assumptions: (*a*) Participation rates of 70 percent, 75 percent, 80 percent, 85 percent, 90 percent, 95 percent, and 100 percent; (*b*) maximum award amounts of $1,400, $1,600, $1,800; (*c*) cost or need limitations of one-half cost or one-half need; two-thirds cost or two-thirds need; three-fourths cost or three-fourths need; complete removal of cost or need limitation? For example, what would be the cost of full funding for the BEOG program assuming a 90-percent participation rate, a $1,400 maximum award, and a three-fourths need limitation? Please provide definitions of need, cost, and participation rates.

Dr. BELL. We will be pleased to supply that information for the record.

[The information follows:]

COSTS* FOR THE BASIC EDUCATIONAL OPPORTUNITY
GRANT PROGRAM
FOR FY 1977 UNDER VARIOUS OPTIONS
ASSUMING
70% PARTICIPATION RATE

MAXIMUM AWARD	OPTIONS LIMITING STUDENT AWARDS						
	One-half of Cost; 100% Need	One-half of Need	Two-thirds of Cost; 100% of Need	Two-thirds of Need	Three-quarters of Cost; 100% of Need	Three-quarters of Need	100% of Need
$1,400	1.327	1.308	1.446	1.444	1.460	1.459	1.461
$1,600	1.548	1.492	1.735	1.717	1.784	1.778	1.807
$1,800	1.735	1.618	1.854	1.939	1.948	2.029	2.139

*Costs are in $ Billions and exclude administrative cost allowances.

COSTS* FOR THE BASIC EDUCATIONAL OPPORTUNITY
GRANT PROGRAM
FOR FY 1977 UNDER VARIOUS OPTIONS
ASSUMING
75% PARTICIPATION RATE

MAXIMUM AWARD	OPTIONS LIMITING STUDENT AWARDS						
	One-half of Cost; 100% Need	One-half of Need	Two-thirds of Cost; 100% of Need	Two-thirds of Need	Three-quarters of Cost; 100% of Need	Three-quarters of Need	100% of Need
$1,400	1.422	1.402	1.549	1.547	1.564	1.563	1.565
$1,600	1.659	1.599	1.859	1.840	1.912	1.905	1.937
$1,800	1.859	1.734	1.986	2.078	2.087	2.174	2.292

*Costs are in $ Billions and exclude administrative cost allowances.

COSTS* FOR THE BASIC EDUCATIONAL OPPORTUNITY
GRANT PROGRAM
FOR FY 1977 UNDER VARIOUS OPTIONS
ASSUMING
80% PARTICIPATION RATE

MAXIMUM AWARD	OPTIONS LIMITING STUDENT AWARDS						
	One-half of Cost; 100% Need	One-half of Need	Two-thirds of Cost; 100% of Need	Two-thirds of Need	Three-quarters of Cost; 100% of Need	Three-quarters of Need	100% of Need
$1,400	1.517	1.495	1.652	1.650	1.668	1.667	1.670
$1,600	1.770	1.706	1.983	1.962	2.039	2.032	2.066
$1,800	1.982	1.850	2.118	2.216	2.226	2.318	2.445

*Costs are in $ Billions and exclude administrative cost allowances.

COSTS* FOR THE BASIC EDUCATIONAL OPPORTUNITY
GRANT PROGRAM
FOR FY 1977 UNDER VARIOUS OPTIONS
ASSUMING
85% PARTICIPATION RATE

MAXIMUM AWARD	OPTIONS LIMITING STUDENT AWARDS						
	One-half of Cost; 100% Need	One-half of Need	Two-thirds of Cost; 100% of Need	Two-thirds of Need	Three-quarters of Cost; 100% of Need	Three-quarters of Need	100% of Need
$1,400	1.612	1.589	1.755	1.754	1.772	1.771	1.774
$1,600	1.880	1.812	2.107	2.085	2.167	2.159	2.195
$1,800	2.106	1.965	2.251	2.355	2.366	2.463	2.598

*Costs are in $ Billions and exclude administrative cost allowances.

COSTS* FOR THE BASIC EDUCATIONAL OPPORTUNITY
GRANT PROGRAM
FOR FY 1977 UNDER VARIOUS OPTIONS
ASSUMING
90% PARTICIPATION RATE

MAXIMUM AWARD	OPTIONS LIMITING STUDENT AWARDS						
	One-half of Cost; 100% Need	One-half of Need	Two-thirds of Cost; 100% of Need	Two-thirds of Need	Three-quarters of Cost; 100% of Need	Three-quarters of Need	100% of Need
$1,400	1.706	1.682	1.859	1.857	1.877	1.876	1.878
$1,600	1.991	1.919	2.231	2.208	2.294	2.286	2.324
$1,800	2.230	2.081	2.383	2.493	2.505	2.608	2.750

*Costs are in $ Billions and exclude administrative cost allowances.

COSTS* FOR THE BASIC EDUCATIONAL OPPORTUNITY
GRANT PROGRAM
FOR FY 1977 UNDER VARIOUS OPTIONS
ASSUMING
95% PARTICIPATION RATE

MAXIMUM AWARD	OPTIONS LIMITING STUDENT AWARDS						
	One-half of Cost; 100% Need	One-half of Need	Two-thirds of Cost; 100% of Need	Two-thirds of Need	Three-quarters of Cost; 100% of Need	Three-quarters of Need	100% of Need
$1,400	1.801	1.776	1.962	1.960	1.981	1.980	1.983
$1,600	2.101	2.025	2.355	2.330	2.422	2.413	2.452
$1,800	2.354	2.196	2.516	2.632	2.644	2.753	2.903

*Costs are in $ Billions and exclude administrative cost allowances.

COSTS* FOR THE BASIC EDUCATIONAL OPPORTUNITY
GRANT PROGRAM
FOR FY 1977 UNDER VARIOUS OPTIONS
ASSUMING
100% PARTICIPATION RATE

MAXIMUM AWARD	OPTIONS LIMITING STUDENT AWARDS						
	One-half of Cost; 100% Need	One-half of Need	Two-thirds of Cost; 100% of Need	Two-thirds of Need	Three-quarters of Cost; 100% of Need	Three-quarters of Need	100% of Need
$1,400	1.896	1.869	2.065	2.063	2.085	2.084	2.087
$1,600	2.212	2.132	2.479	2.453	2.549	2.540	2.582
$1,800	2.478	2.312	2.648	2.770	2.783	2.898	3.056

*Costs are in $ Billions and exclude administrative cost allowances.

Dr. BELL. We appreciate the excellent opportunity we have had to express ourselves before you and the Subcommittee on Labor, HEW, Appropriations. You have been generous with the time given to us—the questioning has been relevant, albeit a bit penetrating at times—and we genuinely appreciate the great service the committee provides to the Nation's education system. You are extremely well informed and knowledgeable about OE programs. So we say, thank you very much.

Mr. EARLY. Thank you, Dr. Bell.

Tuesday, March 9, 1976

ELEMENTARY AND SECONDARY EDUCATION

WITNESSES

ROBERT R. WHEELER, DEPUTY COMMISSIONER FOR SCHOOL SYSTEMS
DR. T. H. BELL, COMMISSIONER OF EDUCATION
DR. CHARLES D. SHIPMAN, ACTING DIRECTOR, RIGHT TO READ
JOHN C. MOLINA, DIRECTOR, OFFICE OF BILINGUAL EDUCATION
DICK HAYS, ACTING ASSOCIATE DEPUTY COMMISSIONER FOR SCHOOL SYSTEMS
JOHN H. RODRIGUEZ, ASSOCIATE COMMISSIONER FOR COMPENSATORY EDUCATIONAL PROGRAMS
DR. ALPHEUS L. WHITE, DIRECTOR, DIVISION OF STATE ASSISTANCE
DR. RICHARD L. FAIRLEY, DIRECTOR, DIVISION OF EDUCATION FOR THE DISADVANTAGED
ROSEMARY C. WILSON, DIRECTOR, DIVISION OF FOLLOW THROUGH PROGRAMS
GENEVIEVE O. DANE, CHIEF, PROGRAM OPERATIONS BRANCH, DIVISION OF EDUCATION FOR THE DISADVANTAGED
JOHN CAMERON, BRANCH CHIEF, EDUCATIONAL BROADCASTING FACILITIES
WALTER BOGAN, DIRECTOR, OFFICE OF ENVIRONMENTAL EDUCATION
HELEN NOWLIS, DIRECTOR, DIVISION OF DRUG EDUCATION, NUTRITION AND HEALTH
JAMES B. ROBERTS, EXECUTIVE OFFICER, BUREAU OF SCHOOL SYSTEMS
DR. JOHN W. EVANS, ASSISTANT COMMISSIONER, OFFICE OF PLANNING, BUDGETING, AND EVALUATION
EDWARD T. YORK, JR., DEPUTY COMMISSIONER FOR MANAGEMENT
CORA P. BEEBE, DIRECTOR, DIVISION OF PLANNING AND BUDGETING
CHARLES MILLER II, DEPUTY ASSISTANT SECRETARY, COMPTROLLER

Mr. FLOOD. We will continue with the Office of Education, Elementary, and Secondary Education. The presentation will be made by Robert R. Wheeler, the Deputy Commissioner for School Systems.

We have a biographical sketch of you, Mr. Wheeler, which we will place in the record at this point.

69-745 (Pt. 5) O - 76 - 7

[Mr. Wheeler's biographical sketch follows:]

BIOGRAPHICAL SKETCH

Name: Robert R. Wheeler.
Position: Deputy Commissioner for School Systems.
Birthplace and date: Omaha, Nebr., April 10, 1921.
Education: Undergraduate degree, Lincoln University, Jefferson City, Mo.; Master of Science degree, Columbia University, New York, in the field of guidance and counseling; Additional graduate work in the field of educational psychology, guidance and counseling and educational administration: University of Kansas City, University of Kansas, University of California at Berkeley, Honorary Doctor of Laws degree—Lincoln University.
Experience:
Present: Deputy Commissioner for School Systems, U.S. Office of Education; 1972–74: Associate Commissioner for Elementary and Secondary Education, U.S. Office of Education; 1966–71: Assistant superintendent, division of urban education, Kansas City, Mo., schools; 1965–66: Director of urban special services, Oakland, Calif., school district; 1963–64: Director of special scholarship, Kansas City schools; vice principal, Kansas City schools; 1956–61: Counselor, Kansas City, schools; and 1955: Teacher, Kansas City schools.
Association memberships: Vice president, Missouri Council on Education. Member: Executive committee, Kansas City chapter of Missouri Association for Social Welfare; American Association of School Administrators; Missouri Association of School Administrators; National Education Association; Missouri Education Association; Education Council, Chamber of Commerce; National Panel, American Arbitration Association; Rotary Club of Kansas City, Mo.; Theta Boule, Sigma Pi Phi Fraternity; and steering committee, Y.M.C.A.

Who is with you who did not appear yesterday?

Mr. WHEELER. Cora Beebe, Director, Division of Planning and Budgeting. Dr. Molina is in charge of the bilingual education program, and Dr. Fairley is in charge of the Division for Education for the Disadvantaged. Dr. Rodriguez next to him, is in charge of our compensatory education programs. Next to him is Dr. Alpheus White, who is here in place of Dr. Burns who is recovering from surgery.

PREPARED STATEMENT

Mr. FLOOD. I see you have a prepared statement. How do you want to handle this?

Mr. WHEELER. In the interest of time, Mr. Chairman, I am prepared to summarize that statement. We can enter the statement which you have in the record and I can summarize it in a shorter period of time.

Mr. FLOOD. Suppose we do that.

[The statement follows:]

STATEMENT OF ROBERT R. WHEELER

Mr. Chairman and members of the committee, we appreciate the opportunity to present the appropriation request of $2,211,888,000 for elementary and secondary education. This account reflects the efforts of the Office of Education to foster equal opportunity through the support of supplementary education services and through capacity building activities to strengthen the local school systems.

Of the total requested, $2,072,888,000 is advance funding for fiscal year 1978; the balance of the request, $139 million is for fiscal year 1977.

The $2,072,888,000 request for advance funding for fiscal year 1978 will provide support for grants for disadvantaged children authorized by title I of the Elementary and Secondary Eductaion Act, as amended, and for support and innovation grants authorized under title IV, part C of the same act.

The request for fiscal year 1977 of $139 million will provide support for four activities—the bilingual education program atuhorized by title VII of the Elementary and Secondary Education Act, right to read program authorized by title

VII of the education amendments of 1974 and the follow through program authorized by the Head Start Follow Through Act and educational broadcasting facilities for which new authorizing legislation is before Congress.

No funds are being requested for a number of programs because the Federal role has been fulfilled and it is felt that these activities would be better supported by State, local, or private sources. The programs being eliminated are the Ellender fellowships, drug abuse education, environmental education, and ethnic heritage studies.

DISADVANTAGED GRANTS AND RELATED STUDIES

The $1,900 million requested as an advance for school year 1977–78 are intended to supplement State and local expenditures to improve the education of the most educationally deprived children.

This level of funding in 1978 will provide supplementary educational services for over 4.5 million children in local school districts, including Bureau of Indian Affairs schools and over 700,000 children for whom State agencies have responsibility.

Grants to local educational agencies will continue to be spent for the special educational needs of educationally deprived public and nonpublic school children living in low-income areas, institutionalized and delinquent children supported by LEA's and Indian children in Bureau of Indian Affairs schools. The funds will be concentrated upon schools most heavily impacted with children from low-income families. Support will also be provided through State administered educational programs for migrants, neglect and delinquent, and handicapped children.

An estimated $9,950,000 will be used for program evaluation and studies including a survey of eligible children not participating in the title I program.

SUPPORT AND INNOVATION

The amount of $172,888,000 is requested on an advance funding basis for fiscal year 1977 for support and innovation programs for school year 1977–78.

In fiscal year 1977 funds will continue to support consolidated programs in 56 States and outlying areas, and the Bureau of Indian Affairs, in public and nonpublic school settings.

Special projects in local school districts will cover the range of programs provided by the law. However, there is expected to be a continuing trend toward more adoption and replication of existing successful projects. State education agencies are expected to increase their technical assistance to those local education agencies which because of small size or lack of local resources are less able to compete in a competitive grant process.

BILINGUAL EDUCATION

The bilingual education program authorized by title VII of the Elementary and Secondary Education Act has experienced significant growth since $7.5 million was first appropriated for the program in fiscal year 1968. Our request for the coming year is for $90 million or 12 times the amount that initially funded the program. This fiscal growth reflects the expanded role assumed by the Federal Government in this area since the education amendments of 1974 and since the Supreme Court decision in *Lau* v. *Nichols*. That ruling required the local school district in question to provide the necessary instruction to its children of limited English speaking ability. In so doing, the Court reaffirmed the historic role of local school districts in meeting local educational needs. At the Federal level, however, we recognized that severe manpower and material shortages were going to hinder localities across the Nation from adequately serving their children who would benefit from bilingual instruction.

Our present budget reflects the continuation of Federal efforts initiated with the fiscal year 1975 budget request to assist such districts by providing funds for teacher training and for development and dissemination of classroom instructional materials in a variety of languages. Our request includes $22.7 million for special training programs in which about 33,800 teachers and other educational personnel teaching or planning to teach in a bilingual education classroom will participate. This represents an increase of over 4,000 in the number receiving such training compared to 1976 and of nearly 10,000 compared to 1975. We are also planning to continue support at $7 million for a network of regional centers that

are developing, testing, and widely disseminating bilingual curriculum and instructional materials. Finally, our request includes $60.2 million for the support of classroom demonstration projects. About 364 such projects will be funded for school year 1977–78 at our request level compared to 323 last year and 319 in fiscal year 1975.

We believe that our request maintains the momentum of the Federal commitment to help develop the capacity of local school districts, as well as of the States and institutions of higher learning to provide bilingual instructional programs when and where they are needed.

RIGHT TO READ

We are requesting $12 million to support the right to read program in order to provide facilitating services and resources to stimulate public and private educational institutions to improve and expand their activities related to reading. In order to meet this goal, we plan to continue to fund capacity-building grants to all State education agencies, to support reading improvement projects, and to demonstrate coordinated elementary and secondary school reading programs at the local level.

During fiscal year 1977 we will also support projects that determine the effectiveness of reading specialists in teaching reading to elementary schoolchildren. In the area of adult education, we will continue to support reading academies, which are community-based reading centers for adults and out-of-school youth. We will also continue to fund projects that have potential national impact in improving and expanding efforts to eradicate illiteracy, such as packaging and dissemination of successful reading materials to both teachers and parents.

FOLLOW THROUGH

Follow through is an experimental program designed to test various models of primary education programs in order to determine their effectiveness in educating children from low-income families.

In as much as the objectives of this program, which are experimental in nature, will be achieved in fiscal year 1976 with the completion and publication of the results of the national longitudinal study the budget proposes to continue the phaseout strategy of the program in fiscal year 1977. Therefore we are requesting $30 million for this program in fiscal year 1977 which reflects this phaseout strategy.

The $30 million level proposed for 1977 will support 45,700 children at 136 existing sites. In none of these sites will an entering class be supported. In addition funds will be used to complete technical analysis of the national longitudinal study, to publish the final report, to disseminate results of the study, and to carry out any further analysis suggested by the report.

EDUCATIONAL BROADCASTING FACILITIES

The educational broadcasting facilities telecommunications demonstrations activity is designed to extend and improve the delivery of educational, cultural, and informational programs into the homes and schools of the Nation through the use of technology-based systems, and to demonstrate innovative uses of telecommunications facilities.

An amount of $7 million is requested for this activity in fiscal year 1977.

The primary goal of this program for television broadcasting in 1977 will be the extension of coverage to unserved populations. This goal will be met primarily through upgrading of existing facilities to enable them to reach additional viewers. Secondly, activations of new stations will be accomplished in areas of substantial population where there is no ETV station. Several projects to upgrade the color reproduction and live production capability of existing stations will also be funded in 1977. Approximately 2.8 million additional viewers will be reached in 1977.

For radio broadcast facilities the primary focus in 1977 will be on the extension of quality services to areas which are without educational radio or where existing services do not reach all listeners within the defined market areas. Approximately 4 million addition listeners will be reached in 1977.

In addition eight demonstration projects will be funded in 1977 under proposed legislation to show how nonbroadcast telecommunications facilities can be used to distribute information on health, education, and social services.

STATEMENT BY ROBERT R. WHEELER, DEPUTY COMMISSIONER FOR SCHOOL SYSTEMS, ELEMENTARY AND SECONDARY EDUCATION

Mr. WHEELER. Mr. Chairman and members of the committee, we appreciate the opportunity to present the fiscal year 1977 appropriation request of $2,211,888,000 for elementary and secondary education. This request reflects the efforts of the Office of Education to foster equal educational opportunity through the support of supplementary education services and through capacity building activities to strengthen the local school system. A second objective is to provide flexible funds to the States to enable them to respond to their most pressing educational problems.

For these purposes we are requesting $1,900 million for title I, ESEA, to promote compensatory educational services for over 4.5 million children in about 13,000 local school districts, including Bureau of Indian Affairs schools. Funds will also be provided to State agencies for an additional 700,000 children for whom the State agencies must provide schooling. To permit the States to establish their own priorities in accordance with the particular needs in the areas of strengthening State departments of education, supplementary services, nutrition and health, and dropout prevention, we are requesting $172,888,000 for support and innovation grants. Both of these programs are advance funded, therefore $2,072,888,000 is requested in fiscal year 1977 to become available in July 1977 and to remain available through September 1978.

The remaining $139 million in the elementary and secondary education account will support four separate programs, three of which are concerned with improving equal educational opportunity for students. The first is bilingual education for which we are asking $90 million, in order to provide continued Federal support for the demonstration of improved bilingual programs, teacher training, and materials development—activities which are designed to assist the States and local education agencies in serving children whose native language is other than English. This is what we refer to as the capacity building strategy. Secondly, we are requesting $12 million for the right-to-read program which is designed to provide facilitating aid and services aimed at eliminating functional illiteracy among Americans through the support of exemplary reading programs for pre-elementary and elementary school students and through studying the results of intensive reading instruction programs. Again the basic strategy is to encourage the States, local educational agencies, and the private sector to improve and increase their efforts to eliminate illiteracy. The third request is for $30 million for the follow through program which reflects our planned phaseout of this experimental program. In fiscal year 1977, the request will support 136 existing sites serving 45,700 children. The fourth request is $7 million for educational broadcasting which will permit upgrading of existing facilities and activation of new stations to serve approximately 2.8 million additional viewers and 4 million additional listeners in 1977.

My associates and I will be pleased to answer any questions you may have.

Mr. FLOOD. The budget for elementary and secondary education is $2.2 billion, which is just about the same amount as you had for last year's budget. But the 1976 appropriation for these programs is $2.4 billion. Not only are you proposing a reduction of $200 million but you also are ignoring what we hear repeatedly every day, the cost of inflation.

What effect will this budget have on these elementary and secondary education programs considering those two factors?

Mr. WHEELER. Obviously, Mr. Chairman, inflation will figure. The schools have to buy the same goods that are on the general market, and of course the inflation factor is there, and we don't deny that.

We think that otherwise the programs will suffer to a minimal degree. In other programs we have completed the Federal responsibility for support.

Mr. FLOOD. Including the $200 million cut?

Mr. WHEELER. Yes; we think we can take care of the Federal responsibilities even with the $200 million cut.

Mr. FLOOD. You see, obviously what we are trying to determine here is how the school districts are going to adjust themselves to these program cutbacks. Will they have to raise local taxes? Will they have to ask for State help? Will they have to cut back or reduce the education services, or what?

Mr. WHEELER. Some of the programs are more appropriately supported at the State level. Now, many of the programs which we have proposed for a cutback, Mr. Chairman, we had intended to cut from the very beginning. The Federal support of these programs should now come to an end.

For instance, in some of our programs we have provided equipment, and that equipment is still there so there is no longer a need for Federal support.

With respect to the burden which is going to be placed upon the school districts in regard to raising additional taxes, I don't see that is going to be of consequence.

Mr. FLOOD. No increase in local taxes?

Mr. WHEELER. I don't think this would trigger a request by school districts to increase local taxes.

Mr. FLOOD. You say not local taxes, all right. You indicate very clearly it has to go to the State. Where is the State going to get the taxes? What is the difference?

Mr. WHEELER. That is a choice the State will have to make. In some of these programs we think we have completed the mission, and there will be no need for support by the State or by the local school districts particularly in the cases where we have been buying equipment and materials.

Mr. FLOOD. But in cases where you go to the States, do you have any idea where the States are going to get the money?

Mr. WHEELER. I don't think there is going to be this great a burden on the States caused by the budget. Part of it has been to provide an increased capacity to take care of an educational need in terms of upgrading personnel, in terms of giving some demonstrations of educational approaches which are productive.

TITLE I, ESEA

Mr. FLOOD. All right. Title I grants for the disadvantaged children. The budget request is $1.9 billion. That is $150 million less than we appropriated in 1976. What do you base that reduction on? Is that the result of your evaluation of the title I program?

Mr. WHEELER. It is not a result of the evaluation of the title I program, Mr. Chairman. We think, that because of the kinds of budget stringencies in which we find ourselves, because of the economy, we can reduce this program without substantial, significant effects upon the children being served or the educational services being provided.

It is a $150 million decrease below the 1976 level, and that will not amount to a significant reduction in services.

Mr. FLOOD. Do you have any evidence that these title I projects are actually effective in educating the disadvantaged children?

Mr. WHEELER. There is growing evidence that the title I program is working, Mr. Chairman.

Mr. FLOOD. Do you want to turn the question around? Do you have any evidence that title I is not effective?

Mr. WHEELER. I would rather answer it on the effective side. The most recent studies show that title I is effective, particularly in the early grades where these services are provided to children. There is also some evidence to show that they are effective in the higher grades beyond what we thought was true in the beginning.

Now these results come primarily from our examination of what has happened to children in the basic academic subjects. While that is very encouraging, it is also true that the effects of the title I services provided are not sustaining themselves. It is a question we are going to have to look at much more closely.

GAO READING REPORT

Mr. FLOOD. Several months ago GAO issued that report on the reading program under title I. One of the problems they found was that most students under that program were reading considerably below the national average. Doesn't that indicate that title I is ineffective?

Mr. WHEELER. I don't want to criticize the GAO study here, Mr. Chairman, but it was a small study compared to other more comprehensive studies that we have conducted ourselves in order to try to get at what the effects of the title I activities are.

The GAO report examined something like 14 school districts and 1500 students, while we have studies that examined something like 240 school districts and 55,000 students.

The data that we collected from that much larger study, lasting over a longer period of time, seems to warrant more security for us, in the conclusions which were drawn than the GAO report itself.

I think what we have to decide, Mr. Chairman, is that the title I program is a worthwhile service. It is producing some educational advancement of disadvantaged children. That is the general picture that we get looking at all of the studies, including even the GAO study.

Mr. FLOOD. This is your answer to the GAO report, the one you are giving now?

Mr. WHEELER. Yes, it is. We have prepared some comments on that report which, if you are interested, we could certainly arrange to send them to you.

Mr. FLOOD. Yes.

Now that we have brought the matter up, you may wish to have the record show those.

Mr. WHEELER. I would be glad to. We can furnish that for the record.

[The information follows:]

OFFICE OF EDUCATION COMMENTS ON GAO AUDIT OF TITLE I, ESEA

The Office of Education appreciates GAO's assessment of the title I reading activities and concurs with the thrust of the report's recommendations. In our response to a draft of this report we indicated a number of actions taken or planned to carry out the recommendations. We have reviewed these comments and find they are still timely and valid.

We wish to express our concern about the approach to assessment which GAO has taken in carrying out the subject study and in reporting the results. The study purports to assess reading activities funded under title I but, as we noted in our comment which GAO chose not to include in appendix I, the analysis carried out in chapter 2 is misleading for a number of reasons. Despite some caveats, non-technical readers, as witness newspaper accounts, are left with a predominantly negative impression of the overall impact of title I on children's reading scores.

The reading test score results are based upon a very small and nonrepresentative sample of school districts, schools and students. This fact alone prevents one from generalizing about the overall impact of title I. In addition, there are other problems with the analysis (for example, the use of grade level equivalent scores and the inappropriate aggregation of data across grade levels) which may invalidate the conclusions even for the 14 school districts in question. Because of these and other problems we strongly urge that in the future GAO not publish the results of studies which are nonrepresentative and which have such serious methodological faults. The usual caveats offered are misleading because they erroneously imply that the results, while limited in various ways, are nevertheless useful and indicative of program impact. As a consequence, when judgments about program effectiveness are made, the important differences between, for example, the GAO study of title I, and OE's own much more comprehensive study usually escape the attention of many Congressman and the general public (see exhibit A).

In summary, while we concur with the recommendations in the report, as indicated earlier, we feel strongly that GAO needs to reconsider its ways of conducting program assessments and of reporting the results. Reports like this tend to confuse rather than clarify the national debate over the effectiveness of compensatory education.

Some reactions to the report, "Assessment of Reading Activities Funded under the Program of Aid for Educationally Deprived Children," by the Government Accounting Office.

GAO's recent report on their study of compensatory reading programs funded under title I of ESEA concluded that "most title I student were (1) not reading at levels sufficient for them to begin to close the gap between their reading level and the national norm, (2) widening their gap in reading levels, or (3) not retaining title I gains after they left."

Results of a nearly completed study of compensatory reading programs sponsored by USOE's Office of Planning, Budgeting and Evaluation show that: (1) the most educationally needy students are being served and are provided compensatory services that are supplemental to the regular reading program; (2) students benefit from these additional services by achieving at a rate that is equal to or greater than that of nondisadvantaged children with the consequence that during the school year disadvantaged students maintain their same status rather than falling further and further behind and come to feel more favorably about their reading performance; (3) however, these gains appear not to cumulate across the years due in part to the program serving the most needy each year (title I does not carry along those children with whom it has been most successful) and to losses over the summer months of skills acquired during the regular school year.

Since these latter results are somewhat more favorable than the GAO's it may be constructive to examine the ways in which these two studies differ. A comparison of their major differences is given in the attached table. Examination of this table indicates that the GAO study is completely dependent upon local testing, evaluation and recordkeeping practices whereas the OE/OPBE study is not limited in this manner. GAO's aggregation of data accumulated in disparate ways may serve to mask program results. A more meaningful criterion of success for a compensatory program may be how well its students achieve compared with students in other compensatory programs rather than with students in the Nation as a whole. Finally, grade level equivalents serve to systematically distort test results in ways that can be very misleading for judgments of student growth and project success.

It should be noted that many of these shortcomings are not peculiar to the GAO study. Rather they represent the "state of the art" in local evaluation and recordkeeping practices. Many of the recommendations from the GAO report are highly responsible and worthy of accomplishment.

COMPARISON OF THE GAO AND OE/OPBE STUDIES OF COMPENSATORY READING PROGRAMS

	GAO	OP/OPBE
Nature of sample	Districts were selected judgementally to represent geographic and rural-urban differences.	Schools were selected statistically to represent: poverty levels, geographic and rural-urban differences in the 1st stage and, different approaches to compensatory reading in the 2d stage.
Numbers studies:		
Districts	14	240.
Schools	Not specified	253.
Students	1,481	55,000.
Grade levels studied	Unspecified	2, 4, and 6.
Groups used to gage student progress.	Naticnal averages	National averages: Compensatory students in other schools; noncompensatory students in the same and other schools: students in schools without compensatory programs.
Data collection technique	Examined available student records from school files.	All students in grades 2, 4, and 6 of participating schools were administered the same battery of reading tests in the early fall and late spring; tests were administered by teacher substitutes specially hired and trained; students liking for reading was assessed as well as the regularity of their participation; detailed descriptions of the regular and compensatory programs were also obtained.
Data analysis techniques	Based on the combination of grade level equivalent scores from disparate tests administered at disparate times.	Based on the use of scores from the same tests administered over the same time periods; growth in number of items correct used in lieu of grade equivalent scores (the latter systematically distort results); 5 unusually successful programs were isolated and documented in detail.

TITLE I AUDITS

Mr. FLOOD. We know, of course, HEW itself has done a lot of auditing under title I program. From time to time we hear reports that some States have misspent millions and millions of dollars based on the HEW audits. How serious is that problem? Do you have any estimate of how much of the title I funds have been misspent under these circumstances?

Mr. WHEELER. We couldn't give a conclusive answer as to the dollar amount, Mr. Chairman. There have been audit questions of about $241 million since 1965.

Mr. FLOOD. Since 1965?

Mr. WHEELER. Since the beginning of this program.

Mr. FLOOD. How many States? Nationwide?

Mr. WHEELER. Yes. These audits have covered virtually all the States. However, let me emphasize that these were audit findings and

were not conclusive. There had to be further examination. Where the auditors have looked at the situation we are in the process now of reaching a final decision. We suspect that that amount may be reduced substantially.

Mr. FLOOD. When the HEW audit shows that some of these funds have been improperly used, what does your office do about it?

Mr. WHEELER. The HEW audit agency makes the finding, and then that finding is presented to us in the form of an exception taken by the audit agency. The Office of Education then reacts to that report.

We collect additional information from the agency which has been audited, and then we make a judgment based upon our regulations and based upon the law.

What takes place here is scrutiny by people who are intimately familiar with program considerations so that we have not only the dollar and cents examination by the auditors but also the judgment of the program people in the matter.

Mr. FLOOD. We know of one case that indicates that the State will have to refund around $25 million in title I payments. How in the world can a State possibly come up with an amount of funds like that? What are you going to do, just cut back on future allocations?

Dr. BELL. If I could just respond to that, if that is all right, we don't feel it is realistic to insist on refunds of that size and that magnitude.

First of all, I think our studies indicate, don't they, Mr. Wheeler, that less than 2 percent of the title I monies are not spent according to the regulations which they call being misspent. It doesn't mean the money is fraudulently used.

Mr. FLOOD. Oh, no, we weren't inferring anything like that; you are quite right.

Dr. BELL. But in addition to that, I have felt, and I have had some criticism since I have been Commissioner for not marching out and demanding, say, $25 million from a State or a large school system.

We think that we have to make sure that the siutation is corrected. We try to very strongly emphasize that they will have to follow regulations, and in most instances it is a difference of interpretation of what the regulations mean. Some of them get down to arguments between auditors, their and ours.

The thing I would like to emphasize, as I view this, this is a matter serious enough that we need to be more diligent in solving the situation.

Mr. FLOOD. What would you do with that State I am talking about? Would you hold back future allocations?

Dr. BELL. No. We have set up a title I audit hearing board.

Mr. FLOOD. We have heard about that.

Dr. BELL. They hear the case, and in some instances we may ask for some kind of a repayment. In one State in a matter that seemed quite flagrant we requested a repayment of approximately $62,000. This is a small percentage of the total.

We have not felt that we ought to ask for massive repayments that would merely penalize the children requiring the service.

CONCENTRATION OF TITLE I ON DISADVANTAGED

Mr. FLOOD. As you know, your office is being criticized time and time again from all sides, all over the lot, that title I funds are being spent for all schoolchildren and not being directed toward the poor children only.

You know about this criticism. What do you have to say about that?

Mr. WHEELER. Mr. Chairman, I think that criticism is pretty largely unfounded. I can make that statement with great security, I think.

Mr. FLOOD. That criticism is so widespread. How can everybody be so wrong?

Mr. WHEELER. I think they don't take the time to examine what really happens in the program. This program is very diligently administered, and monitoring exercises with respect to title I are systematic and probably the most comprehensive of any program in the Office of Education.

Mr. FLOOD. What does your office do to make sure that these funds are directed toward the poor children? That is part of the same question.

Mr. WHEELER. Yes. We have regular procedures by which we examine how the State administers the program, and we make at least one visit a year when there is a complete and detailed inspection of State records with respect to how that State is discharging its administrative responsibility.

The State is systematically evaluated on the various responsibilities which the State has to carry out in its administration of the title I program.

I would say that, of course, the record here is not perfect. There are some school districts which are probably guilty of some violations, but by and large the money that is spent under the title I program is spent according to the intent of Congress, and it does reach the children whom Congress intended this money to reach.

TITLE I STAFFING

Mr. FLOOD. How many people do you have assigned to this title I program?

Mr. WHEELER. Seventy-two positions are authorized in the Division of Education of the Disadvantaged.

Mr. FLOOD. Do you think that is adequate staffing for a program like that?

Mr. WHEELER. Mr. Chairman, we can, of course, always use additional staff. However, we think that we have done an adequate job with staff that we have.

Mr. FLOOD. Is the staff adequate?

Mr. WHEELER. If the conditions were different with respect to what we have available——

Mr. FLOOD. Is the staff adequate?

Mr. WHEELER. You see, the number of staff is related to the quality of job. We think we are doing a good job. We think we could do a better job with more staff, so therefore the answer is "No."

TITLE I BALANCES

Mr. FLOOD. Now we will go on. One of the reasons given last year for the proposed rescission in the 1976 appropriation for title I was that the States had not spent over $1 billion from prior years. The implication is that they had too much funds, too much title I money, and they don't need any more.

That is kind of hard for us to believe, but if you could show that the States now have a large balance of unused funds around there, perhaps you can make a case for cutting these title I programs.

Suppose you explain the situation with reference to title I unused funds: how much is unused, which States, why?

Mr. WHEELER. We can furnish you some detailed information for the record, Mr. Chairman.

Mr. FLOOD. Do that for the record: which States, how much, and so on.

TITLE I UNDISBURSED FUNDS BY STATE

The attached tables by fiscal year indicate, in the first column of figures, the amount of the grant awarded to each State for title I.

We have official reports provided to us by the States and territories which report title I funds that have been disbursed by the States as of June 30, 1975. These reports include both funds that have been disbursed by the States and claimed against the Federal Government, and funds which have been disbursed by the States but not yet claimed against the Federal Government. The amounts are shown on a State basis in the attached tables for fiscal years 1973, 1974, and 1975 in the second column of figures.

The third column of figures developed from the first two columns shows undisbursed funds at the State level as of June 30, 1975. The total of all 3 years is $876,493,000.

We do not have any information on balances below the State level.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Elementary and Secondary Education - Title I

(dollars in thousands)

Fiscal Year 1975

State or Outlying Area	Amount of Grant	Net Disbursement as reported by States	Amount Undisbursed 6-30-75
Total	$1,864,940	$1,165,022	$699,918
Alabama	42,653	26,834	15,819
Alaska	5,419	128	5,291
Arizona	16,710	14,892	1,818
Arkansas	28,363	17,638	10,725
California	154,785	108,439	46,346
Colorado	17,518	14,379	3,139
Connecticut	17,620	14,201	3,419
Delaware	5,450	3,185	2,265
Florida	63,613	52,565	11,048
Georgia	47,012	28,756	18,256
Hawaii	5,350	2,399	2,951
Idaho	5,823	3,783	2,040
Illinois	95,544	49,891	45,653
Indiana	25,237	15,907	9,330
Iowa	16,209	11,390	4,819
Kansas	14,113	10,770	3,343
Kentucky	33,604	23,995	9,609
Louisiana	52,048	28,389	23,659
Maine	7,145	5,975	1,170
Maryland	31,133	12,810	18,323
Massachusetts	36,982	20,739	16,243
Michigan	80,095	42,568	37,527
Minnesota	29,688	9,880	19,808
Mississippi	41,179	28,799	12,380
Missouri	32,448	15,873	16,575
Montana	6,181	2,308	3,873
Nebraska	9,343	5,722	3,621
Nevada	2,418	737	1,681
New Hampshire	3,419	1,481	1,938
New Jersey	59,222	39,073	20,149
New Mexico	14,842	7,070	7,772
New York	216,520	162,695	53,825
North Carolina	54,050	31,051	22,999
North Dakota	5,688	3,020	2,668
Ohio	59,674	36,027	23,647
Oklahoma	21,071	13,009	8,062
Oregon	17,715	9,309	8,406
Pennsylvania	90,956	59,865	31,091
Rhode Island	6,825	4,168	2,657
South Carolina	34,115	22,935	11,180
South Dakota	6,328	3,878	2,450
Tennessee	39,382	27,367	12,015
Texas	123,168	65,547	57,621
Utah	6,340	2,408	3,932
Vermont	4,166	2,609	1,557
Virginia	39,256	15,254	24,002
Washington	25,442	8,824	16,618
West Virginia	17,676	12,276	5,400
Wisconsin	30,010	6,757	23,253
Wyoming	2,986	1,726	1,260
District of Columbia	11,988	8,779	3,209
American Samoa	408	167	241
Guam	1,112	616	496
Puerto Rico	29,399	28,360	1,039
Trust Territory	1,244	---	1,244
Virgin Islands	688	232	456
BIA	17,567	17,567	---

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Elementary and Secondary Education - Title I
Fiscal Year 1974
(Dollars in thousands)

State or Outlying Area	Amount of Grant	Net Disbursements as Reported by States	Amount Undisbursed 6-30-75
TOTAL	$1,719,074	$1,600,143	$ 118,931
Alabama	$ 38,102	$ 37,926	$ 176
Alaska	5,158	1,505	3,653
Arizona	11,433	11,204	229
Arkansas	24,299	24,262	37
California	140,275	131,772	8,503
Colorado	14,581	14,427	154
Connecticut	17,271	17,182	89
Delaware	3,722	3,722	---
Florida	40,975	40,109	866
Georgia	44,670	40,994	3,676
Hawaii	4,752	4,644	108
Idaho	4,060	4,060	---
Illinois	87,775	79,089	8,686
Indiana	22,974	22,576	398
Iowa	16,658	16,230	428
Kansas	11,939	11,743	196
Kentucky	34,697	34,374	323
Louisiana	37,019	16,206	20,813
Maine	7,083	7,080	3
Maryland	27,043	19,359	7,684
Massachusetts	32,965	32,591	374
Michigan	73,648	66,313	7,335
Minnesota	25,659	23,239	2,420
Mississippi	39,764	39,563	201
Missouri	27,165	25,198	1,967
Montana	4,628	4,370	258
Nebraska	8,229	7,552	677
Nevada	1,548	1,536	12
New Hampshire	2,880	2,749	131
New Jersey	63,853	62,370	1,483
New Mexico	9,620	9,355	265
New York	247,563	225,919	21,644
North Carolina	59,007	56,891	2,116
North Dakota	5,515	5,437	78
Ohio	54,911	53,713	1,198
Oklahoma	19,504	19,238	266
Oregon	13,205	12,500	705
Pennsylvania	80,935	78,559	2,376
Rhode Island	5,891	5,811	80
South Carolina	34,129	31,576	2,553
South Dakota	6,182	6,141	41
Tennessee	34,880	34,810	70
Texas	97,510	92,371	5,139
Utah	5,635	5,356	279
Vermont	3,447	3,404	43
Virginia	35,677	34,421	1,256
Washington	20,473	18,517	1,956
West Virginia	19,198	18,088	1,110
Wisconsin	24,029	18,535	5,494
Wyoming	1,970	1,838	132
District of Columbia	13,181	13,181	---
American Samoa	385	385	---
Guam	1,049	812	237
Puerto Rico	31,837	31,061	776
Trust Territory	1,178	952	226
Virgin Islands	650	639	11
BIA	16,688	16,688	---

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Elementary and Secondary Education - Title I
Fiscal Year 1973
(Dollars in thousands)

State or Outlying Area	Amount of Grant	Net Disbursements as Reported by States	Amount Undisbursed 6-30-75
Total	$1,809,352	$1,751,708	$57,644
Alabama	44,427	44,398	29
Alaska	4,510	3,953	557
Arizona	12,161	11,725	436
Arkansas	27,664	27,657	7
California	144,214	140,749	3,465
Colorado	14,792	14,690	102
Connecticut	15,984	15,847	137
Delaware	3,898	3,898	---
Florida	41,502	41,245	257
Georgia	49,916	49,916	---
Hawaii	4,836	4,753	83
Idaho	4,291	3,959	332
Illinois	87,428	83,854	3,574
Indiana	24,961	24,684	277
Iowa	19,135	18,685	450
Kansas	12,770	12,597	173
Kentucky	40,113	40,070	43
Louisiana	40,960	39,601	1,359
Maine	7,734	7,726	8
Maryland	25,561	22,214	3,347
Massachusetts	32,814	32,814	---
Michigan	72,724	69,806	2,918
Minnesota	28,998	27,454	1,544
Mississippi	46,472	46,457	15
Missouri	30,165	28,750	1,415
Montana	5,033	4,948	85
Nebraska	9,199	9,199	---
Nevada	1,451	1,451	---
New Hampshire	2,840	2,814	26
New Jersey	59,693	59,193	500
New Mexico	12,220	12,120	100
New York	250,880	224,430	26,450
North Carolina	65,897	65,303	594
North Dakota	5,910	5,897	13
Ohio	56,732	56,412	320
Oklahoma	21,581	21,569	12
Oregon	13,850	13,697	153
Pennsylvania	82,936	82,294	642
Rhode Island	6,356	5,918	438
South Carolina	38,976	38,628	348
South Dakota	7,200	7,185	15
Tennessee	40,530	40,389	141
Texas	102,926	99,951	2,975
Utah	5,603	5,198	405
Vermont	3,569	3,538	31
Virginia	40,071	39,200	871
Washington	20,431	20,026	405
West Virginia	22,625	22,267	358
Wisconsin	24,846	22,919	1,927
Wyoming	2,094	2,037	57
District of Columbia	13,447	13,447	---
American Samoa	408	408	---
Guam	1,089	865	224
Puerto Rico	33,432	33,413	19
Trust Territory	1,244	1,237	7
Virgin Islands	686	686	---
BIA	17,567	17,567	---

Mr. FLOOD. Comment on it now.

Mr. WHEELER. The position that we took with respect to the rescissions was not precisely that the money was there, that it was unused and therefore the States didn't need any more. What we said was that there was unused money out there because of the pattern which has developed in the way the States expend money. Therefore, for that particular time there would be no hardship exerted upon those programs if we did make that rescission.

In the expenditures, what is reflected fundamentally is that, because of the lateness of the appropriations beginning in 1973, the first year the sizable buildup began up to the present time with some increases showing in the unspent funds. We think that school districts are planning pretty much on the floor amount of 85 percent plus carryover funds. They are protected from a possible reduction in their allocation and therefore until they know what their allocation is going to be they don't jeopardize themselves by taking on a program responsibility larger than the allocation they are finally going to receive.

So the money is there and the pattern now is to carry over money from one year to the next so that they can have more time to plan and also be safer with respect to the size and scope of the program implemented in the school district.

Mr. FLOOD. You say you are going to put something in the record. When you do put that in the record, also include a tabulation which shows the appropriations, the obligations, expenditures, and also the unobligated balances in title I for each fiscal year since 1972. That should give us that whole picture.

[The information follows:]

TITLE I, ELEMENTARY AND SECONDARY EDUCATION

[In thousands of dollars]

Title I ESEA	Obligated balance at beginning of year	Appropriation	Obligated	Unobligated balance lapsing	Expenditure	Obligated balance at end of year	Adjustment in prior year account
1972	$391,500	$1,597,500	$1,597,443	$57	$1,570,388	$418,555	+4,439
1973	422,994	1,810,000	1,809,699	301	1,504,642	728,951	−56,722
1974	671,329	1,719,500	1,719,114	386	1,460,058	930,385	−34,142
1975	896,243	1,876,000	1,874,353	1,647	1,959,897	[1] 810,699	

[1] This figure differs from the figure on p. 104 since this figure is developed from our records and the figure on p. 104 is an estimate developed from State reports to this office.

LATER DEVELOPMENTS IN TITLE I FUNDING

Dr. BELL. If I may, Mr. Chairman, I didn't enter into the discussion early enough, and I think I should emphasize that at the time the title I budget was put together the action or appropriations wasn't completed and action on the veto, and so on. Our intent was to level-fund title I.

Mr. FLOOD. Level fund?

Dr. BELL. Fund it at the same level of the previous year.

Mr. FLOOD. All right.

Dr. BELL. We were assuming that the appropriation for 1976 wouldn't be as large as it was.

I say that only to lead up to this, that it hasn't been our intent to make a programmatic decrease in title I, and in connection with the

money in the block-grant program we have put money in there to restore level funding with the instruction from OMB that it be made contingent on the block-grant passing.

You will notice another $262 million in this whole element of secondary block-grant category.

So I just wanted to explain that to indicate we did not deliberately plan to decrease title I.

COMMENTS ON GAO AUDIT

In the Office of Education we are proud of this program. I would just like to say—I don't want to go on at too much length here—with respect to the GAO audit, I think the GAO set a very high standard when they expected that all of the low income and minority children in this program would be brought up to the national average. Just by way of calculating averages, half the people in the arithmetic have to be below, so we think that is an impossible and unreasonable standard.

When the GAO report said that 34 percent had reached that level, we thought in their criticism of title I they were expressing the finest praise they could for the program. I was surprised at that finding, and I actually feel that that was more praise than title I deserved. I don't think we have done that well. They took a very small sample.

Mr. FLOOD. Don't overplay a scene now.

COMPARISON OF 1977–78

If we take this budget for title I, what reduction would occur in 1978 in comparison with 1977? By that I mean in the funding level per child and the number of children served. What would you get?

Mr. WHEELER. That reduction would amount to about $16 per child served on a per capita basis.

Mr. FLOOD. Is there any realistic chance that such reductions would be offset at all by increases by the State and local governments, do you think?

Mr. WHEELER. That would be hard to say, Mr. Chairman. I think there is a very slight chance that you would get that kind of increase.

Mr. FLOOD. By the way, since we are talking about it, what is the current estimate of the total number of educationally disadvantaged children in the United States?

Mr. WHEELER. That figure would be about 16 million.

Mr. FLOOD. How many of those are currently receiving the compensatory services under title I?

Mr. WHEELER. 4.5 million under grants to local educational agencies.

TITLE I AND BUSING

Mr. FLOOD. Here is one. How do you feel about the propositions that are being made that one of the best ways to deal with this matter of educational quality and the busing issue is to substantially increase title I funding.

Now, what about that?

Mr. WHEELER. I think there are two separate issues.

Mr. FLOOD. A lot of people don't. That is why I asked this question.

Mr. WHEELER. In my judgment these are two separate issues. On

the one hand we are dealing with a segment of the school population which by virtue of its economic and social circumstances has not had equal educational opportunities and the rationale here is to increase the quality of educational services and to specialize those services so that these children do begin to achieve in the way that they should achieve with respect to their ability.

The busing situation always rises to the surface in connection with our effort to desegregate the schools in order to assure equal educational opportunity from that standpoint. The busing is merely an issue in transportation. Busing itself, Mr. Chairman, does not figure directly in the quality of educational services which are received by children.

Mr. FLOOD. Have you considered this idea at all in formulating this budget request?

Mr. WHEELER. That the title I services would reduce the need for busing?

Mr. FLOOD. Have you considered this idea at all?

Mr. WHEELER. No, sir.

Mr. FLOOD. How many of the local agencies are planning to distribute these title I funds on a basis of educationally disadvantaged now other than the low income?

Mr. WHEELER. They are required to distribute on the basis of low income.

Mr. FLOOD. Yes, but section 150 of the title I law allows a certain number of school districts to use a basis other than low income. Well, all right.

Fiscal year 1977 will be the third year for advanced appropriations for title I. So far we have not received any indication at all that this procedure has actually helped matters in school districts. Now, do you think there is any advantage at all, any real advantage, to having these advance appropriations?

If you think so, where are they?

Mr. WHEELER. I think there are advantages, Mr. Chairman. I think what we are seeing is a better quality of planning for educational programs. The way these programs are implemented certainly is improved. School districts have the time to assess their needs in compensatory education much better than they did before, and furthermore they will know how much money they will have in order to carry a program through a school year.

That is just not my opinion. We have received no adverse comments or criticisms about the advance funding aspect of the present appropriation pattern.

INCENTIVE GRANTS

Mr. FLOOD. What about this? In your budget request you are not proposing to fund part B incentive grants. Frankly, we never thought these grants were much of an incentive at all. But in last year's presentation you told us this was great. What happened all of a sudden to change your mind?

Mr. WHEELER. Mr. Chairman, as I remember now, I could be wrong, I don't think we have ever funded—we never requested funding for part B but I think we got an appropriation for it. Our position at that time was that the amount of money which is distributed under part B is not enough to really provide an incentive for the States to increase the local expenditures.

So what happens is this money goes to the LEA anyway and requires considerable expenditure of manpower and funds by the State in order to apply for these funds.

Mr. FLOOD. You don't happen to have the hearings in front of you. Let me read from page 115:

PART B INCENTIVE GRANTS

Mr. FLOOD. I note that the budget for part B incentive grants is $33 million. That is double the previous year amount, at least double. Why is there such a large increase in this program?

Mr. RODRIGUEZ. In the part B, special incentive grants in the 2 prior year appropriation acts limited or restricted the amounts available for part B. The application of part B formula in the 1976 request is in accordance with the statute. In 1975 the appropriation language restricted it to $16 million plus, and the straight application of the formula in 1976 without such restrictive language would bring it to $33 million.

Mr. FLOOD. Do you think this program really acts as an incentive to the States?

Mr. RODIGUEZ. Yes, I certainly do. It does to the extent that it provides to those LEA's that are making a special effort with the additional funds to conduct the programs that they feel necessary for the children.

That is a statement of the case.

Mr. WHEELER. There are several answers to that question, and although Dr. Rodriguez did answer in that manner, I think if you go further in the testimony you will see the position that was enunciated later was pretty much what I am saying now, part B incentive grants don't really act as an incentive to the extent that States are increasing their expenditures for education in order to qualify for part B grants.

Mr. FLOOD. We were thinking that for some time. So we agree for a change.

Mr. WHEELER. Yes, I think we are in agreement on that.

SUPPORT AND INNOVATION GRANTS

Mr. FLOOD. Now you are proposing $172.9 million for the support and innovation grants. That is a cut of $11.6 million from this year's appropriation. You know that Congress added a like amount in 1976 for the so-called hold-harmless provision? We were trying to avoid cutbacks in the State allotments under the new formula. That being so, won't some States actually be cut back if we agree to your budget request?

Mr. WHEELER. Yes.

Mr. FLOOD. They will. Just so we know.

Dr. BELL. I think we should indicate, Mr. Chairman, that in the block grant proposal we bring it back up to that level with the extra $262 million included in the block grant proposal.

Mr. FLOOD. All right. In fiscal 1977 this will be the second year of these so-called consolidated grants. What kind of activities are supported by these grants?

Mr. WHEELER. These grants support the old title III ESEA activities, and the activities under the old ESEA title V, which was for strengthening State and local educational agencies.

So that these programs are now consolidated.

Mr. FLOOD. Do you have any way of knowing how much the States are spending for each one of those activities?

Mr. WHEELER. No, we have no complete report on how much the States are spending on each category. During the first year of con-

solidation the law prescribes that 50 percent of the appropriated funds be spent on each one of these categories. The States had to take the other 50 percent and distribute it under the consolidation authority.

Mr. FLOOD. You have no way of knowing?

Mr. WHEELER. We have no way of knowing at this time.

Mr. FLOOD. Call each State if you have to, but insert a tabulation for the record showing us how the funds were used in 1976 and the estimate for 1977.

Ms. BEEBE. Mr. Chairman, there is no way for the Office of Education to provide those estimates under this proposal since we no longer receive that information from the States.

Mr. FLOOD. All right. This is a case were your office simply writes checks. It seems absurd to me but if you can't do it, you can't do it.

By the way, here is something that comes up all the time. How can you help a small school district compete against these big ones for the State allotment on these consolidated grants?

Mr. WHEELER. The State has administrative funds they can use to assist local school districts when they request it. Title IV requires an assurance that States will provide assistance in formulating proposals and in operating programs to local educational agencies less able to compete. From our point of view we regularly conduct workshops in which we explain how school districts can apply. We recognize there is a problem in small school districts who don't have as many personnel and who are not as sophisticated as the staff in the large school districts. We continually remind the States that they have an obligation to work with those school districts to help them formulate an application.

PUPILS PARTICIPATING IN TITLE IV

Mr. FLOOD. By the way, your justification states that all children—all the children in public and nonpublic schools—are going to benefit from this program. That is what you said. But not all the school districts receive funds from this program, so how can you make a statement like that?

Mr. WHEELER. What we mean, all of the children whose school districts do apply for support under this title.

Mr. FLOOD. Referring now to page 21 of your presentation, let me quote: "All 50 million children in public and nonpublic schools and all State and local educational agencies will benefit from this program."

That is a pretty flat statement.

Mr. WHEELER. All of the school districts do receive benefits either directly or indirectly from some part of these consolidated programs, from the guidance and counseling and testing, and from the library services. This is a program which is not restricted, as you know, Mr. Chairman, to disadvantaged children.

The eligibility and the opportunity is there for those school districts to apply for those programs that they want.

Mr. FLOOD. That is a broad statement about 50 million, all schools, all districts. It is just not so.

Mr. WHEELER. Let me give you an example, Mr. Chairman. One of the programs is designed to develop and to demonstrate and disseminate those kinds of educational approaches which seem to be the best, that is which work best. These programs then are distributed to school

districts. We have different ways of making known the productivity of these programs, so that if a school district has decided to change a program it has this information, so the statement that all of the children benefit from it includes this kind of consideration.

We don't mean that each child, every child in the United States, would receive a dollar amount under these programs.

Mr. FLOOD. The reason we ask you, somebody reading would think, My! My! My! Isn't that great!

BILINGUAL EDUCATION

Turning to the bilingual education for a minute, this is one area where the States are under terrific pressure to provide these services. The budget proposes $90 million. That is $7.7 million less than the 1976 appropriation. But it is $10 million more than you requested last year, so you are at least moving in the right direction anyhow.

If we agree with this budget request of $90 million, how much will be available for the continuation projects? How much will be available for new starts?

Mr. WHEELER. Dr. Molina is here.

Mr. FLOOD. Oh, yes.

Dr. MOLINA. Mr. Chairman, we would propose that we would have $60 million available for local school districts. Of that $60 million we would have 21 new starts and 343 continuations.

Mr. FLOOD. Obviously, of course, the need for bilingual education is more serious in some districts than it is in others. What is the general pattern insofar as the need in big cities as opposed to rural areas?

Dr. MOLINA. Mr. Chairman, I don't think we can say what the pattern is. We have requests from large districts, medium districts, and small districts throughout the country.

Mr. FLOOD. Can you target these grants?

Dr. MOLINA. Yes, we can. The Office of Civil Rights has conducted a survey, and we can target the number of children whose native language is other than English. That does not necessarily mean they are in need of bilingual education programs. They may be speaking a language other than English in the home but do understand English.

We are currently letting a contract with the Bureau of the Census to get us the information we need to focus on the children actually in need of bilingual education programs.

Mr. FLOOD. What information do you have which shows actual capacity of the State and local government to expand bilingual education programs?

Dr. MOLINA. We noted in reviewing the appropriation bills at the State level that States are increasing their support for bilingual education.

Mr. FLOOD. What about the local people?

Dr. MOLINA. To some extent, but less so than the States. There are about 14 States that are appropriating some funds to bilingual education.

ILLITERACY IN THE UNITED STATES

Mr. FLOOD. Can you tell us how many fewer illiterates there are in the whole country now, than when you started your right-to-read program? Was that about 6 years ago?

Dr. BELL. It was started by the late Jim Allen when he was Commissioner in 1970.

Mr. FLOOD. How many fewer illiterates?

Dr. SHIPMAN. In terms of the adult performance level study we released last fall, approximately 23 million adults do not possess the competency skills needed to function effectively in our society. I think that is almost the same figure as was identified 3 or 4 years ago as far as the adult population is concerned.

I think there was also a miniassessment done of 17-year-olds this past year. This assessment indicated that 2 percent more of the 17-year-olds possessed the basic literacy skills in 1974 than did in 1971.

Mr. FLOOD. How much of that decrease can you attribute directly to the right-to-read program?

Dr. SHIPMAN. Right to read has served as a catalytic approach to the solution of this problem. As far as actual programs are concerned, I don't think that we can say that an exact number of the increase was because of the right to read program.

Mr. FLOOD. But you can't tell us how much you attribute directly to the right to read?

Dr. SHIPMAN. No. Even though we feel right to read has made a significant contribution through its various impact efforts.

ETHNIC STUDIES

Mr. FLOOD. Take a look at page 34. I quote from your statement: "Funds provided under other educational authorities may be used for programs related to ethnic studies."

That is the end of the quote.

For the record, show us a listing of such programs with the 1976 level of obligations specifically for ethnic area studies.

Your justifications also state that ethnic studies provide "a greater understanding of the diverse culture and heritage of the Nation."

What ethnic groups have been supported through the ethnic studies program in 1976?

Mr. WHEELER. Most if not all of the major minority groups have had consideration under this program, Mr. Chairman. We can go back through the records and give you a comprehensive list of the groups which have been supported, if that is the information you are after.

Mr. FLOOD. That is what we want.

[The information follows:]

There are several programs in the Office of Education that devote attention to the educational needs of ethnic groups.

While there are certain distinctions between the bilingual education program (title VII, ESEA) and the ethnic heritage studies program (title IX, ESEA), there are also some areas of significant overlap. The former helps develop both bilingual and bicultural materials for students. Other Office of Education programs which provide funds for curriculum development, training, or dissemination related to the enhancement of educational opportunities and intercultural understanding in the United States include portions of the developing institutions program (HEA, title III), the Indian Education Act (ESEA, title IV) and titles I and III of the Elementary and Secondary Education Act. Unfortunately since these programs do not categorize or break out dollar amounts spent for ethnic studies—indeed such studies may be only one of several components in a project—we are unable to estimate the 1976 obligation specifically for ethnic area studies.

LISTING OF ETHNIC AREA STUDY PROJECTS TO BE SUPPORTED

Single ethnic (proposed), 1976:

Afro-American
Filipino
Chinese
Cuban
Polish
Romanian
Arab
Cape Verdean
Finnish
Micronesion
Native American
Scandinavian
Franco
Hispanic
Carribean
Welsh
Southern and Eastern Europeans
Black and White Agrarians

Multiethnic projects funded during 1974, 1975, and projected 1976 include the following ethnics (groups):

Asian Americans:
Chinese
Japanese
Indochinese
Filipino
Korean
Estonian Americans
Greek Americans
Hungarian Americans
Lithuanian Americans
Polish Americans
Ukranian Americans
Hispanic Americans:
Cuban
Puerto Rican
German Americans
Portuguese Americans
Irish Americans
Latvian Americans
Franco Americans
Serbian Americans
Slovak Americans
Russian Americans
(East) Indian Americans
Swedish Americans
Finnish Americans
Norwegian Americans
Bulgarian Americans
Danish Americans
Romanian Americans
Native Americans
Afro-Americans
Latino Americans
Samoan Americans
Armenia Americans
Maltese Americans

Mr. FLOOD. Mr. Michel.

Mr. MICHEL. Thank you, Mr. Chairman.

Off the record.

[Discussion off the record.]

TITLE I EVALUATIONS

Mr. MICHEL. A national evaluation of the title I program was to have been completed, as I recall, last year. Was it?

Dr. EVANS. Let me speak to that, Mr. Michel. I probably indicated in some testimony last year that we were expecting results from major evaluation of title I. They are partially in but haven't been released yet. We expect the final tabulation and work to be done within the next month.

The results of these studies generally indicate what Mr. Wheeler stated I think before you came in, which is that the findings from this study do not agree with the general conclusions from the recent GAO study the chairman was speaking of.

We have indicated in a short paper that we can place in the record that we think one can place much greater confidence in the results from the OE study than those from the GAO study which was based on a very small sample. We think those results are not reliable or generalizeable.

The results of this large study, which will soon be publicly released, will for the first time, indicate that on the basis of substantial evidence it appears that the title I program is increasing the achievement levels of disadvantaged children.

There is both good news and bad news in that evaluation because the results also indicate that while those increases have been appreciable, they do not appear to cumulate over years. When we measure a title I child at the beginning and end of the first grade, for example, we find increases, but over the years we don't find that these within year increases have cumulated.

It is not clear from the results of this study whether this failure per within year grants to cumulate is the result of a fadeout of the positive results that were achieved or whether it is just a result of such things as the fact the title I program treats only a portion of the eligible population—which may be different from year to year; the practice of taking the children who have made significant gains out of the program to make room for others, and so on.

As Mr. Wheeler indicated earlier, the program only treats about half of the eligible children. It is therefore not uncommon for children to be in a title I program in one grade and not be in it at another, both as a result of moving around, the inability to serve the total population, the decision on the part of the school to treat children who haven't been treated before, and to put aside those who have shown gains.

We have, as part of the mandated requirements under section 151 of Public Law 93-380, which calls for even more extensive evaluation of title I, instituted this past year a special study which will measure the same children through multiple years of participation in title I and we hope this will give us a definitive answer to the question of whether the failure for title I gains to cumulate across years is a result of actual decay of the gains themselves or the result of changing populations in the program.

I think it is important that we not overlook the importance of the positive results because the previous studies and data on title I over the years have been much less encouraging than these data seem to indicate.

Mr. MICHEL. In this study, who was doing the evaluating? Was it your own people?

Dr. EVANS. No, sir; it was not. We designed the general outlines of the study in our own evaluation office but then had the work done under a procedure which utilized the standard competitive procurement processes of the Government. The actual fieldwork in question was done by the Educational Testing Service.

Mr. MICHEL. Based on this, couldn't one take the view that GAO would look at this thing much more objectively, because they don't have a vested interest in it, and that therefore their results would be much more credible than your own study?

Dr. EVANS. I wouldn't take that view at all, Mr. Michel. I would be happy to have the relative quality of the two evaluations assessed by an independent professional panel.

PARENTAL INVOLVEMENT

Mr. MICHEL. Dr. Bell made mention of the involvement of parents in title I. Do you have anything significant that you can tell us about in this regard?

Mr. WHEELER. Dr. Rodriguez, Dr. Fairley.

Dr. FAIRLEY. We have identified some 32 programs around the country as being outstanding, and we notice in each of these programs parental involvement plays a key role.

Mr. MICHEL. Why don't you provide for the record some of those 32 programs in which parents are involving themselves to some degree, and in which of those 32 you really see some significance or striking results. That is a pretty bland answer: We have 32 programs of parental involvement—and let the record go at that.

Mr. WHEELER. Mr. Michel, you want some description of the nature of the parental involvement?

Mr. MICHEL. Yes.

Mr. WHEELER. We can give you that.

PARENTAL INVOLVEMENT IN EXEMPLARY TITLE I PROGRAMS

READING INSTRUCTION AND PUPIL PERSONNEL SERVICES—PORTSMOUTH, R.I.

Summary of activities

Approximately 160 underachieving elementary students grades 1–4 have shown significant improvement in growth in reading skills, vocabulary, and reading comprehension, along with significant improvement in school attitude through the reading instruction and pupil personnel services project of Portsmouth, R.I. The approach used in this project is intensive reading instruction for about 35 minutes per day, four times per week. The project utilizes a low—7–1—pupil-teacher ratio for their reading instruction. They also provide intensive pupil personnel services such as school psychologists and guidance counselors.

Results

In the 1972–73 school year over 76 percent of the second, third, and fourth grade students gained an 8-month grade equivalency in both vocabulary and reading comprehension.

Cost per pupil.—$660—Fiscal year 1974 including Federal title I funds, State Compensatory Act funds and local funds.

Reading Instruction and Pupil Personnel Services, Portsmouth Public Schools, Administration Building, E. Main Road, Portsmouth R.I. 02871 Mrs. Phyliss Martin, Phone: (401) 683–9351.

Nature of parental involvement

Basic to the functioning of the program is the parent counseling and study group. These groups train parents in childrearing techniques and help foster a positive working relationship between home and school. Often the attendance of parents in such groups have a far more reaching effect on the child's school performance than actual instruction and counseling.

A secondary gain from these groups is a more active and positive involvement of the parents in the schools with a feeling that the school is interested in the individual child and the parents are an important part of a cooperative effort to work together toward the same goal which is, in essence, the best and most effective school experience for the child.

Techniques are also taught that aid parents and teachers to better communicate with one another.

ALL DAY KINDERGARTEN—CINCINNATI, OHIO

Summary of activities

The objectives of this project are to strengthen kindergarten children's perceptual and auditory skills, improve language development, develop the potential of the family to motivate the learning of the children, and to make dental and health services available to the children. During the 1973–74 school year this project served 605 disadvantaged kindergarten children in 22 Cincinnati elementary schools. This all-day program which enrolls inner-city 5-year-old children utilizes manipulative materials, games, play field equipment, and standard kindergarten materials to develop motor skills. The children also are taken weekly on a walking trip which provides "discovery" experiences. Active parental involvement and parental sponsoring of children's play and game activities is fostered; in addition, teacher visits to the home are encouraged.

Results

This project has had extensive evaluation over a several year period by the Program Evaluation Branch, of the Cincinnati Public Schools. Their reports show that from the fall of 1972 to the spring of 1973 there was a gain in national percentiles from the 44th to the 75th percentiles on one of the more significant and reliable kindergarten test instruments (the Boehm Test.) Furthermore, test data have indicated that cognitive gains made by previous project students appeared to remain for at least 2 years following the completion of their kindergarten year.

Cost per pupil.—Slightly, less than $1,000 per child—fiscal year 1974 Federal title I funds with State and local funds added.

ESEA Title I, Early Childhood Education—All Day Kindergarten, Cincinnati Public Schools,, 230 E. 9th Street, Cincinnati, Ohio 45202. Mrs. Ruth Wernersbach, Phone: (513) 369–4000.

Nature of parental involvement

The project staff encourages parent participation. In a given month, from 2 to 14 parents per classroom may participate by chaperoning a field trip, observing a class in action, attending an open house or ESEA conference, receiving a home visit from the teacher, or helping with the school bake sale.

CHILD-PARENT CENTERS—CHICAGO, ILL.

Summary of activities

The goal of the program is to reach disadvantaged children when they are 3 years old and to provide them with consistent, unbroken instruction through the third grade. Eleven centers serve a total of over 2,000 inner-city children, each center offering a unique instructional program tailored to its own community. All centers have a basic skills orientation and aim at developing pupils' use of language, but while some use tightly structured linquistic programs, others have chosen approaches which allow more pupil independence. Parents have an integral role in the program, spending 2 days a month at their centers in meetings, in home economics classes, or as staff volunteers.

Results

Disadvantaged students are maintaining national norm average reading scores, as opposed to their counterparts who have dropped one grade back by the end of grade three (with a projected two grades deficit by the end of grade six).

Cost per pupil.—Annual per pupil cost of the program across all grade levels is $1,844, which is $548 more than that of the district's regular program (1973–74).

Child-Parent Centers, 228 N. LaSalle St., Chicago, Ill. 60601. Phone: (312) 641–4517, Director: Mrs. Velma Thomas.

Nature of parental involvement

Parents play an integral role in the program, spending 2 days a month at the center, either in meetings, home economics classes, or as staff volunteers. They also help to plan new centers and programs, contribute materials, and learn how to instruct their children at home. They thus contribute on both a policy advisory level and on the child-parent relationship level.

PREPARATION OF SCHOOL READINGS TO DISADVANTAGED 5-YEAR-OLDS

BAPTIST HILL KINDERGARTEN, GREENVILLE, ALA.

Summary of activities

The project serves 165 5-year-olds who are educationally disadvantaged. Seventy-three percent are black and 27 percent white. There are 10 classes, each of which is taught by a qualified teacher assisted by an aide. Pupil-teacher ratio is 16.5 to 1. Experiences are provided to help the child increase his vocabulary, learn to speak in sentences, to grow in independence and initiative. Books, music, nature, and science, family life, social activities, and block construction are used. Toys are lavishly supplied. Continuous evaluation is made.

Results

In the 1972–73 school year the test of basic experiences (TOBE) revealed that 163 of these pupils, or 97 percent, increased their level of performance one or more stanines on the complete test battery. Four pupils or 3 percent advanced five stanines, 17 or 10 percent advanced four, 63 or 38 percent advanced three, 51 or 31 percent advanced two, and 24 or 15 percent improved by one stanine. Only three pupils or 2 percent improved in two of the concept areas (one-half stanine), while one or 1 percent progressed in one concept area (one-fourth stanine).

Cost per pupil.—$804.

Baptist Hill Kindergarten, Butler County Board of Education, Baptist Hill Kindergarten, Simpson St., P.O. Box 160, Greenville, Ala. 36037. Mrs. Marjorie E. Maddox, Phone: (205) 382–2665.

Nature of parental involvement

A parent's advisory committee was involved in the original planning of this program. Each year of the operation, a new parent's committee has been elected and has participated in the planning as well as the operation of the project. This group checks the budget and approves it, is involved in setting objectives, visits the classes, and makes recommendations for improvement or changes. These parents are given inservice training concerning their responsibilities, the purposes of the title I program and the evaluation of the previous year's project.

PROJECT CATCH UP—KEEP UP—TUCSON, ARIZ.

Summary of activities

Project Catch Up—Keep Up seeks to raise substantially the reading level of educationally deprived children in grades five to eight in the Flowing Wells School District, a district with a mobile school population. Reading centers or labs are staffed with reading specialists. The number of children is limited to not more than 30 per teacher at any on time. Lab classes vary in size from one to six children and specialists are able to individualize instruction. Careful diagnosis precedes instruction.

Results

The project has demonstrated that most students who participate in the project made significant gains in their reading ability as assessed by the Gates-MacGinitie instrument.

Cost per pupil.—The title I cost per pupil was $410.

Disadvantaged ESEA title I Reading, Flowing Wells Schools, 1444 W. Prince Rd., Tucson, Ariz. Dr. Paula Smith and Mrs. Marie Ryno, phone: (602) 887–1100 extension 234.

Nature of parental involvement

A vital part of the program is close contact with parents. The parent advisory council is invaluable. Discussion of project problems, assessment of progress and liaison work with the community have contributed to program growth. Parents assist in planning the project and visit the reading labs. Another important way in which parents have been involved is through home visits. Reading specialists visit the homes of children in special reading classes. During the visit the teacher discusses the problems and the progress of the child and presents written suggestions, tailored to the child, for parental help. This proves very successful in informing the parent of a child's problems, gaining parental support for the child, and enlisting community support for the program. The support of parents in the reading program was a decisive factor in the district vote to override the 6-percent budget limitation in the spring of 1973.

THE FIRST CALCULATING AND READING QUEST—LONEMAN DAY SCHOOL, BUREAU OF INDIAN AFFAIRS PROJECT, OGLALA, S. DAK.

Summary of activities

The project's goal is to raise the grade level of students in reading and math. Since many of the students, predominantly Oglala Sioux, speak only Lakota in their homes and have not been exposed to reading materials or television, instructoin is given in Lakota when necessary. Intensive individual and bilingual tutoring in reading and math labs emphasize skills relevant to Oglala Sioux culture.

Results

In the 1971–72 school year 50 percent of the 59 children gained 1.6 years or more in math; the mean reading gain for 50 students in grades four to six was 0.9 year.

Cost per pupil.—$382.

The First Calculating and Reading Quest, BIA, Oglala, S. Dak. Steve Graff, phone: (605) 867–5633.

Nature of parental involvement

Parents are involved in the title I program. The local school board, which formerly was designated to be the title I parent council, was replaced by a district elected title I parent council with four members, representing the various communities. Title I parent council and school board members were involved in the planning sessions. Questionnaries were distributed to 100 percent

of the parents having children in grades one to six involved in the program to determine deficiencies. The title I parent council encourages parents and community members to visit and observe the daily operations of the project activities. The title I parent council had access to all project records and approved the final project prior to submission. Parents, other than those on the council, are involved continually by working with the target students at home with take-home activities provided by the Illinois test of psycholinguistic abilities print out sheet. Title I parent council members and title I staff assisted parents in showing them how to use these ITPA activities at home.

READING REMEDIATION—ALBANY, GA.

Summary of activities

The project provided supplementary instruction in basic reading skills to severely educationally disadvantaged students, grades one through twelve in 18 title I schools; 1,718 of the 22,000 students in 35 schools from the lowest group in each of the grades were selected to receive 50 minutes of instruction daily for a 9-month period. Minireading clinics were developed and designed to provide continuous diagnosis of student needs and daily prescriptions for learning improvement.

The classroom teachers were given intensive inservice training and supervision to reinforce their ability to diagnose and prescribe for the participants.

Result

In the 1972–73 school year the mean gain for the 1,718 participants was 1.4 years in reading.

Cost per pupil.—$143.

Reading laboratories, Dougherty County School System, 601 Flint Ave., Albany, Ga. Dr. Virginia Morgan, phone: (912) 436–2469.

Nature of parental involvement

The parent advisory committee provided input in planning and assessment of the program. The parents of the students are also encouraged to visit the labs.

CLASSROOM TEAM APPROACH PROJECT—WESTMINISTER, COLO.

Summary of activities

This project serves approximately 325 underachieving children in 7 medium sized elementary schools in the Adams School District No. 50 in Westminister, Colo., in the Greater Denver area. This project consists of a classroom team approach to a cluster of carefully structured reading and writing activities for children in the first through the fifth grades. A unique feature of this project is the classroom teacher's structured involvement with both a perceptual-motor specialist and a language development specialist. The two specialists help to focus and sharpen the teacher's teaching skills so that she can be more effective with disadvantaged underachieving students in a regular classroom setting.

Results

In the 1973–74 school year the average gain in grades 1–5 for over 76 percent of the students was 1 stanine or more; 173 gained more than 1 stanine.

Cost per pupil.—$264 (fiscal year 1974)

Classroom team approach project (personalized instructional system), various elementary schools, Adams School District No. 50, 7200 Lowell Boulevard, Westminister, Colo. 80030. Mrs. Sally Case, phone (303) 429–3252.

Nature of parental involvement

Parents are involved as aides to the teacher in the program. They also participate in the planning, implementation, and evaluation of the program through serving on the parent advisory council.

IMPROVEMENT OF BASIC READING SCHOOLS—SYLACAUGA CITY SCHOOLS, SYLACAUUGA, ALA.

Summary of activities

The reading program—in a school system which is two-thirds white and one-third black, provided help in readiness and reading to title I children in grades 1 through 8. In September 1973 the enrollees numbered 350. Five reading centers

were set up in four eligible schools. One reading teacher and 1 teacher aide worked with 10 or 12 children for 1 class period (varying from 30 to 55 minutes) each day 5 days a week. Five teacher aides worked with those children needing help above that received in the reading center. In January 1974 additional funds were allocated for two additional reading teachers and five teacher aides. Fifty-two additional children were then enrolled in the program bringing the total to 402. The materials and equipment in the centers are used to fit the individual needs of the children.

Results

Tested by Gates-MacGinitie reading test for the 9-month school year 1973–74, the average pupil gain was substantial, or 1.5-plus per month's progress. One hundred eleven children reached grade level.

Cost per pupil.—$243.11.

Improvement of basic reading skills, Sylacauga City Board of Education, Post Office Drawer B, Sylacauga, Ala. 35150. Mrs. Elizabeth B. Dickson, phone (205) 249–0393.

Nature of parental involvement

The objective of the parental involvement was to acquaint parents and community with the title I activities and services in eligible schools and to increase educational opportunities for children both in school and at home. This was accomplished through letters to title I parents, an active parent council in each eligible school, three parent workshops, teacher-parent conferences, volunteer parents (training provided), news media, programs presented to organizations, open house in reading centers (parents saw children in action), "glad notes" mailed to parents, and parent evaluation of program.

CORRECTIVE READING PROGRAM—WICHITA, KANS.

Summary of activities

The project attempts to improve and upgrade word recognition and reading comprehension skills of students in grades 1–9. After identification, screening, and diagnostic procedures are completed and analyzed, selection is based on the pupil's ability to profit from correctional reading instruction and on the extent of his reading disability. Instructional group's size and number of weekly sessions are based on the severity of reading ineffectiveness. One-fifth of the teacher's time is spent on planning and parental visits.

Results

In the 1971–72 school year 58 percent of the 888 pupils tested gained at least a month per month in reading vocabulary.

Cost per pupil.—$317.

Corrective reading program, 1847 North Chautaugua Street, Wichita, Kans., Douglas Hupp, phone (316) 268–7868.

Nature of parental involvement

A parent advisory council participates in the planning, implementation, and evaluation of the program. Teachers foster parental interest and involvement with the program and regularly meet with the parents of disabled readers.

REMEDIAL READING PROGRAM—CLARKSTON SCHOOLS, CLARKSTON, MICH.

Summary of activities

The project attempts to improve the word recognition and reading comprehension of selected second and third grade low-achieving students. Each teacher works with two children at a time for a 45-minute period twice a week. The teaching is highly structured with each individual having tasks to complete. Stars and "M. & M.'s" are given as rewards for completion of tasks.

Results

In the 1972–73 school year, 108 second and third grade students averaged a reading gain of 1.8 and 2.0 respectively as measured by the Botel test.

Cost per pupil.—The cost is approximately $426 per student.

Clarkson Schools Remedial Reading Program, 6389 Clarkston Road, Clarkston, Mich. 48016. Ms. Dorothy Neff or Dr. Leslie Green, phone (313) 625–4402.

Nature of parental involvement

Parents are invited each year in October to a coffee at his/her school to meet the teacher and see the program in action. (Teachers use children to demonstrate.) They are invited to parent council's monthly meetings, where they learn more about the program and their children's needs both at home and school. Parents have always supported the program and when it was in danger of not being funded, they conducted a letter-writing campaign to State and Federal legislators to continue funding. In addition, they petitioned local board of education members at a meeting to support the program with local funds if Federal support was not forthcoming.

PROJECT UNDERSTAND—ARLINGTON, MASS.

Summary of activities

Two hundred and five kindergarten through fourth grade disadvantaged Arlington students are taught reading and language arts skills through Project Understand funded by title I ESEA. These pupils come from five local public elementary schools and one eligible nonpublic school. This project uses a reading center (laboratory) approach at each of the five public schools. The center uses a small group instruction method for title I target children who receive 30–40 minutes of instruction 3–5 days per week depending on age and need. Active parent participation is fostered. As center children progress in specific reading skills, one opportunity open to them is to become a part-time tutor in the center for slower learning students.

Results

This project has been active in its present form since 1971. There are no standardized reading tests for kindergarten students. In fiscal year 1973 the 175 1–4 grade students gained an average of 1 month or more per month in the program in specific reading and language arts skills. Forty-one children progressed so quickly they were removed from the program during the school year to continue with a regular elementary class.

Cost per pupil.—$450 (fiscal year 1973).

Project Understand, Arlington Public Schools, 23 Maple Street, Arlington, Mass. 02174. Mr. Tim Wilson, phone (617) 646–1000.

Nature of parental involvement

In addition to the parent advisory council involvement in regular meetings to help plan and develop the program, the project's emphasis on general parent participation necessitated the hiring of a part-time social worker whose duties include coordination and facilitation of parent programs. These included open houses at each title I center, whereby parents discussed and reviewed learning materials, techniques, and procedures. Parents were also encouraged to join groups to develop learning games, plan activities, and suggest modifications in dissemination or parent-school relations.

READING PROJECT—KEAUKAHA SCHOOL, HAWAII SCHOOL DISTRICT, HILO, HAWAII

Summary of activities

This project serves educationally deprived children in grades 3 to 6. Its goals are to increase their reading 0.1 grade levels per month; and develop high motivation, self-direction, and behaviorial improvement. High pupil-teacher ratio, one teacher or aide to two or three students, immediate feedback to individual responses, and the use of rewards for academic and nonacademic behaviorial accomplishments are the principal techniques used in the project. Among the instructional materials more commonly used are reading tests from Science Research Associates (SRA), "Conquests in Reading," and various teacher-made response materials.

Results

In the 1973–74 school year this project met, surpassed, and almost doubled the objective of 0.1 grade levels per month as measured by the Peabody Individual Achievement Tests. Behavior, as judged by the project teacher, improved substantially.

Cost per pupil.—$630.

Reading Project, 1973–74, Keaukaha School, Hawaii District. 240 Desha Avenue, Hilo, Hawaii 96720. Mr. Larry Capellas, phone (415) 556–0220. Ask operator for: Hawaii telephone 943–7590 or 948–7517.

Nature of parental involvement

The extent of parental involvement at Keaukaha Elementary School was among the highest in Hawaii district. The school was sufficiently small to allow the development of a close and personal relationship with the community. Conferences between the project teacher and parents of title I pupils were frequent, with contact of some kind occurring approximately three times each month. Parents were involved in the following aspects of project planning and operation:

1. Parents were included in the needs assessment conferences both at the district and school levels.
2. A PAC committee assisted in the selection of participants.
3. Parent assessment of student progress was encouraged throughout the year.
4. PAC set objectives to involve 75 percent of the parents in implementation activities.
5. Parents participated in final general meeting and evaluation of project.
6. Parent representatives participated in district meetings.
7. Parents participation in district orientation and inservice meetings; on counseling and techniques in aiding children.

HIGH INTENSITY TUTORING PROJECT—SCHOOL DISTRICT OF THE CITY OF HIGHLAND PARK, MICH.

Summary of activities

The project seeks to increase reading and arithmetic computational ability. The reading and math programs employ principles of programed instruction but uses student tutors rather than teaching machines. Sixth and some seventh grade students participate in the program as tutees. Eighth and some seventh grade students participate as tutors. The instructional model employed has as a central feature the daily calculation of the percentage of correct responses for each tutee. This procedure insures that new learning is introduced at the optimum rate and that nearly all responses are correct.

Results

In the high intensity tutoring centers students made the following gains as measured in grade equivalent units (GEU's) on the wide range achievement test (WRAT) in reading:

Tutees—129 sixth graders made 1.9 GEU's gain on the average; 18 seventh graders made 2.6 GEU's gain on the average.

Tutors—77 seventh graders made 1.3 GEU's gain on the average; 196 eighth graders made 1.0 GEU's gain on the average.

In math—102 full year sixth graders made 1.8 GEU's gain on the average; 146 seventh graders made 1.7 GEU's gain on the average.

Cost per pupil—Approximately $75.

High intensity tutoring project, title I, Highland Park Public Schools, 20 Bartlett Street, Highland Park, Michigan 48203. Mrs. Betty Colden, phone: (313 868–1264.

Nature of parental involvement

Parent involvement in the project is encouraged. Home visits are conducted and an annual tea held. Parents participate in the planning, implementation, and evaluation of the project through the parent advisory council.

DIAGNOSTIC READING CLINIC—CLEVELAND, OHIO

Summary of activities

The clinic provides diagnostic and remediation services to children in grades 4 to 7 who were disadvantaged. The child receives his individually prescribed remediation from a clinician for 1 hour a day, 5 days a week, for his prescribed term. Pupils were either scheduled for short term, 6 to 12 weeks; moderate term, 13 to 20 weeks; or long term, up to one full school year, treatment.

Results

During the 1969–70 school year the clinic served a total of 532 public and nonpublic school pupils. For the evaluation, a random sample of 62 students was selected from the clinic population. The participants' reading achievement gains, regardless of length of treatment, were found to be statistically significant in both reading comprehension and vocabulary.

Cost per pupil—It was estimated by the program evaluator (Fleming, 1970) that clinic services were provided at a per pupil cost of about $286 for long-term pupils, $191 for moderate-term pupils, and $140 for short-term pupils.

Diagnostic Reading Clinic, 4940 Carnegie Avenue, Cleveland, Ohio 44103. Mrs. Pauline Davis, phone: (216) 391–5280.

Nature of parental involvement

Prior to a child's screening by clinic staff, his parents were asked to send their child in for diagnosis. If evaluative tests indicated the child's reading achievement could be enhanced by special remediation, the parents were asked for permission to enroll the child in the clinic program. Parents were invited to visit the clinic and to attend monthly meetings. Their opinion of the clinic program was frequently solicited in the course of these meetings and during home visits by the social workers. Parents were encouraged to be supportive in dealing with their child's reading problems. They were informed of their child's progress every 4 weeks and, when the child had completed his prescribed treatment, the parents received the clinic's final report and recommendations.

PROGRAMED TUTORIAL READING PROJECT—FARMINGTON, UTAH

Summary of activities

The project provides tutoring in beginning reading to disadvantaged first grades on a one-to-one basis as a supplement to conventional classroom teaching. A highly structured technique of individualized teaching makes it possible for persons with limited education and work experience to effectively supplement beginning reading with first graders. The tutoring takes 15 minutes each day; the teaching strategy employs many of the elements of programed instruction; frequent and immediate feedback, specified format, and individualized pace.

Results

The original development of the programed tutorial reading technique was conducted in the Indianapolis Public Schools from 1964 to 1968. Large-scale evaluation of replicating projects began during the 1968–69 school year when data on experimental and control students were obtained for a nationwide sample of 17 participating school systems. Post-test scores were significantly higher for tutored students than for controls in all 17 school systems. The 1972–73 evaluation data from Farmington, Utah, appear to be consistent with other programed tutorial reading evaluations.

Cost per pupil.—The annual per pupil cost ranges from $150 to $250 depending upon the rate of pay to the tutors and supervisors in the program.

Programed tutorial reading (title I), Davis County School District, 45 East State Street, Farmington, Utah 84025. Mr. Dallas R. Workman, phone: (801) 292–2461, ext. 11.

Nature of parental involvement

Parents are involved in the program in a variety of activities which range in talent and experience from paraprofessional teacher aides to community volunteers. They are also involved in the planning, implementation and evaluation through the parents advisory council.

PROJECT CONQUEST—EAST ST. LOUIS, ILL.

Summary of activities

The project serves disadvantaged children in grades 1 through 6 who are capable of reading at grade level but who were reading one or more years below grade level. Remedial instruction is provided in 45-minute sessions held 4½ days per week in reading clinics. Diagnostic data is used to devise a remediation plan for each child. Attainable goals and encouragement and praise are used so that a student rarely fails to attain his objectives.

Results

Conquest and comparison group results provide convincing evidence of project effectiveness. The mean grade equivalent in grades 1–6 for conquest groups was significantly higher than the comparison groups. Outside evaluators concluded that Project Conquest improves performance substantially at all grade levels as measured by a variety of standardized tests.

Cost per pupil.—Approximately $468.

Project Conquest (title I), school district 189, 933 St. Louis Avenue, East St. Louis, Ill. 62201. Ms. Bettye P. Spann, phone: (618) 874–2074.

Nature of parental involvement

Parents work as aides in the classroom; meet regularly to plan and evaluate the program; and attend training sessions in title I rules and regulations, child development, and the making and using of instructional materials. Parents in the program are represented on the parent advisory council where they give input into the planning, implementation, and evaluation of the district and school title I program.

REMEDIAL READING LABORATORIES—EL PASO, TEX.

Summary of activities

The remedial reading laboratories program in El Paso, Tex., was designed to improve the reading achievement, self-confidence, and self-esteem of disadvantaged students, grades 4–12. The remedial reading labs served pupils from poverty pockets within the city. The majority of the target population served were Mexican-American. Language difficulties often associated with their background complicated the students' reading problems. Remedial labs, located in each of the target area schools, were staffed by special reading teachers. Students were taught in small groups of about eight pupils for 50–60 minutes each day. Classroom procedures were based on the use of individually prescribed instruction.

Results

Student were pretested at the beginning of the academic year and posttested at the end with standardized achievement tests. Improvements in self-esteem and self-confidence were evaluated by pre- and postprogram rating made by the students' classroom teachers. The children in the remedial reading laboratories generally made achievement gains on all tests greater than would be expected of average children during the same period.

Cost per pupil.—Costs were somewhat higher for the program pupils in grades 4–8 than for those in grades 9–12. Based on a total of 824 pupils who completed the program in 1969–70, the average per-pupil cost came to $210. This cost was in addition to the amount regularly spent by the district on the full instructional program in all subjects.

Title I remedial reading, El Paso Public Schools, 100 W. Rio Grande Avenue, P.O. Box 1710, El Paso, Tex. 79999. Mrs. Edna Steirnagle, phone: (915) 533–4951.

Nature of parental involvement

Parents participate in planning, implementing, and assessing the program through membership on the parent advisory council.

PROJECT MARS—LEOMINSTER, MASS.

Summary of activities

Project MARS (make all reading serviceable) served over 200 public and parochial school disadvantaged children in grades 1–4. The primary objective was to raise the reading performance of students. Pupils spent 45 minutes daily in special reading classes during the school year; methodology centered on small group instruction. Children were given immediate feedback and correction during all phases of reading instruction.

Results

Evaporation of reading achievement improvement was based on pre- and post-test results on the world knowledge and reading tests of the metropolitan achievement test. Student scores on the test were then compared to national norms. Gain scores for grades 2, 3, and 4 were statistically significant for the

1969–70 school year. For grade 1 students, no pre-testing was possible, so data concerning their achievement gains was not as conclusive as for grades 2–4.

Cost per pupil.—Per pupil cost was approximately $900 per year. The regular district yearly expense was $600 per pupil and the extra $300 for Project MARS students was provided by title I.

Project MARS, Leominster Public Schools, 24 Church Street, Leominster, Mass. 01453. Miss Geraldine Merrick, Phone: (617) 537–6376.

Nature of parental involvement

Parents are involved in the program through a 27 member parent advisory council. Parents continually evaluate the program and give recommendations for improvement. Parents are trained by attending workshops and conferences.

CACHE COUNTY READING IMPROVEMENT PROJECT—CACHE COUNTY, UTAH

Summary of activities

This project serves approximately 180 senior high school students at Sky View High School in North Logan, Utah. The students come from the rural areas of Cache County. A "laboratory" method is used for teaching reading; the laboratory has one special reading teacher and eight aides for very intensive work, with the 10th, 11th, and 12th grade students, often on a 1-to-1 basis. An eclectric approach is used in selecting high interest, confidence-building reading materials. Some of these materials are written by the students themselves and are based on the teenagers' own experiences.

Resuls

The gain for better than 60 percent of the students was 1 or more months gain for each month in the project.

Cost per pupil.—The cost was $157 per student.

Title I reading laboratory and resource room, Cache County School District, 2063 North 12th East North Logan, Utah 84321. Mr. Carl G. Johnson, Phone: (801) 752–3925.

Nature of parental involvement

Parents participate through membership in the parent advisory council, assisting in the classroom, meeting to plan and evaluate the program and by reinforcing teaching at home after training by staff.

GUGGENHEIM MUSEUM CHILDREN'S PROGRAM: LEARNING TO READ THROUGH THE ARTS—NEW YORK, N.Y.

Summary of activities

The program aims to improve skills of inner-city children, to increase their aspirational levels, to enhance their feelings of self-worth and to stimulate their interest, knowledge, and skills in all the arts. The program began in 1971 and serves children between the ages of 10 and 12 in grades 4, 5, and 6. Program workshops meet for 12 hours a week for 6 months. Some of these sessions are art workshops which meet 3 times a week for 90 minute each. Reading is taught through arts at these workshops. In addition, at least 3½ hours per week is devoted strictly to reading workshops.

Results

Within the 4 months served between pretest and post-test, children who were chosen with a clear handicap were raised, on the average 6.2 months beyond what was expected without the program.

Cost per pupil.—The total cost of the program is $236,117.00 of which title I pays $96,117.00. The project serves 130 children. Each child is supplied with his own equipment and supplies. If materials were shared, costs could be decreased considerably.

Guggenheim Museum children's program: learning to read through the arts, Westbeth Studios, 463 West Street, New York, N.Y. 10014. Ms. Bernadette C. O'Brien, Phone: (212) 289–3702.

Nature of parental involvement

Each Saturday afternoon, a field trip or special event is planned for the children, and at the end of the program the museum and board of education invite parents and interested school and community members to attend a special program where they can view the work of the children.

A parent's workshop has also been introduced. Since many parents bring their children to the sessions and wait for them, the program involves parents in art activities and shows them how these activities can relate to teaching reading. In addition, parents serve on the program's advisory council and as volunteer assistants on field trips or at special events.

Parental permission permitting children to travel independently to and from the workshops and museum in order to attend the program.

INTENSIVE READING INSTRUCTIONAL TEAMS—HARTFORD, CONN.

Summary of activities

The IRIT program is focused primarily on third grade children, but also serves some fourth and second grade children. The IRIT institution consumes the entire morning, 45 students are divided into groups of 15 and spend an hour each day in specialized reading areas: (*a*) decoding, (*b*) vocabulary an comprehension, and (*c*) individualized reading. IRIT uses a flexible, largely individualized approach employing a wide variety of commercial materals, supplemented by many teacher-made materals.

Results

Pre and post-test scores from the California achievement test are presented as evidence of program effectiveness. Mean total reading scores for 1971–72 IRIT pupils were raised from 2.7 to 3.3, a gain of 6 months for 10 weeks of instruction. In 1972–73 pupils went from 2.3 to 3.2, a gain of 9 months in 10 weeks.

Cost per pupil.—The average cost per pupil is $438.

Projected I.R.I.T. (formerly title I), Hartford Public Schools, 249 High Street, Hartford, Conn. 06103. Mrs. Beatrice Wood, phone (203)566–6037.

Nature of parental involvement

Parents participate as aides in the classroom, meet regularly to plan and evaluate the program, and reinforce instruction at home with materials that are developed by them at school.

CORRECTIVE READING PROGRAM—NEWPORT PUBLIC SCHOOLS, NEWPORT, R.I.

Summary of activities

This program is designed to increase the reading achievement of pupils in grades two and three and six through eight who are reading below the level appropriate for their age and to improve pupil attitude toward school. The selected students are diagnosed in terms of the child's interest level, his reading instructional level and his reading frustration level. The students receive special tutoring, alone and in groups of five, for 30 minutes a day for 38 weeks to improve vocabulary and reading comprehension and thereby reduce absenteeism.

Results

In the 1971–72 school year 173 students, grades 6–8, gained 1 year or more in reading.

Cost per pupil.—$455.

Corrective reading program, Newport Public Schools, Mumford School Annex, Newport, R.I. 02840. William J. Higgins, Jr., phone (401) 846–4700.

Nature of parental involvement

Parents of all participating children are informed about the program at the start and communication is maintained throughout the year. They are directly involved in the evaluation at the program's conclusion. Also, the school and district parent advisory council, representing parents of eligible children, meets monthly to plan, asses, and evaluate the program.

CRITERION READING INSTRUCTIONAL PROJECT—LINDEN PUBLIC SCHOOLS, LINDEN, N.J.

Summary of activities

This project serves eligible students in kindergarten and first grade in the development of reading skills. The "test-teach-test" method, utilizing small group and individual instruction, is used to identify individual students needs as they relate to the hierarchy of skills presented in the Random House materials. Daily records of the progress of each child through the hierarchy of skills are maintained. Average group size for a single teacher is five children.

Results

In the 1971–72 school year 78 kindergarten children averaged 2 months per month gain in reading readiness.

Cost per pupil.—$420.

Criterion reading, instructional project, Linden Public Schools, Linden, New Jersey 07036. Ms. Anita Schmidt, phone (201) 486–2530.

Nature of parental involvement

Parent conferences were held regularly, at which time the progress of each ESEA title I student was discussed with the student's parent(s). Parents were involved in the title I program in many aspects. Beside the efforts of the parent advisory council, parents were involved in parent conferences which were held regularly. The progress of each title I student was discussed with the parent of the student. A special diagnostic instrument was developed by the Linden Public School system and the parents advisory council to indicate the attitudes and developing interest of parents, teachers, title I staff and school administrators to the program. Through these attitudinal surveys and related evaluational activities, the title I program has been revised, improved, and expanded.

PUPILS ADVANCE IN LEARNING—ADAMS 12-THORNTON-NORTHGLENN PUBLIC SCHOOLS, DENVER, COLO.

Summary of activities

This reading project is designed to improve the reading ability and attitude toward reading of students in grades seven through nine. Procedures include a language experience approach in which students verbalize their own experiences and ideas; an individualized approach in which each student is given special attention, keeps his own progress records and confers individually with the teacher regarding his evaluation; and a self-determined goal approach where students diagnose their own problems and make choices regarding their culture learning.

Results

In the 1971–72 school year 172, seventh- and eighth-grade students made an average gain of 1.5 years in reading:

Cost per pupil.—$235.

Pupils advanced in learning, Adam 12 Thornton-Northglenn, 10280 N. Huron St., Denver, Colo. 80221. Mrs. Linda Jones, phone (303) 451–1133.

Nature of parental involvement

In the pupils advancing in learning title I program in Denver, Colo., parents were involved through the parent advisory council which conferred with the title I program staff for development, implementation, and evaluation of the program. Parents were also involved in the diagnostic and selection criteria and process. Although the parents did not serve in the formal classroom role, they were functional in supportive functions and roles.

PROGRAM FOR READING DEVELOPMENT—PORTLAND SCHOOL DISTRICT, PORTLAND, OREG.

Summary of activities

This reading project has as its goal the raising of the reading ability of educationally deprived students to grade level. It aims to change the hostile attitudes, poor self-concepts and the behavior problems resulting from constant defeats in school. Phonics is emphasized, and diction, spelling and oral reading are fundamental classroom activities. The Distar and Gillingham reading materials are used as basic materials.

Results

In the 1971–72 school year 71 percent of the tested high school students showed gains of from 2 to 10 grade level years.

Cost per pupil—$240.

Program for reading development, 69041 North Central St., Portland, Oreg. 97203. Mrs. Audrey W. Brune, phone (503) 234–3392.

Nature of parental involvement

Parents as well as students are very enthusiastic about the program. One parent described it as "saving lives". Parents are involved in planning and evalu-

ating the program. They volunteer their services as tutors and aides, and contribute their talents such as typing, carpentry, and artistic ability. Parents disseminate information about the program and act as coordinators between the school and the community. Parents of this program are represented on both the district and school parent advisory councils where they have input into the planning, implementation, and evaluation of the district and school title I program.

PROJECT CATCHUP—NEWPORT-MESA UNIFIED SCHOOL DISTRICT, NEWPORT BEACH, CALIF.

Summary of activities

Project proposes to increase reading and math skills. The math program utilizes the diagnostic approach, flash cards, games, SRA listening tapes, systems 80 and a computer tutor on an individualized basis. The language program involves individualized instruction using specialized equipment and high interest reading materials.

Results

During the 1971–72 school year 285 children in grades four to eight achieved a mean gain range by grade of 1.8 to 2.1 in language arts and 1.6 to 3.2 in math.

Approximate cost per pupil.—$342.

Project Catchup, 1601 16th St., Newport, Calif. 92660. Mrs. Fay Harbison, phone (714) 645–1100.

Nature of parental involvement

Parents are involved in several ways. They are invited to advisory board meetings monthly in each school where they plan cultural enrichment activities, learn about the program and ways of encouraging learning at home through simple games and books. The parents have actively supported the program when continued funding was in question. The chairman of the advisory board meets with the project director monthly to offer suggestions, and review reports. Parents who are able may spend one morning a week helping in the laboratory. Some parents have learned to speak and read English through this participation.

KINDERGARTEN—AN OPEN DOOR TO LEARNING PROJECT—BESSEMER CITY SCHOOLS, BESSEMER, ALA.

Summary of activities

The project helps disadvantaged preschoolers achieve readiness for first grade. Opportunities for problemsolving and discovery are provided to encourage the participating children to think creatively and to help them better understand their environment. Intellectual development is stressed. Parents become coworkers with school personnel in teaching and training their children.

Results

In this preschool program, 60 percent of the participants scored above the 50th percentile in reading readiness as opposed to 17 percent originally.

Cost per pupil.—$465.

Title I, ESEA preschool program, Bessemer City Schools, 412 North 17th Street, Bessemer, Ala. 35020. Ms. Bonnie Nicholson, phone (205) 428–6321.

Nature of parental involvement

The objective of the parent and community involvement component of the title I project is to help the parent form a positive identification with the school, help the parent become a coworker with the teacher and school personnel in teaching and training the child, and help the school personnel recognize the parent as a vital link in the educational process.

An information sheet was given out to parents of the program participants. On the survey the parent could indicate his talents, kills, and hobbies. Parents served as community resource personnel and participated in the substantive program as it related to their interests. Newsletters were distributed to keep parents informed about what was going on in the school.

The community experienced a more positive attitude toward the school as a result of this program. For instance, business, community service agencies, postal authorities, and other community institutions were always cooperative and receptive to requests made to help supplement the program with their services.

REMEDIAL READING—FLAGSTAFF ELEMENTARY SCHOOL DISTRICT, FLAGSTAFF, ARIZ.

Summary of activities

The program focuses on improving the reading achievement of disadvantaged students in grades 2 through 12. Teachers plan individual reading experiences according to the students' needs. Equipment and materials used include tachistoscopes, controlled readers, tapes, filmstrips, tape recorders, language masters, Sullivan reading program, and Distar and Miami linguistic materials.

Results

In the 1971–72 school year 679 students in grades 2–12, averaged a gain of 1.1 in vocabulary and 1.4 in comprehension.

Cost per pupil.—$300.

Remedial reading, 701 North Hendrick, Flagstaff, Ariz. 86001. Don Clark, project director; Anne Tinsley, reading supervisor, phone: (602) 774–8781.

Nature of parental involvement

Parents, advisory council members and members of the community assist in the planning, implementation, and evaluation of the title I project. Parents and advisory council members attend conferences and workshops where they are trained to carry out this responsibility.

READING IMPROVEMENT CENTER PROJECT—FORT LAUDERDALE, FLA.

Summary of activities

This is a reading center project in Fort Lauderdale, Broward County, Fla. This project is now in its eighth year of operation, and in the 1973–74 school year involved 2,160 disadvantaged children in grades one through six. The reading center operates at eight different sites. Their principal site is a specially constructed reading clinic which is used by 800 students from 12 schools; there are also 5 subcenter reading laboratory trailers located throughout Broward County. To conserve bus transportation each child attends classes at a site 3 days one week and 2 days the following week. The laboratory uses a diagnostic-prescriptive approach to reading. Each teacher handles 50 children per week, but no more than 3 students at a time.

Results

This large scale project has had extensive evaluation ever since 1967–68. Experimental and control group comparisons over a several year period show significant differences in achievement in favor of students enrolled in the reading center.

Cost per pupil.—Approximately $250 (fiscal year 1974).

Title I reading center program, Broward County, Ft. Lauderdale, Fla. 33301. Mrs. Linda Murray, phone (305) 765–6473.

Nature of parental involvement

All parents receive letters asking them to come to the center to watch their children learn to read. Several parents usually come at a specific time, and the director spends a few minutes explaining the program to them before they observe the activities. The program staff has also made a film of the children working. Many parents attend parent night activities and view the film.

Parents are actively involved in the classroom as tutors and aides and accompany the class and field trips. Parents and the advisory council are involved in the planning, implementation, and evaluation of the program. They also disseminate information about the program.

READING/ENGLISH ROTATION PROJECT—M'DUFFIE COUNTY SCHOOLS, THOMSON, GA.

Summary of activities

The project serves students in grades seven through nine who are educationally disadvantaged. The students are placed in rotation groups of 60 pupils, each subdivided into 3 groups. Instruction concentrates on the development of basic reading skills, on developmental reading, and on basic English skills in the three classrooms. Evaluation is an ongoing process and teaching activities are planned daily in a cooperative effort by the staff who continuously assess needs.

Results

In the 1971–72 school year 104 students, grades seven through nine made a mean gain of 1.3 years in reading. Fifteen percent gained 2½ to 4 years.

Cost per pupil.—$286.

Norris Junior High School, title I reading rotation project, McDuffie County Schools, Thomson, Ga. 30823. Mr. Roy J. Yelton, phone (404) 595–1405.

Nature of parental involvement

Parents acted as listeners as the children in the program discussed 1 of the 36 books read in the program. Parents were also involved in planning, implementing, and evaluating the program as members of the parent advisory council.

PENDER COUNTY READING IMPROVEMENT PROJECT—PENDER COUNTY, N.C.

Summary of activities

This project serves eligible children from grades 2–12 in 10 rural schools. A "laboratory" method is used for teaching reading which includes phonics. Approximately 75 percent of the participants are black. Each laboratory has a teacher and an aide with approximately 8–12 students. Each group receives 45 minutes of lab work each day; the lab work is reinforced by other teachers.

Results

In the 1973–74 school year, 640 children gained: grades 2–8 averaged 2.6 months; grades 9–12 averaged 3.2 months.

Reading Improvement, Pender County, P.O. Box 578, Burgaw, N.C. 28425. Mr. W. C. Blackmore, Phone: (919) 259–2188.

Nature of parental involvement

The school district has a title I Parent Advisory Council composed of 29 members who are parents of participants in the program. The council meets at least four times per school term. Each title I school has representatives on the Advisory Council. The Parent Advisory Council and other parents of title I children participate in the planning, implementation, and evaluation for the title I program. Parents visit the reading labs and work with the children; have conferences with teachers, especially on parent-teacher conference days; assist reading lab teachers in making instructional materials; and use materials at home with their children after being helped by reading lab teachers to use them effectively. The reading supervisor works closely with the Parent Advisory Council. This enhances school-community relations.

Mr. MICHEL. I saw a program the other day on television that I think was quite significant. I am not altogether sure how it was funded. It had to do with kids who were obviously mentally retarded, and in many cases considerably so, where the involvement in the education process really was as important for the parents as for the kids themselves.

How do you deal with your own children under this set of circumstances?

Mr. WHEELER. The parents are involved many times and working in the classroom on a paraprofessional basis. Other programs will encourage parents to set certain kinds of study schedules in their homes. Other programs will work with parents in order to get them to understand various pieces of information about the developmental stages of their children. This work goes on in a rather systematic way.

Parents also participate in the planning of the programs so they understand what direction the title I services are taking, often voice to the school officials about problems which are not directly associated with the programs.

Dr. BELL. We have been putting a lot of emphasis, Mr. Michel, on this matter of parents in the home. I think it is obvious to all of us

that the parents are actually the child's first teacher and the home the first classroom. Much of this miseducation goes on in the home before the child reaches school.

So we have been emphasizing that to a considerable extent in the Office of Education.

We find in our educational television program monies where we could teach through this means and reach more of the parents of the children, particularly preschool children to increase their skills and competency. We think in doing that we can strengthen the educational program and have parents aware of their role so they can help to give their youngsters a better start so they can be more aware of the principle of good parenting in the home.

Mr. RODRIGUEZ. Mr. Michel, if I may add, in those educational programs in schools where parents are involved initially with the planning, as Dr. Wheeler has indicated, as well as with the personal involvement in the day-to-day processes of the educational program, it appears that there is obviously a greater consonance of goals and objectives and expectations for the youngster.

When this has been achieved, the consonance of expectations, there is less confusion for the youngster and they seem to proceed more adequately through the educational experiences being provided. I think both title I and follow-through projects have demonstrated this over and over again.

Dr. FAIRLEY. We have some 200,000 title I parents that are members of parent advisory councils. This is quite a change from the past.

UPGRADING READING ABILITY

Mr. MICHEL. Last year in response to a question from Mr. Obey you listed for us several projects which would have been successful in upgrading reading abilities and other skills of disadvantaged children. At that time you were going through a process of dissemination. Do you have any update on that this year for us?

Mr. WHEELER. We are still in the process of disseminating those productive educational practices, and we are going to take the next step now very soon. I can give you some data about our dissemination activities with respect to the number of projects which have been examined and which have been adopted by school districts.

Generally, Mr. Michel, we think that this particular activity is gaining momentum. There have been workshops. There have been educational exhibits, a number of them, where the educational community has interacted with respect to each other.

Mr. MICHEL. What kind of reception do you get from local school districts when you make these approaches available to them?

Mr. WHEELER. They are very receptive—

As a matter of fact, all school districts are almost continually looking at ways to improve their educational programs, and when we can furnish them some easily available information, that is a resource they consider very valuable and they take advantage of it.

Dr. EVANS. I could add to that, Mr. Michel, by saying that a number of exemplary projects that we spoke about in that connection last year in response to Mr. Obey's question and some others, projects which have been examined and have been found to have objective evi-

dence of effectiveness—have been put into a procedure called the title III diffusion network, which is an activity supported under the former title III activities. Those have been reproduced and widely circulated.

The evidence, I believe, indicates they have been widely used by a number of States and local districts.

Mr. MICHEL. Are you are not able to single out any that might be most cost effective?

Dr. EVANS. In the examination of the projects that have gone on in this connection, one of the interesting things that has appeared to the body which does the examining, which is called the dissemination review panel, is that the actual costs of effective projects seem to range so greatly.

There are some effective projects that school districts have been able to develop and to put into effect or have been able which are inexpensive and draw upon existing teachers and merely replace existing procedures and use existing materials, so that the additional cost is very small.

Others in the most effective group have cost as much as $600 additional per pupil per year. There doesn't seem to be a consistent pattern on cost and effectiveness.

Mr. WHEELER. I do want to make a point that we do collect cost information so that is available to our schools; at the same time it is looking at the other characteristics of the program.

PARENT ADVISORY COUNCILS

Mr. MICHEL. What percentage of parents partcipate in the so-called parent advisory councils. Do you have any data on that?

Dr. FAIRLEY. We don't have specific figures on that. The law does require a parent council at each title I school and one in each school district.

It is reported by the states that there are some 200,000 parents making up these councils now.

Mr. MICHEL. Are they a good cross section? Are they dominated by radicals or activists in the communities? Is there a good mix? Do you know anything about their makeup?

Mr. WHEELER. It is my judgment, Mr. Michel, what you get here is a cross section. I also have a perception that the antagonistic approaches and the negative feelings which were true of these parent advisory councils in the middle sixties has now diminished somewhat, that they are more supportive.

Of course, our own approach is probably somewhat accountable for that because we are making more information available to the parents, making it easier for them to relate in a systematic and organized way with the school district through the activities of these parent advisory councils.

PRIVATE SCHOOL PARTICIPATION IN TITLE I

Mr. MICHEL. What amount of title I funds are going to non-public school children under the so-called bypass provisions?

Dr. FAIRLEY. None.

Mr. MICHEL. Was that the case in the last several years?

Mr. WHEELER. We have only had the bypass provision in title I since the enactment of Public Law 93–380. Up to this point we have not invoked the bypass remedy.

Dr. BELL. Based on some meetings we have had with some State educators, we think we will be answering a year from now because we have some private school groups who have been to us, and we have had meetings with State departments of education some places where they indicate under State law they can't provide the services.

I am quite confident that we will have a number of bypass programs in title I going on a year from now but that was in the statute of Public Law 93–380 that we are just now implementing.

OVERHEAD COSTS

Mr. MICHEL. How much of that title I money is going into overhead, indirect costs, in the school districts? Do you have any calculation of that?

Mr. RODRIGUEZ. I don't have any. It varies from State to State. The OMB has prescribed certain criteria for the State to meet, and when the State meets those criteria, a rate is negotiated for the State. Local school districts may request that rate be applied to their grant.

Mr. MICHEL. Is here any check to see those local school districts are complying with the State mandate?

Mr. RODRIGUEZ. Yes.

Mr. MICHEL. On your part or the part of the State?

Mr. RODRIGUEZ. There have been program reviews as well as the HEW audit agency review of State administration funds.

Dr. FAIRLEY. Generally only about 6 percent of the title I money would go for administration. Most of it goes to instruction.

TITLE I FUNDS IN PIPELINE

Mr. MICHEL. I have been concerned for some time now about the unused funds in the pipeline for title I. Last year I know we made mention during debate, after checking with your shop down there, that it was something like a billion dollars. Has that situation changed any from that? Are we going to be living constantly with roughly this amount of money in the pipeline? Is it growing, diminishing?

Dr. BELL. That figure, as we went into it when we had requests from Chairman Perkins on it since it became quite an issue in the House, came to around $800 million.

I know, Mr. Michel, from my own experience as a local school superintendent, when you close your books on the 30th of June you have some title I summer activities and some other types of programs and purchases that are encumbrances that you haven't paid off yet. So I don't think it is fair to say that all $800 million hadn't been obligated at that time.

We have had a hard time to get in the necessary information. We have been asking the State departments of education to provide us more definitive data.

I would say it is larger than it has been for some time, and I think the attention being called to this is going to cause the States to be more diligent in drawing on the letters of credit that they have, and we won't see that in the future.

Mr. MICHEL. It is my understanding that some school districts are actually receiving more Federal money under title I than they can legitimately justify spending.

Do you get any communications like that directly from those responsible out in the local school districts? "You are giving us more than we ever need; we would just as soon have it in another program"?

Dr. BELL. I get expressions that the local districts would like to have more latitude in spending Federal money, "Let us spend it where we want to," but when we consider the fact, as we said a little earlier in responding to questions from the chairman, that there are over 8 million title I formula children and we are serving only 4.5 million of them, I think there are services to be provided there. I couldn't accept a school district saying in title I they couldn't utilize these monies. It is allocated on the basis of the number of low-income children that they have in their district, and it is allocated on a fairly fair and equitable formula. So I don't know of any school system that has been able to meet the needs of all of their disadvantaged children. Some States like Michigan have a State compensatory education program. I think on the basis of this committee's long support of education of the disadvantaged the States are now coming into the program. So I think some are more nearly meeting their needs than others in that regard.

Mr. WHEELER. Mr. Michel, we require school districts to rank the concentration of disadvantaged children in these schools. Only in the very small school districts—there are very few of them—are all of the children classified as eligible reached. In most school districts they are not able to apply the kind of attention that ought to be applied. So I think the statement that school districts are saying they have too much title I money is not one we could put much stock in.

Dr. BELL. I recall in the school district I left we had 65,000 students. We operated 53 elementary schools, and 13 of them were title I schools. There were some other schools we would liked to have served, but under the Federal rules you took the highest concentration and went up, and by the time we got up to 13 of them so the money would do the most good, we ran out of funds.

SUPPORT AND INNOVATION

Mr. MICHEL. Finally, what percentage of the support and innovation money, if any, is going to nonpublic schools?

Mr. WHEELER. I don't know that we can supply you with the percentage of the dollars, Mr. Michel.

Mr. MICHEL. There is some?

Mr. WHEELER. Oh, yes.

Mr. MICHEL. It seems to me that we ought to be able to break that out if it has been going on for years. Why would that be so difficult?

Dr. BELL. This leads, Mr. Michel, to quite a question. If we develop forms and gather information on the basis of the questions that we receive from this committee and others, it requires a new form and a more comprehensive one.

The other day the President ordered a 10-percent reduction in paperwork.

Mr. MICHEL. I heard them speaking about that in my hometown.

Dr. BELL. If we devise a form and we go through the form clearance procedure which has to go through OMB, if we gather from more than 10 sources we have to go through the Government redtape to get a form through.

Mr. MICHEL. That is the kind of information you would have to get out there rather than our having the capacity right here to obtain it?

Mr. WHEELER. Mr. Michel, what is required here is that services are to be provided in an equitable fashion. Sometimes those services are shared with the public schools. So it would be quite a job to collect that data and bring it out, although on the surface it seems like we ought to have it at our fingertips.

Dr. BELL. After we have the consolidation we put in our regulations, and we were testifying before this committee and others if you pass this consolidation, we are going to eliminate a lot of redtape.

In Public Law 93-380 they referred to a simplified application form. We prepared the form to get the information that we felt we would need in this, and then we put that out for the States to react to, and they were really incensed. They said, "Look, you bureaucrats, you are going to have to get more simplified forms. Look at this monster here. Cut it back."

So we had to go back and forth on that for quite a time. We still have quite a massive form that they have to fill out, but even at that we don't have the information that you committee members want, and they are good questions. They are the kind of questions we ought to be able to tick off like that if we are on the ball and serving the way we ought to.

But it certainly puts a load on the other end, and the philosophy of the consolidation was to send the money out there in a block grant and let them spend it. It is their business. Then if we come back here and say we want a breakdown of how much of this is, by what, and what categories, it presents quite a dilemma.

I am not saying by that that we hadn't ought to be retrieving that information. Since the law has just gone into effect, we haven't done that yet. As we put together our forms, we may need to put that item in.

We will have to be quite artful in doing that to meet the President's demand to cut back 10 percent on what we do.

Mr. WHEELER. At the end of the fiscal year, Mr. Michel, we will be collecting information about the number of non-public-school children and the kinds of services provided to them. That stops short of the dollar amounts actually spent on non-public-school children as opposed to public-school children. Even that information won't be available until sometime after the end of the present fiscal year.

ELIMINATING ILLITERACY

Mr. NATCHER. How much money do you currently estimate it will cost to eliminate illiteracy in this country by the year 1980?

Dr. SHIPMAN. I think it is difficult to come up with an exact figure as far as cost is concerned for eliminating illiteracy for those that have been identified as such. I think that we are currently doing a number of things that are impacting on this problem. This includes Right to Read as well as other efforts such as the adult basic education program. Right to Read employs a catalytic aproach to stimulating

other agencies to focus on the problem by utilizing the financial resources available from the various sources in a coordinated and cooperative effort within each of the States.

I can provide a projected estimate together with a supporting rationale.

[The information follows:]

PROJECTED FIGURE FOR ELIMINATING ILLITERACY

The University of Texas at Austin has recently completed a 4-year investigation of adult functional competencies which are important to coping and surviving in the society of the seventies. In the process, the adult performance study has produced new estimates of the rate of illiteracy for the United States. The University of Texas study indicates that almost one out of five adults in the United States—or approximately 23 million people—are functionally incompetent to cope effectively in our society.

The unique characteristics of this segment of our population makes it extremely difficult to plan and produce programs that address the myriad needs of the functionally illiterate. Remote rural areas and affluent suburbias share this problem. Functional illiterates wil have their number among our majority and all our minority groups. In many cases they will be bilingual and most often experience many other social disorders. It's difficult to locate the functional illiterate since most often they are embarrassed to come forward and expose their handicap. Reading problems are not dissimilar from other disorders, and although real, they often relate to other problems; health, psychology, economics, housing, child care, transportation et cetera.

Due to the variety of individual needs and differences among the adult learners instruction is often required on a one-to-one basis with the utilization of volunteer tutors, an essential component of the instructional process. Such provisions are a part of the Reading Academy program recently initiated as a part of the Right to Read effort.

The recently initiated Reading Academy is pursuing a program of seeking out the functional illiterate and providing reading assistance and instruction to thousands of adults and in-school as well as out-of-school youth. The Reading Academy program provides:

Low cost, individualized instruction, with strong reliance on volunteer tutors.

Flexible scheduling.

Convenient locations.

Instructional materials and methods which address the needs of the participants.

Coordination with and involvement of community agencies and organizations which can supplement the Federal effort.

The cost of implementing a national project to eliminate illiterary by 1980 through the Reading Academy program would be approximately $1.7 billion each year over the next 4 years. This is based on the figure that it is presently costing the Reading Academy $300 per participant.

This massive effort would require the gearing up of each of the States to provide for such instructional systems and programs.

Dr. BELL. Mr. Natcher, if we were to take the figure from 18 to 23 million functional illiterates in the United States and if we were to take the dollar figure that we are spending of close to $1,000 a child in the public schools on education, and if we were to assume that if we were to offer instruction to those groups, the equivalent of 1 period a day—and usually schools operate on a 6-period day—you could take one-sixth of $1,000 times 18 to 23 million.

I am not quite good enough in my math to handle that. Then you could arrive at a fairly defensible estimate.

EDUCATIONAL SPENDING

Mr. NATCHER. How much are we spending at the present time on education in this country?

Dr. BELL. In kindergarten through graduate school, public and private institutions this year, it will be about $170 billion. I might add there are 63 million people in the United States involved in education on a full-time basis either as employees or as students, so we are a big part of this country's economy.

Mr. NATCHER. How much of the $170 billion is Federal funding?

Dr. BELL. Our funds this year are $7,300 million. There are other Federal moneys from other agencies. I have read a figure of around $16 billion, and the outside figure would be about $16 billion of that total, but usually we figure our funds to elementary and secondary schools are around 7 percent of the total.

READING PROGRAM

Mr. NATCHER. Dr. Bell or Mr. Wheeler, as you know, amendments to the reading program were recently signed into law by the President under Public Law 94–194 including a new program for the distribution of inexpensive books to schoolchildren.

What are your plans for implementation of these amendments and how much do you plan to spend on the inexpensive book program?

Dr. BELL. On behalf of the administration's position, I testified against that book distribution program, and if we follow the usual pattern on that, we will likely not ask for appropriations for that part of it.

Mr. Miller may know if you have had any discussion.

Mr. NATCHER. In other words, you plan on nothing at this time on this particular program?

Dr. BELL. That is right. Of course, I would add if the Congress changes our mind on that, then we will do as we do with other programs, we will try to administer.

Mr. NATCHER. Reading scores on national tests have continued to decline. You would agree with that? Or would you?

Dr. BELL. I respond with some hesitance because I found myself disagreeing with you yesterday on the military.

Mr. NATCHER. We are going to agree today. I didn't agree yesterday, Dr. Bell, entirely with the statements that you made and that were confirmed by some of the audience in regard to high school graduates. I am still a little concerned about it today, Dr. Bell.

Go right ahead.

Dr. BELL. I share that concern but I don't share it for that exclusive group.

SERVICE ACADEMY DROPOUTS

I don't want to get off the subject but I wonder if any follow-up studies have been done of the dropouts from the academies? Have they been interviewed? Have a random sample of them been interviewed?

Mr. NATCHER. Since you mentioned it again, Dr. Bell, you must have been thinking a little about it last night.

Dr. BELL. I surely did.

Mr. NATCHER. Let's just assume percentagewise as far as the dropouts are concerned at the service academies it is 20 percent. Let's just assume that figure. How does that compare generally with the dropout rate in the higher educational institutions in this country?

Dr. BELL. In higher education it would be pretty close to par.

Mr. NATCHER. You know and I don't know now. About the same?

Dr. BELL. Yes, but I thought I was hearing a figure of 40.

Mr. NATCHER. You did. You heard the figure correctly yesterday, Dr. Bll. I gave it to you as GAO reported it, but I say just assuming that based on academics we would say 20 percent—I dropped it to 20 this morning just to see if you and I wouldn't agree.

Dr. BELL. We agree there, Mr. Natcher.

Mr. NATCHER. All right.

READING SCORES

Now, Dr. Bell, let's go back to the reading scores just a minute. Are these declines, let's assume they are, occurring despite your program efforts, or is your program totally irrelevant to the reading accomplishments of children? Either you or Dr. Wheeler.

Dr. BELL. If I may, Mr. Wheeler, our expert on that is Dr. John Evans.

Mr. NATCHER. Dr. Evans, we would be glad to hear from you.

Dr. EVANS. Would you repeat the question, Mr. Natcher?

Mr. NATCHER. Are these declines occurring despite your program efforts or is your program totally irrelevant to the reading accomplishments of children?

Dr. EVANS. I think the fair answer to that question, Mr. Natcher, is that the programs of the Office of Education by their very size and scope and nature while not irrelevant, of course, to that problem, are not determinative of it.

As was pointed out in your discussion with the Commission just a moment ago when you were talking about the proportion of funds that are contributed to the total education enterprise in the country, the Office of Education contributes only about 7 percent of all the moneys that go into education.

So when we talk about the preparation of the youngsters of this country with respect to reading, that turns out necessarily to be predominantly the job, the State and local educational agencies and resources.

The only place where the Office of Education comes in a major way is in its focused efforts to address the problem of compensatory education such as title I and things of that sort where, as I indicated a moment ago, I think we are beginning to get a few positive results.

The main point I would like to make is that the programs of the Office of Education are not irrelevant to that problem, but it is not appropriate to hold those limited programs fully responsible for what is happening to achievement scores when the majority of those funds and programs and people running them are funded by and administered by State and local resources.

FOLLOW THROUGH

Mr. NATCHER. In your justifications under the Follow Through program you refer to a national longitudinal study which will be completed I believe in fiscal year 1976; is that correct?

Dr. EVANS. That is correct.

Mr. NATCHER. What do you plan to do when the study is completed, Dr. Bell?

Dr. BELL. I would like Dr. Evans to reply.

Mr. NATCHER. He is a good man. Go ahead.

Dr. EVANS. What we plan to do, Mr. Natcher, is to disseminate those models or projects within the Follow Through program that this longitudinal study show are effective. The preliminary results—and they are only preliminary now—indicate, not surprisingly, that some of the projects are going to turn out to be effective and some are not.

The plan is to take the ones that are effective and do the kinds of things that we have done with some other programs that we have talked to you and this committee about before, which is to put those projects into the kinds of materials and forms that can be used by school systems throughout the country, for example make extensive use of those effective projects in the title I program.

Mr. Wheeler spoke to this issue earlier and mentioned the projects, some of which we already have on deck right now, that are being disseminated throughout the country.

The answer to your question is of the projects which are effective, their intention is to replicate, reproduce, and disseminate them so that they can affect the funds and activities in larger programs such as title I.

Mr. NATCHER. According to your justification, an estimated 24 Follow Through sites will be discontinued in 1977 due to the application of a refunding criteria.

If you will, explain the funding criteria and how does it relate to the 24 sites losing their grants.

Mr. WHEELER. Mr. Natcher, we publish the criteria for awarding of Follow Through funds in the Federal Register. The reason this statement is in here is that we are going to have to examine these project applications, and they will be competitive. It is our goal here to eliminate the ones that are the least productive and the least valuable with respect to the kind of study that Follow Through is involved in.

So those sites will be evaluated according to those kinds of criteria.

Mr. NATCHER. Do you plan to have a Follow Through program in 1977? Is there any funding now as far as 1977 is concerned?

Mr. WHEELER. Yes.

Dr. BELL. At the level of $30 million, which is a decrease of $29 million, which would be a proposal once again to try to phase out Follow Through.

Mr. NATCHER. As far as an entering class of Follow Through students, you will have program support such as this?

Mr. WHEELER. No. There would be no entering classes, Mr. Chairman.

Mr. NATCHER. There will be none?

Mr. WHEELER. That is correct.

Mr. NATCHER. Why are you making awards then—you have certain awards you are making in 1977—if you are not going to have an entering class?

Mr. WHEELER. We will continue awards to grades 2 and 3 in 1977, but we would not begin another class in kindergarten or first grade.

Mr. NATCHER. I understand. This is just in the second and third grades.

EDUCATIONAL BROADCASTING

Does the budgeted request represent an attempt to bring educational radio and TV to all Americans currently not being provided those services? Do we have that in the budget before this committee?

Mr. WHEELER. No. Our policy here is to increase the coverage insofar as we can, and our position still is as it has been in previous testimony, Mr. Natcher. We think that raising coverage to all Americans gets to be so prohibitive in cost that when we get close to accomplishing that, it is not feasible for the Federal Government to try to do it.

We think, rather, it is better to try to improve the kind of coverage we have and to increase the number of people who can therefore participate.

Mr. FLOOD. Will you yield?

Mr. NATCHER. I yield, Mr. Chairman.

Mr. FLOOD. How much would it cost across the board for educational TV-radio to everybody in the country?

Mr. NATCHER. That was my next question. What about that, Mr. Wheeler?

Mr. WHEELER. Any figure that I gave you, Mr. Chairman, in answer to that question would be a reckless figure, because we have not really assessed this in detail.

Mr. FLOOD. We seldom get reckless here in appropriations, but go ahead.

Mr. WHEELER. I think the best way to answer that question would be to give us a chance to look at it so that the figure we gave you would be of some value.

If I were to give you a figure here, there are so many imponderables that would have to be included in an answer like that, that I would certainly hesitate to give it to you.

I don't think it would be the kind of expression the committee would appreciate.

Dr. BELL. We do have a list of the larger communities not served, and we could provide that for the record which would be very significant to you.

69-745 (Pt. 5) O - 76 - 10

[The information follows:]

LARGER MARKETS NOT SERVED BY EDUCATIONAL BROADCASTING

LARGE MARKETS WITHOUT TELEVISION

Sitka, Alaska
Fayetteville, Ark.[1]
Jonesboro, Ark.[1]
Arkadelphia, Ark.
Mountain View, Ark.
The Navajo Tribe, Arizona, et cetera
Fresno, Calif.[1]
Merced, Calif.
Salinas, Calif.
Santa Barbara, Calif.
Ukiah, Calif.
West Palm Beach-Boynton Beach, Fla.
Hilo, Hawaii
Macomb, Ill.[1]
Moline, Ill.
Rockford, Ill.
Fort Wayne, Ind.
Fort Dodge, Iowa
Mason City, Iowa
Sioux City, Iowa
Garden City, Kans.
Chanute, Kans.
Colby, Kans.
Lafayette, La.
Lake Charles, La.[2]
Monroe, La.[1]
Shreveport, La.[2]
Frederick, Md.
Oakland, Md.
Flint, Mich.
Kalamazoo, Mich.
Bemidji, Minn.
St. Cloud, Minn.[1]
Reno, Nev.[2]
Plattsburg, N.Y.[1]
Poughkeepsie, N.Y.
Akron, Ohio
Eufaula, Okla.
Medford, Oreg.[2]
Aiken, S.C.
Conway, S.C.[1]
Greenwood, S.C.[2]
Orangeburg, S.C.
Rock Hill, S.C.
Spartanburg, S.C.
Martin, S. Dak.
Cookville, Tenn.[2]
Johnson City, Tenn.
Amarillo, Tex.
Beaumont, Tex.
Edinberg, Tex.
El Paso, Tex.[1]
West Point, Va.[2] (Williamsburg)
Park Falls, Wis.[1]

[1] Project under construction with Federal funds.
[2] Pending application in EBFP.

NOTE.—Several State network plans include activation of stations over the next several years with Federal assistance.

LARGE MARKETS WITHOUT FULL-SERVICE OR STATIONS

Birmingham, Ala.[1]
Mobile, Ala.
Little Rock, Ark.
Fresno, Calif.
Oxnard-Ventura-Thousand Oaks, Calif.
Sacramento, Calif.[2]
Bridgeport, Conn.
Hartford, Conn.[2]
New Haven, Conn.
Wilmington, Del.
Fort Lauderdale-Hollywood, Fla.
Orlando, Fla.[2]
Columbus, Ga.[2]
Honolulu, Hawaii[2]
Aurora-Elign, Ill.
Peoria, Ill.
Fort Wayne, Ind.
South Bend, Ind.
Baton Rouge, La.
Shreveport, La.
Las Vegas, Nev.
Newark, N.J.[2]
Trenton, N.J.
Albuquerque, N. Mex.[1]
Charlotte, N.C.
Akron, Ohio
Canton, Ohio
Dayton, Ohio
Toledo, Ohio[1]
Oklahoma City, Okla.[2]
Tulsa, Okla.
Allentown, Pa.
Providence, R.I.
Columbia, S.C.
Corpus Christi, Tex.
Fort Worth, Tex.
San Antonio, Tex.[2]
Spokane, Wash.

[1] Project under construction with Federal funds.
[2] Pending application in EBFP.

NOTE.—Substantial areas of the rural South, Midwest, and West are also without public radio service.

STATES/TERRITORIES WITHOUT PUBLIC RADIO STATIONS (CPB QUALIFIED)

Alabama
Connecticut
Delware
Idaho
Nevada
New Hampshire
New Jersey
Rhode Island
Vermont
Wyoming
American Samoa
Canal Zone
Guam
Hawaii
Trust Territory of the Pacific Islands
Virgin Islands

EDUCATIONAL BROADCASTING COVERAGE

Mr. NATCHER. In the justifications on page 29 you have an estimation of 4 million additional people that will receive educational TV in 1976. Is that about right?

Mr. WHEELER. Yes.

Mr. NATCHER. What is the figure for 1977? What do you show there, about 3 million, about 2.8 million?

Mr. WHEELER. It is about a 2.8 million increase. The figure for 1977 is an additional 4 million educational listeners for educational radio.

Mr. NATCHER. In 1976 do you show about 6 million for educational radio, the corresponding estimate of 6 million for 1976? Is that about right?

Mr. WHEELER. Yes, for radio.

Mr. NATCHER. Why do you propose that fewer additional people will receive educational radio and television in 1977 than in 1976?

Mr. WHEELER. We are talking about increases here, the number of new listeners.

Dr. BELL. We are saying the number of increases will be fewer.

Mr. NATCHER. Yes. That is what you are saying in the justifications.

Dr. BELL. Because we are obviously proposing a smaller appropriation.

Mr. NATCHER. That is based on the amount before the committee, just based on the funding?

Mr. MILLER. The point I think is the closer you get to a hundred percent coverage, the higher the per-unit cost of picking up that missing increment.

Dr. BELL. When you get out in the Rocky Mountains in some of these little villages, they are going to have to have a transmitter on every mountaintop.

Mr. NATCHER. The questions I propounded to you concerning the cost of education were just to ascertain the amounts. I am one member on this subcommittee, Dr. Bell, who does not complain about the cost of education. I think your budget that is before the committee as far as reductions in education are concerned is a serious mistake. I say that to you as one of your friends.

Dr. BELL. I understand that.

Mr. NATCHER. Thank you, Mr. Chairman.

Mr. FLOOD. Mr. Shriver.

BUDGET FOR EDUCATIONAL BROADCASTING

Mr. SHRIVER. Going back to the educational broadcasting facilities and the amount of $7 million, how do you intend to use that $7 million? That isn't very much.

Dr. BELL. We will be giving a priority to providing service to unserved populations.

Mr. WHEELER. What we will do here is to upgrade existing facilities so that they can reach additional viewers and additional listeners.

Then this second priority will be the activation of new stations. That is in areas where there is substantial population with no educational TV stations.

Mr. SHRIVER. That won't go very far with this expensive equipment, will it?

How many stations do you think you will be able to help with $7 million?

Dr. BELL. We project that we will be able to fund 12 television and 17 educational radio projects.

Mr. SHRIVER. That is what I wanted.

REVENUE SHARING

Mr. Wheeler, do you as Deputy Commissioner for School Systems have any input on the question of whether the administration will recommend that new general revenue sharing legislation should allow local schools to be eligible for payments?

Mr. WHEELER. I have to say to you, Mr. Shriver, as Deputy Commissioner I talked to the Commissioner of Education and that the Commissioner held the conversation with this administration. I am sure that he listens attentively sometimes to what our viewpoints are because I think that helps him formulate his position.

It is probably a better question for the Commissioner to answer.

Dr. BELL. I would say just for myself and not on behalf of the administration, I think education ought to be able to participate in the revenue-sharing programs, and have argued for that. It is discriminatory not to permit that, but there are others that have strong views and pervasive views on this other side.

Mr. SHRIVER. I would be with you.

NONFUNDED PROGRAMS

No funds are requested for a number of programs including environmental education. Do you feel the Federal role has been fulfilled in this area?

Mr. WHEELER. We feel that the Federal role has been fulfilled, Mr. Shriver.

We have several demonstrations in operation now. We have added to curriculum modification. One of the basic purposes of this program was to sensitize people in education about the effects of environment. We think that has been accomplished.

ELIGIBLE CHILDREN NOT SERVED

Mr. SHRIVER. You mention the survey of eligible children not participating in title I programs. How many would you say there are?

Dr. BELL. There are about 8 million that are eligible under the title I formula. We are serving about 4½ million.

Mr. WHEELER. That is right.

Mr. SHRIVER. Where are they?

Dr. BELL. They would be quite evenly spread nationwide by virtue of the formula that we have and the requirements we have. In a school district, after they get the money they have to identify where the concentration of the lower income children are and what schools, and they must serve the highest need first, and go down from there until they have expended their money.

We also strongly recommend that they not spread the money thin but concentrate it in a way that will bring about results.

Mr. SHRIVER. So that they really get to the point where there are not sufficient funds?

Dr. BELL. That is correct. If your purpose is to serve all of the title I children and to do it with Federal money and not look for any State and local initiative, that would be so.

Mr. SHRIVER. You mentioned, I think, there are those that put their own money into compensatory programs.

Dr. BELL. Yes; in some of the school finance formulas that are being enacted, they are using a weighted people unit that say you are going to guarantee another $1,000 per child, for the regular child. In counting that, some States are bringing a weighting in there of maybe $100 or $200 for every disadvantaged child, so they are going to the weight in the formula.

I think this has come about because of the sustained support that this committee has given to the compensatory education. I think it is bringing about results in participation and support from other levels.

AIDING SMALL SCHOOL DISTRICTS

Mr. SHRIVER. I have been concerned for a long time about the problem faced by small school districts when they compete for Federal grants. You touched upon this in your statement.

As I understood your statement, you are leaving the responsibility to the States and not to the Federal Government to correct this problem or to address it.

Mr. WHEELER. That is right, Mr. Shriver.

What we do is to work with the States. The States, however, do provide assistance to small school districts who don't have the resources to be as competitive as they should be.

That is a problem which we have been aware of for some time. I don't think that it is as serious a problem as it perhaps was when this program was first begun.

Dr. BELL. The interesting observation is coming from some of the big city school systems under the administration proposal for block

grants where they would go then before the State department of education, the State board of education, for their allocation of funds.

They are expressing a fear that they will not fare well there because they allege the State departments of education favor the small and rural communities, and the big cities won't turn out very well in this competition. So I express that in quoting those that have been talking to me, which is this other side of this coin, so to speak, where they allege that the opposite is going to happen.

I think a serious problem is competitive grants, that the larger district has a larger staff and can employ the kind of expertise that can prepare the proposals to score well in the competition.

So I think there is reason for the concern that you express, and I just express the other side as has been expressed to me.

Mr. WHEELER. Just one other point. The bulk of our programs are not competitive. The school district applies and if the school district has eligibility, then it can receive the funds. It may have to alter its application in order to meet the requirements of the State administration, but by and large the programs which are competitive form the smaller proportion of the Federal funds that support education under these laws.

PROGRAM EVALUATION

Mr. SHRIVER. On page 2 of your statement you say an estimated $9.9 million will be used for program evaluation.

Has there been any money used for that?

Dr. BELL. That is statutory, Mr. Shriver. It is not new law, Public Law 93–380. There are new evaluation requirements in the law, and there is a provision in the law that NIE shall do a study and we shall allocate funds to support that.

Dr. EVANS. May I add that the $9 million figure you spoke of is the figure that is derived from the percentage set-aside the Commissioner just spoke to that was written into the law in Public Law 93–380. Roughly half of that money has been designated to go to the National Institute of Education for a special study of compensatory education that they are carrying out. The remainder goes to the series of specific studies that were explicitly mandated by the Congress in section 151, to cover all of title I. I have mentioned some of those earlier.

They will cover all parts of title I. But there is another appropriation that will be discussed later before the committee under the salaries and expenses portion of the budget, which runs between $6 million and and $7 million, a general planning and evaluation budget, to cover all of the programs in the OE program structure.

READING CENTERS

Mr. SHRIVER. On page 5, you are talking about adult education. You will continue to support reading centers.

How many of these do you have?

Dr. SHIPMAN. We currently have 20 of those, and those are in 18 different States.

Mr. SHRIVER. Could you put a list in the record?

Dr. SHIPMAN. Yes; we will.

EXHIBIT A

READING ACADEMY PROGRAM
PROJECTS FUNDED IN FISCAL YEAR 1975 (Listed alphabetically by State)

NAME OF GRANTEE	ADDRESS	PROJECT DIRECTOR	OE PROJECT OFFICER	AMOUNT OF GRANT
Northeast Alabama State Junior College	Post Office Box 159 Rainsville, Alabama 35986	Norma W. Propst (205) 228-6001	Kenneth W. Wood (202) 245-8213	$78,500
Literacy Council of Alaska, Inc.	916 3rd Avenue Fairbanks, Alaska 99701	Ellen Case (907) 456-6212	Andres Montez (202) 245-8213	77,934
North Arkansas Community College	Post Office Box 1136 Harrison, Arkansas 72601	Patricia West (501) 743-3000	Kenneth W. Wood (202) 245-8213	52,348
Hacienda La Puente Unified School Dist. Division of Adult Education	15835 East Rowland La Puente, California 91744	Laurel Adler (213) 968-8452 X20	Andres Montez (202) 245-8213	98,000
University of Southern California College of Letters, Arts and Sciences	U. Park, Bruce Hall Rm. 404 Los Angeles, Claifornia 90007	Carmen S. Sadek (213) 746-2736	Andres Montez (202) 245-8213	78,359
City and County of Denver Denver Public Library	675 Sante Fe Drive Denver, Colorado 80204	Diane Davalos (303) 572-1149	Andres Montez (202) 245-8213	72,799
University of Northern Colorado Division of Education and Reading	5401 W. 20th Street Rm. 201-B Greeley, Colorado 80639	Joye Coy (303) 353-8008 X260	Andres Montez (202) 245-8213	69,832
Literacy Action, Inc.	201 Washington Street Atlanta, Georgia 30303	Judith Schloegel (404) 659-2244	Doris Dew (202) 245-8213	72,970
Evanston Township High School District Number 202	1500 Dodge Street Evanston, Illinois 60204	Sidney Bergquist (312) 492-5131	Kenneth W. Wood (202) 245-8213	79,800
Bridge Fund, Inc.	531 Massachusetts Avenue Boston, Massachusetts 02118	Sandra Page (617) 440-8686	Doris Dew (202) 245-8213	52,527
Grand Valley State College Office of Multiethnic, Multilingual and Multicultural Programs	156 East Fulton Street Grand Rapids, Michigan 49503	Faite R-P. Mack (616) 456-7108	Kenneth W. Wood (202) 245-8213	88,128

READING ACADEMY PROGRAM
PROJECTS FUNDED IN FISCAL YEAR 1975 (Listed alphabetically by State)

NAME OF GRANTEE	ADDRESS	PROJECT DIRECTOR	OE PROJECT OFFICER	AMOUNT OF GRANT
Delta College Office of Community Affairs	University Center, Michigan 48710	Mildred V. Mason (517) 755-4406	Kenneth W. Wood (202) 245-8213	$74,764
Bridgehampton Child Care and Recreational Center, Inc.	Post Office Box 766 Bridgehampton, New York 11932	Robert North (516) 537-0616	Doris Dew (202) 245-8213	74,384
Eagleville Hospital and Rehanilitation Center Department of Education	Eagleville Road Post Office Box 45 Eagleville, Pennsylvania 19408	Karl A. Schneider (215) 539-6000	Doris Dew (202) 245-8213	62,977
Jasper County Department of Education	Post Office Box 848 Ridgeland, South Carolina 29936	William Singleton (803) 726-3584	Doris Dew Doris Dew	53,921
University of Tennessee College of Education	2019 Terrace Avenue Knoxville, Tennessee 37916	Kenneth McCullough (615) 974-3071	Kenneth W. Wood (202) 245-8213	68,345
Arlington School Board Adult and Career Education	4751 North 25th Street Arlington, Virginia 22207	William P. Young (703) 527-1036	Doris Dew (202) 245-8214	80,000
Vermont Department of Education Adult Basic Education	Adult Right to Read Project C/O Beeman Elementary School New Haven, Vermont 05472	E. Anne Eberle (802) 453-3710	Doris Dew (202) 245-8214	73,926
Grant County Community Action Council, Inc.	608A East Third Avenue Moses Lake, Washington 98837	Linda Jacobs (509) 765-9206	Andres Montez (202) 245-8213	94,707
Janesville Literacy Council, Inc.	54 South Main Street Janesville, Wisconsin 53545	Beverly R. Griggas (608) 756-3125	Kenneth W. Wood (202) 245-8213	45,000

Dr. SHIPMAN. We would be funding in May of this year probably up to 65 to 75, and many of those 20 will be continuations plus 40 or 45 additional.

EDUCATIONAL BROADCASTING DECREASE

Mr. SHRIVER. My final question. That is quite a large decrease, 44 percent, in your education broadcasting program. I think we need some further justification for that.

If you have anything further put it in the record.

Dr. BELL. Yes.

[The information follows:]

FURTHER JUSTIFICATION OF THE EDUCATIONAL BROADCASTING REDUCTION

Although the request for the educational broadcasting facilities program reflects a decrease of $5.5 million from the previous year, we do not feel that the reduced level of funding will seriously straitjacket the program's effectiveness. Rather than focusing on what the program will be unable to do with reduced funding, it is essential that we get a perspective of all that we will be able to accomplish. The $7 million requested will support 37 projects: 12 educational television projects, 17 educational radio projects, and 8 telecommunications demonstrations. This money, in partnership with State, local, and private matching funds will extend educational television to approximately 2.8 million additional viewers, and educational radio to approximately 4 million additional listeners.

The request for fiscal year 1977 represents a transition request. As you know, legislation is before Congress to extend the existing program and also to authorize demonstration projects which will explore innovative uses of nonbroadcast telecommunications facilities. The funding of such demonstrations will allow us to explore cost-effective alternatives to open broadcasting. We believe that the $7 million request will be adequate to fulfill these purposes.

Mr. FLOOD. Mr. Roybal.

Mr. ROYBAL. Thank you, Mr. Chairman.

RATING OF UNITED STATES IN EDUCATION

How does the United States rate among the nations of the world insofar as education is concerned?

Mr. WHEELER. I don't know that we can give you an answer to that. I can give you some points of view on that, Mr. Roybal.

First of all, I think that generally educational effort in the United States is more ambitious than it is in other countries from several standpoints of view.

First of all we make an attempt to educate more people for a longer period of time than do other countries. I think with respect to academic achievement, looking at the number of people in the country who advance their educational level, the United States is first.

Generally speaking, I think the answer to your question is the United States ranks very favorably with respect to the criteria that would be applied to education in the world.

Mr. ROYBAL. Would you say that we have less people percentagewise in the United States that are illiterate?

Mr. WHEELER. I don't know of any country offhand that has a smaller percentage of illiteracy, except possibly Norway and Sweden. I am not sure about that.

Mr. ROYBAL. Then we are not the No. 1 nation of the world as far as education is concerned?

Mr. WHEELER. The question you asked earlier was about illiteracy.

Mr. ROYBAL. A person who is educated is literate, not illiterate.

Mr. WHEELER. Yes.

Mr. ROYBAL. We have a large percentage, then, of illiterates in the United States when we compare that with other countries.

Mr. WHEELER. A few other countries with respect to literacy.

Mr. ROYBAL. The point is, are we No. 1 or not, and from your answer I would assume we are not No. 1?

Mr. WHEELER. Perhaps not, that is with respect to illiteracy.

Dr. BELL. I attended a conference in Geneva last summer representing the U.S. education system where all the United Nations education ministers were present, and I was just impressed with the fact that we provide student aid and loans and grants and free schooling that isn't excelled by any country.

So I think we have to emphasize that as we appraise our system and compare it with others.

I think there are some small advanced nations that do have a lower illiteracy rate than we have. I would also say that they don't have the openness that we have for minorities and others to participate in advanced schooling, and many of them don't have the minority population that we have.

Mr. ROYBAL. I think we can stipulate to the fact that we do have an excellent system in its intent, and it is providing public education, but the truth of the matter is that we are not first when it comes to measuring the literacy that exists in this great Nation.

Dr. BELL. I would say we are almost first but there may be a few nations that exceed us.

Mr. ROYBAL. In my opinion "almost" is not enough. I almost became Lieutenant Governor of the State of California but I didn't. I almost got to go to the Olympic games in 1932, but I didn't. "Almost" is not good enough.

Dr. BELL. The point I was trying to make, without being argumentative about it, if we talk about it, are we or are we not first in education, that we maybe ought to look at some other factors besides illiteracy in measuring that.

PROPOSED FEDERAL EDUCATION FUNDING

Mr. ROYBAL. Then let us look at other factors. In the field of bilingual education, you are requesting $90 million, but that is a decrease from last year of $8 million. Are we going forward or backward?

Dr. BELL. We are decreasing our level of Federal support for bilingual education.

Mr. ROYBAL. You mean someone else has put in the money for it?

Dr. BELL. No, I just said it is true we are recommending a decrease in the Federal support for bilingual education.

Mr. ROYBAL. Is someone else putting in an amount of money that we can in turn reduce?

Dr. BELL. I am not aware of it.

Mr. ROYBAL. The right-to-read program is also being reduced.

Dr. BELL. That is correct.

Mr. ROYBAL. In your follow through program, you requested a $30 million budget. That is also being decreased; isn't that correct?

Dr. BELL. Yes, that is a $29 million increase.

Mr. ROYBAL. That is a tremendous decrease; is it not?

Dr. BELL. Yes.

Mr. ROYBAL. In educational broadcasting, you are also decreasing that.

Dr. BELL. That is correct.

Mr. ROYBAL. How much of a decrease is that?

Dr. BELL. A decrease of $5.5 million; from $12.5 million down to $7 million.

RATIONALE BEHIND REDUCTIONS

Mr. MILLER. When you enumerate these programs, it sounds as if the decisionmaking procedure was the same, but, in fact, there is a very sharp difference. Followthrough is a very specific programatic proposal that the Congress phase out that program. There is no question we are asking that that program be decreased.

On bilingual we were looking at a budget request of $80 million for 1976. The President added $10 million to that program in 1977 and thought it was an increase, but the final 1976 appropriation was larger, and now it looks like a decrease.

But the decisionmaking process was designed to have that program move ahead.

Mr. ROYBAL. But it is not going to move ahead if there is a decrease in funding, particularly in view of the fact that it cannot be justified, in my opinion, if you take into consideration the Supreme Court's decision which expanded the number of people who are to receive bilingual education. As a layperson, I can't understand these things.

FEDERAL ROLE IN EDUCATION

Dr. EVANS. Mr. Roybal, an additional point that needs to be made with respect to programs you have just ticked off is that in no case was it ever the intention that these programs served the full need that clearly is out there.

In the case of followthrough, in the case of bilingual education, in all of these instances it was intended that the Federal role be limited to stimulate the capacity and the interest of States to address these problems.

It would be similar if the Federal Government were to assume the responsibility for taking over the basic educational services, so the purpose has been to stimulate those activities where the basic responsibility resides at the State and local levels.

In the case of the court decision that you are speaking of, in all cases those decisions have called for that responsibility to be carried out by the State and local response, not by the Federal Government.

Mr. ROYBAL. But the truth of the matter was that the Federal Government was involved in funding these programs, and the Federal Government is now requesting a decrease; isn't that correct?

Dr. EVANS. That is correct.

Mr. ROYBAL. The other fact is that the local and State governments are not taking up that slack. They are not assuming the responsibility of supplying the millions of dollars that are being reduced by the Federal Government. Isn't that also correct?

Dr. EVANS. That is true in some cases, not others.

Mr. ROYBAL. The point is made that what we are doing with this entire field of education is going backward instead of forward. How can that be justified particularly in view of the discussion we have just had?

Mr. WHEELER. Mr. Roybal, if you want to say that we are going backward because we have fewer dollars. I guess that is indisputable.

Mr. ROYBAL. Let us say that I am in error in the use of the word backward. Maybe I should use standing still. But the fact is that funds for education are being reduced.

Mr. WHEELER. We are reducing the dollars, Mr. Roybal, but I think the reduction of dollars has to be looked at in the light of what is an appropriate Federal role for education. In some cases we have reduced programs because we were involved in capacity building, and we think that we have gone far enough along that road so that the capacity now is out there in some cases. In other cases we are reducing because the experiment has come to an end, and so therefore the Federal Government does not have any need to any longer support that experiment.

All that remains is this analysis of the data and reporting on it, and using the results coming out of that study.

STATE AND LOCAL ROLE IN EDUCATION

Mr. ROYBAL. In these experiments there were demonstrations to the local governments that these programs could actually be carried on.

Mr. WHEELER. Not exactly, Mr. Roybal. What we were doing here was to arrange for a series of demonstrations so that those demonstrations could be examined to see whether or not they were productive educational practices.

Mr. ROYBAL. But as you have discontinued them, you haven't asked anyone whether or not they are going to continue them or not?

Mr. WHEELER. Our decisions are going to be based on the data we have with respect to productivity of these programs.

Mr. ROYBAL. But there is no indication at the moment that they will be continued?

Mr. WHEELER. The unproductive ones will not.

Mr. ROYBAL. I don't really understand what you mean by that.

Mr. WHEELER. The ones that have not shown any promise toward improving the learning patterns of students they serve, will be discontinued.

Mr. ROYBAL. Are there some programs that you have discontinued that are productive, that have not been taken up by local authority?

Mr. WHEELER. In the case of some of our capacity-building programs, in the cases of programs where we have mainly provided technical assistance, that is true. We have nevertheless seen that a great portion of the enthusiasm for the continuation of those programs has disappeared.

Mr. ROYBAL. That is probably what you are making reference to. That is, funds requested for a number of programs because the Federal role has been fulfilled, and it is felt that these activities will be better supported by State and local and private resources, using your terminology. They have been discontinued, according to this, because it is felt that they could be better supported by State, local, or private resources.

My question is: Of those programs that have been discontinued, have they in fact been taken over by State, local, or private resources?

Mr. WHEELER. Some portion of them, sir, but I couldn't claim that the States have taken over and supported fully every program we have discontinued, but in some cases, some portion of those services have been continued.

Mr. ROYBAL. I am sure after listening to some of the Governors who were here and local officials seeking revenue sharing and funds from the Federal Government, they have not taken up these programs. The need for funds at the local level are great.

FUNDING FOR EDUCATIONAL BROADCASTING

I have just one more thing, Mr. Chairman, that I would like to inquire into, and that is the educational broadcasting facilities. You indicated there was a decrease.

Dr. BELL. Yes, sir, a $5.5 million decrease.

Mr. ROYBAL. What is your total?

Dr. BELL. This year our appropriation is $12.5 million.

Mr. ROYBAL. And you are requesting how much now?

Dr. BELL. $7 million for fiscal 1977.

Mr. ROYBAL. So the decrease then is quite substantial.

Dr. BELL. It is.

Mr. ROYBAL. What is going to happen to this program?

Dr. BELL. The thing that we do with educational broadcasting facilities is to provide money for construction of new television and radio stations and the upgrading of existing stations so with the decrease we simply won't have as much money and won't be able to support the States and locals in activating additional television and educational radio stations. We will fund fewer new projects than we would otherwise.

These funds are for construction of new ER and ETV stations, and the improvement of existing ones.

Mr. ROYBAL. I remember your presentation last year when you were seeking the funding level that you received for the year, and you did an excellent job of justfying that. Are you now trying to tell me that you were wrong then and that you are right now?

Dr. BELL. Mr. Roybal, you provided more money than we asked for last year for television broadcasting.

ADMINISTRATION POSITION ON EDUCATION

Mr. ROYBAL. I am not talking about just that; I am talking about not providing for inflation in your general budget including these other programs.

Mr. WHEELER. Our request was the same amount last year as it is this year, which is $7 million.

Mr. ROYBAL. What about your other programs? In your overall education programs you usually make a very good case.

Dr. BELL. Yes, sir. The matter was one of our asking for less money than the committee provided. We tried to represent here the administration point of view. We try to hold spending down, the overall appropriation down, because of the fiscal situation.

I think we have plainly a difference in view and a difference of philosophy on it.

Mr. ROYBAL. What you are saying is the administration point of view with regard to education is not really that of the Office of Education?

Dr. BELL. As the Commissioner of Education I serve as part of this administration, and that is my responsibility.

Mr. ROYBAL. I understand. When we talk to educators, including some of those who are testifying, we can tell that they are asking for a reduced budget with their fingers crossed and their heart definitely not in it. It's an unfortunate situation in view of the fact that we need more Federal funds for education.

Dr. BELL. If I may say, Mr. Roybal, we debate in the administration between the other branches of the Government for an appropriation before we come here with it, and naturally we are as biased for ours as the Defense and other departments are for theirs. We all get less than we seek.

Mr. FLOOD. Off the record.

Mr. Early.

Mr. EARLY. Thank you, Mr. Chairman.

Dr. Wheeler, will you supply for the record the States that have a surplus on title I and the amounts of the surplus?

Mr. WHEELER. Yes.

[The information follows:]

Clerk's note: The information appears on pages 105–107.

DRUG ABUSE EDUCATION

Mr. EARLY. On page 2 of your statement on telivision education, you say that no funds are being requested for a number of programs because the Federal role has been fulfilled, and then you identify one of the programs as drug abuse education. Will you tell me how you think the Federal role has been fulfilled?

Mr. WHEELER. With respect to drug abuse education, Mr. Early, our objective in the first place, when we first started the program was to sensitize communities about steps that could be taken in order to organize a program of drug prevention in those communities, and to supply them with the expertise necessary in order to carry out that program.

We have operated this program now for a number of years and we think that we have successfully carried out the role of demonstrating to communities how they can go about fighting their drug abuse problem.

Mr. EARLY. Let me say this, Doctor.

I serve on another committee that just recently had the DEA, the Drug Enforcement Agency, in. It occurred to me that the Federal Government spends all their money after the problem has been created.

We go after drug offenders, et cetera, but that does nothing to attack the real problem. So I suggest we needed a new route, education being one alternative. DEA suggests that all the money is going to be spent on that program which they thought was very worthwhile in HEW.

You say the Federal role is completed.

Mr. WHEELER. We say that our share, that is, the education division's role is completed. We have concentrated primarily on prevention

activities and on activities which were designed to set up structures inside of the community which would deal with the drug abuse problems.

That stops short of saying that we have solved the drug problem with this very modest program in drug abuse education here. This program does not address the entirety of the drug problem. It simply was intended to help communities marshal their own resources and to give them some understanding how they could go about attacking the problem of drug prevention.

Mr. EARLY. I see.

I think it is a cutback in a program that was bringing dividends and I don't think it is good judgment, just like I don't think most of the other cuts are good judgment.

SCHOOL DISTRICT PLANNING

Earlier you said there was better quality in planning for school districts, and I think Mr. Natcher suggested that we are not getting better results. I agree. We don't seem to be getting the accomplishments in education that we should be getting.

You say the planning is more effective. Is the planning being implemented?

Mr. WHEELER. Yes, Mr. Early; there is no question in my mind but what school districts are getting involved in planning that is of a better quality than they did before. There has been a steady improvement in the quality of the planning.

One of the primary reasons is that school districts now have more time to plan, Mr. Natcher has said that we haven't made all the advancement that we should make in educational achievement of children. I would agree with that.

But I don't agree that we have made no progress whatsoever. As a matter of fact, the results that we are receiving now, that is, the latest studies we have had on this issue, are very encouraging, showing that not only is it possible to raise the achievement standards of children who are served under this particular program but that we have succeeded in improving those achievement patterns.

That does not mean that we are where we would like to be.

Mr. EARLY. I read a report in the New York Times a couple of months back that said that our college graduates are the weakest graduates we have ever had in terms of preparedness for the business world. I read shocking reports on the number of high school students who are unable to read. It appears that in all but our bilingual programs, our students are less, not more prepared.

Mr. WHEELER. I didn't read the article and I hesitate to comment on what the people who are examining higher education have to say. I am not willing to accept the fact that the reason we have a lower achievement, if indeed that is true, although there is some question about it, that that is traceable to the fact that these programs we are concerned with here are not meeting their objectives.

These programs, Mr. Early, keep in mind, have the target population of those students who are disadvantaged. Now, the college population will contain some segment of its population which could be classified as disadvantaged, but these programs here certainly could not be related to what the condition is in all of higher education.

DISADVANTAGED CHILDREN

Mr. EARLY. Let us get to the disadvantaged then.

Dr. Bell, in rebuttal to a question by Mr. Shriver, said that there are only 8 million disadvantaged children in the country.

Do you concur with that?

Mr. WHEELER. Let me see if I can clarify that figure.

There are 16 million children who could be classified as disadvantaged. There are 8 million we have identified as being eligible under this program.

Mr. EARLY. Is that what you were saying, Dr. Bell, to Mr. Shriver? You said there were 8 million disadvantaged children and I have read that it is in the area of 15 million, 16 million. So I would think that that would be the proper statistic to address. That is the particular problem, the 16 million, although we have only identified 8 or 9 million.

I have read in the supplementary budget requests that the absolute number of identified disadvantaged children has grown 45 percent since 1967 to a current total of 9.1 million.

Mr. WHEELER. Why don't we give you some clarification and explanation of that for the record. We can do that.

Mr. EARLY. Would you please?

Mr. WHEELER. Yes.

[The information follows:]

EXPLANATION OF NUMBER OF DISADVANTAGED CHILDREN

There are approximately 16 million educationally disadvantaged children according to information obtained for an evaluation report on title I for fiscal year 1968. It is estimated that approximately two-thirds or almost 11 million of these children live in areas eligible for title I services. The total number of formula children counted for fiscal year 1976 title I allocation purposes was 8,705,560. Of this number of children 7,700,368 were from poverty families according to the 1970 census; 736,223 were from families receiving AFDC payments in excess of the poverty level for a nonfarm family of four; 199,143 were in foster homes; and 69,826 were institutionalized as neglected and delinquent.

The number estimated to be served in fiscal year 1978 is 4,500,000 representing 28 percent of the estimated 16 million educationally disadvantaged children, about 40 percent of the estimated 11 million living in areas eligible for title I services, and 52 percent of the 8.7 million formula children.

Mr. EARLY. Fine.

TITLE I, DISADVANTAGED CHILDREN

Now, we are all in this business to attack the problem. Let me ask you how many disadvantaged children did you address in the 1975 budget?

Mr. WHEELER. We have an exact figure here. I think that figure was about 5 million. Do you have that figure, John?

Mr. RODRIGUEZ. I think it is 4.7 million in local educational agencies.

Mr. WHEELER. 4.7 million.

Mr. EARLY. How many in 1976?

Mr. WHEELER. About the same number.

Mr. EARLY. Here we have a budget that in your statement you say addresses 4.5 million. We are going in the wrong direction. If we are being progressive we should be increasing the number of disadvantaged children we address. I just don't know how we justify that. We

hide an awful lot of our sins. This is my impression as a freshman member on this committee.

I have listened to the testimony in the last couple of days. We are hiding an awful lot of sins under the umbrella of block grants. I just don't see how this can be constructive.

Mr. WHEELER. What we are saying is that we have some very hard decisions to make when we consider this overall budget and that there are certain kinds of priorities which have to enter into the way we make that decision.

We don't present this as being an ideal budget, Mr. Early. It is an expression of what the necessities are, given the kind of stringencies we have and the framework inside which we have to work.

BLOCK GRANTS

Mr. EARLY. Let us discuss the block grants.

All the States are fiscally cutting back and, Doctor, you imply that the States are going to pick it up. My State isn't going to pick it up. I am concerned about that. New York is not going to pick it up. The only losers are going to be the children. I don't understand how this budget can go in that direction.

Dr. BELL. Mr. Early, if the block grant proposal is approved there won't be any decrease in funds in the block grant category to pick up because if our block grant proposal is approved there will be a slight, and I would emphasize slight, increase over the fiscal 1976 budget.

Mr. EARLY. Let me be more specific.

You are not going to tell this committee that these cutbacks aren't going to mean a cutback in service?

Dr. BELL. If we are talking about the programs in the block grant I am saying——

Mr. EARLY. The whole block grant approach is just an attempt to hide things, to shift the responsibility to us from them.

Dr. BELL. I don't accept that, Mr. Early.

Mr. EARLY. I would like to discuss that.

Dr. BELL. I submit, based upon my years of experience in education, that we have too many categorical programs with too many separate regulations around them, sent out by the Federal Government that confuse and confound those who are trying to operate on the State and local levels because they have to also operate within the constraints of State law, and this is where the difficulty comes.

Mr. EARLY. I would love to accept that, Doctor. I am not saying that you don't think that.

RELATIONSHIP OF PROGRAM FUNDING TO STAFFING

Let me say this, though. You submit a budget and you sit here and your whole staff sits here justifying it. Here is a budget that goes in this program from $7.6 billion in the 1976 appropriation to a $6 billion appropriation this year.

This is almost a 20-percent decrease in funding, almost 20 percent. At the same time you say we are going to increase the administration account from $107 million to $115 million.

Dr. BELL. Right.

Mr. EARLY. That is a 40-percent increase in administrative costs. If you tie that to this you are just going up in administrative costs, you are going down in what you are giving back to the States to give to the students, and you are going to go under the disguise of saying block grants the States can better administer.

NEED FOR STAFF INCREASES

Dr. BELL. Mr. Early, this point was brought up yesterday and I didn't have an opportunity to respond adequately so I am glad it has come up again.

The reason we are requesting these additional staff members is because we have been before other committees of this Congress. We have been in oversight hearings in the House and the Senate. We have been before Government Operations Committees in the House and we were before the Senate Investigations Committee, and we were soundly criticized because we weren't getting the kind of compliance monitoring that we ought to have in the student financial aid programs. The reason we are not getting that kind of monitoring is we haven't had enough staff, if I may finish now, Mr. Early, and this expression was made by these committee members, if you read their reports, that we seek more staff. Then a special report was requested that we submit here to the Appropriations Committee, so we gave a special report on this. This request for additional staff, 142 net additional staff members, was made in response to criticism from this Congress. The reason that we are having to increase the staff is because of the nature of how the legislation is written.

Mr. EARLY. Doctor, with the shift to block grants you think with an increased number of staff positions you are going to be able to comply with the regulations?

Dr. BELL. We are talking about two different things.

Our request for staff is not in the block grant area. It is in the higher education student assistance area and only for that purpose. We are taking a net decrease in the area where these are involved, and in the event that the block grant program were passed we would be seeking a further decrease in the staff.

Mr. EARLY. I think we are talking about two different things, Doctor, in this respect.

Your justification of this reduction, which I call irresponsible, poor planning and not saving money because we are going to lose money, your approach is the justification that I have heard for 2 days, a justification to the bureaucracy and not an approach to improve the situation.

BLOCK GRANT APPROACH

My district is plagued with educational problems and I am not even in Boston. I am 50 miles west of Boston. I don't see any of these moneys going to the problem. They are going to keep the ball in the middle of the road and justify the bureaucracy we have today.

Now the educators are telling us we should go the route of block grants and the block grant which you use all the time is a legislative proposal on which the ink isn't even dry.

We are budgeting that way and we are discussing that way. May I ask your personal opinion? Do you think the Congress will pass the block grant program?

Dr. BELL. I don't know. I hope they will. The proposal is before them and we are going to do our best to persuade them to pass it.

Mr. EARLY. Do you think it is in the best interest of education, that block grant program?

Dr. BELL. I certainly do. I can say that without any equivocation. I cannot defend 24 different categorical programs for these areas. I think it will simplify it and make it easier for the States and localities to meet that need.

CORRELATION OF FUNDING REQUEST TO STAFFING REQUEST

Mr. EARLY. But you are trying to sell a program that is reducing funding 20 percent, increasing the administrative cost 40 percent, and you are saying that you are going to get better service to the youngsters.

Dr. BELL. Mr. Early, that just is not so that we are increasing the administrative costs of the block grants 40 percent.

Mr. EARLY. So those figures are accurate?

Dr. BELL. Yes.

Mr. EARLY. Your proposal before us is a reduction of the entire program to $64 million.

Dr. BELL. And that is correct.

Mr. EARLY. Your administrative account is $115 million.

Dr. BELL. That is correct.

Mr. EARLY. So, threfore, I suggest that it is almost a $1.5 billion dollar reduction in program.

Dr. BELL. Mr. Early, the thing that this doesn't recognize——

Mr. EARLY. Is it a $1.5 billion reduction in program?

Dr. BELL. Yes, it is a $1.5 billion reduction, but the thing your statement don't recognize and that I am trying to say and get across to you is the fact that we are requesting only an increase in staff for the student financial aid programs that are in response to oversight hearings and other activities and the action of the Senate Investigations Committee because of the enormous increase in the student financial aid programs over the years.

If I may finish now, Mr. Early, we are not requesting any additional staff for the areas in the program that have to do with the block grants and those need to be separated here in our discussion.

I recognize the problem.

When we come before this committee, and it happened last year and it happened the year before, we are constantly discussing from the administration side cutting down and holding down expenditures.

Then we come up to the matter of the budget for the Office of Education and the thing that does not happen in this regard is that the authorization committees do not discuss adequately enough with the appropriations committees.

ADMINISTRATIVE COSTS AND BLOCK GRANTS

Mr. EARLY. You are not addressing the administrative costs the increased block grants are going to give to the States and to the local communities.

Dr. BELL. Without question that will decrease their administrative cost. They won't have to cope with all of the redtape they have in these 24 categorical programs.

Mr. EARLY. You mean in the administration of block grants where we are giving the States the responsibility, and I suggest from the dollars and cents that you have in your block grants you are not giving them the money——

Dr. BELL. Mr. Early, they already have the responsibility. They are already administering these programs in 24 different categorical areas.

Mr. EARLY. You say you are going to give the States more responsibility with the block grants?

Dr. BELL. We are giving them more authority over the programs. They will have less work because they won't have to cope with 24 different categorical programs and 24 different sets of regulations.

Anyone that has managed these programs knows this.

Mr. EARLY. I was the chairman of a State ways and means committee. You are talking 180 degrees contrary to what every educator in Massachusetts has told me, 180 degress. You are suggesting that the States are going to have a bigger program with less moneys.

Dr. BELL. They will have the same amount of money, Mr. Early. Within the block grant they will have the same amount of money as they had before.

Mr. EARLY. Where is the 20-percent reduction in the educational budget?

Dr. BELL. It is not in the block grant area if the block grant is passed.

Mr. EARLY. What if it is not passed?

Dr. BELL. Then there will be a reduction.

Mr. EARLY. And what are the States going to do? There is only one loser. That is the child. We elected officials are protecting ourselves. You bureaucrats have protected yourselves because you justify a budget.

STATE EQUALIZATION

Let me ask you, are there appropriations requested for fiscal year 1977 for assistance to States for the State equalization plan?

Dr. BELL. For the State equalization program in impact aid or for section 842 of the equalization program?

Mr. EARLY. In both.

Dr. BELL. Well, in the one there is an appropriation for——

Mr. EARLY. In which one?

Dr. BELL. For impact aid. For the other one, section 842, it is not an appropriation program. It is a program where we must reimburse the States for their expenditures, their studies.

Mr. EARLY. If you are going to reimburse them and it is not a State appropriation, how are we going to reimburse them?

Dr. BELL. That is in the committee language that directs the Commissioner after the claims are here to come before the Appropriations Committees. That is instructions from the Congress.

Mr. EARLY. Do you have any requests or applications for reimbursements this year?

Dr. BELL. We don't at this time. We anticipate that we will have them.

Mr. EARLY. You do anticipate you will have them?

Dr. BELL. Yes, we do.

Mr. EARLY. If they come in and the applications would qualify for reimbursement, how will they be paid?

Dr. BELL. Then we will submit to the Congress the request for the payments in accordance with the report that we had from the Senate Appropriations Committee when they started to make a $10 million appropriation and then they withdrew it.

At that time a supplemental appropriation will be made for that purpose.

Mr. EARLY. So you suggest to this committee that you are going to go for a supplemental budget in 1977?

Dr. BELL. It will be mandated in the law if we do it. The law says that the Commissioner shall reimburse the States, and the decision was made by the Congress to use this procedure rather than to make an appropriation for that purpose.

Mr. EARLY. Let us say the moneys are not approved at the final stage. How will the States which are trying to plan equalization programs be affected?

Dr. BELL. Of course, they wouldn't get their plans reimbursed, but I can't imagine it not being approved since it is written into the law that the Commissioner shall reimburse them for their expenses.

Mr. EARLY. There are a lot of things you can't imagine but they do happen. We have millions of people unemployed and we don't approach that problem.

Would the individual States be forced to reduce or restrict their planning in this program if they didn't get the funds?

Dr. BELL. Well, if they proceed to do the study and the law is on the book that says that the Commissioner shall reimburse them for this study, I would anticipate that if that happened and then an appropriation was not made for it, that probably some sort of litigation would ensue.

Mr. EARLY. And it is all going to tie in your block grant approach. We have a law on the books, the Budget Impoundment Act, which if the budget goes into effect will set a ceiling and once we reach that ceiling there can be no more funding. We will reach the ceiling before you get there with a supplemental budget approach.

That will be in compliance with the law. Where would the States be then with their block grants and their utilization plans?

Dr. BELL. Are we talking now about block grants, or about the equalization studies?

Mr. EARLY. I think the equalization ties in with the block grants in this respect.

Dr. BELL. It is not part of it.

ADMINISTRATION OF BLOCK GRANTS

Mr. EARLY. Just like the block grant ties in with the approach revenue sharing makes. Revenue sharing just makes the assumption that the States can better administer.

Isn't that what you are doing in the block grant approach?

Dr. BELL. It isn't so much an assumption they can better administer it as it is to simplify the delivery of Federal aid and to consolidate 24 programs into one act.

Mr. EARLY. Those are the reasons you are saying they can better administer?

Dr. BELL. They should be able to operate the program with less paperwork.

Mr. EARLY. Don't you call that better administration?

Dr. BELL. Yes, I do.

Mr. EARLY. That is what my question was.

According to the Federal regulations prior to submitting plans States shall give local education agencies and other interested parties an opportunity to present views and recommendations.

Will the Office of Education monitor this process?

Dr. BELL. We will monitor it within the limits of the staff and the resources that we have for that purpose. We have a very small staff in this program.

Mr. WHEELER. We require the States to submit reports to us about the requirements of the regulations and that report is submitted to us annually.

Mr. EARLY. That is where we run into the problem, Doctor. By the time it gets to Washington, I find the Federal Government doesn't have any idea what the States and local governments are doing. The local governments and the States don't know what we are doing down here and again there is only one loser and that is the recipient, in this particular case the disadvantaged.

Mr. WHEELER. I don't think that is entirely the case. We would admit that there are areas that we can improve with respect to the administration of these programs.

Understand, Mr. Early, the law seats the responsibility for the administration of these programs at the State level. We have no choice. We are prohibited from going directly into a school district, bypassing the State, and taking over the administration of the various programs that we are talking about here today.

Mr. EARLY. That is also where Federal law supersedes State law.

Mr. WHEELER. Yes.

Mr. EARLY. So that is rhetoric that is on the book but if we pass a Federal law, no matter what the States want to do they have to abide by the Federal law.

Mr. WHEELER. But the language is fairly specific with respect to where the responsibility for the administration of these programs is.

As a matter of fact, the criticism that we have had from the Congress has come when we have gone unilaterally into school districts with the impression at least that we are taking over that responsibility from the State and from the local school district.

SERVING DISADVANTAGED CHILDREN

Mr. EARLY. Doctor, to be specific now with respect to the disadvantaged, you just testified that you served 4.7 million students in 1975, 4.7 in 1976, and in here we acknowledge the fact that there are 16 million disadvantaged students in this country.

Then there is a requested budget to service 4.5 million. My question is, where is that progress? Where is progress involved there?

Mr. WHEELER. That particular budget entry, Mr. Early, does not reflect ideal progress. Obviously there are students who are going un-

served. The reason that we have asked for this particular reduction is in order to arrive at a sensible and rational arrangement of priorities within the kind of budget constraints that we have.

Mr. EARLY. Doctor, what can be a higher priority than the identified problem of 16 million, or let us use the figure which you say you identified, 9 million, 9 million identified disadvantaged students? Where is the logic in spending money in an experimental program when we know that problem is there?

Mr. WHEELER. Our experimental programs hopefully are going to give us an insight into what directions we ought to take in order to improve the services to those disadvantaged children

Understand, that there is a great deal of knowledge that we don't have about what is best for disadvantaged children. If we don't approach trying to extract some information which is going to be useful to us, then we are going to be in a position where we are making a helter-skelter change in programs and hoping that that turns out to be best for disadvantaged children.

So I think that hte idea of experimental programs which will give us some information in which we can have some confidence——

Mr. EARLY. I am not talking about experimental programs with regard to disadvantaged. I am talking about experimental programs on entirely different types of subjects. I can't understand why we are spending money there.

Mr. WHEELER. In this budget I can't recall at the moment any experimental program that is not related to improving education for the disadvantaged.

REDUCING FEDERAL SPENDING

Mr. EARLY. I am saying anywhere in the educational budget to look for new problems when we are not properly addressing this problem and we are reducing the address we are making to it.

I can appreciate it, Dr. Bell, but it is what is wrong. We are being told to cut across the board because the bureaucracy doesn't let us eliminate problems and I say in vocational education, in educating the disadvantaged, we are not doing nearly enough.

Never mind at least staying at the same rate. We are planning serious reductions here. I just don't know how you can take a 20-percent reduction in education and think you are going to even come close to supplying the same type of service.

Mr. WHEELER. Mr. Early, we haven't made the claim that we would supply identical services.

Mr. EARLY. But you have.

Mr. WHEELER. Let me clarify what our position is on that then.

Our position is that there are certain educational programs where we think the mission has been completed with respect to the appropriate Federal role in those programs. There are other areas where because of the stringency of the budget we have to cut back in order to honor certain other kinds of priorities which we think are rational.

Mr. EARLY. When you say, Doctor, and I don't mean to interrupt, that in that television business the Federal Government has fulfilled its role, and you stated that your objective was to educate the States on drug abuse, I am sure you are not satisfied that all of the States are implementing the program you suggested to them to the degree it should be implemented.

Mr. WHEELER. No, Mr. Early, that was not our objective in the first place.

Our objective was not to force all the States to adopt programs, and to see that all the States had programs in place.

Mr. EARLY. In regard to the television approach to drug abuse?

RATIONALE FOR TERMINATING FEDERAL SUPPORT

Mr. WHEELER. Let me finish this other point. Our objective was to provide communities with rational approaches which at their discretion they could put in place if they wanted to attack the problem of drug abuse.

The problem prior to this program, which was recognized as a proper Federal role, was that in communities where there was a desire to attack the drug problem, particularly from the standpoint of prevention, that there were not clear-cut procedures, clear-cut program designs, that they could follow. They did not know how to marshall the expertise which could be applied to that program. That is a role that the Federal Government undertook. The objective was to get that kind of information before people in the communities who were desirous of that information as they made the decision as to whether or not they would mount an attack on drug abuse from the standpoint of prevention.

We think that we have now reached that objective.

Mr. EARLY. Following that to a conclusion, when you say you have reached your objective, you are satisfied that all those States have taken——

Mr. WHEELER. No; we are satsfied that we have had them involved and they know now how to do it. They have some problems of their own that they have to work out before they put the programs in place, but that is a State responsibility as we see it and not our responsibility.

Mr. EARLY. I will accept that.

Mr. WHEELER. To do more than that would be for the Office of Education to undertake an attack on solving the entire drug problem in the United States and we don't consider that a proper role for the Office of Education. Ours is an educational approach.

Mr. EARLY. It might be a better approach than what we are doing with the DEA. The idea is to get the problem at the roots, not when it is full blown. That is what education is supposed to do.

If you state that, Doctor, I think you would have to acknowledge that that should be a continuous program. The States that don't implement such a program don't implement it usually because of fiscal availability but then the elected and, appointed officials change, and maybe there should be an ongoing program.

I would think that educational TV on drug abuse would be an ongoing program because I think it is something that just has to be repeated and repeated.

Advertising men sav that repetition is the key to selling a product, yet here the Board of Higher Education suggests that we phase out the program.

Let me just conclude with this, Mr. Chairman.

Mr. Roybal said that this reduction of 20 percent in your budget is education going backwards. I not only go along with him, I say that it is backwards in express. There is no way you are making progress with the inflation we have when you are cutting back on the appropriation.

Thank you.

Mr. FLOOD. Mr. Patten.

STATE NEED FOR EQUALIZATION FUNDS

Mr. PATTEN. Mr. Chairman, I will be brief. I haven't had a chance to really study your primary and secondary education budget, but you did talk about something which our State commissioner has asked me to really stress. That is that equalization.

Dr. BELL. Yes, sir.

Mr. PATTEN. When I went home I had to read that last Tuesday night throughout New Jersey probably two-thirds of the school budgets were defeated. We had a public vote. Tonight in most of my district they will elect the members of the local boards of education.

Doctor, 50 years ago I was in the classroom, 1926. I was a young teacher out of a State college. I can't ever remember when my board members, the mayor, city, and all were in such a state of chaos in my State because of the order to equalize education, by the court, and the legislature.

We have all attended meetings on Saturday afternoon with school boards. Even in the depth of the depression I don't remember a time when I was so frustrated about this whole problem. Just a little aside. Thank God they are getting that Federal aid.

In your work I think you know what I am saying about equalization in a State like New Jersey that is under a court order. For some towns where they lose $3 million like Woodbridge Township I fear the result to the taxpayers, small homeowners; but other towns like Newark and Jersey City, and my home town of Perth Amboy, would be the beneficiaries of it.

Nothing is finalized. The boards don't know what to put in their budget. They don't know what the State is going to do, and I don't ever remember a time like this. I started as mayor in 1934 and all teacher salaries were cut 30 percent and we weren't giving them checks. We were giving them IOU's because we didn't have the money.

Talk about Beame in New York. Yet we carried on and we worked out of it. We are going to carry on now.

Dr. BELL. Sure we are.

Mr. PATTEN. I just make a plea with you that you do understand that Dr. Burke and those people are working very hard in New Jersey and there are all kinds of obstacles.

Dr. BELL. I have talked to Fred Burke about the equalization program and the studies that we can fund under the equalization program. New Jersey really needs to complete this study and develop their equalization plan.

As I was indicating to Mr. Early, last year you recall the Senate reported out a $10 million appropriation for section 842 of the law which requires me to reimburse States for studies they do on school-

financed equalization programs that the State legislature will pass. The decision was made, as I have read the report, since the law says that I shall reimburse them for their costs, not to make an appropriation until the year is over and their studies are finished and we know what the costs are, and then to come to you for an appropriation for that. So we are following what the Congress indicated in that regard and we have published the regulations now in the Federal Register and we will be ready to implement that program.

Mr. PATTEN. Thank you, Mr. Chairman.

JUSTIFICATION OF THE BUDGET ESTIMATES

1

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

Elementary and Secondary Education

Fiscal year 1977 Budget

	Page No.
Appropriation language and explanation of language changes	3
Language analysis	5
Amounts available for obligation	6
Summary of changes	7
Obligations by activity	8
Obligations by object	9
Authorizing legislation	10
Table of estimates and appropriations	11
Justification:	
A. Narrative:	
1. General statement	12
2. Activities:	
(A) Disadvantaged grants	14
(B) Support and innovation	20
(C) Bilingual education	22
(D) Right to read	24
(E) Follow-through	27
(F) Educational broadcasting facilities	29
(G) Ellender fellowships	31
(H) Drug abuse education	32
(I) Environmental education	33
(J) Ethnic heritage studies	34
B. Program purpose and accomplishments	35
C. State tables	45
D. Transition quarter analysis	51

Appropriation Estimate

Elementary and Secondary Education

For carrying out, to the extent not otherwise provided, title I, [part A ($2,023,981,000), title I, part B ($24,769,000)], *parts A and D* 1/ *($1,898,750,000)*, title IV, part C ($172,888,000), and title VII of the Elementary and Secondary Education Act [($97,770,000)] *($90,000,000)*, title VII of the Education Amendments of 1974; [the Environmental Education Act ($3,000,000);] 2/ section 417(a)(2) of the General Education Provisions Act; [part J of the Vocational Education Act;] 3/ part IV of title III of the Communications Act of 1934; [the Alcohol and Drug Abuse Education Act;] 4/ and part B of the Headstart Follow Through Act [($59,000,000), $2,414,158,000] *($30,000,000), $2,211,888,000* of which [$12,500,000] *$7,000,000* shall be for educational broadcasting facilities and shall remain available until expended: *Provided,* That of the amounts appropriated above the following amounts shall become available for obligation on July 1 [1976] *1977* and shall remain available until September 30, [1977] *1978*: title I, [part A ($2,023,981,000, title I, part B ($24,769,000)] *parts A and D* 1/ *($1,898,750,000)*, title IV, part C ($172,888,000) of the Elementary and Secondary Education Act, and section 417(a)(2) of the General Education Provisions Act ($1,250,000): *Provided further,* That amounts appropriated *in Public Law 94-94* 5/ for carrying out title I of the Elementary and Secondary Education Act in the fiscal year [1976] *1977* shall be available for carrying out section 822 of Public Law 93-380. [For carrying out title IV of the Elementary and Secondary Education Act an additional $11,633,852 for fiscal year 1977: *Provided,* That none of such funds may be paid to any State for which the allocation for fiscal year 1977 exceeds the allocation for comparable purposes for fiscal year 1974.] 6/ *(Additional authorizing legislation to be proposed for $7,000,000.)*

Explanation of Language Changes

1/ Language citing Part D is added to indicate that part of the Title I money requested is to be used for evaluation. No funds are requested for part B, Special incentive grants.

4

2/ No funds are requested for Environmental education.

3/ No funds are requested for Bilingual vocational training.

4/ No funds are requested for Drug abuse education.

5/ Language clarification.

6/ Special hold harmless provision for title IV Consolidation grants is deleted.

Language provision	Explanation
Provided further, that amounts appropriated in Public Law 94-94 for carrying out title I of the Elementary and Secondary Education Act in the fiscal year 1977 shall be available for carrying out section 822 of Public Law 93-380.	The Congress has already appropriated monies for title I as part of the advance funding in Public Law 94-94. The administration is proposing that $1,500,000 of the amount already appropriated be reprogrammed so that a study mandated by the law could be continued in 1977 to expand the current population survey in order to furnish current data for each State with respect to the total number of school age children in each State to be counted for the purposes of title I.

C

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

Elementary and Secondary Education

Amounts Available for Obligation

	1976	1977
Appropriation	$2,425,791,852	$2,211,888,000
Comparative transfer from:		
"Higher Education" for transfer of the Ellender Fellowship program.....	500,000	---
"Higher Education" for transfer of the Ethnic heritage studies.....	1,800,000	---
Total, obligations.....	2,428,091,852 1/	2,211,888,000

1/ Does not reflect rescission of $210,403,852 proposed for rescission in Presidential message R76-9A and $1,800,000 proposed for rescission in Presidential message R76-13 dated November 16, 1975.

Summary of Changes

1976 Enacted appropriations	$2,428,091,852
1977 Estimated obligations	2,211,888,000
Net change	-216,203,852

	1976 Base	Change from Base
Decreases:		
Program:		
1. Reduction of the number of children served under Title I at the local education agency level	$2,050,000,000	$-150,000,000
2. Elimination of the "hold harmless" provision permitting some States to receive less in 1977 than they received in 1974 for innovation and support	184,521,852	-11,633,852
3. Reduction of Bilingual education activity level in keeping with the limited demonstration role	97,770,000	-7,770,000
4. Decrease from 268 awards to 193 awards for the Right to read program with 90 percent of the decrease being taken in the demonstrations and reading academies	17,000,000	-5,000,000
5. Discontinuation of funding for Follow-through projects in accordance with continuation of the phase out strategy	59,000,000	-29,000,000
6. Decrease from 58 new awards to 37 for educational broadcasting facilities	12,500,000	-5,500,000
7. Termination of the Ellender Fellowship program	500,000	-500,000
8. Elimination of 14 drug abuse education projects	2,000,000	-2,000,000
9. Termination of support for 125 environmental education projects	3,000,000	-3,000,000
10. Termination of support for 45 ethnic heritage studies	1,800,000	-1,800,000
Total, net change		-216,203,852

8

Obligations by Activity

Page Ref.		1976 Revised Budget	1976 Appropriation	1977 Estimate	Increase or Decrease
14	Grants for disadvantaged.....	$1,900,000,000	$2,050,000,000	$1,900,000,000	$-150,000,000
20	Support and innovation.....	172,888,000	184,521,852	172,888,000	-11,633,852
22	Bilingual education:				
	(a) LEA grants.....	53,565,000	62,500,000	60,230,000	-2,270,000
	(b) Training grants	19,335,000	25,370,000	22,670,000	-2,700,000
	(c) Materials development....	7,000,000	7,000,000	7,000,000	---
	(d) Advisory council.....	100,000	100,000	100,000	---
	(e) Bilingual vocational training	---	2,800,000	---	-2,800,000
	Subtotal..	80,000,000	97,770,000	90,000,000	-7,770,000
24	Right to read.....	12,000,000	17,000,000	12,000,000	-5,000,000
27	Follow through.....	41,500,000	59,000,000	30,000,000	-29,000,000
29	Educational broadcasting facilities..	7,000,000	12,500,000	7,000,000	-5,500,000
31	Ellender fellowships	500,000	500,000	---	-500,000
32	Drug abuse education	2,000,000	2,000,000	---	-2,000,000
33	Environmental education.....	---	3,000,000	---	-3,000,000
34	Ethnic heritage studies.....	---	1,800,000	---	-1,800,000
	Total, obligations	2,215,888,000	2,428,091,852	2,211,888,000	-216,203,852

Obligations by Object

	1976 Estimate	1977 Estimate	Increase or Decrease
Other services.....	$ 18,000,000	$ 6,150,000	$-11,850,000
Project contracts.....	7,350,000	4,500,000	- 2,850,000
Grants, subsidies and contributions..	2,402,741,852	2,201,238,000	-201,503,852
Total obligations by object.....	2,428,091,000	2,211,888,000	-216,203,852

1/Does not reflect rescission of $210,403,852 proposed for rescission in Presidential message R76-9A and $1,800,000 proposed for rescission in Presidential message R76-13 dated November 16, 1975.

10

Authorizing Legislation

	Amount Authorized	1977 Budget Estimate
Elementary and Secondary Education		
1. Grants for disadvantaged (ESEA I)		
(a) State and local grants (Part A).....	$4,373,040,000	$1,890,050,000
(b) Incentive grants (Part B).....	196,000,000	---
(c) Evaluation (Part D).....	21,865,000	8,700,000
(d) Studies (General Education Provision Act (Sec. 417(a)(2)).....	Indefinite	1,250,000
2. Support and innovation grants (ESEA IV C)	350,000,000	172,888,000
3. Bilingual education (ESEA VII).....	158,750,000	90,000,000
4. Right to read (Education Amendments of 1974, Title VII).....	139,200,000	12,000,000
5. Follow through (Headstart Follow Through Act).....	60,000,000	30,000,000
6. Education broadcasting facilities (Communications Act of 1934 Title III, Part IV)	1/	7,000,000
7. Environmental education (EEA).....	15,000,000	---
8. Drug abuse education (Alcohol and Drug Abuse Education Act Amendments of 1974)	34,000,000	---
9. Ethnic heritage studies (ESEA, Sec. 907).	15,000,000	---
10. Ellender fellowships (P.L.92-506).....	2/	---

1/ Authorization expired June 30, 1976. Extension legislation is proposed.

2/ Authorization expired June 30, 1976. Extension legislation is not proposed.

Elementary and Secondary Education

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1967	$1,248,714,000	$1,248,714,000	$1,248,714,000	$1,221,714,000
1968	1,471,340,000	1,431,090,000	1,436,090,000	1,410,216,000
1969	1,471,913,000	1,285,003,000	1,409,876,000	1,334,503,000
1970	1,410,393,000	1,610,851,000	1,642,476,000	1,516,014,900
1971	1,513,222,000	1,689,222,000	1,738,325,000	1,712,325,000
1972	1,765,773,000	1,752,073,000	2,009,523,000	1,895,173,000
1973	1,920,643,000	2,115,133,000	2,136,133,000	2,173,508,000
1974	1,861,568,000	2,126,758,000	2,152,958,000	2,041,883,000
1975 1/	4,228,133,000	4,249,533,000	4,253,133,000	4,263,883,000
1976	2,203,888,000	2,405,458,000	2,439,091,852	2,428,091,852
Proposed rescission	-212,203,852			
1977	2,211,888,000			

1/ Includes additional amounts for support of programs shifted to an advance appropriation cycle during that year.

12

Justification

Elementary and Secondary Education

	1976 Revised Budget	1976 Appropriation	1977 Estimate	Increase or Decrease
Elementary and secondary education				
1. Grants for disadvantaged...	$1,900,000,000	$2,050,000,000	$1,900,000,000	$-150,000,000
2. Support and innovation.....	172,888,000	184,521,852	172,888,000	-11,633,852
3. Bilingual education.....	80,000,000	97,770,000	90,000,000	-7,770,000
(a) LEA grants...	(53,565,000)	(62,500,000)	(60,230,000)	(-2,270,000)
(b) Training grants.....	(19,335,000)	(25,370,000)	(22,670,000)	(-2,700,000)
(c) Materials development.	(7,000,000)	(7,000,000	(7,000,000)	(---)
(d) Advisory council.....	(100,000)	(100,000)	(100,000)	(---)
(e) Bilingual vocational training....	---	(2,800,000)	(---)	(-2,800,000)
4. Right to read....	12,000,000	17,000,000	12,000,000	-5,000,000
5. Follow through...	41,500,000	59,000,000	30,000,000	-29,000,000
6. Educational broadcasting facilities	7,000,000	12,500,000	7,000,000	-5,500,000
7. Ellender fellowships.....	500,000	500,000	---	-500,000
8. Drug abuse education.....	2,000,000	2,000,000	---	-2,000,000
9. Environmental education.....	---	3,000,000	---	-3,000,000
10. Ethnic heritage studies.....	---	1,800,000	---	-1,800,000
Total appropriations.....	2,215,888,000	2,428,091,852	2,211,888,000	-216,203,852
Positions.....	277	277	273	-4
Headquarters.....	(262)	(262)	(258)	(-4)
Regions.....	(15)	(15)	(15)	(---)

General Statement

The Elementary and Secondary Education account reflects the efforts of the Office of Education to foster equal educational opportunity through the support of supplementary education services and through capacity building activities to strengthen the local school systems.

Over 5.2 million children in public and private schools will receive supplementary educational services through Title I, Grants for disadvantaged. Fifty million students will be served through Support and innovation grants made available to the 50 States and over 16,000 local educational agencies. Bilingual education will continue to develop, evaluate and demonstrate more effective education practices but with increased emphasis on more State and local efforts in keeping with the limited role of the Federal government relative to State and local efforts as reaffirmed by the Lau decision.

The Right to read program, as recently amended by the Congress, will emphasize working through State agencies to plan and implement coordinated statewide reading programs to eliminate illiteracy. The objectives of Follow-through will be achieved in fiscal year 1976 with the completion of the National Longitudinal study. The 1977 budget will continue phase out strategy of the program. In 1977 the Educational broadcasting facilities program will extend coverage to an additional 2.8 million viewers and additional 4 million listeners; in addition, 8 telecommunications demonstration projects will be funded.

A number of programs will be eliminated because the Federal role has been fulfilled and it is felt that these activities would be better supported by State, local or private sources of funds. Those programs being eliminated are the Ellender fellowships, Drug abuse education, Environmental education and Ethnic heritage studies.

14

	1976 Revised Budget	1976 Appropriation	1977 Estimate	Increase or Decrease
1. Grants for disadvantaged:				
(a) State and local grants	$1,864,231,000	$2,013,731,000	$1,890,050,000	$-123,681,000
(b) Incentive grants.....	24,769,000	24,769,000	---	- 24,769,000
(c) Studies and evaluations:				
(1) NIE study..	5,000,000	5,000,000	---	- 5,000,000
(2) Commerce Department population study.....	1,500,000	1,500,000	---	- 1,500,000
(3) Other studies.....	1,250,000	1,250,000	1,250,000	---
(4) Evaluation.	3,250,000	3,750,000	8,700,000	+ 4,950,000
Total budget authority.....	1,900,000,000	2,050,000,000	1,900,000,000	-150,000,000
Positions	84	84	82	-2

Narrative

Program purpose

To meet the added costs of educating disadvantaged children, Title I provides several types of assistance: (1) formula grants to local educational agencies based on numbers of children from low-income families (Part A LEA grants); (2) grants to State education agencies for programs directed at neglected and delinquent children, children of migrant families, and the handicapped (Part A SEA grants); (3) incentive grants to States spending more on education than the national average (Part B grants); (4) funds for State administration; and (5) funds for program evaluation and studies.

These activities have a common goal--to pay supplementary costs and improve the education of educationally deprived children. Funds for these special services are provided on a formula basis and will serve over 5.2 million children.

The law requires that State agency programs be funded at their maximum authorization. Grants to LEAs under part A are ratably reduced to the amount remaining after the authorizations for the State agency programs have been set aside. The amounts for the State agency grants, therefore, must be deducted from the total appropriated for a fiscal year.

Budget policy

The budget policy for fiscal year 1977 is to supplement State and local expenditures to improve the education of the most educationally deprived children. The $1,900,000,000 requested as an advance for the school year 1977-78 is a decrease of $150,000,000 from the 1976 appropriation of $2,050,000,000 but the same level proposed in the President's 1976 rescission message.

(1) Grants to local educational agencies under Parts A and B

The basic Title I grant entitlement to local school districts is computed on a county basis by multiplying the number of eligible children by 40 percent of the State's average per pupil expenditure (or not less than 80 percent nor more than 120 percent of the national per pupil expenditure). This entitlement is then prorated down to the funds available and grants are made through the State, with a floor provision to ensure that no local educational agency receives less than 85 percent of what they received in the prior year.

	1976 School Year 1976-77	1977 School Year 1977-78	Increase or Decrease
Amount requested	$1,725,271,000	$1,572,250,000	$-153,021,000
Total awards	57	57	57

School year 1977-78

In fiscal year 1977 about 4,500,000 children in over 13,000 school districts will receive Title I services with an average grant of $349 per child. This figure includes some 215,000 children in private nonprofit schools.

Continued emphasis will be placed upon operating classroom projects where (1) available funds are concentrated upon relatively few eligible children to achieve performance objectives; (2) an adequate needs assessment is conducted of the specific educational needs of the children to be served; (3) project design and objectives (in terms of measurable pupil performance) are relevant to the needs of the pupil and supplementary to the regular school program; (4) on-going process evaluation is maintained in each project to discover correctable project weaknesses; and (5) parents are involved in planning, implementing and evaluating projects to maintain cooperation between the school, the family and the community to achieve improved academic performance of participating children.

Funds for special incentive grants under Part B are not being requested for fiscal year 1977. These funds ($16,538,000 in school year 1975-76 and $24,769,000 in school year 1976-77) provide an insufficient incentive to induce State and local educational agencies to increase per pupil expenditures in accordance with the original purpose of the special incentive grants. Furthermore, Part B requires the preparation of a separate application and accounting procedures by LEAs resulting in the expenditure of manpower and funds. Therefore, these funds are being employed in the regular Title I, Part A program.

Plans for fiscal year 1976 (School Year 1976-77)

School year 1976-77 will be the second year of advance funding for the Title I program. The funds will provide support for an estimated 4.725 million children in about 13,200 school districts. An estimated 57 percent of the funds will serve children in grade levels 1-6, 22 percent in grades 7-9, 15 percent in grades 10-12 and 6 percent in pre-school and kindergarten. Title I also provides services for the priority needs of educationally deprived non-public school youngsters. About 225,000 children of the estimated 4.725 million Title I participants in school year 1976-77 will be in attendance at non-public schools. Efforts will be made to insure that such children receive comparable benefits.

16

Programs involving institutionalized neglected and delinquent children supported by local educational agencies are eligible to receive educational services by means of Title I grants to local educational agencies. An estimated 70,000 neglected and delinquent children in 1,500 institutions located in local educational agencies will participate in Title I programs in school year 1976-77.

Federal schools in 16 States operated by the Bureau of Indian Affairs for Indian children annually receive Title I funds under legislative authority of the Elementary and Secondary Education Act. In school year 1976-77 an estimated 33,000 Indian children will participate in 176 Title I projects located at 218 BIA schools. An amount of $17,567,233 is guaranteed the BIA.

(2) Grants to State agencies
(a) Migrant children

	1976 School Year 1976-77	1977 School Year 1977-78	Increase or Decrease
Amount requested	$130,000,000	$150,000,000	$+20,000,000
Total awards	166	166	---

School year 1977-78

Title I requires the funding of State agency programs at their maximum authorization. Migrant education funds in school year 1977-78, therefore, will increase by $20,000,000. The number of States participating in the migrant program will increase from 52 to 55, the number of full-time equivalency children from 370,000 to 412,000, and the average cost per FTE child from $351 to $364.

The migrant program will have five national priorities in school year 1977-78: (1) provide for more effective identification and recruitment of currently and formerly migrant children eligible to receive services; (2) expand participation and programs for migrant students at the secondary school level and develop an interstate system for awarding of secondary school credits for migrant students' high school diplomas; (3) expand existing programs for non-English speaking migrant children by (a) more accurately assessing oral language skills by pre-testing and post-testing of achievements in the English and Spanish language arts, and (b) prescribing bilingual approaches to meet the needs of the various migrant populations; (4) encourage all State educational agencies and their LEAs to increase the participation of parents in every migrant project; and (5) develop procedures for listing on the Migrant Student Record Transfer System reading and mathematical skills acquired by migrant children and for encouraging teachers to use such data in planning reading and mathematics instruction for their children.

School year 1976-77

Funds for State educational agencies responsible for the education of migrant children in school year 1976-77 will provide services for approximately 370,000 full-time equivalency children in 52 States and the outlying areas. A grant of $351 per child is available for use. Migrant educational services will involve the participation of an estimated 2,800 local educational agencies.

(b) Neglected and delinquent children

	1976 School Year 1976-77	1977 School Year 1977-78	Increase or Decrease
Amount requested	$28,000,000	$29,000,000	$+1,000,000
Total awards	125	125	---

School year 1977-78

Funds for State operated or supported institutions for neglected or delinquent children will increase in school year 1977-78 by $1 million. That increase will result from increases in the States' per pupil expenditure. The average cost per participating N&D child will increase from $560 to $580. Renewed efforts will be made in school year 1977-78 to expand and improve the educational programs for institutionalized children and return them to their families and communities with better attitudes towards education, society and themselves. Programs will stress more relevant curricula based upon sound needs assessment, performance objectives, extensive individualized instruction, and guidance and counselling to help the youngsters when they return to their community schools. Special emphasis will be placed on instruction in reading, the language arts and mathematics primarily in the elementary grades. Some 50,000 children will be served.

School year 1976-77

An estimated 50,000 institutionalized neglected and delinquent children in approximately 600 State operated or supported institutions will receive educational support from Title I in school year 1976-77. The average grant per child is $560 Most of the money will be spent on reading, language arts, mathematics and guidance and counseling. Institutional teachers will work regularly on a one-to-one basis with youngsters in the classroom. After-hours tutoring is an integral part of many programs for neglected and delinquent children.

(c) Handicapped children

	1976 School Year 1976-77	1977 School Year 1977-78	Increase or Decrease
Amount requested	$109,000,000	$119,000,000	$+10,000,000
Total awards	145	159	14

School year 1977-78

Funds for State educational agencies responsible for the education of handicapped children in school year 1977-78 will provide services for approximately 229,000 children in the 50 States, the District of Columbia, and the outlying areas. This is an increase of about 21,000 children over 1976. Handicapped children educational services will involve the participation of an estimated 3,875 State schools, 116 local educational agencies and over 3,600 local schools. Efforts will be made to meet the more sophisticated needs of an increasing number of recognized handicapped children at an average expenditure of $520 per child.

School year 1976-77

An estimated 208,000 handicapped children in over 3,500 eligible State schools and 145 State agencies will receive educational support through P.L. 89-313 at an average cost per child of $524.

18

(3) State Administration

	1976 School Year 1976-77	1977 School Year 1977-78	Increase or Decrease
Amount requested	$21,460,000	$19,800,000	$-1,660,000
Total awards	57	57	---

School year 1977-78

The decrease of $1,660,000 between 1976 and 1977 reflects the decrease in total funds provided, since the administration grant is based on the total grant to States. These funds will be provided to State educational agencies to assure compliance with the statute and to provide technical assistance to improve and evaluate the effectiveness of projects.

School year 1976-77

In school year 1976-77 administration funds will be used for: such expenses as the review of an estimated 13,200 Title I project grant applications during the regular school year plus applications for summer programs; monitoring of Title I projects at the local level; technical assistance activities for school districts involving program development and evaluation and providing State-wide dissemination service to promote the use of effective compensatory education projects.

(4) Studies and evaluation

	1975 School Year 1975-76	1976 School Year 1976-77	1977 School Year 1977-78	Increase or Decrease
(a) NIE Study.....	$ 5,000,000	$ 5,000,000	$ ---	$-5,000,000
(b) Commerce Department population study.....	8,000,000	1,500,000[1/]	---	-1,500,000
(c) Survey of eligible children not participating.....	1,250,000	1,250,000	1,250,000	---
(d) Evaluation.....	3,250,000	3,750,000	8,700,000	+4,950,000
Amount requested..	17,500,000	11,500,000	9,950,000	-1,550,000

School year 1977-78

An amount of $1,250,000 is requested for fiscal year 1977 to carry out a survey of how many of the children counted under Title I to determine eligibility actually participated in the program. This is the fourth year of funding for this survey and will complete the elementary school portion of the study.

Section 151 of Title I of the Elementary and Secondary Education Act authorizes the Commissioner to use up to one-half percentum of the funds appropriated for Title I to carry out evaluation activities associated with the program. For the past years, $5,000,000 annually has gone to the National Institute of Education for a comprehensive study of compensatory education. With the remainder of these funds the following evaluation studies were initiated: (1) a Study of the Feasibility of an Impact Evaluation of the Program for Children of Migratory Agricultural Workers; (2) a Study of the Effects of Multi-Year Participation in Basic Skill Compensatory Programs on Student Skill Acquisition; and, (3) a Survey of the Technical Assistance Needs Implied by State Evaluation and Reporting Models. The first two studies will be continued with funds requested for the 1977-78 school year. In addition, as an outgrowth of the latter study and with the funds requested, technical assistance

1/ Proposed reprogramming.

services will be provided to State and local agencies to help them improve their evaluations.

School year 1976-77

In fiscal year 1975 the Congress authorized some $8,000,000 to be transferred to the Commerce Department to expand the current population survey in order to furnish current data for each State with respect to the total number of school age children in each State to be counted for the purposes of Title I. No funds were requested of the Congress for this study in the advance funding for 1976 which has already been appropriated. However, this budget is now requesting that $1,500,000 of the already appropriated funds be reprogrammed in order to provide funding for this study in 1976. A provision has been inserted in the proposed appropriation language to authorize this use of the funds.

20

	1976 Revised Budget	1976 Appropriation	1977 Estimate	Increase or Decrease
2. Support and innovation grants.....	$172,888,000	$184,521,852	$172,888,000	$-11,633,852
Non-competing continuations....	172,888,000	184,521,852	172,999,000	-11,633,852
Number.....	57	57	57	---
Positions.....	63	63	63	---

Narrative

Program purpose

This program is designed to give State and local education agencies a more flexible way to tailor innovative educational approaches to their own needs and circumstances. Enacted in 1974, the program replaces Federal categorical efforts in the areas of Strengthening State departments of education, Dropout prevention, Supplementary educational services and Nutrition and health. Funds can be used for any of these purposes. Allocations are made to the States based on proportionate numbers of school-aged (5-17) children, after deducting approximately one percent for distribution to the outlying areas, Bureau of Indian Affairs, and the Department of Defense. Grants are made for a twelve month period once the annual State program plan is approved. The estimates for 1977 are sufficient to trigger the consolidation, assuming enactment of the proposed 1976 rescission for this program.

There are a number of specific limitations on State spending in the law. A minimum of 15% of the funds received by a State must be spent on programs for handicapped children. States are allowed to use no more than 15% of their allocation (or the amount available in fiscal year 1973, whichever is greater) to strengthen State and local education agencies. A maximum of 5% of the remainder may be used to administer the programs being consolidated and to support the activities of the State Advisory Council. The rest of the funds are distributed by the State education agency to local education agencies on the basis of Statewide competitions.

This program is advance-funded; funds requested in the fiscal year 1977 budget will be spent during school year 1977-78.

Budget policy

In fiscal year 1977, funds will continue to support consolidation programs in 50 States, 6 outlying areas, and the Bureau of Indian Affairs.

Special projects in local school districts will cover the range of program purposes allowed by law. However, there is expected to be a continuing trend toward more adoption and replication of existing successful projects. State education agencies are expected to increase their technical assistance to those local education agencies which because of small size or lack of local resources are less able to compete in a competitive grant process.

All 50,000,000 children in public and non-public schools and all State and local education agencies will benefit from this program.

In fiscal year 1976, which advance funded activities during school year 1976-77, funds were used for a wide variety of projects in the areas noted above. Fiscal year 1976 was the first year in which 100% of the funds awarded under this activity were awarded on a consolidated basis. During school year 1975-76, 50% of funds were awarded on a consolidated basis and 50% were channeled through the former categorical programs.

22

	1976 Revised Budget	1976 Appropriation	1977 Estimate	Increase or Decrease
3. Bilingual education	$80,000,000	$97,770,000	$90,000,000	-$7,770,000
Summary of awards				
Total awards	$80,000,000	$97,770,000	$90,000,000	-$7,770,000
Number	431	581	513	-68
New awards	$31,827,430	$52,388,750	$24,637,260	-$27,751,490
Number	179	329	170	-159
Non-competing continuations	$48,172,570	$45,381,250	$65,362,740	+$19,981,490
Number	252	252	343	+91
Positions	49	49	49	---

Narrative

Program purpose

In order to provide equal educational opportunities for children of limited English speaking ability, this program encourages the establishment and operation of educational programs at the elementary and secondary levels which employ bilingual education practices, techniques, and methods. On the basis of national competition, grants are awarded for the operation of classroom demonstrations and for materials development and dissemination activities; grants or contracts may be awarded for a range of teacher-training related activities. The program is forward-funded.

Budget policy

The Supreme Court ruled in Lau vs. Nichols that it was the responsibility of local school districts to provide appropriate instruction to children of limited English speaking ability. To assist in the effort, the Office of Education supports a policy of helping to develop human and material resources to better enable localities to meet the needs of limited English speaking children. This assistance takes the form of the following authorized activities:

-- grants or contracts to LEA's, institutions of higher education, and State education agencies to conduct bilingual education teacher training activities;

-- grants to LEA's for the development, assessment and dissemination of bilingual curricula and instructional materials;

-- grants to institutions of higher education for the reform, innovation and improvement in graduate instruction in the field of bilingual education and in the structure of the academic profession in this field;

-- traineeships for study leading to a degree or credential in the field of training teachers for bilingual education;

-- fellowships for study leading to a graduate degree in the field of training teachers for bilingual education programs;

-- grants for a limited number of classroom projects to demonstrate effective methods and techniques of meeting the special needs of target children.

From funds appropriated under this activity the Commissioner is authorized to make payments to the Secretary of the Interior to carry out programs of bilingual education for Indian children on reservations served by elementary and secondary schools operated or funded by the Department of the Interior.

In fiscal year 1977, an amount of $90,000,000 is being requested and will be distributed as follows:

-- $60,230,000 will fund an estimated total of 364 demonstration projects enrolling about 184,755 children. Some 21 new starts are anticipated.

-- $22,670,000 will be awarded for training activities including,

(a) $9,035,000 for inservice training of an estimated 24,090 personnel associated with funded demonstrations;

(b) $2,335,000 for preservice traineeships of up to $3,500 to at least 667 recipients;

(c) $3,000,000 for at least 375 graduate fellowships at a maximum cost of $8,000 each;

(d) $3,300,000 for program development to 33 institutions of higher education;

(e) $5,000,000 for awards to 13 resource training centers which will train approximately 8,665 additional personnel.

-- $7,000,000 will fund 18 bilingual materials centers to develop, assess and disseminate curricula and other instructional materials in some 14 languages present in existing projects funded under this program.

-- $100,000 will be set aside for the Advisory Council.

No funds are requested for Part J of the Vocational Education Act since authorized activities may be supported at the discretion of the individual States.

The fiscal year 1976 appropriation for this activity is $97,700,000 although a rescission of $17,700,000 has been proposed. At the appropriation level, $62,500,000 will fund an estimated 400* classroom demonstrations of which 148 will be new starts. For training, $25,370,000 will be made available. Of this amount, $9,375,000 is for inservice staff development training for 25,000 personnel participating in the classroom demonstrations; $4,000,000 for at least 500 graduate fellowships; $4,000,000 for 40 awards to institutions of higher education for program development, $2,995,000 for at least 856 traineeships and $5,000,000 for 13 training resource centers where nearly an additional 8,665 personnel will be trained. A total of $7,000,000 will fund 18 materials development, assessment and dissemination centers. Finally, some 20 projects will be supported with $2,800,000 made available under Part J of the Vocational Education Act and $100,000 will be provided for the Advisory Council.

*The House and Senate Appropriations Committee reports accompanying H.R. 5901 specified that 400 classroom demonstrations were to be funded with the amounts provided. To do so will require reducing the average cost per project to $156,250. In fiscal year 1975 the actual average cost of funded projects was $165,630 and that is the amount used to estimate the number of projects to be supported in fiscal year 1977.

24

	1976 Revised Budget	1976 Appropriation	1977 Estimate	Increase or Decrease
4. Right to read.....	$12,000,000	$17,000,000	$12,000,000	$-5,000,000
Summary of awards:				
Total awards.....		17,000,000	12,000,000	-5,000,000
Number.....		268	193	-75
New awards.....		10,254,000	720,000	-9,534,000
Number.....		201	11	-190
Non-competing continuations.....		6,746,000	11,280,000	+4,534,000
Number.....		67	182	+115
Positions.....		26	24	-2

Narrative

Program purpose

The purpose of the Right to read program is to provide facilitating services and resources to stimulate educational institutions, governmental agencies, and private organizations to improve and expand their activities related to reading. The Right to read program is both an impetus to and a component of a large National reading effort. The goal of this National effort is to eliminate functional illiteracy in this country to the extent that by 1980, 99 percent of the population sixteen years of age, and 90 percent of the population over sixteen years of age, will be functionally literate.

This program operates under the authority of Title VII of the Education Amendments of 1974, which authorizes a National Reading Improvement Program. This program has recently been amended by legislation providing more flexibility in the types of projects eligible for funding. In order to achieve the purpose of this program, the Commissioner is authorized to award discretionary grants and contracts to State and local education agencies, institutions of higher education, and other public and private nonprofit agencies.

Budget policy

The budget request of $12,000,000 will continue the same six program components in 1977 as were supported in 1976, but at a lower level of effort. Total awards in 1977 will be 193, a decrease of 75 from 1976. Of this total decrease, 90% will occur in the demonstration (reading improvement) and reading academy project components.

1. State education agency program: These awards to SEA's are to build the capacity of State agencies to assume responsibility for improvement of reading achievement in their respective States.

In 1977, $5,300,000 will support 47 SEA awards serving 51 States. Awards will provide for State agency needs assessments, and developmental, training and technical assistance activities. Comparative data show constant service levels over the past three years:

	Funding Level	Total Awards A/	New Awards	Continuation Awards
1977	$5,300,000	47	---	47
1976	5,300,000	47	---	47
1975	5,215,122	47	20	27

A/ One award serves the New England Consortium composed of five States.

2. Reading improvement projects (Part A)--Project awards are made to SEA's, LEA's, and private organizations which have demonstrated, or have the resources necessary to provide preschool and elementary model and/or remedial reading programs. Not more than 12 1/2 percent of the total for these projects may be allocated to any one State.

The 1977 funding level of $3,000,000 will fund 70 continuation projects, a decrease of 45 awards from the 1976 total of 115. Comparative data follow, displaying decreased total funding levels but constant average awards:

	Funding Level	Total Awards	New Awards	Continuation Awards	Average Award
1977	$3,000,000	70	---	70	$42,857
1976	5,230,000	115	115	---	45,478
1975	---	---	---	---	---

3. Right to read academies (Part C, Sec. 723)--These awards provide for materials, counseling, and tutor services in reading assistance and instruction to youths and adults, who would not otherwise receive such instruction. Academy grant or contract awards are made to State or local education agencies, or other nonprofit organizations.

In 1977, $2,480,000 will support 50 academies providing direct instructional services and statellite tutoring centers. This is a decrease of $2,220,000 and 15 awards from 1976. Three year comparative data follow:

	Funding Level	Total Awards	New Awards	Continuation Awards	Average Award
1977	$2,480,000	50	---	50	$49,600
1976	4,700,000	65	45	20	72,308
1975	1,449,221	20	20	---	72,460

4. National impact projects--The purpose of these activities is to stimulate public and private activity to help achieve the reading goal of the National effort.

The 1977 funding level of $600,000 will parallel the 1976 level, in which 10 awards are made each year for activities such as adult educational television programing on reading skills and reproduction and dissemination of information and media-kits on validated reading programs. Three year comparative data follow:

26

	Funding Level	Total Awards	New Awards	Continuation Awards	Average Award
1977	$ 600,000	10	10	---	$60,000
1976	600,000	10	10	---	60,000
1975	447,672	6	5	1	74,612

5. Special emphasis projects (Part C, Sec. 721)--These awards to local education agencies attempt to determine the effectiveness of intensive instruction by reading specialists and reading teachers.

The 1977 funding level of $500,000 will support 15 continuation awards for both in-school and vacation school intensive elementary reading programs. This represents a 50% decrease from 1976 in both funding level and total awards. Comparative program data follows:

	Funding Level	Total Awards	New Awards	Continuation Awards	Average Award
1977	$ 500,000	15	---	15	$33,333
1976	1,000,000	30	30	---	33,333
1975	---	---	---	---	---

6. Evaluation (Part D, Sec. 731)--Title VII of the Education Amendments of 1974 requires an annual evaluation be made of Right to read programs. Up to 1% of the title VII appropriation is authorized for this purpose. In 1977, the evaluation will be funded with $120,000 of Right to read funds and will be supplemented with Office of Education Planning and Evaluation appropriations.

	1976 Revised Budget	1976 Appropriation	1977 Request	Increase or Decrease
5. Follow-through....	$41,500,000	$59,000,000	$30,000,000	$-29,000,000
Summary of awards:				
Total awards.....	41,500,000	59,000,000	30,000,000	-29,000,000
Number.....	202	224	200	-24
New awards.....	855,000	1,305,000	300,000	- 1,005,000
Number.....	11	13	3	-10
Non-competing continuations..	40,037,000	57,087,000	29,200,000	-27,887,000
Number.....	149	169	145	-24
Competing continuations.....	608,000	608,000	500,000	- 108,000
Number.....	42	42	52	+ 10
Positions.....	26	26	26	---

Narrative

Program purpose

Follow-through is an experimental program designed to test various models of primary education programs in order to determine their effectiveness in educating children from low-income families. These 20 models seek to increase the achievement of children who have been previously enrolled in Head Start or similar preschool programs. The goal of the academic program is the development of children who are confident of their learning ability and who are equipped with skills and concepts upon which later learning is dependent.

To carry out Follow-through projects the Secretary is authorized to provide financial assistance, not to exceed 80 percent of approved costs, to local educational agencies and other public or non-profit private organizations for the purposes of developing, testing, and evaluating models.

To determine which Follow-through approaches are most effective, evaluation efforts are underway, most notably the National Longitudinal Study of the 10 most frequently implemented models. This study will be completed in December 1976.

Budget policy

Because the objectives of this program, which is experimental in nature, will be achieved in fiscal year 1976 with the completion and publication of results of the National Longitudinal Study, the budget proposes to continue the phase-out strategy of the program in fiscal year 1977.

A rescission of $17,500,000 is proposed for this program in fiscal year 1976 with the following programmatic impact: an entering class would not be supported and 20 existing projects would not be refunded. If the rescission is adopted, the $30,000,000 level proposed for fiscal year 1977 would continue the phase-out of this program and provide support for grades 2 and 3 in 140 projects.

Assuming an appropriation level of $59,000,000 for 1976, the $30,000,000 requested for fiscal year 1977 will begin the phase-out of the program. No entering class will be supported in fiscal year 1977. Of the 165 existing sites, it is expected that 5 will choose not to apply for refunding. Further, upon applying refunding criteria, an estimated 24 additional sites will be discontinued. The budget level of $30,000,000 will support 45,700 children at 136 sites at an average per pupil cost of $567. In addition, funds are provided to complete technical analysis of the National Longitudinal Study, to publish the final report, to disseminate results of the Study, and to carry out any further analyses suggested by this report.

28

In fiscal year 1976, an appropriation of $59,000,000 supported classroom operations for grades K-3 in 165 sites. In addition, support was provided for collection and analysis of data for the National Longitudinal Study.

	1976		1977	Increase or
	Revised Budget	Appropriation	Estimate	Decrease
6. Educational broadcasting facilities.....	$7,000,000	$12,500,000	$7,000,000	$-5,500,000
Summary of awards:				
Total awards.....	7,000,000	12,500,000	7,000,000	-5,500,000
Number.....	33	58	37	-21
New awards.....	7,000,000	12,500,000	7,000,000	-5,500,000
Number.....	33	58	37	-21
Positions.....	11	11	11	-

Narrative

Program purpose

The objective of this program is to extend and improve the coverage of noncommercial radio and TV broadcast facilities. Support for the acquisition and installation of transmission facilities is provided through matching grants (covering up to 75 percent of the cost of eligible items). Equitable geographic coverage is a major consideration in the award of grants.

The authorization for this program expires in fiscal year 1976. New authorizing legislation is before the Congress. The new legislation would continue the existing program and authorize demonstration projects to show innovative uses of non-broadcast facilities such as cable and satellites for delivering information on health, education and social services. Grant periods range from 6 to 30 months for broadcast facilities projects, and from 12 to 36 months for demonstration projects.

Budget policy

A primary goal of this program for TV broadcast facilities in 1977 is extension of coverage to unserved populations. This goal will be met primarily through upgrading of existing facilities to enable them to reach additional viewers. Secondarily, activations of new stations will be accomplished in areas of substantial population where there is no ETV station. Several projects to upgrade the color reproduction and live production capability of existing stations will also be funded in 1977. Approximately 2.8 million additional viewers will be reached in 1977.

The primary focus in 1977 for radio broadcast facilities is on extension of quality services to areas which are without Educational Radio (ER) or where existing ER service does not reach all listeners within the defined market areas. Approximately 4 million additional ER listeners will be reached in 1977.

Eight demonstration projects will be funded in 1977 under proposed legislation to show how non-broadcast telecommunications facilities can be used to distribute information on health, education and social services.

In 1976, this program extended ETV coverage to an estimated 4 million additional viewers, and extended ER coverage to an estimated 6 million more listeners.

30

Program awards are reflected in the following table:

	1975		1976		1977	
	No.	Amount	No.	Amount	No.	Amount
ETV projects.....	41	$10,900,000	26	$9,800,000	12	$4,850,000
ER projects.....	21	1,100,000	32	2,700,000	17	1,400,000
Demonstrations.....	--	---	--	---	8	750,000
Total.....	62	12,000,000	58	12,500,000	37	7,000,000

	1976			
	Revised Budget	Appropriation	1977 Estimate	Increase or Decrease
7. Allen J. Ellender fellowships	$500,000	$500,000	---	$-500,000
Summary of awards:				
Total awards	500,000	500,000	---	-500,000
Number	1	1		-1
Non-competing continuations	500,000	500,000	---	-500,000
Number	1	1		-1

Narrative

Program purpose

To assist the Close Up Foundation of Washington, D.C. in carrying out its program of increasing the understanding of the Federal Government among secondary school students, teachers, and the communities they represent, an annual appropriation of up to $500,000 is authorized.

Funds are awarded to the Foundation which then awards fellowships to secondary students and their teachers. These students and teachers spend one week in Washington meeting with leaders from the three branches of Government.

Budget policy

The authorization for this program expired in fiscal year 1976. Neither reauthorization nor refunding is requested in fiscal year 1977.

An appropriation of $500,000 provided approximately 1,500 fellowships in fiscal years 1975 and 1976.

32

	1976		1977	Increase or
	Revised Budget	Appropriation	Estimate	decrease
8. Drug abuse education.....	$2,000,000	$2,000,000	---	$-2,000,000
Summary of awards:				
Total awards.....	$2,000,000	$2,000,000	---	$-2,000,000
Number.....	14	14	---	-14
Non-competing continuing awards.....	2,000,000	2,000,000	---	-2,000,000
Number.....	14	14	---	-14
Positions.....	6	6	6	---

Narrative

Program purpose

In order to foster drug and alcohol abuse education demonstration projects in schools and communities, their validation and dissemination throughout the country, and leadership training for school and community personnel and parents, grants and contracts are awarded to public and private educational and community agencies. The funds are awarded on a forward funded basis at the Commissioner's discretion and priority is given to programs and projects in schools.

Activities supported by the program include projects for development and dissemination of exemplary materials for use in all levels of education; comprehensive demonstration programs focusing on causes of drug and alcohol abuse; primary prevention and early intervention programs; drug abuse preservice training programs for all personnel who deal with drug-related problems; community education programs for drug and alcohol abuse; recruitment programs to enlist experienced personnel to participate in drug abuse public education programs; and projects for the dissemination of valid and effective drug and alcohol abuse programs.

Budget policy

Because this program has successfully carried out its role of demonstrating new approaches in the area of drug abuse education, no funds are requested for this program in fiscal year 1977.

In fiscal year 1976, the 5 Regional Training and Developmental Resource Centers will be funded to provide about 3,000 technical assistance days to over 3,000 teams previously trained. This assistance will include conferences, workshops and site visits. Workshops will also be sponsored to provide specialized staff development to training center staff. Under contract to BRASS Foundation, Inc. of Chicago, a National Data Base will continue to supply data on the 3,000 school and community teams trained since 1972. The six preservice demonstration projects will be continued for their final year. The activities of the National Action Committee will be continued, as well as the University of Massachusetts Self-Knowledge Education project.

	1976			
	Revised Budget	Appropriation	1977 Estimate	Increase or Decrease
9. Environmental education	---	$3,000,000	---	$3,000,000
Summary of awards:				
Total awards	---	3,000,000	---	-3,000,000
Number	---	125	---	-125
New awards		3,000,000	---	-3,000,000
Number	---	125	---	-125
Positions	7	7	7	---

Narrative

Program purpose

The goal of this program is to assist in the development of basic resource materials and effective teaching approaches for environmental education. The development of these materials and approaches will enable citizens, particularly educators, to be environmentally aware and will stimulate States, local educational agencies, and others to support environmental education.

Program funds are awarded to both public and private nonprofit organizations and agencies. Funds for this program are awarded on a competitive basis to any nonprofit agency, institution or organization for carrying out environmental education demonstration projects.

Budget policy

Because this program has successfully carried out its role of demonstrating new approaches to environmental education, no funds are requested for this program in fiscal year 1977.

In fiscal year 1976, $3,000,000 will support 125 projects in 45 States. In addition to continuing its assessment of pilot projects and additional resource material, the program will focus upon community-centered mini-grant workshops and implementation/demonstration projects.

34

	1976 Revised Budget	1976 Appropriation	1977 Request	Increase or Decrease
10. Ethnic heritage studies.....	---	$1,800,000	$---	$-1,800,000
Summary of awards:				
Total awards.....	---	1,800,000	---	-1,800,000
Number.....	---	45	---	-45
New awards.....	---	1,800,000	---	-1,800,000
Number.....	---	45	---	-45
Positions.....	5	5	5	---

Narrative

Program purpose

To provide for a greater understanding of the diverse culture and heritage of the Nation, this program awards grants and contracts for curriculum materials development, dissemination, training, and community activities related to ethnic heritage studies. Awards can be made to public and private non-profit educational agencies, institutions, and organizations. The program is conducted with the assistance of a 15-member National Advisory Council that provides guidance concerning general policies and priorities for the program.

Budget policy

Because funds provided under other educational authorities may be used for programs related to ethnic studies, no funds are requested for this program in fiscal year 1977.

In fiscal year 1975, 49 projects were awarded grants at an average cost of about $37,000. Eleven ethnic or community groups received grants, as well as 12 State or local education agencies, 20 institutions of higher education, and six educational associations, located in 32 States and the District of Columbia. Emphasis was placed on multi-ethnic endeavors drawing on the cultural pluralism of the community; on school university and community cooperation, and on grantee commitment to program continuation. Project activities are now in progress. In fiscal year 1976, an appropriation of $1,800,000 will enable the Office of Education to fund 45 projects for curriculum development, dissemination and training in the area of ethnic studies.

OFFICE OF EDUCATION

Elementary and Secondary Education

Program Purpose and Accomplishments

Activity: Disadvantaged grants (Elementary and Secondary Education Act, Title I)

1976 Appropriation	1977 Authorization	1977 Budget Estimate
$2,050,000,000	$4,394,905,000	$1,900,000,000

Purpose: Grants are made to States and to local school districts to provide special services to educationally deprived children residing in areas of high concentration of low-income families, for migrant children, handicapped children, and neglected and delinquent children. These funds are used to supplement existing State and local education outlays.

Explanation: The basic Title I grant entitlement to local school districts is computed on a county basis by multiplying the number of eligible children by 40 percent of the State's average per pupil expenditure (or not less than 80 percent nor more than 120 percent of the national per pupil expenditure). This entitlement is then prorated down to the funds available and grants are made through the State, with a floor provision to ensure that no local educational agency receives less than 85 percent of what they received in prior year. State agency programs are funded at maximum authorization.

Accomplishments in 1976: Approximately 5.3 million children in 50 States and over 13,000 school districts are participating in the Title I program to assist State and local educational programs to meet the special needs of these educationally deprived children.

Objectives for 1977: Advance funding in the 1977 appropriation request will support some 5.2 million children, including over 4.5 million children in local school districts and Bureau of Indian Affairs schools and about 700,000 in State agency programs.

36

OFFICE OF EDUCATION

Elementary and Secondary Education

Program Purpose and Accomplishments

Activity: Support and innovation services

1976 Appropriation	1977 Authorization	1977 Budget Estimate
$184,521,852	$350,000,000	$172,888,000

Purpose: To enable states to exercise greater flexibility and responsibility in determining priorities, four categorical programs have been consolidated into a single grant program, "Educational innovation and support."

Explanation: The four categorical programs consolidated into "Education innovation and support" are Supplementary educational centers and services (except guidance, counseling, and testing), Strengthening State and local educational agencies, Drop-out prevention projects, and Grants for demonstration projects to improve school nutrition and health services for children from low-income families. Allocations to States are determined on the basis of their population age five through seventeen. This program is advance funded which permits States to plan activities more effectively.

Accomplishments for 1976: In fiscal year 1976, 100 percent of the appropriated funds will be used for consolidation. About 50 million elementary and secondary school children in both public and private schools will be served.

Objectives for 1977: In the 1977 budget, funds will be provided through the 50 States to over 16,000 local school districts for about 50 million public and private school children.

OFFICE OF EDUCATION

Elementary and Secondary Education

Program Purpose and Accomplishments

Activity: Bilingual education (Elementary and Secondary Education Act, Title VII)

1976 Appropriation	1977 Authorization	1977 Budget Estimate
$97,770,000	$150,000,000	$90,000,000

Purpose: In order to provide equal educational opportunities for children of limited English speaking ability, this program provides assistance for the operation of elementary and secondary school programs employing bilingual education techniques, for the development and dissemination of bilingual materials, and for teacher training programs.

Explanation: In this forward funded program, discretionary grants are awarded for the operation of bilingual education classroom demonstrations and for projects to develop, assess, and disseminate bilingual education instructional materials. In addition, grants or contracts may be awarded for a range of authorized teacher-training activities.

Accomplishments in 1976: The appropriation of $97,770,000 will provide $62,500,000 to support 400 classroom demonstrations of which about 148 will be new starts. Training funds of $25,370,000 will permit inservice staff development training of 25,000 personnel in the demonstrations, and the award of at least 500 graduate fellowships and 856 traineeships, 40 grants to institutions of higher learning for program development, and 13 grants or contracts to resource centers to train an additional 8,665 personnel. About $7,000,000 will fund some 18 materials development projects and $2,800,000 will support 20 bilingual vocational training projects authorized by VEA, Part J. The Advisory Council will receive $100,000 for its operation.

Objectives for 1977: The request of $90,000,000 will be distributed in essentially the same proportion as the fiscal year 1976 appropriation. This level will provide support of $60,230,000 to some 364 demonstrations including 21 new ones. An amount of $22,670,000 for training activities will enable about 25,090 personnel associated with the demonstrations to receive inservice training and will support a minimum of 375 fellowships and 667 traineeships. Training funds will also support 33 grants to institutions of higher learning and 13 awards to resource centers training an additional 8,665 bilingual education teaching personnel. An amount of $7,000,000 will be reserved for up to 18 grants for the development, assessment, and dissemination of bilingual instructional materials and $100,000 will support the Advisory Council.

38

OFFICE OF EDUCATION

Education for the Handicapped

Program Purpose and Accomplishments

Activity: Right to read (Title VII, Education Amendments of 1974)

1976 Appropriation	1977 Authorization	1977 Budget Estimate
$17,000,000	1/	$12,000,000

1/ Authorizations as follows for fiscal year 1977:

Parts A and B	:	$88,000,000
Part C, sec. 721	:	$25,000,000
sec. 723	:	$10,000,000
sec. 724	:	$ 6,400,000
sec. 725	:	$ 800,000
sec. 726	:	$ 9,000,000
Part D	:	Not more than 1% of total Title VII funding

Purpose: The purpose of the Right to read program authorized by Title VII of the Education Amendments of 1974, is to provide facilitating services and resources to stimulate educational institutions, governmental agencies, and private organizations to improve and expand their activities related to reading. The Right to read program is both an impetus to and a component of a large national reading effort. The goal of this national effort is to eliminate functional illiteracy in this country to the extent that by 1980, 99 percent of the population up to sixteen years of age and 90 percent of the population over sixteen years of age will be functionally literate.

Explanation: Eligible grantees include local educational agencies, institutions of higher education, State education agencies, and other public and private agencies. Awards are made for 12-month periods.

Accomplishments in 1976: In 1976, all State education agencies will receive awards to train local Right to read directors. One hundred fifteen reading improvement projects will be awarded and 65 reading academies will be supported. In addition, 10 national impact projects will be awarded covering dissemination of print and multi-media materials on reading skills. Thirty special emphasis projects will be supported to determine the effectiveness of instruction by reading specialists and reading teachers; and an evaluation of the Right to read program will be funded.

Objectives for 1977: The budget request will continue the same program components in 1977 as in 1976, but at a lower level. All grants to State education agencies will be continued, as well as 70 reading improvement projects. Fifty reading academies, 10 national impact projects, and 15 special emphasis projects will be continued. In addition, the yearly evaluation will be supported.

OFFICE OF EDUCATION

Elementary and Secondary Education

Program Purpose and Accomplishments

Activity: Follow-through (Head start-Follow-through Act)

1976 Appropriation	1977 Authorization	1977 Budget Estimate
$59,000,000	$60,000,000	$30,000,000

Purpose: This is an experimental program designed to develop and test effective ways of educating disadvantaged children in primary grades (K-3).

Explanation: Grants are awarded to local school districts. Sponsoring agencies or groups assist most districts in implementing models. Twenty-two sponsors and 165 projects are involved in this model testing experiment. A national longitudinal evaluation of the 10 models most frequently used is nearing completion.

Accomplishments in 1976: An appropriation of $59,000,000 supported 76,500 children at 165 sites. Support was also provided for collection and analysis of data for the National Longitudinal Study.

Objectives for 1977: In accordance with the phase-out policy, the $30,000,000 request will support 136 existing sites. In none of these sites will an entering class be supported.

40

OFFICE OF EDUCATION

Elementary and Secondary Education

Program Purpose and Accomplishments

Activity: Educational broadcasting facilities (Communications Act of 1934, Title III, Part IV)

1976 Appropriation	1977 Authorization	1977 Budget Estimate
$12,500,000 1/	2/	$7,000,000

1/ Authorization expired in fiscal year 1975; the fiscal year 1976 appropriation was requested in accordance with Sect. 414(a), General Education Provisions Act.

2/ A five-year extension of the program has been proposed which modifies the program and requests authority to fund innovative demonstration projects exploring the potential of other telecommunications delivery systems for providing a variety of social, health and educational services to individuals, institutions, and communities.

Purpose: To extend and improve the delivery of educational, cultural, and informational programs into homes and schools of the Nation through the use of technology-based systems, and to demonstrate innovative uses of telecommunications facilities for the delivery of health, education, and social service information.

Explanation: This program was authorized by Part IV of Title III of the Communications Act of 1934, as amended, which expired in 1975. New authorizing legislation is pending before the Congress which would continue matching grants for the initiation and expansion of noncommercial radio and television service in as many areas as can be reached on a cost-effective basis. Grants, which cover from 6 to 30-month periods, will be awarded on criteria published in Program Regulations. Consideration will be made of equitable geographic coverage throughout the United States. Pending legislation also authorizes demonstrations of innovative uses of telecommunications facilities for the delivery of a variety of social, health, and educational services to individuals, institutions, and communities.

Accomplishments in 1976: Grants will extend noncommercial television broadcast signals and upgrade local capabilities in 26 communities. Noncommercial radio stations will be established or improved in 32 communities. UHF/FM difficulties create unserved pockets within existing coverage areas that will lower the theoretical percentages considerably.

Objectives for 1977: To extend and improve ETV coverage in 12 communities and to extend and improve ER coverage in 17 communities. For the first time this year, approximately 8 telecommunications demonstration projects will be funded. These demonstrations will serve as examples of innovative uses of cable, satellite, and other telecommunications facilities.

OFFICE OF EDUCATION

Elementary and Secondary Education

Program Purpose and Accomplishments

Activity: Allen J. Ellender fellowships

1976 Appropriation	1977 Authorization	1977 Budget Estimate
$500,000	$500,000	---

Purpose: To assist the Close Up Foundation of Washington, D. C. in implementing its program of increasing the understanding of the Federal Government among secondary school students, teachers, and the communities they represent, annual appropriations of up to $500,000 are authorized.

Explanation: Federal funds are awarded to the Close Up Foundation which in turn awards fellowships to secondary students and their teachers. The students and teachers come to Washington for a one-week program meeting with leaders from the three branches of the Federal Government.

Accomplishments in 1976: In fiscal year 1976 an appropriation of $500,000 provided approximately 1,500 fellowships to secondary school students and their teachers.

Objectives for 1977: No funds are requested for this program in fiscal year 1977.

42

OFFICE OF EDUCATION

Elementary and Secondary Education

Program Purpose and Accomplishments

Activity: Drug abuse education

1976 Appropriation	1977 Authorization	1977 Budget Estimate
$2,000,000	$34,000,000	---

Purpose: This program is designed to develop, validate, and disseminate alcohol and drug abuse education demonstration programs and provide leadership training for school and community personnel and parents.

Explanation: The funds under the Act are discretionary and both grants and contracts are authorized. Local educational agencies must submit applications to the State educational agency which must submit its comments to the Commissioner within 30 days after receipt of the application. In making awards, the Commissioner will give priority to programs and projects in schools.

Accomplishments in 1976: The funds appropriated will support 5 Regional Training and Developmental Resource Centers which will provide technical assistance to over 3,000 school-based and community teams previously trained. Under the BRASS Foundation contract, data will continue to be supplied on teams trained since 1972. The training center staff will continue to receive specialized staff development and 6 preservice demonstration projects will be funded for their third and final year. Support will be continued for National Action Committee activities and the final year of the Self-Knowledge Education Project.

Objectives for 1977: Because the program has completed its role of demonstrating new approaches in the field of drug abuse education, no funds are requested for fiscal year 1977.

43

OFFICE OF EDUCATION

Elementary and Secondary Education

Program Purpose and Accomplishments

Activity: Environmental education

1976 Appropriation	1977 Authorization	1977 Budget Estimate
$5,000,000	$15,000,000	---

Purpose: The goal of this program is to assist in the development of basic resource materials and effective teaching approaches for environmental education. The development of these materials and approaches will enable citizens, particularly educators, to be environmentally aware and will stimulate States, local educational agencies, and others to support environmental education.

Explanation: Funds for this program are awarded on a competitive basis to any nonprofit agency, institution or organization for carrying out environmental education demonstration projects. Program funds are awarded to both public and private nonprofit organizations and agencies.

Accomplishments in 1976: In fiscal year 1976, approximately 125 projects received support for personnel training, resource material development, community education, and elementary and secondary pilot projects. Forty-five States received awards related to implementing environmental education.

Objectives for 1977: Because this program has completed its role of demonstrating new approaches to environmental education, no funds are requested for this program for fiscal year 1977.

44

OFFICE OF EDUCATION

Elementary and Secondary Education

Program Purpose and Accomplishments

Activity: Ethnic heritage studies

1976	1977	
Appropriation	Authorization	Budget Estimate
$1,800,000	---	---

Purpose: To provide for a greater understanding of the diverse culture and heritage of the Nation, this program awards grants and contracts for curriculum materials development, dissemination, training, and community activities related to ethnic heritage studies. Awards can be made to public and private non-profit educational agencies, institutions, and organizations.

Explanation: Applications from ethnic, community, or professional associations, as well as from local and State educational agencies and institutions of higher learning, are reviewed by Office of Education personnel and outside specialists. Awards are made which focus on the development or dissemination of curriculum materials, or the training of persons to use materials developed.

Accomplishments in 1976: In 1976, 45 new projects were funded to develop and disseminate curriculum and to train personnel in the area of ethnic studies.

Objectives for 1977: Because other sources of funds may be available for ethnic-related programs, no funds are requested in fiscal year 1977.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Elementary and Secondary Education
Title I, Part A, Educational Deprived Children
Grants to Local Educational Agencies1/

State or Outlying Area	1975 Appropriation2/	1976 Appropriation3/	1977 Estimate
TOTAL	$1,625,412,679	$1,725,271,000	$1,572,250,000
Alabama	41,814,255	45,708,947	41,434,411
Alaska	3,349,573	3,546,427	3,233,106
Arizona	13,678,036	14,952,045	13,553,784
Arkansas	23,806,079	26,016,474	23,591,783
California	130,039,420	134,968,635	122,586,888
Colorado	13,772,261	14,748,604	13,370,083
Connecticut	16,196,042	16,437,872	14,900,662
Delaware	4,110,183	4,431,648	4,017,216
Florida	50,503,034	55,200,514	50,038,361
Georgia	45,357,803	49,520,398	44,952,907
Hawaii	5,392,197	5,611,703	5,086,917
Idaho	3,843,995	4,150,383	3,763,802
Illinois	82,558,717	88,563,641	80,295,270
Indiana	21,565,768	23,260,773	21,085,509
Iowa	15,090,203	15,903,488	14,485,415
Kansas	12,269,304	13,177,867	11,952,795
Kentucky	32,426,766	35,381,814	32,130,884
Louisiana	47,732,141	52,177,042	47,297,633
Maine	6,095,298	6,521,572	5,911,698
Maryland	27,832,475	30,006,968	27,200,825
Massachusetts	30,364,592	30,615,841	27,754,618
Michigan	70,850,778	71,773,680	65,061,665
Minnesota	24,645,701	25,913,497	23,569,499
Mississippi	40,030,517	43,759,067	39,666,877
Missouri	29,117,891	31,714,952	28,764,115
Montana	4,828,797	5,273,178	4,780,392
Nebraska	8,435,710	9,138,019	8,301,560
Nevada	2,007,856	2,191,108	1,988,460
New Hampshire	2,822,661	2,970,035	2,692,288
New Jersey	49,173,844	48,934,202	44,769,228
New Mexico	12,447,191	13,604,953	12,334,276
New York	180,180,252	186,802,458	173,901,810
North Carolina	48,615,109	53,042,747	48,191,382
North Dakota	4,427,877	4,814,732	4,380,815
Ohio	49,190,897	53,129,230	48,619,086
Oklahoma	19,069,470	20,738,395	18,799,015
Oregon	13,368,764	14,030,892	12,718,774
Pennsylvania	81,400,648	81,919,336	74,258,535
Rhode Island	6,429,923	6,682,680	6,057,740
South Carolina	31,760,052	34,693,443	31,473,963

46

State or Outlying Areas	1975 Appropriation 2/	1976 Appropriation 3/	1977 Estimate
South Dakota	$ 5,557,851	5,960,930	$ 5,455,519
Tennessee	37,862,844	41,345,315	37,524,838
Texas	97,850,649	106,954,914	96,963,298
Utah	5,235,093	5,563,174	5,043,899
Vermont	2,923,360	3,050,714	2,765,423
Virginia	37,066,971	40,334,819	36,596,247
Washington	19,343,478	20,158,413	18,273,271
West Virginia	16,577,023	18,097,864	16,431,758
Wisconsin	25,963,621	27,420,435	24,856,175
Wyoming	2,032,540	2,221,856	2,014,076
District of Columbia	10,691,492	10,777,304	9,769,450
American Samoa	383,440	386,350	386,350
Guam	1,015,694	1,022,385	1,022,385
Puerto Rico	36,872,690	40,307,111	36,537,743
Trust Territory	1,219,150	1,237,197	1,237,197
Virgin Islands	647,470	653,303	653,303
BIA	17,567,233	17,741,765	17,741,765
Undistributed		7,891	3,256

1/ Since data is not yet available to compute State agency entitlements, only local educational agency awards are shown.

2/ Total appropriation, $1,900,000,000; Part A $1,865,624,215 with $19,792,971 for administration, $220,418,565 for State agencies and $1,625,412,679 for local educational agencies; Part B $16,538,000; Part D and studies $17,500,000; undistributed $337,785.

3/ Total appropriation, $2,050,000,000; Part A $2,013,730,000 with $21,460,000 for administration, $267,000,000 for State agencies and $1,725,263,109 for local educational agencies; Part B $24,769,000; Part D and studies $11,500,000; undistributed $7,891.

4/ Total appropriation $1,900,000,000; Part A $1,890,046,744 with $19,800,000 for administration, $298,000,000 for State agencies and $1,572,246,744 for local educational agencies; Part D and studies $9,950,000 and undistributed $3,256.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Elementary and Secondary Education
Title IV, Part C, Educational Innovation and Support

State or Outlying Area	1975 Appropriation[1/]	1976 Appropriation[2/]	1977 Estimate[3/]
TOTAL	$ 168,952,375	$172,888,000	$172,888,000
Alabama	2,903,412	2,937,187	2,937,187
Alaska	733,014	320,481	320,481
Arizona	1,925,516	1,790,726	1,790,726
Arkansas	1,830,010	1,632,138	1,632,138
California	14,020,378	16,033,938	16,033,938
Colorado	2,153,263	2,035,216	2,035,216
Connecticut	2,523,532	2,448,207	2,448,207
Delaware	878,251	479,069	479,069
Florida	5,213,364	5,791,777	5,791,777
Georgia	3,780,898	4,024,178	4,024,178
Hawaii	1,047,673	690,520	690,520
Idaho	1,026,840	670,696	670,696
Illinois	7,947,805	8,920,591	8,920,591
Indiana	4,101,135	4,354,570	4,354,570
Iowa	2,415,507	2,319,354	2,319,354
Kansas	1,939,426	1,737,863	1,737,863
Kentucky	2,710,786	2,692,697	2,692,697
Louisiana	3,185,435	3,313,835	3,313,835
Maine	1,188,006	855,716	855,716
Maryland	3,273,927	3,383,217	3,383,217
Massachusetts	4,258,254	4,539,590	4,539,590
Michigan	6,848,227	7,721,267	7,721,267
Minnesota	3,204,387	3,300,619	3,300,619
Mississippi	2,136,807	2,035,216	2,035,216
Missouri	3,594,490	3,703,697	3,703,697
Montana	997,205	624,441	624,441
Nebraska	1,502,657	1,232,363	1,232,363
Nevada	857,935	472,461	472,461
New Hampshire	1,016,229	657,481	657,481
New Jersey	5,289,554	5,795,081	5,795,081
New Mexico	1,304,711	1,017,608	1,017,608
New York	12,132,324	13,744,319	13,744,319
North Carolina	3,999,809	4,255,453	4,255,453
North Dakota	927,398	538,539	538,539
Ohio	7,774,074	8,712,444	8,712,444
Oklahoma	2,195,683	2,025,305	2,025,305
Oregon	1,915,721	1,727,952	1,727,952
Pennsylvania	8,114,073	9,052,748	9,052,748
Rhode Island	1,091,383	720,255	720,255
South Carolina	2,381,203	2,329,266	2,329,266

48

State or Outlying Area	1975 Appropriation 1/	1976 Appropriation 2/	1977 Estimate 3/
South Dakota	$ 957,654	$ 568,275	$ 568,275
Tennessee	3,168,822	3,237,844	3,237,844
Texas	8,586,199	9,786,219	9,786,219
Utah	1,323,732	1,037,432	1,037,432
Vermont	798,549	383,255	383,255
Virginia	3,713,306	3,915,148	3,915,148
Washington	2,763,343	2,771,991	2,771,991
West Virginia	1,641,217	1,364,520	1,364,520
Wisconsin	3,632,561	3,845,766	3,845,766
Wyoming	723,753	297,353	297,353
District of Columbia	912,548	498,892	498,892
Puerto Rico	2,709,424	2,831,462	2,831,462
American Samoa) Guam) Trust Territory) Virgin Islands)	1,680,965	1,711,762	1,711,762

1/ Total appropriation, $172,888,000 with 1% ($1,711,762) of the 50 states, D.C., and Puerto Rico amount reserved for the outlying areas, Bureau of Indian Affairs and Department of Defense. Distribution of funds under provisions of Sec. 401(c)(2): 50% amount, $86,444,000: P.L. 89-10, Title III amount, $63,781,500, P.L. 89-10, Title V amount, $9,712,500; Dropout Prevention, Sec. 807, $2,000,000 and Nutrition and Health, Sec. 808, $950,000. A total of $2,000,000 for Dropout prevention, $950,000 for Nutrition and Health and $985,625 for Title V are not distributed by State but in accordance with the discretion of the Commissioner.

2/ Distribution of $172,888,000 with 1% ($1,711,762) reserved for the areas, BIA and DOD and the remainder distributed on the basis of the 5-17 population 7/1/74 for 50 States, D.C., and 4/1/70 for Puerto Rico. Additional amount added by the Congress to insure that no State would receive less than they received for comparable programs in 1974 is on the following table.

3/ Distribution of $172,888,000 with 1% ($1,711,762) reserved for the areas, BIA and DOD and the remainder distributed on the basis of the 5-17 population 7/1/74 for 50 States, D.C., and 4/1/70 for Puerto Rico.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

Elementary and Secondary Education
Title IV, Part C, Educational Innovation and Support

State or Outlying Area	1976 Appropriation[1/]
TOTAL	$9,286,142
Alabama	---
Alaska	520,056
Arizona	---
Arkansas	197,855
California	---
Colorado	2,842
Connecticut	27,686
Delaware	507,588
Florida	---
Georgia	---
Hawaii	429,605
Idaho	430,636
Illinois	---
Indiana	---
Iowa	70,216
Kansas	268,834
Kentucky	---
Louisiana	---
Maine	404,389
Maryland	---
Massachusetts	---
Michigan	---
Minnesota	---
Mississippi	35,587
Missouri	---
Montana	465,609
Nebraska	319,378
Nevada	474,713
New Hampshire	431,239
New Jersey	---
New Mexico	313,952
New York	---
North Carolina	---
North Dakota	496,360
Ohio	---
Oklahoma	182,336
Oregon	190,072
Pennsylvania	---
Rhode Island	470,208
South Carolina	---

50

State or Outlying Area	1976 Appropriation 1/
South Dakota	499,630
Tennessee	---
Texas	---
Utah	316,905
Vermont	532,626
Virginia	---
Washington	---
West Virginia	339,772
Wisconsin	---
Wyoming	555,808
District of Columbia	561,519
Puerto Rico	240,721
American Samoa)	
Guam)	---
Trust Territory)	
Virgin Islands)	

1/ Additional amount estimated to be required under the "hold harmless" provision of P.L. 94-94 insuring that additional amounts be made available to raise States to their 1974 funding level. An additional $314,918 is carried in the School libraries and instructional resources budget under Title IV-B.

Transition Quarter Analysis

No funds were requested for this period since the State formula programs are all advance funded and the discretionary programs do not normally make awards until after October. Thus, no additional money was required during the July-August-September transition period.

SCHOOL ASSISTANCE IN FEDERALLY AFFECTED AREAS

WITNESSES

ROBERT R. WHEELER, DEPUTY COMMISSIONER FOR SCHOOL SYSTEMS
DR. T. H. BELL, COMMISSIONER OF EDUCATION
DICK HAYS, ACTING ASSOCIATE DEPUTY COMMISSIONER FOR SCHOOL SYSTEMS
ALPHEUS L. WHITE, DIRECTOR, DIVISION OF STATE ASSISTANCE
WILLIAM STORMER, DIRECTOR, DIVISION OF SCHOOL ASSISTANCE IN FEDERALLY AFFECTED AREAS
JAMES B. ROBERTS, EXECUTIVE OFFICER, BUREAU OF SCHOOL SYSTEMS
DR. JOHN W. EVANS, ASSISTANT COMMISSIONER, OFFICE OF PLANNING, BUDGETING, AND EVALUATION
CORA P. BEEBE, DIRECTOR, DIVISION OF PLANNING AND BUDGETING
WILLIAM DINGELDEIN, DIRECTOR, DIVISION OF EDUCATION BUDGET ANALYSIS, OFFICE OF ASSISTANT SECRETARY, COMPTROLLER

Mr. FLOOD. Now we will go to "School assistance in federally affected areas," otherwise known as impact aid.

The presentation will be made by Mr. Robert R. Wheeler, the deputy commissioner for school systems.

We have your biographical sketch which we will insert at this point in the record, Mr. Wheeler.

[The biographical sketch follows:]

BIOGRAPHICAL SKETCH

Name: Robert R. Wheeler.

Position: Deputy commissioner for school systems.

Birthplace and date: Omaha, Nebr., April 10, 1921.

Education: Undergraduate degree, Lincoln University, Jefferson City, Mo. Master of science degree, Columbia University, New York, in the field of guidance and counseling. Additional graduate work in the field of educational psychology, guidance and counseling and educational administration—University of Kansas City, University of Kansas, University of California at Berkeley. Honorary doctor of laws degree, Lincoln University.

Experience: Present, Deputy Commissioner for School Systems, U.S. Office of Education; 1972–74, Associate Commissioner for Elementary and Secondary Education, U.S. Office of Education; 1966–71, assistant superintendent, Division of Urban Education, Kansas City, Mo. schools; 1965–66, Director of urban special services, Oakland, Calif. school district; 1963–64, director of special scholarships, Kansas City schools; 1962, vice principal, Kansas City schools; 1956–61, Counselor, Kansas City Schools; 1955, teacher, Kansas City schools.

Association memberships: vice president, Missouri council on education member; executive committee, Kansas City Chapter of Missouri Association for Social Welfare; American Association of School Administrators; Missouri Association of School Administrators; National Education Association; Missouri Education Association; Education Council, Chamber of Commerce; National Panel, Ameri-

can Arbitration Association; Rotary Club of Kansas City, Mo.; Theta Boule, Sigma Pi Phi Fraternity; steering committee. Y.M.C.A.

Mr. FLOOD. I think we can insert your statement at this point in the record, too, so we can go right to the questioning.

Mr. WHEELER. Very well.

[The statement follows:]

Mr. Chairman and members of the committee: I welcome this opportunity to appear before you on the school assistance in federally affected areas appropriation. We are requesting $325 million for this account in fiscal year 1977. This includes $315 million for maintenance and operations, Public Law 874 and $10 million for construction, Public Law 815.

MAINTENANCE AND OPERATIONS

In fiscal year 1977, a policy of continued reform in the impact aid program is proposed. The major emphasis of the budget will be to compensate those school districts which are significantly impacted by the Federal Government in that they have a number of children whose parents both live and work on Federal property. For this part of the act, section 3(a), we are requesting $249,400,000.

For section 6, under which the full cost will continue to be borne for educating children who reside on Federal property in States where, due to State law or for other reasons, local school districts are unable to provide suitable free public education, we are requesting $52,500,000.

In addition, payments will continue to be made under the minor provisions of the law—sections 2, 3(e), and (4). For these sections we are requesting $13,100,000.

Under this proposal, we expect 1,657 eligible section 2 and 3 applications claiming approximately 350,000 children. An additional 27 section 6 project applications representing 4,200 children are also expected.

In 1977, school districts will not be compensated under section 3(b) for children whose parents for the most part, live in the community while working on Federal property thus, paying property taxes which support local schools. Similarly, compensation will not be made for children in low-rent public housing or for children whose parents are employees on such projects. This policy reflects the continued belief that such children do not constitute a federally imposed burden, that payments are essentially inequitable, and that the impact aid program is not the proper vehicle through which to provide categorical funds for the disadvantaged. To prevent further inequities, funds for hold-harmless provisions (B) and (C) are not requested. These reforms are supported by proposed legislation recently submitted to the Congress.

ASSISTANCE FOR CONSTRUCTION

In fiscal year 1977, critical construction needs will be met through the funding of sections 5, 10, and 14. The major emphasis will continue to be on providing needed school facilities to local education agencies serving children residing on Indian lands. The $4,025,000 requested for such purposes under section 14 will provide 21 classrooms and related facilities serving 525 Indian children. The remainder of the $10 million request will be evenly distributed between sections 5 and 10. Under section 5, the $2,975,000 requested is expected to enable funding of 14 projects. These projects will provide new school facilities for an estimated total of 2,400 pupils in 80 classrooms and related facilities.

Finally, the $3 million requested for section 10 will meet critical construction and renovation needs on several Federal installations.

Thank you, Mr. Chairman. My associates and I will be happy to answer any questions you may have.

FISCAL YEAR 1976 PAYMENTS

Mr. FLOOD. Before discussing the 1977 budget for impact aid we would like to know more about the 1976 funding situation. We understand that most school districts have not received even a partial payment to date, nothing at all. Also this new computerized system of

yours, which is used for making payments to the school districts, is not scheduled to be ready for operation until April or May.

If that is true, how do you explain and justify this delay?

Mr. WHEELER. There is a major consideration here which should be noted Mr. Chairman, with respect to this problem. That is that the legislation which the Congress finally enacted vastly increased the complexity of making payments to school districts.

We have all along during this current fiscal year made payments to school districts that let us know they had hardships and that they needed the money. We have made 120 of those payments already. We have 18 on hand. We expect to receive some more requests for payments in emergency cases and we expect to pay those as well.

In addition to that, we have just recently, even in the face of the complexity of the operations which will have to be performed, made an arrangement so that we can make interim payments to all school districts based on 50 percent of the entitlements which the school districts had in 1975. We should get those payments out by the first of next week at the latest.

That will put us slightly ahead of the schedule we followed as we made these payments last year. By June 30, we will have made the usual 75-percent payments to all eligible school districts on the basis of their 1976 applications.

Mr. FLOOD. Won't that long delay cause some of these school districts to close down or go bankrupt?

Mr. WHEELER. No; we think that will take care of the problem, Mr. Chairman.

Dr. BELL. Mr. Chairman, we are not at this point paying more slowly than we did last year. I think the publicity and the complaint that has been expressed by the school districts is in anticipation that we will be slower this year considering the fact that we have had to design and debug 79 computer subsystems down there and they anticipate that we are going to be later than we will be with this program.

1976 FINAL REGULATIONS

Mr. FLOOD. The Education Amendments of 1974 delayed most of the major changes in the impact aid law until fiscal 1976.

Dr. BELL. Yes.

Mr. FLOOD. It is over 18 months later. Why is it the Office of Education still has no final regulations to carry out these changes?

Dr. BELL. I think Mr. Stormer, who manages that program, ought to talk to this matter.

Mr. STORMER. Mr. Chairman, the education amendments of 1974, Public Law 93–380, were extremely complex and to implement the program we have been working on these regulations. We have been working on the interpretation of the law and the developments of the formula necessary to accomplish payments to these school districts in this fiscal year.

The regulations covering both Public Law 81–874 and Public Law 81–815 were published in April of 1975. Proposed rules reflecting the amendments to Public Law 81–874 for 1976 were published December 5, 1975.

We received comments on the proposed rules and we anticipate having those regulations in place within the next month.

In addition, I would like to amplify several points in Mr. Wheeler's earlier statement. We have received to date 138 requests for advanced payments and we have made 120 of those based on 50 percent of their fiscal year 1976 estimated entitlement for payment. This was a payment level similar to that used in previous years for such districts.

STAFFING

Mr. FLOOD. To what extent is this delay in making the payments due to inadequate staffing?

Mr. STORMER. To some degree we have been affected in the past by a staffing level somewhat under ceiling.

Mr. FLOOD. How many people do you have currently assigned to the program?

Mr. STORMER. We currently have 47 onboard.

Mr. FLOOD. Compared with other programs, such as emergency school aid and vocational education, that number you give us appears to be grossly inadequate.

To do a proper job of administering this kind of program, how many people would you need?

Mr. WHEELER. Mr. Chairman, we made a request, that is, the Commissioner made a request here about a year ago when we were talking about appropriation bills and included in it additional staff for impact aid. As I remember the committee turned down that request and so we were put in the position where we had to go forward with the staff that we had onhand.

We have made internal arrangements. We have taken personnel away from other programs and given it to this program so that it could carry that work forward.

Mr. FLOOD. I do not believe we turned a specific request for impact aid jobs. To do a proper job of administering this program how many people would you need?

Mr. STORMER. We have estimated that we need 70 positions to do the job properly under the new legislation.

REDUCTIONS IN B-CHILDREN PAYMENTS

Mr. FLOOD. All right, just so we know.

Among the many changes going into effect this year are reductions in category B, relating to the students whose parents work out of the State or even out of the county. Give us a general idea of how many school districts, how they will be affected, and the amount of the reductions.

Mr. STORMER. Are you speaking in terms of 1977?

Mr. FLOOD. I really wanted 1976, but you can tell us about 1977.

Mr. STORMER. The 1977 proposal is to eliminate the payments for all of the 3–B youngsters. These are youngsters whose parents are either employed or living on Federal land and includes those employed outside the State or county. The administration believes that these youngsters' parents by residing on private land, do contribute to the support of education within their local school districts in a similar manner to those parents who are employed by business and industry

including those whose business and industry is located outside of the local educational agency in which their children are being served.

Mr. FLOOD. Could you give us any idea about the amount of reduction?

Mr. STORMER. The reduction is approximately $345 million for impact aid as a whole. $10 million of that reduction is in construction—Public Law 81–815. Of the $335 million reduction under Public Law 81–874, approximately $276 million is attributable to the elimination of 'B' children other than low rent.

Mr. FLOOD. You are talking about 1977. What about 1976?

Mr. STORMER. In fiscal year 1976, we expect section 3A requirements for payments through tiers I and II to be approximately $318 million of which approximately $56 million is for low rent B's. Among the various subcategories, out-of-county children are being paid at a reduced rate. The out-of-State children are being held ineligible. The effective amount of reduction of course will depend upon the hold-harmless (C) level of funding.

Mr. FLOOD. How much are you talking about?

HOLD-HARMLESS REQUIREMENTS

Mr. STORMER. At this point in time I think we have supplied you a ball park figure, and I say ball park of $80 million to $90 million to fund the hold-harmless provisions.

METROPOLITAN WASHINGTON AREA PAYMENTS

Mr. FLOOD. Do this for the record. Insert a tabulation of the school districts in the metropolitan Washington area showing entitlements and payments for fiscal years 1975, 1976, and 1977.

[The information follows:]

METROPOLITAN WASHINGTON, D.C. AREA—ESTIMATED PAYMENTS

	1975	1976	1977
Washington, D.C.	5, 129, 132	6, 010, 057	257, 048
Prince Georges County	11, 293, 592	5, 578, 832	1, 250, 176
Montgomery County	6, 877, 481	2, 898, 920	17, 719
Fairfax County	15, 498, 362	11, 158, 707	1, 681, 734
Arlington County	2, 220, 418	1, 094, 643	218, 004
Total	41, 018, 985	27, 741, 159	3, 424, 141

Note: Figures do not include hold harmless. School district hold harmless estimates cannot be computed until 1976 applications are processed.

PUBLIC HOUSING PROVISION PROGRAM ELIGIBILITY

Mr. FLOOD. Payments for children in the low-rent public housing are going to be available this year for the first time.

What problems have you encountered in determining the eligibility for this group?

Mr. WHEELER. First of all, Mr. Chairman, there are two areas of eligibility which have to be determined. The first is with respect to the children involved and the second has to do with whether or not the LEA has an eligible compensatory education program. The major problems we are experiencing are in this second area.

Mr. FLOOD. This is to determine eligibility now?

Mr. WHEELER. Yes; that is right.

We are going to have to pay them according to whether or not there is an adequate compensatory education program. We expect that this is going to have to be administered through the State and that we are going to have to work with the States in order to establish the eligibility for these programs.

So that it gets us into a major categorical mode under the impact aid program. This is an area in which we have expressed our concerns previously before this committee—that is, changing the impact aid program from a formula grant program to a categorical program. This is one of the major reasons why we have requested not funding this area in fiscal year 1977.

PUBLIC HOUSING PROVISION PAYMENTS

Mr. FLOOD. When do you expect to be able to make the payments under the public housing provisions?

Mr. STORMER. First I would like to add to several of Mr. Wheeler's remarks if I may.

One is the eligibility of these children. Eligibility is established if a child's parents live or work on low-rent public housing. In this area we encounter the usual problems of certifying as to the eligibility of children claimed.

I think Mr. Wheeler has identified the major problem. In order to receive payment, a school district must prove that it has a State-approved compensatory education program.

By and large our applications are received in January. We process these applications from February through June and we will be notifying districts as to how much their entitlements are.

We would anticipate that the vast majority of school districts would receive and utilize those payments in the following fiscal year to support their compensatory education programs.

Mr. FLOOD. When do you expect to make payments?

Mr. STORMER. We will make payments to any district at the present time that shows that it has a compensatory educational program certified by the State.

PUBLIC HOUSING PROVISION—TITLE I OVERLAP

Mr. FLOOD. Talking about this impact public housing aid, to what extent does that duplicate or overlap payments made under title I?

Mr. STORMER. I think there will be a considerably overlap because many of the pupils who are eligible and who reside in low-rent housing are also pupils eligible under title I. We expect a significant amount of overlap.

FISCAL YEAR 1976 APPROPRIATION EXCESS

Mr. FLOOD. Do you still think there is an excess of 1976 funds that are needed to make these payments under titles I and II of impact aid?

Mr. STORMER. We still believe that the 1976 appropriation includes $39 million in excess of that needed to fully fund tiers I and II. We will not know until all applications have been processed the full extent of the excess.

Mr. FLOOD. How much of an excess did you say there is?

Mr. STORMER. As I indicated, I believe at this point in time it is roughly $39 million.

FISCAL YEAR 1976 TIER III PAYMENTS

Mr. FLOOD. If there really is an excess, are you planning to make these payments under tier III? I think somebody mentioned that earlier in the day in passing, but what about it now?

Mr. STORMER. If we are really in excess, and by the law we would be forced to——

Mr. FLOOD. Are you planning to make these payments?

Mr. STORMER [continuing]. Make payments into tier III.

Mr. FLOOD. Do you have any choice about it?

Mr. STORMER. Currently we do not have any choice. We have suggested to the Congress on several occasions that the excess could be redirected toward payment of the hold-harmless provisions if the Congress so desired.

Dr. BELL. Mr. Chairman, I believe I suggested such a possibility to you in my letter of February 18, 1976.

HOLD-HARMLESS ESTIMATES

Mr. FLOOD. All right. For the record, provide your current 1976 etsimates for each of the four saving provisions, that is, the hold-harmless provisions authorized under section 305, sections A, B, C, and D of Public Law 93–380.

[The information follows:]

HOLD-HARMLESS PROVISION ESTIMATES—FISCAL YEAR 1976

Hold-harmless provisions are highly interrelated. Funding of one hold-harmless provision reduces the requirements under other provisions. In accordance with section 305 (B)(2) of Public Law 93–380, on October 17, 1975, the Commissioner of Education estimated that requirements for hold-harmless provisions (A) and (D) would be approximately $60 million. Assuming the funding of (A) and (D) at $60 million, requirements of (B) and (C) will be reduced to approximately $20 to $30 million. Fully funding all hold-harmless provisions would require therefore an amount between $80 and $90 million. For this purpose, $11 million is currently provided in the appropriation.

The $80 to $90 million estimates to fund the four hold-harmless provisions do not represent more accurate estimates in the sense that the data upon which they are based have not changed in the past year. Rather, they reflect an assessment of hold-harmless provision requirements as a whole. Unlike regular entitlement estimates which can be based on anticipated national totals, the only method for computing hold-harmless estimates is to apply the various formulas to individual school district data. The resulting sums are then added to produce national totals.

FISCAL YEAR 1977 PROPOSAL

Mr. FLOOD. The budget for 1977 is $315 million. That is your request. That is a cut of $345 billion from this year. Let me ask you this: Isn't this a meat-ax approach to this thing? Have you considered the possibility of a gradual phasedown in say 3 or 4 or 5 years? It seems to be much more realistic than the way you are suggesting!

Dr. BELL. If you recall, Mr. Chairman, last year we proposed that school districts absorb a reduction of up to 5 percent of their previous years' budget. This was a phasedown strategy and it was rejected by the Congress. That isn't part of our proposal this year.

LEGISLATION

Mr. FLOOD. Are you planning to submit legislation changing the authorization to fit your 1977 budget?

Mr. DINGELDEIN. Yes, Mr. Chairman, we are. It has been transmitted.

Mr. FLOOD. In what way do these changes that you propose for the 1977 budget for impact aid differ from what we had last year or the year before?

Dr. BELL. I think Mr. Dingeldein could handle that better than any of us.

Mr. DINGELDEIN. This year the legislation would propose to eliminate support for the B children entirely. Last year there was an absorption feature that the Commissioner mentioned. In other words, the school districts would be required to take a 5-percent reduction and that would be all. This year we are eliminating the support for the B children entirely. That is the basic difference.

REACTIONS OF SCHOOL DISTRICTS

Mr. FLOOD. Is there any evidence from the school districts as to what might be the effect upon their educational programs if the 1977 budget proposal is actually adopted?

What I mean by that, would the school districts be able to adjust to this very sudden loss of impact aid? Are they going to go out and raise the local taxes? Are they going to go to the State to ask for emergency State aid? Will they have to reduce educational services, or what?

Dr. BELL. I don't think we ought to beat around the bush on that. It is going to be quite an abrupt decrease in funds for a number of school systems, and with this economy it is going to be tough on them.

Mr. FLOOD. Yes. That was the substance of the question. But how are they going to go about this? Raise local taxes, go to the State, reduce education services? All of them, or what?

Dr. BELL. I suspect they would have to resort to one or a combination of all of those to try to raise the revenue.

IMPACT OF 1977 PROPOSAL ON SCHOOL DISTRICTS

Mr. FLOOD. How many school districts would receive payments under your budget proposal, and how does that compare with the number for this year, in numbers?

Mr. STORMER. I believe the figure is 1,657 school districts would receive payments under the 1977 proposal as opposed to roughly 4,300 in 1976.

IMPACT ON CONGRESSIONAL DISTRICTS

Mr. FLOOD. That is one part. Now, how many congressional districts are presently participating in the impact aid program and how would that number be affected by your proposed budget?

Mr. STORMER. I do not know, sir.

Dr. BELL. I believe, Mr. Chairman, it would touch virtually every congressional district now receiving impact aid because most have B children.

LIKELIHOOD OF DRASTIC CUT IN IMPACT AID

Mr. FLOOD. We have two sets of numbers. Do these numbers tell you anything at all about the likelihood, shall we say, of a drastic cut in impact aid?

Mr. WHEELER. Mr. Chairman, we know the impact aid program has been a rather popular program with Congress. Nevertheless, we believe that significant reforms must be made in keeping with a proper Federal responsibility in this area.

SCHOOL DISTRICT ELIMINATION

Mr. FLOOD. Can you provide a list of all the school districts now that are participating in the program and that will be eliminated from the funding in 1977, including the anticipated amount of the dollar loss when you compare it with 1976?

Mr. STORMER. We will be happy to provide such a district by district breakout to your staff. Due to the length of such a report, it would be difficult to place in the record.

[CLERK'S NOTE.—The information by school district was supplied and is available in the committee office.]

COMPARATIVE ENTITLEMENT 1976/1977

Mr. FLOOD. Also for the record put together a chart showing entitlement and appropriation by section of the law now for fiscal year 1976. Then for 1977 show, of course, entitlement and an assumed dollar figure of $660 million. Also show the percentage of entitlement for each year.

[The information follows:]

MAINTENANCE AND OPERATIONS, ENTITLEMENTS 1976-77

Section	Entitlement	Estimated tiers I and II	Percent of entitlement	Appropriation
1976:				
2	$11,558,274	$6,934,985	[1] 60	$7,000,000
3(a)	249,753,944	233,247,918	[1] 88-100	248,737,758
3(b)	685,797,688	318,592,375	[1] 53-60	341,597,262
3(e)	9,777,687	5,573,282	57	5,664,980
4	[2]	[2]	[2]	[2]
6	46,000,000	46,000,000	100	46,000,000
Hold harmless	[3]			11,000,000
Total	1,082,887,593	610,000,000		660,000,000
1977:				
2	12,500,000	7,500,000	60	
3(a)	268,000,000	251,272,000	[1] 88-100	
3(b)	722,000,000	338,318,000	[1] 53-60	
3(e)	9,800,000	5,600,000	57	
4	[2]	[2]	[2]	
6	52,500,000	52,500,000	100	
Hold harmless	[3]	[3]	[3]	
Total	1,064,800,000	655,190,000		

[1] (25 for L.R.)
[2] No applications anticipated.
[3] $80,000,000 to $90,000,000.
[4] Reflects latest estimates.
[5] Cannot be estimated at this time.

Mr. FLOOD. Mr. Shriver.

TITLE I OVERLAP

Mr. SHRIVER. Thank you, Mr. Chairman.

Mr. Wheeler, a little while ago you were testifying relative to the overlap of title I disadvantaged children and public housing children, but no one seems to know how much of an overlap that will be. Is that right? We have no statistics, no figures? About how much money will be required under the public housing part of this?

Mr. WHEELER. I think the figure is $58 million which will be required under Public Law 81–874 for payment tiers I and II.

Mr. SHRIVER. $58 million?

Mr. WHEELER. That is right, yes.

1976 ESTIMATED PUBLIC HOUSING PAYMENTS BY STATE

Mr. SHRIVER. Is that broken down by States? Do you have that estimate?

Mr. STORMER. Yes, we do have an estimate by States.

Mr. SHRIVER. Would you put it in the record.

[The information follows:]

Estimated payments for low-rent housing pupils in fiscal year 1976 under Public Law 81–874

	Estimated payment		*Estimated payment*
Alabama	$1,507,765	Nevada	150,967
Alaska	108,751	New Hampshire	117,649
Arizona	123,739	New Jersey	2,028,293
Arkansas	204,957	New Mexico	113,486
California	3,307,935	New York	11,789,427
Colorado	501,514	North Carolina	1,259,452
Connecticut	709,123	North Dakota	23,611
Delaware	(–0–)	Ohio	1,537,826
District of Columbia	2,765,635	Oklahoma	808,643
Florida	962,120	Oregon	19,417
Georgia	2,329,927	Pennsylvania	4,433,904
Hawaii	316,430	Rhode Island	221,297
Idaho	45,028	South Carolina	141,157
Illinois	5,454,783	South Dakota	20,403
Indiana	200,477	Tennessee	1,366,795
Iowa	21,753	Texas	2,139,658
Kansas	221,306	Utah	230,747
Kentucky	730,299	Vermont	6,660
Louisiana	556,474	Virginia	2,423,632
Maine	74,426	Washington	192,440
Maryland	2,734,164	West Virginia	102,641
Massachusetts	1,307,185	Wisconsin	299,866
Michigan	772,462	Wyoming	21,104
Minnesota	371,770	Guam	(–0–)
Mississippi	215,275	Puerto Rico	2,012,771
Missouri	722,876		
Montana	16,975	Grand Totals	57,823,351
Nebraska	176,928		

USE OF PUBLIC HOUSING PAYMENTS

Dr. BELL. I think I should say, Mr. Shriver, that I don't think it is going to cause a surplus of funds in any district for disadvantaged children inasmuch as title I does not reach all disadvantaged children.

I still think there will be unserved, disadvantaged children, notwithstanding the fact that some children may be counted twice in the formulas, and they will get funds on the basis of such children under title I and they will also get funds on the basis of such children under the public housing provisions of Public Law 81–874.

Now then, the funds received under impact aid will be used in compensatory programs that are not currently fully funded or to reach out to include unserved disadvantaged children.

PHASE DOWN APPROACH TO IMPACT AID

Mr. SHRIVER. Mr. Wheeler, I notice on the State tables on page 72 of the book, Kansas is cut slightly more than $2.9 million under your proposal for impact aid for fiscal 1977. In terms of the entire State education budget that may not sound like much, but in terms of several individual school districts, especially with those with heavy enrollments of category B students, it can be serious. For example, there is one school district in my State where loss of impact aid would mean an additional 25 mills in local tax revenues which would be required to replace that loss of Federal aid.

I think that is what the chairman was referring to in certain school districts where it would be pretty rough.

Last year you were proposing that no individual school district would be cut more than 5 percent of their total budget. Why are you not proposing a similar safety net this year? In other words, what has changed? Why not this year?

Dr. BELL. The administration discussed this, Mr. Shriver, at quite a length, and all I can say is the decision was made to adjust to the concept of the A students only. We believe that this is the primary area of Federal responsibility.

REFORM THROUGH APPROPRIATION

Mr. SHRIVER. I think every year I have been on this committee we have had this same kind of problem to face, but every year the Congress has restored impact aid because, as you mentioned a while ago, it touches every congressional district, at least 300 of them, I am sure.

Congress has already acted to make the changes in the impact program that we felt were needed, but still we are having this request for "reform" every year. I question whether the way to reform is through an appropriation bill. The House or Senate should make substantive changes, if changes are to be made.

Mr. DINGELDEIN. We indicated earlier that we are proposing legislation which will accompany the budget request. There is a proposal to change the basic law.

LEGISLATIVE COMMITTEE REACTION

Mr. SHRIVER. Do you have any indication of the attitude of the legislative committees?

Mr. DINGELDEIN. Our track record hasn't been too good but we keep trying.

EFFECT OF FULL FUNDING LOW RENT PUBLIC HOUSING

Mr. SHRIVER. I am on another committee called the Budget Committee. We are trying through this new budget process to impose functional ceilings on Federal agencies. Would you agree full funding of the public housing section would mean corresponding cutbacks in other education programs, including those which would directly affect the disadvantaged children?

Dr. BELL. I guess it would depend on what the various committees did, Mr. Shriver. I would assume there would have to be corresponding cutbacks some other places.

Mr. DINGELDEIN. Mr. Shriver, if I understand the law correctly, to have that happen you would also have to fund the entire third tier. In other words, you cannot just fund the public housing provision, so what you are talking about is funding the entire impact aid law A and B children up through the third tier, so there would be a considerable amount of money required to accomplish that.

Mr. STORMER. If you are saying specifically for full funding of low-rent housing pupils only, I believe you are right in terms that you would have to fund the full third tier to do that.

Mr. DINGELDEIN. You can't just fund that section without funding the rest of the third tier.

Mr. STORMER. Without special authorization.

Mr. DINGELDEIN. So the amount of money would be considerable.

Mr. STORMER. Approximately $240 million would be required to fully fund low-rent housing alone.

Mr. SHRIVER. Earlier you said $58 million.

Mr. STORMER. That is only one-fourth of the amount.

Dr. BELL. That was $240 million to fully fund it.

Mr. STORMER. $58 million is the amount to fund tier 1, 25 percent of the total entitlement for low rent public housing only.

Mr. DINGELDEIN. Mr. Stormer, could you also provide the figure on what would be required to fully fund tier 3, which is what you would have to do in order to provide that $200 million?

I think it would take the total appropriation up to almost $1 billion.

FULL FUNDING IMPACT AID

Mr. STORMER. It is approximately $1 billion to fully fund the public law as it is currently written through the third tier.

Mr. SHRIVER. What would be your interpretation of the effect of doing that on the Budget Committee's consideration of how available budget resources shall be divided?

Dr. BELL. It would certainly have enormous impact. It would probably require cuts elsewhere.

Mr. SHRIVER. I think that is all I have.

Mr. EARLY. I have no questions on this.

IMPACT AID CONSTRUCTION: PROVISION OF URGENTLY NEEDED FACILITIES

Mr. FLOOD. You are requesting $10 million for the impact aid construction program—a decrease of $10 million below the amount appropriated for 1976. Can you give us any assurance that the budget will be sufficient to provide school facilities where they are most urgently needed?

Mr. WHEELER. When Public Law 815 funds are not sufficient to fund all eligible applications on file, it is necessary that each eligible application be ranked in priority order, based on relative urgency of need. Projects are then approved in priority order, beginning with the project having the topmost priority and continuing downward, to the extent funds are available. Given the number of eligible applications and the amount of funding that we are requesting this year, it is clear that even though a few urgently needed projects may become fundable, many urgently needed projects will remain unfunded.

APPLICATIONS TO BE FUNDED IN FISCAL YEAR 1977

Mr. FLOOD. Under your budget request, how many construction applications would you anticipate funding?

Mr. WHEELER. Under the priority listing as it has been last updated, we would expect to be able to fund at least the highest priority project under each section of the act.

APPLICATION BACKLOG

Mr. FLOOD. Do you have a breakdown of these applications by section of the act? The construction program has a history of unfunded applications. What is the total dollar value of this backlog of unfunded impact aid construction applications at the present time?

Mr. WHEELER. As we receive new data and applications, the priority list is constantly updated. Consequently, until such time as we are prepared to actually fund projects under the 1977 appropriation we would be unable to specify conclusively the project or projects to be funded.

At the present time the estimated total dollar value of unfunded applications filed under sections 5, 10, and 14 is in excess of $446 million. However, many of the cost estimates that are included in the present backlog are probably low, since they were made a number of years ago. In addition, our experience shows that cost estimates under section 14 of the act, which are made on the basis of data contained in the application, may be from 100 percent to 200 percent below actual costs that apply when the project is put out to bid. Section 10 construction costs also cannot be accurately forecast prior to the award of a construction contract. A more realistic cost estimate of all eligible unfunded applications would probably exceed $750 million.

Mr. FLOOD. How many unfunded applications presently comprise this backlog in total and by section of the authorizing law?

Mr. WHEELER. According to the latest undated priority lists, there is a total backlog of 566 unfunded applications as of mid-March. Of these, there are 378 applications under section 5; 109 applications filed under section 14; and 79 section 10 projects.

Mr. FLOOD. How many years have school districts with some of the oldest pending Public Law 815 applications been waiting for funding for school construction?

Mr. WHEELER. Some of the applications have been pending since fiscal years 1967 and 1968.

Mr. FLOOD. What happens to the construction needs and plans of school districts when they submit applications which go unfunded for years? Do most of such school districts get construction money elsewhere or do the needed school facilities not get built?

Mr. WHEELER. Public Law 815 is the only program administered by the Office of Education which provides funds specifically for school construction. Local education agencies whose Public Law 815 applications remain unfunded would therefore have to make alternate provisions to accommodate the school membership that would be housed if their Public Law 815 applications were funded. In many instances we would suspect that the facilities requested in the unfunded Public Law 815 applications do not get built. In some instances the local education agencies may acquire temporary portable school facilities if they have sufficient funds to do so.

ESTIMATES

Mr. MICHEL. As you know, last year there was a disagreement between you and the Library of Congress over the estimates for this program. Congress went along with the Library's estimates, which you later estimated were $40 million too high and for which you offered a rescission. Since Congress did not accept the rescission, what are you doing with that extra $40 million?

Mr. WHEELER. Of the appropriation for Public Law 874 for 1976, any funds that remain after paying the first two payment tiers will be used in accordance with the law for payments within the third payment tier. We have suggested to the Congress that such funds could be predirected toward satisfying the hold harmless provisions if the Congress so desired.

Mr. MICHEL. Are you working at all with the Library so that this year we can avoid having a difference in estimates?

Mr. WHEELER. We have discussed the earlier difference in estimates with personnel in the Congressional Research Service of the Library. There are no apparent differences in the basic assumptions behind such estimates. In order to avert the confusion which has arisen in the past year due to the disparity in our initial estimates we are currently interacting with the CRS on a regular basis.

Mr. MICHEL. On what period of time are you basing estimates for 1977?

Mr. WHEELER. At this time, estimates for 1977 have been based primarily on 1975 application data regarding numbers of children and projected increases in rates of payment per child. These estimates will be revised if necessary to reflect 1976 application data as soon as all 1976 applications have been reviewed and processed.

HOLD-HARMLESS PROVISIONS

Mr. MICHEL. You are not requesting any money for the hold-harmless provisions, would you explain these hold-harmless provisions, and then tell us why you consider them inequitable?

Mr. WHEELER. Hold-harmless provision (A) guarantees a minimum payment of either 80 percent or 90 percent of last year's payment. School districts with the same numbers of eligible children as last year are not likely to benefit. The provision pays school districts for children no longer in attendance or who are ineligible under the revised legislation.

Hold-harmless provision (B) guarantees a minimum payment for 4 years to applicants experiencing a decrease in Federal children

during 1974 and 1975 in situations where military base decreases were made known to the public after April 16, 1973. Thus, the provision pays school districts for children no longer receiving services.

Hold-harmless provision (C) guarantees a minimum payment of 90 percent of last year's payment for "B" children to school districts having 10 percent or more of "B" children in the "out-of-county" and "out-of-State" subcategories. It thus pays school districts for children no longer eligible under the revised legislation.

Hold-harmless provision (D) insures the same level of funding that school districts would have received without sharing an appropriation with low-rent housing. It is redundant in that the Congress did not provide for the funding of low-rent housing at the expense of districts receiving funds under the other provisions of the law.

LEGISLATION

Mr. MICHEL. As you know, we recently had an argument on the floor in connection with an amendment I offered to rescind the public housing moneys, as to whether our committee has the power to appropriate moneys in difference proportions then specified by the authorizing committees, I happened to think we do, but apparently most of the others on our committee don't share that view and are willing to let our hands be tied by the authorizing committees. In your request, are you asking us again to change the funding levels from those prescribed by the authorizing committee, or do you intend to accomplish this through separate legislation?

Mr. WHEELER. We have submitted separate legislation which would modify the impact aid program along the lines of the appropriation request. Irrespective of affirmative action on that proposal by the authorizing committees, however, we believe that it would be proper to have substantive language in the appropriate bill.

FULL FUNDING ESTIMATES

Mr. MICHEL. If all three tiers of the impact aid program were fully funded, what would the total cost be?

Mr. WHEELER. A little over $1 billion.

PULIC HOUSING REQUIREMENT

Mr. MICHEL. If the public housing section is funded in 1977 at 25 percent of entitlement, what would need to be appropriated?

Mr. WHEELER. It is presently estimated to cost $64 million.

Mr. MICHEL. How much would it take to fund the public housing section at 100 perecnt of entitlement?

Mr. WHEELER. Full funding is estimated to $255.5 million in fiscal year 1977.

PUBLIC HOUSING PROVISIONS—TITLE I OVERLAPS

Mr. MICHEL. Of the communities receiving public housing funds, what percentage also receive ESEA title I funds?

Mr. WHEELER. I suspect that a very high percentage will also receive title I funds. It is difficult to be more precise since these provisions were unfunded in past years and data submitted with respect to low-

rent entitlements has been incomplete. After we have processed 1976 applications we will be able to provide you with a more accurate picture of the low-rent housing districts.

RECIPIENTS OF PUBLIC HOUSING PAYMENTS

Mr. MICHEL. Isn't it true that close to 20 percent of the public housing moneys go to New York City alone, and that about 50 percent go to the Nation's 20 largest cities?

Mr. WHEELER. Present estimates indicate that New York City will receive approximately $10.5 million or about 18 percent of total low-rent housing funds. While we have not as yet processed many such applications. Preliminary estimates would seem to indicate that Los Angeles, Baltimore, Washington, D.C., Philadelphia, Boston, and Atlanta, together account for another $7.5 million. This certainly suggests that your 50 percent figure is reasonable. An examination of State estimates indicates that 14 States, the District of Columbia, and Puerto Rico account for approximately 80 percent of the low-rent payments. I am submitting that list for the record.

Public Law 81-874 State distribution of estimated low-rent public housing provision payments

[In millions of dollars]

Alabama	1.5	North Carolina	1.3
California	3.3	Ohio	1.5
District of Columbia	1.1	Pennsylvania	4.4
Georgia	2.3	Tennessee	1.4
Illinois	5.5	Texas	2.1
Maryland	2.7	Virginia	2.4
Massachusetts	1.3	Puerto Rico	2.0
New Jersey	2.0		
New York	11.8	Total	46.6

CHARACTERISTICS OF "A" DISTRICTS

Mr. MICHEL. Do you have any data on the tax effort of those school districts receiving category B impact aid moneys compared with that of those districts who don't?

Mr. WHEELER. The question of tax effort is just being examined in the education literature. Indicators for relative tax effort are in the process of being developed and we expect to employ them in the coming year in a comparative examination of districts receiving impact aid funds. I can assure you that we recognize the necessity of such target data and are insuring the compatibility of our automated payment system with other data bases so that such information can be developed.

Mr. MICHEL. How about the average per pupil expenditure of those districts receiving category B impact aid versus those who do not?

Mr. WHEELER. In past years the average per pupil expenditure of SAFA districts in general has been slightly lower than the national average. Although I suspect that B districts would be higher than the national average, we currently do not have such comparative data. We are building in such a capability into our new data system and hope to provide you with a more definitive answer after 1976 applications are processed.

Mr. MICHEL. What percentage of category B impact aid districts are above national average in per pupil expenditures?

Mr. WHEELER. As I have said, SAFA districts on the whole have an average per pupil expenditure, slightly less than the national average. While I suspect that B districts on the whole are slightly higher than the national average we do not have a specific percentage of such districts at this time.

Mr. MICHEL. What percentage are above the national average in per capita income?

Mr. WHEELER. Preliminary work in this area would seem to indicate that while A funds were applied heavily to low income districts, B payments went most predominantly to districts in the middle 50 percent and the highest 25 percent in terms of family income. Again this is an area in which we hope to do some further investigation this year.

Mr. MICHEL. What percentage are above the national average in total tax base?

Mr. WHEELER. There has been some preliminary investigation of the nature of SAFA district tax bases. Using equalized property value per pupil as a tax base indicator, A payments appear to be heavily concentrated on low tax base districts. The ratio between low to high tax base districts was in the range of 8.1. In contrast, while B payments are made in somewhat higher proportion to low tax base districts than to high tax base districts, the ratio was less than 2.1. These studies however took place prior to the 1974 amendments to Public Law 874.

Mr. FLOOD. Mr. Roybal?

DELAYED DEVELOPMENT OF AUTOMATED PAYMENT SYSTEM

Mr. ROYBAL. We have recently been told that you will not be able to make payments to schools entitled to impact aid until the summer. We are told the problem is that a computer program is not yet developed. Congress passed the basic impact aid legislation in August 1974. Why couldn't a computer program be developed in a year and a half?

Mr. WHEELER. Following the passage of the Education Amendments of 1974 which substantively amended the impact aid program, the immediate task of interpreting the new legislation was begun. It is doubtful that this task will ever be fully completed considering the numerous situations which arise within the 4,500 school districts comprising the program and for which individual determinations must be made. However, the major, necessary determinations were made—and even some of those have been modified since that time—and work was begun to develop an automated system for distinguishing in-county, out-of-county and out-of-State pupils. Even this seemingly simple process becomes complex when you consider that the boundaries of some school districts fall within more than one county—one is even in two States—and the same is true for many Federal properties. We had full data on previously claimed eligible Federal properties but the only data on hand for school districts was the county name in the mailing address. Presently this file is being supplemented by data obtained from 1976 applications. Following the initiation

of this system the next 2 months were devoted to the preparation of the Perkins report which provided some experience in developing a new automated payment system. Several other related reports were prepared during consideration of the 1976 appropriation. When these reports were completed, our full attention was directed to the development of the complex formulas necessary to process payments for the numerous new subcategories of children, including those from low-rent housing units and the handicapped, and for the new hold-harmless provisions. The development of the formulas was painstakingly slow involving numerous recalculations to insure the proper effect of one provision to another. Our specifications to the contracting agency were completed in November, having spent brief periods on the preparation of reports on the effects of the proposed recission. Since November the contractor has been diligently pursuing the programing necessary to accomplish all of the calculations, many of which involve referral to previous year's payment systems. The programing has been completed at this time but the entire new system is anticipated to be operational May 1.

Mr. ROYBAL. Last year my office requested some figures on impact aid. They were supplied by the Office of Education. How could you supply them without a working computer program?

Mr. WHEELER. The report that was prepared for you last year was based on many of the same computations used in the Perkins report which as you know indicated for each school district the 1976 entitlement under the new law and the payment that could be made within each of the three payment tiers. The Perkins report had to be constructed and programed piece by piece from data contained in 1975 applications, conversations to subcategories of children, projections for 1976, data obtained from the Impact Aid Group—and others on low-rent housing—prior year payment files and new calculations. Generation of this report provided valuable experience especially when numerous errors occurred that could not be readily corrected and required considerable research as to their causes. Such a program however is of little utility in developing a processing and payment system which requires interfacing with online systems for financial accountability, overpayments, and elements which remain from the previous system although revised to meet new legislative requirements. Moreover, the application of hold harmless provisions has required considerable program development.

Mr. ROYBAL. Each year the President has tried to cripple impact aid, is this computer snafu an administrative way to kill the program?

Mr. WHEELER. It has taken a great deal of time to arrive at firm interpretations, and determinations had to be made on numerous points where the law and related reports are unclear. Then considerable more time was required to develop formulas that would apply equally to 4,500 school districts wherein there are many unique situations. Considering the complexities of the new law, there has not been an undue amount of time spent in reaching determinations and developing formulas.

1976 PARTIAL PAYMENT

Mr. ROYBAL. School districts that depend on impact aid will have to wait until after the school year to get their money. Is there any way they can receive a partial payment to ease their burden?

Mr. WHEELER. The Treasury Department received on March 15 the materials necessary to make payment to all school district applicants not previously paid for 1976. A check representing an initial 1976 payment that has been based on 50 percent of each of their shares of the 1975 appropriation will be mailed from that Department the same week. This payment which is being made under the old payment system should help ease any burdens that may be caused by waiting for payments to occur under the new system. Most school districts claiming hardships and requesting additional funds will have their applications specially processed thereafter for additional payments. When the new system is operative on May 1, the bulk of payments will be adjusted to reflect 75 percent of each school district's share of the 1976 appropriation. It is anticipated that all such adjustments will be completed by June 30, the same date that 75-percent payments have been completed in previous years.

1976 HOLD HARMLESS PROVISIONS FUNDING

Mr. ROYBAL. We are told that some of the hold harmless clauses were not adequately funded by our appropriation for fiscal year 1976:

(*a*) Which ones were not funded?

(*b*) What is the amount of the shortfall?

(*c*) Will you be sending us a supplemental request to cover this deficit?

Mr. WHEELER. It is important to remember that the manner of funding varies with the various hold harmless provisions. Section 305 (b) (2) provides that (B) and (C) hold harmless provisions will be paid from the regular appropriation. On the other hand, (A) and (D) hold harmless provision estimates provided by the Commissioner to the Congress after the enactment of the appropriation law constitute a supplemental budget estimate.

Public Law 94–94 provided $11 million for hold harmless provisions (B) and (C). For compliance with section 305(b) (2) the Commissioner on October 17, 1975 reported to the Congress estimates of $60 million to meet the requirements of hold harmless provisions (A) and (D). Since that date, in response to numerous queries from both members and staff of this committee and others, we have projected a requirement of $80 to $90 million to fully fund all hold harmless provisions. That range of course assumes the funding of tiers I and II only. Given the current $11 million in budget authority that would suggest a shortfall of approximately $70 to $80 million. We have suggested however, that much of that shortfall could be met through redirection of any amount in excess of that necessary to fully fund tiers I and II. That excess is currently believed to be approximately $40 million, but could very well exceed that amount.

While we have responded fully to requests for estimates and information on the hold harmless provisions, we have remained opposed to their funding. As a consequence I do not foresee a supplemental

STATE LOSS IN FISCAL YEAR 1977

Mr. ROYBAL. If we accept your request for $325 million, schools will lose much money. Give us a breakdown by State of the amount of money that will be lost.

Mr. WHEELER. We will be happy to provide such a breakdown for the record.

SCHOOL ASSISTANCE IN FEDERALLY AFFECTED AREAS, MAINTENANCE AND OPERATIONS—PUBLIC LAW 874

State or outlying area	1976 estimate	1977 estimate	Difference (—)
Total	$660,000,000	$315,000,000	$296,137,278
Alabama	10,201,113	3,787,000	6,414,113
Alaska	37,072,169	31,240,000	5,832,169
Arizona	18,807,278	15,762,000	3,045,278
Arkansas	3,082,363	1,626,000	1,356,363
California	86,517,348	42,128,000	44,389,348
Colorado	12,373,136	3,575,000	8,798,136
Connecticut	4,028,140	1,817,000	2,211,140
Delaware	2,805,213	2,937,000	132,213
Florida	18,281,929	7,486,000	10,795,929
Georgia	16,195,471	8,074,000	8,121,471
Hawaii	10,983,308	8,355,000	2,628,308
Idaho	3,601,973	1,772,000	1,829,973
Illinois	15,293,497	6,184,000	9,109,497
Indiana	2,703,265	1,144,000	1,559,265
Iowa	989,000	226,000	763,000
Kansas	8,762,974	5,839,000	2,823,974
Kentucky	10,508,392	8,435,000	2,073,392
Louisiana	3,873,769	1,557,000	2,316,769
Maine	2,864,489	1,624,000	1,240,489
Maryland	21,081,213	5,673,000	15,408,213
Massachusetts	10,694,701	5,137,000	5,557,701
Michigan	6,170,933	3,617,000	2,553,933
Minnesota	3,367,678	1,779,000	1,588,678
Mississippi	3,370,120	1,629,000	1,741,120
Missouri	7,920,429	3,331,000	4,589,429
Montana	7,254,948	6,369,000	885,948
Nebraska	6,194,624	4,260,000	1,934,624
Nevada	3,996,152	2,296,000	1,700,152
New Hampshire	2,165,102	1,367,000	798,102
New Jersey	12,035,470	5,802,000	6,233,470
New Mexico	16,552,534	12,890,000	3,662,534
New York	28,163,394	8,751,000	19,412,394
North Carolina	19,358,935	14,275,000	5,083,935
North Dakota	5,256,962	3,997,000	1,259,962
Ohio	9,441,376	1,850,000	7,591,376
Oklahoma	11,685,940	5,884,000	5,801,940
Oregon	3,444,209	1,568,000	1,876,209
Pennsylvania	12,037,428	2,127,000	9,910,428
Rhode Island	2,077,017	1,131,000	946,017
South Carolina	10,543,792	6,906,000	3,637,792
South Dakota	6,608,371	6,012,000	596,371
Tennessee	6,786,155	766,000	6,020,155
Texas	33,576,514	11,385,000	22,191,514
Utah	7,861,522	2,125,000	5,736,522
Vermont	151,101	16,000	135,101
Virginia	37,828,055	13,316,000	24,512,055
Washington	15,953,098	8,156,000	7,797,098
West Virginia	652,100	68,000	584,100
Wisconsin	2,334,534	1,170,000	1,164,534
Wyoming	3,473,424	2,152,000	1,321,424
District of Columbia	6,010,057	502,000	5,508,057
American Samoa	0	0	0
Guam	2,648,291	1,949,000	699,291
Puerto Rico	9,134,272	7,576,000	1,558,272
Trust Territory	0	0	0
Virgin Islands	0	0	0
Wake Island	0	0	0
Section 3(e)	4,902,000	5,600,000	698,000
Hold-harmless provisions (B) and (C)	11,000,000	0	0
Amount in excess of that currently estimated to fully fund tiers 1 and 2 (approximate)	39,000,000	0	0

IMPACT ON SCHOOL DISTRICTS

Mr. ROYBAL. Schools have come to depend on impact aid money as an integral part of their budgets. If we cut these funds, how will they be able to balance the school budgets without a local tax increase?

Mr. WHEELER. Such a tax increase would certainly be a major option. There is no question but that the school districts will have to make some rough choices.

Mr. FLOOD. Thank you, Mr. Wheeler.

69-745 (Pt. 5) O - 76 - 16

JUSTIFICATION OF THE BUDGET ESTIMATES

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

School Assistance in Federally Affected Areas

Fiscal year 1977 Budget

	Page No.
Appropriation language and explanation of language changes	55
Language analysis	57
Amounts available for obligation	58
Summary of changes	59
Obligations by activity	60
Obligations by object	60
Authorizing legislation	61
Table of estimates and appropriations	62
Justification:	
A. Narrative:	
1. General statement	63
2. Activities	
(A) Maintenance and operations	64
(B) Construction	68
B. Program purpose and accomplishments	70
C. State tables	72
D. Transition quarter analysis	74

Appropriation Estimate

School Assistance in Federally Affected Areas

For carrying out title I of the Act of September 30, 1950, as amended (20 U.S.C., ch. 13), [$660,000,000 of which $46,000,000] *$315,000,000 of which $52,500,000* shall be for payments under section 6, [$603,000,000] *$262,500,000* shall be for payments under sections 2, 3, and 4 [in accordance with subsection 5(c) of said Act, and $11,000,000 shall be for payments under subparagraphs (B) and (C) of section 305 of the Education Amendments of 1974] 1/ *Provided, That, this amount shall become available for obligation on July 1, 1976, and shall remain available until September 30, 1977;* 2/ *Provided further, That, notwithstanding the provisions of section 5(c) of that title, none of the funds available under this heading shall be available for payments with respect to that part of any entitlements determined under sections 3(b) and 5(e)(1) of that title;* 3/ *Provided further, That, none of the funds remaining available under this heading shall be available for payments under subparagraphs (B) and (C) of section 305(a)(2) of the Education Amendments of 1974.* 4/

For carrying out the Act of September 23, 1950, as amended (20 U.S.C., ch. 19), [$20,000,000] *$10,000,000* which shall remain available until expended, shall be for providing school facilities as authorized by said Act of September 23, 1950: *Provided,* That, with the exception of up to [$5,000,000] *$3,000,000* for [repairs for facilities constructed under] section 10, none of the funds contained herein for providing school facilities shall be available to pay for any other section of the Act of September 23, 1950, until payment has been made of 100 per centum of the amounts payable under section 5 and subsections 14(a) and 14(b): 5/ *Provided further,* That, of the funds provided herein for carrying out the Act of September 23, 1950, no more than [47.5] *42.5* per centum may be used to fund section 5 of said Act: 6/ [*Provided further,* That, the Commissioner of Education is hereby authorized to provide amounts necessary to meet the costs of providing increased school facilities in communities located near the Trident Support Site, Bangor, Washington; notwithstanding section 421A(c)(2)(A) of the General Education Provisions Act, the Commissioner is authorized

56

to approve applications for funds for this purpose on such terms and conditions as he may reasonably require without regard to any provision in law. For "School assistance in federally affected areas" for the period July 1, 1976, through September 30, 1976, $70,000,000.] 7/

Explanation of Language Changes

1/ Language is deleted so as to permit payment in a manner other than that specified in the legislation. Language is also deleted which specified amounts to be paid for hold-harmless provisions (B) and (C). Funds are not requested for these provisions.

2/ Language is added to extend the availability of funds to coincide with the school year and thereby permit the timely distribution of payments.

3/ Language is added to eliminate payments for children whose parents live or work on Federal property (section 3 (b)). This group contributes to local revenues through the payment of property taxes and thus does not represent an adverse Federal impact on the community. Language is also added to eliminate payments for children whose parents live and/or work in low-rent public housing (section 5(e)(1)). The budget maintains that such children do not constitute a Federally imposed burden, that payments are inequitable, and that the Impact Aid program is not the proper vehicle through which to provide categorical funds for disadvantaged children. In both cases, language is necessary to allow for payment of other sections through payment tier II.

4/ Language is added to eliminate payments for hold-harmless provisions (B) and (C) which provide compensation for districts which have experienced a decrease in enrollment of Federally connected children due to closure of military installations or which have experienced a decrease in payment due to the present ineligibility of children whose parents live or work out-of-the-county, or out-of-the-state in which a particular district lies. Such payments are inequitable in that they represent payment for children no longer receiving services or no longer considered to be a Federally imposed burden.

5/ Language is deleted so as to permit the consideration of critical construction needs on Federal property other than repairs to existing facilities.

6/ Language is changed to increase programmatic emphasis on Section 10 (provision of school facilities on Federal installations) while maintaining the current emphasis on Section 14 (provision of school facilities for Indian children). This is accomplished through the reduction in the percentage of total funds alloted under Section 5 (assistance to LEAs affected by Federal activities). The increased emphasis on Section 10 will enable the consideration of critical construction needs on several Federal installations as well as renovation of several existing facilities thereby enabling their transfer to local education agency ownership.

7/ Language is deleted to allow for the funding of Section 5 applications in the manner specified by the Basic law. Applications are funded in accordance with their priority rank, the highest priority application representing the greatest relative need in terms of the number of Federally connected children eligible for payment and the number of unhoused children in the school district involved. Current language bypasses the priority ranking system and provides funds to districts with less demonstrated needs. Transition quarter language is also eliminated since the requirements imposed by the changeover to the new fiscal year no longer exist.

Language Provision	Explanation
Provided further, That, notwithstanding the provisions of section 5(c) of that title, none of the funds available under this heading shall be available for payments with respect to that part of any entitlements determined under sections 3(b) and 5(e)(1) of that title.	Eliminates payments for children whose parents live or work on Federal property and payment for children whose parents live and/or work in low-rent public housing. Permits funding of other sections through payment tier II.
Provided further, That, none of the funds remaining available under this heading shall be available for payments under sub-paragraphs (B) and (C) of section 305(a)(2) of the Education Amendments of 1974.	The budget proposes to eliminate payment under hold-harmless provisions (B) and (C). Hold-harmless (B) provides compensation for districts which have experienced a decrease in enrollment of Federally connected children due to closure of military installations. Hold-harmless (C) provides compensation for districts which have experienced a decrease in payment due to the present ineligibility of children whose parents live or work out-of-the-county or out-of-State in which a particular district lies.
Provided, That, with the exception of up to $3,000,000 for section 10, none of the funds contained herein for providing school facilities shall be available to pay for any other section of the Act of September 23, 1950, until payment has been made of 100 percentum of the amounts payable under section 5 and subsections 14(a) and 14(b).	Although the basic law funds section 10 in full prior to funding any other section, the budget proposes to set aside $3,000,000 for construction under section 10, the balance of the appropriation to be allocated to sections 5 and 14(a) and 14(b).
Provided further, That of the funds provided herein for carrying out the Act of September 23, 1950, no more than 42.5 percentum may be used to fund section 5 of said Act.	The basic law gives sections 14(a) and 14(b) (assistance for children residing on Indian lands) priority equal to section 10. The budget proposes to fund sections 14(a) and 14(b) at a higher level than section 10, and to fund section 5 (assistance for areas impacted by military installations) at a higher level than the basic law provides.

58

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

School Assistance in Federally Affected Areas

Amounts Available for Obligation

	1976	1977
Appropriation.....	$680,000,000	$325,000,000
Unobligated balance, start of year..	1,430,922	---
Unobligated balance, end of year....	---	---
Total, obligations.....	681,430,922 1/	325,000,000

1/ Does not reflect rescission of $243,773,154 as proposed in Presidential Message R-76-10A.

Summary of Changes

1976 Estimated obligations	$680,000,000
1977 Estimated obligations	325,000,000
Net change	-355,000,000

	1976 Base	Change from Base
Increases:		
Program:		
1. Maintenance of payment level through "tier II" for "a" children	$248,737,758	$+ 662,242
2. Full payments to other Federal agencies	46,000,000	+6,500,000
3. Maintenance of payment level for special provisions	12,664,980	+ 435,020
Total increases...		+7,597,262
Decreases:		
Program:		
1. Elimination of payments for "b" children	341,597,262	-341,597,262
2. Elimination of payments for hold harmless (B) and (C) provisions	11,000,000	-11,000,000
Subtotal		-352,597,262
3. Elimination of payment for all but the highest priority construction applications	20,000,000	-10,000,000
Total decreases...		-362,597,262
Total net change		-355,000,000

60

Obligations by Activity

Page Ref.		1976 Revised Budget	1976 Appropriation	1977 Estimate	Increase or Decrease
64	Maintenance and operations.				
	(a) Payments for "a" children.	$234,054,675	$248,737,758	$249,400,000	$+662,242
	(b) Payments for "b" children.	136,098,889	341,597,262	---	-341,597,262
	(c) Special provisions.....	10,073,282	12,664,980	13,100,000	+435,020
	(d) Payments to other Federal agencies.....	46,000,000	46,000,000	52,500,000	+6,500,000
	(e) Savings provisions.....	---	11,000,000	---	-11,000,000
	Subtotal....	426,226,846	660,000,000	315,000,000	-345,000,000
68	Construction.....	10,000,000	20,000,000	10,000,000	-10,000,000
	(obligations)....	(11,430,922)	(21,430,922)		(-11,430,922)
	Total appropriations.....	436,226,846	680,000,000	325,000,000	-355,000,000
	(Total obligations).....	(437,657,768)	(681,430,922)		(-356,430,922)

Obligations by Object

	1976 Estimate	1977 Estimate	Increase or Decrease
Lands and structures.....	$5,000,000	$3,000,000	$-2,000,000
Grants, subsidies, and contributions.....	676,430,922	322,000,000	-354,430,922
Total obligations by object.....	681,430,922	325,000,000	-356,430,922

Authorizing Legislation

	Amount Authorized	1977 Budget Estimate
School Assistance in Federally Affected Areas:		
1. Maintenance and operations (P.L. 81-874):		
(a) Payments for "a" children (Sec. 3(a))	$272,084,000	$249,400,000
(b) Payments for "b" children (Sec. 3(b))	746,508,000	---
(c) Special provisions (Sec. 2, 3(e), 4)	19,100,000	13,100,000
(d) Payments to other Federal agencies (Sec. 6)	52,500,000	52,500,000
(e) Savings provisions (Sec. 305(a)(2))	1/	---
2. Construction (P.L. 81-815)	70,000,000	10,000,000

1/ Requirements cannot be estimated at this time.

62

School Assistance in Federally Affected Areas

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1967	$205,717,000	$468,517,000	$507,348,000	$468,517,000
1968	438,517,000	529,482,000	463,282,000	529,482,000
1969	409,697,000	520,207,000	520,207,000	520,207,000
1970	201,107,000	519,507,000	599,107,000	519,507,000
1971	425,000,000	438,900,000	672,700,000	549,968,000
1972	439,300,000	606,880,000	676,880,000	611,880,000
1973	430,910,000	641,405,000	681,405,000	671,405,000
1974	292,500,000	610,000,000	633,000,000	593,416,000 1/
1975	340,300,000	656,016,000	656,016,000	656,016,000
1976	56,000,000 2/	659,000,000	725,000,000	680,000,000
1976	210,000,000 3/			
Proposed Rescission	-243,773,154			
1977	325,000,000			

1/ The amount available for obligation after application of a 5 percent reduction provision in the fiscal year 1974 appropriation.

2/ Requested under existing legislation

3/ Requested under proposed legislation

Justification

School Assistance in Federally Affected Areas

	1976 Revised Budget	1976 Appropriation	1977 Estimate	Increase or Decrease
School Assistance in Federally Affected Areas:				
1. Maintenance and operations.				
(a) Payments for "a" children.	$234,054,675	$248,737,758	$249,400,000	$+662,242
(b) Payments for "b" children.	136,098,889	341,597,262	---	-341,597,262
(c) Special provisions.....	10,073,282	12,664,980	13,100,000	+435,020
(d) Payments to other Federal agencies.....	46,000,000	46,000,000	52,500,000	+6,500,000
(e) Savings provisions.....	---	11,000,000	---	-11,000,000
Subtotal....	426,226,846	660,000,000	315,000,000	-345,000,000
2. Construction.....	10,000,000	20,000,000	10,000,000	-10,000,000
(Obligations).....	(11,430,922)	(21,430,922)		(-11,430,922)
Total appropriations.....	436,226,846	680,000,000	325,000,000	-355,000,000
(Total obligations).....	(437,657,768)	(681,430,922)		(-356,430,922)
Positions.....	83	83	83	---
Headquarters.....	(47)	(47)	(47)	(---)
Regions.....	(36)	(36)	(36)	(---)

General Statement

To compensate for the cost of educating children in areas where enrollment and the availability of revenues from local sources have been adversely affected by Federal activities, Title I of Public Law 81-874 as amended by Public Law 93-380 and Public Law 81-815 provide funds for current operating expenses and construction assistance. Most of the funds are provided on the basis of children claimed by local educational agencies as having a parent who lives and/or works on Federal property. Significant amounts of funds are provided under both laws for the education of Indian children.

Under both Public Laws 81-874 and 81-815, Federal payments are made directly to eligible local education agencies. Applications for assistance are submitted to the Commissioner of Education through the State education agencies.

In contrast to 1976, the 1977 budget will provide for payments to school districts adversely affected by Federal activities, thereby eliminating payments under P.L. 81-874 for children whose parents contribute to local revenues through property taxes, for children associated with low-rent public housing, and for hold-harmless provisions. The requested appropriation for P.L. 81-815 represents an increased emphasis on meeting critical school construction needs on Federal installations. The primary emphasis remains, however, on providing school facilities for Indian children.

64

	1976 Revised Budget	1976 Appropriation	1977 Estimate	Increase or Decrease
1. Maintenance and operations.				
(a) Payments for "a" children...	$234,054,675	$248,737,758	$249,400,000	$+662,242
(b) Payments for "b" children...	136,098,889	341,597,262	---	-341,597,262
(c) Special provisions.....	10,073,282	12,664,980	13,100,000	+435,020
(d) Payments to other Federal agencies.....	46,000,000	46,000,000	52,500,000	+6,500,000
(e) Savings provisions.....	---	11,000,000	---	-11,000,000
Total budget authority.....	426,226,846	660,000,000	315,000,000	-345,000,000
Summary of awards:				
Total new awards.....		$660,000,000	$315,000,000	$-345,000,000
Number.....		4,350	4,350	0
Positions.....		64	64	0

Narrative

Program purpose

The objective of the Maintenance and operations activities of the Impact aid program is to help compensate school districts for the cost of educating children where enrollment and the availability of revenues from local sources have been adversely affected by Federal activities.

Payments for current operating expenses are made directly to local education agencies when revenues from local sources have been reduced as the result of the acquisition of real property (since 1938) by the United States (Section 2); for children whose parents live and work on Federal property (Section 3(a)); for children whose parents live or work on Federal property (Section 3(b)); to increase rates of payment for certain 3(a) children (Section 3(d)(2)(B));to provide for unexpected decreases in Federal activities (Section 3(e)); for substantial increases in attendance (Section (4)); and for the purposes of "holding harmless" districts which have experienced a decrease in enrollment of Federally connected children due to closure of military installations or who have experienced a decrease in payment due to the present ineligibility of children whose parents live or work out-of-the-county, or out-of-the-state in which the particular district lies. Payments are made to other Federal agencies to provide for the full cost of educating children who reside on Federal property when no State or local educational agency is able, because of State law or for other reasons, to provide suitable free public education(Section 6). Assistance is also provided to schools affected by both major and pinpoint disasters (Section 7).

Most payments are deposited by local school districts into current operating expense accounts and thus are used together with State, local and other funds so deposited, for general school purposes benefitting all students enrolled in applicant districts. Payments made for public housing children, however, are to be used by local school districts for special programs and projects designed

to meet the special educational needs of educationally deprived children from low income families. Similarly, payments made for handicapped children are to be used for special educational programs designed to meet their special educational needs.

Budget policy

In fiscal year 1977, a policy of continued reform in the Impact aid program is proposed. The major emphasis of the budget will be to compensate those school districts which are significantly impacted by the Federal government in that they have a number of children whose parents both live and work on Federal property. The full cost will continue to be borne of educating children who reside on Federal property in States where, due to State law or for other reasons, local school districts are unable to provide suitable free public education. In addition payments will continue to be made under the minor provisions of the law - Section 2, 3(e), and 4. School districts, however, will not be compensated under Section 3(b) for children whose parents live in the community while working on Federal property thus, paying property taxes which support local schools. Similarly, compensation will not be made for children residing in low rent public housing or for children whose parents are employed on such projects. This policy reflects the continued belief that such children do not constitute a Federally imposed burden, that payments are essentially inequitable, and that the Impact Aid program is not the proper vehicle through which to provide categorical funds for the disadvantaged. To prevent further inequities, funds for hold-harmless provisions (B) and (C) are not requested.

66

The proposed appropriation language necessary to implement the 1977 policy and the requested appropriation of $315,000,000 will provide for the funding of payment tiers I and II in the following manner:

P.L. 81-874 Section	Basis of Eligibility	1977 Payment as Percent of Entitlement	Budget Request
Section 2	School districts having partial loss of tax base as a result of removal of real property from tax rolls through Federal acquistion.	60%	7,500,000
Section 3(a)	Children of parents who work on and reside on Federal property.	88-100%	249,400,000
	Low rent housing	-0-	-0-
Section 3(b)	Children of parents who either work on or reside on Federal property.	-0-	-0-
	Low rent housing	-0-	-0-
Section 3(e)	School districts eligible to receive amount to which they would have been entitled before reduction of Federally-connected children by cessation or decrease of Federal activity.	57%	5,600,000
Deductions 3(c)(2)(B)	Deduction when eligibility requirement not met in second fiscal year of two-year period.	---	---
Section 4 -	Sudden and substantial increase of children resulting from Federal activities carried on directly or through a contractor.	1/	1/
Section 6	Arrangements with Federal agencies for educating certain children residing on Federal property.	100%	52,500,000
Hold-Harmless provisions B and C (estimated)		-0-	-0-
Section 7	Natural disasters and pinpoint disasters	2/	2/

1/ No applications are anticipated.

2/ Requirements cannot be estimated at this time.

In fiscal year 1977, 1657 eligible applications claiming approximately 350,000 children are expected under Sections 2 and 3. An additional 27 Section 6 project applications representing 42,000 children, are also expected.

In fiscal year 1976, the first year under amended legislation, the appropriation of $660,000,000 provided for the funding of payment tiers I and II in the following manner:

P.L. 81-874 Section	1976 Payment as Percent of Entitlement	Approximate Number of Children Served	1976 Estimate
Section 2	60		7,000,000
Section 3(a)	88-100	350,000	248,737,758
Low rent	25	7,000	3/
Section 3(b)	53-60	1,600,000	341,597,262
Low rent	25	680,000	3/
Section 3(e)	57		5,664,980
Section 4	--- 1/		1/
Section 6	100	42,000	46,000,000
Hold-Harmless provisions (B) and (C)	---		11,000,000
Section 7	2/		2/

1/ No applications anticipated

2/ Requirements cannot be estimated at this time.

3/ Amount included in Section 3(a) and 3(b).

Approximately 4,400 school districts are expected to apply for assistance in fiscal year 1976. Of this total, 193 districts have had 10 percent or more of their taxable property acquired by the Federal government since 1938 and receive funds under Section 2. Under Section 3, 4300 school districts are expected to receive payments. The appropriation provides $11,000,000 in funds for those hold-harmless provisions dealing with the effects of base closing and the elimination of payments for out-of-county/out-of-state "b" children.

68

	1976 Revised Budget	1976 Appropriation	1977 Estimate	Increase or Decrease
2. Construction	10,000,000	20,000,000	10,000,000	-10,000,000
(obligations)	(11,430,922)	(21,430,922)	(10,000,000)	(-11,430,922)
Total budget authority	10,000,000	20,000,000	10,000,000	-10,000,000
(Total obligations)	(11,430,922)	(21,430,922)	(10,000,000)	(-11,430,922)
Summary of awards:				
Total awards		20,000,000	10,000,000	-10,000,000
Number		11	19	+8
New awards		12,125,000	5,975,000	-6,150,000
Number		6	18	+12
Non-competing continuations		7,875,000	4,025,000	3,850,000
		5	1	-4
Positions		19	19	0

Narrative

Program purpose

The objective of the Construction activity of the Impact aid program is to help compensate for the cost of educating children in areas where enrollment and the availability of revenues from local sources have been adversely affected by Federal activities. Funds for the construction and repair of urgently needed minimum school facilities are made directly to eligible school districts. Under Section 5, eligibility is determined by the number of children residing on Federal property (Section 5(a)(1); and by the number of children who reside with a parent employed on Federal property (Section 5(a)(2)). Subsections 14(a) and 14(b) authorize grants to construct minimum school facilities in school districts which provide free public education for children who reside on Indian lands, or in districts where Indian lands comprise a substantial part of the school district. Section 9 provides funds to construct minimum facilities for local educational agencies affected by temporary Federal impact. Some State laws preclude the provision of free public education by State or local agencies for children living on some Federal properties or the expenditure of local and State funds for the construction of school facilities on Federal properties. In these instances the Commissioner is directed by Section 10 of the Act to make arrangements for constructing or otherwise providing school facilities for the children. Section 16 provides assistance to local educational agencies in areas suffering major and pinpoint disasters.

Funds are reserved for eligible applicants upon a determination of their ability and at such time as their respective project application has been reached on the priority index list. Federal regulations require that all eligible applicants be placed in rank order of relative priority by sections of the Act and funded in that order.

Budget policy

In fiscal year 1977, critical construction needs will be met through the funding of sections 5, 10, and 14. The major emphasis will continue to be on providing needed school facilities to local education agencies serving children residing on Indian lands. The $4,025,000 requested for such purposes will provide 21 classrooms and related facilities serving 525 Indian children. The remainder of the $10,000,000 appropriation request will be evenly distributed between sections 5 and 10. Under section 5, the $2,975,000 requested is expected to enable funding of 14 projects. These projects will provide new school facilities for an estimated total of 2,400 pupils in 80 classrooms and related facilities (eg. libraries, cafeterias, special education rooms for the handicapped, and the like). Finally, the $3,000,000 requested for section 10 will allow consideration of critical construction needs on several Federal installations. Section 10 funds may also be used for the renovation of Federally owned school facilities on several government installations.

The fiscal year 1976 appropriation emphasized sections 5 and 14. Funds are being used to assist in the completion of 5 projects initiated in prior years to serve children residing on Indian lands and several new projects under section 5. Finally, the appropriation of $5,000,000 for section 10 is being used to fund one new project.

70

OFFICE OF EDUCATION

School Assistance in Federally Affected Areas

Program Purpose and Accomplishments

Activity: Maintenance and Operations (P.L. 81-874)

1976 Appropriation	1977 Authorization	1977 Budget Estimate
$660,000,000	$1,090,192,000[1/]	$315,000,000

Purpose: In order to provide compensation for educational costs to areas affected by activities of the United States government, Title I of P.L. 81-874, as amended by P.L. 93-380, authorizes financial assistance for the maintenance and operation of local school districts where enrollments are affected by Federal activities.

Explanation: Applications and documentation are submitted by local educational agencies. This material is reviewed and verified by Office of Education personnel and awards are made directly to the local education agencies. The Office of Education provides for the full cost of educating children residing on Federal property where no education agency is able to provide suitable free education to such children. The fiscal year 1977 appropriation covers school year 1976-77.

Accomplishments in 1976: In fiscal year 1976, grants will be made to provide support for some 2,500,000 pupils in 4,350 school districts with the greater proportionate support going to heavily impacted school districts.

Objectives for 1977: The budget for fiscal year 1977 will provide full funding for Section 6 and funding of Section 3 through payment Tiers I and II excluding payments for low-rent public housing children and 3(b) children. Funds will not be requested for hold-harmless provisions.

1/ Does not include amounts for hold-harmless provisions.

Office of Education

School Assistance in Federally Affected Areas

Program Purpose and Accomplishments

Activity: Construction (P.L. 81-815)

1976 Appropriation	1977 Authorization	1977 Budget Estimate
$20,000,000	$70,000,000	$10,000,000

Purpose: In order to provide assistance for the construction of urgently needed school facilities, Public Law 81-815 authorizes funds to local school districts where there are significant increases in pupil enrollment resulting from Federal activities.

Explanation: Applications and documentation are submitted by local educational agencies. This material is reviewed by Office of Education personnel and awards are made directly to the local educational agencies. The construction account is a no-year account. Funds awarded under this appropriation are available until expended, without regard to fiscal years. Applications submitted under Sections 5 and 14(a) and 14(b) take priority over applications submitted under any other Section of the Act.

Accomplishments in 1976: It is anticipated that during fiscal year 1976 funds appropriated under Section 5 will provide assistance for Trident related projects in the State of Washington. Section 14 funds are expected to cover additional costs for approximately five on-going projects, and Section 10 funds are expected to fund one new project on Eielson Air Force Base, Alaska.

Objectives for 1977: The budget for fiscal year 1977 will continue to emphasize assistance for Indian school construction. An increased emphasis will be placed on meeting critical construction needs on Federal installations under Section 10. Funds will also be available to assist LEA's impacted by Federal activities under Section 5.

72

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

School Assistance in Federally Affected Areas
Maintenance and Operations - P.L. 874

State or Outlying Area	1975 Actual	1976 Appropriation	1977 Estimate
TOTAL	$636,016,000	$660,000,000	$315,000,000
Alabama	10,189,300.86	10,201,113	3,787,000
Alaska	34,383,604.00	37,072,169	31,240,000
Arizona	18,114,809.00	18,807,278	15,762,000
Arkansas	3,659,714.79	3,082,363	1,626,000
California	93,895,521.92	86,517,348	42,128,000
Colorado	14,224,188.62	12,373,136	3,575,000
Connecticut	3,666,092.00	4,028,140	1,817,000
Delaware	2,655,532.00	2,805,213	2,937,000
Florida	19,255,262.00	18,281,929	7,486,000
Georgia	15,573,435.70	16,195,471	8,074,000
Hawaii	12,692,834.00	10,983,308	8,355,000
Idaho	3,948,848.00	3,601,973	1,772,000
Illinois	10,085,075.56	15,293,497	6,184,000
Indiana	3,403,249.00	2,703,265	1,144,000
Iowa	3,932,577.38	989,000	226,000
Kansas	9,547,011.00	8,762,974	5,839,000
Kentucky	11,142,307.06	10,508,392	8,435,000
Louisiana	4,100,454.58	3,873,769	1,557,000
Maine	2,731,597.00	2,864,489	1,624,000
Maryland	33,586,682.00	21,081,213	5,673,000
Massachusetts	9,825,476.00	10,694,701	5,137,000
Michigan	6,277,448.00	6,170,933	3,617,000
Minnesota	3,290,501.00	3,367,678	1,779,000
Mississippi	3,669,146.63	3,370,120	1,629,000
Missouri	8,909,125.73	7,920,429	3,331,000
Montana	6,915,080.00	7,254,948	6,369,000
Nebraska	7,028,351.52	6,194,624	4,260,000
Nevada	3,921,832.00	3,996,152	2,296,000
New Hampshire	3,412,696.00	2,165,102	1,367,000
New Jersey	17,246,673.00	12,035,470	5,802,000
New Mexico	17,189,708.00	16,552,534	12,890,000
New York	20,280,889.33	28,163,394	8,751,000
North Carolina	18,168,569.00	19,358,935	14,275,000
North Dakota	5,330,585.60	5,256,962	3,997,000
Ohio	9,920,424.00	9,441,376	1,850,000
Oklahoma	14,367,321.11	11,685,940	5,884,000
Oregon	4,262,942.00	3,444,209	1,568,000
Pennsylvania	8,402,018.74	12,037,428	2,127,000
Rhode Island	3,473,823.00	2,077,017	1,131,000
South Carolina	11,291,528.00	10,543,792	6,906,000

State or Outlying Area	1975 Actual	1976 Appropriation	1977 Estimate
South Dakota	6,333,366.00	6,608,371	6,012,000
Tennessee	7,728,667.84	6,786,155	766,000
Texas	34,407,256.82	33,576,514	11,385,000
Utah	9,244,100.00	7,861,522	2,125,000
Vermont	178,367.00	151,101	16,000
Virginia	45,850,140.00	37,828,055	13,316,000
Washington	16,939,309.34	15,953,098	8,156,000
West Virginia	739,780.00	652,100	68,000
Wisconsin	2,195,960.87	2,334,534	1,170,000
Wyoming	3,158,092.00	3,473,424	2,152,000
District of Columbia	4,613,078.00	6,010,057	502,000
American Samoa	---	---	---
Guam	2,931,566.00	2,648,291	1,949,000
Puerto Rico	7,521,237.00	9,134,272	7,576,000
Trust Territory	---	---	---
Virgin Islands	202,844.00	---	---
Wake Island	---		
Section 3(e)	---	4,902,000	5,600,000
Hold Harmless provisions (B) and (C)	---	11,000,000	
Amount in excess of that currently estimated to fully fund Tiers I and II		approx 39,000,000	

74

Transition Quarter Analysis

	Budget Authority by Activity	
	1976 Appropriation	Transition Quarter
1. Maintenance and operations	$660,000,000	$70,000,000
2. Construction	20,000,000	---
Total	$680,000,000	$70,000,000

Explanation

Funds are required in order to make payments on applications submitted prior to September 30, 1976. These "early" applications are generally submitted by school districts which are heavily impacted by Federal activities and depend upon the impact aid funds for a substantial portion of their budget. At this time it is not expected that the entire transition quarter appropriation will be required.

EMERGENCY SCHOOL AID

WITNESSES

ROBERT R. WHEELER, DEPUTY COMMISSIONER FOR SCHOOL SYSTEMS
DR. T. H. BELL, COMMISSIONER OF EDUCATION
DICK HAYS, ACTING ASSOCIATE DEPUTY COMMISSIONER FOR SCHOOL SYSTEMS
DR. HERMAN R. GOLDBERG, ASSOCIATE COMMISSIONER FOR EQUAL EDUCATIONAL OPPORTUNITY PROGRAMS
GEORGE RHODES, ASSISTANT TO THE ASSOCIATE COMMISSIONER FOR EQUAL EDUCATIONAL OPPORTUNITY PROGRAMS
JAMES B. ROBERTS, EXECUTIVE OFFICER, BUREAU OF SCHOOL SYSTEMS
DR. JOHN EVANS, ASSISTANT COMMISSIONER, OFFICE OF PLANNING, BUDGETING, AND EVALUATION
CORA P. BEEBE, DIRECTOR, PLANNING AND BUDGETING DIVISION
WILLIAM DINGELDEIN, DIRECTOR, DIVISION OF EDUCATION
BUDGET ANALYSIS, OFFICE OF THE ASSISTANT SECRETARY, COMPTROLLER

EMERGENCY SCHOOL AID

Mr. FLOOD. Now we will go to emergency school aid, still with the Office of Education.

This presentation will be made by Mr. Robert R. Wheeler, Deputy Commissioner for School Systems.

We will insert your biographical sketch at this point, Mr. Wheeler, and we will place your prepared statement in the record.

[Mr. Wheeler's biographical sketch and statement follow:]

BIOGRAPHICAL SKETCH

Name: Robert R. Wheeler.

Position: Deputy Commissioner for School Systems.

Birthplace and date: Omaha, Nebr., April 10, 1921.

Education: Undergraduate degree, Lincoln University, Jefferson City, Mo.; master of science degree, Columbia University, New York, in the field of guidance and counseling; Additional graduate work in the field of educational psychology, guidance and counseling and educational administration: University of Kansas City; University of Kansas; University of California at Berkeley; honorary doctor of laws degree—Lincoln University.

EXPERIENCE

Present: Deputy Commission for School Systems, U.S. Office of Education.

1972–74: Associate Commissioner for Elementary and Secondary Education, U.S. Office of Education.

1966–71: Assistant superintendent, Division of Urban Education, Kansas City, Mo., schools.

1965–66: Director of urban special services, Oakland, Calif., school district.

1963–64: Director of special scholarships, Kansas City Schools.

1962: Vice principal, Kansas City Schools.
1956–61: Counselor, Kansas City Schools.
1955: Teacher, Kansas City Schools.

ASSOCIATION MEMBERSHIPS

Vice president, Missouri Council on Education.

Member: Executive committe, Kansas City Chapter of Missouri; Association for Social Welfare; American Association of School Administrators; Missouri Association of School Administrators; National Education Association; Missouri Education Association; Education Council, Chamber of Commerce; National Panel, American Arbitration Association; Rotary Club of Kansas City Missouri; Theta Boule, Sigma Pi Phi Fraternity; and Steering Committee, YMCA.

Mr. Chairman and members of the committee, we are pleased to appear before your committee today to testify on the Emergency School Aid budget. This budget addresses the requirements of both the Emergency School Aid Act and the Training and Advisory Services title of the Civil Rights Act of 1964. We are requesting a total of $249.7 million for these activities in fiscal year 1977, an increase of $8 million over the 1976 appropriation. Of the request, $215 million is for the Emergency School Aid Act, and $34.7 million for Training and Advisory Services.

The fiscal year 1977 budget incorporates two changes from the current budget, to more closely parallel the Office of Education's perception of the needs of desegregation assistance. This philosophy has two basic tenets: (1) That assistance be available in sufficient amounts and on a timely basis to aid districts requiring immediate assistance for comprehensive short-term emergency desegregation; and (2) that the Federal Government continue to enhance the capability of State and local agencies to effectively deal with desegregation, through support for capacity-building activities. This budget reflects the belief that short-term aid for new or emergency desegregation should be the primary emphasis in direct project grant aid. Long-term project support should be maintained but at a lower level of effort. Expansion of technical assistance training and advisory grants is proposed as a long-term Federal support strategy. To this end, the two proposed budget changes would increase emergency special project funds and training and advisory services funds.

The Emergency School Aid Act budget proposes to increase resources available to districts requiring immediate assistance in implementing new desegregation plans. While the budget request calls for level funding, special appropriation language is proposed which would increase funds available for discretionary "emergency special projects" awards from 5 to 10 percent of the total appropriation. This increase will be offset by a comparable decrease in the State apportionment general grants activity. A legislative proposal will be submitted to the Congress to amend the statute relative to these percentage set-asides.

Of the 5 percent increase, those funds not used for emergency special project awards will be transferred into the general grants activity for State-apportioned awards. All other programs and activity set-asides authorized by the act will be maintained in 1977. The funding level of $215 million will provide for approximately 827 project awards.

Program objectives in 1977 for training and advisory services include capacity-building at the State and local levels to respond to problems occasioned by (1) desegregation, (2) unequal access to education by children who are not fluent in the English language, and (3) sex discrimination in educational institutions. An increase of $8 million over the current funding level of $26.7 million is requested to expand activities addressing each of these areas. The increased funding level will support a total of 314 training and technical assistance advisory awards, including 187 for desegregation activities, 65 for sex discrimination elimination and prevention activities, and 62 for bilingual education activities occasioned by the *Lau* v. *Nichols* Supreme Court decision.

My associates and I will be happy to answer any questions you may have.

Mr. FLOOD. First of all, is this program authorized for fiscal 1977?

Dr. BELL. Yes, it is.

Mr. FLOOD. What is the amount authorized for fiscal 1977?

Mr. DINGELDEIN. Mr. Chairman, I think it is $1 billion. It is quite adequate.

Mr. FLOOD. For just 1 year, or what?

Dr. GOLDBERG. It was $1 billion for 4 years. We have finished 2 years of the Emergency School Aid Act. There are 2 years remaining.

EXTENSION OF AUTHORIZING LEGISLATION

Mr. FLOOD. Are you proposing to extend the authorization for 1977 and beyond?

Dr. GOLDBERG. The Department is now engaging in discussions relating to the future of this program, and no decision has been made as yet. But we are having discussions about the future.

Mr. FLOOD. Your budget includes some new language. Let me quote: "Notwithstanding the provision of section 704(b) of that act."

Take a look on page 78 of your justifications. Your explanation says—let me quote: "point of order provision." That is certainly nice of you fellows to go out of the way to advise us about that. That was very thoughtful indeed. What in the world are we supposed to do with a setup like that when we take this bill on the floor, cross our fingers or pray or what?

Mr. DINGELDEIN. Mr. Chairman, we do propose to submit legislation which will back up this proposal in the budget. There will be legislation transmitted. My understanding is it will be up here by March 15.

But I don't think it will extend the program. There is authority under the automatic extension provision of the General Education Provisions Act which would authorize the program in 1977.

Mr. FLOOD. But you see what I mean by raising the question "point of order" on the floor in that language.

UNOBLIGATED BALANCES

On page 79 of the justification there you have an unobligated balance of $109 million this year. Where did you find that huge balance? Under what rug was the $109 million unobligated balance?

Take a look at page 79 of your justifications.

Ms. BEEBE. We were provided extended availability on those funds from fiscal 1975, and those are carryover funds.

Mr. FLOOD. You were provided authority?

Ms. BEEBE. Yes; the Congress provided this authority on September 30.

Mr. FLOOD. Carried over for the transition quarter?

Ms. BEEBE. Yes, sir.

DURATION OF GRANTS

Mr. FLOOD. Are most of these grant awards under the Emergency School Act on a year-to-year basis?

Mr. WHEELER. Yes.

Dr. GOLDBERG. One year at a time.

Mr. FLOOD. There are no continuing commitments?

Mr. WHEELER. They are all on a year-to-year basis.

DIFFERENCE BETWEEN ESAA AND ESEA BILINGUAL PROJECTS

Mr. FLOOD. I am pretty sure we asked you this before but just to refresh our memory, how do the bilingual projects under the Emergency School Aid Act differ from those under the Elementary and Secondary School Education Act?

Dr. GOLDBERG. The bilingual funds under ESAA stem from a 4 percent set-aside in the act, section 708(c). Those funds are to meet the special education and cultural needs of minority group children who are often in environments in which English is not the dominant language. They used to teach English as a second language and also to address the needs of non-English-speaking children who are in districts undergoing desegregation. They are different from the title VII funds because ESAA funds are for districts that are trying to meet the problems of desegregation.

Mr. FLOOD. How many school districts have a bilingual education project under both of these authorities?

Dr. GOLDBERG. There are about 32 awards made under the Emergency School Aid Act bilingual projects, and a far greater number under the larger appropriation for title VII ESEA.

ETV AWARDS

Mr. FLOOD. You indicate there are seven educational television projects. Will you put in the record a list of the current ones and indicate the amounts of each one?

[The information follows:]

FISCAL YEAR 1975 EDUCATIONAL TELEVISION AWARDS

EMERGENCY SCHOOL AID

Fiscal year 1975 total educational television awards—(8), including four new awards and four continuation funding awards for additional programming.

Fiscal year 1975 total education television obligations—$7,793,999, which includes a transfer of $999,999 from the special programs and projects discretionary account, to fund the four regional programing series.

Award distribution—four national series; four regional series (regions I, IV, V, VI). Grant award distribution with description and funding levels:

I. NATIONAL PROGRAMING SERIES (AVERAGE 1975 AWARD=$1,698,500)

Contract recipient	Programs to be produced	Program focus
1. Educational Broadcasting Corp. (WNET), New York, $1,800,000 award.	26 ½-hour programs (new series, "The Sixth Period").	12 and above age group—sensitize high school age students to importance of being able to write/speak "correctly," as "correctness" is defined by various work, school, social and other life situations. ("Heavy" drama offset by comic relief.)
2. Southwest Texas Public Broadcasting Council (KLRN), Austin, $1,674,000 award.	39 additional ½-hour programs "Carrascolendas."	3–9 age group—bilingual (Spanish); activities of children residing in fictitious town of "Carrascolendas," stressing their affective (emotional and attitudinal) concerns. (Segmented series emphasizing slapstick comedy, music, dance,)
3. Education Development Center, Newton, Mass., $1,660,000 award.	30 additional ½-hour programs, "Infinity Factory."	7–12 age group—mathematics; exploring understanding/application of mathematics in daily life, art, science, technology, nature. Engages viewing child's active involvement with activity on screen; complements school courses in math.
4. Bilingual Children's Television, Inc. (BCTV), Oakland, $1,660,000 award.	30 additional ½-hour programs, "Villa Alegre."	3–9 age group—bilingual (Spanish); individual content areas; food/nutrition; energy; environment; interpersonal relations; man-made things. (Segmented format including drama, music, animation.)

II. REGIONAL PROGRAMING SERIES (AWARD LEVEL=$250,000)

1. Connecticut Public Television, Hartford (region I), $250,000.	10 additional ½-hour programs—"Mundo Real."	7–11 age group—bilingual (Spanish); mainland Puerto Rican family and problems/opportunities faced by its children (continuing drama format).
2. Community Television Foundation and South Florida (WPBT), Miami (region IV), $250,000.	10 ½-hour programs (new series—"¿Que Pasa, U.S.A.?")	12 and above age group—bilingual (Spanish); family situation comedies focusing on generation gap in a Cuban-American family.
3. Northeast Wisconsin In-School Telecommunications and University of Wisconsin, Green Bay (region V), $249, 949.	10 ½-hour programs (new series).	12 and above age group—History and culture of Oneida, Stockbridge-Munsee, Menominee Tribe of northern Wisconsin.
4. Southwest Educational Development Laboratory, Austin (region VI), $249,575.	10 ½-hour programs (new series—"La Esquina"—"The Corner").	12 and above age group—bilingual (Spanish); problems faced by Chicano and Anglo adolescents (dramatic series)

Broadcast schedule, 1976: Series developed under previous contract awards currently being broadcast by the Public Broadcast Service and various commercial stations across the Nation (all national series): "Villa Alegre," "Carrascolendas," "Getting Over," and "Vegetable Soup."

Series proposed for broadcast in fall of 1976: "Rebop"—National series; "Infinity Factory"—National series; "Mundo Real"—Regional series.

Mr. FLOOD. In 1977 you show five new educational TV projects and two are continuations. Which two are you going to continue?

Mr. GOLDBERG. "Infinity Factory," the mathematics series will have a second award. We will also continue "Carrascolendas," our bilingual series.

EMERGENCY SPECIAL PROJECTS

Mr. FLOOD. You want an increase of $10.7 million for emergency special projects. Why is that? Are you expecting some new emergencies next year?

Dr. GOLDBERG. Mr. Chairman, a year ago when I sat before you, you asked me some questions about the rate at which the courts of this Nation might be forthcoming with orders. A year has elapsed now and we have some results. We have a larger number of court orders coming, and unfortunately they are not timed to match the funding cycle of ESAA.

In addition to the additional number of districts that have been ordered to desegregate after the normal funding cycle, a lawsuit was filed on July 3, 1975, called *Brown* v. *Weinberger*, in which the plaintiffs identified 74 school districts in the North and the West that they believe have severe problems of segregated schools.

It is believed that approximately 20 to 25 of those 74 will probably be asking for funds.

Mr. FLOOD. You are speaking of emergencies for next year?

Dr. GOLDBERG. Yes.

Mr. FLOOD. Where?

Dr. GOLDBERG. In a number of cities, some of which are named in that suit, and some which already have been identified: Milwaukee, Omaha, Dayton, St. Louis, Louisville, Jefferson County, a third phase in Boston, and several other cities.

Mr. FLOOD. Are these emergency projects funded for more than 1 year?

Dr. GOLDBERG. No, sir. They are funded 1 year at a time.

Mr. FLOOD. What is the maximum duration, would you say, for one of these emergency grants? Just 1 year?

Dr. GOLDBERG. It would be considered on a year-by-year basis. If a school district received an additional court order that represented a new phase of the problem it had to meet, and if that order came again outside the normal funding cycle, it could apply following the notice in the regulations and be considered along with other districts in similar situations.

BOSTON'S DESEGREGATION PROJECT

Mr. FLOOD. Did you say Boston is considered one of your emergency districts?

Dr. GOLDBERG. Yes. The first grant to Boston was $1.9 million, and it came from the emergency special projects because Judge Garrity's order came too late for Boston to apply during the normal cycle.

Mr. FLOOD. How long do you expect to support such an emergency project in Boston?

Dr. GOLDBERG. Boston has a great many internal problems it is attempting to meet. At the present time, Boston's grant includes money from both the State apportionment table and from the special projects funds.

Boston's application for next year's funds totals more than $8 million. There is only about $1 million in the Massachusetts State table of apportionments.

If their application were both eligible and high enough in the ranking to beat out the other districts in Massachusetts, we couldn't begin to fund any substantial portion of that $8 million request out of the State table of apportionment, which gives Massachusetts only about $1 million in basic grants. Hence we would have to turn to emergency special projects funds to supplement what is in the State table.

Mr. WHEELER. Mr. Chairman, may I just emphasize a point?

Mr. FLOOD. Yes.

Mr. WHEELER. These projects are competitive every year so we can't really say whether or not a particular project is going to be funded.

Mr. FLOOD. How have these grants actually helped that situation up in Boston? Or haven't they helped?

Dr. GOLDBERG. Yes; they helped in the upgrading of achievement. There is a big reading and a big math project. They have additional guidance counselors. They have a number of projects relating to career education. They have improved their management techniques. They have started a separate office for administration of the emergency school aid program. But they have a long way to go to meet their needs and to settle many internal pressures.

Mr. FLOOD. You seem to be pretty well on top of the Boston problem.

Dr. GOLDBERG. I visit the Boston public school system every week. I am the personal representative of the Secretary, Dr. Mathews, to Boston and I try to keep on top of it by going every week.

EVALUATION OF HUMAN RELATIONS TRAINING ACTIVITIES

Mr. FLOOD. Now you want $2.1 million to fund five of these evaluation studies next year. One of them you call "human relations activities." How do you plan to evaluate human relations activities?

Dr. GOLDBERG. I might indicate that the evaluation studies done thus far have been in three areas including the human relations area. The evaluation has been trying to find out whether there is a more positive attitude among children of different races, and the evaluation thus far indicates in many of the sampled districts, there are more positive attitudes.

This is a longitudinal study to see if the achievement is improving in these districts; if the children are getting along better; and if the tension is down.

The Evaluation Office utilizes a number of techniques, observations. sociograms, pretests, postests, observations, interviews to find out if children are getting along better.

Mr. FLOOD. I see from page 90 of your justifications, under "human relations activities;" nothing for 1975, nothing for 1976, so the first time is $1,300,000 for 1977.

Dr. GOLDBERG. I might add there were human relations components in earlier evaluations that the contract holder came upon without having the assignment to do it.

The discovery was made that where the leader of the school, namely the principal, was fostering a good interracial climate, achievement went up. That was one of the findings that came from the data collected.

We are now heading into a study of how the youngsters are getting along as well as how their achievement is coming.

Mr. FLOOD. For the record, summarize the results of all evaluations now that have been completed for this emergency school aid program.

Dr. EVANS. If I may interject a brief note, we will certainly be happy to do exactly as you have indicated. We have such a summary already prepared of the kind you requested. It is part of the annual evaluation report that we submit to your committee and the other committees.

Regarding the particular question you ask, there is probably a misrepresentation in the table which shows that all of that money goes to that particular portion of the evaluation.

The evaluation we are carrying on now of the Emergency School Aid Act deals with all aspects of the program, including the extent to which it brings about desegregation, the extent to which it changes attitude and, most importantly, the extent to which it raises achievement level.

Mr. FLOOD. Yes; I know all of that, but we want that for the record here.

Dr. EVANS. We will supply it.

[The information follows:]

Insert page 3852A

Emergency School Aid Act Evaluation

A major national evaluation of the Emergency School Aid Act is presently being conducted. A report on the first-year implementation of the program has recently been issued showing a number of interesting findings. First, in terms of student needs, data indicate that prior to local program implementation, students in minority isolated schools and minority students in desegregated schools were achieving significantly below the national norm in reading and mathematics. Analysis of resource allocations indicates that Emergency School Aid Act resources both in terms of dollars and services have, on the whole, been adequately targeted at those documented educational needs. Students in districts funded by the Emergency School Aid Act showed relatively large gains in academic achievement although these gains cannot at this time be directly attributed to the funding.

In terms of the program's goal of encouraging reduction in minority group isolation, evaluation results are not quite so encouraging. Overall, there was only a small reduction in minority group isolation in Emergency School Aid Act school districts during the first year of the program. Only 20% of the districts in the evaluation sample achieved any significant reduction in minority group isolation.

In addition to the above national impact findings, the first year results also suggest that relationships among student, staff, and program characteristics and student outcomes differ somewhat for minority-isolated as compared to desegregated schools. In minority-isolated schools, preliminary findings indicate that there is a positive relationship between the level of supplemental reading program funding and student reading and mathematics achievement. Similarly, lower pupil/teacher ratios seem to be positively related to student methematics achievement in minority-isolated schools. For reasons that are not clear, no such relationships were found in desegregated schools. Nevertheless, in desegregated schools, positive desegregation-related policies, attitudes, and activities of district and school staff appear related to positive student expectations, student liking for school, and student reading and mathematics achievement. More detailed information in the Emergency School Aid Act evaluation is attached.

Two other school desegregation evaluations related to the Emergency School Aid Act have also been conducted by the Office of Education. The first study, Southern Schools, examined desegregation activities in over 100 southern school districts that received Emergency School Assistance Program funds for 1971-72. The most successful schools from this study plus schools from the North and West are being followed in a multi-year evaluation, Successful School Desegregation, which is nearing completion by the contractor, Educational Testing Service. Both evaluations are closely related to the Emergency School Aid Act Basic Grants program because they examine the impact of similar activities conducted in desegregated schools.

The Emergency School Assistance Program evaluation (Southern Schools) found that the program improved the achievement of tenth-grade black males, the group with the greatest need. There were no gains for other groups of tenth graders (black or white) or for fifth graders. No overall gains attributable to the Emergency School Assistance Program were found in measures of racial attitudes for students at either grade level.

Insert page 3852B

The Southern Schools evaluation found that in schools where teachers and principals had more favorable attitudes toward integration both black and white students reported better race relations. It also found that, while desegregation places a great deal of strain on students of both races, there are several ways schools can ease this strain. Black students are more comfortable when they feel that their teachers support desegregation.

The preliminary results of the new study, Successful School Desegregation, and the earlier Southern Schools study have shown areas of encouraging consistency. It should be emphasized, however, that the Successful School Desegregation study results are preliminary and are subject to change. Both studies show the following:

- Teacher human relations training (not general teacher training) is effective in improving race relations.
- Student intergroup relations projects are effective in improving race relations.

Examples of more effective activities and practices include:

- human relations projects to increase parent-teacher contact
- open classroom discussion of race
- special projects having to do with race
- school organization of bi-racial extracurricular activities
- assignment of students to work with students of different races
- assignment of students to play on teams with students of different races

The last four successful activities listed all involve structured situations to increase interracial contact in the schools and increased open interracial communication.

The first year Emergency School Aid Act evaluation findings are also favorable for desegregation related activities.

In further planning for Fiscal Year 1977 evaluations, the Office of Education will be examining later results from the Successful School Desegregation evaluation and the upcoming second year Emergency School Aid Act evaluation. At this time it appears that these human relations activities deserve more detailed evaluation than is possible in large scale impact evaluations. An evaluation of Emergency School Aid Act human relations activities would seek a detailed understanding of the conditions of success and failure of such activities. Schools with different types of human relations programs would be studied. The impact of programs over a period of more than one school year would be evaluated. Attempts would be made to select the more effective programs developed by local schools or districts for replication or use in other interested communities.

Insert page 3852C

ANNUAL EVALUATION REPORT ON EDUCATION PROGRAMS

PROGRAM NAME:

Emergency School Aid Act (ESAA)

Legislation:

Title VII of the Education Amendments of 1972 (PL 92-318) as amended by Title VI, Part D of the Education Amendments of 1974 (PL 93-380)

Expiration Date:

June 30, 1976

Funding History

Fiscal Year	Authorization($)	Appropriation($)
1973	1,000,000,000	228,000,000
1974	Total of	234,000,000
1975	1,000,000,000	215,000,000
1976	From FY 74-76[1].	215,000,000

Program Goals & Objectives

In June of 1972 the Emergency School Aid Act (ESAA) was enacted into law to provide local educational agencies with financial assistance -- (1) to meet the special needs incident to the elimination of minority group segregation and discrimination among students and faculty in elementary and secondary schools; (2) to encourage the voluntary elimination, reduction or prevention of minority group isolation in elementary and secondary schools with substantial proportions of minority group students; and (3) to aid school children in overcoming the educational disadvantages of minority group isolation. In addition to these general objectives, each of the Act's authorized subprograms has specific objectives consistent with the Act's overall goals.

ESAA originally authorized eight subprograms, three of which were State apportionment programs (Basic Grants, Pilot Grants, and Nonprofit Organization Grants) and the remaining five (Bilingual Education, Education Television, Metropolitan Area, Special Projects, and Evaluation) were discretionary grant programs. The Metropolitan Area Projects subprogram and its 3-4% reservation from the annual appropriation were eliminated from the program by Section 642 of P.L. 93-380 in August, 1974. Since that amendment and pursuant to statute and regulation, 87% of the annual appropriation is reserved for the state apportioned programs -- Basic Grants 64%, Pilot Programs 15% and Nonprofit Organization grants 8%. The remainder of the annual ESAA appropriation is reserved as follows for the discretionary programs: Bilingual Education, not less than 4%; Education Television Project, 3-4%; Special Projects, 5%; and, Evaluation awards, up to 1%.

1. Original authorization was for 1 billion dollars for FY 73 and a similar amount for FY 74. PL 93-380 changed the authorization such that the second billion dollars is authorized for the entire period from FY 73 through FY 76.

Insert page 3852D

The objectives of the five discretionary programs can be summarized as follows. The Bilingual Education program provides funds to local education agencies for bilingual programs designed to equalize the educational opportunity of minority group children from environments where the dominant language is other than English. Education Television contracts and grants are awarded to public or private non-profit agencies, institutions or organizations for the development and airing of integrated children's television programs of cognitive and affective educational value. Prior to elimination of the set-aside for Metropolitan Area Projects in August of 1974 (PL 93-380), such grants and contracts were awarded to local education agencies to establish and maintain an integrated school consisting of a substantial proportion of educationally advantaged children mixed with at least 50% of the proportion of minority group children in all schools within their Standard Metropolitan Statistical Area. Special Project grants and contracts are made to or with, State and local educational agencies, and other public agencies and organizations for purposes of conducting special programs and projects which are consistent with the purposes of the Act. The final discretionary program, Evaluation, authorizes grants to and contracts with, State educational agencies, institutions of higher education, and private organizations for purposes of evaluating programs authorized by the Act.

As with the discretionary programs, the three State-apportioned programs (Basic, Pilot, and Nonprofit Organizations), have unique sets of objectives. Basic Grants are awarded to eligible school districts to reduce minority group isolation, to meet the special needs incident to the elimination of segregation and discrimination, and to assist elementary and secondary school children in overcoming the educational disadvantages associated with minority group isolation. Basic Grants may be awarded to any LEA which (a) is implementing a desegregation plan or has adopted and will implement such a plan if assistance is made available; or (b) has a plan to enroll non-resident children in its schools to reduce minority group isolation; or, (c) to districts without desegregation plans but with minority group student enrollment exceeding 50 percent if they establish or maintain at least one integregated school. Nonprofit Organization grants and contracts provide funds to public or private nonprofit agencies, institutions, or organizations to carry out programs designed to support local education agency development or implementation of a plan, program, or activity for the reduction or elimination of minority group isolation.

Pilot Project grants are awarded to local education agencies for unusually promising projects designed to overcome the adverse effects of minority group isolation by improving the academic achievement of children in minority isolated schools. To be eligible for a Pilot Grant an LEA must be implementing a desegregation plan or a plan to reduce minority group isolation which would make it eligible for a Basic Grant. In addition, at least 15,000 minority group students must be enrolled in the schools of the LEA or minority students must constitute more than 50 percent of the total LEA enrollment.

Insert page 3852E

Program Operations

Sums annually appropriated pursuant to the Act for Basic, Pilot, and Nonprofit Organization Grant categories are apportioned to States on the basis of the ratio of their number of minority group school-aged children to the number of such children in all States. Local school districts and non-profit organizations compete for the funds apportioned to their respective States.

In applying for Basic and/or Pilot grants, local school districts must demonstrate that they have needs related to the Act's objectives and that they have designed a program based upon the Act's twelve authorized activites that shows promise in achieving one or more of the Act's objectives. Nonprofit organizations must demonstrate in their applications that they have designed programs which will effectively support local school districts' efforts to develop or implement a desegregation plan.

Applications for two of the discretionary grant programs -- Educational Television, Special Projects -- are made directly to the Office of Education in Washington; the Evaluation Program operates with contracts under government regulations; and, Bilingual Education and all other ESAA program applications are submitted to HEW Regional Offices. Each of the programs has its own unique set of funding criteria and award procedures which are specified by the Act and ESAA regulations.

Program Scope

While the Act as amended in 1974 (PL 93-380) authorizes an appropriation of one billion dollars for FY 73 and a similar amount for the period ending June 30, 1976, actual appropriations have amounted to $228 million, $234 million, $215 million and $215 million for fiscal years 1973, 74, 75 and 76 respectively. Since funds are annually appropriated for obligation and expenditure during the fiscal year succeeding the year of appropriation, the major thrust of the Act began during school year 1973-74 and it is expected to continue through the 1966-77 school year.

Annual obligations and number of awards by subprogram and fiscal year are summarized below:

ESAA Obligations ($ 1,000) and Number of Awards by Fiscal Year (FY)

	FY 73		FY 74		FY 75	
Program	Oblig.	Awd.	Oblig.	Awd.	Oblig.	Awd.
Basic	117,675	445	155,845	570	135,386*	379
Pilot	21,960	95	27,116	141	33,948	164
Nonprofit	29,081	241	19,746	238	18,103	205
Metro	5,448	14	-0-	-0-	-0-	-0-
Bilingual	8,888	39	9,958	47	9,052	34
ETV	11,366	5	6,890	8	7,794*	8
Special Projects	6,834	56	11,795	77	8,459	36
Evaluation	2,286	2	2,489	2	2,257	2
Total	203,538	897	233,839	1,083	214,999	828

*Includes funds transfered from Special Projects discretionary account.

Insert page 3852F

As indicated by the above, total obligations and number of awards increased from FY 73 to FY 74 then decreased in FY 75. Concomitant with the decrease in obligation and awards in FY 75 was a 17% increase in the size of the average award with a range of increase across subprograms of -9.3% from Evaluation to +54% for Special Projects. The two largest subprograms, Basic Grants and Pilot, had a +38.9% and +7.6% increases in their average grant size respectively.

The resource allocation process for the FY 75 appropriation is summarized in more detail below:

FY 75 ESAA RESOURCE ALLOCATION

Program	Applicants	Awards	Oblig.	Avg. Award	% of $ Requested	#State
Basic	677	379	135,386,285	357,220	47.9%	47
Pilot	214	164	33,948,000	207,000	48.5%	32
Nonprofit	400	205	18,103,000	88,307	27.5%	44
Bilingual	92	34	9,052,000	266,235	23.2%	20
ETV	33	8	7,793,999	974,250	16.4%	7
Spec. Prog.	60	36	8,459,712	234,992	33.5%	26*
Evaluation	NA	2	2,257,000	1,128,500	NA	NA
Total	1,476	828	214,999,996	259,662	40%	NA

* Includes five jurisdictions other than States

Although most ESAA FY 75 applicants were eligible for awards, the above table indicates that only 56.1% could be funded out of the FY 75 appropriation which covered 40% of the dollars requested by applicants. Also apparent from the table is the fact that the State-apportioned subprogram (Basic, Pilot and Nonprofit) awards were distributed over more States than were the discretionary subprogram awards as would be expected by the State-apportionment formula and the nature of those subprograms.

Program Effectiveness and Progress

National evaluation of the ESAA program began early in 1973, prior to full scale local implementation of ESAA. Evaluation activities have focused on the two largest subprograms -- the Basic and Pilot Programs. During FY 76 evaluations of the Nonprofit and ETV programs will be designed and evaluation contracts will be awarded. The remainder of this discussion will focus on the preliminary results of the Basic and Pilot program evaluations.

The national evaluation of the Basic Grants and Pilot programs was designed to determine the cumulative impact of those programs over a period of three school years in terms of the Act's objectives -- reduction in minority group isolation, elimination of segregation and discrimination, and improvement of student basic skills. The evaluation began collecting data during school year 1973-74 -- the first year that the program was implemented at the local level -- and will complete data collection during the 1975-76 school year.

Insert page 3852G

Data on achievement, school climate and discrimination, and reduction in minority group isolation, are collected annually in a nationally representative sample of approximately 75 Basic and 42 Pilot elementary schools and 54 Basic secondary schools in 85 ESAA-funded school districts. Within each school in the evaluation, samples of approximately 60 students in each of grades 3, 4, and 5 or 10, 11, and 12 were randomly selected across sections within grade to participate in the evaluation. Students are followed longitudinally through those grade bands, with grade 5 and 12 students leaving the sample each year. In any one year there are approximately 27,000 students, 4,000 teachers, 172 principals, and 85 local ESAA coordinators, district business managers, and superintendents in the evaluation sample.

The Basic and Pilot program evaluation design anticipated the fact that the first year of implementation of any national educational program is always a formative one, requiring adaptation of schools, school staffs, and students to new projects. Consequently, the results reported here, which focus on year-one of the Basic and Pilot programs, should be considered a progress report on that process of implementation and adaptation rather than a definitive report on the success of the Act in achieving its objectives. Later ESAA evaluation results should provide the measure for assessing the Act's effectiveness.

An initial finding of the evaluation relates to student needs prior to program implementation. On the basis of school staff opinion and achievement test results, it can be concluded that prior to ESAA program implementation students in minority isolated schools and minority students in desegregated schools were severely educationally disadvantaged. For example, achievement data collected at the beginning of the first year of ESAA implementation indicate that students in minority isolated schools (Pilot eligible) were achieving at approximately the 19th percentile in reading and the 15th percentile in math. That is, 81% and 85% of the students in our nation's schools were achieving at higher levels in reading and mathematics respectively. In desegregated schools (Basic eligible) student achievement was slightly higher with reading scores at about the 30th percentile and math scores at approximately the 23rd percentile. However, when achievement scores for minority and non-minority students were analyzed separately, data indicate that prior to ESAA program implementation minority students in desegregated schools were just as academically needy as their peers in minority isolated schools whereas non-minority students in desegregated schools were achieving at approximately the 50th percentile.

A second evaluation finding of interest relates to the effectiveness of the ESAA resource allocation process in terms of its focus on student educational needs. Evaluation results indicate that the grant award process effectively targeted funds to educationally needy school districts; school districts targeted ESAA funds to needy schools; schools, in turn, focused their ESAA funds on basic skill programs directly related to student needs; and finally, at least at the elementary level, the intensity of basic skill services received by students was directly related to the severity of their needs.

One of the major objectives of the Basic Grants program is to encourage the reduction of minority group isolation. Evaluation results indicate that, overall, there was a small reduction in minority group isolation in ESAA school districts during the first year of the program. Only 20% of the districts in the evaluation sample achieved any significant reduction in minority group isolation.

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Apparently, this finding results from the fact that very few of the districts that applied for ESAA Basic Grant funds during the first year were newly desegrating districts. Most districts in the evaluation sample had desegregated from two to ten years prior to receipt of an ESAA award.

Analysis of the desegregation plans of the Basic Grants districts in the evaluation sample indicated that bussing and redrawing of district boundaries were the most frequently used elements of their plans. Bussing was more likely to be a major element of a district's desegregation plan if it had a small total enrollment or a low percentage of minority students. In school districts that used bus transportation for desegregation purposes, a larger percentage of minority than non-minority students were so transported. Finally, there was some indication of a positive relationship between the use of bus transportation for desegregation purposes and better racial balance.

A second objective of ESAA common to both the Basic and Pilot programs is to aid school children in overcoming the educational disadvantages associated with minority group isolation. Comparison of student math and reading achievement scores prior to program implementation to similar scores obtained approximately five and one-half months later suggests that there were positive achievement gains during that period in ESAA funded Basic and Pilot districts. In general, student achievement gains in ESAA districts approached or exceeded gains that would be expected of average children in average schools. Math gains were somewhat greater than reading gains, and Basic district gains slightly exceeded those of Pilot districts.

An indepth analysis of ESAA school district achievement gains through comparison of matched pairs of schools within each district, one of which was ESAA funded and the others not ESAA funded, indicated that achievement gains were similar regardless of the presence of ESAA funds. Further analysis indicated that there were few significant differences in total school funding or program characteristics between ESAA funded and non-funded schools within ESAA districts. Apparently, non-ESAA funded schools within ESAA districts used other sources of funding to nullify expected total funding differences between ESAA funded and non-funded schools and those non-ESAA funds were used to provide students with ESAA type services.

In summary, although schools in ESAA funded districts demonstrated achievement gains far above expectation, those gains cannot be directly attributed to ESAA since ESAA funded and non-ESAA funded schools in those districts had similar total funding levels, program components and achievement gains. One possibility currently being investigated is that when ESAA funds are targeted on a few schools within a district the district is motivated to find other sources of funds to provide ESAA type activities to students in their remaining needy schools.

The third objective of the Basic Grants program is to reduce segregation and discrimination among students and faculty in elementary and secondary schools. The first year of the evaluation did not provide any data relating to the achievement of that objective. Year two and three of evaluation will focus more directly on such reductions.

In addition to the above findings, the first-year-results also suggest that relationships among student, staff, and program characteristics and student outcomes differ somewhat for minority-isolated as compared to desegregated schools.

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In minority-isolated schools, preliminary findings indicate that there is a positive relationship between the level of supplemental reading program funding and student reading and mathematics achievement. Similarly, lower pupil/teacher ratios seem to be positively related to student mathematics achievement in minority-isolated schools. For reasons that are not clear, no such relationships were found in desegregated schools. Nevertheless, in desegregated schools, positive desegregation-related policies, attitudes, and activities of district and school staff appear related to positive student expectations, student liking for school, and student reading and mathematics achievement. Also in desegregated schools, at least at the secondary level, the results suggest a positive relationship between reading achievement and the amount of time spent in reading instruction.

In summary, preliminary evaluation results suggest that during the first year of local program implementation, both the Basic and Pilot grants programs were effective in targeting funds and services at educationally needy school districts, schools, and students. Further, there is some indication that the resource allocation process has begun to have positive impact on the academic achievement of students in ESAA-funded school districts. Although those findings are encouraging, it should be noted that as initially proposed by the Administration and later enacted by Congress, the primary purpose of ESAA was to provide short term, emergency financial assistance to local school districts in the process of desegregating. Evaluation data and program operational experience clearly indicate that the program has encouraged little new desegregation and in only a very limited number of instances have ESAA funds been used to meet emergency needs associated with new or increased reductions in minority group isolation. This apparent failure to achieve the Act's primary objective is probably due to the State apportionment formula associated with the Basic and Pilot programs which requires funding school districts within each state that meet eligibility criteria regardless of the emergency nature of their need.

The Office of Education is currently analyzing various means to capitalize on the apparent progress of ESAA in meeting educational needs and at the time is exploring ways to redirect the program back to its original primary goal -- the reduction of minority group isolation. It is expected that the Administration will shortly propose a legislative remedy for the situation.

Primary Sources of ESAA Evaluation Data .

(1) Coulson, J. E. and others. The first year of Emergency School Aid Act ESAA Implementation: Preliminary Analysis. System Development Corporation, September 15, 1975.

(2) Ozenne, D. G., and others. Achievement Test Restandardization: Emergency School Aid Act National Evaluation, System Development Corporation, November, 1974.

Ongoing Evaluation Studies

(1) Evaluation of the Emergency School Aid Act Basic Grant Program, under contract with System Development Corporation.

(2) A Longitudinal Evaluation of the Emergency School Aid Act Pilot Program, under contract with System Development Corporation.

Insert page 3852J

(3) Study of the Identification of Exemplary Desegregated Schools and Evaluation of the Determinants of Success, under contract with Educational Testing Service.

Studies of the Emergency School Assistance (ESAP) Program

(1) Crain and others. Southern Schools: An Evaluation of the Emergency School Assistance Program and of School Desegregation. 2 volumes, Chicago: National Opinion Research Center, 1973.

(2) Acland, H. Secondary Analysis of the Emergency School Assistance Program, The Rand Corporation, 1975.

(3) Seefeldt, ESAP Community Group: An Evaluation, Washington, D.C.: Kirschner Associates, Inc., November 1972.

(4) Evaluation of the Emergency School Assistance Program, Bethesda, Maryland: Resource Management Corporation, 1971.

(5) Need to Improve Policies and Procedures for Approving Grants under the Emergency School Assistance Program, Washington, D.C.: General Accounting Office, 1971.

(6) Weaknesses in School Districts' Implementation of the Emergency School Assistance Program, Washington, D.C.: General Accounting Office, 1971.

(7) The Emergency School Assistance Program: An Evaluation, prepared by Washington Research Project and five other civil rights organizations, 1970.

NONPROFIT ORGANIZATIONS

Mr. FLOOD. About these nonprofit organizations, suppose you give us some examples of projects that are conducted by nonprofit organizations. You want $17.2 million for these next year.

Dr. GOLDBERG. This is the statutory requirement. Under section 708(b) an 8 percent set-aside of the funds appropriated are reserved for nonprofit organizations. They would include some of the longer lived, more traditional civil rights groups, such as NAACP, Urban League, Panel of American Women, Junior Chamber of Commerce, and also a number of organizations of more recent vintage, such as Black Youth United, Ibero-American League. A whole series of organizations have been interested in supporting the desegregation plan.

We can supply a sampling of those that were funded for the record.

[The information follows:]

EMERGENCY SCHOOL AID ACT

NONPROFIT ORGANIZATION AWARDS

REPRESENTATIVE NPO PROGRAMS

The Urban League of Greater Little Rock, Little Rock, Ark., in conjunction with three other community organizations which form an ESAA coalition, was awarded two NPO grant awards of $79,860 each in fiscal year 1974. The four groups are combining their programs in support of the desegregation efforts in the Little Rock Public Schools and the North Little Rock Public Schools. The ESAA coalition, while diverse in overall organizational philosophies, has been very successful in working together to reduce minority isolation in the Little Rock school district. Each organization is working with specific aspects of the project:

The Urban League of Greater Little Rock—Dropout prevention program;

Panel of American Women—Green Circle and Parent Dialog Group;

Young Women's Christian Association—Cultural enrichment program and craft classes; and

Arkansas Council on Human Relations—Evaluation support unit and public information.

The coalition is making a significant impact on the Little Rock community through its positive support of the implementation of desegregation and minority reduction efforts in the public schools.

Waterloo Commission on Human Rights, Waterloo, Iowa, received a Nonprofit Organization Grant in fiscal year 1974 of $36,691. The NPO project is supporting the desegregation efforts of the Waterloo Consolidated School District, which enrolls, 2,576 minority students or 14.8 percent of the total 17,377 student body.

As part of the project a community communications program is being developed to train volunteers to work toward the improvement of interracial understanding. In cooperation with local media a periodic newsletter is being published to disseminate information about successful desegregation programs.

A tutorial and dropout prevention program is providing a graduate assistant from the University of Northern Iowa to coordinate one-to-one tutoring by university students. A family learning coordinator is working with parents to improve the educational atmosphere in the home. Individual tutoring sessions for students are held 2 days a week. The tutors keep parents and classroom teachers informed about the progress made in achieving project objectives.

A special interracial educational enrichment program is being conducted for a group of 75 elementary students with a 40-percent representation of nonminority students. Classes featuring the historical, cultural, and artistic contributions of minority groups are being held. Close contact is being maintained with other ESAA-funded schools in the area in a cooperative effort to increase the overall effect of ESAA programs and objectives.

REQUEST FOR INCREASE IN EMERGENCY SPECIAL PROJECTS FUNDS

Mr. FLOOD. You are also proposing a shift of $10 million from local education agencies to emergency special projects. Can you specify the reasons for that kind of shift?

Dr. GOLDBERG. Mr. Chairman, the purpose for that request is to try to meet the needs of those districts under the gun of Federal court orders that come too late for funding during the normal cycle. There just isn't enough money available in the present discretionary account to help meet all those needs.

In addition to that, the State table of apportionment reveals that there is just not enough money available to help meet the needs of the large number of LEA's that will be applying.

For example, in Michigan we know that Detroit, Baldwin, Lansing, Grand Rapids, Kalamazoo, Pontiac, Willow Run, et cetera, collectively are requesting almost $12 million, and the State table has about $4.5 million.

Should Detroit have both an eligible application and the high ranking one, it could walk away with a good portion of that State table. This would be true for Nebraska where Omaha would be competing, for Wisconsin where Racine and Milwaukee will be competing, and for a number of States.

Both the timing of the court order and the paucity of funds for some States in the State table make it very difficult to reach these emergency needs.

So our proposal is to keep funding at the 1976 level of $215 million for ESAA overall, but in effect, to borrow 5 percent from the State table to help meet the emergency needs.

Our justification indicates that any unused funds from that additional 5 percent would revert to the State table, so that the State table would be lessened only to the extent that we actually make grants to school districts facing emergency court orders.

HUMAN RELATIONS TRAINING

Mr. FLOOD. We understand that a study is being carried out for HEW by the Education Testing Service. It identified race relations programs for students and special training for teachers and administrators as being essential to integration.

All right. But isn't that the kind of thing that grants to the local education agencies would accomplish? Doesn't that very fact indicate a need for increasing the funds for those grants?

Dr. GOLDBERG. Human relations training is among the 12 authorized activities which the Congress set forth in the statute.

Mr. FLOOD. I understand. Yes.

Dr. GOLDBERG. We urge school districts through bulletins and technical assistance and in person and through a number of visual aid programs which we present to each technical assistance session, the importance of including human relations activities in their desegregation programs.

Mr. FLOOD. All right.

Dr. GOLDBERG. Many districts do it. Some still push hard on reading and math. Some districts seem to believe that to do better cognitively,

their acceptance in desegregated schools will be more rapid.

Mr. FLOOD. But you don't feel the need to increase those grants for that kind of situation?

Dr. GOLDBERG. We certainly encourage them to select those. The National Advisory Committee for Equal Education Opportunity has been asking for the statute to be amended to place greater importance perhaps in the purpose clauseof the act, on more extensive human relations training.

Mr. WHEELER. Mr. Chairman, because we are recommending that this part of the aid grant be diminished it does not mean that the human relations components will be reduced. What we are asking for is essentially greater flexibility in meeting emergency cases, and we propose to increase the percentage of the discretionary money which can be used for meeting those emergency cases.

Mr. FLOOD. Mr. Michel.

Mr. MICHEL. Thank you, Mr. Chairman.

CHANGE IN POLICY

Last year you proposed a substantial reduction in this program and this year you are proposing an increase. I have to ask why?

Mr. WHEELER. There has been a change in policy as a result of the internal discussions at the administration. The Commissioner and Dr. Goldberg and myself have participated in these, and we just had a change.

Dr. BELL. I think the best answer is that we have a new Secretary who has an important interest in this, and the President has a great interest in this program. There is a determination not to reduce the funding, given all the activity that is going on and all the public attention being focused upon school desegregation.

Mr. MICHEL. Well, I went to bat for that lower figure last year and before, and used some of the arguments from the Department to substantiate my position.

Dr. BELL. So did I, Mr. Michel.

Mr. WHEELER. So did I.

Mr. MICHEL. Has the whole situation changed? Was everything we were talking about in those days just not true, or what is the story?

Mr. DINGELDEIN. I think that the budget even before you, although maintaining the same level as last year, still embodies some of the view that we need more flexibility. I think that was what we were saying last year. We said if we had greater flexibility we could possibly get by with less funds. That approach wasn't accepted.

I think if we stay with the State apportionment program we need pretty much the money that we have requested. But we still need some ability to shift funds into a discretionary type of authority.

CATEGORIZATION OF ESAA AWARDS

Mr. MICHEL. Of those 827 project awards you are budgeting for, how many represent brand new awards?

Mr. WHEELER. You are talking about awards where a school district has not been engaged in any kind of desegregation activities before?

Mr. MICHEL. Right. You are talking about 827, and I assume the vast majority of those are are follow-on programs and some are going to be brand spanking new ones. How many do you have in each category?

Dr. GOLDBERG. I will supply that for the record to make it accurate.

[The information follows:]

NUMBERS OF NEW AWARDS OF PROJECTED EMERGENCY SCHOOL AID ACT TOTAL OF 827 PROJECTS IN FISCAL YEAR 1977

Bilingual projects.—Section 708(c) of the Emergency School Aid Act authorizes grants for the development and implementation of bilingual and bicultural education programs in order to provide for the special educational needs of minority group children who are not fluent in the English language. These 1 year grant awards are made to local educational agencies and supporting nonprofit organizations.

Fiscal year 1977 projected awards—32 of which 22 will be new.

Pilot programs.—Section 706(b) of the Emergency School Aid Act authorizes grants to support innovative programs in minority isolated schools in order to overcome the adverse effects of minority group isolation through improved academic achievement. These 1 year grants are made to local educational agencies with large groups of minority students.

Fiscal year 1977 projected awards—161, of which 108 will be new.

Nonprofit organization projects.—Section 708(b) authorizes grants to and contracts with nonprofit organizations to encourage the development of community support activities for desegregating school districts. Awards are for 1 year periods.

Fiscal year 1977 projected awards—195, of which 131 will be new.

Basic grants.—Section 706(a) authorizes financial assistance grants to local educational agencies to (1) meet educational needs incident to elementary and/or secondary school desegregation, (2) encourage voluntary elimination of minority group isolation in elementary and secondary schools, and (3) overcome educational disadvantages which are the result of minority group isolation.

Fiscal year 1977 projected awards—367, of which 246 will be new.

Educational television.—Fiscal year 1977 projected awards—seven of which five will be new.

Special programs and projects.—Fiscal year 1977 projected awards—60 of which 48 will be new.

Evaluation.—Fiscal year 1977 projected awards—five of which two will be new.

Total ESAA fiscal year 1977 projected awards 827, of which 562 will be new.

Mr. MICHEL. You can tell me if you have some going right now, can't you?

Dr. GOLDBERG. Yes.

Mr. MICHEL. How many?

Dr. GOLDBERG. We have together in the ESAA program about a thousand programs so it will not change very much, but some have dropped out and there will be some new ones, Mr. Michel.

REASONS FOR FAILURE TO REAPPLY

Mr. Michel. What causes one school or district to drop out?

Dr. GOLDBERG. There are several reasons. One could well be that an unsuccessful applicant may be tired of an also ran position. Its score may not have been high enough the last time or two and it may feel the desegregation requirements are too severe for the chances in the competitive race within the state.

Some do not wish to accept Federal funds any longer. Some are appearing before courts in earlier or later phases of desegregation orders and are saying to the court, "We do not have that problem here." It becomes a difficult situation for them to appear before a court on a given

day and say they don't have a problem and then on the next day to file an application with us for funds to alleviate that problem which they said they didn't have.

So many local conditions affect whether they are going to apply or not. It is hard to apply a rule of thumb because of the local pressures.

IDENTIFICATION OF TOP 10 LARGEST DISTRICTS

Mr. MICHEL. Could you identify the top 5 or 10 school districts that have received the most money over a period of years under this program?

Dr. GOLDBERG. We can supply that for the record, yes, sir.

Mr. MICHEL. Then if you do, for how long have they been receiving money. Let's take the top 10 and specifically what the money is being used for in those top 10.

Dr. GOLDBERG. If you ask it for 5 years or more we would have to bridge the predecessor program, ESAP.

Mr. MICHEL. How far back would it be under your program?

Dr. GOLDBERG. It would have to be 3 years for the Emergency School Aid Act.

Mr. MICHEL. Go back 3 years and with the top 10.

EMERGENCY SCHOOL AID ACT

10 HIGHEST FUNDED GRANTEE SCHOOL DISTRICTS
FISCAL YEAR'S 1973, 1974, 1975

The following lists include the 10 LEA's receiving the most ESAA funds for fiscal year 1973, 1974, and 1975. Fiscal year 1976 funding is not completed. The duration of all projects is one year.

Activities included in these totals are basic grants, pilot projects, bilingual grants, metro projects and special projects.

Fiscal year 1973:	
New York City Board of Education:	
Basic	$3,100,000
Pilot	4,043,968
Total	$7,143,968
Dallas:	
Basic	1,400,000
Pilot	465,400
Bilingual	1,245,770
Metro projects	201,174
Total	3,312,344
District of Columbia:	
Basic	1,962,418
Pilot	681,677
Bilingual	109,645
Total	2,753,740
Houston:	
Basic	1,992,000
Pilot	403,760
Bilingual	219,150
Total	2,614,910

San Francisco:	
Basic	2,291,747
Bilingual	318,611
Total	2,610,358
Dade County, Fla.:	
Basic	1,162,706
Pilot	434,507
Bilingual	752,396
Total	2,349,609
Fort Worth:	
Basic	1,500,000
Pilot	364,800
Bilingual	350,370
Total	2,215,170
Memphis: Basic	2,212,460
Community School District No. 3, New York City:	
Basic	992,159
Pilot	1,031,220
Total	2,023,379
Jackson, Miss.:	
Basic	1,760,330
Metro project	251,690
Total	2,012,020
Fiscal year 1974:	
San Francisco Unified School District:	
Basic	$2,699,567
Bilingual	631,994
Special project	1,038,651
Total	4,370,212
District of Columbia:	
Basic	2,357,107
Pilot	662,323
Total	3,019,430
Dade County School Board:	
Basic	1,377,439
Pilot	593,364
Bilingual	825,904
Total	2,796,707
Houston:	
Basic	1,895,000
Pilot	410,187
Bilingual	267,688
Total	2,572,875

Forth Worth:	
Basic	1,587,200
Pilot	266,400
Bilingual	405,000
Total	2,258,600
Broward County, Fla.:	
Basic	1,810,455
Pilot	171,040
Total	1,981,495
Mobile, Ala.:	
Basic	1,500,021
Pilot	451,427
Total	1,951,448
Sacramento: Basic	1,843,289
Jackson, Miss.: Basic	1,824,831
Kansas City, Mo.:	
Basic	1,135,768
Pilot	505,585
Total	1,641,353
Fiscal year 1975:	
New York City Board of Education:	
Basic	$4,892,260
Pilot	1,974,208
Total	6,866,468
San Francisco:	
Basic	3,941,461
Bilingual	1,034,899
Total	4,976,360
Boston:	
Basic, (including $1,696,061 discretionary funds)	2,764,936
Special project	1,310,263
Total	4,075,199
District of Columbia:	
Basic	2,204,345
Pilot	816,573
Total	3,020,918
Dade County:	
Basic	1,521,535
Pilot	555,727
Bilingual	894,838
Total	2,972,100

Houston:	
Basic	1,865,303
Pilot	458,044
Bilingual	404,442
Total	2,727,789
Fort Worth:	
Basic	1,701,265
Pilot	271,521
Bilingual	636,000
Total	2,608,786
Nashville (Metropolitan-Davidson County):	
Basic	1,054,086
Pilot	1,123,157
Total	2,177,243
Jackson:	
Basic	1,959,004
Pilot	107,160
Total	2,066,164
Pomona, Calif.:	
Basic	1,509,322
Pilot	484,305
Total	1,993,627

CATEGORIZATION OF ESAA RECIPIENTS

Mr. MICHEL. Of these project awards, how many of the recipient districts are currently under court order?

Dr. GOLDBERG. I would have to supply that for the record by checking with the Office for Civil Rights. The statute requires us to deal with all classes of applicants, voluntary or court ordered on an equal basis. We do not identify the label of the district. It is only when they come in late and they have a court order that pushes them that we know they are court ordered districts.

[The information follows:]

LIST OF EMERGENCY SCHOOL AID ACT GRANTEE SCHOOL DISTRICTS UNDER COURT ORDER TO DESEGREGATE

The chart below shows the type of plan under which correctly funded school districts have desegregated:

Type of plan:	
Court order	203
Nonrequired plan	65
Voluntary plan	210
Total	478

Of the 203 that are under court orders, 30 are new court orders, or orders requiring additional desegregation.

An additional four districts received emergency special projects authorized by section 708 of the act.

Mr. MICHEL. Do you have any idea how these awards break down between those going for race discrimination or sex discrimination or bilingual education?

Dr. GOLDBERG. Yes. You are referring to the title IV of the Civil Rights Act, and we do have a percentage breakout of how those funds are identified.

Fifty percent of the title IV Civil Rights Act funds go to general assistance centers. Those are organizations generally housed at universities strategically placed throughout the Nation that supply technical assistance to districts that are desegregating.

The State education departments—and there are 44 of those that get funds from this act—are served with 25 percent of the funds. University short-term institutes, either summer session or during the year, receive 15 percent, and then advisory specialists for local education agencies receive 10 percent.

ACTIVITIES FUNDED BY ESAA

Mr. MICHEL. What do these moneys generally go for? What are three or four of the largest categories, if there are that many?

Dr. GOLDBERG. The activities of the general assistance centers would be devoted to helping a school district plan its desegregation effort. Often a catalyst is needed from the outside. When there may be conflict between the board and the superintendent as to how much can be done in any given year, the district seeks outside support.

Mr. MICHEL. Tell me a little more specifically what is involved in it. Is it a contract? Is it counseling advice, is it lawyers' fees?

Dr. GOLDBERG. The general assistance center has a staff that will assist the superintendent in preparing a desegregation plan. They will hold workshops for teachers. They will identify changes in the curriculum that need to be made. If they don't have every type of expert on their immediate staff, they will bring in consultants from other parts of the country on the special area of concern in that district.

They provide a strong force for some districts that haven't yet—I will say it this way—had the courage to face up to this problem.

They need this outside force to see what the problem is.

The needs assessment is the most important part of knowing how to solve a district's problems. If a district doesn't know it has needs, it can't begin to meet them. Sometimes a district doesn't see what its problem is and it needs an outside helper. The Federal Government does provide this through these university centers.

QUESTION OF OVERLAP WITH ESEA

Mr. MICHEL. What do you say in answer to those who charge: Aren't we doing a lot of these things under title I of ESEA? Isn't this just an overlap or duplication of effort that goes on under title I?

Dr. GOLDBERG. No. Title I serves to improve the achievement level of disadvantaged children of low-income families who live in areas of high concentrations of such pupils, whereas desegregation funds provide financial assistance to an entire school district to help meet the problems of all the children who may be involved in the pupil shift.

Title I assists disadvantaged students but could not necessarily solve desegregation problems in and of themselves. It is a different program.

ADMINISTRATION PLANS FOR EXTENSION OF AUTHORIZATION

Mr. MICHEL. This authorization expires at the end of the calendar year I believe, does it not? What are the administration plans going to be? Are they for extending the program as is?

Mr. DINGELDEIN. Mr. Michel, the question was addressed before you came in, and let me just repeat what I said at that time.

The administration does plan to submit legislation to back up the proposal in the budget. It will probably not deal with the extension of the act, that is the long-term extension.

That will be addressed at some later date but probably will not be transmitted to the Congress within the next few weeks, which is the deadline we set for ourselves to get proposals to Congress in connection with the budget.

Mr. MICHEL. Are you all thinking of some really drastic changes?

Mr. DINGELDEIN. I think there are a lot of things being considered and it is just too early to say.

Mr. MICHEL. I had the feeling that last year's request may have been excessively low, and now there is a change of heart about funding level for this year, which suggests to me that we are all enthusiastic about it as of this term and therefore we are going to be gung ho for extending it.

That may be an unfair characterization, but conditions can change a lot between March and December 31 of the same year, can't they?

Mr. DINGELDEIN. I think, as the Commissioner mentioned, the President and the Secretary both have announced publicly their concern about quality education and trying to find ways of doing something more in that area. I think that is basically the interest.

Dr. BELL. I think there is a great interest in this program and interest in trying to develop possible alternatives to busing as a means of desegregating our schools.

INCREASE IN EMERGENCY SPECIAL PROJECTS FUNDS

Mr. MICHEL. This budget calls for an increase in the discretionary amount by 5 percent?

Dr. BELL. Yes, a 5-percent increase in the emergency special projects grants. The problem with that, Mr. Michel, is this increase would require legislation which we are admittedly slow in getting on the Hill—and I have been doing all I can about that—or it is going to take special appropriation language. The chairman already properly chastised us for proposing point of order language.

We just do not have the capability and the flexibility to meet these new court orders with the formula that distributes the money out to the States on a formula basis. That is why we have to have the size appropriation we have. We are in a real bind on that, and I am hopeful that we will be moving along forthwith on an extension.

The whole court order situation isn't going to go away. I can't imagine our being without this flexibility.

Mr. MICHEL. While I wasn't here at the earlier part of the hearing, did you in answer to any of the chairman's questions in this regard carefully spell out why that flexibility is really needed, and what specifically you could do that you can't do now that would be beneficial to implementing this program and to speed up the resolution of the problem?

Dr. BELL. The problem is that our discretionary funds—the funds that I can use for emergency situations like Boston—are only 5 percent of the emergency school aid act budget. Five percent just doesn't put up enough money. As Dr. Goldberg pointed out, if a State has several cities undergoing desegregation at once, its State apportionment table funds are not enough to go around. Michigan is a good example of this.

If Detroit were to receive a court order, it could need more money than what the formula would provide to the whole State of Michigan, so we need a larger discretionary fund.

Mr. MICHEL. Why didn't you ask for a bigger percentage?

Dr. BELL. Well, I deliberated on that. Originally we wanted a much broader discretionary program than that. The feeling is that the proposal of a bigger percentage, which would take money away from the States, probably wouldn't fly in the Congress, since each of the various delegations is looking out for its State.

I think our proposal for a 5-percent increase is based on political reality, actually.

Mr. MICHEL. But if you really had your druthers and you are really wedded to that principle, it would seem to me that you would say, by golly, we really need the authority to the extent of, say, 25 percent, maybe 30 percent. We recognize there is going to be all kinds of opposition to this, but we could prove to you that we could do so and so and so and so better if we did that.

Dr. BELL. As you recall, our proposal last year was a dramatic increase in this discretionary authority. Our proposal, the Desegregation Assistance Act, didn't go anyplace.

So there has been a change on that. Now the Secretary has just said this is one program we won't cut. There is great interest in it in present forecasts, so we have had quite a change.

Mr. WHEELER. One other consideration, Mr. Michel.

We thought of going with this proposal for a 5-percent increase to see how well it could meet the need. We have discussed, however, the possibility of increasing the amount by 5 percent in subsequent years up to a level of about 15 percent for discretionary funds. This would be a gradual kind of situation rather than an abrupt change.

Mr. GOLDBERG. One other consideration is that the plus-5 percent added to the 5 percent in the statute now would enable us to have $21.5 million available for emergency special projects.

In some of the court orders the first phase is for teacher desegregation, not for pupil desegregation. However, the judge could come down in May or June and say, "All right, now for September, get going on the pupil desegregation part of it," and hence a large district could come in in July and say, "How am I going to meet those needs?"

It is true that in a few large cities teacher desegregation is all that a judge has required in phase I.

Dr. BELL. Chicago is wrestling with that teacher desegregation right now.

Mr. WHEELER. That figure is $21.5 million that Dr. Goldberg is referring to, not percentages.

Mr. MICHEL. Have you received a number of urgent appeals from school districts for real emergency aid which would lead to this request——

Mr. GOLDBERG. Mr. Michel, when a superintendent in a large city school district gets a court order, I think it must not take more than 30 minutes before he calls Dr. Bell on the phone and says, "I am coming to Washington. Can you see me?"

Dr. Bell and some of us on his staff have seen superintendents of large cities in the last several weeks.

Mr. WHEELER. They are all urgent when the calls come in.

Mr. GOLDBERG. They call quickly and ask for immediate attention to their problems. They talk about the great financial strain on their districts.

USE OF ESAA FUNDS BY DISTRICTS

Mr. MICHEL. How many school districts are really using this program as a means of easing this financial strain period?

Mr. GOLDBERG. None of the moneys that have been set aside in the emergency special projects that were general aid. A few districts would like to use these funds to ease their general financial strain, but our program office and contract office are quick to clean out requests for things that they should pay for with State and local aid. Some try it, but this is not a general aid bill. This is a desegregation aid bill and hence we watch them carefully.

Mr. WHEELER. They have to account for the expenditure of money and relate it to the fact that the money is spent for desegregation activities.

Dr. BELL. I might indicate, Mr. Michel, that the Governor of Kentucky is suing me over the Jefferson County-Louisville case. The basis of the suit is that the Federal Government ought to pay the full costs, including all the costs of busing, which are enormous, of that desegregation court order since it was a Federal court that ordered it.

As you know, the law prohibits spending any of the money on busing.

Mr. MICHEL. Thank you, Mr. Chairman.

Mr. FLOOD. Mr. Natcher?

CRITERIA FOR ESAA GRANTS

Mr. NATCHER. What criteria are used to make grants to local school districts?

Mr. GOLDBERG. The criteria are set forth in the regulations, Mr. Natcher. A district's application must spell out its needs assessment very clearly, identify the objectives and translate objectives into activities which it selects from the 12 authorized activities in the statute. It must also indicate what funds it wants for each of the component activities, and then the district must tell what kind of a management system and staff arrangement they have and, finally, describe its evaluation program.

Each of these criteria carries with it a point scale and our panels rate applications and then rank order them. We fund from the top down until funds are exhausted.

Dr. BELL. We calculate a numerical score on each applicant, Mr. Natcher, and then fund according to that number.

OPPORTUNITY FOR STATE PARTICIPATION

Mr. NATCHER. What part does a State educational agency play as far as the grants are concerned? What part, if any?

Mr. GOLDBERG. The State Education Department has two opportunities to participate.

First, they must be given a reasonable chance to offer technical assistance and help the local district with the application.

Second, when the application comes in, one copy is sent to them immediately for their comment. Most of the States, 44 now out of the 50, have equal educational opportunity departments, so there is, therefore, an ongoing all-year round interest in the States to monitor and assist the regional office and the central office in seeing to it that the money is spent properly.

EFFECT OF PROPOSED REDUCTION IN STATE TABLE

Mr. NATCHER. What part will the reduction play—it is $10.7 million, I believe—insofar as the local school districts are concerned?

Mr. GOLDBERG. We think that the reduction in the State table of apportionment spread over the 50 States will be a very slight one compared with the assistance to the Nation, especially in those districts of great need that can't be funded out of the regular table.

We have prepared a table indicating what effect it would have State by State if there were to be a 5-percent reduction to be offset by the 5-percent gain in emergency special projects.

On any one particular State it would be a slight reduction.

DEMAND FOR TRAINING AND ADVISORY SERVICES

Mr. NATCHER. You are requesting an $8 million increase in training and advisory services under title IV of the Civil Rights Act. Is there a greater demand for these particular services?

Mr. GOLDBERG. Yes; there is.

As more districts get involved in problems of desegregation because of race they are calling upon the general assistance centers.

Second, title IX of the Education Amendments of 1974 amended the Civil Rights Act of 1964 by adding the word "sex" discrimination to the conditions to which we formerly had to give attention.

Last year we funded 11 sex discrimination institutes under the Civil Rights Act but we had no appropriation for it. We had to take it out of the regular CRA (title IV) appropriation. So that it is our intention this year, since we are charged with the responsibility of helping districts to understand their role in eliminating sex discrimination education, that some of that new money would be used for this purpose.

Mr. NATCHER. How much of a backlog do you have now in training and advisory services?

Mr. GOLDBERG. Could you help me a little bit, please.

Mr. NATCHER. Yes. As far as your backlog is concerned, how much do you have at this time in training and advisory services? Do you have a backlog?

Mr. WHEELER. You mean a backlog of requests?

Mr. NATCHER. Yes.

Mr. GOLDBERG. We have many more requests than we can meet but I can't give you a number now. I can supply that for the record.

A great many local districts are calling upon us to give them help with the sex discrimination problems and with the bilingual problems as well as the racial problem.

Mr. NATCHER. Suppose you at that point in the record just place that information.

[The information follows:]

EMERGENCY SCHOOOL AID ACT

Title IV applicants placed in fiscal hold[1]

SEA–B (Lau type, bilingual), fiscal year 1975:	*Amount requested*
Indiana SEA	$79,983
Wisconsin SEA	185,250
Nevada SEA	26,829
Michigan SEA	212,449
Massachusetts SEA	118,446
Total	622,957

[1] All title IV proposals were rated, placed in rank order and funded from the top down until funds were exhausted. Supportable projects for which no funds were available were placed in fiscal hold.

GAC–A (RACE AND SEX)

The General Assistance Centers are funded through contracts based on a request for proposal (RFP). GAC contracts are for specific service areas. There are a total of 27 service areas for GAC's–A and all service areas were funded with the exception of service area 27 (Alaska) for which there were no responsive offerors. Services are being provided to Alaska through additional funds to the Alaska SEA.

LEA's (Race and Sex):	*Amount requested*
South Tama, Iowa	$32,304
Maplewood, Mo	29,366
Berkley, Mo	35,708
Jennings, Mo	18,651
New York City	69,961
Cedar Rapids, Iowa	36,939
Brentwood, Mo	20,206
Oklahoma City, Okla	30,500
Stockton USD, Calif	191,164
Elgin ISD, Tex	27,585
Lincoln, Nebr	37,326
Fairfield Township, N.J	120,153
Worchester, Mass	39,852
Lawrence, Kans	39,892
Webster Groves, Mo	42,425
Des Moines, Iowa	36,870
Tacoma PS. Wash	31,294
Inglewood USD, Calif	207,500
Garden City, Kans	28,045
Seattle PS, Wash	40,695
Ferguson, Mo	40,976
Coffeyville, Kan	31,192
Hamden BE, Conn	47,501

Scottsbluff, Nebr	29,306
Marion City BE, Ala	18,452
Providence PS, R.I	41,699
Huerfano, R–1, Colo	34,927
New Rochelle, New York	102,360
Jefferson County 509 J, Oreg	27,741
St. Johns Parish, La	26,089
New York City	47,933
Jurupa, Calif	110,000
Evangeline Parish, La	30,145
CSD No. 9, N.Y	829,045
Kansas City, Mo	64,758
Santa Cruz, Calif	37,642
New Britain Board of Education, Conn	37,233
Portland No. 1, Oreg	57,144
Sioux City, Iowa	35,510
Roosevelt SD No. 66, Ariz	160,761
Woodburn No. 103, Oreg	25,340
Hardin, Mont	28,528
Hammond PS, Ind	43,945
Hutchinson, Kan	29,600
Frazier, Mont	43,000
CSD No. 9, N.Y	229,572
Lawrence, Mass	128,242
Craig City Schools, Alaska	25,400
New York City	278,372
Liberal, Kans	25,710
Atchinson, Kan	11,298
Pasco No. 1, Wash	30,373
New York City Board of Education	343,266
Forest Grove, Oreg	24,048
Wind River IEA, Wyo	20,420
Chesapeake PS, Va	85,400
Macy, Neb	22,720
Fairbanks North Star, Alaska	53,709
Fairfax, Va	39,500
McComb, Miss	23,891
Newport PS, R.I	39,054
Dayton BE, Oreg	16,800
Appoquinimink, Del	28,239
Total	4,523,277

Institutes:

University of South Carolina	154,711
Georgia Southern College	267,922
Rider College, N.J	139,860
University of Houston, Tex	168,855
Grand Valley State College, Mich	190,578
University of Iowa	88,795
University of New Orleans, La	215,879
University of South Florida	43,090
Mary College, N. Dak	68,762
Mississippi State University	130,870
Wichita State University, Kans	84,755
University of Hawaii	246,388
Southern Methodist University	64,858
University of Pittsburg, Pa	42,344
Bluefield State, W. Va	34,507
Murray State University, Kans	266,157
Weber State College, Utah	142,218
Atlanta University, Ga	148,478
Kansas State University	154,329
Do	155,474
University of Southern California	389,927
University of Utah	138,852

University of Mississippi	89, 838
Fort Lewis College, Colo	167, 161
Tennessee State University	63, 356
Florida State University	87, 954
Jackson State University, Miss	167, 438
University of Montana	145, 786
Arizona State University	125, 552
University of Pennsylvania	113, 159
Rocky Moutain College, Mon	137, 187
University of Maryland	535, 282
Grambling University, La	96, 776
Oklahoma State	30, 125
East Carolina University, N.C	67, 111
Queens College and Research Foundation, N.Y	212, 801
Bishop College, Tex	213, 166
Memphis State University, Tenn	90, 837
University of Denver	145, 264
University of South Dakota	103, 664
Southeast Missouri State University	86, 258
University of Missouri	157, 504
Central Missouri State University	71, 163
University of Wyoming	120, 439
University of Missouri at St. Louis	19, 839
Allen University, S.C	56, 224
Indiana University Foundation	219, 513
University of Missouri at St. Louis	27, 311
Drake University, Iowa	79, 185
Central Missouri State University	113, 533
University of Missouri at St. Louis	47, 347
Do	56, 579
Indiana University Foundation	27, 404
University of Houston, Tex	48, 065
University of Utah	170, 029
North Carolina, Agricultural and Technical State University	202, 836
Northeast University, La	84, 111
University of Missouri at St. Louis	17, 691
University of Wisconsin	119, 157
University of New Mexico	200, 805
University of Missouri	31, 710
Harvard University	161, 450
University of Massachusetts	157, 486
Florida Memorial College	75, 025
Wayne County Community College, Mich	154, 813
Southern University, La	143, 904
Morningside, Iowa	69, 617
University of Bridgeport, Conn	239, 193
Western Washington State College	30, 858
Indian University	94, 652
St. Louis University	239, 366
Northern Arizona University	149, 024
Sangamon State University, Ill	300, 466
Seattle University	77, 415
Western Michigan University	163, 270
Central Missouri State University	18, 335
Chicago State University	205, 380
Bowie State College, Md	62, 089
North Carolina Agricultural and Technical State University	178, 204
University of Virginia	126, 310
Virginia Union University	88, 670
Brooklyn College Research Foundation	203, 884
Hunter College, N.Y	526, 323
Central Missouri State University	46, 867
Portland State University	92, 182
Southern Illinois University	69, 361
Washington State University	71, 884

Central Washington University	88, 885
East Washington State University	156, 565
St. Mary of the Plains, Kans	86, 049
Seattle University	55, 416
Boston University	85, 495
Bethune-Cookman College, Fla	55, 739
University of Wisconsin	85, 274
Virginia Poly-Tech	92, 837
Columbia Teachers College, N.Y	141, 040
City College Research Foundation, N.Y	418, 009
Ohio State University	217, 442
Long Island University, N.Y	139, 974
New York School of Industrial Labor Relations	25, 408
Tanana Chiefs, Wash	101,903
Total	13, 382, 833

Mr. WHEELER. I was just going to say that this would provide for 119 additional projects in this category.

Mr. NATCHER. Thank you, Mr. Wheeler.

SEX DISCRIMINATION TRAINING INSTITUTES

It appears that one-third of the funds for sex institutes funded under title IV of the Civil Rights Act will be used for sex desegregation institutes.

Can you tell us how much you plan to spend for these institutes? Do you have that figure?

Mr. GOLDBERG. It will be 15 percent for all types of institutes from the total appropriation for title IV. We indicated a moment ago that the breakout of our funds, Mr. Natcher, would be 50 percent for general assistance centers at the universities, 25 percent for the State Education Departments, 15 percent for university institutes, and 10 percent for local education agencies.

It is from that 15 percent cluster that we would take a portion of the additional $8 million to add additional sex discrimination institutes.

Mr. NATCHER. What is the average cost per institute?

Mr. GOLDBERG. I can give you that in a moment.

Mr. NATCHER. Mr. Early.

Mr. EARLY. Thank you, Mr. Chairman.

Mr. GOLDBERG. Mr. Natcher, the average funding level for the sex discrimination training institutes is between $80,000 and $90,000.

Mr. NATCHER. Thank you very much.

EMERGENCY SPECIAL PROJECTS SET ASIDE

Mr. EARLY. This 5 percent setaside is how much money? Five percent of what?

Mr. GOLDBERG. Five percent of $215 million, making the total $21.5 million. The additional part would be $10.750 million.

Mr. EARLY. From where do we get the $21.5 million?

Mr. GOLDBERG. The 5 percent is there now, Mr. Early. We are asking for an additional 5 percent. The special project section, 708(a), has the 5 percent in it now so 5 percent of $215 million would give us $10 million plus. We are asking for an additional 5 percent for that section and that will give us $21.5 million.

Mr. EARLY. Addition to what? This is your 1977 appropriation; right?

Mr. GOLDBERG. Yes, sir.

Mr. EARLY. So you are requesting 5 percent of $215 million for 1977?

Mr. GOLDBERG. We are requesting 10 percent, an additional 5 percent over the 1976 appropriation level.

Ms. BEEBE. Perhaps I can clarify it. It is a redistribution of funds within the total appropriation. The appropriation and the law now specify that 5 percent of the total appropriated will be for special projects. We are asking that this percentage setaside be increased to 10 percent, thereby bringing the amount to be appropriated to $21.5 million.

SITUATION IN BOSTON

Mr. EARLY. Dr. Goldberg, you say you have been in Boston every week.

Mr. GOLDBERG. Yes, sir.

Mr. EARLY. What would be your normal day in Boston?

Mr. GOLDBERG. It varies, sir.

Sometimes it is at the beginning of the week. Sometimes it is at the end. Meetings are held with the university group that is in linkage with the magnet schools. Superintendent Fahey and I visit schools together. I confer with officials from the citywide coordinating council. I meet with Mr. Barnes of the General Assistance Center and with Jim Case of the Institute for Teaching and Learning at the University of Massachusetts.

My pattern is not the same every week.

Mr. EARLY. What would be your observation of the caliber of teaching that is going on in South Boston High and Charlestown?

Mr. GOLDBERG. I think there is a wide range of teaching skills and abilities in all the schools. I think one of the problems is that out of some 162 schools in the city of Boston Public School System there are difficulties in only three of them. We hear a great deal about the difficulties in 3 and very little about the excellent programs in 159.

Mr. EARLY. What, if any, teaching is going on in those particular three schools?

Mr. GOLDBERG. I don't evaluate the teaching in the Boston public schools.

Mr. EARLY. I don't want you to. You say you have visited. Is there any teaching going on?

Mr. GOLDBERG. Yes, I saw some good teaching going on in a number of schools.

Mr. EARLY. I am talking about those three schools: Charlestown High and South Boston High. Are the teachers just day-caring or are they actually teaching?

Mr. GOLDBERG. A variety of teaching is going on in different classrooms. Some are doing excellent teaching. Some are not able yet to get the group working together. Attendance is down. It varies, sir.

Mr. EARLY. Addressing that problem, Dr. Wheeler, you said that the emergency money would be awarded on a competitive basis. How can you competitively evaluate an emergency problem, Doctor?

We talk of priorities all day here. We are talking about not being able to fund totally programs for the disadvantaged, not being able to

fully fund this program or that program because we have to spend by priorities.

But by Federal court order Boston has been directed, no matter what the cost to abide by the court ordered busing decision. Further, the court rejected the Boston school committee's recommendation to reduce the number of teachers, in several districts. Where will the funds come from to support the cost of busing, riot control, teachers' salaries, et cetera?

Mr. WHEELER. Mr. Early, in my earlier statement I referred to the fact that there is a new competition each year in our grant process. It is a normal grant process. We also have emergency funds available, and these are awarded at the Commissioner's discretion.

On emergency funds, we respond to a district's needs as soon as possible after it receives its court order.

Mr. EARLY. Let us take Boston's case.

Dr. Goldberg used the figure $8 million, which I think is a conservative estimate of what it has cost Boston. Is the Federal Government going to pick that up totally?

Mr. WHEELER. First of all, we are going to have to respond to how Boston competes within the State allocation. Then we will have to respond with whatever discretionary funds we have for any other needs that Boston presents.

ESAA FUNDS FOR MASSACHUSETTS

Mr. EARLY. What is the total discretionary amount for Massachusetts?

Mr. GOLDBERG. There is no discretionary amount solely for Massachusetts. The State table of apportionment in Massachusetts for basic grants is $1,078,000.

Mr. EARLY. $1 million for 351 cities and towns?

Mr. GOLDBERG. Mr. Early, the formula by which the money is apportioned is statutory.

Mr. EARLY. That is why we are here, to adjust appropriations to meet changing needs. We are not here just to keep the ball in the middle. We are supposed to be making changes. We are getting no suggestions for changes.

Mr. GOLDBERG. That accounts for our request to increase the 5 percent in discretionary money to 10 percent this year, so that we will have more flexibility and be able to meet some of these needs in a timely fashion. The State table in at least 10 or 12 States just won't do the job because the funds apportioned in those States is far less than the amount needed by the number of districts that are undergoing these wrenching experiences, so we are hamstrung, as you are, with the present statute unless we can get some more flexibility in it.

FEDERAL RESPONSIBILITY IN DESEGREGATION

Mr. EARLY. What is the Federal Government's responsibility, Dr. Bell, when a Federal judge tells a school committee they have to hire x hundred more teachers?

Dr. BELL. We can spend this money on those kinds of costs that are additional to the school district. I think we have the responsibility to help in that regard.

Mr. EARLY. I see.

We have only got $1 million for the whole State. How can you help? Where is the appropriation?

DISCRETIONARY FUNDS FOR BOSTON

Dr. BELL. Out of our discretionary fund, we make emergency special projects grants as we have done with Boston. We put additional money there out of this 5 percent discretionary fund, which we now want to raise to 10 percent.

We come in with additional funds and help special situations like Boston out of the discretionary funds. We might indicate to you what we have been spending in Massachusetts out of the special funds, if that is of interest to you.

Mr. EARLY. Please.

Mr. GOLDBERG. Mr. Early, I believe I can answer that for you now.

Boston did apply for emergency aid court order project funds and was awarded $1.9 million for phase I of the desegregation program. They were able to spend only $1.3 million. They did not encumber $600,000 for various internal reasons.

Mr. EARLY. None of that money can be spent to bus?

Mr. GOLDBERG. That is correct. We did permit the $600,000 of unencumbered funds to be carried over for the next year and we gave them a grant of $2.6 million, including $1 million from the State apportionment, $1 million from the discretionary fund, and the $600,000 carryover. That is the money they have for this current school year.

It remains to be seen whether they will spend that $2.6 million or not. There may be some left over on June 30. They are now applying for $8 million for fiscal year 1976 and, of course, that application is going to be looked at by program and contract offices to see whether it is excessive, to see whether it has any unauthorized items in it, to see whether it has items which don't fit the statute, and then a recommendation will be made to the Deputy Commissioner and the Commissioner after the application is judged in competition with Springfield, New Bedford, Fall River, and all other districts in Massachusetts who chose to apply for this program.

CASE OF WORCESTER, MASS.

Mr. EARLY. I represent Worcester, Doctor. That is the one you left out. It is the second largest city in the State.

Mr. GOLDBERG. Worcester has not applied for these funds. I assume that is because, in a school system of about 29,000 pupils, they have

only 1,000 black pupils and about 600 Spanish-surname pupils. Those youngsters, I think, are well distributed throughout the school system so Worcester probably elects not to file an application under ESAA because they may not have any problems of pupil segregation.

Mr. EARLY. Couldn't we just say they are better managed? More progressive?

Mr. GOLDBERG. The dynamics in Worcester may be quite different.

AUTHORIZED ACTIVITIES UNDER ESAA

Mr. EARLY. Dr. Bell, with regard to the cost for the 200 to 400 policemen that are on duty daily, is that an expense you could absorb?

Dr. BELL. The answer to that is——

Mr. GOLDBERG. No. Public safety overtime police costs for local police, State police, and U.S. marshals are not an authorized charge against an educational program statute.

Mr. EARLY. It is an emergency matter to be able to open the door in the morning.

Mr. GOLDBERG. The statute talks specifically for educational programs and hence overtime police costs are not acceptable charges under this statute.

Mr. EARLY. One final thing.

IDENTIFICATION OF PROGRAMS PROPOSED FOR CONSOLIDATION BY ADMINISTRATION

Dr. Bell, would you supply for the record, to this subcommittee a list of the programs funded in fiscal 1976. I think you identified 26 categories——

Dr. BELL. Right.

Mr. EARLY. Would you identify the 26 categories, and signify any of those programs that have been dropped?

Dr. BELL. Very good.

Mr. EARLY. Identify the program with the amount funded for each program and the aggregate so we can compare that to what we are funding in the block grants.

Dr. BELL. Yes; we will do that, Mr. Early.

[The information follows:]

PROGRAMS CONSOLIDATED

Listed below are the presently existing programs which will be consolidated in title II, III and IV of this act, Financial Assistance for Elementary and Secondary Education Act, together with the actual fiscal year 1975 and 1976 appropriations for those programs.

[In millions of dollars]

	Appropriations	
	Fiscal year 1975	Fiscal year 1976
Title II—Elementary and secondary, handicapped, and adult education programs:		
Elementary and secondary education:		
Grants for disadvantaged	1,900.0	2,050.0
Support and innovation grants	173.0	185.0
Education for the handicapped:		
State grants (pt. B)	100.0	110.0
Severely handicapped projects	3.0	3.0
Specific learning disabilities	3.0	5.0
Early childhood education	13.0	22.0
Regional vocation, adult, and postsecondary education	.6	2.0
Recruitment and information	.5	.5
Special education manpower development	38.0	40.0
Adult education	68.0	72.0
Library resources: School libraries and instructional resources	137.0	147.0
Title III—Vocational education:		
Basic vocational educational	428.0	423.0
Programs for students with specific needs	20.0	20.0
Consumer and homemaking education	36.0	41.0
Work study	10.0	10.0
Cooperative education	20.0	20.0
State advisory council	4.0	4.0
Curriculum development	1.0	1.0
Research	18.0	18.0
Title IV—National impact projects:		
Vocational innovation	16.0	16.0
Innovation and development for handicapped	9.0	11.0
Deaf-blind centers	12.0	16.0
Media services and captioned films	13.0	16.0
Regional resource centers for handicapped	7.0	10.0
Total	3,030.0	3,242.0

Mr. EARLY. I have no further questions.

Mr. NATCHER. Mr. Shriver?

EMERGENCY SPECIAL PROJECTS

Mr. SHRIVER. Mr. Wheeler, your budget request reflects an emphasis on new or emergency desegregation activities. Does this mean cutbacks in ongoing programs, such as Wichita?

Mr. WHEELER. The increase in discretionary funds would provide additional funds for assisting school districts that are ordered to desegregate too late to apply for ESAA assistance in the normal funding cycle. This is happening to more and more districts.

The 5-percent reduction in State apportioned funds would be applied across the 50 States. The effect on an individual State would be slight. The increase in discretionary funds would mean that few if any school districts would be denied funding.

BILINGUAL EDUCATION PROJECTS

Mr. SHRIVER. Part of these funds are for bilingual education projects. Under the Elementary and Secondary Education account we heard requests for bilingual education projects. How many other accounts have funds for this?

Mr. WHEELER. Funds to support bilingual projects may come from several other sources, such as the Emergency School Aid appropriation and programs for migrant education and vocational education. Districts might also choose to use SAFA funds for this purpose.

Mr. SHRIVER. Mr. Wheeler, how are these programs coordinated? In other words, do you carry a project just so far and then is it taken over by another office?

Mr. WHEELER. $8.6 million of the request is for title IV of the Civil Rights Act of 1964. Support under title IV bilingual funds are used to fund General Assistance Centers (GAC–B, frequently called Lou Centers) and State Education Agencies (SEA–B) to provide technical assistance and training upon the request of school districts to help them comply with the *Lau* v. *Nichols* mandate. School districts not in compliance with title VI of the Civil Rights Act have been instructed to file voluntary plans that meet the Office for Civil Rights requirements. The mission of the Lau Center and the SEA–B unit is to assist school districts in resolving desegregation problems directly related to English language deficiencies of minority group students.

ESAA mandates that 4 percent of its appropriation be used for bilingual projects. These projects are specifically designed to teach both English as a second language and to meet special educational and cultural needs of minority group children who are from environments in which the dominant language is other than English and are needed because the school district is implementing a desegregation plan.

This type of program differs in emphasis from the bilingual programs authorized by the Elementary and Secondary Act (ESEA). ESEA bilingual programs have been primarily research and demonstration programs that would develop and demonstrate effective methods and techniques of providing bilingual education to children of limited English-speaking ability. These programs are not related to desegregation problems.

SEX DISCRIMINATION PREVENTION PROJECTS

Mr. SHRIVER. Tell us how the funds for the prevention of sex discrimination are used at the local level. Give us some specific examples, either now or for the record.

Mr. WHEELER. Examples of the types of activities in sex discrimination elimination cited most often by title IV grantees are: the analysis of curriculum and its relation to sex role stereotyping; the study and assessment of schooling patterns, with much of this focus on athletic and vocational programs; training for administrative and teacher personnel in the problems of sex role stereotyping and techniques for its elimination; and development of materials and curricula that are free of sex bias. Also, services for dissemination of information; printing of newsletters addressing issues of sex discrimination; assistance in development of needs assessment of LEA's; assistance in development of affirmative action plans for LEA's; workshops on nonsexist counseling techniques; conferences on elimination of sexism in testing and career counseling, and finally, assistance to LEA's in understanding the specifics of and implementation of title IX activities.

Mr. NATCHER. Mr. Roybal?

EMERGENCY SPECIAL PROJECTS INCREASE

Mr. ROYBAL. You indicate that you want to increase the amount of funds available for discretionary "emergency special projects" from

5 percent to 10 percent. Give us a list of the projects that were funded last year and the amount received by each.

Mr. WHEELER. During fiscal year 1975, a total of $3,370,060 was awarded to four districts under the emergency special projects section of the ESAA discretionary account. The grants were made to four school districts:

Huntsville City School, Alabama	$123, 836
Boston Public Schools, Massachusetts	3, 006, 324
St. Paul Public Schools, St. Paul, Minnesota	67, 345
Kingsville ISD, Texas	172, 555

The amount to Boston includes projects during school years 1974–75 and 1975–76.

SPECIAL PROJECTS EVALUATION

Mr. ROYBAL. Have you done an analysis or critique of the projects to see if the money was well spent?

Mr. WHEELER. The Bureau of School Systems assumes the responsibility for monitoring each funded project to see that the school district spends funds for programs and activities applied for by the district under the legislation. Although neither a comparative analysis nor a critique has been developed for emergency special projects, reports compiled by educational program specialists have been used to determine each projects' success.

Mr. ROYBAL. Do you have a separate program to evaluate whether this money is well spent?

Mr. WHEELER. No separate evaluation program for emergency special projects exists at this time. ESAA evaluation funds have, so far, been spent to evaluate programs in school districts funded under the State apportionment program. Since emergency special projects contain the same activities as projects funded under the State apportionment program, differing only in funding source and severity of need, findings from the evaluation of State apportionment programs, when they become available, would apply to these projects as well.

Mr. ROYBAL. How many studies were completed last year? Can you discuss one briefly, and supply to the committee a brief summary of all the projects done.

Mr. WHEELER. Since no separate evaluation studies were conducted last year, no summary can be developed. However, individual school districts receiving awards were encouraged to evaluate activities sponsored by ESAA and utilize the results for determining whether changes should be made in school programs supported by local funds.

SCHOOL BUSING

Mr. ROYBAL. Briefly describe how you will spend the $250 million in this appropriation. Does any go to subsidize school busing?

Mr. WHEELER. No, to subsidize school busing with ESAA funds would violate the general education provisions.

Mr. ROYBAL. Does any go for projects which attempt to explain the need for desegregation to parents of children in the affected communities?

Mr. WHEELER. Many school districts include components in their projects which provide for public information. Further, nonprofit community organizations often are funded for this activity.

PROJECTED ESAA AND TITLE IV PROJECT TOTALS

Mr. ROYBAL. How many schools are receiving money from this $250 million appropriation? How many new schools do you project will receive funds next year?

Mr. WHEELER. We anticipate that the ESAA appropriation will be expended as follows, serving approximately 478 school districts:

Bilingual projects.—Section 708(c) of the Emergency School Aid Act authorizes grants for the development and implementation of bilingual and bicultural education programs in order to provide for the special educational needs of minority group children who are not fluent in the English language. These 1-year grant awards are made to local educational agencies and supporting nonprofit organizations.

Fiscal year 1977 projected awards are 32, of which 22 will be new.

Pilot programs.—Section 706(b) of the Emergency School Aid Act authorizes grants to support innovative programs in minority isolated schools in order to overcome the adverse effects of minority group isolation through improved academic achievement. These 1-year grants are made to local educational agencies with large groups of minority students.

Fiscal year 1977 projected awards are 161, of which 108 will be new.

Nonprofit organization projects.—Section 708(b) authorizes grants to and contracts with nonprofit organizations to encourage the development of community support activities for desegregating school districts. Awards are for 1-year periods.

Fiscal year 1977 projected awards are 195, of which 131 will be new.

Basic grants.—Section 706(a) authorizes financial assistance grants to local educational agencies to (1) meet educational needs incident to elementary and/or secondary school desegregation, (2) encourage voluntary elimination of minority group isolation in elementary and secondary schools, and (3) overcome educational disadvantages which are the result of minority group isolation.

Fiscal year 1977 projected awards are 367, of which 246 will be new.

Educational television.

Fiscal year 1977 projected awards are 7, of which 5 will be new.

Special programs and projects.

Fiscal year 1977 projected awards are 60, of which 48 will be new.

Evaluation.

Fiscal year 1977 projected awards are 5, of which 2 will be new.

ESAA fiscal year 1977 projected awards total 827, of which 562 will be new.

Title IV.—Section 403 and 404 of the Civil Rights Act of 1964 authorizes grants and contracts to State departments of education and universities to conduct training activities for school districts in the area of desegregation.

Fiscal year projected awards are 120, of which 1 will be new.

Section 405 of the act authorizes grants to local educational agencies for personnel and programs related to the design and implementation of new desegregation plans.

Fiscal year 1976 projected awards are 47, of which 15 will be new.

Title VI–CRA projected awards total 167, of which 16 will be new.

69-745 (Pt. 5) O - 76 - 20

VOLUNTARY AND COURT-ORDERED DESEGREGATION

Mr. ROYBAL. How many are operating under voluntary desegregation plans? How many of these are under court-ordered desegregation?

Mr. WHEELER. In fiscal year 1975, funded districts were implementing desegregation plans as follows:

Type of plan:	*Number of districts*
Court order	203
Nonrequired plan	65
Voluntary plan	210
Total	478

We anticipate a similar pattern for fiscal year 1977.

Mr. NATCHER. Thank you very much.

The committee will now adjourn until 10 o'clock tomorrow morning.

JUSTIFICATION OF THE BUDGET ESTIMATES

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

Emergency School Aid

Fiscal year 1977 Budget	Page No.
Appropriation language and explanation of language changes	77
Language analysis	78
Amounts available for obligation	79
Summary of changes	80
Obligations by activity	81
Obligations by object	81
Authorizing legislation	82
Table of estimates and appropriations	83
Justification:	
A. Narrative:	
1. General statement	84
2. Activities	
(A) National competition projects	
(1) Bilingual education	86
(2) Educational television	87
(3) Special programs and projects	88
(4) Evaluation	90
(B) State apportioned projects	
(1) Pilot programs	91
(2) Grants to nonprofit organizations	92
(3) General grants to local educational agencies	93
(C) Training and advisory services (Civil Rights Act - Title IV)	95
B. Program purpose and accomplishments	97
C. Transition quarter analysis	105

'77

Appropriation Estimate

Emergency School Aid

For carrying out title IV of the Civil Rights Act of 1964 and the Emergency School Aid Act, *notwithstanding the provisions of section 704(b) of that Act,* 1/ [$241,700,000. For carrying out title IV of the Civil Rights Act of 1964 and the Emergency School Aid Act, for the period July 1, 1976, through September 30, 1976, $325,000] *$249,700,000.*

Explanation of Language Changes

1/ In 1977, language is included which will fund the discretionary special programs and projects account at a level equal to 10% of the total appropriation, while maintaining the other earmarked activity funding levels authorized by 704(b). This 5% increase for special programs and projects will be offset by a 5% decrease in general grants to local educational agencies. The intent is to make available more funds to the discretionary account for targeted assistance to emergency special desegregation projects.

78

Language provision	Explanation
"...notwithstanding the provision of section 704(b) of that Act..."	This point of order provision is included for the purpose of allowing 10% of the total ESAA appropriation to be reserved for the special programs and projects discretionary account, instead of 5%. The amounts reserved by law for bilingual education (4%), educational television (3%), and evaluation (1%) would be maintained. The 5% of increased funds available for discretionary purposes, would be offset by a 5% decrease in the State apportionment general grants to local educational agencies. The intent is to make available more funds to the discretionary account for targeted assistance to new and emergency special desegregation projects.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
OFFICE OF EDUCATION

Emergency School Aid

Amounts Available for Obligation

	1976	1977
Appropriation	$241,700,000	$249,700,000
Unobligated balance, start of year	109,125,059	---
Total, obligations	350,825,059	249,700,000

80

Summary of Changes

1976 Estimated obligations	$241,700,000
1977 Estimated obligations	249,700,000
Net change	8,000,000

	1976 Base	Change from Base
Increases:		
Program:		
1. Special programs and projects - Increasing the funding level from 5% to 10% of the total Emergency School Aid Act budget will increase the funding of "emergency special desegregation project" grants by 22....	$ 10,750,000	+$10,750,000
2. Training and advisory services - Civil Rights Act-Title IV - Increase of $8,000,000 will provide for expanded services in all three assistance areas; desegregation, bilingual education, and elimination and prevention of sex discrimination in educational institutions. Projects awards are expected to increase by 119.....	26,700,000	+ 8,000,000
Total, increases.....		+ 8,000,000
Decreases:		
Program:		
1. General grants to local educational agencies - The funding decrease of 5% will decrease state apportionment general grants by 19. This decrease will be offset by the 5% discretionary activity increase in "emergency special project" grant awards.....	137,600,000	- 10,750,000
Total, decreases.....		- 10,750,000
Total, net change.....		+ 8,000,000

Obligations by Activity

Page Ref.		1976 Appropriation	1977 Estimate	Increase or Decrease
	National competition projects:			
86	(a) Bilingual education...	$8,600,000	$8,600,000	---
		(15,120,623)	(8,600,000)	(-6,520,623)
87	(b) Educational television.....	6,450,000	6,450,000	---
		(13,244,000)	(6,450,000)	(-6,794,000)
88	(c) Special programs and projects.....	10,750,000	21,500,000	$+10,750,000
		(13,695,082)	(21,500,000)	(+7,804,918)
90	(d) Evaluation.....	2,150,000	2,150,000	---
		(3,990,330)	(2,150,000)	(-1,840,330)
	Subtotal.....	27,950,000	38,700,000	+10,750,000
		(46,050,035)	(38,700,000)	(-7,350,035)
	State apportioned projects:			
91	(a) Pilot programs.....	32,250,000	32,250,000	---
		(52,437,560)	(32,250,000)	(-20,187,560)
92	(b) Grants to nonprofit organizations.....	17,200,000	17,200,000	---
		(23,368,280)	(17,200,000)	(-6,168,280)
93	(c) General grants to local educational agencies.....	137,600,000	126,850,000	-10,750,000
		(202,269,184)	(126,850,000)	(-75,419,184)
	Subtotal.....	187,050,000	176,300,000	-10,750,000
		(278,075,024)	(176,300,000)	(-101,775,024)
95	Training and advisory services (Civil Rights Act-Title IV).....	26,700,000	34,700,000	+8,000,000
		(26,700,000)	(34,700,000)	(+8,000,000)
	Total appropriations.....	241,700,000	249,700,000	+8,000,000
	Total obligations.....	(350,825,059)	(249,700,000)	(-101,125,059)

Obligations by Object

	1976 Appropriation	1977 Estimate	Increase or Decrease
Other services:			
Project contracts.....	$ 3,990,330	$ 2,150,000	$ -1,840,330
Grants, subsidies, and contributions.....	346,834,729	247,550,000	-99,284,729
Total obligations by object.....	$350,825,059	$249,700,000	$-101,125,059

82

Authorizing Legislation

	Amount Authorized 1/	1977 Budget Request
Emergency School Aid		
1. National competition projects:		
(a) Bilingual education (ESAA, sec. 708(c))	$ 8,600,000	$ 8,600,000
(b) Educational television (ESAA, sec 711)	6,450,000	6,450,000
(c) Special programs and projects (ESAA, sec. 708 (a))	10,750,000	21,500,000
(d) Evaluation (ESAA, sec. 713)	2,150,000	2,150,000
2. State apportioned projects:		
(a) Pilot programs (ESAA, sec. 706(b))	32,250,000	32,250,000
(b) Grants to nonprofit organizations (ESAA, sec. 708(b))	17,200,000	17,200,000
(c) General grants to local educational agencies (ESAA, sec. 706(a))	137,600,000	126,850,000
3. Training and advisory services (CRA-1964, Title IV)	Indefinite	34,700,000

1/ Authorization level for the Emergency School Aid Act in 1977, for the purposes of section 414 of the General Education Provisions Act, will be equal to the amount appropriated for the Act for fiscal year 1976.

ESAA - Emergency School Aid Act, P.L. 92-318, Title VII, as amended by the Education Amendments of 1974.

CRA-1964 - Civil Rights Act of 1964, P.L. 88-352, Title IV, Desegregation of Public Education, as amended through December 31, 1974.

83

Emergency School Aid

Year[A/]	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1967	$ 9,650,000	$ 6,535,000	$ 6,535,000	$ 6,535,000
1968	28,100,000	8,500,000	8,500,000	8,500,000
1969	13,100,000	8,500,000	10,000,000	9,250,000
1970	27,150,000	15,500,000	22,150,000	17,000,000
1971	166,200,000	16,000,000[B/]	163,900,000	88,900,000
1972	86,602,000	86,602,000	86,602,000	86,602,000
1973	487,500,000	[B/]	270,640,000	270,640,000
1974	270,640,000	263,193,000	263,193,000	263,193,000
1975	101,700,000	26,700,000[B/]	26,700,000[B/]	241,700,000[B/]
1976	101,700,000	226,700,000	241,700,000	241,700,000
1977	249,700,000			

A/ Estimates, allowances, and appropriation figures include only those activities per year as indicated below:

1967-1970 - Training and Advisory Services (Title IV - Civil Rights Act)
1971-1972 - Training and Advisory Services and Temporary Emergency School Assistance Program (ESAP)
1973 - Training and Advisory Services, ESAP, and the Emergency School Aid Act (ESAA)
1974-1977 - Training and Advisory Services and ESAA

B/ In 1971, the House Allowance considered only Training and Advisory Services.
In 1973, this request was not considered by the House.
In 1975, the ESAA desegregation assistance request was not considered by the House or Senate, due to lack of authorizing legislation; ESAA appropriation was provided for under the second supplemental.

84

Justification

Emergency School Aid

	1976 Appropriation	1977 Estimate	Increase or Decrease
Emergency School Aid:			
1. National competition projects:			
(a) Bilingual education...	$8,600,000	$8,600,000	---
	(15,120,623)	(8,600,000)	(-6,520,623)
(b) Educational television.....	6,450,000	6,450,000	---
	(13,244,000)	(6,450,000)	(-6,794,000)
(c) Special programs and projects.....	10,750,000	21,500,000	$+10,750,000
	(13,695,082)	(21,500,000)	(+7,804,918)
(d) Evaluation.....	2,150,000	2,150,000	---
	(3,990,330)	(2,150,000)	(-1,840,330)
Subtotal.....	27,950,000	38,700,000	+10,750,000
	(46,050,035)	(38,700,000)	(-7,350,035)
State apportioned projects:			
(a) Pilot programs.....	32,250,000	32,250,000	---
	(52,437,560)	(32,250,000)	(-20,187,560)
(b) Grants to nonprofit organizations.....	17,200,000	17,200,000	---
	(23,368,280)	(17,200,000)	(-6,168,280)
(c) General grants to local educational agencies.....	137,600,000	126,850,000	-10,750,000
	(202,269,184)	(126,850,000)	(-75,419,184)
Subtotal.....	187,050,000	176,300,000	-10,750,000
	(278,075,024)	(176,300,000)	(-101,775,024)
Training and advisory services (Civil Rights Act-Title IV).....	26,700,000	34,700,000	+8,000,000
	(26,700,000)	(34,700,000)	(+8,000,000)
Total appropriations.....	241,700,000	249,700,000	+8,000,000
Total obligations.....	(350,825,059)	(249,700,000)	(-101,125,059)
Total positions:			
Headquarters.....	50	44	-6
Field.....	115	115	---

General Statement

The Emergency School Aid budget addresses the fiscal year 1977 requirements of both the Emergency School Aid Act (P.L. 92-318) and Title IV of the Civil Rights Act of 1964 (Training and advisory services). Although P.L. 92-318 expires June 30, 1976, the automatic one-year extension provided for by the General Education Provisions Act will extend the authorizing legislation through June 30, 1977. Of the request, $215,000,000 is for the Emergency School Aid Act, and $34,700,000 for Training and advisory services.

The fiscal year 1977 Emergency School Aid Act budget provides for a more responsive program of federal desegregation assistance by increasing the resources available to local educational agencies undergoing new desegregation which require immediate assistance. This is provided for by special appropriation language which increases funds available for the discretionary "emergency special projects" awards by 5% of the total ESAA appropriation. This 5% increase in the special programs and projects activity is offset by a 5% decrease in the general grants state apportionment activity. All other ESAA programs and setasides authorized under P.L. 92-318, as amended in 1974, will be maintained in 1977. The funding level of $215,000,000 will fund approximately 827 awards in fiscal year 1977.

Program objectives in 1977 for training and advisory services awards include capacity-building at the State and local levels to respond to problems occasioned by (1) desegregation, (2) unequal access to education by children who are not fluent in the English language and (3) sex discrimination. An increase of $8,000,000 over the fiscal year 1976 funding level of $26,700,000 is requested in order to expand activities addressing each of these areas. The 1977 increased funding level of $34,700,000 will support a total of 314 training and technical assistance awards, including 187 for desegregation activities, 65 for sex discrimination elimination and prevention activities, and 62 for bilingual education activities occasioned by the Lau v. Nichols Supreme Court decision.

86

	1976 Appropriation	1977 Estimate	Increase or Decrease
1. National competition projects: (a) Bilingual education	$8,600,000	$8,600,000	---
Summary of awards:			
Total awards	$8,600,000	$8,600,000	---
Number	32	32	---
New awards	5,937,650	5,937,650	---
Number	22	22	---
Competing continuations	2,662,350	2,662,350	---
Number	10	10	---

Narrative

Program purpose

In order to provide for the special educational needs of minority group children who are not fluent in the English language, section 708(c) of the Emergency School Aid Act authorizes grants for the development and implementation of bilingual and bicultural education programs.

One year grant awards are made to local educational agencies and supporting nonprofit organizations, based on national competition and project need. Four percent of funds available under ESAA are reserved for this activity.

Budget policy

The 1977 budget will maintain the 4% earmark for bilingual education activities specified in the basic law. It is expected that fiscal year 1977 will parallel fiscal year 1976 in both estimated total awards of 32, and in the breakout of 22 new awards and 10 competing continuations. In both years all awards will support bilingual/bicultural education instruction and will directly affect 100,000 children of limited English speaking ability.

A three-year comparison shows relatively constant service levels, with increased State coverage in fiscal years 1976 and 1977:

Fiscal Year	Total Awards	Average Award	Total States Served	Total LEA's Served
1977	32	$268,750	18	32
1976	32	268,750	18	32
1975	34	266,235	8	34

	1976 Appropriation	1977 Estimate	Increase or Decrease
1. National competition projects:			
(b) Educational television	$6,450,000	$6,450,000	---
Summary of awards:			
Total awards	$6,450,000	$6,450,000	---
Number	7	7	---
New awards	4,871,250	4,871,250	---
Number	5	5	---
Competing continuations	1,578,750	1,578,750	---
Number	2	2	---

Narrative

Program purpose

In order to improve the effectiveness of desegregated education on a national basis, section 711 of the Emergency School Aid Act authorizes the production of children's television programs. Programs are designed to increase mutual understanding among racial and ethnic groups, while also improving the reading and writing of student viewers. All programs must be made reasonably available for free transmission under noncommercial sponsorship on a national basis.

Not more than 10 educational television grants or contracts may be awarded to public or private nonprofit organizations in any fiscal year. Awards, generally exceeding a one year workscope, are made based on national competition and regional and national programming need. Three percent of ESAA funds are reserved for this activity.

Budget policy

The 1977 budget for educational television activities will maintain the 3% earmark specified in the basic law. Awards are made for both national and regional programming needs under educational television. In both fiscal year 1977 and 1976, 3 national and 4 regional series will be funded, with 5 of the series being new awards. Although exact beneficiary data cannot be obtained, at least 25% of all elementary and secondary school children will have been exposed to some extent to ESAA educational television series being aired each year.

Three year comparative data follow, displaying both awards data and television series airing schedules on public and commercial stations:

Fiscal Year	Total Awards		Average Awards		Television Series Airing	
	National	Regional	National	Regional	National	Regional
1977	3	4	$1,816,666	$250,000	5	4
1976	3	4	1,816,666	250,000	4	1
1975	4	4	1,698,500	250,000	2	-

88

	1976 Appropriation	1977 Estimate	Increase or Decrease
1. National competition projects: (c) Special programs and projects..	$10,750,000	$21,500,000	+$10,750,000
Summary of awards:			
Total awards	$10,750,000	$21,500,000	+$10,750,000
Number	38	60	+ 22
New awards	6,760,000	17,510,000	+ 10,750,000
Number	26	48	+ 22
Competing continuations	3,990,000	3,990,000	---
Number	12	12	--

Narrative

Program purpose

To provide funding for emergency special desegregation assistance and for other desegregation activities for which funds are not otherwise available under the Act, Section 708 (a) sets aside 5 percent of the total appropriation for discretionary grants and contracts. Certain awards made under this activity, such as special student concerns, may exceed a twelve month award period. Awards are made to State and local educational agencies (including U.S. Territories) and to supporting nonprofit public organizations.

Budget policy

This activity funds emergency special desegregation projects, as well as desegregation projects in special math, special arts, student concerns, and the U.S. Territories.

Special appropriation language is proposed in 1977, which will increase the percentage of total ESAA appropriations allotted to this activity from 5%, as authorized by section 708(b), to 10%. An offsetting 5% decrease in appropriations allotted to the State apportionment general grants to LEA's activity (sec.706(a)) is proposed. The proposed change is for the purpose of increasing funding for emergency special desegregation projects. Increases in this area will allow a more flexible and timely response to areas under new desegregation orders, thereby giving school districts the resources needed to respond quickly to court orders. All funds associated with the 5% increase, which are not obligated for emergency special projects, will be reallotted to the general grants State apportionment activity, prior to the end of the funding period.

The proposed award total for all special programs and projects in 1977 is 59. This represents an increase of 22 awards over the 1976 total of 37. The increase of 22 awards, all emergency special project awards, will directly result from the additional 5% allotment.

Three year comparative data follows, displaying award and beneficiary totals by types of projects funded:

	Emergency Special Projects			Other Special Projects[A]		
	Total Awards	Beneficiaries LEA's	Students	Total Awards	Beneficiaries LEA's	Students[B]
1977	29	29	600,000	31	85	100,000
1976	7	7	110,000	31	85	100,000
1975	4	4	64,000	30	90	84,450

A/ Includes awards for special math, student concerns (school disciplinary policy studies), special arts, U.S. Territories and supplemental funding for educational television, interdistrict transfers, and metropolitan planning projects.

B/ Total student beneficiaries per individual "other special projects" award range from 1,000 for each special math award to 6,000 for each U.S. Territories award.

90

	1976 Appropriation	1977 Estimate	Increase or Decrease
1. National competition projects: (d) Evaluation	$2,150,000	$2,150,000	---
Summary of awards:			
Total awards	$2,150,000	$2,150,000	---
Number	5	5	---
New awards	1,350,000	1,750,000	+$400,000
Number	3	2	- 1
Non-competing continuations	800,000	400,000	- 400,000
Number	2	3	+ 1

Narrative

Program purpose

In order to determine the impact and effectiveness of specific programs and projects assisted with funds appropriated under the Emergency School Aid Act, section 713 authorizes the Assistant Secretary to make grant and contract awards to conduct evaluations of these projects.

Up to one percent of the amounts appropriated for the Act may be used for this activity. The scope of the work for evaluation awards normally exceeds a 12 month period.

Budget policy

The 1977 budget will maintain the 1% earmark for program evaluations specified in the basic law. Five evaluations of ESAA programs will be conducted in 1977, including 3 studies which will be continued from 1976. The 3 continuations include evaluations of projects funded under the special math, nonprofit organizations, and educational television activities. To be initiated in 1977 are evaluations of desegregation human relations activities supported by ESAA programs, and the discretionary special programs and projects activities.

In addition to the three 1976 evaluations which will be continued in 1977, two others -- studies of the ESAA general grants and pilot programs -- will be completed during 1977.

Three-year data follow, displaying program evaluations conducted in those years, as well as the level of funding for each:

Program Evaluated	Level of Funding FY 1975	FY 1976	FY 1977
Pilot programs	$1,520,819	$ 300,000	$ ---
General grants to LEA's	736,099	500,000	---
Special math	---	100,000	100,000
Nonprofit organization grants	---	600,000	200,000
Educational television	---	650,000	100,000
Human relations activities	---	---	1,300,000
Special programs and projects	---	---	450,000
	2,256,918 A/	$2,150,000	$2,150,000

A/ $82 of fiscal year 1975 funds unobligated

	1976 Appropriation	1977 Estimate	Increase or Decrease
2. State apportioned projects:			
(a) Pilot programs	$32,250,000	$32,250,000	---
Summary of awards:			
Total awards	$32,250,000	$32,250,000	---
Number	161	161	---
New awards	21,633,553	21,633,553	---
Number	108	108	---
Competing continuations	10,616,447	10,616,447	---
Number	53	53	---

Narrative

Program purpose

In order to overcome the adverse effects of minority group isolation through improved academic achievement, section 706(b) of the Emergency School Aid Act authorizes grants to support innovative programs in reading and math for minority group students. This section also provides for the establishment and maintenance of one or more integrated schools, for certain pilot project grantees only. All grants are to LEA's with an award period of one year.

Up to 15% of funds appropriated to ESAA are reserved for this activity. Funds are apportioned among the States in accordance with the distribution among those States of minority group children aged 5-17.

Budget policy

The 1977 budget will maintain the 15% earmark for pilot programs specified in the basic law. In 1977, as in 1976, pilot programs will continue to carry out innovative projects, including reading and math, designed to improve minority group academic achievement. These projects include special remedial services, curriculum development, and guidance and counseling services. Awards in 1977 will parallel those of 1976. Both years will fund 161 awards, including 108 new awards and 53 competing continuations.

Three-year comparative data follow, showing relatively constant service levels:

Fiscal Year	Total Awards	Average Award	States Served	LEA's Served	Students Served
1977	161	$ 200,311	31	161	1,040,540
1976	161	200,311	31	161	1,040,540
1975	164	207,000	32	164	1,060,000

92

	1976 Appropriation	1977 Estimate	Increase or Decrease
2. State apportioned projects: (b) Grants to nonprofit organizations.	$17,200,000	$17,200,000	---
Summary of awards:			
Total awards	$17,200,000	$17,200,000	---
Number	195	195	---
New awards	11,554,855	11,554,855	---
Number	131	131	---
Competing continuations	5,645,145	5,645,145	---
Number	64	64	---

Narrative

Program purpose

To encourage the development of community support activities for desegregating school districts, section 708(b) authorizes grants to and contracts with nonprofit organizations.

Eight percent of funds appropriated to ESAA are reserved for this activity. Funds are apportioned among the States in accordance with the distribution among those states of minority group children aged 5-17. Awards are for the period of one year.

Budget policy

The 1977 budget for grants to nonprofit organizations will maintain the 8% earmark specified in the basic law. It is expected that fiscal year 1977 will parallel 1976 in both the number of total awards (195) and in the breakdown of new and competing continuation awards. This breakdown includes 131 new awards, and 64 continuations. Awards in both years will aid nonprofit organization activities which support school desegregation plans and which aid children in overcoming educational disadvantages of minority group isolation. Examples of activities are supplemental reading programs, dropout prevention programs, and community information services.

Three year comparison data follow, displaying relatively constant levels of awards and beneficiaties served:

Fiscal Year	Total Awards	Average Award	States Served	LEA's Served	Students Served
1977	195	$88,205	42	136	882,096
1976	195	88,205	42	136	882,096
1975	205	88,307	44	143	927,498

	1976 Appropriation	1977 Estimate	Increase or Decrease
2. State apportioned projects: (c) General grants to LEA's.....	$137,600,000	$126,850,000	-$10,750,000
Summary of awards:			
Total awards.....	$137,600,000	$126,850,000	-$10,750,000
Number.....	386	367	- 19
New awards.....	91,873,284	85,027,440	- 6,845,844
Number.....	258	246	- 12
Competing continuations.....	45,726,716	41,822,560	- 3,904,156
Number.....	128	121	- 7

Narrative

Program purpose

This is the principal Emergency School Aid Act activity for providing desegregation assistance to local educational agencies. Authorized by Section 706(a), financial assistance grants to LEA's are made to (1) meet educational needs incident to elementary and/or secondary school desegregation; (2) encourage voluntary elimination of minority group isolation in elementary and secondary schools; and (3) overcome educational disadvantages which are the result of minority group isolation.

Up to 64% of funds appropriated to ESAA are reserved for this activity. Funds are apportioned among the States in accordance with the distribution among those States of minority group children aged 5-17.

Budget policy

This activity is the major funding source for local educational desegregation activities. Activities supported range from planning and community services to interracial activities, curriculum development, supplementing teaching staff and guidance and counseling.

Special appropriation language is proposed in 1977, which will decrease the percentage of total ESAA appropriations allotted to this activity by P.L. 92-318 from 64% to 59%. This 5% decrease is to be offset by a 5% increase in the Special programs and projects activity. The purpose of transferring these funds from the state apportionment activity to the discretionary activity is to increase the funds available for targeted assistance to new and emergency special projects anticipated in 1977. That portion of the 5% increase funds alloted to special programs and projects which is not used for emergency special projects will be reallocated to general grants to LEA's, prior to the end of the funding period, for state apportionment grant awards.

The proposed award total for general grants in 1977 is 367. Of these, 246 will be new grants, and 121 awards will be competing continuations. This total of 367 is a decrease of 19 awards from the 1976 total of 386. The decrease of 19 general grant awards will be offset by the 22 additional emergency special project awards resulting from the increased discretionary funds. Awards in 1977 and 1976 will continue to support both new and second generation desegregation problems. Conflict and tension reduction and interpersonal relations activities will again be emphasized.

34

Three-year comparative data follow, displaying award and beneficiary totals:

Fiscal Year	Total Awards	Average Award	States Served	LEA's Served	Students Served
1977	367	$345,640	46	367	2,727,544
1976	386	356,477	48	386	2,868,752
1975	380	356,280	47	380	2,824,160

	1976 Appropriation	1977 Estimate	Increase or Decrease
3. Training and advisory services (Civil Rights Act - Title IV).....	$26,700,000	$34,700,000	+$8,000,000
Summary of awards:			
Total awards.....	$26,700,000	$34,700,000	+$8,000,000
Number.....	167	314	147
New awards.....	4,088,767	15,141,808	+11,053,041
Number.....	49	194	+ 145
Non-competing continuations.....	14,173,403	---	-14,173,403
Number.....	35	---	- 35
Competing continuations.....	8,437,830	19,558,192	+10,805,047
Number.....	83	120	37

Narrative

Program purpose

Title IV of the Civil Rights Act (P.L. 88-352) authorizes technical assistance and training grants and contracts to assist desegregating school systems. In 1975 services were expanded to include efforts to help school systems experiencing problems in two additional areas: (1) bilingual education requirements stemming from the Lau v. Nichols decision, and (2) elimination of sex discrimination practices in educational institutions (resulting from Title IX of P.L. 92-318). Provided through contracts with general assistance centers (GAC's) and State education agencies (SEA's) and grants to training institutes and local education agencies (LEA's), these services are rendered only upon specific request by LEA's. All awards are based on national competition and extend for one year.

Budget policy

Title IV awards in 1977 will continue to address the technical and training assistance needs of State and local educational agencies in desegregation, bilingual education, and sex discrimination prevention. A total of $34,700,000 is requested. This includes an increase of $8,000,000 over the 1976 funding level, to be used to respond to problems in each of these areas.

A total of 314 awards will be made in 1977, an increase of 147 awards over the 1976 level of 167. Of this increase, approximately 119 awards will directly result from the proposed $8,000,000 additional funding. It is expected that 28 of these will be for desegregation, 40 for bilingual education, and 51 for sex discrimination prevention projects. Although actual award distribution among the three assistance areas and the category of service will depend on problems identified by LEA's, the following breakout is expected:

96

Assistance Area	Service Activity			
	GAC's	SEA's	Institutes	LEA's
Desegregation	27	44	58	58
Bilingual education	9	13	10	30
Sex discrimination prevention	14	19	16	16
Totals	50	76	84	104

Total fiscal year 1977 awards are expected to represent increases in services over 1976 awards by 15 general assistance centers awards (1 desegregation, 14 for sex discrimination), 19 State education agency awards (all for sex discrimination) 56 institute awards (41 desegregation, 10 bilingual, 5 sex discrimination) and 57 local education agency grants (11 desegregation, 30 bilingual, and 16 sex discrimination grants).

Three-year data follow in 2 tables, displaying total awards by assistance area and total beneficiaries for all service activities:

Awards by Assistance Area

	1975	1976	1977
Desegregation	134	134	187
Bilingual education	22	22	62
Sex discrimination prevention	11	11	65

Beneficiaries

	1975	1976	1977
LEA's served:			
General assistance centers	4,100	4,100	9,225
State education agencies	2,910	2,910	4,450
Training institutes	285	285	780
Local education agencies	47	47	104
School personnel trained:			
General assistance centers	410,000	410,000	922,500
Training institutes	28,500	28,500	78,000
Students served:			
Indirectly (through GAC's and Institutes)	10,962,500	10,962,500	25,012,500

OFFICE OF EDUCATION

Emergency School Aid

Program Purpose and Accomplishments

Activity: National competition projects:
(a) Bilingual education (Sec. 708(c), Emergency School Aid Act)

1976 Appropriation	1977 Authorization 1/	1977 Budget Estimate
$8,600,000	$8,600,000	$8,600,000

1/ Authorization level for 1977, for purposes of section 414 of the General Education Provisions Act, will be equal to the amount appropriated for 1976.

Purpose: To provide for the special educational needs of minority group children of limited or non-English speaking ability, grants are made to local educational agencies and supporting organizations to develop bilingual education programs.

Explanation: Up to 4% of the total ESAA appropriation may be used to fund project grants for the development and implementation of bilingual/bicultural education curricula. This amount is not apportioned among the States, but funds quality projects based on national competition. Grant awards extend for a one-year period.

Accomplishments in 1976: In 1976, 32 bilingual/bicultural education instruction awards will be made. Of these, 10 awards will be for competing continuations and 22 will be new awards. This is a decrease of 2 awards from 1975.

Objectives for 1977: In 1977 a total of 32 awards in 18 states will be made; including 22 new awards and 10 competing continuations. This will maintain the 4 percent earmark for bilingual education provided in the basic law.

98

OFFICE OF EDUCATION

Emergency School Aid

Program Purpose and Accomplishments

Activity: National competition projects:
(b) Educational television (Sec. 711, Emergency School Aid Act)

1976 Appropriation	1977 Authorization 1/	1977 Budget Estimate
$6,450,000	$6,450,000	$6,450,000

1/ Authorization level for 1977, for purposes of section 414 of the General Education Provisions Act, will be equal to the amount appropriated for 1976.

Purpose: To develop and produce children's television programs which serve to increase understanding among racial and ethnic groups, while also improving the reading and writing of student viewers.

Explanation: Three percent of the total ESAA appropriation is reserved to fund not more than 10 grant and/or contract awards in any fiscal year. Programming must be made reasonably available for free transmission under noncommercial sponsorship. Funds are not apportioned among the States, but fund quality projects based on national competition. Educational television awards normally exceed a twelve-month period.

Accomplishments in 1976: A total of 7 awards will be made in 1976, including 3 for national programming series and 4 for programming needs unique to specific regions. Of these, five awards will be for new series and 2 awards will be to continue production of previously funded series.

Objectives for 1977: In 1977, educational television awards should total 7. As in 1976, 3 awards will be for national programming and 4 awards for regional programming needs. This will maintain the 3 percent earmark for educational television activities provided in the basic law. By fiscal year 1977, a total of 5 national series and 5 regional series will be aired on public and commercial television networks, for elementary and secondary student viewing.

OFFICE OF EDUCATION

Emergency School Aid

Program Purpose and Accomplishments

Activity: National competition projects:
(c) Special programs and projects (Sec. 708(a), Emergency School Aid Act)

1976 Appropriation	1977 Authorization[1/]	1977 Budget Estimate
$10,750,000	$10,750,000	$21,500,000[2/]

1/ Authorization level for 1977, for purposes of section 414 of the General Education Provisions Act, will be equal to the amount appropriated for 1976.

2/ Activity estimate is increased to 10% of total 1977 Budget Estimate for Emergency School Aid Act, based on amendments to P.L. 92-318, proposed in 1977.

Purpose: To provide assistance for special emergency and other desegregation projects for which funds would not otherwise be available under the Act.

Explanation: P.L. 92-318 reserves up to 5% of the total ESAA appropriation for discretionary awards. In 1977, special appropriation language is proposed which will increase the funds allotted to this activity to 10%. This increase will be offset by a 5% decrease in funds allotted to the general grants to local educational agencies activity. The purpose of the increase in discretionary funding is to increase total funds available for immediate response to emergency special projects. Those funds resulting from the 5% increase which are not obligated in 1977 for emergency special projects will be reallocated to the general grants activity for obligation prior to the end of the fiscal year. Awards made to education agencies and nonprofit organizations under this activity may exceed a twelve month award period.

Accomplishments in 1976: In 1976, 37 special programs and projects awards will be funded, including 25 new awards and 12 competing continuations. This is an increase of 3 awards over 1975. A total of $10,750,000 or 5% of the total ESAA appropriation will be obligated in 1976.

Objectives for 1977: In 1977, 10% of the total ESAA appropriation will be allotted to the discretionary special programs and projects account. Under this provision, 59 grant awards will be made. This is an increase of 22 awards - all emergency special project awards - over fiscal year 1976. Of the total 60 awards, 48 will be new awards and 12 will be competing continuations.

100

OFFICE OF EDUCATION

Emergency School Aid

Program Purpose and Accomplishments

Activity: National competition projects:
(d) Evaluation (Sec. 713, Emergency School Aid Act)

1976 Appropriation	1977 Authorization 1/	1977 Budget Request
$2,150,000	$2,150,000	$2,150,000

1/ Authorization level for 1977, for purposes of section 414 of the General Education Provisions Act, will be equal to the amount appropriated for 1976.

Purpose: To evaluate specific programs and projects funded under the Act, grant and/or contract awards are made to State education agencies, institutions of higher education, and private organizations.

Explanation: Up to 1% of the total ESAA appropriation may be set aside for evaluation studies. The scope of work for evaluation awards normally exceeds a twelve-month period.

Accomplishments in 1976: In 1976, 5 evaluation awards will be made. These include evaluations of the pilot and basic programs studies initiated in 1973, as well as evaluations of projects funded under the special math, nonprofit organizations, and educational television activities. In 1975, only basic and pilot programs evaluation awards were made.

Objectives for 1977: In 1977, the three-year pilot and basic longitudinal evaluation will be completed. The special math, nonprofit organizations, and educational television studies will be continued, while new evaluations in the areas of human relations activities and special programs and projects will be initiated. These will be funded with 1 percent of the total appropriation, as provided for in the basic law.

OFFICE OF EDUCATION

Emergency School Aid

Program Purpose and Accomplishments

Activity: State apportioned projects:
(a) Pilot programs (Sec. 706(b), Emergency School Aid Act)

1976 Appropriation	1977 Authorization 1/	1977 Budget Estimate
$32,250,000	$32,250,000	$32,250,000

1/ Authorization level for 1977, for purposes of section 414 of the General Education Provisions Act, will be equal to the amount appropriated for 1976.

Purpose: In order to overcome adverse effects of minority group isolation, grant awards are made which support promising and innovative programs in reading and math for minority group children.

Explanation: Up 15 percent of the total ESAA appropriation may be used to fund LEA's for these pilot projects, intended to improve the academic achievement of minority group children. Funds are apportioned among the States in accordance with the distribution among those States of minority group children aged 5-17. Depending upon the number of quality applications, a state may get more or less funds than originally apportioned to it. Grant awards extend for a period of one year.

Accomplishments in 1976: In 1976, 161 pilot projects in reading and math will be funded. This is a decrease of 3 awards from 1975. Of the total, 108 projects will be new awards and 53 will be competing continuations.

Objectives for 1977: It is expected that fiscal year 1977 will parallel 1976 in total awards of 161, and in the break between new and competing continuation awards. These awards will be funded with 15% of the total appropriation, as provided for in the basic law. Pilot programs will continue in 1977 to develop math and reading programs whose objective is to overcome adverse effects of minority group isolation, through improving academic achievement.

102

OFFICE OF EDUCATION

Emergency School Aid

Program Purpose and Accomplishments

Activity: State apportioned projects:
(b) Grants to nonprofit organizations (Sec. 708(b), Emergency School Aid Act)

1976 Appropriation	1977 Authorization 1/	1977 Budget Estimate
$17,200,000	$17,200,000	$17,200,000

1/ Authorization level for 1977, for purposes of section 414 of the General Education Provisions Act, will be equal to the amount appropriated for 1976.

Purpose: To conduct special programs supportive of school district desegregation efforts, grants and/or contracts awards are made to nonprofit organizations.

Explanation: Up to 8 percent of the total ESAA appropriation may be used for nonprofit organization awards to support desegregation and to aid children in overcoming educational disadvantages of minority group isolation. Funds are apportioned among the States in accordance with the distribution among those states of minority group children aged 5-17. Depending upon the number of quality applications, a State may get more or less funds than originally apportioned to it. Awards extend for a one-year period.

Accomplishments in 1976: In 1976, a total of 195 awards will be made to nonprofit organizations. This is a decrease of 10 awards from 1975. Of the total awards, 131 will be new awards, and 64 will be competing continuations.

Objectives for 1977: In 1977, 195 awards will be made to nonprofit organizations for activities supportive of school district desegregation plans. As in 1976, two-thirds of these awards will be new, and one-third will be competing continuations. This will maintain the 8 percent earmark for grants to nonprofit organizations provided in the basic law.

OFFICE OF EDUCATION

Emergency School Aid

Program Purpose and Accomplishments

Activity: State apportioned projects:
(c) General grants to local educational agencies
(Sec. 706(a), Emergency School Aid Act)

1976 Appropriation	1977 Authorization 1/	1977 Budget Estimate
$137,600,000	$137,600,000	$126,850,000 2/

1/ Authorization level for 1977, for purposes of section 414 of the General Education Provisions Act, will be equal to the amount appropriated for 1976.

2/ Activity estimate is decreased to 59% of total 1977 Budget Estimate for ESAA, based on amendments to P.L. 92-318, proposed in 1977.

Purpose: In order to meet the special educational needs incident to desegregation and minority group isolation, and to encourage voluntary elimination of such isolation, grant awards are made to local educational agencies.

Explanation: This is the principal activity for providing desegregation assistance to local educational agencies. P.L. 92-318 authorizes up to 64% of the total ESAA appropriation for this activity. In 1977, special appropriation language will decrease the funding level to 59%. This decrease of 5% is proposed in order to allow for a 5% funding increase in emergency special project awards made under the discretionary special programs and projects activity. The 5% increase in discretionary funds, which are not obligated for emergency special projects in 1977, will be reallocated to this activity for obligation, prior to the end of the fiscal year.

Funds under this activity are apportioned among the States in accordance with the distribution among those States of minority children aged 5-17. Depending upon the number of quality applications, a State may get more or less funds than originally apportioned to it. Awards extend for the period of one year.

Accomplishments in 1976: In 1976, 386 grant awards will be made, including 258 new awards and 128 competing continuations. This is an increase of 6 awards over 1975. A total of $137,600,000 or 64% of the total ESAA appropriation, will be obligated in 1976.

Objectives for 1977: In 1977, 59% of the total ESAA appropriation will be allotted to this activity. Under this provision, 367 grant awards will be made, a decrease from 1976 of 19 awards. Of these, 246 will be new awards and 121 will be competing continuations. General grant awards will continue to deal with both new and second-generation desegregation problems, as well as conflict reduction and interpersonal relations activities.

104

OFFICE OF EDUCATION

Emergency School Aid

Program Purpose and Accomplishments

Activity: Training and advisory services (Title IV - Civil Rights Act of 1964)

1976 Appropriation	1977 Authorization	1977 Budget Estimate
$26,700,000	Indefinite	$34,700,000

Purpose: To render technical assistance and training services (1) in the preparation, adoption and implementation of school desegregation plans, (2) in preparing and implementing bilingual education programs for non-English fluent minority children, and (3) in identifying and eliminating sex discrimination in educational institutions.

Explanation: To carry out the purpose of this activity project awards are made on a competitive basis to general assistance centers, to State education agencies, to universities for training institutes, and to local educational agencies for technical assistance and training. Awards extend for a one-year period.

Accomplishments in 1976: In 1976, a total of 167 technical assistance and training awards will be made, a decrease of 1 award from 1975. These awards will include 35 to general assistance centers, 57 to SEA's, 28 to training institutes, and 47 LEA advisory awards. Breakdown by assistance service area is expected to be 134 awards for desegregation, 22 for Lau bilingual education requirements and 11 for sex discrimination elimination.

Objectives for 1977: In 1977, the budget estimate includes an increase of $8,000,000 in Title IV appropriations over fiscal year 1976. This is expected to provide for increased assistance in all three assistance areas. Desegregation service awards are expected to increase by 53 over 1976, while bilingual and sex discriminations services are expected to increase by 40 and 54, respectively, contingent upon needs indentified by educational agencies and institutions. The total 314 awards will include 50 to general assistance centers, 76 to SEA's, 84 to institutes and 104 direct LEA awards.

Transition Quarter Analysis

	Budget Authority by Activity	
	1976 Appropriation	Transition Quarter
1. National competition projects	$ 38,700,000	---
2. State apportioned projects	176,300,000	---
Subtotal	215,000,000	---
3. Training and advisory services (Civil Rights Act-Title IV)	34,700,000	$325,000
Total	249,700,000	325,000

Explanation

A total of $325,000 is requested for Training and Advisory Services (Title IV-Civil Rights Act) for the interim budget period. These funds are requested for support of the following training and advisory sub-activities, for the reasons stated below:

(a) Technical Assistance.....$150,000
An estimated $150,000 is requested to fund technical assistance programs under this activity -- General Assistance Centers (GAC's) and State Education Agencies (SEA's). The request of $150,000 is being made to cover emergency needs which may occur during the transition quarter. This is a forward funded program and awards are not normally made during this period of time.

(b) Training Institutes $100,000
An estimated $100,000 is requested for the transition quarter to cover any needs of an emergency nature which may occur. This is a forward-funded program and awards are not normally made during this period of time.

(c) School Board Grants .....$ 75,000
An estimated $75,000 is requested to cover any needs of an emergency nature which may occur. This is a forward-funded program and awards are not normally made during this period of time.

WEDNESDAY, MARCH 10, 1976.

EDUCATION FOR THE HANDICAPPED

WITNESSES

DR. EDWIN W. MARTIN, ACTING DEPUTY COMMISSIONER, BUREAU OF EDUCATION FOR THE HANDICAPPED
DR. T. H. BELL, COMMISSIONER OF EDUCATION
ROBERT B. HERMAN, ASSOCIATE DEPUTY COMMISSIONER
DR. JOHN W. EVANS, ASSISTANT COMMISSIONER, OFFICE OF PLANNING, BUDGETING, AND EVALUATION
DR. GARY McDANIELS, DIRECTOR, DIVISION OF INNOVATION AND DEVELOPMENT
DR. HERMAN SAETTLER, CHIEF, RECEPTIVE AND EXPRESSIVE BEHAVIORS BRANCH, DIVISION OF PERSONNEL PREPARATION
JOHN W. JONES, CHIEF, AID TO STATES BRANCH, DIVISION OF STATE ASSISTANCE
DR. MAX MUELLER, CHIEF, RESEARCH PROJECTS BRANCH, DIVISION OF INNOVATION AND DEVELOPMENT
ELWOOD BLAND, CHIEF, REGIONAL RESOURCE CENTERS, DIVISION OF MEDIA SERVICES
EUGENE M. HILL, BUDGET ANALYST
CORA P. BEEBE, DIRECTOR, DIVISION OF PLANNING AND BUDGETING
CHARLES MILLER II, DEPUTY ASSISTANT SECRETARY, COMPTROLLER

Mr. FLOOD. Continuing with the Office of Education, we now have Education for the Handicapped.

The presentation will be made by Dr. Edwin W. Martin, Acting Deputy Commissioner, Bureau of Education for the Handicapped.

We have your biographical sketch, Doctor, which we will place in the record at this point.

[The biography follows:]

BIOGRAPHICAL SKETCH

Name: Edwin W. Martin, Jr.
Position: Acting Deputy Commissioner for Education of the Handicapped.
Birthplace and date: Oceanside, N.Y., September 3, 1931.
Education:
Muhlenberg College, Allentown, Pa., 1949–53, B.A.
University of Alabama, University, Ala., 1953–55, M.A.
University of Pittsburgh, Pittsburgh, Pa., 1957–61, doctor of philosophy, specialization in speech and hearing disorders and psychology.
Experience present: Acting Deputy Commissioner for Education of the Handicapped.
1969–74: Associate Commissioner, Bureau of Education for the Handicapped.
1967–69: Deputy Associate Commissioner, Bureau of Education for the Handicapped.
1966–67: Director, Ad Hoc Subcommittee on the Handicapped, U.S. House of Representatives, Washington, D.C.
1960–66: Assistant Professor; Associate Professor of Speech; University of Alabama; Associate Professor of Speech Pathology, University of Alabama Medical School; Co-director, Speech and Hearing, Clinic, University of Alabama, University, Ala.
Association memberships: American Speech and Hearing Association, American Psychological Association, and Council for Exceptional Children.

69-745 (Pt. 5) O - 76 - 22

Publications:

"Client Centered Therapy as a Theoretical Orientation for Speech Therapy," ASHA.

"The Self as a Central Concept in Speech Therapy for Persons Who Stutter," chapter in New Directions in Stuttering.

"Communication Problems of the Mentally Retarded," Alabama Mental Health.

Review, Understand Those Feelings, E. Donald, Journal of Speech and Hearing Disorders.

Mr. FLOOD. Is anybody here we don't know?

Mr. MARTIN. Mr. Chairman, I would like to present Mr. Robert Herman, Associate Deputy Commissioner of the Bureau.

Mr. FLOOD. All right.

Now, you have a prepared statement, Doctor. How do you want to handle this?

Mr. MARTIN. We have a brief 2½-page summary of our longer statement. We would like to read that for you.

Mr. FLOOD. Suppose we insert the longer statement in the record, and then you can proceed as you suggest.

Mr. MARTIN. Thank you, Mr. Chairman.

[The longer statement follows:]

Mr. Chairman and members of the committee, we appreciate this opportunity to present the fiscal year 1977 budget request for the Education for the Handicapped account.

The Office of Education recognizes and supports the commitment to promoting the provision of a free public education appropriate to the needs of every handicapped child in our Nation. The goal of providing special education to all who require it, stated in the new Education for all Handicapped Children Act, is to be achieved in all States by 1978.

The $236,375,000 requested in this budget will assist the States not only in carrying out the extensive requirements in the new law for providing necessary educational and related services to handicapped children, but also will help improve the quality of the services available through the demonstration and dissemination of model programs, and the training of special educational personnel. Specifically, these funds will directly affect the provision of educational services to an estimated 425,000 children; they will bring educational and cultural experiences to more than 300,000 deaf adults and children; they will support comprehensive educational services for 4,500 deaf-blind children, and will support 244 early childhood model projects ultimately benefiting 128,000 children; they will also help train or retrain approximately 90,000 teachers in full or part-time study. Overall, as Federal funds are utilized by State and local governments and private organizations, they are expected to benefit more than 1 million children.

Now, let me turn to an analysis of our budget request:

STATE GRANT PROGRAM

In the State grant program, we are requesting $110 million, the same level as appropriated in fiscal year 1976. Public Law 94–142 has imposed new requirements on State agencies to assure, through detailed plans, that every handicapped child will be afforded an equal opportunity for an appropriate education. Funds provided under this program supplement State and local resources in order to help support direct and incidental educational services necessary to the implementation of the State plans. A priority use for these funds, as mandated in the law, is the provision of programs for the unserved and the underserved severely handicapped child. Funds will also be used to develop and apply child identification systems and due process procedures essential to carrying out the provisions of the law.

DISCRETIONARY PROGRAMS

In addition to the supplementary funds provided to the States to aid in the implementation of plans to serve all handicapped children, we are requesting

a total of $126,375,000 for a variety of discretionary programs designed to improve the quality and availability of special educational programing.

To support the deaf-blind centers program we are requesting $16 million which will maintain and improve diagnostic, prescriptive, and full-time services to more than 4,516 deaf-blind children in the United States.

The $3,250,000 requested for the severely handicapped program will continue to demonstrate effective educational and training programs and the long-term benefits of providing services to severely handicapped children, now designated as a priority population by the Education for All Handicapped Children Act. As a result of this program, we expect to build the capacity of State and local governments to provide quality specialized services to the severely handicapped through replication and adaptation of demonstrated practices.

We are requesting $22 million to continue the early childhood education program which aims at stimulating State provision of educational services to the estimated 1 million preschool-aged handicapped children. Fiscal year 1977 funding will support 244 demonstration projects which directly impact on approximately 14,000 children. Direct Federal support will be offered to individual States as they develop priority plans and establish programs for preschool children.

In the specific learning disability program we are requesting $5 million to support 35 demonstration projects having direct impact on 8,700 children. The centers will continue efforts to stimulate, develop, and expand diagnostic, prescriptive, and evaluative services for children with specific learning disabilities.

A request for $2 million is being made to support regional vocational, adult, and postsecondary programs. This budget request will provide for the continuation and expansion of programs for the handicapped by providing special support services for handicapped persons so that they may adapt to and benefit from existing academic, vocational, and adult education programs.

The $11 million request for innovation and development will support applied research to aid in the development of new circular materials, technological advancements, and support of mandated research evaluative studies related to Public Law 94–142.

With a funding level of $16 million the media services and captioned films program will support efforts, through centers on educational media and materials, to develop specialized media materials needed by classroom teachers for handicapped children. In addition, continued support will be given to the captioned films for the deaf program and for the marketing and implementation of curricula materials, and devices which have been developed for the handicapped as a result of the latest technological advances.

The $9,750,000 requested for the regional resource center program will be used to continue development of child appraisal and exemplary educational programing practices to meet the specialized educational needs of handicapped children. Additionally, this program will develop model programs to establish and institutionalize one-stop direction for handicapped children and their parents to the comprehensive services they require.

The increase of $500,000 in the recruitment and information program will be devoted to the establishment of local information units, heavily dependent upon the involvement of parents of handicapped children, which will offer information and referral services as well as train parents and professionals to assess the effectiveness of the services secured.

We are requesting $40,375,000 for continuation of the special education manpower development program to support universities and State education agencies in training special education personnel, teachers, and students. We expect to train 32,740 persons under this program with fiscal year 1977 funds.

SUMMARY STATEMENT

Dr. MARTIN. We appreciate this opportunity to present the fiscal year 1977 budget request for the education for the handicapped account.

The Office of Education recognizes and supports the commitment to promoting the provision of a free public education appropriate to the needs of every handicapped child in our Nation. The goal of providing special education to all who require it, stated in the new Educa-

tion for All Handicapped Children Act, is to be achieved in all States by 1978.

The $236,375,000 requested in this budget will assist the States not only in carrying out the extensive requirements in the new law for providing necessary educational and related services, but also will help improve the quality of the services available through the demonstration and dissemination of model programs, and the training of special educational personnel.

In the State grant program, we are requesting $110 million, the same level as appropriated in fiscal year 1976. These funds will directly serve an estimated 425,000 children.

For example, in Alabama there have been, as in all of the States, what we call child find operations, where we attempt to locate and serve handicapped children. Alabama has found at least 1,000 previously unknown and unserved children who have been identified and provided with services. In Pennsylvania, where they have had a court order for several years to serve handicapped children, most of the funds are going to preschool-aged children. Ninety-one percent of the part B funds are going to help preschool handicapped children get an earlier start, primarily because the school-aged population is approaching the full service level. Consequently Pennsylvania is dealing with youngsters under 5 years of age. In Kentucky, three-quarters of the funds will go toward locating the unserved child—children who are not in school, but who, when found, will be provided appropriate services.

I was just out in Washington State, where most of the children of school age are in programs, but of the $1.6 million received from part B, 70 percent will go to preschool programs.

I hope that the examples I have just given will give you a clearer picture of what we are trying to do in the State grant program.

In addition to the funds provided to the States, we are requesting a total of $126,375,000 for a variety of discretionary programs.

To support the deaf-blind centers program we are requesting $16 million which will maintain and improve diagnostic, prescriptive, and full-time services to more than 4,516 deaf-blind children in the United States.

That is a very interesting program. This committee has been particularly supportive of its activities. In fact, I know the chairman was responsible for putting the first million in this program shortly after the rubella epidemic of 1964 and 1965.

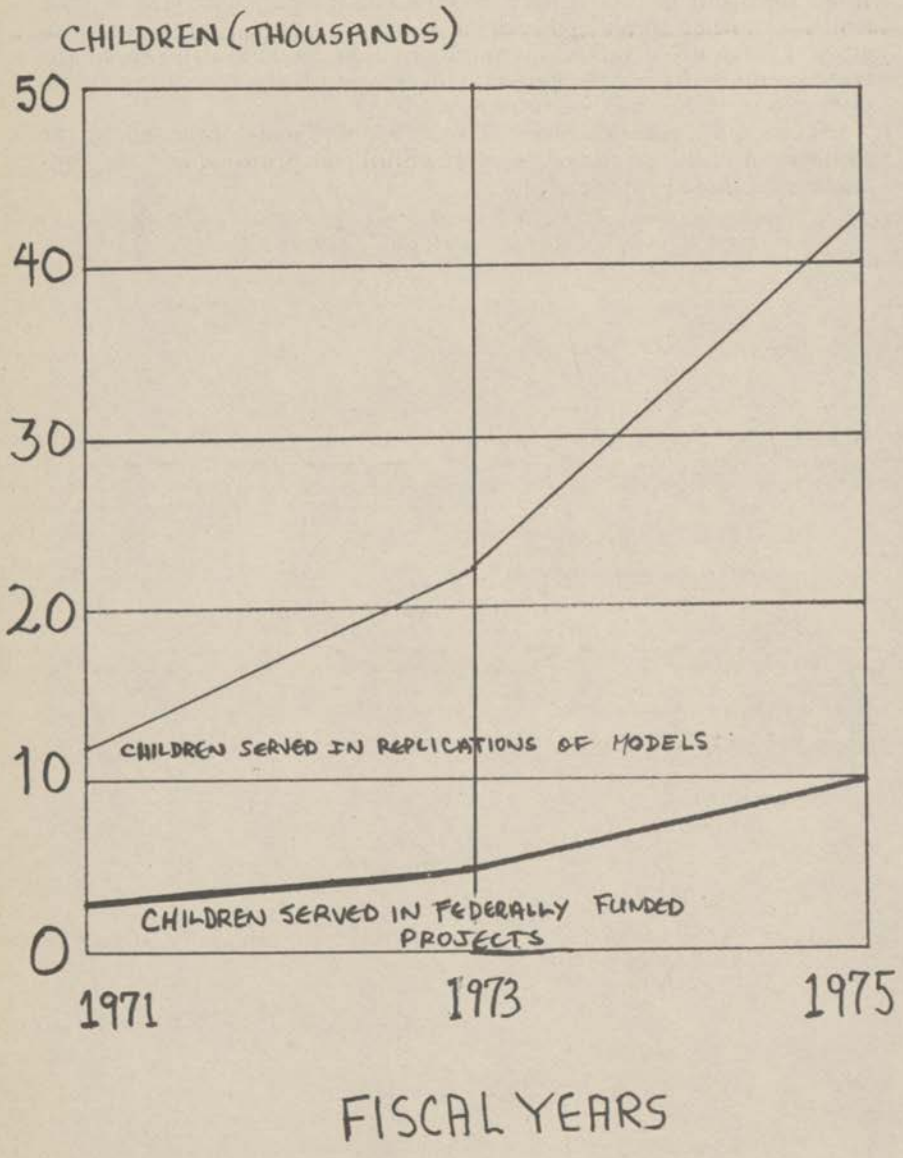
Let me give you an example of the effectiveness of child-find activities under this program. In Alaska, for example, when the Congress first started supporting this program, there were only two deaf-blind children in the whole State known to officials. They knew there were others, but they did not know who or where they could be found. Since that time they have gone out across the State, using Public Health Service employees and various private agencies, and have located 47 children. Forty of these newly found children are now receiving services from this program, even though in some instances it means transporting the child and the family on a day-and-a-half trip into Anchorage to work with them, as well as providing them the tools to use in the interim period between visits.

We are close to our objective. We have now identified about 5,000 children. We are currently serving 4,516 children in our programs.

To improve and expand educational programing for other special populations, we are requesting a total of $30,250,000 for demonstration of model programs and dissemination of the most effective educational practices. These special population programs are targeted on the severely handicapped, the learning disabled, and the preschool handicapped child. One of these programs deals with the learning disabled child, the child in the regular schools but thought to be lazy, a poor reader. Another special population is affected by our preschool program. I have often talked to you about that, because it is one of the best examples of what the Federal Government is always calling multiplier effects, or the catalytic strategy.

Let me show you this chart. This is a chart which talks about the numbers of children served in early childhood projects, and the replications of those projects.

CHILDREN SERVED THROUGH EARLY CHILDHOOD PROJECTS AND REPLICATIONS



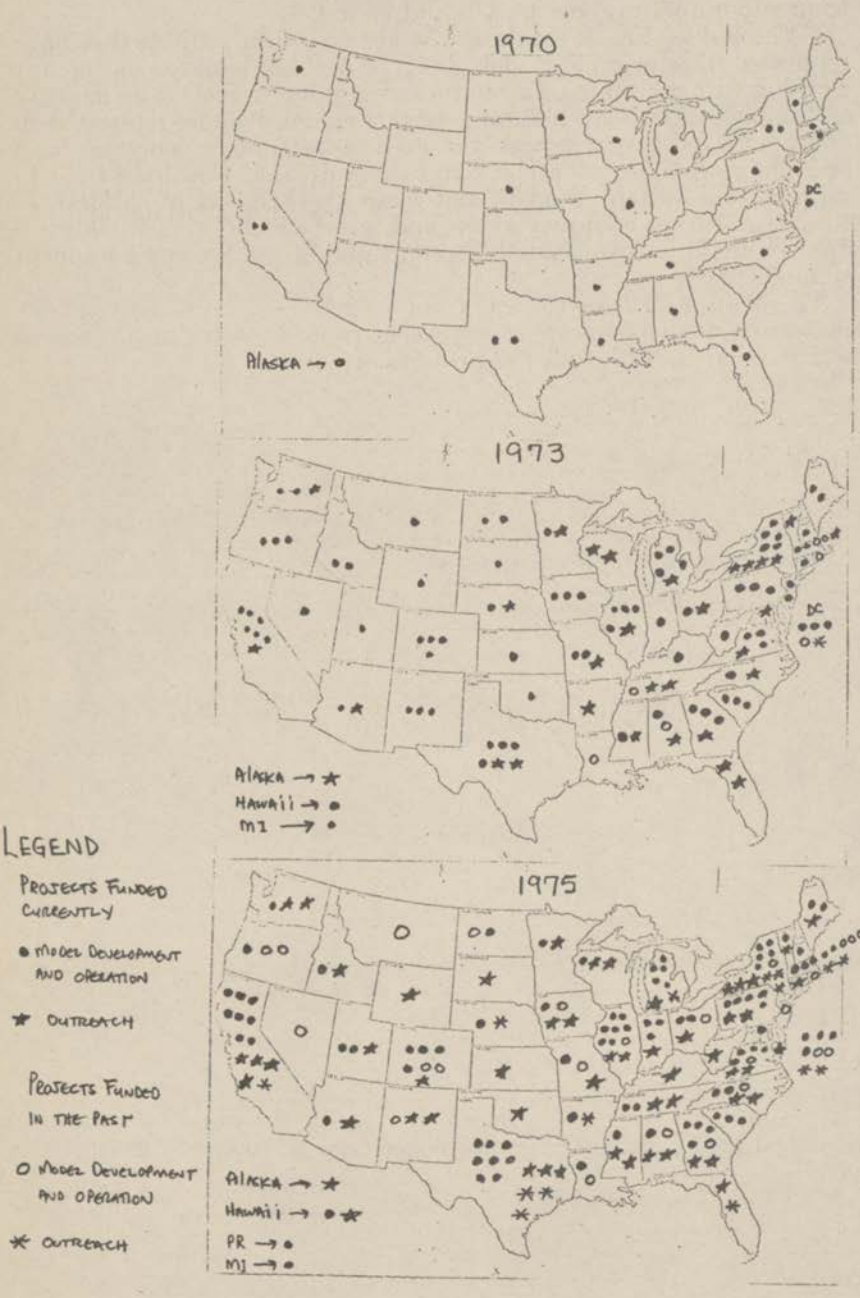
The dark line is the actual number of children that have been served in projects we fund under the early childhood program. It has grown from zero in 1971 to about 10,000 children in 1975.

The lighter line is children who are served in projects that have replicated those original models. Each project has been responsible for working with other programs in the community, in some cases in many communities. We have had some of our model projects replicated in many, many different States and even some foreign countries have been interested. So when you count those projects that have tried to replicate our Federal models, and count the numbers of children in them, you see the enormity of the multiplier effect. Up to 45,000 children are in projects we are not directly funding, but are attributable to spin-offs of our activity.

This map is difficult to read from a distance, but it gives you an indication of the geographic dispersion from the original projects to where we are in this particular project year.

EARLY CHILDHOOD
PROGRAM COVERAGE

p. 3917a



You can see that we have made an attempt and have had at least one project in every State, and most States have had more than one project.

An example of another project, a learning disability project, which typifies the multiplier kind of effect, is the Oklahoma high school project. Most of these programs have been aimed at elementary schoolchildren. But when the children grow up and go on to high school, their learning problems, in some instances if they have been severe, don't go away. So they have developed a specific program in Oklahoma utilizing specially designed materials and the approach to using them. This particular program has now been replicated in 46 States and in England. And it is serving a great number of children.

Another program is the regional vocational, adult, and postsecondary program, where we are requesting $2 million to continue nine projects designed to expand postsecondary opportunities for the handicapped.

This is one of the activities you have supported through our research program over the years, that has proven successful. Last year, actually the end of the year before, the Congress authorized the continuation of these successful demonstrations on a relatively permanent basis. The particular projects with which we have begun are in St. Paul, Minn., in New Orleans, in Washington State, and in California, where young deaf adults, people who would be going to postsecondary programs, vocational schools, community colleges, technical schools, were integrated into nonhandicapped populations. For example, our records in St. Paul show that 480 young deaf people from 32 States who have gone to the St. Paul Technical Vocational Institute, have received a full-range program, and a variety of technical and vocational subjects, with nonhandicapped people.

In Seattle we have had a similar success—about 350 youngsters matriculated through that program representing 48 States, taking courses such as architectural drawing, welding, computer management.

In the area of research and demonstration, we are requesting $11 million to support 115 projects which are targeted on expanding the knowledge we need to solve the most pressing issues in special education.

If the chairman would permit me, I would like to show you a brief 2-minute television tape which reports on one of our more interesting projects. Would it be all right with you? Can we show you this?

The project will be explained on the film. It was reviewed by the newspapers and by the network news. And we have selected one sample from it. This particular one was on the Today show. There were others on Cronkite and ABC.

[Television film shown.]

The film describes a new device which aids the blind by reading print and then speaking the words read using computer-generated speech.

Mr. Flood. That is very helpful, indeed.

Dr. Martin. From time to time, I would like to try to bring you examples of what I think we are doing that is highly applied research. You may remember some of the various materials——

Mr. Flood. I did not think anything could improve on your customary presentation, but that came pretty close.

Dr. MARTIN. Thank you, Mr. Chairman. What we are doing is field testing this machine. We will have a machine developed and put in the Perkins School for the Blind, which is a famous school for the blind and deaf-blind up in New England. We will have another one in the Boston public schools. And we will gather data on how useful these machines are, and whether they warrant additional kinds of development funds from the Federal Government.

For media and resource services, we are requesting a total of $26,750,000 to support the media services and captioned films program, the regional resource center program, and the recruitment and information program.

I know you are familiar with our television news, I have spoken with you about it before—the captioned news that is on now. That program has grown from the first 13 stations on the eastern network, to over a hundred stations nationwide now. We have had, in addition to that, a contract with the Public Broadcasting System, and they have been captioning the rebroadcasts of the Adams Chronicles, also. It is shown several times a week. The first time it is shown without captions. The second or third time it is shown with captions. We have had a fine response from deaf people who are beginning now for the first time to be able to enjoy television, and to understand the tremendous information that is presented through that medium. We will also continue our program of captioning films.

I brought along a document this morning that describes our "closer look" program, which is the program of information for parents. I am going to leave it with counsel. These are actual letters, unsolicited, that came to us. We would not want them put in the record, at least with the names of the individuals included but we have used it to demonstrate to ourselves that the program was doing well. If I could I would like to give you a notion of the kinds of things written to us. Here is a letter from Little Rock saying—

"This is a little note to let you know the information sure did help. They put Tommy in school. He is there from 9 to 2, 5 days a week, and it is a school system where there is no charge. He enjoys it. They say he is doing fair,

and so on.

Another one—

Just have received your "closer look" information packet this morning. Since the discovery of my daughter's problem a year ago I have searched high and low for answers on where to go, what to do. I am so thrilled with the type and quality of your materials I cannot wait to show other parents, doctors and teachers what the Government has to offer. In a year when tears are often close to the surface, your material brings me a sense of joy and relief that help is available.

The reason I wanted to share those with you is that I know you as Members of Congress very frequently don't get the feedback about Government programs that do mean something to people—the materials are helpful, they write back—that is all sort of lost in the general malaise of the things that do not work, and things that are not viewed as helpful.

Finally, I want to just share with you our request for $40,375,000 for continuation of special education manpower development programs. This will support universities, State education agencies and local education agencies in training special education personnel.

We expect to train 32,000 people under this program with the funds we are requesting.

Of those 32,000, about 25,000 would be short-term training, training for regular teachers to help them know more about the handicapped who are going to be mainstreamed into their classroom; training for teachers in the regular education population who are in a low employment situation, and by getting more sophisticated about special education, these people might be able to move into that market more effectively.

I would be pleased to answer any questions you might have, Mr. Chairman.

EDUCATION FOR ALL HANDICAPPED CHILDREN ACT

Mr. FLOOD. Dr. Martin, there is a brand new law for Federal aid to handicapped children. These authorization figures show a pretty steady increase, so that by 1982, it is going to be about $3 billion.

Obviously that is going to create quite a problem for you and for the committee. You will see why in a moment.

Now, the budget request for 1977 is $236.4 million. That is the same as this year.

Certainly you are not getting carried away, anyhow, by this new law. Suppose you describe how this budget conforms with the intent as expressed in the Education for All Handicapped Children Act.

Dr. MARTIN. It does that in a number of ways. The first and most important is reflected in the information I gave you about the uses of the State grant program. For example, these dollars would be used primarily to help find children, or to begin serving children in the preschool programs. And then the States and local governments will pick up the ongoing costs of those children.

The new law requires the States to have in place a comprehensive system for identifying handicapped children and for placing them.

We are funding that part of the program, helping the States to operationalize these new Child Find activities and placement activities, and then under their ongoing State support funds, the activities will be carried out.

So while we are not increasing the dollars available to the States for the provision of services, the use of the funds will be consistent with the purposes of the new act, and will be dictated by those particular provisions.

Mr. FLOOD. The new act is written in the form of entitlement, is it not?

Dr. MARTIN. Yes, sir. And the formula for distribution of these funds changes in fiscal year 1978; however, under this budget request of $110 million, each State will receive the same amount as it received under the fiscal year 1977 appropriation of $110 million. This results from what we usually call the hold-harmless provision contained in the law.

Mr. FLOOD. For the record, suppose you summarize the major changes that will be made by this new law, and indicate the fiscal year in which the changes are expected to occur. You can do that for the record.

[The information follows:]

MAJOR PROVISIONS OF PUBLIC LAW 94-142 AMENDMENTS TO EHA-B ACCORDING TO FISCAL YEAR IN WHICH BECOME EFFECTIVE

Major provision	Fiscal year 1977	Fiscal year 1978	Fiscal year 1979	Fiscal year 1980	Fiscal year 1981	Fiscal year 1982 (and hereafter)
Funding formula: Number of handicapped served multiplied by specified percent of U.S. per pupil cost.	$8.75 times number of all children aged 3-21.	5 percent of U.S. average pupil cost.	10 percent of U.S. average pupil cost.	20 percent of U.S. average pupil cost.	30 percent of average U.S. pupil cost.	40 percent of average U.S. per pupil cost.
"Pass through" to local education agencies.	No pass through—LEA's compete.	50 percent of each State allotment.	75 percent of each State allotment.	Same as 1979.....	Same as 1979.....	Same as 1979.
Free, appropriate education available to all handicapped.	Each State sets own date...	Ages 3-18 if not inconsistent with State law or practice for ages 3-5 (September 1978).	Same as 1978.....	Ages 3-21 if not inconsistent with State law or practice for ages 3-5 and 18-21 (September 1980).	Same as 1980.....	Same.

Mr. MILLER. Mr. Chairman, I think the record needs to show that the policy on which the budget is based would be to fold the handicapped programs into the block grant, and that would have the effect of repealing S. 6. So really the budget posture is a totally different one from the provisions of the current legislation.

Dr. MARTIN. That has a lot of impact, too, on the amounts of money that might be available to the States, because under the block-grant provision, local communities could redirect the funds they are now using in title I ESEA to purposes of the handicapped and that judgment would be left up to them.

CHILD COUNT

Mr. FLOOD. Well, now, I was asked this question not long ago. How many handicapped children, between the ages of 3 and 18, are there in the country?

Dr. MARTIN. There are about 6 million between the ages of 3 and 18. We sometimes use higher figures because sometimes people ask us between 0 and 21.

Mr. FLOOD. I did pretty well. I said almost what you said.

Dr. MARTIN. That is about right; 6 million to 7 million. It may be declining slightly because the school age population is declining.

Mr. FLOOD. How many of these children will not be receiving the educational services for fiscal year 1977?

Dr. MARTIN. Our estimates are a little bit over 2 million. This is pretty much an estimate because we have not actually started counting the youngsters yet, as required under the new law.

MEETING GOAL OF LEGISLATION

Mr. FLOOD. This new legislation expects a free appropriate public education to be provided each handicapped child by September of 1978. Now, I don't think you are going to achieve that, are you?

Dr. MARTIN. That is one of those questions I have to answer.

Mr. FLOOD. That is why I asked it.

Dr. MARTIN. I am afraid that some States——

Mr. FLOOD. They ask me—like the other one there.

Dr. MARTIN. I think some States will have difficulty meeting that date. I think others will meet it.

There are some that are close. But there is a long way to go in some areas of the country.

Mr. FLOOD. What can be done to achieve that goal?

Dr. MARTIN. I think there are a number of things. I think the Federal Government will have a role.

I think the State and local governments have a role in this. Part of what I mentioned in response to Mr. Miller's comment is that the proposal that the administration is presenting provides a large sum of money now involved in other programs, and it provides that three-quarters of that had to be spent for disadvantaged and handicapped children. They then in turn pass it on to a local district, and the local district can use as much or as little of that as they choose on each of those populations. So it would give them some more resources to call on if they chose to redirect funds. But it would be moving funds from the disadvantaged to the handicapped.

Mr. FLOOD. "Free appropriate public education." Now, what is your definition of free appropriate public education?

Dr. MARTIN. Well, free—I have a simple-minded definition. It means that it doesn't cost the parents any sums above those that they are paying through their school taxes and other taxes, so there are no supplemental tuition payments they have to make. We have a situation now which is difficult in that regard.

Some school districts have not been able to provide a public education for the youngster, and they have had to say to parents, "You must get this at a private school, we simply cannot help you."

And then they have gone on to say to them, "However, we won't subsidize the full costs."

Mr. FLOOD. What about something in the form of a definition?

Dr. MARTIN. Well, "free," I think, we will define as providing a public education——

Mr. FLOOD. "Free appropriate."

Dr. MARTIN. The "appropriate" gets into the fact that this public education must be designed specifically for this youngster. There must be an individual plan drawn for each youngster, saying what the goals and objectives should be in his or her educational program, and it must also meet the prevailing standards of what an appropriate education might be. Now, those prevailing standards, we are going to have to regulate, I think the way we will do it is to say to a State, "You tell us how you can assure us that the education that you offer to Johnny or Mary meets your State standards, as appropriate, and is comparable with the education you offer other children."

Mr. FLOOD. That makes me ask you the next question again. What is your estimate of how many children are currently receiving the free appropriate education.

Dr. MARTIN. I think about 4.5 million, maybe a little bit over that, as of fiscal year 1975.

Mr. FLOOD. Now, you are asking for $110 million in advance appropriations for the State grants for fiscal year 1978. That is the same amount as the previous year. Take a look at page 122 of your justifications.

It appears that 19,000 more children will be served. That is a pretty good trick, if you can do it. You have not even allowed for inflation. What about that?

Dr. MARTIN. We have better estimators this year.

Mr. FLOOD. What are you going to use for money—cigar store coupons or what?

How are you going to do that?

Dr. MARTIN. The reason that particular figure is in there, and it is an estimate, is because each year the States have been stretching these funds a little further. They have been spending less on actual support of classes, and more on these child find and identification systems. Once a child-find system is installed, and they begin finding the children, for example, through radio announcements and public health nurses, the States can find more children on an increased efficiency basis. And really that is the basis for our higher estimate. The difference between 406,000 and 425,000 is obviously a soft estimate. But our

feeling is that once the child-find systems are in place and have a full year of operation, we will be finding children at a higher rate than last year for about the same cost.

UNSERVED AND UNDERSERVED

Mr. FLOOD. Well, one of your program objectives is the initiation of programs to serve the unserved and the underserved. That is the severely and multiple handicapped.

How can this goal possibly be achieved without an increase in funding? We understand that many of these severely and multiple handicapped children are not served because of the great additional cost involved.

Dr. MARTIN. It will cost more money. There is no question about it. And the question is from what local level will it come?

Mr. FLOOD. It will cost more money—that is it, is it not?

Dr. MARTIN. Yes. But the Federal Government—there are two answers, in fairness. Under the present assumptions, we were not bargaining to do that. Under the new block grant assumptions, the administration is more willing to see Federal funds go for those purposes, but under that arrangement.

EXCESS COSTS

Mr. FLOOD. Now, this new legislation restricts the use of the Federal funds to the excess cost of educating the handicapped child.

Dr. MARTIN. Yes.

Mr. FLOOD. All right. What is your estimate of the average excess cost of education for handicapped children?

Dr. MARTIN. It would run about $1,200, with the average per pupil costs for nonhandicapped children being about the same. Our estimate is essentially a doubling of the costs for the nonhandicapped child.

Mr. FLOOD. Does that excess cost vary from State to State?

Dr. MARTIN. Oh, yes. It varies from child to child, and from district to district.

Mr. FLOOD. From State to State.

Dr. MARTIN. Yes, and from State to State.

IMPLEMENTATION GUIDELINES

Mr. FLOOD. Now, you provided the States or the localities, too, with any guidelines about how to identify the handicapped children?

Dr. MARTIN. You have hit on what our major and most complicated mission is going to be, and the thing that gives me the most apprehension.

Mr. FLOOD. That is what I am here for.

Dr. MARTIN. In order to do the things you have just charted in that series of questions, we have to come up with definitions of handicapped children that might be both flexible enough to meet interstate needs and also specific enough to allow us to give money out on them. We have to help school districts develop systems for doing this identification in a fair and equitable way, so that some States do it more permissively than others.

We have to go out and help people understand the whole nature of this business of excess costs, and how the funds can be spent. And there is an enormous logistical job—the Commissioner and I are somewhat overwhelmed with the responsibility we have, because this money will eventually target through to the 16,000 school districts, and we cannot have a situation where the GAO goes into some community and says, "They do not have any idea of what all this is about—they are not counting the kids right; you have not really gotten the information down to them."

So think we have a large-scale job of trying to get to people, and to teach them and to work with them, and to help set this thing in place between now and 1978.

Mr. FLOOD. Don't these States use different definitions of a child who is emotionally disturbed, for example?

Dr. MARTIN. Yes, they are different. There is no single test you give a youngster, and if he gets a score on it you say he is or is not emotionally disturbed. But most of the kinds of definitions we are going to be developing are what you would call in our jargon an operational definition. That is, you look at how the child behaves in the classroom: Can he do the work? Can he follow the instruction? Is he always fighting with the other children? Is he up and around? Does he respond to the normal regime of the schools? And if he cannot do any of those things, and you have to get into working with him in a small class and using supplemental materials, and perhaps having psychological help, then that would be the sort of information that would go into an operational definition of, for example, emotional disturbance for special education purposes.

IMPOSED DEFINITIONS

Mr. FLOOD. Well, that makes me ask you this:

Can the Federal Government impose a definition of handicapped on the State?

Dr. MARTIN. Well, our approach to this is going to be to try and—that question I will try and answer in a few words.

Mr. FLOOD. I don't think it can be answered. But you can take a shot at it.

Dr. BELL. He is not saying yes or no.

Mr. FLOOD. I am sure of that. I have known Dr. Martin a long time.

Dr. MARTIN. The answer is yes, but the question is will it work, and is it a good idea. That is a different question.

Mr. FLOOD. However — comma.

Dr. MARTIN. Yes. And I think we have got to try and set up some standards for the States to use, so that you can be protected against the idea that the States are cavalierly over-identifying children as handicapped for Federal entitlement purposes. We also do not want that to happen to the children because their own rights as citizens should be protected. At the same time, unless we have some teeth in our standards, there will be no way to assure equity.

Kentucky may be counting them differently than Wisconsin, and the result of that is an inequitable distribution of the funds. We are kind of caught between a rock and a hard place as they say, and we

have got to do some sophisticated standard setting and be assured that the States do it. But I do not want, in all honesty, Mr. Flood, and I never felt it would be a good idea, to have a single Federal standard as to what a retarded child was or a blind child or emotionally disturbed child.

DEAF-BLIND

Mr. FLOOD. Your budget shows an entirely separate program for the deaf-blind children. But you also show the deaf-blind children over in the severely handicapped program. What is the relationship between those two?

Dr. MARTIN. Well, we are not treating the children under both programs, but in counting up the total population of severely handicapped children for our planning purposes, we include them.

The deaf-blind children ——

Mr. FLOOD. Are you referring to the same deaf-blind?

Dr. MARTIN. No, we are not crossing that border. Wait a moment now. I may have answered your question inappropriately.

The sum of the severely handicapped children does not include a double count of deaf-blind children. We are not counting them once and then again. We also have sorted the programs, so that the deaf-blind are a very unique population, and we treat them uniquely in this bill, and under the proposed legislation we would continue to do it.

Mr. FLOOD. How do those children differ?

Dr. MARTIN. They differ by the nature of their disorder.

Mr. FLOOD. By the nature of what?

Dr. MARTIN. It is a unique disorder, vision and hearing, tremendously complicated. We have set up regional programs, 10 in the country, that coordinate the activities, because in some States—I mentioned Alaska to you, earlier—some of the services they might need are best provided out of the Seattle area for highly specialized services, that it would not make sense to set up in every State. So those deaf-blind children we are trying to place on a classroom-by-classroom basis. We have the objective, and you have helped us with that objective, of reaching every single one of them in a cooperative program with the State.

Mr. Early was asking about that the other day—Massachusetts is doing their part.

Now putting those aside, our mission in the severely handicapped program is not so comprehensive. We are not trying to reach all of the severely handicapped children through this program. This is a model program. Here we are dealing with establishing new models for the States to use, but we are not going to try to enroll all of the children in our model programs.

Mr. FLOOD. Are all the deaf-blind children being served?

Dr. MARTIN. 4,500 out of 5,000 are being served now.

Mr. FLOOD. Is that good?

Dr. MARTIN. Well, we started with less than 100 in the country, and now we have 4,500. It is not perfect, obviously.

Mr. FLOOD. Why not?

Dr. MARTIN. Because we are getting there gradually. The States are doing it. There are high costs involved.

69-745 (Pt. 5) O - 76 - 23

SEVERELY HANDICAPPED

Mr. FLOOD. What, if any, is the relationship between the $3.25 million program for the severely handicapped, and then this part B State assistance which also deals with the severely handicapped.

Dr. MARTIN. The relationship is this: When the State has a new mission, new mandate—court order, State order, Federal order—to serve all the children, among the children are some very severely handicapped children—let's say autistic children, profoundly retarded children, children who have been in institutions. The local school district says, "We are willing to do this, but we do not know how."

They turn to us and say, "Can you help us with some seed money to set up some programs dealing with these children?"

That is what the $3¼ million does. It sets up a very small number—a dozen, fifteen—of these model projects. Then those, in turn, provide the fodder for the States to use in setting up more of the same programs. But part of the problem we have had here is not just, well, we are ready to do it and we have the money, but what to do.

I think the severely handicapped project is a limited duration model program.

Mr. FLOOD. How does this separate program for the severely handicapped help the States and the localities provide for this free appropriate public education, guaranteed now to all handicapped children?

Dr. MARTIN. It helps them by establishing effective ways of providing an appropriate education to the severely handicapped.

The States and the local agencies are related to every one of these projects. In other words, we do not approve a project unless the State and the local education agency has said, yes, they want to work cooperatively on this project, learn from it, and use it as a model for their mission of serving every child. In other words, we don't want to just have them in a classroom somewhere. We have got to be able to be sure that the local community knows what to do.

Well, model projects have been extremely effective at developing procedures which then can be used by other programs in the State.

Mr. FLOOD. According to your justification, there are 1,405,964 severely handicapped children.

Dr. MARTIN. Yes.

Mr. FLOOD. And only 352,142 are receiving some services. All right. Now, if that is the case, how can the other 1,053,822 children be given access to the services?

Dr. MARTIN. OK. They are going to have to get that from the States' compliance with the full services objective of the new law.

The role of these model projects will be to help the States put effective programs in place. But you are quite right in saying we are not going to pay for all of those children to get into schools either under this $3¼ million or for that matter under $110 million in State assistance.

PUBLIC LAW 94-142—LEARNING DISABLED

Mr. FLOOD. This new formula for grants to the States takes effect in 1978. And that contains restrictions on the number of the learning disabled handicapped children that can be counted for entitlement purposes. This restriction will remain effective until the commissioner of education prescribes regulations which will identify the specific

learning disabled children, and the diagnosis and the treatment for the individual needs.

Do you think that the special program for specific learning disabled children, could be useful in establishment of an identification criterion to diagnose the specific learning disabilities?

Dr. MARTIN. Absolutely. In fact, it has as its first mission——

Mr. FLOOD. A yardstick?

Dr MARTIN. Well, it actually has as its first mission something similar to what we talked about with the severely handicapped. It is supposed to be developing new models for how to work with these youngsters, and setting in place State plans for doing that, and State programs.

But the experience of those model projects, and the numbers of children in them provide us with a population that we can examine to see how the children have been defined and what criteria were used. So it is very much a part of our strategy for meeting this.

Mr. FLOOD. All right. Then why in the world are you planning to decrease the funding for the program in 1977?

Dr. MARTIN. I do not believe we are literally planning to do that. I believe we are asking for the same amount. I think where you may be seeing a decrease, and this will appear a few times in the budget, is you remember——

Mr. FLOOD. Take a look at page 128.

Dr. MARTIN. I have it.

Mr. FLOOD. You see what I mean there. Special population programs, B, obligations—minus $500,000.

Dr. MARTIN. We obligated $500,000 more than you appropriated because there was some money in a court suit that had been holding fire for a couple of years. The funds were finally released last year. And so—I will go back over that story if you want. There was $12.5 million being held in a district court in Texas, waiting for a ruling as to what the appropriate use of the funds should be. And the court released the $12.5 million as project grant moneys. And, so you will find in a number of places here, that results in our having available a sum greater than the appropriation. And this is our 1 year use of those released funds. Those are the funds this committee in fact reappropriated for us after that end-of-the-year contract mistake several years ago.

Mr. FLOOD. New awards?

Dr. MARTIN. Yes. The appropriation of $5 million which the committee presented last year is the same amount we are asking for this year.

EARLY CHILDHOOD EDUCATION

Mr. FLOOD. What do you see as the relationship between the special population programs in early childhood education, and the new State incentive grant for preschool education?

Dr. MARTIN. All right.

Let me talk with you about all of these programs from this point of view. Suppose all of the children were in school right now—that is, all the handicapped children were in school. The next thing that the parents would be saying to you, or the teachers would be saying to you, or I would be saying to you is, "OK, we have got them all in

school, but we are certainly not maximally efficient in how we educate these children." It is similar to the question Mr. Natcher was asking the other day, as to whether the children are learning as much now as they used to, or less? Just because they are all in school does not solve the problem.

My feeling is that a legitimate role for the Federal Government is to continue to support, through relatively small amounts of money, this kind of model development, applied research, the development of new standards, the development of new methods.

The special population programs do that, and I think should continue to do that, over the foreseeable future, but perhaps in smaller sums of money as the State plan and other aid grows.

Mr. FLOOD. The new State incentive grant for the preschool.

Dr. MARTIN. The State incentive grant, if it were funded, would provide to the State a sum up to $300 a youngster for those children who were of preschool age that were enrolled in programs.

So that if Pennsylvania had 1,000 youngsters of preschool age enrolled, they could add to their entitlement an extra $300 per child. They would get an entitlement first for the youngster, and then get a second entitlement because of the preschool incentive. And the purpose of the amendment was to in a sense double count the preschool children to be an incentive for getting them in the program. But it would not develop new models. It would not explore how to reach out into the rural Wisconsin area, like Portage, Wis., and go to the homes to help parents and do those kinds of things being done under the model preschool program. There is a difference between expanding our knowledge base and increasing service delivery.

Mr. FLOOD. Mr. Natcher?

PERSONNEL NEEDS

Mr. NATCHER. Dr. Martin, how many special education personnel are needed in the country today?

Dr. MARTIN. Our estimate is approximately a quarter of a million, Mr. Natcher.

Mr. NATCHER. What are you doing to increase the supply—what if anything, Doctor?

Dr. MARTIN. We are doing, I think, a considerable amount. The approximately $40 million requested in the budget will be awarded to all the people who train personnel—school systems, State school agencies for summer institutes, in-service training workshops, and colleges and universities. This program has built the capacity to train people in this country.

When this Federal program started, there were perhaps 20 or 30 special education programs in the country. This year we are dealing with more than 300, and they are all beginning to turn out teachers on an increasing basis. The general trend is toward increased enrollments in special education.

A good deal of this growth is the result of really putting special education training programs on the map with this Federal subsidy.

Mr. NATCHER. At the present rate of Federal support, when do you expect the supply to catch up with the demand?

Dr. MARTIN. Well, we are making some headway on that. There are a lot of imponderables. Our feeling is that within the next 5 to 10 years, we will probably be in place with that. The reason I am using a lot of cautious words here is because there are other economic factors that may influence this. For example, some colleges and universities are not getting the support they got before from their legislatures. Some departments are starting to limit enrollment, because they simply cannot add the additional faculty to teach the people.

My crystal ball is a little muddier than someone's I know.

AMERICAN PRINTING HOUSE FOR THE BLIND

Mr. NATCHER. Mr. Chairman, I know later on during the hearings we will take up the American Printing House for the Blind request. But since Dr. Bell is present, and I have a letter from Mr. Davis in regard to an amount that is not in their budget request, I want to read a part of this letter, Mr. Chairman.

> For the past several years the Printing House has been fortunate in securing Federal grants through the U.S. Office of Education for research and development which has made it possible for us to develop and distribute many new educational aids and materials for blind children under the Federal act to promote the education of the blind. Initially under the Federal grant programs the Printing House could prepare proposals that would meet our needs to enrich the educational programs for the blind under the act.

Dr. Bell, I know you know about this. This is an amount, I believe, of $250,000.

Dr. BELL. Yes.

Mr. NATCHER. What about this, Dr. Bell? This, I believe, was omitted this time.

Dr. BELL. Yes; it was.

I would like to call on Charlie Miller.

Mr. NATCHER. Go ahead, Mr. Miller.

Mr. MILLER. Mr. Natcher, I would not describe it as being omitted. We have never had in the budget for the American Printing House for the Blind a separate line item for research. We have said to the American Printing House for the Blind, for that kind of work you have to compete with all other educational institutions in the country for Office of Education funds.

Mr. Davis has felt that that process is too slow, and he would prefer a direct Federal appropriation. We have disagreed with him on that.

PAST AWARDS TO APHB

Mr. NATCHER. Let me ask you this: In the past, up until this budget request that is before the committee, have you awarded grants to the American Printing House for the Blind?

Dr. MARTIN. Yes.

Mr. NATCHER. In what amounts?

Dr. MARTIN. The most recent one, on an annual basis, to run a special dissemination program for us, runs around $300,000 a year. The exact amount of the last award is $276,844.

Mr. NATCHER. In the neighborhood of this $250,000?

Dr. MARTIN. Yes. More than that. And we have also had other research projects as well that have gone to the staff there for the

development of new methodologies and technologies. They run for us what we call special offices that are targeted to materials development and dissemination. We have one special office on the deaf. We have one on the blind.

And we have one on all handicapped in general. And the one on the blind has been run by the American Printing House. We have also had some intermittent research. I cannot think of any year—I will ask Dr. Mueller—that we have not had a program down there.

Dr. MUELLER. In research and development, they have averaged from two to three particular projects active at any given time, with an average annual cost probably in the area of $150,000 to $250,000.

Dr. MARTIN. Then this other material I am talking about is a dissemination and outreach kind of activity, above those costs just mentioned for research.

Mr. NATCHER. Mr. Miller, why do you put the American Printing House for the Blind on a competing basis in this regard? Isn't this about the only facility in the country that has carried this type of a program all down through the years from shortly after the Civil War?

Dr. MARTIN. It is a unique facility in all the world in regard to what it does to supply materials.

But the R. & D. component of it is not so unique. There are other people who are researchers in the area of blindnes and vision impairments. They have been good enough to keep winning awards virtually every year, maintaining two or three at the same time. I think probably what it amounts to is what Mr. Miller said—I have not spoken with Dr. Davis myself about it. I expect he feels if he had a small pot of research money it would save him a lot of application writing and competing. And I can certainly understand his feeling on that. Our feeling is that it is there, and they do have a good record, and this allows the Government to review these research proposals and so forth. And so it is a case of alternate ways of looking at the situation.

Mr. NATCHER. At this point in the record, if you would, please, Mr. Miller, or Dr. Martin, place a statement concerning the amounts that have been used by the American Printing House for the Blind for research purposes, along the lines of the $250,000.

Dr. MARTIN. We would be pleased to. We can do that. We will do it over the last 4 or 5 years.

Mr. NATCHER. Yes; last 5 years.

[The information follows:]

Funding for American Printing House for the Blind

Fiscal year:	
1975	$397,559.00
1974	330,879.00
1973	296,541.00
1972	209,300.00
1971	199,116.34

Mr. NATCHER. Now, when they do appear—they will come in, and my chairman and I will interrogate them in regard to their budget request. Assuming that the committee wanted to increase this, where would this amount be—in their budget request for the American Printing House for the Blind?

Dr. MARTIN. I believe that is what they would prefer.

Mr. NATCHER. Where has it been before?

Is that the procedure up to this time?

Dr. MARTIN. They have a set formula that the Congress has written for these many years to get their basic service money. And that comes through every year automatically. There is an automatic kind of character to it.

The Department goes along with it. They are asking for discretionary money above that. And I would imagine that the committee could put any money of that kind wherever they wanted. They could simply specify that it was for those purposes. Administratively you might have to decide how you would like to have it done. Whether it would just be a sort of a check writing operation.

Mr. MILLER. I would agree. If the committee wants to make certain they get a specified amount of money each year for R. & D., it would be placed in their budget. We do not recommend that. But that would be the way to do it.

Mr. NATCHER. In their budget.

Mr. MILLER. Yes.

Mr. NATCHER. All right.

Dr. MARTIN. The alternative proposal would be to specify an amount, but to say that you would like it administered through the larger effort. I will give you an example of that. Last year the committee specified they would like to see a quarter of a million dollars go for the Recordings for the Blind program. We administer that, and we have a contract with Recording for the Blind for that money. And so there are mechanisms you could use, and we could offer you counsel at the apropriate time, if you would like.

Mr. NATCHER. Thank you.

Dr. Martin, would you agree with me as to the benefits to be derived from the American Printing House for the Blind services all down through the years?

Hasn't this been a wonderful facility, long before all the rest of them started?

Dr. MARTIN. Oh, yes. They and Gallaudet were the first programs that the Federal Government ever got into in the handicaped area, back in the late 1800's.

Mr. NATCHER. I know my friend Charlie Miller and he is hard to get money out of.

Dr. BELL. He really is stingy, Mr. Natcher.

Mr. NATCHER. That is what I was thinking.

Dr. MARTIN. He won't even buy lunch.

Mr. NATCHER. $250,000, this is not an exorbitant amount of money.

Mr. MILLER. I don't think the issue is money, Mr. Natcher. I think that you will find when Mr. Davis testifies he will indicate that he gets sufficient money. It is a question of timing and getting the cash at a time when he can count on it, and he thinks it would be a lot simpler if he got it through a direct Federal appropriation.

Dr. MARTIN. I think the reason—and it is really important—is the basic service grant to the printing house has gone through every year unmolested.

What we are really dealing with here is whether you want to, in a sense, start funding research without the checks and balances of the Federal review system, and you want to authorize the Printing House in good faith to conduct the research that they feel is most important. And that is really the issue.

Mr. NATCHER. Thank you, Mr. Chairman.
Mr. FLOOD. Mr. Michel?

MAINSTREAMING

Mr. MICHEL. Thank you, Mr. Chairman.

Dr. Martin, is it the basic goal of Federal policy to assimilate the handicapped into regular classrooms, to be taught right along with nonhandicapped children?

Dr. MARTIN. The Congress has written into the new education for all handicapped children bill, a stipulation that handicapped children should be educated with nonhandicapped children wherever that is appropriate. The premise is that in the past certain handicapped children have sometimes been assigned to separate settings for the wrong reasons, either for administrative convenience, or because of societal prejudice against them.

And so the bill now sort of puts the burden in the other direction, saying each youngster should be educated to the fullest extent possible in the regular situation, with nonhandicapped children, but allows for a local judgment to be made on an individual child that says, well, that is not appropriate for this child, and our feeling is he should be in a special school, class, et cetera.

Mr. MICHEL. Does that increase the cost one way or the other? In other words, if we were to attempt to educate handicapped along with the nonhandicapped in the same setting, does that save us money, or does it cost us more in that setting?

Dr. MARTIN. Well, that is a question that a lot of people are starting to learn about the hard way. I think there were a lot of people who felt as though this would be an inexpensive alternative to the special programs. Our experience so far has been that is not so.

If you are going to run a good quality program, that is not going to dump the youngster back into the regular class, you are going to have to provide him with the intense specialized instruction that he requires. We do not think whether he is sitting in a special class with 6 other handicapped children or whether he is in a class with 30 nonhandicapped children is going to make that much difference in the energy and the personnel intensity that are going to be required. And I think we are going to have some data. We have been studying some of this—in Texas we already have some informal impressions. But we do not think it is any cheaper to do it one way or the other, and it may turn out to be more costly, because what is going to happen, I think, is that it is going to require some changes right now, and that change will have some one-time costs. If a school system is operating solely on a self-contained or segregated basis, they are going to have to stop doing that, probably, or they are going to have parent groups saying they are not in compliance with the Federal statute.

And so there will be some shifting costs. We are having that problem right now in a sense, Mr. Flood, in Pennsylvania. We have had the parents complaining about the fact that the State wants to build portable classrooms on the grounds of the State schools rather than building the classrooms in the local community. And we have had literally hundreds of hours of discussions, letterwriting, and negotiations. This is an example of one of the reasons why this bill is going to frankly overwhelm our current staff—we are not going to be able to respond if we do not gear up for it with additional staff.

Mr. MICHEL. What is the psychological effect upon a child if he or she is the only one handicapped in a class? Does that adversely affect that particular child?

Dr. MARTIN. There is no real scientific data on that. When special class programs began, there was the feeling among teachers that special class programs would be most beneficial for just this aspect of the problem, that the children would tend to be out of the situation where they might be rejected or called names, et cetera.

There has been some research that suggested in fact that if there were gains for the children in special class programs it was in this dimension, but not necessarily doing better academically.

That is why we really are feeling as though we have to relate the research program efforts to the whole question of measuring this mainstream phenomena, and the money we are asking you to appropriate will target more on what is the impact on these children? Do they in fact do better? What is the psychological impact among the other variables?

Dr. BELL. If our purpose, which it should be, is to get the children to function in society as normally as possible, the more they can learn to do that in the regular school environment, the better their functioning will be. This is an argument which favors mainstreaming. But it works only if you don't shunt them aside and not meet their needs in the regular classroom.

Dr. MARTIN. This gets back to one of the earlier questions the chairman asked about the impact on the schools. Society hasn't had a lot of experience dealing with the handicapped, and the handicapped will tell you they feel discriminated against in a number of ways—in employment, housing, schooling, and so forth.

Some messages come to me, that you just can't take handicapped kids and put them back into a regular classroom without offering that teacher some understanding of the youngsters' learning problems.

We are exploring the development of some materials right now, which would be used in the classroom to talk about handicapped youngsters and to help get past these feelings of strangeness. I think the problem will have to be faced very directly. Gradually it will become a natural process but already it scares to some extent some persons who happen to meet the handicapped for the first time.

PROGRAM GROWTH

Mr. MICHEL. Last year I think the hearing record shows the States were spending in the neighborhood of $3 billion for the education of the handicapped.

Dr. MARTIN. Yes.

Mr. MICHEL. Is that an accurate figure? Has it increased or decreased?

Dr. MARTIN. It is undoubtedly going up because the enrollment in special education is going up as a result of this whole phenomenon that we have been talking about in the last few years.

Our best estimate for 1975 was about 4.4 million children. That will translate out to probably $4.5 billion.

Mr. MICHEL. This might be an appropriate place to ask. We have a growth in population, but is that percentage of handicapped children increasing at the same degree the population is increasing? Is the

curve showing an increase or is it only finally a recognition on our part that we do have young people that are handicapped and that special emphasis and focus has to be directed in their area?

Dr. MARTIN. The latter it seems, Mr. Michel, although we don't have scientific data. We are going to be required under the law to collect quite a lot of data that will allow me to talk more intelligently on this.

Mr. MICHEL. Are we changing our definition as to what a handicapped child is today as distinguished from 10 years ago?

Dr. MARTIN. In a few areas, we are. One was raised in our discussion with the Chairman concerning learning disabilities. We didn't know whether there was a group of children that had that problem or not. We used to see kids who weren't doing very well in school, who had normal intelligence, and didn't seem to have any other handicaps but had baffling problems with spelling or reading—seemed to get things backward. This whole kind of syndrome that has emerged has been termed "learning disabilities."

This is a group that really was there all along. Most of the other conditions hold relatively stable, but we are starting to understand more about them. For example, we used to think all retardation was the same thing but now we know a great deal of it seems to be environmentally based, to grow out of the background of the youngster, how much opportunity he has had, et cetera.

There is, of course, an organic cause for some types of retardation which is quite separate from environmental factors.

The nature of our understanding of these disorders is changing, the more we learn about them. And this may change the number of children counted as being handicapped. Obviously, there are conditions where advances in medical treatment have reduced the handicapped populations, such as, in the treatment and prevention of polio. However, the reverse is also true. Medical advances have also allowed more severely damaged children to survive, whereas once they would not have.

Mr. MICHEL. That $4.5 billion you cite, does it include local expenditures?

Dr. MARTIN. Yes; that is the whole gamut of funding. It is based on a variety of studies. We found the costs to be about twice the normal costs, and normal costs for that many children would run around the number I gave you.

TREATMENT OF THE HANDICAPPED

Mr. MICHEL. I think you did respond to one of the chairman's questions with respect to the wide variations between the States in the treatment of handicapped children. How does my own State stack up?

Dr. MARTIN. In terms of numbers of children served?

Mr. MICHEL. Yes; and against what is being done nationally.

Dr. MARTIN. Illinois has had a good record in education for the handicapped over the years. Among other things, at one time in the fifties the State university used to have the outstanding program in the country in training. That helped a great deal. There was a lot of leadership that was available in that area, so that your law was in place, relatively early.

Several years ago you had a law, for example, mandating services to preschool youngsters. So the statute is there. The implementation is questionable. In fact, one of the things we are concerned about is there was a cut in State expenditures which was causing I think almost a three-quarters of a million dollars cut in Peoria alone for special education. Some local officials visited me this week, and weren't sure that the cuts wouldn't give us a Federal supplant versus supplement problem. We are exploring that right now.

LEVEL OF FUNDING

Mr. MICHEL. Funds are also being allocated under title I and in support and innovation programs for the handicapped. What is the amount included in the 1977 budget that you know of for all programs having to bear upon the problem of the handicapped?

Dr. MARTIN. We have $236 million in this request before you. In addition, approximately $100 million will be added from title I. That depends on how many institutionalized children we have in title I eligibility.

Mr. MICHEL. One hundred million.

Dr. MARTIN. That is approximate. It is for institutionalized handicapped children, the deaf, retarded, and others.

That is a particular way that law was written that takes the money for institutionalized children from the title I pot.

Under the ESEA title IV consolidation program, which included ESEA–III and so forth, there is a leftover provision from title III. When the State chooses how much money it is going to spend for the title III activities, now under title IV, 15 percent of those title III activities should be for the handicapped.

In the past that has run up as high as $18 million or so. I am not sure how much it will be. We estimate it will be less because the States don't have to spend the exact amount of money on title III that they did in the past, and the whole thing has two or three curves in the road, so we may not be able to track this 15 percent as precisely as we used to. But I would say it wouldn't be any more than the $18 million.

Those are the areas. So we could say it would be $118 million plus the $236 million; $350 million is the figure I usually use.

PROGRAM DUPLICATION

Mr. MICHEL. Is there duplication of effort in these programs?

Dr. MARTIN. Not in the sense the handicapped is being included twice. Many of the programs in title III become institutionalized in a sense that they become supported under the State law or in some instances even under part B later; but I don't know of any instances when they are getting duplicate money from the Government, and we have never had an audit complaint of that kind.

CONSOLIDATION

Mr. MICHEL. Would it be to our advantage to have all the programs for handicapped under one roof?

Dr. MARTIN. We are certainly suggesting that—you mean all the State plan programs?

Mr. MICHEL. Yes.

Dr. MARTIN. The administration is suggesting in the bill before the Congress now, that there be a block grant that goes to the State. I think there should be the kinds of discretionary activities we talked about earlier in addition to State-funded programs.

CHILD COUNT

Mr. MICHEL. Let me get this figure straight with respect to the number of handicapped children and those being served under the programs. Do we consider there are 6 million handicapped children?

Dr. MARTIN. Of school age.

Mr. MICHEL. Of school age; and that we are serving?

Dr. BELL. Up to age 21.

Dr. MARTIN. There are approximately 50 million children of school age, and about 12-percent handicapped.

When you start getting up to 21, you get more. About 7.8 million children in all.

Mr. MICHEL. What is that overall percentage in a country like England, for example—is that comparable—or any European country?

Dr. MARTIN. I think it is. I don't like to give you casual information here.

Mr. MICHEL. You don't have any specific statistics?

Dr. MARTIN. The numbers are not that different. The only country that is substantially different is the Soviet Union, and they report only 1 percent handicapped in the Soviet Union.

Mr. MICHEL. A lot of things don't get reported there.

Dr. BELL. They may not take cognizance of such things as being emotionally disturbed in the Soviet Union, or the learning disabled.

ARCHITECTURAL BARRIERS

Mr. MICHEL. Dr. Martin, if we were to fund the removal of architectural barriers valuation and incentives programs that are available, what would be the amount based on your budget level?

Dr. MARTIN. I can't answer that question, Mr. Michel, because the budget level of $110 million does not include in it any request for architectural barriers or for the incentive grants. With the incentive grants I don't know how many children there are in that 3 to 5 age range because we are just in the process of writing the definition and working with the States, and between the time that the money is appropriated and it is distributed we will have that count, but we are not planning to fund the incentive grant program.

As far as the architectural barriers, the authority is very broad. It simply says the Commissioner is authorized to make grants to local districts and others for costs of modifying school buildings so they will be accessible to the handicapped.

Mr. FLOOD. Will the gentleman yield just a minute?

Mr. MICHEL. Yes.

Mr. FLOOD. I think we might make a point here on that question of conditions in the Soviet Union. I think the rehabilitation people might be in a little better position to answer that question.

Dr. MARTIN. I have been over there.

Mr. FLOOD. Many people have.

Dr. MARTIN. In fact, they do have much more international work, as you know.

Dr. BELL. I think the architectural barrier in the bill is going to cost a lot of money.

Mr. MICHEL. It stands to reason if we provided for those in the construction of every new school building, it surely would, and part of my question relates back to my earlier one, whether it is to our advantage to integrate handicapped with nonhandicapped, or to have them taught pretty much separately except for the learning disabilities. It is one thing to say we are going to mandate every school in this country to be free of any architectural barriers, but when out of a student body of several thousand there are only one or two handicapped children, it has to be asked as to whether the additional costs can be justified.

Dr. MARTIN. I think you have to separate the principles from the economics in a sense even though in practice you get right back where you are. I don't think you can in principle follow a policy which will exclude people from public facilities as a matter of public policy. Because I think that gets you into all kinds of traps you don't want to get into in terms of having second-class citizens, so that in principle you have to do that.

Mr. MICHEL. You can have some very basic fundamental things, such as for moving wheelchairs in and out, but you can get some bureaucrats who go to the extreme and require that the most severe of the handicapped kids have to be provided for in every school in the country or every building, and I think that just gets to be a kind of thing we simply can't afford, even though no one wants to be placed in a position of even having that much of a reservation.

Dr. MARTIN. I don't think that will happen. My guess is that will only happen if a community were to fail to provide any reasonable response. Let's say you had a youngster who was in a wheelchair, and the only high school program available required getting up to the third floor, and the school is just going to say to you, "That's tough, we can't do anything about it." And the alternative is she can be at home; we will send a teacher over once a week to work with her.

I think our parents will then raise hell about that and should. I think if there are some reasonable responses to it—in fact, I have found parents of handicapped children to be extremely reasonable when they felt there was a spirit of compliance.

Mr. MICHEL. I think the parents are more reasonable sometimes than the people attempting to administer the program. I am saying in one school, absolutely in that area where you have 10 in an area, it isn't that rigid a requirement, and there should be a degree of flexibility.

Dr. MARTIN. I think it will work that way. Then there is a separate question as to whether the President and the Congress want to budget and appropriate the funds to help bring that about, and then the next

question is how much money would you spend and what would your objectives be in undertaking such a program?

Our feeling was that maybe in a different economic time we would feel differently but right now we couldn't support the revision of each school in the country.

Is there some middle ground? I don't know. But the principle must be there so as people build schools and modify them, they understand very clearly that they want to make them accessible to the handicapped. I think you need that principle as a target. I would hope there won't be too many of these situations where there are kinds of intransigence on either part.

BLOCK GRANT

Mr. MICHEL. Just one final area in that block grant approach. Do I understand that it is possible to spend more under the block grant for the handicapped than currently is provided for in the budget?

Dr. MARTIN. Yes; it depends on how they want to use the money. Let's say you are talking about Peoria. Peoria received a certain sum of money under part B and title I this year. The State would have to give to Peoria at least 85 percent of that sum as a kind of hold-harmless, so they would start with that. There might be more depending on other factors.

From that 85 percent, Peoria could spend it either on title I or handicapped youngsters, or both. Title I really means economically disadvantaged youngsters. They could decide to spend less or more on the handicapped. That is the flexibility built in.

If each local district chose to spend it all on the handicapped, you would find them dealing with $2 billion instead of $110 million.

Mr. MICHEL. If a State theoretically wanted to spend all its funds in the 75-percent category on the handicapped, could it do so?

Dr. MARTIN. Yes. The reality of it is that States or localities will undoubtedly juggle sums a little bit, but they are taking it from current uses. They are currently spending it and putting it someplace else.

Dr. BELL. The proposed bill, Mr. Michel, requires hearings and a waiting period after they have put out what their plan is going to be—some of the so-called sunshine provisions—so there will be ample opportunity for school districts in Illinois to have their voices heard on what State boards in the State capital are planning to do with the money, but it gives them broad discretion in this.

Mr. MICHEL. Thank you.

Mr. FLOOD. Mr. Smith.

Mr. SMITH. No questions.

Mr. FLOOD. Mr. Patten.

Mr. PATTEN. No questions.

Mr. FLOOD. Mr. Obey.

FEDERAL ROLE

Mr. OBEY. Just a couple of questions.

I think you and Mr. Michel covered most of them.

Just tell me, why should the Feds provide any money at all for support of handicapped?

If we regard it as a State responsibility, why should we provide any money at all?

Dr. MARTIN. I have held since I have been in this job, with the support of Commissioner Bell and really of each Commissioner, there was a problem of equity.

As I have said to you on a number of occasions, I really didn't think that the country had matured sufficiently as long as we were turning children away from school and saying to parents, you are on your own. When they needed the help, it was the hardest to get it. And when they didn't need it, that is, for the nonhandicapped, they can go in on a free ride.

So I feel as though this whole Federal program has grown out of the recognition that there was a failure to provide equal educational opportunity under the law.

The strategies that we have used have been diverse; depending on people's perception of what the Federal role would be, ranging from doing nothing—as obviously a position I know you don't hold—to the other extreme of federalizing the expense of education to the handicapped in a way that welfare expense might be federalized.

Mr. OBEY. Other than personal preference, what is the base, philosophical and legal base, for the Feds providing for it?

Dr. BELL. If I may answer that, Mr. Obey. We are constantly being asked in the Office of Education, what is the Federal role of education—recognizing that it is primarily a State and local responsibility? We have said that it is our responsibility. We have said that our responsibility, as we have interpreted the laws that Congress has enacted—and you, of course, are a policymaking body and direct us what to do—that our responsibility is to look at the Nation as a whole and to see how well American education is being served.

In those areas where there are particular populations that aren't being served well, that the Federal Government should provide targeted assistance hopefully under a strategy that will——

Mr. OBEY. Why isn't that a State responsibility totally?

Dr. BELL. I think it is all a State responsibility.

Mr. OBEY. Why should we provide money?

Dr. BELL. Inasmuch as they are not doing it, we have to be faced with certain populations nationwide like the handicapped, like bilingual, where the States haven't been carrying this responsibility, and I guess we are faced with the dilemma of seeing those citizens not having their rights fulfilled under the Federal statutes, so to speak.

Dr. MARTIN. That is why I used the word equity because I think the equity question relates back philosophically to the 14th amendment.

Mr. OBEY. That is what I am trying to get at. The requirement is in the Federal Constitution, not in the State constitution.

Dr. MARTIN. For equity, not education.

Dr. BELL. Yes.

Dr. MARTIN. I just want to say, Mr. Obey, it is in many States both statutes and constitutions as well.

Mr. OBEY. But it is in our Federal Constitution.

Dr. MARTIN. That is why I said to you as soon as we got into the question of equity we felt there was a role for the Federal Government in raising priorities, and it has been an effective one, I think.

Dr. BELL. This new law, Mr. Obey, says that the State shall do it, and it also states that we will stop short at 40 percent in providing this assistance.

STATE GRANT PROGRAM

Mr. OBEY. On the State grant program you are requesting $110 million, the same level at which it was funded last year. You have imposed requirements on State agencies under the Federal law. I have a time supporting revenue sharing. People tell me I ought to support revenue sharing because we can't allow the taxes to rise at a local level. Why should we provide any money for revenue sharing when revenue sharing is given just for general-purpose programs? When we aren't even increasing to any appreciable degree our Federal assistance for a specific program which is mandated by the Federal Congress and the administration when they signed the law.

Why shouldn't money be put in a program like this rather than revenue sharing?

Dr. BELL. I think that is a good question, and I don't know how to answer it. I know that is a lame answer, but I don't know what the policy considerations are and the rationale for that.

Mr. MILLER. If I may amend the record, you said we were requesting the same amount as last year. We are requesting $35 million more than we requested last year, and we are requesting the same amount that you appropriated in 1976, which shows a priority because that is not true in many places.

Dr. BELL. It shows momentum in the administration position.

Dr. MARTIN. We have a better answer this year. Depending on the Congress and how they view the administration proposal there is an enormous breakthrough conceptually in the administration proposal.

Mr. OBEY. So you caught up to last year.

Dr. MARTIN. No. I don't mean that. What I am saying, whereas in the past we have always said to you we should be a junior partner, limited to the stimulation role, the fact is that under the new block grant proposal the Federal Government clearly is willing to accept a very large expenditure for the handicapped.

Mr. OBEY. The new block grant proposal will be effective when?

Dr. BELL. 1978.

Mr. OBEY. Let's not talk about it. It is a phony for this year so let's not talk about it. Let's talk about this year's budget.

Dr. MARTIN. This budget will be spent in 1978. I don't mean to be argumentative.

Mr. OBEY. What does Congress have to do before you get the block grants?

Dr. MARTIN. They have to pass the legislation.

Mr. OBEY. That is right. It is not going to do it this year.

Dr. BELL. If you do it any time between 1978 when these formula grant moneys are forwarded, then the funds can be placed in on the block grant.

Mr. OBEY. Not if we are going to handle our committee business in an orderly way.

Dr. MARTIN. I was just trying to say, whether it is enacted or not, the willingness to authorize the expenditure of 75 percent of the funds for the handicapped or the disadvantaged at the discretion of the local district is a big step forward in terms of the willingness to spend money for the handicapped.

Mr. OBEY. I will grant that, but let me ask you in terms of the dollar figures which were in the budget that we are looking at today. I asked you some questions last year. I wonder how you would change those answers given the passage of almost a year's time.

You indicated last year:

> * * * there is a sense of resentment about the fact that we are increasing the pressure on them to educate all handicapped children without proportionately increasing the resources available * * *.

Do you think that sense of resentment has declined any in the past year?

Dr. MARTIN. No. I think the new bill increases the pressure.

Mr. OBEY. You indicated last year it would take 5 or 10 years to get where we ought to be on educating the handicapped. I asked you, "Given the financial bind we find the states in, do you really think there is much likelihood that they are going to make much progress in the next 2 years?"

Your answer was, "I doubt it."

Would you change that answer any this year?

Dr. MARTIN. Yes. I think I would make that answer a little more variable. For example, I know some States are putting a good deal into this, and some are approaching the 100-percent level.

Mr. OBEY. Can you give us an idea of which States have increased their participation substantially in the last year?

Dr. MARTIN. Washington, Massachusetts, possibly Wisconsin. I can put more in for the record. I would bet almost every State has. Alabama has. Kentucky——

Mr. OBEY. What is your definition of an appreciable increase?

Dr. MARTIN. It would be maybe 10 percent or more in expenditures; in some instances quite substantially more than that.

Mr. OBEY. How much will that shorten that 10-year timetable you were talking about last year?

Dr. MARTIN. I just came back from Washington State. They feel around 90 or 95 percent of school-age children are enrolled. They see their priority as centering on children between 18 and 21 and between birth and 5 years of age; so you can say both that they are doing well and that they are not doing so well, depending on which population you want to look at.

Going the other way, I don't want to leave you with the impression that all the States are in fact doing everything that is required because that is not so. Some have cut back.

Mr. OBEY. How about Fairfax County which you referred to last year?

Dr. MARTIN. They are having a similar problem this year as well.

Mr. OBEY. You said last year the board of supervisors asked the school district to cut $5 million to $9 million out of their school budget. Is that being reversed?

Dr. MARTIN. No.

Mr. OBEY. What is the situation in Virginia?

Dr. MARTIN. I read in the newspaper the other day there was a whole level of cuts coming up in Virginia. I know that in the area of special resources for northern Virginia, the Governor has suggested

terminating funds, which I think would be a horrible loss to Fairfax.

Mr. OBEY. You said:

> * * * the States will try, as we will to show some increase in budget in this area; I think there will be some progress, but until there is more money available, we are not going to get these millions of children served.

Has more money become available in the last year?

Dr. MARTIN. I think the answer is that in some legislative programs there have been additional funds. In others there have not.

Mr. OBEY. With the exception of Texas and Minnesota and a couple others, a mere handful of States which had State surpluses last year, which States are in better financial shape than they were?

Dr. MARTIN. That is a difficult question. I am just saying I think there has been some positive direction toward this problem. But I feel there are a lot of people who don't feel they will make the 1978 deadline in the law because they won't have the resources to do it.

Needing to have a target date is important. In fact, some people will be closer to it. But I think in a lot of States there will be a problem in fulfilling the law.

Mr. OBEY. I am familiar with the State of Virginia where I live and the State of Wisconsin where I live on those rare occasions when we are not in session, but in both cases they have terrible problems.

In Wisconsin we were going to face a budget gap larger than the entire State budget when I first served in the legislature, so I don't think they are increasing their support.

A year ago I asked if you had $200 million more to spend above the amount in the budget last year where you would spend it, and you listed that for the record. If I asked you the same question this year, what would your answer be if we had unlimited funds?

Dr. MARTIN. I have barely recovered from last year.

Mr. OBEY. If we had unlimited funds and you could take $200 million, where could it most productively be used in your own best estimate?

Dr. MARTIN. I don't have any hesitation about that. I don't like to be in the position of having the budget in front of me which represents a lot of hard work and a lot of policy decisions and then tell you something that is not reflected in it. But I think you know and I know and the committee knows that my sole goal in the last 10 years has been to get all these kids in school, and obviously I would like to see that done as fast as the dollar resources can be made available.

If that was the only thing the budget had to worry about, that is, the education of the handicapped, I would put it all in there.

Mr. OBEY. No, no. You would put it all where?

Dr. MARTIN. I woud put it all in the grants to the States.

Mr. OBEY. What about teacher prep?

Dr. MARTIN. I think I would put it all in the grants to States because in November Congress passed the law that said there would be a national goal of educating all handicapped children by 1978. We have since then suggested this other block grant proposal bill which we have talked about, but the money would be still be useful in that kind of program. The challenge is the same.

LEARNING DISABILITIES PROGRAM

Mr. OBEY. In your justification page 114, specific learning disabilities. What is your rationale there?

Dr. MARTIN. We had some funds released under a court order last year, and they were above the appropriation. That $500,000 in question is a one-shot expenditure for 1-year projects. The level we are asking for is about the same level as was appropriated in the previous year.

STATE GRANT PROJECTIONS

Mr. OBEY. On page 122 I asked about these figures last year. You now have somewhat different projections in this year's justifications. The percentage increase, 1972, 1973, and 1974, in the number of children receiving support, Federal, State, and local. Eleven percent increase each year.

You are now projecting 13 percent increase the following year and 14 percent the year after that.

What data do you use to arrive at these?

Dr. MARTIN. It is extremely sketchy, and I have been concerned about it. I encouraged the Education and Labor Committee to make more specific their data needs, and those data needs are reflected in the education for handicapped children bill. It has been hard to collect that data in the past because we were not funding all of the children in the State, and furthermore the burdensome reporting requirements had led States to not want to be so helpful.

So the year we began estimating was the last year we really had very good counts. What we have been doing since then is extrapolating, and based on information we get from the States—it is pretty fuzzy—however, starting this year again we will be getting reports from the States as to exactly how many children are served and how many they perceive as unserved in their State, what their deadlines will be for serving children, and doing other related activities.

Mr. OBEY. What you are saying is you have no hard information upon which to base an expectation that we will in fact begin to move that curve upward in this year?

Dr. MARTIN. That is right. It is strictly trend analysis. As I mentioned earlier about the manpower supply, it is the same kind of situation we have there. The economic conditions you just mentioned can flatten that curve out. I don't have any way of building a prediction factor into that, as to what cutbacks there might be on State spending, but that is why we have tried to mark that as an estimate. That is a curve that makes some sense if you look at it as we have over the last 10 years, but the curve obviously will not persist, if major economic factors change.

Mr. OBEY. It is a pretty flat curve the last 3 years.

Dr. MARTIN. It is, and it was very flat before that.

Mr. OBEY. Just one other question. I don't recall if the chairman asked you but if he didn't would you put the same chart in the record which was put in the record in the last year on page 324 of our hearings including the numbers served and percentage unserved?

Dr. MARTIN. Let me say it will be subject to the same data limitations. It will be an extrapolation because we won't have new data in until I get this first cycle of the data requirements into place under the new law.

Mr. OBEY. Thank you.

[The information follows:]

ESTIMATED NUMBER OF HANDICAPPED CHILDREN SERVED AND UNSERVED, BY TYPE OF HANDICAP

	1975–76 [1] served (projected)	1975–76 unserved	Total handicapped children served and unserved [2]	Percent	
				Served	Unserved
Total age 0 to 19	4,310,000	3,576,000	7,886,000	55	45
Total age 6 to 19	3,860,000	2,839,000	6,699,000	58	42
Total age 0 to 5	450,000	737,000	1,187,000	38	62
Speech impaired	2,020,000	273,000	2,293,000	88	12
Mentally retarded	1,350,000	157,000	1,507,000	90	10
Learning disabilities	260,000	1,706,000	1,966,000	13	87
Emotionally disturbed	255,000	1,055,000	1,310,000	19	81
Crippled and other health impaired	255,000	73,000	328,000	78	22
Deaf	45,000	4,000	49,000	92	8
Hard of hearing	66,000	262,000	328,000	20	80
Visually handicapped	43,000	23,000	66,000	65	35
Deaf-blind and other multihandicapped	16,000	24,000	40,000	40	60

[1] Estimated total numbers of handicapped children served—obtained from SEA's fall and winter 1975–76. Information by type of handicap was not available and is projected from data provided by SEA's for school year 1972–73.

[2] Total number of handicapped children ages 0 to 19 provided on basis of estimates obtained from various sources, including national agencies and organizations, plus State and local directors of special education. According to these sources the incidence levels by types of handicap are as follows: speech impaired 3.5 percent, mentally retarded 2.3 percent, learning disabled 3.0 percent, emotionally disturbed 2.0 percent, crippled and other health impaired 0.5 percent, deaf 0.075 percent, hard of hearing 0.5 percent, visually handicapped 0.1 percent, deaf-blind and other multihandicapped 0.06 percent. The total number of handicapped children in the above categories represents 12.035 percent of all school age children from 6 to 19 and 6.018 percent of all children age 0 to 5. The population figures to which the incidence rates were applied, were obtained from the Bureau of Census and reflect the population as of July 1, 1974.

Mr. FLOOD. Mr. Roybal.

STAFFING

Mr. ROYBAL. You spoke of the handicapped children program, and I think we appropriated the full amount that you requested and probably increased it. Have you been able to fully staff in order to implement the provisions of that program?

Dr. MARTIN. No, not by a long shot. It is the most serious problem that I think we face with the possible exception of fraud and abuse we have had in the higher education programs.

It is an enormously complex law in terms of specific provisions that call upon local districts to identify children, write plans for them, protect the privacy rights of children, and so forth. I feel a tremendous need to be out with the States' training personnel, organizing regional workshops for local education officials and others so that people will really fully understand what is required, and we won't be faced with a barrage of lawsuits from people when these provisions of this law are not fulfilled.

We have asked for some positions, and it is now in the process of consideration within the administration.

Mr. ROYBAL. How many additional positions have you requested?

Dr. MARTIN. We requested 50 positions at the present time. That is under study still.

Mr. ROYBAL. How many do you really need?

Dr. MARTIN. That is a matter of judgment. We originally began the request considering our needs, the needs of the National Center for Educational Statistics, and the needs of the Office of General Counsel. This came to a total of 88 positions.

We have whittled them down since that time in the review process within the Department; however, we have agreed we might come back later for a supplemental request as the act builds up momentum.

Dr. BELL. I should point out, Mr. Roybal, that the positions we are talking about are those that we have in an internally proposed supplemental for this fiscal year. We have no proposal before you yet. As for next year, the budget was established, and was through the budgeting process before the act was passed, so we are going to need to come back on that question, too.

Mr. MILLER. Dr. Bell is correct. Neither a 1976 supplemental, nor a 1977 budget amendment, is before you now, Mr. Roybal.

Mr. ROYBAL. I understand that, but you do have new budget authority, do you not?

Mr. MILLER. In fiscal year 1976?

Mr. ROYBAL. Yes.

Mr. MILLER. We have the amounts appropriated by the Congress.

The problem is a genuine problem of decision making. There is no question we need more staff to implement Public Law 94–142.

It is an extremely complicated law. The question is when we have a legislative proposal which would in fact repeal the new law, and set up a block grant where we won't need this staff, should we get the staff now to implement the law and risk hiring them and then having to reduce staff.

Dr. BELL. This is a real difficulty both for the Bureau and the Office of Education. If I could just talk to it a little bit more, Mr. Roybal, we come before the committee and we defend a budget that is almost universally lower than what you want. Then we get at the end of the budget and we talk about salaries and expenses, and we get criticized inappropriately—I don't express any criticism of Mr. Early when he said at the opener, "Looks like you are taking care of your own bureaucracy; look at these numbers of additional positions you are asking for."

The additional positions are to take care of responsibilities that we feel that the Congress has given us. So we are caught in quite a dilemma.

Mr. ROYBAL. Do you think that those responsibilities can be fulfilled with the 50 additional staff members that you are requesting?

Dr. BELL. Oh, no. This was just an initial increment of positions that we thought we would be seeking.

Mr. ROYBAL. How many do you think you would need to fully meet the requirements or needs under the act?

Dr. MARTIN. That is the 88 I cited to you. That would take care of our needs in a variety of different directions.

Dr. BELL. In my opinion, Mr. Roybal, we haven't fully analyzed that that 88 is adequate, as I look at the size of that bill. I think we are going to need some regional staff, which we don't have, and we will require a change in the law that prohibits regionalization if we are going to carry out the enormous responsibilities in this bill fully.

If that is the bill we are going to act on, and not the block grant, I think Dr. Martin is being very modest in that regard. I would emphasize, as Mr. Miller is doing, we are still discussing that within the Department and with OMB, and obviously we have nothing before you but I hope at some future time we can come with a good analysis of what these responsibilities are. This is a very large and complex bill, as the President said when he signed it.

Mr. ROYBAL. It is also most important, is it not?

Dr. BELL. I think it is.

Dr. MARTIN. There are so many questions that come up. I mentioned the question of parents saying: Are we going to get fair treatment under this bill? Are we going to have our children educated in the environment they should be educated in?

Suppose a parent writes us that a particular policy of the State is ignoring a provision of the law. Every time that kind of question comes up it requires us having a very careful and sensitive response to it because it can later wind up in court. The Commissioner's response has to be very well documented.

Since you have raised it, and we may not get to it on another day, there have been some impressive productivity increases, and while we are talking about personnel I would just like to say in the years that the Bureau has been in place we have had approximately 45-percent increase in staff. That is from 80 to about 120.

At the same time the Federal growth in programs has gone from 35 million to 350 million. The numbers of programs have grown from 3 to 13. The numbers of grants to be monitored have grown from less than 300 to over 1,300.

So that all of those indexes means in one case 10 times as much work to be done by the staff. So our coming to you with these new requirements even accounts for a tremendous productivity increase with current staff.

Dr. BELL. I think I should say the Department, the Secretary, and others are not unaware of this, and they are not unsympathetic to our problem. We just haven't gotten things put in place yet there, and we haven't gotten through the process with OMB yet either, so that we can have something before you. We need to be about that quite earnestly.

Mr. ROYBAL. How long is this going to take for you to come up with some recommendation?

Mr. MILLER. We have some feeling for your schedule in marking up the supplemental, and if we are going to catch that train we are going to have to get it up before then. I think it is early in April.

Mr. ROYBAL. We have to hurry things up and it should be early in April if it is going to get in at all.

Dr. BELL. We are trying to catch that supplemental.

Mr. ROYBAL. Thank you very much.

Mr. FLOOD. Thank you very much.

Doctor, how long have you been on board in this job?

Dr. MARTIN. Since 1969. I was the Deputy Director in 1967. The first year you began to chair this committee we came up here for the first time.

Mr. FLOOD. Mr. Shriver?

GOAL OF SERVING ALL HANDICAPPED

Mr. SHRIVER. Dr. Martin, you mentioned that the goal of providing special education to all who require it is to be achieved in all States by 1978. That seems to me to be a tall order, even if it was stated in the new act. Do you feel that is a reasonable and reachable goal with this budget request?

Dr. MARTIN.. We feel that it is reasonable in that it sets a deadline. It gives the States something to work toward. In answer to the question of reachability of the goal, we think some States will meet the full services level, while others will have difficulty in doing so. It will be a tough job for all States to meet the 1978 deadline.

Mr. SHRIVER. To what extent have State and local governments increased their spending for handicapped education services over the past couple of years?

If you have that information by State, put it in the record.

Dr. MARTIN. Yes, Mr. Shriver, we have that information.

[The information follows:]

Increase in State and Local Expenditures

		FY 1971 *	FY 1975 *	% CHANGE
	TOTALS ⇨	1,040,127,000	2,032,183,700	+95
10	ALABAMA	11,576,000	27,000,000	+133
11	ALASKA	4,189,000	9,145,700	+118
12	ARIZONA	11,967,000	11,980,000	+.10
13	ARKANSAS	1,300,000	1,900,000	+46
14	CALIFORNIA	200,900,000	405,900,000	+2
15	COLORADO	7,618,000	21,000,000	+176
16	CONNECTICUT	37,299,000	54,900,000	+47
17	DELAWARE	4,345,000	10,100,000	+132
18	DISTRICT OF COLUMBIA	4,817,000	9,650,000	+97
19	FLORIDA	37,343,000	119,170,000	+219
20	GEORGIA	14,634,000	66,525,000	+355
21	HAWAII	5,455,000	7,045,000	+29
22	IDAHO	1,706,000	6,630,000	+289
23	ILLINOIS	45,901,000	80,000,000	+74
24	INDIANA	3,834,000	19,060,000	+396
25	IOWA	8,654,000	23,000,000	+166
26	KANSAS	3,895,000	6,120,000	+57
27	KENTUCKY	11,428,000	15,870,000	+38
28	LOUISIANA	2,000,000	2,450,000	+22
29	MAINE	1,500,000	1,570,000	+4.66
30	MARYLAND	18,200,000	53,423,000	+194
31	MASSACHUSETTS	22,593,000	59,540,000	+164
32	MICHIGAN	53,705,000	99,500,000	+85
33	MINNESOTA	20,670,000	25,650,000	+28
34	MISSISSIPPI	5,035,000	8,730,000	+73
35	MISSOURI	13,942,000	18,419,000	+32
36	MONTANA	1,000,000	1,027,000	+2
37	NEBRASKA	4,264,000	16,000,000	+275
38	NEVADA	2,100,000	6,000,000	+186
39	NEW HAMPSHIRE	1,072,000	4,000,000	+273
40	NEW JERSEY	39,196,000	52,000,000	+33
41	NEW MEXICO	6,546,000	9,200,000	+41
42	NEW YORK	46,316,000	365,000,000	+688
43	NORTH CAROLINA	25,000,000	42,000,000	+68
44	NORTH DAKOTA	1,500,000	3,000,000	+100
45	OHIO	60,400,000	71,673,000	+19
46	OKLAHOMA	5,936,000	7,275,000	+23
47	OREGON	3,060,000	5,285,000	+71
48	PENNSYLVANIA	81,425,000	182,000,000	+123
49	RHODE ISLAND	4,700,000	5,100,000	+9
50	SOUTH CAROLINA	11,064,000	32,303,000	+192
51	SOUTH DAKOTA	2,516,000	2,600,000	+3
52	TENNESSEE	22,429,000	25,000,000	+11
53	TEXAS	69,500,000	118,150,000	+70
54	UTAH	10,238,000	17,000,000	+66
55	VERMONT	1,189,000	4,365,000	+267
56	VIRGINIA	18,704,000	21,329,000	+14
57	WASHINGTON	34,336,000	39,000,000	+14
58	WEST VIRGINIA	3,227,000	3,300,000	+2
59	WISCONSIN	29,115,000	33,959,000	+16
60	WYOMING	1,235,000	1,500,000	+22
61	BUR. OF INDIAN AFFAIRS			
62	AMERICAN SAMOA			
63	CANAL ZONE			
64	GUAM			
65	PUERTO RICO			
66	TRUST TERRITORY			
67	VIRGIN ISLANDS			

*Based on unverified estimates obtained mainly from documents submitted by various State education agency officials

ARCHITECTURAL BARRIERS

Mr. SHRIVER. Why is there no request for the authorized programs for the removal of architectural barriers?

Dr. MARTIN. Let me answer that this way; I don't think you can establish a policy that excludes citizens from public facilities primarily because it is an infringement on their rights. However, with the tightness of the budget and the potential scope of work required, it is our feeling that perhaps we should begin efforts in this area with discussions with State and local agencies to determine the basic needs and total financial requirements.

FISCAL YEAR 1978 STATE GRANT AUTHORIZATIONS

Mr. SHRIVER. Would you explain the authorization notation on page 117 of the justifications in regard to the State grant program? Does that mean that the $110 million requested represents full authorization for that item?

At that level of funding, all States will receive exactly the same amount as last year because of a "hold harmless' provision, is that correct? Does that accurately reflect the needs of each State?

Dr. MARTIN. First let me clarify the meaning of the notation. That does not mean that the $110 million represents full authorization for that item. The full entitlement would be based on a count of the number of handicapped children being served by the States, multiplied by 5 percent of the average per pupil expenditure in public elementary and secondary schools in the United States. One rough estimate of full entitlement in fiscal year 1978 is $387 million. Since the actual counting of children for purposes of determining the full entitlement level and the State distribution won't be done until school year 1976–77, we did not put a figure in the authorization column, but rather explained how that figure would be derived.

It is correct that all States will receive exactly the same amount in school year 1977–78 as they received in the previous year under this request level. The amount each State receives is based on State population, and it is hoped that this is an equitable distribution, with some relation to need; however, we recognize that the job of educating all handicapped children is a costly one, and that Federal funds can never cover the total amount needed by each State.

Mr. FLOOD. Thank you very much.

JUSTIFICATION OF THE BUDGET ESTIMATES

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

Education for the Handicapped

Fiscal year 1977 budget	Page No.
Appropriation language and explanation of language changes	109
Language analysis	110
Amounts available for obligation	111
Summary of changes	112
Obligations by activity	114
Obligations by object	115
Significant items in House and Senate Appropriation Committee reports	116
Authorizing legislation	117
Table of estimates and appropriations	118
Justification:	
A. Narrative:	
1. General statement	119
2. Activities	
(A) State assistance	
(1) State grant program	121
(2) Deaf-blind centers	123
(B) Special population programs	
(1) Severely handicapped projects	126
(2) Specific learning disabilities	128
(3) Early childhood education	130
(C) Regional vocational, adult, and postsecondary programs	133
(D) Innovation and development	135
(E) Media and resource services	
(1) Media services and captioned films	138
(2) Regional resource centers	141
(3) Recruitment and information	143
(F) Special education manpower development	145
B. Program purpose and accomplishments	150
C. State tables	160
D. Transition quarter analysis	162

Appropriation Estimate

Education for the Handicapped

For carrying out, to the extent not otherwise provided, the Education of the Handicapped Act, *as amended by Public Law 94-142, except for sections 607, 618 and 619,* 1/ $236,375,000: *Provided,* That of this amount, $110,000,000 for part B shall become available for obligation on July 1, [1976] *1977*, and shall remain available until September 30, [1977] *1978*. [For "Education for the Handicapped" for the period July 1, 1976, through September 30, 1976, $10,500,000.]

Explanation of Language Changes

1/ Funding for sections 607, 618 and 619 is not requested in this budget. These are newly authorized programs under part B of the Act as amended by the Education for All Handicapped Children Act of 1975 (P.L. 94-142).

110

Language Provision	Explanation
Education of the Handicapped Act, as amended by P.L. 94-142, except for sections 607, 618, and 619.	These three sections of the Education of the Handicapped Act (EHA) were newly authorized by the amending legislation, the Education for All Handicapped Children Act of 1975 (P.L. 94-142). The programs authorized are part A, section 607 - Removal of Architectural Barriers, part B, section 618 - Evaluation, and part B, section 619 - Incentive Grants. This budget request does not include funds for these three programs. Without the language provision excepting these sections, funds requested and appropriated under EHA would include support for activities authorized by these sections. Section 607 was effective upon enactment of P.L. 94-142. Section 618 and section 619 are fully effective at the beginning of fiscal year 1978. Fiscal year 1978 is the period during which the budget request for part B would be available.

111

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

Education for the Handicapped

Amounts Available for Obligation

	1976	1977
Appropriation	$236,375,000	$236,375,000
Unobligated balance, start of period	12,227,711	---
Total, obligations	248,602,711 1/	236,375,000

1/ Does not reflect rescission of $36,375,000 as proposed in Presidential message R76-11 dated November 16, 1975.

112

Summary of Changes
(Obligations)

1976 Estimated obligations	$248,602,711
1977 Estimated obligations	236,375,000
	-12,227,711

	1976 Base	Change from Base
Increases:		
Program:		
1. Eight new Recruitment and information grants for local information units and 2 new grants for surveys and technical assistance	500,000	+500,000
Total, increases	---	+500,000
Decreases:		
Program:		
1. Decrease of 3 multidisciplinary projects and completion of a one-time evaluation project	5,500,000	-500,000
2. Reduction of 25 research and development projects which required one-year funding	14,035,897	-3,035,897
3. Termination of a one-time "Festival of Arts" project; decrease in captioning efforts; reduction in scope of marketing and implementation strategy of Media services and captioned films program	17,262,332	-1,262,332
4. Reduction in scope of work in each regional resource center	13,131,652	-3,381,652
5. Reduction in inservice training activities	44,922,830	-4,547,830
Total, decreases	---	-12,727,711
Total, net change	---	-12,227,711

Summary of Changes
(Budget authority)

1976 Budget authority	$236,375,000
1977 Budget authority	236,375,000
Net change	---

	1976 Base	Change from Base
Increases:		
Program:		
1. Eight new Recruitment and information grants for local information units and 2 new grants for surveys and technical assistance	500,000	+500,000
Total, increases	---	+500,000
Decreases:		
Program:		
1. Reduction in scope of work in each regional resource center	10,000,000	-250,000
2. Reduction in scope of each project in the marketing and implementation strategy supported under the Media services and captioned films program	16,250,000	-250,000
Total, decreases	---	-500,000
Total, net change	---	---

114

Obligations by Activity

Page Ref.		1976 Revised Budget	1976 Appropriation	1977 Estimate	Increase or Decrease
	State assistance:				
121	(a) State grant program	$ 75,000,000	$110,000,000	$110,000,000	---
123	(b) Deaf-blind centers	16,000,000	16,000,000	16,000,000	---
	Subtotal	91,000,000	126,000,000	126,000,000	---
	Special population programs:				
126	(a) Severely handicapped projects	3,250,000	3,250,000	3,250,000	---
128	(b) Specific learning disabilities	4,750,000	5,500,000	5,000,000	-500,000
	(Budget authority)	(4,250,000)	(5,000,000)	(5,000,000)	(---)
130	(c) Early childhood education	22,000,000	22,000,000	22,000,000	---
	Subtotal	30,000,000	30,750,000	30,250,000	-500,000
133	Regional vocational, adult, and post-secondary programs	2,000,000	2,000,000	2,000,000	---
135	Innovation and development	14,035,897	14,035,897	11,000,000	-3,035,897
	(Budget authority)	(11,000,000)	(11,000,000)	(11,000,000)	(---)
	Media and resource services:				
138	(a) Media services and captioned films	17,262,332	17,262,332	16,000,000	-1,262,332
	(Budget authority)	(16,250,000)	(16,250,000)	(16,000,000)	(-250,000)
141	(b) Regional resource centers	13,131,652	13,131,652	9,750,000)	-3,381,652
	(Budget authority)	(10,000,000)	(10,000,000)	(9,750,000)	(-250,000)
143	(c) Recruitment and information	500,000	500,000	1,000,000	+500,000
	Subtotal	30,893,984	30,893,984	26,750,000	-4,143,984
145	Special education manpower development	44,297,830	44,922,830	40,375,000	-4,547,830
	(Budget authority)	(39,750,000)	(40,375,000)	(40,375,000)	(---)
	Total obligations	212,227,711	248,602,711	236,375,000	-12,227,711
	(Budget authority)	(200,000,000)	(236,375,000)	(236,375,000)	(---)

Obligations by Object

	1976 Estimate	1977 Estimate	Increase or Decrease
Travel and transportation of persons	$ 65,000	$ 65,000	$ ---
Transportation of things	1,000	2,000	+ 1,000
Rent, communications, and utilities	6,000	6,000	---
Printing and reproduction	10,000	10,000	---
Other services:			
Project contracts	65,381,881	58,445,000	-6,936,881
Supplies and materials	7,000	7,000	---
Equipment	15,000	15,000	---
Grants, subsidies, and contributions	183,116,830	177,825,000	-5.291.830
Total obligations by object	248,602,711 1/	236,375,000	-12,227,711

1/ Does not reflect rescission of $36,375,000 as proposed in Presidential message R76-11 dated November 16, 1975.

116

Significant Items in House and Senate Appropriations Committee Reports

Item	Action taken or to be taken
1976 House Report	
Hearing aid study	
1. Committee directive to study prospects for a hearing aid system in the public schools that will assure proper device upkeep and appropriate professional management (page 10).	1. A staff member of the Bureau of Education for the Handicapped is conducting such a study.
1976 Senate Report	
Hearing aid study	
1. Same as above (page 12).	1. Same as above
Delgado College	
2. Committee directive to include the program at Delgado College among the activities supported under Section 625 of the Education for the Handicapped Act-Regional Programs for the Deaf and Other Handicapped (page 12).	2. Provision has been made to support the program for the deaf at Delgado College. The funding level has not yet been determined, since proposals are not due to the Office of Education until mid-January.

Authorizing Legislation

	Amount Authorized	1977 Budget Estimate
Education for the Handicapped (Education of the Handicapped Act (EHA))		
1. State assistance:		
(a) State grant program (EHA-Part B).....	$ 1/	$110,000,000 1/
(b) Deaf-blind centers (EHA-Part C, sec. 622)	20,000,000	16,000,000
2. Special population programs:		
(a) Severely handicapped projects (EHA-Part C, sec. 621 and 624) 2/.....	19,000,000 3/	3,250,000
(b) Specific learning disabilities (EHA-Part G).....	20,000,000	5,000,000
(c) Early childhood education (EHA-Part C, sec. 623).....	38,000,000	22,000,000
3. Regional vocational, adult, and postsecondary programs (EHA-Part C, sec. 625).....	Indefinite	2,000,000
4. Innovation and development (EHA-Part E).....	20,000,000	11,000,000
5. Media and resource services:		
(a) Media services and captioned films (EHA-Part F).....	22,000,000	16,000,000
(b) Regional resource centers (EHA-Part C, section 621).....	19,000,000 3/	9,750,000
(c) Recruitment and information (EHA-Part D, sec. 633).....	1,000,000	1,000,000
6. Special education manpower development (EHA-Part D, sec. 631, 632, and 634).....	54,000,000	40,375,000
Unfunded authorizations:		
EHA-Part A, sec. 607 - Grants for the Removal of Architectural Barriers	Indefinite	---
EHA-Part B, sec. 618 - Evaluation	Indefinite	---
EHA-Part B, sec. 619 - Incentive Grants	Indefinite	---

1/ Advance for fiscal year 1978. The fiscal year 1978 authorization for this program is an entitlement equal to the number of handicapped children aged three to twenty-one, inclusive, receiving special education and related services, multiplied by 5 percent of the average per pupil expenditure in public elementary and secondary schools in the United States.

2/ While funds for Severely handicapped projects are requested under Part C, section 621, the authority used to operate these projects is derived from section 624 of the same part. Funding for section 624 projects may originate in any section of Part C which has specific authorizations.

3/ This authorization of $19,000,000 is the authority cited for both Severely handicapped projects and Regional resource centers. The total requested against this authorization is $13,000,000.

118

Education for the Handicapped

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1967	37,900,000	37,875,000	37,875,000	37,875,000
1968	53,400,000	53,400,000	58,400,000	52,650,000
1969	84,650,000	78,850,000	78,850,000	78,850,000
1970	85,850,000	100,000,000	105,000,000	84,575,000
1971	94,450,000	104,400,000	104,400,000	104,400,000
1972	104,250,000	109,250,000	110,750,000	110,000,000
1973	131,019,000	157,319,000	180,569,000	157,319,000
1974	131,109,000	143,609,000	159,069,000	147,079,000
1975 1/	197,109,000	284,609,000	324,859,000	299,859,000
1976	175,000,000	235,000,000	237,750,000	236,375,000
Rescission Proposed	-36,375,000			
1977	236,375,000			

1/ Includes additional amounts for support of programs shifted to an advance appropriations cycle during that year.

Justification

Education for the Handicapped

	1976		1977	Increase or
	Revised Budget	Appropriation	Estimate	Decrease
Education for the Handicapped:				
1. State assistance:				
(a) State grant program	$ 75,000,000	$110,000,000	$110,000,000	$ ---
(b) Deaf-blind centers	16,000,000	16,000,000	16,000,000	---
2. Special population programs:				
(a) Severely handicapped projects	3,250,000	3,250,000	3,250,000	---
(b) Specific learning disabilities	4,250,000	5,000,000	5,000,000	---
(Obligations)	(4,750,000)	(5,500,000	(5,000,000)	(-500,000)
(c) Early childhood education	22,000,000	22,000,000	22,000,000	---
3. Regional vocational, adult, and post-secondary programs	2,000,000	2,000,000	2,000,000	---
4. Innovation and development	11,000,000	11,000,000	11,000,000	---
(Obligations)	(14,035,000)	(14,035,897)	(11,000,000)	(-3,035,897)
5. Media and resource services:				
(a) Media services and captioned films	16,250,000	16,000,000	16,000,000	-250,000
(Obligations)	(17,262,332)	(17,262,332)	(16,000,000)	(-1,262,332)
(b) Regional resource centers	10,000,000	10,000,000	9,750,000	-250,000
(Obligations)	(13,131,652)	(13,131,652)	(9,750,000)	(-3,381,652)
(c) Recruitment and information	500,000	500,000	1,000,000	+500,000
6. Special education manpower development	39,750,000	40,375,000	40,375,000	---
(Obligations)	(44,297,830)	(44,922,830)	(40,375,000)	(-4,547,830)
Total appropriations	200,000,000	236,375,000	236,375,000	---
(Obligations)	(212,227,711)	(248,602,711)	(236,375,000)	(-12,227,711)
Positions	102	102	102	---

General Statement

The commitment undertaken by the Federal government for education of the handicapped is not intended to provide complete per-child costs of educational support. Instead, most of the programs administered under this appropriation have been designed to bring about changes in educational patterns in the field by initiating demonstration and model programs and by encouraging innovative techniques and practices. These strategies were developed specifically to use the limited Federal financial resources and manpower to effect significant changes in the quality and

effectiveness of much larger and more direct programs being conducted by State and local educational agencies.

The responsibilities of the Federal government have recently been somewhat expanded by the passage of the Education for All Handicapped Children Act of 1975, which mandates that the States set in motion plans and procedures to provide a free appropriate education to all handicapped children by 1978. In this connection, the responsibility of the Federal government is to assist the States to develop and implement these plans, and to determine whether the States are then complying with them.

The fiscal year 1977 budget request, equal to the 1976 appropriation, strikes a balance between Federal aid to the States in support of direct educational services, and capacity building activities which are meant to improve the State's ability to themselves provide high quality education to the handicapped. One-half of the total budget request is for the State grant program, which will focus most heavily on extending educational coverage to the unserved population. The remaining funds are designed to help meet manpower needs, spread the use of the best educational programs and practices, increase the knowledge base in special education through research and development activities, and provide certain services to the handicapped for which there is no other logical service provided. An example of this type of Federal intervention would be the provision of education to the deaf-blind--a low-incidence, high-cost population requiring regional programs.

Through the combination of technical assistance, monitoring, direct aid, and capacity building activities, it is expected that Federal efforts in the area of education for the handicapped will help assure that all States will be able to implement their plans for providing full educational opportunity for all handicapped children.

	1976 Revised Budget	1976 Appropriation	1977 Estimate	Increase or Decrease
1. State assistance:				
(a) State grant program.	$75,000,000	$110,000,000	$110,000,000	---
Summary of awards:				
Total awards		110,000,000	110,000,000	---
Number		57	57	---
Non-competing continuations		110,000,000	110,000,000	---
Number		57	57	---
Positions		22	22	---

Narrative

Program purpose

In order to assist in the initiation, expansion, and improvement of programs and projects for the handicapped at the preschool, elementary, and secondary levels, this program, authorized by Part B of the Education of the Handicapped Act (EHA), provides grants to the States and outlying areas. Grants under this program are meant to promote full and effective programming for all children on a comprehensive basis involving various Federal programs, and State and local resources.

Fiscal year 1976 and 1977 funds are allocated to the States on the basis of the number of children in each State aged 3-21, multiplied by $8.75, ratably reduced, with a minimum $300,000 grant. Since this program is advance-funded, the amount now requested will be for the funding period July 1, 1977 through June 30, 1978, or school year 1977-78. As a result of the Education for All Handicapped Children Act of 1975 (P.L. 94-142), new legislation amending EHA, a new formula will take effect in that school year. Under this formula, the maximum amount each State is entitled to receive for that year is equal to the number of handicapped children, aged 3-21, receiving special education and related services multiplied by 5 percent of the National average per pupil expenditure. In addition, no State may receive an amount which is less than was received for fiscal year 1977.

Budget policy

The budget request of $110,000,000 for school year 1977-78 will serve to continue this program at the same level as the previous year, concentrating on expanding coverage of the handicapped population. At the new budget request level, the "hold harmless" provision has the effect in school year 1977-78 of providing each State with the same allocation received in the previous year.

Funds requested will directly serve an estimated 425,000 children in approximately 5,500 projects. These projects will help the States meet the full-service requirements specified by law by targeting on the following priorities:

(1) Full implementation of State-wide child-identification programs including diagnostic and evaluative services. These programs were planned in school year 1975-76 with implementation to begin in school year 1976-77.

(2) Initiation and expansion of programs to serve the unserved and underserved severely and multiply handicapped. Such programs will concentrate on less restrictive placement of children in local rather than separate special schools, and will include short-term inservice retraining of local school staff.

(3) Initiation and expansion of programs for preschoolers which will capitalize on the cost-effectiveness of early intervention.

In addition, technical assistance to State education agencies by Office of Education staff will be increased in order to assist the States in meeting their full-service deadline of September 1, 1978.

The following table shows the funding history and child participation in this program since school year 1972-73.

NUMBERS OF CHILDREN PARTICIPATING IN SPECIAL EDUCATION PROGRAMS
PARTLY SUPPORTED BY EHA-B FUNDS

Fiscal Year 1973 - $37,500,000		
	- School Year 1972-73:	177,000 children
Fiscal Year 1974 - $47,500,000		
	- School Year 1973-74:	225,000 children
Fiscal Year 1975 - $100,000,000		
	- School Year 1974-75:	380,000 children (est.)
Fiscal Year 1976 - $100,000,000		
	- School Year 1975-76:	*380,000 children (est.)
Fiscal Year 1977 - $110,000,000		
	- School Year 1976-77:	*406,000 children (est.)
Fiscal Year 1978 - $110,000,000		
	- School Year 1977-78:	*425,000 children (est.)

* This number includes children receiving such limited services as screening, diagnosis, and prescription

The following chart illustrates the estimated total number of handicapped children receiving some services from all sources of funds; i.e., Federal, State, local, and private:

INCREASE IN NUMBERS OF CHILDREN RECEIVING SERVICE
FROM FEDERAL, STATE, AND LOCAL SUPPORT
AS REPORTED BY STATE EDUCATION AGENCIES
1971-1978

School Year	Number Served	Increase over Previous Year	Percent Increase
1970-1971	2,643,000	196,000	+8%
1971-1972	2,858,000	215,000	+8%
1972-1973	3,160,000	302,000	+11%
1973-1974	3,510,000	350,000	+11%
1974-1975 (est.)	3,910,000	400,000	+11%
1975-1976 (est.)	4,410,000	500,000	+13%
1976-1977 (est.)	5,010,000	600,000	+14%
1977-1978 (est.)	5,860,000	850,000	+17%

	1976 Appropriation	1977 Estimate	Increase or Decrease
1. State assistance:			
(b) Deaf-blind centers	$16,000,000	$16,000,000	$ ---
Summary of awards:			
Total awards	16,000,000	16,000,000	---
Number	10	10	---
Non-competing continuations	16,000,000	16,000,000	---
Number	10	10	---
Positions	4	4	---

Narrative

Program purpose

In order to provide appropriate educational and diagnostic services for the estimated 5,000-7,000 deaf-blind children, this program awards contracts to centers funded for this purpose. The centers also provide whatever ancillary services necessary to assure that deaf-blind children can achieve their full potential for useful and meaningful participation in society.

This forward funded program awards contracts to regional centers, which themselves are authorized to sub-contract with State education agencies, State Departments of Mental Health and Welfare, and private agencies for the provision of direct services. The regional centers monitor subcontracts and provide technical assistance, coordination, casefinding and screening.

Budget policy

The budget request for fiscal year 1977 will support this program at the 1976 level, continuing the policy of providing full-time rather than part-time educational services whenever possible and appropriate. The following table covering fiscal years 1975 through 1977 indicates the nature of the services provided through this program, funding distribution, and beneficiary data:

	Fiscal Year 1975	Fiscal Year 1976	Fiscal Year 1977
School year	1975-76	1976-77	1977-78
Appropriation	$12,000,000	$16,000,000	$16,000,000
Centers funded	10	10	10
Total funds	$12,000,000	$16,000,000	$16,000,000
Number of subcontracts	200	250-300	250-300
Educational services provided			
Total funds	$ 9,949,385	$13,000,000	$13,000,000
Average per pupil cost	$2,427	$2,635	$2,635
Number of full-time pupils	3,216	4,216	4,216
Number of part-time pupils	467	300	300
Number receiving home services	417	417	417
Number of above receiving summer services	743	743	743

121

School Year	Fiscal Year 1975 1975-76	Fiscal Year 1976 1976-77	Fiscal Year 1977 1977-78
Appropriation	$12,000,000	$16,000,000	$16,000,000
Medical diagnosis and educational evaluation			
Total funds	$75,000[1/]	$75,000[1/]	$75,000[1/]
Average per pupil cost	$26	$26	$26
Number initially identified	838	1,000	1,000
Number receiving periodic reassessment	2,045	2,000	2,000
Family counseling			
Total funds	$100,000[1/]	$100,000[1/]	$100,000[1/]
Number of families	2,160	2,500	2,500
In-service training			
Total funds	$100,000[1/]	$100,000[1/]	$100,000[1/]
Short-term training:			
Teachers	630	1,200	1,200
Aides	474	1,300	1,300
Long-term training:			
Teachers	225	300	300
Aides	120	200	200
Satellite homes			
Total funds	---	$500,000	$500,000
Number of homes supported	---	5-10	5-10
Number of deaf-blind residents	---	50	50
Regional center costs	$2,050,635	$2,500,000	$2,500,000
Administrative	1,400,000	1,400,000	1,400,000
Operational	300,000	300,000	300,000
Support services	350,635	800,000	800,000

1/ These costs included under "Educational services provided".

As part of the program expansion that took place with fiscal year 1976 funds (see tabular data), a pilot program was established involving the placement of 4 or 5 deaf-blind children in "satellite homes". Such homes provide young children with family-like living conditions in the care of specially trained persons. The children may then attend educational programs in the community. In addition to this pilot effort, the number of students receiving pre-vocational/vocational education services was increased. Work will continue in these two areas with fiscal year 1977 funds.

A variety of support services are provided through the regional centers to each of the projects funded under this program. (See "Regional center costs.") These services include:

1) Technical assistance to the States in development of State plans; to individual projects in the development of individualized child plans.

2) Development, implementation, and coordination of new service delivery systems/program alternatives.

3) Assistance in maintaining case-finding, screening, and referral systems.

4) Development of curriculum materials for vocational education, daily living skills, and academic subjects.

5) Coordination of inservice training opportunities.

6) Dissemination of information on educational methodologies, materials, curricula, and proceedings of workshops and training activities.

7) Maintainance of the Joint National Registry of Deaf-Blind Persons in cooperation with the National Center for Deaf-Blind Youth and Adults.

126

	1976 Appropriation	1977 Estimate	Increase or Decrease
2. Special population programs: (a) Severely handicapped projects	$3,250,000	$3,250,000	$ ---
Summary of awards:			
Total awards	3,250,000	3,250,000	---
Number	22	32	+10
New awards	1,094,000	1,406,000	+312,000
Number	9	16	+7
Non-competing continuations	2,156,000	1,844,000	-312,000
Number	13	16	+3
Positions	4	4	---

Narrative

Program purpose

In order to establish and promote programmatic practices designed to meet the educational and training needs of severely handicapped children and youth, this program awards contracts to develop and demonstrate such practices. The Federal strategy is to eventually cover all States or sparsely populated multi-State regions with demonstrations appropriate to State-wide needs. The ultimate goal in the education and training of the severely handicapped is to make them as self-reliant as possible, thereby reducing their requirements for institutional care and increasing their opportunities for self-development.

Contracts are awarded competitively on a one-year basis, with continuations funded for a second and third year on the basis of a project's effectiveness, replicability of elements, and availability of funds. Eligible contractees are State departments of special education, intermediate or local education agencies, institutions of higher education, and other public and nonprofit private agencies.

Budget policy

This budget request will support a program strategy designed to help meet the goal of covering all States or multi-State regions with demonstrations of effective programming for the severely handicapped. This strategy will be carried out through the following activities:

1) Funding of smaller projects as contrasted with large, highly funded programs. This is an effort not only to spread geographical coverage, but also to support more readily adaptable and replicable programs.

2) Development of a technical assistance project for aid to all participating programs. Part of this technical assistance will be to assist in the development of "least restrictive placements" for these children.

3) Support of two National conferences for educators of the severely handicapped in order to accelerate dissemination of project findings and recommendations.

The 16 new projects that will be funded to carry out the above activities will be based on the best educational practices, procedures, and delivery systems developed

in the existing model programs. These models are designed to demonstrate programs incorporating the following objectives.

(a) facilitate mental, emotional, physical, social, and language development.
(b) encourage parent participation and community involvement in the education of the severely handicapped.
(c) facilitate deinstitutionalization to home-based, community-centered intervention programs, as needed on an individual basis.

The following table shows the number of children directly participating in the demonstrations.

	Fiscal Year 1975	Fiscal Year 1976	Fiscal Year 1977
Number of projects	16	22	32
Number of children participating	1,103	1,244	1,804
(Severely mentally retarded)	(416)	(489)	(710)
(Seriously emotionally disturbed)	(212)	(226)	(328)
(Multihandicapped)	(475)	(529)	(766)

In addition, through our regular program administration, we will be continuing efforts to stimulate investment of State, local, or private resources in programs for the severely handicapped. Stimulation of a non-Federal investment is necessary in order to provide comprehensive educational services to the 1,406,000 children currently identified as being severely handicapped. Of this number, about 352,000 are receiving some services from all sources of funding. This population can be delineated as follows:

ESTIMATED NUMBER AND TYPES OF SEVERELY HANDICAPPED CHILDREN*

Type of Handicap	Total Children Ages 0-19	Children Receiving Some Services	Children Receiving No Services
Severely and Profoundly Mentally Retarded	460,000	230,000	230,000
Deaf-Blind	5,064	3,832	1,232
Multi-Handicapped	40,900	9,310	31,590
Seriously Emotionally Disturbed (Autistic and Schizophrenic)	900,000	109,000	791,000
	1,405,964	352,142	1,053,822

* Based on Fiscal Year 1973 Projected Activities Documents (OE 9016) submitted by States and Territories, and data from Fiscal Year 1972 PL 89-313 and Part B, EHA Project Reports contained in the Aid to States Information System.

128

	1976 Revised Budget	1976 Appropriation	1977 Estimate	Increase or Decrease
2. Special population programs:				
(b) Specific learning disabilities	$4,250,000	$5,000,000	$5,000,000	$ ---
(Obligations)	(4,750,000)	(5,500,000)	(5,000,000)	(-500,000)
Summary of awards:				
Total awards		5,500,000	5,000,000	-500,000
Number		40	35	-5
New awards		3,600,000	1,320,000	-2,280,000
Number		25	10	-15
Non-competing continuations		1,900,000	3,680,000	+1,780,000
Number		15	25	+10
Positions		3	3	--

Narrative

Program purpose

In order to stimulate State and local provision of comprehensive identification, diagnostic, prescriptive and educational services for all children with specific learning disabilities this forward-funded program supports model programs and supportive technical assistance, research, and training activities. It also provides for early screening programs to identify these children, and for dissemination of program information.

Federal activities are designed to help define the nature of the disorders, to stimulate adoption of early screening procedures, find approaches to treatment, and to stimulate an increased supply of teachers trained to handle the problems of the affected populations.

Grants and contracts are awarded annually at the Commissioner's discretion through a National competition. Eligible grantees are institutions of higher education, State and local education agencies, and other public and private educational and research agencies or organizations.

Budget policy

Plans for fiscal year 1977 are to continue and expand activities initiated in fiscal year 1976. These include efforts to define, validate, disseminate, and stimulate replication of identified models; funding of new multidisciplinary models which include special education, psychiatry, psychology, medicine, and other applicable fields; and implementation of specific model components aimed at serving high-need target groups such as the geographically isolated, the disadvantaged, and the incarcerated juvenile delinquent.

In addition, a planned evaluation of as many of the 25 continuing projects as possible will serve to identify the most effective methods of serving learning disabled children, as well as provide information for dissemination.

The following table shows the direct impact of the demonstration projects for the years 1975-1977:

	FY 1975	FY 1976	FY 1977
Number of children in projects	7,700	9,850	8,700
Number of projects	30	40	35
Number of children in replications	12,000	14,500	17,000
Number of teachers and administrators receiving in-service training	7,900	10,000	8,950
People provided with materials and information	2,500	3,800	4,200
Parents provided counseling	2,500	2,500	3,000

With fiscal year 1976 funds, the program will complete coverage of all 50 States with model demonstrations. An independent impact evaluation of fifteen model programs will be completed, identifying effective procedures, and developing evaluation technology transferable to non-federally funded learning disabilities programs. The 1976 budget also provides support for a computer-based information center with reference materials produced by the model demonstrations. The materials include model descriptions, career-oriented curriculum materials for the learning disabled adolescent, and newsletters to projects and parents.

130

	1976 Appropriation	1977 Estimate	Increase or Decrease
2. Special population programs: (c) Early childhood education...	$22,000,000	$22,000,000	$ ---
Summary of awards			
Total awards.....	22,000,000	22,000,000	---
Number.....	227	244	+17
New awards.....	10,270,000	14,444,000	+4,174,000
Number.....	119	171	+52
Non-competing continuations.....	11,730,000	7,556,000	-4,174,000
Number.....	108	73	-35
Positions.....	10	10	---

Narrative

Program purpose

In order to improve the quality and availability of comprehensive educational services for handicapped preschool children, this program supports the development, demonstration, and dissemination of a variety of models incorporating educational, therapeutic, and social services. The Federal strategy is to build the capacity of State, local, and private non-profit educational organizations to establish and expand programs for preschool children that use the best of tested practices.

This strategy is implemented through several types of projects: the development of model projects; outreach activities designed to disseminate successful validated models or model components to other parts of the educational system; and technical assistance efforts.

Grants and contracts for each of these activities are awarded annually on the basis of a National competition. Model demonstrations are normally approved for a three-year period, with funding for the second and third years contingent upon successful performance and the availability of funds. Special one-year demonstration grants are awarded to sites wishing to implement validated early childhood education models. Outreach projects are funded on a one-year basis, although funding may continue if the public demand for assistance from a project is great.

In an effort to improve the dissemination of high quality information and manage their programs more effectively, the program also awards contracts to institutions of higher education to provide technical assistance to projects and to States in developing State early childhood plans. The program also awards grants to State education agencies to coordinate activities under these State plans.

Budget policy

During fiscal year 1977, the program will support an estimated 244 model demonstration, outreach, technical assistance and one-year demonstration projects.

Ninety three-year model development projects and 95 outreach projects will be supported to continue to demonstrate child screening practices and methods of training parents, teachers and paraprofessionals. These projects will also provide diagnostic and resource assistance to handicapped children in other programs or agencies through 10 collaborative model projects involving the Head Start program and programs for Indians and migrants.

New three-year model demonstration projects will focus on target populations that still lack a sufficient number of proven products and practices. Infant programs and low-incidence populations will be areas of continued effort. The specific populations for new programs will be determined using the results of a thorough assessment, initiated in 1976, of age groups and handicaps currently being served.

The following table shows both the direct and some of the indirect impact of the demonstration and outreach projects:

	FY 1975 School Year 1975-76	FY 1976 School Year 1976-77	FY 1977 School Year 1977-78
Appropriation	$14,000,000	$22,000,000	$22,000,000
Demonstration outputs			
Children receiving direct services	8,300	14,000	14,000
Children screened	20,000	34,000	34,000
Number of children in other programs, e.g., Head Start, provided diagnostic or resources assistance	20,000	34,000	34,000
Number of parents served	16,000	28,000	28,000
Outreach project impact			
Number of children in replication projects	45,000	45,000	47,250
Number of times projects have been completely replicated.	500	500	525
Number of times projects have been partially replicated.	1,000	1,000	1,050

132

In fiscal year 1976, the efforts to determine whether the developmental cycle can be accelerated by emphasizing the use of proven models will reach a point that allows program personnel to determine the viability of the general approach. In 1976, 22 projects of this kind were supported. If the approach is successful, 30 such awards are planned for fiscal year 1977. If the strategy proves to be unpromising, these funds will be used to increase the number of three-year model demonstrations.

Technical assistance contracts will continue in fiscal year 1977 to provide both model projects and State education agencies with assistance in the planning and development of new programs. An additional effort to assist States to implement early childhood education plans is a program of grants to State education agencies. These grants provide technical assistance, information, and other resources, including personnel, for the coordination and expansion of statewide programs for handicapped preschool children. This strategy is designed to provide an incentive to the States to serve young children, since the resources of State education agencies are often directed to meeting the needs of older unserved populations. In 1976, five SEA implementation grants were awarded; 15 such grants are planned for fiscal year 1977.

	1976 Appropriation	1977 Estimate	Increase or Decrease
3. Regional vocational, adult and post-secondary programs	$2,000,000	$2,000,000	$ ---
Summary of awards:			
Total awards	2,000,000	2,000,000	---
Number	9	9	--
New awards	1,425,000	---	-1,425,000
Number	6	--	-6
Non-competing continuations	575,000	2,000,000	+1,425,000
Number	3	9	+6
Positions	1	1	--

Narrative

Program purpose

In order to provide vocational, technical, postsecondary, and adult educational opportunities for deaf and other handicapped persons, this program awards grants and contracts for the development and operation of regional centers for this purpose. Priority consideration is given to: (1) programs serving multi-State regions or large population centers; (2) programs adapting existing programs of vocational, technical, postsecondary, or adult education to the special needs of handicapped persons; and (3) programs designed to serve areas where a need for such services is clearly demonstrated.

The needs of the population that is addressed by this program fall into two general areas: (1) career education and the supportive services relative to career placement, (2) skills necessary for successful and rewarding functioning in daily life. Programs emphasize job placement in the white collar, skilled, and unskilled labor markets, as well as the provision of instruction in skills such as home budgeting.

Budget policy

In 1977, this program will continue the same program level as in fiscal year 1976. In order to provide vocational, postsecondary, and adult educational opportunities for the handicapped, this program will continue to fund the 9 projects supported in 1976. It is anticipated that these 9 awards will benefit approximately 1,500 persons who are deaf, blind, physically disabled, or learning disabled.

Services will be provided according to the needs of the individuals, so that they can participate as fully as possible in existing educational programs. The programs are designed to adapt and modify available resources. Supportive services include note taking, interpreting for the deaf, mobility training, auditory evaluation and training, wheelchair assistance, and sensory training.

Tutoring and counseling, particularly as it relates to occupational exploration, job placement, and job followup, as well as personal and social adjustment, will be provided to all handicapped populations served.

In an effort to gain wider adoption of these programs and support ongoing services, a technical assistance effort to continuing education programs will be established.

In fiscal year 1976 approximately 6 new awards were made, including a new award to the Delagado Junior College Program for the Deaf in New Orleans.

	1976 Appropriation	1977 Estimate	Increase or Decrease
4. Innovation and development	$ 11,000,000	$ 11,000,000	$ ---
(Obligations)	(14,035,897)	(11,000,000)	(-3,035,897)
Summary of awards:			
Total awards	14,035,897	11,000,000	-3,035,897
Number	140	115	-25
New awards	9,202,897	6,000,000	-3,202,897
Number	102	75	-27
Non-competing continuations	4,833,000	5,000,000	+167,000
Number	38	40	+2
Positions	13	13	---

Narrative

Program purpose

In order to improve educational opportunities for handicapped children, this program supports research and development activities. These activities seek to improve the effectiveness and efficiency of the educational system for handicapped children by supporting the development and validation of new service models and techniques; by packaging information into usable form; and by systematically assuring that this information is placed in appropriate hands. Activities are designed so that quality research and development products can be easily integrated into the educational delivery system.

State and local education agencies, institutions of higher education, and public and private educational and research agencies and organizations are eligible for the grants and contracts that are awarded annually at the Commissioner's discretion through National competition. Projects are approved for periods ranging from 1 to 5 years, but awards are made for one year, with continued funding based on quality performance and availability of appropriations.

Budget policy

This budget request will provide for the support of 115 awards to both increase the knowledge base necessary for special educational programs, and develop new service models. The research reports, curricula, instructional materials, teaching techniques and program models emanating from the supported projects will be targeted mainly in the priority areas of (1) early childhood education, (2) provision of full school services, i.e., the reform necessary in the organization, methods, and materials used by schools so that the handicapped may be provided full educational opportunities (3) career education for the handicapped (4) the problems of the severely handicapped child, and (5) personnel development. Within these areas currently pressing issues will be studied, such as least restrictive arrangements for service delivery, availability of materials and curricula, and administrative problems such as due process, individualized programming, problems of identification, special education finance, transportation, and architectural barriers.

In fiscal years 1975 and 1976, the following activities were supported in the five priority areas:

436

(1) Early childhood education - State-of-the-art studies in various kinds of development of preschool handicapped and non-handicapped are being completed. Studies were initiated on factors impacting on early educational programming; curriculum and service delivery system development; and determination of personnel competencies.

FY 1975	-	$ 510,512
FY 1976	-	2,500,000
FY 1977	-	1,850,000

(2) Full school services - In order to eliminate barriers to full educational opportunities to handicapped children, 55 awards were made in areas such as child advocacy, mainstreaming, educational communication, and impact studies of the legislative and judicial mandates for appropriate educational opportunities for all handicapped children.

FY 1975	-	$5,175,476
FY 1976	-	5,000,000
FY 1977	-	4,400,000

(3) Career education - A technical manual was completed and disseminated on ways to develop vocational programs for the handicapped based on existing programs; three model vocational programs for the deaf were developed; and a driver education project was initiated.

FY 1975	-	$ 735,417
FY 1976	-	1,500,000
FY 1977	-	1,250,000

(4) Severely handicapped - Nine projects covered deinstitutionalization, curriculum development, and the developmental gains of Down's Syndrome children.

FY 1975	-	$ 771,569
FY 1976	-	2,500,000
FY 1977	-	1,750,000

(5) Personnel development - Projects focused on the effects of specific teacher behaviors; the identification of alternative staffing patterns, the cost-effectiveness of various types of inservice training; behavior modification of emotionally disturbed children; and the development of mediated training programs for all special education personnel.

1975	-	$1,427,141
1976	-	2,150,000
1977	-	1,500,000

A small number of projects were supported in 1975 and 1976 in various other areas, mainly in child advocacy.

1975	-	$ 701,622
1976	-	385,897
1977	-	---

The following table displays program efforts by handicapping conditions:

	FY 1975	FY 1976	FY 1977
Crippled and other health impaired	283,162	1,000,000	400,000
Emotionally disturbed	482,487	1,500,000	900,000
Hearing impaired	229,894	1,500,000	800,000
Mentally retarded	2,584,169	2,500,000	2,500,000
Speech impaired	271,649	1,000,000	400,000
Visually impaired	866,111	1,500,000	1,000,000
Noncategorical	4,604,265	5,035,897	5,000,000
Total	9,321,737	14,035,897	11,000,000

138

	1976 Appropriation	1977 Estimate	Increase or Decrease
5. Media and resource services:			
(a) Media services and captioned films	$16,250,000	$16,000,000	$-250,000
(Obligations)	(17,262,332)	(16,000,000)	(-1,262,332)
Summary of awards:			
Total awards	17,262,332	16,000,000	-1,262,332
Number	93	86	-7
New awards	6,362,332	6,300,000	-62,332
Number	69	64	-5
Non-competing continuations	10,900,000	9,700,000	-1,200,000
Number	24	22	-2
Positions	9	9	--

Narrative

Program purpose

In order to respond to the need to help provide the handicapped learner with special educational materials, this program supports grants and contracts for this purpose. This includes producing and distributing educational media for the use of handicapped persons, their parents, their actual or potential employers, and other persons directly involved in work for the advancement of the handicapped; captioning and distributing films and other visual media in order to promote the general welfare of deaf persons; training persons in the use of educational media for the instruction of the handicapped; and carrying on research in the use of educational media for the handicapped. This latter purpose is being advanced through the operation of a system of centers which focus on demonstration and technical assistance to facilitate more effective utilization of media and materials for the handicapped.

Projects are approved for periods of up to 36 months, but awards are made annually with renewals funded on the basis of a project's effectiveness, the replicability of its elements, and availability of appropriations.

Budget policy

The 1977 budget request will provide for approximately the same level of program operations as in 1976 with slight decreases in lower priority activities.

1) Educational Media and Materials Centers: New contracts will be awarded in order to revamp a system of educational media and materials centers. These centers will incorporate the work of the present 13 Area Learning Resource Centers, the 3 centers specializing in particular handicapping conditions, a film and materials depository, and the National Center on Educational Media and Materials. The new system of centers will provide a comprehensive program of activities to facilitate the use of new educational technology in education programs for handicapped persons. This purpose will be accomplished through the design, development, and adaptation of educational materials. The centers will also train those who need to choose and prescribe the use of mediated materials; inform users of the most recent technological developments; and provide specific materials needed by teachers and learners.

2) Marketing and Implementation Strategy: Eight awards will be made to continue the development of a marketing and implementation strategy to assure that models of curricula and materials designed for the handicapped are widely distributed among handicapped consumers. This strategy also will help test and develop promising prototypes of educational devices into production models.

Contracts, begun in 1976, for the dissemination of Optacons to the blind, will be continued. The Optacon is a device, developed with Federal funds, enabling blind people to read print. The production of custom-made tape copies of textbooks will also continue, for their distribution to elementary and high school students.

3) Captioning and Recording: A total of 59 awards will be made to continue the adaptation, development, production, and distribution of devices and materials incorporating the most recent technological and telecommunicative developments in television and recording. The program will caption and develop new television programming for the handicapped, develop interactive television programming, and develop educational programming for parents of the handicapped.

The program will also continue to support the production of recordings for the blind and print-handicapped.

In fiscal year 1976 the program captioned 300 new theatrical and educational films, and distributed them to an estimated audience of 6,000,000 deaf persons; captioned a daily newscast for broadcast 5 nights a week in over 130 cities over the CBS National television network; initiated an interim captioning service utilizing a "decoder" system; and continued telecommunications projects designed to impact upon severely handicapped children not previously served.

4) National Theatre of the Deaf: Support will continue for the National Theatre of the Deaf which has served as a talent center for activities in the theater arts for the deaf, providing vocational, educational, cultural, and social enrichment.

A distribution of funds and numbers of awards among the above activities is provided in the following table covering the years 1975-1977.

	Fiscal Year 1975		Fiscal Year 1976		Fiscal Year 1977	
	Amount	No.	Amount	No.	Amount	No.
Captioned films.....	$2,767,929	42	$3,412,332	56	$3,000,000	50
Captioned TV and telecommunications...	2,085,039	7	2,600,000	9	2,000,000	8
Area Learning Resource Centers.....	6,205,903	17	7,650,000	17	---	--
National Center on Educational Media and Materials.....	927,347	1	1,000,000	1	---	--
Educational Media and Materials Centers....	---	--	---	--	8,650,000	18
Marketing and implementation.....	---	--	1,750,000	8	1,500,000	8

140

	Fiscal Year 1975		Fiscal Year 1976		Fiscal Year 1977	
	Amount	No.	Amount	No.	Amount	No.
National Theatre of the Deaf.....	$378,136	1	$350,000	1	$350,000	1
Recordings for the blind and print handicapped.....	500,000	1	500,000	1	500,000	1
Council for Exceptional Children.....	375,115	1	---	--	---	--
	13,239,469	70	17,262,332	93	16,000,000	86

	1976 Appropriation	1977 Estimate	Increase or Decrease
5. Media and resource services:			
(b) Regional resource centers	$10,000,000	$9,750,000	$ -250,000
(Obligations)	(13,131,652)	(9,750,000)	(-3,381,652)
Summary of awards:			
Total awards	13,131,652	9,750,000	-3,381,652
Number	14	14	--
Non-competing continuations	13,131,652	9,750,000	-3,381,652
Number	14	14	--
Positions	9	9	--

Narrative

Program purpose

In order to encourage and promote the development and application of exemplary appraisal and educational programming practices for handicapped children, the Regional resource center program was established. The centers have used demonstrations, dissemination, training, financial assistance, staff expertise, and services, as strategies for carrying out their mission. The centers also act as a backup agent where State and local services in these ares are nonexistent or inadequate.

Grants or contracts are awarded to institutions of higher education, State educational agencies, or combinations of such agencies or institutions which may include one or more local educational agencies, within particular regions of the United States. Projects are approved for periods of 36 months, but awards are made annually, and renewed on the basis of a Center's effectiveness, and the availability of appropriations.

Budget policy

Through the awarding of contracts to the 13 Regional Resource Centers, this program will increase local and State capacity to develop, promote, and apply exemplary child appraisal and educational programming practices for handicapped children. The national coordinating unit will continue to conduct ongoing needs assessment, provide information and data support, and provide training activities for teachers, paraprofessionals, Regional resource center staff, and parents.

In addition to the above State and local capacity building efforts, 10 of the Regional resource centers will operate Direction Centers, which provide a one-stop general information service to match the child's total needs with available services attempting a multidisciplinary effort to integrate the specialized services needed by the child. The centers also account for the child's needs over time by maintaining service information on each referred child and by stressing periodic reassessment.

With fiscal year 1976 funds, 13 Regional Resource Centers provided approximately 90,000 handicapped children with educational referral services, an increase of 10,000 children over 1975. The program also trained 2,898 personnel in special education programming skills. Assistance was provided to 57 State education agencies in the development of the comprehensive State plans required under part B of the Education of the Handicapped Act, with special attention given to case-finding and identification systems.

143

The following table provides a distribution of funds for 1975-1977 in the various categories of program effort.

Activity	Amount 1975	Amount 1976	Amount 1977	Percentage of Program Effort
State program development: This includes support of demonstration models, training of SEA personnel, and dissemination to develop the States' capacity in child appraisal and educational programming.....	$3,401,760	$7,091,092	$5,265,000	54%
Educational appraisal: This includes testing and evaluation of referred children and announcement of available services and service criteria through SEA's.....	850,440	1,838,431	1,365,000	14%
Educational programming: This includes development of educational programs for referred children; consultations with schools and other agencies, parents and teachers; and reassessment of child placements.....	779,470	2,495,014	1,852,500	19%
Sharing resources: Refers to collaborative projects among RRC's and the media centers funded under EHA, Part F.....	708,700	393,950	292,500	3%
Project administration: Includes maintenance of accountability data and other administrative activities applicable to center operations.....	1,346,530	1,313,165	975,000	10%
	7,086,900	13,131,652	9,750,000	

	1976 Appropriation	1977 Estimate	Increase or Decrease
5. Media and resource services: (c) Recruitment and information	$500,000	$1,000,000	+$500,000
Summary of awards:			
Total awards	500,000	1,000,000	+$500,000
Number	3	13	+10
New awards	---	500,000	+ 500,000
Number	---	10	+10
Non-competing continuations	500,000	500,000	---
Number	3	3	---
Positions	1	1	---

Narrative

Program purpose

In order to encourage people to enter the field of special education, to disseminate information, and provide referral services for parents of handicapped children in order that they may be assisted in their attempts to locate appropriate educational programs for their children, this program provides grants or contracts for that purpose.

Budget policy

In addition to continuing activies supported in previous years, new activities proposed for fiscal year 1977 are:

(1) To provide assistance grants for the establishment of local information units. Strong emphasis will be placed on involvement of parents of the handicapped in planning these units, and in selecting host organizations to operate and eventually take over financial responsibility for continued operation.

(2) To produce a technical manual with evaluative criteria on information systems and referral services; to facilitate exchange of information between these regional units and State, local and Federal organizations and agencies; and to produce a manual to assist parents to evaluate the relevance of programs to childrens needs.

(3) To assess the needs of and design information packages for special handicapped populations such as the bilingual, Indians, disadvantaged, and geographically isolated.

The funding for these new activities is distributed as follows:

Task	Amount	Number of Awards
Grants to local information units	$400,000	8
Technical assistance to local information units	50,000	1
Media outreach campaign for special populations	50,000	*

144

The following activities are planned for continuation in 1977:

Task	Amount	Number of Awards
Media Outreach Campaign	$250,000	*
Operation of Information Clearinghouses	200,000	*
Production and distribution of Closer Look Report, 3 issues (100,000 circulation)	24,000	*
Workshop for parents	3,600	3
Development of parent-oriented information and distribution to Federal and other programs serving the handicapped	16,400	*
Production and distribution of Special Education Careers	6,000	*

* These activities covered under one contract.

With 1976 funds, the program:

(1) Provided current program information to approximately 50,000 new parents through the CLOSER LOOK ads and mailings from the Special Education Information Center (SEIC). The SEIC newsletter reaches 200,000 parents on a continuous basis in both English and Spanish.

(2) Conducted an intense regional campaign in the Southwest, including medical, mental, health, social, and educational referral and information services that replicated the successful efforts carried on in New England.

(3) Conducted showings, on both commercial and public stations, of a TV program that strives to increase public awareness of the need for better service for the handicapped.

(4) Continued to target recruitment information at regular educators and students in colleges and high schools to increase the number of teachers in this shortage field, particularly in the areas of minority, bilingual, and severely handicapped programs.

	1976 Revised Budget	1976 Appropriation	1977 Estimate	Increase or Decrease
6. Special education manpower development...	$39,750,000	$40,375,000	$40,375,000	$ ---
(Obligations).....	(44,297,830)	(44,922,830)	(40,375,000)	(-4,547,830)
Summary of awards:				
Total awards.....		44,922,830	40,375,000	-4,547,830
Number.....		723	695	-28
New awards.....		17,970,000	16,150,000	-1,820,000
Number.....		289	278	-11
Non-competing continuations.....		26,952,830	24,225,000	-2,727,830
Number.....		434	417	-17
Positions.....		26	26	--

Narrative

Program purpose

In order to ensure an adequate supply of educational personnel competent to deal with the special educational problems of the handicapped, this program provides financial assistance through grants to institutions of higher education, State education agencies, and other appropriate nonprofit agencies for the training of teachers, supervisors, administrators, researchers, teacher educators, speech correctionists, and other special services personnel such as specialists in physical education and recreation, music therapy and paraprofessionals. Those personnel trained through this program not only provide direct educational services to handicapped children and youth, but also are involved with preparation of other educators and specialists.

This program awards grants annually at the Commissioner's discretion. All grantees are placed under a block grant system. This allows grantees greater flexibility in the use of Federal funds than was possible under the previous system of allocating a fixed support grant to a fixed stipend level. This system allows the grantee flexibility in allocating funds for various priorities, based on differential needs, such as stipends, faculty salaries or curriculum development. Faculty members receiving support provide training to students other than those who receive direct financial aid. This functions as a multiplier variable to increase the impact of Federal funds by preparing additional numbers of students and upgrading the quality of the personnel preparation programs. It is estimated that at least three additional students receive some training benefit for each full-time academic year student who is supported by Federal funds under this program.

This program is forward funded, with the minimum award being $1,000 and the average award approximately $70,000. All awards are for 12 months of activity.

Budget policy

Over 32,000 individuals will receive some financial assistance from this program. The requested funding level of $40,375,000 for the school year 1977-78 provides for the following:

146

1. Pre-service/full-time and in-service continuation preparation for special educators:

The program will provide financial support to approximately 6,808 individuals in pre-service training as well as related institutional support ($21,795,000), and financial support to approximately 12,638 individuals in in-service training plus related institutional support ($7,585,000).

2. Special education training for regular classroom teachers:

One of the requirements of the Education for All Handicapped Children Act of 1975 is the placement, where possible, of handicapped children in education environments with non-handicapped children. Teachers with the ability to serve these children in the regular classroom are in short supply for the expected demand. Teacher training institutions will need to reform curricula to meet this need. This program will provide financial support to approximately 70 colleges of education to make changes in their current curriculum to enable their graduates to work with the handicapped child in regular classes ($3,230,000). In addition, provision is made for financial support to approximately 10,521 regular classroom teachers in in-service training plus related institutional support ($3,735,000).

3. Instructional Models:

Under this component of the program, financial support will be provided for the development of new instructional models to train special educators, regular educators, and paraprofessionals ($3,530,000). In-service training and assistance will be provided for program planning and implementation, and evaluation of personnel preparation faculty members ($500,000).

The three types of personnel preparation programs described above are targeted in 11 different areas of need which have been developed through a close planning relationship between the Federal government, the States, and local communities. These areas are: (1) early childhood education, (2) education of the severely handicapped, (3) training of paraprofessionals, (4) physical education training, (5) therapeutic recreation training, (6) interdisciplinary personnel training, (7) general special education, (8) vocational/career education, (9) training of regular educators, (10) post-doctoral training, and (11) development and implementation of instructional models for new types of training roles.

The following table displays the projected fiscal year 1977 program output and funds distribution:

(Dollars in thousands)

	Pre-service		In-service		Total	
	Amount	No. Trained	Amount	No. Trained	Amount	No. Trained
Program assistance						
1. Early childhood	$ 3,635	1,135	$ 2,020	3,366	$ 5,655	4,501
2. Sev. handicapped	6,055	1,892	2,020	3,366	8,075	5,258
3. Paraprofessional	2,020	631	405	675	2,425	1,306
4. Physical education	605	189	305	508	910	697
5. Recreation	605	189	205	341	810	530
6. Interdisciplinary	405	126	205	341	610	467
7. General special education	6,450	2,015	2,020	3,366	8,470	5,381
8. Voc/career education	2,020	631	405	675	2,425	1,306
Subtotal	21,795	6,808	7,585	12,638	29,380	19,446
Regular education						
1. Pre-service and in-service training	3,230		3,735	10,521	6,965	10,521
Instructional models						
1. Developmental asst.			500	835	500	835
2. Model implementation	2,825	763	705	1,175	3,530	1,938
Subtotal	2,825	763	1,205	2,010	4,030	2,773
Total	$27,850	7,571	$12,525	25,169	$40,375	32,740

148

In fiscal years 1975 and 1976, this program covered many of the same priority areas, training an estimated 25,220 students in 604 projects with fiscal year 1975 funds. With fiscal year 1976 funds, the program is providing training to over 34,000 individuals, as follows:

	Pre-service		In-service		Total	
	Amount	Outputs	Amount	Outputs	Amount	Outputs
Program assistance						
1. Early childhood	$ 4,500	1,400	$ 1,720	2,860	$ 6,220	4,260
2. Sev. handicapped	7,500	2,220	1,940	3,230	9,440	5,450
3. Paraprofessional	1,000	660	345	575	1,345	1,235
4. Physical education	780	250	215	360	995	610
5. Recreation	700	225	200	335	900	560
6. Interdisciplinary	500	235	180	300	680	535
7. General special education	8,925	2,704	2,435	4,058	11,360	6,762
8. Voc/career education	1,140	335	570	950	1,710	1,285
Subtotal	25,045	8,029	7,605	12,668	32,650	20,697
Regular education						
1. Pre-service and in-service training	3,550	N.A.	4,098	11,543	7,648	11,543
Instructional models						
1. Developmental asst.	N.A.	N.A.	500	835	500	835
2. Model implementation	3,000	810	500	835	3,500	1,645
Subtotal	3,000	810	1,000	1,670	4,000	2,480
Total	$31,595	8,839	$12,703	25,881	$44,298	34,720

In all training activities supported, there are certain priorities considered critical to overall program policy. These are:

(1) selection of trainees from the general education surplus,

(2) recruitment of personnel from minority groups, including the handicapped,

(3) comprehensive cooperative planning between State education agencies and training institutions within a State, and

(4) training for geographical areas which have recruitment and placement problems, including rural and inner-city areas.

OFFICE OF EDUCATION

Education for the Handicapped

Program Purpose and Accomplishments

Activity: State assistance
(a) State grant program (Education for the Handicapped Act, Part B)

1976 Appropriation	1977 Authorization	1977 Budget Estimate
$110,000,000	1/	$110,000,000

1/ The fiscal year 1978 authorization for this program is equal to the number of handicapped children aged 3-21, inclusive, receiving special education and related services, multiplied by 5 percent of the average per pupil expenditure in public elementary and secondary schools in the United States.

Purpose: To assist the States and outlying areas in the initiation, expansion and improvement of programs and projects for handicapped children at the preschool, elementary, and secondary levels, this program provides grants to the States and outlying areas. Grants under this program are meant to promote full and effective programming for all children on a comprehensive basis involving various Federal programs and local resources.

Explanation: Through fiscal year 1977 funds are allocated to the States on the basis of the number of children in each State aged 3-21, multiplied by $8.75 ratably reduced, with a minimum $300,000 grant. The amount now requested for fiscal year 1978 will be allocated based on the number of children in each State receiving special educational services, multiplied by 5 percent of the National per pupil expenditure in public elementary and secondary schools. No State may receive less than was received in fiscal year 1977.

Accomplishments in 1976: The program will serve an estimated 406,000 children in school year 1976-77, with services that include screening, diagnosis, and prescription as well as direct educational services.

Objectives for 1977: In school year 1977-78, this program will serve an estimated 425,000 children with both direct and indirect educational services in 5,500 projects. Emphasis will be placed on the priorities of child-identification, the severely and multiply-handicapped, and preschool special education.

150

OFFICE OF EDUCATION

Education for the Handicapped

Program Purpose and Accomplishments

Activity: State assistance:
(b) Deaf-blind centers (Education for the Handicapped Act, Part C, section 622)

1976 Appropriation	1977 Authorization	1977 Budget Estimate
$16,000,000	$20,000,000	$16,000,000

Purpose: To provide specialized, intensive educational and therapeutic services to deaf-blind children and their families through regional centers, so that these children may achieve their full potential for communication and adjustment for useful and meaningful participation in society.

Explanation: Contracts are awarded to regional centers which themselves are authorized to sub-contract with State education agencies, State Departments of Mental Health and Welfare, and private agencies for the provision of direct services. The regional centers monitor subcontracts and provide technical assistance, coordination, casefinding, and screening.

Accomplishments in 1976: Through the funding of 10 regional centers and 250-300 individual projects, 4,216 deaf-blind children were provided full-time educational services, 300 received part-time services, 417 received home services, 1,000 received initial diagnosis and evaluation, 2,500 families were counseled, and 3,000 teachers and aides were provided training related to the special problems of deaf-blind children. A new program of "satellite" homes for deaf-blind children was started, providing 50 children with a family-like living situation and educational programs in the community.

Objectives for 1977: All program operations will be continued at the same level as 1976.

OFFICE OF EDUCATION

Education for the Handicapped

Program Purpose and Accomplishments

Activity: Special population programs:
(a) Severely handicapped projects (Education of the Handicapped Act, Part C, section 621)[1/]

1976 Appropriation	1977 Authorization	1977 Budget Estimate
$3,250,000	$19,000,000[2/]	$3,250,000

1/ Funds for this program are requested under Part C, section 621, however, the authority used to operate these projects is derived from section 624 of the same part. Funding for section 624 projects may originate in any section of Part C which has specific authorizations.

2/ Total of $19,000,000 authorized for section 621 activities.

Purpose: To establish and promote programmatic practices designed to meet the educational and training needs of severely handicapped children and youth, in order to make them as independent as possible.

Explanation: Contracts are awarded on a one-year basis to State departments of special education, intermediate or local education agencies, institutions of higher education, and other public and nonprofit private agencies with continuations funded for a second and third year on the basis of a project's effectiveness, replicability, and availability of funds.

Accomplishments in 1976: In fiscal year 1976, 13 projects were continued for their second or third year, and 9 new ones were funded. These projects all contained: (a) a comprehensive service plan; (b) a replicable model demonstration program providing direct services; and (c) a strategy to widely disseminate exemplary projects and project elements to professional and nonprofessional personnel.

Objectives for 1977: These funds will continue 16 projects and start 16 new ones. New projects will be smaller and more easily replicable in order to facilitate wider geographical coverage.

152

OFFICE OF EDUCATION

Education for the Handicapped

Program Purpose and Accomplishments

Activity: Special population programs:
(b) Specific learning disabilities (Education of the Handicapped Act, Part G)

1976 Appropriation	1977 Authorization	1977 Budget Estimate
$5,000,000	$20,000,000	$5,000,000

Purpose: In order to stimulate State and local provision of comprehensive identification, diagnostic, prescriptive and educational services for all children with specific learning disabilities, this forward-funded program supports model programs and supportive services, provides programs to ensure early identification of children with these disabilities, and disseminates information regarding programs for the learning disabled.

Explanation: Grants and contracts are awarded annually at the Commissioner's discretion through National competition. Encouragement is given to those areas where the need is greatest. Institutions of higher education, State and local education agencies, and other public and private educational and research organizations are eligible.

Accomplishments in 1976: Through the funding of 25 new and 15 continuing awards, the program will have completed coverage of all 50 States with model demonstrations. These demonstrations include projects focused on high-need populations and multidisciplinary service models. The program also started an independent evaluation.

Objectives for 1977: The program will continue and expand activities initiated in 1976. These include defining, validating, disseminating, and stimulating replication of identified models; increasing support for multidisciplinary and high-need population models; and continuing support for a model project evaluation.

OFFICE OF EDUCATION

Education for the Handicapped

Program Purpose and Accomplishments

Activity: Special population programs
(c) Early childhood education (Education of the Handicapped Act, Part C, section 623)

1976 Appropriation	1977 Authorization	1977 Budget Estimate
$22,000,000	$38,000,000	$22,000,000

Purpose: In order to build the capacity of State and local educational agencies to provide comprehensive educational services for handicapped preschool children, this program supports demonstration and outreach projects. The Federal strategy is to assist in the establishment of competent State and local programs incorporating the best of tested practices.

Explanation: Grants and contracts are awarded to public and nonprofit private organizations annually on the basis of National competition; each model demonstration is approved for a three year period, but receives second and third year funding on the basis of successful performance and availability of funds.

Accomplishments in 1976: With 1976 funds this program supported 224 demonstration and outreach projects in school year 1976-77. These projects accomplished the screening of preschool children, training of parents, provision of diagnostic and resource assistance to handicapped children in other programs, and training for professionals and volunteers in the area of early childhood education. The program also supported 3 technical assistance awards in order to provide help to model demonstration projects and to State education agencies in the development and implementation of Statewide early childhood plans.

Objectives for 1977: In school year 1977-78, this program will support 244 demonstration, outreach, and technical assistance projects which provide models for the delivery of services to preschool children. Provision of technical assistance will continue to demonstration projects and State agencies.

154

OFFICE OF EDUCATION

Education for the Handicapped

Program Purpose and Accomplishments

Activity: Regional vocational, adult and post-secondary programs (Education of the Handicapped Act, Part C, section 625)

1976 Appropriation	1977 Authorization	1977 Budget Estimate
$2,000,000	Indefinite	$2,000,000

Purpose: In order to provide vocational, technical, postsecondary, and adult educational opportunities for handicapped persons, this program awards grants and contracts for the development and operation of regional centers.

Explanation: Priority consideration in awarding grants is given to programs serving large population centers, to programs adopting existing vocational programs to the needs of the handicapped, and to programs serving areas where a need for such services is clearly demonstrated.

Accomplishments in 1976: In fiscal year 1976, 6 new and 3 continuing awards were made, including an award to Delgado Junior College in New Orleans.

Objectives for 1977: Nine continuing awards will be made, involving approximately 1,500 participating deaf, blind, physically disabled, or learning disabled students. These projects build on and adapt existing postsecondary and vocational programs.

OFFICE OF EDUCATION

Education for the Handicapped

Program Purpose and Accomplishments

Activity: Innovation and development (Education of the Handicapped Act, Part E)

1976 Appropriation	1977 Authorization	1977 Budget Estimate
$11,000,000	$20,000,000	$11,000,000

Purpose: In order to improve educational opportunities for handicapped children, this program supports research and development activities. These activities seek to improve the effectiveness and efficiency of the educational system for handicapped children by supporting the development and validation of new service models and techniques, and by packaging and disseminating information.

Explanation: Applications are made by State education agencies, local education agencies, colleges and universities, and private and public nonprofit agencies. Awards are made annually at the Commissioner's discretion through National competition.

Accomplishments in 1976: Support was provided to 140 research and development projects. These projects were targeted on 5 areas identified as being of greatest concern to special educators: (1) early childhood, (2) provision of full school services, (3) career education, (4) severely handicapped, and (5) personnel development.

Objectives for 1977: The program will award 115 grants and contracts in order to increase the special education knowledge base and develop new service models. These awards will be targeted in the 5 priority areas identified above.

156

OFFICE OF EDUCATION

Education for the Handicapped

Program Purpose and Accomplishments

Activity: Media and resource services:
(a) Media services and captioned films (Education of the Handicapped Act, Part F)

1976 Appropriation	1977 Authorization	1977 Budget Estimate
$16,250,000	$22,000,000	$16,000,000

Purpose: The Media services and captioned film program responds to the need to help provide the handicapped learner with specific educational materials to make effective education possible; promotes the general welfare of deaf persons by captioning and distributing motion picture films and other media.

Explanation: Eligible applicants are State and local education agencies, institutions of higher education, and other public and nonprofit private agencies. Projects are approved for periods of up to 36 months, but awards are made annually, with renewals funded on the basis of a project's effectiveness, the replicability of its elements, and the availability of funds.

Accomplishments in 1976: Accomplishments include the captioning of 300 new films for the deaf and the recording of books and other printed matter for the blind. Eight awards were made to support the marketing of and insure the widespread implementation of materials and devices made especially for the handicapped. The network of Area Learning Resource Centers continued to develop and maintain a media and materials storage and retrieval system for teachers of the handicapped.

Objectives for 1977: A reorganized system of media and materials centers will continue the work of the Area Learning Resource Centers, and the marketing and implementation strategy will continue with 8 awards. Fifty-nine awards will be made to support the recording of print materials for the visually handicapped, and the captioning of television programs and films for the deaf. The National Theatre of the Deaf will receive continued support.

OFFICE OF EDUCATION

Education for the Handicapped

Program Purpose and Accomplishments

Activity: Media and resource services:
(b) Regional resource centers
(Education of the Handicapped Act, Part C, section 621)

1976 Appropriation	1977 Authorization	1977 Budget Estimate
$10,000,000	$19,000,000[1/]	$9,750,000

1/ Total of $19,000,000 authorized for section 621 activities; other funds requested are $3,250,000 for Severely handicapped projects.

Purpose: To encourage and promote the development and application of exemplary appraisal and educational programming practices for handicapped children, the Regional resource center program was established. The Centers accomplish this task through demonstration, dissemination, training, financial assistance, staff expertise, and services. The Centers also act as a backup agent where State and local services in these areas are nonexistent or inadequate.

Explanation: Grants are awarded to institutions of higher education, State education agencies, or combinations of such agencies or institutions which may include one or more local education agencies, within particular regions of the United States. Projects are approved for periods of 36 months, but awards are made annually, and renewed on the basis of a Center's effectiveness and the availability of appropriations.

Accomplishments in 1976: With fiscal year 1976 funds, 13 Regional Resource Centers provided approximately 90,000 handicapped children with referral services, trained 2,898 special education personnel, and assisted 57 State education agencies in State plan development, with particular attention given to case-finding and identification. In addition, the Directions Center program was initiated in 1976.

Objectives for 1977: The 13 Regional Resource Centers will continue to increase local and State capacity to develop, promote, and apply exemplary child appraisal and educational programming practices for handicapped children. The National coordinating unit will continue to conduct needs assessments, provide data support, and provide training activities. In addition, 10 "Direction Centers" will be operated by the Regional Resource Centers to provide a one-step general information service to match the child's total needs with available services.

158

OFFICE OF EDUCATION

Education for the Handicapped

Program Purpose and Accomplishments

Activity: Media and resource services:
(c) Recruitment and information
(Education of the Handicapped Act,
Part D, section 633)

1976	1977	
Appropriation	Authorization	Budget Estimate
$500,000	$1,000,000	$1,000,000

Purpose: In order to encourage people to enter the field of special education, to disseminate information, and provide referral services for parents of handicapped children in order that they may be assisted in their attempts to locate appropriate educational programs for their children, this program provides grants and contracts.

Explanation: Discretionary project grants or contracts are awarded to public and nonprofit private organizations.

Accomplishments in 1976: In 1976, the program provided 50,000 new parents with CLOSER LOOK ads, and mailings from the Special Education Information Center (SEIC); conducted an intense regional campaign in the Southwest covering referral and information services, conducted showings of a TV program to increase public awareness of the needs of the handicapped; and continued to target recruitment information to increase the number of bilingual and minority teachers, and teachers of the severely handicapped.

Objectives for 1977: In addition to continuing 1976 activities, the Program will also set up 8 local information units which will operate somewhat like parent conditions for the appropriate education of handicapped children; produce a technical manual with evaluative criteria on information systems and referral services; produce a manual to assist parents to evaluate the relevance of programs to children's needs; and assess the needs of, and design information packages for, special handicapped populations such as the bilingual, Indians, disadvantaged, and geographically isolated.

OFFICE OF EDUCATION

Education for the Handicapped

Program Purpose and Accomplishments

Activity: Special education manpower development (Education of the Handicapped Act, Part D, sections 631, 632, and 634)

1976 Appropriation	1977 Authorization	1977 Budget Estimate
$40,375,000	$54,000,000	$40,375,000

Purpose: In order to ensure an adequate supply of educational personnel competent to deal with the special educational problems of the handicapped, this program provides financial assistance through grants to institutions of higher education, State education agencies, and other appropriate nonprofit agencies, for the training of teachers, supervisors, administrators, researchers, teacher educators, speech correctionists and other special services personnel such as specialists in physical education and recreation, music therapy, and paraprofessionals. Those personnel trained through this program not only provide direct educational services to handicapped children and youth, but also are involved with preparation of other educators and specialists.

Explanation: Project grants are made to State education agencies and institutions of higher education to assist them in developing and improving training programs for educational personnel for the handicapped.

Accomplishments in 1976: In fiscal year 1976, funds provided support for an estimated 723 projects serving approximately 34,720 students. The projects cover full-time preservice training, in-service training of special educators and regular classroom teachers, and the development of new instructional models for training of personnel to fill new educational roles.

Objectives for 1977: In school year 1977-78, the program will support 695 projects, training an estimated 32,740 teachers administrators, and paraprofessionals.

160

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Education for the Handicapped

State or Outlying Area	State Grant Program 1975 Appropriation1/	1976 Appropriation 2/	1977 Estimate 3/
Total	$100,000,000	$110,000,000	$110,000,000
Alabama	1,689,600	1,850,515	1,850,515
Alaska	300,000	317,643	317,643
Arizona	900,418	995,390	995,390
Arkansas	907,955	995,545	995,545
California	9,279,132	10,171,547	10,171,547
Colorado	1,142,175	1,255,666	1,255,666
Connecticut	1,387,278	1,520,164	1,520,164
Delaware	345,491	371,893	371,893
Florida	3,068,037	3,374,351	3,374,351
Georgia	2,292,399	2,513,876	2,513,876
Hawaii	418,582	458,248	458,248
Idaho	399,275	435,437	435,437
Illinois	5,148,004	5,637,756	5,637,756
Indiana	2,517,875	2,758,121	2,758,121
Iowa	2,292,399	1,458,617	1,458,617
Kansas	1,042,837	1,141,313	1,141,313
Kentucky	1,553,534	1,701,686	1,701,686
Louisiana	1,895,910	2,077,096	2,077,096
Maine	477,343	523,390	523,390
Maryland	1,910,231	2,095,296	2,095,296
Massachusetts	2,614,164	2,864,546	2,864,546
Michigan		4,837,774	4,837,774
Minnesota	1,889,037	2,069,722	2,069,722
Mississippi	1,157,947	1,269,061	1,269,061
Missouri	2,145,536	2,350,371	2,350,371
Montana	385,484	419,144	419,144
Nebraska	693,305	761,125	761,125
Nevada	334,459	358,859	358,859
New Hampshire	392,379	427,290	427,290
New Jersey	3,235,127	3,546,321	3,546,321
New Mexico	551,868	606,674	606,674
New York	7,940,709	8,695,733	8,695,733
North Carolina	2,495,845	2,734,465	2,734,465
North Dakota	364,798	394,704	394,704
Ohio	5,067,693	5,548,936	5,548,936
Oklahoma	1,177,989	1,291,105	1,291,105
Oregon	981,197	1,076,169	1,076,169
Pennsylvania	5,247,590	5,744,850	5,744,850
Rhode Island	430,827	471,994	471,994
South Carolina	1,350,514	1,480,022	1,480,022

State or Outlying Area	1975 Appropriation	1976 Appropriation	1977 Estimate
Total	$100,000,000	$110,000,000	$110,000,000
South Dakota	373,762	405,294	405,294
Tennessee	1,850,935	2,028,117	2,028,117
Texas	5,578,170	6,117,973	6,117,973
Utah	593,015	651,325	651,325
Vermont	317,220	338,492	338,492
Virginia	2,264,504	2,483,228	2,483,228
Washington	1,602,452	1,754,107	1,754,107
West Virginia	796,267	871,344	871,344
Wisconsin	2,181,611	2,390,450	2,390,450
Wyoming	300,000	316,142	316,142
District of Columbia	363,419	393,074	393,074
Puerto Rico	1,341,899	1,491,177	1,491,177
American Samoa	150,000	)	)
Guam	150,000	) 1,078,431	)1,078,431
Trust Territory	150,000	)	)
Virgin Islands	150,000	)	)
Bureau of Indian Affairs	957,124	1,078,431	1,078,431

1/ 1975 advance for 1976. Distribution based on the 1975 allotment to each State, but with a $300,000 minimum per State. The 1975 distribution is the sum of the 1974 allotment, with the balance ratably reduced from the 1975 authorization ($666,312,150), as derived from the aged 3-21 population multiplied by $8.75.

2/ 1976 advance for 1977. Distribution is the sum of the previous year's allotment with the balance ratably reduced from the authorization ($666,312,150), which is derived from the aged 3-21 population multiplied by $8.75.

3/ 1977 advance for 1978. Distribution is based on the previous year's allotment to each State, with the balance ratably reduced from the entitlement derived by multiplying the number of pupils receiving special educational services in each State by 5 percent of the National per pupil expenditure in public elementary and secondary schools.

162

Transition Quarter Analysis

	Budget Authority by Activity	
	1976 Estimate	Transition Quarter
1. State assistance:		
(a) State grant program	110,000,000	---
(b) Deaf-blind centers	16,000,000	---
2. Special population programs:		
(a) Severely handicapped projects.	3,250,000	---
(b) Specific learning disabilities	5,000,000	---
(c) Early childhood education	22,000,000	---
3. Regional vocational, adult, and postsecondary programs	2,000,000	---
4. Innovation and development	11,000,000	2,500,000
5. Media and resource services:		
(a) Media services and captioned films	16,250,000	8,000,000
(b) Regional resource centers	10,000,000	---
(c) Recruitment and information	500,000	---
6. Special education manpower development	40,375,000	---
Total	236,375,000	10,500,000

Explanation

An amount of $2,500,000 was needed for the Innovation and development program during the transition quarter to continue grants and contracts for activities conducted at 5 research and demonstration centers. These centers are concentrating their efforts on early childhood education, career education, education of the severely handicapped, personnel development, and physical education and recreation.

The $8,000,000 in the Media services and captioned films program represents continuation grants to the system of instructional media centers which comprise a portion of a National delivery system of educational media and materials to handicapped children and their teachers.

The programs not requiring funds in the transition quarter, except for the State grant program, are all forward-funded and will have just completed their awards process before the transition quarter begins; therefore, these programs won't require new funds until the third quarter of fiscal year 1977. The State grant program is advance-funded, and was appropriated new budget authority in 1976 to cover the period July 1, 1976 to June 30.

OCCUPATIONAL, VOCATIONAL, AND ADULT EDUCATION

WITNESSES

DR. WILLIAM F. PIERCE, DEPUTY COMMISSIONER FOR OCCUPATIONAL AND ADULT EDUCATION
DR. T. H. BELL, COMMISSIONER OF EDUCATION
DR. CHARLES H. BUZZELL, ASSOCIATE COMMISSIONER FOR ADULT, VOCATIONAL, TECHNICAL, AND MANPOWER EDUCATION
PAUL DELKER, DIRECTOR, ADULT EDUCATION
DR. HOWARD F. HJELM, DIRECTOR, DIVISION OF RESEARCH AND DEMONSTRATION
DR. ALBERT L. ALFORD, ASSISTANT COMMISSIONER FOR LEGISLATION
DR. JOHN W. EVANS, ASSISTANT COMMISSIONER, OFFICE OF PLANNING, BUDGETING, AND EVALUATION
LeROY A. CORNELSEN, PLANNING OFFICER FOR VOCATIONAL AND ADULT EDUCATION
CORA BEEBE, DIRECTOR, DIVISION OF PLANNING AND BUDGET
CHARLES MILLER, DEPUTY ASSISTANT SECRETARY, COMPTROLLER

Mr. FLOOD. Continuing with the Office of Education, we will now hear occupational, vocational, and adult education.

The presentation will be made by Dr. William Pierce, the Deputy Commissioner for Occupational and Adult Education.

We have your biographical sketch, Doctor, which we will place in the record at this point.

[Dr. Pierce's biographical sketch follows:]

BIOGRAPHICAL SKETCH

Name. William F. Pierce.

Position. Deputy Commissioner for Occupational and Adult Education.

Birthplace and date. Borger, Tex., July 30, 1932.

Education. Riverside City College, Riverside, Calif., 1956, associate of arts; University of California, 1958, bachelor of science; University of California, 1962, master of education; Michigan State University, 1967, doctor of philosophy.

Experience, Present. Deputy Commissioner for Occupational and Adult Education; 1964–72, Michigan State Department of Education: Deputy Superintendent of Public Instruction; Director, Division of Vocational Education; Deputy Director, Division of Vocational Education; Chief of Special Programs, Division of Vocational Education; Consultant and supervisor, Manpower Development and Training.

1963–64. Assistant Coordinator of Student Teachers, Michigan State University, College of Education.

1962–63. Part time instructor and graduate assistant, Michigan State University, College of Education.

1960–62. Vocational Agriculture teacher, Petaluma Senior High School, Petaluma, Calif.

1959–60. Vocational Agriculture teacher, Holtville Union High School, Holtville, Calif.

69-745 (Pt. 5) O - 76 - 28

1958–59. Vocational Agriculture teacher (Practice teaching), Modesto Senior High School, Modesto, Calif.

Association memberships. American Vocational Association, Michigan and National Council of Local Administrators of Vocational Education and Practical Arts, Michigan Occupational Education Association, National Association of State Directors of Vocational Education.

Mr. FLOOD. You have some people with you here that we should know.

Dr. PIERCE. Yes, Mr. Chairman, if I may introduce the people who are accompanying me. Next to Dr. Bell is Dr. Buzzell, Associate Commissioner for Adult, Vocational, Technical and Manpower Education; we have Dr. Hjelm, Director of the Division of Research and Demonstration; and Paul Delker, Director of Adult Education.

I have a very short 2-page statement, Mr. Chairman, and I would like to read it into the record.

Mr. FLOOD. Proceed.

STATEMENT BY THE DEPUTY COMMISSIONER FOR OCCUPATIONAL AND ADULT EDUCATION

Dr. PIERCE. Mr. Chairman and members of the committee: Thank you for the opportunity to present our budget request for occupational, vocational, and adult education for fiscal year 1977. The total request of $606,849,455 includes $539,349,455 for vocational education and $67,500,000 for advance funding of adult education activities.

VOCATIONAL EDUCATION

Our request for vocational education is for $539,349,455 including a permanent appropriation. We have indicated a tentative distribution of $481,530,110 for basic grants authorized under part B of the Vocational Education Act, $4,316,000 for the State Advisory Councils which have an indefinite authorization, and $53,503,345 for research under part C of the act. This distribution is based on the existing basic law providing 90 percent for basic grants to States and 10 percent for research.

The specifics of the fiscal year 1977 request will be determined by new legislation now being considered by the Congress. But, during this period before passage of new legislation, we have submitted our budget based on the only legislation that is still in force—the authorization for basic grants to States and vocatonal research. As you know, heretofore eight separate categorical authorizations in the Vocational Education Act were used to fund vocational education programs. These were: (1) Basic grants, part B, and State Advisory Councils; (2) programs for students with special needs, section 102(b); (3) Consumer and homemaking education, part F; (4) Work-study programs, part H; (5) Cooperative education, part G; (6) Innovation, part D; (7) Curriculum development, part I; and (8) Research, part C. With the exception of parts B and C, these categorical authorizations expire at the end of fiscal year 1976. Thus, the fiscal year 1977 request is completely contained under authorities of part B, basic grants to States and part C, research with a mandated distribution as stated above.

The request for grants to States, reflects a decrease of $31,503,445 from the fiscal year 1976 appropriation for all of the categorical State grant programs. This decrease is a result of applying the provision of the law which says that of the total amount provided for

parts B and C, 90 percent must be used for part B and 10 percent must be used for part C. Thus, the increase of $18,503,345 in the funding level for part C is a function of the basic law and may be changed with new legislation.

I think at this moment I would like to say that when you combine the basic grants with the research activities, the total reduction in the request for vocational education is only $13 million.

ADULT EDUCATION

Our requests for grants to States under the Adult Education Act is $67,500,000. The funds are requested for advance funding for use in fiscal year 1978 and will provide Federal support to assist the States in providing basic educational services to 708,500 adults. Funds made available from the States allotment for special experimental demonstration projects and teacher training under the same authority will increase the States capacity to provide competency-based education.

My colleagues and I will answer any questions you may have.

VOCATIONAL EDUCATION AUTHORIZATION

Mr. FLOOD. Doctor, this committee is going to have quite a problem in appropriating funds for vocational education. Many of these authorizations expire June 30, 1976, and of course at this time we don't have a law for next year. That is not your fault. To what extent has the delay in the authorization affected your budget proposal?

Dr. PIERCE. With the fortunate happenstance that the existing law does have two parts that continue, parts B and C, I don't feel that the delay has been at all detrimental to the program. We can adjust our budget request to any legislation that comes forward.

Mr. FLOOD. Well, now, the authorization for the basic grants is permanent. But many of the categorical grants, of course, are not.

Mr. PIERCE. That is right.

NEW LEGISLATION

Mr. FLOOD. What changes are being proposed by the Administration in vocational education legislation?

Mr. PIERCE. In the new block grant program, vocational education is included as a separate title, title III of that legislation. The changes are essentially to allow the States to do everything that they now do without the restrictions of requiring that they spend certain amounts of money for categories. But they can still spend the Federal funds for the same purposes that were authorized under existing legislation.

Mr. FLOOD. This block grant proposal for education, probably won't be enacted for the fiscal year 1977. Do you have any strong objections to the existing law?

Mr. PIERCE. Well, we have objected—I don't know that the word "strong" is an appropriate word—but we have objected to the existing law in the sense that it is, we feel, too cumbersome, and it requires too much administrative manipulation by the States. We have proposed a piece of legislation that was introduced last year, prior to the block grant proposal, which consolidates many of those programs.

Mr. FLOOD. If and when there is any new legislation, do you think there is a possibility of requesting additional funds for vocational education?

Mr. PIERCE. Under the block grant program, there would be some additional increase for vocational education. There is a whole harmless provision, and using 1976 as the base year would bring the vocational education amount back up to and just slightly greater than the 1976 figure which as I indicated earlier is $13 million more than the 1977 request.

BUDGET REQUEST

Mr. FLOOD. The budget request before us is for $532.2 million for vocational education. Now, that is $13 million below this year's appropriation.

Do you feel the amount is adequate, no matter what new legislation may be enacted?

Mr. PIERCE. As program manager, you have to know I don't feel the amount is adequate. But given the constraints that the administration faces and given the constraints that the Nation faces, it is adequate, I think, to maintain the existing level of activity than to increase it. And I would point out that over the last few years, that the amount of State and local support for vocational education has continued to increase.

In 1973, for every Federal dollar spent the State and local community spent somewhere in the neighborhood of $2.50. In 1974, for every Federal dollar spent, the State and local communities were spending $6.33.

So they have continued to increase their expenditures, even though the Federal expenditure has remained fairly constant over those past years.

Mr. FLOOD. Now, may times the President has indicated his interest in tieing education more closely to the world of work, which is the expression many now use. And I believe the Secretary, as a matter of fact, talked about it as one of his priorities, too.

Now, it seems to us this business of vocational education fits right into that theme. What do you think?

Mr. PIERCE. Yes, sir. There is no question about that.

Mr. FLOOD. All right.

Now, how does this budget propose to pursue this very worthy objective?

Mr. PIERCE. This budget does not speak to that specifically, but the programs that are authorized, either under the existing legislation that remains, or under any proposed legislation, will allow the States and local communities to respond to that concern. The authority to mount the kinds of programs needed is already there.

The authority is already in place. And even though this request does not address that specifically, by the very nature of the vocational education program, it addresses it very directly.

CETA PROGRAM

Mr. FLOOD. Now, here is one that is pretty hot. Several weeks ago we discussed this with the Department of Labor.

The comprehensive employment and training program—CETA. Now, there are some similarities between this program and vocational education. In fact, the CETA sponsors may make arrangements with the various State boards of vocational education for some kind of services.

Well, how well is that working out? And how much of CETA is used for vocational education?

Mr. PIERCE. It is working out, I think, better than we had any right to expect, given the new program. There are still some problems in certain locations.

We have amended our rules and regulations to require additional planning which is one of the problems—the two programs oftentimes don't plan their activities together. From that standpoint, in order to address ourselves to that problem, we have amended the vocational education rules and regulations and require that the vocational education State plan be submitted to the State CETA Manpower Council, so that they can respond to it.

We have also asked and recommended that the CETA rules and regulations be amended so that the CETA State plan be submitted to the State vocational education people, and they can look at them together. Now that is planning.

In terms of programing, around the Nation there is the 5 percent set-aside for the Governor to be used to provide vocational services. Most of that money is indeed being used for vocational services. We have a concern over one relatively small issue, and that is that some of those funds in some States are being used to provide payments—stipends for the trainees. We question whether or not that is appropriate. However, that is a State decision. And it is legal. If they make that decision, then it is legal to do that.

We have suggested to the States where they are doing this that the title II money under CETA and the title VI money and the title I money can be used for subsistence and stipends, and they ought not to use that 5 percent. But that is a little issue we are working through.

Mr. FLOOD. Back in October 1975, the National Commission for Manpower Policy indicated, and let me quote, "There is little evidence of coordination between CETA and vocational education programs."

Well, is that pretty much what you found yourself?

Mr. PIERCE. No, I do not think that is true any longer. We are making progress, as I said.

I served with Ben Burdetsky from the Department of Labor on a steering committee to coordinate the program better. We are working, trying to find ways where vocational education, HEW and Labor, can do a better job. We have, for example, pilot programs working with Labor, and the Environmental Protection Agency, the prime sponsor, and the Community College, in five cities, using people who were selected for the public service program, providing them with training, so that at the end of the public service year, they will have been trained to work in the waste water plants of those cities tying together the total of three or four different programs and the vocational education delivery system.

Burdetsky and the people in the Department of Labor as well as the people in the Environmental Protection Agency are really intrigued with those kinds of activities. We are seeing more and more of

that beginning to develop now that the prime sponsors have in a sense worked through a year or two of the program, and have really begun to determine that there is an appropriate need for training for some of the individuals.

Now, I do not want to leave the chairman with the impression that everything is sweetness and light out there. It certainly is not. But I would say that the coordination and the cooperation is beginning in my opinion to take place in ways that we both would find beneficial.

OCCUPATIONAL OUTLOOK HANDBOOK

Mr. FLOOD. You are familiar with the Occupational Outlook Handbook published by the Department of Labor.

Mr. PIERCE. Yes, sir.

Mr. FLOOE. Now, it seems to us that this handbook is quite a tool in planning vocational education programs. But we understand that it is not being used in Federal and State education offices. Is that the case? What in the world can your office do to increase the awareness of this?

Mr. PIERCE. I have a hard time accepting that as the case, Mr. Chairman. And I would like to ask Dr. Buzzell to respond to this. He serves as a member of a committee that was developed by virtue of a memorandum of agreement that Dr. Bell signed with Department of Labor and the Bureau of Labor statistics, to find ways of utilizing data better. And I would ask him to respond to that.

Mr. FLOOD. I just happen to have here—I guess you know this "Measuring of Work" by former Secretary of Labor, Willard Wirtz. I was commenting about this statement on page 32 of that document. I will read this for you:

> These efforts have had, however, what is at most limited impact. Many young people never see the publications. Many never even see a counselor in their high schools. As for the planning of training, in line with prospective employment needs, there has been a notable nonuse by the vocation education offices in the Department of Health, Education, and Welfare of the occupational outlook data assembled by the Bureau of Labor Statistics in the Department of Labor, 10 blocks away on a map of the city of Washington, but around the world as bureaucracy's ravens fly. And so on.

Mr. PIERCE. Mr. Wirtz does an excellent job in his rhetoric. But he makes a point. And the point is we do not use the data as well as we should. But I just have to go back and say what I said before—to say it is very little used is really not stating the case.

Dr. BUZZELL. I would venture to say that it is a fundamental and basic reference document in every guidance office in this Nation. I would say that for the record. In my own office, I have two copies, one which is most dog-eared, so that I can share with you the fact that I do use it, and the staff uses it. It is copied in great detail by some commercial establishments which use it as a guidance tool in counseling young people on the types of training that would be required of particular jobs, the current wages being paid by particular jobs. So I would find——

OCCUPATIONAL GUIDANCE IN SCHOOLS

Dr. PIERCE. I might make another comment. The question and the statement raises a different question in a sense. It raises a question of

the adequacy of occupational guidance in schools. I don't think there is anyone who would sit around this table and say that the level of guidance provided young people is appropriate and adequate.

What it does suggest to us is that many counselors do not know how to use those materials that are indeed available. They have never been in the labor market themselves. There are a number of activities going on to correct that. But the GAO report pointed out to us that only 3 percent, I think, of the vocational funds were used for guidance purposes.

So there is a problem in that regard that we would admit to.

Dr. BELL. I think we should also point out, Mr. Chairman, that the counselor/student ratio is about 400 to 1. So when Mr. Wirtz says in his report that they hardly ever see a counselor, I think that is right.

The lack of funds out there, and to get to see a counselor in a lot of secondary schools, you need to get into some kind of disciplinary trouble. So there is a serious shortage of money for counselors, and schools are so strapped for money that they have not—in my position as a superintendent before I came here, I was keenly aware of the fact that our counseling staff was inadequate, but I did not have any resources to do anything about it.

Another problem I think Dr. Pierce is referring to is that many counselors do not have enough training. In my opinion, in this area of occupational counseling, we need to be helping that problem considerably.

ENROLLMENTS IN VOCATIONAL EDUCATION

Mr. FLOOD. Well, now, Doctor—how many students, across the board, are enrolled in vocationtal education at all levels at the present time?

Dr. PIERCE. 13½ million students are enrolled in vocational education, which represents 8½ million at the secondary level, and that is about 62 percent of the total enrollment, 1½ million at the post-secondary level, which is about 12 percent of the total enrollment, and 3½ million adults, which represents about 26 percent.

Mr. FLOOD. What enrollment do you project for 1980? We have seen estimates of 21 million.

Dr. PIERCE. Our estimate, I think, would run closer to 20 million by 1980.

Mr. FLOOD. How do the State and local education systems expect to handle increases of that kind?

Dr. PIERCE. Well, that is an interesting question, in the sense that when you look at our data, the number of construction projects seem to be declining, at least in terms of the way they are using the Federal money.

Mr. FLOOD. They are getting away from the Taj Mahal kind of thing.

Dr. PIERCE. Yes. And they are taking better advantage of a number of potentials. They are using—as you indicated—all kinds of facilities that are available. We see a slight trend toward using the private agencies that now exist, and to contract with them. And they have been able to do that ever since the law was passed.

They are indeed providing additional programs in office and distributive education. The growth right now is in areas where it does not take as much laboratory space. For example, in office education, in distributive education, where they go out into the community, and use the community more than they use facilities in the school.

UNEMPLOYMENT

Mr. FLOOD. To what extent can vocational education help solve this continual problem of higher unemployment of young people between the ages of 16 to 19 years of age—we are pounding on this all the time.

Dr. PIERCE. We suggested in the previous legislation submitted by the administration, that the issue of addressing ourselves nationally to the problem of unemployed youth and adults was one that vocational education had to turn its attention to.

The thing that concerns me is that the adult education enrollment, which oftentimes includes those young people, because they are not postsecondary, they are not full-time enrollees—that the adult enrollment in vocational education constantly goes down. There is a downward trend in those enrollment figures. And that is of concern to all of us. One of the things that has happened is that vocational education in a sense walked away from that problem, because of the passage of MDTA in 1962. They assumed that the MDTA legislation would take care of the unemployed individuals in this country. Now with the passage of CETA, vocational education has had to reevaluate itself and take another look. And from our point of view, we are going to try to encourage them to really begin to move more into that area.

JOB PLACEMENT

Mr. FLOOD. Tell us something about the job placement rate for vocational education graduates. Is that increasing, is it decreasing, is it standing still?

Dr. PIERCE. It is increasing slightly, but in a sense holding its own. This past year, for example, about 60 percent of the enrollees that graduated were available for placement. That means 40 percent of them were going on to college, or they went into the military service, or they got married and did not go into the labor market. They were not available for employment. But 60 percent of those that were trained were available for employment. Of those, 91.5 percent were placed. I think that is a good placement record. And that has remained about constant, with a slight increase over the last few years.

Mr. FLOOD. We understand that the proportion of community college students in vocational training programs has increased from 13 percent to 50 percent in the last 10 years. Was the cost of that expansion financed entirely with State funds, or was there some Federal aid in that?

Dr. PIERCE. There would have been Federal aid.

Mr. FLOOD. What is the proportion of Federal aid?

Dr. PIERCE. I cannot answer that question specifically. But I can say that the statute requires that 15 percent of the vocational education money be used for postsecondary programs. About 45 percent of all of the postsecondary activity in the Nation under the Vocational Education Act is in the community colleges. So a great deal of that activity comes from Federal funds.

Right now, nationally, 28 percent of the vocational education funds are used for postsecondary purposes. We had an increase this year in postsecondary of about 17 percent of the total enrollment, as compared to about 15 percent of secondary. So that trend is continuing—and yes, some Federal funds are helping in that effort.

VOCATIONAL EDUCATION RESEARCH

Mr. FLOOD. You are requesting an increase of $18.5 million in vocational education research. Why this sudden interest in expanding research?

Dr. PIERCE. Remember, Mr. Chairman, that is a function of the way the law is written. The existing statute says that of the authorized amount, 90 percent must be for part B, and 10 percent for part C. So in order for us to respond to the only piece of legislation we had available, we had to ask for $53 million, because that is how the law is structured.

Mr. FLOOD. Yes, but you never wanted to follow the law in presenting the budget for vocational education research. Can you give us a couple of examples of how these reseach activities have affected vocational education programs, say in the last couple of years?

Dr. PIERCE. Yes. If you will allow me to change the word from "research" to "demonstration," and "innovation," and "curriculum," for example—we have spent quite a lot of money on the development of national curricula. We are right now in the process of developing some curriculum materials in nuclear energy, nuclear technicians. We find that the nuclear technicians are increasing at the rate of about 10 percent as compared to about a 3- or 4-percent increase in technicians across the board. We know that that is a growing area.

We also know that there are no curricula. And we feel it is a national responsibility to spend the Federal funds to develop curricula.

In the past few years we developed curriculums in laser technology, in medical technology, in a number of other areas that are high-demand, high-cost programs. We have used the Federal research money for that.

Mr. FLOOD. Are you supporting, or do you plan to support, any career education programs with these research funds?

Dr. PIERCE. Yes; we are this year supporting an activity. We have taken the 4-year research effort that NIE carried out in experience-based career education——

Mr. FLOOD. Let me ask you about that.

There exists a separate authority for career education over in the Special Projects Act.

Dr. PIERCE. We are quite aware of that.

Mr. FLOOD. So are we.

Dr. PIERCE. And so is NIE. And we are not duplicating the NIE effort, nor the career education effort under the Office of Career Education headed by Ken Hoyt.

What we are doing with the vocational education money is to take that model, which shows ways of moving young people into some experienced based activities at the high school level——

Mr. FLOOD. Are these your priorities?

Dr. PIERCE. Pardon me?

Mr. FLOOD. Are there any special priorities for the research activities?

Dr. PIERCE. This is a priority for a demonstration program.

Mr. FLOOD. The defense people call it R. & D., research and development.

Dr. PIERCE. We just don't like to use the word "research" because we feel that is NIE's responsibility to do basic reserach.

Mr. FLOOD. I guess you found that has become a bad word around here.

Dr. PIERCE. Yes, sir. That is kind of like some other words we try not to use.

But the point I wanted to make was that this model demonstrates how you can take young people who really don't yet know what they want to do, and move them through a series of hands-on experiences in the community, then let them make appropriate decisions regarding the kind of vocational preparation, the kind of vocational training that they want to take.

And the vocational education legislation authorizes that kind of activity. We think it is very appropriate to have those kinds of activities going on in the States, in local communities, so that young people do make good decisions. So that when they elect a vocational program, they have the kind of information that you suggested that they don't get from counselors. So that we are using all of our part D money this year for that activiy. And that is a priority that we elected to follow.

ADULT ILLITERACY STUDY

Mr. FLOOD. All right. Last October your Office released a big, fat, 4-year study.

Dr. PIERCE. Yes.

Mr. FLOOD. It cost about $1 million. One of the findings was that 23 million adults are functionally illiterate.

What does the budget for adult education programs propose to do about this deplorable situation?

Dr. PIERCE. The adult education budget holds at the same figure as in 1976. It does not provide growth in that program. What we suggest is if you look at the incredible problem in the adult level, that the Federal Government simply connot assume that financial burden; that it must be a State and local problem. What we think the Federal Government or the Federal funds can do is to be catalytic in getting more and more State and local dollars appropriated to the problem.

We have used, we think appropriately, the Federal money to point out the magnitude of the problem, and to find a different way of defining illiteracy in adults.

Now, it is our responsibility to provide leadership in seeing to it that the programs funded at the State and local level really address themselves to that problem. But to tell you that the Federal Government should foot the bill for the 50-some million people in this country who do not have a high school education, or for the 15 million people in this country who have less than an eighth grade education, becomes a question of priorities.

Mr. FLOOD. You might want to develop this for the record, too. Can you tell us a couple of other findings in that study?

Dr. PIERCE. In that particular study?

Mr. FLOOD. Yes.

Dr. PIERCE. There are a number of findings.

Mr. FLOOD. I know that. You may want to develop it for the record.

Dr. PIERCE. I was just trying to think through some quick specifics that would be helpful to you.

We will give you the information for the record.

[The information follows:]

ADULT PERFORMANCE LEVEL STUDY—SUMMARY AND RELATED EVENTS

A U.S. Office of Education-funded research project has completed a 4-year investigation of adult functional competencies which are important to coping and surviving in the society of the seventies. In the process, the adult performance level (APL) study has redefined the concept of functional literacy and has produced new estimates of the rate of illiteracy for the United States.

According to the APL concept, functional literacy or competency is not simply the ability to read or write at some arbitrarily chosen low-grade level. APL research defines functional literacy as the ability of an adult to apply skills to several major knowledge areas which are important to adult success. The skills which have been identified as important to functional literacy are the communication skills (reading, writing, speaking, and listening), computation, problem solving, and interpersonal relations. These skills are applied in everyday life situations, which are categorized into broad general knowledge areas called occupational knowledge, consumer economics, health, community resources, and government and law.

Using this two-dimensional concept, the project has defined 65 requirements for functional literacy. As a means of assessing how well American adults meet these requirements, five national surveys of American adults have been conducted. Using simulations of requirements keyed to the APL definition of literacy (such as reading job notices, making change, shopping, locating needed services, or understanding insurance), the APL project has developed a general index of literacy which classifies adults into one of three categories: APL 1—those adults who function only with difficulty because of their unsatisfactory mastery of the requirements for functional literacy; APL 2—those adults who are functional, but not proficient; and APL 3—those adults who are proficient.

These surveys indicate that almost one of five adults is in the APL 1, or nonfunctional category. The following table summarizes the proportion of adults in each functional literacy category (by percentages).

	APL functional literacy levels		
	1	2	3
Areas:			
Occupational knowledge	19.1	31.9	49.0
Consumer economics	29.4	33.0	37.6
Government and law	25.8	26.2	48.0
Health	21.3	30.3	48.3
Community resources	22.6	26.0	51.4
Skills:			
Reading	21.7	32.2	46.1
Problem solving	28.0	23.4	48.5
Computation	32.9	26.3	40.8
Writing	16.4	25.5	58.1
Overall competency levels	19.7	33.9	46.3

As this table indicates, almost 20 million Americans lack the competencies necessary to function in society and an additional 33.9 million Americans are able to function with difficulty.

In terms of the general knowledge areas, the greatest area of difficulty appears to be consumer economics. Almost 30 percent of the population falls into the lowest level (APL 1), while one-third of the population is categorized as APL 2. Translated into population figures, some 34.7 million adult Americans function with difficulty and an additional 39 million are functional, but not proficient, in coping with basic requirements that are related to consumer economics.

The highest proportion of proficient persons (most able to cope) is found in relation to community resources. Over half of the U.S. population falls into APL level 3. This is followed by occupational knowledge; again, almost half of the population is estimated to be proficient in dealing with occupationally related tasks. Although the least proportion of persons in comparison to all areas are in level 1 of occupational knowledge, this still indicates that about one of every five adults in the United States functions with difficulty or is unable to perform correctly on occupationally related performance indicators.

The great proportion of people unable to perform basic skills is found in the computations area. Approximately one-third of the population, or 39 million adults, functions with difficulty, and a little over one-fourth, or 29.5 million adults, is functional but not proficient in task performance on items requiring mathematical manipulation. The area of greatest competency in comparison with other skills is in writing. However, even though almost three-fifths of the population performed adequately on tasks requiring writing skills, 16 percent of the adults in the United States, or some 18.9 million persons, are unable to cope successfully.

Subsequent to the release of the study findings, significant events have taken place which show some potential for meeting the needs identified by the APL study. In February the U.S. Office of Education and the University of Texas jointly sponsored a conference in Dallas of State directors of adult education and other State and local personnel. It was determined that more than two-thirds of the adult education State programs have identified APL-related competency education as a priroity for special funding. At this conference, adult education leaders developed recommendations for Federal, State, and local policy in responding to the challenge of adult functional incompetency.

In addition, the American college testing program (ACT) is now revising the national APL survey items for use at State and local program levels. This will facilitate statewide literacy assessments as well as school district and individual testing. The first ACT test will be published in May 1976.

Mr. FLOOD. What we are concerned about—because we have the report—is do you plan to do anything to resolve some of these deficiencies that are clearly identified by the study?

Dr. PIERCE. Oh, yes; we do, in a number of ways. And what we have now undertaken——

Mr. FLOOD. That is what we are interested in.

Dr. PIERCE. What we have now undertaken is a strategy to get the results of the study, and therefore, appropriate responses at the State and local level—for the State and local adult education programs to begin to address themselves to these problems specifically. I would like to ask Mr. Delker to give you some specifics on how we are planning to move that program into the local community.

Mr. FLOOD. All right.

Mr. DELKER. Yes. I think it needs to be stressed that the press has underestandably reported some of the more sensational findings of the study. But the basic purpose of the study was to define the educational fields of adults. And that study does, in the form of 65 objectives, identify the knowledges and skills which adults must have if they are going to function effectively.

We met just last month with all of our State directors in Texas, with the project staff, in planning how the States will build curriculum and develop more effective systems based on this more accurate definition. The money which the Congress in 1974 authorized for experimental demonstration authority of 15 percent, does give the resources to the States to take the ball and run with it.

Dr. PIERCE. I would like to point out, Mr. Chairman, we are really kind of limited in what we can do to respond to this problem from our office, because the discretionary dollars that the Commissioner had, that he could have used to move this program into the field, were consolidated in the new Adult Education Act of 1968, and that 15 percent or $10 million is now at the State and local level. And we therefore have no resources to use to move

ADULT EDUCATION ENROLLMENTS

Mr. FLOOD. From your own justifications—"Educational services will be provided to an estimated 708,500 adults."

Dr. PIERCE. Yes, sir.

Mr. FLOOD. And some 192,300 adult participants will obtain some kind of education achievement in fiscal year 1977.

All right. But what happens to the remaining 516,200 adult participants? What about them?

Dr. PIERCE. I am not sure I understand the question, Mr. Chairman.

Mr. FLOOD. In your own justifications you say that these educational services that we are talking about here will be provided to an estimated 708,500 adults. There it is.

Dr. PIERCE. Yes.

Mr. FLOOD. Some 192,300 adult program participants will attain some kind of educational achievement in fiscal 1977. All right. But what happens to the remaining 516,200?

Dr. PIERCE. What that reflects is less than 200,000 of the enrollees will complete the program. The others will be continued in the program. It takes longer than a year to bring people from a level of let's say eighth grade or sixth grade up to a level where they can really function so that those people will continue to be in the program but it just takes more than 1 year. We think we can turn out about 200,000 people whose needs will have been met in an adult education program during this fiscal year.

Mr. FLOOD. Not simply abandon it?

Dr. PIERCE. Oh, no; we are not through with them yet.

Mr. FLOOD. Mr. Roybal.

ADULT EDUCATION AMONG VIETNAM REFUGEES

Mr. ROYBAL. I have one question that seems to be a minor concern to some sections of the Nation, particularly some sections in the State of California.

Last year we had about 135,000 Vietnamese refugees enter the country. Many of these people are over 17 years of age and are requesting adult education. What has been done to meet that need?

Dr. PIERCE. The administration provided through adult basic education an additional $5 million to meet the needs of the Vietnamese refugees who had moved into the various communities. Every State in the Union has been asked to respond to that through the adult basic education program. We now have amendments to the State plan which show how they are going to do it from about 30 or 35 of the States, I think. The other amendments have not yet come in. But the point needs to be made even though the amendment—which is a mechanical, bureaucratic process—may not have been in, insofar as we know, with the exception of five or six States—so far as we have been able to determine—those States are right now providing training to those individuals who moved into their States.

So $5 million has been provided to the States to provide additional services to adult Vietnam refugees and the States are responding to provide them with those services.

Mr. ROYBAL. Is that on a per capita basis?

Dr. PIERCE. Yes; it was on the basis of a formula worked out on a per capita basis.

Mr. ROYBAL. From what you tell me, I assume you would be in support of the Senate bill recently passed which would supply funds to school districts that would in turn provide vocational education to Vietnamese refugees?

Dr. PIERCE. This $5 million ultimately did go to the school districts through the State mechanism and provided approximately $75 per person to the school district to allow them to provide those educational services.

Mr. ROYBAL. Then you would support, you personally or the administration, that bill?

Dr. BELL. It is our feeling, Mr. Roybal, that we could do that under the authority we have now, that we could do it through appropriations with the legislation we now have, so that sort of has been our position on it.

Mr. ROYBAL. Have there been any complaints from any of the school districts regarding the amounts of money that they receive not being adequate to train these Vietnamese?

Dr. PIERCE. Yes; in any program there are complaints, yes.

Mr. ROYBAL. Which indicates that there are more being trained than you receive money for?

Dr. BELL. Yes; I am sure this has placed an added burden on the school district they have had to pick up.

Mr. ROYBAL. So the school district has been forced to pick up the tab?

Dr. BELL I am sure of that.

Dr. PIERCE. $75 per individual will not pay for the services those individuals need. We are aware of that. Certainly the State and local communities have had to pick up that share.

Mr. ROYBAL. Since the Vietnamese came here at the invitation of the Government, it seems to me that the Government should finance that. I am not going to ask what you think.

Mr. MILLER. I think we felt—and we may be wrong—that the $100 million appropriation for all of the Vietnamese activities for which we are responsible is probably sufficient to cover the incremental costs whether it be in welfare, health or education.

Mr. ROYBAL. According to educators that I have spoken to there is not enough money and in fact it is necessary to pass legislation that would fund the first year at 100 percent, the second year at half, and that would end it. It is quite apparent to me that school districts are justified in complaining about the situation the way it is.

Dr. BELL. I don't think we can claim that we picked up all the costs. We just didn't.

Mr. ROYBAL. That is all, Mr. Chairman.

Mr. FLOOD. Mr. Michel?

Mr. MICHEL. Could you describe for us in broad outlines the proposed new legislation currently being considered by Congress?

Dr. PIERCE. The proposed new legislation, S. 2657, as originally introduced, has been recommended for modification in subcommittee. The full committee has scheduled to reconsider these various amendments on March 23. Since these amendments differ substantially from

the original proposal, we do not know at this time exactly what the provisions will be.

Mr. MICHEL. Have you had any indication as to the prospects for enactment of this legislation?

Dr. PIERCE. Not at this time. But we are hopeful that Congress will consider this legislation so it can be implemented for fiscal year 1977.

Mr. MICHEL. Why do you feel there is a need for a change in the Federal approach to vocational education?

Dr. PIERCE. For several years, we have been aware of the need to restructure the present mode of Federal support in vocational education. This need exemplifies itself in the form of consolidating the categorical authorities to: simplify the administration of the programs; to increase the flexibility of school officials in meeting local priorities; and, to allow for better planning and budgeting by State and local officials.

Mr. MICHEL. In answer to one of my questions last year, Dr. Pierce stated that "all States are effectively using their basic grants." This sounds a little bit like a whitewash to me. Are you telling me that there are no States in which some moneys are wasted or in which funds are not used for the highest priority purposes?

Dr. PIERCE. Throughout our HEW audits and our OE headquarters and regional reviews, we have not been able to document any misuse of Federal vocational education funds. We would contend just the opposite. In fact, of those persons, completing vocational education programs in fiscal year 1974, 60 percent were available for employment. Of that 60 percent, 91½ percent were actually placed on a job. Such a placement record is one indication that the States are effectively using the Federal funds provided for vocational education programs.

MANAGEMENT EVALUATION REVIEW

Mr. MICHEL. What kind of a monitoring system do you have to follow how the moneys are used in the States?

Dr. PIERCE. This year, we have initiated a series of management evaluation review for the purpose of assessing the States compliance with the authorizing legislation and the regulations pertaining to it. We expect to complete eight such reviews by the end of this fiscal year. Management review team visits have been systematically scheduled so that each State will be reviewed once every 3 years.

Mr. MICHEL. Do you contract out your monitoring function? If answer is yes—who has been contracted to do this work, how were they chosen, and how can you be sure they are giving you an honest evaluation?

Dr. PIERCE. We do not contract out our monitoring function. However, the Office of Education has initiated a series of evaluations of vocational programs. These have focused on programs of immediate concern, the part D exemplary projects, the vocational educational programs for handicapped students (VEA, part B, handicapped set-aside) and an ongoing study of vocational programs for disadvantaged students. These studies are national in scope and provide to Congress and program administrators national data on the impact and administration of specific programs.

Mr. MICHEL. What about consultant work? Is this contracted out, and if so who and how were they selected?

Dr. PIERCE. We do not use consultants in this capacity.

Mr. MICHEL. Last year we were told that some States provide matching funds at a 10:1 ratio, while others are on a 1:1 basis. Can you provide for the record a State-by-State listing in this regard?

Dr. PIERCE. We will provide this information for the record.

STATE AND LOCAL FUNDS EXPENDED PER DOLLAR OF FEDERAL FUNDS, FISCAL YEARS 1970–74

State	1970	1971	1972	1973	1974
Total	$5.14	$4.92	$4.71	$5.29	$6.33
Alabama	3.80	3.01	2.64	2.68	2.86
Alaska	3.37	4.30	4.45	5.60	16.01
Arizona	2.72	2.61	3.14	3.54	4.22
Arkansas	2.04	1.72	2.01	2.25	3.34
California	6.57	5.01	5.92	6.34	19.72
Colorado	2.82	4.34	4.90	5.03	4.61
Connecticut	9.24	6.77	9.10	6.47	4.65
Delaware	1.14	5.52	6.24	5.71	5.70
District of Columbia	2.77	1.31	2.79	1.21	1.82
Florida	3.65	5.24	5.10	7.74	6.14
Georgia	3.72	3.15	2.42	2.86	3.55
Hawaii	2.71	3.29	2.45	2.85	3.34
Idaho	2.63	2.42	2.02	2.52	2.58
Illinois	7.76	9.80	8.53	9.19	8.03
Indiana	1.69	1.84	2.08	2.16	1.94
Iowa	5.07	5.27	4.46	4.84	4.98
Kansas	2.59	2.55	2.75	3.06	3.26
Kentucky	3.94	3.36	2.71	2.69	2.14
Louisiana	1.67	1.60	2.07	2.43	2.89
Maine	2.56	3.26	5.12	4.56	4.51
Maryland	7.39	7.77	8.96	7.45	17.31
Massachusetts	22.96	11.53	11.58	10.55	9.93
Michigan	2.75	2.45	3.49	2.78	6.61
Minnesota	4.92	5.12	5.29	8.89	11.91
Mississippi	2.12	2.65	2.55	3.33	6.23
Missouri	4.16	2.92	3.51	3.03	3.93
Montana	2.96	2.60	2.93	3.10	4.27
Nebraska	2.36	2.68	2.39	2.82	2.84
Nevada	4.31	3.02	2.57	2.56	3.31
New Hampshire	3.57	2.62	3.44	2.65	5.01
New Jersey	3.01	2.26	2.13	3.99	3.68
New Mexico	1.74	2.15	2.13	4.07	2.51
New York	16.29	8.85	8.72	10.20	11.21
North Carolina	5.70	5.48	5.33	6.01	8.32
North Dakota	2.80	2.14	1.85	2.31	2.48
Ohio	5.72	7.84	5.18	5.32	5.77
Oklahoma	3.57	3.76	2.67	3.43	4.90
Oregon	2.11	4.42	4.26	10.43	9.34
Pennsylvania	5.74	6.81	5.22	6.01	7.35
Rhode Island	4.01	4.08	4.03	2.65	2.89
South Carolina	2.95	1.94	1.64	1.98	5.67
South Dakota	2.22	1.58	1.55	2.05	2.49
Tennessee	2.20	2.76	3.21	3.21	3.94
Texas	3.16	4.07	3.97	3.50	4.67
Utah	3.99	5.35	4.93	6.11	6.44
Vermont	4.24	7.46	8.81	5.72	4.67
Virgina	3.32	3.01	2.67	3.42	2.88
Washington	9.04	5.05	4.95	8.38	10.92
West Viirgnia	1.92	1.72	1.77	2.32	4.01
Wisconsin	7.52	6.63	6.78	7.30	9.34
Wyoming	3.76	3.85	4.47	3.49	3.71
American Samoa	.....	.81	.94	.....	1.75
Guam	1.22	1.24	3.23	3.97	2.93
Puerto Rico	2.17	1.85	1.82	2.68	2.43
Trust Territory	21.79	7.48	4.87	5.86	9.69
Virgin Islands	12.91	4.93	5.02	.....	5.96

Mr. MICHEL. Has any thought been given to requiring a certain minimum matching rate for the States, or basing the Federal payment on the amount of State effort?

Dr. PIERCE. Federal funds allotted to the States and local governments for vocational education programs funded under the existing legislation (Public Law 90–576) are required to be matched at varying degrees depending upon the funding category. In addition, no payments can be made to States or local agencies for part B for any fiscal

year unless the fiscal effort has been maintained for the previous year at no less than the fiscal effort for vocational education for the second preceding fiscal year.

CETA VERSUS VOCATIONAL EDUCATION

Mr. MICHEL. Last year we were told that preliminary surveys have shown little cooperation between CETA prime sponsors and vocational schools. Is that still the case?

Dr. PIERCE. The communication and cooperation between CETA prime sponsors and vocational schools is improving, and can be improved still further. Recent changes to the regulations for both CETA and the Vocational Education Act constitute one mechanism for facilitating cooperation. The regulations now require that each program review the other's annual State plan. While this is a mandatory crosswalk at the State level, it is expected to have some impact on communications between vocational education schools and prime sponsors at the local level.

The vehicle provided by section 112(c) of the CETA, itself, has provided an invaluable mechanism to bring CETA prime sponsors and the resources of the education community to bear on the needs of CETA clients. Through its CETA coordinating staff, this Bureau will continue to facilitate maximum communication between our constituents, the State education agencies, and the CETA prime sponsors.

Mr. MICHEL. With an active and costly program in operation, can we still justify substantial Federal funding for vocational education?

Dr. PIERCE. The two systems, vocational education and CETA, are each given definition by the Congress in statute. While they share a common goal, that is, the effective preparation of people for employment, they address the needs of different populations. The formal vocational program operates largely in an institutionalized setting and focuses on the provision of the broadest range of skills for an array of job options. CETA focuses its resources on those who are outside of the formal education system and concentrates heavily on job-specific skills. Therefore, the vocational education and the CETA systems each have an appropriate purpose set forth in their respective statutes. Each addresses legitimate needs, that is, the needs of in-school youth and adults, in the case of vocational education, and the needs of those who are outside of the formal education system who are in need of job-specific skills in the case of CETA. From this, it would seem that substantial Federal funding for both programs is justified.

ADULT EDUCATION

Mr. MICHEL. Your budget for adult education maintains the 1976 revised level of $67.5 million. Would this level of funding have any effect on services now being received by the States?

Dr. PIERCE. The requested level for fiscal year 1977 would provide $67,500,000 for use in fiscal year 1978. This would maintain a basic level of Federal support for programs aimed at ending illiteracy among adults in the United States. This basic level could be augmented by the States as they deemed necessary and would either increase support from $76 to $81 per participant or would cover the same number of participants as in the past year.

Mr. FLOOD. Thank you, Dr. Pierce.

69-745 (Pt. 5) O - 76 - 29

JUSTIFICATION OF THE BUDGET ESTIMATES

163

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

Occupational, Vocational, and Adult Education

Fiscal year 1977 Budget	Page No.
Appropriation language and explanation of language changes	165
Amounts available for obligation	166
Summary of changes	167
Appropriation by activity	168
Obligations by object	168
Authorizing legislation	169
Table of estimates and appropriations	170
Justification:	
A. Narrative:	
1. General statement	171
2. Activities	
(A) Grants to States for vocational education programs:	
(1) Basic vocational education	173
(2) State advisory councils	175
(B) Vocational research	176
(C) Adult education	177
B. Program purpose and accomplishments	179
C. State tables	183
D. Transition quarter analysis	201

Appropriation Estimate

Occupational, Vocational, and Adult Education

For carrying out, to the extent not otherwise provided, [section 102(b) ($20,000,000),] 1/ parts B and C [($433,529,100), D, F ($40,994,000), G ($19,500,000), H ($9,849,000) and I of] 1/ *($527,872,000) and section 104(b) 2/ of* the Vocational Education Act of 1963, as amended (20 U.S.C. 1241-1391), and [parts B-1, D, and F of the Education Professions Development Act, and] 3/ the Adult Education Act of 1966, [$699,650,100, including $16,000,000 for exemplary programs under part D of said 1963 Act of which 50 per centum shall remain available until expended and 50 per centum shall remain available through June 30, 1977,] 1/ and not to exceed $18,000,000 for research and training under part C of said 1963 Act] 4/ *$599,688,000: Provided* That of this amount [$71,500,000] *$67,500,000* for the Adult Education Act shall become available for obligation on July 1, [1976] *1977*, and shall remain available until September 30, [1977. For "Occupational, vocational, and adult education" for the period July 1, 1976, through September 30, 1976, $151,000,000.] *1978*.

Explanation of Language Changes

1/ Authorization for programs of students with special needs (section 102(b)), innovation (part D), consumer and homemaking education (part F), cooperative education (part G), work-study (part H), and curriculum development (part I) expires at the end of fiscal year 1976.

2/ Inclusion of "section 104(b)" represents a technical change to clarify the legal citation and authority for State advisory councils.

3/ Programs under the Education Professions Development Act have been transferred to the "Special Projects and Training" appropriation in order to reflect more appropriately the current Federal funding strategy in teacher education which focuses on specialized areas of need.

4/ Specific earmarking for research and training funds under part C of the Vocational Education Act was previously necessary to overcome the requirement in the basic law that ten percent of the total appropriation for parts B and C be earmarked for part C. Since the 1977 request is in accord with the basic law by providing ninety percent of the appropriation for grants to States (part B) and ten percent for research (part C), this earmarking is no longer necessary.

166

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

Occupational, Vocational, and Adult Education

Amounts Available for Obligation

	1976	1977
Appropriation		
Annual	$669,650,100	$599,688,000
Permanent	7,161,455	7,161,455
Subtotal, appropriations	676,811,555	606,849,455
Comparative transfer to:		
"Special projects and training" for EPDA programs	-52,962,000	---
Subtotal, budget authority	623,849,555	606,849,455
Unobligated balance, start of year	1,051,842	---
Total, obligations	624,901,397[1/]	606,849,455

1/ Does not reflect rescission of $4,000,000 as proposed in Presidential Message R76-12 dated November 16, 1975.

Summary of Changes

1976 Enacted appropriation	$623,849,555
1977 Estimated appropriation	606,849,455
Net change	-17,000,100

	1976 Base	Change from Base
Increases:		
Program:		
1. Vocational research--increase reflects additional emphasis on supporting research and innovative activities to improve quality and effectiveness of vocational education programs in the States; and reflects basic law which provides 10% of sums appropriated under the Vocational Education Act for research	$ 35,000,000	$+18,503,345
Decreases:		
Program:		
1. Grants to States for vocational education programs--decrease reflects the expiration of legislative authority for State grant programs other than Part B of the Vocational Education Act	517,349,555	-31,503,445
2. Adult education--decrease will maintain prior year level of funding after proposed rescission	71,500,000	-4,000,000
Total decreases		-35,503,445
Total, net change		-17,000,100

168

Appropriations by Activity

Page Ref.		1976 Revised Budget	1976 Appropriation	1977 Estimate	Increase or Decrease
	Grants to States for vocational education:				
173	(a) Basic vocational education:				
	(1) Annual.....	$505,872,100	$505,872,100	$474,368,655	$-31,503,445
	(2) Permanent...	7,161,455	7,161,455	7,161,455	---
	Subtotal....	513,033,555	513,033,555	481,530,110	-31,503,445
175	(b) State advisory councils.....	4,316,000	4,316,000	4,316,000	---
176	Vocational research.	35,000,000	35,000,000	53,503,345	+18,503,345
	(Obligations).....	(36,051,842)	(36,051,842)	(53,503,345)	(+17,451,503)
	Subtotal, vocational education	552,349,555)	552,349,555	539,349,455	-13,000,100
177	Adult education....	67,500,000	71,500,000	67,500,000	-4,000,000
	Total appropriation.....	619,849,555	623,849,555	606,849,455	-17,000,100
	(Total obligations).....	(620,901,397)	(624,901,397)	(606,849,455)	(-18,051,942)

Obligations by Object 1/

	1976 Estimate	1977 Estimate	Increase or Decrease
Other services.....	$ 1,500,000	$ ---	$ -1,500,000
Grants, subsidies, and contributions..	623,401,397	606,849,455	-16,551,942
Total obligations by object.....	624,901,397	606,849,455	-18,051,942

1/ Does not reflect rescission of $4,000,000 as proposed in Presidential Message R76-17 dated November 16, 1975.

Authorizing Legislation

	Amount Authorized	1977 Budget Estimate
Occupational, Vocational, and Adult Education		
1. Grants to States for vocational education:		
(a) Basic vocational education:		
(1) Annual (Vocational Education Act, Part B)	$504,000,000 1/	$474,368,655
(2) Permanent (Smith-Hughes Act)	7,161,455 1/	7,161,455
(b) Programs for students with special needs (VEA, Section 102(b)	2/	2/
(c) Consumer and homemaking education (VEA, Part F)	2/	2/
(d) Work study (VEA, Part H)	2/	2/
(e) Cooperative education (VEA, Part G)	2/	2/
(f) State advisory councils (VEA, Section 104(b)	Indefinite	4,316,000
2. Vocational research:		
(a) Innovation (VEA, Part D)	3/	3/
(b) Curriculum development (VEA, Part I)	3/	3/
(c) Research	56,000,000 1/	53,503,345
3. Adult education (Adult Education Act)	210,000,000 4/	67,500,000 4/
Other unfunded authorizations:		
Transfer to Dept. of Labor for manpower studies (VEA, Section 103(a)	5,000,000	---
Residential vocational schools (VEA, Part E)	5/	---

1/ Ninety percent of total authorization for parts B and C is for purposes of part B and ten percent is for purposes of part C.

2/ Authorization expires at the end of fiscal year 1976. In 1977, this activity can be carried out under the existing authority of part B of the Vocational Education Act.

3/ Authorization expires at the end of fiscal year 1976. In 1977, this activity can be carried out under the existing authority of part C of the Vocational Education Act.

4/ Authorization and appropriation request is advance funding for fiscal year 1978.

5/ Authorization expires at the end of fiscal year 1976.

170

Occupational, Vocational, and Adult Education

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1967	$237,491,000	$280,241,000	$307,491,000	$268,216,000
1968	320,600,000	303,100,000	303,100,000	268,216,000
1969	315,000,000	304,766,000	304,766,000	305,591,000
1970	327,116,000	508,616,000	538,616,000	417,946,000
1971	438,591,000	489,091,000	493,001,000	492,841,000
1972	437,516,000	538,646,000	583,016,000	559,631,000
1973	549,631,000	599,321,000	669,196,000	628,264,000
1974	549,631,000	600,145,000	651,062,000	588,020,000
1975 1/	663,275,000	660,275,000	697,352,000	680,637,000
1976	590,506,000	617,137,000	641,837,100	616,688,100
Proposed rescission	-4,000,000			
1977	599,688,000			

NOTE: In order to reflect comparability with the 1977 estimate this history table excludes activities transferred to the appropriation for special projects and training.

1/ Includes additional amounts for support of programs shifted to an advance appropriation cycle during that year.

Justification

Occupational, Vocational, and Adult Education

	1976 Revised Budget	1976 Appropriation	1977 Estimate	Increase or Decrease
Occupational, Vocational, and Adult Education				
1. Grants to States for vocational education:				
(a) Basic vocational education:				
Annual	$415,529,100	$415,529,100	$474,368,655	$-58,839,555
Permanent	7,161,455	7,161,455	7,161,455	---
Subtotal	422,690,555	422,690,555	481,530,110	+58,839,555
(b) Programs for students with special needs	20,000,000	20,000,000	1/	-20,000,000
(c) Consumer and homemaking education	40,994,000	40,994,000	1/	-40,994,000
(d) Work-study	9,849,000	9,849,000	1/	-9,849,000
(e) Cooperative education	19,500,000	19,500,000	1/	-19,500,000
(f) State advisory councils	4,316,000	4,316,000	4,316,000	---
Subtotal	517,349,555	517,349,555	485,846,110	-31,503,445
2. Vocational research:				
(a) Innovation	16,000,000	16,000,000	1/	-16,000,000
(Obligations)	(17,051,842)	(17,051,842)		(-17,051,842)
(b) Curriculum development	1,000,000	1,000,000	1/	-1,000,000
(c) Research:	18,000,000	18,000,000	53,503,345	+35,503,345
Subtotal	35,000,000	35,000,000	53,503,345	+18,503,345
Subtotal, Vocational education.	552,349,555	552,349,555	539,349,455	-13,000,100
3. Adult education	67,500,000	71,500,000	67,500,000	-4,000,000
Total appropriation	619,849,555	623,849,555	606,849,455	-17,000,100
(Total obligations)	(620,901,397)	(624,901,397)	(606,849,455)	(-18,051,942)
Positions		130	120	-10
Headquarters		(85)	(75)	(-10)
Regions		(45)	(45)	(---)

1/ Authorization expires at the end of fiscal year 1976. In 1977, these activities can be carried out under the general authority of Basic grants to States (part B) and Research (part C).

General Statement

Support for vocational education will be based on the primary goal and assumption that all individuals in American society desiring or needing employment should be able to secure and pursue it in a manner satisfying to them and to society. Federal funds are intended to supplement State and local efforts which substantially cover the costs of providing such educational services. Prior to 1977, eight vocational programs were supported under separate categorical authorizations in the Vocational Education Act--Basic grants to States (part B), Students with special

172

needs (section 102(b)), Consumer and homemaking education (part F), Work-study (part H), Cooperative education (part G), Innovation (part D), Curriculum development (part I), and Research (part C). With the exception of parts B and C, these categorical authorizations expire at the end of fiscal year 1976. Therefore, the 1977 request is included under the remaining authorities of part B, Basic grants to States, and part C, Research to continue support for the operation of programs providing vocational education opportunities to some 17 million individuals. Upon enactment of additional authorizing legislation the Administration will inform the Congress concerning desired changes in its budget request.

The amount of the current request includes $67,500,000 for the advance funding of adult education programs to make available educational opportunities to persons over 16 years of age who are outside traditional full-time education systems.

The training programs authorized by the Education Professions Development Act have been moved to the Special projects and training appropriation.

	1976 Appropriation	1977 Estimate	Increase or Decrease
1. Grants to States for vocational education programs:			
(a) Basic vocational education:			
(1) Annual	$505,872,100 1/	$474,368,655	$-31,503,445
(2) Permanent	7,161,455	7,161,455	---
Total	513,033,555	481,530,110	-31,503,445
Summary of awards:			
Non-competing continuations	$513,033,555	$481,530,110	$-31,503,445
Number	56	56	---
Positions	57	57	---
Headquarters	(32)	(32)	(---)
Regions	(25)	(25)	(---)

1/ Although funds were appropriated in 1976 under the separate categorical authorities of parts B, F, G, and H, and section 102(b), the amounts have been consolidated in order to show comparability.

Narrative

Program purpose

To assist the States in conducting vocational education programs for persons of all ages with the objective of insuring that vocational education and training programs are available to all individuals who desire and need such education and training for gainful employment, Part B of the Vocational Education Act, combined with the permanent Smith-Hughes Act, authorizes grants to the States based on the formula prescribed in the Act. To meet actual or anticipated labor demands, vocational education programs are designed to provide youth and adults with the occupational skills they need to enter into and advance throughout the Nation's labor force. Funds may be used for support of State and local administrative personnel, institutional support, vocational guidance and counseling, materials and equipment, and development of curricula, research, and evaluation. States are required to set aside 15 percent for vocational education for the disadvantaged; 15 percent for postsecondary programs; and 10 percent for vocational education for the handicapped. Funds may be used for the construction of area vocational education facilities. Except for the set-asides for the disadvantaged and handicapped, States are required to match one dollar for every Federal dollar.

Budget policy

In fiscal year 1977 it is proposed to carry out the present authority of Part B, Basic vocational education programs at a funding level of $481,530,110. This will enable the States to continue support for some 17 million individuals enrolled in vocational education programs. The present legislative authority for State grant programs, other than Part B, has expired. As a consequence the budget is based on existing authority and revisions to the request may be forthcoming upon enactment of additional vocational education authorizing legislation.

It is estimated that a total of 17,596,000 students will be enrolled in vocational education programs in fiscal year 1977. Secondary vocational education enrollment is expected to reach 10,871,000. Continued emphasis will be placed on occupational training for approximately 2,580,000 students enrolled in postsecondary vocational classes. Enrollments for adult participants are projected at 4,145,000.

174

Of the estimated 17,596,000 students enrolled in vocational education approximately 310,000 will be handicapped and 2,072,000 will be disadvantaged. Many of these students, whose economic status represents a deterent to their continued schooling, will continue their occupational training on a full time basis while obtaining work experience.

Grants were awarded to the States to assist them in providing programs of vocational education for 16,151,000 students in 1976.

	1976 Appropriation	1977 Estimate	Increase or Decrease
1. Grants to States for vocational education programs: (b) State advisory councils.....	$4,316,000	$4,316,000	---
Summary of awards:			
Non-competing continuations.....	4,316,000	4,316,000	---
Number.....	56	56	---
Positions.....	--	--	---

Narrative

Program purpose

To advise State Boards of Vocational Education on the development and administration of State plans and State agencies on the administration of occupational education section 104(b) of the Vocational Education Act requires each State to establish a State Advisory Council. The Commissioner is authorized to pay each State advisory council an amount equal to one percent of the State's Vocational education allotment, but such amount may not exceed $150,000 nor be less than $50,000.

Budget policy

In fiscal year 1977, State advisory councils will increase their participation in the development and administration of State plans. The State advisory councils will increase their activities in evaluating vocational education programs, services, and activities, and will publish the results of their evaluations. They will participate with the Office of Education in the State Management Evaluation program.

In fiscal year 1976, the Councils contributed significantly to the development and administration of the State plans for vocational education. Much of this contribution was based on the results of evaluation studies either conducted by the Councils or contracted with independent evaluators.

176

	1976 Appropriation	1977 Estimate	Increase or Decrease
2. Vocational research: (a) Research	$35,000,000	$53,503,345	$+18,503,345
Summary of awards:			
Total awards	35,000,000 1/	53,503,345	+18,503,345
Number	733	1,140	+407
New awards	26,000,000	40,000,000	+9,000,000
Number	543	840	+297
Non-competing continuations	9,000,000	13,503,345	+4,503,345
Number	190	300	+110
Positions	38	34	-4
Headquarters	(29)	(25)	(-4)
Regions	(9)	(9)	(---)

1/Although funds were appropriated in 1976 under the separate categorical authorities of parts C, D, and I, the amounts have been consolidated in order to show comparability.

Narrative

Program purpose

Funds are provided for research; for training programs to familiarize personnel with research results and products; for developmental, experimental, or pilot programs designed to meet the special vocational needs of youth; for demonstration and dissemination projects; and for the operation of the State Research Coordinating Units. Part C of the Vocational Education Act authorizes grants and contracts to the States based on the formula prescribed in the Act. Projects are for an eighteen month duration. Fifty percent of the appropriation is allocated for use by the State Boards for Vocational Education and the remaining fifty percent is reserved by the U.S. Commissioner of Education for direct Federal grants and contracts. Matching requirements call for 75 percent Federal and 25 percent State funding for the operation of the Research Coordinating Units, and 90 percent Federal and 10 percent State and local funding for State-administered projects. No matching is required for funds reserved by the Commissioner; however, cost-sharing is required.

Budget policy

The 1977 estimate for vocational education research and development programs is requested under the existing authority of Part C of the Vocational Education Act. The funds requested for 1977 would permit support of projects previously funded in 1976 under Parts C (research), D (innovation), and I (curriculum development) of the Vocational Education Act. The legislative authority for parts D and I has expired. The increase of $18,503,345 reflects emphasis on a Federal role of supporting research and exemplary activities in order to improve the quality and effectiveness of vocational education programs carried out by the States and the Commissioner of Education. Improvement of State and local administration, guidance, instructional personnel, curriculum and instructional materials, evaluation and measurement capabilities, alternative delivery systems, relationships with labor and industry, and work experience programs will be emphasized at the secondary and postsecondary levels. These priority emphases will also be concerned with the disadvantaged, handicapped, bilingual and minority students and adults who reside in inner-city and rural areas.

	1976 Revised Budget	1976 Appropriation	Estimate	Increase or Decrease
3. Adult education.....	$67,500,000	$71,500,000	$67,500,000	$-4,000,000
Summary of awards:				
Non-competing continuations.....	$67,500,000	$71,500,000	$67,500,000	$-4,000,000
Number.....	56	56	56	---
Positions.....	35	35	29	-6
Headquarters.....	(24)	(24)	(18)	(-6)
Regions.....	(11)	(11)	(11)	(---)

Narrative

Program purpose

To assist the States in eliminating functional illiteracy among the Nation's adults sixteen years of age and older, the Adult Education Act authorizes grants to States to support programs that enable educationally disadvantaged adults to become employable, productive, and responsible citizens. The grants are made to States under a formula based on the number of adults within the States who lack high school equivalency and who are not enrolled in school. Federal funds support up to 90 percent of the cost of each State's program. Federal funds support 100 percent of the cost of adult education programs in the Trust Territory. At least 15 percent of each State's allotment must be used for special experimental demonstration projects and teacher training. State advisory councils on adult education may be supported and special assistance is given to the needs of persons with limited English-speaking ability.

This program is directed to over 52,500,000 adults age 16 or over who have not completed and who are not currently enrolled in high school. Within this target group special emphasis is directed to the approximately 15,000,000 adults with less than eight years of education.

In 1975, a study entitled "Adult Functional Competency" was completed for the U.S. Office of Education by the University of Texas. The study is designed to accurately measure the educational needs of adults in the United States utilizing the adult performance level criteria. A representative sample survey showed that 63.2 million adults between the ages of 18 and 65 lack the educational competencies necessary to be proficient in meeting everyday requirements. Of this number, 23.2 million adults are so seriously deficient as to be functionally illiterate, or in the terms of this study, functionally incompetent.

Budget policy

The proposed budget policy is to maintain funding at the proposed level for 1976 and to assist the States in improving their capacity to educate adults. The amount requested will provide a basic level of support by the Federal Government for programs aimed at illiteracy among adults. The Adult Functional Competency project produced 65 objectives for functional competency. By targeting available resources on these objectives, the States will more effectively provide educational services for adults. Utilizing funds made available under Section 309 for special experimental demonstration projects and teacher training, the States will increase their capacity to provide compentency-based adult education. Educational services will be provided to an estimated 708,500 adults. According to prior year reports from the States, some of the anticipated recognized educational achievements in fiscal year 1977 are as follows:

178

Educational Achievements	No. of Students
Completed eighth grade	49,600
Entered high school	43,500
Passed GED test	49,600
Graduated from high school	14,200
Enrolled in other educational programs	35,400

The 1976 funding for adult education was appropriated in fiscal year 1975 to fund school year 1975-76, placing the program on an advanced funded basis for the first time. The 1977 funding was appropriated in fiscal year 1976 to support school year 1976-77. The current request includes an advance appropriation to fund school year 1977-78.

OFFICE OF EDUCATION

Occupational, Vocational, and Adult Education

Program Purpose and Accomplishments

Activity: Grants to States for vocational education
(a) Basic vocational education programs (Vocational Education Act, Part B)

	1976 Appropriation	1977 Authorization 2/	1977 Budget Estimate
Annual	$505,872,100 1/	$504,000,000	$474,368,655
Permanent	7,161,455	7,161,455	7,161,455

1/ Although funds were appropriated in 1976 under the separate categorical authorities of parts B, F, G, and H, and section 102(b), the amounts have been consolidated in order to show comparability.
2/ Authorization is 90 percent of the total of parts B and C.

Purpose: Authorizes grants to assist States in maintaining, extending, and improving existing vocational education programs and to develop new programs in vocational education.

Explanation: Matching grants are made to the States on a formula basis for vocational education programs, including the construction and remodeling of facilities. Forty percent of each State's allotment must be set-aside for specific purposes: (1) 15 percent for disadvantaged; (2) 10 percent for handicapped; and (3) 15 percent for postsecondary programs. State-wide matching is required on a dollar-for-dollar basis except for the handicapped and disadvantaged programs.

Accomplishments in 1976: An estimated 16,151,000 students were enrolled in vocational education programs in 1976.

Objectives for 1977: Pending additional authorizing legislation, the budget requests support only under part B authority for previously funded State grant activities. The State grant program will effect 17,596,000 students enrolled in vocational education programs in fiscal year 1977.

69-745 (Pt. 5) O - 76 - 30

180

OFFICE OF EDUCATION

Occupational, Vocational, and Adult Education

Program Purpose and Accomplishments

Activity: Grants to States for vocational education programs:
(b) State Advisory Councils (Vocational Education Act, Section 104(b))

1976 Appropriation	1977 Authorization	1977 Budget Estimate
$4,316,000	Indefinite	$4,316,000

Purpose: To advise State Boards of Vocational Education on the administration of State plans; evaluate vocational education programs, services, and activities; and prepare and submit an evaluation report on the vocational education programs carried out during the year.

Explanation: Section 104(b) of the Vocational Education Act of 1963 requires each State to establish a State Advisory Council in order for the State to receive a grant under the Vocational Education Act. The State Councils must be established prior to the beginning of the fiscal year in which the State plans to participate in Federal vocational education programs.

Accomplishments in 1976: In fiscal year 1976, the State Advisory Councils from all 56 States and territories submitted reports of evaluation efforts of State vocational education programs.

Objectives for 1977: In fiscal year 1977, the Councils will continue their participation in the development and administration of State plans.

OFFICE OF EDUCATION

Occupational, Vocational, and Adult Education

Program Purpose and Accomplishments

Activity: Vocational research
(a) Research (Vocational Education Act, Part C)

	1976 Appropriation 1/	1977 Authorization 2/	1977 Budget Estimate
Annual	$35,000,000	$56,000,000	$53,503,345

1/ Although funds were appropriated in 1976 under the separate categorical authorities of parts C, D, and I, the amounts have been consolidated in order to show comparability.
2/ Authorization is 10 percent of parts B and C.

Purpose: Supports activities of State research coordinating units and other agencies and institutions in the development of programs and projects designed to meet the research needs of vocational education.

Explanation: Grants are awarded on a formula basis under part C of the Vocational Education Act of which fifty percent is for use by the State agency and fifty percent is for direct grants by the Commissioner of Education. Matching is 75 percent Federal and 25 percent State and local for the research coordinating units, and 90 percent Federal and 10 percent State and local for State projects. No matching is required for funds reserved by the Commissioner. Awards normally cover an 18 month period.

Accomplishments in 1976: In fiscal year 1976, 733 projects were supported under the authority of parts C, D, and I, of which 190 were continuations and 543 were new projects.

Objectives for 1977: In fiscal year 1977, 1,140 projects will be supported of which 300 will be continuations and 840 will be new projects. The Vocational research programs formerly authorized under parts D (Innovation) and I (Curriculum development) of the Vocational Education Act can be carried out under Part C (Research), but separate authorizing legislation has expired for parts D and I.

182

OFFICE OF EDUCATION

Occupational, Vocational, and Adult Education

Program Purpose and Accomplishments

Activity: Adult education (Adult Education Act)

1976 Appropriation	1977 Authorization	1977 Budget Estimate
$71,500,000 1/	$210,000,000	$67,500,000 2/

Purpose: The Adult Education Act authorizes grants to States for the purpose of eliminating functional illiteracy among the Nation's adults sixteen years of age and older to enable them to become employable, productive and responsible citizens. The law requires that not more than 20 percent of the funds appropriated be made available for high school equivalency programs. The institutionalized adult population is to be served and special assistance is to be given to the needs of persons with limited English-speaking ability.

Explanation: Grants are made to the States according to the formula specified in the Act. Not less than 15 percent of each State's allotment shall be used for special demonstration projects and teacher training. Federal funds support up to 90 percent of the cost of each States program.

Accomplishments in 1976: Basic skills programs were provided to 708,500 under-educated adults, the same number of participants as in 1975. In addition, the States supported special demonstration projects and teacher training projects.

Objectives for 1977 and 1978: To maintain participation in adult education programs through the high school level at not less than the fiscal year 1976 participation; to promote and to assist the States in developing competency-based adult education; and to improve State capability in planning and managing adult education programs.

1/ Advance for fiscal year 1977.
2/ Advance for fiscal year 1978.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Occupational, Vocational, and Adult Education
Basic Vocational Education Programs

State or Outlying Area	1975 Actual	1976 Appropriation 1/	1977 Estimate 2/
TOTAL	$428,139,455	$422,690,555	$481,530,110
Alabama	8,706,219	8,595,418	9,772,877
Alaska	626,801	618,820	701,942
Arizona	4,475,657	4,418,696	5,158,686
Arkansas	4,736,756	4,676,472	5,356,232
California	36,503,883	36,039,300	41,697,877
Colorado	5,297,315	5,229,896	5,917,788
Connecticut	4,747,614	4,687,193	5,490,460
Delaware	1,002,365	989,618	1,134,066
Florida	14,900,372	14,710,751	16,729,954
Georgia	11,288,560	11,144,889	12,480,685
Hawaii	1,572,398	1,552,401	1,835,917
Idaho	1,882,941	1,858,990	2,095,875
Illinois	18,795,036	18,555,840	21,170,704
Indiana	11,132,080	10,990,402	12,421,541
Iowa	5,981,336	5,905,212	6,381,060
Kansas	4,739,069	4,678,741	5,072,850
Kentucky	8,094,727	7,991,707	9,056,878
Louisiana	9,430,166	9,310,149	10,614,802
Maine	2,441,931	2,410,865	2,715,203
Maryland	7,560,957	7,464,725	8,485,814
Massachusetts	10,463,253	10,330,078	12,099,874
Michigan	17,493,466	17,270,837	19,328,413
Minnesota	8,228,426	8,123,704	9,058,338
Mississippi	5,835,619	5,761,351	6,531,438
Missouri	9,781,433	9,656,944	11,167,477
Montana	1,705,379	1,683,661	1,873,041
Nebraska	3,204,720	3,163,943	3,490,623
Nevada	917,859	906,177	1,097,653
New Hampshire	1,631,374	1,610,620	1,894,837
New Jersey	11,435,964	11,290,414	13,148,445
New Mexico	2,838,280	2,802,156	3,248,598
New York	28,113,152	27,755,366	32,899,408
North Carolina	13,007,867	12,842,322	14,253,146
North Dakota	1,603,654	1,583,246	1,494,848
Ohio	21,541,641	21,267,480	24,135,917
Oklahoma	6,128,686	6,050,669	6,812,940
Oregon	4,685,522	4,625,873	5,180,621
Pennsylvania	23,132,846	22,838,436	25,794,280
Rhode Island	1,948,426	1,923,618	2,093,558
South Carolina	7,087,876	6,997,670	8,006,516

184

State or Outlying Area	1974 Actual	1976 Appropriation[1/]	1977 Estimate[2/]
South Dakota	1,720,698	1,698,798	1,783,195
Tennessee	9,829,080	9,703,975	10,755,282
Texas	26,858,837	26,517,011	29,951,869
Utah	2,984,908	2,946,918	3,408,265
Vermont	1,105,132	1,091,067	1,237,586
Virginia	10,760,086	10,623,143	11,814,525
Washington	6,966,125	6,877,463	7,735,694
West Virginia	4,236,569	4,182,649	4,635,850
Wisconsin	9,670,339	9,547,271	10,906,513
Wyoming	770,600	760,782	869,385
District of Columbia	1,180,139	1,165,120	1,277,025
American Samoa	66,759	65,915	84,061
Guam	213,369	210,643	266,102
Puerto Rico	6,716,210	6,630,748	8,445,858
Trust Territory	218,450	215,672	271,258
Virgin Islands	140,528	138,730	186,460

1/ Estimated distribution of funds based on (1) fiscal year 1975 allotment ratios with limits of .60 and .40 and (2) the 15-19, 20-24, and 25-65 population age groups, with a minimum of $10,000 on the total amount for parts B and C. Population age groups are as of 7/1/73 for the 50 States and D.C., and 4/1/70 for outlying areas.

2/ Estimated distribution of funds based on (1) fiscal year 1977 allotment ratios with limits of .60 and .40 and (2) the 15-19, 20-24, and 25-65 population age groups, with a minimum of $10,000 on the total amount for parts B and C. Population age groups are as of 7/1/74 for the 50 States and D.C., and 4/1/70 for outlying areas.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Occupational, Vocational, and Adult Education
Programs for Students with Special Needs

State or Outlying Area	1975 Actual	1976 Appropriation 1/	1977 Estimate 2/
TOTAL	$20,000,000	$20,000,000	$ ---
Alabama	406,489	406,489	---
Alaska	29,265	29,265	---
Arizona	208,967	208,967	---
Arkansas	221,156	221,156	---
California	1,704,350	1,704,350	---
Colorado	247,329	247,329	---
Connecticut	221,664	221,664	---
Delaware	46,800	46,800	---
Florida	695,692	695,692	---
Georgia	527,058	527,058	---
Hawaii	73,415	73,415	---
Idaho	87,913	87,913	---
Illinois	877,531	877,531	---
Indiana	519,752	519,752	---
Iowa	279,266	279,266	---
Kansas	221,265	221,265	---
Kentucky	377,939	377,939	---
Louisiana	440,290	440,290	---
Maine	114,013	114,013	---
Maryland	353,017	353,017	---
Massachusetts	488,524	488,524	---
Michigan	816,762	816,762	---
Minnesota	384,182	384,182	---
Mississippi	272,463	272,463	---
Missouri	456,690	456,690	---
Montana	79,623	79,623	---
Nebraska	149,626	149,626	---
Nevada	42,854	42,854	---
New Hampshire	76,169	76,169	---
New Jersey	533,940	533,940	---
New Mexico	132,518	132,518	---
New York	1,312,591	1,312,591	---
North Carolina	607,331	607,331	---
North Dakota	74,874	74,874	---
Ohio	1,005,770	1,005,770	---
Oklahoma	286,146	286,146	---
Oregon	218,765	218,765	---
Pennyslvania	1,080,062	1,080,062	---
Rhode Island	90,971	90,971	---
South Carolina	330,930	330,930	---

186

	1975 Actual	1976 Appropriation 1/	1977 Estimate 2/
South Dakota	$ 80,338	$ 80,338	---
Tennessee	458,916	458,916	---
Texas	1,254,027	1,254,027	---
Utah	139,364	139,364	---
Vermont	51,598	51,598	---
Virginia	502,384	502,384	---
Washington	325,246	325,246	---
West Virginia	197,804	197,804	---
Wisconsin	451,504	451,504	---
Wyoming	35,979	35,979	---
District of Columbia	55,100	55,100	---
American Samoa	10,000	10,000	---
Guam	10,000	10,000	---
Puerto Rico	313,578	313,578	---
Trust Territory	10,200	10,200	---
Virgin Islands	10,000	10,000	---

1/ Distribution of funds based on (1) fiscal year 1975 allotment ratios, with limits of .60 and .40 and (3) the 15-19, 20-24, and 25-65 population age groups, with a minimum of $10,000. Population age groups are as of 7/1/73 for the 50 States and D.C., and 4/1/70 for outlying areas.

2/ Authorization expires at the end of fiscal year 1976. This activity can be carried out under the general authority of part B, Basic vocational education programs.

187

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Occupational, Vocational, and Adult Education
Consumer and homemaking education

State or Outlying Area	1975 Actual	1976 Appropriation 1/	1977 Estimate 2/
TOTAL	$35,994,000	$40,994,000	$ ---
Alabama	731,849	833,540	---
Alaska	52,690	60,010	---
Arizona	376,226	428,503	---
Arkansas	398,174	453,501	---
California	3,068,533	3,494,909	---
Colorado	445,295	507,169	---
Connecticut	399,086	454,540	---
Delaware	84,260	95,969	---
Florida	1,252,532	1,426,574	---
Georgia	948,922	1,080,776	---
Hawaii	132,177	150,545	---
Idaho	158,281	180,276	---
Illinois	1,579,920	1,799,452	---
Indiana	935,768	1,065,793	---
Iowa	502,794	572,658	---
Kansas	398,368	453,720	---
Kentucky	680,447	774,995	---
Louisiana	792,703	902,852	---
Maine	205,270	233,794	---
Maryland	635,578	723,891	---
Massachusetts	879,546	1,001,759	---
Michigan	1,470,509	1,674,838	---
Minnesota	691,685	787,797	---
Mississippi	490,545	558,706	---
Missouri	822,233	936,482	---
Montana	143,356	163,273	---
Nebraska	269,390	306,824	---
Nevada	77,157	87,877	---
New Hampshire	137,135	156,189	---
New Jersy	961,313	1,094,888	---
New Mexico	238,587	271,738	---
New York	2,363,205	2,691,574	---
North Carolina	1,093,447	1,245,383	---
North Dakota	134,805	153,535	---
Ohio	1,810,801	2,062,412	---
Oklahoma	515,179	586,763	---
Oregon	393,866	448,595	---
Pennsylvania	1,944,558	2,214,756	---
Rhode Island	163,786	186,543	---
South Carolina	595,810	678,599	---

188

State or Outlying Area	1975 Actual	1976 Appropriation 1/	1977 Estimate 2/
South Dakota	$ 144,642	$ 164,740	---
Tennessee	826,237	941,042	---
Texas	2,257,766	2,571,485	---
Utah	250,914	285,777	---
Vermont	92,898	105,806	---
Virginia	904,498	1,030,178	---
Washington	585,576	666,941	---
West Virginia	356,128	405,612	---
Wisconsin	812,894	925,846	---
Wyoming	64,777	73,777	---
District of Columbia	99,203	112,987	---
American Samoa	10,000	10,000	---
Guam	17,937	20,427	---
Puerto Rico	564,568	643,016	---
Trust Territories	18,363	20,915	---
Virgin Islands	11,813	13,453	---

1/ Distribution based on fiscal year 1975 State products of (1) fiscal year 1975 allotment ratios with limits of .60 and .40 and (2) the 15-19, 20-24, and 25-65 population age groups, with a minimum of $10,000. Population age groups are as of 7/1/73 for the 50 States and D.C., and 4/1/70 for outlying areas.

2/ Authorization expires at the end of fiscal year 1976. This activity can be carried out under the general authority of part B, Basic vocational education programs.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
OFFICE OF EDUCATION

Occupational, Vocational, and Adult Education
Cooperative Education

State or Outlying Area	1975 Actual	1976 Appropriation 1/	1977 Estimate 2/
TOTAL	$19,500,000	$19,500,000	$ ---
Alabama	354,029	354,029	---
Alaska	215,743	215,743	---
Arizona	288,929	288,929	---
Arkansas	282,972	282,972	---
California	1,038,653	1,038,653	---
Colorado	308,501	308,501	---
Connecticut	322,968	322,968	---
Delaware	224,679	224,679	---
Florida	493,166	493,166	---
Georgia	405,089	405,089	---
Hawaii	237,018	237,018	---
Idaho	235,316	235,316	---
Illinois	654,004	654,004	---
Indiana	425,087	425,087	---
Iowa	319,564	319,564	---
Kansas	297,013	297,013	---
Kentucky	340,414	340,414	---
Louisiana	368,496	368,496	---
Maine	243,401	243,401	---
Maryland	371,475	371,475	---
Massachusetts	435,299	435,299	---
Michigan	599,115	599,115	---
Minnesota	368,922	368,922	---
Mississippi	305,523	305,523	---
Missouri	395,728	395,728	---
Montana	232,763	232,763	---
Nebraska	264,675	264,675	---
Nevada	221,700	221,700	---
New Hampshire	231,487	231,487	---
New Jersey	484,231	484,231	---
New Mexico	251,910	251,910	---
New York	893,132	893,132	---
North Carolina	427,640	427,640	---
North Dakota	229,359	229,359	---
Ohio	657,408	657,408	---
Oklahoma	310,203	310,203	---
Oregon	292,333	292,333	---
Pennsylvania	676,555	676,555	---
Rhode Island	239,146	239,146	---
South Carolina	323,819	323,819	---

190

State or Outlying Area	1975 Actual	1976 Appropriation 1/	1977 Estimate 2/
South Dakota	$ 231,487	$ 231,487	---
Tennessee	368,071	368,071	---
Texas	706,340	706,340	---
Utah	255,314	255,314	---
Vermont	219,998	219,998	---
Virginia	408,918	408,918	---
Washington	344,668	344,668	---
West Virginia	273,185	273,185	---
Wisconsin	395,728	395,728	---
Wyoming	215,743	215,743	---
District of Columbia	228,083	228,083	---
American Samoa	5,685	5,685	---
Guam	14,819	14,819	---
Puerto Rico	536,355	536,355	---
Trust Territory	18,435	18,435	---
Virgin Islands	9,706	9,706	---

1/ Distribution based on 3 percent reserved for the outlying areas and the balance distributed on the basis of (1) $200,000 to each State and D.C., and (2) the remainder on the 15-19 population age group as of 7/1/73.

2/ Authorization expires at the end of fiscal year 1976. This activity can be carried out under the general authority of part B, Basic vocational education programs.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Occupational, Vocational, and Adult Education
Work-Study

State or Outlying Area	1975 Actual	1976 Appropriation 1/	1977 Estimate 2/
TOTAL	$ 9,849,000	$ 9,849,000	$ ---
Alabama	169,409	169,409	---
Alaska	18,293	18,293	---
Arizona	98,225	98,225	---
Arkansas	91,067	91,067	---
California	946,065	946,065	---
Colorado	122,881	122,881	---
Connecticut	136,004	136,004	---
Delaware	27,837	27,837	---
Florida	324,502	324,502	---
Georgia	229,458	229,458	---
Hawaii	43,346	43,346	---
Idaho	38,972	38,972	---
Illinois	503,455	503,455	---
Indiana	250,535	250,535	---
Iowa	131,630	131,630	---
Kansas	108,963	108,963	---
Kentucky	155,888	155,888	---
Louisiana	185,714	185,714	---
Maine	47,721	47,721	---
Maryland	191,281	191,281	---
Massachusetts	263,260	263,260	---
Michigan	441,816	441,816	---
Minnesota	187,702	187,702	---
Mississippi	115,723	115,723	---
Missouri	216,732	216,732	---
Montana	35,791	35,791	---
Nebraska	71,979	71,979	---
Nevada	24,258	24,258	---
New Hampshire	34,598	34,598	---
New Jersey	312,572	312,572	---
New Mexico	57,265	57,265	---
New York	769,897	769,897	---
North Carolina	256,500	256,500	---
North Dakota	32,609	32,609	---
Ohio	506,637	506,637	---
Oklahoma	122,484	122,484	---
Oregon	102,998	102,998	---
Pennsylvania	526,918	526,918	---
Rhode Island	44,142	44,142	---
South Carolina	138,788	138,788	---

192

Atate or Outlying Area	1975 Actual	1976 Appropriation1/	1977 Estimate 2/
South Dakota	$ 34,598	$ 34,598	---
Tennessee	185,714	185,714	---
Texas	567,083	567,083	---
Utah	62,435	62,435	---
Vermont	22,270	22,270	---
Virginia	235,821	235,821	---
Washington	161,853	161,853	---
West Virginia	79,932	79,932	---
Wisconsin	216,732	216,732	---
Wyoming	17,498	17,498	---
District of Columbia	32,212	32,212	---
American Samoa	1,441	1,441	---
Guam	4,097	4,097	---
Puerto Rico	136,166	136,166	---
Trust Territory	4,704	4,704	---
Virgin Islands	2,529	2,529	---

1/ Distribution on the basis of the 15-20 population age group as of 7/1/73 for the 50 States and D.C., and 4/1/70 for the outlying areas.

2/ Authorization expires at the end of fiscal year 1976. This activity can be carried out under the general authority of part B, Basic vocational education program.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Occupational, Vocational, and Adult Education
State Advisory Councils

State or Outlying Area	1975 Actual 1/	1976 Appropriation 2/	1977 Estimate 3/
TOTAL	$4,316,000	$4,316,000	$4,316,000
Alabama	85,138	84,760	88,951
Alaska	50,000	50,000	50,000
Arizona	50,000	50,000	50,000
Arkansas	50,000	50,000	50,000
California	146,685	147,916	136,528
Colorado	51,802	51,572	53,864
Connecticut	50,000	50,000	50,000
Delaware	50,000	50,000	50,000
Florida	145,711	145,064	136,528
Georgia	110,391	109,901	113,599
Hawaii	50,000	50,000	50,000
Idaho	50,000	50,000	50,000
Illinois	146,685	147,916	136,528
Indiana	108,861	108,377	113,060
Iowa	58,491	58,232	58,079
Kansas	50,000	50,000	50,000
Kentucky	79,158	78,807	82,434
Louisiana	92,218	91,807	96,614
Maine	50,000	50,000	50,000
Maryland	73,939	73,610	77,237
Massachusetts	102,321	101,866	110,132
Michigan	146,685	147,916	136,528
Minnesota	80,466	80,108	82,447
Mississippi	57,066	56,814	59,448
Missouri	95,652	95,227	101,645
Montana	50,000	50,000	50,000
Nebraska	50,000	50,000	50,000
Nevada	50,000	50,000	50,000
New Hampshire	50,000	50,000	50,000
New Jersey	111,833	111,335	119,675
New Mexico	50,000	50,000	50,000
New York	146,685	147,916	136,528
North Carolina	127,204	126,638	129,730
North Dakota	50,000	50,000	50,000
Ohio	146,685	147,916	136,528
Oklahoma	59,933	59,666	62,010
Oregon	50,000	50,000	50,000
Pennsylvania	146,685	147,916	136,528
Rhode Island	50,000	50,000	50,000
South Carolina	69,313	69,005	72,874

194

	1975 Actual 1/	1976 Appropriation 2/	1977 Estimate 3/
South Dakota	$ 50,000	$ 50,000	$ 50,000
Tennessee	96,119	95,692	97,892
Texas	146,685	147,916	136,528
Utah	50,000	50,000	50,000
Vermont	50,000	50,000	50,000
Virginia	105,223	104,755	107,534
Washington	68,122	67,819	70,409
West Virginia	50,000	50,000	50,000
Wisconsin	94,566	94,147	99,269
Wyoming	50,000	50,000	50,000
District of Columbia	50,000	50,000	50,000
American Samoa	50,000	50,000	50,000
Guam	50,000	50,000	50,000
Puerto Rico	65,678	65,386	76,873
Trust Territory	50,000	50,000	50,000
Virgin Islands	50,000	50,000	50,000

1/ Distribution based on 1 percent of allotment under part B ($428,139,455) with a minimum of $50,000 and a maximum of $150,000. This entitlement ($4,383,028) is ratably reduced to allotment amount of $4,316,000 with no State receiving less than $50,000.

2/ Estimated distribution based on 1 percent of allotment under part B ($422,690,555) with a minimum of $50,000 and a maximum of $150,000. Entitlement ($4,357,789) is ratably reduced to allotment amount of $4,316,000 with no State receiving less than $50,000.

3/ Estimated distribution based on 1 percent of allotment under part B ($481,530,110) with a minimum of $50,000 and a maximum of $150,000. Entitlement ($4,621,262) is ratably reduced to allotment amount of $4,316,000 with no State receiving less than $50,000.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Occupational, Vocational, and Adult Education
Research

State or Outlying Area	1975 Actual	1976 Appropriation 1/	1977 Estimate 2/
TOTAL	$17,972,940	$18,000,000	$53,503,345
Alabama	335,311	366,030	1,085,875
Alaska	24,140	26,352	77,993
Arizona	757,573	188,167	573,187
Arkansas	182,431	199,145	595,137
California	1,550,872	1,534,709	4,633,097
Colorado	204,021	222,712	657,532
Connecticut	182,699	199,601	610,051
Delaware	38,605	42,142	126,007
Florida	573,872	626,448	1,858,884
Georgia	434,767	474,598	1,386,743
Hawaii	60,559	66,108	203,991
Idaho	72,519	79,164	232,875
Illinois	723,871	790,188	2,352,301
Indiana	428,740	468,019	1,380,171
Iowa	230,365	251,470	709,006
Kansas	182,520	199,241	563,650
Kentucky	311,655	340,322	1,006,319
Louisiana	354,433	396,467	1,179,422
Maine	94,049	102,665	301,689
Maryland	291,202	317,880	942,869
Massachusetts	402,918	439,900	1,344,431
Michigan	673,734	735,467	2,147,601
Minnesota	316,909	345,943	1,006,482
Mississippi	224,753	245,343	725,716
Missouri	376,722	411,235	1,240,831
Montana	66,827	71,698	208,116
Nebraska	123,426	134,734	387,847
Nevada	35,350	38,589	121,962
New Hampshire	62,829	68,587	210,538
New Jersey	440,444	480,795	1,460,939
New Mexico	109,137	119,328	360,955
New York	1,082,749	1,181,944	3,655,490
North Carolina	556,675	546,882	1,583,683
North Dakota	61,728	67,421	166,094
Ohio	1,154,536	905,662	2,681,768
Oklahoma	236,034	257,664	756,993
Oregon	180,412	196,990	575,624
Pennsylvania	873,235	972,560	2,866,031
Rhode Island	75,023	81,916	232,618
South Carolina	264,733	297,991	889,613

196

State or Outlying Area	1975 Actual	1976 Appropriation[1/]	1977 Estimate[2/]
South Dakota	$ 66,271	$ 72,342	$ 198,133
Tennessee	367,556	413,237	1,195,032
Texas	1,010,882	1,129,210	3,327,986
Utah	114,961	125,493	378,696
Vermont	42,564	46,462	137,509
Virginia	414,191	452,380	1,312,725
Washington	267,436	292,872	859,521
West Virginia	163,167	178,115	515,094
Wisconsin	372,443	406,564	1,211,835
Wyoming	16,199	32,397	96,598
District of Columbia	428,710	49,616	141,892
American Samoa	1,404	2,807	9,340
Guam	8,218	8,970	29,567
Puerto Rico	258,667	282,366	938,429
Trust Territory	8,413	9,184	30,139
Virgin Islands	2,954	5,908	20,718
National projects	65,525		

1/ Estimated distribution of funds based on (1) fiscal year 1975 allotment ratios with limits of .60 and .40 and (2) the 15-19, 20-24, and 25-65 age groups, with a minimum amount of $10,000 on the total amount for parts B and C. Population age groups are as of 7/1/73 for the 50 States and D.C. and 4/1/70 for the outlying areas.

2/ Estimated distribution of funds based on (1) fiscal year 1977 allotment ratios with limits of .60 and .40 and (2) the 15-19, 20-24, and 25-65 age groups, with a minimum amount of $10,000 on the total amount for parts B and C. Population age groups are as of 7/1/74 for the 50 States and D.C., and 4/1/70 for the outlying areas.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Occupational, Vocational, and Adult Education
Innovation

State or Outlying Area	1975 Actual	1976 Appropriation	1977 Estimate 2/
TOTAL	$16,043,309	$16,000,000	$ ---
Alabama	294,026	294,026	---
Alaska	209,610	209,610	---
Arizona	254,287	254,286	---
Arkansas	250,650	250,649	---
California	748,361	711,948	---
Colorado	266,234	266,234	---
Connecticut	275,065	275,065	---
Delaware	214,855	215,065	---
Florida	378,961	378,961	---
Georgia	325,195	325,195	---
Hawaii	222,598	222,597	---
Idaho	221,356	221,558	---
Illinois	477,143	477,143	---
Indiana	337,492	337,403	---
Iowa	272,987	272,987	---
Kansas	259,221	259,221	---
Kentucky	285,714	285,714	---
Louisiana	300,358	302,857	---
Maine	226,494	226,494	---
Maryland	304,675	304,675	---
Massachusetts	343,636	343,636	---
Michigan	443,636	443,636	---
Minnesota	303,117	303,117	---
Mississippi	264,416	264,416	---
Missouri	319,483	319,481	---
Montana	220,000	220,000	---
Nebraska	239,481	239,481	---
Nevada	213,248	213,247	---
New Hampshire	219,221	219,221	---
New Jersey	373,506	373,506	---
New Mexico	231,688	231,688	---
New York	623,117	623,117	---
North Carolina	399,481	338,961	---
North Dakota	217,922	217,922	---
Ohio	479,221	479,221	---
Oklahoma	267,274	267,273	---
Oregon	256,364	256,364	---
Pennsylvania	491,008	490,909	---
Rhode Island	111,948	223,896	---
South Carolina	275,584	275,584	---

198

State or Outlying Area	1975 Actual	1976 Appropriation 1/	1977 Estimate 2/
South Dakota	$ 219,221	$ 219,221	---
Tennessee	302,601	302,597	---
Texas	509,092	509,091	---
Utah	233,766	233,766	---
Vermont	212,208	212,208	---
Virginia	327,532	327,532	---
Washington	288,312	288,312	---
West Virginia	244,675	244,675	---
Wisconsin	319,577	319,481	---
Wyoming	209,610	209,610	---
District of Columbia	217,143	217,143	---
American Samoa	4,664	4,665	---
Guam	12,160	12,159	---
Puerto Rico	497,043	440,086	---
Trust Territory	15,126	15,126	---
Virgin Islands	11,946	7,964	---

1/ Distribution of the total with 3 percent reserved for outlying areas; balance distributed on the basis of (1) $200,000 to each State and D.C., and (2) the remainder on the 15-19 population as of 7/1/73. Fifty percent of the funds are allotted to the States and fifty percent at the discretion of the Commissioner.

2/ Authorization expires at the end of fiscal year 1976. This activity can be carried out under the general authority of part C, Reseach.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Occupational, Vicational, and Adult Education
Adult Education - Grants to States

State or Outlying Area	1975 Appropriation 1/	1976 Appropriation 2/	1977 Request 3/
TOTAL	$67,500,000	$71,500,000	$67,500,000
Alabama	1,344,029	1,392,796	1,344,029
Alaska	190,545	209,868	190,545
Arizona	518,744	618,909	518,744
Arkansas	827,612	869,018	827,612
California	4,517,430	5,082,373	4,517,430
Colorado	601,541	664,447	601,541
Connecticut	951,493	1,003,002	951,493
Delaware	274,483	302,725	274,483
Florida	1,786,037	2,291,735	1,786,037
Georgia	1,570,391	1,792,143	1,570,391
Hawaii	312,647	327,651	312,647
Idaho	320,090	334,045	320,090
Illinois	3,529,037	3,529,037	3,529,037
Inidana	1,626,206	1,679,358	1,626,206
Iowa	951,736	951,736	951,736
Kansas	763,952	763,952	763,952
Kentucky	1,325,422	1,361,119	1,325,422
Louisiana	1,439,291	1,439,291	1,439,291
Maine	447,145	447,145	447,145
Maryland	1,159,714	1,310,323	1,159,714
Massachusetts	1,706,542	1,706,542	1,706,542
Michigan	2,625,728	2,725,471	2,625,728
Minnesota	1,153,991	1,153,991	1,153,991
Mississippi	948,731	948,731	948,731
Missouri	1,674,712	1,674,712	1,674,712
Montana	325,781	329,272	325,781
Nebraska	542,844	542,844	542,844
Nevada	212,470	260,692	212,470
New Hampshire	330,025	347,194	330,025
New Jersey	2,209,212	2,332,653	2,209,212
New Mexico	402,261	423,201	402,261
New York	5,925,791	5,925,791	5,925,791
North Carolina	1,780,990	2,053,630	1,780,990
North Dakota	334,999	334,999	334,999
Ohio	3,248,160	3,277,411	3,248,160
Oklahoma	910,306	944,441	910,306
Oregon	650,442	698,820	650,442
Pennsylvania	4,105,003	4,105,003	4,105,003
Rhode Island	451,990	466,646	451,990
South Carolina	1,071,826	1,109,330	1,071,826

200

State or Outlying Area	1975 Appropriation 1/	1976 Appropriation 2/	1977 Request 3/
South Dakota	344,287	344,287	344,287
Tennessee	1,491,557	1,573,687	1,491,557
Texas	3,281,437	3,803,208	3,281,437
Utah	338,150	367,583	338,150
Vermont	257,409	267,080	257,409
Virginia	1,489,781	1,667,312	1,489,781
Washington	916,988	971,951	916,988
West Virginia	835,680	835,680	835,680
Wisconsin	1,381,265	1,381,265	1,381,265
Wyoming	222,750	229,083	222,750
District of Columbia	374,932	374,932	374,932
American Samoa	79,863	123,695	79,863
Guam	139,762	217,360	139,762
Puerto Rico	1,037,200	1,236,885	1,037,200
Trust Territory	159,727	250,250	159,727
Virgin Islands	79,863	123,695	79,863

1/ Advance for 1976. Distribution of funds with the 50 States, D.C., and Puerto Rico at 90 percent of fiscal year 1973 grant amount; amounts for outlying areas prorated from the 90 percent of fiscal year 1973 grant amount.

2/ Advance for 1977. Estimated distribution of $71,500,000, with 1 percent reserve for outlying areas and the balance distributed on the basis of those 16 years of age and over with less than a high school diploma, 4/1/70, with no State receiving less than 90 percent of its fiscal year 1973 grant amount.

3/ Advance for 1978. Estimated distribution of funds with the 50 States, D.C., and Puerto Rico at 90 percent of fiscal year 1973 grant amount; amounts for outlying areas prorated from the 90 percent of fiscal year 1973 grant amount.

Transition Quarter Analysis

	Budget Authority by Activity	
	1976 Appropriation	Transition Quarter
1. Grants to States for vocational education:		
(a) Basic vocational education:		
(1) Annual appropriation	$415,529,100	$103,882,275
(2) Permanent	7,161,455	1,790,364
Subtotal	422,690,555	105,672,639
(b) Programs for students with special needs	20,000,000	5,000,000
(c) Consumer and homemaking education	40,994,000	10,248,500
(d) Work-study	9,849,000	2,462,250
(e) Cooperative education	19,500,000	4,875,000
(f) State advisory councils	4,316,000	1,079,000
Subtotal	517,349,555	129,337,389
2. Vocational research:		
(a) Innovation	16,000,000	2,000,000
(b) Curriculum development	1,000,000	---
(c) Research	18,000,000	4,452,975
Subtotal	35,000,000	6,452,975
Subtotal, Vocational education	552,349,555	135,790,364
3. Adult education	71,500,000	71,500,000
Total appropriation	623,849,555	207,290,364

Explanation

Transition quarter funds totaling $135,790,364 will be used to maintain current-year funded vocational education service programs during the interim period. An amount of $71,500,000 shown in the transition quarter for adult education represents an advance appropriation to fund school year 1976-77 which will be made available to States during the interim period.

WEDNESDAY, MARCH 10, 1976.

HIGHER EDUCATION

WITNESSES

DR. JOHN D. PHILLIPS, DEPUTY COMMISSIONER FOR HIGHER EDUCATION
EDWARD T. YORK, DEPUTY COMMISSIONER FOR MANAGEMENT
DR. JOHN W. EVANS, ASSISTANT COMMISSIONER FOR PLANNING, BUDGETING, AND EVALUATION
S. W. HERRELL, ASSOCIATE DEPUTY COMMISSIONER FOR HIGHER EDUCATION
DR. LEONARD H. O. SPEARMAN, ACTING ASSOCIATE COMMISSIONER FOR STUDENT ASSISTANCE
DR. ROBERT C. LEESTMA, ASSOCIATE COMMISSIONER FOR INSTITUTIONAL DEVELOPMENT AND INTERNATIONAL EDUCATION
KENNETH A. KOHL, ASSOCIATE COMMISSIONER FOR GUARANTEED STUDENT LOANS
PETER K. U. VOIGT, DIRECTOR, DIVISION OF BASIC AND STATE STUDENT GRANTS
RICHARD J. ROWE, ACTING DIRECTOR, DIVISION OF STUDENT SUPPORT AND SPECIAL PROGRAMS
RICHARD R. HOLDEN, DIRECTOR, DIVISION OF TRAINING AND FACILITIES
DR. WILLA B. PLAYER, DIRECTOR, DIVISION OF INSTITUTIONAL DEVELOPMENT
EDWARD L. MEADOR, DIRECTOR, DIVISION OF INTERNATIONAL EDUCATION
WILFORD J. FORBUSH, DEPUTY ASSISTANT SECRETARY, BUDGET

Mr. FLOOD. Continuing the Department of Health, Education, and Welfare and the Office of Education—we now have higher education.

The presentation will be made by Dr. John D. Phillips, Deputy Commissioner for Higher Education. I see we have your biographical sketch, Doctor, which we will place in the record at this point.

BIOGRAPHICAL SKETCH OF JOHN D. PHILLIPS

Position: Deputy Commissioner for Postsecondary Education.
Birthplace and date: Portland, Oreg., September 6, 1938.
Education: Williams College, 1959, bachelor of arts, University of Oregon, 1961, master of arts, Stanford University, 1965, doctor of philosophy.
Experience:

1975: Deputy Commissioner for Postsecondary Education, DHEW/USOE.

1973–74: Associate Commissioner, Office of Student Assistance, and Chairman, DHEW/USOE Task Force on Management of Student Assistance Programs.

1971–73: Director of Higher Education, DHEW/USOE, Region X, and Chairman, DHEW/USOE Task Force on State Postsecondary Education Commissions.

1969–71: Vice president for administration and assistant professor of history, Lewis and Clark College.

1967–69: Assistant to the president and assistant professor of history, Lewis and Clark College.

1965–67: Assistant to the dean of faculty and assistant professor of history, Lewis and Clark College.

1962–65: Assistant to the director of general studies, Stanford University.
1960–64: Part-time teaching at the University of Oregon, California State University at Hayward, San Francisco State University, and Stanford University.

Past association memberships: Past affiliations and posts include service as chairman of the board, Northwest Association of Private Colleges and Universities (1969–71); Chairman of the Committee on Community Services and Continuing Education (HEA title I), Oregon Educational Coordinating Council (1967–71); member of the Bonneville Power Administration Regional Advisory Council (1969–74); member of the Governor's Harbor Drive Greenway Task Force (1968–71); member of the Portland Metropolitan Study Commission and chairman of its Task Force on City-County Consolidation and its Committee on Intergovernmental Cooperation (1966–71); and public member of the Oregon Legislative Interim Committee on Urban Affairs and Mass Transportation (1969–70).

Publications: None of consequence. Unpublished scholarly efforts include "Charles L. McNary: Progressive Ideology and Minority Politics During the New Deal" (M.A. Thesis—1961) and "The Politics of State School Support: California as a Case Study" (Ph. D. Dissertation—1965).

There may be some people here with you you would like us to know?

INTRODUCTION OF ASSOCIATES

Dr. PHILLIPS. Mr. Chairman, I would at this time like to introduce someone who does not need any real introduction to you, and that is our Commissioner Ted Bell. On my far right is Will Forbush from the Department, Assistant Secretary for Budget. Dr. Robert Leestma, Associate Commissioner for Institutional Development and International Education. Mr. S. W. Herrell, the Associate Deputy Commissioner for Postsecondary Education. On my far left is Dr. John Evans, the Deputy Commissioner for Planning. Next to him is Mr. Ed York, Deputy Commissioner for Management. On my immediate left, Dr. Leonard Spearman, the Associate Commissioner for Student Assistance.

Mr. FLOOD. If and when you call on any of these gentlemen for any comments or remarks, or if they wish to volunteer, then we would like a brief biographical sketch of that person for the record at that point.

Dr. PHILLIPS. We will be happy to do that.

Mr. FLOOD. All right.

Now I see, Doctor, you have a prepared statement.

How do you want to handle this?

PREPARED STATEMENT

Dr. PHILLIPS. What I would like to suggest, sir, is that we submit that prepared statement for the record and I can read a two-page summary statement of the policies in our budget.

Mr. Chairman and members of the committee, I am very pleased to appear before you to present our "Higher Education" appropriation request for fiscal year 1977, in the amount of slightly less than $2 billion.

We are proposing to concentrate more than 90 percent of the funds on student financial aid, with most of that money going to the basic grant and guaranteed student loan programs. We have chosen to concentrate funds on student financial aid in preference to other forms of aid because we believe it is the most effective way to insure that equal opportunity is available to all who seek post-

secondary education. We also believe that basic grants and guaranteed loans are the most equitable means of providing aid to students. Both programs provide money directly to individuals, thus enabling them to select an institution on the basis of its ability to serve their educational needs rather than its ability to provide financial aid. Basic grants, in particular, provide aid to students in accordance with national family contribution and payment schedules which insure that eligible students will receive the aid to which they are entitled in a fair and uniform manner, no matter where they live or where they attend school. Furthermore, students can know before they enroll in a college, university, or other postsecondary institution just how much basic grant aid they can expect to receive, and can therefore intelligently plan their educational programs. We believe that the combination of basic grants as the firm foundation of a student's financial aid program, supplemented by earnings from part-time to summer jobs subsidized in part by the work-study program, State student incentive grants to widen student choice, and guaranteed loans to finance the balance of eligible costs, provides a very effective means of removing financial barriers to postsecondary education for those students who could not hope to obtain such education without Federal financial aid.

It should, of course, be pointed out that the Federal Government is not the sole source of student aid. Large amounts of such aid are provided by State and local governments, by educational institutions, and by private employers (both profit and nonprofit) in the form of student employment. For the neediest segment of our student population, however, a basic grant is clearly the key element of the financial aid package. Therefore, I am pleased to report that the basic grant program has begun to catch on with these students in a big way. As of December 31, 1975, the program had received 2,280,000 grant applications, and we now estimate that the total for the current academic year, 1975–76, will reach 2,450,000. This figure is 1,145,000 more than the 1,305,000 applications received for all of academic year 1974–75. There has also been a 5-percent increase in the percentage of applicants who qualify under the family contribution schedule as eligible to receive basic grants. With increased numbers of applicants, and a higher qualification rate among the applicants, it is now estimated that expenditures for the current academic year will be about $1 billion, if additional funds in the amount of $180 million are made available, compared with a final estimate of $357 million for academic year 1974–75. Based on our current-year experience, the fiscal year 1977 appropriation request of $1.1 billion for basic grants may well prove to be too low to fully fund the basic grant program.

For the moment, however, we believe the important thing to note is that, after much difficulty and hard work, the basic grant program is now reaching most of those students it was designed and intended to help. Those in the administration, the Congress and the postsecondary community who have steadfastly supported this equitable, consumer-oriented approach to student financial aid are now being vindicated, and I sincerely hope the Congress will support the full appropriations request for fiscal year 1977 in the basic grant program.

In order to help prevent fraud and misuse of public funds in this program and other student assistance programs, we are requesting a total of 200 new permanent positions and 94 temporary positions. As indicated in the Office of Education's "Report on Program Integrity in Student Assistance" just submitted to you, the rapid growth of student financial assistance has significantly heightened the potential for fraud and abuse in these programs. In the basic grant program, the number of applicants has increased nearly five-fold in the 3 years of its existence, and the number of participating institutions now exceeds 5,000. Similarly, in the campus-based student aid programs the number of recipients has increased by 94 percent in the past 6 years, and the number of participating institutions by 77 percent, to about 4,000. Furthermore, of the schools participating in the student aid programs, approximately one-fourth are now proprietary institutions. Most of these schools have entered the student aid programs within the last 2 years, significantly increasing the burden on staff for program compliance review. In the guaranteed student loan program cumulative loan value has increased from approximately $1.9 billion in 1970 to over $8 billion currently, with some 5 million students having obtained loans from approximately 20,000 private lenders.

As an indication of our concern over the growing potential for fraud and program abuse, and our commitment to control this potential misuse of funds, we are requesting new positions for all of the student assistance programs. Of the 200 permanent positions, 47 are planned to be allocated to the basic grant program, 72 to the guaranteed student loan program, 70 to the campus-based programs,

and the remaining 11 to the State student incentive grant program and the accreditation and institional eligibility staff. A total of 103 of the requested permanent positions are planned for deployment in the regional offices, to improve onsite program review and compliance monitoring, prevent and correct institutional misuse of funds, and refer problem cases for audits and investigation. Forty-eight of these positions would be assigned to the guaranteed student loans program to strengthen regional program compliance and loan collections activities. The 94 temporary positions also would be assigned to guaranteed loans, to clear up the backlog of conversions of defaulted loans.

Although financial aid is obviously of crucial importance to a disadvantaged student's ability to pursue a postsecondary education, we do not believe it is enough, of and by itself, to enable such a student to successfully complete the chosen educational study program. For that reason, we are proposing to continue support of the special programs for the disadvantaged, also known as the "TRIO" programs. However, in order to improve the effectiveness of these programs, we are proposing to regroup activities into three areas: First, supportive services similar to those now provided by Upward Bound and Talent Search to help prepare students to enter upon postsecondary education; second, supportive services similar to those now provided by the special services program to help postsecondary students successfully complete their education; and third, supportive services to projects in the first two categories to facilitate training of project staff and the exchange of information among projects. We believe these changes will reduce duplication and overlap among the programs, and will promote program effectiveness and efficiency, thus permitting us to achieve the program objectives with an overall appropriation of $60,331,000.

Although we are proposing to allocate most of the higher education funds to student aid, we are also requesting funding of three nonstudent aid programs which we believe merit continued Federal support. These programs: (1) strengthening developing institutions; (2) language training and area studies; and (3) cooperative education. In the developing institutions program, we plan to increase our efforts to help institutions become self-supporting and independent of Federal support in the advanced program by encouraging greater emphasis on institutional fund-raising from non-Federal sources. In the basic program, we plan to provide larger transition grants to the strongest institutions, to facilitate their movement to the advanced program in the following year. We propose to continue a modest level of Federal support for the international studies and cooperative education programs, both of which reflect strong and growing institution commitments which reduce the need for Federal funding.

Before concluding this opening presentation, I would like to say that our budget request represents what we consider to be the most effective use of limited Federal dollars. The specific amount requested for higher education was derived as a result of a very careful weighing and balancing of competing needs of other equally important programs within the overall fiscal constraint of President Ford's effort to keep the Federal budget from exceeding fiscally responsible limits. The allocation of funds within the higher education appropriation, while reflecting the adminstration's basic philosophy in this area, also reflects some very hard budgetary choices. We were faced with the need to select the most effective means of insuring access to postsecondary education for all who seek it in a manner which is both equitable and consistent with maximum freedom of choice, and to do so within necessary and proper limits on total available funding. We decided upon full funding for basic grants, and continued support for State student incentive grants, work-study, and guaranteed loans as the best way to respond to this central social need. That decision necessarily resulted in most of the available funds being committed to the four student aid programs. In other words, we have had to choose between adequately funding the student aid programs and continuing to fund all of the small categorical aid programs. We have chosen student aid as providing the most effective use of Federal funds. Similarly, within the student aid budget, we had to choose between full funding of the consumer-oriented basic grant program and continued funding of the three campus-based student aid programs along with less than full funding for basic grants. We chose to fully fund basic grants. I would hope that our discussion could center around these choices because I believe they are the heart of the budget decisions which must be made. In this connection, I would like to point out that in light of the basic grant figures cited earlier, it does not appear possible to fund the compus-based student aid programs by reducing our basic grant appropriations request and still fully fund the basic grant program. In other words, I believe that you will find, as we have, that the choices to be made in

formulating the higher education budget will be even more difficult this year than they have been in the past. I would like to express the hope that we could reach an early agreement on just what those choices should be.

That concludes my opening statement.

Mr. FLOOD. All right.

Dr. PHILLIPS. Mr. Chairman and members of the committee, I am very pleased to appear before you to present our higher education appropriation request for fiscal year 1977. We are proposing that the Congress appropriate slightly less than $2 billion. We are proposing to concentrate more than 90 percent of these funds on student financial aid, because it is the most effective way to insure that equal opportunity is available to all who seek postsecondary education. We believe that the combination of basic grants as the firm foundation of a student's financial aid program, supplemented by earnings from part-time and summer jobs subsidized in part by the work-study program, State student incentive grants to widen student choice, and guaranteed loans to finance the balance of eligible costs, provides a very effective means of removing financial barriers to postsecondary education for those students who could not hope to obtain such education without Federal financial aid.

Since a basic grant is clearly the key element of the financial aid package, I am pleased to be able to tell you that the basic grant program has begun to catch on with these students in a big way. It is now estimated that expenditures for the current academic year will be about $1 billion, if additional funds in the amount of $180 million are approved, compared with a final estimate of $357 million in academic year 1974–75. In order to help prevent fraud and misuse of public funds in this program and other student assistance programs, we are requesting a total of 200 new positions.

I would like to say that our budget request represents what we consider to be the most effective use of limited Federal dollars. The specific amount requested for higher education was derived as a result of the very careful weighing and balancing of competing needs of other equally important programs within the overall constraint of President Ford's effort to keep the Federal budget from exceeding fiscally responsible limits. The allocation of funds within the higher education appropriation, while reflecting the administration's basic philosophy in this area, also reflects some very hard budgetary choices. We were faced with the need to select the most effective means of insuring access to postsecondary education for all who seek it in a manner which is both equitable and consistent with maximum freedom of choice, and to do so within necessary and proper limits on total available funding. We decided upon full funding for basic grants and continued support for State student incentive grants, work-study, and guaranteed loans as the best way to respond to this need. That decision necessarily resulted in most of the available funds being committed to the four student aid programs. In other words, we have had to choose between adequately funding the student aid programs and continuing to fund all of the small categorical aid programs. We have chosen student aid as providing the most effective use of Federal funds. Similarly, within the student aid budget, we had to choose between full funding of the consumer-oriented basic grant program and continued funding of the three campus-based student aid programs along with less than full funding for basic grants. We chose to fully fund basic

grants. I would hope that our discussion could center around these choices because I believe they are at the heart of the budget decisions which must be made. In this connection, I would like to point out that in light of the basic grant expenditure figure cited earlier, it does not appear possible to fund the campus-based student aid programs by reducing our basic grant appropriations request and still fully fund the basic grant programs.

In other words, I believe that you will find, as we have, that the choices to be made in formulating the higher education budget will be even more difficult this year than they have been in the past. I would like to express the hope that we could reach an early agreement on just what those choices should be.

That concludes my opening statement. I shall be pleased to answer any questions the committee may have.

Mr. FLOOD. Dr. Phillips, we have examined your full statement very carefully and have listened attentively now to the comments you have made on the statement. And it is a very forthright statement.

Both the Congress and the administration are continually faced with mighty hard choices on the use of very limited Federal dollars. And the only choice this committee has to make are hard ones—literally, and figuratively.

Can we infer from your statement that you feel that the budget for higher education is adequate?

1977 BUDGET REQUEST LEVEL

Dr. PHILLIPS. I really don't think anyone would argue that any particular budget is adequate. What we think is that it is responsible and adequate in terms of what we perceive to be the proper Federal role in relationship to postsecondary education.

Mr. FLOOD. That is a very well educated answer.

Dr. PHILLIPS. I will leave it right there, then. [Laughter.]

Mr. FLOOD. Well, of course you realize with the situation this year on basic opportunity grants, the budget of higher education is more than 1 billion less than last year.

Do you think—and I say this sincerely—do you think that the average American citizen would actually support a reduction of this size in aid to higher education?

Dr. PHILLIPS. Mr. Chairman, it is pretty hard for me to guess what the average American citizen might think about this sort of a budget request. It strikes me that we are at a time when we must very carefully reevaluate our financial commitments in a number of areas, including higher education.

My own sense is—and I certainly do not have any polls that I can pull out for you—that the public——

Mr. FLOOD. We have seen enough of those lately.

Dr. PHILLIPS. My own sense is that the public is gradually beginning to understand that we are coming to a point where we have to make increasingly difficult choices—you do and we do in our estimates, and in our proposals. And I think it is a very responsible recommendation to your committee.

I think it is one which, if it is properly explained and understood in the context within which we all have to operate, the public can accept.

POSTSECONDARY ENROLLMENT TRENDS

Mr. FLOOD. Now, before discussing the budget itself, suppose you give us some idea about this matter of enrollment trends in the undergraduate institutions.

Is it increasing, is it decreasing, is it leveling off?

This is a great subject of discussion all over the place, during the last 2 years especially.

Dr. PHILLIPS. Well, I think all of us—every one in higher education—were surprised, not to say stunned, by the enrollment results for this last fall term.

Mr. FLOOD. I think so, too.

Dr. PHILLIPS. I do not think any of us projected anywhere near that kind of an enrollment increase. The thing that we are concerned about is not concluding too much from that data. We think there is considerable evidence to suggest that it may be a temporary phenomenon. We have had trouble before, Mr. Chairman, with trying to make long-term projections on the basis of what turned out to be momentary trends, or momentary shifts. We have just gone through a period of fairly severe economic distress.

There has been——

Mr. FLOOD. We did have the same thing happen once before.

Dr. PHILLIPS. And it does have some relationship—not fully and completely understood—but some relationship to enrollment in post-secondary education. The concern that I would express to you is that in spite of the fall term enrollment figures, which did show an increase of nearly 10 percent on the average, there was quite a lot of variation among types of schools, which I think is noteworthy, too. Furthermore, the rate of college going among 18- to 21-year-old men is continuing to go down. The rate 5 years ago was about 44 percent. It has declined steadily over the last 4 years. As I understand it, those enrollment statistics that were sort of breathlessly reported in the Chronicle of Higher Education, contained indications that the propensity to go to school among the traditional college age youth is continuing to decline. Admittedly, it is a marginal decline, but it is a continuous pattern for the last 5 years.

Now, if you take that fact, together with the fact which I think we discussed to some extent at our last meeting with you a couple of days ago, that the total numbers of 18- to 21-year-olds are going to decline rather precipitously in the 1979 and 1980 period, that share of the enrollment I think is going to go down.

FUTURE FEDERAL AID IMPLICATIONS

Mr. FLOOD. In view of the fact of where we are today on appropriations, what are the implications of these enrollment projections you are talking about on Federal aid to higher education?

Do you expect Federal aid to increase, to decrease, or to stand still, over the next 3 or 4 years?

Dr. PHILLIPS. If I could take just a moment——

Mr. FLOOD. Say 4 years.

Dr. PHILLIPS. It seems to me if you look at all the different perspectives on this enrollment, that the enrollment is likely to change rather marginally over the next 4 years. In other words, it might go up or

down a little but it is not going to take off in a major direction upward or downward.

Mr. FLOOD. What about Federal aid now?

Dr. PHILLIPS. Here it seems to me you have to think in terms of a continuation of the levels of support that will sustain that enrollment, particularly among those who do have need for financial aid in order to gain access to postsecondary education. My own thought is that we are endeavoring here to put into place the foundation which will sustain not only total enrollment, but also the enrollment of low-income students who could not continue their education without Federal aid.

So if we define the Federal role carefully, in terms of this overriding priority to provide access, then we can develop a fairly straight line of Federal expenditures based on a fairly straight line of enrollments.

But if Federal support declines, then those students who have the need will be denied access, and that will adversely affect enrollments.

BASIC GRANTS PROGRAM REQUIREMENTS

Mr. FLOOD. Recently you were here testifying on the supplemental request for basic opportunity grants. And the immediate problem, and you met it very clearly, at that time was a $180 million shortage for this year's program.

Well, now, are there sufficient funds to meet the requirements for this academic year?

Dr. PHILLIPS. Yes, sir, we have continued to look very carefully, week by week, at the dollars, including the $180 million which your committee graciously and speedily approved for us to borrow from the next year's appropriation, and we think now that the amount available is going to be adequate to cover this year's obligations under the full funding payment schedule.

Mr. FLOOD. What is the total program level for basic grants for the current year—I mean 1975–76—including carryover funds, appropriations, and borrowing against the next year's appropriation.

Dr. PHILLIPS. It is right at $1 billion, sir.

Mr. FLOOD. OK.

Dr. PHILLIPS. You want to break that down by the type of funds?

Mr. FLOOD. No; I want the total program.

Dr. PHILLIPS. The total operating level is $1 billion.

Mr. FLOOD. That is a good big round fat number. OK.

Now, let's talk about the next academic year—1976–77. What is the current estimate for full funding of basic grants?

Dr. PHILLIPS. The current estimate is $1.3265 billion.

Mr. FLOOD. How much is available now?

Dr. PHILLIPS. Well, with the approval of the supplemental to restore the funds that had been borrowed against the 1976 appropriation, that would restore it to a dollar level of $715 million.

Mr. FLOOD. So if you want to fully fund the program, how much additional funding would be needed?

Dr. PHILLIPS. The requirement to fully fund basic grants would be $611.5 million for 1976–77.

Mr. FLOOD. Are you planning to submit a supplemental for the coming academic year?

Dr. PHILLIPS. We have had and are continuing to have extended conversations with the Office of Management and Budget——

Mr. FLOOD. I'm sure of that.

Dr. PHILLIPS. On a proposal which we have made to them, which would involve some additional budget authority and some transfers of funds.

Mr. FLOOD. Do you plan to submit a supplemental for the academic year?

Dr. PHILLIPS. I think perhaps I better refer that question to my friend, Mr. Forbush.

[Biographical sketch of Mr. Forbush follows:]

BIOGRAPHICAL SKETCH OF WILFORD J. FORBUSH

Position: Deputy Assistant Secretary, Budget.
Birthplace and date: St. Louis, Mo., June 5, 1935.
Education: B.S., St. Louis University, 1957—English, University of Chicago, 1959–63: Graduate study in philosophy.
Experience:
June 1974 to present: Deputy Assistant Secretary, Budget.
1971–1974: Director, Division of Budget.
1967–1971: Chief, Methods and Presentations Branch, Division of Budget,
1963–1967: Budget Analyst, Division of Budget.
In current position, acts as principal adviser to the Comptroller on the HEW budget, with special focus on formulation of budget proposals, including the development of the Secretary's recommended budget request and its presentation to OMB, and, after the President's decisions are made, the presentation of the Department's approved budget to the Congress. The job also includes management of the Department's personnel ceiling.
Honors: Graduated magna cum laude from St. Louis University; quality salary increase, February 1969, DHEW; Superior Service Award, October 1970, DHEW; Distinguished Service Award, April 1974, DHEW.

Mr. FORBUSH. We certainly would like to.

Mr. FLOOD. I was looking down there.

Mr. FORBUSH. I think there will be an additional supplemental request. We cannot say exactly how much it will be right now.

Mr. FLOOD. I wasn't trying to pin you down. But there will be a supplemental?

Mr. FORBUSH. Yes. A decision will be made very shortly, I believe.

Mr. FLOOD. All right.

PAYMENTS SCHEDULE

Now, when do you plan to publish what you call the payments schedule for the coming academic year?

Dr. PHILLIPS. Mr. Chairman, your questions today are characteristically penetrating.

Mr. FLOOD. This is only the beginning. This is the first act.

Dr. PHILLIPS. I am glad I have a good supporting cast. We have established within the Office a kind of fail-safe date of April Fool's Day, April 1.

Mr. FLOOD. Fail-safe?

Dr. PHILLIPS. Yes.

Mr. OBEY. Be careful about that date. That was the date I got elected.

Mr. FLOOD. He means that will go down in history, so go ahead.

Dr. PHILLIPS. The trouble we have is that the only payment schedule that we could publish now would be one based on the availability of $715 million.

Mr. FLOOD. That is why I asked you that.

Dr. PHILLIPS. That would in turn require a very low maximum and average grant award—particularly with the adjustment for the higher participation rates.

Mr. FLOOD. When do you plan to publish it?

Dr. PHILLIPS. The trouble we have is to determine——

Mr. FLOOD. I know about the trouble. No question about that.

Dr. PHILLIPS. I am trying to suggest, sir, we have not yet made the decision because we would like to get a better appreciation for what we are going to propose and what you are going to do.

Mr. FLOOD. Within reason.

Dr. PHILLIPS. If I had my choice, I would like to publish that payment schedule immediately. But I think we have to bear in mind the potential confusion of the institutions that could result if we publish a payment schedule based only on the appropriation level.

Mr. FLOOD. That is the best answer I am going to get.

Dr. PHILLIPS. Yes, sir.

Mr. FLOOD. This committee, in a couple of weeks, will be marking up the supplemental appropriation bill—certainly in a couple of weeks, I can tell you that.

Now, if you expect, after what I have just asked you, to request additional funds for the next year—that is why I kept pounding at this—we have got to know this as soon as possible. You know this new budget setup, you know our new schedule. We have got problems too. It is a physical problem here. You know all about that. So what is causing the delay?

How are you going to meet this schedule?

Dr. BELL. I have been on the telephone on that, Mr. Chairman, with OMB. We are hopeful that we will meet the deadline, and we know how short the time is there.

Mr. FLOOD. This is the toughest it has ever been for everybody this year.

Dr. BELL. Yes, sir.

ESTIMATING BASIC GRANTS REQUIREMENTS

Mr. FLOOD. All right.

Now, before we talk about the 1977 budget for the basic grants, what steps are you taking to improve the methods for estimating requirements? Another tough one.

Dr. PHILLIPS. Well, we are very carefully, comprehensively, and in detailed fashion analyzing this year's application file, which is, as you know, the first year in which we have been working with a full funding payment schedule. And we are also monitoring on almost a weekly basis the institutional authorization requests that are coming in. For the first time now we are beginning to get a sense of what the impact of part-time students is going to be on the overall funding levels and appropriation requirements. In addition, we have a small work group set up within Dr. Spearman's area of responsibility, including representatives from various groups within and outside of the Department that have expertise on improving estimation procedures.

We really believe that with a full year's experience with a full funding payment schedule, and with part-time students as well as full-

time, that we can cut down very significantly the margin of error in our estimations.

And we are working very hard at that.

The difficulty, however, that I think we have to keep mentioning, even though it hurts both of us to recognize it——

Mr. FLOOD. It is on the estimating now.

Dr. PHILLIPS. That is right. The difficulty is we do not have any way of predicting any better than anyone else something like the fact with which you opened your questioning—that 9.7-percent increase in enrollment. And that could have an enormous effect. If there is a 10-percent increase in enrollment, and half of them are eligible for basic grants, and the average award is $800 or something like that, that has a tremendous effect on your utilization—uncontrollable is what I am saying.

Mr. FLOOD. The 1977 budget for the basic grants is $1.1 billion.

Dr. PHILLIPS. That is right.

FISCAL YEAR 1977 BEOG COST

Mr. FLOOD. What is your current estimate for full funding of basic grants? That is going to be certainly at least $1.3 billion, is it not?

Dr. PHILLIPS. Yes, sir. We prepared these budget materials and this budget submission before we had the bad news—or the good news, depending on your viewpoint—about the participation rate this year.

The full funding figure I believe for 1977 with the removal of the April 1973, cutoff date, is $1.379 billion. But I might point out that that estimate is predicated on a straight-line extension of the 74-percent participation rate from this year. And there could be a variation up or down in that participation rate which would cause that amount to change.

Mr. FLOOD. Does the 1977 budget proposal propose full funding for the basic grant?

Dr. PHILLIPS. It was intended to do that when we made it up, compiled the justification, and sent it up to you.

Frankly, at this point we are trying to take things one step at a time. The first objective was to make sure we covered the commitment for 1975–76. The second objective, as you very properly point out, is for us to move speedily to come before you with the request for academic year 1976–77, and then obviously we are going to have to look again at the figure for 1977–78.

BASIC GRANTS FRAUD AND ABUSE

Mr. FLOOD. A number of allegations have been made that some students are badly abusing this basic grants program, by dropping out of school shortly after they receive the payments. It is said in some cases they are doing this semester, after semester, after semester. Has the Office of Education investigated these allegations to see if they are true?

Dr. PHILLIPS. Insofar as we have the available resources to do so, we have, sir.

Whenever we receive a report, we try to use the available staff that we have to check it out. That is, however, a very sharply limited staff. We have, I think, done a very good job of getting regulations in place,

so that we have a basis upon which to hold the institution and/or the student accountable.

Our problem now is getting caught up with the the systems work, getting caught up with the reports, getting caught up with the onsite visits which must be made if we are going to correct these kinds of problems. And it is for that reason we have a request in this budget to increase the total staff in the basic grant program by 37 in the central office, and by 10 in the regional offices, specifically to evaluate and act upon those reports you have been receiving.

Mr. FLOOD. Now, I think you know about this—the forthcoming GAO report indicates that a very significant number of postsecondary educational institutions do not adequately understand the basic grant regulations and all of your procedures—they just simply do not understand them. In some cases, the institutions deliberately misuse some of the funds they receive.

As a result, there have been substantial incidents of very questionable practices, including payments to ineligible students, and other improper expenditures.

Now, what proportion of the funds we are talking about have been misspent in that way?

Dr. PHILLIPS. I cannot tell you what proportion of the total funds. I have to admit straightforwardly and candidly to you that we do not know the dimensions of this problem at this time.

We are going through a major administrative change. In the first several years of this program, as you well know, the entire concentration was on making the program work, in effect, making sure the students knew about it, and that they received their entitlements.

We are now on the other side saying, wait a minute, we have these indications of possible fraud, possible abuse, possible misuse, and we have now got to move very quickly and decidedly to deal with that.

But I have to admit that we do not know at this moment the exact dimensions of that problem. We are struggling to catch up with it, and to go after it with the staffing and the systems resources that we hope will be made available.

Mr. FLOOD. I was going to ask you—what steps does the Office of Education take to insure those problems do not continue? I guess that is what you are saying.

Dr. PHILLIPS. There is one other major initiative that I think you would want to be aware of. That is, we do now have a comprehensive handbook on the basic grant program, and I am sorry I neglected to bring a copy of it with me, but I will be sure to supply one or two to your office. We use that handbook as the basis for training workshops that go on in every single State, to which all high school counselors, postsecondary financial aid administrators, and business officers are invited.

We work closely with the State superintendents to try to get release time arrangements to permit counselors to come so they do not mislead students. We think that is a very important aspect of the training. We agree with your earlier statement.

We believe much, if not most of the misuse is what you might call inadvertent—people do not know precisely what is required under the program, and they may inadvertently make mistakes in terms of the use of these funds.

We are trying to do as much as we can to deal with the problem in terms of a positive effort to improve information, improve understanding, improve our assistance to the institutions to make sure they know what is expected of them, and that they do it.

Thus, we can hopefully minimize the dimensions of that other side of the coin, which is intentional effort to defraud.

STUDENT INFORMATION AND SERVICES ALLOWANCE

Mr. FLOOD. You are requesting an increase for administrative costs to provide institutions with a payment of $2 per student, and the purpose is to help defray information and service costs.

Some of these institutions claim their administrative costs are much, much higher than that. How would that $2 per student make any real or practical difference?

Dr. PHILLIPS. Well, I think it makes a difference in a couple of ways.

First of all, the whole notion of some shared responsibility or sharing of the costs in administering a Federal program is one that is fairly well accepted throughout the history of the Federal student aid programs. And I think that it is important to make a gesture in the direction of sharing in what are admittedly fairly significant administrative costs.

The second point I would make is that in making those kinds of agreements for the payment of an information services allowance, we are strengthening the hand of the Office of Education, in encouraging the institutions to devote resources to improved information and counseling for students.

Mr. FLOOD. How would information and services be improved by these payments?

Dr. PHILLIPS. Because we would endeavor to require that the payments made to the institution would be to offset administrative costs related directly to the basic grant program, and the most important function, other than the disbursement function that the institution provides, is in the information and counseling of students.

We think this is a gesture in the direction of exactly what you were speaking of earlier, trying to correct the lack of information available to students, and to institutions about how to run the program properly.

BEOG LANGUAGE PROVISIONS

Mr. FLOOD. You are proposing three separate language provisions for the basic grants. What about that? Do they revise the organic law—the basic law—as it exists today?

Dr. PHILLIPS. Mr. Chairman, I'm sorry, I do not have those immediately in front of me.

Mr. FLOOD. We are concerned——

Dr. PHILLIPS. Now I have them.

The first provision provides that funds appropriated for basic opportunity grants may be paid without regard to section 411. That waives the requirement that the campus-based programs must be funded at statutory minimum amounts before the basic grant program can be funded. It is a longstanding request of the administration.

Mr. FLOOD. I am concerned—do they revise existing law?

Dr. PHILLIPS. Yes.

And we have also made the same request in our legislative proposals.

Mr. FLOOD. I was going to say—have you had any reaction from the legislative committee about the incorporation of these provisions in the extension of the authorization of the basic grants?

Dr. PHILLIPS. I cannot honestly say I have had a specific reaction on that point. Perhaps others have a better sense of how the authorizing committee is dealing with that request.

Dr. BELL. Senator Pell's committee is the furthest advanced in marking up a bill. I don't know just what they have done with that provision.

Mr. FORBUSH. Mr. Chairman, I would say if the administration bill were enacted, that first provision would not be necessary. We have included it here on the assumption that Congress would, in fact, extend what they had before.

Dr. BELL. It doesn't look like our bill is going to fly. It is going to be either Mr. O'Hara's bill or Senator Pell's, or a combination of those two.

CAMPUS-BASED PROGRAMS

Mr. FLOOD. All right.

You are again proposing to terminate the supplemental grants and the direct loans. We talked about this before. Don't these programs provide the student aid officers you were talking about with some kind of flexibility to deal with specific student needs which are not covered by the basic grants?

Dr. PHILLIPS. Mr. Chairman, I think traditionally that has been a very strong argument in favor of continuation of those programs.

Our feeling is, however, that with the expansion of the basic grant program, and the first call on funding that it must have, that we really have to make the hard choice.

Admittedly, it does leave less discretion in the hands of the financial aid administrator. But I might also point out to you, Mr. Chairman, that as a result of that discretion and the State allotment formula through which the money is distributed, and then the 10-percent set-aside, and so on, we cannot always be sure that we are going to have the money where the student is.

The basic grant program deals with that problem much more effectively.

Mr. FLOOD. I understand that. I am talking about giving the student-aid officers some kind of flexibility. I thought you were making a plea for them there a few minutes ago.

Dr. PHILLIPS. We would argue that the flexibility that a student-aid officer needs to have in completing a package is provided by the continuation of the work-study program, by the availability of recycled money in the direct loan account, and, of course, by the availability of guaranteed student loans, and that that is a good offset against the loss——

Mr. FLOOD. What evidence do you have to show that every student who needs to borrow has access to the guaranteed student loan, and therefore there is no need for the national direct student loan?

Dr. PHILLIPS. Mr. Chairman, we are not arguing there is no need for the national direct student loan. We are arguing there is no need

for additional Federal contributions, because those funds have now reached $3.2 billion, and it generates at least $250 million a year in new loans from repayments on old loans. So we are arguing that the combination of loans available from the NDSL accounts, plus the availability of guaranteed loans, is an adequate supply of loans, particularly if you recognize that we are here proposing a 14½-percent increase in total Federal grant dollars available over the 1976 appropriation level.

BANK LOAN RESTRICTIONS

Mr. FLOOD. All right. But isn't this true—that banks, and I mean many of them, have restrictions on who may borrow and how much they may borrow?

Dr. PHILLIPS. You are quite correct. There is no question that there have been problems in assuming the availability of guaranteed loans in all States, and at all lenders. I think that perhaps I ought to defer to Deputy Commissioner York to give you a more detailed reply.

[Mr. York's biographical sketch follows:]

BIOGRAPHICAL SKETCH OF EDWARD T. YORK, JR.

Position: Deputy Commissioner for Management.
Birthplace and date: May 2, 1930, Chicago, Ill.
Education: Benjamin Franklin University, B.C.S.
Experience present: Deputy Commissioner for Management.
1972–73: Deputy Administrator, Office of Price Monitoring, Cost of Living Council.
1971–72: Deputy Director, Office of Program Operations, Price Commission.
1968–71: Chief, Program Review and Resources Management, Goddard Space Flight Center, NASA.
1963–68: Chief, Industrial Cost Analysis Office; Assistant Chief, Procurement Division; Chief, Program Support Division
1957–63: General Accounting Office.
1955–57: Morton F. Swift & Co., CPA's.

Mr. YORK. Well, Mr. Chairman, I honestly wish we had some statistics on how many lenders turn down applications for loans. Unfortunately, we do not have those kinds of statistics.

We have to rely on the attractiveness of the program, if it can be attractive at all, to the lenders in the fact that there is a Federal guarantee related to these loans.

Mr. FLOOD. Who may borrow, how much they may borrow. That is a rough one. When you are talking about the philosophy of the program, then you come up against this.

Dr. PHILLIPS. We do have some amendments which we think would be useful in making the program slightly more attractive to lenders and thus increase somewhat their willingness to make loans.

Mr. YORK. In the administration's proposal, Mr. Chairman, we are proposing an increase in the interest subsidy from 7 to 8 percent on all new loans. That when included with the special allowance, which can go up to 3 percent, gives the prospect of the lender receiving 11 percent on these loans as compared to the current 10-percent maximum. For old loans, we are proposing that the special allowance be increased to a maximum of 4 percent, so that we can carry the interest rate up to 11.

Mr. FLOOD. I was going to raise that later on.

All right.

Dr. BELL. I think if I could say, Mr. Chairman—we are making almost——

Mr. FLOOD. I did not mean I was going to raise the interest rate. I was going to raise the question.

Dr. BELL. We are making almost a million loans a year. And the total volume of this program——

Mr. YORK. It's relatively constant. We have lost approximately 1 percent in the dollar amount of loans during the first 7 months of fiscal year 1976 as compared with the same period for fiscal year 1975. So although it would appear on the surface, from what you read in the newspapers, that there may be fewer lenders, or lenders dropping out of the program, there is still a very substantial number of lenders who are in the program and making loans on a regular basis.

DIRECT LOAN REQUIREMENTS

Mr. FLOOD. How much in new Federal capital contributions will be required in 1977 to maintain this current level of the direct student loans?

Dr. PHILLIPS. Maintain the current level?

Mr. Flood. Of the direct student loans.

Dr. PHILLIPS. The current level now—you are talking about the $321 million plus the one-ninth. The current level is roughly $350 million.

Mr. FLOOD. The current loan level.

Dr. PHILLIPS. The current loan level from new Federal capital contributions would be roughly $350 million. And then in addition to that there are the recycled funds which we estimate to be $210 million for the current academic year 1975–76.

Mr. FLOOD. We know all about that. But what about the question?

Dr. PHILLIPS. $275 million. In other words, we would need a Federal capital contribution of $277 million in order to maintain the current loan volume of $551 million.

WORK-STUDY MATCHING FUNDS

Mr. FLOOD. Well, now, the latest report we have on State funds that are available for higher education indicates, that for nearly half of the State and land grant colleges, there is a big gap between the State funds and the increasing costs of higher education that you read about every day.

How in the world, then, do you expect colleges and universities to go ahead and increase their share of matching funds under this college work study program? How?

Dr. PHILLIPS. Mr. Chairman, there are really several aspects to that problem.

First of all, there has been, I think, a good deal of fairly important talk over the last several years about the importance of something called career education, and something along the lines of relating the college experience more to the world of work and career development.

The thing I am trying to address here is that we believe more of the work-study jobs should be offcampus, should be in private nonprofit agencies, public nonprofit agencies, so that they are more related to the development of the student's capacity to survive in the world of work.

Mr. FLOOD. How do you expect the colleges and universities to increase their share of the matching funds?

Dr. PHILLIPS. What I am suggesting is that from the standpoint of a public nonprofit agency, the availability of a student to work on a regular basis at a rate of 50 percent of the total cost is a very attractive bargain, and that that cost is not borne by the institution, but rather by the offcampus employer. And by this device, we will encourage institutions to work harder at developing offcampus jobs, developing offcampus employment opportunities, so that that cost won't come out of the institution's budget. Furthermore, if they can succeed in finding offcampus employment that is instruction-related, is career-related, is helpful to the student in preparing him or her for the world of work, then the savings from not having to pay that 20 percent for that student can be added to the institution budget to pay the 30, 40, or 50 percent of institutional shares for the oncampus job.

STUDENT AID RECIPIENT CHARACTERISTICS

Mr. FLOOD. You can do this for the record.

Give us a breakdown, by family income level, of the number receiving assistance under each of these college-based student aid programs.

Dr. PHILLIPS. By income category?

Mr. FLOOD. By family income level.

Dr. PHILLIPS. Mr. Chairman, we may not be able to do it for the most recent year. It would probably be fiscal year 1975, and even that would be estimated. Is that all right?

Mr. FLOOD. It would have to be.

Dr. PHILLIPS. All right.

[The information follows:]

ESTIMATED NUMBER OF STUDENTS AIDED BY INCOME CATEGORY FOR UNDERGRADUATE DEPENDENT STUDENTS OR BY UNDERGRADUATE INDEPENDENT OR GRADUATE STATUS IN THE SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS, COLLEGE WORK-STUDY, AND NATIONAL DIRECT STUDENT LOAN PROGRAMS IN FISCAL YEAR 1976

	Gross family income of undergraduate dependent students						
	Total	0 to $5,999	$6,000 to $8,999	$9,000 to $11,999	$12,000 and over	Undergraduate independent	Graduate
Supplemental educational opportunity grant program	447,000.0	204,279.0	95,211.0	30,843.0	12,069.0	104,598.0	.....
Percent	100.0	45.7	21.3	6.9	2.7	23.4	.....
College work-study program	973,000.0	344,442.0	177,086.0	120,652.0	106,057.0	169,302.0	55,461.0
Percent	100.0	35.4	18.2	12.4	10.9	17.4	5.7
National direct student loan program	799,000.0	211,735.0	135,830.0	109,463.0	121,448.0	170,187.0	50,337.0
Percent	100.0	26.5	17.0	13.7	15.2	21.3	6.3

I am trying to figure out whether I have to put a lot of people to work on that, or get the awards out.

Mr. FLOOD. It is ammunition we need.

Dr. PHILLIPS. To shoot us?

[Laughter.]

Mr. FLOOD. No. It is our understanding that most of the money under these programs goes to students from families of under $12,000 a year. And it is awarded by the institutions on the basis of financial need; is that right?

Dr. PHILLIPS. You mean on the basis of need analysis.

Mr. FLOOD. Basis of financial need.

Dr. PHILLIPS. Right.

Mr. FLOOD. As we were saying a few minutes ago, you are proposing to raise this interest rate on the insured loans from 7 to 8 percent. And you plan on increasing the maximum allowance payments on the old loans to 4 percent.

Now, you conclude this: "No increase in costs will result." How do you reach that conclusion?

Isn't there an automatic increase in Federal costs under these proposed changes?

Dr. PHILLIPS. You are talking about the increased interest rate in the guarantee loan program?

Mr. FLOOD. Yes. You say no increase in costs will result. That is what you say. How do you reach that conclusion?

Won't there be automatic increases in Federal aid under these proposed changes——

Mr. YORK. Mr. Chairman, I was attempting to make sure I had a response to your question about how many students under $12,000 and I missed the beginning of the question.

Mr. FLOOD. A few minutes ago I said I was going to raise this question. You were talking about the interest rate on the insured loans going up from 7 to 8 percent, and on the old loans to 4 percent. And then I quoted your expression there in the justifications, "No increase in costs will result."

What we want to know is how did you reach that conclusion, because it seems there will be an automatic increase in the Federal costs under these proposed changes you are talking about.

Mr. YORK. This is meant to characterize not specifically that there is no increase in cost per se, but rather that the difference between raising the interest rate to 8 percent, with a special allowance of 3 percent, as opposed to having an old rate of 7 percent with a special allowance of 4 percent, will result in no difference between these two types of situations. That is what we mean to characterize. Clearly there is an increase in the overall cost related to interest rate—assuming that we go with an 8-percent subsidized interest rate and the special allowance remains at the same level, there will be an incremental increase in the interest subsidy every year, yes.

Dr. PHILLIPS. Mr. Chairman, I think the intention here was to simply indicate for this budget period there would be no increase, but there will be an outyear impact which you are quite correct in calling to our attention.

GUARANTEED LOAN FRAUD PROGRAM

Mr. FLOOD. I think you did touch on this, but we would like to know what specific steps have you taken to assure that the apparent fraud in the guranteed loan program will not happen again?

I think you touch upon that.

Dr. PHILLIPS. That will not happen again in that program or other programs.

Mr. FLOOD. We are talking about the guaranteed loan program—abuse of that program.

Dr. PHILLIPS. I think perhaps I am not the best person to answer on the guaranteed loan program, because Mr. York does have that responsibility.

Mr. YORK. I am sorry, Mr. Chairman. I was consulting with Dr. Evans on another point.

We have taken significant steps along those lines, Mr. Chairman. First, with our regulations that were put in place in February 1975, which deal with our ability to limit, suspend, and terminate institutions or lenders in the program. Second, with the implementation of the compliance staff function in the guaranteed student loan program to which 11 positions are assigned. About half of those positions are filled at this point in time.

In addition we are producing and will issue shortly a new edition of our lenders manual, which gives specific instructions to lenders. We have a second manual which has to do with our field examinations, for our field examinations staff. We are concentrating our reviews at this point on those institutions that——

LENDER MANUAL

Mr. FLOOD. Is that the same manual Dr. Phillips was talking about?

Mr. YORK. These are strictly related to the guaranteed student loan program. These are monstrous documents.

Efforts are concentrated on those institutions and lenders which, from the reports they are required to provide to us, appear to have problems.

This year we identified 80 of the top, making sure that we get the reports required of the lenders and schools. If these reports are not submitted, we have taken action under the limits to terminate schools. The first time we took action under these procedures, as I recall the numbers, we had approximately 1,500 or 1,600 reports which did not come in.

Immediately 899 of those reports came in. We are now in the process of following up with the other institutions.

I think there are many significant efforts, and maybe the most significant is the establishment of this compliance staff with the field examination staff. And we will have by the end of this year approximately 55 of the staff on the guaranteed student loan program, 11 in headquarters, and 46 in the field, devoted to these kinds of compliance activities.

PROPRIETARY SCHOOL PARTICIPATION

Dr. BELL. If I could add to that, Mr. Chairman—we have also made some recommendations to the Congress on changes in the law. One example of a very important change that needs to be made is to permit the private proprietary institutions, as well as the private nonprofit institutions to participate.

Correspondence schools can participate in the program. A school such as a barber college, if they can win accreditation, can partici-

pate, along with some of our great prestige universities. And we have proposed that we eliminate the inherent conflict-of-interest provision of a proprietary institution——

CORRESPONDENCE AND PROPRIETARY SCHOOLS

Mr. FLOOD. When you speak of a correspondence school, would that be like the International Correspondence School based in Scranton?

Dr. BELL. Yes—and a very large one in Chicago, which has declared bankruptcy and has left us with quite a number of students that had loans. We are trying to arrange for the program to be completed. In addition quite a substantial sum of money was left there to be handled. But the provision we recommended and testified on before the Senate is to prohibit an institution, if it is a proprietary institution, from being a lender as well as an educational institution because of the implications that are there, with the profit motive, for them to hustle students for loans and not get too concerned about the financial aspects of it, rather than the other. And your colleague, Congressman Michel, has introduced a bill that will strengthen some of the penalties for criminal violations in the program.

We have been working with him on that and so has the Justice Department, which will give us more authority than we have had, give us subpena power, for example, when we need it, and other things that will strengthen the program.

Mr. FLOOD. Now, about the backlog, you mentioned this briefly before. You justify the request for six additional claims examiners because of the claims backlogs in 1975 and 1976. And a necessity to provide a very timely service to the lenders.

BACKLOG

Now, how much of a backlog do you have?

Mr. YORK. A substantial backlog, sir. We are in the process of dealing with that in a number of ways. Probably the most efficient way which does not specifically deal with the six additional claims examiners, but augments that, is the fact that we now have in place, in the San Francisco regional office, and are in the process of putting in place in all of the other regional offices, a computerized system, or a piece of our overall system which deals with preclaims and the claims themselves, and the eventual collections of claims.

It is an automated system which allows us to do all of the review and make the payments directly from each regional office. It will expedite the whole claims process significantly and very substantially.

However, the additional claims examiners are necessary to review the individual documents; but the computer system itself is going to cut weeks off the time it has taken us to get the claims logged in and recorded in the past.

EFFECT OF BACKLOG ON LENDERS

Mr. FLOOD. How do you think this backlog affects the willingness of the lenders themselves to make loans under the program?

Mr. YORK. It has some effect. I would suggest, however, from conversations I have had with some major lenders, that it is to a degree a strawman. I think the real concern by most of the lenders, the ones that I have talked with, is in fact not whether claims are being paid on time, but what the yield is under the program. We are attempting to address this with an increase in the interest rates.

Lenders are really more concerned that their return on a regular basis from these loans comes close to matching the servicing costs that they have on the loans. We have been slow in paying claims in the past, and we have been working for quite a long time trying to expedite a quicker turnaround. So although claims are a problem, I do not think it is the major problem with lenders in deciding that they don't want to participate in this program.

Again, from conversations I have had with major lenders, I have been led to believe that that is to a degree a strawman, and the real problem is that the yield to the lenders under this programs is not sufficient—in fact, they incur a loss on each and every one of the loans that do get paid out.

TIMELINESS OF CLAIMS PAYMENTS

Mr. FLOOD. How timely is this current service to the lenders?

[Mr. Kohl's biographical sketch follows:]

BIOGRAPHICAL SKETCH OF KENNETH A. KOHL

Position: Associate Commissioner, Office of Guaranteed Student Loans Program, Office of Management/OE/DHEW.

Birthplace and date: New York, N.Y., September 25, 1923.

Education: Trenton State, Trenton, N.J., M.A., distributive education Syracuse University, Syracuse, N.Y., B.S., business administration.

Experience:

Present: Associate Commissioner, guaranteed student loans program.

1972–74: Director of undergraduate financial aid, Princeton University, Princeton, N.J.

1969–72: Assistant controller, Princeton University, Princeton, N.J.

1949–69: General Motors Acceptance Corp., manager, General Motors Acceptance Corp., Cranford, N.J., assistant manager, General Motors Acceptance Corp., Trenton, N.J., staff assistant, executive office analysis and studies department, staff assistant, executive office credit and financial analysis, staff assistant, personnel department, credit manager, collection manager, district sales manager, credit supervisor, field representative.

1946–49: Syracuse University, B.S. degree in marketing/production.

1942–45: Downs-Smith Brass & Copper Co.

U.S. Army.

Association memberships: Epsilon Delta Epsilon (honorary fraternity, distributive editor), Alpha Kappa Psi (honorary business fraternity), president, Syracuse University Alumni, Lions Club.

Publications: Business Week article (August 19, 1973), Handbook: "How to Cope with Financing Your Child's Princeton Education."

Mr. KOHL. It takes about 6 months on the average to pay a claim.

Mr. FLOOD. Is that good or bad?

Mr. KOHL. I think it is bad.

Dr. BELL. It is very bad. We have just got to speed that up, Mr. Chairman.

It is not near the kind of service we ought to be rendering. When we get our new computer system in place, which should be before the end of this fiscal year——

Mr. KOHL. We expect to have the claims portion, Mr. Chairman, in place in all regional offices by April 30, 1976. That allows a region to

transmit a request for payment from a cathode ray tube in the region for payment action. So it is almost an overnight thing once the claim is reviewed.

USE OF PRIVATE COLLECTORS

Mr. FLOOD. I would like to ask you this now: Let's say—you don't have what we call an effective—I won't say efficient collection staff—but what is your reaction to the proposals that the private collection agencies be employed to relieve the Federal Government of the burden of building up its own collection staff?

Mr. YORK. I can give you primarily a personal reaction, Mr. Chairman. I think that the eventual cost to the Federal Government would not be significantly less than it is now, and in fact it may end up costing more.

I think you would have a situation where we would still have a large series of loans that we would either have to still pursue ourselves, or just write off.

The general tendency of a private collection agency would be to first make the collections on those loans which are the easiest to collect. To skim the cream off the top, if you will, making certain that they get their income, we would probably end up having returned to us a significant number of loans that they say are too hard for them.

Mr. FLOOD. The minute you say that to somebody in the street, they say—what are you crying about, get a private collection agency.

Mr. YORK. For the time being, and I probably cannot back this with facts—I think the most cost-effective way to deal with this problem in the immediate future is to deal with it in the same manner as we are now.

STATE STUDENT INCENTIVE GRANTS

Mr. FLOOD. How many States prohibit the student incentive grants to be made to students attending private colleges?

Dr. PHILLIPS. The total number that authorize it and do make payments is 45 out of the 50 participating.

Mr. FLOOD. How many prohibit it?

Dr. PHILLIPS. Only three prohibit it by constitutional standards. The other two would simply have to amend their laws, and that has been going on fairly steadily in most of the States.

Mr. FLOOD. Do the States allow these incentive grants to be used by State residents to study in institutions outside of their State?

Dr. PHILLIPS. Not in very many cases, sir. I think the total number of States now that provide some measure of portability is only 7 out of the total of 50 that are participating. The most notable State and the largest portability is the State of Pennsylvania.

Mr. FLOOD. Should the legislation be amended to permit this—permit the portability of grants? Should the legislation be amended?

Dr. PHILLIPS. That is a very, very tough question.

Mr. FLOOD. Sure.

Dr. PHILLIPS. If you try to amend the law at the recommended level of funding, which is in effect straight level funding, then you are in effect adding another requirement on a State but not the means to meet it.

Mr. FLOOD. I know what it does. I am asking you.

Dr. PHILLIPS. I think we would be reluctant to recommend or support an amendment to require portability when we are simply extending the program at current levels of funding.

Mr. FLOOD. Here is something that is not clear.

You are proposing legislation to require incentive grant applicants to first apply for the basic opportunity grants.

Dr. PHILLIPS. That is right.

Mr. FLOOD. What is the purpose of this?

STATE-FEDERAL COORDINATION

Dr. PHILLIPS. The purpose of that requirement is to make certain there is a proper coordination of Federal and State deliveries of student assistance.

Under that legislation we would not require that they be eligible for a basic grant. We would not require the State to use the basic grant standard for determination of need. But students would be required to apply for a basic grant, and provide validation to the State that they have applied for such a grant. Because frankly, sir, one of the greatest problems of coordination in the last several years has been the fact that States have not had an accurate record available to them indicating which of these people really applied, and exhausted their Federal entitlement before they started applying for State grants. The State program is intended as a supplement to the basic grant program.

And we want to assure that kind of coordination.

NEED ANALYSIS

Mr. FLOOD. All right.

You used the phrase "need analysis." What kind of need analysis is required under this incentive grant program?

Dr. PHILLIPS. The requirement of a need analysis is very much consistent with the notion of a Federal-State partnership, in which the State simply has to show, in accordance with the law, that the factor of substantial financial need is taken into account in the distribution of funds to students.

The State designs a need analysis system that suits its purposes, and its legislation, if you will, and so long as it meets fairly general tests, that there is a factor of need taken into account in the awarding of these funds, it simply submits that State plan to the Commissioner, the Commissioner approves it, and the State goes ahead with the distribution of those funds.

Mr. FLOOD. That is a good answer.

Dr. PHILLIPS. Thank you.

SPECIAL PROGRAMS FOR THE DISADVANTAGED

Mr. FLOOD. You propose to centralize the precollege services that are offered by Trio—the special programs for the disadvantaged.

How do you get Trio out of that? When you say special programs for the disadvantaged, and then come up with Trio——

Mr. BELL. There were originally three programs, and then they added one.

Mr. PHILLIPS. They called them the Trio programs.

Mr. FLOOD. What effect will the centralization have for students out in the rural areas, and who are in need of these services? Will they have access to these precollege programs in a setup like this?

Mr. PHILLIPS. I would like to call on Dr. Spearman to describe that whole strategy.

BIOGRAPHICAL SKETCH OF LEONARD HALL O'CONNELL SPEARMAN

Position: Director, Division of Student Support and Special Programs.

Birthplace and date: Tallahassee, Fla., July 8, 1929.

Education: Florida A. & M. University, B.S., 1947; University of Michigan, M.A., 1950; University of Michigan, Ph. D., 1960; Beloit College, National Science Foundation, post doctoral study, 1964.

Experience:

Present: Director, DSSSP, administers the college work study, supplemental educational opportunity grants, national direct student loan, Upward Bound, talent search, special services for disadvantaged college students, educational opportunity centers, and veterans' cost-of-instruction programs.

1970–71: Director, Division of Student Special Services (Upward Bound, talent search, special services for disadvantaged college students), U.S. Office of Education.

1960–70: Dean, lower college and professor of psychology, Southern University, Baton Rouge, La.

1950–54: Associate Professor of Psychology, Florida A. & M.

1957–60: University, Tallahassee, Fla.

1954–57: Instructor, School of Education, University of Michigan, clinical staff, Children's Psychiatric Hospital, University of Michigan, graduate student.

Awards and honors: LL.D., conferred by Shaw University, 1970; LL.D., conferred by Oakland University, Michigan, 1973; Martin Luther King scholars program, Rutgers University, 1969; visiting professor of psychology, Queens College, 1964; chairman (subcommittee), Federal Interagency Committee on Education—increasing postsecondary opportunities of disadvantaged minorities; Chairman, National Task Force on Higher Education and the Disadvantaged: the Federal Role.

Membership: Phi Delta Kappa; Louisiana State Board of Psychologists; American Psychological Association; National Coordinating Council for Educational Opportunity; D.C. Psychological Association.

Publications: "A Study of the Hopi Value System," Quarterly Review of Higher Education Among Negroes, 1969, "Patterns of WISC Score Among Retarded Readers," Florida A. & M. Research Journal, 1968; "Diversity in Higher Education," submitted to Change, 1974, "Black Graduate Education," College Entrance Examination Board, 1974: "Syndromy: A Factor Analysis of Retarded Readers," 4th yearbook National Association of Mental Measurements, 1962, A Developmental Educational Psychology, 1969, Southern University Educational Monographs.

Dr. SPEARMAN. Yes.

As a result of a task force appointed by the Commissioner last year, a group of more than 100 individuals representing both the Federal and State governments and the project levels and institutional levels met in order to recast the special services programs which had been in operation since 1965. After more than 6 months' deliberation, the group recommended to us, to the Office of Education, that we ought to have a three-pronged approach to the treatment of the disadvantaged in higher education. First, at the precollege level, it was recommended that we consolidate talent search, Upward Bound, and educational opportunities centers and make this program available to urban and rural youngsters on an equal basis. Second, we would maintain our current postsecondary effort in the special services for disadvantaged college students program. Finally, we would complete the package

by implementing training institutes for special services and financial aid directors.

Mr. FLOOD. All right. That is what it is. You have stated the case. My question is how is this going to affect the people—the students in the rural areas?

Dr. SPEARMAN. They would be equally eligible to participate. There would be no shift in the accessibility and availability of program funds in the rural areas.

Mr. FLOOD. You stated the three items—the programs to be affected are the ones you stated.

Dr. SPEARMAN. Yes. The Upward Bound program, and the talent search program, would be consolidated with an expanded educational opportunities centers program.

TRIO COST REDUCTION

Mr. FLOOD. You propose to expand the postsecondary services offered under the trio program. Big deal but you are cutting $10 million. That is a good trick whether you do it or not. I let you go—you went in there for God, country, and Yale. And then you cut it $10 million. How do you do that?

Dr. SPEARMAN. One of the costliest programs in trio is the Upward Bound program. Up to 1972, the average cost per student in attendance in the Upward Bound program was $1,400 per year.

This was largely because of the residential requirement. Institutions must accept these youngsters on their campus for a protracted period of 6 to 8 weeks during the summer.

Mr. FLOOD. What about the cut of $10 million? What are you going to use for money?

Mr. PHILLIPS. Mr. Chairman—we are going to eliminate the most costly feature of the program, the residential requirement, and expand the other services that are available to a larger number of students through the expansion of the educational opportunity centers. We are eliminating the highest per student cost factor in these programs, so we can thereby provide the services, the counseling services, the information services, the instructional services for less money. By removing the most costly component which is the residential component, we can expand the numbers of students served at a lower cost per student.

Mr. SPEARMAN. It costs $1,200 per student in the Upward Bound program today. It costs us $400 per student in the educational opportunity centers program, students with the same income levels. We can reach approximately 30,000 additional students by eliminating that one cost feature.

Dr. PHILLIPS. The net result of moving to the funding strategy we have have proposed would be to increase the total number of students served from 302,657 estimated for this current year to 332,000 next year.

Mr. FLOOD. You know, I think you thought I was going to ask you that question. All right.

Now you are talking about tough questions today. Now here is a tough one. And I am not fooling.

MINING FELLOWSHIPS

You propose to end the funding for mining fellowships—based in part, as I understand it, is that a student should be allowed to choose his or her own school, based on their assessment of the school's ability to meet their personal education needs. This is it. Now——

Dr. PHILLIPS. I think you have answered the question.

Mr. FLOOD. Congress identified this fellowship program as a national need for individuals trained in critical energy-related fields. Will a sufficient number of students be attracted to these fields, without this aid?

Dr. PHILLIPS. Well, I am sure we cannot provide you with positive assurance that a sufficient number of students would be attracted without this aid.

Mr. FLOOD. I am sure you cannot. I just asked you the question.

Dr. PHILLIPS. I think our basic argument is, as we have tried to suggest, that there are all of these fairly small categorical programs that speak to specialized needs and specialized concerns. We really believe that we have to concentrate our resources on the major high priority programs. We have said that to you. We obviously have to await your decision as to whether you want to grant that request.

Mr. FLOOD. Mr. Natcher.

STRENGTHENING DEVELOPING INSTITUTIONS

Mr. NATCHER. Dr. Phillips, under the program for developing institutions——

Mr. FLOOD. Mr. Natcher is from Kentucky.

Mr. NATCHER. Thank you, Mr. Chairman.

Mr. FLOOD. I am from Pennsylvania.

Dr. SPEARMAN. We know.

Mr. NATCHER. What is the makeup, Dr. Phillips, of the institutions receiving funds? Are these 2-year institutions, 4-year institutions. Are they public or private?

What is the makeup?

Dr. PHILLIPS. Mr. Natcher, the public-private split has tended to be roughly 50–50—a slight majority of the funds going to the private as opposed to the public sector.

Under the provisions of the current statute, we are required to make certain that at least 24 percent of the funds are made available to 2-year institutions, and, of course, we observe that requirement in the law.

Mr. NATCHER. Now, the budget of $110 million for developing institutions is the same as in the fiscal year 1976.

Has there been any real evaluation of the program to indicate as to whether or not this amount is adequate for the program?

Dr. PHILLIPS. I am not sure we could say there has been an evaluation that would indicate the adequacy of funding. There have been a number of evaluations done on the success of the program, and its failings, by a number of different parties.

Our own conclusion, based on those evaluations, is that as institutions reach a certain level of development in the basic program, they can move into the advanced program—we now really have two separate programs within that $110 million. After a foreseeable period of time, they can graduate from the advanced developing institutions program, and cease to be dependent on Federal support. This movement of institutions out of the program as they become self-sustaining enables the program to meet its objectives at the current funding level.

Mr. NATCHER. Do the funds merely sustain the institution, or do they support a separate and special development program?

Dr. PHILLIPS. They support a very carefully developed and carefully evaluated development strategy, the aim of which is to accelerate the process and to improve the quality of the administration and academic programs of an institution, so that they can move out from a system of Federal support. Since I have as a matter of fact, just spent some time this past weekend looking over some of the materials from the Division of Institutional Development, I can assure you that those institutions provide very detailed plans. We finance the institutional plans by line item, with each aspect of their proposed plan very carefully evaluated by panelists and by staff readings. This is not a general subsidy at all. It is an integrated, coordinated plan for the development of the institution, looking toward a time when it can be self-sustaining.

PLANNED PROGRAM CHANGES

Mr. NATCHER. Do you intend to change your plan in the administration of the developing institutions?

Dr. PHILLIPS. There are a number of administrative changes that have been made from time to time, and others are surely under consideration. Perhaps I could ask Dr. Player to respond to that question, if I might.

Would you like to report on any major administrative changes we are presently considering?

[Dr. Player's biographical sketch follows:]

WILLA BEATRICE PLAYER, ED.D., LL.D., FORMERLY PRESIDENT OF BENNETT COLLEGE

Education: Bachelor of Arts, Ohio Weselyan University; Master of Arts, Oberlin College; Certificat d'Etudes, University of Grenoble, Grenoble, France; Graduate Student at University of Chicago and University of Wisconsin; Doctor of Education, Columbia University, 1948; Doctor of Laws, Ohio Wesleyan University, 1953; Doctor of Laws, Lycoming College, 1962; Doctor of Laws, Morehouse College, 1963; Doctor of Laws, Albion College, 1963; Doctor of Humane Letters, Keuka College, 1967; Doctor of Humane Letters, University of North Carolina at Greensboro, 1969; Doctor of Public Service, Prairie View Agricultural and Mechanical College, 1971.

Memberships: Kappa Delta Pi and Pi Lambda Theta, National Honor Societies; American Association of University Women; President of the National Association of Schools and Colleges of the Methodist Church, 1962; South Atlantic Regional Philosophy of Education Society; North Carolina and National Teachers Associations; St. Matthews Methodist Church; Young Women's Christian Association; National Council of Negro Women; Member, the Commission on Liberal Learning of the American Association of Colleges; Women's Planning Committee, Japan International Christian University Foundation, Incorporated.

Served on the visiting committee of the Southern Association of Secondary Schools and Colleges, 1953–1954; Member of Advisory Committeed on Rural Areas Development; Secretary, Board of Directors of Piedmont University Center, Inc.; Member, The University Senate, The Methodist Church; Member of National

Commission on Religion and Race; Listed in Who's Who in America Education, Who's Who of American Women, Leaders in Education, Who's Who in Methodism, Who's Who in America; Member, Board of Trustees, Ohio Wesleyan University; Member, Board of Directors, Southern Fellowships Fund.

Awards: Superior Service Award, Department of Health, Education, and Welfare, June 2, 1970; Distinguished Service Award, Department of Health, Education, and Welfare, April 13, 1972.

Fellowships held: General Education Board Fellowships in 1945 and 1947; Frank Ross Chambers Fellow at Columbia University, 1948; Ford Fellow on study tour of 12 colleges and universities in the United States. Study made possible by a grant from the Fund for the Advancement of Education, 1953–1954.

Travel: England, France, Italy, Switzerland, East and West Africa, Japan.

Positions held: Instructor of French and Latin, Bennett College; Director of Admissions; Coordinator of Instruction; Vice President; President, October 22, 1955–February 28, 1966; Director, Division of Institutional Development, Bureau of Postsecondary Education, U.S. Office of Education, Washington, D.C.

Home: 754 Euclid Avenue, Akron, Ohio; Daughter of Beatrice Day Player and the late Clarence C. Player.

Dr. PLAYER. Because the title is being evaluated at this time, we thought we should look at the colleges in terms of total institutional development as conceived along a continuum, rather than as a lower developing and advanced developing.

We would look at institutions first as coming into the program at the level where potential and vitality are exhibited, moving on between the lower stage and the advanced stage, to a stage whereby the institutions can plan, knowing what their weaknesses are, to move into the advanced program, and then we are looking at a fourth level which is the level of maturity where an institution has either come to a point where it no longer need depend on the program, or where it has built in by its own efforts in institutional development a pattern whereby it can operate on a self-sustaining basis.

Mr. NATCHER. Do you believe that the criteria should be changed for eligibility?

Dr. PLAYER. We feel that the criteria can be made more precise. We have gone through a first step on this, and are now in the process of refining the criteria again—identifying those factors which we interpret as contributing to institutional growth and strength. We now have enough experience with institutions to know that these factors, such as enrollment, and expenses per full-time student for educational and general purposes, should be expanded.

LANGUAGE TRAINING AND AREA STUDIES

Mr. NATCHER. According to the justifications, you state that there is a lessened need for Federal involvement in language training and area studies. Why is there a lesser need at this time, Dr. Phillips?

Dr. PHILLIPS. Mr. Natcher, I will give you a preliminary comment, and then ask my good friend and colleague Dr. Leestma to respond.

The administration's position is that a very large number of institutions are now involved in language training and area studies and now have firmly established programs, in which the Federal contribution is a rather small proportion of the total operation. Thus, with the exception of some that need continuing support, this is the appropriate time for us to begin thinking about a more limited Federal role.

After that general comment, I would like to ask Dr. Leestma if he would amplify it.

BIOGRAPHICAL SKETCH OF ROBERT LEESTMA

Position: Associate Commissioner for Institutional Development and International Education.
Birthplace and date: Detroit, Mich., October 15, 1927.
Education: University of Michigan, A.B., M.A., Ph. D.
Experience:
Present: Associate Commissioner for Institutional Development and International Education.
1968–74: Associate Commissioner for International Education and Director, Institute of International Studies.
1967–68: Assistant to the Assistant Secretary for Education (International Education).
1965–67: Director, Office of Multilateral Policy and Programs and Director of the Multilateral Policy Planning Staff, Bureau of Educational and Cultural Affairs, Department of State.
1964–65: Deputy Chief, Education Division, Bureau for Africa, Agency for International Development.
1961–64: Associate professor and director of Peace Corps Training program, University of Michigan.
1958–61: Education advisor to the Government of Thailand, International Cooperation Administration.
1955–58: Education and mass communications advisor to the Government of Vietnam, International Cooperation Administration.
1951–55: Assistant director, audio-visual education center, and lecturer, school of education, University of Michigan.
1950–51: Teacher, English and social studies, Ann Arbor Public Schools.
1949–50: Research and teaching assistant, community adult education program, University of Michigan.
Association memberships: American Educational Research Association; Comparative Education Society; Association for Asian Studies; Society for International Development; Siam Society; Phi Delta Kappa.
Publications: Books and articles in various professional journals.

Dr. LEESTMA. Thank you, Dr. Phillips.

Mr. Natcher, the question of need is always a hard one to pin down, as you know so well. It depends upon how you choose to define it.

I think nobody around this table would say that there is less of a need to help broaden and deepen attention to international affairs at all levels of American education. But in the same breath, one would have to say that there has been a good deal of progress at various levels of education. While there is still a long way to go, we must face the basic question of what is the appropriate Federal role in this field, even as the same question must be asked in all other sectors of education. And it is the Department's considered judgment that at the budget level requested, $10 million, it would still be possible to maintain a minimum national capability for specialized work in research and training in foreign language, area studies, and world affairs.

Now, one can say that flatout for the simple reason that this program has provided 18 years of cumulative Federal assistance which has involved, for example, 20,000 fellowships, involved literally creating the instructional materials for teaching dozens of uncommon languages, and so forth. There are a host of other achievements that could be ticked off. When you then compare the resulting level of development in international studies with all of the other current pressing needs in higher education, from student assistance up and down, and you are forced to make hard choices within available financial resources, and when you look critically at this question of an appropriate Federal role 18 years later, it seems to us that one can objectively stand on the budget request we have before you.

INSTITUTIONAL SUPPORT FOR LANGUAGE STUDIES

Mr. NATCHER. Do you know that the States and the universities will be able to handle decreasing Federal aid for language studies? Do you know that, Dr. Phillips?

Dr. PHILLIPS. Well, I am not sure it is so much a question of whether they will be able to handle it, or whether they will enjoy handling it.

We believe that the Federal share of support is now at such a modest level in most cases that the absorption of the costs and the services by the institution is not a major hardship. Now, there are cases where we think that would be a hardship, and that is why we are sustaining the program at a $10 million level. But I think there is a fair distinction to be made between what is possible to handle, and what people can willingly handle, given the competing demands on university budgets.

Dr. LEESTMA. If I may extend that comment just a bit—there has always been a question, and there always will be a question, concerning not only the amount, but obviously the nature of the Federal role in this area.

But when all is said and done it is, and I suspect it will remain, the Federal view that the great bulk of what we are talking about here is of such a nature and significance that any institution that chooses to call itself a university in today's world has an inescapable obligation to build suitable provision for international studies into its general funds budget in exactly the same way it provides for other fundamental academic needs and responsibilities. We do not see international studies as an exotic frill, as an extra, as something that one can pay attention to only in good times, or only when external assistance is available.

If one were to add up all of the external assistance from Government and private foundations that has gone into the specialized international studies sector in higher education over the past 20 years, one could put the question to the institutions squarely as we do—if you really believe that international studies is basic to the academic enterprise, to help insure the relevance of an education that fits your student body for the interdependent world in which they are going to live, then the bulk of this cost should by now be picked up in the general funds budget. In fact that is just what has happened.

The assistance provided in this program to the centers still is on the order of approximately 10 percent of the total cost of operating those centers. We feel this is a tenable proportion for the Federal Government. It helps fund those particular aspects of the total picture that can legitimately be justified as things which merit Federal support as distinct from continuing support from the university's regular funds budget.

VETERANS' COST OF INSTRUCTION PROGRAM

Mr. NATCHER. Have you any evidence that the campus offices of veterans' affairs, aided under the veterans cost of instruction program, will be able to continue to function without Federal support?

Dr. PHILLIPS. Mr. Natcher, I do want Leonard Spearman to answer that question in a little more detail. I think our feeling here is that there are a number of programs designed specifically to meet the needs of veterans, including the VA veterans representative program.

The major sources of funding for veterans are not in our hands. Although this is not necessarily a duplicative service, it is one which suffers in comparison with the other services to which we feel priority attention must be given in the budget.

Let me then ask Dr. Spearman if he would like to comment further.

Dr. SPEARMAN. Mr. Natcher, there are two main reasons why we call for zero funding for the veterans cost of instruction program. One reason is that we are asking for an expansion of the special services programs which we referred to earlier as the trio programs. With that new legislative and budget strategy that we are proposing to expand the educational opportunity centers program from $3 to $29 million to provide services for both veterans and nonveterans at the precollege level. We are also calling for an expansion in the special services program from $23 to $29 million to provide services for both veterans and nonveterans at the postsecondary level.

This means that veterans can fully participate in these programs on an equal footing with all other students coming from low-income circumstances.

A second factor relates to the fact that the authorizing legislation for the veterans cost of instruction program does not permit proprietary schools to participate. Consequently a large number of vets in this country who attend the proprietary institutions are not feeling the benefit of this program anyway. And second, the appropriation of $23 million permits an average payment of only $35 per student in attendance. And third, many of the requirements for the VCIP, three of the four factors, are included in the legislation which governs in the special services programs; that is, counseling, outreach, and tutorial services are already a part of the special services legislation.

Consequently, we feel that given the priorities of expanding the basic grant program, and the reduced amount of money that is available for the veterans in this program, which has dropped from an average of $53 per veteran in 1973 to $35 expended per veteran in 1975, that it would probably be best to eliminate the program.

Mr. NATCHER. Thank you very much.

Thank you, Mr. Chairman.

Mr. FLOOD. Mr. Michel.

STUDENT AID BUDGET POLICY

Mr. MICHEL. Thank you, Mr. Chairman.

Dr. Phillips, when you were here a month ago testifying in support of a supplemental appropriation for the basic educational opportunity grant program, I asked whether this program was so important that it was worth busting the budget by $1,100 million over a 2-year period, simply to fully fund it. The impression I received from your answer was that fully funding this program takes precedence over staying within the overall budget ceiling. Is that an accurate impression? Is that considered to be administration policy?

Dr. PHILLIPS. I am not sure that is an accurate impression, Mr. Michel.

I think our feeling is that it should take precedence over the funding of other programs within an established ceiling that we can mutually arrive at as being reasonable and responsible.

Our concern here is that, as we come to the point where the funding requirements of the basic grant program begin to push us up against a ceiling, we not flinch in facing up to the hard choices, to the need to trade off support for other programs in order to keep faith with a full funding strategy for this program. And that is one of the very compelling reasons why this year more than ever we hope you will give serious consideration to the request for elimination of support for SEOG, and new Federal capital contributions in NDSL, because we think that full funding for basic grants should be the first priority within a reasonable ceiling that we can mutually arrive at.

BUDGET CEILING

Mr. MICHEL. If, as has been the case in the last several years, the Congress ignores your pleadings—not everyone, but obviously a majority—and we fund all those other activities at this year's level, and then would give you what you want for BOG's, we would be $700 million or so over the budget, would we not?

Dr. PHILLIPS. I think the net over the budget—over the administration's budget ceiling?

Mr. MICHEL. Yes.

Dr. PHILLIPS. I would have to do a quick pencil job. But you are in the neighborhood.

Mr. MICHEL. Put that in the record, please.

Dr. PHILLIPS. Do you mean including the supplemental funds that were provided this year in work study—the $119.8 million.

Mr. MICHEL. Whatever we did in these other programs. I forget the figure exactly. But if we did the same in this budget to which you are testifying as we did this last year, and then fully fund BOG as you have requested here—we would run $700 million over the budget, would we not?

Dr. PHILLIPS. We will give you the exact figure for the record.

[The information follows:]

If Congress should appropriate the amounts the administration is requesting for basic grants, guaranteed student loans and teacher cancellations, and then should also fund the other student financial aid programs at the same level as in the fiscal year 1976 appropriation, the fiscal year 1977 appropriation for student assistance would exceed the administration's budget request by $703 million. If the administration should request and the Congress should appropriate an additional $279 million for basic grants to insure full funding for that program, then the total appropriation for student assistance would exceed the administration's current budget request by $982 million.

Dr. BELL. We have cut back on college work study, Mr. Michel, and some other programs as well. That was necessary to come up with the budgeted amount for BOG's.

ELIMINATION OF THRESHOLD FUNDING REQUIREMENTS

Mr. MICHEL. What do you say in answer to those who do not go along with your proposals and argue that reducing or eliminating funding for these other programs really calls on us to contravene provisions in the authorizing legislation?

Dr. PHILLIPS. Are you talking about the threshold funding requirements?

Mr. MICHEL. Yes.

Dr. PHILLIPS. Well, we are continuing our effort to secure approval by the authorizing committees to remove those requirements from the statute, while pointing out that it is not an unfamiliar practice for appropriations committees to include appropriations language that can deal with a situation of this sort. But beyond that, I think this year, with the increased acceptance of the basic grant program, and the increased recognition of it by students, by parents, by institutions, by State agencies, as the foundation upon which one assembles packages of aid to meet the students' overall need, that there is now the conviction that the idea of prior commitments to funding these other programs really contravenes the basic logic of the amendments of 1972. The rationale of the amendments of 1972 as stated in the conference report was that the basic grant program would be the foundation upon which other programs would be built.

And admittedly during the first 2 years, we had trouble getting everyone to agree that that was the intent and indeed to practice it. But now I think for better or for worse we have achieved that goal and now the threshold requirements in the legislation become really quite inconsistent with Congress own philosphy as expressed in the amendments of 1972.

BASIC GRANTS INSTITUTIONAL AUTHORIZATIONS

Mr. MICHEL. Now, as I was reading the hearing record, your response last month to my question on when the schools actually receive cash payments under the program was a little unclear. When would a school that begins the year on September 15 receive its initial payment?

Dr. PHILLIPS. The initial authorization goes to NIH and NIH notifies the institutions. On July 1, the institution receives an authorization letter. Let's take a hypothetical case. Based on the previous year's experience, we will make an estimate of what we believe one-half of the requirements for the upcoming year are going to be.

So an authorization request for this amount then goes to NIH. And the institution has in effect an authorization account with NIH, and they can drawdown funds up to the full amount of the authorization.

Mr. MICHEL. NIH is generally known here as the National Instiutes of Health.

Dr. PHILLIPS. We use their services for disbursement of these funds.

Dr. BELL. Mr. Michel, this is a letter of credit upon which the institution can draw as the students come to them with their basic grant papers.

Dr. PHILLIPS. As soon as they have a student eligibility report, often referred to as an SER, the institution matches it up with the payments schedule, determines the student's award, and draws on that account to meet that payment obligation. That normally occurs in September, October, and November.

Mr. MICHEL. I suggested an alternative approach last month to the current system of determining the payments schedule and cutting off applications. That approach would enable you to live within the amount we appropriated for you, and still provide funding for all the applicants. And you opposed it. But I don't know that the reasons were all that sound. Rather than take up any more time here debating it, let me ask you whether you are open to change at all.

Dr. PHILLIPS. We are always open for suggestions for change in the program. But it must be an administrative change that is consistent with the basic entitlement notion. That is our main problem. We want to be sure that just because a students comes from a good high school, with good counselors, and good precollege preparation, and good orientation, and get the application in early, and gets to school early, that they don't get a corner on the money.

Consistent with that basic philosophy, if you can help us solve this problem about applications, we would be more than grateful for your suggestions.

CURRENT YEAR BASIC GRANTS COST

Mr. MICHEL. Your statement indicates that BOG's expenditures in the current academic year were triple what they were last year. How do you arrive at that?

Dr. PHILLIPS. There are several reasons. First, last year we were dealing only with the first two classes, and the maximum payment under basic grants was $1,050. This year we were dealing with three classes, a maximum payment of $1,400, and also including part-time as well as full-time students in those first three classes.

So that you are building in a tremendous leverage on the funds.

Now, furthermore, the availability of funds, as you may recall, went up rather dramatically this year. We had a $660 million appropriation, plus a carryover from the previous year. So there was bound to be a major increase. We had estimated that it would go from $315 million to $800 million or thereabouts. What we did not expect was that there would also be a major increase in the participation rate which would drive it up by another $180 million.

BASIC GRANTS PROGRAM ABUSE

Mr. MICHEL. Last month I received a letter from the Financial Aid Committee from a college in Arizona which stated among other things the following:

> Our committee considers that the practice of allowing each semester to be a new enrollment period for eligibility without due consideration to past academic performance is a situation which must be corrected immediately. Students are enrolling, taking the money, then dropping out completely, or finishing one or two courses. According to current regulations, this practice can go on for eight semesters.

What about that?

Dr. PHILLIPS. Well, Mr. Michel——

Mr. MICHEL. I know the chairman asked about that.

Dr. PHILLIPS. I am glad to have you raise this question because it is an issue we would like to work with you to try to resolve.

In the other programs, the more traditional ones, we have had a kind of a standard of normal progress—normal academic progress, which is a standard to which you might repair in situations where large numbers of students were playing the game that you described.

The difficulty here is that over the last 10 years measures of academic progress have changed enormously. Many institutions do not give grades anymore, they have pass-fail systems, where you don't have a grade for the first semester, you do not get a grade until the end of the whole year.

Mr. MICHEL. I have a couple of sons who suffered from that new approach, but the schools have turned back now.

INSTITUTIONAL REGULATION

Mr. PHILLIPS. Many institutions have no records of attendance, so you can't certify that enrollment actually leads to attendance. Yet at the same time it is an entitlement program. The student is entitled, if he is going to go to the school, and enrolled in the school, to a certain amount of money to help him maintain that enrollment.

How do we deal with that in an administrative fashion, while adhering to the very specific requirements of the General Education Provisions Act which prohibits the U.S. Office of Education from intruding upon the internal affairs of an institution? And we are very——

Mr. MICHEL. I am sure if we were on the floor of the House and I went down there and said—you know, this is the kind of thing that can take place, and we permit it, we are allowing it.

I think most of the Members would say that is not what we had in mind. How do we tighten this up? You want legislative authority?

Can't you do it administratively? I am the first one to admit that we default on our responsibility up here so many times in not drawing the law tight enough on a variety of programs, and then shift the burden to the administrators to clean it up.

Dr. PHILLIPS. We do have some models that we could follow in some of the older programs.

Frankly, sir, if I might suggest—there is a danger in this instance as there is in this whole business about bankruptcy, and guaranteed loans, of taking that one instance, or that one case that makes the newspaper, or is reported by one institution, and then generalizing from that single example to conclude this is going on everywhere.

Frankly, we hope, and we still believe, that we can begin to identify the dimensions of this problem, and move administratively to set some reasonable standards without intruding on the internal affairs of the institutions, and without asking for major new legislative authority that would send us out in large bands to check attendance records. We hope we can get a response from the professional financial aid community to help us follow some of the traditions that were established in other programs.

Mr. MICHEL. A good measure of that has to come from the institution itself.

Dr. PHILLIPS. That is right.

Mr. MICHEL. Here is a youngster who lives at home—New York City, going for free, with a small tuition—he still qualifies for BOG's, does he not?

Dr. PHILLIPS. To support other expenses related to education.

Mr. MICHEL. What is to prevent him from dropping out of school after a month and pocketing the money?

Dr. PHILLIPS. I think, sir, part of this conversation relates inevitably to the salaries and expenses request that is incorporated in this budget.

As a matter of fact, yesterday I was in Chicago, in a meeting involving regional offices and central office personnel, identifying exactly how we, with the additional staff resources that are requested in this

budget, could and would, on a regular basis, sample the institutions, visit the campus, and tell them how they can take measures to prevent this kind of abuse of the program. Up until now, frankly, we just have not had the capacity in terms of staff resources to get that kind of basic stewardship responsibility taken care of.

Mr. MICHEL. I sure hope you do. If you need any buttressing, refer them to the record here. We look on these institutions to do a little bit better job themselves.

Dr. PHILLIPS. At this point, sir, the request is in your hands and in the hands of the chairman and we hope that if you need any further buttressing from us you will request it.

PROPRIETARY SCHOOL PARTICIPATION

Mr. MICHEL. Your statement indicates the increasing participation of the proprietary schools in the various student assistance programs in recent years and as we know, these schools really have resulted in much of your fraud and abuse problems.

I understood you are planning to expand the BOG's program to correspondence schools; is that right?

Dr. PHILLIPS. Yes; Mr. Michel, under the 1972 amendments and the interpretation of those amendments that has been provided to us by our Office of General Counsel we do have a responsibility to provide regulations which will permit participation by the correspondence schools, by the students attending the correspondence schools.

Dr. BELL. I would like to say that the question of what their allowable costs and expenses ought to be is something we need to examine very, very carefully.

Mr. MICHEL. I hope you do. It is not for me to cast a blanket criticism at the proprietary schools or correspondence schools. We have some darn good ones and they serve a very worthwhile purpose, but there are also some that have a pretty shady record, as disclosed by some of the things that have been found in recent years, and I naturally have to raise the caution flag here when I read that you are considering going out to broaden the BOG program to include those schools.

That means close monitoring.

Dr. PHILLIPS. Let me point out, however, that here again it would be easy to overstate the degree of exposure to misuse of funds that could be involved here.

Students taking courses by correspondence are ipso facto part-time and if we were to follow the model——

Mr. FLOOD. Will the gentleman yield there.

Mr. MICHEL. Yes.

Mr. FLOOD. Right, on the question specifically with reference to the very famous, well known International Correspondence School which is headquartered in Scranton, Pa., not in my district, but very nearby, there seemed to be some concern about this question with that school and I think you can go into detail.

Dr. PHILLIPS. We shall be glad to provide that for the record.

[The information follows:]

International Correspondence Schools located in Scranton, Pa., is one of nine correspondence schools which have applied for eligibility to participate in the Basic Educational Opportunity Grants program. These applications are currently being reviewed for an eligibility determination. The International Correspondence Schools has an enrollment of 48,054 students.

Mr. MICHAEL. Let me come back with a question.

Will students be permitted to receive a cash payment for living expenses for taking a home study course?

Dr. PHILLIPS. Not under the regulations that we are preparing to propose. I say "preparing to propose" because, as you know, it is a complicated procedure to propose a rule, have public comment, and have a final rule, but those which we are presently preparing do not contemplate any payment for cost other than tuition.

NON-FEDERAL STUDENT ASSISTANCE

Mr. MICHEL. Your statement refers to student aid also being provided by State and local governments, by educational institutions, and by private employers in the form of student employment.

Do you have any figures showing the total amount being provided in this regard?

Dr. PHILLIPS. Yes, sir.

The most recent study that the Office of Educatioin undertook, one conducted by a gentleman by the name of Joseph Froomkin, indicated that the total volume of wages paid to students, both part time and summer earnings, was approximately $5 billion a year. Therefore, the work-study program is a relatively modest proportion of total student empolyment in this country. We were very interested in that study because we were concerned about the fact that even though we come up each year and ask the Congress to consider a judicious cutback in appropriations for that program in order to put the money in the basic grant program, each year we seem to find ourselves accepting more, not even steady funding but increased funding in work-study.

We really believe that we should recognize that it is a relatively small part of the total student employment picture and we would like to maintain it at a more limited level so we can focus on those areas, those students, that have a real need for employment that is not available from any other source.

DIRECT LOAN DEFAULT

Mr. MICHEL. Last year reference was made to the fact that there had been no default under the direct loan program because the default provision in the 1972 act had not yet been implemented.

Has that been implemented since then?

Dr. PHILLIPS. No, it has not yet ben implemented. We are still working on the delinquency statistics or the "potential default statistics" and we need to move along.

Mr. MICHEL. The potential default rate, as I recall, was something like 14, 15 percent or something that represented a quarter of a billion dollars.

Dr. PHILLIPS. Yes.

Mr. MICHEL. Is that up or down? Is that high or low?

Dr. PHILLIPS. I believe the current figure is about the same, is it not, Dick? 14.7 percent is the maximum potential default rate now.

Mr. MICHEL. Does that concern you?

Dr. PHILLIPS. Yes; it does, and that brings me back to one of the other features of this budget request, and that is that we are requesting an increase of 13 positions in the NDSL program for the specific pur-

pose of assisting institutions in developing and monitoring their billing and collections activities so that we can stop this gradually increasing delinquency rate and reverse it and get more money returned to that fund so we can finance a larger volume of loans without additional Federal capital contributions.

Mr. MICHEL. What is the current amount in the revolving fund?

Dr. PHILLIPS. It is now $3.2 billion and with awards totaling $321 million that are scheduled to be delivered within the next 30 days plus the additional institutional matching funds it will increase to a $3.5 billion level. Thus there is the possibility that with a 10-year payout and a 14-year general maximum on loan payout, one could begin to move to levels of $300, $310, $320 million annual turnover in those accounts, if we got the delinquency rate down. However, we have not until this time even had an opportunity to discuss with you additional positions required to make sure that institutions receive adequate assistance in setting up these billings and collections systems, in monitoring, and trying to follow through.

Mr. MICHEL. Do you think you know enough about that that you could guarantee us that we could ask Internal Revenue Service, look, if we give you x additional agents you will get a 5-for-1 return, 10-for-1 return, et cetera?

Dr. PHILLIPS. I think I better take the fifth amendment on that.

Mr. MICHEL. As reluctant as Mr. Flood and other members of this committee and I are to push any positions on anybody or grant you additional ones, my view is that sometimes in some areas, as we did with those investigators, by golly, we were being pennywise and pound foolish by not providing them.

Dr. BELL. I might indicate, Mr. Michel, that our experience with the collectors that you gave us in the guaranteed student loan program would indicate that we collect far in excess of what it costs us and so NDSL ought not be any different than that.

NDSL INTEREST RATE

I might also point out that NDSL loans carry a 3-percent interest rate and anyone who has 3 percent money will pay off his 12 and 18 percent debts first. Thus we are recommending that NDSL loans be raised to 8 percent just like the GSL and we hope that that passes. That is in our proposed higher education amendments. I think that 3 percent is a deterrent to paying it off. You sure hate to pay off a loan when you are only paying 3 percent on it.

Dr. PHILLIPS. Mr. Michel, if we could secure approval of that increase to the 8 percent level, then from the institutions' point of view the return on the loan would be at least sufficient to motivate them to make greater efforts to collect on these loans.

It is clear that the 3 percent interest figure, which was originally established in 1958, is long overdue for change. If we could make it comparable to the guaranteed loan figure, then it would be possible to convert the NDSL accounts to GSL accounts, as we have suggested in our legislation.

Mr. MICHEL. Is there a limitation that we have in effect as to when that loan has to be repaid?

Dr. PHILLIPS. Yes, there is a 10-year maximum on repayment in the NDSL program, 10 years from the point of termination of studies.

Mr. MICHEL. Of termination. So there is every encouragement with that rate of interest as distinguished from the going rate to defer it for the maximum period of time obviously, and it makes a good point.

How exactly will these additional 200 permanent and 94 temporary positions requested be used in combating fraud and abuse in the student assistance program?

ADDITIONAL POSITIONS REQUESTED

Dr. PHILLIPS. Mr. Michel, I can only speak about those positions for which I am directly responsible: 128 permanent positions.

Dr. BELL. Then we will ask Mr. York to respond to the part that he has. He has the guaranteed loan program.

Dr. PHILLIPS. I can truthfully say to you that I am glad you asked that question.

Mr. MICHEL. Yours are going to be the 128 permanent ones?

Dr. PHILLIPS. That is correct, yes.

Mr. MICHEL. Do you get any temporary ones?

Dr. PHILLIPS. No, sir. Of the 128 permanent positions requested for the Bureau of Post-secondary Education, 9 are to shore up what we regard as the first line of defense, which is the institutional eligibility staff, the staff that reviews the institutions to determine their eligibility, to monitor them, to find out when they get off the track. We are in close contact with the accrediting agencies and accrediting commissions and State agencies so that they can correct those institutions that go awry.

Thirty-seven of the positions in the central office and 10 in the regional office or a total of 47 would be devoted to basic grants and to strengthening our capacity to detect and prevent——

Mr. MICHEL. That is just one per regional office.

Dr. PHILLIPS. That is right. Let me come back to that point in just a moment after I finish this summary because it is an important point.

I would like to mention to you that of the positions in the central office, two are programed to increase the staff in the State Student Incentive Grant program so that we have much more careful monitoring and control on that program.

A total of 26, or 10 in headquarters and 16 in the regional offices, are programed for work-study, and in addition 11 in headquarters and 13 in the regional office or a total of 24 are programed for national direct student loans, and, finally, 4 in the headquarters and 16 in the regions for the supplemental educational opportunity grants program.

What that adds up to is 73 positions in headquarters and 55 in the regional offices. As I was mentioning earlier—I am not sure you were here at the time—I spent yesterday in an all day meeting at the Chicago Regional Office conferring with several regional commissioners as well as several members of my staff. We were trying to develop a strategy for the most effective use of the regional staff.

It is our intention to train these personnel to review institutions, not just in basic grants or SEOG, or work-study, but in all of the student aid programs, and to work closely and collaboratively with the guaranteed loan program on a systematic on-site review of institutions' records, student files, and data in support of the need-analysis

judgments they make, all the basics that we have to get after if we are going to control fraud and abuse in these programs.

So I am suggesting to you that even though these positions, it is a plus 10 in basic grants, and a plus 16 in work-study and plus 13 in NDSL and a plus 16 in SEOG, which adds up to 55, are tied to individual programs in the budget. The strategy which I am trying to work out with this central-regional office task force calls for all of these regional personnel to be trained and qualified to understand all four of those programs.

Thus they can go into an institution and say:

Now, I want to look at these basic grant vouchers. Where are they. And I want to see that this student is enrolled in this school and hasn't dropped out and if he has, that you have recovered the overpayment and restored it to the basic grant account.

Now, let us look at your treatment of SEOG and let us look at your treatment of work-study. Where are those wages and hours records that support the assignment of $500 to this student for work-study?

They could then look at the NDSL accounts and help the institutions to collect on those loans.

Mr. MICHEL. If you are there next year and I am here next year and I come back and ask you something about what is accomplished. I am going to be able to get something; right?

Dr. PHILLIPS. I hope so.

PROBLEMS WITH CIVIL SERVICE COMMISSION

Dr. BELL. Let me say, Mr. Michel, as we talk about what is to be accomplished, you need to know that after we get approval for positions it takes an average of about 6 months to get someone employed through the Civil Service Commission system and so I just mention that because——

Mr. MICHEL. Why is that?

Dr. BELL. I have a heck of a time with it. I tell you it is a redtape problem that we have in getting people on board.

Mr. MICHEL. I won't take the time here, but would you spell that out specifically because I know it is a problem and with all these people on the register and all the stuff we have gone through in trying to get somebody onboard and in a position, it is most frustrating, just as much for me and some of us up here as it is for you.

[The information follows:]

HIRING PROCEDURES AND PROBLEMS WITH CIVIL SERVICE COMMISSION

In order to fill a position there are a variety of steps and procedures prescribed by the Civil Service Commission. First, the duties of the position must be described and classified or graded. The average time for this step is 30 days. The vacancy must then be announced or advertised in order to allow current employees of the agency the opportunity to be considered. Announcement, rating of candidates, referral, and interview average 30 to 40 days. If well-qualified candidates from within the agency are not available, a request is submitted to the Civil Service Commission for the names of individuals qualified for appointment. This step adds an average of 30 days for entry-level GS–5/7 positions, 45 days for mid-level GS–9/12 positions, and 60 to 90 days for senior level GS–13/15 positions. The entire process consumes 90 to 160 days on the average. The results are not always productive because the candidates identified by the CSC do not meet the requirements for the vacancy or are no longer available for employment. In some cases, the system does not produce any candidates, even though we have actively recruited qualified applicants.

For instance, in December, 12 requests were submitted to the Civil Service Commission for names of candidates for GS–9, GS–11, and GS–12 positions in our Indian education and bilingual programs. In February and March, the Civil Service Commission responded by advising us that there were only three eligibles on the register who qualified. We now must recruit candidates, have them complete the Federal application forms, and then we start the process with the Civil Service Commission again. We have no assurance that the candidates we locate will receive approval by the CSC.

There have been times when we have anticipated a shortage on the CSC registers and recruited applicants in advance. We have sent these applications to the CSC to be rated and certified to us, but because of the administrative delays in processing the application into the system, the CSC has actually issued certificates with no names. In effect, when preparing the certificates they failed to consider the applications which we had provided.

The appointment process for supergrade positions is a particular problem. On these we must obtain the approval of the position, the grade, and a recruitment plan before we can even begin to recruit. The entire process can take 1 year or more. The position of director of the right-to-read program has been vacant since November. Even though the position had already been approved by the CSC for GS–16, we could not take action to fill the position until the CSC reviewed the grade again. This week we received approval to announce competition for the vacancy. The competition and selection process will take a minimum of 2 or 3 months.

Mr. FLOOD. Will the gentleman yield?

That is so and every Member of the House thinks the same way. These bills come on the floor. These statements are made, why these are needed, and we go down there. Mr. Michel and myself, and say we must have these jobs, and, bang, everybody believes the next morning at 9 o'clock these people are going to be at work. And you cannot explain to them why it takes 6 months——

Dr. BELL. For a supergrade it is more than 1 year.

Mr. FLOOD. If we ever go down there on the floor and say what you just said, it takes 6 months, they would chase us down the hall.

Dr. PHILLIPS. One of the reasons that we have set up this task force is to do very careful and detailed planning to meet personnel standards in advance so that the moment that the Congress approves these positions we are ready to meet all of these civil service requirements.

Mr. MICHEL. I don't question that nor would I ask you to cut any corners. We are looking for competent people. But my point is, with all that folderol in the Civil Service Commission about examinations and evaluation and all that garbage and these lists, it shouldn't take all that darn time to get somebody onboard when you have them backed up in droves, for heaven's sakes.

Mr. FLOOD. Don't do what the Labor people did with those NIOSH inspectors. We said you have to get these inspectors out. They got them out, but what inspectors they go out.

Mr. MICHEL. It cuts both ways. We are up to 128 of those in permanent positions. That leaves 72 and 94 temporary. What are you going to tell me about those?

Mr. YORK. May I make one reference to the civil service registers? It sounds very simple, but so many civil service registers at this point are loaded with people that you wouldn't hire if you could. But you have to get by them because the civil service regulations in order to hire the people you want to hire. That is part of the problem right there.

Mr. MICHEL. I appreciate that. Good to have it for the record.

Mr. YORK. In addition to the guaranteed student loan program, I have to worry about the Office of Education compliance with personnel regulations, and I am part of the problem to which the Commissioner refers.

GSLP POSITIONS

We have in the guaranteed student loan program request 72 permanent positions, and 94 temporary positions. Of the 72 permanent positions, 24 of those will be in the headquarters organization and 48 of those in the regional offices. Six additional claims examiners will bring our claims examination staff in the regional offices up to a total of 31.

This will do a number of things for us in the way of compliance, fraud, and abuse. It will protect the Federal Government from payment of claims which, for example, don't reflect the use of care and diligence in the making of a loan. Consequently the claims examiners do address the problem to a degree.

In addition to the 6 claims examiners, there will be 10 additional compliance investigators added in the regional offices and they will be providing technical assistance to the central office, guarantee agencies, HEW audit office, and the General Accounting Office, in dealing with major complaince problems and performing compliance examinations.

Four clerical positions are requested to support that compliance organization. We are asking for 10, which are called collector-correspondent positions. These will to a degree bridge positions between a full collector and any clerical type who prepares some of the collection letters and related materials.

Eighteen clerical positions are needed to support our collection effort. Although you have given us positions for collectors specifically, and we have hired many collectors, we found a tremendous amount of clerical work related to collection activity. Consequently our professional collectors are spending too much time doing clerical work, so we need clerical support.

We have a tremendous backlog of defaulted claims that we have not been able to go after at all. By the end of fiscal year 1977 we estimate that we will have 327,363 accounts that are available to be converted to repayment.

The 94 temporaries are specifically to address this part of the problem, to assist the full-time collection staff in dealing with that tremendous number of accounts that are there to be converted.

Once we get that backlog down the need for the temporaries will go away.

EMPLOYMENT OF TEMPORARIES

Mr. MICHEL. Where do you draw for temporaries, for that kind of work?

Mr. YORK. From the local markets. These people will be hired in the regional offices and as much as possible from lending institutions, and from collection agencies to a degree, people that we will have to train ourselves.

We have developed, over the past year, a rather complete and I think fairly sophisticated training program for our collectors, including a very, very detailed step-by-step manual for them to use.

Of the 24 positions in the headquarters office, 2 of these are required to help in assisting our continuing effort to update the lender manual and issuing a new manual for schools that are participating in this program, both of which are underway but we need additional resources to get those moving quicker than they are.

Four positions are requested for improving our coordination with lender servicing agencies, developing and maintaining the supporting collection service with private companies and other than Government agencies, providing more complete analysis of programmatic data and identification of trends and problem areas.

Four positions are slated in program systems to aid in the development and implementation of the computer network that we are putting together.

Dr. PHILLIPS. Could I also submit additional information because I just talked about the regional offices.

Mr. MICHEL. By all means.

[The information follows:]

STAFF INCREASES—HEADQUARTERS, FISCAL YEAR 1977

ACCREDITATION AND INSTITUTIONAL ELIGIBILITY STAFF

	Positions
1976 ceiling	22
1977 request	31
Increase	+9

Two positions to assist in securing expeditious approval and implementation of the 27 new or revised regulations which are required to establish the legal basis for effective control of institutional fraud and abuse.

Three positions to assist in a comprehensive and detailed review of the 8,800 institutions participating in one or more Federal student aid programs, to determine compliance.

Three positions to assist in conducting 57 scheduled reviews of voluntary accrediting and State approval agencies for Federal recognition and a review of agencies which will be seeking initial recognized status in 1977.

One position to refine system and procedures for timely response to a wide range of public inquiries—averaging 300–400 per month.

BASIC OPPORTUNITY GRANTS PROGRAM

	Positions
1976 ceiling	65
1977 request	112
Increase	+47

A total of 47 new positions are being requested in fiscal year 1977, 10 of which will be assigned to the regional offices. The requested positions are essential to strengthen management controls and system operation and to increase the ability to prevent fraud and control program abuse.

The requested positions will be used in the following program areas:

The cumulative expenditures reports which institutions are required to submit three times a year constitute the first line of defense against improper disbursement of basic grant funds. At the present time, however, the Office of Education has only 21 persons available to review and reconcile the information contained in the 15,000-plus reports received annually (a ratio of about 1:700), with the result that 85 percent of the year-end reports for 1973–74 have not yet been completely reconciled, and work has not even begun on reconciliation of the 1974–75 year-end reports.

The assignment of 19 additional persons to this activity will permit the Office of Education to refine the ADP review and reconciliation systems, eliminate the backlog of unreconciled reports from the last two years, and conduct a prompt review and reconciliation of the 16,000-plus reports which are estimated to be

received for 1975–76 and future year operations. With a reduction in the overall ratio of personnel available to reports received from 1:700 to 1:400, the Office of Education will be in a position to set a realistic objective of a 90-day average turnaround time from the date of submission to the date of reconciliation for 1977–78 operations.

As this management objective is realized, the Office of Education will then be in a position to initiate timely followup actions on the basis of problems disclosed in the expenditure reports, including on-site program compliance reviews in collaboration with regional office staff assigned primarily to the student financial aid programs.

Ten additional positions will be assigned to the regional office staff for identifying the institutions that require site visits, determining the schedule and content of the on-site program compliance reviews, participating in the compliance reviews as necessary, reviewing the written reports of site visits, determining the corrective actions to be taken, providing technical assistance to assure that corrective actions are taken, and referring problem cases for audit and/or investigation.

The remaining 18 positions will be used to establish and operate the systems required to validate student application information, to review and resolve audits, and to limit, suspend, or terminate the participation of problem institutions in the basic grants programs. With student applications already running at an annual rate of 2 million and 250 unresolved audit reports already accumulated, the importance of securing additional personnel to handle these critical abuse control functions is heightened.

SUPPLEMENTAL OPPORTUNITY GRANTS PROGRAM

	Positions
1976 ceiling	24
1977 request	44
Increase	+20

A total of 20 new positions is being requested for the supplemental educational opportunity grant program in fiscal year 1977. Sixteen of these new positions are proposed for assignment to the regional offices. These 16 positions will be distributed on the basis of systematic workload measurements, such as the numbers of grants and institutions relative to the numbers of existing personnel. These personnel will be primarily responsible for assessing institutional compliance with student financial aid program requirements, preventing and correcting institutional misuse of student financial aid program funds, referring evidence of fraudulent activities to appropriate central office program authorities for followup, collaborating with such authorities in preparing comprehensive and detailed reports covering such fraudulent activities, and referring said reports to appropriate investigative authorities for prosecution.

The remaining four new positions will be assigned to the student financial aid audits staff in headquarters, to bring the backlog of outstanding audits under control, to prepare United States Office of Education for expeditious handling of the much larger audit volume which will follow from the systematic on-site program compliance reviews and to expedite the application and fiscal operation report reviews in a timely fashion.

Even though funds are not requested for the supplemental education opportunity grant program in fiscal year 1977, the additional resources are critical for management of existing programs which are in place of 3,700 postsecondary educational institutions.

COLLEGE WORK-STUDY PROGRAM

	Positions
1976 ceiling	35
1977 request	61
Increase	+26

Twenty-six new positions are being requested for the work-study program in fiscal year 1977. Sixteen of these new positions will be assigned to the regional offices.

These 16 positions for the work-study program will be used to expedite, compress, and cross-check the annual application funding cycle to the maximum possible extent compatible with statutory requirements. With the addition, the overall regional office complement available to handle frontline onsite compliance responsibilities will be raised. With the magnitude of individual operating

responsibilities thus rendered more manageable, the Office of Education can begin to provide detailed supervision and cross-checking to assure proper conduct in the awarding and monitoring of program funds, and to prevent the kind of improper individual activity which the Senate Permanent Investigations Subcommittee has been reviewing.

The remaining 10 additional positions will be assigned to the student financial aid audits staff in headquarters, to bring the backlog of outstanding audits under control, to prepare the Office of Education for expeditious handling of the much larger audit volumn which will follow from the systematic onsite program compliance reviews and to expedite the application of fiscal operation report reviews, and the allocation and awards process in a timely fashion.

Since funds are being requested in the fiscal year 1977 budget for the work-study program, the need for the additional positions is critical to improve the Office of Education's management capability.

NATIONAL DIRECT STUDENT LOANS

	Positions
1976 ceiling	44
1977 request	68
Increase	+24

Of the requested positions, 13 will be distributed among the 10 regional offices on the basis of systematic workload measurements, such as the numbers of grants and institutions relative to the numbers of existing personnel.

Aside from helping to expedite, compress, and cross-check the annual application funding cycle to the maximum extent compatible with statutory requirements, these additional regional office personnel will be primarily responsible for assessing institutional compliance with student financial aid program requirements, preventing and correcting institutional misuse of program funds, referring evidence of fraudulent activities to appropriate central office program authorities for followup, collaborating with such authorities in preparing comprehensive and detailed reports covering such fraudulent activities, and referring said reports to appropriate investigative authorities for prosecution.

With the magnitude of individual operating responsibilities thus rendered more manageable, the Office of Education can begin to provide detailed supervision and cross-checking to assure proper conduct in the awarding and monitoring of program funds, and to prevent the kind of improper individual activity which the Senate Permanent Investigations Subcommittee has been reviewing.

The increased onsite reviews will place particular emphasis on institutional management of the direct loans accounts, with specific recommendations, technical assistance, and sanctions to encourage improved institutional billing and collections procedures, to reduce delinquencies (potential defaults) in the program, and to increase the capital available in the direct loan revolving accounts.

The remaining 11 positions will be assigned to the student financial aid audits staff in headquarters, to bring the backlog of outstanding audits under control, and to prepare the Office of Education for expeditious handling of the much larger volume which will follow from the systematic onsite program compliance reviews.

In addition, staff will be utilized to expand collection activity for loans which have been turned over to the Office of Education from schools which went out of business, establish more effective controls over repayments of loans from institutions, facilitate processing of payments to institutions for teacher cancellations, and expedite review processing of fiscal operations reports.

Although funds are not requested in fiscal year 1977 for Federal capital contributions to the direct loan fund, the additional resources are critical for management of existing programs which are in place at 3,300 postsecondary educational institutions and to protect the Federal interest in the $3,200,000,000 in institutional revolving loan funds.

INCENTIVE GRANTS FOR STATE SCHOLARSHIPS

	Positions
1976 ceiling	8
1977 request	10
Increase	+2

One position will provide effective program and quality control over fiscal and program reports.

One position will assist in achieving a program review at each State agency on an annual basis.

STAFF REDUCTIONS

Dr. BELL. If I may say this, Mr. Michel, just so it isn't missed, I am under instructions from OMB as a condition for their approval of these 200 positions that I take 58 away from some other portion of the Office of Education, so it is a net increase of permanent positions of 142, not 200, and I haven't decided where I am going to take those 58 yet.

There is a lot of interest in that down there in my shop. As you heard about the new Education for the Handicapped Act that we have to implement, they are saying it can't come from there. You know what the picture is, Mr. Chairman, overimpact aid.

So, I have to figure where to lop those 58 off yet.

Dr. PHILLIPS. I would also like to call your attention to the February 16 report to the chairman that Under Secretary Lynch provided on program integrity in all of the student aid programs. It provides a fairly detailed explanation of what needs to be done and how we would propose to do it with the additional resources that we are requesting.

I have a copy of that document with me if you would like to have it.

OFFICE OF EDUCATION STAFFING

Dr. BELL. If I may just say this, if you are not aware of it, 2.5 percent or about 3,500 people of the almost 140,000 employees who work for HEW, work in education, in our agency, and in NIE, and in the Assistant Secretary's Office, so we are 2.5 percent of HEW's total employment.

Mr. YORK. May I add that, although we only have 2.5 percent of the employment, we obligate about 17 percent of the dollars.

COMPLIANCE STAFF

Mr. MICHEL. The compliance staff was established last year to investigate serious cases of program abuse in the guaranteed loan program and I understand that 11 positions have been now allotted to the central office and then 52 to the regions; is that right?

Mr. YORK. That is right.

I referred earlier to the establishment of the compliance staff which we are in the process of doing.

Mr. MICHEL. Have all those 11 in the central office been filled?

Mr. YORK. We have five filled at this point.

Mr. MICHEL. Less than half. How long a time have you had now to get going on those?

Mr. YORK. Part of the problem is that these are new positions. They are a function we weren't performing before and just to go through the process of gettinng a position description and classified properly is a long process.

We have been working on it for about 6 months.

Mr. MICHEL. What is the characterization of these 11? Are they general investigative?

Mr. KOHL. They are investigative type people, sir, yes.

Mr. MICHEL. All 11?

Mr. KOHL. Except for, I think, two clerical and two internal that are sort of hybrids, the remainder are investigative types.

One thing that is complicating the hiring there, sir, is the security clearance that we have to get on the investigative types.

Mr. MICHEL. Whom are they going to answer to now?

Mr. KOHL. Me.

REGIONAL OFFICE POSITIONS

Mr. MICHEL. How many of the 52 regional positions have been filled?

Mr. YORK. They are approximately all filled.

Mr. KOHL. That is about 95 percent, sir, but the regional number is 46.

INVESTIGATORS

Mr. MICHEL. Are these general investigators or are they field examiners?

Mr. KOHL. They are field examiners, sir.

Mr. MICHEL. Is that as good as an investigator?

Mr. KOHL. No; it is not. I would liken them to the cop on the beat and the investigator fellows to the detective.

Mr. MICHEL. Why can't we do that?

Mr. KOHL. Do what, sir?

Mr. MICHEL. Well, if we like the investigative types rather than field examiners, why don't we go that route?

Mr. KOHL. We think that we are already there in the field examiner area and the idea was not to increase the field examination staff. The idea was to increase the compliance staff and that is where we are going.

Mr. YORK. Mr. Kohl pointed out to me yesterday that we now have two requests from the Office of Investigations and Security in the Department to assist them in investigations they have with particular schools where we are going to have to provide some of that investigations talent.

Dr. BELL. I would like to say, Mr. Michel, that your bill is going to help us a great deal and we really appreciate that legislation. I think it is very timely and I want to express my thanks for it.

Mr. MICHEL. This really kind of concerns me. Some of these programs are so darn big in that free and easy Federal dollar area, whether it is medicare, medicaid, student loans, et cetera, that you just have to have close monitoring and investigation followup or we run into these problems.

I understand the regional people answer to the regional directors. Is that right?

REGIONAL REPORTING RELATIONSHIPS

Mr. YORK. There is a regional director for the guaranteed student loan program in each regional office or we have an assistant regional commissioner in each of the regional offices who is in charge of the guaranteed student loan program.

All of the GSL staff report to him. He has a line relationship with our regional commissioner in each of the regional offices.

Dr. BELL. I think you are confusing, Mr. York, the director of the guaranteed student loan program on the regional basis. Maybe Mr. Michel is referring to what we call the R.D. who is the subpart of the Secretary out in the regional office.

Mr. YORK. I was explaining that the regional director in this context is in fact an OE employee. He is the regional director for the guaranteed student loan program.

In most cases they are now called assistant regional commissioners for the guaranteed student loan program. They are clearly OE employees. They are responsible for the program in each of the regional offices. They do not report to the regional director who is an HEW employee and reports to the Secretary.

ASSIGNMENT OF STAFF

Mr. MICHEL. I just want to make absolutely sure in giving you these additional people and going out in the field like we are that we are not letting the investigation get short-changed in the administrative bureaucracy coming up to the top because there is always the inclination for the people lousing things up out there to cover their tracks by not having a direct line from out there in the field right up to the man who eventually is responsible, and that even means the Commissioner or it means the Secretary himself, and not some layer of bureaucracy over which we have no darn control under this system.

Mr. YORK. The Commissioner has established the relationship very clearly between the Deputy Commissioners and the program people in the Washington office and our regional people, and it is one where there are national program policy matters related to the guaranteed student loan program, those flow from me to our regional commissioners in each of the offices on a day-to-day basis.

The working relationships are between Mr. Kohl and the regional directors of the guaranteed student loan program in each of the regional offices and that has been working very, very well. It is a clear relationship and it is strictly within the Office of Education.

Dr. BELL. But the operation of the personnel office out in the regions is done under the secretary structure and the counterpart of the secretary who is the regional director out there.

We do not have control over that personnel process for OE employees. That is under the regional director.

Mr. MICHEL. Mr. Chairman, I have some other ones here that I don't want to take the time for now. I have gone on too long, but I will submit those for the record.

Mr. FLOOD. Without objection, that will be done.

[The information follows:]

CREDIT CRITERIA

Mr. MICHEL. Under the guaranteed student loan program, I understand that lenders are not required to establish credit risk criteria for students as a condition of loan insurance. Doesn't this represent one reason for the high default rate, and are you planning or reviewing the possibility of providing some type of credit criteria?

Mr. YORK. Certainly this influences the default rate, since lenders cannot evaluate all of the risk factors. In the vast majority of cases, this is the first credit experience of the student loan applicant. There is no previous credit experience to check. Most lenders in the program establish certain criteria for

accepting student loan applications such as account relationships, residency requirements, et cetera. They are permitted under the program to establish their own student loan lending policy. We cannot stress too strongly, however, that if default and loss rate with commercial norms were comparable, no government insurance would be needed. If yield rates were not considered, it would fall within the commercial viability of our lending institutions. But these lenders will not lend on an unsecured basis to students without credit ratings; the risk is too high. So what is evident here is that the program was established by Congress to endure these commercially unacceptable losses in order to meet the needs of the Nation for educated human resources and the needs of the individual students themselves.

The principal reason we have found for student defaults is the learning experience of the student. The choice of school, career training, provider, et cetera is the primary influence, particularly if the student is not capable of benefiting from the course offered and drops out. On February 20, 1975, new regulations were published which require institutions to determine "that there is a substantial and reasonable basis from application of admissions criteria to conclude that such person has the ability to benefit from the instruction or training to be provided."

Excessive Billings by Lenders

Mr. Michel. An HEW audit of 108 lenders disclosed that 96 had overstated their interest entitlements by $1.2 million. What is the current disposition of these 96 lenders?

Mr. York. Each of these cases have been resolved and moneys refunded in the amounts directed by the HEW Audit Agency. All corrections in calculations and methods have been made. One large lender, Texas direct loan program, is making adjustments over the life of each loan instead of a lump sum payment to the Office of Education.

Mr. Michel. The ability to act as lenders has seemingly resulted in a number of proprietary schools engaging in high-pressured sales campaigns to sign up students. Have you taken any action to get at this problem?

Mr. York. Yes; the Lender Evaluation Committee sets annual lines of insured credit for school lenders. These lines are based on financial ability, previous performance in the Federal program, regional office program reviews, et cetera. We have had only two applications for new lender contracts in the past year. Sudden large increases from year to year in the amount of the credit lines requested would be thoroughly checked before approval, and in most instances declined. As you know, the FTC has jurisdiction over schools sales and advertising policies.

Schools Under Investigation

Mr. Michel. What is the status of the Dallas and West Coast Schools investigations? Any recoveries, and if so, in what amounts?

Mr. York. The Office of Guaranteed Student Loans and the Office of Investigations and Security, HEW, met with an attorney in the Civil Division of the Department of Justice here in Washington to discuss considerations to be given regardng civil prosecutions against certain schools and school officials involved in the Dallas investigation. Justice advised us that they intend to file civil suits and that we would receive notifications of these civil actions within the next 2 weeks.

The Office of Guaranteed Student Loans compliance staff will complete their part of the West Coast Trade School investigation by March 23 on which date the information will be presnted to the Federal Grand Jury by the U.S. Attorney in Los Angeles, Calif.

Explanation of Carryover Funds

Mr. Michel. Back to the guaranteed student loan program, how do you explain the $80 million in carryover funds?

Mr. York. The primary reason for the $80 mililon carryover in 1977 results from overestimates in prior years. We had originally estimated special allowance at 3 percent. However, that amount was 2.5 percent in 1975 and about 2.25 percent in 1976. The carryover, of course, enables us to require less appropriation in 1977 than we would have originally requested.

Mr. Michel. There is no reduction in demand for guaranteed loans, is there?

Mr. York. Loan volume in fiscal year 1975 and 1976 seems to be leveling off. We are not aware of any reduction in demand.

Mr. MICHEL. Why is the guaranteed student loan program a more equitable means of providing loans than the direct loan program?

Mr. YORK. We do not say that it is a more equitable means of providing loans than the direct loan program. It does provide large sums of private capital for use of student borrowers throughout the country without regard to the family or the student's income level and costs the Federal Government less than the direct loan program which relies principally on appropriated funds and recoveries from previous direct loan student borrowers.

Mr. MICHEL. You are proposing to continue funding of the State student incentive grant program at the $44 million level of the last 2 years. Since this involves a 50 percent State match, wouldn't this be a better program to pursue and expand than some of the others that provide total Federal funding?

Dr. PHILLIPS. The State student incentive grant program is an integral part of our total student aid strategy because it serves as an incentive to States to initiate or expand their need-based State grant programs, and thus increases the funds avaliable for grant support of financially needy students at a rate equal to twice the Federal appropriation. This program allows for somewhat different conditions of student eligibility from State to State, provided that each State meets the basic statutory requirements of a need-based State grant program providing awards of up to $1,500 per academic year to eligible undergraduate students. We believe that some flexibility for the States is desirable in a shared-cost program, but we also think it important to provide uniform and equitable conditions of access to financially needy students. The basic grants program is the best vehicle for this purpose, and we therefore have consistently given it the highest priority in our student aid proposals.

Mr. MICHEL. Your budget for strengthening developing institutions really contains two programs—a basic program and an advanced program. The advanced program, I understand, consists of one-time grants which extend over a 3–5 year period in order to complete the development of the most advanced of the developing institutions. How is this working?

Dr. PHILLIPS. Reports we are getting from the field indicate that the advanced institutional development program, AIDP, is proving to be very effective. The grantees receive implementation funding only when a detailed operational plan is completed. The requirement for development of a planning, management, and evaluation capability by the end of the grant period will necessarily leave the colleges in a better position. While no colleges have yet completed the full funding cycle, we are satisfied that accelerated progress is occuring in formulation of new career courses and majors, in strengthening the college administrative operations, and in provision of specialized assistance for educationally disadvantaged students.

Mr. MICHEL. Have you nearly exhausted the number of institutions which can benefit from the advanced program?

Dr. PHILLIPS. No; we have not nearly exhausted the number of institutions that would benefit from the advanced program.

Mr. MICHEL. What is the universe of need for this kind of assistance?

Dr. PHILLIPS. We estimate the developing institutions universe to include about 900 colleges. In the 4 years of AIDP, that is fiscal years 1973 through 1976, 577 applications from developing institutions have been submitted for AIDP grants. Of this number 329 were AIDP-

qualified, and 115 have been funded. Conservatively it appears that 250 additional institutions can qualify.

Mr. MICHEL. Would you provide for the record good, sound, detailed arguments for discontinuing funding of the various institutional assistance and personnel development programs, as is called for in the budget?

Dr. PHILLIPS. I would like to begin by reiterating what I said in my opening statement about the rationale underlying our budget request, namely that our principal aim is to insure access to postsecondary education for all who seek it and that we have concluded that providing student financial aid, particularly through basic grants and guaranteed loans, is the most effective way of accomplishing that objective. Since we also had to keep our budget within fiscally responsible limits, our decision necessarily resulted in most of the available funds being committed to the student aid programs. Consequently, we were obliged to seek the elimination of those nonstudent aid programs whose continued funding could not, in our judgment, be justified in the context of our carefully chosen budget strategy and the limited funds available.

I will now comment on each of the programs we are proposing to discontinue. The university community services program has successfully demonstrated the value and feasibility of cooperative efforts by educational institutions and State and local governments in the solution of community problems. We assume that, in recognition of the value of these efforts, institutions and State and local governments will continue to provide support for these activities thus allowing Federal funds to be reallocated to higher priority student aid programs. In any case, although these activities are undoubtedly useful, they do not make a significant contribution to insuring access to postsecondary education and hence we cannot justify diverting funds from student financial aid in order to continue funding for university community services.

The aid to land-grant colleges program we consider to be an outmoded method of providing support for higher education. The amount of money provided to each institution is small and not critical to the effective operation of the recipient. Furthermore, we do not believe that Federal aid programs should continue indefinitely morely because to terminate them might cause some temporary hardships for the beneficiaries. The land-grant programs were originally enacted to enable fledgling land-grant institutions to become firmly established. This goal has long since been achieved and it is now time to reallocate these funds to higher priority Federal programs which are designed to meet contemporary needs.

As for the State postsecondary education commissions program, we consider that statewide planning for postsecondary education is preeminently a State responsibility and States ought to be willing to continue this function without additional Federal support, particularly since the amount of funds involved is relatively small, an average of $59,000 per State. No funds for State administration of the facilities and equipment programs should be needed since no funds are being requested for these programs.

The veterans' cost-of-instruction program (VCIP), over the past 3 years, has targeted specifically on the educational needs of the veterans through awards to institutions of postsecondary education. There must

be recognition, however, that the number of "unrecruited veterans" is rapidly diminishing and with the termination of educational benefits for Korean-era veterans some institutions would be unable to maintain their previous veteran enrollments and thus would be ineligible for refunding. The program has initiated significant commitments by the Nation's colleges and universities and, as a demonstration initiative, has been instrumental in establishing veterans programs that are sustained by institutional resources, as well as other Federal and non-Federal resources, that is, Comprehensive Education and Training Act (CETA), and the Veterans' Administration work-study program. We, therefore, believe that veterans services will continue to be provided at most institutions without additional support from the VCI program.

Finally, with respect to the public service fellowships and mining fellowships programs, we do not believe that Federal support is needed to attract an adequate number of students to the public service and mining engineer professions. In our judgment, the job opportunities and long-term career prospects in these fields are good enough to attract sufficient numbers of graduate students without these fellowships. If necessary, these students can obtain financial assistance through the college work-study, national direct student loan, and guaranteed student loan programs.

Mr. MICHEL. Regarding the language and area studies program, what are you doing to implement our fiscal year 1975 report language which asks that: "Attention should be directed to maintaining competent area programs in addition to the few centers of recognized national prominence?" In recent years you have been apparently inclined to solely support the latter. Have you taken steps to see to it that the many good programs in language and area studies that were developed with the assistance of Federal funds, but which lately are not experiencing a continuation of such help, will receive some of the increases in this program provided by Congress. Could you supply us with data on what has been accomplished here?

Dr. PHILLIPS. Within the limitations of available funds and the results of a rigorous national competition, we have made significant progress in implementing the language in the committee's fiscal year 1975 report. With the additional funds appropriated in fiscal year 1975, the Office of Education made grants in support of 16 additional centers for the study of world regions and languages critical to the national interest. Of these 16, 6 were centers that had previously received Federal support under title VI of the National Defense Education Act, but which had not been successful in the open national competition for the 50 center grants available in the fiscal year 1973 competition. That was the year in which the program was redesigned to focus on 50 centers rather than the larger number of 106 that had been assisted in earlier years.

The 1976 appropriation level will enable the Office of Education to provide assistance to a still larger number of centers, 70 to 75 rather than the 66 currently assisted. As you know, the centers program is aimed at helping maintain and strengthen centers of academic excellence. These centers are selected through a rigorous, open national competition according to criteria published in the Federal Register. That competition is now in process, and the results will hold for 3 years, subject to annual review, continued satisfactory performance,

and the availability of funds. We will not know the final results until sometime in April.

Any center which has received several years of Federal assistance under the NDEA title VI program would normally seem to have an advantage if the sponsoring institution is serious about its own commitment to international studies and has continued to strengthen program development through its own resources. The process of open competition and objective evaluation against published criteria are the best means of helping insure that the available resources are allocated to those institutions committted to making the best and most productive use of them in the national interest.

Mr. MICHEL. I would appreciate having those answered.

Mr. FLOOD. Mr. Early.

PERSONNEL COST

Mr. EARLY. Thank you, Mr. Chairman.

With regard to your comment that your Department contains 2.5 percent of HEW's employees, Mr. Commissioner, and that your payroll constitutes 17 percent of your budget. I take it, yours is the high-priced staff?

Dr. PHILLIPS. I think he meant 17 percent of the total program dollars within the Department of Health, Education, and Welfare are administered by 2.5 percent of the total employees in the Department of Health, Education, and Welfare.

Mr. EARLY. And what percent of the payroll does that 2.5 percent represent?

Dr. PHILLIPS. I would assume 2.5 percent roughly.

Mr. EARLY. I assumed the 2.5 percent was numbers.

Dr. BELL. It was numbers, but they were referring to the dollars obligated by the programs we administer.

Mr. YORK. Mr. Early, if you are referring to our salaries compared to our program dollars in the Office of Education, our salaries account in this budget is approximately $55 or $56 mililon with a program of almost $6 billion.

So that is the relationship of our salary dollars to our program dollars in the Office of Education.

Mr. EARLY. Dr. Phillips, from your statement, I gather that we are moving toward full funding of basic grants. We are getting away from the loan type of programs. Have you determined that that is a better approach? I know in my State they think there should be some repayment features, but evidently you don't.

Dr. PHILLIPS. Mr. Early, I think again we need to distinguish between the Federal participation in student aid and the total array of student aid programs.

Our feeling is that the provision of grant resources is a particular responsibility of the Federal Government because the alternative sources of funds are pretty limited, whereas there are alternative sources of funds for both work and loans that can meet the needs of students.

Mr. EARLY. Alternatives in the States to the Federal programs? My State just cut back drastically on State loans, State scholarships.

Dr. PHILLIPS. I am not familiar with their cutback in State scholarships, but, one of the advantages of this budget is that it provides a 14.5-percent increase in total grant moneys from the Federal Govern-

ment over the 1976 appropriation level. Thus if it is indeed the case that Massachusetts has reduced its commitment to scholarship and grant moneys, then I would think this budget would be helpful to the students in the State of Massachusetts.

As far as the availability of loans is concerned, I am talking about the availability of loans in all the different programs, including institutions that lend money from revolving funds that are independent of Federal Government sources.

Mr. EARLY. I just feel, Dr. Phillips, that a repayment feature in assistance programs for anyone, disadvantaged, minority, anyone, makes a more productive type of program.

Dr. PHILLIPS. We agree with you. We are saying that we should fully fund basic grants up to half of need and we are saying that in some cases you may also want to have a federally subsidized work program, but that is still going to leave a dimension of need that cannot be met through a grant or a work opportunity program subsidized by the Federal Government. That means you will need to rely upon an NDSL loan financed out of the recycled moneys or on guaranteed loan which we are continuing to support at the full funding level.

DIRECT LOANS

Mr. EARLY. You are recommending phasing out the direct loan?

Dr. PHILLIPS. No, we are recommending——

Mr. EARLY. Capital contributions.

Dr. PHILLIPS. That is right, sir, but with the elimination of new Federal capital contributions we would still have a total of $3.2 billion in the institutional revolving funds, an amount which has been accumulated since 1958.

Mr. EARLY. But those are outstanding. You are talking about what we were doing in the past as opposed to what we will do in the future.

Dr. PHILLIPS. But annually those institutions collect and relend $250 million in new loans and with the additional staff and the additional effort that we intend to put forth to try to increase the collections in that program, we think that that amount of money can be increased further, from $250 to $300 million or even higher in terms of an annual turnaround of new loans available from these accounts without additional Federal capital contribution.

BASIC EDUCATIONAL OPPORTUNITY GRANTS

Mr. EARLY. In your academic 1974–1975 year you had 1,305,000 applications.

How many of those were eligible?

Dr. PHILLIPS. I believe the eligibility rate was 59 percent, and 59 percent of 1,305,000 would be roughly 750,000.

Mr. EARLY. Of that 59 percent that were eligible, did they all receive a grant?

Dr. PHILLIPS. No, sir.

On the average 20 percent of those who received notice of eligibility did not actually use the grant, did not actually go to school and cash their entitlement.

Mr. EARLY. They had an opportunity to?

Dr. PHILLIPS. Yes.

Mr. EARLY. Therefore, in this academic 1975–1976, you are estimating almost 2.5 million applications. What is the estimated number of eligibles?

Dr. PHILLIPS. The estimated eligibles are going up slightly—60, 62 percent. And the propensity to use the eligibility is also going up slightly. The latest figure is 84 percent instead of 80 percent. So we can figure 60 percent of 2 million, and then 84 percent of that would provide the figure you are looking for.

Mr. EARLY. The funds in this budget will allow you to again offer 100-percent basic grant participation?

FULL FUNDING COST IN FISCAL YEAR 1977

Dr. PHILLIPS. No, sir. When we composed this budget, we thought that the full funding costs would be $1.1 billion. The new information about participation did not come to us until after this budget had been developed. The $1.1 billion figure does not now appear sufficient to fully fund the program. The full funding cost would be more like $1.379 billion. And how to meet that additional $279 million requirement is an issue yet to be resolved within the administration.

SPECIAL PROGRAMS FOR THE DISADVANTAGED

Mr. EARLY. With regard to the TRIO question brought up by the chairman, you identified the one program that you are dropping, which was $1,100 per student. Are we eliminating that program to arrive at a better statistic? What was the most productive program—maybe that is the one we should keep.

Dr. PHILLIPS. We are not eliminating a program but rather the highest cost factor in that program.

Mr. EARLY. We are not just eliminating that to establish a statistic.

Dr. PHILLIPS. No.

Mr. EARLY. Would you supply for the record a breakdown on what that program was, how many people were involved, and which ones it served?

Dr. PHILLIPS. Yes, sir.

[The information follows:]

UPWARD BOUND PROGRAM 1975 APPROPRIATION AWARDED FOR USE IN FISCAL YEAR 1976

	Regular projects	Special veterans projects	Total
Funds awarded	$35,261,130	$3,065,870	$38,327,000
Number of projects	355	48	403
Estimated number of students served	29,259	24,076	53,335
Estimated cost per student	$1,205	$127	$719

REGULATION PROPOSAL

Mr. EARLY. Again, one of your replies to Mr. Michel as to establishing a regulation, I think you said you were prepared to propose. How far advanced is that proposal?

Dr. PHILLIPS. We are now writing the regulation with our lawyers, so that it can become published as a proposed rule within the next 30 days. The concepts have already been determined, we have agreed upon them internally. We are now translating them into a formal proposed regulation for publication in the Federal Register.

STUDENT ASSISTANCE RATIONALE

Mr. EARLY. I see. Well, the hour is late. I am just going to close with one final question.

Dr. Bell, would you for the record give me a statement—send it to my office—on why we are not moving toward implementing a total loan program as opposed to a basic grant program. I just don't find that handouts work. In a loan type of approach, the student has to repay the funds down the road. There is no repayment feature until after the student graduates and he or she gets through graduate school. That to me is a much better approach. It can be available to every student but each will be responsible to pay it back.

Dr. BELL. That is correct. In fact, we pay the interest while they are in school, so they do not have any payments.

Mr. FLOOD. Would you see that Mr. Early gets a statement as well, separate and distinct from what you are saying now.

Dr. BELL. Yes, we will send you a statement of the rationale.

[The information follows:]

In our judgment, financial aid to low-income students should consist of a balanced package of grants, loans, and student earnings. If such students were to be required to borrow all of the money needed to cover most or all of their cost of education, they would be burdened with such a large debt when they completed their education that many of them would have great difficulty in repaying their loans. Experience has shown that if students acquire too heavy a burden of debt in paying for their education, the likelihood of default increases substantially. Speaking of default, it should be pointed out that while both grant and loan programs are vulnerable to fraud and misuse of funds by both schools and students, only the loan programs are faced with the problem of default. The problem of default and our efforts to collect on defaulted loans have imposed a considerable burden on the guaranteed loan program and are requiring the expenditure of considerable time and effort by a sizable staff of Federal loan collectors and claim examiners. Institutions are faced with similar problems in making collections on NDSL loans.

As indicated in our reference to a balanced package of student aid, we would certainly agree that all students, including low-income students, should be expected to contribute toward meeting their educational expenses. That is why our budget proposal provides for the continuation of the college work-study and guaranteed student loan programs. We have proposed to discontinue the national direct student loan (NDSL) program because it essentially duplicates the guaranteed loan program. We believe that all of the student loan needs can be met by the guaranteed loan program, which derives its loan funds from private sources, and the existing NDSL loan funds at institutions, which now total more than $3 billion. Parenthetically, we would like to point out that our desire to eliminate duplication in the Federal student aid programs has also led us to propose elimination of a grant program; namely, the supplemental educational opportunity grants (SEOG) program which in our judgment overlaps the basic grant program.

In regard to the basic grant program, it is important to note that, even at full funding, a student's basic grant cannot exceed one-half of his or her cost of education. Thus most basic grant recipients must work and/or borrow in order to cover part of their educational expenses. Our legislative proposal to the Congress to extend and amend the Higher Education Act would further strengthen the student self-help concept by limiting the basic grant to one-half the difference

between a student's family contribution and the cost of education (one-half of need) rather than the current one-half of cost regardless of the student's family contribution.

We would like to conclude by stating that in our judgment our budget request for student assistance provides a proper balance between grants and loans. The maintenance of that balance can be illustrated by the fact that in academic year 1976–77 we estimate that federally supported loans will amount to $1.851 billion, while federally supported grants, including State matching funds, will total $1.643 billion. The grant figure assumes that the administration will request and the Congres will appropriate supplemental funds to bring the basic grant program up to the full funding level.

Mr. EARLY. OK. Thank you, Mr. Chairman.

Mr. FLOOD. Mr. Roybal?

REASONS FOR STATE INCREASE

Mr. ROYBAL. You are asking for 200 new permanent positions and 94 temporary positions to investigate fraud in higher education programs. Is there any indcation of an increase in fraud?

Mr. YORK. Of the 200 new permanent positions requested in fiscal year 1977, 72 of these positions are needed in the guaranteed student loan program. Twenty-four of these positions will be utilized in compliance activities; 14 in central office and 10 in the regional offices. The emphasis will be on curtailing or reducing the increasing evidence of program abuse and allegations of fraud; 28 positions will be assigned to the regional office collection function targeted to the recovery effort on defaulted loans and the determination, of the collectability of defaulted loans. The remaining 20 permanent positions will be utilized in the central office and regional offices to strengthen systems, operations, and management efforts.

The 94 temporary positions will make possible the elimination of the backlog of unprocessed accounts which require collection. The remaining 128 permanent positions are being requested to strengthen the other student financial aid programs: BOGS, State student incentive grants, SEOG, NDSL, CWS, and the accreditation and institutional eligibility functions.

Mr. ROYBAL. We have heard of fraud in the guaranteed student loan program. What is the situation? Have the high number of defaults in this program moderated in the past year?

Mr. YORK. There is an increase in allegations of fraud in all student aid programs, this requires investigation. The number of default claims received for processing in this past year has not been significantly higher than last year. There are more claims but the previous sharp increases from year to year previously experienced is not occuring this year. It appears possible that the high defaults in this program are beginning to moderate.

Mr. ROYBAL: There are quite few figures being talked about back and forth concerning the basic economic opportunity grants (BEOG). I wonder if you would supply the following items for the record for each of the 3 years the program has been in operation: (*a*) The number of students who apply for the grant; (*b*) the number of students who got grants; (*c*) the participation rate of students; (*d*) the average size of the grant award; (*e*) our appropriation for each year; (*f*) your budget outlay; and (*g*) whether there was any excess of funds left over.

Mr. PHILLIPS. Yes; we would be happy to supply you with this information.

[The information follows:]

BASIC EDUCATIONAL OPPORTUNITY GRANTS—PROGRAM SUMMARY, 1973-75

	Academic year—		
	1973-74	1974-75	1975-76
Number students applying for grants	512,866	1,304,877	2,450,000
Number of recipients	177,162	573,403	1,268,300
Participation rate (percent)	32	51	74
Average grant	$271	$618	$800
Funds available	$122,100,000	$535,000,000	$1,011,500,000
Appropriation [1]	($122,100,000)	($475,000,000	($660,000,000)
Prior year balance		($60,000,000)	($171,300,000)
Other [2]			($180,200,000)
Obligations	$62,100,000	$363,700,000	[3] $1,011,500,000

[1] Includes amounts appropriated for administration.
[2] Reprogramed from fiscal year 1976 appropriations.
[3] Estimated.

Mr. ROYBAL. Now you have sent down a request for a supplemental appropriation of $180.2 million for this program (BEOG). You indicate that this may not cover the total amount needed. What is the total amount you project you will need? Why didn't you request this amount?

Dr. PHILLIPS. As you know, we had another funding problem this year. This time, instead of requesting carryover authority as a result of underutilization, we found ourselves in a short-fall situation where we did not have sufficient funds to meet the demand for the current year, 1975–76.

In order to obtain the funds necessary to meet this year's commitment in basic grants, we came to the Congress requesting authority to reprogram $180.2 million from the 1976 basic grant appropriation. The supplemental budget request you refer to was submitted in order to restore the amount borrowed from the 1976 appropriation.

At this time, we are estimating that the total amount needed to fully fund the program in 1976–77 will be about $1.315 billion, plus $11.5 million for administrative expenses. This estimate is based on the best information we have available on this year's activity and represents an increase of $611.5 million over the amount appropriated for making payments in fiscal year 1976. We have not submitted a supplemental budget request for the amount of $611.5 million for several reasons. First, the $180.2 million supplemental was requested in order to obtain the reprograming authority needed to meet this year's demand. The submission of this request was necessary prior to the Congress' granting the reprograming authority. At that time, we needed more time to finalize our estimates for full funding for next year. Second, there are a number of policy and budgetary considerations which must be resolved before decisions can be reached on approaches to be pursued in dealing with the funding problem for academic year 1976–77.

Mr. ROYBAL. It is my understanding that next year will be the first year we have covered all 4 college years, freshman through senior. Each year we have been adding another class that was eligible.

Do you have any projections on the number of students who will seek these grants, the participation rate, and the total cost, and can you provide us with a 5-year projection of each one of these numbers?

Dr. PHILLIPS. For the current year, 1975–76, we expect to have 1,268,000 recipients, and we expect this to increase to 1,521,000 in 1976–77 when we add the fourth class of students. We will be happy to provide a chart for the record which shows a 5-year projection of costs and numbers of students served.

[The information follows:]

BASIC EDUCATIONAL OPPORTUNITY GRANT PROGRAM

	5-yr projections at full-funding				
	1976–77	1977–78	1978–79	1979–80	1980–81
Program cost (millions)	$1,315	$1,365	$1,417	$1,471	$1,527
Recipients (thousands)	1,521	1,522	1,550	1,580	1,615

Assumes: 1. 1976–77 family contribution schedules with 6 percent CPI increase for each subsequent year. 2. Full funding current legislation. 3. 74 percent participation rate; full and part-time students. 4. Enrollment increases 4 percent each year. 5. Income and assets increase 5 percent each year. 6. Institutional charges increase 10 percent each year. 7. Does not include appropriation for administrative costs.

Mr. ROYBAL. There have been some complaints about the complexity of the BEOG forms. Have you done anything to cut down the complexity or the volume of information you requested?

Dr. PHILLIPS. We have made a thorough review of the basic grant application form and instructions each year. We have carefully looked at each item of information requested and have included only those data elements which are necessary either to calculate the applicant's expected family contribution or to facilitate coordination with State and/or institutional financial aid programs.

You may also be interested to know that in comparing the basic grant application form with the data collection instruments used by other need analysis systems, we have found that our form requires considerably less information and has the most thorough and detailed instructions of any form currently in use.

Mr. ROYBAL. You have cut the request for work study quite drastically. Would you explain why?

Mr. PHILLIPS. In order to fully fund the basic grant program and to continue full funding of the guaranteed student loan program and still keep the higher education budget within fiscally responsible limits, it was necessary to reduce or eliminate funding for other, lower priority programs. Since the private sector already provides about $5 billion in student employment, we consider that the function of the college work-study program is to supplement this private employment by subsidizing jobs for those needy students who cannot find jobs in the private sector. We believe that our proposed funding level will enable the program to adequately fulfill that function. This judgment is in accord with our basic position that we should concentrate funds on the basic grant program since there are no major non-Federal sources of grant money while the private sector is already the major source of loans and jobs.

Mr. ROYBAL. Currently the schools pay 20 percent on the basis of an 80 percent to 20 percent match formula. The President has indicated that he wants to raise the amount that colleges have to pay to 50 per-

cent over the next 3 years, 10 percent a year. How will schools that are already financially strapped find the additional money?

Dr. PHILLIPS. One of the attractive features of the work-study program is that employment opportunities may be arranged by the institution with both on-campus and off-campus employers. In fact, some of the most desirable work experiences are found with nonprofit agencies which serve the public interest and provide jobs which meet students' career and curricular interests. As long as a student receives the amount of compensation for meeting his or her need, it makes little difference what the source of pay is. The type of job experience may then become the more significant factor. The institution can relieve itself of considerable matching responsibility by cultivating off-campus employers, even at the 50-percent rate. Such employers would still consider that they are getting a bargain at the 50-percent rate of matching because of the quality of the work-study student employee. It is entirely possible that an off-campus employer would agree to pay a 50-percent share in the first year instead of 30 percent, thus giving the institution more funds to use in its on-campus program components.

Mr. ROYBAL. Each year the administration requests no money for "Supplemental opportunity grants" (SOG). (a) Why? (b) Who gets these grants? and (c) If we completely cut off these grants how will the students replace the amounts of the grants to pay for their own education?

Dr. PHILLIPS. We are proposing to eliminate the supplemental educational opportunity grants—SEOG—program because it essentially duplicates the basic grant program which we consider to be a more effective and more equitable means of dispensing grant funds. Basic grants provide money directly to students, thus preserving student freedom of choice among institutions, and it provides this money in accordance with a standard formula developed by the Office of Education and approved by Congress each year, thus insuring equitable treatment for all students. By contrast, SEOG funds are provided to institutions which then in turn disburse them to students in accordance with the judgment of individual student financial aid officers. For these reasons, we consider it in the best interests of needy students to reallocate the SEOG funds to basic grants, thus enabling us to fully fund the basic grant program.

An estimated 445,000 students will receive SEOG grants in fiscal year 1976. Of these about 67 percent come from families with income below $9,000 per year. According to fiscal year 1974 data, the most recent data which is available to us, 70 percent of the recipients attend public colleges and universities, 26.8 percent attend private colleges and universities, and 3.2 percent attend proprietary schools.

Basic grant recipients can supplement their grants with jobs, some of which can be subsidized by the college work-study program, and with loans from the guaranteed student loan program and from existing NDSL loan funds at institutions.

Mr. ROYBAL. You are again cutting off funding for direct student loans; why?

Dr. PHILLIPS. We are proposing to discontinue Federal funding for the national direct student loan (NDSL) program because it essentially duplicates the guaranteed student loan program. We

believe that all of the student loan needs can be met by the guaranteed loan program, which derives its funds from private sources, and the existing NDSL loan funds at institutions, which now total about $3 billion.

Mr. ROYBAL. You indicate that special programs for the disadvantaged are important. Would you briefly describe how they operate and what they have accomplished in the past year?

Dr. PHILLIPS. The special programs were authorized by the Congress, as you know, to prepare and provide access to and support in postsecondary education for low-income students who, for a variety of reasons, have poor educational preparation at the elementary and secondary level and/or the least opportunity for postsecondary education. Each of the four programs—talent search, upward bound, special services for disadvantaged students, and educational opportunity centers—contribute to this effort in different ways.

Talent Search provides funds to a staff of professionals to find low-come students in the target area. They work with these individuals to help them identify their educational needs and the institutions which can meet those needs, to complete applications for admissions and financial aid, and to help facilitate the preliminary transition into postsecondary education. Eligible applicants within a target area are those low-income youths in or out of high school, or who have dropped out of high school or postsecondary education. Such persons may include veterans, the physically handicapped, and female heads of household. Although over 50 percent of the projects are funded through institutions of postsecondary education, many are funded through agencies, and all tend to be housed in communities and have close working relationships with high school personnel in those communities.

Upward Bound's specific charge in the legislation is to provide skills and motivation necessary for success in postsecondary education to students from low-income families and with inadequate secondary education. This is accomplished by funding, almost totally, institutions of postsecondary education, which provide a summer residential program designed to improve students' academic and other skills as well as their motivation for pursuing education beyond high school. During the academic year, the summer experiences are reinforced, and additional skill and motivational development are provided on a weekly basis, both in the student's home community and on the institutional campus. The format varies slightly depending upon the setting of the institution and whether or not the students come from rural or urban settings. In each project, however, emphasis is placed on close personal attention to each student and academic and personal support for the student in the school environment.

Special services for disadvantaged students provides services to students from low-income backgrounds who are educationally, economically or culturally deprived, physically handicapped, or who have limited English-speaking ability. Eligible participants must be enrolled or accepted for enrollment at the institution which is the beneficiary of the grant. Projects are charged with providing remedial and other special services to project participants. This may take the form of tutoring, counseling—both academic and personal, skills development, and assistance to students in securing resources which are not authorized to be provided by the project.

Educational opportunity centers provide the services authorized under talent search and special services for disadvantaged students. Eligible participants are those individuals residing in an area with a major concentration of low-income population. The emphasis in this program is on providing a one-stop center where residents of the area in which the project is funded to work can receive assistance in moving into an appropriate postsecondary program and can receive academic and counseling support while they are in the program.

Statistics which support the accomplishments of the programs are available in too large a quantity to be discussed at any length in the presentation. It is important to say that the programs in toto are providing a variety of services to low-income youths and young adults, whose educational opportunities at various stages have been severely limited. In academic year 1974–75, talent search assisted 110,975 individuals, 61 percent of whom were enrolled in secondary schools. Of the total, 38 percent began postsecondary education during the year and 27 percent were accepted but had not yet begun their education. A recent study of the Upward Bound program done by the Research Triangle Institute supports the program's effectiveness and indicates that Upward Bound students enter postsecondary education at a rate of 71 percent while the control group enters at a rate of 47 percent. Tenth grade Upward Bound students were found to enter postsecondary education at a rate of 78 percent as compared with Upward Bound students from grades 11 and 12, whose entry rate was 69 percent. The earlier or longer the student is exposed to Upward Bound, the more likely he/she is to continue into postsecondary education. Office of Education statistics indicate that for Upward Bound students who enter postsecondary education, the overall retention rate is 49 percent.

In the special services for disadvantaged students program, 86,400 students were served during the past fiscal year. Only 2 percent left the project because of academic dismissal from the institution. Seventeen percent left the project to transfer or graduate from the institution.

And finally, the educational opportunity centers program, with 12 projects funded for its first year of operation last fiscal year, reported assisting approximately 32,000 persons, of which over 2,500 were veterans and more than 600 physically handicapped. More than 14,000 persons were aided in enrolling in several types of postsecondary programs.

Mr. ROYBAL. Why are you cutting the appropriation for this program by $10 million?

Dr. PHILLIPS. The administration has sponsored legislation that will consolidate the existing talent search and Upward Bound programs, together with the secondary functions of the Educational Opportunity Centers, into a single, one-purpose, secondary-oriented Center. This center will be able to provide for a variety of student needs at the secondary level: Tutoring, counseling, indepth preparatory instruction, supplemental programs, orientation, admissions and financial aid assistance, and placement. It is our belief that we will be in a better position to offer an efficient operation, at a reduced cost, through a single, consolidated secondary thrust, instead of three separate ones. We estimate that $29 million will support approximately the same number of students through such a single program.

The special services program, operating at the postsecondary level, is the single vehicle through which the Office of Education will support students at the postsecondary level. We estimate that $29 million, representing a $6 million increase, can extend this program to more students, again in a more effective manner. There is substantial evidence of the continued need to develop supportive services at this level for low-income students. The postsecondary dropout rate for minorities continues to be alarming. We have further requested training authority and $2,331,000 to develop centers that will have as their purpose the design of new techniques and methods to support students, to develop cost-effective management techniques, to provide a mechanism for the dissemination of information, and to provide a place to train personnel. It goes without saying that the improvement of the quality of education for low-income students requires the constant improvement of the professional capabilities of their teachers and administrators.

JUSTIFICATION OF THE BUDGET ESTIMATES

1

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

Higher Education

Fiscal year 1977 Budget	Page No.
Appropriation language and explanation of language changes	3
Language analysis	6
Amounts available for obligation	7
Summary of changes	8
Obligations by activity	10
Obligations by object	12
Authorizing legislation	13
Table of estimates and appropriations	14
Justification:	
A. Narrative:	
1. General statement	15
2. Activities	
(A) Student assistance	
(1) Basic opportunity grants	18
(2) Supplemental opportunity grants	21
(3) Work-study	23
(4) Subsidized insured loans	25
(5) Direct loans	32
(6) Incentive grants for State scholarships	36
(B) Special programs for the disadvantaged	38
(C) Institutional assistance	
(1) Strengthening developing institutions	40
(2) Language training and area studies	42
(3) University community services	46
(4) Aid to land-grant colleges	47
(5) State postsecondary education commissions	48
(6) Veterans cost-of-instruction	49
(7) Cooperative education	51
(D) Personnel development	
(1) College teacher fellowships	53
(2) Public service fellowships	54
(3) Mining fellowships	55
B. Program purpose and accomplishments	56
C. State tables	74
D. Transition quarter analysis	86

Appropriation Estimate

Higher Education

[For activities under title IV, part C of the Higher Education Act to carry out work-study programs, in addition to amounts made available elsewhere in this joint resolution and otherwise, an amount of $119,800,000, of which $60,000,000 shall remain available through September 30, 1975, and $59,800,000 shall remain available through June 30, 1976: *Provided,* That funds appropriated in the Departments of Labor, and Health, Education, and Welfare Appropriations Acts for the fiscal years ending June 30, 1974, and June 30, 1975 (Public Laws 93-192 and 93-517) for the work-study program under part C of title IV of the Higher Education Act of 1965, which have been granted to an eligible institution whose allocation exceeds the amount needed to operate a work-study program during the period for which those funds are available, shall remain available to the Commissioner for making grants to other eligible institutions until the end of the fiscal year succeeding the fiscal year for which such funds are appropriated: *Provided further,* That any amounts appropriated for basic opportunity grants for the fiscal year ending June 30, 1974, which are in excess of the amount required to meet the payment schedule announced for the academic year 1974-75, shall remain available for payments under the payment schedule announced for the academic year 1975-76;]1/

For carrying out, to the extent not otherwise provided, titles [I, III,] *III and* 2/ IV [, and parts A, B, C, and D of title IX and section 1203]3/ of the Higher Education Act, the Emergency Insured Student Loan Act of 1969, [as amended, section 207 and]4/ title VI of the National Defense Education Act, *and* the Mutual Educational and Cultural Exchange Act of 1961, [section 22 of the Act of June 29, 1935, as amended (7 U.S.C. 329), section 421 of the General Education Provisions Act, title IX of the Elementary and Secondary Education Act, and Public Law 92-506, $2,439,309,000]5/ *$1,994,351,000* of which [$240,093,000 for supplemental educational opportunity grants and]6/ amounts available for work-study grants and for incentive grants shall remain available through September 30 [1977] *1978*, [$23,750,000 shall be for veterans cost-of-instruction payments to institutions of higher education, $715,000,000]7/ *$1,100,000,000* shall be for basic opportunity grants (including

4

not to exceed [$11,500,000] *$14,000,000* for administrative expenses) of which [$703,500,000] *$1,086,000,000* shall remain available through September 30 [1977 and $452,000,000] *1978 and $400,000,000* for subsidies on guaranteed student loans shall remain available until expended [. For "Higher education" for the period July 1, 1976, through September 30, 1976, $124,000,000, to remain available until expended.] *: Provided, That funds appropriated for basic opportunity grants may be paid without regard to section 411(b)(4) of the Higher Education Act;*8/ *Provided further, That amounts appropriated for basic opportunity grants shall first be available to meet any insufficiencies in entitlements resulting from the payment schedule for basic opportunity grants published by the Commissioner of Education during the prior fiscal year; Provided further, That any amounts appropriated herein for basic opportunity grants in excess of the amounts required to meet the payment schedule published for any fiscal year shall be carried forward into the next fiscal year.*9/ (Public Law 94-41, Joint Resolution Continuing Appropriations, 1976; Education Division and Related Agencies Appropriation Act, 1976; additional authorizing legislation to be proposed for $1,636,401,000.)

Explanation of Language Changes

1/ Relates to fiscal year 1976 supplemental for work-study program.

2/ No funds are requested for University community services.

3/ No funds are requested for Personnel development programs, or for State post-secondary education commissions.

4/ No funds are requested for Loans to institutions under the Direct loan program.

5/ No funds are required for Aid to land-grant colleges, for State administration of Federal construction and equipment programs, for Ethnic heritage or for Ellender fellowships; the latter two programs are shown on a comparable basis in Elementary and secondary education account.

6/ No funds are requested for Supplemental educational opportunity grants.

7/ No funds are requested for Veterans cost-of-instruction payments.

8/ Proposes waiver of the provision in the authorizing legislation specifying appropriations for the older student assistance programs as a condition of Basic grants payments.

9/ Proposes waiver of the requirement that all of the amount appropriated for Basic grants be paid to students who are in attendance during a particular school year, permitting the funds not needed to meet the payment schedule for 1977-78, if any, to be carried forward and used along with the 1978 appropriation to meet the payment schedule for 1978-79. It would also permit use of the 1977 appropriation to meet any insufficiencies that might occur in connection with the 1976-77 payment schedule funded. This provision creates an allocation adjustment mechanism for Basic grants to permit issuance of a single, firm payment schedule early in the year providing recipients and institutions with timely and dependable awards information. The authorizing legislation currently requires all the program funds in an appropriation to be awarded to the pool of recipients in a single academic year, necessitating frequent adjustments in the payment schedule as the appropriation and the total number of actual participants becomes known. This provision would permit any shortfall to become a first priority claim on subsequent year funds, and any surplus to be carried forward into the next fiscal year rather than awarded as small end of year increments to existing grants.

6

Language Provision	Explanation
Provided that...funds appropriated for basic opportunity grants may be paid without regard to Section 411 (b) (4) of the Higher Education Act.	This provision waives the requirement in the authorizing legislation that specified amounts be appropriated for the older student assistance programs (Supplemental grants, Work-study, and Direct loan capital) before any payments are made under the Basic grants program to permit concentration of resources in the latter.
Provided further, That amounts appropriated for basic opportunity grants shall first be available to meet any insufficiencies in entitlements resulting from the payment schedule for basic opportunity grants published by the Commissioner of Education during the prior fiscal year: Provided further, That any amounts appropriated herein for basic opportunity grants in excess of the amounts required to meet the payment schedule published for any fiscal year shall be carried forward into the next fiscal year.	This provision creates an allocation adjustment mechanism for Basic opportunity grants to permit issuance of a single, firm payment schedule early in the year providing recipients and institutions with timely and dependable awards information. The authorizing legislation currently requires all the program funds in an appropriation to be awarded to the pool of recipients in a single academic year, necessitating frequent adjustments in the payment schedule as the appropriation and the total number of actual participants becomes known. This provision would permit any shortfall to become a first priority claim on subsequent year funds, and any surplus to be carried forward into the next fiscal year rather than awarded as small end-of-year increments to existing grants.
...amounts available for work-study grants and for incentive grants shall remain available through September 30,... 1978,	This provision permits two-year availability for work-study and State student incentive grants funds. Due to the full year forward funding aspect of these programs, the existence of excess funds cannot be ascertained until after the expiration of obligational authority under the current appropriation language. Providing two-year availability would permit the Office of Education to adjust funds among institutions during the academic year in which they are being utilized.
...not to exceed $14,000,000 for administrative expenses...	This provision continues an administrative set-aside amount for the Basic grants program which the basic authorizing legislation left unspecified. Without this provision the entire appropriation would be available only for program grants.

7

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

Higher Education

Amounts Available for Obligation[1/]

	1976	1977
Appropriation annual	$2,439,309,000	1,994,251,000
permanent	2,700,000	---
Enacted supplemental	119,800,000	---
Subtotal, appropriations	$2,561,809,000	1,994,251,000
Comparative transfer to:		
"Elementary and secondary education" for Ellender fellowships program	-500,000	---
"Elementary and secondary education" for Ethnic heritage program	-1,800,000	---
Subtotal, budget authority	2,559,509,000	1,994,251,000
Unobligated balance, start of period	890,135,000	343,635,000[2/]
Unobligated balance, end of period	-820,999,000[2/]	-350,186,000
Total, obligations	2,628,645,000	1,987,700,000

[1/] Excludes $768,140,000 proposed for rescission in Presidential Message R76-13 dated November 16, 1975 and $335,000,000 supplemental proposed for later transmittal.

[2/] Difference in unobligated balance, end of 1976 and start of 1977, is due to Transition Quarter obligations.

8

Summary of Changes
(Obligations)

1976 Estimated obligations	$2,628,645,000
1977 Estimated obligations	1,987,700,000
Net change	-640,945,000

	1976 Base	Change from Base
Increases:		
A. Built-in:		
1. Increases in inschool loans subject to interest benefits and in special allowance rate on outstanding loans	$410,463,000	$+70,186,000
2. Increased reimbursement rate on Direct loan teacher cancellations	8,960,000	+2,960,000
3. Subsidies on additional construction loans reaching repayment status	23,000,000	+2,000,000
Subtotal		$+75,146,000
B. Program:		
1. Basic opportunity grants-increase in recipient population and grant size	801,913,000	+185,137,000
Total increases		+260,283,000
Decreases:		
B. Program:		
1. Elimination of Supplemental opportunity grant program	240,103,000	-240,103,000
2. Reduction in Work-study program awards	509,800,000	-259,800,000
3. Elimination of Direct loan Federal capital contributions and loans to institutions	323,000,000	-323,000,000
4. Reductions in awards for Special programs for the disadvantaged	70,331,000	-10,000,000
5. Reduction in Language training and area studies awards	16,000,000	-6,000,000
6. Elimination of University community services program	12,125,000	-12,125,000
7. Elimination of Aid to land grant colleges program	12,200,000	-12,200,000
8. Elimination of State postsecondary education commissions program	3,500,000	-3,500,000
9. Elimination of Veterans cost-of-instruction program	23,750,000	-23,750,000
10. Reduction in number of Cooperative education grants	10,750,000	-2,750,000
11. Elimination of Personnel development programs	8,000,000	-8,000,000
Subtotal		-901,228,000
Total decreases		-901,228,000
Total, net change		-640,945,000

Summary of Changes
(Budget Authority)

1976 Enacted budget authority	$2,559,509,000
1977 Requested budget authority	1,994,251,000
Net change	-565,258,000

	1976 Base	Change from Base
Increases:		
A. Built-in:		
1. Increased reimbursement rate on Direct loan teacher cancellations	$8,960,000	$+2,960,000
B. Program:		
1. Basic opportunity grants-increase in recipient population and grant size	715,000,000	+385,000,000
Total increases		+387,960,000
Decreases:		
A. Built-in:		
1. Reduced requirement in Guaranteed student loans due to lower current year special allowance rate than projected	452,000,000	-52,000,000
B. Program:		
1. Elimination of Supplemental opportunity grant program	240,093,00	-240,093,000
2. Reduction in Work-study program awards	509,800,000	-259,800,000
3. Elimination of Direct loan Federal capital contributions and loans to institutions	323,000,000	-323,000,000
4. Reductions in awards for Special programs for the disadvantaged	70,331,000	-10,000,000
5. Reduction in Language training and area studies awards	16,000,000	-6,000,000
6. Elimination of University community services program	12,125,000	-12,125,000
7. Elimination of Aid to land grant colleges program	12,200,000	-12,200,000
8. Elimination of State postsecondary education commissions program	3,500,000	-3,500,000
9. Elimination of Veterans cost-of-instruction program	23,750,000	-23,750,000
10. Reduction in number of Cooperative education grants	10,750,000	-2,750,000
11. Elimination of Personnel development programs	8,000,000	-8,000,000
Subtotal		-901,218,000
Total decreases		-953,218,000
Total net change		-565,258,000

10

Obligations by Activity

Page Ref.		1976 Revised Budget	1976 Appropriation	1977 Estimate	Increase or Decrease
	Student assistance:				
18	(a) Basic opportunity grants	$801,913,000	$801,913,000	$1,088,050,000 1/	+$286,137,000
21	(b) Supplemental opportunity grants	10,000	240,103,000	---	-240,103,000
23	(c) Work-study	369,800,000	509,800,000	250,000,000	-259,800,000
25	(d) Subsidized insured loans:				
	(1) Interest subsidies	410,463,000	410,463,000	480,649,000	+70,186,000
	(2) Reserve fund advances	750,000	750,000	750,000	---
32	(e) Direct loans:				
	(1) Federal capital contributions	---	321,000,000	---	-321,000,000
	(2) Loans to institutions	500,000	2,000,000	---	-2,000,000
	(3) Teacher cancellations	8,960,000	8,960,000	11,920,000	+2,960,000
36	(f) Incentive grants for State scholarships	44,000,000	44,000,000	44,000,000	---
	Subtotal, student assistance	1,636,936,000	2,338,989,000	1,875,369,000	-463,620,000
38	Special programs for the disadvantaged	70,331,000	70,331,000	60,331,000	-10,000,000
	Institutional assistance:				
40	(a) Strengthening developing institutions:				
	(1) Basic program	52,000,000	52,000,000	52,000,000	---
	(2) Advanced program	58,000,000	58,000,000	58,000,000	---
	(b) Construction:				
	(1) Subsidized loans	23,000,000	23,000,000	25,000,000	+2,000,000
	(c) Language training and area studies:				
42	(1) Centers, fellowships and research	8,640,000	13,300,000	8,640,000	-4,660,000
44	(2) Fulbright-Hays fellowships	1,360,000	2,700,000	1,360,000	-1,340,000
46	(d) University community services	600,000	12,125,000	---	-12,125,000
47	(e) Aid to land-grant colleges:				
	(1) Annual appropriation	---	9,500,000	---	-9,500,000
	(2) Permanent appropriation	2,700,000	2,700,000	---	-2,700,000

Obligations by Activity

Page Ref.		1976 Revised Budget	1976 Appropriation	1977 Estimate	Increase or Decrease
48	(f) State postsecondary education commissions.....	$250,000	$3,500,000	---	$-3,500,000
49	(g) Veterans-cost-of-instruction.....	28,000	23,750,000	---	-23,750,000
51	(h) Cooperative education.....	8,000,000	10,750,000	8,000,000	-2,750,000
	Subtotal, institutional assistance....	154,578,000	211,325,000	153,000,000	-58,325,000
	Personnel development:				
53	(a) College teacher fellowships.....	1,000,000	1,000,000	---	-1,000,000
54	(b) Public service fellowships.....	---	4,000,000	---	-4,000,000
55	(c) Mining fellowships.....	---	3,000,000	---	-3,000,000
	Subtotal, Personnel development...	1,000,000	8,000,000	---	-8,000,000
	Total obligations	1,862,305,000	2,628,645,000	2,088,700,000	-539,945,000

1/ Reflects fiscal year 1976 supplemental of $335,000,000 proposed for later transmittal.

12

Obligations by Object 1/

	1976 Estimate	1977 Estimate	Increase or Decrease
Printing and reproduction.....	$ 1,950,000	$ 2,100,000	$ +250,000
Other services.....	9,550,000	11,900,000	4,250,000
Investments and loans.....	323,750,000	750,000	-323,000,000
Grants, subsidies, and contributions.....	2,287,881,000	1,967,153,000	-322,728,000
Insurance claims and indemnities.....	5,514,000	5,797,000	+283,000
Total obligations by object..	2,628,645,000	1,987,700,000	-640,945,000

1/ Does not reflect rescission of $768,140,000 as proposed in Presidential Message R76-13 dated November 16, 1975, or $335,000,000 supplemental proposed for later transmittal.

Authorizing Legislation

	Amount Authorized	1977 Budget Estimate
Higher Education:		
1. Student assistance: Higher Education Act (HEA)		
(a) Basic opportunity grants (HEA, Title IV-A-1)	1/	$1,100,000,000
(b) Supplemental opportunity grants (HEA Title IV-A-2)	1/	---
(c) Work-study (HEA, Title IV-C)	1/	250,000,000
(d) Subsidized insured loans:		
(1) Interest on insured loans (HEA, Title IV-B and Emergency Insured Student Loan Act).	1/	400,000,000
(2) Reserve fund advances (HEA, Title IV-B)	1/	---
(e) Direct loans:		
(1) Federal capital contributions (HEA, Title IV-E)	1/	---
(2) Loans to institutions (National Defense Education Act, Sec. 207)	Indefinite2/	---
(3) Teacher cancellations (HEA, Title IV-E).	1/	11,920,000
(f) Incentive grants for state scholarships (HEA, Title IV-A-3)		44,000,000
2. Special programs for the disadvantaged (HEA, Title A-4)	1/	60,331,000
3. Institutional assistance		
(a) Strengthening developing institutions (HEA, Title III)	1/	110,000,000
(b) Construction (HEA, Title VII-C, Sec. 745)	1/	---
(c) Language training and area studies		
(1) Centers fellowships and research (National Defense Education Act, Title VI)	1/	8,640,000
(2) Fulbright-Hays fellowships (Mutual Educational and Cultural Exchange Act of 1961)	Indefinite	1,360,000
(d) University community services (HEA, Title I)	1/	---
(e) Aid to land-grant colleges:		
(1) Annual appropriation (Bankhead-Jones Act)	12,460,000	---
(2) Permanent appropriation (Second Morrill Act)	2,700,000	---
(f) State postsecondary education commissions (HEA, Sec. 1203)	1/	---
(g) Veterans cost-of-instruction (HEA, Sec. 420)	1/	---
(h) Cooperative education(HEA, Title IV-D)	1/	8,000,000
4. Personnel development (HEA, Title IX)		
(a) College teacher fellowships (HEA, Title IX-A)	1/	---
(b) Public service fellowships (HEA Title IX-A and C)	1/	---
(c) Mining fellowships (HEA Sec. 961(a)(1))	1/	---

1/ Authorization, under a one-year extension authority in the General Education Provisions Act, Sec. 414(a), expires September 30, 1976. Extension legislation to be proposed only for those programs for which funds are requested.

2/ Such sums as may be necessary, but not to exceed $25,000,000.

14

Higher Education[1/]

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1967	$1,073,494,000	$1,164,307,000	$1,151,507,000	$1,156,307,000
1968	1,153,650,000	1,132,150,000	1,132,150,000	929,255,000
1969	823,020,000	6,920,000	786,852,000	778,620,000
1970	798,284,000	867,833,000	1,009,074,000	831,734,000
1971	837,725,000	880,180,000	1,014,970,000	941,180,000
1972	1,892,754,000	1,193,344,000	1,782,174,000	1,409,354,000
1973	1,618,572,000	1,098,502,000	1,751,932,000	1,682,472,000
1974	1,747,414,000	1,808,414,000	2,025,414,000	1,859,997,000
1975	2,176,923,000	2,212,171,000	2,199,491,000	2,205,671,000
1976	2,005,041,000	2,463,684,000	2,652,434,000	2,556,809,000
Proposed Rescission	-768,140,000			
1977	1,994,251,000			

[1/] Excludes $2,700,000 permanent appropriation for land-grant colleges under the Second Morrill Act.

Justification

Higher Education

	1976 Revised Budget	1976 Appropriation	1977 Estimate	Increase or Decrease
Higher Education:				
1. Student assistance:				
(a) Basic opportunity grants	$1,050,000,000	$715,000,000	$1,100,000,000	$+385,000,000
(Obligations)	(801,913,000)	(801,913,000)	(1,088,050,000)	(+286,137,000)
(b) Supplemental opportunity grants	---	240,093,000	---	-240,093,000
(Obligations)	(10,000)	(240,103,000)	(---)	(-240,103,000)
(c) Work-study	369,800,000	509,800,000	250,000,000	-259,800,000
(d) Subsidized insured loans:				
(1) Interest subsidies	452,000,000	452,000,000	400,000,000	-52,000,000
(Oblig.)	(410,463,000)	(410,463,000)	(480,645,000)	(+70,186,000)
(2) Reserve fund advances	---	---	---	---
(Oblig.)	(750,000)	(750,000)	(750,000)	(---)
(e) Direct loans:				
(1) Federal capital contributions	---	321,000,000	---	-321,000,000
(2) Loans to institutions	500,000	2,000,000	---	-2,000,000
(3) Teacher cancellations	8,960,000	8,960,000	11,920,000	+2,960,000
(f) Incentive grants for State scholarships	44,000,000	44,000,000	44,000,000	---
Subtotal, Student assistance	1,925,260,000	2,292,853,000	1,805,920,000	-486,933,000
(Subtotal, Obligations)	(1,636,946,000)	(2,338,989,000)	(1,875,369,000)	(-463,620,000)
2. Special programs for the disadvantaged	70,331,000	70,331,000	60,331,000	-10,000,000
3. Institutional assistance:				
(a) Strengthening developing institutions:				
(1) Basic program	52,000,000	52,000,000	52,000,000	---
(2) Advanced program	58,000,000	58,000,000	58,000,000	---
(b) Construction: Subsidized loans	---	---	---	---
(Obligations)	(23,000,000)	(23,000,000)	(25,000,000)	(+2,000,000)

16

	1976 Revised Budget	1976 Appropriation	1977 Estimate	Increase or Decrease
3. Institutional assistance-cont.:				
(c) Language training and area studies:				
(1) Centers, fellowships, and research	8,640,000	13,300,000	8,640,000	-4,660,000
(2) Fulbright-Hays fellowships.....	1,360,000	2,700,000	1,360,000	-1,340,000
(d) University community services.	600,000	12,125,000	---	-12,125,000
(e) Aid to land-grant colleges:				
(1) Annual appropriation.	---	9,500,000	---	-9,500,000
(2) Permanent appropriation.....	2,700,000	2,700,000	---	-2,700,000
(f) State post-secondary education commissions	250,000	3,500,000	---	-3,500,000
(g) Veterans cost-of-instruction.....	28,000	23,750,000	---	-23,750,000
(h) Cooperative education.....	8,000,000	10,750,000	8,000,000	-2,750,000
Subtotal, Institutional assistance.....	131,578,000	188,325,000	128,000,000	-60,325,000
(Subtotal, Obligations)...	(154,578,000)	(211,325,000)	(153,000,000)	(-58,325,000)
4. Personnel Development:				
(a) College teacher fellowships....	1,000,000	1,000,000	---	-1,000,000
(b) Public service fellowships....	---	4,000,000	---	-4,000,000
(c) Mining fellowships.....	---	3,000,000	---	-3,000,000
Subtotal, Personnel development....	1,000,000	8,000,000	---	-8,000,000
Total.....	2,128,169,000	2,559,509,000	1,994,251,000	-565,258,000
(Total, Obligations).	(1,862,305,000)	(2,628,645,000)	(2,088,700,000)	(-539,945,000)
Positions.....		785	974	+189

NOTE: Obligations appear only where different from new obligation authority.

General Statement

The budget proposes to concentrate most of the funds in the Higher education appropriation on student financial aid while also proposing to eliminate a number of narrow categorical aid programs as well as two less effective and duplicative student financial aid programs. More than 90 percent of the funds requested will go to support four student financial aid programs, Basic educational opportunity grants, Guaranteed student loans, Work-study, and State student incentive grants. This distribution of funds will help assure access to postsecondary education for all who seek it as well as a measure of choice in the selection of an educational institution which will most effectively serve a student's educational needs.

The budget is built on the intent to fully fund Basic opportunity grants. Based on current projections of the eligible population and the participation rate in the Basic grant program, it is believed that the amount requested in fiscal year 1977 will permit achievement of the stated goal of equal educational opportunity for all if the proposed funding strategy is adopted.

A total of 191 new positions are requested for student financial aid programs, of which 88 are in headquarters and 103 are in the regional offices. The requested positions will be used to improve loan collections, program auditing and compliance monitoring, deal with fraud and program abuse, and meet administrative requirements related to program expansion.

Authorizing legislation will be submitted for those programs for which extension is proposed.

18

	1976 Revised Budget	1976 Appropriation	1977 Estimate	Increase or Decrease
1. Student assistance:				
(a) Basic opportunity grants	$1,050,000,000	$715,000,000	$1,100,000,000	$+385,000,000
Summary of awards:				
Total awards		$703,500,000	$1,086,000,000	$+382,500,000
Number		1,056,000	1,270,000	+214,000
(Obligations)		(801,913,000)	(1,088,050,000) 1/	(+286,137,000)
New awards 2/		703,500,000	1,086,000,000	+382,500,000
Number		1,056,000	1,270,000	+214,000
Positions		65	112	+47

1/ Reflects fiscal year 1976 supplemental proposed for later transmittal.
2/ All new in that there is no commitment to renew grants in second, third, and fourth year.

Narrative

Program purpose

To help qualified students finance their postsecondary education. The program provides grants to students at collegiate, postsecondary vocational, technical trade and proprietary institutions who are carrying at least half of a normal full-time load. Student eligibility is based primarily on need as determined by a formula developed by the Office of Education and approved by Congress annually. Once approved the formula is applied to all applicants for the entire academic year. Since the formula is reviewed and approved on an annual basis, students must apply every year. The amount of each student's grant is based on need and the cost of attendance at the school in which the student enrolls. At full funding, grants range from $200 to $1400. At less than full funding, awards are reduced in accordance with a schedule included in the authorizing legislation.

Eligible students may receive Basic grant awards for up to four academic years except under certain circumstances when the duration of eligibility may be extended to five years. The program is forward funded; that is, the fiscal year 1977 appropriation is for academic year 1977-78.

Budget policy

Full funding of the Basic grant program promotes the Administration's goal of facilitating access to postsecondary education for all qualified persons. The requested amount is expected to provide full entitlement grants, assuming (a) that 59% of eligible students apply and actually receive grants; (b) the need test is not liberalized over the approved academic year 1976-77 Family Contribution Schedule; and (c) the maximum award level is $1400 not to exceed half-of-need. To the degree that these estimates are faulty, we will advise Congress whether or not we wish to increase or decrease our appropriation request. A legislative amendment will be submitted to effect a change from half-of-cost to half-of-need.

In fiscal year 1977 an estimated 1,270,000 full and part-time students would receive grants ranging from $200 to $1400 averaging $855 from the $1,086,000,000 available for program grants. The remaining $14,000,000 would be reserved for contractual administrative expenses.

The requested increase in administrative set aside is required to provide: (1) a student information and services allowance to participating institutions, based on a $2 per student payment for the estimated 950,000 Basic grant recipients enrolled in the 1975-76 academic year; (2) higher costs for such items as application processing, printing, postage, mail handling and public information functions associated with the anticipated 20 percent increase in the number of awards; (3) increased training of high school guidance counselors, student financial aid and fiscal officers and more specialized training to reach special consumer groups outside the educational mainstream such as Indians and migrant workers; and (4) a decrease in the percentage of postage and fees expenses paid by the general S&E funds, and increases in postal rates.

The following table summarizes the distribution of contractual administrative expenses:

	Estimated Obligations	
	FY 1976	FY 1977
Institutional Student Information and Services Allowance	---	$ 1,900,000
Application Processing	$ 4,900,000	5,000,000
System Development	1,250,000	1,000,000
Training	1,000,000	1,000,000
Management Studies	600,000	600,000
ADP	500,000	500,000
Public Information	425,000	425,000
Mail Handling	75,000	75,000
Application Printing	1,600,000	1,700,000
General Printing	350,000	400,000
Public Inquiry Contract	300,000	400,000
Postage and fees	500,000	1,000,000
	11,500,000	14,000,000

Special appropriation language will again be requested to allow adjustments of funds between academic years unless authorizing legislation is enacted to make such special language unnecessary.

In fiscal year 1976, (academic year 1976-77) the $703,500,000 available is expected to provide grants averaging $666 to 1,056,000 first, second, third, and fourth year students enrolled on at least a half-time basis.

The 1976 Revised Budget reflects a supplemental of $335,000,000 proposed for later transmittal, to fully fund the Basic grant program, contingent on Congressional approval of proposed rescissions. The proposed supplemental request is based on current population and participation rate projections; to the degree that these estimates are faulty, we will advise Congress whether or not we wish to increase or decrease that proposed supplemental.

Staffing

A total of 47 new positions are being requested in fiscal year 1977, 10 of which will be assigned to the regional offices. The requested positions are essential to strengthen management controls and system operation and to increase the ability to prevent fraud and control program abuse.

The requested positions will be used in the following program areas:

--The cumulative expenditures reports which institutions are required to submit three times a year constitute the first line of defense against improper disbursement of Basic grant funds. At the present time, however, the Office of Education has only 21 persons available to review and reconcile the information contained in the 15,000-plus reports received annually (a ratio of about 1:700), with the result that 85 percent of the year-end reports for 1973-74 have not yet been completely reconciled, and work has not even begun on reconciliation of the 1974-75 year-end reports.

--The assignment of 19 additional persons to this activity will permit the Office of Education to refine the ADP review and reconciliation systems, eliminate the backlog of unreconciled reports from the last two years, and conduct a prompt review and reconciliation of the 16,000-plus reports which are estimated to be received for 1975-76 and future-year operations. With a reduction in the overall ratio of personnel available to reports received from 1:700 to 1:400, the Office of Education will be in a position to set a realistic objective of a 90-day average turnaround time from the date of submission to the date of reconciliation for 1977-78 operations.

--As this management objective is realized, the Office of Education will then be in a position to initiate timely follow-up actions on the basis of problems disclosed in the expenditure reports, including on-site program compliance reviews in collaboration with Regional Office staff assigned primarily to the Student financial aid programs.

--Ten additional positions will be assigned to the regional office staff for identifying the institutions that require site visits, determining the schedule and content of the on-site program compliance reviews, participating in the compliance reviews as necessary, reviewing the written reports of site visits, determining the corrective actions to be taken, providing technical assistance to assure that corrective actions are taken, and referring problem cases for audit and/or investigation.

--The remaining 18 positions will be used to establish and operate the systems required to validate student application information, to review and resolve audits, and to limit, suspend or terminate the participation of "problem" institutions in the Basic Grants program. With student applications already running at an annual rate of two million and 250 unresolved audit reports already accumulated, the importance of securing additional personnel to handle these critical abuse control functions is heightened.

	1976 Revised Budget	1976 Appropriation	1977 Estimate	Increase or Decrease
1. Student assistance: (b) Supplemental educational opportunity grants	---	$240,093,000	---	-$240,093,000
Summary of awards:				
Total awards 1/		$240,093,000	---	-$240,093,000
Number		445,000	---	-445,000
New awards		$124,833,000	---	-$124,833,000
Number		242,000	---	-242,000
Competing continuations		$115,360,000	---	-$115,360,000
Number		203,000	---	-203,000
Positions		24	44	+20

1/ Including institutional administrative allowance.

Narrative

Program purpose

To help make available the benefits of postsecondary education to qualified students of exceptional financial need, a program of supplemental educational opportunity grants to students provided through postsecondary institutions.

Grant size, based on the student's financial need as determined by the institution, ranges from $200 up to a maximum of $1500 for an academic year, or one half of the total amount of financial aid provided to the student by the institution, whichever is the lesser amount. The program is forwarded funded; that is, the current year appropriation will support grants to students during the next academic year.

Allotments to States for initial year awards are determined by formula based on the number of full-time higher education students and the full-time equivalent in a State compared with the total of such enrollments in the U.S. Allocations to institutions within a State are made on the basis of approved institutional applications. The approved requests are prorated down to remain within the allotment to the State by formula. Continuation awards are distributed according to need.

Budget policy

No funds are requested for this program, because it is less equitable than other forms of student assistance. The available grant funds should be concentrated on Basic educational opportunity grants and State student incentive grants, which most directly and equitably deliver the available funds to the neediest students.

In fiscal year 1976 the $240,093,000 appropriated would be awarded to approximately 3700 institutions to support grants to an estimated 445,000 needy students in academic year 1976-77.

Rescission of the total appropriation has been proposed to Congress, consistent with the 1976 President's budget.

Staffing

A total of 20 new positions is being requested for the Supplemental educational opportunity grant program in fiscal year 1977. Sixteen of these new positions are proposed for assignment to the regional offices. These 16 positions will be distributed on the basis of systematic workload measurements, such as the numbers of grants and institutions relative to the numbers of existing personnel. These personnel will be primarily responsible for assessing institutional compliance with Student financial aid program requirements, preventing and correcting institutional misuse of student financial aid program funds, referring evidence of fraudulent activities to appropriate central office program authorities for follow-up, collaborating with such authorities in preparing comprehensive and detailed reports covering such fraudulent activities, and referring said reports to appropriate investigative authorities for prosecution.

The remaining four new positions will be assigned to the student financial aid audits staff in headquarters, to bring the backlog of outstanding audits under control, to prepare United States Office of Education for expeditious handling of the much larger audit volume which will follow from the systematic on-site program compliance reviews and to expedite the application and fiscal operation report reviews in a timely fashion.

Even though funds are not requested for the Supplemental educational opportunity grant program in fiscal year 1977, the additional resources are critical for management of existing programs which are in place at 3,700 postsecondary educational institutions.

	1976 Revised Budget	1976 Appropriation	1977 Estimate	Increase or Decrease
1. Student Assistance: (c) Work study	$369,800,000	$509,800,000 1/	$250,000,000	$-259,800,000

1/ Includes a supplemental of $119,800,000 which was appropriated in fiscal year 1976 to support program operations during academic year 1975-76, plus the regular fiscal year 1976 appropriation of $390,000,000 to support program operation during 1976-77.

Summary of awards:			
Total awards	$390,000,000	$250,000,000	$-140,000,000
Number	895,000	652,000 2/	-243,000
New awards	$195,000,000	$125,000,000	$-70,000,000
Number	447,500	326,000 2/	-121,500
Competing continuations	$195,000,000	$125,000,000	$-70,000,000
Number	447,500	326,000 2/	-121,500
Ppsitions	35	61	+26

2/ Assuming a decrease in the Federal share from 80 percent to 70 percent

Narrative

Program purpose

To assist financially needy students in postsecondary institutions with the means of financing a portion of their education through part-time employment, grants are authorized to institutions for partial reimbursement of wages paid to students employed in a work study program in public or nonprofit organizations. Federal funds currently pay 80 percent of the students' wages with the remainder paid by the institution, employer, or some other donor.

Funds are awarded and administered under an agreement between the Commissioner of Education and each eligible institution of higher education, proprietary institution of higher education, or area vocational school. The institution applies for funds it expects to require for its students who are in need of earnings to pursue their courses of study. The applications are reviewed by a Regional Panel composed of practicing financial aid officers and Federal financial aid staff members. Allotments are distributed among the States, territories and the District of Columbia in accordance with statutory formula based on the Regional Panel's recommendation. This program is forward-funded; that is, the 1977 appropriation will support student jobs in academic year 1977-78.

Budget policy

The budget request reflects the recognition that this program, while less equitable and direct than Basic opportunity grants as a source of student aid, nevertheless supplements the $5 billion per year in student employment provided by the private sector. The request includes a proposal to increase the institutional matching share from 20 to 30 percent, and up to 50 percent in the subsequent two years. The increased institutional matching share will provide an additional

$41 million in student earnings than would be available at this funding level with the current matching ratio.

The following table shows the estimated number of students aided under this program in academic year 1976-77 and the number which can be aided in academic year 1977-78 with the requested 1977 appropriation.

	1976-77 Estimate	1977-78 Request
Gross compensation	$469,880,000	$342,466,000
Federal share of compensation	$375,904,000	$239,726,000 3/
Administrative expenses paid to institutions	$ 14,096,000	$ 10,274,000
Total Federal funds	$390,000,000	$250,000,000
Number of students	895,000	652,000
Annual average earnings	$ 525	$ 525

3/ Assuming a decrease in the Federal share from 80 percent to 70 percent.

A rescission of $140,000,000 of the 1976 regular appropriation has been proposed to Congress, consistent with the 1976 President's budget.

Staffing

Twenty-six new positions are being requested for the Work-study Program in FY 1977. Sixteen of these new positions will be assigned to the regional offices.

These 16 positions for the Work-study program will be used to expedite, compress and cross-check the annual application funding cycle to the maximum possible extent compatible with statutory requirements. With their addition, the overall regional office complement available to handle "front-line" on-site compliance responsibilities will be raised. With the magnitude of individual operating responsibilities thus rendered more manageable, the Office of Education can begin to provide detailed supervision and cross-checking to assure proper conduct in the awarding and monitoring of program funds, and to prevent the kind of improper individual activity which the Senate Permanent Investigations Subcommittee has been reviewing.

The remaining ten additional positions will be assigned to the student financial aid audits staff in headquarters, to bring the backlog of outstanding audits under control, to prepare the Office of Education for expeditious handling of the much larger audit volum which will follow from the systematic on-site program compliance reviews and to expedite the application of fiscal operation report reviews, and the allocation and awards process in a timely fashion.

Since funds are being requested in the fiscal year 1977 budget for the Work-study program, the need for the additional positions is critical to improve the Office of Education's management capability.

	1976 Appropriation	1977 Estimate	Increase or Decrease
1. Student Assistance:			
(d) Subsidized insured loans:			
Interest benefits:			
New loans	$ 56,270,000	$ 55,430,000	$- 840,000
Prior year loans	213,094,000	245,300,000	+32,206,000
Subtotal interest	$269,364,000	$300,730,000	$+31,366,000
Special Allowance	135,585,000	174,122,000	+38,537,000
Death and Disability	5,514,000	5,797,000	+283,000
Total	$410,463,000	$480,649,000	$+70,186,000
Prior Year Appropriation Brought Forward	-18,026,000	-80,649,000	- 62,623,000
Unused Appropriation, End of Year	59,563,000	---	- 59,563,000
Budget Authority	$452,000,000	$400,000,000	- $52,000,000
Number of new loans disbursed	891,000	891,000	---
Positions	489	561	+72

Narrative

Program purpose:

To help students finance educational costs at eligible postsecondary institutions, through a program of guaranteed and subsidized loans. The guaranteed student loan program enables students to borrow from private lenders to help pay for the cost of education and training at over 9,200 eligible universities, colleges, and vocational schools. Loans are either guaranteed by State or private nonprofit agencies or insured by the Federal Government. Guaranteed loans are made to eligible students primarily by 19,900 commercial lenders. Currently 168 educational institutions and a few State agencies also make loans.

A maximum of $2,500 per academic year may be applied for in most States if the educational costs require borrowing to this extent. Total loans outstanding may not exceed $7,500 for undergraduate or vocational students. This aggregate maximum may be extended to $10,000 for students who borrow for graduate study. The Federal government pays interest on behalf of eligible students while they are in school, during a maximum 12-month grace period following graduation or withdrawal from school and during authorized periods of deferment.

On April 18, 1974, the law was liberalized to provide that any student whose adjusted family income is less than $15,000 is automatically eligible for up to a 7 percent subsidy on loans totalling up to $2,000 in any academic year. Such students who wish a subsidized loan in excess of $2,000 or students having adjusted family incomes of $15,000 or greater and applying for a subsidized loan of any amount, must submit to the lender the school's recommendation for a subsidized loan based upon the school's assessment of the family's ability to pay for the cost of education.

26

A special allowance is authorized to be paid to lenders when the Secretary of Health, Education, and Welfare, in consultation with the Secretary of the Treasury and the Director of the Office of Management and Budget, determines that economic conditions are impeding or threatening to impede the fulfillment of the purposes of the program or that the return to the lender is less than equitable. The rate may not exceed three percent per annum on the average quarterly unpaid principal balance of loans made after August 1, 1969, whether or not the loan qualifies for Federal interest benefits.

In the case of the borrower's death or total and permanent disability, the Federal government pays the outstanding principal and interest on loans made after December 15, 1968. Claims for defaulted loans are paid from the Student Loan Insurance Fund and, therefore, are not included in the amounts shown above.

Budget policy

In fiscal year 1977 an appropriation of $400,000,000 is requested for subsidized insured loans. This together with $80,649,000 of unobligated balance brought forward will provide a program level of $480,649,000. Of this amount $300,730,000 is for interest subsidies, $174,122,000 for special allowance payments, and $5,797,000 for death and disability claims.

Of the $300,730,000 in interest payment, $55,430,000 will support 891,000 new disbursed loans totaling $1.3 billion. The balance, $245,300,000, will support prior-year loans in school totaling $3.9 billion. As shown in the following table, the number of new disbursements are expected to remain constant at 891,000 with the average loan amount increasing by approximately 11 percent from $1,298 to $1,432.

Data on Subsidized Insured Loans

	Fiscal Year 1976		Fiscal Year 1977	
	Number (000)	Amount (millions)	Number (000)	Amount (millions)
Loans Disbursed				
Start of Year	7,130	$7,049	8,244	$8,512
Current Year	891	1,147	891	1,276
End of Year	8,021	8,196	9,135	9,788
Cumulative Disbursed Loans Paid-In Full Defaults & Writeoffs		2,170		2,765
Cumulative Disbursed Loans Outstanding		6,026		7,023
In Repayment		2,144		2,568
In School		3,882		4,455
Percent of Outstanding Loans in School		64%		63%
Yearly Disbursed Matured Loans		759		811
Cumulative Disbursed Matured Loans		4,314		5,333

Special allowances are paid to lenders, depending on money market conditions, to encourage participation in the program. An estimated rate of 2.5 percent in fiscal year 1977 will result in obligations totaling $174,122,000. The special allowance will be paid on loans outstanding of approximately $7 billion (see total loans outstanding on the table above). While this allowance is estimated at 2.5 percent, the actual special allowance payment is determined quarterly by the Secretary of Health, Education, and Welfare in consultation with the Secretary of the Treasury and the Director of the Office of Management and Budget.

Legislation is being proposed to increase the interest rate on new loans from 7% to 8% beginning in fiscal year 1977. This legislation will also increase the maximum special allowance rate from 3% to 4% on old loans. The special allowance on new loans will not exceed 3%. No increase in cost will result from this change during 1977.

28

Staffing

In fiscal year 1977, 72 additional positions are requested for the Guaranteed Student Loan Program. Of these requested positions, 24 will be assigned to the central office. The additional 48 positions, including 28 in collection activity, will be assigned to regional offices. An additional 94 temporary collectors are also requested.

The requested increase of 72 permanent positions and 94 temporary positions will be utilized as follows:

--In program compliance for the regional offices, the additional 6 claim examiners will assist in the effort to activate an efficient claims examination process to encourage and sustain lender participation in the program, and to protect the Federal government from payment of claims which do not reflect use of care and diligence on the part of the lender. These additional 6 positions will be used specifically to eliminate the claims to be reviewed backlog from FY 75 and FY 76; to assure greater Federal diligence in claims reviewing and to provide timely service to lenders. As the following table illustrates 102,619 claims are expected to be received during FY 77. Of this amount it is anticipated 70,143 claims will be eligible for payment averaging $1200 per claim paid. It is expected that each claims examiner will review 5004 claims during FY 77.

OFFICE OF GUARANTEED STUDENT LOANS
WORKLOAD DATA FOR CLAIMS REVIEW ACTIVITY
FISCAL YEARS 1975 - 1977

	FY 1975 Actual	FY 1976 Estimate	FY 1977 Estimate
A. Number of new claims received 1/ each month (average)	7,340	9,941	8,552
B. Number of claims received	88,080	119,296	102,619
C. Carryover of claims to be reviewed from previous fiscal year	0	20,003	37,491
D. Total claims reviewed during fiscal year	68,077	101,808	140,110
E. Number of claims examiner person years	12	16.25	28
F. Number of claims one examiner will process	5,673	6,265	5,004

1/ Includes defaults, bankruptcies and death and disability claims

--The additional 10 compliance investigators will expand efforts to provide technical assistance to the Central Office, Guarantee Agencies, HEW Audit Agency, the General Accounting Office and the Office of Investigations and Security for the resolution of major compliance problems; and perform compliance examinations where it is feasible for such examinations to be conducted solely by Central Office Staff.

--Four clerical positions are requested to support the program compliance position increases.

--Under collection activities the addition of 10 collector/correspondent and 18 clerical positions will facilitate an efficient and productive collection faculty in each regional office, make students more aware of their repayment responsibility, and accelerate litigation of defaulted borrowers. Collections would be expected to increase 55 percent for the Federal-State guarantee program (about 80 percent at the Federal level) over 1976. The 94 temporary collectors will be used to work on the conversion of defaulted loans where the backup is excessive to what permanent staff can handle. As shown below collections will be increased from $10.4 million in FY 76 to $18.7 million in FY 77 due to this infusion of additional manpower in collections activity. A total 55,836 new accounts will be converted to repayment status.

OFFICE OF GUARANTEED STUDENT LOANS
FEDERAL PROGRAM
WORKLOAD DATA FOR COLLECTION ACTIVITY
FISCAL YEARS 1975 - 1977

	1974 Actual	1975 Actual	1976 Estimate	1977 Estimate
A. Uncoverted accounts brought forward (C-E prior year)	54,184	97,569	141,268	199,863
B. Accounts received current year	56,287	67,799	92,849	127,500
C. Total accounts available for conversion (A+B)	110,471	165,368	234,117	327,363
D. Person years	32.6	60.9	86.5	141
E. Number of accounts converted (Dx396)	12,902	24,100	34,254	55,836
F. Line "g" of Prior year Less 5% paid in full	NA	12,259	34,541	65,355
G. ACR's Producing Receipts (Line G=Line E+LIne F)	12,902	36,359	68,795	121,191
H. Average Yearly Receipt Per ACR	$110	$137	$151	$154
I. Total Receipt From ACR's in millions	$1.4	$5.0	$10.4	$18.7
J. Yearly Breakdown in millions	$1.4	$2.3	$2.2	$2.1
		$2.7	$4.4	$4.2
			$3.8	$6.2
				$6.2

30

--The 24 additional positions in the Central Office will be utilized in the following areas:

1. Of the 2 new positions in program development, 1 is required for the extensive task of updating the existing lender manual and issuing a new manual for schools. The second position is required to increase the Office's potential for analysis of outside activities which could affect the operation of the program as it is affected by policy, legislative and regulatory decisions of outside organizations.

2. The additional 4 positions in operational support will be utilized in improving coordination activity with lender servicing agencies, developing and maintaining supporting collection services with private companies and other governmental agencies, providing more complete analysis of programmatic data for the identification of trends and problem areas, implementing a reconciliation of the Office of Education's records with those of the lenders, improved monitoring of regional program operations, and expanded training and retraining of regional personnel.

3. The 4 new positions assigned to program systems will aid in the development and implementation of a computer network which will connect Regional Offices, banks and schools to one central computer, develop new systems technology to assure financial accountability, design and implement a computerized system to assure a quality data base, monitor the design and implementation of a budget estimation model, and study the impact of the successor system on future plans.

4. The 14 additional compliance staff positions in the Central Office will be utilized for the following functions:

a. provide technical assistance to Regional Offices, Guarantee Agencies, HEW Audit Agency, the General Accounting Office and the Office of Investigations and Security for the resolution of major compliance problems;

b. perform compliance examinations, independently or in conjunction with guarantee agency or regional staff, of lenders, schools, guarantee agencies, other offices including regional offices, or organizations where it is either not possible nor feasible for such examinations to be conducted solely by regional staff;

c. initiate requests for compliance audits or investigations by other appropriate organizations (including accrediting agencies) or agencies of the Federal or State governments:

d. coordinate and resolve compliance matters that are received from regional offices, guarantee agencies, lenders, schools, Federal or State agencies or other sources.

In developing the estimates for additional resources required in fiscal year 1977, every effort has been made to relate personpower requirements to specific management objectives and to workload data. The following table presents the allocation of the Guaranteed student loan program resources using fiscal year 1976 as a base and showing required increases for fiscal year 1977 based on workload projections.

Allocation of Regional and Central Office Personnel

	1976 Estimate	1977 Estimate	Increase or Decrease
Regional Offices - Permanent Positions			
Program Management	20	20	---
Program Compliance	90	110	+20
Field Examiners	(46)	(46)	(0)
Claims Examiners	(25)	(31)	(+6)
Compliance Investigators	(6)	(16)	(+10)
Clerical	(13)	(17)	(+4)
Collection	202	230	+28
Collectors	(135)	(135)	(0)
Collector/Correspondents	(19)	(29)	(+10)
Clerical	(48)	(66)	(+18)
SUBTOTAL/Regional Offices	312	360	+48
Central Office - Permanent Positions			
Office of the Associate Commissioner	4	4	(0)
Field Support Staff	6	6	(0)
Executive Office/Program Control Staff	12	12	(0)
Program Development	19	21	(+2)
Operational Support	74	78	(+4)
Program Systems	51	55	(+4)
Compliance Staff	11	25	(+14)
SUBTOTAL/Central Office	177	201	+24
TOTAL/REGIONAL AND CENTRAL OFFICES PERMANENT POSITIONS	489	561	+72
Regional Office - Temporary Positions			
Collection			
Temporary Collectors	---	94	+94

32

	1976			
	Revised Budget	Appropriation	1977 Estimate	Increase or Decrease
1. Student assistance:				
(e) Direct loans:				
(1) Federal capital contributions	---	$321,000,000	---	-$321,000,000
(2) Loans to institutions.....	$500,000	$2,000,000	---	-$2,000,000
(3) Teacher cancellations.	$8,960,000	$8,960,000	$11,920,000	+$2,960,000
Summary of awards:				
(1) Total Federal capital contributions.....		$321,000,000	---	-$321,000,000
Number.....		834,000	505,000	-329,000
New FCC awards.....		$160,500,000	---	-$160,500,000
Number.....		417,000	252,500	-164,500
Competing FCC continuations...		$160,500,000	---	-$160,500,000
Number.....		417,000	252,500	-417,000
(2) Loans to institutions.....		$2,000,000	---	-$2,000,000
Number.....		100	---	-100
(3) Teacher cancellations.....		$8,960,000	$11,920,000	-$2,960,000
Number cancelled.....		350,000	400,000	50,000
Positions.....		44	68	+24

Narrative

Program purpose

To provide long-term, low-interest loans to financially needy postsecondary students to enable them to pursue their courses of study at institutions of post-secondary education, a program of contributions to student loan funds at such eligible institutions is authorized. Capital contributions are allotted among States in accordance with a statutory formula. Within a State's allotment, awards to schools are based on recommendations of panels which review the institutional requests. Under an agreement between the Commissioner of Education and the eligible institution, a revolving student loan fund is created at the institution, with 90 percent provided by the Federal capital contribution and 10 percent by an institutional capital contribution. Loans bear 3 percent interest, beginning 9 months after the student ceases at least half-time attendance at the institution, with repayment postponed up to three years for specific forms of public service. Federal capital contributions are forward funded; thus the 1976 appropriation will provide contributions to student loan funds during the next academic year.

To supplement the institutional student loan fund in instances where the participating school cannot initially deposit and maintain in its fund the required 10 percent institutional capital contribution, loans to participating institutions are authorized. Institutions apply to the Office of Education for participation in the Direct loan program indicating intent to borrow the institutional matching share.

Loans to institutions are current year funded and are discretionary. Loan terms are a maximum 15 year repayment period with an interest rate equal to the current U.S. Treasury rate plus 0.25 percent per annum.

To maintain established Direct loan fund resources, there is also authorization for repayment to institutional loan funds of the principal of loans cancelled, in accordance with statutory provisions, for subsequent service by the borrower in the military or as a teacher. For "Defense" loans made prior to June 30, 1972, the amount reimbursed is the institutional capital share only; on Direct loans made after that date, the reimbursement is for 100 percent of the loan amount. Teacher/military cancellations are also current year funded.

Budget policy

In fiscal year 1977 no new Federal capital contributions are requested for this program. It is expected that the Guaranteed student loan program will provide students sufficient access to student loans, thus concentrating Federal assistance on one loan program and the Basic educational opportunity grant program. In addition, repayments on prior year Direct loans will enable institutions to lend $252,427,000 to 505,000 students even without any further infusion of Federal funds. The increase in teacher cancellation payments to meet statutory obligations results from an increase in the number of cancellations and from the fact that an increasing proportion of cancellations relates to loans made after June 30, 1972, for which institutions are reimbursed for 100 percent of the loan amount.

Basic program data follows:

	Academic Year 1976-77	Academic Year 1977-78
Federal Capital Contributions	$321,000,000	---
Institutional capital contributions	36,867,000	---
New Collections	240,000,000	$ 265,000,000
Collections brought forward	43,000,000	48,000,000
Subtotal	$640,867,000	$313,000,000
Collections carried forward to following year	-48,000,000	-53,000,000
Administration (3% of loan volume)	-17,268,000	-7,573,000
Total loan amount available	$575,599,000	$252,427,000
Number of loans (students)	834,000	505,000
Average loan	$690	$500
Number of institutions	3300	2100
Loans to institutions		
Amount	2,000,000	---
Number of institutions	100	---
Cancellations		
Total amounts	70,000,000	
(Defense loans)	(66,000,000)	
(Direct loans)	(4,000,000)	
Number of Students	400,000	
Federal payments (for prior year)	$ 11,920,000	

34

Federal capital contributions are made from the prior year appropriation, while the amounts shown for Loans to institutions and for cancellations are from the current year. Therefore cancellations for academic year 1977-78 relate to the fiscal year 1978 budget.

A rescission of the total appropriation for Federal capital contributions and a portion of that for Loans to institutions has been proposed to Congress, consistent with the 1976 President's budget.

Staffing

In fiscal year 1977 24 additional positions are requested, 13 of which will be assigned to the regional offices.

There has been a continuing growth in the three student financial aid programs without a corresponding increase in staff, thereby reducing the Office of Education's ability to exercise proper management controls and conduct site reviews to assure proper accountability and stewardship of Federal funds, ensure program compliance, and prevent outright fraud and abuse.

This lack of staff has resulted in several problems among which are the following:

-- The complexity of statutory State allotment formulae and the requirement to distribute 10 percent of student financial aid funds on a discretionary basis means that the annual October-March application funding process draws heavily on limited personnel resources, leaving few resources available to conduct on-stie compliance reviews.

-- The Office of Education has to assign almost total responsibility for awards to and monitoring of large numbers of grants to a single individual, necessarily operating without detailed supervision or frequent cross-checks to assure proper conduct.

-- The Office of Education must rely on audits in lieu of on-site program reviews to catch institutional misuse of program funds, creating a huge backlog of outstanding audits for follow-up and resolution by a six-member Central Office audits staff. Currently there are close to 200 audits outstanding for six months or more.

-- Direct loans collections are lagging far behind reasonable levels, placing insufficient capital back into the revolving accounts to persuade Congress of the wisdom of reducing or eliminating new Federal capital contributions. At the end of 1972-73, the overall delinquency (potential default) rate for the Direct loans accounts was estimated at 14.1 percent, and preliminary figures for 1973-74 suggest that this rate is moving steadily upward in the absence of close Office of Education supervision of institutuional billing and collection activity.

-- In the absence of systematic technical assistance from the Office of Education to help institutions initiate and improve their own Direct loan billing and collections activities, many institutions are forced to rely on commercial billing firms, increasing both the Office of Education's monitoring and compliance obligations and the Office of Education's potential for victimization by fraudulent practices.

The additional 24 positions will be used as follows:

-- Thirteen of the requested positions will be distributed among the ten Regional Offices on the basis of systematic workload measurements, such as the numbers of grants and institutions relative to the numbers of existing personnel.

-- Aside from helping to expedite, compress and cross-check the annual application funding cycle to the maximum possible extent compatible with statutory requirements, these additional Regional Office personnel will be primarily responsible for assessing institutional compliance with student financial aid program requirements, preventing and correcting institutional misuse of program funds, referring evidence of fraudulent activities to appropriate Central Office program authorities for follow-up, collaborating with such authorities in preparing comprehensive and detailed reports covering such fraudulent activities, and referring said reports to appropriate investigative authorities for prosecution.

-- With the magnitude of individual operating responsibilities thus rendered more manageable, the Office of Education can begin to provide detailed supervision and cross-checking to assure proper conduct in the awarding and monitoring of program funds, and to prevent the kind of improper individual activity which the Senate Permanent Investigations Subcommittee has been reviewing.

-- The increased on-site reviews will place particular emphasis on institutional management of the Direct loans accounts, with specific recommendations, technical assistance, and sanctions to encourage improved institutional billing and collections procedures, to reduce delinquencies (potential defaults) in the program, and to increase the capital available in the Direct loan revolving accounts.

-- The remaining eleven positions will be assigned to the student financial aid audits staff in headquarters, to bring the backlog of outstanding audits under control, and to prepare the Office of Education for expeditious handling of the much larger audit volume which will follow from the systematic on-site program compliance reviews.

In addition, staff will be utilized to expand collection activity for loans which have been turned over to the Office of Education from schools which went out of business, establish more effective controls over repayments of loans from institutions, facilitate processing of payments to institutions for teacher cancellations, and expedite review processing of fiscal operations reports.

Although funds are not requested in fiscal year 1977 for Federal capital contributions to the Direct loan fund, the additional resources are critical for management of existing programs which are in place at 3,300 postsecondary educational institutions and to protect the Federal interest in the $3,200,000,000 in institutional revolving loan funds.

	1976 Appropriation	1977 Estimate	Increase or Decrease
1. Student assistance: (f) Incentive grants for State scholarships	$44,000,000	$44,000,000	---
Summary of awards:			
Total awards	$44,000,000	$44,000,000	---
Number	176,000	176,000	---
New awards	$26,500,000	$ 8,800,000	-$17,700,000
Number	106,000	35,200	-70,800
Non-competing continuations	$17,500,000	$35,200,000	+$17,700,000
Number	70,000	140,800	+70,800
Positions	8	10	+2

Narrative

Program purpose

This program encourages States to establish or expand scholarship assistance to undergraduate postsecondary students with substantial financial need, by means of State incentive grants. Based on their higher education enrollments, States receive grants, to be matched equally by funds from State resources, for making initial and continuation awards to students. Each State designates an official State agency to administer the program. States pay their own administrative costs and, to qualify for Federal incentive funds for initial awards, States must continue to spend in excess of a previously established base level of effort for student grants. Award funds not matched by one State may be reallocated to other qualified States. Under a definition of "substantial financial need" approved annually by the Commissioner, States provide grants for students from a wide range of low- and middle-income families.

Budget policy

The State student incentive grant program complements other Federal student assistance programs in two ways: (1) by making a limited number of grants available, through States, to middle-income students; and (2) by offering students a broad range of choice among private and public postsecondary institutions. The program is also characterized by flexibility of administration from State to State, e.g., in the development of criteria for substantial financial need, to permit the simultaneous achievement of both Federal and State student assistance objectives.

The fiscal year 1977 budget policy sustains the current level of awards to three class groups of continuation students, and will also support a limited number of new initial awards, thereby providing joint Federal/State assistance

to four full classes of needy undergraduates. Out of the $44 million requested for fiscal year 1977, it is estimated that $35,200,000, matched by States, will provide continuation awards for 140,800 students. The remaining $8,800,000 with State matching, will provide initial awards averaging $500 for about 35,200 students.

In fiscal year 1976 the $44,000,000 appropriated will provide a total of approximately 176,000 awards, of which $17,500,000 will be for 70,000 continuation awards and $26,500,000 will provide an estimated 106,000 initial awards.

Staffing

Two additional positions are requested for this program in fiscal year 1977. These two positions are necessary to provide effective program administration and quality control over fiscal and program reports. One staff member is required to provide the necessary staff resources to achieve a program review at each State agency on an annual basis. This is essential for management purposes to assure proper State administration, accountability, and stewardship of Federal funds. The other position will be used for management control for the timely review of fiscal and program reports.

38

	1976 Appropriation	1977 Estimate	Increase or Decrease
2. Special programs for the disadvantaged	$70,331,000	$60,331,000	-$10,000,000
Summary of awards:			
Total awards	$70,331,000	$60,331,000	-$10,000,000
Number	859	563	-296
New awards	1,943,000	36,631,000	+ 34,688,000
Number	29	254	+225
Competing continuations	68,388,000	23,700,000	- 44,688,000
Number	830	309	-521
Positions	22	22	---

Narrative

Program purpose

To encourage and assist low-income youths who have potential to enter, continue or resume postsecondary educational activities, projects in three areas are proposed: assistance to disadvantaged students who have not yet entered postsecondary education, services to students already accepted, or enrolled, in postsecondary institutions, and training of staff in the other two kinds of projects.

Pre-college activities will combine functions similar to those of the present Talent search, Upward bound and special veterans Upward bound projects and the postsecondary counseling and admissions functions of the Educational opportunity centers. They will focus on students between the ages of 14 and 21. Their functions will be to identify students and dropouts at the pre-college level with the potential to succeed in postsecondary education, to offer preparatory programs, personal, academic and career counseling, and assistance in gaining admission to and financial aid for postsecondary education.

At the postsecondary level, projects will provide orientation, tutorial and supplementary curricula, instructional assistance, guidance, counseling and testing, and assistance in obtaining financial aid for students accepted or enrolled at institutions of postsecondary education. The target population includes low-income students, those with physical disabilities and those of limited English-speaking ability.

Training projects will provide the following services to the pre-college and postsecondary projects: the dissemination of information on innovative and effective programs, practices and curricula design; and the development of programmatic and management models to enhance individual grantee performance as well as program effectiveness; the development of effective evaluation strategies.

Budget policy

In fiscal year 1977, with the $60,331,000 requested, it is proposed to consolidate Special programs into two revised programs and a new service. Approximately 142 pre-college projects will centralize and coordinate services now provided under several programs resulting in less duplication of services and a more effective and efficient delivery system serving an enlarged clientele of approximately 120,000 at a lower total cost. Postsecondary services will be expanded to meet the growing demand for supportive services to high-potential disadvantaged postsecondary

students; it is expected to serve approximately 212,000 students through 416 projects. Training projects will provide needed services to pre-college and post-secondary projects, and will develop management skills and curriculum design. Approximately 5 such projects will serve the other 558 projects.

In fiscal year 1976, the $70,331,000 appropriation is expected to provide services to an estimated 300,000 disadvantaged students through approximately 859 Talent search programs, Educational opportunity centers, Special services, Upward bound and special veterans projects.

40

	1976 Appropriation	1977 Estimate	Increase or Decrease
3. Institutional assistance			
(a) Strengthening developing institutions	$110,000,000	$110,000,000	---
Summary of awards:			
(1) Basic program			
Total awards	$52,000,000	$52,000,000	---
Number	197	190	-7
New awards	$3,959,385	$2,736,880	-$1,222,505
Number	15	10	-5
Competing continuations	$48,040,000	$49,263,120	+$1,222,505
Number	182	180	-2
(2) Advanced program			
Total awards	$58,000,000	$58,000,000	---
Number	26	26	---
New awards	$58,000,000	$58,000,000	---
Number	26	26	---
Positions	40	40	---

Narrative

Program purpose

To strengthen the academic quality of developing institutions which have the desire and potential to make a substantial contribution to the postsecondary education resources of the Nation but which are struggling for survival and are isolated from the main currents of academic life, discretionary grants are authorized. Of the total amount appropriated, 76 percent is for institutions awarding bachelor's degrees ("four year schools") and 24 percent is for postsecondary institutions degrees ("two-year schools").

Institutions may apply for either the Basic institutional development program, which provides one-year, forward funded grants for specific development activities, or the Advanced institutional development program, which provides 3 to 5 year grants for more comprehensive and accelerated development activities. The Advanced program is intended to put participants more nearly in the mainstream of higher education, with the view toward graduating them from the program at the end of the grant period.

Institutions may participate either as direct grantees or, in the case of the Basic program, as members of consortia. To be eligible they must (1) be public or non-profit; (2) have been in existence, with some exceptions, for at least five years; (3) be accredited or making reasonable progress toward accreditation; and (4) provide evidence of their ability to utilize program funds effectively. Developing institutions are generally characterized by high proportions of low-income and/or ethnic minority students, have limited program offerings, and face financial limitations which restrict both the expansion of services and the

improvement of institutional quality. Grants are awarded competitively to applicants on the basis of realistic, long-range plans for development. Applications are reviewed by professional consultants selected from the academic community for their knowledge of the problems and needs of the developing institutions. The general requirement that institutions must have existed for 5 years may be waived in the cases of institutions with large Indian or Spanish speaking enrollments.

Budget policy

In fiscal year 1977 the $110,000,000 request will continue the 1976 level of $52,000,000 for the older Basic program and $58,000,000 for the newer Advanced program.

1) Basic program:

The $52,000,000 requested in fiscal year 1977 will provide support to 190 institutions, ten new grantees and 180 continuations. Average grant size will be increased for approximately 30 of the more developed grantees to accelerate their entry into the Advanced program, and expansion is planned in the funding of programs for Spanish-surnamed persons and native Americans.

Special staff efforts will be made to promote dissemination of Basic program success models, to develop grantees' self-evaluation capacity, and to develop programs designed to meet the needs of disadvantaged students.

The $52,000,000 appropriated for fiscal year 1976 is expected to fund 197 institutions in academic year 1976-1977. Of these 182 will be previous grantees receiving funds for additional development activities and 15 will be new participants. About 30 previous grantees who have demonstrated substantial progress, will be awarded larger grants specifically designed to facilitate their anticipated entry into the Advanced program.

2) Advanced program:

The $58,000,000 requested in fiscal year 1977 will provide support to 26 new institutions (including 15 institutions moving from the Basic program), with average grants of $2,230,000. These grants will support administrative and management improvement, curriculum development, student support services, and faculty improvement, with a view to graduating the institutions from the program at the end of their grant period. The grants will cover a 3 to 5 year development program during which the grantees plan economies in the use of their funds, review their mission and goals over the next five to ten years, and restructure their curriculum offerings. Priorities for funding will include training in career fields in which minorities are severely underrepresented and training for emerging employment and graduate study opportunities. The development program will include design and implementation of an effective planning management, and evaluation system, in order that the institutions may utilize their resources more effectively. Their plans should indicate specific ways in which they expect to increase non-Federal income.

The $58,000,000 appropriated in fiscal year 1976 is expected to provide 26 new grants, at an average level of $2,230,769.

42

	1976 Revised Budget	1976 Appropriation	1977 Estimate	Increase or Decrease
3. Institutional assistance				
(c) Language training and area studies				
(1) Centers, fellowships, and research	$8,640,000	$13,300,000	$8,640,000	-$4,660,000
Summary of awards:				
Total awards		$13,300,000	$8,640,000	-$4,660,000
Number		197	172	-25
New awards		$12,430,000	$2,850,000	-$9,580,000
Number		165	67	-98
Non-competing continuations		$870,000	$5,790,000	+$4,920,000
Number		32	105	+73
Positions		15	15	---

Narrative

Program purpose

To help provide the overseas capability to strengthen American education in foreign languages, area studies, and world affairs in countries where there is still a need for American understanding. Support is provided for fellowships for faculty and doctoral dissertation research, group projects for research, training and curriculum development. Also, support is given for curriculum consultant services of foreign educators to improve international and intercultural education in U.S. schools and colleges.

Budget policy

In fiscal year 1977 the focus and funding of this program shifts primarily to the support of previously approved international studies centers for graduate and undergraduate studies. The graduate students will be engaged in advanced training in foreign languages and area studies. Exemplary graduate fellowships will target on the most significant disciplines and world areas in which there is a shortage of trained personnel. There will also be exemplary undergraduate programs of high promise and potential. Research projects will focus on the preparation of instructional materials for important languages not commonly taught and the preparation of curriculum materials for international studies in American education.

The following table compares programs in fiscal years 1976 and 1977.

	1976	1977
Centers		
Graduate and undergraduate	73 1/	73 1/
Cost	$7,065,000	$4,890,000
Exemplary Projects		
Graduate programs	17	15
Cost	$595,000	$525,000

1/ No more than 20 centers will be undergraduate.

	1976	1977
Undergraduate programs	31	23
Cost	$775,000	$575,000
Fellowships (Graduate)		
Number of fellowships	798	430
Number of institutions	41	41
Cost	$3,990,000	$2,150,000
Research		
Number of projects	35	20
Cost	$875,000	$500,000
Total Awards	197	172
Total Costs	$13,300,000	$8,640,000

44

	1976 Revised Budget	1976 Appropriation	1977 Estimate	Increase or Decrease
3. Institutional assistance: (c) Language training and area studies. (2) Fulbright-Hays fellowships	$1,360,000	$2,700,000	$1,360,000	-$1,340,000
Summary of awards:				
Total awards		$2,700,000	$1,360,000	-$1,340,000
Number		225	139	-86
Positions		8	8	---

Narrative

Program purpose

To build the overseas capability of American education in foreign languages, area studies and world affairs where there is still a need for American understanding. Support is provided for fellowships for faculty and doctoral dissertation research, group projects for research, training and curriculum development and curriculum consultant services of foreign educators to improve international and intercultural education in U.S. schools and colleges.

Geared to meet national needs, the Fulbright-Hays programs administered by the Office of Education provide a limited number of research scholars in foreign language and area studies and other educators with a means of acquiring first-hand experience in their area of specialization to update and extend research knowledge and to improve language skills.

Budget policy

In fiscal year 1977 funds for this activity will support 90 doctoral dissertation research fellows abroad and 24 faculty research fellows. Emphasis will be placed on those research projects focusing on contemporary problems in world affairs. A total of 5 Group projects abroad will provide support for advanced academic-year language training programs in such critical languages as Chinese, Japanese and Indonesian. Grants will also be made in fiscal year 1977 to provide for the services of 20 foreign educators to serve as curriculum consultants to improve international and intercultural education in U.S. schools and colleges. Awards generally cover 18 months or longer.

The following table compares projects in 1976 and 1977:

	1976	1977
Faculty Research Abroad		
Number of fellowships	64	24
Cost	$640,000	$180,000
Doctoral Dissertation Research Abroad		
Number of fellowships	116	90
Cost	$986,000	$725,000

69-745 (Pt. 5) O - 76 - 38

	1976	1977
Group Projects Abroad		
Number of projects	25	5
Cost	$784,000	$180,000
Foreign Curriculum Consultants		
Number of projects	20	20
Cost	$260,000	$260,000
Professional Support Services	$30,000	$15,000
Total projects	225	139
Total costs	$2,700,000	$1,360,000

	1976 Revised Budget	1976 Appropriation	1977 Estimate	Increase or Decrease
3. Institutional assistance: (d) University community services	$600,000	$12,125,000	---	-$12,125,000
Summary of awards:				
Total awards		$12,125,000	---	-$12,125,000
Number		73	---	-73
New awards special projects		$312,500	---	-$312,500
Number		5	---	-5
Non-competing continuations		$10,912,500	---	$-10,912,500
Number		55	---	-55
Competing continuations		$900,000	---	-$900,000
Number		13	---	-13
Positions		8	8	---

Narrative

Program purpose

To strengthen the community service and continuing education programs of colleges and universities for the purpose of assisting in the solution of community problems, grants to States are authorized. The Federal share is 66-2/3 percent. Ninety percent of the appropriated amount is for formula grants which States are to use according to a plan approved by the Commissioner. The remaining ten percent of the appropriation may be used for discretionary grants to institutions.

Budget policy

In fiscal year 1977 no Federal funds are requested for this activity. The budget proposes that limited Federal funds be concentrated on only the most critical institutional aid programs so that scarce resources can be targeted on student financial aid. States and localities should assume responsibility for community service programs.

The fiscal year 1976 appropriation of $12,125,000 would provide support for 585 community service projects in 55 States and territories. Eighteen special projects would be supported in such areas as work productivity and energy conservation.

A rescission of $11,500,000 has been proposed to the Confress for fiscal year 1976. An amount of $600,000 would be available to the State Agencies to administer programs through the second quarter of fiscal year 1976.

	1976 Revised Budget	1976 Appropriation	1977 Estimate	Increase or Decrease
3. Institutional assistance				
(e) Aid to land-grant colleges	$2,700,000	$12,200,000	---	-$12,200,000
Summary of awards:				
(1) Annual appropriation:				
Total awards		$ 9,500,000	---	-$9,500,000
Number		54	---	-54
(2) Permanent appropriation:				
Total awards		$ 2,700,000	---	-$2,700,000
Number		54	---	-54
Positions		1	1	---

Narrative

Program purpose

To support postsecondary instruction in agriculture, the mechanic arts, the English language, and various branches of the sciences, a permanent annual appropriation is allotted in equal amounts to each State, the District of Columbia, Puerto Rico, Guam, and the Virgin Islands. In addition an annual program is authorized for similar purposes, a portion of which is allotted in uniform grants to the same jurisdictions with the balance distributed according to a formula based on population.

Budget policy

This program is proposed for elimination; no funds are requested for fiscal year 1977. The program provides a relatively minor source of funds for these colleges and universities which include some of the strongest and most prestigious institutions of learning in the country. The smaller and poorer land-grant institutions, particularly the predominantly black land-grant institutions in the South, will continue to be aided by the strengthening developing institutions program.

The fiscal year 1976 appropriation of $12,200,000 would provide grants to seventy-two institutions of higher education in 54 jurisdictions. Grants would range from about $200,500 to about $335,500 per jurisdiction.

A rescission of the $9,500,000 annual appropriation has been proposed to the Congress.

48

	1976 Revised Budget	1976 Appropriation	1977 Estimate	Increase or Decrease
3. Institutional Assistance				
(f) State postsecondary education commissions	$250,000	$3,500,000	---	-$3,500,000
Summary of awards:				
Total awards		$3,500,000	---	-$3,500,000
Number		110	---	-110
Positions		2	2	---

Narrative

Program purpose

Grants are awarded to State Commissions to encourage development of comprehensive statewide planning for postsecondary education and to support State administration of certain Federal programs. In addition to comprehensive statewide planning, State Commissions could be designated (by the State) to administer the Community services and continuing education program, the Undergraduate Equipment grant program, and/or the Grants for construction of undergraduate academic facilities program. In States where these agencies are not designated to administer the latter two programs they are administered by the State Higher Education Facilities Commission.

Budget policy

The fiscal year 1977 budget proposes termination of the Comprehensive statewide planning grants program and the State administration program. Comprehensive statewide planning is regarded as primarily a State responsibility. Funding is not requested for other Federal programs which generally are administered by the State Commissions, therefore no funds are requested for State administration costs.

Of sums appropriated in fiscal year 1976, $3,000,000 would be for support of comprehensive statewide planning grants in up to 54 States and Territories. The balance of the appropriation, $500,000, would support State administrative costs of the Undergraduate equipment grant program and the Grants for construction of undergraduate academic facilities program in 56 States and Territories.

Of amounts appropriated, $250,000 has been made available for State administration during the first two quarters of the fiscal year. The balance of $3,250,000 has been requested for rescission. The requested rescission would eliminate all support for comprehensive statewide planning as well as third and fourth quarter support of State agency administration.

	1976 Revised Budget	1976 Appropriation	1977 Estimate	Increase or Decrease
3. Institutional assistance: (g) Veterans cost-of-instruction	$28,160	$23,750,000	---	-$23,750,000
Summary of awards:				
Total awards		$23,750,000	---	-$23,750,000
Number		1,206		-1,206
Positions		8	8	---

Narrative

Program purpose

To encourage colleges and universities to serve the special educational needs of Vietnam-era veterans, with emphasis upon the educationally disadvantaged, through the Veterans' cost-of-instruction program, grants are awarded to postsecondary institutions. To qualify for funds an institution must increase by 10 percent its enrollment of veterans over the preceding academic year, or have veterans constituting at least 10 percent of their undergraduate enrollments.

Proprietary institutions and schools of religion may not participate. The participating institution agrees to: (1) maintain a full-time office of veterans' affairs; (2) actively recruit veterans; (3) offer a comprehensive program of peer and professional counseling; (4) develop programs of remedial and tutorial services for veterans; and (5) provide a multi-purpose program of community outreach services. Schools with less than 2,500 students and fewer than 70 veterans may enter into a consortium agreement and may offer only limited programs, including items (1), (2), and (3) above.

At full funding the institution would be "entitled" to a payment of $300 for each undergraduate veteran enrolled, and to a bonus payment of $150 for each enrolled veteran who has been the recipient of certain VA benefits designed to assist the educationally disadvantaged veteran. These "entitlements" are prorated down to the level of funds appropriated.

The institution uses funds, awarded on the basis of undergraduate veteran enrollment, to establish an Office of Veteran's Affairs responsible for the coordination of veterans' services with other services available to veterans and to provide services in the areas of outreach, recruitment, counseling, tutorial and special education. The enabling legislation also requires that institutions provide services "through the use of funds available under federally assisted work-study programs."

The program is forward funded; that is, funds appropriated in 1976 will support services to veterans during academic year 1976-77.

Budget policy

Funds are not requested for this program in fiscal year 1977. The program over the past three years has initiated significant commitments by the nation's colleges and universities to veterans in the areas of outreach, recruitment, tutoring, counseling and special education. The program has been instrumental in establishing veterans programs that are sustained by institutional resources, as

well as other federal and non-federal resources, i.e. the Comprehensive Education and Training Act (CETA), and the Veterans Administration Work-study program.

The 1976 appropriation would provide services to approximately 917,000 veterans in about 1,206 institutions of higher education.

A rescission of all but $28,160, already obligated, out of the $23,750,000 appropriated for fiscal year 1976 has been proposed to the Congress.

	1976 Revised Budget	1976 Appropriation	1977 Estimate	Increase or Decrease
3. Institutional assistance				
(h) Cooperative education:	$8,000,000	$10,750,000	$8,000,000	-$2,750,000
Summary of awards:				
Total awards		$10,750,000	$8,000,000	-$2,750,000
Number		275	220	-55
New awards		$5,120,000	$800,000	-$4,320,000
Number		136	20	-116
Competing continuations		$5,630,000	$7,200,000	+$1,570,000
Number		139	200	+61
Postions		7	7	---

Narrative

Program purpose

To help institutions of postsecondary education plan, establish, expand, or carry out cooperative education programs, discretionary grants are awarded to programs developed in cooperation with business and industry. The programs provide alternating periods of full-time study and full-time public or private employment offering students the opportunity to gain work experience related, as far as practicable, to their academic or career objectives.

In addition, support for training in the administration of cooperative education programs and for research directly related to the improvement of such programs is authorized.

Grants are limited to a maximum annual award of $75,000; salaries for students employed under the program may not be paid from this source. The grantee institution may receive grants for up to three years; however, all awards, including those supported on a continuing basis, compete annually.

Budget policy

Federal funds are requested in fiscal year 1977 for this activity primarily to support previously approved cooperative education programs entering their second or third year. Funds for new programs are requested only for those of exceptional promise and demonstrating superior institutional commitments. No request is made for funds for training or research projects.

This program was initiated to demonstrate the value of cooperative education and to close the gap between the academic world and the world of work. The growth of cooperative education has been rapid. Clear evidence of the success of this program is the fact that there were 187 schools with cooperative education programs in 1970, the first year of Federal support for this program. Today there are about 1000 post-secondary institutions with established or planned cooperative education programs. These schools have some 165,000 students now employed by 15,000 companies. Earnings are expected to exceed $500 million in academic year 1975-1976. Now that cooperative education has become firmly established and its value has been widely recognized by the academic community, it is possible to reduce Federal funding without impairing continued program growth and development.

52

The fiscal year 1976 appropriation of $10,750,000 would provide support for 136 new awards and 139 continuations. This amount includes $750,000 for 14 training projects and 3 research projects. The average grant for new institutions is estimated to increase by 19 percent to $39,090 in fiscal year 1976, to cover increased costs at institutions. A rescission of $2,750,000 has been proposed to Congress, consistent with the 1976 President's budget.

	1976 Appropriation	1977 Estimate	Increase or Decrease
4. Personnel development			
(a) College teacher fellowships	$1,000,000	---	-$1,000,000
Summary of awards:			
Total awards	$1,000,000	---	-$1,000,000
Number	93		-93
Non-competing continuations	$1,000,000	---	-$1,000,000
Number	93	---	-93
Positions	3	1	-2

Narrative

Program purpose

To prepare persons for college teaching, a program of fellowships for graduates pursuing or intending to pursue the doctor of philosophy or equivalent degree is authorized. Grants to colleges and universities to carry out this program are discretionary and forward funded. The institution awards three-year fellowships to individuals. Each fellowship carries a $3,000 per year stipend for the fellow, $500 per year for each qualified dependent, and $3,000 per year cost-of-education allowance to the institution which the fellow attends. While the program is funded one year at a time, fellowships are expected to be funded to completion once the first year award is made. The program is forward funded; that is, the current year appropriation will support fellowships during the succeeding academic year.

Budget policy

No funds are requested for this activity in fiscal year 1977. The last new fellowships were awarded in 1971, and all fellowships were completed during the 1973 - 1974 academic year, except those held open for military veterans who had resigned their fellowships to enter military service. All eligible veterans are expected to have completed their studies by the end of academic year 1976-77, for which fellowship funds are available from the 1976 appropriation, thereby ending the need for Federal support. Obligations for fellowships during the current academic year 1975-76 were only slightly over $1,000,000 out of a total available of $4,000,000, indicating the rapidly diminishing demand for such fellowships.

	1976		1977	Increase or
	Revised Budget	Appropriation	Estimate	Decrease
4. Personnel development:				
(b) Public service fellowships	---	$4,000,000	---	-$4,000,000
Summary of awards:				
Total awards		$4,000,000	---	-$4,000,000
Number		118	---	-118
New awards		$1,580,000	---	-$1,580,000
Number		40		-40
Non-competing continuations		$1,090,000	---	-$1,090,000
Number		40	---	-40
Competing continuations		$1,330,000	---	-$1,330,000
Number		38	---	-38
Postions		3	3	---

Narrative

Program purpose

To extend and improve the training of persons for the public service, the program awards graduate and professional fellowships and institutional grants to establish or strengthen programs preparing graduate and professional students for public service careers. The program is forward funded.

Budget policy

No funds are requested for this program in fiscal year 1977. Priority is placed on those programs that help equalize postsecondary educational opportunities through broader student assistance programs which provide students the opportunity to determine the selection of institution and area of study that will best meet their individual needs. Loans are available for students wishing to pursue graduate work.

The fiscal year 1976 appropriation of $4,000,000 would support 167 non-competing continuation fellowships, for a total of $1,090,000, and 38 competing continuation grants for a total of $1,330,000. In addition, $790,000 would be used to support new institutional grants to twenty institutions, and another $790,000 would be used for 121 new graduate fellowships.

A rescission of all the funds appropriated in 1976 has been proposed to the Congress, consistent with the 1976 President's budget.

	1976 Revised Budget	1976 Appropriation	1977 Estimate	Increase or Decrease
4. Personnel development (c) Mining fellowships	---	$3,000,000	---	-$3,000,000
Summary of awards:				
Total awards		$3,000,000	---	-$3,000,000
Number		95	---	-95
New awards		$1,500,000	---	-$1,500,000
Number		55	---	-55
Competing continuations		$1,500,000	---	-$1,500,000
Number		40	---	-40
Positions		3	3	---

Narrative

Program purpose

To assist graduate students of exceptional ability and demonstrated financial need to undertake advanced study in domestic mining, and mineral fuel conservation, including oil, gas, coal, oil shale and uranium, such sums as may be needed are authorized to support up to 500 mining fellowships annually. The program is forward funded.

Budget policy

No funds are requested for this program in fiscal year 1977. The budget proposes concentrating limited Federal funds on student financial aid in order that no student is denied access to postsecondary education and that students have the option of selecting a school solely on the basis of its ability to fulfill their educational needs. Graduate students are eligible for financial assistance under the Guaranteed student loan program and the Direct loan program.

In fiscal year 1976, about 360 fellows attending 95 institutions of higher education would be supported by this program. Of these, 180 would be new participants and 180 would be previous year participants.

A rescission of the $3,000,000 appropriated in 1976 has been proposed to the Congress, consistent with the 1976 President's budget.

56

OFFICE OF EDUCATION

Higher Education

Program Purpose and Accomplishments

Activity: Basic educational opportunity grant program (Higher Education Act, Title IV, Part A, Subpart 1)

1976 Appropriation	1977 Authorization	1977 Budget Estimate
$715,000,000	---1/	$1,100,000,000

1/ Expires September 30, 1976. Extension legislation to be proposed.

Purpose: To help qualified students finance their postsecondary education, this program provides grants to students who carry at least half of a normal load of studies at accredited postsecondary vocational, technical trade and proprietary institutions, and at colleges and universities at the undergraduate level. At full funding, the program provides a grant of $1,400 less expected family contribution, but not to exceed one-half of need. The law provides a reduction formula for less than full funding.

Explanation: This entitlement program is forward funded, that is, the fiscal year 1976 appropriation will fund operations during academic year 1976-77; and the 1977 appropriations will fund operations during 1977-78. The Commissioner must submit a schedule of expected family contribution to Congress each year for approval. The payment schedule which sets the levels of awards for a fiscal year will be published after the appropriation is passed so that students and their families may make definite plans for the following academic year.

Accomplishments in 1976: During academic year 1975-76 (fiscal year 1976) the $660,000,000 appropriated in 1975 plus the estimated carryover of $160,000,000 unexpended fiscal year 1974 funds will provide 950,000 students with grants averaging $850 and ranging from $200 to $1,400. Special appropriation language restricted grants from 1975 funds to first, second, and third year full-time and half-time students. The $703,500,000 available in 1976 is expected to provide grants averaging $666 to 1,056,000 students during academic year 1976-77. First, second, third, and fourth year students enrolled on at least a half-time basis will be eligible for Basic grant assistance.

Objectives for 1977: It is estimated that the requested $1,100,000,000 will fully fund the program, providing grants ranging from $200 to $1,400, and averaging $855 to 1,270,000 students during academic year 1977-78 in all four years (and in special circumstances, five years) in addition to paying the $14,000,000 in contractual administrative costs.

OFFICE OF EDUCATION

Higher Education

Program Purpose and Accomplishments

Activity: Supplemental educational opportunity grants (Higher Education Act Title IV, Part A, Subpart 2)

1976 Appropriation	1977 Authorization	1977 Budget Estimate
$240,093,000	---1/	---

1/ Expires September 30, 1976.

Purpose: To help make available the benefits of postsecondary education to qualified students of exceptional financial need, through a program of supplemental educational opportunity grants, to be provided through institutions of higher education.

Explanation: The program is forward funded; that is, the amount appropriated in one year assists students in attendance during the following year. A statutory formula determines the amount received by institutions within a State for initial year awards. Within a State's allotment, funds are distributed among institutions on the basis of panel approved requests. Grants range from $200 up to a maximum of $1,500. The amount paid to a student under this program may not exceed one-half of the total amount of financial aid made available to him by his institution. Amounts for continuation awards are distributed according to need.

Accomplishments in 1976: The fiscal year 1976 appropriation of $240,093,000 will be awarded to approximately 3,700 institutions during fiscal year 1976. With these funds, the institutions will be able to make Supplemental grants to an estimated 445,000 needy students in academic year 1976-77.

Objectives for 1977: No funds are requested for fiscal year 1977. Available resources are concentrated on the Basic educational opportunity grant program. Special appropriation language will be requested to permit full funding of Basic grants without the required mimimum funding of Supplemental grants.

58

OFFICE OF EDUCATION

Higher Education

Program Purpose and Accomplishments

Activity: Work-study (Higher Education Act Title IV, Part C)

1976 Appropriation	1977 Authorization	1977 Budget Estimate
$509,800,000 1/	---2/	$250,000,000

1/ Includes a supplemental appropriation of $119,800,000 to augment the fiscal year 1975 appropriation.
2/ Expires September 30, 1976. Extension legislation to be proposed.

Purpose: Funds assist financially needy postsecondary students in financing a portion of their education through part-time employment, by means of grants to institutions for partial reimbursement of wages paid to students employed in work-study programs.

Explanation: This program is forward funded. A statutory formula determines the initial distribution among States. Funds are awarded and administered under an agreement between the Commissioner and each eligible institution of higher education, including proprietary schools and area vocational-technical schools. Funds are distributed among the institutions within a State formula, based on Regional Panel recommendations. Federal funds currently may be used to pay up to 80 percent of the wages paid to students selected by the institutions; the institution must provide the matching share of 20 percent. It is proposed that the institutional matching share be increased to 30 percent in 1977. Employment may be for the institution itself or at public or private non-profit agencies under contract with the participating institution. Both full-time and half-time students attending eligible institutions are eligible.

Accomplishments in 1976: Of the $509,800,000 appropriated in 1976, $119,800,000 will supplement the 1975 appropriation, providing employment to an additional 275,000 students during academic year 1975-76. The $390,000,000 in the regular appropriation will be obligated during fiscal year 1976 to help pay for student employment in academic year 1976-77 for 895,000 students earning an average of $525 each.

Objectives for 1977: The $250,000,000 requested for fiscal year 1977 will finance part-time employment for an estimated 652,000 students during academic year 1977-78 based on the proposed 30 percent institutional matching share. Although less equitable and direct as a form of student assistance than Basic opportunity grants, Work-study nevertheless provides significant aid with the increased institutional matching provision and offers an additional resource for student employment to the $5 billion provided through the private sector.

OFFICE OF EDUCATION

Guaranteed Student Loan Program

Program Purpose and Accomplishments

Activity: Subsidized insured loans (Higher Education Act of 1965, Title IV-B)

1976 Appropriation	1977 Authorization	1977 Budget Estimate
$452,000,000	--- 1/	$400,000,000

1/ Expires September 30, 1976. Extension legislation to be proposed.

Purpose: To help students finance educational costs at eligible postsecondary institutions, through a program of guaranteed and subsidized loans. Guaranteed loans are made primarily by commerical lenders, with the Federal government paying interest on behalf of eligible students while they are in school, during a maximum 12 month grace period after completion of their study and during authorized periods of deferment. The Federal government also pays a special allowance, which may not exceed 3% per annum, on the average quarterly upaid principal balance of loans made after August 1, 1969, whether or not the loan qualifies for Federal interest benefits.

Explanation: Loans are either guaranteed by twenty-six State or non-profit guarantee agencies and the District of Columbia or insured by the Federal government. A maximum of $2,500 per academic year may be approved in most States if the educational costs require borrowing to this extent. Total loans outstanding may not exceed $7,500 for undergraduate or vocational students. This aggregate maximum may be extended to $10,000 for students who borrow for graduate study.

On April 18, 1974, the law was liberalized (effective June 2, 1974) to provide that any student whose adjusted family income is less than $15,000 is automatically eligible for up to a 7 percent subsidy on loans totalling up to $2,000 in any academic year. Such students who wish a subsidized loan in excess of $2,000 or students having adjusted family incomes of $15,000 or greater and applying for a subsidized loan of any amount, must submit to the lender the school's recommendation for a subsidized loan based on the school's assessment of the family's ability to pay for the cost of education.

Accomplishments in 1976: Obligations of $410,463,000 support lender interest subsidy billings on $4,600,000,000 and special allowance payments on $6,000,000,000 New disbursed loans amounting to $1,100,000,000 are estimated to be guaranteed. About 5% of these are unsubsidized.

Objectives for 1977: $1,300,000,000 in new loans will be made available. Subsidies on these new loans and loans made in prior years are expected to total $480,649,000. This amount includes $300,730,000 for interest, $174,122,000 for special allowance and $5,797,000 for death and disability payments. Proposed legislation will increase the interest rate on new loans from 7% to 8% beginning in fiscal year 1977. This legislation will also increase the maximum special allowance rate from 3% to 4% on old loans. The special allowance on new loans will not exceed 3%. No increase in cost will result from this change during 1977.

60

OFFICE OF EDUCATION

Higher Education

Program Purpose and Accomplishment

Activity: Direct loans (Higher Education Act, Title IV, Part E)

	1976 Appropriation	1977 Authorization	1977 Budget Estimate
Federal capital contributions	$321,000,000	---1/	---
Loans to Institutions	2,000,000	---2/	---
Teacher/Military Cancellations	8,960,000	---3/	$11,920,000

1/ Expires September 30, 1976.
2/ The lump sum authorized by Section 207 of the National Defense Education Act has been exhausted by prior year appropriations.
3/ Expires September 30, 1976; extension legislation to be proposed.

Purpose: To provide long-term, low-interest loans to needy students in institutions of higher education to enable them to pursue their course of study, through a program of contributions to student loan funds at eligible institutions. All or a portion of the loan to a student may be cancelled in consideration of subsequent service in specified kinds of teaching or military service.

Explanation: A revolving student loan fund is created at a participating institution, with 90 percent Federal capital contribution and 10 percent Institutional contribution. Loans bear 3 percent interest, beginning 9 months after the student ceases at an eligible institution. On loan concellations, institutions receive reimbursement of the 10 percent institutional share for loans made prior to July 1, 1972 and reimbursement of the full amount cancelled on loans made after that date.

Accomplishments in 1976: The 1976 appropriation of $321,000,000 for Federal capital contributions will be obligated to an estimated 3,200 institutions to enable them to draw funds during academic year 1976-77 to establish or augment their revolving student loan fund. These funds, plus the institutional share, and net collections for the year will support a lending level of $575,599,000 which will provide an average loan of $690 to 834,000 students.

Objectives for 1977: No new Federal capital contributions are requested for 1977. It is expected that the Guaranteed student loan program will provide students adequate access to student loans. It is estimated that the net value of all Direct loan funds at institutions at the end of 1977 will be $3,500,000,000. The net amount expected to be available from collections during fiscal year 1977 for use in academic year 1977-78 is $252,472,000. These funds will provide an average student loan of $500 to 505,000 students.

The increase of $2,960,000 requested for teacher/military cancellations reflects an increase in the number of loan cancellations and the statutory change which provides for 100 percent reimbursement to the loan Funds at the institutions of cancellations granted on loans made after June 30, 1972.

OFFICE OF EDUCATION

Higher Education

Program Purpose and Accomplishments

Activity: Incentive grants for State scholarships (Higher Education Act Title IV, Part A, Subpart 3)

1976 Appropriation	1977 Authorization		1977 Budget Estimate
$44,000,000	1/	---	44,000,000 2/

1/ Expires September 30, 1976. Extension legislation is proposed.

2/ For both initial awards and continuations.

Purpose: Funds are used to encourage States to provide grants to undergraduate students with substantial financial need in attendance at postsecondary education institutions, through a program of incentive matching grants to States.

Explanation: Based on their higher education enrollments, States receive grants to be matched by funds from State resources for making initial and continuation awards to students. Each State designates an official State agency to administer the program and annually establishes "substantial financial need" criteria for approval by the Commissioner. Grants must be matched on a dollar for dollar basis from State scholarship funds, up to the $1500 maximum per year; awards are reduced for halftime attendance. In order to qualify for initial award funds, States must also continue to spend in excess of a previously established base level of effort for student grants. Award funds not matched by one State may be realloted to other qualifying States.

Accomplishments in 1976: Incentive grants totalling $44,000,000 will be awarded to approximately 54 States and Territories having eligible matching scholarship or grant programs. Expansion of these State scholarship agencies from 27 in fiscal year 1973 to 54 in fiscal year 1976, indicates the program's incentive value in establishing State delivery systems concerned with administering student assistance on a joint Federal/State basis to expand postsecondary educational opportunities. Because the fiscal year 1976 appropriation was a lump sum to cover the separate authorizations for initial and continuation awards to students, States were granted flexibility to divide their allotments between the two types of awards according to their particular circumstances, with priority for continuation awards. Assuming that awards average $500 in Federal plus State matching funds, the $44,000,000 fiscal year 1976 appropriation will provide scholarship or grant awards to approximately 176,000 needy students in academic year 1976-77. Of this amount, $17,500,000 will accomodate 70,000 continuation students leaving the remaining $26,500,000 to support approximately 106,000 initial awards.

Objectives for 1977: The $44,000,000 requested for fiscal year 1977 will support scholarships totalling $88,000,000 in matching State and Federal funds, enabling the 56 participating States and Territories to provide intitial and continuation awards averaging $500 each to approximately 176,000 needy students. Continuing the priority of accommodating continuation awards, an estimated $35,200,000 will support such awards for 140,800 in 3 classes, and $8,800,000 for initial awards to approximately 35,200 students.

62

OFFICE OF EDUCATION

Higher Education

Program Purpose and Accomplishments

Activity: Special programs for the disadvantaged (Higher Education Act, Title IV, Part A, Subpart 4)

1976 Appropriation	1977 Authorization	1977 Budget Estimate
$70,331,000	--- 1/	$60,331,000

1/ Expires September 30, 1976. Extension legislation to be proposed.

Purpose: To encourage and assist low-income youths who have potential to enter, continue or resume postsecondary educational activities, projects at the pre-college and postsecondary level are proposed. These projects will identify qualified low-income students, prepare them for postsecondary education, and provide special services for them and for physically handicapped students and those of limited English-speaking ability at the postsecondary level. Training projects will develop project staff competencies in training and planning, and develop and disseminate new educational techniques, methodologies and measurement strategies.

Explanation: These will be discretionary grant programs with funding selection, based upon published criteria, from proposals submitted by institutions of post-secondary education, combinations of such institutions, public and private agencies and organizations (including scholarly and professional associations); and, in exceptional cases, secondary and postsecondary vocational schools. These programs are forward funded, that is, the 1977 appropriation will fund activities during 1977-1978.

Accomplishments in 1976: It is estimated that the 1976 appropriation will fund approximately 859 Talent search, Upward bound, Special services for disadvantaged students and Educational opportunity center projects during academic year 1976-77 providing services to an estimated 300,000 disadvantaged recipients.

Objectives for 1977: In fiscal year 1977, the requested $60,331,000 will serve approximately 120,000 students through 142 pre-college projects, provide supportive services to approximately 212,000 postsecondary students through 416 postsecondary level projects, and provide program development through 5 training projects.

OFFICE OF EDUCATION

Higher Education

Program Purpose and Accomplishments

Activity: Strengthening developing institutions (Higher Education Act, Title III)

1976 Appropriation	1977 Authorization	1977 Budget Estimate
$110,000,000	--- 1/	$110,000,000

1/ Expires September 30, 1976. Extension legislation to be proposed.

Purpose: To strengthen the academic quality of developing institutions which have the desire and potential to make a substantial contribution to the higher education resources of the Nation but which are struggling for survival and are isolated from the main currents of academic life, a program of discretionary grants to such institutions is authorized.

Explanation: Forward-funded, discretionary grants are awarded to institutions of higher education annually on the basis of applications which are reviewed by professional consultants selected for their knowledge of the problems and needs of developing institutions. These panels of consultants forward their recommendations to the program staff for final decisions. Proposals are reviewed for quality and for their capability to serve the needs of low-income students, especially minority groups. For the Basic program, grants are awarded for a one year period. The Advanced institutional development program awards 3 to 5 year grants.

Accomplishments in 1976: The $52,000,000 appropriated for the Basic program in 1976 is expected to fund 197 grants. Of these, 30 will be slightly larger grants to high potential institutions designed specifically to accelerate entry into the Advanced institutional development program. The $58,000,000 appropriated for the Advanced program will permit funding approximately 26 institutions.

Objectives for 1977: To continue the program at the 1976 level, $110,000,000 is requested, of which $52,000,000 would be for the Basic program and $58,000,000 would be for the Advanced program. The $52,000,000 requested for the Basic institutional development program will allow the funding of 10 new institutions and the continuation of 180 previous grants. Approximately 30 institutions will be awarded larger grants designed specifically to accelerate their entry into the Advanced program. The $58,000,000 requested for the Advanced program would provide grants to 26 new institutions, at an average level of $2,230,000, to facilitate their institutional development over a 3 to 5 year period. The objective of the Advanced program is steady, incremental development over the grant period, with the view toward graduating these institutions from the program at the end of the period.

64

OFFICE OF EDUCATION

Higher Education

Program Purpose and Accomplishments

Activity: Language training and area studies Centers, fellowships, and research: (National Defense Education Act Title VI)

	1977	
Appropriation	Authorization	Budget Estimate
$13,300,000	--- 1/	$8,640,000

1/ Expires September 30, 1976. Extension legislation to be proposed.

Purpose: To strengthen American postsecondary educational institutions' academic base for teaching and research in modern foreign languages, area studies and world affairs.

Explanation: Applications for annual grant awards under this program are received from U.S. institutions of higher education. Applications for contracts for research under this program are received from institutions of higher education, state and local educational agencies, non-profit education organizations, and individual researchers. All new proposals are reviewed by the program staff with the advice of outside academic consultants. Final decisions are made by the Office of Education.

Accomplishments in 1976: In fiscal year 1976 the $13,300,000 appropriation will provide support for approximately 197 centers, fellowships, and research projects. Of this total 165 new awards at $12,430,000 will be made and 32 continuing awards at $870,000 will be made. The fiscal year 1976 appropriation will support 73 international studies centers at $7,065,000; 10 new and 7 continuing graduate level programs at $595,000; 16 new and 15 continuing undergraduate level programs at $775,000; 798 graduate fellows at $3,990,000, and 35 research projects at $875,000.

Objectives for 1977: In fiscal year 1977, 73 centers will be supported at a cost of $4,890,000; 38 graduate and undergraduate programs with $1,100,000; 430 fellowships with $2,150,000 and 20 research projects with $500,000.

C5

OFFICE OF EDUCATION

Higher Education

Program Purpose and Accomplishments

Activity: Institutional assistance:
(c) Language training and area studies
(2) Fulbright-Hays training grants (Mutual Educational and Cultural Exchange Act, Section 102(b) (6))

1976 Appropriation	1977 Authorization	1977 Budget Estimate
$2,700,000	Indefinite	$1,360,000

Purpose: To help American institutions of postsecondary education provide better American understanding of the contemporary world by strengthening the academic base for teaching and research in modern foreign languages, area studies and world affairs.

Explanation: Discretionary grants and contracts are made, with the advice of a panel of specialists in foreign language and area studies, with selections subject to review and final approval by the Board of Foreign Scholarships, to U.S. citizens who teach or plan to teach or be available to teach in American education and have language skills appropriate to the project. Awards generally cover 18 months or longer.

Accomplishments in 1976: In fiscal year 1976 the $2,700,000 appropriation will provide support for 225 research and training projects. This amount includes $640,000 for 64 faculty research fellowships; $986,000 for 116 doctoral dissertation research fellowships; $784,000 for 25 group projects abroad; $260,000 for 20 foreign curriculum consultants; and $30,000 for professional support services abroad provided by the Department of State. This year an increase in dollar funds was used to increase the number of awards in all four programs. The faculty research awards, which had been restricted to 4 or 5 special foreign currency countries, were offered in 1976 on a non-exclusive basis permitting assistance to important research in Africa, Latin America and Southeast Asia.

Objectives for 1977: Support for 139 group training and research projects is planned for fiscal year 1977. Priority will be given to those doctoral dissertation and faculty research fellows' projects focusing on contemporary problems in world affairs. Support will also be provided for advanced academic-year language training programs in such critical languages as Chinese and Japanese and Indonesian. Grants will be made to provide for foreign educators to serve as curriculum consultants to improve international and intercultural education in U.S. schools and colleges.

CG

OFFICE OF EDUCATION

Higher Education

Program Purpose and Accomplishments

Activity: University community services (Higher Education Act, Title I)

1976 Appropriation	1977 Authorization	1977 Budget Estimate
$12,125,000	--- 1/	---

1/ Expires September 30, 1976.

Purpose: Funds are used to strengthen the community service program of colleges and universities for the purpose of assisting in the solution of community problems, and to provide for special demonstration and experimental projects, through State formula grants and discretionary grants.

Explanation: At least 90 percent of the appropriation is for the State grant portion which is administered in each State by an agency appointed by the Governor, under a State plan approved by the Commissioner of Education. This agency determines annually the problem areas to which available funds are to be applied. In this formula grant program the Federal share is 66-2/3 percent of the total amount expended.

Section 106 of Title I authorizes the Commissioner to use 10 percent of the money appropriated under this title for discretionary projects and requires that participating institutions provide at least 10 percent of the costs incurred for individual projects.

Accomplishments in 1976: In fiscal year 1976, some 585 community service projects will be funded through State agencies. About 400,000 adults will be served by more than 700 participating colleges and universities. In addition 18 special institutional projects experimenting with innovative methods, materials and systems for continuing education will be supported.

Objectives for 1977: Funds are not requested for this program in fiscal year 1977, in order to concentrate scarce resources on higher priority student assistance programs. States and localities are expected to assume responsibility for community service programs.

OFFICE OF EDUCATION

Higher Education

Program Purpose and Accomplishments

Activity: Aid to land-grant colleges
(1) Permanent appropriation (Second Morrill Act, 1890, 7 U.S.C. 324)
(2) Annual appropriation (Bankhead-Jones Act, as amended, Section 22)

	1976 Appropriation	1977 Authorization	1977 Budget Estimate
	$2,700,000[1/]	$2,700,000[1/]	---
	9,500,000[2/]	12,460,000[2/]	---
Total	12,200,000	15,160,000	---

1/ Permanent appropriation, Second Morrill Act
2/ Annual appropriation, Bankhead-Jones Act

Purpose: To support instruction in agriculture, the mechanic arts, the English language, and various branches of the sciences, the Second Morrill Act of 1890, as amended, provides a permanent annual appropriation of $2,700,000 to be allotted, annually, $50,000 to each State, the District of Columbia, Puerto Rico, Guam, and the Virgin Islands, and the Bankhead-Jones Act, as amended, authorizes an annual appropriation of $12,460,000.

Explanation: The Permanent appropriation (second Morrill Act of 1890, as amended) gives each State, the District of Columbia, Puerto Rico, Guam, and the Virgin Islands an appropriation of $50,000. The Annual appropriation provides yearly uniform grants of $150,000 to each State, the District of Columbia, Puerto Rico, Guam, and the Virgin Islands. The balance of the annual appropriation is then divided by a formula, based on population, which gives each of the above entities a variable grant.

Accomplishments in 1976: Fifty-four land-grant jurisdictions will share the $12,200,000 in grants with $200,500 to $335,500 to each jurisdiction.

Objectives for 1977: No funds are requested for this program in fiscal year 1977. Legislation is to be submitted to repeal both the Permanent and the Annual appropriations. Both the Annual and the Permanent appropriations are a relatively minor source of funds for these colleges and universities, which include some of the strongest and most prestigious institutions of learning in the country. The smaller and poorer land-grant institutions, particularly the predominantly black land-grant institutions in the South, will continue to be aided by the Strengthening developing institutions program (Title III of the Higher Education Act of 1965).

68

OFFICE OF EDUCATION

Higher Education

Program Purpose and Accomplishments

Activity: State postsecondary education commissions (Higher Education Act Sections 1202 and 1203 and General Education Provisions Act Section 421)

1976 Appropriation	1977 Authorization	1977 Budget Estimate
$3,500,000	1/	---

1/ Expires September 30, 1976

Purpose: Grants are awarded to State Commissions to encourage development of comprehensive statewide planning for postsecondary education and to support State administration of certain Federal programs. In addition to comprehensive statewide planning, State Commissions could be designated (by the State) to administer the Community services and continuing education program, the Undergraduate equipment grant program, and/or the Grants for construction of undergraduate academic facilities program. In States where these agencies are not designated to administer the latter two programs, they are administered by the State Higher Education Facilities Commission.

Explanation: Grants are discretionary, that is, there is no statutory formula for distribution among the States. However, by administrative decision funds have been allocated on a formula basis for both programs.

Accomplishments in 1976: In fiscal year 1976, $3,500,000 was appropriated for Statewide planning for postsecondary education and for State Commission costs of administering the Titles VI and VII programs. Of this amount, $3,000,000 will provide support for Statewide comprehensive planning grants in up to 54 States and Territories, and $500,000 will support State administration of the Titles VI and VII programs in 56 States and Territories.

Objectives for 1977: No funds are requested for Statewide planning since that is regarded as a State responsibility. No funds are requested for State administration of Federal programs, since funds are not requested for those Federal programs in fiscal year 1977.

CG

OFFICE OF EDUCATION

Higher Education

Program Purpose and Accomplishments

Activity: Veterans cost-of-instruction program (Higher Education Act Title IV)

1976 Appropriation	1977 Authorization	1977 Budget Estimate
$23,750,000	---1/	---

1/ Expires September 30, 1976.

Purpose: To encourage postsecondary institutions to recruit veterans and to provide special services for them. This program authorizes appropriations for grants to institutitons which increase their enrollment of veterans by 10% over the preceding academic year or whose enrollments constitute 10 percent or more of their total undergraduate enrollment.

Explanation: To qualify for assistance, each initial year applicant must exhibit either 10 percent growth in veteran enrollment or a veteran enrollment equaling 10 percent or more of its total enrollment. Renewal applicants must merely maintain the veteran enrollment of the previous year. Proprietary institutions and schools of religion may not participate. The participating institution agrees to: (1) maintain a full-time office of veterans' affairs; (2) actively recruit veterans; (3) offer a comprehensive program of peer and professional counseling; (4) develop programs of remedial and tutorial services for veterans; and (5) provide a multi-purpose program of community outreach services. Schools with less than 2,500 students and fewer than 70 veterans may enter into a consortium agreement and may offer only limited programs, including items (1), (2), and (3) above.

At full funding the institution would be "entitled" to a payment of $300 for each undergraduate veteran enrolled (FTE), and to a bonus payment of $150 for each enrolled veteran who has been the recipient of certain VA benefits designed to assist to educationally disadvantaged veteran. These "entitlements" are pro-rated down to the level of funds appropriated.

Accomplishments in 1976: In fiscal year 1976, $23,750,000 was appropriated which will provide services to approximately 917,000 veterans in about 1,206 postsecondary institutions.

Objective for 1977: No funds are requested for this program in fiscal year 1977. The program over the past three years has initiated significant committments by the nation's colleges and universities to veterans in the areas of outreach, recruitment, tutoring, counseling and special education. The program, as a demonstration initiative, has been instrumental in establishing veterans programs that are sustained by institutional resources, as well as other federal and non-federal resources, i.e. the Comprehensive Education and Training Act (CETA) and the Veterans Administration Work-study program.

70

OFFICIAL OF EDUCATION

Higher Education

Program Purpose and Accomplishment

Activity: Cooperative education (Higher Education Act, Title IV-D)

1976 Appropriation	1977 Authorization	1977 Budget Estimate
$10,750,000	---1/	$8,000,000

1/ Expires September 30, 1976. Extension legislation to be proposed.

Purpose: To help higher education institutions plan, establish, expand, or carry out cooperative education programs, and to provide for training, demonstration, and research efforts in cooperative education.

Explanation: Assistance is limited to cooperative education programs that alternate periods of full-time study and full-time public and private employment. An institution may receive grants for up to three years but each award competes on an annual basis. Federal funds do not pay student salaries.

Accomplishments in 1976: In fiscal year 1976, some 275 cooperative education programs will be funded. This total includes 136 new awards of $5,120,000 and 139 continuing awards at $5,630,000. $750,000 of the total appropriation will be used to support 14 training projects and 3 research projects to train personnel for cooperative education and increase the knowledge relating to this educational method.

Objectives for 1977: Support of 220 cooperative education programs is planned for fiscal year 1977. Primary support will be given to programs entering their second or third year with support to new programs limited to those of exceptional promise and demonstrating superior institutional commitments.

OFFICE OF EDUCATION

HIGHER EDUCATION

Program Purpose and Accomplishments

Activity: College teacher fellowships (Higher Education Act of 1965, Title IX, Part B)

1976 Appropriation	1977 Authorization	1977 Budget Estimate
$1,000,000	---1/	---

1/ Expires September 30, 1976.

Purpose: Funds are used to prepare college teachers, by providing three-year fellowships for study in graduate programs in institutions of higher education.

Explanation: This is a discretionary grant program. No new fellowships have been awarded since 1971, and all fellowships terminated at the end of the 1973-74 academic year, except for those of returned veterans who had interrupted their fellowships to enter military service. For those prior year awards, with the assistance of academic experts recruited from colleges and universities, the Office of Education allotted a specified number of fellowships to institutions of higher education in approved programs. Institutions selected the fellows and awarded stipends of $3,000 per year for the fellow, $500 per year for each qualified dependent, and a $3,000 per year cost-of-education allowance.

Accomplishments in 1976: The appropriation of $1,000,000 in fiscal year 1976 will support about 93 fellows returning from military service. These veterans are the last eligible under this program and are expected to have completed their studies by the end of academic year 1976-77.

Objectives for 1977: The last eligible veterans will have completed their studies by the end of academic year 1976-77. Support for these fellowships was available from the fiscal year 1976 appropriation, thereby ending the need for further Federal funding for this activity.

72

OFFICE OF EDUCATION

Higher Education

Program Purpose and Accomplishments

Activity: Public service fellowships (Higher Education Act Title IX, Parts A and C)

1976 Appropriation	1977 Authorization	1977 Budget Estimate
$4,000,000	--- 1/	---

1/ Expires September 30, 1976.

Purpose: Funds are used to expand and improve the training of persons for the public service, through graduate and professional fellowships.

Explanation: Under Part A, discretionary awards are authorized to institutions of higher education to establish, strengthen and improve programs designed to prepare graduate and professional students for public service careers. Under Part C, an approved program is allocated a number of fellowships and the institution nominates students for the fellowships. All applications are reviewed by knowledgeable persons from the academic world and local, State, and Federal government.

Accomplishments in 1976: The 1976 appropriation will support grants in the following amounts: $1,330,000 in competing continuation grants to 38 institutions to improve public service education, $1,090,000 to support 167 non-competing continuation fellowships at 40 institutions, $790,000 for 121 new fellowships at 20 institutions, and $790,000 to support new grants to 20 institutions to improve public service education.

Objectives for 1977: No funds are requested for this activity in 1977. The fiscal year 1977 budget places priority on programs which help equalize postsecondary opportunities through broader student assistance programs.

OFFICE OF EDUCATION

Higher Education

Program Purpose and Accomplishment

Activity: Mining fellowships (Higher Education Act Title IX, Part D)

1976 Appropriation	1977 Authorization	1977 Budget Estimate
$3,000,000	--- 1/	---

1/ Expires September 30, 1976.

Purpose: Funds are used to provide fellowships to assist graduate students of exceptional ability and demonstrated financial need to undertake advanced study in domestic mining, mineral, and mineral fuel conservation, including oil, gas, coal, and oil shale uranium.

Explanation: The program is forward funded. Institutions of higher education apply to the Office of Education. An approved program has a number of fellowships allocated to it, and the institution selects students for the fellowships. All applications are reviewed by knowledgeable persons from the academic world and local, State, and Federal government.

Accomplishments in 1976: In fiscal year 1976, the appropriation of $3,000,000 will support an estimated 180 new fellowships and about 180 continuing fellowships.

Objectives in 1977: No Federal funds are requested for this program in fiscal year 1977. The fiscal year 1977 budget places priority on programs which help equalize postsecondary educational opportunities through broader student assistance programs which provide students the opportunity to determine the selection of institution and area of study that will best meet their individual needs.

74

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Higher Education

Student Assistance
Supplemental Educational Opportunity Grants

State or Outlying Area	1975 Actual[1/]	1976 Appropriation[2/]	1977 Estimate
TOTAL	$240,284,097	$124,832,000	$ ---
Alabama	3,553,319	1,762,163	---
Alaska	389,309	113,644	---
Arizona	2,458,905	1,580,555	---
Arkansas	1,389,830	671,332	---
California	26,291,914	15,184,767	---
Colorado	3,774,148	1,611,499	---
Connecticut	2,845,202	1,519,624	---
Delaware	619,418	380,607	---
Florida	5,574,394	3,268,707	---
Georgia	3,614,760	2,108,283	---
Hawaii	854,006	483,461	---
Idaho	752,661	401,945	---
Illinois	11,511,488	5,405,671	---
Indiana	5,182,058	2,597,752	---
Iowa	3,524,720	1,423,116	---
Kansas	2,429,844	1,301,644	---
Kentucky	2,587,845	1,433,798	---
Louisiana	3,468,206	1,732,283	---
Maine	4,555,400	440,635	---
Maryland	4,159,789	1,825,330	---
Massachusetts	10,071,000	4,049,682	---
Michigan	10,867,402	4,604,635	---
Minnesota	7,121,444	2,402,551	---
Mississippi	3,110,480	1,010,743	---
Missouri	4,431,362	2,172,434	---
Montana	730,809	385,322	---
Nebraska	1,565,072	838,337	---
Nevada	445,386	284,084	---
New Hampshire	1,596,996	448,691	---
New Jersey	5,125,930	2,853,613	---
New Mexico	2,411,635	601,645	---
New York	18,317,237	9,981,639	---
North Carolina	5,462,923	2,690,596	---
North Dakota	1,943,644	365,370	---
Ohio	9,306,529	4,622,270	---
Oklahoma	2,666,235	1,575,921	---
Oregon	4,392,499	1,454,908	---
Pennsylvania	9,880,130	5,209,878	---
Rhode Island	1,342,074	605,107	---
South Carolina	2,470,670	1,293,171	---

	1975 Actual[1/]	1976 Appropriation[2/]	1977 Estimate
South Dakota	1,672,138	351,306	---
Tennessee	3,929,232	1,996,066	---
Texas	10,156,514	6,053,846	---
Utah	1,873,443	954,473	---
Vermont	2,464,704	326,815	---
Virginia	3,925,665	2,226,023	---
Washington	5,842,665	2,235,574	---
West Virginia	1,758,494	800,388	---
Wisconsin	9,707,403	2,587,958	---
Wyoming	411,577	189,677	---
District of Columbia	1,678,027	848,979	---
American Samoa	---	6,803	---
Guam	33,854	35,187	---
Puerto Rico	4,008,712	1,023,029	---
Trust Territories	---	1,778	---
Virgin Islands	24,996	13,485	---
Set-aside (10%)		12,483,200	---

1/ This amount includes continuing and initial awards

2/ This is the amount for initial awards only.
Estimated distribution of 90% of $124,832,000 on the basis of the total of full-time and full-time equivalent degree-credit and nondegree-credit enrollment in institutions of higher education and the adjusted full-time and full-time equivalent enrollment in proprietary schools, Fall 1973/1974.

76

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Higher Education

Student Assistance
Work-Study

	1975 Actual	1976 Appropriation[1/]	1977 Estimate[2/]
TOTAL	$420,000,000	$390,000,000	$250,000,000
Alabama	8,271,288	7,722,107	4,944,982
Alaska	578,400	537,462	344,173
Arizona	4,150,240	3,889,254	2,490,550
Arkansas	4,310,405	3,967,807	2,540,853
California	36,466,075	33,679,372	21,567,155
Colorado	4,588,750	4,253,371	2,723,718
Connecticut	4,544,143	4,258,713	2,727,139
Delaware	1,033,436	974,703	624,168
Florida	11,716,836	11,005,861	7,047,790
Georgia	9,395,589	8,719,392	5,583,610
Hawaii	1,413,084	1,327,051	849,799
Idaho	1,351,015	1,258,106	805,650
Illinois	17,121,389	15,984,936	10,236,225
Indiana	8,238,950	7,632,199	4,887,408
Iowa	4,914,922	4,499,172	2,881,121
Kansas	4,140,655	3,797,225	2,431,618
Kentucky	7,055,287	6,603,606	4,228,731
Louisiana	9,415,999	8,781,005	5,623,065
Maine	1,807,274	1,539,771	986,018
Maryland	6,334,933	5,927,448	3,795,742
Massachusetts	9,859,119	9,493,018	6,079,015
Michigan	14,188,549	13,403,204	8,582,969
Minnesota	7,208,211	6,696,077	4,287,947
Mississippi	6,699,926	6,200,577	3,970,645
Missouri	7,974,941	7,439,451	4,763,979
Montana	1,384,057	1,353,317	8,866,620
Nebraska	2,687,038	2,487,659	1,593,015
Nevada	754,320	717,013	459,152
New Hampshire	1,286,489	1,205,664	772,067
New Jersey	9,934,533	8,862,874	5,675,492
New Mexico	2,773,439	2,583,249	1,654,227
New York	30,493,060	28,518,520	18,262,318
North Carolina	10,486,843	9,704,148	6,214,216
North Dakota	1,306,777	1,214,645	777,819
Ohio	16,694,112	15,497,008	9,923,772
Oklahoma	5,297,333	4,787,842	3,065,976
Oregon	3,956,653	3,493,515	2,237,132
Pennsylvania	18,325,678	16,772,365	10,740,469
Rhode Island	1,678,499	1,556,133	996,496
South Carolina	6,182,624	5,846,099	3,743,649

	1975 Actual	1976 Appropriation 1/	1977 Estimate 2/
South Dakota	1,510,896	1,385,467	887,208
Tennessee	8,363,694	7,657,103	4,903,356
Texas	22,153,151	20,637,024	13,215,269
Utah	2,433,310	2,246,576	1,438,633
Vermont	899,782	830,984	532,135
Virginia	8,313,826	7,760,613	4,969,640
Washington	6,185,243	5,734,631	3,672,268
West Virginia	3,734,258	3,480,745	2,228,954
Wisconsin	7,782,781	7,150,810	4,579,142
Wyoming	587,246	547,051	350,314
District of Columbia	1,824,942	1,728,057	1,106,591
Outlying	8,400,000	7,800,000	5,000,000
Set-aside (10%)	---	38,150,000	24,430,000
Set-aside for children from outlying areas who are attending school in the States	---	700,000	500,000

1/ Estimated distribution of $390,000,000 with 2% reserved for the outlying areas, $700,000 reserved for students from American Samoa and the Trust Territories, and 90% of the balance distributed 1/3 on the basis of the total of full-time degree-credit and nondegree credit and adjusted full-time enrollment in proprietary schools; 1/3 on total estimated high school graduates; 1/3 on "related children under 18" in families with income under $3,000.

2/ Estimated distribution of $250,000,000 with 2% reserved for the outlying areas, $500,000 reserved for students from American Samoa and the Trust Territories, and 90% of the balance distributed 1/3 on the basis of the total of full-time degree-credit and nondegree-credit enrollment in institutions of higher education, and the adjusted full-time enrollment in proprietary schools; 1/3 on total estimated high school graduates; 1/3 on "related children under 18" in families with income under $3,000.

78

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Higher Education

Direct Student Loans

	1975 Actual	1976 1/ Appropriation	1977 Estimate
TOTAL	$320,696,382	$321,000,000	$ ---
Alabama	4,655,949	4,612,804	---
Alaska	430,055	219,900	---
Arizona	3,960,316	3,958,741	---
Arkansas	2,368,715	1,868,177	---
California	34,165,118	33,901,016	---
Colorado	5,596,256	4,365,878	---
Connecticut	3,875,569	3,841,309	---
Delaware	945,285	941,903	---
Florida	8,300,455	8,258,338	---
Georgia	5,601,510	5,591,681	---
Hawaii	879,861	1,294,157	---
Idaho	1,222,805	1,100,454	---
Illinois	14,397,298	13,486,159	---
Indiana	7,571,774	7,106,194	---
Iowa	5,114,457	4,098,433	---
Kansas	4,137,183	3,498,340	---
Kentucky	4,131,947	3,897,725	---
Louisiana	4,872,297	4,767,336	---
Maine	3,925,190	1,193,347	---
Maryland	4,540,376	4,449,195	---
Massachusetts	15,157,844	10,819,087	---
Michigan	12,805,899	11,374,164	---
Minnesota	6,828,353	6,714,602	---
Mississippi	3,312,109	2,821,561	---
Missouri	6,672,778	5,701,445	---
Montana	1,234,103	1,115,916	---
Nebraska	2,724,102	2,199,292	---
Nevada	708,766	705,877	---
New Hampshire	2,603,153	1,278,613	---
New Jersey	7,038,759	7,026,152	---
New Mexico	2,997,384	1,589,001	---
New York	25,745,045	25,511,857	---
North Carolina	7,403,357	7,360,375	---
North Dakota	1,699,119	1,060,702	---
Ohio	13,699,140	12,365,518	---
Oklahoma	4,506,195	4,119,698	---
Oregon	7,222,511	3,692,789	---
Pennsylvania	14,385,959	14,066,645	---
Rhode Island	1,884,200	1,514,347	---
South Carolina	3,228,109	3,450,256	---

	1975 Actual	1976 1/ Appropriation	1977 Estimate
South Dakota	1,816,373	1,011,416	---
Tennessee	5,431,680	5,404,818	---
Texas	15,873,766	15,934,408	---
Utah	1,260,352	2,669,766	---
Vermont	1,766,711	922,047	---
Virginia	5,627,977	5,604,573	---
Washington	9,256,561	5,805,239	---
West Virginia	2,702,836	2,134,503	---
Wisconsin	8,699,519	6,891,103	---
Wyoming	581,350	468,899	---
District of Columbia	2,211,736	2,107,435	---
American Samoa	---	14,136	---
Canal Zone	---	20,353	---
Guam	---	88,665	---
Puerto Rico	2,895,616	2,856,256	---
Trust Territory	---	4,974	---
Virgin Islands	22,604	22,425	---
Set-aside (10%)	---	32,100,000	---

1/ Estimated distribution of 90% of $321,000,000 on the basis of the total of full-time degree-credit and nondegree credit enrollment in institutions of higher education and adjusted full-time enrollment in proprietary schools.

80

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Higher Education

State Student Incentive Grants

	1975 Actual	1976 Appropriation	1977 Estimate
TOTAL	$20,000,000	$44,000,000	$44,000,000
Alabama	262,149	663,796	663,796
Alaska	27,333	58,776	58,776
Arizona	285,628	642,553	642,553
Arkansas	110,937	236,929	236,929
California	3,036,648	6,887,231	6,887,231
Colorado	272,823	591,218	591,218
Connecticut	280,921	611,280	611,280
Delaware	59,710	149,989	149,989
Florida	581,028	1,307,521	1,307,521
Georgia	303,017	773,331	773,331
Hawaii	88,087	180,753	180,753
Idaho	72,753	145,592	145,592
Illinois	1,027,576	2,208,568	2,208,568
Indiana	413,646	941,034	941,034
Iowa	225,885	476,398	476,398
Kansas	223,278	481,058	481,058
Kentucky	228,933	521,900	521,900
Louisiana	279,528	617,865	617,865
Maine	74,662	159,086	159,086
Maryland	366,404	765,154	765,154
Massachusetts	687,984	1,514,561	1,514,561
Michigan	881,056	1,898,638	1,898,638
Minnesota	337,496	843,024	843,024
Mississippi	170,139	355,625	355,625
Missouri	399,320	832,891	832,891
Montana	56,463	127,434	127,434
Nebraska	136,489	311,759	311,759
Nevada	41,430	113,904	113,904
New Hampshire	69,034	149,917	149,917
New Jersey	527,810	1,175,682	1,175,682
New Mexico	100,948	226,127	226,127
New York	1,868,439	3,950,305	3,950,305
North Carolina	422,966	964,321	964,321
North Dakota	60,892	120,529	120,529
Ohio	820,302	1,721,446	1,721,446
Oklahoma	260,359	597,999	597,999
Oregon	273,542	580,136	580,136
Pennsylvania	910,835	1,919,945	1,919,945
Rhode Island	113,934	245,482	245,482
South Carolina	199,452	481,819	481,819

	1975 Actual	1976 Appropriation	1977 Estimate
South Dakota	54,836	117,764	117,764
Tennessee	320,156	726,544	726,544
Texas	1,041,227	2,308,470	2,308,470
Utah	166,317	334,770	334,770
Vermont	57,269	113,172	113,172
Virginia	399,494	897,176	897,176
Washington	412,311	869,664	869,664
West Virginia	140,968	300,926	300,926
Wisconsin	457,369	969,834	969,834
Wyoming	37,044	79,279	79,279
District of Columbia	166,026	344,864	344,864
American Samoa	1,879	3,332	3,332
Canal Zone	---	---	---
Guam	7,090	14,234	14,234
Puerto Rico	174,430	360,094	360,094
Trust Territory	238	620	620
Virgin Islands	3,510	7,681	7,681

82

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
OFFICE OF EDUCATION

Higher Education

University Community Services

State or Outlying Area	1975 Actual	1976 Appropriation 1/	1976 Estimate
TOTAL	$14,250,000	$12,125,000	$ ---
Alabama	227,171	195,222	---
Alaska	111,738	108,862	---
Arizona	170,899	155,667	---
Arkansas	172,525	154,647	---
California	837,200	654,576	---
Colorado	185,383	166,274	---
Connecticut	211,243	182,708	---
Delaware	120,623	115,387	---
Florida	365,358	307,979	---
Georgia	270,946	229,379	---
Hawaii	129,472	122,584	---
Idaho	127,269	120,838	---
Illinois	506,109	400,113	---
Indiana	290,919	242,430	---
Iowa	204,164	176,881	---
Kansas	181,915	160,796	---
Kentucky	219,405	189,368	---
Louisiana	235,008	200,593	---
Maine	137,057	127,901	---
Maryland	246,205	209,400	---
Massachusetts	309,339	255,722	---
Michigan	425,530	343,318	---
Minnesota	240,029	204,459	---
Mississippi	181,482	162,219	---
Missouri	271,451	228,037	---
Montana	125,860	119,603	---
Nebraska	155,188	141,166	---
Nevada	119,251	114,796	---
New Hampshire	127,955	121,322	---
New Jersey	365,430	296,701	---
New Mexico	138,863	129,512	---
New York	763,375	589,107	---
North Carolina	288,571	242,376	---
North Dakota	122,899	117,052	---
Ohio	487,255	388,485	---
Oklahoma	195,098	171,672	---
Oregon	178,917	159,588	---
Pennsylvania	529,983	418,534	---
Rhode Island	134,998	125,967	---
South Carolina	197,085	173,148	---

State or Outlying Area	1975 Actual	1976 Appropriation[1/]	1977 Estimate
South Dakota	124,560	118,314	---
Tennessee	247,072	209,964	---
Texas	519,111	417,621	---
Utah	140,705	130,881	---
Vermont	116,614	112,514	---
Virginia	272,101	230,078	---
Washington	223,451	192,234	---
West Virginia	164,831	148,024	---
Wisconsin	263,469	221,887	---
Wyoming	112,497	100,479	---
District of Columbia	127,161	119,710	---
American Samoa	25,981	25,729	---
Guam	28,070	27,282	---
Puerto Rico	122,953	97,827	---
Virgin Islands	27,256	26,677	---
Set Aside	1,425,000	1,212,500	---

1/ Estimated distribution of $12,125,000 with 10% reserved and 90% distributed with a basic amount of $100,000 to the 50 States and D.C., $25,000 to the outlying areas and the balance distributed on the basis of the total resident population, 7-1-73 and 4-1-70.

84

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Higher Education

Land-Grant Colleges and Universities

	1975 Actual[1/]	1976 Appropriation[1/]	1977 Estimate
TOTAL	$12,200,000	$12,200,000	$ ---
Alabama	223,402	223,402	---
Alaska	202,053	202,053	---
Arizona	212,043	212,043	---
Arkansas	213,068	213,068	---
California	335,575	335,575	---
Colorado	214,998	214,998	---
Connecticut	220,603	220,603	---
Delaware	203,724	203,724	---
Florida	246,132	246,132	---
Georgia	231,185	231,185	---
Hawaii	205,231	205,231	---
Idaho	204,845	204,845	---
Illinois	275,516	275,516	---
Indiana	235,289	235,289	---
Iowa	219,195	219,195	---
Kansas	215,282	215,282	---
Kentucky	221,874	221,874	---
Louisiana	224,754	224,754	---
Maine	206,752	206,752	---
Maryland	226,651	226,651	---
Massachusetts	238,656	238,656	---
Michigan	260,304	260,304	---
Minnesota	225,854	225,854	---
Mississippi	215,063	215,063	---
Missouri	231,781	231,781	---
Montana	204,718	204,718	---
Nebraska	210,082	210,082	---
Nevada	203,321	203,321	---
New Hampshire	205,012	205,012	---
New Jersey	248,706	248,706	---
New Mexico	206,903	206,903	---
New York	323,600	323,600	---
North Carolina	234,531	234,531	---
North Dakota	204,197	204,197	---
Ohio	272,377	272,377	---
Oklahoma	217,389	217,389	---
Oregon	214,210	214,210	---
Pennsylvania	280,136	280,136	---
Rhode Island	206,453	206,453	---
South Carolina	217,602	217,602	---

	1975 Actual 1/	1976 Appropriation 1/	1977 Estimate
South Dakota	204,527	204,527	---
Tennessee	226,663	226,663	---
Texas	276,078	276,078	---
Utah	207,197	207,197	---
Vermont	203,022	203,022	---
Virginia	231,585	231,585	---
Washington	223,164	223,164	---
West Virginia	211,851	211,851	---
Wisconsin	230,018	230,018	---
Wyoming	202,259	202,259	---
District of Columbia	205,140	205,140	---
Guam	200,578	200,578	---
Puerto Rico	218,427	218,427	---
Virgin Islands	200,424	200,424	---

1/ Includes Bankhead-Jones annual appropriation and Second Morrill Act permanent appropriation.

86

Transition Quarter Analysis

	Budget Authority by Activity	
	1976 Estimate	Transition Quarter
1. Student assistance:		
a. Basic opportunity grants	715,000,000	---
b. Supplemental opportunity grants	240,093,000	---
c. Work-study	509,800,000	---
d. Subsidized insured loans:		
(1) Interest subsidies	452,000,000	124,000,000
(2) Reserve fund advances	---	---
e. Direct loans:		
(1) Federal capital contributions	321,000,000	---
(2) Loans to institutions	2,000,000	---
(3) Teacher cancellations	8,960,000	---
f. Incentive grants for State scholarships	44,000,000	---
Subtotal	2,292,853,000	124,000,000
2. Special programs for the disadvantaged	70,331,000	---
3. Institutional assistance:		
a. Strengthening developing institutions:		
(1) Basic program	52,000,000	---
(2) Advanced program	58,000,000	---
b. Construction	---	---
c. Language training and area studies:		
(1) Centers, fellowships, and research	13,300,000	---
(2) Fulbright-Hays fellowships	2,700,000	---
d. University community services	12,125,000	---
e. Aid to land-grant colleges:		
(1) Annual appropriation	9,500,000	---
(2) Permanent appropriation	2,700,000	---
f. State postsecondary education commissions	3,500,000	---
g. Veterans cost-of-instruction	23,750,000	---
h. Cooperative education	10,750,000	---
Subtotal	188,325,000	---
4. Personnel development:		
a. College teacher fellowships	1,000,000	---
b. Public service fellowships	4,000,000	---
c. Mining fellowships	3,000,000	---
Subtotal	8,000,000	---
Total	2,559,509,000	124,000,000

Explanation

This amount is required by the Guaranteed student loan program to pay interest benefits, special allowance to lenders, and death and disability claims. These payments are mandatory when proper bills have been submitted, reviewed, and approved. The balance of higher education programs are either forward funded, or have obligations in the second half of the fiscal year, and do not require Transition Quarter appropriations.

THURSDAY, MARCH 11, 1976.

STUDENT LOAN INSURANCE FUND

WITNESSES

EDWARD T. YORK, DEPUTY COMMISSIONER FOR MANAGEMENT
DR. T. H. BELL, COMMISSIONER OF EDUCATION
DR. JOHN W. EVANS, ASSISTANT COMMISSIONER FOR PLANNING, BUDGETING, AND EVALUATION
KENNETH A. KOHL, ASSOCIATE COMMISSIONER, OFFICE OF GUARANTEED STUDENT LOANS
WILLIAM DINGELDEIN, DIRECTOR, DIVISION OF EDUCATION BUDGET ANALYSIS, OFFICE OF ASSISTANT SECRETARY, COMPTROLLER

INTRODUCTION OF WITNESS

Mr. FLOOD. We are still with the Office of Education. Now we have the Student Loan Insurance Fund.

The presentation will be made by Edward T. York, Deputy Commissioner for Management. We have your biographical sketch, Mr. York, which we will place in the record at this point.

[The biographical sketch follows:]

BIOGRAPHICAL SKETCH

Name: Edward T. York, Jr.
Position: Deputy Commissioner for Management.
Birthplace and date: May 2, 1930, Chicago, Ill.
Education: Benjamin Franklin University, B.C.S.
Experience:
Present: Deputy Commissioner for Management.
1972–73: Deputy Administrator, Office of Price Monitoring, Cost of Living Council.
1971–72: Deputy Director, Office of Program Operations Price Commission.
1968–71: Chief, Program Review and Resources Management, Goddard Space Flight Center, NASA.
1963–68: Chief, Industrial Cost Analysis Office Assistant Chief, Procurement Division Chief, Program Support Division.
1957–63: General Accounting Office.
1955–57: Morton F. Swift & Co., CPA's.

OPENING REMARKS

Mr. FLOOD. You have a prepared statement. How do you want to handle this?

Mr. YORK. Yes, sir, Mr. Chairman. I would like to read it.

Mr. FLOOD. All right.

OPENING STATEMENT

Mr. YORK. Mr. Chairman and members of the committee, I am pleased to appear before this committee to discuss with you the student loan insurance fund for fiscal year 1977. No additional budget authority is requested in fiscal year 1977 for making $141.5 million in payments to lenders for defaults on student loans. This is possible because nonexpended funds from fiscal year 1976 are available to carry over into fiscal year 1977.

The student loan insurance fund is an integral part of the guaranteed student loan program which supports the administration's goal of promoting equal educational opportunity. By guarantying the payment of loan defaults, the fund assures the continued availability of loans from private sources so students may have the freedom to select the school of their choice and the course of study they prefer. These funds are administered in conjunction with the subsidized insured loans portion of the higher education account. The higher education account portion supports interest subsidies, special allowance, death and disability payments, while the student loan insurance fund supports that part of the guaranteed student loan program which requires payments for loan defaults and bankruptcies. The requirements for staffing and computer services, dedicated to overall management activities as well as control of fraud and program abuse, are included in the salaries and expenses account.

The student loan insurance fund enables the Commissioner of Education to pay defaults from amounts appropriated for this purpose as well as funds resulting from insurance premiums, defaulted loan repayments and interest income on defaulted loans. Appropriated funds are provided to cover default payments on both federally insured and federally reinsured loans.

REASONS FOR NO APPROPRIATION REQUEST

No appropriations are requested for fiscal year 1977 since an unused appropriation brought forward of $154,291,000 and available receipts of $36,300,000 will be more than sufficient to support estimated obligations totaling $141,550,000. Of the total amount of anticipated obligations, $84,150,000 should apply to the Federal insurance program, and $57,400,000 will be applicable to the Federal reinsurance program. Loans outstanding at the end of fiscal year 1977 are anticipated to amount to an estimated $7 billion for both programs, with more than 9 million loans disbursed amounting to $9.8 billion. There are nearly 20,000 lenders and over 9,200 schools eligible to participate in the program.

A number of separate factors collectively contribute to the unused appropriation which I have cited. In regards to the Federal insurance, program, the default percentage for fiscal year 1975 has declined from a previously estimated 18 percent to 16.5 percent. The fiscal year 1976 percentage is now estimated at 16.7 percent compared with the previous estimate of 19 percent. These decreases in default percentages previously reported are the result of better budget estimates. The default percentage is expected to level off in fiscal year 1977 at 17 percent. This leveling off is anticipated due to improved program management along with new Federal regulations protecting student borrowers as well as new performance criteria for schools and lenders. These regulations also include due process procedures for limitation, suspension, and/or termination of participation of lenders and educational institutions not complying with program regulations.

Another factor contributing to the unused appropriation in fiscal year 1976 is the reduction in estimates for the Federal reinsurance program. In fiscal year 1976, it is estimated that a default percentage

of 9.9 percent will result in default obligations totaling $51,100,000 compared to the previous estimates of 10.5 percent totaling $90 million. These estimates are based on the most recent data received from the guarantee agencies.

INCREASE IN COLLECTIONS

An increase in collections on defaulted loans of $8.3 million is anticipated for a total of $18.7 million in fiscal year 1977 compared with $10.4 million in fiscal year 1976. This increase of $8.3 million will result from the expansion of collection efforts including a new computerized management collection system. This expansion will also include the collection efforts of the additional 10 permanent and 94 temporary collection positions, discussed under the "Higher Education" account. In addition, the State guarantee agencies are expected to collect $14,400,000 compared with $10,900,000 in 1976. The $18,700,000 in the Federal program is based on the assumption that $191 will be collected annually for each default that is in repayment status at the beginning of fiscal year 1977. Thus a total of 65,354 defaults in repayment should yield $12,500,000 in collections. Experience has shown that an average receipt of $110 will be collected for each new default converted to repayment status during fiscal year 1977. A total of 55,836 defaults are estimated to be brought into repayment status thus yielding an estimated $6,200,000 in collections. This includes 20,592 new defaults converted by the 10 additional permanent positions and 94 temporary positions. The net effect of 1 year of collecting work by one collector will result in collections of $309,814 over a 5-year period.

I shall be pleased to answer any questions.

FUTURE APPROPRIATIONS

Mr. FLOOD. You are requesting no new appropriations for these student loan funds for 1977. Since this is a revolving fund, can we conclude that this fund is now self-supporting, and that you won't need any future appropriations?

Mr. YORK. As much as I would like to answer that question in the affirmative, saying that was the initial intent of the student loan insurance fund, no, sir, we are not yet at that point. We are at a point, however, where our ability to estimate is significantly better than it has been in past years. You may recall that about 3 years ago we first started talking about a model, a loan estimation model, that was in the process of being developed. That was completed about a year, a little over a year ago. It increased significantly our ability to know where we were in the program.

Since then we have done much refinement and we are continuing to refine that particular loan estimation model.

FUTURE DEFAULT RATES

Mr. FLOOD. What do you estimate you will need for the next 5 years?

Mr. YORK. I think at this point we are predicting and projecting that the default rate will level off at the current estimated 17 percent. I would hope that with the additional management improvements we

are putting into the program, with the regulations we have put in place, with some of the legislative initiatives that we have proposed that relate to this program, we would see a further reduction in that default percentage. I would be reluctant to try to give you an estimate of exactly when or in how many years the program will become self-sustaining.

ACCURACY OF DEFAULT ESTIMATES

Mr. FLOOD. Well, how accurate would you say the estimates are, including the one for 1977?

Mr. YORK. At this point, I think the estimates we have now are substantially better than anything we have ever had before, and that in fact our 1976 estimate of 16.7 percent and our 1977 estimate of 17 percent will be very close to actual. I should point out, Mr. Chairman, that when we talk about default percentage, we are not at that point talking about the net loss to the Federal Government. We are talking about the number of default claims, the percentage of default claims that we have paid relatively to matured paper. That then gets affected by our collection activities, which reduces that default percentage to what we normally term a net loss percentage. That net loss percentage is now approximately 12 percent in the Federal program.

Mr. FLOOD. Don't these estimates you are talking about here, now and in the future, depend upon your estimates of the default rate? How accurate are those?

Mr. YORK. They are a combination of factors. They start with a base of the loans that are made.

Mr. FLOOD. But it must include your estimate of the default rate. How accurate are those?

Mr. YORK. We have overestimated in the past year the number of defaults that in fact we were going to incur.

DEFAULT RATES

Mr. FLOOD. You estimate the 1977 default rate for the federally insured loans to be 17 percent.

Mr. YORK. Yes, sir.

Mr. FLOOD. And you estimated the guarantee agency default at 12.5 percent?

Mr. YORK. Yes, sir.

Mr. FLOOD. Now, that clearly shows a much faster growth of defaults in the guarantee agency part of the program than the federally insured program. Why are those two different?

Mr. YORK. The guarantee agency data.

DIFFERENCES IN DEFAULT RATES

Mr. FLOOD. Why are the growth rates different?

Mr. YORK. I would have to suggest that in the Federal program we are bringing that part of the program under control. This is more control than we have had in the past through the additional regulations that we have put in place, and the computerized system that we are putting in place to handle the claims and collections. The addition of many collectors is, we believe, having an effect on the population of people who have had loans, and who previously were defaulting.

As far as the guarantee agencies are concerned, the data related to the guarantee agencies is that which we have received from them. I really cannot make a significant judgment on the guarantee agencies.

Mr. FLOOD. Do you see a time when the guarantee agency rate would be higher than the federally insured rate?

Mr. YORK. I would hope that would never happen. I see them coming closer together, though.

DEFAULT RATES BY FISCAL YEARS

Mr. FLOOD. For the record, suppose you insert a chart for us showing the default rate for the fiscal years 1975, 1976, and 1977. And of course be sure you show us how they were calculated.

[The information follows:]

DEFAULT PERCENTAGES AND METHOD OF CALCULATION

Estimated rates

Estimated rates for the periods ending June 30, 1975, June 30, 1976, and September 30, 1977 are as follows:

[Dollars in millions]

	June 30, 1975	June 30, 1976	Sept. 30, 1977
Cumulative disbursed loans:			
Federally insured	$3,328.0	$3,789.0	$4,365.0
Guarantee agencies	3,802.0	4,232.0	4,770.0
Combined total	7,130.0	8,021.0	9,135.0
Cumulative matured loans:			
Federally insured	1,333.0	1,772.0	2,329.0
Guarantee agencies	2,222.0	2,542.0	3,004.0
Combined total	3,555.0	4,314.0	5,333.0
Cumulative defaults:			
Federally insured	220.0	296.0	396.0
Guarantee agencies	181.0	252.0	375.0
Combined total	401.0	548.0	711.0
Estimated default percentages:			
Federally insured	(16.5)	(16.7)	(17.0)
Guarantee agencies	(8.1)	(9.9)	(12.5)
Combined default percentages	11.3	12.7	14.5

Method of calculation

The Office of Education uses estimated matured paper (defined as the cumulative dollar amount of all loans disbursed except those currently in the in-school/grace period) for the computation of default percentages. The default percentage is expressed as the cumulative dollar amount of all defaut claims received by the Federal Government and the various State agencies from lenders as a percentage of the dollar amount of estimated matured paper.

Mr. BELL. I think the significant thing, Mr. Chairman, if I might say it, to just emphasize—I'm sure you know this—under the State guarantee agencies, they very often exclude some of the private proprietaries. So we come in and pick them up. So we have a higher risk factor. At least we try to allege that we do. And I think that is reasonably accurate.

CHANGE IN PREVIOUS DEFAULT ESTIMATE

Mr. FLOOD. Last year you told us the default rate may go up to 21.5 percent in 1977 or 1978. Now you say the default rate is expected to level off at 17 percent.

Mr. YORK. Yes, sir.

Mr. FLOOD. Has that default situation improved that much?

Mr. YORK. To a major degree it relates to our ability, through the loan estimation model, to do a better job of estimating, having better knowledge of what is in the universe of loans that are out there, and what category of student, and type of school.

ELIGIBLE LENDERS

Mr. FLOOD. In the statement you gave us, you indicate there are 20,000 lenders and over 9,200 schools that are eligible for this program.

Mr. YORK. Yes, sir, there are nearly 20,000 lenders eligible to participate in the program.

Mr. FLOOD. We understood last year there were 19,000 lenders and 700 schools that are involved in this program. That is 1 year.

Has there been that much of an increase in just 1 year? What would the reason for that be?

Mr. YORK. There are continually schools that are becoming accredited, that were not previously eligible for the program, that become eligible. The figures do not mean to represent that there is an active participation by 20,000 lenders, but that over the life of the program, we have had nearly 20,000 lenders who at a given point in time have been active. We really cannot tell on a day-to-day basis how many individual lenders are active at any given point in time. But in fact, there, too, we are continually having additional lenders qualifying under this program, or participating in the program.

Mr. FLOOD. What would produce such an increase in 1 year?

Mr. YORK. Just the fact that there are additional schools who are becoming accredited and applying for and participating in the program.

REASONS FOR INCREASED COLLECTIONS

Mr. FLOOD. You are estimating $18.7 million for collections on the defaulted loans.

Mr. YORK. Yes, sir.

Mr. FLOOD. That is quite an increase over last year.

Mr. YORK. Yes, sir.

Mr. FLOOD. Is that due entirely to the addition to your collection staff, or——

Mr. YORK. Not entirely.

Mr. FLOOD. Do you have some other reasons?

Mr. YORK. It is attributable to two factors. The 94 temporary collectors and the 10 additional collector correspondents is one factor. The second factor is that the collection staff that we have hired over the past year is becoming much more effective in performing their collection activities, and their productivity is increasing substantially.

BANKRUPTCY

Mr. FLOOD. What is the current situation with defaults resulting from bankruptcy?

Mr. YORK. There has been no significant percentage increase in defaults from bankruptcy.

The actual number of defaults from bankruptcy and the dollars associated with those are going up. But as a percentage of total defaults, it is relatively constant.

REACTIONS ON NEW LEGISLATION

Mr. FLOOD. On January 29, HEW announced its new regulations for the federally insured program. What has been the reaction from the schools or the lenders who are participating in the program?

Mr. YORK. There has been no significant reaction from the lenders. I believe you are speaking to the regulations which define what we will pay in terms of defaults.

Mr. FLOOD. Yes.

Mr. YORK. Those particular regulations have not brought about any significant reaction from either one. They are primarily clarifications of when the Commissioner will honor a default claim, and to what extent. I think there is a feeling that those clarifications have been welcomed by the lenders and the schools.

GUARANTEE AGENCIES' OPERATIONS

Mr. FLOOD. What controls do you have over the State guarantee agency program? Is that strictly operated under the State law only?

Mr. YORK. To a large degree it is operated under the State law. There are some basic parameters in our law that created this program. But to a major degree, there are many deviations from a basic set of circumstances on a State-by-State control by State laws.

Mr. BELL. We insure 80 percent of their risks, don't we?

Mr. YORK. Yes, we have no real direct control. We do review each State and agency to be sure they are operating as much as they can in compliance with the overall parameters.

LOSS RATES

Mr. FLOOD. Occasionally we hear reference to loss rates under this program. How are they different from the default rates?

Mr. YORK. The default rate is the percentage of claims that we have paid to total matured paper. That amount is adjusted by the amount of collections that we make to arrive at the net loss rate. So it is the actual payments we make for defaults, less the dollars we collect on accounts that are converted back to repayment status.

Mr. FLOOD. What is the loss rate of the federally insured loans?

Mr. YORK. That is now running between 11 and 12 percent.

Mr. FLOOD. What about the guarantee agency loans?

Mr. YORK. That we really cannot tell, sir, primarily because we are not involved in the collections activities for the State guarantee agency programs. We pay claims, and then the guarantee agencies have the

collections responsibility and submit payments to us based on 80 percent.

Mr. FLOOD. Mr. Michel?

BETTER BUDGET ESTIMATES

Mr. MICHEL. Do you attribute the decline in the default rate from the previous estimates solely to better budget estimates, or would some of it be due to better collection efforts or a greater willingness on the part of the student to pay up?

Mr. YORK. The decline in the default rate from previous estimates is principally caused by a more accurate reporting of matured loans by lenders, better model estimates, and an improvement in the data received from lenders on the annual call report, revised June 30, 1975. Previous reporting understated the number and amount of loans which had matured. It follows that the denominator in this formula when increased to actual figures, brings the default rate down. Claim figures have been accurate. In the cases of the State and nonprofit guarantee agency default rate, matured loan figures provided by States have been used and may overstate the amount of matured paper, thereby depressing the default rate. We would also believe that better collection efforts by lenders will further reduce this rate in future years.

DEFAULTERS IN PROPRIETARY SCHOOLS

Mr. MICHEL. Do proprietary schools still produce the large share of defaulters? What is the percentage of the total which they currently comprise?

Mr. YORK. Yes. On a cumulative basis, 1968–74, 37.2 percent of the Federal program volume constituted loans to students in special and vocational schools. These schools produced 59 percent of all defaults under the Federal program. In the guarantee agency program, 6 percent of loans made to students attending vocational schools produce 15 percent of guarantee agency defaults.

NET DEFAULT PERCENTAGE

Mr. MICHEL. What is the difference between the default rate of 17 percent you cite and the "Net Default Percentage" of 11 percent cited in the justifications?

Mr. YORK. This is the result of our collection efforts. When student borrowers who have defaulted on their loans with their lender and we pay the lender's claim, collection personnel in the regional offices contact the student borrowers and obtain repayment agreements. Once repayment begins, this account is considered converted and classified as in repayment. The total of these accounts in repayment is subtracted from the total of defaults paid to arrive at a "net default percentage."

Mr. MICHEL. In an effort to further clarify what we are talking about here, does the default rate mean that eventually some 17 percent or what have you of the $4 billion in currently outstanding loans under the Federal insurance will not be paid?

Mr. YORK. This represents the experience at a single point in time. However, influences such as improved collection efforts by lenders, more comprehensive reporting of program data by lenders, improvements in the national employment picture, et cetera, reduces this percentage. Conversely, if collection efforts by lenders are relaxed and the national employment picture worsens, et cetera, this percentage could rise.

CLAIMS RETURNED TO LENDERS

Mr. MICHEL. What percentage of claims from lenders are rejected due to lender negligence, and what percentage are returned to the lenders because they have not made sufficient effort to collect?

Mr. YORK. During this fiscal year, 6½ percent of insurance claims submissions have been returned to lenders. The majority of these returns were caused by lack of due diligence on the part of the lender. A smaller portion resulted from insufficient documentation.

PERFORMANCE REGULATIONS

Mr. MICHEL. In your new performance regulations covering schools and lenders, what would be the basis for limiting, suspending, or terminating them from the program?

Mr. YORK. Generally the basis for limiting, suspending, or termination of schools differs from limiting, suspending, or terminating nonschool lenders. Each school in the program must have an agreement with the Commissioner of Education in which the school agrees to maintain required recordkeeping and reporting; to establish a fair and equitable refund policy; to provide certain information to prospective students; and to establish required admissions criteria for vocational trade, or career programs. The limitation, suspension, or termination of lenders under these new regulations are based on lender's performances in recordkeeping and reporting, maintaining reasonable default rates, and general performance as a lender in the program.

Mr. MICHEL. How many schools and lenders have been limited, suspended, or terminated thus far?

Mr. YORK. Three schools have been limited, seven schools suspended, and one school terminated. One lender has been limited. These are actions resulting from the new regulations of February 20, 1975. In addition, the Guaranteed Student Loan Evaluation Committee, charged with the responsibility of establishing maximum lines of insured credit for nonregulated lenders has taken numerous actions to limit school lenders.

The evaluation committee makes these determinations based on the financial information submitted by the lenders and certified by certified public accounting firms and a school lender trend and review record.

Mr. MICHEL. Is this having an impact on the default rate?

Mr. YORK. No, it is too early to expect, since these actions have been taken only in the past fiscal year. However, this will have a major influence in the reduction of default rates in the coming years. We estimate that this influence will be detected beyond fiscal year 1978.

PLANS FOR REDUCING BACKLOG

Mr. MICHEL. As of July 1, 1975, I understand that you had a backlog of $97 million in uncollected default claims. What are your plans for reducing it?

Mr. YORK. We have established collection procedures in four of our regional offices which provides collection personnel with online input and retrieval of information concerning each default claim. With this ability, virtually all of the present clerical activity, now diluting the overall collection effort, will be automated. This will permit the entire collection staff to concentrate on collections instead of clerical duties. Each collector's ability to make contacts with debtors will be greatly increased. These contacts will sharply reduce the collection backlog within months. The other six regional offices will have this online ability with the next 3 months.

BILLING AND COLLECTION IMPROVEMENTS

Mr. MICHEL. What specifically is being done to improve collection and billing procedures?

Mr. YORK. In addition to the comments above, we have concentrated on training of collection personnel. A collector's handbook has been developed and distributed, a videotape training session of approximately 3 hours for collectors has been developed and distributed. The collection instructor's guide has been developed and is used in conjunction with the above.

Mr. FLOOD. All right. Thank you very much.

Mr. YORK. Thank you, Mr. Chairman.

JUSTIFICATION OF THE BUDGET ESTIMATES

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

Student Loan Insurance Fund

Fiscal Year 1977 Budget	Page No.
Appropriation language and explanation of language changes	217
Amounts available for obligation	218
Summary of changes	219
Budget authority by activity	220
Obligations by activity	220
Obligations by object	220
Authorizing legislation	221
Table of estimates and appropriations	222
Justification:	
A. Narrative:	
1. General statement	223
2. Activities	
(A) Federal insurance program	224
(B) Federal reinsurance program	229
B. Program purpose and accomplishments	234
C. Transition quarter analysis	235

Appropriation Estimate

Student Loan Insurance Fund

[For the Student Loan Insurance Fund authorized by the Higher Education Act of 1965, $201,787,000, to remain available until expended. *For the "Student loan insurance fund" for the period July 1, 1976 through September 30, 1976, $30,000,000, to remain available until expended.*] 1/

Explanation of Language Changes

1/ The languages for 1976 and the Transition Quarter are deleted. Sufficient funds remain available to cover default payments resulting in no request for 1977.

218

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

Student Loan Insurance Fund

Amounts Available for Obligation

	1976	1977
Appropriation	$201,787,000	$ ---
Receipts and uncollected income:		
Insurance premium	3,200,000	3,200,000
Accrued interest income	9,700,000	12,600,000
Loans repaid	21,300,000	33,100,000
Unobligated balance, start of period	70,907,000	181,669,000 1/
Unobligated balance, end of period	-174,694,000 1/	-89,019,000
Total, obligations	$132,200,000	$141,550,000

1/ The difference between unobligated balance end of 1976 and unobligated balance start of 1977 results from the Fund's operation during the Transition Quarter.

Summary of Changes

1976 Budget authority	$201,787,000
1977 Budget authority	---
Net Change	$-201,787,000

	1976 Base	Change from Base
Decrease:		
Built-in:		
1. Reduction in appropriation due primarily to carryover from 1976 resulting from a reduction below the previous estimate of defaulted claims	$201,787,000	$-201,787,000
Total, net change	---	$-201,787,000

Summary of Changes

1976 estimated obligations	$132,200,000
1977 estimated obligations	141,550,000
Net change	$+9,350,000

	1976 Base	Change from Base
Increase:		
Built-in:		
1. Increase in default payments	$132,200,000	$+9,350,000

220

Budget Authority by Activity

Page Ref.		1976 Appropriation	1977 Estimate	Increase or Decrease
224	Federal insurance program.....	$125,837,000	---	$-125,837,000
229	Federal reinsurance program.....	75,950,000	---	-75,950,000
	Appropriation.....	$201,787,000	---	$-201,787,000

Obligations by Activity

Page Ref.		1976 Appropriation	1977 Estimate	Increase or Decrease
	Payment in connection with defaults on student loans:			
224	(a) Federal insurance program....	$ 81,100,000	$ 84,150,000	$+ 3,050,000
229	(b) Federal reinsurance program..	51,100,000	57,400,000	+ 6,300,000
		$132,200,000	$141,550,000	$+ 9,350,000

Obligations by Object

	1976 Appropriation	1977 Estimate	Increase or Decrease
Investments and loans.....	$125,300,000	$135,450,000	$+10,150,000
Insurance claims and indemnities.....	6,900,000	6,100,000	-800,000
Total obligations by object.....	$132,200,000	$141,550,000	$+ 9,350,000

Authorizing Legislation

Legislation:	Amount Authorized	1977 Budget Estimate
Higher Education Act:		
Title IV-B, Sections 421 and 428-431--Student Loan Insurance Fund	Indefinite	---

222

Student Loan Insurance Fund

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1967	3,200,000	3,200,000	3,200,000	3,200,000
1968	---	---	---	---
1969	---	---	---	---
1970	10,826,000	10,826,000	10,826,000	10,826,000
1971	18,000,000	18,000,000	18,000,000	18,000,000
1972	12,765,000	12,765,000	12,765,000	12,765,000
1973	46,640,000	46,640,000	46,640,000	46,640,000
1974	88,668,000	88,668,000	88,668,000	88,668,000
1975	197,600,000	197,600,000	197,600,000	197,600,000
1976	201,787,000	201,787,000	201,787,000	201,787,000
1977	---			

Justification
Student Loan Insurance Fund

	1976 Appropriation	1977 Estimate	Increase or Decrease
Federal insurance program:			
Obligations	$ 81,100,000	$ 84,150,000	+$3,050,000
Available receipts	-13,600,000	-21,900,000	- 8,300,0001/
Prior year appropriation brought forward	-46,558,000	-107,345,000	-60,787,000
Unused appropriation end of year	104,895,000	45,095,000	-59,800,000
Subtotal, budget authority	$125,837,000	---	-$125,837,000
Federal reinsurance program:			
Obligations	$ 51,100,000	$57,400,000	$+ 6,300,000
Available receipts	-10,900,000	-14,400,000	- 3,500,0001/
Prior year appropriation brought forward	- 9,821,000	-46,946,000	-37,125,000
Unused appropriation end of year	45,571,000	3,946,000	-41,625,000
Subtotal, budget authority	$75,950,000	---	$-75,950,000
Total:			
Obligations	$132,200,000	$141,550,000	$+ 9,350,000
Available receipts	-24,500,000	-36,300,000	-11,800,0001/
Prior year appropriation brought forward	-56,379,000	-154,291,000	-97,912,000
Unused appropriation end of year	150,466,000	49,041,000	-101,425,000
Budget authority (appropriation)	$201,787,000	---	$-201,787,000

1/ Negative amounts represent increases in receipts.

Narrative

To assist in removing financial barriers to postsecondary education, a Student Loan Insurance Fund was established under Title IV of the Higher Education Act of 1965 to provide a program insuring student loans under the Guaranteed Student Loan Program. This fund enables the Commissioner to pay defaults out of insurance premiums, defaulted loan repayments, and other receipts, as well as from amounts appropriated for this purpose. Appropriations are made to cover default payments on both Federally insured and Federally reinsured loans.

No appropriation request is made for 1977 to meet default payments. This is due to reduced estimates of default payments in 1975 and 1976. A detailed explanation of this is given in the sections following for the Federal Insurance program and Federal reinsurance program.

The request for Federal interest subsidies, special allowances, and death and disability payments on these loans--the major appropriation item--is presented to the Congress under the appropriation account for Higher Education. Requirements for staffing and computer services are included in the Salaries and Expenses appropriation.

224

Federal Insurance Program

	1976 Appropriation	1977 Estimate	Increase or Decrease
Federal insurance program:			
Obligations	$ 81,100,000	$ 84,150,000	$ +3,050,000
Available receipts	-13,600,000	-21,900,000	-8,300,000
Prior year appropriation brought forward	-46,558,000	-107,345,000	-60,787,000
Unused appropriation end of year	104,895,000	45,095,000	-59,800,000
Subtotal, budget authority	$125,837,000	---	-$125,837,000

Narrative

Program purpose

A program of Federal loan insurance for students and lenders who do not have reasonable access to State or private nonprofit guarantee agency programs is authorized under the Higher Education Act of 1965. Upon default of student borrowers, the Office of Education is authorized to pay the lending institution 100 percent of the principal amount of the loss. The Education Amendments of 1972 also provide that all Federally insured loans made under the new legislation are insured for 100 percent of the unpaid principal balance plus interest, whether or not the loan qualified for Federal interest benefits. In the event of death or total and permanent disability, the Commissioner of Education discharges the borrower's liability by paying the lender the total amount owed. The law also authorizes the Commissioner of Education to charge an insurance premium of up to one-fourth of one percent per year on the unpaid principal amount of loans insured under the program.

The Higher Education Act of 1965 originally placed emphasis for insuring a loan on State and private nonprofit agencies. The Federal program of insurance was provided on a stand-by basis in the event that the State or private nonprofit agencies were unable to provide adequate coverage. Today, the Federal insurance program is operating in 26 States, Guam, Puerto Rico, and the Trust Territory of the Pacific. By the end of fiscal year 1977 approximately $4,673,000,000 in disbursed loans will have been insured under the Federal program--approximately 48 percent of all loans insured under the Guaranteed Student Loan Program.

Operation of the program collection efforts

The lender must exercise reasonable care and diligence both in the making and collection of loans. In the event the borrower defaults on an obligation, the lender is required to make all reasonable efforts to effect collection before filing a claim with the Federal Government for reimbursement of the loss. If it is determined that the lender has not exercised such diligence, the claim is returned for further effort or in some cases ruled ineligible for payment due to lender negligence. The Federal Government provides lenders with preclaim assistance which has resulted in many delinquent accounts being returned to good standing.

In the event the borrower dies or becomes totally or permantly disabled, the government reimburses the lender for the total amount owed. No subsequent efforts are made to recover these losses either from the borrower or from the estate. In the event of bankruptcy, limited efforts are made first by the lending institution and then by the Office of Education to obtain reaffirmation of the debt and some borrowers have reaffirmed their debt after discharge in bankruptcy.

Budget policy

No appropriations are requested for 1977 since the unobligated balance brought forward of $107,345,000 and available receipts of $21,900,000 will be more than sufficient to support default claims totaling $84,150,000. This estimate represents a 3.8 percent increase over the 1976 estimated default obligations of $81,100,000. A discussion of the estimate follows:

-- The slight increase in obligations over 1976 indicates a leveling of default obligations in the program. This is assumed to result from the effect of new regulations designed to more adequately protect student borrowers.

-- Decreases in default percentages previously reported result from more realistic budget estimates obtained by use of a new planning and budgeting model.

-- The default percentage for 1977 is estimated to reach 17.0 percent an increase of only 0.3 percent over 1976. This slight increase is attributable to more accurate estimates of matured loans. Matured loans are those loans which are in repayment status and subject to default.

-- The table below shows estimated default percentages have been reduced compared to those previously reported;

  - the estimated default percentages for 1977 is 16.7 percent as compared to the previous estimate of 19.0 percent;

  - the estimated default percentage for 1976 of 16.5 is down from the previous 18.0 percent estimate;

-- Default percentages are calculated by dividing cumulative default obligations by cumulative matured loans.

226

GUARANTEED STUDENT LOAN PROGRAM
Data on Loan Disbursements for Federally Insured Student Loan Program

	1974 Adjusted	1975 Actual	1976 Estimate	1977 Estimate
Number Disbursed:	(000)	(000)	(000)	(000)
Current Year	507	461	461	461
Cumulative	2,867	3,328	3,789	4,365
Volume Disbursed:	(Millions)	(Millions)	(Millions)	(Millions)
Current Year	$ 533	$ 533	$ 587	$ 660
Cumulative	$2,732	$3,265	$3,852	$4,673
Average Disbursement:				
Current Year	$1,051	$1,156	$1,273	$1,432
Cumulative	953	981	1,017	1,071
Status of Disbursements - Volume:	(Millions)	(Millions)	(Millions)	(Millions)
Cumulative Matured Amount	986	1,333	1,772	2,329
Cumulative Default Claims	137	220	296	396
Cumulative Bankruptcy Claims	6	11	16	20
Cumulative Death & Dis. Claims	5	7	11	16
Cumulative Paid-in-Full	48	74	152	262
Cumulative in Repayment	790	1,021	1,297	1,635
Cumulative in-school Grace	1,746	1,932	2,080	2,344
Status of Cumulative Disbursed Outstandings - Percentages:				
In School	69.0%	65.4%	61.6%	58.9%
In Repayment	31.0	34.6	38.4	41.1
Status of Cumulative Matured Disbursements and Losses - Pcts.:				
Matured Amount	36.1%	40.8%	46.0%	49.8%
Gross Loss:				
Default	(13.9)	(16.5)	(16.7)	(17.0)
Bankruptcy	(.6)	(.8)	(.9)	(.9)
Death & Disability	(.5)	(.5)	(.6)	(.7)
Total Claims	15.0%	17.6%	18.2%	18.6%
Net Defaults:				
Defaults Not Converted to Repayment Status	$124.3	$181.8	$219.6	$256.2
Net Default Percentage	12.6%	13.6%	12.4%	11.0%

Receipts and uncollected income, consisting of collections on defaulted loans, insurance premiums and interest income on defaulted loans, are deposited into the Fund to be used to pay defaults. The table and explanation below reflects fiscal year 1977 estimate.

Receipts and uncollected income:

	1976 Appropriation	1977 Estimate	Increase or Decrease
Loans repaid (collections on defaulted loans).....	$10,400,000	$18,700,000	+$8,300,000
Insurance premiums.....	3,200,000	3,200,000	---
Interest income on defaulted loans.	6,300,000	8,000,000	+ 1,700,000
Uncollected income, start of year..	9,559,000	17,859,000	+ 8,300,000
Uncollected income, end of year....	-15,859,000	-25,859,000	-10,000,000
Available receipts	$13,600,000	$21,900,000	$+ 8,300,000

-- Collections on defaulted loans

The 1977 estimate of $18,700,000 on defaulted loans assumes an increase of 80 percent over the $10,400,000 expected to be collected in fiscal year 1976. The estimate of $18,700,000 is based on the assumption that an annual receipt of $191 will be collected for each default that has been converted to repayment status at the beginning of fiscal year 1977. Thus, 65,354 defaults at $191 each will yield $12,500,000 in collections. In addition, an average receipt of $110 will be collected for each new default converted to repayment status during fiscal year 1977, a total of 55,836 new cases, yielding an estimated $6,200,000 in collections. This includes 20,592 new defaults converted by 10 additional positions and 94 temporary positions in 1977 for an estimated $2,265,000.

This significant increase is due to vastly improved personpower as follows. First, the fiscal year 1974 Supplemental Salaries and Expenses Appropriation authorized 109 collectors, an increase of 138 percent; raising the total number of collectors to 135. Second, 19 collector correspondent positions were authorized in the 1976 Salaries and Expenses Appropriation. Third, 10 additional collector correspondent positions and 94 temporary positions are reflected in the 1977 Salaries and Expenses Appropriation.

-- Insurance premiums

Insurance Premiums receipts are projected at $3,200,000 for 1977, the same as for 1976. The Higher Education Act authorizes the charge of an insurance premium in the amount of one-fourth of one percent per annum on the unpaid principal amount of loans insured under this program. This amount is deposited into the Fund to pay defaults. The premiums are actually collected in advance for the interim period which can run for five years and the average insurance premium is estimated at $7.00. Thus the $7.00 premium is applied to 461,000 disbursed loans for each year.

-- Interest income

An increase of $1,700,000 is estimated for interest income for a total of $8,000,000 compared to $6,300,000 in 1976. This interest is charged to the defaulted borrower at a rate of 7 percent per year on the uncollected portion of the defaulted loan held by the Office of Education. Based on experience this amount

228

is further reduced, as reflected in the table below, by assuming that 45 percent of interest will be collected by the Office of Education and that 55 percent will be written off as uncollectable.

	1976 estimate	1977 estimate	Increase or Decrease
Defaults paid but uncollected by the Office of Education, start of fiscal year.....	($207,000,000)	($280,000,000)	($+73,000,000)
Gross interest charged borrowers on defaults.....	$14,000,000	$19,000,000	$ +5,000,000
Estimated portion to be written off as uncollectable	-7,700,000	-11,000,000	-3,300,000
Net interest income to be collected in future years....	$6,300,000	$8,000,000	$ +1,700,000

Although this interest is estimated and recorded each year, the collection of such interest is made only after the defaulted loan has been collected in full, resulting in no effect on current budget requirements. As discussed below, this results in a bookkeeping balance of uncollected income at the end of each year.

-- Uncollected income

The uncollected income at the end of the year consists of accrued but uncollected interest on defaulted loans and accrued uncollected insurance premiums. These amounts are not available for obligations until received and therefore have no effect on the budget request. The increase of $8,300,000 at start of year (from $9,559,000 to $17,859,000) and $10,000,000 at end of year (from $15,859,000 to $25,859,000) result primarily from increases in uncollected interest income from fiscal years 1976 to 1977. These increases result primarily from the increase in defaulted loans from which the Office of Education receives interest income.

Federal Reinsurance Program

	1976 Appropriation	1977 Estimate	Increase or Decrease
Federal reinsurance program:			
Obligations	$ 51,100,000	$ 57,400.000	$+6,300,000
Available receipts	-10,900,000	-14,400,000	-3,500,000
Prior year appropriation brought forward	- 9,821,000	-46,946,000	-37,125,000
Unused appropriation end of year	45,571,000	3,946,000	-41,625,000
Subtotal, budget authority	$75,950,000	---	$-75,950,000

Narrative

Program purpose

The Higher Education Amendments of 1968 authorized the Office of Education to reinsure loans guaranteed by State and nonprofit private agencies to the extent of 80 percent of the principal amount of the loss incurred by the agency in meeting its obligations to lenders as a result of default by the borrowers. One of the principal purposes of this amendment was to substitute Federal credit in lieu of further advances to the State pursuant to Section 422 of the Act. The effect of the 80 percent reinsurance is to increase the guarantee capacity of the agency by a factor of five.

Twenty-five states, the District of Columbia and the United Student Aid Funds, Inc. currently have agreements to guarantee student loans. Twenty-one of these agencies operate their programs directly; five have contracted with United Student Aid Funds, Inc., a private nonprofit agency, to administer their programs. Reinsurance agreements are currently effective in 24 states and the District of Columbia. Loans guaranteed by the state of Virginia or United Student Aid Funds are not subject to reinsurance. By the end of fiscal year 1977, and estimated $5.1 billion in loans will have been made which are convered under the Federal reinsurance program--approximately 52 percent of all loans made under the Guaranteed Student Loan Program. An additional 490 million--or about 5 percent of all loans will have been guaranteed by state agencies, but not reinsured by the Federal Government.

Operation of the program - collection efforts

In the case of loans guaranteed by State and nonprofit private agencies, the guarantee agency requires diligent collection efforts on the part of the lender prior to paying claims. After default the agency has the responsibility to recover the loss. Eighty percent of the payments made by defaulted borrowers to the agency are returned to the Federal Government. The Federal Government has no direct responsibility for making collections. The agreement providing for reinsurance of guaranteed loans includes standards to be met by the guarantee agency. Program reviews are conducted to assure that they are conducting business according to the terms of the Office of Education's agreement.

230

Budget policy

The unobligated balance brought forward of $46,946,000 and receipts into the Fund of $14,400,000 will cover the $57,400,000 required to pay defaults. This amount represents an increase of $6,300,000 over the 1976 current estimate of $51,100,000. A discussion of the estimate follows:

-- The increase in obligations over 1976 reflects an increase in the default percentage in the reinsurance program, and is in line with experience in the program to date.

-- Defaults under the reinsurance program do not appear to be leveling off as in the Federal program because new regulations are expected to have less impact on guarantee agencies' operations.

-- This estimate of defaults results from more accurate budgeting data furnished by the guarantee agencies, which further effect the calculation of default percentages as previously reported,

  - The table below indicates the estimated default percentage for 1976 is 9.9 percent, down 0.6 percent compared to the previous estimate of 10.5 percent.

  - The 1975 default percentage of 8.2 percent shows an increase over the 7.4 percent previously reported.

-- The default percentage for 1977, as reflected in the table below, is predicted to reach 12.5 percent. This is an increase of 2.6 percent over 1976. Most of this increase is related to annual incremental growth in defaulted claims.

GUARANTEED STUDENT LOAN PROGRAM
Data on Loan Disbursements for Guaranteed Agencies

	1974 Adjusted	1975 Actual	1976 Estimate	1977 Estimate
Number Disbursed:	(000)	(000)	(000)	(000)
Current Year	417	413	430	430
Cumulative	3,389	3,802	4,232	4,770
Volume Disbursed:	(Millions)	(Millions)	(Millions)	(Millions)
Current Year	$ 449	$ 489	$ 560	$ 616
Cumulative	$3,295	$3,784	$4,344	$5,115
Average Disbursement:				
Current Year	$1,077	$1,184	$1,302	$1,433
Cumulative	972	995	1,026	1,072
Status of Disbursements - Volume:	(Millions)	(Millions)	(Millions)	(Millions)
Cumulative Matured Amount	$1,911	$2,222	$2,542	$3,004
Cumulative Default Claims	126	181	252	375
Cumulative Bankruptcy Claims	5	7	9	12
Cumulative Death & Dis. Claims	8	9	11	12
Loans Paid-in-Full	1,024	1,230	1,423	1,672
Loans in Repayment	748	795	847	933
Loans in-school & Grace	1,384	1,562	1,802	2,111
Status of Cumulative Disbursed Outstandings - Percentages:				
In School	64.9%	66.3%	68.0%	69.4%
In Repayment	35.1	33.7	32.0	30.6
Status of Cumulative Matured Disbursements and Losses - Pcts.:				
Matured Amount	58.0%	58.7%	58.5%	58.7%
Gross Loss:				
Default	(6.6)	(8.2)	(9.9)	(12.5)
Bankruptcy	(.3)	(.3)	(.4)	(.4)
Death & Disability	(.4)	(.4)	(.4)	(.4)
Total Claims	7.3%	8.9%	10.7%	13.3%
Net Defaults: 1/				
Defaults Not Converted to Repayment Status	NA	NA	NA	NA
Net Default Percentage	NA	NA	NA	NA

1/ This information is not available from Guarantee Agencies.

232

Receipts and uncollected income, consisting of collections on defaulted loans and interest income on defaulted loans are deposited into the Fund to be used to pay defaults. The table and explanation reflect the fiscal year 1977 estimate.

Receipts and uncollected income:

	1976 Appropriation	1977 Estimate	Increase or Decrease
Loans repaid (collections on defaulted loans).....	$10,900,000	$ 14,400,000	$+3,500,000
Interest income on defaulted loans.....	3,400,000	4,600,000	+1,200,000
Uncollected income, start of year.....	4,969,000	9,519,000	+4,550,000
Uncollected income, end of year	-8,369,000	-14,119,000	-5,750,000
Available receipts	$10,900,000	$14,400,000	$+3,500,000

-- Collections on defaulted loans

The 1977 estimate includes an increase of $3,500,000 over the 1976 level of $10,900,000. The goal for 1977 is $14,400,000. The percentage of recovery on default dollars outstanding (approximately $163 million) at the beginning of fiscal year 1977 is estimated at an average rate of 9 percent. These collections are made by guarantee agencies on reinsured loans of which eighty percent become available as income to the student loan insurance fund. The collections estimate has been adjusted to reflect the net eighty percent figure.

-- Interest income

An increase of $1,200,000 is estimated for interest income for a total of $4,600,000 compared to the 1976 estimate of $3,400,000. This amount results from a 7 percent rate charged defaulters and forwarded to the Office of Education by the guarantee agencies on the uncollected portion of defaulted loans. As explained earlier, this amount is reduced by assuming that 45 percent of the interest will be collected and that 55 percent will be written off as uncollectable. The table below reflects computation made to arrive at these estimates.

	1976 Estimate	1977 Estimate	Increase or Decrease
Defaults paid but uncollected by guarantee agencies start of fiscal year	($115,000,000)	($163,000,000)	($+48,000,000)
Gross interest charged borrower on defaults	8,000,000	10,000,000	+ 2,000,000
Estimated portion to be written off as uncollectable	-4,600,000	- 5,400,000	- 800,000
Net income to be collected in future years	$3,400,000	$4,600,000	$+1,200,000

For bookkeeping purposes the above interest is estimated and recorded each year. However, the collection of such interest is made only after the defaulted loan has been collected in full, resulting in no effect on current budget requirements. As discussed below, this results in a bookkeeping balance of uncollected income at the end of each year.

--Uncollected income

Although the Office of Education records interest income on defaulted loans when due, the collection of such interest is made only after the defaulted loan has been paid in full, resulting in no effect on current budget requirements. However, such funds will be available in future years. The bookkeeping increases of $4,550,000 at the start of year (from $4,969,000 to $9,519,000) and $5,750,000 at the end of year (from $8,369,000 to $14,119,000) result from an estimated increase in defaulted loans from fiscal year 1976 to 1977.

GUARANTEED STUDENT LOAN PROGRAM

Student Loan Insurance Fund

Program Purpose and Accomplishments

Activity: Payments in connection with defaults on student loans. (Higher Education Act of 1965, Title IV B.)

1976	1977	
Appropriation	Authorization	Budget Estimate
$201,787,000	Indefinite	---

Purpose:- To enable the Commissioner of Education to make payments on defaults by student borrowers under the Federally insured student loan program, the Student Loan Insurance Fund was established under the authority of the Higher Education Act of 1965. The liability of the fund was substantially increased by the Higher Education Amendment of 1968 which authorizes the Commissioner to reinsure loans guaranteed by States and non-profit private agencies at 80 percent of default.

Explanation: Funds are made available to the Commissioner, without fiscal year limitation, to make payments in connection with default of insured and reinsured loans by student borrowers.

Accomplishments in 1976: In fiscal year 1976 an appropriation of $201,787,000 ations with receipts into the fund of $24,500,000 provided total funds of $132,200,000 leaving an unused appropriation end of year of $150,466,000.

Objectives for 1977: Obligation for payments in connection with defaults are estimated at $141,550,000. This amount represents an increase of $9,350,000 over the 1976 level of $132,200,000. The amount would be funded by income and other receipts into the fund of $36,300,000 and a prior year appropriation of $154,291,000 brought forward, leaving an unused appropriation of $49,041,000 at the end of the year.

Transition Quarter Analysis

Obligations by Activity

	1976 Appropriation	Transition Quarter
Federal Insurance Program:		
Obligations	$ 81,100,000	$ 21,125,000
Available receipts	-13,600,000	-5,575,000
Prior year appropriation brought forward	-46,558,000	-104,895,000
Unused appropriation end of year	104,895,000	107,345,000
Subtotal, budget authority	$125,837,000	$ 18,000,000
Federal Reinsurance Program:		
Obligations	51,100,000	13,550,000
Available receipts	-10,900,000	- 2,925,000
Prior year appropriation brought forward	-9,821,000	-45,571,000
Unused appropriation end of year	45,571,000	46,946,000
Subtotal, budget authority	$ 75,950,000	$ 12,000,000
Total:		
Obligations	$132,200,000	$ 34,675,000
Budget authority (appropriation)	201,787,000	30,000,000
Receipts and uncollected income		
1. Federal Insurance Program:		
Loans repaid (collections on defaulted loans)	$ 10,400,000	$ 4,275,000
Insurance premiums	3,200,000	1,300,000
Interest preiums	6,300,000	2,000,000
Uncollected income, start of year	7,559,000	15,859,000
Uncollected income, end of year	-13,859,000	-17,859,000
Available receipts and uncollected income	$ 13,600,000	$ 5,575,000
2. Federal Reinsurance Program:		
Loans repaid (collections on defaulted loans)	$ 10,900,000	$ 2,925,000
Interest income	3,400,000	1,150,000
Uncollected income, start of year	4,969,000	8,369,000
Uncollected income, end of year	-8,369,000	- 9,519,000
Available receipts and uncollected income	$ 10,900,000	$ 2,925,000

Narrative

An appropriation of $30,000,000 was enacted for the Student Loan Insurance Fund to cover default payments forthe interim budget period, July 1, 1976 through September 30, 1976.

HIGHER EDUCATION FACILITIES LOAN AND INSURANCE FUND

WITNESSES

DR. JOHN D. PHILLIPS, DEPUTY COMMISSIONER FOR POSTSECONDARY EDUCATION
DR. T. H. BELL, COMMISSIONER OF EDUCATION
S. W. HERRELL, ASSOCIATE DEPUTY COMMISSIONER FOR POSTSECONDARY EDUCATION
DR. JOHN W. EVANS, ASSISTANT COMMISSIONER FOR PLANNING, BUDGETING, AND EVALUATION
RICHARD R. HOLDEN, DIRECTOR, DIVISION OF TRAINING AND FACILITIES
THOMAS F. McANALLENN, CHIEF, FACILITIES BRANCH, DIVISION OF TRAINING AND FACILITIES
OSCAR P. SHIELDS, BUDGET ANALYST
WILLIAM DINGELDEIN, DIRECTOR, DIVISION OF EDUCATION BUDGET ANALYSIS, OFFICE OF ASSISTANT SECRETARY, COMPTROLLER

INTRODUCTION OF WITNESS

Mr. FLOOD. Still on the Office of Education, we will now consider Higher Education Facilities Loan and Insurance Fund.

The presentation will be made by Dr. John D. Phillips, Deputy Commissioner for Postsecondary Education. Your biographical sketch will be placed in the record at this point.

[The biographical sketch follows:]

Name: John D. Phillips.

Position: Deputy Commissioner for Postsecondary Education.

Birthplace and date: Portland, Oreg., Sept. 6, 1938.

Education: Williams College, 1959, Bachelor of Arts; University of Oregon, 1961, Master of Arts; Stanford University, 1965, Doctor of Philosophy.

Experience:

1975–Present: Deputy Commissioner for Postsecondary Education, DHEW/USOE.

1973–74: Associate Commissioner, Office of Student Assistance, and Chairman, DHEW/USOE Task Force on Management of Student Assistance Programs.

1971–73: Director of Higher Education, DHEW/USOE, region X, and Chairman, DHEW/USOE Task Force on State Postsecondary Education Commissions.

1969–71: Vice president for administration and assistant professor of history, Lewis & Clark College.

1967–69: Assistant to the president and assistant professor of history, Lewis & Clark College.

1965–67: Assistant to the dean of faculty and assistant professor of history, Lewis & Clark College.

1962–65: Assistant to the director of general studies, Stanford University.

1960–64: Part-time teaching at the University of Oregon, California State University at Hayward, San Francisco State University; and Stanford University.

Past association membership: Past affiliations and posts include service as chairman of the board, Northwest Association of Private Colleges and Universities (1969–71); chairman of the Committee on Community Services and contin-

uing Education (HEA title I), Oregon Educational Coordinating Council (1967–71); member of the Bonneville Power Administration Regional Advisory Council (1969–74); member of the Governor's Harbor Drive Greenway Task Force (1968–71); member of the Portland Metropolitan Study Commission and chairman of its Task Force on City-County Consolidation and its Committee on Intergovernmental Cooperation (1966–71); and public member of the Oregon Legislative Interim Committee on Urban Affairs and Mass Transportation (1969–70).

Publications: None of consequence. Unpublished scholarly efforts include "Charles L. McNary: Progressive Ideology and Minority Politics During the New Deal" (M.A. Thesis, 1961) and "The Politics of State School Support: California As a Case Study" (Ph. D. Dissertation, 1965).

Name: Thomas F. McAnallen.

Position: Chief, Facilities Branch, Division of Training and Facilities, Bureau of Postsecondary Education.

Birthplace and date: Washington, D.C., January 31, 1934.

Education: University of Maryland, B.S. Degree, Business Administration, June 1956.

Experience:

January 1974–Present: Chief, Facilities Branch, Division of Training and Facilities, Bureau of Postsecondary Education.

January 1972–January 1974: Chief, Financing Branch, Division of Academic Facilities, Bureau of Higher Education.

May 1967–January 1972: Chief, Program Support Branch, Division of College Facilities, Bureau of Higher Education.

October 1964–May 1967: Supervisory Loan Specialist, Division of College Facilities, Bureau of Higher Education.

October 1961–October 1964: Auditor, Office of the Secretary, Department of Health, Education, and Welfare.

March 1959–October 1964: Auditor, U.S. Army Audit Agency, Washington, D.C.

March 1957–March 1959: U.S. Army.

June 1956–March 1957: Auditor, U.S. Army Audit Agency, Baltimore, Md.

Name: Oscar P. Shields.

Position: Budget analyst, Office of Education.

Birthplace and date: Scotland Neck, N.C., January 26, 1935.

Education: Southeastern University, B.B.A., B.S., graduate study.

Experience:

Present: Budget analyst, Office of Education.

1966–67: Systems accountant, Government Printing Office.

1965–66: Budget preparations specialist, Office of Management and Budget.

1963–65: Tax auditor, District of Columbia Government.

1961–63: Accountant technician, Federal Housing Administration.

1958–61: Accounting clerk, Department of Commerce.

1953–57; Property accounting specialist, military services.

Association memberships: National Society for Public Accountants; accredited as an accountant by the Accreditation Council for Accountancy.

Mr. FLOOD. I see you have a statement. How do you want to handle this?

Dr. PHILLIPS. Mr. Chairman, I have a very short and I hope succinct statement that I would like to read through for you.

I wonder if before I begin this statement I might pick up an item we were discussing with you yesterday afternoon. You had asked about what kind of information are we providing to students in schools about the basic grant program. I did not have the handbook with me. I do have one with me today. I would just like to submit that to you and to your staff.

Mr. FLOOD. Thank you very much.

OPENING STATEMENT

Dr. PHILLIPS. Mr. Chairman and members of the committee, I am pleased to appear before you to request an appropriation for the "Higher Education Facilities Loan and Insurance Fund." We are re-

questing $2,119,000 under this account for the payment of participation sales insufficiencies.

The Participation Sales Act of 1966 established a revolving fund for loans made under title III of the Higher Education Facilities Act, now subsumed by title VII, part C, of the Higher Education Act, as amended, and authorizes the pooling of such loans as collateral for participation certificates sold to the private credit market.

Since the interest received on these loans is less than the interest paid on the participation certificates, appropriations are needed each year to cover the difference. In fiscal year 1977, we will need $3,401,000 for this purpose. Of this amount $1,282,000 is covered by a permanent indefinite appropriation for sales authorized in fiscal year 1967. The remainder, $2,119,000 for sales authorized in 1968, is being requested now.

I shall be pleased to answer any questions the committee may have.

OTHER WITNESSES

Dr. PHILLIPS. I have several gentlemen with me. I know you are acquainted with Mr. S. W. Herrell, the Associate Deputy Commissioner. I would also like to introduce Dr. Richard Holden, the Director of the Division of Training and Facilities; Mr. Thomas McAnallen, Chief of the branch that deals with the facilities program, and Mr. Oscar Shields from our Budget Office, who is intimately familiar with the details of this account.

EXPIRATION OF AUTHORIZATION

Mr. FLOOD. Does the authorization for any part of this fund expire on June 30?

Dr. PHILLIPS. There is a permanent authorization that does not expire.

Mr. MCANALLEN. Authorization to appropriate additional capital for the fund would expire.

Mr. FLOOD. Is that $200 million? Take a look at page 245.

Dr. PHILLIPS. All right.

Mr. FLOOD. The amount authorized.

Authorization expires September 30, 1976. Is that the one?

Mr. MCANALLEN. Right.

Dr. PHILLIPS. That is correct.

USE OF UNOBLIGATED BALANCE

Mr. FLOOD. Now you are requesting an appropriation of $2.1 million for payment of sales insufficiencies. Now we ask you again—we asked you this last year also—why in the world don't you use the unobligated balances that are in that fund, instead of coming here and asking us for a new appropriation?

Mr. SHIELDS. Mr. Chairman, the authorizing legislation that authorized the sales of participating certificates also authorized appropriations to fund the insufficiency resulting from a lower rate of interest received on loans and the higher rate that has to be paid on the certificates. We have operated on the premise that if the Congress intended for us to use other available balances for this purpose, we would do so if it were so stated in the Appropriation Act.

NEED FOR NEW AUTHORIZATION

Mr. FLOOD. Somebody told us exactly the same thing last year.

Now, the Higher Education Act is up for renewal. If you have a problem with the authorization, why don't you simply ask for a change in the law?

Dr. PHILLIPS. I think the problem we have here is that we are not recommending an extension of the overall authorization. And so we would therefore be required to do as you suggest only if this committee should stipulate that they wished for us to do it. In answer to the previous question, if you were to so stipulate, then I expect we would follow that stipulation. But in the meantime, our legislative proposals do not envision an extension of the authorization at all, much less amending the current authorization.

REDEMPTION OF AGENCY DEBT

Mr. FLOOD. All right. Take a look at 240 of your justifications.

You show figures for 1976 and 1977. What we are puzzled about is the last entry under 1977—it shows "Redemption of agency debt."

You have a minus there of $6,806,000. Take a look right above that. There you have a plus of $6,806,000, unobligated balance, transferred from the sales funds.

Explain that one to us. Is that some of your double entry bookkeeping?

Mr. SHIELDS. Yes, sir, in a sense. It is merely an accounting technique that the Government uses.

The repayments on loans are sent to the Government National Mortgage Association when collected, and reflected against the loan fund when the participation certificates are paid.

DECREASE IN UNOBLIGATED BALANCE

Mr. FLOOD. You can see how somebody can ask you a question about that.

All right.

The unobligated balance of the fund was $93.6 million. That was at the beginning of fiscal year 1976. Then you show it is going to drop $78.9 million by the end of 1977. There isn't much construction business transacted with that fund anymore.

Why then has that balance declined so sharply in a very short period of time?

Dr. PHILLIPS. I believe this is due to the payments of interest expense to the Treasury.

Mr. SHIELDS. There is included——

Mr. FLOOD. $78.9 million at the end of 1977?

Mr. SHIELDS. The law that set up the revolving fund also stipulated that the Commissioner would pay interest to the Treasury on the net amount of appropriated funds used for loans.

Mr. FLOOD. You don't do much business with that fund any more, do you?

Mr. HOLDEN. No new loans. We still have to pay each year on the differential.

Mr. McANALLEN. It is interest paid on the principal amount of loans outstanding which is about $453 million. As long as that is outstanding, there is interest payable to the Treasury.

NEW LOAN COMMITMENTS

Mr. FLOOD. Are you still making construction loans from the fund?
Dr. PHILLIPS. No, sir.

UNUSED FUNDS

Mr. FLOOD. If that fund is not being used, then why don't you return the assets of the fund to the Treasury and terminate the thing?
Mr. McANALLEN. Well, as long as the participation sales certificates are outstanding, you could not terminate the fund, because the fund must exist to collect the receipts coming from the loans outstanding, and forwarded to GNMA to pay the interest on participation certificates.
Mr. FLOOD. We have the impression this fund is one of those Peter and Paul transactions insofar as the Treasury Department. You take funds from one hand and you transfer them to the other. Is that the way this fund works?
Mr. McANALLEN. The only way the fund in my estimation could be terminated would be to completely pay off the outstanding principal balance of the participation sales certificates, which is around $183 million.

APPROPRIATION LANGUAGE

Mr. FLOOD. For a rather small appropriation, at least the way we talk around here, you certainly have some complicated doubletalk appropriative language. How can you simplify that? Who wrote that?
Mr. CONTE. Mr. Chairman, will you yield there?
Why can't they just set up a rescission on that and clean that up?
Dr. BELL. The batting average has not been very good on that.
Mr. CONTE. The chairman has more or less suggested that.
Mr. FLOOD. That depends on what is rescinded.
Mr. CONTE. Maybe that was the wrong idea.
Mr. FLOOD. What about that language?
Do you ever wake up some night and try to read that?
Dr. PHILLIPS. Oh, yes. That is why I am so quiet today, Mr. Chairman. I have tried to read it, and I have found difficulty in comprehending it. I am depending very heavily on these experts for precisely the reason you identify. It is a very complicated fund.
Mr. FLOOD. Mr. Natcher.
Mr. NATCHER. No questions, Mr. Chairman.
Mr. EARLY. Just one question, Mr. Chairman.
Unobligated moneys are not being used because Congress has not told you to use them. You mean we could write language directing the expenditure of unobligated funds to a new appropriation?
Dr. PHILLIPS. I believe that is correct. If there was a stipulation in the appropriations bill, then we would proceed to do that.
Mr. EARLY. Wouldn't that serve the same purpose as a recession—just doing it as add and delete?

Dr. BELL. I would like the rescission better. It might set a precedent.

Dr. PHILLIPS. We would like to get our batting average above zero zero zero.

Mr. FLOOD. Mr. Michel?

FUTURE OBLIGATIONS

Mr. MICHEL. How long will we continue to incur obligations for the facilities loan insurance fund?

Dr. PHILLIPS. Obligations will continue to incur in the fund until every loan has been repaid. The maturity date on many loans are up to 40 years. Therefore, the earliest date in which no obligations would occur would appear to be in the year 2016. However, it is anticipated that no appropriation will be needed for insuficiencies after the year 1988. At that point the fund should be self-sufficient.

Mr. MICHEL. The obligations decrease over time, do they not?

Dr. PHILLIPS. Yes; the retirement of participation certificates will reduce the insufficiency payments. In addition, interest expense to the Treasury will also decrease over the years as more loans are repaid to the Federal Government.

DECREASE IN REQUEST

Mr. MICHEL. Why was there a rather substantial drop of $800,000 in the requested appropriation in 1976 compared to 1975, but only an $11,000 drop in 1977 compared to 1976?

Dr. PHILLIPS. The $800,000 decrease in the requested appropriation in 1976 compared to 1975 was revised downward. The 1975 requested appropriation was $4,201,000 whereas the actual amount was adjusted downward by $265,000 in the permanent indefinite appropriation for a total of $3,936,000. The 1976 requested appropriation was also adjusted downward by $280,000 in the permanent indefinite appropriation for a total of $3,412,000. Therefore, when comparing the revised appropriations we should compare the 1976 amount of $3,412,000 to the 1975 amount of $3,396,000 for a reduction of $524,000. The reduction of $11,000 from 1976 to 1977 should be compared to the $524,000 reduction from 1975 to 1976. This results primarily from the use of insufficiency appropriations not used in prior years.

AMOUNT OF LOANS OUTSTANDING

Mr. MICHEL. What is the total amount in construction loans still outstanding, and how does it compare with last year?

Dr. PHILLIPS. As of June 30, 1975, construction loans outstanding amounted to $470.6 million compared to $473.9 million on June 30, 1974. As of June 30, 1975 there was an additional $15,118,000 in loan commitments not yet disbursed to the borrowers.

Mr. MICHEL. What is the total amount of participation certificates still outstanding, and how does it compare with last year?

Dr. PHILLIPS. Participation certificates outstanding remained unchanged at $182.9 million in 1974 and 1975. However, at the end of 1975, the Office of Education had funds on deposit with the Government National Mortgage Association totaling $20,483,000. This

amount, currently invested and earning income, will be used for the retirement of participation certificates.

Mr. FLOOD. Mr. Roybal?

FUTURE REQUESTS

Mr. ROYBAL. Your statement seems to indicate that the $2.1 million you are requesting is for sales made in 1968. Would you indicate the expected appropriation level that will be needed for each of the next 5 years?

Dr. PHILLIPS. We expect the appropriation level to remain constant over the next 5 years. I must point out that one of the reasons that the appropriation level has decreased during the past years is due to invested income. This income is earned from funds on deposit with the Government National Mortgage Association that is invested until needed to retire a portion of participation certificates. Since we are not sure what that amount will be we cannot specifically state the exact amount that will be received. Therefore our estimates for the 5 years would be reduced if the investment income increases over the same period.

Mr. FLOOD. All right, thank you very much.

JUSTIFICATION OF THE BUDGET ESTIMATES

237

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

Higher Education Facilities Loan and Insurance Fund

Fiscal Year 1977 Budget	Page No.
Appropriation language and explanation of change	239
Amounts available for obligation	240
Summary of changes	241
Obligations by activity	242
Obligations by object	242
Authorizing legislation	243
Table of estimates and appropriations	244
Justification:	
A. Narrative	245
B. Program purpose and accomplishments	247
Transition quarter analysis	248

69-745 (Pt. 5) O - 76 - 43

Appropriation Estimate

Higher Education Facilities Loan and Insurance Fund

For the payment of such insufficiencies as may be required by the trustee on account of outstanding beneficial interests or participations in assets of the Office of Education authorized by the Department of Health, Education, and Welfare Appropriation Act, 1968, to be issued pursuant to section 302(c) of the Federal National Mortgage Association Charter Act (12 U.S.C. 1717(c)), [$2,192,000] $2,119,000 to remain available until expended, and the Secretary is hereby authorized to make such expenditures, within the limits of funds available in the Higher Education Facilities Loan and Insurance Fund, and in accord with law, and to make such contracts and commitments without regard to fiscal year limitation as provided by section 104 of the Government Corporation Control Act (31 U.S.C. 849) as may be necessary in carrying out the program set forth in the budget for the current fiscal year for such fund: [*For "Higher education facilities loan and insurance fund" for the period July 1, 1976, through September 30, 1976, for the payment of such insufficiencies as may be required by the trustee on account of outstanding beneficial interest or participations in assets of the Office of Education authorized by the Department of Health, Education, and Welfare Appropriation Act, 1968, to be issued pursuant to section 302(c) of the Federal National Mortgage Association Charter Act (12 U.S.C 1717(c)), $548,000, to remain available until expended, and the Secretary is hereby authorized to make such expenditures, within the limits of funds available in the Higher education facilities loan and insurance fund, and in accord with law, and to make such contracts and commitments without regard to fiscal year limitation as provided by section 104 of the Government Corporation Control Act (31 U.S.C 849) as may be necessary in carrying out the program for the current fiscal period for such fund.*] 1/

1/ Language for the transition quarter is deleted.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

Higher Education Facilities Loan and Insurance Fund

Amounts Available for Obligation

	1976	1977
Appropriation:		
Annual (definite)	$2,192,000	$2,119,000
Permanent (indefinite)	1,220,000	1,282,000
Subtotal Appropriations	$3,412,000	$3,401,000
Receipts and reimbursements from:		
"Federal funds"		
Investment income from participation sales funds	1,502,000	1,541,000
"Non-Federal sources"		
Interest income	14,528,000	14,120,000
Loans repaid	13,000,000	14,000,000
Unobligated balance transferred from participation sales funds	---	6,806,000
Unobligated balance transferred to participation sales funds	-4,466,000	-4,208,000
Unobligated balance, start of period	93,634,000	84,802,000 1/
Unobligated balance, end of period	-86,623,000 1/	-78,948,000
Redemption of agency debt (retirement of participation certificates)	---	-6,806,000
Total, obligations	$34,987,000	$34,708,000

1/ The difference between unobligated balance end of 1976 and unobligated balance start of 1977 results from the Fund's operation during the Transition Quarter.

241

Summary of Changes

1976 Budget authority	$3,412,000
1977 Budget authority	3,401,000
Net change	$- 11,000

	1976 Base	Change from Base
Decreases:		
Built-in:		
1. Reduction in appropriations required for participation sales insufficiencies due primarily to an increase in investment income	$3,412,000	$-11,000
Total, net change	---	$-11,000

Summary of Changes

1976 Estimated obligations	$34,987,000
1977 Estimated obligations	34,708,000
Net change	$ -279,000

	1976 Base	Change from Base
Decrease:		
Built-in:		
1. Retirement of $6,806,000 in participating sales certificates	$10,482,000	$ -279,000

24.

Obligations by Activity

Page Ref.		1976 Appropriation	1977 Estimate	Increase or Decrease
205	Operating Expenses:			
	(1) Interest expense:			
	Interest expense on participation certificates:			
	a. Appropriation	3,412,000	3,401,000	- 11,000
	b. Obligation	(10,482,000)	(10,203,000)	(-279,000)
	(2) Interest expense to Treasury.....	(24,500,000)	(24,500,000)	---
	(3) Administrative expenses.....	(5,000)	(5,000)	---
	Total, Budget authority.....	$3,412,000	$3,401,000	$-11,000
	(Obligations).....	($34,987,000)	($34,708,000)	(-279,000)

Obligations by Object

	1976 Estimate	1977 Estimate	Increase or Decrease
Other services.....	$5,000	$5,000	---
Interest and dividends.....	34,982,000	34,703,000	-279,000
Total obligations by object.	$34,987,000	$34,708,000	$-279,000

Justification

Higher Education Facilities Loan and Insurance Fund

	1976 Appropriation	1977 Estimate	Increase or Decrease
Higher Education Facilities Loan and Insurance Fund:			
Adjusted Appropriation:			
Appropriations for the payment of participation sales insufficiencies:			
Annual (definite)1/	$2,192,000	$2,119,000	$-73,000
Permanent (indefinite)1/	1,220,000	1,282,000	+62,000
Total adjusted appropriation	$3,412,000	$3,401,000	$-11,000
Obligations:			
Operating costs:			
1. Interest expense to Treasury	(24,500,000)	(24,500,000)	---
2. Interest expense on participation certificates	(10,482,000)	(10,203,000)	(-279,000)
3. Administrative expenses	(5,000)	(5,000)	
Capital outlay:			
1. Construction loans	---	---	---
Total obligations	($34,987,000)	($34,708,000)	(-279,000)

1/ Authorized as indefinite permanent appropriations "Payment of Participation Sales Insufficiencies" in the Independent Offices Appropriation Act, 1967.

Narrative

Program purpose

The objective of the Higher Education Facilities program is to enable the Commissioner of Education to carry out a program of making loans to higher education building agencies and for insuring the interest and principal on other loans financed from private capital. Such loans, as authorized by Title VII of the Higher Education Act, may cover up to 80 percent of a project's total development cost and must be repaid within 50 years. The Participation Sales Act, Public Law 89-429, approved on May 24, 1966, established a revolving fund for these loans, and provides that appropriations made available for Title VII may be deposited into the Fund.

This Act further authorized the sale of $200,000,000 in participation pools by the Federal National Mortgage Association of which the proceeds were deposited into the Fund to be used for new loans to colleges and universities. Of this $200,000,000, $100,000,000 was authorized in fiscal year 1967 and is financed by a permanent indefinite appropriation authorized in the Independent Offices Appropriation Act, 1967. The remaining $100,000,000 was authorized in the Department of Health, Education and Welfare Appropriation Act of 1968 and is financed by an annual definite appropriation.

244

Higher Education Facilities Loan and Insurance Fund

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1967 NOA	200,000,000	200,000,000	200,000,000	200,000,000
Sales	100,000,000	100,000,000	100,000,000	100,000,000
1968 NOA 1/	925,000	925,000	---	925,000
Sales	100,000,000	100,000,000	---	100,000,000
1969 NOA 1/	103,275,000	103,275,000	103,275,000	103,275,000
1970 NOA 1/	2,918,000	2,918,000	2,918,000	2,918,000
1971 NOA 1/	2,952,000	2,952,000	2,952,000	2,952,000
1972 NOA 1/	2,961,000	2,961,000	2,961,000	2,961,000
1973 1/	2,921,000	2,921,000	2,921,000	2,921,000
1974 1/	2,948,000	2,948,000	2,948,000	2,948,000
1975 1/	2,701,000	2,701,000	2,701,000	2,701,000
1976 1/	2,192,000	2,192,000	2,192,000	2,192,000
1977 1/	2,119,000			

1/ Excludes a permanent indefinite appropriation under "Payment of Participation Sales Insufficiencies" in the Independent Offices Appropriation Act, 1967.

NOTE: The amounts for 1965, 1966, and 1967 include the construction loan program which was previously carried under "Higher Education Facilities Construction."

Authorizing Legislation

Legislation	1977 Amount Authorized	1977 Budget Estimate
Higher Education Act:		
Title VII, Part C - Loans for Construction of Academic Facilities	$200,000,000[1/]	$---
Participation Sales Act	Indefinite	3,401,000[2/]

1/ Authorization expires September 30, 1976 --- proposed for extension.

2/ Includes $1,282,000 for a permanent indefinite appropriation authorized under the Independent Office Appropriation Act of 1967.

241

OFFICE OF EDUCATION

Higher Education Facilities Loan and Insurance Fund

Program Purpose and Accomplishments

Activity: Operating Costs (including payment of participation sales insufficiencies) pursuant to Title III of the Higher Education Facilities Act, now subsumed by Title VII of the Higher Education Act.

1976 Appropriation	1977 Authorization	1977 Budget Estimate
$3,412,000	Indefinite	$3,401,000

Purpose: The fund was authorized to enable the Commissioner of Education to make new loans to higher education institutions for construction of academic facilities.

Explanation: In its initial stage, the Fund sold participation certificates to the private credit market of which the proceeds were used to make new loans to higher education institutions. Since the interest received by the Commissioner on the loans is less than the interest paid by the Commissioner on the participation certificates, appropriations for insufficiencies are needed each year. Although no new loans are anticipated in 1977 appropriations are made available for the operation of the Fund primarily for the payment of participation sales insufficiencies. Interest expense, funded from available funds, is payable to the Treasury on the net amount of appropriations used for construction loans since inception of the program.

Accomplishments in 1976: In fiscal year 1976, $3,412,000 was appropriated for payment of interest on participation certificates compared to $4,201,000 in 1975. Other operating cost, including interest expenses to Treasury on cumulative net appropriation used for loans, was supported by receipts and other available balances. No new loans have been funded under this program since 1975.

Objectives for 1977: Appropriation for insufficiencies in 1977 are expected to decrease from $3,412,000 in 1976 to $3,401,000 in 1977. This amount consists of a permanent indefinite appropriation of $1,282,000 and, an annual appropriation request of $2,119,000. Other operating cost will be funded from receipts and available balances. No new loans are requested.

Transition Quarter Analysis

	Budget Authority by Activity	
	1976 Appropriation	Transition Quarter
1. Operating expenses:		
(a) Interest expense:		
(1) Interest expense on Participation Certificates:		
a. Annual (definite).....	2,192,000	548,000
b. Permanent (indefinite) 1/.....	1,220,000	287,000
c. Obligation.....	(10,482,000)	(2,621,000)
(2) Interest expense to Treasury.....	(24,500,000)	(6,125,000)
(3) Administrative expenses.....	(5,000)	(1,000)
Total budget authority.....	3,412,000	835,000
Obligations.....	(34,987,000)	(8,747,000)

1/ Authorized as a permanent indefinite appropriation, for the payment of participation sales insufficiencies, in the Independent Office Appropriation Act of 1967.

Explanation

The appropriation request of $548,000 together with the estimated permanent indefinite appropriation of $287,000 and receipts into the Fund and other available balances of $1,786,000 will support $2,621,000 in interest expense on participation certificates. Other operating costs will be supported by receipts into the fund.

LIBRARY RESOURCES

WITNESSES

ROBERT R. WHEELER, DEPUTY COMMISSIONER, BUREAU OF SCHOOL SYSTEMS
DR. T. H. BELL, COMMISSIONER OF EDUCATION
DICK HAYS, ACTING ASSOCIATE DEPUTY COMMISSIONER, BUREAU OF SCHOOL SYSTEMS, AND ACTING DIRECTOR, OFFICE OF LIBRARIES AND LEARNING RESOURCES
ROBERT KLASSEN, CHIEF, PROGRAM DEVELOPMENT AND ASSISTANCE, OFFICE OF LIBRARIES AND LEARNING RESOURCES
DR. JOHN W. EVANS, ASSISTANT COMMISSIONER, OFFICE OF PLANNING, BUDGETING, AND EVALUATION
CORA P. BEEBE, DIRECTOR, DIVISION OF PLANNING AND BUDGETING
WILLIAM DINGELDEIN, DIRECTOR, DIVISION OF EDUCATION BUDGET ANALYSIS, OFFICE OF ASSISTANT SECRETARY, COMPTROLLER

Mr. FLOOD. This presentation will be made by Robert R. Wheeler, Deputy Commissioner, Bureau of School Systems. We will place your biographical sketch in the record at this point.

[The biographical sketch follows:]

Name: Robert R. Wheeler.

Position: Deputy Commissioner for School Systems.

Birthplace and date: Omaha, Nebr., April 10, 1921.

Education: Undergraduate degree, Lincoln University, Jefferson City, Mo., master of science degree, Columbia University, New York, in the field of guidance and counseling. Additional graduate work in the field of educational psychology, guidance and counseling and educational administration: University of Kansas City, University of Kansas, University of California at Berkeley. Honorary doctor of laws degree, Lincoln University.

EXPERIENCE

Present: Deputy Commissioner for School Systems, U.S. Office of Education.

1972–74: Associate Commissioner for Elementary and Secondary Education, U.S. Office of Education.

1966–71: Assistant superintendent, division of urban education, Kansas City, Mo., schools.

1965–66: Director of urban special services, Oakland, Calif., School District.

1963–64: Director of special scholarships, Kansas City schools.

1962: Vice principal, Kansas City schools.

1956–61: Counselor, Kansas City schools.

1955: Teacher, Kansas City schools.

Association memberships: Vice president, Missouri Council on Education. Member: Executive Committee, Kansas City Chapter of Missouri Association for Social Welfare; American Association of School Administrators; Missouri Association of School Administrators; National Education Association; Missouri Education Association; education council, chamber of commerce; national panel, American Arbitration Association; Rotary Club of Kansas City, Mo.; Theta Boule, Sigma Pi Phi Fraternity; steering committee, YMCA.

Mr. FLOOD. Do you have a statement?

Mr. WHEELER. I have a short statement, Mr. Chairman. I would like to read it.

Mr. FLOOD. You may proceed.

Mr. WHEELER. Mr. Chairman and members of the subcommittee, I am appearing before you to testify on the library resources appropriation for programs involving libraries and instructional resources in public libraries, schools, and academic institutions, and other related programs.

The 1977 budget proposes to concentrate on the consolidated program for school libraries and instructional resources by requesting $137,330,000 for the advance funding for school year 1977–78.

SCHOOL LIBRARIES AND INSTRUCTIONAL RESOURCES

Title IV–B of the Elementary and Secondary Education Act authorizes consolidated grants to States for school library resources, equipment, and minor remodeling, and for guidance, counseling, and testing. The amount of $137,330,000 requested in the 1977 budget may be used by State and local education agencies among these three components at their discretion. It is expected that these funds will provide for the same opportunities for benefits to children and teachers as the separate categorical problems did in prior years. The restructuring, however, will provide local authorities greater responsibility in determining their own educational priorities and flexibility for focusing on these needs.

TERMINATION OF REMAINING PROGRAMS

Funding for the remaining programs in this appropriation is not being requested in the 1977 budget. The public library programs should now be supported by State and local governments through the use of State, local, and revenue sharing funds. The budget proposes to terminate the college library resources, training and demonstrations, and undergraduate instructional equipment programs in keeping with the shift of Federal higher education dollars away from narrow categorical programs toward student support.

SUMMARY

In summary, we are requesting $137,330,000 for the library resources appropriation to continue funding of the school libraries and instructional resources program, continuing the consolidation and simplification of the grant award process.

Mr. WHEELER. We would be glad to answer any questions you may have.

Mr. FLOOD. As you know, we always look forward here to the budget request for the library program. One year you proposed to terminate the program, then the next year you said you want to phase it down. But this year the budget is especially bad. Here you are requesting funds only for school libraries, and you want to cut that by $10 million.

PROPOSED CHANGE IN LIBRARY RESOURCES BUDGET

Dr. BELL. Mr. Chairman, I was authorized just this morning, from OMB and from the Department, to modify that position.

Mr. FLOOD. Which one of the four positions?

Dr. BELL. The position that we have before you on the part of libraries. As you know, our original consolidation proposal had the Library Services and Construction Act funds and the Higher Education Act funds in the consolidation. That position has been revised. We will exclude these programs from the consolidation. And so we expect that a budget amendment for fiscal 1977 will be transmitted to you soon that will restore these programs to their 1976 enacted appropriation level.

Now, these are, Mr. Chairman, public library services, and the interlibrary cooperation program under titles I and III of the Library Services and Construction Act totaling $51,749,000. And then college library resources, under title II–A of the Higher Education Act, of $9,975,000. And so we expect that the President will transmit to you a budget amendment increasing these programs.

Mr. FLOOD. Well, we will wait too see the official message on that. I was going to say we could end these hearings right now if we can get a yes answer to just this one question.

Are your reasons for cutting these programs the same as last year?

If you say yes, we can quit and go home.

Dr. BELL. We don't expect to cut these programs. Under the proposed consolidation the program on school libraries would of course go into that total consolidation program.

Mr. FLOOD. Then we give you another chance to persuade us to accept the budget.

By the way, when was the last time you visited a public library?

Mr. WHEELER. I was in a public library, I think, about 2 weeks ago. I have a daughter who is very much interested in libraries.

Mr. FLOOD. You went over to drive her home?

Mr. WHEELER. Well, it is usually a two-way assignment I get, Mr. Chairman.

Mr. FLOOD. That was your day to drive her home?

Mr. WHEELER. The only way I can afford the luxury of going to the library, is when I get an assignment that I dare not refuse.

PUBLIC LIBRARY SERVICE CUTBACKS

Mr. FLOOD. We just heard recently about the new D.C. Library, and that it may have to curtail some of its operations because of nonuse during the evenings. Of course, that problem is not due to financial reasons, but something else.

Is that situation happening in other inner city libraries?

Mr. WHEELER. I am myself not aware of any significant reports coming in in any significant numbers that would indicate that.

However, Mr. Hays and Mr. Klassen may be able to speak on that.

Mr. HAYS. Mr. Chairman, our information, which is incomplete on this, indicates that a number of the branch libraries in metropolitan areas have had to curtail their services because of financial reasons. Many inner city areas have taken into consideration public safety, too, in terms of evening hours. But we do not have any specific data on that.

BLOCK GRANT PROPOSAL

Mr. FLOOD. All right.

Is the assistance for the public libraries included in these block grant proposals we were talking about here all week?

Dr. BELL. They were in our original proposal, Mr. Chairman. But that has been modified since then. I would like to say that we have the sum of $137 million there for school libraries and instructional resources compared to the previous year of $147 million. But if you will notice the additional amount that we have in our consolidation proposal of $246 million, the purpose of that proposal is to bring the sum of all of the amounts under the consolidation up to the level of the fiscal 1976 appropriation; in fact, just a little bit over that. Contingent upon the consolidation enactment, the administration would propose no decrease at all in the school library area. But, of course, if the consolidation does not pass, then there would be a $10 million decrease in the school library program.

USE OF GENERAL REVENUE SHARING FOR PUBLIC LIBRARIES

Mr. FLOOD. What is the current picture on the use of general revenue sharing for public library services or construction?

Mr. HAYS. Mr. Chairman, the latest information we have is as of June 1974, and the previous 30 months to that date, which indicates that approximately $100 million was allocated to public library support. Of that amount, the fiscal year 1974 Treasury report indicates that over $82 million was used for public libraries that year, with $36 million being used for capital expenditures, construction, and the like, and $46 million being used for operation and maintenance.

Mr. FLOOD. Give us a breakdown—a State breakdown—of the general revenue sharing funds used for libraries.

Mr. HAYS. Yes, sir.

[The information follows:]

General Revenue Sharing Funds
Used by States and Local Jurisdictions
for Public Libraries, Fiscal Year 1974

State	Maintenance and Operation Expenditures	Capital Expenditures
Alabama	$ 919,058	$ 602,224
Alaska	218,817	4,035
Arizona	383,835	340,981
Arkansas	231,898	542,581
California	1,400,517	5,062,649
Colorado	446,567	334,943
Connecticut	1,050,921	456,456
Delaware	462,739	10,045
Florida	248,499	900,125
Georgia	249,001	1,214,887
Hawaii	---	61,352
Idaho	38,766	163,403
Illinois	1,032,835	1,354,828
Indiana	17,536	138,645
Iowa	411,507	434,897
Kansas	64,059	406,750
Kentucky	500,078	559,241
Louisiana	580,258	1,037,889
Maine	259,730	134,048
Maryland	2,028,303	15,130
Massachusetts	1,932,774	804,662
Michigan	1,247,835	1,300,748
Minnesota	804,448	807,516
Mississippi	333,885	296,959
Missouri	79,123	533,286
Montana	94,726	541,625
Nebraska	127,539	365,255
Nevada	81,000	6,000
New Hampshire	84,215	101,121
New Jersey	902,807	437,729
New Mexico	38,627	344,152
New York	8,699,795	847,083
North Carolina	1,496,339	5,838,638
North Dakota	57,455	83,115
Ohio	265,326	983,657
Oklahoma	58,098	572,381
Oregon	3,315,163	255,586
Pennsylvania	7,120,177	400,703
Rhode Island	145,600	4,996
South Carolina	315,338	714,417
South Dakota	75,463	65,381
Tennessee	1,139,310	1,241,279
Texas	1,707,005	3,180,503
Utah	73,870	677,685
Vermont	150,947	62,321
Virginia	612,857	1,029,533
Washington	1,424,429	386,165
West Virginia	476,683	316,672
Wisconsin	2,524,903	157,265
Wyoming	118,039	88,814
District of Columbia	---	---
Subtotals	46,048,700	36,220,356
TOTAL	$82,269,056	

LIBRARY SERVICES FOR SPECIAL CLIENTELE

Mr. FLOOD. Federal aid for public library service, more and more is becoming concentrated on the disadvantaged, according to a study made by the Systems Development Corp. Now, as we have already made clear, with libraries having to curtail their hours and limit service, how are the disadvantaged, and the State institutionalized and the handicapped, going to be affected by eliminating Federal aid?

Mr. HAYS. Well, Mr. Chairman, as the Commissioner indicated, we will be providing a budget amendment for LSCA, which will bring the amount to the appropriated amount for 1976. This will provide assistance to the disadvantaged at the 1976 level, which we estimate will provide library services to 29 million disadvantaged persons, 800,000 people who are institutionalized, and 480,000 blind and physically handicapped persons. We would be able to maintain that level of service with the new budget request.

Mr. FLOOD. You recall the evaluation you sent us up here last September—if Federal funds are not available, then of course there are no library services for the disadvantaged. If so, the States won't be able to continue services for those special groups.

Now, wouldn't that very evaluation itself justify a continuation of Federal aid? Is that what you are talking about?

Mr. HAYS. Mr. Chairman, I think overall we have to look at the funding pattern for public libraries. Approximately 86 percent of the support for public libraries comes from local resources; 6 to 7 percent from the State; and approximately 7 percent from the Federal level.

If all the Federal resources were terminated, it would certainly have some impact. But we hope that through the program we have had for the past 20 years we have promoted and encouraged the local and State governments to maintain support for these very important clientele.

Mr. FLOOD. By the way, what happened to that library partnership proposal you talked about last year?

Mr. HAYS. It was submitted to both the House and Senate last year, but it was not introduced. In the deliberations this year the decision was not to send it to the Hill again.

SCHOOL LIBRARIES AND INSTRUCTIONAL RESOURCES

Mr. FLOOD. For school libraries and instruction resources—you want $137.3 million—that is a cut of $10 million from last year.

Will those funds in that case be sufficient to meet the minimum requirements for this consolidation as required by the basic law?

Mr. HAYS. Mr. Chairman, the $137 million would not trigger the consolidation due to the recent decision reached on the rescissions. I believe the administration would be open to the Congress' judgment on the amount it would take to trigger that consolidation.

Mr. FLOOD. Doesn't the basic law, however, require appropriations be at least equal to the previous year before any consolidation can take place?

Mr. HAYS. That is correct.

Mr. FLOOD. But it appears your budget is going to be falling short $10 million.

Mr. HAYS. At the time this budget was submitted, sir, the hope was that the rescission would be accepted.

Mr. DINGELDEIN. Mr. Chairman, let me add a point here, if I may. If the Congres should include the $137 million in an Appropriation Act, that would be sufficient to trigger consolidation. Now, it would also be subject to a point of order. But the law simply says that no funds are authorized under this title—unless you maintain the prior year level. But if the Congress enacts another amount, even if it is less than the prior year, it will trigger the consolidation.

Mr. FLOOD. Well, this is the Appropriations Committee. What do you want us to do—rewrite the law?

Mr. DINGELDEIN. We are asking you to——

Mr. FLOOD. Rewrite the law.

Mr. DINGELDEIN. To accept a lesser amount; yes.

Mr. FLOOD. I don't understand that. You are what? You are asking us to accept a lesser amount?

Mr. DINGELDEIN. Yes; a lesser amount than the law requires for the purpose of triggering the consolidation. I am trying to make a distinction here, which I guess is a fine point. I am saying that if the Congress decides to enact the $137 million, the programs will be consolidated. In other words, that would change the law.

Mr. FLOOD. Yes; you have a distinction without a difference, I suppose.

Do you plan to ask for additional funds for 1978 so that this consolidation program can actually take place, or would you prefer going back to the individual categorical program?

Dr. BELL. If the consolidation, the larger consolidation, of these 24 programs were enacted, then the administration has taken a position, that we would ask for another $246 million, but we have no authorization to ask for categorical increase above the $137 million.

EFFECT OF TITLE IV–B REDUCTION ON STATES

Mr. FLOOD. Under your budget for the consolidated grants, how many States would be cut back from the previous year?

Mr. HAYS. The $137 million level?

Mr. FLOOD. From your request here.

Mr. HAYS. I don't have the precise number.

Mr. FLOOD. Would you find it out for us for the record?

Mr. HAYS. Yes; we certainly can provide that.

[The information follows:]

Under the budget request level of $137,330,000 for ESEA VI–B, all States would receive less than they will under the 1976 appropriated level of $147,330,000.

Mr. FLOOD. Do you have any way of knowing how much the States are using of all these various categories covered by this consolidated grant?

Mr. HAYS. This present operating year is a 50–50 year, with 50 percent categorical and 50 percent consolidated. Informal contacts at the State level indicate that with the consolidated amount they are retaining their spending patterns pretty much as they have in the past with the categorical programs.

Mr. FLOOD. For the record, insert a tabulation which would show how the funds were used in 1976, and your estimates for 1977.

[The information follows:]

The school libraries and instructional resources consolidation, authorized by title IV part B of the Elementary and Secondary Education Act, made funds

available for the first time in fiscal year 1976, with only half of the appropriated funds being made available specifically for the consolidated program and the remaining half being awarded through the three component programs of the consolidation. These funds, totaling $137,330,000, cover the school year 1975–1976.

Funds for the first year of complete consolidation under ESEA title IV–B, covering school year 1976–77, will be released on July 1, 1976, the beginning of the transition quarter. And the funds requested in the 1977 budget, covering school year 1977–78, will be released on July 1, 1977, which will be the beginning of the fourth quarter of the revamped fiscal year 1977 (October 1–September 30).

Although the initial annual reports from the States containing usage data on the consolidated funds are not due until December 31, 1976, preliminary information from the State departments of education indicates that local school districts are deciding to use funds for each of the three component programs.

DISCRETIONARY USE OF CONSOLIDATED FUNDS

Mr. FLOOD. Here is a State that wants to double the funding for the guidance and counseling, and cut back on the school library resources. Can you do any thing about that?

Mr. HAYS. No, sir.

Mr. FLOOD. Do you want to do anything about it?

Mr. HAYS. The present law and the regulations clarifying that law give the local education agencies the authority to use and vary the amounts they want to use for school libraries, learning resources, instructional equipment or guidance, counseling and testing.

Mr. FLOOD. You can't do anything about it?

Mr. HAYS. No, sir.

Mr. FLOOD. Do you want to do anything about it?

Mr. HAYS. I think the purpose of the consolidation was to provide that license and discretion to the State and local educational agencies.

Mr. FLOOD. Here is a question that has arisen several times during the last week. How can you help a small school district compete for its share of the State allotment for these consolidated grants?

Mr. WHEELER. Mr. Chairman, we in these programs, including libraries, consider it to be our responsibility to give technical assistance to the agency which is administering the program. If it is administered through the State, we charge the State with responsibility for giving the kind of technical assistance needed.

Mr. FLOOD. How can you help the small school districts?

Mr. WHEELER. We can help them in terms of giving them advice about how to collect information which goes into their proposal. We also give them advice about how that program should be administered.

One of the programs under libraries has as its objective the identification of productive library practices. That information is disseminated to the school districts and the libraries which need it.

Mr. FLOOD. This is a very important question. We get asked this time and time again on the floor, and you can see why. You may want to add to the answer you have just given to the record. Don't hesitate to do so.

Mr. WHEELER. We can give you some specifics.

Mr. FLOOD. This is a very important question and we get it all the time.

[The information follows:]

SPECIFICS ON PRODUCTIVE SCHOOL LIBRARY PRACTICES DISSEMINATED TO SCHOOL DISTRICTS [1]

The administrative funds provided under title II have been an important factor in establishing sound programs of staff development for local school personnel participating in the title II program. Inservice educational programs and consultative services have been directed toward helping teachers and media specialists with the selection, organization, and use of materials acquired under the program. Examples of the kind of staff development opportunities are:

Connecticut title II staff prepared a transparency-cassette program on writing school media instructional objectives and prepared a planning instrument to assist local school personnel in the design of facilities.

Utilization in Massachusetts of title II funds to sponsor a workshop—The Urban Child—Extending the Right to Read—and emphasizing visual as well as reading literacy. Special attention was given to the learning needs of black children and Spanish-speaking children.

New Hampshire field services have included on-site visits and workshops for teachers, media specialists, and elementary school library aides.

South Carolina held regional meetings to provide assistance in administration of media programs emphasizing a particular aspect such as the role of the media specialist in individualizing instruction in the evaluation of the media center program. In addition, the audiovisual consultant participated in 37 workshops in media production and equipment operation, stressing the newer types of materials. Mississippi held an inservice program which scheduled four meetings with media specialists and aides, emphasizing the organization of elementary school learning centers through a special system of coding for all learning materials to be used in instruction. Book catalogs were prepared for the teachers to use when planning for instruction and making individual student prescriptions. The University of Southern Mississippi cosponsored with the State Department of Education a 2-week workshop for 35 participants from both elementary and secondary media centers over the State. Puerto Rico held two special workshops. The first was for mathematics supervisors and coordinators of the new geometry 500 program; the second was for a group of 20 educational technology specialists in the preparation of instructional packages for individual instruction.

Development and distribution of bibiographies was another feature. In response to a State-identified priority in Maryland, committees were organized to make lists of recommended books for ethnic groups. A State-sponsored committee was set up to review carefully all available materials for ethnic and cultural minorities with a publication suitable for use as a selection aid as a projected outcome. A routine part of the management of the special grants in North Carolina is the preparation and distribution of lists and bibliographies of materials used to support the project.

In-service meetings and workshops on regional and local levels, conducted throughout the Upper Midwest for teachers, librarians, and administrators, emphasized acquisition of quality materials, management and wise use of all types of materials. Michigan again sponsored two workshops in two northern Michigan intermediate districts for 90 untrained personnel who work in school libraries. In an attempt to coordinate college training programs with the library-media programs of the schools Kansas developed new guidelines for State school library media directors, worked on a 2-year study of the feasibility of performance-based criteria for certifying library/media personnel and assisted with two research studies on the use made of library media by teachers and students.

Newsletters, brochures, films, and slide tape presentations were used in inservice training at the local and regional levels.

With a grant from ESEA III, Area VI Media Center, Marshalltown, Iowa, collected, organized, and circulated the professional film collections from the 15 other regional centers. Book catalogs and WATS line from this center to each of the others made the collection easily accessible.

State associations of school librarians as well as other educational groups utilized the expertise of the State ESEA II personnel in association meetings.

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[1] Source: Annual Report, ESEA Title II, fiscal year 1972, pp. 11–13.

Texas consultants conducted workshops and inservice meetings in programed instruction, instructional design and production techniques, audiovisual equipment and its use, and individualized instruction, to provide training opportunities for local personnel with media responsibilities. Regular meetings of the Regional Service Center Media Directors with consultants of the Division of International Media to consolidate efforts in the development of a unified State program, have enabled consultants to give concentrated attention to a smaller group having the capability of reaching a much larger audience.

The Washington State subject area supervisors and the media supervisors worked as a team through inservice, change process models, district consultation, and school visitations to assist the field in effective selection, organization, and utilization of all learning resources.

In the fall, eight meetings were held in Hawaii for school librarians, school audiovisual coordinators, ETV coordinators, and district library/AV/ETV liaisons, and in May, four sessions were conducted in Oahu, Hawaii, Maui, and Kauai for school librarians in which discussion of the 1972–73 ESEA title II program was a part of the agenda. Procedures for applying for basic quotas and additional funds based on relative needs were reviewed.

The increase in title II funds over the previous year enabled California to expand the number of inservice programs and consultative services provided to local education agencies. Individual school districts received assistance from State personnel and ad hoc consultants in the selection, organization, and utilization of library resources. The employment of media experts from throughout California as consultants as needed in inservice programs by local education agencies was an important facet of the title II program and provided a strong supplement to the basic State staff.

Workshops were held in the Los Angeles area for private school personnel. The rapid turnover of administrators and media personnel in nonpublic schools necessitates these yearly meetings. Three different series of four media workshops were conducted in the San Francisco Bay area. These meetings were successful in assisting building level educators in the use of instructional materials. Approximately 600 participants including administrators, librarians, and teachers attended the workshops. Additionally 15 other workshops were held in other areas of the State. The annual title II, phase II workshop was held in Sacramento with 150 persons in attendance.

Under ESEA title IV–C, State educational agencies are assisting in formulating proposals and operating programs in local educational agencies less able to compete due to small size or lack of local financial resources.

COLLEGE LIBRARY RESOURCES

Now for the college library program, and here again you are proposing a termination. Last year about $10 million was appropriated.

How many institutions participated? What was the average grant to each institution?

Mr. HAYS. We received approximately 2,800 applications this year. Of that 2,800, approximately 2,700 will be funded. The average grant will be approximately $3,700.

Dr. BELL. But we did modify our position and we are proposing $9,975,000 under college libraries as I said a little while ago but prior to that we weren't in that position.

Mr. HAYS. Mr. Chairman, I just wanted to return to the question you asked Mr. Wheeler about how we could assist the local schools that need assistance.

Mr. FLOOD. That is right.

Mr. HAYS. Title IV–B of Public Law 93–380 provides additional methods to do that in the law. It provides a means to give extra local support where the average tax effort is high, but yet the per pupil expenditure is not. We can provide additional money and consideration to local areas where there are higher than average per pupil costs, which provides additional means to reach the schools that you were talking about.

Dr. BELL. I think the chairman's question though, which is a very pertinent one, that we will endeavor to answer further on the record, is how can a small district which doesn't have the sophistication or the staff compete in the State arena with the larger districts in getting these funds?

Mr. FLOOD. That is restating the question.

Dr. BELL. That is a very important question.

NUMBER OF BOOKS PURCHASED WITH HEA II–A FUNDS

Mr. FLOOD. By the way, do you have any idea how many books an institution can purchase with this grant?

Mr. HAYS. Which program, sir?

Mr. FLOOD. College libraries. I am talking about college libraries now.

Mr. KLASSEN. At the present rate of expenditures in which each college received approximately $3,918 in 1975 and an estimate of $3,700 in 1976 and the average cost of books being at $16.19, you divide that to determine that there aren't too many books that are being bought with that $3,000.

Mr. FLOOD. Did you do that?

Mr. KLASSEN. I can take the time to do it.

[The information follows:]

The 1975 average basic grant under the college library resources program would have provided for the purchase of approximately 240 books.

Mr. FLOOD. Suppose you do it. If these grants then are terminated, what effect would that have upon the college library collections?

Mr. WHEELER. Mr. Chairman, as the Commissioner indicated, there will be a budget amendment recommending the continuation of college library support.

ADEQUACY OF COLLEGE LIBRARY COLLECTIONS

Mr. FLOOD. According to the GAO report in 1971, the report says, only 1,195 out of 1,643 universities had achieved the minimum standard of 50,000 volumes in the library; and also about 500 out of 892 community colleges had reached the minimum of 20,000 volumes.

Does the Federal Government have any role in closing that gap with these library standards?

Mr. WHEELER. I think we can give you some figures which would answer that question.

[The information follows:]

Most recent universe data for college and university libraries

	Percent
Less than 20,000 volumes	21.5
Between 20,000 and 50,000 volumes	28.3
Over 50,000 volumes	50.2
	100.0

Source: National Center for Educational Statistics (Office of Education), 1971.

The Federal role with respect to the support of college libraries is to assure under our college library resources program (HEA II–A) that the maintenance-of-effort requirements are met by the institutions of higher educations who apply for the basic grant of up to $5,000. This involves virtually every accredited academic institution in America.

Mr. FLOOD. What is the Federal role?

Mr. HAYS. The Federal role here has been to provide grants between $3,700 and $5,000 to institutions regardless of need. This is basically an entitlement program. It has not been focused on the needs of colleges or universities or community colleges.

One of the problems that we have had with this program in the past is that we could not orient it more toward areas of need. In some cases a small amount is provided to institutions where it would have a tremendous impact. In other areas it would have practically none at all.

Mr. FLOOD. Do you want to hazard a guess at the percentage of a higher education institution's budget that is devoted to libraries? Do you want to take a shot at that?

Mr. KLASSEN. Less than 5 percent.

Mr. HAYS. That would be my guess, too.

Mr. FLOOD. Congressman Natcher?

LIBRARIAN TRAINING

Mr. NATCHER. How many students are currently being assisted through the library training program?

Mr. HAYS. In fiscal year 1975, in the fellowships and traineeship program we have a total of 162 participants, and in addition we have 1,244 participants through the institute program.

Mr. NATCHER. What is the current picture on supply and demand for trained librarians?

Mr. HAYS. The most recent information we have is based on a 1974 library manpower study from the Bureau of Labor Statistics which indicates that the overall supply and demand cycle for librarians has about reached the state of equilibrium and will remain there for the next 10 years. It also points out there are shortages in certain areas which includes minority group librarians, people who are specialists in media technology and computer technology.

The findings indicate that approximately 9,000 librarians come out of college each year, and could be absorbed by the marketplace, and that the marketplace also has room for an additional 2,200 trained librarians who would return to the work force, so approximately 11,200 would be employed each year.

Mr. NATCHER. Can you tell me what other Federal sources are available for the training of librarians?

Mr. HAYS. This is the primary program that is focused directly on the training of librarians, sir.

Mr. NATCHER. What about graduate training? Is there any other Federal source, other than the program that we have before the commitee at this time, as far as graduate training is concerned?

Mr. HAYS. Again, sir, this is the only program that I know that directly and specifically assists librarian training.

Mr. DINGELDEIN. Mr. Natcher, I would like to add a point. While what Mr. Hays is saying is certainly true, under our various student-aid programs, those funds could go to students who want to go into the library field, both at the undergraduate level and the graduate level.

At the graduate level, of course, all we have available is loans, but there is a variety of student assistance at the undergraduate level for students who want to go into libraries or any other field.

LIBRARY DEMONSTRATIONS PROGRAM TERMINATION

Mr. NATCHER. You are proposing to terminate the library demonstration program. OMB doesn't change this situation, does it?

Mr. HAYS. The present proposal is to terminate it.

Mr. NATCHER. What are some examples of projects previously supported by this program? Can you give me some examples?

Mr. HAYS. Yes. This program has been in existence since 1967, and has supported a number of very worthwhile research and demonstration programs. Examples of these would include the project that we have had for several years with the National Indian Education Association, which has provided technical assistance and demonstrations, to show how we can provide library services to reservation populations as well as to urban Indians.

We have been instrumental in some of the very foundational work in developing a computer-based cataloging system operating, by supporting the Ohio College Library Center. That system has been quite successful and a number of institutions are adopting and using the services of that system.

We have funded projects which show how public libraries can provide and be supportive of educational needs, particularly in the "university without walls" concept. We have provided support to show how libraries can provide service and information and referral services to inner city populations. There are many other examples that deal with the state of the art in terms of processing library collections and how computer technology can assist in this area.

UNDERGRADUATE INSTRUCTIONAL EQUIPMENT PROGRAM TERMINATION

Mr. NATCHER. I believe you also want to terminate the undergraduate equipment program. That is correct, isn't it?

Mr. HAYS. Yes, sir.

Mr. NATCHER. Can you give me a few illustrations of how these funds have been used by the colleges and universities in the past?

Mr. HAYS. Mr. Chairman, these funds have been used in a variety of ways. In 1975, we gave 922 grants. I should note that the decisions and the criteria are established by State commissions, which then judge the conditions in their State and decide which projects ought to be funded.

For example, York College in York, Pa., is an independent, nonprofit college, and has received nine equipment grants since 1968. Those grants have totaled $24,000 and have covered acquisitions and equipment in the area for the sciences, the arts, a campus audiovisual center, and closed-circuit television capability.

Mr. NATCHER. At this point in the record if you will, insert a breakdown of the kinds of equipment purchased from appropriations for the most recent year.

Mr. HAYS. Yes, sir, we will.

[The information follows:]

UNDERGRADUATE INSTRUCTIONAL EQUIPMENT PURCHASES BY TYPE

Type of purchase	Estimated percentage		
	Fiscal year 1974	Fiscal year 1975	Fiscal year 1976
Audiovisual equipment	26	26	26
Closed-circuit TV equipment and tapes	12	20	20
Audiovisual material	9	9	9
Other [1]	53	45	45

[1] Includes laboratory and all instructional equipment and materials not included under audio visual categories above.

Mr. NATCHER. Thank you, Mr. Chairman.

Mr. FLOOD. Mr. Conte?

Mr. CONTE. I will submit some questions.

Mr. FLOOD. Mr. Early?

PROPOSED BUDGET AMENDMENT

Mr. EARLY. Mr. Wheeler, in your statement you say your 1977 budget will terminate the college library resources, training and demonstrations, and undergraduate instructional equipment programs. The amendment Dr. Bell spoke of, will that necessitate the removal of or termination of any of those programs?

Mr. WHEELER. Mr. Early, the Commissioner's statement about the changes in the budget would still leave unfunded the training and demonstrations, and the undergraduate instructional equipment programs.

Mr. EARLY. So the college library resources program will not be terminated with the proposed amendment.

Mr. WHEELER. That is right.

Mr. EARLY. And that will put funding at the same rate as 1976.

Mr. WHEELER. For that particular program.

EFFECT OF $10 MILLION CUT IN ESEA IV–B

Mr. EARLY. How much of the total $10 million cut is in the purchase of books?

Mr. WHEELER. You are talking about the $10 million in the title IV–B consolidated appropriation, I presume. I don't know that we have a figure which would break out how much of that $10 million is spent for books.

Mr. EARLY. Let me rephrase the question.

In your 1977 appropriation request, how much reduction is there for the purchase of books?

Mr. HAYS. None in the college library program, sir, because as the Commissioner indicated, we would be making a request for the college library resources program, HEA title II–A, which provides support for purchases of the books and library materials.

Dr. BELL. I think Mr. Early is referring to the $10 million cut in the elementary-secondary program, and how much of that has gone to books.

Am I correct on that?

Mr. EARLY. Yes; you are.

Mr. HAYS. Approximately 67 percent of the money that goes to the local district schools is spent on library material, so overall it would have a small reduction in each of the school districts.

Mr. EARLY. A small reduction?

Mr. HAYS. Yes; relatively small.

Mr. EARLY. What is the inflationary increase in the cost of books over the past year?

Mr. HAYS. The figures for the last couple of years have indicated that it has been about a 15-percent increase each year.

Mr. EARLY. Therefore that decrease has to go on top of the inflationary increases, and that becomes a fairly drastic cut in the purchase of books.

Mr. WHEELER. Mr. Early, let me return to your question about what would be the reduced support for the purchase of books.

In the budget change that the Commissioner referred to earlier, the program which would support the purchase of college library books would not be reduced. It would be only those programs which have to do with library training activities, which do not include support for the purchases of library materials, including books.

FLEXIBILITY IN PROGRAM ADMINISTRATION

Mr. EARLY. A final question.

This amendment that you are going to send to the chairman tomorrow or in the next couple of days, will it have any effect in administrative policy you suggested would come about. I refer specifically to more flexibility for the schools.

Will there be any more flexibility for the colleges in administering this money?

Mr. WHEELER. School libraries would be governed by the present law, which gives the discretion to the local education agencies.

For colleges those are categorical programs, and they would have the same leeway and flexibility as before in expending those funds as the law prescribes.

Mr. EARLY. Along with this refunding request, then, there will be no changes with regard to the program's administration.

Mr. WHEELER. Our proposal would be to extend the authorization of HEA II–A for 1 year.

Mr. HAYS. Mr. Early, the present law provides the institutions considerable latitude. They make the decisions about how that money is going to be spent. In general as long as that money is spent for library materials, books, audiovisual materials, that is completely their discretion.

Mr. EARLY. But haven't we been getting away, according to earlier testimony, from categorical types of aid because it hasn't allowed flexibility?

Mr. WHEELER. Yes. We have testified here in support of consolidation, and we have given to you the rationale that there would be increased flexibility and discretion in the States. However, in this program, as Mr. Hays has just said, what we do is to make grants to the colleges, and they then can use their own discretion about the materials that they want to buy.

Dr. BELL. The thing that happened, Mr. Early, at the time that the administration put the consolidation proposal together, they put all the library account into the elementary and secondary school consolidation, and we have been arguing inside the administration that we ought not to put the higher education library programs in there, because the funds go to a different agency.

That position was recognized, so they withdrew the higher education parts of the program from the consolidation. Following that, it took this long for us to get through a request for them then to come back and restore the money.

Mr. EARLY. With the amendment the money will be restored and higher education will still be separated.

Dr. BELL. Yes; but then we have not proposed any consolidation in the higher education program.

Mr. EARLY. Thank you, Mr. Chairman.

Mr. FLOOD. Thank you very much, gentlemen.

COMPARISON OF 1976 AND 1977 REQUESTS FOR ESEA IV–B

Mr. CONTE. Mr. Chairman, one thing puzzles me on this.

You are asking for $137,330,000; is that right?

Mr. WHEELER. Yes.

Mr. CONTE. Last year you asked for $147,330,000, for categorical grants?

Mr. WHEELER. No; our request was for the same amount, Mr. Conte. The Appropriations Committee appropriated $147,330,000, an increase of $10 million over our request.

Mr. CONTE. And that was for categorical grants?

Mr. WHEELER. No; you increased the amount for title IV–B by $10 million.

Mr. CONTE. That is what got me confused. Last year didn't we have a whole group of things? Didn't we have audiovisual?

Dr. BELL. That is correct, and you consolidated it. It was one of your few consolidations.

Mr. CONTE. We didn't break it down? Didn't this committee break it down last year?

Dr. BELL. No.

Mr. CONTE. I thought we did.

Dr. BELL. You put it all in one block, which was in conformity with the education amendments of 1974 which consolidated a group of programs into one.

Mr. FLOOD. The year before that.

Mr. CONTE. We put them all in different items?

Mr. FLOOD. That was the year before this one, in 1975.

BLOCK GRANTS FOR EDUCATION

Dr. BELL. We have had two consolidations that were passed in 1974. One of them consolidated under ESEA IV–C a group of programs that were the old ESEA title III, which is an innovation program, ESEA title V, which was strengthening State departments of education, and a couple of other small programs.

Then the other consolidation was to consolidate ESEA title II, which is for school libraries, the NDEA title III equipment program

and the guidance, counseling and testing program in another consolidation, so we did succeed in getting smaller consolidations.

The administration's larger consolidation proposal now would take 24 programs and put them together in quite a huge consolidation that amounts to about $3,300 million.

Mr. FLOOD. A different thing altogether.

Mr. CONTE. We are talking about something here that Congress has already passed a law on consolidating these programs.

Dr. BELL. That is correct, sir.

Mr. CONTE. And then the other one is a much larger program which takes in the whole education, doesn't it?

Dr. BELL. It takes in a big part of the elementary and secondary education. There would be some things like bilingual education, the School Desegregation Assistance Act which aren't included. There are a few programs that aren't, but most of it is in there. It takes in education for the handicapped, education for the disadvantaged, vocational education.

Mr. CONTE. Do you have any statistics on this? We have a 1-year track record here. Do you have any statistics on how the educational system spent this money? You gave it to them in block grants as I understand it.

Dr. BELL. The other thing we should say, as you phase this in, it is 50–50 this year, half categorical and half block, which I might just editorialize to say put quite an administrative burden on us.

Mr. CONTE. You are talking about your budget right now?

Dr. BELL. Yes; but you see we proposed if you would consolidate all these programs, we could eliminate 200 staff members from the budget, and so you said "We will consolidate you in 2 years over a phased time" but you picked up the 200 positions at that time, which I would like to just make a point about.

Mr. FLOOD. Mr. Shriver?

Dr. BELL. I appreciate that question.

Mr. CONTE. Any time. That was unrehearsed.

Mr. SHRIVER. In your statement you said the funds requested here will provide for the same opportunities for benefits to children as the separate categorical programs did in prior years.

According to the tables in the book, my own State would receive about $100,000 less in fiscal 1977 under the consolidation program than it received in 1976.

How would the lower amount of money provide the same opportunities?

Dr. BELL. The reason that statement is made that way is because we have an additional amount of $246 million that we propose to submit when the Consolidation Act is enacted, and that would then add enough so that no State would get less. They would be held harmless. No State would get less than they received in 1976.

Mr. SHRIVER. A supplemental appropriation?

Dr. BELL. Yes; when the Consolidation Act is passed then we would submit a supplemental for $246 million that would increase the amount for title I and the other areas where they are lower than the fiscal 1976 appropriation.

Mr. SHRIVER. Let me ask this, too.

Are the State and local governments now putting general revenue sharing funds into library services?

Mr. WHEELER. I thank we have some information on that.

Mr. FLOOD. I did ask that earlier.

Mr. SHRIVER. If it is already in the record, I won't repeat it.

Mr. FLOOD. Mr. Michel?

EXTENT OF PUBLIC LIBRARY COVERAGE

Mr. MICHEL. Approximately what percent of the population is now served by public library programs?

Mr. WHEELER. Approximately 95 percent of the population has access to public library service of some type. This includes deposit stations in isolated areas where books are changed every 2 to 6 months; books-by-mail; bookmobile service varying from weekly to bi-monthly trips; branch service and main library service.

It should be noted, however, that the quality of service at these access points was considered less than adequate in many instances.

Mr. MICHEL. Does this suggest that the present legislation has pretty much achieved its objective—at least in geographical terms?

Mr. WHEELER. The 95 percent coverage does suggest a wide geographical spread, but does not necessarily connote a certain quality of service.

Mr. MICHEL. How much of general revenue sharing funds are now going for public library support?

Mr. WHEELER. For the 30-month period ending June 30, 1974, $100.7 million in general revenue sharing funds have been used for public library purposes.

Mr. MICHEL. Is State and local spending for public libraries increasing? At what rate?

Mr. WHEELER. Since fiscal year 1956 State support for public library services has increased from $5 million to $101.6 million in fiscal year 1976. For the last 6 years the amounts are as follows: 1971, $52.9 million; 1972, $58.1 million; 1973, $59 million; 1974, $81.7 million; 1975, $82.4 million; and 1976, $101.6 million.

TERMINATION OF SOME LIBRARY PROGRAMS

Mr. MICHEL. You are requesting termination of support for the college library resources, instructional equipment, librarian training, and library demonstration programs. Is this just for fiscal reasons, or do you have programmatic justifications?

Mr. WHEELER. As we had indicated earlier, we are submitting a budget amendment in support of the college library resources program, HEA title II–A. As to library training and library demonstrations authorized under HEA title II–B, we are not supportive of these programs inasmuch as they are narrow, categorical programs. We support a broader program of direct student financial assistance with revenues carried to institutions.

TRIGGERING OF CONSOLIDATION

Mr. MICHEL. The issue concerning the level of funding to trigger the consolidation of the support and innovation program came up

during the elementary and secondary education hearing. Are there sufficient funds in the budget to trigger the school library consolidation? If not, please explain the rationale behind your request for this program.

Mr. WHEELER. As Mr. Dingeldein had indicated earlier, the $137 million would trigger the consolidation, but it would be subject to a point of order. But if Congress enacts a level different than the prior year's level, even if it is less than the prior year, it will trigger the consolidation programs.

Mr. MICHEL. The school libraries and instructional resources program is proposed for incorporation in the education block grant program. Could the $137 million allocated to this program be used under the block grant approach to fund public library and other such programs for which you are proposing no funding if the States and localities so choose?

Mr. WHEELER. You will note again that the Commissioner has indicated that a budget amendment for fiscal year 1977 will be transmitted to you very soon that will restore the public library programs to the fiscal year 1976 enacted appropriation level of $51,749,000. The public library programs are now to be excluded from the education block grant program, and as such may not share in block grant funds.

Mr. MICHEL. How about some of the education block grant money in general? Could the portion not restricted be used for the public library and other library programs for which you are proposing no funding?

Mr. WHEELER. Again, all library programs but the school libraries and instructional resource program have been removed from the initial proposed education block grant program for elementary and secondary education, and they are restricted from using block grant funds.

USE OF GENERAL REVENUE SHARING FUNDS FOR PUBLIC LIBRARIES

Mr. ROYBAL. You indicate that you are cutting the appropriation for public libraries to zero. You indicate that the States and local governments should use their revenue-sharing grants to keep the program alive.

How do you expect local governments which are already strapped for funds to find enough revenue-sharing funds to keep these projects going?

I thought the idea of revenue sharing was that local governments were to decide how to spend this money. Aren't you making the decision for them?

Mr. WHEELER. As the Commissioner had indicated earlier, a budget amendment will be submitted requesting support of the public library programs at the same level as fiscal year 1976—$51,749,000.

State and local governments should continue to make the decisions concerning the spending of Federal revenue-sharing funds.

BUDGET AMENDMENT FOR COLLEGE LIBRARIES

Mr. ROYBAL. You indicate that you will cut the appropriation to college libraries to zero. You justify this by saying you are moving away from categorical programs and toward more student support.

Isn't this like comparing apples and oranges? Funds for students are totally apart from funds for libraries.

Where will the colleges and universities get the funds to keep their library programs intact? Won't they have to raise tuition and thereby defeat the purpose of the Federal aid to students?

Have you considered the fact that students can't get a quality education if their school libraries are not kept up to standard?

Mr. WHEELER. The budget amendment will also include funds for the college library resources program at the fiscal year 1976 level of $9,975,000. We anticipate that these moneys will be used to support approximately 2,700 academic institutions in the purchase of library materials.

CUTBACKS IN REQUEST FOR ESEA TITLE IV–B

Mr. ROYBAL. You are requesting $137.3 million for public school libraries. This is a cut of $10 million from last year's appropriated level. How can you justify this cutback in funding?

Mr. WHEELER. We are requesting the same amount as requested in our fiscal year 1976 consolidated request to Congress. Congress added the additional $10 million for which a rescission had been requested by the administration. As you know, Congress has just rejected this rescission.

Mr. ROYBAL. There has been a large price inflation in the cost of books. Would you estimate the inflation that has taken place since 1974 in the cost of purchasing library books?

Mr. WHEELER. In 1974 the average price of hard cover technical and trade books was $14.09. Our latest data indicate that the average cost was $16.19 in 1975 indicating approximately a 15-percent inflationary increase.

Mr. ROYBAL. In light of this inflation, how can you justify any cutback in any library program?

Mr. WHEELER. The administration now proposes a level of $199,054,000 for library resources which is $51,724,000 more than the request to the Congress in fiscal year 1976. We feel that in view of the choices the Commissioner must make within the administration's budgetary constraints, we have presented to Congress a viable budget for the support of school, public, and college libraries.

COMPARISON OF 1976 AND 1977 DATA FOR LIBRARY PROGRAMS

Mr. SHRIVER. Mr. Wheeler, in your brief statement you said the funds requested here will provide for the same opportunities for benefits to children and teachers as the separate categorical programs did in prior years. According to the State tables in the book, Kansas would receive about $100,000 less in fiscal 1977 under the consolidation program than it received in 1976. How could the lower amount of money provide the same opportunities?

Mr. WHEELER. As the Commissioner stated earlier, the reason that statement was made that way is because we have an additional amount of $246 million that we propose to submit when the block grant legislation is enacted, and that would then add enough so that no State would get less than they received in 1974. They would be held harmless.

Mr. SHRIVER. You are prohibited by law from cutting the consolidated school libraries and instructional resources program below the previous year's funding level, are you not?

Your lower request, then, is based on the assumption that Congress would go along with a $10 million rescission for fiscal year 1976, is it not?

Has Congress acted on that rescission?

Have you amended your 1977 request for this program?

Mr. WHEELER. The request of $137,330,000 is based on the assumption that a $10 million rescission for fiscal year 1976 would be enacted. Congress has acted by placing the additional $10 million in this program amounting to $147,330,000. It is our understanding that an appropriation of $137,330,000 specifically for the consolidation program would act as the trigger.

Mr. SHRIVER. The State tables also indicate that Kansas will lose $743,405 under the programs you want to terminate in 1977.

Taking the largest of these programs, grants for public library services, the justification for this termination is that State and local governments are putting general revenue-sharing funds into library services; is that correct?

Page 96 of the book shows they have put $100 million into their public libraries over the past 4 years—an average of $25 million per year. This assistance you want to terminate runs about $50 million per year. I don't see how you expect revenue sharing to compensate for this program. Would you comment on that?

Mr. WHEELER. You will note that the Commissioner's statement mentions that the public library services program will be supported at the fiscal year 1976 budgetary level, thereby insuring the same basic level of expenditures for this program in Kansas. Revenue sharing, however, continues to supplement these programs through its identity as one of the priorities for which local units of government may expend those moneys.

AUTHORIZATIONS FOR UNFUNDED PROGRAMS

Mr. SHRIVER. Do you have any indication from the authorizing committees as to their intention in regard to new legislation for the categorical programs for which authorization has expired? Those are programs for college library resources, training and demonstrations, and undergraduate instructional equipment.

Mr. WHEELER. In Assistant Secretary Trotter's testimony on February 24, before the House Subcommittee on Postsecondary Education in the Committe on Education and Labor, she indicated that the administration will be recommending an amendment to H.R. 11939, the administration's higher education legislation, which will ask for a 1-year extended authorization for HEA title II–A. The Pell higher education bill contains recommended authorizations for college library resources, HEA title II–A; librarian training, HEA title II–B; library research and demonstrations, HEA title II–B; and undergraduate instructional equipment, HEA title VI–A.

Mr. FLOOD. Thank you very much.

JUSTIFICATION OF THE BUDGET ESTIMATES

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

Library Resources

Fiscal year 1977 budget	Page No.
Appropriation language and Explanation of language changes	89
Amounts available for obligation	90
Summary of changes	91
Obligations by activity	92
Obligations by object	92
Authorizing legislation	93
Table of estimates and appropriations	94
Justification:	
A. Narrative:	
1. General statement	95
2. Activities:	
(A) Public libraries	
(1) Services	96
(2) Interlibrary cooperation	97
(B) School libraries and instructional resources	98
(C) College library resources	100
(D) Training and demonstrations	101
(E) Undergraduate instructional equipment	103
B. Program purpose and accomplishments	104
C. State tables	111
D. Transition quarter analysis	119

Appropriation Estimate

Library Resources

For carrying out [, to the extent not otherwise provided, titles I ($49,155,000) and III ($2,594,000) of the Library Services and Construction Act (20 U.S.C., ch. 16); titles II and VI ($7,500,000) of the Higher Education Act; and] 1/ title IV, part B [($147,330,000)] of the Elementary and Secondary Education Act, [$218,054,000] *$137,330,000: Provided*, That [the amount appropriated above for title IV, part B of the Elementary and Secondary Education Act] *such amount* shall become available for obligation on July 1, [1976] *1977* and shall remain available until September 30, [1977] *1978*.

Explanation of Language Changes

1/ Language has been deleted for activities for which funding is not requested in 1977, i.e., Public libraries (LSCA I and LSCA III), College library resources (HEA II-A), Training and demonstrations (HEA II-B), and Undergraduate instructional equipment (HEA VI-A).

69-745 (Pt. 5) O - 76 - 45

90

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

Library Resources

Amounts Available for Obligation[1/]

	1976	1977
Appropriation	$218,054,000	$137,330,000
Unobligated balance, start of year	264,000	264,000
Unobligated balance, end of year	-264,000	-264,000
Total, obligations	218,054,000	137,330,000

1/ Includes $147,330,000 appropriated in 1976 for use in school year 1976-77. Does not reflect rescission of $28,975,000 as proposed in Presidential message R76-14 dated November 16, 1975.

Summary of Changes

1976 Estimated obligations	$218,054,000
1977 Estimated obligations	137,330,000
Net change	-80,724,000

	1976 Base	Change from Base
Decreases:		
Program:		
1. Termination of public libraries, college library resources, training and demonstrations, and undergraduate instructional equipment programs	$ 70,724,000	$-70,724,000
2. Reduction to prior year's level for school libraries and instructional resources activity	147,330,000	-10,000,000
Total decreases		-80,724,000

92

Obligations by Activity

Page Ref.		1976 Revised Budget	1976 Appropriation	1977 Estimate	Increase or Decrease
	Public libraries:				
96	(a) Services.....	$ 49,155,000	$ 49,155,000	$ ---	$-49,155,000
97	(b) Interlibrary cooperation.....	2,594,000	2,594,000	---	-2,594,000
	Subtotal.....	51,749,000	51,749,000	---	-51,749,000
98	School libraries and instructional resources..	137,330,000	147,330,000	137,330,000	-10,000,000
100	College library resources	---	9,975,000	---	-9,975,000
	Training and demonstrations:				
101	(a) Librarian training..	---	500,000	---	-500,000
102	(b) Library demonstrations.....	---	1,000,000	---	-1,000,000
	Subtotal.....	---	1,500,000	---	-1,500,000
103	Undergraduate instructional equipment.....	---	7,500,000	---	-7,500,000
	Total obligations.....	189,079,000	218,054,000	137,330,000	-80,724,000

Obligations by Object

	1976 Appropriation	1977 Estimate	Increase or Decrease
Grants, subsidies, and contributions....	$218,054,000	$137,330,000	$-80,724,000
Total obligations by object.....	218,054,000 1/	137,330,000	-80,724,000

1/ Does not reflect rescission of $28,975,000 as proposed in Presidential message R76-14 dated November 16, 1975.

Authorizing Legislation

	Amount Authorized	1977 Budget Estimate
Library Resources:		
1. Public libraries (Library Services and Construction Act):		
(a) Services (title I).....	$137,150,000[1/]	$ ---
(b) Interlibrary cooperation (title III).	18,200,000[1/]	---
2. School libraries and instructional resources (Elementary and Secondary Education Act, title IV, part B).....	Indefinite	137,330,000
3. College library resources (Higher Education Act, title II, part A).....	Expired	---
4. Training and demonstrations (Higher Education Act, title II, part B).....	Expired	---
5. Undergraduate instructional equipment (Higher Education Act, title VI, part A)	Expired	---
Other unfunded authorizations:		
Library Services and Construction Act:		
Title II: Public library construction....	97,000,000[1/]	
Title IV: Older readers services.....	Indefinite[1/]	---

1/ Authorization based on one-year extension under GEPA.

94

Library Resources

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1967	$291,500,000	$310,000,000	$311,300,000	$332,000,000
1968	298,800,000	298,257,000	339,257,000	312,005,000
1969	187,144,000	99,894,000	260,394,000	246,384,000
1970	41,880,000	214,305,000	245,555,000	153,382,250
1971	131,430,000	161,680,000	254,765,000	200,772,000
1972	107,250,000	167,709,000	296,709,000	226,209,000
1973	140,587,000	202,357,000	292,357,000	265,157,000
1974	---	201,209,000	219,209,000	191,624,000
1975[1/]	274,330,000	311,304,000	360,937,000	326,554,000
1976	147,330,000	209,054,000	227,054,000	218,054,000
Proposed Rescission	28,975,000			
1977	137,330,000			

1/ Includes additional amounts in 1975 for support of programs shifted to an advance appropriations cycle during that year.

Justification

Library Resources

	1976 Revised Budget	1976 Appropriation	1977 Estimate	Increase or Decrease
Library Resources:				
1. Public libraries:				
(a) Services.....	$ 49,155,000	$ 49,155,000	$ ---	$-49,155,000
(b) Interlibrary cooperation.....	2,594,000	2,594,000	---	-2,594,000
2. School libraries and instructional resources	137,330,000	147,330,000	137,330,000	-10,000,000
3. College library resources.....	---	9,975,000	---	-9,975,000
4. Training and demonstrations:				
(a) Librarian training..	---	500,000	---	-500,000
(b) Library demonstrations.....	---	1,000,000	---	-1,000,000
5. Undergraduate instructional equipment.....	---	7,500,000	---	-7,500,000
Total appropriations....	189,079,000	218,054,000	137,330,000	-80,724,000
Positions:				
Headquarters.....	34	34	32	-2
Regions.....	10	10	10	--

General Statement

The fiscal year 1977 budget for Library Resources proposes to concentrate on the consolidated program of School libraries and instructional resources.

This consolidated program came into being with the advance appropriation in 1975 for use in school year 1975-76. The program, authorized under title IV-B of the Elementary and Secondary Education Act, consolidates within a single authorization the programs of School library resources (ESEA title II), Equipment and minor remodeling (NDEA title III), and Guidance, counseling, and testing (a portion of ESEA title III). The requested amount of $137,330,000 is to be used among the three component programs at the discretion of State and local education agencies. The amount is sufficient to trigger title IV-B consolidation on the assumption that Congress enacts the Administration's proposed rescission of $10,000,000 for this program in fiscal year 1976.

Funding of the following programs is not being requested: Public library services (LSCA title I), Interlibrary cooperation (LSCA title III), College library resources (HEA title II-A), Training and demonstrations (HEA title II-B), and Undergraduate instructional equipment (HEA title VI-A). A low priority continues to be accorded such narrow categorical programs.

96

	1976 Appropriation	1977 Estimate	Increase or Decrease
1. Public libraries:			
(a) Services	$49,155,000	---	$-49,155,000
Summary of awards:			
Total awards	$49,155,000	---	$-49,155,000
Number	56	---	-56
Non-competing continuations	49,155,000	---	-49,155,000
Number	56	---	-56
Positions: Headquarters	7	6	-1
Regions	10	10	--

Narrative

Program purpose

The objective of this program is to promote the extension and improvement of public library services in areas without such services or with inadequate services, to improve State library service for the physically handicapped, institutionalized and disadvantaged persons, to strengthen State library administrative agencies, and to strengthen metropolitan libraries which serve as regional resource centers.

Grants are made to States on a formula based on total resident population, but with a $200,000 minimum for the 50 States, D.C., and Puerto Rico, and a $40,000 minimum for the other outlying areas. The Federal share is 33 percent to 66 percent (except Trust Territory which is 100 percent Federally funded), and States must provide matching funds in proportion to their per capita income.

Budget policy

In 1977, no funds are requested for public libraries. State and local governments should now provide funding for these activities.

In fiscal years 1975 and 1976, leadership at the Federal level assisted and encouraged the State library agencies in the shifting of Federal dollars from support of public library services for the general population toward the provision of such service to special clientele. The States report that approximately 60 percent of these monies are used for specific service projects affecting the disadvantaged, blind and physically handicapped, State institutionalized, aged, migrants, and for other national priority needs. In addition, the use of Federal Revenue Sharing funds for public libraries by State and local governments has increased greatly since the program was initiated, with over $100 million being used for this purpose since January 1972.

About 29,000,000 disadvantaged persons had access to new or improved library services. More than 480,000 blind and physically handicapped persons used large-print books and special equipment with the help of specially trained public library personnel. And about 800,000 prisoners, patients, and other institutionalized persons received library services.

	1976 Appropriation	1977 Estimate	Increase or Decrease
1. Public libraries:			
(b) Interlibrary cooperation.....	$2,594,000	---	$-2,594,000
Summary of awards:			
Total awards.....	$2,594,000	---	$-2,594,000
Number.....	56	---	-56
Non-competing continuations.....	2,594,000	---	-2,594,000
Number.....	56	---	-56
Positions.....	3	3	---

Narrative

Program purpose

The objective of this program is to provide a systematic and effective coordination of resources and services of a public library and at least one other type of library -- school, academic, or specialized information center -- to develop a more economical operation and, in turn, provide improved services to all users. It also establishes and maintains local, State, interstate and/or regional cooperative networks of libraries.

Grants are made to States according to a formula based on total resident population, but a minimum of $30,000 for the 50 States, D.C. and Puerto Rico, and a $10,000 minimum for the other outlying areas. No State matching is required.

Budget policy

The Nation's libraries have successfully proven the value of cooperative local, State, and regional projects and networks in increasing services and dollar effectiveness. The budget assumes that State and local governments should now provide funding for these and future cooperative ventures, and therefore no funds are being requested for this program.

In fiscal years 1975 and 1976, the appropriation was $2,594,000. These funds provided support for 130 cooperative networks, involving 7,575 public, school, academic and special libraries. Model projects include such cooperative efforts as telecommunication networks for reference, bibliographic services, and interlibrary loan; centralized acquisition and processing; comprehensive state-wide planning; and training for the administration of interlibrary network activities.

98

	1976 Revised Budget	1976 Appropriation	1977 Estimate	Increase or Decrease
2. School libraries and instructional resources	$137,330,000	$147,330,000	$137,330,000	$-10,000,000
Summary of awards:				
Total awards	$137,330,000	$147,330,000	$137,330,000	$-10,000,000
Number	57	57	57	---
Non-competing continuations	137,330,000	147,330,000	137,330,000	-10,000,000
Number	57	57	57	---
Positions	11	11	10	-1

Narrative

Program purpose

This program provides grants to States for school library and instructional resources, including guidance, counseling, and testing. This activity consolidates into a single authorization the following existing programs: School library resources (ESEA II), Equipment and minor remodeling (NDEA III), and the Guidance, counseling, and testing portion of the supplementary services program (ESEA III). The Act requires that advance funding be in effect for any year in which consolidation applies and that the consolidation may not take place unless the amount is equal to or greater than the total funds appropriated the previous year for the programs to be consolidated.

Funds are distributed to the States on the basis of the proportionate number of children in each State who are ages five through seventeen, as compared to the total of such children in all States, after approximately one percent is withdrawn for allocation to the outlying areas and the Department of Interior (Bureau of Indian Affairs). The States in turn distribute funds to the districts according to enrollment in public and private schools, and in relation to local tax effort for education and numbers of children whose education imposes a higher than average cost. Of the allotted amount, 95 percent is for the use of the local school districts and the other 5 percent may be used at the State level. Local educational agencies have complete discretion in determining how funds will be divided among various programs. Title IV requires equitable participation of children and teachers in private nonprofit elementary and secondary schools.

Budget policy

This consolidation is designed to eliminate narrow categorical grant programs and provide the States and local education agencies greater flexibility and responsibility in determining their own educational priorities and funding needs. Moreover, this request for continued advance funding will enable the States to plan more efficiently and effectively by knowing a year in advance what Federal assistance will be available under this program. The fiscal year 1977 request for $137,330,000 is sufficient to trigger the consolidation, assuming that Congress enacts the Administration's proposed 1976 rescission of $10,000,000 for this program.

Accomplishments for each of the three programs in fiscal years 1975 and 1976 are as follows:

a. School library resources: served about 41.5 million public and 4.5 million private elementary and secondary students; over 90 percent of the funds was used for the acquisition of school library resources (books and materials), about 5 percent for processing, and another 5 percent for State administration.

b. Equipment and minor remodeling: about 9,800 local education agencies participated in the program, serving over 39 million public and private elementary and secondary students.

c. Guidance, counseling, and testing: involved about 10,400 public and 520 private elementary and secondary school counselors, who provided services to approximately 2 million students; the testing program served some 6 million students.

100

	1976 Revised Budget	1976 Appropriation	1977 Estimate	Increase or Decrease
3. College library resources	---	$9,975,000	---	$-9,975,000
Summary of awards:				
Total awards	---	$9,975,000	---	$-9,975,000
Number	---	2,700	---	-2,700
New awards	---	9,975,000	---	-9,975,000
number	---	2,700	---	-2,700
Positions	5	5	5	---

Narrative

Program purpose

The objective of this program is to provide support to institutions of higher education for the acquisition of library materials (including law library resources), such as books, periodicals, documents, magnetic tapes, phonograph records, audiovisual materials and other related materials (including necessary binding). Grants are awarded to eligible institutions of higher education and other public and private non-profit library institutions whose primary function is to serve institutions of higher education. Virtually all institutions of higher education are eligible to receive the Basic grant of up to $5,000, provided maintenance of effort requirements are met.

The authorizing legislation for this program, title II-A of the Higher Education Act, expired in 1975, with a one-year extension under section 414(a) of the General Education Provisions Act available for fiscal year 1976.

Budget policy

No funds are requested for this program in keeping with the budget's proposed shift of Federal dollars away from narrow institutional aid programs toward student support. The budget's support for various student aid programs will allow the institutions to determine their own priorities.

The fiscal year 1976 appropriation of $9,975,000 is proposed for rescission. These funds would provide about 2,700 basic grants at approximately $3,700 each, and about 75 percent of the expenditures are used for the acquisition of printed materials and 25 percent for the acquisition of non-print materials, such as films, filmstrips, recordings, tapes, microfiche, microcards, etc.

	1976 Revised Budget	1976 Appropriation	1977 Estimate	Increase or Decrease
4. Training and demonstrations:				
(a) Librarian training...	---	$500,000	---	$-500,000
Summary of awards:				
Total awards.....	---	$500,000	---	$-500,000
Number.....	---	20	---	-20
New awards.....	---	340,000	---	-340,000
Number.....	---	16	---	-16
Competing continuations....	---	160,000	---	-160,000
Number.....	---	4	---	-4
Positions.....	4	4	4	---

Narrative

Program purpose

The objective of this program is to support the training of paraprofessionals and professionals in library and information science for services to all types of libraries. Grants for fellowships, traineeships, and training institutes for library personnel may be awarded to institutions of higher education and other library organizations or agencies.

The Education Amendments of 1972 require that not less that 50 percent of the funds for such training be used to support fellowships and traineeships. In addition, the amendments required a statutory distribution of funds between the college library resources, librarian training, and library demonstration programs. Of the amount appropriated for training and demonstrations, 2/3 of the funds must be used for training.

The authorizing legislation for this program, title II-B of the Higher Education Act, expired in 1975, with a one-year extension under section 414(a) of the General Education Provisions Act available for fiscal year 1976.

Budget policy

No funds are requested for this program in keeping with the budget's proposed shift of Federal dollars away from narrow institutional aid programs toward student support. The budget's support for various student aid programs will allow the institutions to determine their own priorities.

The fiscal year 1976 appropriation of $500,000 is proposed for rescission. These funds would provide for the support of 33 fellowships and traineeships along with about 80 institute participants during academic year 1976-77.

102

	1976 Revised Budget	1976 Appropriation	1977 Estimate	Increase or Decrease
4. Training and demonstrations:				
(b) Library demonstrations	---	$1,000,000	---	$-1,000,000
Summary of awards:				
Total awards	---	$1,000,000	---	$-1,000,000
Number	---	19	---	-19
New awards	---	631,619	---	-631,619
Number	---	11	---	-11
Competing continuations	---	368,381	---	-368,381
Number	---	8	---	-8
Positions	2	2	2	---

Narrative

Program purpose

The objective of this program is to provide for the development of new library models for developing and disseminating information and for the development of an educational base for such activities. Grants and contracts are awarded to institutions of higher education and other public or private agencies, institutions, and organizations.

The Education Amendments of 1972 require a statutory distribution of funds among the college library resources, librarian training, and library demonstrations programs. Of the amount appropriated for training and demonstrations, 1/3 must be used for demonstration projects.

The authorizing legislation for this program, title II-B of the Higher Education Act, expired in 1975, with a one-year extension under section 414(a) of the General Education Provisions Act available for fiscal year 1976.

Budget policy

No funds are requested for this program in keeping with the budget's proposed shift of Federal dollars away from narrow categorical programs toward student support. Models currently in place may provide demonstrations of new library technology.

The fiscal year 1976 appropriation of $1,000,000 is proposed for rescission. These funds would provide for the funding of 19 demonstration projects, of which 11 will be new and 8 will be continuations of on-going projects. The subject categories of these projects may be grouped broadly as follows: Institutional cooperation to serve special target groups (6 projects); improvement of general efficiency in library systems, e.g., processing, etc. (6 projects); planning and development, e.g., information needs assessments (4 projects); improvement in training for library careers (3 projects).

	1976 Revised Budget	1976 Appropriation	1977 Estimate	Increase or Decrease
5. Undergraduate instructional equipment	---	$7,500,000	---	$-7,500,000
Summary of awards:				
Total awards	---	$7,500,000	---	$-7,500,000
Number	---	900	---	-900
New awards	---	7,500,000	---	-7,500,000
Number	---	900	---	-900
Positions	2	2	2	---

Narrative

Program purpose

The objective of this program is to assist in the improvement of academic programs through the purchase of instructional equipment (including closed-circuit TV) and attendant minor remodeling. Grants are awarded to institutions of higher education.

Grants are made to the States according to a formula based on higher education enrollment and per capita income. State Commissions rank applications submitted by the institutions and recommend the Federal share which, except in certain instances. cannot exceed 50 percent of the total project cost.

The authorizing legislation for this program, title VI-A of the Higher Education Act, expired in 1975, with a one-year extension under section 414(a) of the General Education Provisions Act available for fiscal year 1976.

Budget policy

No funds are requested for this program in keeping with the budget's proposed shift of Federal dollars away from narrow institutional aid programs toward student support. The budget's support for various student aid programs will allow the institutions to determine their own priorities.

The fiscal year 1976 appropriation of $7,500,000 is proposed for rescission. These funds would provide support for approximately 900 grants, of which 75 percent will go to public and 25 percent to private higher education institutions. About 80 percent of the funds are used for instructional equipment, materials, and related minor remodeling and the remaining 20 percent for closed-circuit television equipment, materials, and minor remodeling related to its installation.

104

OFFICE OF EDUCATION

Library Resources

Program Purpose and Accomplishments

Activity: Public libraries

(a) Services (Library Services and Construction Act, Title I)

1976 Appropriation	1977 Authorization	1977 Budget Estimate
$49,155,000	$137,150,000 1/	---

Purpose: Title I of the Library Services and Construction Act authorizes grants to States to promote the extension and improvement of public library services in areas without such services or with inadequate services; to improve State library services for the physically handicapped and institutionalized; to improve public library services for disadvantaged persons; to strengthen State library administrative agencies; and to strengthen metropolitan libraries which serve as regional resource centers.

Explanation: Grants are made to States on a formula based on total resident population. The Federal share ranges from 33 percent to 66 percent, except for the Trust Territory which is 100 percent Federally funded, and States must match in proportion to their per capita income.

Accomplishments in 1976: In fiscal year 1976, $49,155,000 was made available to the States for library services. Support of library services to the State institutionalized and the physically handicapped is being maintained. Emphasis has been on support of programs to serve the disadvantaged and on Statewide projects designed to alleviate inequities with respect to access to knowledge and information.

Objectives for 1977: No funds are requested for public libraries in 1977. State and local governments should now provide funding for these activities.

1/ The authorization in 1977 is based on a one-year extension under GEPA.

OFFICE OF EDUCATION

Library Resources

Program Purpose and Accomplishments

Activity: Public libraries

(b) Interlibrary cooperation (Library Services and Construction Act, Title III)

1976 Appropriation	1977 Authorization	1977 Budget Estimate
$2,594,000	$18,200,000 1/	---

Purpose: Title III of the Library Services and Construction Act authorizes grants to States for establishing and maintaining local, State and regional cooperative networks of libraries.

Explanation: Grants are made to States on a formula based on total resident population. The Federal share is 100 percent.

Accomplishments in 1976: The $2,594,000 appropriation provided support for 130 cooperative networks, involving 7,575 public, school, academic and special libraries. Model projects include such cooperative efforts as telecommunication networks for reference, bibliographic services, and interlibrary loan; centralized acquisition and processing; comprehensive state-wide planning; and training for the administration of interlibrary network activities.

Objectives for 1977: The Nation's libraries have successfully proven the value of cooperative local, State, and regional projects and networks in increasing services and dollar effectiveness. The budget assumes that State and local governments should now provide funding for these and future cooperative ventures, and therefore no funds are being requested for this program.

1/ The authorization in 1977 is based on a one-year extension under GEPA.

OFFICE OF EDUCATION

Library Resources

Program Purpose and Accomplishments

Activity: College library resources (Higher Education Act of 1965, as amended, Title II-A)

1976 Appropriation	1977 Authorization	1977 Budget Estimate
$9,975,000	Expired	---

Purpose: Title II, Part A, of the Higher Education Act, as amended, authorizes grants to eligible institutions of higher education and other public and private non-profit library institutions whose primary function is to provide library and information services to institutions of higher education on a formal cooperative basis to assist and encourage them in the acquisition of library resources including law library resources, such as books, periodicals, documents, magnetic tapes, phonograph records, audiovisual materials and other related materials (including necessary binding).

Explanation: Three types of grants are authorized: (1) basic grants up to $5,000; (2) supplemental grants up to $20 per student with no matching required; and (3) special-purpose grants which must be matched with $1 institution money for every $3 Federal money. Basic grants must be awarded to all eligible institutions applying. The program is forward funded.

Accomplishments in 1976: These funds will provide about 2,700 basic grants at approximately $3,700 each. Although there are no mandated priorities directed toward recipients for the expenditure of basic grant funds, reports indicate that institutions have given priority to the purchase of urban studies, ethnic studies and career education materials. Approximately 75 percent of the expenditures are used for the acquisition of printed material and 25 percent for the acquisition of non-print materials (films, filmstrips, recordings, tapes, microfiche, microcards, etc.).

Objectives for 1977: No funds are requested for this program in keeping with the budget's proposed shift of Federal dollars away from narrow institutional aid programs toward student support. The budget's support for various student aid programs will allow the institutions to determine their own priorities.

108

OFFICE OF EDUCATION

Library Resources

Program Purpose and Accomplishments

Activity: Training and demonstrations

(a) Librarian Training (Higher Education Act of 1965, as amended, Title II-B)

1976 Appropriation	1977 Authorization	1977 Budget Estimate
$500,000	Expired	---

Purpose: Title II, Part B, of the Higher Education Act, as amended, authorizes grants to institutions of higher education and library organizations or agencies to support the training of paraprofessionals and professionals in library and information science for services to all types of libraries. Such grants may be made for fellowships, traineeships, and short- and long-term training institutes for library personnel.

Explanation: The Education Amendments of 1972 require that not less than 50 percent of the funds for library training be used to support fellowships and traineeships. In addition, the amendments require a statutory distribution of funds between the college library resources, training and demonstrations programs. Of the amount appropriated for library demonstrations and training under Title II-B, 66-2/3 percent must be used for librarian training. The program is forward funded.

Accomplishments in 1976: These funds will provide for the support of 33 fellowships and traineeships along with about 80 institute participants during academic year 1976-77.

Objectives for 1977: No funds are requested for this program in keeping with the budget's proposed shift of Federal dollars away from narrow institutional aid programs toward student support. The budget's support for various student aid programs will allow the institutions to determine their own priorities.

OFFICE OF EDUCATION

Library Resources

Program Purpose and Accomplishments

Activity: Training and demonstrations

(b) Library Demonstrations (Higher Education Act of 1965, as amended, Title II-B)

1976 Appropriation	1977 Authorization	1977 Budget Estimate
$1,000,000	Expired	---

Purpose: Title II, Part B, of the Higher Education Act, as amended, authorizes grants and contracts to institutions of higher education, and other public or private agencies, institutions, and organizations, for demonstrations, the purpose of which is to improve libraries or improve training in librarianship, including the development of new techniques, systems, and equipment for processing, storing, and distributing information, and for the dissemination of information derived from such projects.

Explanation: Applications are submitted by individuals through their universities, school districts, or other eligible institutions. Applications are reviewed by Office of Education field readers, and priorities of awards are based upon the nature of the proposed application. Of the amount appropriated for library demonstrations and training under Title II-B, 33-1/3 percent must be used for library demonstration activities. The program is forward funded.

Accomplishments in 1976: These funds will provide for the funding of 19 demonstration projects, of which 11 will be new and 8 will be continuations of on-going projects. The subject categories of these projects may be grouped broadly as follows: institutional cooperation to serve special target groups (6 projects); improvement of general efficiency in library systems, e.g., processing, etc. (6 projects); planning and development, e.g., information needs assessments (4 projects); improvement in training for library careers (3 projects).

Objectives for 1977: No funds are requested for this program in keeping with the budget's proposed shift of Federal dollars away from narrow categorical programs toward student support. Models currently in place may provide demonstrations of new library technology.

110

OFFICE OF EDUCATION

Library Resources

Program Purpose and Accomplishments

Activity: Undergraduate instructional equipment (Higher Education Act of 1965, as amended, Title VI-A)

1976 Appropriation	1977 Authorized	1977 Budget Estimate
$7,500,000	Expired	---

Purpose: Title VI, Part A, of the Higher Education Act, as amended, authorizes grants to institutions of higher education to assist in the improvement of undergraduate programs through the purchase or instructional equipment (including closed-circuit TV) and materials and through minor remodeling.

Explanation: Funds are allotted to the States by a formula based on higher education enrollment and per capita income. State commissions rank applications submitted by the institutions and recommend the Federal share which, except in hardship cases, may not exceed 50 percent of the total project cost. The program is forward funded.

Accomplishments in 1976: These funds will support approximately 900 grants, of which 75 percent will go to public and 25 percent to private higher education institutions. Another breakout shows about 80 percent of the funds being used for instructional equipment, materials, and related minor remodeling and the remaining 20 percent for closed-circuit television equipment, materials, and minor remodeling related to its installation.

Objectives for 1977: No funds are requested for this program in keeping with the budget's proposed shift of Federal dollars away from narrow institutional aid programs toward student support. The budget's support for various student aid programs will allow the institutions to determine their own priorities.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
OFFICE OF EDUCATION

Library Resources

Grants for Public Library Services

State or Outlying Area	1975 Actual	1976 Appropriation 1/	1977 Estimate
TOTAL	$49,145,353	$49,155,000	$ ---
Alabama	843,067	843,067	---
Alaska	259,845	259,845	---
Arizona	575,938	575,938	---
Arkansas	569,047	569,047	---
California	3,945,238	3,945,238	---
Colorado	647,572	647,572	---
Connecticut	758,558	758,558	---
Delaware	303,914	303,914	---
Florida	1,604,555	1,604,555	---
Georgia	1,073,744	1,073,744	---
Hawaii	352,515	352,515	---
Idaho	340,728	340,728	---
Illinois	2,226,767	2,226,767	---
Indiana	1,161,880	1,161,880	---
Iowa	719,205	719,205	---
Kansas	610,576	610,576	---
Kentucky	803,533	803,533	---
Louisiana	879,337	879,337	---
Maine	388,423	388,423	---
Maryland	938,820	938,820	---
Massachusetts	1,251,648	1,251,648	---
Michigan	1,843,212	1,843,212	---
Minnesota	905,451	905,451	---
Mississippi	620,188	620,188	---
Missouri	1,064,676	1,064,676	---
Montana	332,385	332,385	---
Nebraska	478,009	478,009	---
Nevada	299,924	299,924	---
New Hampshire	343,992	343,992	---
New Jersey	1,528,388	1,528,388	---
New Mexico	399,304	399,304	---
New York	3,503,108	3,503,108	---
North Carolina	1,161,517	1,161,517	---
North Dakota	315,157	315,157	---
Ohio	2,148,242	2,148,242	---
Oklahoma	684,023	684,023	
Oregon	602,415	602,415	---
Pennsylvania	2,351,173	2,351,173	---
Rhode Island	375,365	375,365	---
South Carolina	693,997	693,997	---

112

State or Outlying Area	1975 Actual	1976 Appropriation1/	1977 Estimate
South Dakota	323,681	323,681	---
Tennessee	942,628	942,628	---
Texas	2,345,007	2,345,007	---
Utah	408,552	408,552	---
Vermont	284,509	284,509	---
Virginia	1,078,459	1,078,459	---
Washington	822,212	822,212	---
West Virginia	524,254	524,254	---
Wisconsin	1,023,147	1,023,147	---
Wyoming	264,017	264,017	---
District of Columbia	333,111	333,111	---
American Samoa	44,925	44,925	---
Guam	45,767	55,414	---
Puerto Rico	691,827	691,827	---
Trust Territory	56,492	56,492	---
Virgin Inslands	51,329	51,329	---

1/ Distribution of $49,155,000 with a basic amount of $200,000 to the 50 States, D.C. and Puerto Rico, $40,000 to the other outlying areas, and the balance distributed on the total resident population, 7/1/73, 4/1/70 for the areas.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
OFFICE OF EDUCATION

Library Resources

Interlibrary Cooperation

State or Outlying Area	1975 Actual	1976 Appropriation[1/]	1977 Estimate
TOTAL	$2,594,000	$2,594,000	$ ---
Alabama	47,898	47,898	---
Alaska	40,736	40,736	---
Arizona	44,617	44,617	---
Arkansas	44,532	44,532	---
California	85,997	85,997	---
Colorado	45,497	45,497	---
Connecticut	46,860	46,860	---
Delaware	41,276	41,276	---
Florida	57,250	57,250	---
Georgia	50,731	50,731	---
Hawaii	41,873	41,873	---
Idaho	41,728	41,728	---
Illinois	64,892	64,892	---
Indiana	51,813	51,813	---
Iowa	46,377	46,377	---
Kansas	45,042	45,042	---
Kentucky	47,412	47,412	---
Louisiana	48,343	48,343	---
Maine	42,314	42,314	---
Maryland	49,074	49,074	---
Massachusetts	52,916	52,916	---
Michigan	60,181	60,181	---
Minnesota	48,664	48,664	---
Mississippi	45,160	45,160	---
Missouri	50,619	50,619	---
Montana	41,626	41,626	---
Nebraska	43,414	43,414	---
Navada	41,227	41,227	---
New Hampshire	41,768	41,768	---
New Jersey	56,314	56,314	---
New Mexico	42,448	42,448	---
New York	80,567	80,567	---
North Carolina	51,809	51,809	---
North Dakota	41,414	41,414	---
Ohio	63,927	63,927	---
Oklahoma	45,944	45,944	---
Oregon	44,942	44,942	---
Pennsylvania	66,419	66,419	---
Rhode Island	42,154	42,154	---
South Carolina	46,067	46,067	---

114

State or Outlying Area	1975 Actual	1976 Appropriation1/	1977 Estimate
South Dakota	41,519	41,519	---
Tennessee	49,121	49,121	---
Texas	66,344	66,344	---
Utah	42,561	42,561	---
Vermont	41,038	41,038	---
Virginia	50,789	50,789	---
Washington	47,642	47,642	---
West Virginia	43,982	43,982	---
Wisconsin	50,109	50,109	---
Wyoming	40,787	40,787	---
District of Columbia	41,635	41,635	---
American Samoa	10,060	10,060	---
Guam	10,189	10,189	---
Puerto Rico	46,040	46,040	---
Trust Territories	10,203	10,203	---
Virgin Islands	10,139	10,139	---

1/ Distribution of $2,594,000 with a minimum allotment of $40,000 to the 50 States, District of Columbia, and Puerto Rico; $10,000 for the other outlying areas, and the balance distributed on the basis of the total resident population, 7/1/73 for the 50 States and District of Columbia and 4/1/70 for the outlying areas.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
OFFICE OF EDUCATION

Library Resources

School Libraries and Instructional Resources
(Advance-funded, consolidation program)

State or Outlying Area	1975 Appropriation[1/]	1976 Appropriation[2/]	1977 Estimate[3/]
TOTAL	$137,330,000	$147,330,000	$137,330,000
Alabama	2,339,205	2,502,983	2,333,094
Alaska	250,818	273,104	254,567
Arizona	1,424,113	1,526,003	1,422,426
Arkansas	1,301,669	1,390,859	1,296,455
California	12,556,971	13,663,644	12,736,225
Colorado	1,608,365	1,734,351	1,616,632
Connecticut	1,949,787	2,086,289	1,944,682
Delaware	396,667	408,248	380,538
Florida	4,403,497	4,935,579	4,600,578
Georgia	3,144,880	3,429,284	3,196,522
Hawaii	547,061	588,440	548,500
Idaho	543,278	571,547	532,754
Illinois	7,112,491	7,601,863	7,085,887
Indiana	3,485,011	3,710,835	3,458,963
Iowa	1,863,613	1,976,484	1,842,331
Kansas	1,365,042	1,480,955	1,380,436
Kentucky	2,150,299	2,294,636	2,138,888
Louisiana	2,686,649	2,823,951	2,632,276
Maine	707,173	729,216	679,720
Maryland	2,676,362	2,883,077	2,687,388
Massachusetts	3,606,859	3,868,503	3,605,929
Michigan	6,186,270	6,579,834	6,133,229
Minnesota	2,659,822	2,812,689	2,621,778
Mississippi	1,642,403	1,734,351	1,616,632
Missouri	2,973,213	3,156,181	2,941,955
Montana	512,205	532,130	496,012
Nebraska	986,873	1,050,183	978,902
Nevada	369,743	402,617	375,290
New Hampshire	532,849	560,285	522,256
New Jersey	4,521,454	4,938,395	4,603,202
New Mexico	828,198	867,175	808,316
New York	10,823,688	11,712,500	10,917,514
North Carolina	3,345,702	3,626,370	3,380,231
North Dakota	436,953	458,927	427,778
Ohio	7,044,168	7,424,485	6,920,550
Oklahoma	1,642,470	1,725,904	1,608,759
Oregon	1,360,213	1,472,509	1,372,563
Pennsylvania	7,313,595	7,714,483	7,190,863
Rhode Island	591,999	613,780	572,120
South Carolina	1,849,041	1,984,931	1,850,204

116

State or Outlying Area	1975 Appropriation 1/	1976 Appropriation 2/	1977 Estimate 3/
South Dakota	475,743	484,267 4/	451,397
Tennessee	2,572,743	2,759,194	2,571,915
Texas	7,801,883	8,339,525	7,773,479
Utah	843,256	884,068	824,062
Vermont	326,157	326,599	304,431
Virginia	3,081,125	3,336,373	3,109,917
Washington	2,179,843	2,362,208	2,201,874
West Virginia	1,129,343	1,162,803	1,083,878
Wisconsin	3,090,423	3,277,247	3,054,805
Wyoming	247,648	253,395	236,196
District of Columbia	410,468	425,141	396,285
Puerto Rico	1,934,871	2,412,887 4/	2,249,113
Outlying Areas	1,495,828	1,458,713	1,359,703

1/ Estimated distribution of $137,330,000 with 1% of the 50 States, D.C., and Puerto Rico amount reserved for other outlying areas. Distribution of funds under provisions of Sec. 401(c)(1) with 50% distributed on the 5-17 population, 7/1/73 and 4/1/70; 50% distributed under the formulas for P.L. 89-10, title II, title III (estimated guidance amount only), NDEA III, grants and administration in the same ratio as the amount appropriated for each program in FY 1974 or FY 1975, whichever is higher, is to the total of such appropriated amounts.

2/ Distribution of $147,330,000 with 1% ($1,458,713) of the 50 States, D.C., and Puerto Rico amount reserved for the areas, and the balance distributed on the basis of the 5-17 population, 7/1/74 for the 50 States and D.C., and 4/1/70 for Puerto Rico.

3/ Distribution of $137,330,000 with 1% ($1,359,703) of the 50 States, D.C., and Puerto Rico amount reserved for the areas, and the balance distributed on the basis of the 5-17 population, 7/1/74 for the 50 States and D.C., and 4/1/70 for Puerto Rico.

4/ Additional amounts are to be distributed from the "hold-harmless" funds to bring the following up to the FY 1974 funding level:

South Dakota..... $ 5,454 (revised total: $ 489,721)
Puerto Rico..... $309,464 (revised total: $2,722,351)

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
OFFICE OF EDUCATION

Library Resources

Undergraduate Instructional Equipment

State or Outlying Area	1975 Actual	1976 Appropriation1/	1977 Estimate
TOTALS	$8,349,022	$7,500,000	---
Alabama	132,739	122,111	---
Alaska	5,490	6,958	---
Arizona	110,849	109,971	---
Arkansas	59,239	52,001	---
California	1,046,731	944,565	---
Colorado	120,357	110,493	---
Connecticut	104,564	94,124	---
Delaware	22,857	20,655	---
Florida	245,434	222,335	---
Georgia	149,703	130,452	---
Hawaii	35,536	31,588	---
Idaho	35,006	30,713	---
Illinois	387,926	346,738	---
Indiana	186,653	159,989	---
Iowa	113,522	99,005	---
Kansas	101,118	87,787	---
Kentucky	109,925	97,184	---
Louisiana	143,228	125,381	---
Maine	38,327	32,439	---
Maryland	138,549	122,206	---
Massachusetts	289,827	264,173	---
Michigan	338,392	304,140	---
Minnesota	152,994	133,135	---
Mississippi	94,079	82,666	---
Missouri	179,546	153,796	---
Montana	28,559	25,492	---
Nebraska	63,142	53,044	---
Nevada	15,517	17,548	---
New Hampshire	33,817	31,092	---
New Jersey	189,084	174,614	---
New Mexico	46,592	43,030	---
New York	679,219	633,749	---
North Carolina	215,170	195,700	---
North Dakota	32,048	25,330	---
Ohio	356,878	314,876	---
Oklahoma	121,544	107,931	---
Oregon	117,691	102,590	---
Pennsylvania	393,929	347,192	---
Rhode Island	46,805	42,586	---
South Carolina	104,563	99,479	---

118

State or Outlying Area	1975 Actual	1976 Appropriation[1/]	1977 Estimate
South Dakota	28,076	24,586	---
Tennessee	159,919	142,065	---
Texas	482,201	431,865	---
Utah	85,011	73,756	---
Vermont	28,920	25,794	---
Virginia	169,289	156,814	---
Washington	174,322	153,829	---
West Virginia	69,023	59,751	---
Wisconsin	200,746	178,055	---
Wyoming	14,870	13,822	---
District of Columbia	56,049	49,967	---
American Samoa	---	575	---
Guam	---	2,971	---
Puerto Rico	92,323	86,006	---
Trust Territory	---	150	---
Virgin Islands	1,124	1,136	---

1/ Distribution of funds with 50% distributed on the basis of full-time and full-time equivalent of enrollments in institutions of higher education (excluding priprietary schools), Fall 1974, and 50% on the basis of State products of the FY 1976 higher education allotment ratios (with limits of .6667 and .3333) and the above listed enrollment.

Transition Quarter Analysis

Explanation

Funds were neither requested nor appropriated for the Library Resources account for the transition quarter. All programs are planned for termination at the end of fiscal year 1976 with the exception of school libraries and instructional resources. For that program, the 1976 appropriation of $147,330,000 covering school year 1976-77 will be released for obligation during the transition quarter and will remain available during fiscal year 1977.

No supplemental request for the transition quarter is anticipated.

THURSDAY, MARCH 11, 1976.

SPECIAL PROJECTS AND TRAINING

WITNESSES

DR. T. H. BELL, COMMISSIONER OF EDUCATION
DUANE J. MATTHEIS, EXECUTIVE DEPUTY COMMISSIONER
DR. EDWIN W. MARTIN, JR., ACTING DEPUTY COMMISSIONER FOR EDUCATION OF THE HANDICAPPED
DR. WILLIAM F. PIERCE, DEPUTY COMMISSIONER FOR OCCUPATIONAL AND ADULT EDUCATION
DR. ROBERT R. WHEELER, DEPUTY COMMISSIONER FOR SCHOOL SYSTEMS
DR. JOHN W. EVANS, ASSISTANT COMMISSIONER FOR PLANNING, BUDGETING, AND EVALUATION
RUSSELL WOOD, DEPUTY DIRECTOR, TEACHER CORPS
MRS. CORA P. BEEBE, DIRECTOR, DIVISION OF PLANNING AND BUDGETING
EDWARD B. GLASSMAN, EDUCATION PROGRAM SPECIALIST, OFFICE OF PLANNING, BUDGETING, AND EVALUATION
WILLIAM DINGELDEIN, DIRECTOR, DIVISION OF EDUCATION, BUDGET ANALYSIS, OFFICE OF ASSISTANT SECRETARY, COMPTROLLER

Mr. FLOOD. We will now have the special projects and training.

That presentation will be made by Dr. T. H. Bell, the Commissioner of Education.

We have your biographical sketch which we will include in the record again at this point and we will insert your statement in the record.

[The biographical sketch and statement follow:]

Name: Terrel Howard Bell.
Position: U.S. Commissioner.
Birthplace and date: Lava Hot Springs, Idaho, November 11, 1921.
Education:
Southern Idaho College of Education, 1946, Bachelor of Arts.
University of Idaho, 1954, Master of Science in Educational Administration.
University of Utah, 1961, Doctorate in Educational Administration with allied field in Political Science.
Graduate Study no degree), Stanford University.
Southern Utah State College, 1970, Doctor of Humanities (honorus causa).
Experience:
Present: U.S. Commissioner.
1971–74: Superintendent of the Granite School District, Salt Lake City, Utah.
1970–71: Deputy Commissioner, U.S. Office of Education and Acting U.S. Commissioner of Education.
1963–69: Utah State Superintendent of Public Instruction.
1962–63: Professor and department head, Department of Educational Administration, Utah State University.
1957–61: Superintendent of Schools, Weber County School District of Ogden, Utah.
1954–56: Superintendent of Schools, Star Valley School District of Afton, Wyoming.
1947–53: Superintendent of Schools, Rockland, Idaho.
1946–47: Science teacher and athletic coach, Eden, Idaho.

1942–46: First Sergeant, U.S. Marines in Pacific area (World War II).
Association memberships:
Presidential appointee (with U.S. Senate confirmation) The National Council on Educational Research (the governing board of the National Institute of Education).
President's Commission on School Finance (1970 and 1971).

STATEMENT BY THE COMMISSIONER OF EDUCATION SPECIAL PROJECTS AND TRAINING

Mr. Chairman and members of the committee, I am pleased to appear here today to present our fiscal year 1977 appropriation request of $67,350,000 for "Special projects and training." This represents the second appropriation requested for section 402 of Public Law 93-380 which is better known as the Special Projects Act. We also have included educational personnel training programs under this appropriation that were authorized under the Educational Professions Development Act and previously appropriated under the occupational, vocational and adult education account.

I would like to discuss special projects activities under this authority first and then speak of those activities falling under educational personnel training.

SPECIAL PROJECTS

In fiscal year 1977 we are requesting $29,850,000 for the "Special projects" activities, a decrease of $7,043,000 from the 1976 appropriation level.

The value of the special projects covered by this legislation rests in their ability to encourage capacity building in areas that need more attention from the State and local educational agencies. This activity is accomplished by funding:

(1) Experimentation with new educational and administrative methods, techniques, and practices;

(2) Attempts to meet special or unique educational needs or problems; and

(3) Programs which place special emphasis on national educational priorities.

While accepting the need to make some reductions, this budget for special projects has tried to maintain funds for the priority activities. In order to accomplish this within our overall fiscal constraints, we are asking Congress to allow us to exceed the 50-percent limit on the discretionary funds portion of the act. This will enable us to proportionately provide more funding to the priority areas of career education and women's educational equity programs as well as expand packaging and field testing. We are also requesting legislative amendments to the Special Projects Act for this purpose.

Existing legislation requires that we apportion not less than 50 percent of the amount appropriated under the Special Projects Act authorization among the seven mandatory activities, such as metric education, gifted and talented, career education, and women's educational equity. Only the amounts remaining can be expended on priority areas as identified by the Office of Education. Our request for fiscal year 1977 contains a funding level of $11,121,000 to support the mandated portion of the special projects activities and $18,729 000 to support the discretionary portion. We anticipate that the State and local educational agencies will expand their funding as needed in those mandated program areas that relate to their particular needs.

Now let me discuss our priorities in the discretionary programs.

In fiscal year 1977 we are requesting that the legislative set-aside for career education be augmented by an additional $8,568,000 because of the extreme importance of this program in stimulating efforts to bring education into closer touch with the outside world. This will support a program level of $10,135,000, continuing the level of fiscal year 1976. These funds will demonstrate effective methods and techniques in career education and provide for the development of exemplary models.

We are also augmenting the legislative set-aside for women's educational equity by an additional $2,761,000 to maintain this program at approximately the same level as fiscal year 1976. We know there exists a need to correct much of the stereotyping that has occurred concerning women in the past. We will continue to use this authority to encourage the building of the necessary support systems which afford greater opportunities to women. By our sponsoring of

projects in strategic places across the Nation and by using our leadership we can help to close the gaps and consolidate work already underway.

In fiscal year 1977 for the packaging and dissemination program we are requesting $3,900,000. I would like to spend a moment on this effort because of what I see as its central importance in our overall effort to improve the educational system. Words like "dissemination" and "packaging" have an esoteric, and obscure meaning to many people. But I am sure that most educators would agree that one of the main obstacles to educational improvement in this country is the sheer lack of information about what has proven workable and effective elsewhere and why. It seems like good sense and good management to me to spend a little money on spreading the word about what is working to the educators throughout the country who have sought information on valid and successful educational practices and approaches for teaching children, particularly the disadvantaged that have been developed through funding by the various Office of Education grant programs. The packaging program is designed to enable local educational agencies to replicate selected practices with a minimum of assistance from these who first developed the project. This program complements the broader NIE effort to design an improved dissemination system.

The "Packaging" strategy is to analyze each approach to identify the instructional and managerial components considered essential to its effectiveness. For each approach, detailed descriptions of these components are then prepared in an easily usable format or package. Educators at other schools then can use these packages as a guide to install the approach in their educational systems. In the process of preparing packages for wide dissemination we have included an evaluation effort to see how well each package promotes the replication of the approach in new settings and helps new students achieve. Funds from the fiscal year 1977 request will be used to revise the first set of 6 packages which were developed and evaluated with funds from previous years; to demonstrate, evaluate and revise a second set of 12 packages first developed with fiscal year 1975 and 1976 funds; and to validate the effectiveness of still more exemplary programs to see whether they are suitable for packaging.

Packages as well as information about other exemplary products and practices will enter the educational mainstream by way of several delivery systems. Foremost among these is the National Diffusion Network which has been in operation for 2 years. Authorization of the network is now subsumed under the new support and innovation State grant program. While it is expected that most States will continue the operation of network components located in their States, we plan some direct Federal assistance to insure that dissemination via the network remains national in scope.

In the educational TV programs we are requesting $3,500,000. Of the amount requested $2,500,000 will be used to cover part of the cost for the 1976–77 viewing season of "Sesame Street" and "The Electric Company." In addition, $1 million will be used to produce a program on effective parenthood. This program will foster a new approach toward helping parents become more effective teachers of their children.

The other programs where funds have been requested under the Special Projects Act are reduced to reflect a shift in priorities to other programs which have a more pressing need for Federal funding. Nevertheless we will continue the catalytic efforts in these areas that began this year. I might note that in metric education we intend to explore methods of coordination between this program and the board called for under the recent Metric Conversion Act.

EDUCATIONAL PERSONNEL TRAINING

The current request in teacher education funds—Teacher Corps. This program offers training in the specialized area of education for the disadvantaged. It does not provide unneeded, large scale general support for pre-service training. A considerable amount of training money is requested under other appropriations for shortage areas such as handicapped and bilingual education. And in-service training can be paid for under other programs such as title I and bilingual education. The Teacher Corps appropriation of $37,500,000 in 1977 will focus on the training and retraining of the entire educational staffs in project schools serving low-income populations. The local school district, a college or university, and the local community will cooperate in designing and carrying out these training and retraining efforts. Each project is designed to demonstrate effective training strategies.

The urban/rural school development program completes its fifth and final year of planned Federal support at the end of fiscal year 1976 and no funds are needed in fiscal year 1977. Neither are funds requested for vocational personnel training grants since the authorization expired at the end of fiscal year 1976. For students desiring this type of training, there are student aid programs available under the Higher Education appropriation for eligible students in need.

My colleagues and I will be happy to answer any questions the committee may have.

Dr. BELL. I would like to introduce the distinguished Duane Mattheis, Executive Deputy Commissioner in the Office of Education, a former commissioner of education for the State of Minnesota. We are pleased to have him with us.

Mr. Russell Wood is Deputy Director in the Teacher Corps. Dr. Smith, the Director of the Teacher Corps, is ill this morning, and so he will not be here.

Mr. FLOOD. There are nine line items in this budget account. The request is for $29.8 million. In that case the average amount is relatively small.

Do you think there is much benefit in supporting all of these relatively small projects?

PURPOSE OF SPECIAL PROJECTS ACT

Dr. BELL. I might explain this, Mr. Chairman. Seven of those line items are required in the Education Amendments of 1974. Congress enacted in those amendments what they refer to as the Commissioner's discretionary funds. The purpose of this act was to provide some small project grant funds to do demonstrations and to try to encourage the State and local education systems to move into some areas of concern where they are not currently giving a lot of attention.

For example, in the Special Projects Act there is a section on metric education. The authors of the legislation felt that we ought to, through small project grants, be stimulating and encouraging the local agencies to move the education system in the direction of anticipating that before long the country would be using the metric system.

There hasn't been enough attention given to gifted and talented students, and some Members of the Congress, particularly Senator Javits, have been pushing to do more in this area. So a small project grant authority was established for this area.

Mr. FLOOD. Let me ask you this: Suppose we shift career education and put it with vocational education, and then not appropriate anything for the rest of these projects?

What do you think about that idea?

Dr. BELL. I think first of all the career education program is a separate piece of legislation, and the Director incidentally is required by law to report directly to me. My preference was to have him in the Bureau of Occupational and Adult Education, but the law requires him to report directly to me. I think that there are some essential program purposes here, and if we eliminated this funding, it would not be good for education.

SPENDING PLAN

Mr. FLOOD. The basic law requires that you submit a spending plan to the legislative committee by the 1st of February each year.

Have you submitted the plan for fiscal year 1977?

Mr. BELL. Yes; we have. Have we not?

Mrs. BEEBE. No; we have not. It is in the Office of General Counsel.

Mr. BELL. I correct that answer. I knew it had cleared my desk. It is in the Office of General Counsel for clearance.

Mr. FLOOD. You have no reaction to the plan then, I suppose.

Mrs. BEEBE. The plan, if I might say, is exactly the same as the budget request. There is no significant difference between that plan and the budget.

Mr. FLOOD. Suppose the legislative committee doesn't approve the plan? Then what happens? Where are you, out in left field with dark glasses, I suppose?

Mr. BELL. I think the budget enactment would take precedence, if that happened. I might point out, Mr. Chairman, that the first seven of these categories are statutory. The last two are those under the discretion given to the Commissioner.

REDUCTIONS IN 1977 BUDGET REQUEST

Mr. FLOOD. We note that five of the line items in the budget are cut exactly in half from last year.

Mr. BELL. Yes.

Mr. FLOOD. That certainly doesn't seem to be a very sophisticated way of setting up a budget.

Are these arbitrary cuts or do you have well-grounded justification for them?

Mr. BELL. I might explain some of the requirements of the law, and when I do that, it only partially defends these changes. The law requires that whatever the amount of the appropriation is, we divide it in half.

Let's say the appropriation was $30 million. We divide it in half, and then there is a percentage in the law applied to six programs. One is a line item for $750,000.

Mr. FLOOD. That is your justification for that budget actually.

Mr. BELL. Yes.

Mr. FLOOD. That is what I wanted to clear up.

You mentioned metric education, community schools, community education.

Were they funded for the first time in this fiscal year?

Mr. BELL. Yes; quite a number of them are, Mr. Chairman.

Mr. FLOOD. Including the metric education.

Mr. BELL. Yes; we have just gotten our regulations in place and we are just starting to make our awards.

Mr. FLOOD. You don't really have any results from those this year.

Mr. BELL. Not yet.

Mr. FLOOD. Are all of these special projects only for 1 year?

Mr. BELL. The funding authority is for 1 year, yes.

Mr. MARTIN. Some of the grants are multiple-year grants.

Mr. BELL. I was responding to the availability of the money, which is the normal availability, but we will fund some of the projects for multiple years.

Mr. FLOOD. Here is the problem.

Do the recipients—it is all right for us to talk about it here—fully understand the limited duration of the Federal support for these projects?

Mr. BELL. I believe they do.

Mr. MATTHEIS. I would think they do as a part of our contract negotiation. This has gone over very explicitly.

RESULTS OF NEW FUNDED PROGRAMS IN FISCAL YEAR 1976

Mr. FLOOD. Do this for the record: Describe the first year's experience and the progress for each of these programs for the record, metric education, begin with that one, gifted and talented, community schools, women's education equity, and the arts in education.

Mrs. BEEBE. Mr. Chairman, many of the grant awards will not have been made at the time we transmit the transcript back to your office.

Can we do that separately?

Mr. FLOOD. All right.

Mrs. BEEBE. And I would like to amplify the Commissioner's statement.

Our guidelines and regulations specify the project periods separately for each of the programs, so that at the time they apply, the institutions understand whether they can apply for only a 1-year project period, or for a longer project period duration.

Mr. FLOOD. Yes; I want to be clear about what they understand about the duration.

REQUEST FOR LEGISLATIVE CHANGE

Mr. FLOOD. You are asking for new appropriation bill language and on its face, it looks a little offensive. Here is the language:

"Without regard to the requirements of section 402(b)(1)."

That certainly looks like a change in the law.

What would happen if we deleted that?

Mr. BELL. I recognize that, Mr. Chairman.

Mr. FLOOD. Suppose we delete the language.

Mr. BELL. If that were deleted, then we would have to follow the arithmetic that I was describing to you, the application of the percentages, which would then change these amounts. We think that is one of the difficulties, and we are proposing a change as an amendment incidentally to the law, one of the problems is as follows: Suppose this committee wanted to increase the amount of money that you wanted to spend in metric education, but you didn't want to increase the other areas. Because of the percentages that would have to apply to the appropriation, you would have to spread money all over seven areas in order to increase it in metric education. We wonder if the authorizing committees really thought through how much they were restricting the flexibility of this committee in doing that. Even leaving the administration out of it, the flexibility that this committee would have in making appropriations is restricted.

Mr. FLOOD. I asked you what would happen if we deleted it?

Mr. BELL. If you deleted it, then we would apply the mathematics required in the law, and if the same budget amount remained the same——

Mr. FLOOD. Suppose you do that for the record.

Mr. BELL. Very good.

[The information follows:]

Special Projects and Training
(In thousands of dollars)

Legislative Set-Aside Programs	Authorization	Legislative % Distribution	1976 Appropriation	1977 Budget Request	50%-50% Distribution 4/ of Fiscal Year 1977 request
1. Metric Education	$ 10,000	10.076	$ 2,090	$ 1,045	$ 1,428
2. Gifted and Talented	12,250	12.343	2,560	1,280	1,749
3. Community Schools	17,000	17.128	3,553	1,777	2,428
4. Career Education	15,000	15.113	3,135	1,567	2,142
5. Consumer Educational	15,000	15.113	3,135	1,567	2,142
6. Women's Educational Equity	30,000	30.227	6,270	3,135	4,286
7. Arts in Education	750 2/	0%	750	750	750
Subtotal	$ 100,000 1/	100.00	$ 21,493 1/	$ 11,121 3/	$ 14,925
Discretionary Programs					
1. Packaging and Dissemination			1,400	3,900	
2. Educational TV Programming			7,000	3,500	
3. Supplement to Mandated Programs	100,000				14,925 5/
a. Career Education			7,000	8,568	
b. Women's Educational Equity			---	2,761	
c. Other Programs			---		
Subtotal	$ 100,000		$ 15,400	$ 18,729	$ 14,925
APPROPRIATION TOTAL	$ 200,000		$ 36,893	$ 29,850	$ 29,850

1/ Must be at least 50% of total appropriated.

2/ Not less than $750,000.

3/ Reflects point of order language. Less than 50% of the total request

4/ Does not represent budget request. Reflects distribution of total appropriation request according to basic statuate

5/ To be distributed as priority need is determined by the Commissioner.

Mr. FLOOD. What is the difference between career education, vocational education, occupational education, and elementary and secondary education?

Mr. MATTHEIS. Let me respond if I may to that. I was flinching a little bit and shaking my head when you suggested that perhaps career education be married a little more closely to vocational education.

The fact of the matter is, Mr. Chairman, that we consider the two significantly different, and one of our problems has been that they have been linked too closely in understanding by many people around the country. One of the reasons for that being is that career education got its start with some of the innovative education funds in vocational education.

Mr. FLOOD. What does career education provide for a student that cannot be provided under vocational education, occupational education, higher education, or elementary and secondary education?

Mr. MATTHEIS. I think there are a number of specific situations which are different, Mr. Chairman. In the first place, I would mention a similarity. Both of them emphasize the relationship between education and work. That is true. However, the career education concept in programing is to have that as part of literally every class and program and every course, fused in the regular education process. Vocational education, getting at that goal, does it in separate classes with only some of the students, and primarily with the focus at the secondary and post-secondary levels rather than entirely spread out through the elementary and secondary years. In this way it is a common goal, but working at it in very different aspects, with career education literally being for all of the students, with vocational education primarily for some of the students.

The other part of it is that career education would emphasize some of the more general informational and skill aspects of education, while vocational education is more finely geared toward entry level skills into a specific occupation, again a refinement of what is a much broader concept of career education. Therefore, there are some significant differences.

Another one would be that career education looks more broadly at work to include in fact the many areas of nonpaid work that various individuals are involved in as a part of their life's vocation. Vocational education, on the other hand, is very much more constricted to paid occupations, that is, paid work skills that schools are training people for. Therefore, we think there are some significant differences.

Mr. BELL. Vocational education in the terminology used does not include preparation for work that requires a college degree in the area of professions, and so forth.

Mr. FLOOD. Of all these career education projects previously funded, how many are going to be continued by local funding?

Mr. MATTHEIS. I don't know that we would be able to predict in a very specific way how many there are, but we would say this: That there is an incredible amount, an increasing amount of interest in the States with regard to career education. We find some States as a matter of fact passing State legislation to develop their own programs, ex-

pand what they had begun with, with Federal funds in their career education.

Mr. FLOOD. If that is so, how many of the States or local funds are presently being used to carry out these programs of career education?

Mr. MATTHEIS. We could enter this for the record. I guess the best way would be perhaps to prepare a list of the projects that we anticipate funding out of the funds here. They would go to elementary and secondary schools, to community colleges and 4-year colleges, literally the entire institutional agency with regard to education.

[The information follows:]

Career Education Projects Funded in Fiscal Year 1975

State	Obligation	Number of Projects
Alabama	$ 712,144	6
Alaska	67,000	1
Arizona	104,961	1
Arkansas		
California	688,103	5
Colorado	339,956	3
Connecticut	111,645	3
Delaware		
District of Columbia	233,075	2
Florida	410,730	4
Georgia	211,243	1
Hawaii		
Idaho		
Illinois	295,960	3
Indiana	429,591	3
Iowa	7,465	1
Kansas	150,000	1
Kentucky	210,611	1
Louisiana	96,975	1
Maine	173,539	2
Maryland	129,993	1
Massachusetts		
Michigan	200,000	1
Minnesota	105,188	1
Mississippi	125,894	2
Missouri	175,000	1
Montana	210,257	1
Nebraska		
Nevada		
New Hampshire	177,034	1
New Jersey	247,552	3
New Mexico		
New York	833,112	6
North Carolina		
North Dakota		
Ohio	300,302	2
Oklahoma		
Oregon	416,439	2
Pennsylvania	149,950	1
Rhode Island	65,000	1
South Carolina		
South Dakota	268,587	2
Tennessee	150,000	1
Texas	551,866	4
Utah	156,664	1
Vermont	100,000	1
Virginia	273,046	3
Washington	442,238	3
West Virginia		
Wisconsin	370,230	4
Wyoming		
American Somoa		
Guam		
Puerto Rico		
Trust Territory of the Pacific Islands		
Virgin Islands		
TOTAL	$9,691,360	80

Note: The total obligation plus one contract in the State of California for $308,640 add up to the Fiscal Year 1975 appropriation of $10,000,000.

Mr. FLOOD. Can you give us any information now—you are making these statements and definitions—which show that actual participation in the career education programs makes any significant impact upon a student's career development?

Mr. MATTHEIS. We have some at this point very sketchy evidence I believe in that regard, Mr. Chairman. The National Institute of Education has the research component. A number of programs were transferred to them from the Office of Education when they were created.

Mr. FLOOD. We know about that.

Mr. MATTHEIS. We also have some activity in the Office of Education, a national advisory council for career education which has commissioned some papers. Some of them seem to indicate although I would not want to base the entire case on the validity of their information, that youngsters become more aware of career opportunities, more aware of their own potential and as a matter of fact because of the relevance of the course work with the infusion of career education material in it students do better in reading and mathematics as well.

Mr. FLOOD. If we decide not to appropriate any funds for career education, how many students would be affected by that?

Mr. MATTHEIS. I don't know that one could say that in a specific and definitive sense, Mr. Chairman, because the fact of the matter is that career education is in many respects the best of education that is going on out there all over the country, and what we are trying to do with the minimal amount of funds that we have had for career education is provide encouragement and opportunity to expand and improve the programs there, so it isn't going to disappear.

Mr. FLOOD. I understand that.

Would career education just cease if we terminated Federal assistance?

Mr. MATTHEIS. It most certainly would not, Mr. Chairman.

PACKAGING AND FIELD TESTING

Mr. FLOOD. You are asking for a 50-percent increase in the funding for packaging and field testing. At the same time now you have an overall decrease in Federal programs.

Can you justify why this program would be judged so much better than all the other programs that you administer? Fifty percent better? Wow.

Dr. EVANS. Could I speak to that, Mr. Chairman?

The reason for that increase, which is percentagewise as you noted a very large increase.

Mr. FLOOD. Fifty percent, yes.

Dr. EVANS. But which dollarwise still leaves this program at a modest level and the reason is because this is the kind of activity that we feel is most appropriate for the Federal Government to be carrying out.

What we have done in this program thus far, with the small appropriations that we have had available from this committee over the past 2 years, $1.4 million each year, is to develop a series of materials that describe educational projects whose effectiveness has already been determined by an examination of the evidence of those projects, and those have been converted into actual kits and

materials and instructions so that they can be implemented by teachers in schools.

You may recall, Mr. Chairman, I think for both of the last 2 years we brought some examples up of the packages here and displayed them to the committee. The very purpose of this program is to make it possible for teachers and administrators at the school level to be able to reproduce in their own classrooms the exact projects and educational techniques which have been found effective in other settings.

Mr. FLOOD. Even though we have an overall decrease now of the Federal education programs, this gets 50 percent plus?

Dr. EVANS. We think this method can be more cost effective than many other things that we do. In addition, you will note that the line item is now called "Packaging and dissemination," signifying that there will be some other dissemination activities that will be covered under that appropriation.

Mr. FLOOD. This program develops what you call project information packages.

Dr. EVANS. Yes, sir, project information packages.

Mr. FLOOD. What do you call them; PIP's?

Dr. EVANS. PIP's.

Mr. FLOOD. Those things are supposed to be implemented, you say, in the classrooms all across the country for the benefit of the schools and the students.

Dr. EVANS. Yes, sir.

Mr. FLOOD. Tell us how much does it cost to implement the development package?

Dr. EVANS. The cost of implementation in the new setting will differ for each of the PIP projects and will depend to some extent on the kinds of human and material resources the district already has. However, five of the six projects which have been packaged are title I projects. Thus, a district deciding to adopt one of these would simply have to reallocate already appropriated title I funds to install this exemplary program. The actual package itself, once it is reproduced and available for sale is less than $100. At the present time we are not selling those.

Mr. FLOOD. Less than $100?

Have any local school systems—this is a great thing you tell us now—been interested enough in these great packages to buy them and implement them with their own resources?

Dr. EVANS. We have not sold them. We are making them available at no cost.

Mr. FLOOD. The answer is "No?"

Dr. EVANS. No, sir, the answer is "Yes." Many school systems have expressed substantial interest in them and we are making Project Information Packages available to these school systems out of the cost of the current appropriation. We expect, based upon the level of interest that is being expressed, that there will come a time very shortly when we will have to make a choice between continuing to make these available free, or selling them.

Mr. FLOOD. How many do you think?

Mr. EVANS. I don't know. I would like to ask Mr. Glassman to estimate that if he would.

Mr. GLASSMAN. We are hoping to get 40 or 50 out this spring.

Mr. FLOOD. Whereabouts?

Mr. GLASSMAN. All over the country.

EDUCATIONAL TELEVISION

Mr. FLOOD. The budget proposes $2.5 million for "Sesame Street" and "The Electric Company." How much was provided last year to support that program?

Mr. BELL. $5.4 million, Mr. Chairman.

Mr. FLOOD. What effect will this reduction of these funds have upon these programs? You are talking about a couple of sacred cows now.

Mr. BELL. I am aware of that, Mr. Chairman, and I would just like to say that I think the most outstanding work that has been done in educational television has been done by the Children's Television Workshop, in their work on "Sesame Street" and "The Electric Company."

I would indicate that the Children's Television Workshop made a decision to discontinue new programing in "The Electric Company." I am frankly disappointed in that decision, because I feel that it has a great deal of value, and it is an area where they ought to continue to develop programing and I would also say that that decision was made without consulting with us.

Mr. FLOOD. We get the impression though from your office that your support for "Sesame Street" has kind of been going down, declining; is that right?

Mr. BELL. We feel that they ought to continue to get support, but we feel that possibly we have supported them for so long that we ought to be phasing it down.

Mr. FLOOD. Are you accelerating the decline of Federal support? I guess you are, but why?

Mr. BELL. Yes, with them. This great decrease here I would say frankly is because of the total dollar amount that we received and had to work with in the Office of Education.

Mr. CONTE. Will you yield, Mr. Chairman?

Mr. FLOOD. Yes.

Mr. CONTE. How much is "Sesame Street" getting from Public Broadcasting?

Mrs. BEEBE. In fiscal year 1976 they received $4.2 million from the Corporation for Public Broadcasting.

Mr. CONTE. I wanted to know that.

Mr. FLOOD. I was going to ask them for the record, because somebody is going to ask us that. That is why I say for the record show us the sources of funding for "Sesame Street," and "The Electric Company" for 1975, 1976, and 1977?

Mrs. BEEBE. We have that before us, Mr. Chairman.

Mr. FLOOD. You can do this for the record, be sure and include the foundations, Corporations for Public Broadcasting, sales of records, sales of books, sales of toys.

Put all of that in the record.

[The information follows:]

14 January, 1976

CHILDREN'S TELEVISION WORKSHOP FUNDING 1968-1976

BROADCAST ACTIVITIES: FEDERAL FUNDING AGENCY:	FY'68	FY'69	FY'70	FY'71	FY'72	FY'73	FY'74	FY'75	FY'76	TOTAL
U.S.O.E.	1,340,000	1,330,000	655,000	2,600,000	7,000,000	6,000,000	3,000,000 ***1,000,000	5,500,000	5,400,000	33,825,000
O.E.O. - O.C.D.	50,000	300,000	300,000	300,000	--	--	--	--	--	950,000
National Institute of Child Health & Development	15,000	--	--	--	--	--	--	--	--	15,000
National Foundation for the Arts & Humanities	10,000	--	--	--	--	--	--	--	--	10,000
Sub-total	1,415,000	1,630,000	955,000	2,900,000	7,000,000	6,000,000	4,000,000	5,500,000	5,400,000	34,800,000
OTHER:										
Corporation for Public Broadcasting	--	--	750,000	--	2,000,000	5,000,000	5,000,000	+4,400,000	+4,200,000	21,850,000
+ Public Broadcasting Service										
Carnegie Corporation	--	100,000	1,400,000	600,000	1,000,000	500,000	--	--	--	3,600,000
Ford Foundation	--	250,000	1,288,000	1,000,000	1,000,000	--	--	--	--	3,538,000
Learning Resources Institute	--	--	150,000	--	--	--	--	--	--	150,000
3M Corporation	--	11,000	26,000	--	--	--	--	--	--	37,000
Markle Foundation	--	--	250,000	--	--	--	--	--	--	250,000

14 January, 1976

CHILDREN'S TELEVISION WORKSHOP FUNDING 1968-1976

	FY'68	FY'69	FY'70	FY'71	FY'72	FY'73	FY'74	FY'75	FY'76	TOTAL
Mobil Corporation	--	--	--	--	250,000	--	--	--	--	250,000
S.C. Johnson Co.	--	--	--	--	23,000	--	--	--	--	23,000
The Scherman Foundat'n	--	--	--	5,000	5,000	--	--	--	--	10,000
Quaker Oats Company	--	--	--	--	25,000	--	--	--	--	25,000
Meridith Foundation	--	--	10,000	--	--	--	--	--	--	10,000
Rogers Foundation	--	--	--	10,000	--	--	--	--	--	10,000
Michigan State Univ.	--	--	--	1,000	--	--	--	--	--	1,000
Commercial Stations	--	--	--	115,000	241,000	304,000	187,000	127,000	150,000	1,124,000
Other	--	1,000	--	--	--	8,000	--	--	--	9,000
Sub-total	--	362,000	3,874,000	2,231,000	4,544,000	5,812,000	5,187,000	4,527,000	4,350,000	30,887,000
GRAND TOTAL OF FEDERAL AND OTHER	1,415,000	1,992,000	4,829,000	5,131,000	11,544,000	11,812,000	9,187,000	10,027,000	9,750,000	65,687,000
Non-Broadcast Activities:										
Reviews:										
Periodicals:										
Mobile Oil Corp. Grant	--	--	--	250,000	--	--	--	--	--	250,000
Magazine sales & Subscriptions	--	--	104,000	639,000	1,439,000	1,051,000	1,330,000	2,093,000	2,573,000 (Est.)	9,229,000
Educational Products-Royalties	--	--	--	637,000	762,000	944,000	2,050,000	1,681,000	3,943,000 (Est.)	10,017,000

14 January, 1976

CHILDREN'S TELEVISION WORKSHOP FUNDING 1968-1976

	FY'68	FY'69	FY'70	FY'71	FY'72	FY'73	FY'74	FY'75	FY'76	TOTAL
Other	--	--	--	5,000	--	--	--	--	--	5,000
Total Revenues	--	--	104,000	1,531,000	2,201,000	1,995,000	3,380,000	3,774,000	6,516,000 (Est.)	19,501,000
Costs and Espenses	--	--	--	1,043,000	1,818,000	2,205,000	3,294,000	3,444,000	4,716,000 (Est.)	16,520,000
Net Contribution	--	--	104,000	488,000	383,000	(210,000)	86,000	330,000	1,800,000 (Est.)	2,981,000
CAPITAL DEVELOPMENT ACTIVITIES:										
The Ford Foundation Inc.	--	--	--	--	--	2,000,000**	--	1,246,000	754,000	

** Ford made a multi-year grant in 1972 to CTW to provide venture capital funds. The grant totals 6 million, and can be drawn in varying amounts over a seven-year period.

*** FY'73 fund released in FY'74.

+ Prior to FY'75, funds from CPB were designated National Programming. Public/educational broadcasting stations now purchase/lease shows through Program Cooperative with approximately 97% carrying Sesame Street and 92% carrying The Electric Company during school year, 1974-1975.

Mr. FLOOD. Mr. Shriver?

Mr. SHRIVER. In case we don't read the record, would you tell us now?

Mrs. BEEBE. It is a rather long and lengthy table here.

Mr. FLOOD. He will read the record.

Mr. SHRIVER. Thank you.

WOMEN'S EDUCATIONAL EQUITY

I want to ask a question or two about women's educational equity.

What will the added amount you are asking for do?

Mr. MATTHEIS. Mr. Shriver, the added amount for fiscal year 1977 will continue the program that we are just establishing in fiscal year 1976.

Mr. SHRIVER. What are you doing now?

Mr. MATTHEIS. Having gone through the regular cuts in the other programs as indicated by the percentages, there would have been a severe cut here as well, and the Commissioner determined that this is really a very high priority for a number of reasons, and we wanted to keep a substantial amount of money in that program.

Mr. BELL. I might indicate we are hearing from women on that program, who are greatly concerned.

Mr. MATTHEIS. There are a number of things to go into some kind of detail, Mr. Shriver. We shall have projects out, looking at employment problems and problems in the curriculum in the schools having to do with stereotyped roles for women, and so on.

Mr. SHRIVER. What do you mean by stereotyped roles for women?

Mr. MATTHEIS. Where women are shown in only a limited group of work situations consistently, rather than in the broad opportunities that might be available for them.

Mr. BELL. Mrs. Beebe could add to that.

Mr. MARTIN. Somebody tried to suggest in our hearings one day that perhaps she couldn't add because she was a lady. We knew she could subtract.

Mr. MATTHEIS. Domestic roles, clerical and nurse roles, and so on rather than the wide variety of roles in which they are in fact increasingly working. It is that kind of activity. There is a leadership role. We are working with school district people and the State Departments of Education people to assist them in looking at this within school jurisdictions. We are holding national and regional workshops, primarily again with the school officials, to help them. We have conducted an interesting series of workshops in assisting school districts and colleges and universities across the land in the implementation of the title 9 sex discrimination regulations. We think we have a very significant technical assistance responsibility there, so those are a number of the areas.

Mr. CONTE. Will you yield, Governor?

Mr. SHRIVER. Yes.

Mr. CONTE. What are your approaches to the sex role socialization?

Mr. MATTHEIS. That has primarily to do, Mr. Conte, with the curriculum and how the women are shown in the curriculum as being socialized into society. It is maybe a bad word, the sex stereotyping.

Mr. BELL. I think it is an unfortunate word.

Mr. CONTE. It sure is.

Here is another one, modules on sexism in education. If Bauman or some others get a hold of this they will have a field day. What is that all about?

Mr. MATTHEIS. It has to do with the stereotyping and discrimination that is a problem in school districts and unfortunately throughout the colleges and universities where sexism is prevalent, so it is more in the area of discrimination and stereotyping perhaps as a further definition of sexism.

I would agree we received that from another area in our rules and regulations concerning some of the usage of words.

Mr. SHRIVER. It is this sort of thing that causes problems.

Mr. MATTHEIS. I am well aware of that.

Mr. BELL. I might indicate in the Special Projects Act there is a statute there on women's equity. There is a national advisory council required, and there is quite a piece of direction from this Congress to us on that program, so we are a long ways from——

Mr. SHRIVER. The question is what you are doing about it.

Mr. MATTHEIS. We are trying to assist others. We aren't going to do this in a service program at all. We can't provide funds for everything that needs to be done in the area of women's education equity.

What we are trying to do in little ways is assisting those who are trying to do something, act as a catalyst in the funding, trying to build the capacity of State educational agencies so they will be able to respond better to the requests being placed upon them from the local school districts and so on. We are trying to assist those that have the real responsibilities in fact with this great activity.

NATIONAL DIFFUSION NETWORK

Mr. EARLY. Dr. Bell, with regard to the chairman's questioning on the special projects 50-percent increase, I noticed in your statement you say of the balance a minimum of $1,200,000 is specifically allocated to support the continuation of the National Diffusion Network. That is one of the most constructive programs I have seen at the Federal level in these projects.

How much money has been used from your discretionary fund in fiscal year 1975 and 1976 to fund that program?

Dr. EVANS. None at all, Mr. Early because through school year 1975–76, the network was funded under title III of the Elementary and Secondary Education Act. The reason the network now appears in this special projects account at this time, is that ESEA, title III was included in the support and innovation State grant consolidation authorized by the Education Amendment of 1974. We expected that the States would continue network activity. What we have discovered in the process of consolidation is that the States have turned around, I guess not surprisingly, and are using those funds exclusively for their own internal State interests and problems, and that the interstate nature of the network that was set up and supported under title III before is not being maintained by the individual States. In other words, it appears, I think we would have to candidly say, that there was a particularly appropriate Federal responsibility involved in the interstate thrust of title III-supported network and that we didn't fully appreciate what was going to happen to it as a result of the consolidation. Therefore, the request before you is an effort to introduce into the

packaging and dissemination program some modest level of support to keep the national nature of the diffusion network continuing, which, as you say, has been quite valuable throughout the country.

Mr. EARLY. I was of the impression that you had used several million dollars, Commissioner, from 1974 and 1975 to fund this diffusion network.

Mr. WHEELER. If I could respond. The Commissioner has used discretionary funds for the network, sir, but from section 306 of title III, ESEA, not from special projects. This is the first year the network is included in this request.

Mr. EARLY. I think they used over $7 million to fund this diffusion network.

Mr. WHEELER. That is correct, sir. More than $7.5 million from title III, ESEA, was made available in fiscal year 1974 to support the National Diffusion Network during the 1974–75 school year and approximately $9 million in fiscal year 1975 was used to continue the network through the current school year. All together, more than $16 million has funded the network over the last 2 years.

Mr. EVANS. In terms of the full amount taken out of title III in previous years for that purpose, that is quite correct. However, sir, the general feeling is that the interstate portion of that, which we think is the appropriate portion for the Federal Government to continue to be sure the national character of the network is maintained and not lost, would not require such a high level of support.

Mr. EARLY. Maybe not the $9 million, but $1.2 million?

Mr. EVANS. $1.2 million is a modest request.

Mr. EARLY. Extremely modest.

Mr. WHEELER. Mr. Early, on that point, just let me remind you, even though we are now making this request from the Commissioner's discretionary amount under "Special Projects," we also anticipate that the States will also use part of the money that they have under the Support and Innovation consolidation for dissemination if they choose to do so. So that resource——

Mr. EARLY. Are we funding title IV in this appropriation bill relative to 1976?

Mr. WHEELER. Title IV is advance funded. In terms of title IV, part C, the funding requested is the same level as that requested for fiscal years 1976 and 1977, but below the amount already appropriated for obligation in fiscal year 1977.

Mr. EARLY. But actually you used $9 million in the diffusion network. It is a most constructive program. If there is any program through which the Federal Government has spent money to save money, it is this program.

Mr. EVANS. I might add to that, Mr. Early, so you fully understand the thinking we have gone through on that—first of all in answer to your question, there are now 38 States officially participating in the network in some capacity and others receiving some benefits in addition.

Now if you could appreciate our situation in our own internal discussions on the budget and in discussions with the Office of Management and Budget, when we recognized the possible threat to the interstate character of the network. The question originally was raised whether or not, in proposing some funds for the network under special

projects, we were proposing duplicate money for something which would already have been paid for by the States under the consolidation. Out of our discussions came the decision to acknowledge that although substantial support for the network could come from money available to the States under title IV, part C, given the pressures that they are under, States would be allocating the money primarily to within-State activities, and that therefore the national or interstate activities of the network would be in danger of decreasing or going by the boards.

Mr. EARLY. That is the long way of saying that it is underfunded.

Mr. EVANS. Well, we are not sure that it is underfunded. It is too soon to tell. But it could be argued.

Mr. EARLY. I am convinced it is underfunded.

Now, how many school districts do you have on board?

Mr. WHEELER. I do not have that figure with me. We could certainly supply specific information to you, Mr. Early, which would indicate the level of participation of school districts with respect to the programs that they have examined for adoption.

Mr. EARLY. Fine. Would you supply it.

[The information follows:]

NUMBER OF SCHOOL DISTRICTS ADOPTING A DIFFUSION NETWORK PROJECT

As of the fall of 1975, based on the first year of the national diffusion network activity, approximately 1,800 local school districts were actually implementing in their classrooms one of the exemplary programs disseminated through the network. To make this possible, the network provided training to 27,500 school-teachers and administrators, who are now working directly with about 200,000 children in these new programs.

Mr. EARLY. How many applications to come on board do you have, Dr. Bell?

Dr. BELL. Mr. Wheeler would know.

Mr. WHEELER. I am not sure I understand your question.

Mr. EARLY. You service three communities in my district, and there are five others trying to be included. I just want to be assured there is enough money there to include them.

Mr. WHEELER. Most of the assistance to districts adopting a project from the network, comes in the form of training and technical assistance from the developer of a given project and the State facilitator which have been funded for this very purpose. If any State decides to continue this assistance from its title IV allocation, then the kinds of services currently made available to school districts in that State will continue next school year.

Mr. EARLY. This program is so good, and I just don't think the States will pick it up again because of their own fiscal plights. In my opinion, we are cutting back.

Dr. BELL. Mr. Early, we should make sure that we are not misinterpreted on one thing. Regarding title IV, part C—there is a proposed decrease of $11 million or $12 million. We are not proposing the same level as in the previous year.

Mr. EARLY. $12 million from what to what?

Mrs. BEEBE. From $182,174,142 to $172,888,000.

Mr. EARLY. Then there is a proposed $10 million decrease in title IV—part C?

Dr. BELL. Yes, sir. Our requests have been the same each year, as we said earlier, but I wanted to be sure we advised you that our request for title IV—part C this year for fiscal year 1978 is less than that appropriated for fiscal year 1977. When Mr. Wheeler said we are spending approximately the same amount——

Mr. WHEELER. What I meant by that Commissioner, was that in the fiscal year 1976 appropriation, the funds for fiscal year 1977 for title IV were included on a forward funding basis. The basic amount appropriated for title IV, part C for fiscal year 1977 was $172,888,000. Also, the AppropriationAct provided an additional $11,633,852 for use in providing all States with allocations for fiscal year 1977 which were equal to allocations received for comparable purposes for fiscal year 1974. None of the additional amount could be allocated to States which received initial allocations that exceeded their fiscal year 1974 level. Thus, the total amount of the basic appropriation plus the portion of the $11,633,852 required to restore allocation levels for part C is $182,-174,142 for fiscal year 1977. Our proposal is for $172,888,000 which is a decrease of $9,282,142 under the funds available for fiscal year 1977. Now, the Commissioner has already said that if the present larger consolidation becomes law, then there is an amount included that would take care of holding to the level available for fiscal year 1977.

Mr. EVANS. But on the larger issue, Mr. Early, we certainly concur that the network has been an educationally valuable activity. That is the reason for our requesting funds for it in the budget proposal before you.

I might also add that the earlier item that the chairman was questioning me on, the project information packages, are being actively disseminated to State and local agencies through the National Diffusion Network.

Mr. EARLY. I was also encouraged, Dr. Bell, that you said a minimum of $1.2 million. Would you then have some flexibility with the $3.9 million?

Dr. BELL. Yes, sir.

EDUCATIONAL TELEVISION

Mr. EARLY, if I may, I would like—in case we do not get back to television—to just make this statement for the record, if it is all right.

Mr. EARLY. Sure.

Dr. BELL. We are concerned about a line item in the budget that we have had in past years that gives a certain, private, nonprofit organization, a line item appropriation. Now in the past, Children's Television Workshop has had $4.5 million. And let me describe to you what my concerns are here.

The Children's Television Workshop made a unilateral decision not to do any more programing in "The Electric Company," without any consultation with us at all. And we feel as long as we are putting $5.4 million of public money in there, that we at least ought to be consulted.

In addition to that, I have had an ongoing discussion about a matter that I feel very strongly about.

Television is no longer utilized in the schools solely from a broadcasting station. We now have small video-cassette machines. They cost no more than a 16 mm projector. You can take these programs and put them on these cassettes, and then a teacher has individualized

instructional television. And particularly in "The Electric Company", do we think that is useful for teachers that are teaching reading? Particularly, is it useful to low-income and minority students in the inner city?

And I have not been able, up to the present time, to negotiate a change in their policy that permits the public schools of this country to use these programs in that way. I think that is a very important matter, because we are moving more and more away from broadcast television, because everyone is blocked into the time and the period and what program they are showing by the broadcasting station. If you can make copies of these, and you can get a video-cassette for the same price as a book, you can get a 30-minute cassette blank for $15, make your own copy, have it on the library shelf like a book, and the teacher can go in and get it and use it as a teaching means.

Up to this time, we do not have permission from them to use this for this purpose.

We feel, again, if we are spending public money for this purpose, they had not ought to have jurisdiction over that like it was their own private property.

So I would make a strong appeal that our capacity to bargain with CTW in your appropriations action be made available to us. We feel they are quite independent when they read a line item in that budget and they know by law we have to give them $5.4 million.

So I just make this point for the record.

Mr. CONTE. That is a very good point.

I have just one question, and then I will submit some questions.

I am very disappointed in your budget for gifted and talented children. You are making some real substantial cuts here. This is a great program. This program does a lot more than the one the Governor and I questioned you on earlier. Why are you making these cuts?

Dr. BELL. Dr. Martin manages that program.

I would say, first of all, the administration has had a tough problem, as you know, Mr. Conte, holding its appropriations down to that level that the President wanted. And so when we had our allowance in this area in the program, we had to work with the $29 million figure, which made it difficult for us.

You could raise the question as to why we did not put more in gifted and talented, which is a very good question.

Mr. CONTE. That is my question.

Mr. MARTIN. Well, actually we recommended no cut in the program. But I am sure all the other programs recommended a similar thing.

If you look at page 127 of the budget, you will see that there is a cut from $36 million to $29,800,000, and at the same time the Commissioner and others are faced with priority judgments as to what the larger impact of these programs would be. So they attempted to take from the Commissioner's half of that money some sums and put it back. So that, for example, career education has held even, and some of the other programs we mentioned have held even. The money had to come from someplace is really what it amount to.

In this particular situation, the gifted and community schools and some of the others were in the position of having to be reduced.

I think I would say to you in response that I think we are off to a good start with the gifted and talented program. We have the applications in right now. In fact, a number of them have already crossed my

desk for approval. We have had a very good review process. We are proposing to award about 44 grants and contracts next year. The majority of them are to State agencies.

Mr. CONTE. That is 21 less than last year.

Mr. MARTIN. That is right. Under this appropriation it would be 44. The real impact is on the size of the award. We will have to cut the amount of support we can give to the State and local education agencies. We are going to try to keep most of the programs intact.

What is happening is that for the first time these programs across the country are getting some seed money to start activities. This is the first year of the program. They are tremendously responsive and we are overwhelmed with interest in the program. There are a variety of programs. We had set aside here one small package of money to assure that we got programs, for example, for gifted children from minority populations, gifted children from among the handicapped, and so forth. But before we ever got to that, the States themselves and the local districts really targeted in for us. So we have programs that we will probably be approving, serving gifted Indian children, gifted children from inner city areas, as the prime activity the State would like to produce.

Dr. BELL. We would like to urge, Mr. Conte, if you decide that the priorities are not right here, that you not break the budget, and that you stay with that $29,850,000. If our allocations are not the way the committee wants it, of course we will——

Mr. CONTE. I know you are mandated by law. Now, I have a 100-percent record on women's equality. But I would like to know what you are getting out of that budget in women's educational equity. I would rather put that money in training some poor mentally handicapped child and bringing him along. And I think any woman in her right mind would agree with me on that.

Mr. MARTIN. I hope the Congress will consider, Mr. Conte, our suggestions that perhaps they ought to revise the special projects account formula that distributes the money 12.5 percent to this, 8 percent to that, 16 percent to this, and so forth, because that is what really causes problems.

Dr. BELL. I think we need to be careful. You see, the amount here of $1,280,000 for gifted and talented is not the amount that the formula yields. I would not want to hide behind that formula. In addition to that, the Commissioner has discretion on the other half. And I did note exercise my discretion in putting more money in there. Now, I had a tough task in all of that. I will obviously accept what the committee decides to do after you have deliberated on this. It may be that I have not allocated these in the best possible way.

Mr. CONTE. I know you have a tough job. I just happen to have a warm spot in my heart for that program.

Mr. DINGELDEIN. Mr. Conte, I would like to just add one word on the overall appropriation level for this account. It is not really an arbitrary reduction, but recognition of the fact that much demonstration activity is being conducted in the National Institute of Education. And I think that within the overall education budget, this reflects a decision that more new work should be done in NIE and less in the Office of Education. I think that is the sort of rationale behind the overall reduction.

Mr. CONTE. You mean they made these demonstration grants out in the field?

Mr. DINGELDEIN. I am talking in very general terms.

Mr. CONTE. I don't follow you.

Mr. DINGELDEIN. Not on this specific program. But I am just saying that in terms of demonstration type and research type activities, that more of those funds should be allocated to the National Institute of Education, and less of them to the Office of Education.

Mr. CONTE. But is it?

Mr. DINGELDEIN. Yes; we have a budget——

Mr. CONTE. I don't care where it comes from as long as the programs continue.

Mr. DINGELDEIN. The budget request for the National Institute of Education is up by $20 million.

Mr. CONTE. In this area?

Mr. DINGELDEIN. No, not specifically in this area.

Mr. CONTE. Total.

Dr. BELL. It is a lump sum.

Mr. CONTE. I want to know about this area. What are they doing in this area?

Thank you.

Mr. EARLY. Mr. Michel?

SPECIAL PROJECTS AND TRAINING

Mr. MICHEL. I see that you are once again asking us to alter the funding priorities specified under the Special Projects Act by the authorizing committee. I asked this question earlier this week, and I'll ask it again here: Is it your contention that we have the power to alter the funding percentages established by the authorizing committees?

Dr. BELL. Yes, the Appropriations Committee, through the use of the point of order language we have recommended, can alter the funding percentages established for the mandatory portion of the Special Projects Act. The committee has taken similar action in the past in order to assist the Office of Education in the management of the educational programs delegated to us for administration.

PACKAGING AND DISSEMINATION

Mr. MICHEL. You are proposing a substantial increase in funding for the packaging and dissemination program. Does this indicate that the program is showing promise?

Dr. BELL. The bulk of the requested increase in funding results from the fact that for fiscal year 1977 the program no longer covers just the activity called packaging and field testing as before. It has been expanded to include several major dissemination activities of the Office of Education. This change is reflected in the new title of the program—packaging and dissemination.

Only a modest increase of $200,000 over last year is requested for the packaging effort itself for a total of $1.6 million. Results from the first year of the field test of project information packages are highly positive. Reaction at the demonstration sites from school staffs,

children and parents to the projects themselves and to the packages as a dissemination mechanism, have encouraged us to proceed with the packaging activity. Moreover, in response to OE's first efforts to widely disseminate the first set of packages, about 250 requests for information about packaging and the projects described in the packages have been received from school districts around the country. So far, 42 school districts have also selected a package suitable to their needs which they may adopt and this number is growing daily.

The rest of the increase or fully $2.3 million of the request for fiscal year 1977 is for activities not included here in previous requests. These activities include the interstate operations of the national diffusion network; funding of a field-based unit to give technical assistance to districts trying to choose and install an effective project; and support of State educational agencies and of the Office of Education in their efforts to promote the widespread adoption of effective projects and practices.

Mr. MICHEL. What kind of a local acceptance is there with respect to the materials disseminated?

Dr. BELL. Our evaluation indicates that administrators, teachers, students, and parents feel quite pleased with the packages and with the quality of the projects described in the packages.

The evaluation I am speaking of is a 2-year effort which began last school year, 1974–75, at the sites where the first set of project information packages are being field tested. Of primary interest during this implementation period were project staff attitudes and opinions regarding both the packaged materials and the projects that were being implemented with the aid of the packages. The first year's results show that staffs at the demonstration sites became enthusiastically involved in the implementation of the projects through the packages and that they developed considerable pride of ownership of their projects. Directors and instructional staffs also reported that project participation had increased their sense of professional competence and that they would recommend project information packages to colleagues. Parents interviewed were generally favorably disposed toward the program and students indicated positive feelings about their own participation.

In our current broader dissemination efforts related to packaging, we are encouraged by the interest numerous school districts have expressed in the project information packages. We have materials available that are designed to assist local education agencies in identifying and selecting a packaged project that would meet their needs. As I mentioned, over 250 local education agencies (LEA's) have sought such information. Some 42 LEA's have since indicated that they are seriously considering installing one of the packaged programs. They have requested additional materials designed to build consensus in the district of community before implementation is attempted. The number of requests is increasing. We anticipate a minimum of 30 installations by September 1976, and at least 80 by September 1977.

Mr. MICHEL. Have those school systems using them generally experienced positive results?

Dr. BELL. In addition to the receptivity to the packages and projects which I have just described, the field test evaluation also describes reports by project staff indicating improvement in academic skills,

motivation, and behavior on the part of participating students. Currently, during the second year of the field test evaluation, we are investigating and measuring the impact of the projects on student achievement. We are also exploring whether the participating school districts will continue their projects next school year, 1976–77.

Mr. MICHEL. Are you coordinating your efforts along this line with those of the National Institute of Education? What basic differences are there between your two efforts?

Dr. BELL. During the first year of activities under packaging and field testing, coordination meetings were held with the National Institute of Education (NIE) to inform its staff of our program activities and for us to learn about their plans for dissemination. It was agreed from the outset that the packaging activity of the Office of Education was a development effort to produce a cost-effective mechanism for transmitting comprehensive information about effective projects that had been derived from programs supported by the Office of Education. The packages were, and still are, meant to encourage and facilitate widespread adoption of such projects. Related activities of the National Institute of Education represented a research effort to provide better information on dissemination processes and techniques.

These meetings and discussions were a forerunner to the Dissemination Policy Council established last summer by the Assistant Secretary for Education to coordinate dissemination policies and activities of the Office of Education and the National Institute of Education. The Council consists of two top level representatives from OE and two from NIE and is chaired by the Deputy Assistant Secretary. To provide staff support to the Council, the Assistant Secretary also created the Dissemination Analysis Group with representatives from OE, NIE, and other Government and non-Government agencies. Through research and data analyses by the group, the issues and recommendations on the appropriate Federal role and needs in dissemination are emerging. These are systematically presented to the Council which will make the decisions on what the dissemination functions of the Education Division will be and which agency will perform them—OE, NIE, or both jointly.

Mr. MICHEL. What is this national diffusion network you refer to, and how does it operate?

Dr. BELL. The national diffusion network is an OE dissemination effort designed to help move successful projects developed in local school districts quickly into other schools with similar needs across the Nation at a fraction of the development cost. The network has been in operation for almost 2 years and has received about $16 million under title III, section 306, of the Elementary and Secondary Education Act.

The network operates through the interaction of two complementary activities which have been supported by OE. First, grants to local school districts which have developed successful educational projects enable them to help interested districts who wish to adopt the already developed programs. These grantees are known as developer/demonstrators. Grants also go to local school districts that have been selected for the job of acquainting all public and nonpublic schools in their respective States with the exemplary projects available around

the country. Referred to as State facilitators, these grantees help their schools choose and install an appropriate program. At the present time, 36 States have 1 or more State facilitators who are actively involved in promoting more than 140 successful educational programs to meet a wide variety of educational needs at all grade levels. All of these programs have shown convincing evidence of their effectiveness to the Joint Dissemination Review Panel (JDRP) of the Education Division of the Department of Health, Education, and Welfare. Sixty-five JDRP-approved projects are being funded to serve as developer/demonstrators in the national diffusion network.

The network has been very effective in getting exemplary projects out to where they are needed. As of September 1975 after the network had been in operation for only 1 year, 1,800 school districts nationally were implementing programs which they had learned about through the network. Approximately 27,500 educators had received training and 200,000 students were involved in these instructional programs. We expect the total number of program adoptions at the end of this school year to be over 4,000 now that the network is well established.

As you know, the ESEA, title III authorization which supported network operators has been subsumed under the support and innovation consolidation. We are anticipating that the States will, for the most part, continue those network components located within their respective States. Our $1.2 million request for the network within this appropriation would be used to maintain activity across State lines and thus preserve the national character of the network.

CAREER EDUCATION

Mr. MICHEL. You have a career education here, there is one under vocational education, and you also have an Office of Career Education. It there a considerable degree of duplication here?

Dr. BELL. There is no duplication as current career education activities being carried out under part D of the Vocational Education Act of 1963, as amended, are concentrating on experience-based career education while activities in the Office of Career Education are oriented primarily around an approach that assumes career education is for all students at levels of education.

Mr. MICHEL. Is any effort being made to consolidate these programs?

Dr. BELL. The present legal requirements necessitate career education activities supported under the Vocational Education Act be administered separately from the career education activities of the Special Projects Act. The Office of Career Education administers career education activities under the Special Projects Act of the Education Amendments of 1974, which require the Director of the Office of Career Education to report directly to the Commissioner of Education. On the other hand, the Education Amendments of 1972 require that all activities under the Vocational Education Act be administered by the Deputy Commissioner for Occupational and Adult Education.

Mr. MICHEL. What is the total amount being spent on career education when all the programs are taken together?

Dr. BELL. $10,135,000 in fiscal year 1976 is being spent on comprehensive career education programs.

There are some other programs which represent components of career education or which are supportive of career education, but they

are not complete and comprehensive career education efforts. Examples are the work-experience projects being funded with $8 million in fiscal year 1976 under the Vocational Education Act, the cooperative education programs under the Higher Education Act, and guidance activities under the Elementary and Secondary Education Act.

Mr. MICHEL. Can you give us some examples of what exactly these 140 career education projects you are proposing for funding here involve?

Dr. BELL. In fiscal year 1977 the types of career education projects will remain about the same as in fiscal years 1975 and 1976. Since the awards for projects to be initiated with fiscal year 1976 funds have not yet been made, we shall address projects funded in fiscal year 1975. Such projects were in operation during the current school year.

In fiscal year 1975 $10 million was appropriated by Congress to initiate the career education program authorized under section 406 of the Education Amendments of 1974. These funds were used to support 80 grants which were distributed across five categories of activities and one contract to survey and assess career education in the public schools. A chart showing the five categories and the number of projects for each is submitted for the record.

Category	*Number of projects*
(1) Activities designed to effect incremental improvements in K–12 career education programs	45
(2) Activities designed to demonstrate the most effective methods and techniques in career education in such settings as the senior high school, the community college, and institutions of higher education	7
(3) Activities designed to demonstrate the most effective methods and techniques in career education for such special segments of the population as handicapped, gifted and talented, minority, low income, and female youth	12
(4) Activities designed to demonstrate the most effective methods and technqiues for the training and retraining of persons for conducting career education programs	4
(5) Activities designed to communicate career education philosophy, methods, program activities, and evaluation results to career education practitioners and to the general public	12

NOTE.—The above listing does not include the 1 project conducted under a contract to survey and assess career education in public schools.

Each of these projects has noteworthy features; to describe all of them would require many typewritten pages. However, for the record, we are submitting brief descriptions of a few representative projects selected from each of the categories.

Category 1, grant No. G007502353, amount, $297,752.
Project title: New York State Consortium for Career Education.
Grantee: New York State Education Department, Albany, N.Y.

Over the course of the past 4 years, more than 30 career education pilot projects have been funded in the State of New York. For the purposes of the current project, the New York State Education Department selected seven of the previously funded sites to form a consortium for the incremental quality improvement of their ongoing career education efforts. The seven selected sites will expand and improve their career education programs in terms of: services to more students, services to more teachers, better and broader offerings for infusion into ongoing programs, increased use of appropriate community resources and occupational education programs, and improved articulation with postsecondary employment and/or educational programs.

Under the leadership of the State education department, systematic procedures will be undertaken to validate career education techniques and materials developed in each of the seven sites. By June of 1976 all school districts in New York State will be informed of the seven career education model programs, and dis-

semination packages, resource personnel, and incentives will be made available to facilitate diffusion from the demonstration sites to other schooi districts in the State.

The local education agencies participating in the project are: Allegany County Board of Cooperative Educational Services (BOCES), Erie County BOCES No. 1 and No. 2, Orleans-Niagara Counties BOCES, Rockland County BOCES, East Aurora School District career motivation project (guidance), Rural Districts' Career Concept Focus Plan (Candor, Odessa-Montour, Spencer-Van Etten), and Syracuse City School District's life centered curriculum program (K–6). During the school year 1975–76, these sites will be expanding their programs, revising, and refining their products and processes, and preparing for and undergoing validation. They will then be in a position to provide materials, resource persons, and other assistance for dissemination and diffusion purposes.

This project holds forth exciting possibilities, because it represents a systematic statewide effort, under the leadership of the State education department, to further refine, validate, and diffuse career education methods and materials to other school districts throughout the State.

Category 2, grant No. G007502124, amount, $274,412.
Project title: Comprehensive Career Education in a University Setting.
Grantee: The University of Alabama, University, Ala.

This project is attempting to bring career awareness, exploration, and placement into the very current of the academic mainstream at the University of Alabama. The project emphasizes the following features: (1) It is a comprehensive program, coordinating all university efforts at every level. (2) The operational plan originates from over 100 faculty and staff members within the various colleges and departments of the university. (3) It infuses the academic mainstream. (4) It is housed under the highest campus authority. (5) It involves the business-labor-professional-governmental community. (6) It includes a teacher training component. (7) It is sustained by a coordinated support system. These features highlight the university's united effort to mobilize its divergent resources and apply them directly to the career development of students.

The project attempts to help individual students in: (1) Grasping relationships between the classroom and the world of work, (2) Forming and testing work values, (3) Developing transferable academic skills, (4) Developing critical career skills, (5) Developing a career self-concept, (6) Securing accurate and current career information, (7) Overcoming inequality of career opportunity. The prime strategy of this comprehensive effort is to develop separate career development teams and programs within the various colleges and departments of the university. The details of the program efforts are decided upon by indigenous faculty and staff, but may be summarized in three long-range program goals: (1) Every undergraduate course taught in the university will develop career dimensions of the class content. (2) Every academic department in the university will offer at least one undergraduate course in applied experience related to its field. (3) Every undergraduate, at every level, will have ready access to career information, career counseling, career skill development, and equal career opportunity.

To assist the career development teams in the academic mainstream, a support system is being established to provide: (1) Career education materials and methods, (2) Accurate and current career information, (3) Testing and counseling services, (4) Internship and work-learning assistance, (5) An explicit career exploration course, and (6) Special efforts for minority, handicapped, and women students. An outreach system is being developed to involve the business-labor-professional-governmental communities through: (1) A top-level community-university career development board, guiding the comprehensive program, (2) Grassroot internships, where students are placed in the community to interact on the everyday level, (3) Career education emphasis and practice in teacher training, (4) Alumni serving as adjunct faculty, curriculum consultants, and speakers. This multifaceted universitywide effort is coordinated by the Office of Career Development under the direct supervision of the vice president for educational development in cooperation with the University Office of Academic Affairs.

A strong feature of this comprehensive program is its decentralized approach, whereby specific objectives and procedures are developed by the personnel within each college and department. This approach promotes diversity of values, while helping to engender motivation, autonomy, and ongoing responsibility.

Category 3, grant No. G007503402, amount, $210,611.

Project title: Career Education K–12 for Low-Income Children.
Grantee: Jefferson County Public Schools, Louisville, Ky.

A replicable career education model will be established to provide a variety of experiences to low-income K–12 students with a knowledge of the world of work, decisionmaking skills, self-analysis skills, and attitudes toward school and academic achievement. The school staff will be provided with necessary career education knowledge, skills, and understanding enabling them to implement the model. The school will then involve the community to encourage participation and feedback.

An initial preservice training session will be conducted in August, with subsequent training performed throughout the year. A continuous year-long monitoring process will be implemented to identify needs and document results. A central office task force will meet monthly to provide interdepartmental coordination and involvement as well as institutionalization of the concept. In September, an orientation will be conducted for instructional staff, business, community, and a parents group. Special emphasis will be placed on a volunteer program with these businesses, communities, and parents group personnel. An advisory council representing these groups will meet five times a year to provide feedback on the program, assist in locating sites for field trips, on-job observation and internship placement as well as pertinent materials and volunteer services. During the month of November a program of on-job observation for 9th and 10th graders and an internship program will be implemented. Students will be surveyed, prepared and placed in experiences. Those students wanting a paid work experience may continue with the program. A citywide exhibit will be cosponsored by the project staff and the community in May.

Students will be pre/post tested in their knowledge of career education, attitudes toward school, academic achievement. Teachers and staff will be pre/post tested on knowledge of career education skills.

Dissemination of the projects model. processes, materials and techniques locally, regionally, and nationally will be provided.

Category 4, grant No. G007502395, amount. $216,439.
Project title: Statewide infusion of Career Education into the Preparation of Teachers, Counselors, and Administrators.
Grantee: Oregon Consortium for Career Education, through the Marion Intermediate Education District, Salem, Oreg.

The Oregon Consortium for Career Education includes 15 colleges and universities which prepare teachers, counselors, and administrators. Seven of these institutions are publicly supported, while eight are independent institutions. The publicly supported members of the consortium are: Portland State University, Oregon State University, Eastern Oregon State College, Oregon College of Education, University of Oregon. Oregon Institute of Technology, and Southern Oregon State College. The independent members of the consortium are: University of Portland, Lewis and Clark College. Linfield College. Warner Pacific College, Willamette University, George Fox College, Pacific University, and Reed College. Also involved in the project are the Oregon State Department of Education, the chancellor's office of the Oregon State System of Higher Education, and the Teacher Standards and Practices Commission of Oregon.

The project will provide staff members of the participating colleges and universities with professional development opportunities which will enable them to incorporate career education into their teacher education activities. Efforts will be made to infuse existing programs of teacher, counselor. and administrator preparation with the knowledge needed to implement career education throughout the learning process. The project will also prepare guidelines and recommendations for revision of certification rules and program standards of the teacher standards and practices commission so that such requirements will more adequately reflect the educational personnel preparation needs in career education.

This project holds forth exciting possibilities, because it represents a comprehensive statewide effort to infuse career education into the preparation of teachversities. The project is also expected to affect the Oregon rules for certification and the standards for the approval of Oregon college and university teacher education programs of the Teacher Standards and Practices Commission of Oregon.

Category 5, grant No. G007503401, amount. $125,000.
Project title: Texas Telecomputer Grid/Billingual Career Education Demonstration Project.
Grantee: American Technological University, Killeen, Tex.

This project emphasizes the development of basic skills in reading and math, by infusing the reading and math instruction into a program of career survival skills for aduts. The graintee has already demonstrated the success of this approach to adult basic education and has documented impressive gains with pilot groups of students. These students gained 4.33 months in reading and 7.72 months in math for each month spent in the pilot program.

Under the current project, the pilot program will be further developed and implemented with a popuiation of Spanish-surnamed adults. Implementation will be undertaken via the Texas telecomputer grid and will reach students in Killeen, Dallas, Fort Hood, and Austin. The Texas telecomputer grid is a microwave telecommunications system that provides simultaneous, two-way, full-duplex television data and voice communication services.

The course will facilitate basic reading and math skills development on the part of the students, while emphasizing skills and knowledge needed by adults to secure employment in accordance with their individual needs and interests and in relation to the economic contingencies of life. The students will be pretested and post-tested using the California achievement tests, level IV, forms A and B, to determine the effectiveness of the program in regard to reading and math skills development.

Mr. MICHEL. Have you conducted any evaluations as to how well they are working? Are students really receiving a better perspective as to occupational choices?

Dr. BELL. The 81 projects funded during fiscal year 1975 within the Office of Career Education, under section 406, Public Law 93–380, have been in operation only about 8 months. Each project funded has a built-in evaluation, and the results will not be available until after the projects have been completed.

WOMEN'S EDUCATIONAL EQUITY

Mr. MICHEL. Why are you emphasizing the women's educational equity program above most tof the other special projects programs?

Dr. BELL. The emphasis on this program is based on a need to respond both to educational systems which must make substantial changes in policies and programs and to those groups committed to the achievement of educational equity for women. Title IX of Public Law 92–318 makes the issue of equity a crucial one for educational institutions. It has an impact at a substantive level as they examine what it actually means to eliminate discrimination on the basis of sex. Although the Women's Educational Equity Act program does not provide funds to institutions to bring them into compliance with title IX, the program will support the development of model programs and of technical assistance materials which are needed throughout the country.

The very broad scope of the program and the nature of the need dictated its emphasis in this budget submission for the Special Projects Act.

Mr. MICHEL. You are providing some funding under the women's program for a national clearinghouse on publications, materials, and projects. What kinds of literature, in specific terms, are being disseminated?

Dr. BELL. The communications network to be developed through the Women's Educational Equity Act will serve individuals, organizations, and institutions throughout the Nation that are conducting projects, activities, or research related to educational equity for women, as well as projects under the Women's Educational Equity Act.

Subject matter will focus on educational equity for women. The format will vary from books, magazines, journals, research studies and summaries, project reports and products, monographs, to training materials, bibliographies, catalogs, and other print and nonprint materials.

Emphasis will be on two-way communication service to the practitioner as well as to the researcher. For example, administrators are asking for technical assistance for materials on title IX; professional women are seeking alternative methods for advancement in their careers; policymakers are searching for information basic to their decisionmaking roles; construction people are wondering how to design sports facilities which will comply with title IX; principals are looking for valid program materials to train educational personnel to recognize sexism in print and nonprint materials and how to develop their own media devoid of sex bias; and the researcher is looking for a systematic approach to the study of available literature.

No one central place exists where these materials are available, although much related information is scattered throughout Government as well as in the field. Through the communications network, duplication of effort will be reduced. This two-way network is seen as a unique and critical part of the act, the purpose of which is "the provision of educational equity for women in the United States."

Mr. MICHEL. What are these "modules on sex education" which you are funding?

Dr. BELL. The term "module" is used to describe materials developed and packaged in such a way that they do not lie on shelves but can be used readily in educational systems without the infusion of substantial sums of money. The content of modules will reflect the broad range of activities which are authorized under the act, such as curriculum, guidance and counseling, physical education, and teacher expectations. These are materials designed primarily for use by educational personnel in preservice and inservice training. Such training is one of the authorized activities under the Women's Educational Equity Act.

Mr. MICHEL. What about the projects entitled "approaches to the sex-role socialization?" What are they?

Dr. BELL. Educational equity and its promotion includes, among other things, attention to those conditions within society that expand the child's abilities, capacities, and skills that permit that child to benefit more fully from educational opportunities and offerings. Such major Federal programs as Head Start, Follow-Through, and Bilingual Education are examples of attempts at early intervention for the purpose of giving the child an even chance in education.

The program to develop models of school-community approaches to sex-role socialization of young children has as its purpose efforts at the local level which join the home, school, and community in examining and developing ways to reduce arbitrary behavioral and attitudinal expectations of young children that cast them into molds that influence their educational aspirations and learning modes.

We have witnessed the attempt to eliminate stereotyping of various racial/ethnic groups that were seen to impact the self-concept and aspirations of young black, Spanish-surnamed, Indian, and Asian-American children. Concerted efforts have been made to eliminate these stereotypes from textbooks and other instructional material.

Much the same is occurring in the area of stereotyping by sex. Unfortunately, by the time the child attains school age, she or he has already been typed and has assimilated the expectations and aspirations of society.

The focus on local-level approaches is consistent with the program's policy of maintaining a sensitivity to and respect for the diversity of cultures and all that implies in our society.

EDUCATIONAL TELEVISION

Mr. MICHEL. Your statement indicates that $1 million of the educational television funds will be used to produce a program on effective parenthood. I know this is a special concern of yours, as it is mine. Why don't you discuss for us some of the basic needs in this area and just what the nature of this program will be?

Dr. BELL. The need for information and skill in all aspects of parenthood is intensely felt among today's adults, particularly among the young parents. It is no less true for grandparents and other parent surrogates. In addition, there is an appreciable lack of agreement and understanding among public and private agency employees who deal daily with children and youth of their roles and responsibilities in child rearing.

Many social observers have come to regard the education of parents and parent surrogates as one of the most persistent and compelling problems facing our society.

The Office of Education proposes to award a contract for the complete design and production of a new educational television series and supportive materials and activities aimed at a national audience of new and prospective parents, with the objective of expanding parents awareness of their role as the child's first teacher.

It is expected that materials resulting from this procurement will be broadcast through stations or networks. If resources permit, programs will also be made available in other formats for nonbroadcast use in other appropriate settings, such as schools, pediatric clinics, prenatal family seminars, etc.

The series should cover a wide range of approaches to parenthood education, responding to the general question, "What does one need to know and be able to do, to be an effective parent?" The prime emphasis of the series will be on those factors involved in parent-child interaction, with attention to optimizing the child's development in the cognative, emotional, social, and physical areas; with particular emphasis upon the individual differences among children relative to their rate of growth and development.

Program materials will also be expected to give appropriate attention to needs of parents of atypical children and to reflect the ethnic and cultural diversity of parents in the Nation.

Mr. FLOOD. Mr. Roybal?

SPECIAL PROJECTS AND TRAINING

Mr. ROYBAL. You have made drastic cuts in the following programs: Metric education, gifted and talented, community schools, consumers' education, and women's educational equity. Would you justify each cut?

Dr. BELL. At the time the Special Projects Act was enacted into law a great deal of activity already existed in the various States and local educational agencies, regarding educational objectives represented by these programs. Therefore, we saw our task in the Office of Education as one of being a catalytic stimulus to encourage the continued development of educational activities in these areas. We also saw the need to identify and disseminate already existing materials and knowledge in these areas. Our first year's efforts were generally consumed in this latter effort. States, local educational agencies, private industries, and foundations have addressed themselves to these areas, and are continuing to outstrip any efforts we could perform at the national level. Therefore, the present budget request is designed to keep the existing momentum moving and not to initiate any new major thrust. We are, however, requesting approximately the same level of funding for women's educational equity.

Mr. ROYBAL. You indicate that you want Congress to allow you to exceed the 50-percent limit in discretionary funds. Detail exactly what you did with discretionary funds.

Dr. BELL. Of the total discretionary funds appropriated in fiscal year 1976, $1.4 million were used for the development and dissemination of project information packages, $7 million were used to support our career education efforts, and $7 million were used to support educational television. Of this latter amount, $5.4 million were used to continue the production and broadcasting of "Sesame Street" and "The Electric Company," and $1.6 million were used in providing for the transition of the Effective Parenthood series from the pilot phase into production.

Mr. ROYBAL. Has there been any analysis or evaluation done of these projects?

Dr. BELL. Only two evaluations have been conducted for projects funded from the discretionary funds—one to determine the effect of the two television series, "Sesame Street" and "The Electric Company," on the academic achievement of young children and another to determine the effectiveness of the program information packages in being able to determine if successful projects can be implemented in new settings with a minimum amount of technical assistance.

The results of the evaluation of "Sesame Street" and "The Electric Company" indicate very positive results in the reading readiness levels of children in the primary school levels. This is particularly true of children living in the central cities and from low-income families. As you may already know "Sesame Street" and "The Electric Company" programs are being used as part of the regular reading instructional process in many schools throughout the country.

In fiscal year 1975, it was decided to try out the program information packages in a number of sites across the country and conduct an evaluation of the implementation of the packaged projects. Results of the first year of field testing of the program information packages indicate that, in spite of difficulties encountered by school personnel in attempting to implement the packages, specifications for the start-up stages of the projects were carried out. In every site, except one, the projects were implemented with the result of improved student attitudes toward learning, and in some cases, greater academic achievement.

Mr. ROYBAL. You indicate that State and local educational agencies will expand their funding as needed in projects that are cut back. Where will they find the money to do this?

Dr. BELL. As I indicated earlier, many State and local educational agencies already have substantial efforts underway in the program areas which we are recommending for lower budget levels this fiscal year. The Special Projects Act was never intended to be other than a catalytic force and stimulus to encourage continued State and local educational agency support for these areas. We feel that the budget levels requested for fiscal year 1977 will accomplish this objective.

Mr. ROYBAL. You indicate that $3.5 million will go for educational TV. Would you submit for the record a list of all the education programs that have a TV or radio component and the amount we appropriated in fiscal year 1976 for each of these accounts?

Dr. BELL. The following table represents programs in the Office of Education that have a TV or radio component:

Special projects and training appropriation:	
Sesame Street/The Electric Company	$5,400,000
Other ETV projects	1,600,000
Emergency school aid appropriation: Educational television	6,450,000
Elementary and secondary education appropriation: Educational broadcasting facilities	12,500,000
Education for the handicapped appropriation: Media services—captioned TV and telecommunications	2,600,000
Total	28,550,000

There are other programs in the Office of Education including State grant programs which could fund projects to support educational radio or TV programs. Those projects would be funded at the State and local levels. Determination of those projects is not done at the Federal level.

Mr. FLOOD. I have some additional questions. The budget for the Teacher Corps is $37.5 million, the same amount as last year. What are some of the accomplishments expected in the program this year?

Mr. WOOD. Under the requested budget the Teacher Corps will support 144 projects involving about 125 colleges and universities and a similar number of local education agencies. These projects will demonstrate improved educational staff preparation in the five demonstration areas of (a) competency-based teacher education, (b) interdisciplinary teacher training, (c) implementing alternative school designs, (d) systematic adaptation of research and (e) teacher training complexes.

Mr. FLOOD. Do you plan any major changes in emphasis for the Teacher Corps next year?

Mr. WOOD. Major shifts of emphasis in Teacher Corps took place last year as a result of Public Law 93-380. These were primarily the shifts of focus to retraining and to demonstration. These will be continued in the coming year. However, no new major changes in emphasis are planned.

Mr. FLOOD. What percent of the participants in the Teacher Corps actually stay and teach in low-income areas?

Mr. WOOD. The most recent data we have is for Teacher Corps interns who graduated in June of 1973. An evaluation study conducted by the Pacific T&A Corp. showed that about 85 percent of the grad-

69-745 (Pt. 5) O - 76 - 49

uates were employed as classroom teachers or other closely related jobs 1 year later. Of this total 93 percent were actually classroom teachers. Approximately 80 percent of the graduates reported that they worked in schools that serve low-income children.

Mr. MICHEL. The Teacher Corps program, according to your statement, is focusing on the training and retraining of entire educational staffs in project schools serving low-income populations. Has such an approach worked in improving the education of disadvantaged children? Do you have any figures you can cite in this regard?

Mr. WOOD. The Teacher Corps has been moving toward projects that involve the whole educational staff of a school in training and retraining, rather than simply an intern team, since the passage of Public Law 93–380. The first Teacher Corps project cycle under that new authorization actually started in the schools last September so there is little data yet on accomplishments.

An important stimulus to the development of this policy was the study, "Reform and Organizational Survival: The Teacher Corps as an Instrument of Educational Change" authored by Prof. Ronald E. Corwin of Ohio State University and published in 1973. Dr. Cowan found the Teacher Corps interns less than effective as agents for change and improvement in schools. "Actually they (the interns) were impotent because of the lack of structural support that had been provided for them. Their image only succeeded in threatening the sensitive entrenched classroom teachers." The implication is that effective change will be accomplished only if the existing educational staff in a school is involved along with the interns in planning and executing educational improvements. This is supported by the preliminary findings of a current RAND study of the factors that have led to successful implementation of change in schools. It found that "Project success was more likely where participants formed a sufficiently large group, a 'critical mass', to provide mutual support and share ideas."

Although the policy is a recent one, there have been some instances of earlier Teacher Corps projects that, on their own initiative, included total school staffs in their training design. For example, Pikeville Elementary School, Pikeville, Ky., achieved some significant gains in reading scores during a project that finished last June. It should be noted that most of the educational changes started under that Teacher Corps project are still being maintained after the close of that project. Another project in a rural low-income area, Meigs County, Ohio, which has had substantial inservice training of regular classroom teachers along with the teacher-intern training, has shown above average gains in reading, particularly at the high school level.

Outside of the Teacher Corps, there have been a number of promising efforts to involve the whole educational staffs of schools in training leading to educational improvements. These include the 23 school projects under the urban/rural school development program, for which evaluative data has not been completed. They also include such local efforts as the Southeast Alternative Schools in Minneapolis, Minn., and the networks of open-education schools serving low-income populations in New York City.

Mr. ROYBAL. Is there any competition for these dollars anymore or do they automatically go to "Sesame Street" and "The Electric Company"?

Dr. BELL. The congressional budget process in fiscal year 1976 "earmarked" $5.4 million for "Sesame Street" and "The Electric Company," thereby precluding competition in that area. The remaining $1.6 million was awarded competitively on the basis of responses to a request for proposals.

Mr. FLOOD. No funds are requested for vocational education training. What other Federal programs are available for this purpose?

Dr. BELL. Under part F of the Education Profession Development Act which expired in fiscal year 1976, two separate activities were funded. The first was a program to help State boards for vocational education meet personnel needs within the State through leadership training. The second provided graduate fellowships at selected institutions of higher education.

In fiscal year 1977 the leadership training program could be funded under part B of the Vocational Education Act through basic grants. Basic grants are made to the States to be used for selected vocational education programs including teacher training as determined by the State and local education agencies. The determination for funding of these programs is up to the individual States.

In fiscal year 1977 vocational graduate fellowships could be funded under the guaranteed student loan program.

The continuation of vocational education training programs depends on the outcome of the administrations proposal which was introduced by Congressman Quie in H.R. 6251. This prposal would consolidate authorities of the Vocational Education Act and would include the authority for both programs that were originally funded under EPDA part F.

Mr. FLOOD. Do you know how much is available from those other programs?

Dr. BELL. Under the occupational vocational, and adult education appropriation for basic grants $422.6 million was appropriated in fiscal year 1976 and we are requesting $481.5 million in fiscal year 1977.

Under the higher education appropriation for the guaranteed student loan program an amount of $452 million was made available in fiscal year 1976 and $400 million is being requested in fiscal year 1977. These appropriations for subsidies will support guaranteed loans to students totaling $1.1 million in 1976 and $1.3 billion in 1977.

VOCATIONAL EDUCATION

Mr. FLOOD. What is the current picture on supply and demand for vocational education personnel?

Dr. BELL. Although we don't have a comprehensive picture on supply and demand for vocational education personnel, our records do show that between 1971 and 1974, secondary vocational enrollments increased over 29 percent, while the number of vocational education teachers increased approximately 25 percent. During the same period, enrollments in preservice teacher education programs increased from 52,753 to 61,711, while enrollments in inservice programs increased from 80,746 to 109,250. It seems then that preservice teacher education programs are not keeping pace with teacher education needs as vocational education enrollments continued to expand.

Mr. FLOOD. Thank you very much.

JUSTIFICATION OF THE BUDGET ESTIMATES

121

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

Special Projects and Training

Fiscal year 1977 Budget	Page No.
Appropriation language and explanation of language changes	123
Language analysis	124
Amounts available for obligation	125
Summary of changes	126
Obligations by activity	127
Obligations by object	127
Significant items in House and Senate Appropriation Committee reports	128
Authorizing legislation	129
Table of estimates and appropriations	130
Justification:	
A. Narrative:	
1. General statement	131
2. Activities	
(A) Special projects:	
(1) Metric education	133
(2) Gifted and talented	134
(3) Community schools	136
(4) Career education	137
(5) Consumer education	138
(6) Women's educational equity	139
(7) Arts in education	141
(8) Packaging and dissemination	142
(9) Educational TV programming	145
(B) Educational personnel training:	
(1) Teacher corps	146
(2) Other education personnel development	147
B. Program purpose and accomplishments	149
C. Transition quarter analysis	161

Appropriation Estimate

[INNOVATIVE AND EXPERIMENTAL PROGRAM]

Special Projects and Training

For carrying out the Special Projects Act (Public Law 93-380), [$36,893,000], *without regard to the requirements of section 402(b)(1);*[1/] *and for part B-1 (37,500,000) of the Education Professions Development Act,*[2/] *$67,350,000. (Education Division and Related Agencies Appropriation Act, 1976.)*

Explanation of Language Changes

1/ Section 402(b)(1) specifies that not less than 50% of the total amount appropriated under this authority shall be for the legislative set-aside programs. The amount requested is less than said 50% (37% is requested). This is because $11,329,000 is being requested under the Commissioner's discretionary authority for additional support of the Career education and Women's equity programs. This will enable us to hold those two programs at approximately the same level as in fiscal year 1976 while reducing the funding for other activities.

2/ The Teacher corps activity previously funded under the "Occupational, Vocational and Adult Education" account has been transferred into this account. The current strategy in teacher education eliminates the unneeded, large-scale general support for preservice training and instead, focuses on specialized areas where shortages still exist.

124

Language provision	Explanation
Without regard to the requirements of Section 402(b)(1)	An amount of $18,729,000 is being requested for the Commissioner's discretionary funds. This amount exceeds the 50% limitation of the total $29,850,000 requested under this authority by $3,804,000. This provision is necessary in order to maintain Women's equity and Career education activities at or near the fiscal year 1976 level when a reduction in the overall program level is proposed in fiscal year 1977.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

Special Projects and Training

Amounts Available for Obligation

	1976	1977
Appropriation	$36,893,000	$67,350,000
Comparative transfer from:		
"Occupational, Vocational and Adult Education" for Education Development programs including Teacher Corps	52,962,000 1/	---
Total, obligations	89,855,000 2/	67,350,000

1/ Vocational teacher training $10,000,000
Teacher corps 37,500,000
Elementary and secondary training 5,462,000

2/ Does not reflect rescission of $10,240,950 as proposed in Presidential message R-76-12, November 16, 1975.

126

Summary of Changes

1976 Estimated Obligations	$89,855,000
1977 Estimated Obligations	67,350,000
Net change	-22,505,000

	1976 Base	Change from Base
Increases:		
Program:		
1. Special projects		
(a) Packaging and dissemination--increase to expand the number of projects developed within packaging activity and to foster the operation of several dissemination strategies including the National Diffusion Network	$1,400,000	$+2,500,000
Total increase		$+2,500,000
Decreases:		
Program:		
1. Special projects--the 1977 budget requests a phase-down of funding. It is anticipated that State and localities will expand funding in those areas as needs require		
(a) Metric education	2,090,000	-1,045,000
(b) Gifted and talented	2,560,000	-1,280,000
(c) Community schools	3,553,000	-1,777,000
(d) Consumer education	3,135,000	-1,567,000
(e) Women's educational equity	5,896,000	- 374,000
(f) Educational TV programming	7,000,000	-3,500,000
2. Educational personnel training		
(a) Other education personnel training--authorization for vocational teacher training and elementary and secondary teacher training has expired	15,462,000	-15,462,000
Total decreases		-25,005,000
Total, net change		-22,505,000

Obligations by Activity

Page Ref.		1976 Revised Budget	1976 Appropriation	1977 Estimate	Increase or Decrease
	1. Special Projects:				
133	(a) Metric education....	$2,090,000	$2,090,000	$1,045,000	$-1,045,000
134	(b) Gifted and talented.	2,560,000	2,560,000	1,280,000	-1,280,000
136	(c) Community schools...	3,553,000	3,553,000	1,777,000	-1,777,000
137	(d) Career education....	10,135,000	10,135,000	10,135,000	---
138	(e) Consumer education..	3,135,000	3,135,000	1,567,000	-1,567,000
139	(f) Women's educational equity.....	6,270,000	6,270,000	5,896,000	-374,000
141	(g) Arts in education programs.....	750,000	750,000	750,000	---
142	(h) Packaging and dissemination.....	1,400,000	1,400,000	3,900,000	+2,500,000
145	(i) Educational TV programming.....	7,000,000	7,000,000	3,500,000	-3,500,000
	Subtotal.....	36,893,000	36,893,000	29,850,000	-7,043,000
	2. Educational personnel training:				
146	(a) Teacher corps.....	37,500,000	37,500,000	37,500,000	---
147	(b) Other educational personnel development.....	10,240,950	15,462,000	---	-15,462,000
	Subtotal.....	47,740,950	52,962,000	37,500,000	-15,462,000
	Total obligations...	84,633,950	89,855,000	67,350,000	-22,505,000

Obligations by Object

	1976 Estimate	1977 Estimate	Increase or Decrease
Other services (project contracts).....	$24,146,000	$24,476,000	+ $ 330,000
Grants, subsidies and contributions.....	65,709,000	42,874,000	-22,835,000
Total obligations by object.....	89,855,000	67,350,000	-22,505,000

128

Significant Items in House and Senate
Appropriations Committee Reports

Item	Action taken or to be taken
1976 Senate Report	
National Diffusion Network	
1. In fiscal year 1975, for school year 1976-76, the Network operated under the authority of ESEA, Title III, section 306. Authorization of the Network has shifted to the Special Projects Act. The Committee acknowledged the promise of the Network and directed the Department to keep the Committee informed of the work of the Network as well as the Department's plans for future funding of the program (page 21).	1. The authority of ESEA, Title III, section 306, under which the National Diffusion Network has been funded, is now subsumed under the Support and innovation State grant program. Within this new program, it is anticipated that many of the Network's components will be maintained in-State by the individual States in which they are located. To maintain the National character of the Network, $1,200,000 is being requested under the Special projects and training appropriation for Network operations in school year 1976-77. These funds will support out-of-State activities by the developers of innovative projects in the Network and by individuals supported as Network dissemination agents who help local districts in their States acquire the best project to meet their specific local needs.

Authorizing Legislation

	Amount Authorized	1977 Budget Estimate
Special Projects and Training		
1. Special projects: (Education Amendments of 1974, Title IV)		
(a) Metric education, (section 403)	$10,000,000	$1,045,000
(b) Gifted and talented, (section 404)	12,250,000	1,280,000
(c) Community schools, (section 405)	17,000,000	1,777,000
(d) Career education, (section 406)	15,000,000	1,567,000
(e) Consumer education, (section 407)	15,000,000	1,567,000
(f) Women's educational equity, (section 408)	30,000,000	3,135,000
(g) Arts in education programs, (section 409)	1/	750,000
(h) Packaging and field testing, (section 402)	100,000,000	3,900,000
(i) Educational TV programming, (section 402)		3,500,000
(j) Career education, (section 402)		8,568,000
(k) Women's educational equity, (section 402)		2,761,000
2. Educational personnel training: (Education Professions Development Act)		
(a) Teacher corps, (Part B-1)	2/	37,500,000

1/ Not less than $750,000.

2/ Authorization expires September 30, 1976. Extension legislation is proposed.

130

Special Projects and Training

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1967	$137,470,000	$ 93,598,000	$ 88,598,000	$ 81,307,000
1968	117,090,000	78,590,000	96,690,000	92,090,000
1969	161,078,000	140,430,000	156,640,000	124,130,000
1970	137,560,000	128,287,000	162,650,000	128,748,000
1971	146,365,000	146,365,000	156,365,000	146,365,000
1972	150,709,000	150,709,000	150,709,000	150,574,000
1973	144,772,000	44,500,000	138,450,000	125,450,000
1974	73,475,000	103,450,000	106,420,000	100,383,000
1975	66,639,000	98,455,000	83,149,000	75,639,000
1976	84,705,000	88,605,000	91,105,000	89,855,000
Proposed Rescission	-10,240,950			
1977	83,393,000			

Justification

Special Projects and Training

	1976 Revised Budget	1976 Appropriation	1977 Estimate	Increase or Decrease
Special projects and training:				
1. Special projects:				
(a) Metric education.....	$2,090,000	$2,090,000	$1,045,000	$-1,045,000
(b) Gifted and talented....	2,560,000	2,560,000	1,280,000	-1,280,000
(c) Community schools.....	3,553,000	3,553,000	1,777,000	-1,777,000
(d) Career education.....	10,135,000	10,135,000	10,135,000	---
(e) Consumer education.....	3,135,000	3,135,000	1,567,000	-1,567,000
(f) Women's educational equity.....	6,270,000	6,270,000	5,896,000	-374,000
(g) Arts in education programs.....	750,000	750,000	750,000	---
(h) Packaging and dissemination.....	1,400,000	1,400,000	3,900,000	+2,500,000
(i) Educational TV programming.....	7,000,000	7,000,000	3,500,000	-3,500,000
2. Educational personnel training:				
(a) Teacher corps.....	37,500,000	37,500,000	37,500,000	---
(b) Other education personnel development.	10,240,950	15,462,000	---	-15,462,000
Total appropriations...	84,633,950	89,855,000	67,350,000	-22,505,000
Positions.....		138	138	---
Headquarters.....		(126)	(126)	(---)
Regions.....		(12)	(12)	(---)

General Statement

This account incorporates both the flexible discretionary authority contained in the Special Projects Act (P.L. 93-380) and the training authority in the Educational Professions Development Act (P.L. 90-35, Title V, as amended). Together these activities are the major sources of Office of Education support for innovative educational programs.

In fiscal year 1977, the overall request for the Special Projects Act is $29,850,000, a decrease of $7,043,000 from fiscal year 1976. The purpose of the Act is to experiment with new educational methods and meet priority needs through a flexible source of funding. Under the legislation, the Congress has prescribed a number of mandatory programs and their funding levels, in addition to giving the Commissioner broad authority to set priorities through the establishment of discretionary programs. Through appropriation language the budget proposes to alter mandated funding priorities in order to target funds on more pressing needs.

In fiscal year 1977, programs in Metric education, the Gifted and talented, Community schools, Consumer education, Women's equity, and Arts in education will continue to build on fiscal year 1976 strategies that stressed information-gathering and State-wide coordination.

132

In an effort to continue the catalytic approach to career education which has proven so fruitful in the past, additional money for this program, over and above the mandated funding, is proposed in this budget. The proposed amount will maintain the fiscal year 1976 level. Packaging and dissemination programs are proposed for significant increases, reflecting the urgent need to find ways to improve educational practices throughout the Nation by sharing the results of local successes. Educational television programming, a third priority area, will be funded at a reduced level that is sufficient to give some support to programs "Sesame Street" and "The Electric Company" and also continue production of a promising new series designed to help parents become effective teachers of their children.

The only Educational Professions Development Act activity proposed for funding is the Teacher corps. This program is designed to improve the education of disadvantaged children by demonstrating ways to improve the preparation of their teachers. In fiscal year 1977, projects will emphasize the retraining of school personnel as well as preservice training of inexperienced teacher-interns.

	1976 Appropriation	1977 Estimate	Increase or Decrease
1. Special projects: (a) Metric education	$2,090,000	$1,045,000	-$1,045,000
Summary of awards:			
Total awards	$2,090,000	$1,045,000	-$1,045,000
Number	73	56	-17
New awards	2,090,000	1,010,000	- 1,080,000
Number	73	55	-18
Non-competing continuations	---	35,000	+ 35,000
Number	---	1	+ 1
Positions	6	6	---

Narrative

Program purpose

The objective of this program is to stimulate State and local education agencies, institutions of higher education, and private non-profit organizations to develop programs of metric instruction through the awarding of contracts and grants for curriculum development, consumer affairs, and implementation plans. Activities in this program will support the recently enacted Metric Conversion Act of 1975 (P.L. 94-168), which commits the U.S. to convert to the metric system of measurement over the next ten years.

Budget policy

In fiscal year 1977, the program's focus will be on encouraging the implementation of pilot programs in metric education. Fifty five grants and contracts will be made ranging from $25,000 to $40,000 to public and private non-profit organizations. Awards will be oriented to those projects that show promise of continuation after an initial year of Federal funding. The program will also include projects which emphasize instructional programs for students in selected local education agencies, development of teacher certification requirements, consumer affairs for parents and the general adult population in both urban and rural communities and other related areas. One non-competing award of $35,000 will permit the continuation of a national technical support program.

In fiscal year 1976, the first year of program operation, 73 awards were made (about 80% of which went to State and local education agencies). The focus in 1976 was on developing awareness and interest about metric education. This interest was fostered by awards made to eligible grantees to assist them in incorporating the metric system into the regular school curriculum on an interdisciplinary basis. Teacher education skills development programs were supported in institutions of higher education; mobile instructional laboratories were equipped on a model testing basis to serve both rural and urban communities. Technical assistance grants were also made to interested educational agencies.

134

	1976 Appropriation	1977 Estimate	Increase or Decrease
1. Special projects			
(b) Gifted and talented children...	$2,560,000	$1,280,000	-$1,280,000
Summary of awards			
Total awards	$2,560,000	$1,280,000	-$1,280,000
Number	65	44	-21
New awards	2,560,000	500,000	- 2,060,000
Number	65	10	-55
Non-competing continuations	---	780,000	+ 780,000
Number	---	34	+34
Positions	6	6	---

Narrative

Program purpose

The objective of this program is to assist educational groups to develop and improve programs designed to meet the special needs of gifted and talented children at the preschool and elementary and secondary levels. This program awards contracts and grants to State and local educational agencies, institutions of higher education, and other public and private nonprofit groups. The program also trains educators and disseminates information to the public.

Budget policy

The major strategy of this program is to give catalytic grants to State education agencies, in order to encourage State-wide efforts directed at gifted children. During fiscal year 1977, the program will continue funding for twenty States that received initial grants in fiscal year 1976 and will award grants to ten new States. In addition, the program will award a limited number of small grants to local education agencies for model efforts, and will also train a cadre of educators in the special needs of gifted children. Through arrangements with the National Institute of Education, a clearinghouse will be continued in an effort to provide information to practitioners.

The following table compares fiscal year 1976 and 1977 plans:

	1976 (Estimate)		1977	
Total				
Contracts and grants proposed	$2,560,000	(65)	$1,280,000	(44)
Objective				
1. Grants to State education agencies				
New	1,500,000	(20)	475,000	(10)
Continuing	---		500,000	(20)
2. Grants to local education agencies				
New	260,000	(35)	---	
Continuing	---		50,000	(10)
3. Training grants				
a. Graduate training	190,000	(1)	100,000	(1)
b. National internships	70,000	(1)	50,000	(1)
c. National Training Institute	165,000	(1)	80,000	(1)

	1976 (Estimate)	1977
4. Grants and contracts to identify, validate and disseminate best practices	$ 250,000 (6)	---
5. Contract to identify critical information needs (national clearinghouse)	125,000 (1)	$ 25,000 (1)

136

	1976 Appropriation	1977 Estimate	Increase or Decrease
1. Special projects			
(c) Community schools	$3,553,000	$1,777,000	-$1,776,000
Summary of awards:			
Total awards	3,553,000	1,777,000	-1,776,000
Number	68	68	---
New awards	3,553,000	387,114	-3,165,886
Number	68	14	-54
Competing continuations	---	1,389,886	+1,389,886
Number	---	54	+54
Positions	6	6	---

Narrative

Program purpose

The objective of this program is to stimulate State and local education agencies to further community education through awards for programs which provide for educational, cultural, recreational and other related community needs. Additional awards are made to institutions of higher education to encourage the training of persons to plan and operate community education programs.

Budget policy

Fiscal year 1977 program operations will focus on funding those most promising activities among first year grantees. It is anticipated that these funded activities will strengthen local programs through the establishment, expansion or improvement, and maintenance of community education programs. State Departments of Education will develop or strengthen their capacity to provide developmental and technical assistance within the State to local educational agencies. Eight institutions of higher education will provide (1) short-term training to people associated with local educational agency and State educational agency programs, and (2) assess training competencies needed in community education and develop appropriate curriculum materials. In fiscal year 1977, the average grant size would allow the number of grants to remain about the same as in 1976. This approach assumes greater participation in the program by non-federal sources of funding.

In fiscal year 1976, the initial year of funding, the focus of the program was to generate interest in the community school program through the use of grants for initial efforts.

	Fiscal Year 1976	Fiscal Year 1977
Grants to local educational agencies		
Cost	$1,564,000	$783,792
Number of grants	30	30
Grants to State educational agencies		
Cost	$1,564,000	$783,792
Number of grants	30	30
Training grants to institutions of higher education		
Cost	$425,000	$209,416
Number of grants	8	8

	1976 Appropriation	1977 Estimate	Increase or Decrease
1. Special projects: (d) Career education	$10,135,000	$10,135,000	---
Summary of awards:			
Total awards	$10,135,000 1/	$10,135,000 2/	---
Number	130	140	+10
New awards	$7,135,000	$7,135,000	---
Number	100	110	+10
Competing continuations	$3,000,000	$3,000,000	---
Number	30	30	---
Positions	19	19	---

1/ Includes $7,000,000 of Commissioner's discretionary funds.
2/ Includes $8,568,000 of Commissioner s discretionary funds.

Narrative

Program purpose

The objective of this program is to stimulate State and local educational agencies in their efforts to prepare students by the time they have completed school for gainful employment, and to provide for the continuing assessment of career education. Grants are made to State and local educational agencies and nonprofit agencies for the development and implementation of programs which demonstrate methods and techniques in career education. Awards generally cover 18 months or longer.

Budget policy

In fiscal year 1977, $10,135,000 will support a total of 140 projects, using a combination of grants and contracts, to demonstrate effective methods and procedures in career education in educational settings. The program will also demonstrate the effective methods of delivering career education to special populations (including the physically and mentally handicapped), and methods of infusing career education into the traditional educational programs. The program includes funding for the communication of career education concepts, principles, and methodologies to educational systems and the general public.

In fiscal year 1976, $10,135,000 supported a total of 130 career education projects. These projects dealt with areas of concern relating to preschools, elementary schools and secondary schools, 4-year colleges, community college, adult education, handicapped, minority, low-income, female, gifted, teacher education, and communications. Also included were projects with State education agencies to enable them to develop State plans for the development and implementation of career education programs in the local educational agencies. A contract was awarded to update the survey and assessment of the current status of career education programs, projects, curriculums and materials in the United States.

138

	1976 Appropriation	1977 Estimate	Increase or Decrease
1. Special projects:			
(e) Consumer education	$3,135,000	$1,567,000	-$1,568,000
Summary of awards:			
Total awards	$3,135,000	$1,567,000	-$1,568,000
Number	190	100	-90
New awards	3,135,000	---	- 3,135,000
Number	190	---	-190
Competing continuations	---	1,567,000	+ 1,567,000
Number	---	100	+100
Positions	7	7	---

Narrative

Program purpose

The objective of this program is to stimulate in both school environments and community settings new approaches to consumers' education efforts through competitive contracts and grants. These awards will be used for research, demonstration, pilot projects, training, and for the development and dissemination of information on curricula. In addition, funds may be used to demonstrate, test, and evaluate consumers' education activities whether or not funded under this authority.

Budget policy

In fiscal year 1977, the focus will be on continuing funding for promising programs identified in the evaluations of fiscal year 1976 projects. Fiscal year 1977 program operations will provide support for approximately 100 programs at a cost of $1,567,000. This focus will enable the Office of Education to more clearly assess the value of this program.

In fiscal year 1976, the first year of this program, the focus was on initiating interest in this activity and 190 new awards were made at a cost of $3,135,000.

	Fiscal year 1976	Fiscal year 1977
Regional Resource Studies		
Number of projects	5	3
Cost	$ 525,000	$250,000
Evaluation		
Number of projects	2	1
Cost	100,000	50,000
Personnel development and training		
Number of projects	125	67
Cost	1,710,000	867,000
Assessment - economic education		
Number of projects	8	4
Cost	300,000	150,000
Community consumer education programs		
Number of projects	50	25
Cost	500,000	250,000

	1976 Appropriation	1977 Estimate	Increase or Decrease
1. Special projects:			
(f) Women's educational equity	$6,270,000	$5,896,000	-$374,000
Summary of awards:			
Total awards	$6,270,000	$5,896,000	-$374,000
Number	58	61	+3
New awards	6,270,000	1,896,000	-4,374,000
Number	58	37	-21
Non-competing continuations	---	800,000	+800,000
Number	---	3	+3
Competing continuations	---	3,200,000	+3,200,000
Number	---	21	+21
Positions	7	7	---

Narrative

Program purpose

In order to stimulate efforts to ensure educational equity for women at all levels of education, this program awards grants and contracts for such activities as program development, evaluation, dissemination, guidance, counseling, and training.

Budget policy

The major priority of this program in fiscal year 1977 will be to collect and disseminate the growing literature and project information related to educational equity for women. The major vehicle for doing this will be a national clearinghouse on publications, materials and projects which will reach full operation in fiscal year 1977. The clearinghouse will emphasize user services and will provide information on Federal and non-Federal projects as well as on the state of research on sexual discrimination, and will be compatible with the National Institute of Education's ERIC system.

Another effort to develop and disseminate technical assistance on Title IX of P.L. 92-318 will be a series of training seminars to be completed in 1977. Other Title IX-related activities will emphasize the development and dissemination of technical assistance materials to the Civil Rights Act of 1964, Title IV Centers, State and local education agencies, institutions of higher education, and other users.

Overall, other program efforts during fiscal 1977 will begin to move away from general, systemic studies of discrimination against women toward more focused efforts to analyze the problems and remedies of specific groups.

140

Attention will be focused on promoting educational equity for specific populations--minority and rural women--and on specific levels of education--preschool and early elementary.

In fiscal year 1976, the first year of program operation, an appropriation of $6,270,000 funded 58 awards in the areas shown below:

	Fiscal Year 1976	Fiscal Year 1977
Modules on Sexism in education		
Number of projects	10-15	10-15
Average cost	$125,000	$125,000
Leadership projects		
Number of projects	10-14	6-8
Average cost	$130,000	$140,000
Career and vocational preparation		
Number of projects	9-12	4-6
Average cost	$110,000	$110,000
Innovative approaches to educational equity		
Number of projects	15-20	15-20
Average cost	$14,000	$14,000
National and regional workshops		
Number of projects	1(+10 regional subcontracts)	1
Cost	$450,000-$550,000	$100,000-$150,000
National clearinghouse		
Number of projects	1	1
Cost	$450,000-$550,000	$450,000-$550,000
Approaches to the sex-role socialization		
Number of projects	---	6-8
Average cost	---	$100,000
Minority and rural women		
Number of projects	---	7-10
Average cost	---	$100,000

	1976 Appropriation	1977 Estimate	Increase or Decrease
1. Special projects:			
(g) Arts in education	$750,000	$750,000	---
Summary of awards:			
Total awards.....	$750,000	$750,000	---
Number.....	75	100	+25
New awards.....	750,000	750,000	---
Number.....	75	100	+25
Positions.....	3	3	---

Narrative

Program purpose

The objective of this program is to encourage State and local education agencies to establish and conduct programs integrating the arts into elementary and secondary education, the program awards grants in conjunction with the John F. Kennedy Center for the Performing Arts.

Budget policy

In fiscal year 1977 this program will award small grants to assist State and local education agencies in adding the arts to the curricula of their elementary and secondary schools. Approximately two-thirds of available funds are expected to be awarded to State education agencies to provide technical assistance, training and coordination services. It is expected that the number of State education agency awards will increase to about 38 in this year. Remaining funds will be used for 62 small grants to local education agencies that wish to establish or improve pilot arts education programs. The John F. Kennedy Center for the Performing Arts will provide technical assistance to this program.

In fiscal year 1976, the first year of program operation, projects were funded in 25 States and 50 local education agencies for the activities described above.

142

	1976 Appropriation	1977 Estimate	Increase or Decrease
1. Special projects:			
(h) Packaging and dissemination	$1,400,000	$3,900,000	$+2,500,000
Summary of awards			
Total awards	$1,400,000	$3,900,000	$+2,500,000
Number	12	78	+66
New awards	1,330,000	3,200,000	+1,870,000
Number	10	77	+67
Non-competing continuations	70,000	700,000	+630,000
Number	2	1	-1
Positions	15	15	---

Narrative

Program purpose

The objective of this program is to encourage the cost-effective and rapid dissemination and replication of exemplary educational practices and products which have been developed through Office of Education-funded programs. The program constitutes the agency's response to educators across the country who have sought from the Office of Education information on how a proven approach can be put into operation with similar success for participating children, what resources are required, and what problems are involved.

Contracts are awarded to develop concise and comprehensive descriptions of exemplary projects in an easily usable format (packages) for use by local school districts in adopting such projects. In addition, contracts will be made with eligible local education agencies (LEA's), State education agencies (SEA's), and other organizations to promote the national dissemination both of projects which have been packaged and of all other successful educational programs approved for dissemination by the Education Division. The scope of work for some of these contracts may exceed a 12-month period.

Budget policy

Two major dissemination-related activities are supported--the Packaging and Field Testing Program and a Dissemination effort of which the National Diffusion Network is the most fully developed operating component. This budget combines these packaging and dissemination activities for the first time under a single program to foster their complementary operation.

For fiscal year 1977, $3,900,000 is being requested. Approximately $1,600,000 will fund the Packaging activity. The balance of $2,300,000 will fund the Dissemination effort with a minimum of $1,200,000 specifically allocated to support the continuation of the National Diffusion Network and complement resources expended by States for such dissemination purposes.

(1) The Packaging program is designed to facilitate the replication of successful educational projects in new settings with a minimum of assistance from the developer site. It entails the development of a detailed description, or "packaging", of the key management and instructional elements of a given educational approach. Field-tests are conducted to determine whether a packaged description is sufficiently clear and comprehensive to effectively promote the replication of the

approach in new settings. Revised packages are then made available for wide distribution to educators who wish to adopt a particular program that addresses the needs of their students. The table which follows illustrates the development of three sets of Project Information Packages (PIPs) from the search for successful projects through implementation of tested packages in new school settings. It shows how funds appropriated last year and requested for FY 1977 are to be used for different stages of the process in succeeding school years. (The first set of packages consists of six compensatory education projects. The second set of 12 packages includes bilingual education projects as well as projects in compensatory reading and math. The content of the third set is still to be determined.)

Fiscal Year (Obligations)	FY 1976 $1,400,000	FY 1977 $1,600,000	
School Year	1975-76	1976-77	1977-78
First Set: Six Project Information Packages			
--Field test evaluation	(FY 76) $ 20,000[1/]	---	---
--Revision of packages	$250,000	---	---
--Evaluation of the dissemination and implementation of revised packages	---	(FY 76) $780,000	(FY 77) $400,000
--Production and wide dissemination of packages and installation in new sites (approximately 8 contracts)	---	(FY 76) $300,000	---
Second Set: 12 Project Information Packages			
--Development of packages	(FY 76) $ 50,000[1/]	---	---
--Field test and revision of packages	---	---	(FY 77) $1,150,000
Third Set			
--Search and validation of additional projects for packaging	---	(FY 77) $50,000	---

(2) To disseminate the packaged projects and other Education Division-approved projects, several dissemination activities are planned.

(a) The National Diffusion Network is a currently operating system for dissemination. It consists of (1) local developers of effective Office of Education-approved projects who are funded to conduct their programs as demonstrations and to provide materials, training, and technical assistance to other school districts who want to adopt their programs; and (2) individuals supported as dissemination agents to serve on a State-wide basis to make all LEA's within their States aware of the resource pool of proven practices and help them to identify and acquire the best program to meet their specific local needs.

1/ Amount supplements major contract initiated in previous year.

144

For school year 1975-76, a total of 65 local developers and 36 State dissemination agents were supported with $9,000,000 in fiscal year 1975 funds under the authority of ESEA, Title III, Section 306. That authority has been subsumed under the new Support and Innovation State-grant program (P.L. 93-380, Title IV, Part C). States have indicated their intention to limit their use of funds available under the new authority primarily to in-State dissemination efforts only. The $1,200,000 requested for the Network in this budget item will be used to support out-of-State activities of those Network components which will continue to be funded in school year 1976-77 by the States in which they are located. Funds will enable developers of exemplary programs to travel to other States to assist districts who wish to adopt their programs and will also permit individuals serving as Statewide dissemination agents to gain first-hand familiarity with exemplary projects in other States. An estimated 50 contracts will be awarded for these purposes.

(b) The remaining $1,100,000 requested for the Dissemination program will be targeted to build upon, expand, and link various dissemination strategies in Office of Education programs. Approximately $500,000 will support a contract to an organization staffed with experts in the field of dissemination. This organization will serve as a resource for technical assistance to personnel of the Office of Education central and regional offices and of State Departments of Education who are seeking ways to facilitate the wider adoption of proven practices and products, as well as to local school districts who require assistance in identifying and then implementing projects that serve the needs of their students.

The balance of $600,000 will fund various strategies by Office of Education designed to integrate exemplary practices into new settings. Such strategies include familiarizing schools with the resource of exemplary projects, funding on-site observation opportunities, and providing training and technical assistance to personnel in sites adopting a new project. About 25 awards will be made.

	1976 Appropriation	1977 Estimate	Increase or Decrease
1. Special projects:			
(i) Educational television programming	$7,000,000	$3,500,000	-$3,500,000
Summary of awards:			
Total awards	$7,000,000	$3,500,000	-$3,500,000
Number	7	2	-5
New awards	600,000	---	-600,000
Number	5	---	-5
Non-competing continuations	6,400,000	3,500,000	-2,900,000
Number	2	2	---
Positions	3	3	---

Narrative

Program purpose:

The objective of this program is to improve the educational performance of children, youth and adults and awards contracts for the development, production, and dissemination of educational television programs. Office of Education efforts are designed to demonstrate the feasibility and educational value of nation-wide programs.

Budget policy

The fiscal year 1977 request level for Educational television programming reflects the success of earlier Federal efforts to demonstrate the value of national programming. Enough alternate sources of support are now available to the Children's Television Workshop (producers of "Sesame Street" and "The Electric Company") to allow switching the Office of Education's catalytic funds to other efforts. Therefore, "Sesame Street" and "The Electric Company" will receive $2,500,000 to cover part of the production costs for the 1976-77 viewing season. "The Electric Company" will be entering its final season of production while new productions of "Sesame Street" will continue. $1,000,000 will be used to produce a second season of the Television for Effective Parenthood programs. This will allow the continued production of this new approach toward helping parents become more effective teachers of their children. Effective Parenthood shows funded by this budget will be seen during the 1978-79 viewing season.

Fiscal year 1976 awards to the Children's Television Workshop supported "Sesame Street" and "The Electric Company" and provided for the transition of the Effective Parenthood series from pilots into its first production season.

	1976 Appropriation	1977 Estimate	Increase or Decrease
2. Educational personnel training: (a) Teacher corps	$37,500,000	$37,500,000	---
Summary of awards:			
Total awards	$37,500,000	$37,500,000	---
Number	247	255	+8
New awards	22,814,000	19,700,000	- 3,114,000
Number	140	125	-15
Non-competing continuations	14,686,000	17,800,000	+ 3,114,000
Number	107	130	+23
Positions	40	40	---

Narrative

Program purpose

In order to improve the education of children from low-income families by enhancing the preparation of their present and future teachers, this program brings together teams of experienced teachers and inexperienced teacher interns and places them in participating schools as the nucleus for comprehensive inservice training of the school's faculty. Each Teacher corps "site" unites schools, universities and community-based elements in a common effort to adapt research and development findings in teacher education to the realities of the classroom.

Budget policy

Teacher corps activities in fiscal year 1977 will continue the recent emphasis on integrating preservice training for interns with inservice training for experienced teachers on the Teacher corps team and other faculty within the cooperating school. In addition to continuing earlier projects under Cycles 10 and 11, fiscal year 1977 funds will be used to begin a new series (Cycle 12) of cooperative sites. A number of dissemination efforts will also be funded in an effort to share knowledge about the most useful Teacher corps products and practices with other projects and with the educational community. As in 1976, a national corpsmember training institute will give new interns a common orientation and preliminary, intensive training before they begin their field experiences. The Teacher corps associates program will expose college and university faculty to Teacher corps approaches.

In fiscal year 1976, Teacher corps entered the second year of its effort to integrate preservice, intern-oriented education with inservice approaches. Approximately 247 institutions of higher education and local education agencies received support. Cycle 9 projects--transitional efforts designed to move Teacher corps toward its present mode of integrated preservice and inservice education--completed their two year life, while Cycle 11 projects received initial funding.

	1976 Appropriation	1977 Estimate	Increase or Decrease
2. Educational personnel training:			
(b) Other education personnel development:			
(1) Urban/rural school development	$5,462,000	---	-$5,462,000
Summary of awards:			
Total awards	$5,462,000	---	-$5,462,000
Number	38	---	-38
New awards	500,000	---	-500,000
Number	7	---	-7
Non-competing continuations	4,962,000	---	-4,962,000
Number	31	---	-31
Positions	17	17	---
Headquarters	(9)	(9)	---
Regions	(8)	(8)	---

Narrative

Program purpose

The objective of this program is to demonstrate methods of using comprehensive inservice personnel development to improve the education of students from low-income families. Urban-Rural models emphasize partnerships between institutions of higher education, local education agencies and community groups.

Budget policy

Since all Urban-Rural demonstrations will be completed by the end of fiscal year 1976, no fiscal year 1977 funds are requested for this program. Lessons learned from past Urban-Rural demonstrations are being applied in ongoing Teacher corps efforts.

In fiscal year 1976, final Federal support was given to 31 projects completing their planned existence. These projects involved 3,500 school staff and community members. In addition, $500,000 provided funding for seven projects to train teachers of bilingual and Indian children.

148

	1976 Appropriation	1977 Estimate	Increase or Decrease
2. Educational personnel training:			
(b) Other education personnel development:			
(2) Vocational education.....	$10,000,000	---	-$10,000,000
Summary of award:			
Total awards.....	$10,000,000	---	-$10,000,000
Number	91	---	-91
New awards.....	10,000,000	---	- 10,000,000
Number.....	91	---	-91
Positions.....	9	9	---
Headquarters.....	(5)	(5)	---
Regions.....	(4)	(4)	---

Narrative

Program purpose

In order to recruit and train career and vocational educators, this program carries out two separate activities: a fellowship effort at selected institutions of higher education and a program to give State Boards for Vocational Education funds to meet unmet personnel development needs within their States.

Budget policy

Authorization for this program expired in fiscal year 1976. In fiscal year 1977 no funds are being requested for this program as it has completed its role under its authority in providing catalytic support for vocational education. Other student aid programs are available under the higher education appropriation.

In fiscal year 1976 an amount of $2,400,000 funded 245 graduate fellowships through 35 grant awards made to higher education institutions. An amount of $7,600,000 supported 56 grant awards to State boards of vocational education including outlying areas.

OFFICE OF EDUCATION

Special Projects and Training

Program Purpose and Accomplishments

Activity: Special projects:
(a) Metric education (Education Amendments of 1974, part IV, Sec. 403).

1976	1977	
Appropriation	Authorization	Budget Estimate
$2,090,000	$10,000,000	$1,045,000

Purpose: To encourage educational agencies and institutions to prepare students to use the metric system of measurement.

Explanation: Applications are received from institutions of higher education, State and local educational agencies, and other public and private nonprofit agencies, organizations, and institutions. Applications will be made to the Commissioner of Education who will award grants or contracts to those programs showing promise. Applications from local educational agencies must be approved by the States.

Accomplishments in 1976: About 73 awards were made to eligible grantees to assist them in incorporating the metric system into the regular school curriculum on an interdisciplinary basis. Teacher education skills development programs were supported in institutions of higher education; mobile instructional laboratories were equipped on a model testing basis to serve both rural and urban communities. Technical assistance grants were also made to interested educational agencies.

Objectives for 1977: Approximately 56 grants and contracts will be made to initiate, adapt or test model metric education programs but with the major emphasis on implementation of pilot programs in metric education.

150

OFFICE OF EDUCATION

Special Projects and Training

Program Purpose and Accomplishments

Activity: Special projects:
(b) Gifted and talented children (Education amendments of 1974, part IV, Sec. 404)

1976 Appropriation	1977 Authorization	1977 Budget Estimate
$2,560,000	$12,250,000	$1,280,000

Purpose: To assist educational groups to develop and improve programs designed to meet the special needs of gifted and talented children at the preschool and elementary and secondary levels. The program also trains educators and disseminates information to the public.

Explanation: The Commissioner may award catalytic grants to any State and local educational agencies that submit a promising application to him. Local educational agencies must have approval from the State agency. The Commissioner will also designate a clearinghouse to obtain and disseminate information to the public. This program awards contracts and grants to State and local educational agencies, institutions of higher education, and other public and private nonprofit groups.

Accomplishments in 1976: In fiscal year 1976, the first year of the program, 65 grants were made, of which 20 were for State education agencies, 35 were to local education agencies, and 10 were for training and dissemination.

Objectives for 1977: The estimate for 1977 will continue second year grants to the twenty states initiated in fiscal year 1976; fund ten new states; continue the training of a small national cadre of educational leaders for the gifted and talented through the continuation of national training grants; and continue and improve already existing model projects. A clearinghouse to obtain and disseminate information to the public will be continued.

OFFICE OF EDUCATION

Special Projects and Training

Program Purpose and Accomplishments

Activity: Special projects:
(c) Community schools (Education amendments of 1974, part IV, sec. 404)

1976 Appropriation	1977 Authorization	1977 Budget Estimate
$3,553,000	$17,000,000 1/	$1,777,000

1/ $15 million for grants to State education agencies; $2 million for training grants to institutions of higher education.

Purpose: To stimulate State and local education agencies to further community education through awards for programs which provide for educational, cultural, recreational and other related community needs. Additional awards are made to institutions of higher education to encourage the training of persons to plan and operate community education programs.

Explanation: Grants are made to State and local educational agencies and to institutions of higher education. Applications shall be submitted to the Commissioner. An equal amount of awards will be made to the States and to the local education agencies.

Accomplishments in 1976: Approximately 68 awards were made; 30 grants to strengthen local community education programs; 30 grants to strengthen the developmental and technical assistance capacity of State departments of education; and, 8 grants to institutions of higher education for short-term training and curriculum development activities.

Objectives for 1977: Fiscal year 1977 will focus on identifying the most promising activities among grant provisions, the same number of awards (68) will be made as in 1976, but the average size of grant will decrease.

152

OFFICE OF EDUCATION

Special Projects and Training

Program Purpose and Accomplishments

Activity: Special projects:
(d) Career education (Education Amendments of 1974, Part IV, sections 402 and 406)

1976 Appropriation	1977 Authorization	1977 Budget Estimate
$10,135,000[1/]	$15,000,000	$10,135,000[2/]

1/ Includes $7,000,000 of Commissioner's discretionary funds.
2/ Includes $8,568,000 of Commissioner's discretionary funds.

Purpose: To stimulate State and local educational agencies in their efforts to prepare students by the time they have completed school for gainful employment, and to provide for the continuing assessment of career education.

Explanation: Grants are made to State and local educational agencies and nonprofit agencies for the development and implementation of programs which demonstrate methods and techniques in career education. Awards generally cover 18 months or longer.

Accomplishments in 1976: The fiscal year 1976 appropriation of $10,135,000 supported a total of 130 career education projects. Funded were projects in various specific areas including handicapped, minority, low income, female and gifted. Also funded were projects with State education agencies to enable them to develop State plans for the development and implementation of career education programs in the local educational agencies. A contract was awarded to update the survey and assessment of the current status of career education programs, projects, curriculums and materials in the United States.

Objectives for 1977: In fiscal year 1977 this program will seek to demonstrate effective methods and precedures in career education in the elementary system, and to demonstrate the viability of career education in settings other than on the elementary level. In addition, the program will fund demonstrations of delivering career education to special populations (including the physically and mentally handicapped); of infusing career education into the traditional educational programs; and of communicating career education concepts, principles, and methodologies to educational systems and to the general public.

OFFICE OF EDUCATION

Special Projects and Training

Program Purpose and Accomplishments

Activity: Special projects:
(e) Consumer education (Education Amendments of 1974, part IV, Section 407.)

1976 Appropriation	1977 Authorization	1977 Budget Estimate
$3,135,000	$15,000,000	$1,567,000

Purpose: To stimulate in both school environments and community settings new approaches to consumers' education efforts. These awards will be used for research, demonstration, pilot projects, training, and for the development and dissemination of information on curricula. In addition, funds may be used to demonstrate, test, and evaluate consumers' education activities whether or not funded under this authority.

Explanation: Competitive grants and contracts are made with institutions of higher education, State and local educational agencies, and other public and private non-profit organizations (including libraries). An application from a local educational agency will only be approved by the Director after the State educational agency has been notified of the application and has had an opportunity to offer recommendations.

Accomplishments in 1976: 190 awards were made in fiscal year 1976; 5 contracts for regional resource studies; 2 contracts for evaluation; 125 grants for personnel development and inservice teacher training; 50 grants for support of community consumer education programs; and 8 grants focusing on economic education.

Objectives for 1977: Approximately 100 awards will be made to continue funding of those strategies identified as promising in the evaluation of fiscal year 1976 funded projects.

154

OFFICE OF EDUCATION

Special Projects and Training

Program Purpose and Accomplishments

Activity: Special projects:
(f) Women's educational equity (Education Amendments of 1974, part IV, Sec. 408)

1976 Appropriation	1977 Authorization	1977 Budget Estimate
$6,270,000	$30,000,000	$5,896,000

Purpose: To promote educational equity for women through grants and contracts in in areas of development, evaluation, dissemination, training, guidance and by support of innovative programs at all levels of education.

Explanation: Applicants for the grants and contracts available under the program are public agencies, private nonprofit organizations, and individuals. There is a specially authorized program of small grants not to exceed $15,000 each to support innovative approaches to achieving the purpose of the program. Applications and proposals are submitted to the Commissioner in response to public notices, and awards are made, based on intensive national competition, to applicants who can meet the objective of developing high quality products for broad-scale dissemination.

Accomplishments in 1976: In 1976, the first year of operation for the Women's educational equity program, 58 awards were made. To support innovative approaches to the achievement of educational equity for women, one-third of the awards were made. To meet one of the most critical needs in this area, a national clearinghouse of publications, materials, and projects was established. To develop and disseminate technical assistance materials related to Title IX (P.L. 92-318), a contract was awarded for regional and national workshops. The bulk of the awards, however, were for general grants to promote education equity for women at all levels.

Objectives for 1977: The funding for 1977 provides for the continued support of the clearinghouse on Women's educational equity programs; the continued funding of additional small grants; the development of special programs for minority and rural women; the support of school and community approaches to the sex-role socialization of preschool and early elementary children; and the development and dissemination of technical assistance materials related to Title IX (P.L. 92-318).

OFFICE OF EDUCATION

Special Projects and Training

Program Purpose and Accomplishments

Activity: Special projects:
(g) Arts in education (Education Amendments of 1974, part IV, Secs. 402 and 408.)

1976 Appropriation	1977 Authorization	1977 Budget Estimate
$750,000	$750,000	$750,000

Purpose: To encourage and assist State and local educational agencies to establish and conduct programs in which the arts are an integral part of elementary and secondary school programs.

Explanation: Through arrangements made with John F. Kennedy Center for the Performing Arts, grants are made to, and contracts with, State and local educational agencies.

Accomplishments in 1976: With $750,000, in funding and in cooperation with the Kennedy Center, this program provided small grants ($10,000 average) to 50 percent of the States for arts education projects, and small grants to an average of one local education agency per State for pilot arts education projects. In addition, with $150,000 in fiscal year 1976 S&E funds, through contracts with the Kennedy Center this program provided technical assistance in the form of demonstrations, publications and program information to State and local educational agencies.

Objectives for 1977: To assist State and local educational agencies in developing and executing comprehensive plans and projects for arts education, about $500,000 will be granted to the States to continue the operation of State-wide technical assistance efforts. An increased number of States are expected to become eligible to receive these awards. Remaining funds will be granted to local education agencies for pilot arts education projects.

OFFICE OF EDUCATION

Special Projects and Training

Program Purpose and Accomplishment

Activity: Special projects:
(i) Educational TV programming (Education Amendments of 1974, Title IV, Section 402.)

1976	1977	
Appropriation	Authorization	Budget Estimate
$7,000,000	$100,000,000 1/	$3,500,000

1/ This amount is for the Commissioner's discretionary fund of which this program is a part.

Purpose: To provide funds in support of development, production and installation of educational television programs, which demonstrate an ability to help children and adults, especially the disadvantaged, learn in their school or at home.

Explanation: The Commissioner will make contracts to provide funds to develop television programs relating to adolescent problems, community education, and other National needs.

Accomplishments in 1976: Funds provided ongoing support for the "Sesame Street" and "The Electric Company" and for initial production of the Television for Effective Parenthood series.

Objectives for 1977: The funds will provide the continuation of support for the "Sesame Street" and "Electric Company" ($2.5 million) and further production of the Television for Effective Parenthood series ($1.0 million).

158

OFFICE OF EDUCATION

Special Projects and Training

Program Purpose and Accomplishments

Activity: Education personnel training:
(a) Teacher corps (EDPA, Part B-1)

1976 Appropriation	1977 Authorization	1977 Budget Estimate
$37,500,000	1/	$37,500,000

1/ Authorization expires September 30, 1976. Extension legislation is proposed.

Purpose: To improve educational opportunities for children of low income families, by improving the quality of programs of teacher education for both certified teachers and inexperienced teacher interns.

Explanation: The program provides grants to bring together teams of experienced teachers and inexperienced teacher interns for the purpose of strengthening the educational opportunities of children residing in areas having concentrations of low income families. The program promotes the revision of training programs which will enable institutions of higher education to broaden their programs of teacher preparation, through a demonstration strategy for the training and retraining of educational personnel.

Accomplishments in 1976: In fiscal year 1976 approximately 247 institutions of higher education and local education agencies received Federal support. New projects awarded in fiscal year 1976 represent the second year of Teacher corps' broadened focus to include demonstration projects designed to train both teacher interns and retrain experienced teachers and teacher aides within a cooperating school.

Objectives for 1977: The Teacher corps request for fiscal year 1977 is based in part on continuation costs for projects in approximately 130 institutions of higher education and local education agencies. Approximately 125 new awards will focus on strategies for documenting and demonstrating more realistic and effective training and retaining programs involving the whole school environment.

OFFICE OF EDUCATION

Special Projects and Training

Program Purpose and Accomplishments

Activity: Educational personnel training:
(b) Other education personnel development:
(1) Urban/rural school development (EPDA, Part D)

1976 Appropriation	1977 Authorization	1977 Budget Estimate
$5,462,000	1/	$ ---

1/ Authorization expires September 30, 1976.

Purpose: The Urban/rural program is designed to develop and demonstrate training alternatives that enable educational personnel to improve educational services for children from low-income families.

Explanation: The Commissioner is authorized to award grants or contracts to local educational agencies, State educational agencies, and institutions of higher education.

Accomplishments in 1976: In fiscal year 1976, final support was given 31 projects. These funds complete the planned Federal support for these demonstrations, whose objectives have been met.

Objectives for 1977: No funds are requested for this program in fiscal year 1977. Authorization expires September 30, 1976.

160

OFFICE OF EDUCATION

Special Projects and Training

Program Purpose and Accomplishments

Activity: Educational personnel training:
(b) Other education personnel development:
(2) Vocational education (EPDA, Part F)

1976 Appropriation	1977 Authorization	1977 Budget Estimate
$10,000,000	1/	$ ---

1/ Authorization expires September 30, 1976.

Purpose: This activity provides support to assist State and local education agencies and institutions of higher education in strengthening their efforts in recruiting and training individuals for the broad aspects of career and vocational education.

Explanation: Grants are made to institutions of higher education that offer graduate study in a comprehensive program of vocational education that is approved by the State boards for vocational education, for cooperative arrangement training activities with schools, private business or industry, or other educational institutions.

Accomplishments in 1976: An amount of $2,400,000 funded graduate fellowships through 35 grant awards made to higher education institutions. An amount of $7,600,000 supported 56 grant awards to State boards of vocational education including outlying areas.

Objectives for 1977: No funds are requested for this program in fiscal year 1977. Authorization expires September 30, 1976.

Transition Quarter Analysis

	Budget Authority by Activity	
	1976 Appropriation	Transition Quarter
1. Personnel development training		
a. Teacher corps	$37,500,000	$17,000,000

Explanation

Transition Quarter funds will be used to negotiate and award continuation grants for the second 9 months of Teacher corps "10th Cycle". These awards must be issued before September 30, 1976.

EDUCATIONAL ACTIVITIES OVERSEAS

WITNESSES

DR. JOHN D. PHILLIPS, DEPUTY COMMISSIONER FOR POSTSECONDARY EDUCATION
DR. T. H. BELL, COMMISSIONER OF EDUCATION
DR. JOHN W. EVANS, ASSISTANT COMMISSIONER FOR PLANNING, BUDGETING, AND EVALUATION
DR. ROBERT C. LEESTMA, ASSOCIATE COMMISSIONER FOR INSTITUTIONAL DEVELOPMENT AND INTERNATIONAL EDUCATION
EDWARD L. MEADOR, DIRECTOR, DIVISION OF INTERNATIONAL EDUCATION
RICHARD SCARFO, PROGRAM MANAGEMENT OFFICER, OFFICE OF THE ASSOCIATE COMMISSIONER FOR INSTITUTIONAL DEVELOPMENT AND INTERNATIONAL EDUCATION
CHARLES MILLER II, DEPUTY ASSISTANT SECRETARY, COMPTROLLER

Mr. FLOOD. Now we will continue with the Office of Education—educational activities overseas.

The presentation will be made by Dr. John Phillips, the Deputy Commissioner, Postsecondary Education.

We will insert your biographical sketch in the record, Doctor, at this point.

[The information follows:]

Name: John D. Phillips.
Position: Deputy Commissioner for Postsecondary Education.
Birthplace and date: Portland, Ore., September 6, 1938.
Education: Williams College, 1959, bachelor of arts; University of Oregon, 1961, master of arts, and Stanford University, 1965, doctor of philosophy.

EXPERIENCE

1975–	Deputy Commissioner for Postsecondary Education, DHEW/USOE.
1973–74	Associate Commissioner, Office of Student Assistance, and chairman, DHEW/USOE task force on management of student assistance programs.
1971–73	Director of Higher Education, DHEW/USOE, Region X, and chairman, DHEW/USOE task force on State postsecondary education commissions.
1969–71	Vice president for administration and assistant professor of history, Lewis & Clark College.
1967–69	Assistant to the president and assistant professor of history, Lewis & Clark College.
1965–67	Assistant to the dean of faculty and assistant professor of history, Lewis & Clark College.
1962–65	Assistant to the director of general studies, Stanford University.
1960–64	Part-time teaching at the University of Oregon, California State University at Harvard, San Francisco State University and Stanford University.

PAST ASSOCIATION MEMBERSHIPS

Past affiliations and posts include service as chairman of the board, Northwest Association of Private Colleges and Universities (1969–71); chairman of the committee on Community Services and Continuing Education (HEA title I), Oregon Educational Coordinating Council (1967–71); member of the Bonneville Power Administration Regional Advisory Council (1969–74); member of the Governor's Harbor Drive Greenway Task Force (1968–71); member of the Portland Metropolitan Study Commission and chairman of its Task Force on City-County Consolidation and its Committee on Intergovernmental Cooperation (1966–71); and public member of the Oregon Legislative Interim Committee on Urban Affairs and Mass Transportation (1969–70).

PUBLICATIONS

None of consequence. Unpublished scholarly efforts include "Charles L. McNary: Progressive Ideology and Minority Politics During the New Deal" (M.A. Thesis—1961) and "The Politics of State School Support: California As a Case Study" (Ph. D. Dissertation—1965).

Mr. FLOOD. Anybody here you want us to meet?

Mr. PHILLIPS. I think you are acquainted with Mr. Miller, Dr. Leestma, and Dr. Bell. You may not be acquainted with Dr. Ed Meador, Director of the International Education Division and Mr. Richard Scarfo, the Special Assistant to the Associate Commissioner.

I think I can read through my statement quickly, Mr. Chairman.

Mr. Chairman and members of the committee:

I welcome this opportunity to appear before you in support of the "Educational activities overseas" appropriation. This program seeks to improve the quality of foreign language and area studies instruction in the United States primarily by developing or upgrading the technical capabilities and intercultural insights of potential teachers, practicing teachers, and others in leadership positions in education. Most of the program participants engage in a variety of research and training activities, develop instructional materials for use in U.S. institutions, and acquire valuable first-hand knowledge of the language and cultures they expect to teach.

We are requesting for fiscal year 1977, $2 million in U.S. owned excess foreign currencies to assist American education in providing selected training and research programs abroad in foreign languages, area studies, and world affairs.

The fiscal year 1977 request is the same as the 1976 appropriation, and will support approximately 69 projects, a slightly lower number than 1976 due to the non-availability of carry-over funds.

My colleagues and I will be happy to answer any questions the committee may have.

OBLIGATIONS TO DATE

Mr. FLOOD. Doctor, you indicate the amount available for this year as $2,171,130. How much was obligated as of February 29?

Mr. LEESTMA. The answer, Mr. Chairman, is not very much.

Mr. FLOOD. How much?

Mr. LEESTMA. Somewhere in the neighborhood of $42,000 at this point, because it is in the fourth quarter of the year that the obligations are made.

As you recall, on this program, after we complete all of the internal review by our own staff and by the consultants and field readers, then the project proposals have to go out to be reviewed by both the

Embassy and the host government. Then they come back with their comments, and are put before the Presidentially appointed Board of Foreign Scholarships.

Mr. FLOOD. What plans do you have for conducting projects between now and June 30?

Mr. LEESTMA. The projects going on now were funded from the fiscal year 1975 appropriation. We are now in the process of decision-making on funds from the fiscal year 1976 appropriation, and those projects will take the field beginning in June or July.

COUNTRIES THAT HAVE PROJECTS

Mr. FLOOD. In what countries do you have projects this year?

Mr. LEESTMA. We have them in the same five countries for which we are requesting funds. They are Egypt, Poland, India, Pakistan, and Tunisia.

Mr. FLOOD. You expect to have it in the same countries next year?

Mr. LEESTMA. Yes, sir.

Mr. FLOOD. How many applications have you received in these projects this year?

Mr. MEADOR. For group projects abroad in foreign currency, we received 77.

PROJECT APPLICATIONS RECEIVED

Mr. FLOOD. How many project applications have you received in total?

Mr. MEADOR. These are institutional applications I am speaking of, with the institution applying for the funds and requesting an activity in one of the foreign excess currency countries.

Mr. FLOOD. Project applications?

Mr. MEADOR. Yes, sir.

Mr. FLOOD. How many?

Mr. MEADOR. One-hundred and forty-five.

Mr. FLOOD. Do you receive more applications than you can fund?

Mr. MEADOR. We do.

This varies from year to year. In some years we have had three to six times as many projects that we might fund if we had additional excess currency available.

Mr. FLOOD. Do you go out and solicit projects?

Mr. MEADOR. We advertise the availability of the funds.

We make known to the academic community that we do have U.S.-owned excess currencies for educational and cultural purposes. I don't think we would solicit. We certainly try to use the funds in an effective and useful manner.

CRITERIA FOR FUNDING PROJECTS

Mr. FLOOD. On the question of criteria, do you apply the same criteria now for funding these foreign currency projects that you use in funding the regular Federal programs?

Mr. MEADOR. Absolutely. In the Office of Education we look at the project in exactly the same terms, seeking the same degree of excellence, and applying the same criteria whether it is foreign currency or U.S. funds.

Mr. FLOOD. Let me ask you this: If there were not these excess foreign currencies, would you be supporting similar projects using hard dollars?

Mr. MEADOR. In the same countries?

Mr. FLOOD. Similar projects.

Mr. MEADOR. We would be.

Mr. FLOOD. Using hard dollars.

Mr. MEADOR. In fact we do. We have similar projects under the Fulbright-Hays program, for example.

The only difference is the source of funding in hard dollars rather than excess currency.

REVIEWING PROJECT APPLICATIONS

Mr. FLOOD. You say you get all these applications. How do you screen the applications?

Mr. MEADOR. We have panels of field readers, consultants who review the applications, who are knowledgeable about the field in which the activity will be performed, who know something about our objectives in international education, and who make assessments in evaluating the applications received.

TOTAL AVAILABLE EXCESS CURRENCIES

Mr. FLOOD. What is the amount of excess foreign currencies available at the present time?

Mr. MEADOR. Total amount available?

Mr. FLOOD. Yes, at the present time.

Mr. PHILLIPS. Are you speaking of funds in addition to the $2,171,130?

Mr. FLOOD. Excess. I am talking about. Have you got a ballpark figure right now?

Mr. LEESTMA. We do have, sir, but it is a very difficult figure to cope with because the officially published tables do not really produce the kind of answer you are most interested in having, which is essentially the amount of money available in those countries which we can tap. Let me give you an illustration which is a recent development. It is a source obviously of some concern. And we report it to you.

As you know, there is a substantial amount of U.S.-owned foreign currency in Poland.

Mr. FLOOD. I was going to ask you about that.

Mr. LEESTMA. That amount is on the order of $251 million. But none of that would be available to us or for educational use after December 31 of this year. So this budget presentation you have before you is likely to be our last request for Polish zlotys for use in Poland.

Mr. FLOOD. Did you get that figure?

Mr. PHILLIPS. Mr. Chairman, the foreign currencies held by the U.S. Government as of June 30, 1975, according to a document prepared by the Department of the Treasury, total, in dollar equivalents, $1,819,380,416.

Mr. FLOOD. Is that amount declining each year?

Mr. PHILLIPS. The amount at the end of 1974 that is shown in this report is $1,858,453,826; so there is a marginal decline.

Mr. FLOOD. Is it declining each year?

Mr. PHILLIPS. Yes.

Mr. FLOOD. How much?

Mr. PHILLIPS. From $1,858,000,000 to $1,819,000,000.

Mr. BELL. It is slight.

Mr. LEESTMA. You see, sir—the complication is depending upon which column you are looking at——

Mr. FLOOD. That is often the case here.

[Laughter.]

Mr. LEESTMA. This table in the document Dr. Phillips cited shows all of the holdings in those countries labeled excess currency countries as well as those labeled nonexcess. In some of the excess currency countries, of which Burma is an example, those funds are not available to us for use.

Mr. FLOOD. All right. What about the situation in Poland?

RESULTS OF COMPLETED PROJECTS

What projects to you have over there now?

Mr. LEESTMA. We normally have a language training program, an intensive course in Polish. And we frequently have programs which permit one or two faculty specialists on Eastern Europe and on Polish studies, to conduct research in their areas of specialization.

Mr. FLOOD. Now, Doctor, when these projects are all completed, there we are—big deal. What do you do with the results—put them in a filing cabinet?

Mr. PHILLIPS. I would like to call on either Dr. Leestma or Mr. Meador to respond on what we do with those results.

Mr. LEESTMA. The results take different forms depending on the project.

Mr. FLOOD. I am sure of that.

Mr. LEESTMA. In the case of somebody who conducts an intensive advanced language training program in Arabic, in Cairo, they first normally apply that new and higher level of language proficiency to their research. Then when they return to this country, they apply that new proficiency directly in their teaching. If it is going for the development of instructional materials, I have a good example in front of me. Here is a published guide to Polish libraries and archives, a research and reference tool project that we funded that makes it possible for American specialists in Polish studies in this country——

Mr. FLOOD. Is that the result of a project?

Mr. LEESTMA. That is the direct result of a project. And this permits a specialist in this country interested in Poland, to sit down and survey the holdings of the major Polish libraries and archives, to determine whether there is anything there he or she wishes to consult, or if they have a trip planned there to know where to go with minimum time and effort.

Mr. FLOOD. What other results do you get after a project is finished? What do you do with the results?

Mr. LEESTMA. The people who acquire language proficiency apply it. Things like this Research guide are used by scholars. Elementary or secondary school teachers who are building a background either for

ethnic heritage work or regular teaching about the other culture, develop materials of their own over there, bring back their notes and resource materials, and build it into the regular resource units in the curriculum here.

EVALUATIONS OF PROJECTS

Mr. PHILLIPS. Mr. Chairman, are you asking whether we have a formalized evaluation process for all of these projects?

Mr. FLOOD. No, I wasn't, but now that you mention it, I will ask you.

Mr. PHILLIPS. I wonder if I could ask Mr. Meador to answer that.

Mr. MEADOR. I would be happy to.

The evaluation of the activities is built into many of the projects, and we make field visits by staff to assess the projects on-going and the quality of the activity, so that we have some measure of assurance that what we are about is meeting our objectives.

Mr. PHILLIPS. Are there followup reports?

Mr. MEADOR. There are indeed. Most recently, for example, one of the leaders of a group project abroad brought with him to Washington an array of artifacts, materials, film strips, slides and so on, that were prepared while he was in India last summer. These materials have been introduced in the school system of California.

Mr. FLOOD. Doctor, do you want to ask him any more questions.

[Laughter.]

SUCCESSFUL PROJECTS

For the record, suppose you summarize two or three projects that you consider now to be of very high quality.

[The information follows:]

Some outstanding examples of training programs funded with foreign currency in fiscal year 1976 under the group projects abroad program are as follows:

ADVANCED INTENSIVE FOREIGN LANGUAGE TRAINING (EGYPT)

Thirty-five graduate and other advanced college and university students of Arabic will participate in an intensive summer Arabic language course at the American University in Cairo. After the summer, 20 of the students will stay on for the balance of 12 full months. The program is administered on the behalf of a consortium of U.S. institutions with outstanding programs in Arabic and Middle East studies with students recruited through a nationwide competition.

TEACHER TRAINING (POLAND)

Twenty-three college teachers will participate in a 6-week summer study program at the Jagellonian University in Poland. The program is designed to contribute to Polish studies in the high school ethnic heritage program in Connecticut. Participants will be selected from each of the State college regions in the State and will have commitments from administrators for the utilization of program results.

COLLEGE FACULTY TRAINING (INDIA)

Eighteen college and university faculty currently teaching at institutions affiliated with a national intercultural studies association will participate in a summer seminar which has the performing arts as its primary focus. The seminar is designed to assist college and university teachers of music, dance, and drama to expand their knowledge and increase their involvement in these particular Indian traditions so that they can return to their institutions and offer students new courses and course units on these subjects.

In addition, excess foreign currency will be utilized to support a doctoral dissertation research project in India focussing on organizational policy in the Indian Ministry of Agriculture.

Mr. FLOOD. Take a look at our report of hearings, 94th Congress, 1st session, part 1, page 772. There is a chart there, "Excess Foreign Currencies Held by the U.S. Government as of December 31, 1974."

Just update the chart.

[The information follows:]

EXCESS FOREIGN CURRENCIES HELD BY U.S. GOVERNMENT (AS OF DEC. 31, 1975)

Country	Total balances on hand	Available for U.S. use
Burma	12,726,914	10,825,643
Egypt	316,337,189	267,535,924
Guinea	7,299,817	6,235,557
India	944,622,618	937,262,426
Pakistan	168,742,439	144,029,364
Poland	259,415,904	251,590,142
Tunisia	23,294,262	22,611,106
Total	1,732,439,143	1,640,090,162

Source: "Foreign Currencies Held by the U.S. Government, Fiscal Year 1975," Department of the Treasury.

Mr. FLOOD. Mr. Michel?

SOURCE OF PARTICIPANTS

Mr. MICHEL. Where do most of the participants in this program come from? Colleges, primary and secondary schools, or what? Can you give us a percentage breakdown?

Dr. PHILLIPS. In fiscal year 1975, the participants came from the following groups: Elementary and secondary teachers, 42 percent; university students, mostly at the graduate level, who are specializing in international studies, 37 percent; and college and university faculty member, 21 percent.

PROGRAM BENEFITS

Mr. MICHEL. Does this program really contribute to the betterment of American education?

Dr. PHILLIPS. Without a doubt. It assists the expansion and impact of international studies at all levels of education and this contributes significantly to making American education more relevant to the increasingly interdependent world in which the students will spend the rest of their lives.

PROJECT AWARDS

Mr. MICHEL. Are the awards in the program limited to a year or less?

Dr. PHILLIPS. Yes; the grants made under this program are limited to a maximum of 1 year. However, many projects run for a much shorter period of time, such as the summer seminars and workshops abroad for teachers which are of 6- to 8-weeks duration.

Mr. MICHEL. What is the average size of the award per participants?

Dr. PHILLIPS. The average size of the award per participant varies depending on the type and length of the project. Under the group projects program, the Office of Education has encouraged the concept of cost sharing with the belief that individual participants should be willing to contribute part of the costs of obtaining education experience in a foreign country. As a result, the average cost per participant

under this program in fiscal year 1976 is estimated at $1,600 for short-term seminar projects and $3,205 for academic year training programs. Individual fellowships for doctoral dissertation research and faculty research projects are also awarded utilizing excess foreign currencies. Since these projects take place over a longer period of time, generally 6 months to 1 year, and with award benefits equal to other overseas fellowships administered by the Office of Education, the average cost per participant is somewhat higher than for group project participants. The average award for doctoral dissertation is $8,000 and for a year of faculty research, $15,000.

COUNTRIES INVOLVED

Mr. MICHEL. What are the primary countries to which the participants usually go?

Dr. PHILLIPS. The five countries in which excess foreign currencies are available for educational purposes are: Egypt, India, Pakistan, Poland, and Tunisia. All of our projects are in one or another of these countries.

RESEARCH FINDINGS

Mr. MICHEL. Thirty of your awards are going for the production of new knowledge. What does this involve and what kind of new knowledge are we talking about?

Dr. PHILLIPS. The new knowledge refers to the research findings which grow out of faculty and doctoral dissertation research projects abroad.

OTHER SERVICES

Mr. MICHEL. What does the item "Other services" involve, for which you are allocating $82,000?

Dr. PHILLIPS. The "Other services" item includes transfer of administrative support funds to the Department of State for communications and services rendered abroad to our grantees and grantee institutions in connection with projects undertaken abroad. It also includes transfers of funds to the National Science Foundation for translations and bibilographic work in comparative education studies on behalf of the Office of Education.

Mr. FLOOD. Mr. Roybal?

NUMBER OF PEOPLE SUPPORTED

Mr. ROYBAL. How many people do these grants support?

Dr. PHILLIPS. The fiscal year 1976 appropriation will assist 886 teachers and prospective teachers in foreign languages, area studies, and world affairs to participate in 69 research, training, and curriculum development projects overseas. The fiscal year 1977 request will assist approximately 766 individuals.

Mr. ROYBAL. You indicate that these participants acquire valuable firsthand knowledge of language and cultures they teach. Does this mean that the study these people are engaged in takes place in foreign countries?

Dr. PHILLIPS. All activities under this appropriation take place abroad, in those countries where the United States has U.S.-owned

foreign currency excess to the ongoing financed needs of the U.S. Government in those countries. Under the terms of the bilateral agreements governing the use of such currencies, all expenditures must be made within these countries.

DUPLICATION

Mr. ROYBAL. Are there any other programs that duplicate the work of this program?

Dr. PHILLIPS. There are no other Office of Education programs which duplicate the activities carried out in these countries under this appropriation. Funds in this program are used in some cases to complement or reinforce domestic based foreign language and area studies programs supported under title VI of the National Defense Education Act by providing a vital field dimension and experience for graduate students, university faculty members, or classroom teachers specializing in or responsible for international studies.

ACQUISITION OF CURRENCIES

Mr. ROYBAL. You indicate that we will be using $2 million in U.S.-owned excess foreign currencies. How did we acquire this excess currency?

Dr. PHILLIPS. The foreign currencies which are currently owned by the United States and which have been declared excess to normal U.S. Government needs by the Department of the Treasury have been generally accrued as a result of the sale of agricultural commodities financed by the Department of Agriculture and through repayment of loans financed under the various foreign assistance acts.

Mr. FLOOD. All right, thank you very much.

JUSTIFICATION OF THE BUDGET ESTIMATES

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Educational Activities Overseas

Fiscal year 1977 Budget	Page No.
Appropriation language	165
Amounts available for obligation	166
Summary of changes	167
Obligations by activity	168
Obligations by object	168
Authorizing legislation	169
Table of estimates and appropriations	170
Justification:	
A. Narrative:	
1. General statement	171
2. Grants to American institutions	172
B. Program purpose and accomplishments	173
C. Transition quarter analysis	174

Appropriation Estimate
Educational Activities Overseas

For payments in foreign currencies which the Treasury Department determines to be excess to the normal requirements of the United States, for necessary expenses of the Office of Education, as authorized by law, $2,000,000, to remain available until expended: *Provided*, That this appropriation shall be available, in addition to other appropriations to such office, for payments in the foregoing currencies.

[For "Educational activities overseas, (special foreign currency program)" for the period July 1, 1976, through September 30, 1976, $200,000, to remain available until expended.] 1/

Explanation of Language Changes

1/ Language has been deleted for the transition quarter.

106

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Educational Activities Overseas

Amounts Available for Obligation

	1976	1977
Appropriation	$2,000,000	$2,000,000
Unobligated balance, start of year	171,130	---
Total, obligations	2,171,130	2,000,000

Summary of Changes

1976 Estimated Obligations	$2,171,130
1977 Estimated Obligations	2,000,000
Net change	-171,130

	1976 Base	Change from Base
Decreases:		
Program:		
1. Grants to American institutions--reduction will fund this program at the same level as the prior year without an unobligated carry-over	$2,171,130	$-171,130
Total, net change		

168

Obligations by Activity

Page Ref.		1976 Appropriation	1977 Estimate	Increase or Decrease
172	Grants to American Institutions (Total obligations).....	$2,171,130	$2,000,000	$- 171,130

Obligations by Object

	1976 Estimate	1977 Estimate	Increase or Decrease
Travel and transportation of persons.....	$ 10,000	$ 10,000	$ ---
Other services.....	82,000	82,000	---
Grants, subsidies and contributions.....	2,079,130	1,908,000	- 171,130
Total obligations by object.....	2,171,130	2,000,000	- 171,130

Authorizing Legislation

	Amount Authorized	1977 Budget Estimate
Legislation		
Mutual Educational and Cultural Exchange Act of 1961 (P.L. 87-256; Section 102(b)(6) and 105(d).....	Indefinite	$2,000,000
Agricultural Trade Development and Assistance Act of 1954; Section 104, (b)(2) and (3), Special Foreign Currency.....	Indefinite	

170

Educational Activities Overseas

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1967	1,800,000	1,800,000	1,000,000	1,000,000
1968	7,400,000	4,600,000	---	---
1969	4,000,000	1,000,000	1,000,000	1,000,000
1970	1,000,000	1,000,000	1,000,000	1,000,000
1971	3,000,000	3,000,000	3,000,000	3,000,000
1972	3,000,000	3,000,000	4,000,000	3,000,000
1973	5,000,000	3,000,000	3,000,000	3,000,000
1974	3,000,000	2,000,000	1,000,000	1,000,000
1975	1,000,000	1,000,000	1,000,000	1,000,000
1976	2,000,000	2,000,000	2,000,000	2,000,000
1977	2,000,000			

Justification

Educational Activities Overseas

	1976 Appropriation	1977 Estimate	Increase or Decrease
Educational Activities Overseas			
Appropriation	$2,000,000	$2,000,000	---
(Obligations)	2,171,000	2,000,000	-$ 171,000

General Statement

U.S.-owned excess foreign currency is used to strengthen American education through research and training abroad sponsored by American institutions. Projects focus on foreign languages, area studies, world affairs, and intercultural understanding and are designed to expand and improve the professional competence of American educators, to produce new knowledge through research, and to develop improved curricula and instructional materials for all levels of American education.

172

	1976 Appropriation	1977 Estimate	Increase or Decrease
Educational Activities Overseas	$2,171,130	$2,000,000	-$171,130
Summary of awards:			
Total awards	2,171,130	2,000,000	- 171,130
Number	75	69	- 6
New awards	2,171,130	2,000,000	- 171,130
Number	75	69	- 6
Positions	3	3	---

Narrative

Program purpose

To strengthen American education through research and training abroad sponsored by American institutions by providing grants using U. S.-owned excess foreign currency. Projects focus on foreign languages, area studies, world affairs, and intercultural understanding and are designed to expand and improve the professional competence of American educators, to produce new knowledge through research, and to develop improved curricula and instructional materials for all levels of American education. Funds are currently available in Egypt, India, Pakistan, Poland and Tunisia.

Budget policy

In fiscal year 1977 a total of $2,000,000 in foreign currencies is requested to fund a total of 69 individual and group projects for 766 participants. A significant number of the group projects will be geared toward assisting States to retrain teachers to meet new curriculum requirements in world cultures. Approximately 29 awards will help provide first-hand study and relevant educational experience in another culture for 580 participants; five projects will provide advanced-level language instruction in special summer and year-long intensive programs in Polish and selected non-Western languages such as Arabic, and HindiUrdu; approximately 30 fellowships will be awarded for the production of new knowledge by key faculty members and by doctoral candidates engaged in dissertation research. Three research contracts will be awarded for linguistic studies or preparation of foreign language textbooks and two contracts will be made for the compilation of research reference materials on foreign education.

In fiscal year 1976, an amount of $2,171,130 (which includes $2.0 million in appropriations and the remainder recoveries from previous years obligations) will support 75 projects. Thirty-five group projects for training and curriculum development for approximately 700 participants will be supported at a cost of $1,120,000; 5 projects will provide advance level intensive language instruction for 156 students at a cost of $500,000; approximately 30 fellowships for faculty and doctoral candidates will be awarded at a cost of $380,000, and 5 research contracts will be made for linguistic materials, language textbook preparation and educational bibliographies at a cost of $170,000.

173

OFFICE OF EDUCATION

Educational activities overseas

Program Purpose and Accomplishments

Activity: Grants to American institutions (Mutual Educational and Cultural Exchange Act of 1961 and Agricultural Trade Development Act of 1954, Section 104b-2)

	1976	1977	
		Authorization	Budget Estimate
Appropriation	$2,000,000	Indefinite	$2,000,000
Obligations	(2,171,130)		(2,000,000)

Purpose: U.S. - owned excess foreign currency is used to strengthen American education through research and training abroad sponsored by American institutions. Projects focus on foreign languages, area studies, world affairs, and intercultural understanding and are designed to expand and improve the professional competence of American educators, to produce new knowledge through research, and to develop improved curricula and instructional materials for all levels of American education.

Explanation: Applications are received from U.S. institutions of higher education, individual researchers, State education agencies, public school systems and non-profit education agencies. With the advice of outside consultants, the program staff reviews projects and recommends approval to the Director of the Division of International Education. The recommended projects are forwarded to appropriate U.S. diplomatic missions and binational commissions for comment on feasibility and host country concurrence. A final review of all programs conducted under the Fulbright-Hays Act is made by the Board of Foreign Scholarships, an autonomous body appointed by the President which provides general supervision for all programs carried out under the aegis of the Act.

Accomplishments in 1976: In fiscal year 1976, an amount of $2,171,130 (which includes $2.0 million in appropriations and the remainder recoveries from previous years obligations) will support 75 projects. Thirty-five group projects for training and curriculum development for approximately 700 participants will be supported at a cost of $1,120,000; 5 projects will provide advance level intensive language instruction for 156 students at a cost of $500,000; approximately 30 fellowships for faculty and doctoral candidates will be awarded at a cost of $380,000; and 5 research contracts will be made for linguistic materials, language textbook preparation and educational bibliographies at a cost of $170,000.

Objectives in 1977: In fiscal year 1977, an amount of $2,000,000 will support 69 individual and group projects for 766 participants. A significant number of the group projects will be directed toward assisting States to retrain teachers to meet new curriculum requirements in world cultures. The awards include 29 group projects, five advanced-level language instruction grants, 30 fellowships for faculty and doctoral dissertation field research, three research contracts for linguistic studies and two research contracts for the compilation of research reference materials on foreign education.

174

Transition Quarter Analysis

	Budget Authority by Activity	
	1976 Appropriation	Transition Quarter
Grants to American institutions.....	$2,000,000	$200,000

Explanation

A total of $200,000 in excess foreign currencies is requested for the period July 1 through September 30, 1976. These funds will be used to support the following activities: $120,000 will be used for two education seminars for elementary and secondary school teachers, one each in India and Pakistan; $15,000 will be used to reimburse the Department of State for professional services rendered to Office of Education grantees abroad; $60,000 will be made available to the National Science Foundation to continue activities involving the compilation of research reference materials (including bibliographies and translations of selected foreign publications on education): and $5,000 will be used to pay travel cost and expenses for U.S. Office of Education officials performing on-site evaluations of grant projects in excess foreign currency countries.

SALARIES AND EXPENSES

WITNESSES

EDWARD T. YORK, DEPUTY COMMISSIONER FOR MANAGEMENT
DR. T. H. BELL, COMMISSIONER OF EDUCATION
DUANE MATTHEIS, EXECUTIVE DEPUTY COMMISSIONER
DR. JOHN W. EVANS, ASSISTANT COMMISSIONER, OFFICE OF PLANNING, BUDGETING, AND EVALUATION
DR. EDWIN W. MARTIN, ACTING DEPUTY COMMISSIONER FOR EDUCATION OF THE HANDICAPPED
DR. JOHN D. PHILLIPS, DEPUTY COMMISSIONER FOR POSTSECONDARY EDUCATION
DR. CHARLES H. BUZZELL, ASSOCIATE COMMISSIONER FOR ADULT, VOCATIONAL, TECHNICAL, AND MANPOWER EDUCATION
ROBERT R. WHEELER, DEPUTY COMMISSIONER FOR SCHOOL SYSTEMS
DR. SHANA GORDON, ASSISTANT COMMISSIONER FOR PUBLIC AFFAIRS
DR. JOHN C. MOLINA, DIRECTOR, OFFICE OF BILINGUAL EDUCATION
ALICE F. HANSEN, CHIEF, ADMINISTRATIVE BUDGET BRANCH
CHARLES MILLER II, DEPUTY ASSISTANT SECRETARY, COMPTROLLER

Mr. FLOOD. We will continue with the Office of Education—salaries and expenses.

This presentation will be made by Edward T. York, Deputy Commissioner for Management.

We will insert your biographical sketch in the record.

[The biographical sketch follows:]

BIOGRAPHICAL SKETCH

Name: Edward T. York, Jr.
Position: Deputy Commissioner for Management.
Birthplace and date: May 2, 1930, Chicago, Ill.
Education: Benjamin Franklin University—B.C.S.
Experience present: Deputy Commissioner for Management.
1972–73: Deputy Administrator, Office of Price Monitoring, Cost of Living Council.
1971–72: Deputy Director, Office of Program Operations, Price Commission.
1968–71: Chief, Program Review and Resources Management, Goddard Space Flight Center, NASA.
1963–68: Chief, Industrial Cost Analysis Office, Assistant Chief, Procurement Division, Chief, Program Support Division.
1957–63: General Accounting Office.
1955–57: Morton F. Swift & Co., CPA's.

Mr. FLOOD. You have a statement here.

Mr. YORK. I have a short summary of a longer statement. I would like to read the short summary, and put the longer one in the record.

[The statement follows:]

STATEMENT BY DEPUTY COMMISSIONER FOR MANAGEMENT, SALARIES AND EXPENSES

Mr. Chairman and Members of the Committee, I am happy to present the fiscal year 1977 request for the salaries and expenses account which totals $115.4 million and represents a net increase of $8.1 million above the 1976 level and a net increase of 142 positions. In addition to showing costs for all the staff and their related expenses as part of this account, this year we have augmented the program justifications with a statement on staff where an increase is requested. This change in presentation is intended to facilitate the committee's review and to afford an opportunity for the responsible program deputy to provide additional information on staffing requirements.

PROGRAM ADMINISTRATION

Our request of $105.3 million and 3,113 permanent positions for program administration is for the management and support of the Office of Education. This request is a net increase of $8,037,000 and 142 positions over 1976. This represents only 2 percent of the total funds being requested for all education programs administered by the Office.

We are requesting 200 new positions to preserve program integrity by preventing further cases of fraud, and controlling program abuse in our student assistance programs. We have spoken in detail to these positions during the higher education hearing. To recap, the distribution of the 200 new positions is as follows: 47 positions are being requested for the basic opportunity grant program; 70 positions for college-based programs consisting of college work-study, national direct student loan, and supplementary educational opportunity grants; 9 positions for accreditation and institutional eligibility; 2 positions for the State student incentive grant program; and 72 positions for the guaranteed student loan program. We are also requesting support for an additional 94 other-than-permanent positions to further reduce the backlog of nearly $100 million in uncollected defaulted loans in the guaranteed student loan program.

In addition, we are proposing a decrease of 58 currently authorized positions in 17 selected programs and support areas. On the average we are recommending reduction of three positions in each of these 17 areas reflecting less workload and/or greater productivity.

The requested increase of $8,037,000 for this activity is primarily made up of support for the new positions requested and funds for built-in increases to continue authorized activities begun in fiscal year 1976.

PLANNING AND EVALUATION

For planning and evaluation, we are requesting $7 million for fiscal year 1977, an increase of $617,000 over the comparable appropriation for fiscal year 1976.

In fiscal year 1977 as in past years, the major emphasis of this activity will be on the conduct of national impact evaluations designed to determine the effectiveness of Federal education programs. Of particular importance is the conduct of evaluations mandated by the Education Amendments of 1974, five of which are annual reports. These include two bilingual studies, a study of the national reading improvement program, a report on State and local uses of Federal education funds, and an evaluation of bilingual vocational education.

In addition to these evaluations, we will continue 8 studies begun in fiscal year 1976 or prior years and initiate 12 new evaluations in such areas as impact aid, postsecondary vocational education, education of the handicapped, career education, and the Teacher Corps.

The purpose of all of these studies is to provide objective information about the effectiveness of these programs for planning and decisionmaking by both Congress and the executive branch, and to provide additional input for the gradually expanding annual evaluation report to Congress.

GENERAL PROGRAM DISSEMINATION AND INFORMATION CLEARINGHOUSES

We are requesting $500,000, the same level as last year, for general program dissemination activities to enable the Commissioner to carry out his responsibilities to prepare and disseminate information about Office of Education programs to the

general public. In addition we are requesting $600,000, to fund the operations of three legislatively mandated information clearinghouses. The increase will cover the cost of operating these clearinghouses for the first full year. The clearinghouses will collect, analyze, and disseminate information on adult, bilingual, and community education. Each of these three clearinghouses will be a repository for information about curricula materials and project descriptors of successful practices. They will provide technical assistance to their users and will develop cooperative procedures with other appropriate information sources.

ADVISORY COMMITTEES

We are requesting $2,041,000 to support full year costs for five Presidential and eight non-Presidential advisory committees in 1977 that serve the Office of Education. The requested amount reflects a net decrease of $413,000 below the 1976 level, since funds for the National Advisory Council on Extension and Continuing Education and the National Advisory Council on the Equality of Educational Opportunity are not being requested.

Mr. YORK. Mr. Chairman and members of the committee, I am happy to present the fiscal year 1977 request for the salaries and expenses account which totals $115.4 million and represents a net increase of $8.1 million above the 1976 level and a net increase of 142 positions. In addition to showing costs for all the staff and their related expenses as part of this account, this year we have augmented the program justifications with a statement on staff where an increase is requested. This change in presentation is intended to facilitate the committee's review and to afford an opportunity for the responsible program deputy to provide additional information on staffing requirements.

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In addition, we are proposing a decrease of 58 currently authorized positions in 17 selected programs and support areas. On the average we are recommending reduction of three positions in each of these 17 areas reflecting less workload and/or greater productivity.

The requested increase of $8,037,000 for this activity is primarily made up of support for the new positions requested and funds for

built-in increases to continue authorized activities begun in fiscal year 1976.

PLANNING AND EVALUATION

For planning and evaluation, we are requesting $7 million for fiscal year 1977, an increase of $617,000 over the comparable appropriation for fiscal year 1976. In fiscal year 1977, as in past years, the major emphasis of this activity will be on the conduct of national impact evaluations designed to determine the effectiveness of Federal education programs.

GENERAL PROGRAM DISSEMINATION AND INFORMATION CLEARINGHOUSES

We are requesting $500,000, the same level as last year for general program disemination activities and $600,000, to fund the operations of three information clearinghouses for their first full year of operation.

ADVISORY COMMITTEES

We are requesting $2,041,000 to fund the 13 public advisory committees that serve the Office of Education. This amount reflects a net decrease of $413,000 below last year's level since we are not requesting funds for the National Advisory Council on Extension and Continuing Education and the National Advisory Council on the Equality of Educational Opportunity.

My colleagues and I will be happy to answer any questions the committee may have.

ORGANIZATION

Mr. FLOOD. Has the Office of Education been reorganized since you were here last year?

Mr. YORK. No, sir, it has not.

Mr. FLOOD. Are you planning any major reorganization in your office?

Mr. YORK. Major reorganization across the entire Office of Education, no, sir, we are not.

There are some individual organizational changes being made within given Bureaus, but nothing major.

Mr. FLOOD. In the record, insert the latest organizational chart for the Office of Education.

Mr. YORK. Yes, sir.

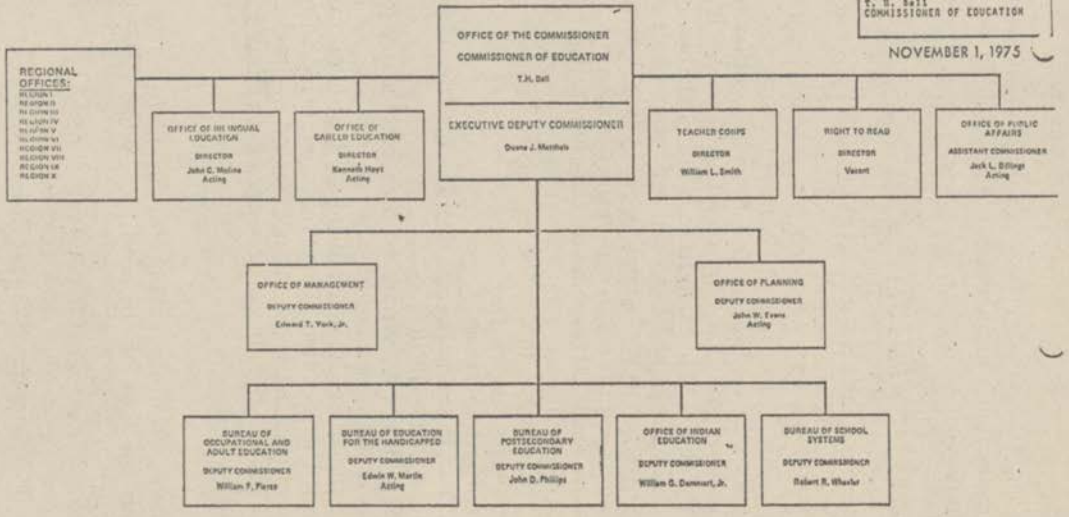
[The chart follows:]

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

EDUCATION DIVISION
OFFICE OF EDUCATION

MSAD NOVEMBER 1, 1975

APPROVED
T. H. Bell
COMMISSIONER OF EDUCATION
NOVEMBER 1, 1975



BUILT-IN INCREASES

Mr. FLOOD. We are sometimes skeptical about what agencies refer to as mandatory built-in increases. Take a look at page 179 of your justifications.

Mr. YORK. Yes, sir.

Mr. FLOOD. Now, there you show an increase of $1.7 million for costs of administrative services, for rent, for photocopiers and other things.

Why are those costs considered as built in?

Mr. YORK. They are considered built in, sir.

They are in the "A" part of the increases, built-in increases. That is made up of increases in rent charged to us by the GSA of $473,000—some increases in rental charges for photocopier equipment that we already have of $190,000. We have had a survey done of our mailing activties by the GAO. They have concluded that for many years the Office of Education has been underpaying the Post Office. And we have been directed over the next several years to incrementally increase our mailing expenditures to match the actual usage.

That is an $800,000 increase at this point. Telecommunications, an increase in the unit costs related to telephones and telecommunications, $147,000. Other miscellaneous rentals of small amounts.

And increases in printing costs of $83,000. Those are all what we consider built-in increases.

Mr. FLOOD. What is this $2 million for the ADP system—why do you consider that built in?

Mr. YORK. We have separated that specifically to in fact highlight the fact that we have a significant investment in a new system design and development in the guaranteed student loan program. We wanted to highlight the fact that this is there, and that the system design and development that has been started, started in fiscal 1975 and continued into 1976. That is the annualized cost of continuing that development.

NEW POSITIONS

Mr. FLOOD. You are asking for an increase of 142 new jobs. In calculating the cost of the new jobs, what date do you assume for filling them?

Mr. YORK. We assumed 75 percent.

Mr. FLOOD. I said what date was assumed?

Mr. YORK. We assumed the positions—three quarters of the year.

Mr. FLOOD. You still haven't got a date.

Mr. YORK. We have assumed that the positions would be filled from January 1 forward.

CONSOLIDATION

Mr. FLOOD. Does the request for the program administration reflect any decrease in the salary costs due to the consolidation business under title IV, of the Elementary and Secondary Act?

Mr. YORK. No, sir, this S. & E. budget does not take into consideration the block grant proposal we are speaking of. I would like to say, however, that assuming the block grant proposal would be accepted, in our view, rather than there being any immediate decrease in the need for resources, initially that would be almost like adding another program.

All of the categorical programs that are being consolidated would still have a minimum of 2 years of activity to close out previous efforts. So that in fact, the consolidation and implementing that consolidation really puts additional workload on the Office of Education for a period of time.

PAY RAISE

Mr. FLOOD. What basis was assumed for cost-of-living salary increases on October 1, 1976, in calculating your salary costs?

Mr. YORK. That is a 5-percent increase.

Mr. FLOOD. October 1, 1976.

Mr. YORK. Yes, sir.

Mr. STACY. The only amount of money we have in this request is an annualization of the pay raise we got last October. There is nothing built in in anticipation of the years coming.

Mr. FLOOD. Do you have nothing budgeted for pay increases next year?

Mr. YORK. Yes; October 1 of 1975—that is the increase of $706,800. That is the annualization of the 1975 pay increase.

Mr. FLOOD. To what extent are the program administration cost estimates based on program terminations proposed in the budget?

Mr. YORK. There are no decreases in resources based on program termination in this S. & E. request.

STUDENT AID PROGRAMS

Mr. FLOOD. All right.

What will the benefits be in relation to the costs of the 64 additional staff for administration of the higher education student aid programs?

Mr. YORK. There are a total of 142—all 200 positions are being addressed to the student aid area.

Seventy-two of those are in the guaranteed student loan program, and I can speak briefly to that. And after I conclude that, I guess I would ask Dr. Phillips if he would want to speak to the remainder of the positions in the higher education area.

In the guaranteed student loan program, as you know, not only are there the 72 permanent positions, but we are asking for 94 other than permanent positions to add to our collections staff to help deal with the $100 million backlog of defaulted loans that we have not yet been able to convert.

In response to the remainder of the positions in the guaranteed student loan, as you may recall yesterday there are six positions for claims examiners to increase our ability to process claims adequately, there is an increase of 10 positions for compliance investigators to augment our compliance staff.

There is an increase in the permanent collectors in the regional offices of 28 positions, 10 of those actually collectors, 18 of them what we are calling collector correspondents—that is sort of a bridge position between a clerical and professional collector. I believe that about takes care of it.

Mr. FLOOD. For the record, insert a chart showing the number of positions for the Office of Education for each of the last 5 years.

Mr. YORK. Yes, sir.

[The information follows:]

Permanent positions

1972	2,064
1973	2,848
1974	3,053
1975	3,076
1976	3,009

Mr. FLOOD. By the way, how many vacancies do you have down there at the present time?

Mr. YORK. At the present time, as of the 29th of February, there are 247 positions that are vacant—67 of those are in the regional offices, and 160 of those in the headquarters organization, and of that number, 100 of those are positions authorized in the 1976 appropriation. So those have been with us for only a few months.

As the Commissioner indicated yesterday, the average time to fill a position once we are given it by the Appropriations Committee is much longer than we would like to admit.

IMPACT AID PROGRAM

Mr. FLOOD. You recall last year you were asked at some length about new jobs for the impact aid program as a result of the new law. One of your witnesses said we were "overemphasizing the complexity of the task."

I don't know whether you know it or not, but the lid is about to blow on this one.

Mr. BELL. We have learned better, Mr. Chairman, since then.

Mr. FLOOD. What I am talking about is this question of the delay in making these payments to impact school districts this year. Do you still contend that we are overemphasizing this situation?

Mr. YORK. No, sir, but I contend that there really is not a delay. I think the payments schedule that we are following this year is very close to the payments schedule that we have had in the last 2 or 3 years in the impact aid program. In fact the payments are made incrementally, and the payment we are about to make is very close to the same schedule that it was made last year and the year before, and the succeeding payments will be close to that schedule, too. That does not really address your question. I think your question is there are numerous problems related to that program that we probably need to address that we have not been able to address.

I think we would agree with that.

Mr. FLOOD. I have here a "Dear Colleague" letter sent by Congressman Herbert Harris of Virginia. Let me quote the first paragraph.

> I have recently learned that the U.S. Office of Education may not make fiscal year 1976 impact aid payments to the 4,400 eligible school districts until May 1976, and possibly as late as July, after the close of the current fiscal year. It is my understanding that the excuse for the delay is that the U.S. Office of Education has not gotten its automated data processing system prepared to handle prompt disbursal of these funds.
>
> I believe that this inexcusable delay could be very disruptive to our schools across the country and seek your help.

Mr. YORK. Mr. Chairman, we did address this question—Mr. Wheeler addressed this question briefly in the impact aid testimony. I would ask him to address it again.

Mr. WHEELER. Mr. Chairman, we are aware of the statement Mr. Harris made. That statement, I think, grows primarily out of the anxiety which comes from the knowledge of what it takes to make the payments with respect to the automated system.

However, we have designed a schedule which will make some initial payments to the school districts probably during next week. This will put us slightly ahead of the schedule we have been following in prior years. Then we will follow with another incremental payment, to be completed before the end of June. Then we will be keeping about the same payments schedule we have kept in prior years. So it is true, we have problems with respect to getting our system computerized, but that is not going to slow down the payments. The Commissioner is very anxious about this, and knows, as I do, the situation in the school district with respect to how they use impact aid.

Mr. FLOOD. Let me quote another paragraph from the letter.

School officials in my district tell me that this delay could have very serious consequences. A 3- to 5-month delay will mean that a local government will have to borrow replacement money at high interest rates, break into investments, and thus lose interest payments or curtail education programs.

Mr. WHEELER. We don't think that is going to happen. In the first place, we are making payments to school districts who report an emergency case to us.

In those cases we make the payment right away. We have made 120 of those already. We have about 18 more that we have not responded to but we will respond to in a very short period of time.

Mr. FLOOD. I will tell you what you do. Congressman Harris is asking the Members to join with him in signing a letter to the Secretary of Health, Education, and Welfare on this subject. So you might check with the Secretary on that letter, and be prepared to respond quickly.

MANPOWER UTILIZATION SYSTEM

What kind of manpower utilization system do you have in the Office of Education?

Mr. YORK. We have for the past 18 months been working on the development of a manpower measurement system which has as its base a definition of individual functions and tasks related to each of our program activities—where there is a commonality across our program activities, and in our administrative and other activities, specific tasks relate to each of those.

We have started with a data base of the actual person years and person days that we have used on each of these activities, in each program since 1974.

We now have the same information for 1975—matching that to get a validation.

From that, we are in the process of developing what we are calling program profiles, which takes an individual program and looks at the actual use of manpower in the past, takes similar programs, and develops standards for each of these individual functions across programs that form the basis for our budget submission this year, and will be even more of a basis for our budget submissions and tracking our actual use of manpower in future years.

Mr. FLOOD. I wonder what your answer would be if I asked you if it was a good system.

Mr. YORK. My answer to that question would be "Yes," I think it is a good system. It is still in the developmental stage.

We still have a way to go in actually developing the standard times for each of these functions.

TEMPORARY JOBS

Mr. FLOOD. You are requesting 94 temporary jobs for the student loan program. What's the reason for that?

Mr. YORK. The idea there is we have a tremendous backlog of accounts, defaulted accounts, that we have not yet been able to convert to repayment status. Rather than adding a significant number of permanent employees, we think within the course of approximately a year, using temporary employees, we can reduce that backlog to such an extent that the permanent staff from there on can keep it at a reasonable level.

Mr. FLOOD. What kind of qualifications are needed for one of those jobs?

Mr. YORK. Primarily people with some collections experience, if we can get them.

If not, we will get young people who have some talent, and we will train them.

OVERTIME AND PRINTING

Mr. FLOOD. You show an increase of $736,000 for overtime and printing. What is that for?

Do you have a backlog or what?

Mr. YORK. It is partially related to the new positions, an overtime allocation, which is normally associated with each of those positions. In the printing area, a big portion of that increase is the costs that we have to pay the Government Printing Office and outside contractors for printing is going up substantially.

We have a tremendous amount of printing done every year. All of our applications for our grant programs, the numerous regulations written that we have to pass out to our constituents, the numerous reports that come out of various places—of that $736,000, $474,000 is an increase in printing costs.

CONSULTANTS

Mr. FLOOD. How much is in this budget for consultants?

Mr. YORK. Specifically, $167,300.

Mr. FLOOD. Is that more or less than last year?

Mr. YORK. I believe that is less than last year.

Mr. FLOOD. Is it or is it not?

Mr. YORK. It is the same as the 1976 number. No increase.

CLEARINGHOUSES

Mr. FLOOD. Who are the main beneficiaries of these clearinghouses you talk about?

Mr. YORK. I would ask Dr. Evans if he could talk to this.

Mr. EVANS. I cannot speak to that.

Mrs. BEEBE. We have representative from the three clearinghouses here. Perhaps John Molina could speak to the bilingual aspect.

Mr. BELL. I think the record should show at the outset these are required in the law. They are not clearinghouses that we are taking the initiative on, but we are putting into place because the law requires it.

Mr. FLOOD. All right. I know that but I am trying to find out what you are doing about them.

Mr. YORK. Dr. Molina?

Mr. MOLINA. Mr. Chairman, the Bilingual Education Act requires that the Commissioner join with the Director of NIE to establish a national clearinghouse to disseminate information regarding bilingual education practices and materials. To that end, this year we let a contract to plan such a clearinghouse. And that is in the process now.

We expect those management plans to be completed by the end of this fiscal year, by June of this year. We are requesting funds to implement this plan.

Mr. FLOOD. Who are the main beneficiaries?

Mr. MOLINA. The general public, school districts, universities and colleges throughout the Nation.

PLANNING AND EVALUATION

Mr. FLOOD. What studies are funded under the planning and evaluation activity you had so much to say about, that lead to the development of this proposal of yours on the block grants for elementary and secondary education?

Mr. YORK. This time I would ask Dr. Evans, who is our Deputy Commissioner for Planning and Evaluation, to answer that.

Mr. EVANS. None of the studies we have done, Mr. Chairman, lead to that proposal. The studies that we have done under that appropriation are, as you may know from the law, restricted to assessing the effectiveness of already existing legislated programs.

The proposal grows out of the administration's conviction that the current array of categorical programs pose serious administrative problems for State and local educational officials. As you heard the Commissioner say several times during these hearings, the belief is that these problems could be greatly relieved if the States had the opportunity to have greater discretion.

Mr. FLOOD. But the activity has a planning element too, doesn't it?

Mr. EVANS. The planning studies are also restricted to those that relate to the future activities and operations of existing programs.

PLANNING AND EVALUATION CONTRACTS

Mr. FLOOD. What proportion of planning and evaluation funds will be used for contracts with private firms?

Mr. EVANS. Just about all of them, sir—if by private firms we include both nonprofit as well as profit. These studies are carried out through the standard competitive procurement process.

Mr. FLOOD. Does this change much from year to year?

Mr. EVANS. The system for doing that is the same as I described to you in testimony in previous years. As I said, it is important to empha-

size that these studies, while they are designed by the professional staff in my office, the actual field work is carried out by firms selected through the competitive procurement process.

Mr. FLOOD. Why are most of these planning and evaluation studies performed by contractors, rather than your own staff?

Mr. EVANS. Because my own staff, Mr. Chairman, is limited to about 40 people, and we have so many studies going on that it would be impossible for us to carry out the work on them, unless we were to reproduce in OE something in scope that the Census Bureau has by way of interviewers, data processors, and the like.

ADVISORY COUNCILS

Mr. FLOOD. Why are there no funds requested here for the advisory councils on equal educational opportunities, and continuing education? Aren't they statutory councils?

Mr. YORK. They are, sir. But one of the councils expires on June 30.

Mrs. BEEBE. The Continuing Education Council expires and there is no further authority. We are not requesting funding for that program, and therefore not for the council.

Mr. BELL. I would say, Mr. Chairman, if you disagree with that, the council will be required to stay in place, of course.

Mr. FLOOD. Thank you very much. Mr. Michel?

CHAIN OF COMMAND—REGIONAL OFFICES

Mr. MICHEL. Mr. York, as I understand the lines of authority with respect to the regional offices, the various subfields represented in those offices report to the Regional Director, who in turn reports to the Commissioner, and then the Commissioner in turn goes to the parent offices within the Office of Education; would that be right?

Mr. YORK. I think we need to make sure that we have an understanding. We talked about this a little bit yesterday. The position that is normally categorized "regional director" is an individual who reports directly to the Secretary of HEW, and is responsible for all HEW programs in general in a regional office.

I think what you are referring to is not that position. I think you are referring to the individual who is responsible for the guaranteed student loan program.

Mr. MICHEL. That may be, depending on your breakdown.

Mr. YORK. In each of the regional offices we have changed the nomenclature to get rid of any confusion. Those individuals are now basically called Assistant Regional Commissioners. They report to the Regional Commissioner of Education in each of the regions who reports directly to Dr. Bell.

Mr. MICHEL. I still have a problem with that.

Mr. EVANS. The principal educational officer in the Regional Offices, Mr. Michel, is the Regional Commissioner who reports directly to Dr. Bell.

Mr. MICHEL. And if there is a problem with that Regional Commissioner, the Commissioner never knows about it; does he?

Mr. YORK. He does know about it.

Mr. MICHEL. Is there an opportunity for a shortchanging between that Assistant Regional Commissioner and the Commissioner if there

is something wrong? That is what I am saying and am concerned about.

Mr. YORK. For example, let me take the guaranteed student loan program.

Mr. MICHEL. My point is that you have a problem down here, and part of our problem is in this office right here.

How in the devil does the Commissioner up here know about it directly in order to get at this particular problem? That exists, and you are never going to correct it unless you change it.

Mr. YORK. There are day-to-day regular communications in the guaranteed student loan program, for example, between Mr. Kohl, who is the Associate Commissioner and responsible for that program and that program only, and these Assistant Regional Commissioners. On a regular basis they consult with him and he consults with them. We have an oversight responsibility as far the headquarters office is concerned, to assure that there is a consistency of operation in the guaranteed student loan program across all the regional offices. In fact we go out and review the operations of the guaranteed student loan program in each of those regional offices. There is a consistent policy application across all the regional offices in the guaranteed student loan program.

The computerized systems that we are putting in all tie into a central location. There is input from each of the regions, but it is all controlled from a central point, so that the situation I think you are referring to really doesn't exist in the guaranteed student loan program.

We have a day-to-day open flow of communications between those assistant regional commissioners and Mr. Kohl, and between the regional commissioners and myself on the guaranteed student loan program. They look to me for major policy direction in the guaranteed student loan program, the regional commissioners do, so there is a direct interface between the regional comissioners, the tenant and myself.

Mr. MICHEL. I hope that is true, and I just want you to know that the heat is on, and by glory, we are going to ride herd on it, to make sure that we get this situation cleaned up.

Mr. BELL. Mr. Michel, I wonder if I could talk to this for just a minute?

Mr. MICHEL. Go ahead.

Mr. BELL. I know, I believe, where you are getting the complaints on this matter. I sometimes have this problem, as I report to the Office of the Secretary, because some of the staff of the Office of the Secretary unwittingly and not on purpose, go directly to my staff under me and start giving them some instructions. I have heard this illustration, some of these people have heard this illustration so much that they will be tired of hearing it again.

I am like when they wrote about Robespierre during the French Revolution. He kept walking over to the window. They said "Why are you doing that?" He said "Those are my troops over there. I am trying to find out which direction they are going because I am their leader."

Well, I do not want to undercut the regional commissioner, so I have said as far as program management is concerned, the person

that has national responsibility for the guaranteed student loan program who I am holding responsible for it, is the deputy commissioner, this man right here.

Now he has, Mr. Michel, under him an assistant commissioner. He has other duties besides that. He has other operations, the personnel department and others who report to this deputy commissioner, but under him is the associate commissioner for the guaranted student loan program.

Out in the regional office is my regional commissioner, and under him are the parts and pieces. He has someone that runs the school system. The thing I want to avoid because it has been tearing the place up, and I know from being out on that side of it, I want to avoid some of Mr. Wheeler's staff undercutting the regional commissioner, giving the regional commissioner's staff directions on where they go, and so I put out orders that that business was going to stop, and some of the people in my office have objected to that, and I know they have talked to some of your staff about it, Mr. Michel, and have complained about it. and I know that the staff in Mr. Kohl's office objects to this, but I would just tell you it is bad management to undercut the leader, and the leader out there is the regional commissioner, and if anything goes wrong he will be responsible, not the underlings under him.

But, if the underlings out in the Denver regional office start calling the underlings under Wheeler, we have chaos, and I have to shut that off, and I am going to raise hell if there is any more of it.

If there are any directions that need to go out there from this deputyship, it needs to go to the regional commissioner, and then he will give it to his staff. The people under him now are telephoning direct to Washington and are saying "I have already got orders from headquarters" well that is cutting the ground out from under the regional commissioner. That is what it is all about.

I spent a long time with this group, and all the regional commissioners. I took them on a retreat at Dulles Airport to get away from the telephone, and I lined this thing up. I used a chart board to illustrate it, and I told them I didn't want any more of it. I am fearful, Mr. Michel, that what is being fed through to you is going to undermine what I have spent months since I have been the Commissioner to straighten up.

I don't want to spend the time in this hearing on it, and I am sure you don't, but I am just concerned. I have had that come up several times now, and I am concerned that some people have given the wrong impression.

Mr. Kohl, who is the Associate Commissioner, is not going to be hampered in giving his directions, but when he wants to give directions to the Denver regional office, he had better give them through the national officer that has responsibility for it.

Now if it is a nitty-gritty, day-to-day thing about "Hey, how about sending somebody out to Fort Collins to check on this thing at Colorado A. & M." we don't care about that, but these major directions I don't want that regional commissioner to be like Robespierre looking out the window to see where his troops are going. I am giving a long speech on this. I have strong convictions about it and I just want to make sure that this procedure doesn't get undercut.

I was in the Office of Education for 2 years before, and I know how this thing has gone on, and I would testify to you that we are

beginning to shape it up, and we have a lot of management problems down there, an agency as big as ours is in this huge HEW bureaucracy. Some time if you have the time, and I could sit down with a chart, I could show you how I have given the orders on how that is to operate.

Mr. MICHEL. Do we have in the record a table of organization of the Office of Education?

ORGANIZATION BY FUNCTION

Mr. YORK. The Chairman has requested an organization chart, yes, sir.

Dr. BELL. Mr. Michel, I am spending too much time. The problem is when you organize an organization by function, by school systems, by higher education, by vocational education, all these deputies that have been here, and then you turn around and organize an organization by geography, by the 10 regional offices, Seattle, Denver, Chicago, New York, Boston, Atlanta, and so on, you immediately introduce into this some complexities. It is not unlike running a school system though, where you have different schools in a big school system where you have area superintendents and you have this function lined up, and you have got to make sure that that line flows from your line officers, and not from your staff officers.

I have enough trouble inside the department so I don't want it happening inside of my agency, if I can avoid it.

Mr. MICHEL. You didn't go on too long. It ought to be spread right on the record so we all know where we are.

Mr. YORK. Mr. Michel, one additional point. I am not sure this had any reference to what you were talking about, but you are aware that in regional offices there are numerous administration and management functions that are not within the control of the Regional Commissioner. Those are provided by the Regional Director's staff to us, personnel, finance, and that kind of activity.

EVALUATION STUDIES

Mr. MICHEL. How many different evaluation studies are being undertaken this year, and how many are planned for 1977?

Mr. EVANS. We have about 35 going on at any one time, Mr. Michel, and that means old ones phasing out, and new ones coming in, but the standard running number is about 35, and that will apply for fiscal year 1977 as well.

Mr. MICHEL. If I asked you that question and we were still in the same spots we are 5 years from now, would you give me about the same answer?

Mr. EVANS. I think I would, Mr. Michel, unless the budgetary picture changes greatly. You see the reason that is the case——

Mr. MICHEL. Some people would find that hard to understand. Will you explain why?

Mr. EVANS. It is important that I explain it then, because it is fairly clear, actually. We have in the Office of Education nearly 100 different legislated programs with different budgetary line items. The basic law pertaining to evaluation charges us with the responsibility of submitting a report to you each year that assesses the effectiveness of all programs. Actually, that report has only been coming to you now for

about 4 to 5 years, and what we are trying to do is to build up a full assessment of just about all those programs.

With the appropriation we have, which this year is for less than $7 million, and with the costs of these studies that involve national samples, State-by-State analysis and so on, we are only able to compete in any one year evaluations of a very small portion of those nearly 100 programs. By the time it takes us, over a period of let's say 5 or 6 years, to run the full gamut of all those programs, the evaluations we completed 5 years ago are now out of date and need to be done again. So, unless we change to a radically different system, in which we had massively larger budgets and much larger staff in the Office of Education that would permit annual or biannual evaluations on all programs, the constant recycling I spoke of is about the way the operation has to go.

Mr. MICHEL. Are all of these being done inhouse?

Mr. EVANS. No, sir, they are not. It is our strong belief that the basic prescription and design should be done inhouse, so that we know what we are going to get and it is going to be the right kind of study. But the actual collection of data and the fieldwork are carried on by different organizations which are contracted with through the competitive procurement process.

Mr. MICHEL. Does that mean that all of them are contracted out?

Mr. EVANS. Yes; it does. We do some small scale analyses with our staff, but nothing of any great consequence.

CONTRACTORS

Mr. MICHEL. How are those contractors chosen?

Mr. EVANS. They are chosen through the RFP, competitive procurement process. We develop a detailed evaluation designs which goes out as requests for proposals. We receive bids back usually anywhere from 5 to 35 profit and nonprofit research organizations. A technical panel reviews them, chooses one of them, and a contract is signed and then monitored by my office.

Mr. MILLER. Mr. Michel, could I use this opportunity to divert the discussion a little bit, but I would like to get it on the record?

The Office of Education is the only component of HEW now operating under an artificial ceiling on contracts with profitmaking consultants that was created in the appropriation in fiscal year 1975. It is due to the happenstance that they had a separate appropriation. The Congress eliminated that ceiling last year in the regular Labor-HEW bill. In the conference it was agreed that that ceiling would be dropped not only for the Labor-HEW bill but it would also apply to the Office of Education. Through a technical error that was not done.

It would be very helpful and it would make contracting much more orderly and equitable if when you take up the supplemental you would eliminate that ceiling as it applies to the Office of Education, and the Senate is aware of this and I think is prepared to go along.

Mr. MICHEL. Who made the technical error?

Mr. MILLER. That is open to debate. I would say budget staffs made it, both congressional and executive branches.

Mr. MICHEL. I remember faintly that discussion that went on at that time, but I think it is good to have it spelled out clearly in the record here.

Mr. MILLER. Incidentally I might say it was not the mistake of the House.

Mr. MICHEL. I appreciate that voluntary contribution on your part. If there are only roughly 35 contractors would that be the case?

Mr. EVANS. That is approximately correct.

Mr. MICHEL. Could we have the list of those and the amounts they are receiving?

Mr. EVANS. You certainly can. We supply that as a matter of course in the annual evaluation report that we submit to you, but we will submit it separately to you, or if you would like, since it is a rather bulky document, I don't know whether you want that in the record or not but we can do so if you wish.

Mr. MICHEL. If we could just have the names of those.

Mr. EVANS. Of the current ones?

Mr. MICHEL. Yes.

Mrs. BEEBE. At this point we would only be able to supply it for the 1975 awards, because most of the 1976 awards have not yet been made.

Mr. MICHEL. To the last period that you have.

[The information follows:]

FISCAL YEAR 1975 CONTRACTORS PLANNING AND EVALUATION

Abt Associates, Cambridge, Mass.
American Institutes for Research, Palo Alto, Calif.
American Institutes for Research, Washington, D.C.
Applied Management Sciences, Silver Spring, Md.
Booz, Allen & Hamilton, Washington, D.C.
Bryk, Oliver, Bethesda, Md.
CEMREL, Inc., St. Louis, Mo.
Columbia Research Associates, Washington, D.C.
Development Associates, Washington, D.C.
Education Commission for the States, Denver, Colo.
Educational Testing Service, Princeton, N.J.
Exotech Systems, Gaithersburg, Md.
Harvard University, Cambridge, Mass.
Higher Education Research Institute, Los Angeles, Calif.
Huron Institute, Boston, Mass.
Indiana University, Bloomington, Ind.
Kirschner Associates, Albuquerque, N. Mex.
National Science Foundation, Washington, D.C.
Northwest Regional Education Laboratory, Portland, Oreg.
Olympus Research Corp., Salt Lake City, Utah.
Opinion Research Corp., Princeton, N.J.
Peat, Marwick, Mitchell & Co., Washington, D.C.
Rand Corp., Santa Monica, Calif.
Research Triangle Institute, Research Triangle Park, N.C.
RMC Research Corp., Bethesda, Md.
RMC Research Corp., Mountain View, Calif.
Stanford Research Institute, Menlo Park, Calif.
Syracuse University Research Corp., Syracuse, N.Y.
System Development Corp., Santa Monica, Calif.
Systems Group, Inc., Washington, D.C.

IN-HOUSE EVALUATIONS

Mr. MICHEL. I guess I tend to be somewhat suspicious of these evaluations, even though I personally argue for them. We have them in business and industry, and depending upon what kind it is up to 10 percent, trying to determine in which direction you are going and

how good your product is and how it is going to sell and how it is being produced, et cetera.

Mr. EVANS. It is about one-third of 1 percent for us, Mr. Michel.

Mr. MICHEL. I appreciate that, but I get the general impression when we have in-house Government agencies evaluating their own work, they aren't nearly as critical as we would expect someone from the outside taking a purely objective look, and that is not to say that you are not objective, but the criticism tends to get muted, and it isn't as sharp as you normally expect.

Am I right or wrong in the observation that this kind of does take place in your shop?

Mr. EVANS. I would hope, Mr. Michel, that you are wrong, but I would have to say that the basic concern you voiced is a sound one, generally speaking. When I first came to the Office of Education, it was the procedure at that time that evaluations were the responsibility of each individual program. I argued and persuaded the then Commissioner that that should not prevail, because putting a person in the position of evaluating himself is, as you indicated, an inherently unwise thing to do.

I can indicate briefly how we now do things. I might mention that our system, along with those used by other agencies is being looked at by the General Accounting Office and, although they haven't released their report yet, I am told that, in their general conclusion, they found the Office of Education evaluation procedures laudable, and may even suggest them as a general model for others to follow.

In any case, to speak directly to your point, I would point out that the people in our office have no program responsibilities. They are hired and they are there as technical evaluators, people with advanced degrees and training in sampling, measurement, data analysis, and the like.

We design studies that call for the collection of objective data. For example, in the case of title I, we are assessing title I on the basis of changes in achievement scores, and it is pretty hard for us to introduce biases in the way those achievement scores come out when the people who are actually collecting them are the competitively procured technical organizations that I described earlier; organizations like Rand, System Development Corp., Educational Testing Service, and the like. So both by way of design and measurement, and in the collection of data, it would be very hard for us to introduce bias into the findings.

Now, what happens when you get an evaluation report as to what you want to do with it, if, for example a program is found to be less effective, whether that means that you should cancel the program or redouble the efforts to make it more effective, is a policy judgment. But the results of all our studies are made available to your staff, and are available to the public, so I would argue that it would be very difficult for us to bias the actual findings.

We could be charged with doing an incompetent study, but I think it would be very hard for us to do a biased or dishonest study.

Our problem, Mr. Michel, is more the opposite to the one you cite. The complaint we more often get is that the results from our evaluations are too negative.

Mr. MICHEL. I am glad to hear that.

CIVIL RIGHTS

Does the Office of Education play any role in the action taken with respect to education by the HEW Office of Civil Rights?

Mr. BELL. We work with that Office, Mr. Michel, and they work with us. They provide information to us on what school systems are about to be ordered to desegregate and so on, so we can make plans. They confer with us on school systems that they are about to take some action on.

Right now, for example, there is quite a bit of activity in the city of Chicago on their faculty, the need to desegregate, and so we confer with them back and forth, but as you know, the Director of the Office of Civil Rights reports directly to the Secretaries.

Mr. WHEELER. Mr. Michel, I might add our responsibilities are divided pretty much along the lines of program administrative responsibilities and enforcement and compliance responsibilities. Compliance and enforcement are pretty well seated in the Office of Civil Rights and the administrative responsibilities are seated with us.

However, they give us clearances before we can make grants to be sure that school districts have made the kinds of compliances and assurances that they should make.

Mrs. BEEBE. I might just add that the Office of Education administers a part of the Civil Rights Act, that which is called title IV, civil rights training, and advisory services, for which we have requested $34.7 million.

Mr. MICHEL. How much?

Mrs. BEEBE. $34.7 million.

Mr. BELL. The thing I neglected to say, Mr. Michel, which should be said is that by departmental policy the Office of Civil Rights reviews all of our Emergency School Aid Act proposals, and the proposals under title IV of the Civil Rights Act.

FRAUD AND ABUSE

Mr. MICHEL. The other day we touched on the requested 200 new people to prevent fraud and abuse.

Do you have people currently onboard that are assigned to this function?

Mr. YORK. Yes, we do, Mr. Michel.

Mr. MICHEL. How many would that be?

Mr. YORK. In the guaranteed student loan program we have 11 positions that are currently allocated for that. Five of those are filled at this point in time.

Mr. MICHEL. That is right, that came out the other day. Then we went into the problem of the delay——

Mr. YORK. The cop on the beat versus the detective.

Mr. MICHEL. Yes, and from the civil service routine and all that, a long delay.

Mr. YORK. Yes, sir.

ADVISORY COMMITTEES

Mr. MICHEL. Is there any prospect for reducing the number of advisory committees that we are currently funding?

69-745 (Pt. 5) O - 76 - 54

Mr. YORK. We are in the process of doing the evaluations now, which will lead to some decisions that may be made to recommend the deletion of some councils. It has not proceeded to a stage where it would be appropriate to say there will or won't be but those evaluations which are done yearly are underway now.

Mr. BELL. In our testimony before you came, Mr. Michel, we indicated that we are not recommending the funding of two concils now.

Mr. MICHEL. That would be deleted.

Mr. BELL. Yes.

Mr. PHILLIPS. Mr. Michel, before you move on to the next point, on this matter of the advisory councils, there is a potential difficulty here. We are proposing to eliminate the National Advisory Council on Continuing Education, which is consistent with our legislative proposal to terminate that title I program, and our budget proposal to terminate that program.

Our concern would be that if the Congress should not see it our way in terms of legislation and budget, that they would not then turn around and neglect to appropriate funds for that advisory committee, which would still be required under law, and for which we would have to provide funding.

Mr. MICHEL. What is the amount of money involved there?

Mr. PHILLIPS. I think it is about $400,000, something of that order, but if we end up with appropriation and a legal requirement to do it, and then not the budget for it, then we are going to have a real problem on our hands. I think it is a point that needs to at least be addresed on the record.

Mr. YORK. Mr. Michel, I might say that, in fact, that happened to us in this past year, to the extent of something over $200,000 that we had to come to the Congress to get a reprograming, and, in fact, cut further into our S&E funds for the Office, in order to support a council. The amount we are talking about for this council is I understand $247,000.

GRANTS AND CONTRACTS

Mr. MICHEL. How many grants and contracts are issued by the Office of Education in a year?

Mr. YORK. Approximately 11,000. It is between 11,000 and 12,000. That is contracts and discretionary grants, Mr. Michel. That does not include any programs that are formula grants that go out in a different mode.

Mr. MICHEL. Do any of these involve the payment of indirect costs or overhead?

Mr. YORK. Certainly in the contracts most all of them would include indirect costs. In some of the training grants, there is a provision with a limitation of, I believe it is 8 percent, on indirect costs.

Mr. MICHEL. Mr. Miller, you mention an 8-percent indirect cost.

Mr. MILLER. Training grants.

Mr. MICHEL. Is that uniform throughout?

Mr. MILLER. Yes. When you were asking the same questions of the NIH, they used the same figure. If an indirect cost is established for Harvard, Stanford, or any college, that indirect cost rate will be used

on our grants for the Office of Education, for NIH, and for the rest of the Government as a matter of fact, not just HEW.

Mr. MICHEL. So there is a uniform standard. That was on training the 8 percent?

Mr. YORK. Yes; that was on training grants.

Mr. MICHEL. How about average overhead rate? What is that rate?

Mr. MILLER. I think the best figure you have heard, and honestly we don't have a good figure, is I think about 26 percent, but I think we need to do some more checking of that for you.

Mr. MICHEL. I wish you would.

Mr. MILLER. Perhaps you might want to bring it up when Mr. Young testifies with the Under Secretary a week from Monday. I think we ought to be prepared to give you more solid figures on that.

Mr. MICHEL. Because it has gone up significantly in the last several years. Of course everybody cries about increased costs, et cetera, and there is no secret about that, but when we were getting by with, at one time, around 15 percent, and then it goes to 26, you just have to raise some rather critical questions, or at least question the increase, and whether or not it can or can't be justified.

Do you award any of your grants on the basis of peer review, like they do out at NIH?

Mr. YORK. I don't think I would categorize it as peer review. In most of our discretionary programs, the grants are reviewed by field readers or by panels of outside people, plus Government people, and all of them are scored. I don't think it is quite the same situation that exists with NIH.

Mr. MICHEL. You undoubtedly don't have as formalized a procedure as they do.

Mr. YORK. We have a very formalized procedure in the numbers of people that are required on each panel, and how the field readers score the proposals. We have a very detailed manual that leads to all of those procedurally.

Mr. MICHEL. Could you, without being too lengthy, for the record then put in a little brief summary?

Mr. YORK. Certainly.

Mr. MICHEL. Of how that operates?

Mr. YORK. Certainly.

Mr. MICHEL. I would just like to be better informed as to how that differs from the manner in which they do it out at NIH.

[The information follows:]

DISCRETIONARY GRANT PROCEDURES

"Discretionary Grant Program Review and Administration Procedures" (2-26) revised March 21, 1975, provides the minimum requirements for the review of officially received applications by the designated program office.

Prior to receipt of grant applications, a list of qualified non-Government reviewers must be prepared and an available reviewer designated from the list. Applications will first be screened to determine which are sufficiently complete to warrant consideration for funding. Favorably screened applications are forwarded to the assigned program officer for technical review. Regulations state "The technical review must include review by a U.S. Office of Education program official and at least one non-Government reviewer. * * * Additional technical review may be required by the program. The technical review will be conducted solely in accordance with regulations, evaluation criteria, and program priorities published in the Federal Register." Reviewers are required to complete the appli-

cation technical review form which includes a series of standard questions to be taken into account when considering the applicant's qualifications.

I think that concludes my line of questioning, Mr. Chairman.

COST OF ADMINISTRATION

Mr. NATCHER. Under your total request for salaries and expenses, how does this compare with your overall request for the educational division budget?

Mr. YORK. For the overall program budget?

Mr. NATCHER. Yes.

Mr. YORK. Our S. & E. is approximately 2 percent of the total budget for the Office of Education.

Mr. NATCHER. Thank you.

BLOCK GRANTS

Mr. EARLY. If we did not have these 200 new employees, we would have had to decrease 58 permanent employees?

Mr. YORK. That is correct.

Mr. BELL. This is a decision made by OMB that I understand applies to quite a number of Government agencies, doesn't it, Charlie?

Mr. MILLER. That is correct.

Mr. BELL. The 2-percent reduction approximately.

Mr. EARLY. Is this being brought about because of the block grant approach?

Mr. BELL. No.

Mr. EARLY. How many staff positions do you suspect will be eliminated because of the block grant approach?

Mr. YORK. I think, Mr. Early, I made some reference to that earlier and I would like to sort of repeat the answer that I gave at that point in time. Initially if the block grant proposal is accepted, immediately it will act as if it is a new program rather than a reduction. All of the categorical programs that go into that block grant have a continuing effort for grants that have been made in prior years to complete those and get those closed out properly, and in fact for about 2 years we would be operating as if we had an additional program, so although there would be a saving eventually, that saving is out in the future. In fact we would have a difficult time being able to man and implement the block grant proposal immediately.

Mr. BELL. But following the closeout of that, there would be a decrease in staff and there should be quite a large one, because we have all those categorical programs in one area. It would depend on how Congress implemented it. The two small block grants that we are now implementing, Congress ordered us to do that over a phased time.

This year, for example, we are half in block grant and half in categorical grant in these areas, and so except for the amount of money, it is requiring as much work as before, but next year that will be phased over.

Mr. EARLY. I can't follow how even in the first year of block grants, you would need the same amount of administrative people. Reducing the bureaucracy is the whole reason for block grants, I thought.

Mr. EVANS. But most of these funds are either forward funded, so the actual activities that go on, that require the staff to handle them,

are going on in the forthcoming rather than the preceding period of time.

Mr. EARLY. Isn't it supposed to generate less Washington bureaucracy, less administrative expense here?

Mr. EVANS. Ultimately it is, as the Commissioner and Mr. York just indicated, but the important point being made is that that savings and that changed state of affairs doesn't come about for at least 1 year after the enactment of such a new law and the appropriation of new money under it.

Mr. EARLY. Dr. Bell, what has been your experience with new programs? If you don't terminate employees right then and there, do they ever get terminated?

Mr. BELL. You can terminate them by attrition.

Mr. EARLY. By attrition after they retire after 20 years?

Mr. BELL. Yes.

TEMPORARY EMPLOYEES

Mr. EARLY. Tell me this: How many temporary employees do you presently have on your staff?

Mr. YORK. About 197, Mr. Early.

Mr. EARLY. What would be the longest amount of service of any of those employees?

Mr. YORK. The longest period of time is 1 year.

Mr. EARLY. The longest period of time?

Mr. YORK. Yes; for a temporary, for one person in a temporary position. Many of them are shorter than that.

Mr. EARLY. Of these 197 temporary employees, none of them have service over 1 year?

Mr. YORK. I don't think I could answer specifically that that is the case in each and every one. As a general proposition that is the policy, that any temporary employee, the job is supposed to be such that it requires an individual activity that has to be accomplished in a specific, relatively short period of time, and when that job is done, there is no longer a need for that individual.

Mr. EARLY. What is the life expectancy of these 94 new, temporary employees?

Mr. YORK. One year.

CONSULTANTS

Mr. EARLY. The chairman asked how many consultants you employ, both numerically and in dollar amounts. May I have those figures?

Mr. YORK. The dollar amount is $167,000. I would have to provide for the record the number numerically of individuals.

[The information follows:]

As of January 1, 1976, the Office of Education had retained 158 consultants for program administration under the "Salaries and expenses" appropriation.

Mr. EARLY. Are you satisfied, Dr. Bell, with the results from the consultants?

Mr. BELL. I could make a general statement and say by and large I am, but the result is variable. There are some that I am not satisfied with, and some that I am. We obviously try to be quite careful with whom we employ in that regard. Our grant making procedure requires that we have both outside and inside evaluators of proposals.

The bilingual education program, for example, is a $97 million discretionary grant program, and we have to make a decision, since there is no formula, as to what school districts get a bilingual education grant and what ones don't, and the thing that we do, we publish in the Federal Register our funding criteria and a scoring process. Then we have independent evaluations of those proposals. We have persons that are expert in bilingual education outside of the Office of Education read and score these proposals, and people inside of the Office of Education read and score them, and they do them independently. Then we calculate a composite score, and rank them from first to last, and then fund them down for the amount of money we have.

It is in that activity where a lot of our consultant type employees are of value to us.

I would have to say some of them we think do a good job in reading and rating proposals, and some of them we bring in that are highly recommended by this great university are disappointing.

ADVISORY COMMITTEES

Mr. EARLY. What about the advisory committees—the five Presidential and eight non-presidential committees funded at $2,041,000? They are funded fairly fully.

Do you think we get our money's worth or not?

Mr. BELL. I would ask some of the program deputies here that work closely with them to comment on that.

Mr. PHILLIPS. I can respond, Mr. Early, with respect to the advisory committees that we work with in the higher education area. I think we get our money's worth and more, because they provide a continuing source of new perceptions about how the world of higher education is changing, what the new developments are, what the new factors are that we need to keep in mind as we endeavor to make these program work as effectively and in accordance with the congressional intent. I think that there is a very great benefit from the cost involved in this.

Mr. EARLY. With regard to the five Presidential committees, how much of the $2,041,000 in expenses can be attributed to them?

Mr. YORK. $1.4 million, Mr. Early.

Mr. EARLY. What can you show us from those five committees? Can you show us some study or some recommendation that you implemented?

Mr. YORK. There are annual reports produced by each of those committees that do contain significant recommendations, program recommendations.

Mr. EARLY. I want to get away from reports, Doctor. Everyone puts out reports. What have we done? Who evaluated the report and who implemented the recommendations from the report?

Mr. EVANS. There are comments also, Mr. Early. They send in reports which are responded to by the appropriate staff offices in the Office of Education saying, "We concur with this recommendation," or "We don't concur with this one," or "We are taking these steps," or "We don't think it would be wise to take those steps," or whatever the case may be.

STAFF TIME FOR COUNCILS

Mr. EARLY. These five committees funded at $300,000 each on an average, how much time will they put in? Are they full time?

Mr. YORK. No, sir.

Mr. BELL. They have a full-time staff, Mr. Early.

Mr. YORK. Most of them have a small full-time staff of four to seven people and then the members themselves, of course, on a part-time basis.

Mr. EARLY. Of the $1.4 million, can you tell us how much is staff expense?

Mr. YORK. The great majority of it.

Mr. BELL. Except for the travel.

Mr. EARLY. How much is a duplication of what your staff does?

Mr. YORK. I don't think there is any of it that is duplication of what is done by the Office of Education staff.

Mr. EARLY. Can you give me one example of what you do that they don't do?

Mr. EVANS. Could I speak to that?

The thing to be kept in mind, Mr. Early, is that many, if not most, of these advisory councils are created by law. They are not something that the Office of Education decided to institute. The purpose of the Congress usually is to force upon the executive branch some set of outside views, opinions, and assessments of the operation of the program. What usually happens is that a committee will be appointed of high level, established people in some particular field, they will convene maybe three or four times a year, and will render analyses, judgments, and evaluations, and communicate their opinions about those to both the executive branch and the Congress. Their reports typically contain recommendations about increased or decreased funding, change of program operations, alteration in the legislation, things of that sort. That is the typical product of an advisory council, and the reason why it was instituted in the first place.

Mr. EARLY. I have yet to see any real net results from any of these committees. I think you get more from your own staff than you do from the committees and they build up as far as cost.

We will adjourn the meeting.

Thank you all very much.

JUSTIFICATION OF THE BUDGET ESTIMATES

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

Salaries and Expenses

Fiscal year 1977 Budget	Page No.
Appropriation language and explanation of language changes	177
Amounts available for obligation	178
Summary of changes	179
Obligations by activity	181
Obligations by object	182
Significant items in House and Senate Appropriation Committee reports	183
Authorizing legislation	184
Table of estimates and appropriations	185
Justification:	
A. Narrative:	
1. General statement	186
2. Activities:	
(A) Planning and evaluation	188
(B) General program dissemination	190
(C) Advisory committees	191
(D) Information clearinghouses	193
(E) Program administration	194
B. Program purposes and accomplishments	206
C. New positions requested	211
D. Transition quarter analysis	214

Appropriation Estimate

Salaries and expenses

For carrying out, to the extent not otherwise provided, the General Education Provisions Act, and the Education Amendments of 1974, including rental of conference rooms in the District of Columbia, [$105,224,000] *$115,434,000*.

178

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

Salaries and Expenses

Amounts Available for Obligation[1/]

	1976	1977
Appropriation	$105,224,000	$115,434,000
Proposed supplemental	2,083,000	---
Subtotal, appropriations	107,307,000	115,434,000
Comparative transfer to:		
"Assistant Secretary for Education"	-387,000	---
"Departmental Management," OS	-28,000	---
Total, obligations	106,892,000	115,434,000

1/ Excludes the following amounts for reimbursable activities carried out by this account: 1976 - $425,000; 1977 - $550,000.

Summary of Changes

1976 Estimated obligations	$104,809,000
Plus: Proposed supplemental	2,083,000
1976 Revised obligations	106,892,000
1977 Estimated obligations	115,434,000
Net change	+ 8,542,000

	1976 Base Pos.	1976 Base Amount	Change from Base Pos.	Change from Base Amount
Increases:				
A. Built-in				
1. Annualization of FY 1976 positions filled for only part of the fiscal year	---	$ 61,027,100	---	$+576,100
2. Annualization of FY 1975 payraise	---	2,105,200	---	+706,800
3. Within-grade increases for advisory committee personnel	---	592,600	---	+5,600
4. Increased costs for administrative services, rent, photocopiers, mail, telephones, and printing.	---	11,212,000	---	+1,733,000
5. Annualized costs for Guaranteed student loan ADP successor system	---	5,778,000	---	+2,000,000
Subtotal			---	+5,021,500
B. Program:				
1. Cost to support a net increase of 142 new positions for Program administration	---	---	+142	+3,092,000
2. Cost associated with transferring 7 authorized positions to other advisory committees	---	---	+7	+65,200
3. Support of 94 additional temporary employees for the Guaranteed student loan program	---	---	(+94)	+673,000
4. Increased overtime and printing	---	1,849,000	---	+736,000
5. Increased continuation costs for ongoing planning and evaluation studies	---	1,884,000	---	+1,796,000
6. Cost of General program dissemination continuations increases	---	250,000	---	+100,000
7. Information clearinghouses changing from planning to operational mode	---	300,000	---	+300,000
Subtotal			+149	+6,762,200
Total increases			+149	+11,783,700

180

	1976 Base		Change from Base	
	Pos.	Amount	Pos.	Amount
Decreases:				
A. Built-in:				
1. One less paid day in fiscal year 1977.....	---	$ ---	---	$- 218,000
2. Decreased level for overhead administrative costs, such as remodeling and payments to the working capital fund.....	---	---	---	-1,222,000
Subtotal.....			---	-1,440,000
B. Program:				
1. Phase-out of the equal educational opportunity and the extension and continuing education advisory committees and the costs associated with their seven permanent positions..	7	413,000	-7	-413,000
2. Decreased contractual services for advisory committees.....	---	1,410,100	---	-109,700
3. The number of new awards for planning and evaluation activities decreases from 27 to 22.....	---	4,499,000	---	-1,179,000
4. New General program dissemination awards decrease from five to two.	---	250,000	---	-100,000
Subtotal.....			-7	-1,801,700
Total decreases...			-7	-3,241,700
Total, net change.....			+142	+8,542,000

Obligations by Activity

Page Ref.		1976 Appropriation Pos.	1976 Appropriation Amount	1977 Estimate Pos.	1977 Estimate Amount	Increase or Decrease Pos.	Increase or Decrease Amount
188	Planning and evaluation.....	---	$6,383,000	---	$7,000,000	---	+ 617,000
190	General program dissemination.....	---	500,000	---	500,000	---	---
191	Advisory committees.....	38	2,454,000	38	2,041,000	---	- 413,000
193	Information clearinghouses.....	---	300,000	---	600,000	---	+ 300,000
194	Program administration.....	3,009	97,255,000	3,151	105,293,000	+142	+8,038,000
	Total obligations.....	3,009	106,892,000	3,151	115,434,000	+142	+8,542,000

182

Obligations by Object

	1976 Estimate	1977 Estimate	Increase or Decrease
Total number of permanent positions.....	3,009	3,151	+142
Full-time equivalent of all other positions.	200	271	+71
Average number of all employees.....	2,994	3,270	+276
Personnel compensation:			
Permanent positions.....	$53,016,400	$55,677,900	+$2,661,500
Positions other than permanent.....	2,155,000	2,772,000	+617,000
Other personnel compensation.....	881,000	1,130,000	+249,000
Subtotal, personnel compensation..	56,052,400	59,579,900	+3,527,500
Personnel benefits.....	5,075,800	5,442,700	+366,900
Travel and transportation of persons.....	3,677,000	4,025,000	+348,000
Transportation of things.....	156,000	100,000	-56,000
Rent, communications and utilities.....	10,090,000	12,062,000	+1,972,000
Printing and reproduction.....	1,136,000	1,694,000	+558,000
Other services.....	29,564,800	31,560,400	+1,995,600
Supplies and materials.....	794,000	530,000	-264,000
Equipment.....	346,000	440,000	+94,000
Total obligations by object.....	106,892,000	115,434,000	+8,542,000

Significant Items in House and Senate
Appropriations Committee Reports

Item	Action taken or to be taken
1976 House and Senate Report	
Salaries and expenses	
1. The Committees directed that the Advisory Council on extension and continuing education be funded "in view of the recommendation....to continue the related program activity".	1. $247,400 was reprogrammed for this Council from Program administration in fiscal year 1976.

184

Authorizing Legislation

	Amount Authorized	1977 Budget Estimate
Salaries and expenses:		
1. Planning and evaluation (General Education Provisions Act, Section 411).....	$25,000,000	$ 7,000,000
2. General program dissemination (GEPA, Section 422).....	Indefinite	500,000
3. Advisory committees (General Education Provisions Act, Part D).....	Indefinite	2,041,000
4. Information clearinghouses (Education Amendments of 1974):		
(a) Adult education clearinghouse (Sec. 309A of the Adult Education Act)....	Indefinite	200,000
(b) Bilingual education clearinghouse (Sec. 742(c)(3) Bilingual Education Act)	5,000 ,000	200,000
(c) Community education clearinghouse (Sec. 405(F) Community Schools Act).	Indefinite	200,000
5. Program administration (GEPA, Sec. 400(c)....	Indefinite	105,293,000

Salaries and Expenses

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1967	$38,068,184	$35,565,184	$30,280,184	$32,430,184
1968	51,326,400	43,083,400	43,083,400	43,083,400
1969	63,250,112	49,745,112	45,871,112	50,292,112
1970	75,807,000	75,807,000	73,571,000	73,833,000
1971	95,848,000	94,263,000	87,573,000	87,573,000
1972	88,500,000	88,150,000	86,455,000	87,455,000
1973	94,599,000	94,599,000	91,376,000	92,126,000
1974	96,183,000	89,169,000	80,935,000	82,295,000
1975	107,127,000	104,801,000	99,938,000	100,556,600
1976	112,525,000	107,841,000	105,224,000	104,837,000
Proposed Supplemental	2,083,000			
1977	115,434,000			

NOTE: In order to reflect comparability with the 1977 estimate, this history table excludes activities transferred to the appropriations of the Assistant Secretary for Education for Data systems improvement and Salaries and expenses.

It also excludes the activity transferred to the Special projects and training appropriation.

186

Justification

Salaries and Expenses

	1976 Appropriation	1977 Estimate	Increase or Decrease
Salaries and expenses:			
1. Planning and evaluation	$ 6,383,000	$ 7,000,000	+ $617,000
2. General program dissemination	500,000	500,000	---
3. Advisory committees	2,454,000	2,041,000	- 413 000
4. Information clearinghouses	300,000	600,000	+ 300,000
5. Program administration	97,255,000	105,293,000	+8,038,000
Total	106,892,000	115,434,000	+8,542,000
Positions:			
1. Planning and evaluation	---	---	---
2. General program dissemination	---	---	---
3. Advisory committees	(38)	(38)	(---)
4. Information clearinghouses	---	---	---
5. Program administration	2,971	3,113	+142
Total positions	2,971	3,113	+142

General Statement

To enable the Commissioner to carry out his responsibilities, a variety of activities are supported under the Salaries and expenses account. An increase of $8,542,000 over fiscal year 1976 is requested to strengthen the administration of the agency and to expand the Planning and evaluation, and Information clearinghouses activities. The most significant increase, $8,038,000, is for Program administration which supports the activities of seven bureaus and offices structured on the levels of education and ten regional offices. Through its professional staff, the Office of Education maintains close working relationship with State departments of education, local school districts, colleges and universities and other recipients of Federal financial aid for education. The staff and the dollar amounts necessary to administer the more than 100 programs, with the exception of the 50 positions in the Office of Indian Education, are a part of this account. The request for an increase of 200 permanent and 94 temporary positions for the student financial aid programs is justified along with the corresponding program justification.

The primary focus of the Planning and evaluation activity is to initiate 22 new studies on programs and issues of education. Thirteen continuation studies will be funded. The request is for $617,000 over the 1976 appropriation.

The request for the first full year of operation for the adult, bilingual and community education clearinghouses is $300,000 over the fiscal year 1976 level.

Level funding is requested for the General program dissemination and the 13 continuing Advisory committee activities. Office of Education's policy for dissemination is to continue to support public information campaigns for priority programs which do not have money for such activities. No funds are requested for two advisory committees, Continuing and Extension and Equal Educational Opportunity. The authorizing legislation for Title I of the Continuing and Extension Education Committee is the Higher Education Act, Title I, for which no funds are requested. The authorizing legislation for Equal Educational Opportunity Committee was extended last fiscal year through September 30, 1976.

The request for Program administration has an increase of $8,038,000 over the comparable 1976 appropriation of $97,255,000. This increase consists primarily of

built-in increases to provide for full-year costs for authorized activities funded for only part of fiscal year 1976, and support for the requested net increase of 142 new permanent and 94 temporary positions. The proposed decrease of 58 positions are associated with greater productivity rates in certain areas for fiscal year 1977.

188

	1976 Appropriation	1977 Estimate	Increase or Decrease
1. Planning and evaluation.....	$6,383,000	$7,000,000	+ $617,000
Summary of awards			
Total awards.....	$6,383,000	$7,000,000	+ $617,000
Number.....	36	35	-1
New awards.....	$4,499,000	$3,320,000	-$1,179,000
Number.....	27	22	-5
Non-competing continuations.....	$1,884,000	$3,680,000	+$1,796,000
Number.....	9	13	+4
Positions.....	45	45	---

Narrative

Program purpose

To provide objective data on the impact and effectiveness of Office of Education programs and thereby give Congress and the Administration a firmer basis for determining priorities, a number of planning and evaluation studies are conducted annually by Office of Education. Results of these studies are used to improve internal management decisions and are reported to Congress.

Evaluation studies are designed to assess how well programs are meeting their intended objectives and to determine what works, what does not work and why. Planning studies are typically designed to gather data about an educational need or to analyze an educational problem or issue, identify alternative choices and to provide information for policy decisions. Normally, planning and evaluation studies are carried out by contractors, selected through competitive bidding, on the basis of detailed specifications developed by Office of Education staff. Most studies require more than a year to complete, and awards may be made covering more than a 12 month period.

Budget policy

In fiscal year 1977 as in past years, the major emphasis of this activity will be on the conduct of national impact evaluations designed to determine the effectiveness of on-going educational programs. These large-scale studies provide the most useful type of information for internal planning and Congressional deliberations, but they are also typically the most expensive, time-consuming and technically difficult type of effort to carry out. Because of these factors, a limited number of studies will be started in fiscal year 1977 in order to produce results that can be used by Congress and the Administration in considering educational programs due to expire in fiscal year 1978 and after. One legislatively mandated study -- an analysis of the effects of compensatory education on secondary school students -- will be started in fiscal year 1977. New awards will also be made on such topics as the effectiveness of postsecondary vocational education, the implementation of the Impact Aid set-asides and equalization provision, and the costs and benefits of Title I parent advisory councils.

During fiscal year 1977 studies on bilingual education required by P.L. 93-380 will be completed and the results sent to Congress. Work will also continue on a number of other required studies on compensatory education, State and local

uses of Federal education funds, and bilingual vocational training. In addition, analyses of such programs as Guaranteed student loans and Vocational education facilities will continue. Ongoing analyses will be made of the data generated by the longitudinal study of the high school class of 1972.

During fiscal year 1976 a total of 27 new and 9 continuation studies covering most Office of Education program areas will be carried out. About 25 studies started in prior years will be completed during the fiscal year, including mandated reports on the effects of late funding of elementary and secondary education programs and on State ESEA Title I reports.

A complete description of current evaluative information on Office of Education programs is contained in the Office of Education "Evaluation Report", which is submitted annually to Congress.

190

	1976 Appropriation	1977 Estimate	Increase or Decrease
2. General program dissemination.....	$500,000	$500,000	$ ---
Summary of awards:			
Total awards.....	$500,000	$500,000	$ ---
Number.....	9	6	-3
New awards.....	$250,000	$150,000	-$100,000
Number.....	5	2	-3
Non-competing continuations.....	$250,000	$150,000	-$100,000
Number.....	4	1	-3
Competing continuations.....	---	$200,000	+$200,000
Number.....	---	3	+3

Narrative

Program purpose

To inform the general public and members of the education community of new educational developments, and Federally supported education programs, and also to encourage the active participation of all people in improving American education, contracts are awarded to public or private organizations on a discretionary basis.

Budget policy

During fiscal year 1977, the Office of Education plans to continue the policy of supporting public information campaigns for priority programs which do not have a budget to pay for mass media activities. Tentative new projects include the production of a film on gifted and talented children and a market study to determine the best way to reach Indian children with information on educational programs and benefits available to them. Contracts will be continued to distribute films on new opportunities for women in education and on environmental education, and the advertising campaign to promote technical careers.

In fiscal year 1976 the production of a film on new opportunities for women was completed and the film was distributed to radio and television stations. The radio and television spots on technical education were continued. Responses to these spots are handled through Career Mailing Service which mail the record brochures to the inquirers. A radio and television spot campaign on metric education is being produced. Half-hour documentary films on environmental and early childhood education continue to be distributed.

	1976 Appropriation		1977 Estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
3. Advisory committees						
Presidential	38	$1,836,000	38	$1,423,000	--	-$413,000
Other	---	618,000	---	618,000	--	---
Total number of committees:						
Presidential	7		5		-2	
Other	8		8		--	

Narrative

Program purpose

Recommendations concerning the administration and operation of educational programs in the Office of Education are provided the Commissioner of Education through advisory committees. These recommendations encompass changes in both the Federal law and the administration and coordination of Office of Education programs. The committees are required to make annual reports of their findings to the Commissioner, the President, and the Secretary of the Department of Health, Education, and Welfare for transmittal to the Congress.

Budget policy

The five presidentially-appointed councils propose to increase the number of Council meetings by four, the number of site visits by 78, especially to funded projects in connection with mandated evaluation functions. The Adult Education Council will engage in Phase II of a three-phase national adult education evaluation as required by Section 311(d) of the Adult Education Act (P.L. 91-230). Two of the councils plan additional publications and reports during fiscal year 1977. Individual presidentially-appointed committees and associated budget requests are:

	1976 Appropriation		1977 Estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
National advisory committee on:						
Adult education	5	$266,000	7	$266,000	+2	---
Disadvantaged children	7	263,000	8	263,000	+1	---
Education professions development	5	191,000	5	191,000	--	---
Equality of educational opportunity	3	165,600 1/	--	---	-3	-165,600
Extension and continuing education	4	247,400 2/	--	---	-4	-247,400
Vocational education	10	409,000	13	409,000	+3	---
Women's educational programs	4	294,000	5	294,000	+1	---
Total	38	1,836,000	38	1,423,000	--	-413,000

1/ Not in President's 1976 or 1977 budget request; $165,600 provided for 1976 operations by reprogramming from "Program administration."

2/ Not in President's 1976 or 1977 budget request; $247,400 provided for 1976 operations by reprogramming from "Program administration."

192

The secretarial committees will continue to operate at the fiscal year 1976 level. They plan a total of 67 visits to projects funded from their respective programs and a total of 45 committee meetings. There are no positions requested for these committees. The committees and associated budget request are:

	1976 Estimate	1977 Estimate	Increase or Decrease
Accreditation and institutional eligibility	$ 58,000	$ 58,000	---
Career education	120,000	120,000	---
Community education	150,000	150,000	---
Developing institutions	30,000	30,000	---
Environmental education	50,000	50,000	---
Ethnic heritage studies	50,000	50,000	---
Financial aid to students	60,000	60,000	---
National advisory committee on handicapped children	100,000	100,000	---
Total	618,000	618,000	---

	1976 Appropriation	1977 Estimate	Increase or Decrease
4. Information clearinghouses.....	$300,000	$600,000	+$300,000
Summary of awards:			
Total awards.....	$300,000	$600,000	+$300,000
Number.....	3	3	3
New awards.....	$300,000	---	-$300,000
Number.....	3	---	-3
Non-competing continuations.....	---	$600,000	+$600,000
Number.....	---	3	+3
Positions.....	---	---	---

Narrative

Program purpose

To operate clearinghouses for the collection, analyses and dissemination of information about adult, bilingual and community education through the awarding of contracts to public and private agencies and organizations. Each of these clearinghouses are designed to actively disseminate information about successful products and processes to State and local education agencies as well as to the education community at large and to provide technical assistance to users.

Budget policy

In fiscal year 1977 the three clearinghouses--adult, bilingual and community education--will distill, index and abstract materials to provide information to States, local agencies, community education projects and the public about successful practices and products best suited to community settings. Each clearinghouse will develop an inventory system of available curriculum materials, project descriptors and develop cooperative procedures with other appropriate information sources. Further, each will provide technical assistance to facilitate the utilization of the clearinghouse by all types of users.

The clearinghouse for bilingual education will be a repository of information on current needs of children and adults with limited English speaking ability and successful programs to meet their needs. The clearinghouse on adult education will collect, tabulate and disseminate information on adult education to aid teachers, counselors, administrators and other staff in providing educational services to the estimated 19 million functionally incompetent adults. The clearinghouse on community education will collect and index materials on community education to provide pertinent information to interested users. The cooperative effort between the adult education clearinghouse and the community education clearinghouse will continue in fiscal year 1977.

Planning contracts were awarded in fiscal year 1976 to design and develop specifications for the clearinghouses. From these recommendations requests for bids were developed to establish and operate the clearinghouses by September 30, 1976.

194

	1976 Appropriation	1977 Estimate	Increase or Decrease
5. Program administration.....	$97,255,000	$105,293,000	+$8,038,000
Positions.....	2,971	3,113	+142

Narrative

Program purpose

Funds are provided to enable the Commissioner to carry out the purpose and duties of the Office of Education. The major duties of the Office are to assist the State and local education agencies to develop their capacity to provide education services to aid in the establishment and maintenance of efficient school systems and otherwise promote the cause of education throughout the country.

Budget policy

The Office of Education's request for fiscal year 1977 for Program administration is $105,293,000, and 3,113 permanent positions, a net increase of $8,038,000 and 142 permanent and 94 temporary positions over the fiscal year 1976 comparable level of $97,255,000 and 2,971 positions. The increase of 142 positions results from a proposal to reduce a total of 58 permanent positions from areas where increased productivity is projected for fiscal year 1977 and a request for an additional 200 permanent positions for the student financial aid programs. The new positions are to address problems already identified involving fraud and gross program abuse, and for the Guaranteed student loan program to both establish an effective program compliance system and increase the collection of defaulted loans. The requested increase of $8,038,000 consists primarily of built-in increases to provide for full year costs for authorized activities funded for only part of fiscal year 1976, and support for the requested new increase of 142 permanent and 94 temporary positions. Following is a summary and distribution of permanent positions by major organization and programs supported.

SUMMARY OF POSITIONS

	1976 Estimate No. of Pos.	1977 Estimate No. of Pos.	Increase or Decrease No. of Pos.
Office of the Commissioner..	250	246	- 4
Regional offices.....	861	956	+ 95
Office of management.....	676	691	+ 15
Office of planning.....	122	120	- 2
Bureau of school systems....	398	388	- 10
Bureau of education for the handicapped.....	133	133	---
Bureau of occupational and adult education.....	153	143	- 10
Bureau of postsecondary education.....	378	436	+ 58
TOTAL	2,971	3,113	+142

The above summary of positions indicates the distribution of permanent staff by major organizational unit. A more detailed presentation of positions follows.

OFFICE OF THE COMMISSIONER

	1976 Estimate No. of Pos.	1977 Estimate No. of Pos.	Increase or Decrease
Program direction & coordination	33	33	--
Immediate office of the commissioner	24	24	--
Executive deputy commissioner	7	7	--
Non-public school coordinator	2	2	--
16-Point Spanish speaking staff	5	5	--
Black concerns staff	4	4	--
EEO	7	7	--
Women's program staff	3	3	--
Office of public affairs	48	46	-2
Elementary and secondary education	75	73	-2
Bilingual education	49	49	--
Right to read	26	24	-2
Special projects & training programs	75	75	--
Mandated programs			
Planning staff	6	6	--
Career education	19	19	--
Women's educational equity	7	7	--
Arts in education	3	3	--
Educational personnel			
Teacher corps	40	40	--
Total	250	246	--

Narrative

The Office of the Commissioner is requesting 246 postitions in fiscal year 1977. This is a net decrease of 4 positions below the fiscal year 1976 level of 250.

The Office of the Commissioner directs activities to enable the Commissioner to carry out responsibilities and authorities vested in him by law or by delegation as head of the Office of Education. The Office of Education is the primary agency of the Federal Government responsible for administration of programs of financial assistance to educational agencies, institutions, and organizations. In addition to directly managing several special programs designed to meet unique educational needs and placing special emphasis on national education priorities, this office coordinates the function of the Regional offices, and serves as a voice for the Office of Education through the Office of public affairs.

The decrease of two positions each is proposed for the Office of public affairs and Right to Read for a total of 4 positions associated with greater productivity rates for fiscal year 1977.

196

REGIONAL OFFICES

	1976 Estimate No. of Pos.	1977 Estimate No. of Pos.	Increase or Decrease
Regional commissioners' offices	143	135	-8
IOC	68	60	-8
Contracts, grants, financial management	46	46	--
General administration	29	29	--
School systems	202	202	--
Director's office	26	26	--
Elementary and secondary education: Grants for disadvantaged	12	12	--
School assistance in Federally affected areas	36	36	--
Emergency school assistance: Special projects and State apportionment	81	81	--
Training and advisory services	34	34	--
Support and innovation grants (Dropout prevention)	3	3	--
Library resources	10	10	--
Postsecondary education	124	179	+55
Director's office	22	22	--
Higher Education Construction	20	20	--
Special programs for the disadvantaged	31	31	--
Veterans cost of instruction	7	7	--
Student financial aid	44	99	+55
GSL	312	360	+48
Occupational & adult education	68	68	--
Special projects & training programs	12	12	--
Total	861	956	+95

Narrative

956 positions are requested for the Regional offices in fiscal year 1977. This is a net increase of 95 positions over the fiscal year 1976 level of 861.

The ten regional offices are responsible for administering various functions of programs grouped under four organizational units: School systems, Postsecondary education, Occupational and adult education, and Guaranteed student loans. The responsibilities associated with the overall management and direction of each regional office is within the immediate office of the Regional Commissioner.

The 8 position decrease proposed for the Regional Commissioners' office, is associated with greater productivity rates for fiscal year 1977.

The increases proposed, 55 positions for the Student financial aid area and 48 positions for the Guaranteed student loan program, are discussed with the corresponding program justifications.

OFFICE OF MANAGEMENT

	1976 Estimate No. of Pos.	1977 Estimate No. of Pos.	Increase or Decrease
Office direction & coordination	48	43	-5
IOC	9	9	--
Executive staff	9	4	-5
Commissioner's correspondence	7	7	--
Management interns	1	1	--
Committee management	6	6	--
Regulation staff	10	10	--
Reports & analysis	6	6	--
Personnel & training division	55	55	--
Management systems & analysis	102	100	-2
Administrative services division	92	90	-2
Finance division	86	86	--
Grant and procurement management division	116	116	--
Guaranteed student loan program	177	201	+24
Total	676	691	+15

Narrative

691 positions are requested in fiscal year 1977 for the Office of management. This is a net increase of 15 positions over the fiscal year 1976 level of 676.

The Office of management plans, directs, and coordinates all activities in the areas of finance, grants and procurement management, personnel and training, general administrative services, management evaluation and administrative budgeting. In addition to these overall management and coordinating functions, the Office of Management also has functional responsibility for operating the Office of Guaranteed Student Loans.

Decreases are proposed for the Executive staff (5 positions), the Management systems and analysis division (2 positions), and the Administrative services division (2 positions), for a total of 9 positions. These are associated with greater productivity rates in these areas for fiscal year 1977.

The increases proposed for the Guaranteed student loan program, 24 positions, are discussed with the corresponding program justification.

198

OFFICE OF PLANNING

	1976 Estimate No. of Pos.	1977 Estimate No. of Pos.	Increase or Decrease
Immediate office of the deputy commissioner	5	5	--
Office of legislation	23	21	-2
Office of planning, budgeting, and evaluation			
Immediate office	12	12	--
Elementary and secondary programs	21	21	--
Postsecondary and international programs	11	11	--
Vocational and handicapped programs	7	7	--
Developmental programs	6	6	--
Division of planning and budgeting	32	32	--
Special projects & training programs			
Discretionary programs			
Packaging and dissemination	5	5	--
Total	122	120	-2

Narrative

The Office of planning is requesting 120 positions in fiscal year 1977. This is a net decrease of 2 positions below the fiscal year 1976 level of 122.

The activities necessary to support planning and evaluation studies of programs administered by the Office of Education are the responsibility of this office. The staff also coordinates liaison activities with the Office of the Secretary and the Office of Management and Budget for long-range planning, budgeting and operational planning systems. This office handles matters relating to appropriation requests and the appropriation committees of Congress. All matters concerned with proposed new authorizing legislation or amendments to existing laws, the coordination and monitoring of policy developments throughout the Office of Education are also handled by this office.

The decrease proposed for the Office of legislation, 2 positions, is associated with greater productivity rates in this area projected for fiscal year 1977.

BUREAU OF SCHOOL SYSTEMS

	1976 Estimate No. of Pos.	1977 Estimate No. of Pos.	Increase or Decrease
Program direction and coordination	72	72	--
Immediate office of the deputy commissioner	33	33	--
Executive staff	29	29	--
Planning staff	10	10	--
Elementary and secondary education	182	180	- 2
Grants for disadvantaged	72	70	- 2
Support and innovation grants	60	60	--
Drug abuse	6	6	--
Environmental education	7	7	--
Follow through	26	26	--
Educational broadcasting facilities	11	11	--
School assistance in Federally affected areas	47	47	--
Maintenance and operations	40	40	--
Construction	7	7	--
Emergency school aid	50	44	- 6
National competition projects			
Bilingual education projects	2	2	--
Educational television	2	2	--
Special programs and projects	4	4	--
State apportioned projects			
Pilot programs	7	6	- 1
Grants to non-profit organizations	2	2	--
General grants to LEAs	27	22	- 5
Training and advisory services	6	6	--
Library resources	34	32	- 2
Public libraries	10	9	- 1
Libraries and instructional resources	11	10	- 1
College library resources	5	5	--
Training and demonstrations	6	6	--
Undergraduate instructional equipment	2	2	--
Special projects & training programs	13	13	--
Discretionary programs			
Packaging and dissemination	10	10	--
ETV	3	3	--
Total	398	388	-10

Narrative

388 positions are requested in fiscal year 1977 for the Bureau of school systems. This is a net decrease of 10 positions below the fiscal year 1976 level of 398.

The Bureau of school systems formulates policy for, directs, coordinates the activities of, and administers various programs of the Office of Education for the improvement of elementary and secondary education and libraries. Support

200

is provided to State and local educational agencies, State library agencies, colleges and universities, public and private organizations through formula grants, discretionary grants, and contracts.

The decreases proposed for Grants for the disadvantaged (2 positions), Equipment and minor remodeling (1 position), ESA - State apportionment pilot programs (1 position), ESA - State apportionment general grants to LEA's (5 positions), and Public libraries (1 position) for a total of 10 positions, are associated with greater productivity rates projected for fiscal year 1977 in these areas.

BUREAU OF EDUCATION FOR THE HANDICAPPED

	1976 Estimate No. of Pos.	1977 Estimate No. of Pos.	Increase or Decrease
Program direction & coordination	22	22	--
Immediate office of the deputy commissioner	11	11	--
Executive staff	6	6	--
Planning staff	5	5	--
National advisory committee on the handicapped	3	3	--
Education for the handicapped			
State assistance	26	26	--
State grant program	22	22	--
Deaf-blind centers	4	4	--
Special population programs	17	17	--
Severely handicapped projects	4	4	--
Specific learning disabilities	3	3	--
Early childhood education	10	10	--
Regional vocational, adult, and postsecondary programs	1	1	--
Innovation and development	13	13	--
Media and resource services	19	19	--
Media services and captioned films	9	9	--
Regional resource centers	9	9	--
Recruitment and information	1	1	--
Special education manpower development	26	26	--
Special projects & training programs			
Mandated programs			
Gifted and talented	6	6	--
Total	133	133	--

Narrative

No change in positions in fiscal year 1977 is requested for the Bureau of education for the handicapped.

The Bureau provides technical assistance to States in their effort to assure full educational services to the handicapped. They also provide national focus or direction on problems of education of the handicapped and stimulate the development of solutions.

202

BUREAU OF OCCUPATIONAL & ADULT EDUCATION

	1976 Estimate No. of Pos.	1977 Estimate No. of Pos.	Increase or Decrease
Program direction & coordination	20	20	--
Immediate office of the deputy commissioner	9	9	--
Executive staff	7	7	--
Planning staff	4	4	--
Occupational planning staff	10	10	--
CETA activities	5	5	--
Occupation, vocational and adult education			
Grants to States for vocational education	61	57	- 4
Basic vocational education	32	32	--
Vocational research	29	25	- 4
Adult education	24	18	- 6
Special projects and training	33	33	--
Mandated programs			
Metric	6	6	--
Community schools	6	6	--
Consumer education	7	7	--
Education personnel			
Other education personnel development			
Other	14	14	--
Total	153	143	-10

Narrative

143 positions are requested in fiscal year 1977 for the Bureau of occupational and adult education. This is a net decrease of 10 positions below the fiscal year 1976 level of 153.

The Bureau of occupational and adult education formulates policy for, directs, coordinates the activities of, and administers programs of the Office of Education for the improvement of vocational and adult education. Support is provided to State and local educational agencies, institutions of higher education, public and private organizations through formula and discretionary grants and contracts. In addition, the Bureau provides technical assistance on a national basis in the educational activities of consumer, metric, community, and the Comprehensive Employment and Training Act. They also operate national clearinghouses for adult and community education.

The decreases proposed for Research (4 positions), and Adult education (6 positions), for a total of 10 positions, are associated with greater productivity rates for fiscal year 1977.

BUREAU OF POSTSECONDARY EDUCATION

	1976 Estimate No. of Pos.	1977 Estimate No. of Pos.	Increase or Decrease
Program direction & coordination	48	48	--
Immediate office of the deputy commissioner			
Executive staff			
Planning staff			
Accreditation and institutional eligibility staff	22	31	+ 9
College and university staff	4	4	--
Community college staff	4	4	--
International activities	26	14	-12
Elementary and secondary education			
Ethnic heritage studies	5	5	--
Special projects and training			
Education personnel			
Other education personnel development			
Part E	3	3	--
Higher education			
Student assistance	132	196	+64
Grants and work study			
Basic opportunity grants	65	102	+37
Supplemental opportunity grants	14	18	+ 4
Work-Study	20	30	+10
Direct loans	25	36	+11
Incentive grants for State scholarship	8	10	+ 2
Special programs for the disadvantaged	22	22	--
Institutional assistance	100	100	--
Strengthening developing institutions	40	40	--
Construction	11	11	--
Language training and area studies	23	23	--
Centers, fellowships and research	15	15	--
Fulbright-Hays fellowships	8	8	--

204

	1976 Estimate No. of Pos.	1977 Estimate No. of Pos.	Increase or Decrease
University community services	8	8	--
Aid to land grant colleges	1	1	--
State postsecondary education commissions	2	2	--
Veterans cost of instruction	8	8	--
Cooperative education	7	7	--
Personnel development	9	6	- 3
College teacher fellowships	3	1	- 2
Public service fellowships	3	3	--
Mining fellowships	3	2	- 1
Educational activities overseas	3	3	--
Higher education facilities loan and insurance fund	--	--	--
Total	378	436	+58

Narrative

436 positions are requested for the Bureau of postsecondary education in fiscal year 1977. This is a net increase of 58 positions over the fiscal year 1976 level of 378.

The Bureau of postsecondary education is responsible for federally supported postsecondary education programs for both students and institutions and also includes international programs.

The decreases proposed for International activities (12 positions), College teacher fellowships (2 positions), and Mining fellowships (1 position), for a total of 15 positions are associated with greater productivity rates in these areas projected for fiscal year 1977.

The increases proposed for Basic opportunity grants (37 positions), Supplemental opportunity grants (4 positions), Work-study (10 positions), Direct loans (11 positions) and Incentive grants for State scholarship (2 positions) are discussed with the corresponding program justifications.

Justification for the proposed increase of 9 positions for the Accreditation and institutional eligibility staff is discussed below.

Accreditation and Institutional Eligibility Staff

A total of 31 positions is requested for this activity in fiscal year 1977. This is an increase of 9 positions over the fiscal year 1976 level of 22. These additional staff are critically needed to strengthen review procedures and implement more effective controls regarding the eligibility and participation of postsecondary education institutions in Federal education programs, particularly the federally supported student assistance programs. The increasing concern about, and problems arising in fraud and abuse of student assistance funds justifies the need for additional resources to mount an effective review and quality control system.

The nine additional positions requested for fiscal year 1977 will be used in the following activities. Two of the positions will be assigned to assist the Accreditation and institutional eligibility staff in securing expeditious approval and implementation of the 27 new or revised regulations which are required to establish the legal basis for effective control of institutional fraud and abuse. Three of the positions will be assigned to help conduct a comprehensive and detailed review of the 8,800 institutions currently qualified as eligible to participate in one or more Federal student aid programs, to determine whether or not they are actually in full compliance with all applicable statutes and regulations, to determine the corrective action necessary to bring individual institutions into compliance, and to assure that such corrective action is accomplished in a timely fashion, upon penalty of losing eligibility status. On-site reviews will be scheduled as necessary (180 estimated). Three of the positions will be assigned to assist in conducting 57 scheduled reviews of voluntary accrediting and State approval agencies for purposes of Federal recognition, plus an undetermined number of reviews of agencies which will be seeking initial recognized status in 1977. Each of these reviews will be conducted in a manner designed to guarantee full agency compliance with all relevant requirements of statutes and regulations, and will involve a minimum of two on-site observation reviews. The final position will be dedicated on a full-time basis to the refinement of systems and procedures for timely response to a wide range of public inquiries which presently average 300-400 per month, which include requests ranging from simple requests for information about a given institution's eligibility status for purposes of basic grants or Guaranteed loans to serious complaints and allegations about institutional practices.

206

OFFICE OF EDUCATION

Salaries and Expenses

Program Purpose and Accomplishments

Activity: Planning and evaluation (General Education Provisions Act, Section 416)

1976 Appropriation	1977 Authorization	1977 Budget Estimate
$6,383,000	$25,000,000	$7,000,000

Purpose: To determine the impact and effectiveness of Federal education programs and analyze educational problems and policy choices, the Office of Education each year carries out a series of planning and evaluation studies. The findings from these studies provide information that is used to improve program operations within the Office of Education. The data produced by these studies also responds to the Congressional need for accurate information about education issues.

Explanation: Studies are carried out by contractors selected through competitive bidding, on the basis of detailed specifications developed by the Office of Education. Executive summaries of the results of these studies are distributed to the Congress, Chief State School Officers and members of the education community. Most studies require more than twelve months to complete.

Accomplishments in 1976: Five studies mandated by the Education Amendments of 1974 were continued. Additional studies were completed in various areas such as cooperative education, bilingual, education for the handicapped, and reading programs. Policy implication memoranda on completed studies were prepared. New studies were initiated in Indian education, Teacher corps, postsecondary activities, and vocational education.

Objectives for 1977: Complete Congressionally mandated studies and continue multi-year studies initiated in prior years. Initiate 22 high priority new studies with emphasis on legislative requirements or filling information gaps. Prepare and distribute summaries and policy implication memoranda on completed studies. Prepare an annual evaluation report on effectiveness of Office of Education programs.

OFFICE OF EDUCATION

Salaries and Expenses

Program Purpose and Accomplishments

Activity: General program dissemination: Dissemination (General Education Provisions Act, Sec. 422)

1976 Appropriation	1977 Authorization	1977 Budget Estimate
$500,000	Indefinite	$500,000

Purpose: To inform the general public of their educational opportunities and new educational developments in programs administered by the Office of Education and other Federally supported education programs.

Explanation: Projects are performed under contract with public or private organizations, groups or individuals and monitored by Office of Public Affairs staff. Responses to requests for proposals or invitations for bid are reviewed by Office of Education staff.

Accomplishments in 1976: Radio and television spots funded under this activity were distributed to support agency priorities. These included student financial assistance programs, technical education, right to read and early childhood.

Objectives for 1977: Provide current information about new or high priority educational developments in the areas of women, technical education, gifted and talented children, and Indian education.

208

OFFICE OF EDUCATION

Salaries and Expenses

Program Purpose and Accomplishments

Activity: Advisory committees (General Education Provisions Act, Sec. 422)

1976 Appropriation		1977	
		Authorization	Budget Estimate
Pos.	Amount		Pos. Amount
38	$2,454,000	Indefinite	38 $2,041,000

Purpose: To support the activities of advisory councils, travel of and compensation for members, to provide special professional, clerical or technical assistance to support committee activities and to finance publication and dissemination of committee findings and recommendations.

Explanation: Advisory committees serving the Office of Education are created by the Congress or established by the Executive Branch to provide expert advice with respect to programs administered by the Commissioner.

Accomplishments in 1976: Eight administrative and 7 Presidential committees advised the Commissioner of Education, the Secretary of DHEW, the President and the Congress concerning the administration of education programs under their title. These committees made recommendations for changes in Federal law through evaluation studies and their annual reports to bring about coordination of the education programs administered by the Office.

Objective for 1977: Five Presidential and eight administrative committees will advise the Commissioner concerning the administration of educational programs, assess their current status, and recommend legislative changes to improve educational programs. These advisory committees will analyze and evaluate program effectiveness in their annual reports and recommend improvements in the quality and relevance of the overall educational process.

OFFICE OF EDUCATION

Salaries and Expenses

Program Purpose and Accomplishments

Activity: Information clearinghouses (Education Amendments of 1974)

1976 Appropriation	1977 Authorization	1977 Budget Estimate
$300,000	$17,250,000 1/	$600,000

1/ Includes authorization for other activities in the bilingual education and gifted and talented activities.

Purpose: To operate clearinghouses to collect, analyze and disseminate information about adult, bilingual, and community education. To provide a significant source of information easily accessible to the public in these areas.

Explanation: Contracts are made to public and private agencies and organizations to establish and operate the clearinghouses.

Accomplishments in 1976: Due to the constraints under Title IV, Section 408 of P.L. 93-517, planning contracts designed to develop specifications for the clearinghouses were not awarded in fiscal year 1975 for all three clearinghouses. Planning contracts have been awarded for the adult, bilingual and community education clearinghouses and plans are to begin operation of the three clearinghouses at a level to provide a significant source of information in one repository on these subjects.

Objectives for 1977: The three clearinghouses will commence operation for the first full year in fiscal year 1977. They will collect, tabulate and disseminate information to States, local agencies, and the public on successful types of delivery systems at the community level. They will provide technical assistance to users of information on adult, bilingual and community education.

210

OFFICE OF EDUCATION

Salaries and Expenses

Program Purpose and Accomplishments

Activity: Program administration (General Education Provisions Act, Sec. 400(c))

1976 Appropriation		1977 Authorization	1977 Budget Estimate	
Pos.	Amount		Pos.	Amount
2,971	$97,255,000	Indefinite	3,113	$105,293,000

Purpose: To enable the Commissioner to carry out the purpose and duties of the Office of Education.

Explanation: This activity provides for personnel salaries and related administrative expenses for all Office of Education programs except for Indian Education which is requested in a separate appropriation.

Accomplishments in 1976: Improve the agency-wide workload measurement system to accomplish an effective utilization of personnel resources. Ensure an orderly transition to the new fiscal year, particularly in financial and contractual management.

Objectives for 1977: Insure the prudent use and efficient allocation of funds appropriated to the Office. Increase resources available to the Guaranteed student loan program and other student financial aid programs to refine program management and collection systems and prevent fraud and abuse. Improve existing automated data systems to bring about more timely and accurate reports. Decrease staff in areas associated with projected greater productivity rates for fiscal year 1977.

New Positions Requested

	1977		
	Grade	Number	Annual Salary
Accreditation and Institutional Eligibility			
Education Program Specialist	GS-13	1	$ 22,906
Education Program Specialist	GS-12	2	38,772
Education Program Specialist	GS-11	1	16,255
Education Program Specialist	GS-9	1	13,482
Eligibility Aides	GS-7	2	22,092
Secretary	GS-5	1	8,925
Clerk-Typist	GS-4	1	7,976
Subtotal		9	130,408
Basic Opportunity Grants			
Section Chief	GS-14	2	53,722
Systems Specialist	GS-13	2	45,812
Financial Aid Specialist	GS-13	2	45,812
Systems Specialist	GS-12	2	38,772
Financial Aid Specialist	GS-12	2	38,772
Program Specialist	GS-12	2	38,772
Financial Aid Specialist	GS-11	2	32,510
Program Specialist	GS-11	4	65,020
Audit Specialist	GS-11	3	48,765
Financial Aid Specialist	GS-9	7	94,374
Program Specialist	GS-9	2	26,964
Processing Assistants	GS-7	7	77,322
Program Assistant	GS-7	1	11,046
Processing Clerk	GS-5	2	17,850
Secretary	GS-5	3	26,775
Clerk	GS-4	1	7,976
Clerk-Typists	GS-4	3	23,928
Subtotal		47	694,192
State Student Incentive Grants			
Program Specialist	GS-12	1	19,386
Reports Clerk	GS-5	1	8,925
Subtotal		2	28,311

212

	1977		
	Grade	Number	Annual Salary
Supplemental Educational Opportunity Grants			
Program Specialist	GS-13	1	$ 22,906
Program Specialist	GS-12	3	58,158
Program Specialist	GS-11	3	48,765
Financial Aid Specialist	GS-11	1	16,255
Program Specialist	GS-9	2	26,964
Audit Specialist	GS-9	1	13,482
Program Assistant	GS-7	3	33,138
Financial Aid Assistant	GS-7	1	11,046
Program Assistant	GS-5	2	17,850
Clerk	GS-4	2	15,952
Clerk-Typist	GS-4	1	7,976
Subtotal		20	272,492
National Direct Student Loans			
Program Specialist	GS-13	1	22,906
Financial Aid Specialist	GS-13	1	22,906
Program Specialist	GS-12	3	58,158
Program Specialist	GS-11	2	32,510
Audit Specialist	GS-11	2	32,510
Program Specialist	GS-9	2	26,964
Financial Aid Specialist	GS-9	2	26,964
Audit Specialist	GS-9	1	13,482
Program Assistant	GS-7	3	33,138
Collection Assistant	GS-7	1	11,046
Program Assistant	GS-5	2	17,850
Clerk	GS-4	4	31,904
Subtotal		24	330,338
College Work-Study			
Education Program Specialist	GS-13	1	22,906
Program Specialist	GS-13	1	22,906
Program Specialist	GS-12	2	38,772
Systems Specialist	GS-12	1	19,386
Program Specialist	GS-11	4	65,020
Financial Aid Specialist	GS-11	2	32,510
Audit Specialist	GS-11	2	32,510
Program Specialist	GS-9	3	40,446
Financial Aid Specialist	GS-9	1	13,482
Program Assistant	GS-7	2	22,092
Financial Aid Assistant	GS-7	1	11,046
Program Assistant	GS-5	2	17,850
Clerk	GS-4	4	31,904
Subtotal		26	370,830

	1977		
	Grade	Number	Annual Salary
Guaranteed Student Loans			
Senior Compliance Systems Analyst	GS-14	1	$ 26,861
Compliance Specialist	GS-14	1	26,861
Computer Systems Analyst	GS-14	1	26,861
Claims Examiner	GS-13	1	22,906
Loan Claims Examiner	GS-13	1	22,906
Collection Specialist	GS-13	1	22,906
Compliance Specialist	GS-13	1	22,906
Investigator	GS-13	2	45,812
Program Analyst/Compliance	GS-13	1	22,906
Compliance Officer/Financial	GS-13	1	22,906
Computer Specialist	GS-13	1	22,906
Compliance Investigator	GS-12	6	116,316
Compliance Specialist	GS-12	1	19,386
Investigator	GS-12	2	38,772
Program Analyst/Compliance	GS-12	3	58,158
Management Analyst	GS-12	1	19,386
Claims Examiner	GS-11	1	16,255
Compliance Investigator	GS-11	2	32,510
Program Specialist	GS-11	1	16,255
Program Analyst	GS-11	1	16,255
Claims Officer	GS-11	1	16,255
Claims Assistant	GS-9	1	13,482
Claims Review Technician	GS-9	2	26,964
Collections Correspondent	GS-9	8	107,856
Investigator	GS-9	1	13,482
Loan Specialist	GS-9	1	13,482
Collections Correspondent	GS-7	2	22,092
Accounts Maintenance Clerk	GS-7	1	11,046
Claims Clerk (Typing)	GS-6	1	9,946
File Clerk	GS-6	2	19,892
Clerk-Steno	GS-5	2	17,850
Secretary	GS-5	2	17,850
Accounts Maintenance Clerk	GS-5	2	17,850
Clerk-Typist	GS-5	1	8,925
Clerk-Typist	GS-4	3	23,928
Clerk-Steno	GS-4	1	7,976
Secretary	GS-4	1	7,976
Accounts Maintenance Clerk	GS-4	4	31,904
Clerk	GS-4	2	15,952
Clerk	GS-3	4	28,408
Subtotal		72	1,053,146
Total new positions, all activities		200	2,879,717

214

Transition Quarter Analysis

	Budget Authority by Activity	
	1976 Appropriation	Transition Quarter
1. Planning and evaluation	$ 6,383,000	$ 60,000
2. General program dissemination	500,000	---
3. Advisory committees	2,454,000	623,000
4. Information clearinghouses	300,000	---
5. Program administration	97,670,000	23,960,000
Total	107,307,000	24,643,000

Explanation

Funds are required to cover personnel compensation in the advisory committee and program administration activies during the transition quarter. The $60,000 in the planning and evaluation activity will be used to award small planning and evaluation studies during this quarter. Historically awards are not processed during the first quarter for program dissemination and the clearinghouse activities.

FRIDAY, MARCH 12, 1976.

NATIONAL INSTITUTE OF EDUCATION

WITNESSES

HAROLD L. HODGKINSON, DIRECTOR, NATIONAL INSTITUTE OF EDUCATION
CARL H. PFORZHEIMER, JR., MEMBER, NATIONAL COUNCIL ON EDUCATIONAL RESEARCH
EMERSON J. ELLIOTT, DEPUTY DIRECTOR
JOHN W. CHRISTENSEN, BUDGET OFFICER
CHARLES MILLER, DEPUTY ASSISTANT SECRETARY, BUDGET

Mr. FLOOD. The committee will be in order.

We are continuing with the Department of Health, Education, and Welfare and we now have the National Institute of Education.

The presentation will be made by Harold Hodgkinson, Director of the National Institute of Education.

I see we have a biographical sketch of you, Mr. Hodgkinson, which we will place in the record at this point.

[The biographical sketch follows:]

Name: Harold L. Hodgkinson.

Position: Director.

Birthplace and date: Minneapolis, Minnesota, 1931.

Education: University of Minnesota, Bachelor of Science, 1953. Wesleyan University, Masters of Art, 1955. Harvard University, PH.D., Sociology of Education, 1959.

Experience:

1968–75—Research Educator, Center for Research and Development in Higher Education, University of California, Berkeley, California.

1962–68—Dean of the College, Bard College, New York.

1958–61—Director, School of Education, Simmons College, Boston, Massachusetts.

1955–58—Teaching Fellow, Harvard University.

Publications: Author of 11 books on American education. Former editor of the "Harvard Educational Review": a special contributor to the "Chronicle of Higher Education"; Directed the "Institutions in Transition Study" for the Carnegie Commission.

Memberships: President of the American Association for Higher Education, 1973–74; Charter Member of the American Association of University Administrators; Member, Commission on Non-traditional, Federation of Regional Accrediting Associations of Higher Education.

Name: Carl H. Pforzheimer, Jr.

Position: Member, National Council on Educational Research.

Birthplace and date: New York, New York, July 17, 1907.

Education: Horace Mann School, 1924. Harvard University AB, 1928, MBA, 1930. Honorary: Doctor of Commercial Science (Pace Un., NY). Doctor of Humanities (Capital Un., Ohio).

Experience (Military): World War II—Infantry Officer, NY Guard. Colonel, War Dept. General Staff (Chief, Foreign Financial Branch). Awarded Legion of Merit: Army Commendation—French Medaille de la Reconnaissance and Legion d'Honneur (officer). (Business): Carl H. Pforzheimer & Co.—1933 to date. Partner—1934: Managing Partner—1947: Senior Partner—since 1968. President & Director, Petroleum & Trading Corp. Director, Security Mutual Life Ins. Co. of NY.

Memberships (Current): President, Carl & Lily Pforzheimer Found., Inc. Vice Chancellor, NY State Board of Regents. Member, Natl. Council on Educational Research (Executive Committee). Trustee, Mt. Sinai Medical Center. President, Natl Municipal League. Vice President, Associated Harvard Alumni. Member, Harvard Overseers Visiting Committees of the University Library and of the Graduate School of Education. Member, Research Libraries Comm. of the

New York Public Library. President, Keats-Shelley Assoc. of America. Trustee, Natl. Conference of Christian & Jews. Trustee, Boys Club of New York. Director, Westchester County Association. Director, Economic Develop. Council of NY City. Member, The Rockefeller University Council. Director, Industry-Edu. Councils of America. Director, NY Chamber of Commerce & Industry.

Distinguished service awards: National Conference on Government. National Assn. of State Board of Education. Horace Mann School. Boys Clubs of America. Council of Chief State School Officers. Harlem Prep. Natl Conference of Christian and Jews. Westchester Community College.

Mr. HODGKINSON. Mr. Chairman, at the table I would like to introduce Carl Pforzheimer, a member of our National Council on Educational Research; John Christensen, Budget Officer and Emerson Elliott, Deputy Director.

We also have associate directors with us and they are sitting immediately behind.

Mr. FLOOD. All right. I see you have a prepared statement.

Mr. HODGKINSON. Mr. Flood, I would like to submit the longer statement for the record and if this is appropriate, I have a one-paragraph opening I would like to read and ask Mr. Pforzheimer to read a short two-page statement and make a very brief one-page summary of that remark, if that is all right.

Mr. FLOOD. Yes; all right, go ahead.

Mr. HODGKINSON. Thank you. Mr. Chairman and members of the subcommittee, I am happy to appear before you for the first time since being appointed Director of the Institute to request for fiscal year 1977 a budget of $90,000,000, an increase of $20,000,000 over the fiscal 1976 appropriation level of $70,000,000.

PROGRAM GOALS

The program for both fiscal year 1976 and fiscal year 1977 is goal-oriented, addressing the needs of State and local school officials and teachers and students by seeking out their participation in the development of its specific activities. The goals of our program are to seek answers to questions and solutions to problems, and to create ways of making research and development knowledge available directly to teachers and school administrators. I have spent a great deal of time since coming to Washington last June trying to get these goals known to practicing educators. Since becoming Director I have spoken with an estimated 9,000 people from the education community. People are beginning to understand the difference between improvements which can come about through research and development and those which come about through service type programs.

With that opening remark I would like to introduce Mr. Pforzheimer, if that is appropriate, and let him read his short testimony.

Mr. FLOOD. Yes; Mr. Pforzheimer, you may proceed.

Mr. PFORZHEIMER. Mr. Chairman and members of the subcommittee, it is a pleasure to represent the National Council on Educational Research in support of an appropriation for the National Institute of Education for fiscal year 1977. As you know, the Council is established by law as the policymaking board for the Institute.

During recent months the Institute has been making substantial progress:

The House Committee on Education and Labor and the Senate Subcommittee on Education have adopted separate bills extending the

authorization of NIE through fiscal year 1979. Both bills provide broad authorities to NIE and set budget authorizations exceeding the current request. The hearings included testimony from more than 30 education associations endorsing the general program of NIE and urging appropriation levels higher than provided in fiscal year 1976;

Dr. Hodgkinson became the Director in May of last year and has made a significant impact on the educational community and the Council through his many speaking engagements and work sessions; and

On January 27 the President announced his nominations to fill five existing vacancies on the Council.

The program before you addresses important problems facing educators and policymakers. It is responsive to the concerns expressed by Congress in hearings and reports. It is consistent with policies and priorities which the Council has been developing during the past 2 years. This continuity of programing brings stability to NIE and enables it to support sustained work which is necessary for effective research, development and dissemination efforts. Under Council policies, the program will help strengthen the Nation's research and development institutions and the capacity of school systems to examine and use the products of R. & D. as well as participate in the conduct of problem-focused R. & D. work.

The program activities are part of a national agenda which NIE has been developing after extensive consultation with education researchers, practitioners, and policymakers; and, significantly, in direct response to needs indicated by them to the Council at its regular meetings.

In sum, Mr. Chairman, the National Council on Education Research believes that the National Institute of Education has, under the inspiring and effective leadership of its new Director, Dr. Harold Hodgkinson, significantly strengthened its planning and management during the past year; this in turn has helped to earn the broad support and cooperation of the diverse communities of educators, researchers and education policymakers throughout the Nation. The Institute has now been able, working with the priorities set by the National Council on Educational Research, to establish continuity and coherence in programs which are goal oriented and contribute to the sustained improvement of education.

In closing, Mr. Chairman, I would like to reiterate that the Nation needs a National Institute of Education; the Institute's program is a national agenda; and stability and continuity within NIE have been achieved. I look forward to participating, within my competence, in this morning's deliberations. It is comforting to have Dr. Hodkginson and members of his exceptional staff nearby. Thank you.

Mr. FLOOD. Thank you.

Mr. HODGKINSON. Mr. Chairman, if I might now complete the introductory part of the session, let me just say a word or two about some improvements in schooling that have taken place in recent years.

MAJOR IMPROVEMENTS IN SCHOOLING

Mr. HODGKINSON. Mr. Chairman, education in the United States is attempting to provide children with the knowledge and understand-

ing necessary to be productive in this highly technical world. To a great extent, education research and development has aided educators in their struggle to make education more effective, particularly in the past 25 years. I believe the contributions will continue by the adequate funding of education R. & D. and more specifically, the National Institute of Education.

Personnel in the Institute have recently cataloged some 660 products of past NIE funded programs. Taken as a group these products have been subjected to considerably more testing and evaluation than is the case for the majority of education materials on the market. An analysis of information now available on a sample of 200 products shows nearly 15½ million usages involving students, teachers, and administrators in all 50 States.

PROGRAM ACTIVITIES

Of the $90 million budget proposed for fiscal year 1977 $62,100,000 or 69 percent will be obligated for four major areas in which we seek solutions to current problems. These are: (1) to discover and develop the means by which all individuals can acquire those skills necessary for effective participation in society, (2) to help school officials meet their responsibilities to provide a higher quality education for students whose opportunities have been limited because of home language, culture, race, ethnicity, sex, socioeconomic background, or because they are not profiting from their school environment, (3) to improve the contribution education makes to individuals' abilities to choose, enter, and progress in work, (4) to assist State and local educational institutions in providing high quality education in an era when enrollments are changing, costs are rising, and courts and other public bodies are requiring new distributions of educational funds. Additionally, $16,220,000 or 18 percent of the proposed budget will be used to help assure that our knowledge and solutions are available to educators and policymakers. Finally, $11,700,000 is requested for program direction and administration. Mr. Pforzheimer, the staff, and I will be happy to answer any questions you may have.

Mr. FLOOD. Now Doctor, you say this is your first appearance before this committee since you became the Director last June.

What were some of your early impressions about the Institute when you arrived on the scene?

Mr. HODGKINSON. I was very impressed with the competence and capability of the staff.

I also was very impressed with the fact that the competence and capability hadn't been put together in such a way that would enable the Institute to deal productively with the problem areas that they had established.

It did seem to me that they had identified the right problems and I was in no way interested in changing the focus of the Institute.

My attempt has been first of all to increase the management capability within the Institute, and second, to tell the educational community and the Congress what kinds of things we can do for them, and for you.

Mr. FLOOD. Well, have you made any organizational changes? In other words, did you reorganize? Most new Directors generally do, you know.

Mr. HODGKINSON. I have been a college dean in two different institutions and I have a slightly different view of the virtues of a complete house cleaning, especially when you find your top leadership capable when you come in.

I looked very carefully at the Institute's senior management and, in my judgment, those people are all very competent.

I did feel that we needed some education within the Institute on some questions involving management and control. Those activities I think are underway.

Mr. FLOOD. The Institute has a history of problems, especially in communicating with the outside world about its mission and its programs.

I will say this situation seems to be improving, however. What are some of the things you are doing about these problems?

Mr. HODGKINSON. Let me just go briefly back in history. After the President's budget was announced, Secretary Matthews had a press conference on the HEW budget. The day after that we had not only a press conference but a meeting in which we invited members of all of the Washington based educational associations to come and discuss the 1977 budget.

We had about 85 people who showed for that, all representing various Washington associations.

That is the third of such meetings that we have had.

In the late summer we had a second meeting of the associations to discuss with them our 1977 plans. In addition to that, we had an earlier meeting in June in which we invited 10 outsiders, representing practitioners, administrators, teachers, a variety of people, experts in their own field to come and talk to us early about the 1977 plans.

We now have the 1978 planning cycle in place and we will increase the number of contacts with the outside.

Mr. FLOOD. Concerning this matter of educational research in general, what do you see as the biggest problem in education today that might be resolved through a Federal research program?

Mr. HODGKINSON. It's difficult to pin oneself down to a single problem. I think it's fair to say two things. Will you give me two?

Mr. FLOOD. Well, surely.

Mr. HODGKINSON. No. 1 is we know a great deal about education which we have not communicated to local schools and to State agencies, and I guess if there was a single priority it would be that we now know a great deal that we need to get out and this is why we have increased our dissemination budget tremendously.

There is a feeling abroad that we don't know anything about how teaching and learning works. As a matter of fact, we know a great deal about what works and what doesn't and we need to get that out.

Second, we need to do, I believe, a great deal of work on how we can help citizens acquire the minimal competencies that are necessary to function as American citizens.

That includes reading, writing, being politically effective, and understanding how the American system works.

TEST SCORE DECLINE

Mr. FLOOD. The other day, I guess you know, we talked with the Commissioner and with the Assistant Secretary.

Mr. HODGKINSON. I was here then.

Mr. FLOOD. Oh, yes. We talked about the decline in the college admission test scores and there are many opinions and many reasons, as you heard, for it.

Actually no one seems to know the cause. What have you found? Is the Institute looking at this at all?

Mr. HODGKINSON. Yes. If I may, I would like to speak briefly about this issue because it is terribly important.

Since the late 1930's the testing movement in America has been concentrating on aptitudes such as verbal ability.

If you get a high score——

Mr. FLOOD. The aptitude test is a standard phrase for years.

Mr. HODGKINSON. Right. Since the 1930's they have been shown to be systematically biased against certain groups within our society.

In addition, if someone has a high score on a verbal aptitude measure, that doesn't necessarily mean that they speak well, it doesn't mean that they write well either, and this is why colleges and universities in addition to the verbal aptitude score require students to submit a writing sample; because writing ability is not conveyed through that score.

If there is a trend in testing today it is away from aptitudes, and toward the measurement of speech abilities, which will be useful to people in American life in their occupations and in the various activities they have to perform.

That is the direction of testing.

On the question of test score declines, if I may, I would like to submit for the record one study of reading scores from graduates of grades 3 at the top of the graph to grades 8 at the bottom.

Mr. FLOOD. I have seen that.

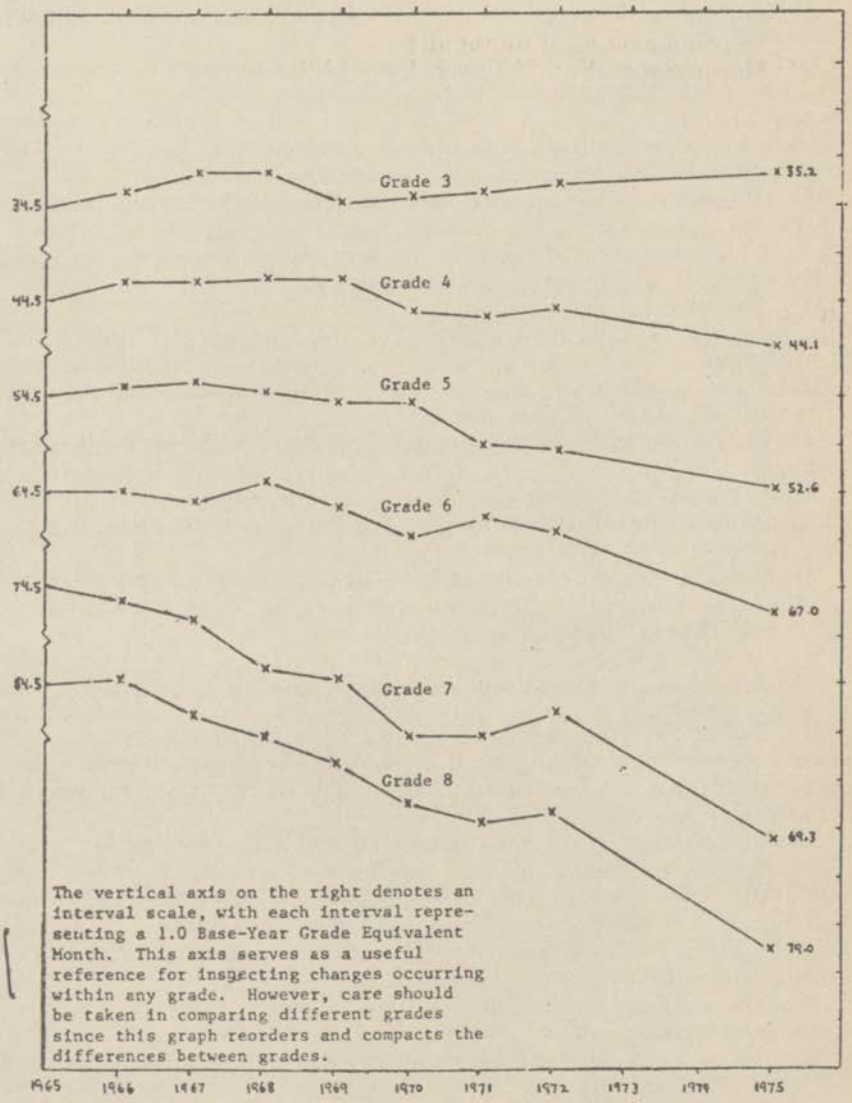
Mr. HODGKINSON. Grade 3 goes almost straight across and, as a matter of fact, there is an increase in reading scores over the last decade. So it does suggest that the issue is more complex.

If I may, I would like to submit that for the record.

Mr. FLOOD. Yes, do that.

[The graph follows:]

Figure 24. Trends in Third Through Eighth Grade Student ITBS Reading Test Scores From 1965-1975 (Expressed in 1965 Base-Year Grade Equivalents on the IOWA Reading Subtest)*



*Data See Table A17, Appendix.

REAUTHORIZATION OF THE INSTITUTE

Mr. FLOOD. All right, let's take a look at the budget for your institute.

Of course, there is a problem because of the delay in extending the authorization.

You know, this is the Appropriations Committee here, and we will need law before we can appropriate anything for your agency. That is the system.

Are you recommending any changes in the authorization, or would a simple extension of the existing law be sufficient for you?

Mr. HODGKINSON. We have already completed our testimony before the House and Senate authorization committees and we don't know when the deliberations of those bodies will come to fruition.

Mr. FLOOD. Well, you have a lot of company.

Mr. HODGKINSON. Yes.

In general, it isn't entirely clear when those groups will engage in modification.

Mr. FLOOD. I asked you do you think a simple extension of the existing authorization will be sufficient?

Mr. HODGKINSON. From my prospective, that would be more than sufficient.

Mr. FLOOD. What is you reaction toward the authorization of appropriations for the Institute by program category? That would take away some of your flexibility, wouldn't it?

Mr. HODGKINSON. No; we actually feel that is a rather good way to handle it, and overall I think we will be able to deal quite effectively with the authorization language.

RELATIONSHIP WITH ASSISTANT SECRETARY FOR EDUCATION

Mr. FLOOD. Do you see any need—we have heard some comments about this—do you see any need to change the organizational relationship between the Institute and the Office of the Assistant Secretary for Education?

Mr. HODGKINSON. No. I think that relationship has gone rather well. We are beginning right now, for example, the 1978 planning cycle and Dr. Trotter has called for a planning operation which will combine the U.S. Office of Education, the National Center for Educational Statistics, the Fund for Postsecondary Education and the National Institute of Education.

Mr. FLOOD. Does the Institute receive any policy guidance from the Assistant Secretary's office?

Mr. HODGKINSON. For planning purposes?

Mr. FLOOD. Any purposes.

Mr. HODGKINSON. We do have that, but for the immediate day-to-day operations of the Institute, we rely on our national council to provide policy guidelines.

Mr. FLOOD Now the answer to the question was yes.

Mr. HODGKINSON. Yes. That is correct.

Mr. FLOOD. Now the Institute also receives policy guidance from the national council, too, doesn't it?

Mr. HODGKINSON. That is correct.

Mr. FLOOD. How many offices or other groups give you policy guidance?

Mr. HODGKINSON. That's about it. Our relationship with Dr. Trotter has been very pleasant and useful.

Mr. FLOOD. No others besides, no other advisory groups of any kind at all, no other offices or groups?

Mr. HODGKINSON. We have a large number of advisory groups that offer advice, but the National Council is not an advice giving body.

Mr. FLOOD. With all of these councils and advisory groups how in the world does your Institute ever get any work done?

Mr. HODGKINSON. We seem to manage. It is important, it seems to me to have such input at the program level. If one is developing a new program in reading for example you clearly want to bring in the best experts in that area that you can to give you advice. This is the way we are focusing our attention.

NATIONAL COUNCIL ON EDUCATIONAL RESEARCH

Mr. FLOOD. Is this National Council composed mainly of experts in research?

Mr. HODGKINSON. I think it would be fair to stay that it's not, and that it's probably wise that the Council represents a diversity of views.

Mr. FLOOD. Do you think that the National Council includes adequate representation of basic education practitioners?

Mr. HODGKINSON. At the moment, probably not. I would like to see the number of practitioners increased not only on the Council but within the staff.

I have taught public schools; I have taught for 25 years in colleges and various other places and I think practitioners, both teachers and administrators, should have a larger place on the Council and within the Institute staff.

Mr. FLOOD. One of the legislative changes now being considered is the creation of a Federal council on education research.

Do you think the Institute really needs another advisory council?

Mr. HODGKINSON. Let me talk a little bit about the functions of that Federal council, if I may.

Mr. FLOOD. All right.

Mr. HODGKINSON. There is in existence an agency called FICE, which is the Federal Interagency Committee on Education.

I chair a subcommittee of that group which deals with educational research and development.

There are over 30 Federal agencies that are now doing education R. & D. and they are being coordinated through this subcommittee which I chair.

It's my understanding that FICE will become this new Federal Council. It is not a duplication, it's not the establishment of a new body at all.

Mr. FLOOD. You think you need it?

Mr. HODGKINSON. I think we do need an agency to coordinate Federal efforts in R. & D.

Mr. FLOOD. That is why I asked you. All right.

The budget request is over $90 million for 1977.

Mr. HODGKINSON. Yes.

Mr. FLOOD. That is an increase of $20 million over last year. And by the way, that is one of the few increases proposed in this whole budget for education.

As a matter of fact, most of the Office of Education budgets show minuses.

Now, you know, when we take this bill on the floor it's going to stand out like a sore thumb. I can just hear them over there.

Now, if I have to make a 5-minute speech on the floor, and Mr. Shriver over here too, about this $90 million budget for the National Institute of Education, what do we say?

Mr. HODGKINSON. I think I have already spoken with both of you gentlemen about that issue.

Mr. FLOOD. I don't care about that. I want something here for the record so Members can see it.

Mr. HODGKINSON.

There is one central point, and that is that you have an enormous duplication of effort in R. & D. on the State and local levels. There needs to be a Federal agency to coordinate all of these educational research and development activities. I think that is the key issue and that is why we see the need for an increase in that particular appropriation.

Mr. FLOOD. One question we are always asked is this split between new and continuation projects. You do this for the record:

Insert a chart showing the split in 1976 and 1977.

Mr. HODGKINSON. I have it right here.

Mr. FLOOD. And do it for each activity.

Mr. HODGKINSON. I have that also.

Mr. FLOOD. Then put that in the record.

[The information follows:]

NATIONAL INSTITUTE OF EDUCATION
Special Analysis
(Dollars in Millions)

Priority Area	Fiscal Year 1973 (Actual)		Fiscal Year 1974 (Actual)		Fiscal Year 1975 (Actual)		Fiscal Year 1976 (Estimated)		Fiscal Year 1977 (Estimated)	
	Continuations	New	Continuations	New	Continuations	New	Continuations	New	Continuations	New
Dissemination & Resources	$ 7.5	$ .4	$ 3.8	$ 2.5	$ 4.4	$ 1.5	$ 6.7	$ 2.4	$ 14.0	$ 2.3
Basic Skills	22.4	5.6	18.1	3.1	18.4	.1	15.0	.7	16.9	2.3
Finance Productivity & Management	35.9	3.0	14.1	2.5	17.5	1.0	12.2	5.1	14.9	8.4
Education & Work	19.3	1.8	14.5	1.7	12.7	.1	10.2	1.5	5.5	4.6
Education Equity	2.7	1.7	3.0	1.4	3.0	--	3.5	1.5	6.3	3.1
Salaries & Expenses	6.5	--	11.0	--	11.3	--	11.2	--	11.2	.5
TOTAL	$ 94.3	$ 12.5	$ 64.5	$ 11.2	$ 67.3	$ 2.7	$ 58.8	$ 11.2	$ 68.8	$ 21.2

	Fiscal Year 1974 (Actual)	Fiscal Year 1975 (Actual)	Fiscal Year 1976 (Estimated)	Fiscal Year 1977 (Estimated)
Elementary & Secondary Education	$ 57.1	$ 48.3	$ 48.6	$ 67.0
Post Secondary Education *	6.1	9.6	9.7	10.8

* Includes Vocational & Adult Education

Mr. HODGKINSON. Is there anything specific you would like to ask about the chart?

Mr. FLOOD. No, just put that in the record at this point. How many separate projects are now being supported by the Institute?

Mr. HODGKINSON. There are several ways of counting this, but if you look at the number of awards we make, it runs about 300. These vary in terms of grants and so forth.

Mr. FLOOD. Describe the process, whatever it is, in deciding which projects you continue and which you terminate.

Mr. HODGKINSON. There are several different approaches.

First of all, we have a congressional earmark for $26 million for laboratories and centers, and that means a fair share of the lab and center activity is to be continued from last year.

We have already decided that about $11 million in continuations will be contractually required for labs and centers in 1977.

In addition to that, we will begin a series of grant awards, which we have not made since 1974. That is another form of procurement.

We also issue RFP's, which are requests for proposals and in addition we do some sole source granting, where you have one contract where an applicant is so good that nobody else could reasonably compete for it. That doesn't happen very often.

Mr. FLOOD. Most of your projects are supported under this contract arrangement, aren't they?

Mr. HODGKINSON. Yes.

Mr. FLOOD. Do you have any peer review system such as the one at NIH?

Mr. HODGKINSON. We have not had such a review system functioning since 1974 because the lack of new programs made such panels unnecessary.

Mr. FLOOD. Your Institute supports research at all levels of education, including postsecondary, right?

Mr. HODGKINSON. And preschool, right. The whole range.

Mr. FLOOD. All right. Now, also for the record, put in a chart showing the amount of research supported in 1976 and 1977, and distribute that by elementary and secondary, higher education, vocational education, and adult education.

Mr. HODGKINSON. Sir, that is on the same chart. Is that all right?

Mr. FLOOD. Well, you must have big ears.

Mr. HODGKINSON. Everything is on that chart.

[The information follows:]

NATIONAL INSTITUTE OF EDUCATION

[dollars in millions]

	Fiscal year—			
	1974 (actual)	1975 (actual)	1976 (estimated)	1977 (estimated)
Elementary and secondary education	$57.1	$48.3	$48.6	$67.0
Postsecondary [1]	6.1	9.6	9.7	10.8

[1] Includes vocational and adult education.

Mr. FLOOD. You are proposing to delete appropriation bill language earmarking funds for the education labs and the centers.

Mr. HODGKINSON. Yes, sir.

Mr. FLOOD. Now, other than taking away some flexibility, what is wrong with the language?

Mr. HODGKINSON. Let me make two responses. On the question of earmarks, the Council has paid considerable attention to that particular issue and I would like to ask Mr. Pforzheimer if he would like to give the Council's position on earmarks and then let me reply to the rest of the question.

Mr. PFORZHEIMER. As the Council becomes familiar with the problems facing education, we find that in order to best attack the most important problems, it is not entirely necessary or useful to have earmarking within the appropriation. There are a number of highly qualified groups and individuals that can produce research. Through the competitive process we hope to get the best possible individuals or groups to perform that research so that it would be most useful and would develop the most beneficial product.

To do that, I feel, as a businessman, and that is my only point of view really, that once good, solid priorities are set, and a sound methodology for placing Institute funds with the most qualified bidder is undertaken, this will attract the right people to come and ask for such funding. I don't think the Council finds any useful purpose in having earmarks.

Mr. FLOOD. We are concerned about language in appropriation bills earmarking something.

I tell you what you do. For the record again, put in a list of the labs, and the centers, and show how much each will receive this year. I guess you don't have the figures for 1977, do you?

[The information follows:]

Educational lab and center estimated funding levels[1] for fiscal year 1976

[In thousands of dollars]

Lab/Center:	
Appalachia Educational Laboratory, Inc., 1031 Quarrier St., P.O. Box 1348, Charleston, W. Va. 25325	1,378
CEMREL, Inc., 3120 59th St., St. Louis, Mo. 63139	1,680
Center for Educational Policy and Management, 1472 Kincaid, Eugene, Oreg. 97401	941
Center for Social Organization of Schools, The Johns Hopkins University, 3505 North Charles St., Baltimore, Md. 21218	368
Center for the Study of Evaluation, University of California, Los Angeles, 145 Moore Hall, Los Angeles, Calif. 90024	738
Center for Vocational Education, The Ohio State University, 1960 Kenny Rd., Columbus, Ohio 43210	1,560
Far West Laboratory for Educational Research and Development, 1855 Folsom St., San Francisco, Calif. 94103	2,355
Learning Research and Development Center, University of Pittsburgh, 3939 O'Hara St., Pittsburgh, Pa. 15260	2,085
Mid-Continent Regional Educational Laboratory, 7302 Pennsylvania Ave., Kansas City, Mo. 64114	16
National Center for Higher Education Management Systems, P.O. Drawer P, Boulder, Colo. 80302	1,400
Northwest Regional Educational Laboratory, 400 Lindsay Bldg., 710 SW. 2d Ave., Portland, Oreg. 97204	3,366
Research for Better Schools, Inc., 1700 Market St., Suite 1700, Philadelphia, Pa. 19103	3,159
Research and Development Center for Teacher Education, University of Texas, Education Annex, Austin, Tex. 78712	723
Southwest Educational Development Lab, 211 East 7th St., Austin, Tex. 78701	1,650
Southwest Regional Laboratory for Educational Research and Development, 4665 Lampson Ave., Los Alamitos, Calif. 90720	1,715
Stanford Center for Research and Development in Teaching, Stanford University, Stanford, Calif. 94305	1,023
Wisconsin Research and Development Center for Cognitive Learning, 1025 West Johnson St., Madison, Wisc. 53706	1,980
Total	26,137

[1] This does not include any estimate of awards to labs and centers that they may receive through competitions.

Mr. HODGKINSON. As I indicated, we have about $11 million that are contract obligations that are in.

Mr. FLOOD. But you don't have 1977, do you?

Mr. HODGKINSON. No; we couldn't have it entirely.

Mr. FLOOD. Do the labs and centers compete for funding with all of your other applicants as they are supposed to do?

Mr. HODGKINSON. The $26 million is earmarked specifically for labs and centers. In addition to that they do compete occasionally for other projects. If I may, I would like to just briefly indicate where they fit in the scheme of other agencies. There has been an enormous growth in the R. & D. system since 1965. There are now some 500 agencies that are listed in the grant and contract manual who are capable of bidding on educational R. & D.

Many of these are agencies that were working in World War II and have now retooled and are very, very effective in doing social and sociological work dealing with training, competency assessment, and a number of other areas that are important for the Institute.

The field then has shifted considerably.

In addition, the demand for new curriculum materials which was very important in the 1950's is less important today. People need policy guidance. We find that the Congress is increasingly concerned about policy issues and we need to know more about basic research, more about dissemination and more about pulling together the knowledge that we now have.

In terms of the work with the labs and centers, I have been very upset at the previous history of competition and bad feelings between the labs and centers and the Institute.

Nobody will speak for R. & D. if we can't get our own house together. I have had two meetings with the directors of the labs and centers and during those meetings we have worked out a strategy which we think will be useful.

The labs and centers have agreed that no lab and center should expect funding in perpetuity and they are all aware of that.

We, on our part, want to develop a series of special relationships so each lab and center can tie in at the Institute where it best fits our program needs. This is what we are doing right now.

Mr. FLOOD. In view of what you just said, do you expect then to terminate, or cut back, any of the labs or centers this year?

Mr. HODGKINSON. We have no goal of doing so, no, sir.

Mr. FLOOD. What about next year?

Mr. HODGKINSON. In 1977 we will probably be able to manage in such a way that no lab or center will go out of business.

However, the lab and center directors themselves have agreed that they have no particular guarantee to funding in perpetuity.

DISSEMINATION ACTIVITIES

Mr. FLOOD. In your budget you show a $7 million increase for dissemination.

Mr. HODGKINSON. Yes.

Mr. FLOOD. Suppose you tell us very briefly how you disseminate a successful research project—to say a school superintendent?

Mr. HODGKINSON. The first thing to point out, I think, is that we have a series of State capacity building grants. We now have 10 States that have received such grants, and all of the States submitted proposals for these grants. We will fund 10 more States in 1976 and 10 more in 1977.

Those programs are a very effective way of gearing up as the agriculture system did about 80 years ago whereby information can be translated into State terms and State organizations.

The next step is to move to local agencies, after you have a State capacity to disseminate out to the local schools. That is the overall strategy.

BASIC SKILLS PROGRAM

Mr. FLOOD. Under your basic skills program you mentioned some things you are doing in the area of reading.

Mr. HODGKINSON. Right.

Mr. FLOOD. You know over in the Office of Education they make quite a big thing out of the right to read program. Well, how does your research relate to that program?

Mr. HODGKINSON. Most of the Office of Education programs in reading are not research programs.

That is, they are primarily taking existing materials and getting them out to larger numbers of school systems.

Our focus has been on inquiring into how people learn to read, what the problems are, and then developing better materials, so that students can learn to read better and we have some examples of success in that field that I would be happy to submit for the record if that would be appropriate.

Mr. FLOOD. OK, suppose you do that.

[The information follows:]

SUCCESSFUL NIE READING PROGRAMS

Individually guided instruction.—Developed by the Wisconsin Research and Development Center for Cognitive Learning (WRDC), has created an alternative system for organizing and providing instruction so that individual needs of all children within a given learning environment can be met. This comprehensive system has seven components: (1) prereading skill, (2) reading, (3) math, (4) motivation, (5) school organization, (6) computer management and systems, and (7) evaluation. At the present time, 3,600 schools in 48 States are using one or more of these curricular components, and it is estimated that 1½ million children and 35,000 teachers are benefiting from the work at the Wisconsin center.

The prereading skills.—Component of IGE is a good example of systematic progression from basic research to development of a new product. For 4 years, research concentrated upon describing the processes of competent readers and specifying the steps children normally take in learning to read. Three visual skills and two auditory skills were shown to contribute to initial reading success. Next, a variety of techniques for teaching these five skills was tried, resulting in the prereading skills program. Children who enter this program before grade 1, show significantly better reading performance at the end of grade 1 than those who have other prereading programs or none at all. The program is now commercially available and is being tested with a variety of children, including Spanish-speaking youngsters.

Communication skills program.—Developed by the Southwest Regional Educational Laboratory (SWRL) features individualized instruction in reading, composition, spelling, and expressive language in grades kindergarten through six. Detailed guidance for the teachers' use of the materials is provided, along with criterion-referenced tests for diagnosing and measuring progress.

The perceptual skills program.—Developed by the learning R. & D. center (LRDC), has had a favorable impact on the development of those visual and auditory skills which children need for early reading instruction. LRDC has recently adapted the program for use in the home by providing step-by-step instructions parents can use.

The Alaskan reading and language development programs.—Developed and field tested by the Northwest Regional Laboratory in Portland, Oreg. Started in 1973, the Alaskan reading program has been tested through use by some 6,000 Native Americans living in Alaska. The materials are designed to bring the children up to proficiency levels in English through the use of vocabulary and cultural concepts familiar to Native American children. The children are gradually exposed to words and stories from the outside world in a manner that will preserve their sense of personal integrity and cultural worth. Additionally, five Pacific Northwest Indian tribes are testing their customized curriculum in three States with very favorable early response.

The bilingual early childhood program.—Is designed to orient Spanish-speaking children to the strengths of their Hispanic heritage and the richness of their language. The program is based on the theory that a child may remain predominantly Spanish-speaking during the process of achieving in English. Under development for several years now by the Southwest Educational Development Laboratory in Austin, Tex., bilingual materials are scheduled for full publication and distribution in January 1977. Over 40,000 students and teachers have been involved in the program's field testing. Although the materials have been available on a very limited basis, over $300,000 worth of materials have already been purchased by schools.

These and other reading programs developed by NIE-funded labs and centers are currently being used in over 6,000 schools.

BILINGUAL EDUCATION

Mr. FLOOD. Bilingual education is one area that is now placing a very heavy demand on the local school districts.

Has any of your research produced any results that could be adopted by the local school districts?

Mr. HODGKINSON. You will note if you look at our budget we feel that particular area is important, and if you look at research in bilingualism and the bicultural problems that go with it——

Mr. FLOOD. But could it be adopted by the local school programs?

Mr. HODGKINSON. I don't know how much about this area, but we do have a couple of things that are very useful.

One is a series of Alaska readers developed by the Northwest Laboratory. As you know, there is a particular problem with Alaska children in terms——

Mr. FLOOD. You mean the Eskimo problem?

Mr. HODGKINSON. Yes, in terms of a cultural background and the fact the initial readers available simply don't fit their needs. This particular program is now involving about 6,000 Alaskans and is making a fairly significant impact on the problems of teaching them how to read, because the materials were developed by the Alaskans themselves.

In addition, through the Southeast Development Laboratory we have a new series of materials that are currently in the testing form which will be considerably different than anything now on the market as far as bilingual education is concerned.

Over 40,000 teachers and students have been involved in the testing of these materials.

That I believe emphasizes once again that we want to make sure our products are good before we send it out to commercial publishers.

EDUCATION AND WORK

Mr. FLOOD. On what you call "education and work," that is your phrase, you show a decrease of $1,590,000. But, take a look at page 24 of your justification and there you show an increased number of grant and contract awards.

Mr. HODGKINSON. Yes, sir.

Mr. FLOOD. Why are you shifting support to a larger number of comparable smaller projects? What's the point of that?

Mr. HODGKINSON. There is one very important factor and that is the Mountain Plains Project, which has been carried by the Institute for the last 5 years, ceases to be an experimental program and became a fully operational program, and as of August 31 of this year we will no longer be funding it.

That represents a fairly considerable shift in our budget provisions.

EDUCATIONAL VOUCHERS

Mr. FLOOD. We haven't heard very much lately about the education voucher systems, remember that?

Mr. HODGKINSON. Yes, sir.

Mr. FLOOD. I bet you do.

How much is in your budget for voucher experiments?

Mr. HODGKINSON. Instead of voucher budget we have a series of smaller projects that are designed to increase options in schools for parents, teachers, and other interested groups. The voucher project at Alum Rock is coming to a conclusion.

We have some preliminary evaluation data on it, and we will have complete evaluations of that in about 2 months.

Two cities were given planning grants, one in East Hartford and a series of small towns in New Hampshire.

East Hartford voters rejected the proposal about a month ago, and my indications are that the New Hampshire project does not have much of a chance of passage.

Mr. FLOOD. Do you think the voucher system has much of a future in education?

Mr. HODGKINSON. I think the notion of the multiple options has a great deal of importance. I have talked to teachers who are increasingly aware of the need for choices among students, but whether it needs to be funded through the vouchers mechanism is the question.

We are interested in choice, but we are not particularly interested in voucher as a financial mechanism.

EDUCATIONAL SATELLITE

Mr. FLOOD. Suppose you describe your current plans for supporting educational satellite experiments.

Mr. HODGKINSON. We have during this current year decreased our appropriations for satellites, because we are just coming to the end of an evaluation phase.

The evaluations now indicate a couple of very important things about satellites. First of all, the technology works and works very well.

Second, the ATS 6, which is the satellite which we use, has a remarkable capability for education programing.

Third, until local people are somehow involved in the decision as to what you are going to put up on the satellite, the programs don't mean very much. But the evaluation efforts thus far are very, very favorable.

One example is 1,000 teachers in the Appalachian area who are able to get graduate credit for work they had done via satellite when they could not get back to college or to the universities. We are proposing $2 million in our 1977 budget for satellite activity.

The focus will be based on our evaluations approaching the problems in terms of delivery systems, how can we best deliver material through the satellite to particular kinds of communities that have needs that cannot be met in other ways.

That will include probably Appalachia, the Rocky Mountains, the Pacific basin, and certainly Alaska.

IMPACT OF COURTS ON EDUCATION

Mr. FLOOD. All right. Now, here is something. More and more, the judicial system seems to be getting into the act on educational policy. The courts are having to decide some fairly basic educational problems.

There is no question about that. Is the Institute looking into the implications of court decisions as they affect public education?

Mr. HODGKINSON. We share your concern in terms of the enormous impact that the courts are having. It is very, very important.

Lau versus Nichels cites every student has the right to be taught in the language spoken at home, and so forth.

About 3 weeks ago we had a conference put together by Dr. Ray Rist, from our desegregation studies unit dealing with the law, social sciences, and education.

It's the first time lawyers, social scientists, and editors have gotten together in the same room to thrash that argument out. On the program we had some distinguished jurists.

Mr. FLOOD. Blood on the floor, I suppose?

Mr. HODGKINSON. A little. I thought it was a terribly useful meeting and it's the first time I have seen those people together. In addition we are studying the educational implications of a large number of legal decisions, particularly in the area of the 14th amendment, and as you know, the equal protection thesis is very, very important.

We had the chief State school office from New Jersey down a week ago to talk to us about the problems they are having with this new "Thorough and Efficient Education doctrine" that has come down from the courts in New Jersey, we are trying to deal with those issues, also.

PERSONNEL AUTHORITY

Mr. FLOOD. Last year the Civil Service Commission suspended the Institute's personnel authority. You know about that?

Mr. HODGKINSON. Yes.

Mr. FLOOD. Well, what is the current status of that suspension? And what actions have you taken to restore the authority?

Mr. HODGKINSON. We have completed the investigation that was required by the Civil Service Commission and we have made our report to the Commission, asking for a year to implement the specifics that are included in the decision.

I have every reason to think that that request will be granted, and that we will be allowed the year to put that in place.

If I may return to the first question you asked me, when I came to the Institute I was a little surprised, as a manager, to find that I wasn't sure what people were supposed to do. I kept looking for descriptions of what everybody did in the Institute.

I had a tough time finding it. Although the Civil Service review has been painful in many respects, and I have had to deal personally with some of the consequences for the staff, one of the long-term benefits of this may be that we will be able to deal with $90 million in 1977, with the same sized staff we have now, 340, because we now know what everybody can do and we are able to use the staff more efficiently.

Mr. FLOOD. Your Institute has a staff of 340 people?

Mr. HODGKINSON. Yes.

Mr. FLOOD. How many of them are actually engaged in research activities?

Mr. HODGKINSON. I can submit for the record, if you would like, a complete accounting of the staff by professional and clerical.

Mr. FLOOD. That would be the best way to handle it.

69-745 (Pt. 5) O - 76 - 58

Mr. HODGKINSON. We have 146 professionals, Presidential appointments have to be added in there and I can give you the information by race, sex and whatever you like.

Mr. FLOOD. Fine; you do that.

Mr. HODGKINSON. OK.

[The chart follows:]

National Institute of Education
Staffing Analysis
as of January 31, 1976

	GRADE	POSITIONS	TOTAL		WHITE		BLACK		SPANISH		OTHER	
			M	F	M	F	M	F	M	F	M	F
GS- (Competitive) Secretarial/ Clerical	01	-	-	-	-	-	-	-	-	-	-	-
	02	-	-	-	-	-	-	-	-	-	-	-
	03	1	1	-	-	-	1	-	-	-	-	-
	04	5	-	5	-	1	-	4	-	-	-	-
	05	18	-	18	-	3	-	15	-	-	-	-
	06	28	-	28	-	4	-	24	-	-	-	-
	07	21	-	21	-	4	-	17	-	-	-	-
	08	3	-	3	-	1	-	2	-	-	-	-
	09	-	-	-	-	-	-	-	-	-	-	-
	10	2	-	2	-	-	-	2	-	-	-	-
Subtotal		(78)	(1)	(77)	-	(13)	(1)	(64)	-	-	-	-
GS- (Competitive) Professional/ Technical	05	1	1	-	1	-	-	-	-	-	-	-
	06	2	-	2	-	-	-	2	-	-	-	-
	07	10	2	8	1	3	1	5	-	-	-	-
	08	6	2	4	2	2	-	2	-	-	-	-
	09	12	2	10	1	4	1	6	-	-	-	-
	10	1	-	1	-	-	-	1	-	-	-	-
	11	13	3	10	3	8	-	2	-	-	-	-
	12	13	3	10	2	8	1	2	-	-	-	-
	13	26	17	9	16	9	1	-	-	-	-	-
	14	31	26	5	23	4	3	1	-	-	-	-
	15	24	20	4	20	4	-	-	-	-	-	-
	16+	-	-	-	-	-	-	-	-	-	-	-
Subtotal		(139)	(76)	(63)	(69)	(42)	(7)	(21)	-	-	-	-
	CATEGORIES											
AD- (Excepted) Professional/ Technical	NIE Asst.	16	7	9	7	7	-	2	-	-	-	-
	NIE Assoc.	32	26	6	21	5	1	1	3	-	1	-
	NIE Sr. Assoc.	27	22	5	18	3	2	2	2	-	-	-
	Exec. or Adv.	11	9	2	8	2	1	-	-	-	-	-
Subtotal												
	Presidential	2	2	-	2	-	-	-	-	-	-	-
Subtotal		(88)	(66)	(22)	(56)	(17)	(4)	(5)	(5)	-	(1)	-
TOTAL		305	143	162	125	72	12	90	5	-	1	-

Mr. SHRIVER. Thank you, Mr. Chairman.

Doctor, I too want to welcome you to this committee for your first appearance.

Mr. HODGKINSON. Thank you.

REAUTHORIZATION OF INSTITUTE

Mr. SHRIVER. You had some discussion with the chairman concerning legislation. I suppose that is one of the responsibilities of members of this committee—to hurry the process along.

But as a member of the Budget Committee, I know the meaning of these deadlines that were placed in the law.

We need an authorizing bill before we can put any money in this program.

When was it you had the hearings?

Mr. HODGKINSON. The Senate hearings came shortly after I came on board. I believe it was in July, and the House hearings, I have forgotten the precise date.

Mr. SHRIVER. We have had no bill yet.

Mr. HODGKINSON. No, sir.

Mr. SHRIVER. And really all you asked for was a continuation of the program.

Mr. HODGKINSON. Basically, yes.

Mr. MILLER. I think though the issue is not tied up with the National Institute of Education, it is broader educational matters having to do with higher education. That is what is slowing it down.

Mr. SHRIVER. Whatever the reason, we still have to meet those deadlines.

You mentioned the 30 Federal agencies doing research and development in education. What are some of them?

Mr. HODGKINSON. I can submit the complete list for the record, if you would like. I can mention at this time a few of the major ones.

Mr. SHRIVER. Put it in the record.

Mr. HODGKINSON. All right.

[The information follows:]

FEDERAL AGENCIES ENGAGED OR INVOLVED IN EDUCATION RESEARCH AND DEVELOPMENT

Department of Health, Education, and Welfare:
- National Center for Educational Statistics.
- Assistant Secretary for Planning and Evaluation.
- Assistant Secretary for Human Development.
  - Office of Human Development.
  - Office of Child Development.
  - Office of Youth Development.
  - Rehabilitative Services Administration.
- Office of Education.
- National Institute of Education.
- Public Health Service.
  - National Cancer Institute.
  - Alcohol, Drug Abuse, and Mental Health Administration.
  - National Institutes of Health.
  - National Institute of Child Health and Development.
  - National Institute of Communicative Disorders and Stroke.
  - National Library of Medicine.
  - National Endowment for the Humanities.

Gallaudet College.
Health Resources Administration (National Center for Health Services Research).
Department of the Interior.
Department of State.
Department of Justice.
Department of the Treasury.
Department of Defense.
Appalachian Regional Commission.
National Endowment of the Arts.
U.S. Commission on Civil Rights.
Department of Agriculture (Cooperative State Research).
Department of Labor (Manpower Administration).
National Science Foundation.

Mr. HODGKINSON. Some of the larger ones are the Office of Child Development, the Department of Defense, which spends a considerable amount of money on educational programing. As I said, there are a large number, some of them surprised me, Alcoholism and Drug Abuse, for example, has a large education mission, which I wasn't aware of until we got this committee together.

Mr. SHRIVER. How much money is allocated? Do you know that?

Mr. HODGKINSON. Yes, sir, it's about $500 million in Federal money which is now going to educational research, development, dissemination, and evaluation.

Mr. SHRIVER. $500 million?

Mr. HODGKINSON. That represents less than one-half of 1 percent of the total national investment, which is about $114 billion.

Agriculture spends 3 percent on R. & D., and the medical field probably 3 to 4 percent, so we are below what other agencies spend.

Mr. SHRIVER. Now, one responsibility of yours then is working with these other organizations.

Mr. HODGKINSON. Yes.

Mr. SHRIVER. So there won't be any duplication, and so there will be dissemination and use.

Mr. HODGKINSON. As I responded to Mr. Flood, the point of this committee is to try to get those agencies together.

I might just add, Mr. Shriver, we haven't discovered a great deal of duplication thus far and the committee has gone over our total programs quite carefully.

Mr. SHRIVER. At the beginning of your statement you said people are beginning to understand the difference between improvements in education which can come through research and development and those which come through service-type programs.

What do you mean by that?

Mr. HODGKINSON. Basically the Office of Education is organized to provide service delivery programs. We are basically organized to try out new approaches, and to develop through research new avenues of providing materials for teachers, administrators, and people in State legislatures, and in the Federal Congress.

All of these people seem to be increasingly asking for information relevant to their needs. We see our role as shifting from a concern for curriculum development as our only reason for being, to meeting the other research needs that increasingly people are facing.

We have, for the Congress, for example, a mandatory study of compensatory education and a study of school violence, and these are both in response to congressional needs.

TEST SCORE DECLINE

Mr. SHRIVER. You mentioned the help that educators have received over the past 25 years from education research and development, and I am sure that is true.

Nevertheless, many Americans wonder about it when they read of the studies showing the children can't read or do simple mathematics as well as they were led to believe in the past.

In these basic areas, they are deficient. What is the Institute doing about this?

Mr. HODGKINSON. If I could start with a comment on that, the press has been, I think, and I have said this publicly before, notorious in their reporting of that particular set of data.

The national assessment data conclusively shows that 17-year-olds today read better than they did 10 years ago.

The papers have given the impression that everybody is in that same boat. So if you look carefully at the data, you find that in certain areas of education, some fairly significant improvements have been made.

As I indicated earlier, third grade reading scores are considerably higher today than they were a decade ago, and they have been rising consistently during that decade. That is an area in which a lot of Federal money has gone into new programs and the evidence suggests that that has paid off.

So overall, the question I think has got to be interpreted in light of more specific targets. The Federal Government cannot simply improve education.

We have got to look at the specific places where we can do the most good and try to orchestrate those agencies already engaged in that kind of activity, and with our budget we can't run the thing.

We have got to find places of excellence, try to make them more visible, and have other people emulate them as much as we can.

We have found a number of these sources of excellence in the public school systems, in which you find very good evaluation units, very good curriculum development and research programs, so that the field is just very, very large, and our job is to orchestrate what is out there.

Mr. SHRIVER. Has there been any research on how we can better interpret that data so that the media will not give the wrong impression? We in the Congress might well be interested in that.

Mr. HODGKINSON. My own special field is sociology and I was concerned with media research for 2 years when I was at Harvard, before I left the comfortable walls of academia, and it's an area in which a great deal more needs to be done.

I will be speaking to 20 education journalists in a month and I hope to be able to make that point at that time.

ERIC SYSTEM

Mr. SHRIVER. Where are the 16 educational resources information clearinghouses located?

Mr. HODGKINSON. They are spread out across the country and each one has a different function. I will be happy to supply for the record the 16, and the functions they perform.

Their functions go all the way from career education kinds of material to the focus on higher education, to a center devoted to the study

of evaluation. They are all tied together through the activities of Dr. Senta Raizen in the Dissemination Unit.

Mr. SHRIVER. It would be well to put that in the record then.

[The information follows:]

EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC) CLEARINGHOUSES

ERIC Clearinghouse in Career Education, Northern Illinois University, College of Education, 204 Gabel Hall. DeKalb, Ill. 60115.

ERIC Clearinghouse on Urban Education, Columbia University, Teachers College, Box 40, 525 W. 120th Street, New York, N.Y. 10027.

ERIC Clearinghouse on Educational Management, University of Oregon, Eugene, Oreg. 97403.

ERIC Clearinghouse on Higher Education, George Washington University, One Dupont Circle, Suite 630, Washington, D.C. 20036.

ERIC Clearinghouse for Junior Colleges, University of California, Powell Library, Room 96, 405 Hilgard Avenue, Los Angeles, Calif. 90024.

ERIC Clearinghouse for Reading and Communication Skills, National Council of Teachers of English, 1111 Kenyon Rd., Urbana, Ill. 61801.

ERIC Clearinghouse on Counseling and Personnel Services, University of Michigan, School of Education Bldg., Room 2108, Ann Arbor, Mich. 48104.

ERIC Clearinghouse on Early Childhood Education, College of Education, University of Illinois, 805 W. Pennsylvania Avenue, Urbana, Ill. 61801.

ERIC Clearinghouse on Handicapped and Gifted Children, Council for Exceptional Children, 1920 Association Drive, Reston, Va. 22091.

ERIC Clearinghouse on Information Resources, Stanford University, School of Education, Center for Research and Development in Teaching, Stanford, Calif. 94305.

ERIC Clearinghouse on Languages and Linguistics, Center for Applied Linguistics, 1611 North Kent Street, Arlington, Va. 22209.

ERIC Clearinghouse on Rural Education and Small Schools, New Mexico State University, Box 3AP, Las Cruces, N. Mex. 88003.

ERIC Clearinghouse on Science, Mathematics, and Environmental Education, The Ohio State University, 1800 Cannon Drive, 400 Lincoln Tower, Columbus, Ohio 43210.

ERIC Clearinghouse on Teacher Education, American Association of Colleges for Teacher Education, One Dupont Circle, Suite 616, Washington, D.C. 20036.

ERIC Clearinghouse for Social Studies/Social Science Education, 855 Broadway, Boulder Colo. 20302.

ERIC Clearinghouse on Tests, Measurement, and Evaulation, Educational Testing Service, Princeton, N.J. 08540.

Mr. HODGKINSON. Well, we will do that. I would just like to comment that we would like to work on the ERIC system next year. ERIC is in the Lockheed data base which includes 30 information systems, the most widely used system of any of that particular set. The ERIC system is now used 12 million times annually by educators, researchers, and students, which leads us to believe it's a pretty good investment.

In addition, the microfiche series which used to be provided by our budget, about $100,000, is now being provided by the users themselves. They are paying, and every time you get a dollar of service you find a dollar going back into the ERIC system.

EDUCATIONAL LABS AND RESEARCH DEVELOPMENT CENTERS

Mr. SHRIVER. During the past several years I personally have observed the work of the Mid-Continent Regional Educational Laboratory, which is in Kansas City. I was quite impressed with the kind of work they were doing in teaching inner city teachers how to teach, a very important area.

Mr. HODGKINSON. Yes.

Mr. SHRIVER. Is it this kind of center that you are talking about?

Mr. HODGKINSON. One of the issues that has been important is the regional laboratory issue.

McRel did function very much to serve the needs of that region. The Northwest and Appalachia Labs really met the needs of the citizens of those areas, also.

The Northwest Laboratory has on its board, the chief State school officers of the States it serves.

We do not have at the moment a distribution of laboratories that is comparable across the country. There are certain areas in which there is no laboratory, and it may well be that there isn't as much need in certain areas of the country as there is in other sections of the country.

So the original Federal notion of blanketing the country with some 40 educational laboratories doesn't seem to have worked. The number is down considerably, and as I mentioned before, a large number of other contractors have entered the field, many of them doing excellent work.

This is not for a minute to say that the laboratories don't do good work, but it's saying they are not the only actor on the stage, and I think what we would like to see is a better coordination of the federally funded labs and centers with those other agencies so that together they begin to form a coherent system.

This is what I personally am planning to try to do during the next year.

Mr. SHRIVER. Well, you are familiar with the one I mentioned.

Mr. HODGKINSON. Yes, sir.

Mr. SHRIVER. And with their excellent work?

Mr. HODGKINSON. Yes; I am also familiar with other educational institutions in Kansas.

PEER GROUP REVIEWS

Mr. SHRIVER. How many panels and boards and committees does the Institute work with?

Mr. HODGKINSON. External panels that we have invited to participate with us? Virtually every program has an outside group that they select to come in and advise them when they are planning a new program. We just had a conference on a new television series on career awareness in which we had, I think, seven or eight people who came in to talk about that particular program.

Similarly, when Mark Tucker set up the NIE school capacity for problem solving grants, we brought in a large number of people. The initial documents I submitted for the record includes all of the institutions and individuals that we have brought in for consultation over the last 2 years.

It's about six pages, single spaced.

ADMINISTRATIVE COSTS

Mr. SHRIVER. How do your administrative costs compare with other research institutes, such as NIH?

Mr. HODGKINSON. A better comparison might be with the private foundations because they also are engaged heavily in research and development in education which NIH is not. I was surprised to find that our administrative costs would run about 11 percent and will be down

slightly in the 1977 budget. Although the total is up, the percentage of operation is down. This comes very close to what the 10 private foundations do who work in education. I personally have received a number of grants from those agencies in the past. I was quite surprised to find that was the case. So basically 11 percent is about normal. I thought it was a little high when I came to the Institute, but I now find it is not.

We have a number of—I am not sure encumbrance is the correct word—but at least standards we have to meet that private foundations don't. Our awards are scrutinized much more carefully than theirs and I assume that means more man-hours. Somehow we seem to be able to manage it.

Mr. SHRIVER. I notice on page 8 you show a small decrease in rent and utilities. I don't know how you accomplish that in this day of rising costs.

Mr. HODGKINSON. I would like to say we have been able to bring down the rent. That is not the case. We have simply adapted space utilization, so we are now managing with a smaller amount of space than we did in the past.

Mr. SHRIVER. Everybody else has to pay more in utilities.

Mr. HODGKINSON. That is to some extent the same question. I think Mr. Christensen could deal with that better than I.

Mr. CHRISTENSEN. Mr. Shriver, the reason for the decrease primarily is that the Institute has been decreasing in employment. Several years ago we had a staff authorized of 430. Now we are down to 340. As a result of that we have given up space in a building which we had previously occupied.

That decrease reflects the fact that we have less need for rent costs.

Mr. SHRIVER. You also have an account called Transportation of things.

Mr. HODGKINSON. I can give you just a couple of examples on the transportation.

We have frequent need for delivery services up to HEW. Also, we consolidated our office space which required moving services to physically relocate the furniture and equipment. These are the kinds of items included.

EDUCATION AND WORK

Mr. SHRIVER. One final question. In the past I have thought that one of the Institute's most promising areas of concentration was the area of education and work, yet you are asking for a lesser amount for this program. Why?

Mr. HODGKINSON. Briefly, in discussing Mr. Flood's question in that regard, one of the major items taken away from our budget for 1977 was the Mountain Plains item which comprise a fairly large amount of money. Over the years since 1972 we have put $12 million into Mountain Plains. Mountain Plains took $2.5 million of our budget in 1976. It takes zero of our budget in 1977. That one project then, which was brought to NIE from a previous history at OEO covers most of that particular change in the overall budget.

We are actually doing more new things in that area in 1977 than we ever have in the past. Thus, I think in terms of the program it is stronger and more diverse in 1977 because instead of one Mountain Plains we will have a large number of different projects, but it certainly doesn't represent a decline in our commitment to that area.

EDUCATIONAL VOUCHERS

Mr. SHRIVER. What was total amount of Federal funds that went into research on vouchers?

Mr. HODGKINSON. As I recall, it was about $12 million.

Mr. SHRIVER. In both States?

Mr. HODGKINSON. No, the voucher moneys have been for planning purposes, for theoretical study and for funding Alum Rock experiment, which is the only operational experiment funded.

We allowed two planning grants for East Hartford and New Hampshire who thought they might like to try the voucher model, so we gave them planning grants which were quite small. Neither area has approved a proposal which they would then submit to NIE. East Hartford apparently never will and it is uncertain that New Hampshire will.

We did learn a great deal from the Alum Rock experiment that was quite worth the money and I am quite glad we engaged in that.

Mr. FLOOD. Mr. Natcher.

PROPOSED BUDGET INCREASE

Mr. NATCHER. How can you justify an increase of 28.6 percent for your Institute when throughout the budget now we have reductions in Federal education expenditures?

Mr. HODGKINSON. As I explained to the Chairman, it seems that no one is arguing that educational research and development should be decentralized. If you have 50 States doing research on the nature of readings, you have an enormous amount of duplication. The Federal role in research has never been questioned either by Congress or HEW, thus it seems only natural when we are trying to specify functions more clearly, that the educational research and development function should be given a specific place in the budget.

The needs for educational research I think have been demonstrated quite adequately and I think the results are now such that we can defend an increase just in terms of making a minimal start on the enormous tasks we have to deal with.

Mr. MILLER. I would like to horn in.

Mr. NATCHER. Go right ahead, Mr. Miller.

Mr. MILLER. I think they are playing catchup, and if we are willing to spend $2 billion on medical research, I think $90 million is not too much of the total to spend on education. Almost any other part of the economy would certainly spend that percentage of their dollars on research.

Mr. NATCHER. You justify the reductions in education generally, do you, before this committee?

Mr. MILLER. Do I justify them?

Mr. NATCHER. Can you?

Mr. MILLER. I can give you the reasons for them, and I think within the total fiscal situation they can be justified. I would certainly agree with most of the professional witnesses that a lot more money could be used for education.

Mr. NATCHER. Mr. Miller, you have been with us for a number of years and you know the difficulties we have with this bill. When the Secretary of HEW appeared before our committee the first day

you were there at the table when I said to him quite frankly this bill had been vetoed five times.

My good chairman who sits on my right, to expedite the matter has pulled out educational appropriations on two occasions. Those bills were vetoed. We succeeded in overriding those, and you know as well as I know that you are sitting at this table, this committee can't take the bill to the floor with the reduction in education generally and pass the bill. You know that just as well as you are sitting at that table.

Mr. HODGKINSON. Mr. Pforzheimer of our national council would like to respond to that question if that is all right.

Mr. NATCHER. We would be delighted to hear from him.

Mr. PFORZHEIMER. There are two points that to me are important in the increase which is requested. With the priorities set by our council which in turn reflect some of the needs as they are reflected to us through various means of groups that have come in and talked with us, the Institute's program is now much more goal oriented and this seeks really to find solutions to problems that are a current concern to teachers and administrators and others who are out on the firing line in the educational establishment.

Second, it seems that the programs now really reflect the concern for this dissemination of getting out the R. & D. figures and findings to those school officials at the State or local levels who can best use these findings.

That sort of thing I think fully justifies in my opinion this increment in the request.

Mr. NATCHER. Do you really have any supporting evidence that shows that the Institute really needs more funds? I am just trying to make the record so we can justify the increase and take the bill to the floor.

Mr. PFORZHEIMER. Yes.

Mr. NATCHER. Than some of the other educational programs where we have reductions in this bill? Can you justify these reductions?

Mr. PFORZHEIMER. I am not sure, sir, that I have the competence to justify on a competing basis or a comparative basis. But looking only at the NIE itself, I feel quite comfortable in seeing an increase in that program even if there may be other administration priorities which in their opinion need less money.

I can only answer it that way. I am not competent to compare one thing which has an increment against others that may have a decrease, but I am fully satisfied that this increment is proper at the present time.

Mr. HODGKINSON. Mr. Natcher, if you would like I can submit for the record a list of the major accomplishments of NIE, the specific teachers and children who have benefited.

Mr. NATCHER. That would help us and we would appreciate it if you would insert it in the record at this point.

[The information follows:]

NIE MAJOR ACCOMPLISHMENTS

Individually Guided Education

Since its inception NIE has supported the development and implementation of Individually Guided Education, a program developed at the University of Wisconsin's R&D Center. IGE uses team teaching and modern organization concepts to reach students at different levels. It has been adopted by more than 2000 elementary schools across the country. Another program, called the Design for Reading Skill Development, praised by teachers and administrators as a low cost means of individualizing reading instruction, has been implemented in 3,600 schools in 48 states. Schools using this program have reported a marked rise in student reading achievement.

Bilingual and Multicultural Education

The 1970 Census and HEW data find that seven million school-age children are deficient in the English language, five million speak another native language, usually Spanish, and two million talk in a "non-standard dialect" of English.

The NIE Bilingual-Multicultural Program is engaged in developing means to help school systems, parents, and education policy makers significantly improve the educational opportunities for all disadvantaged students. For example:

- The Alaskan Reading and Language Development Programs, developed and field tested by the Northwest Regional Laboratory in Portland, Oregon. Started, in 1973, the Alaskan Reading Program has been tested with about 6,000 Native Americans living in Alaska. The materials are designed to bring the children up to proficiency levels in English through the use of vocabulary and cultural concepts familiar to Native American children. The children are gradually exposed to words and stories from the "outside world" in a manner that will preserve their sense of personal integrity and cultural worth. Additionally, five Pacific Northwest Indian tribes are testing their customized curriculum in 3 states with very favorable early response.

- The Bilingual Early Childhood Program is designed to orient Spanish-speaking children to the strengths of their Hispanic heritage and the richness of their language. The program is based on the pluralistic theory that a child may remain predominantly Spanish-speaking during the process of achieving in English. Under development for several years now by the Southwest Educational Development Laboratory in Austin, Texas, bilingual materials are scheduled for full publication and distribution in January, 1977. Over 40,000 students and teachers have been involved in the program's field testing. Although the materials have been available on a very limited basis, over $300,000 worth of materials have already been purchased by schools.

Dissemination and Utilization of Educational R&D

The results of educational research and development (R&D) have been far less helpful to schools than they might be. Information on these results has not generally been put into forms useful to teachers and administrators. Nor have systems--involving State, regional and local education agencies and R&D performers--which make knowledge available and help its application been well developed. NIE is taking a variety of approaches to this centrally important problem:

a. With the aim of improving educational practice by helping educators locate and use current knowledge about educational research, new products and improved practice, NIE began the Dissemination Capacity Building Program in 1975. Shaped by substantial experience from pilot programs in USOE and recommendations from the field, this new program provides each participating State with a vehicle for coordinating presently fragmented dissemination activities with major knowledge resources such as the Education Resources Information Center (ERIC) in order to offer a user-oriented information service emphasizing interpersonal communication to ensure that the information needed to address specific problems is provided to teachers and administrators.

   In FY 1976, in addition to continuing the ten projects begun in FY 75 a similar number of new State projects will begin. The goal of this program over the next five years is to build a responsive dissemination capacity in every State in the Nation with an interest in establishing or extending their dissemination activities.

b. Two other programs are concerned with ways in which local schools deal with their problems, making use of the results of educational R&D. Both programs share the common goal of assisting teachers and administrators in solving locally-defined problems while learning more about the process of innovation.

   - The first program aims at building the problem solving capacity of schools by discovering through research some ways to better organize and manage schools for problem solving. The research findings are then communicated to other school people. Initiated in 1974, this program awarded grants to agencies working with 33 schools serving 37,000 students in major urban areas across the nation. In rural areas effective problem-solving processes have been developed over the past three years in Utah and Arizona with diverse Native America and white populations.

   - The second program will be initiated by NIE in 1976 and is designed to achieve a better understanding of how to increase the utilization of research and development products. It is anticipated that about six competitive awards will be made to State Education Agencies and regional school service agencies (e.g., Boards of Cooperative Educational Services, Regional Educational Service Agencies, etc.) serving about 150 local education agencies. Although funding will be on an annual basis, the Institute is entering into a three year commitment with these groups, providing the incentives to create alliances of universities, research and development organizations and State agencies that will coordinate research and development products with technical assistance and bring more effective services into the school.

Experience-Based Career Education (EBCE)

This program is designed to develop and test an educational alternative for those students who for a variety of reasons are dissatisfied with standard high school programs. The result of the 4 year experiment has been a program widely acclaimed by participants and parents alike. In 1974-75 more than 1,000 students, and 1000 employers in four cities have participated in the program. Evaluations indicate that students demonstrate higher or equal academic achievement, and view their experience as considerably more useful than do students in standard programs. Furthermore, fifty percent of the students went on to college, the same as the national average. Students participate in a career-oriented program that includes work in basic skills -- English and mathematics -- and work in community. In one model, career development has two parts -- exploration and specialization. In the exploration phase, the student selects an area of interest and acquires a variety of experience in that area. For example, a student could select "law and justice" and he or she will study up to three or four days a week in the police station, in the district attorney's office, and at the city prison. The student could then select another exploration area, such as health, and work in a community health center or in a hospital job. At the end of the period, the student may have developed a special interest in becoming a medical technician. For the next period of time, up to 12 weeks, the student could work with a medical technician. One such student has become the youngest certified emergency technician in the country.

A joint NIE-OE dissemination panel has reviewed EBCE in the four schools and judged it an exemplary project worthy of support. In addition to NIE support, the Office of Education's Division of Occupational and Adult Education expects to provide $6 million for vocational educators in schools around the country to adopt or adapt EBCE for each of the next three years. EBCE-like programs will be started in schools in at least 42 states. By 1978, we expect EBCE to be a viable alternative existing in over 150 high schools in the nation interested in career-oriented alternatives for its students.

School Finance Reform

The School Finance Program is aimed at conducting research and delivering more reliable information and technical assistance to State Legislators, Governors, and educational policy makers such as State Board members and Chief State School Officers. In this program, activities are designed to test and disseminate the basic legal and economic research findings that have emerged in the past five years; hence, major emphasis is devoted to meeting the unique needs of state policy makers as they examine various models of school finance reform or adapt new principles.

There are two major components to this program. In the first, activities are aimed at State-wide finance change. The National Conference of State Legislators has reviewed and evaluated the progress of several finance models as they were implemented in ten States. Preliminary findings were presented to over 200 State Legislators in four regional seminars this summer. The National Conference of State Legislators is currently providing technical assistance to several states engaged in revising their school finance laws through cost sharing arrangements in which the States match federal monies to perform policy studies and design alternate financing formula. Because of the diversity of groups and officials involved in State decision-making, the School Finance Program is also working with the Education Commission of the States and its membership, which consists primarily of Chief State School Officers, Board Members, Governors and concerned private citizens.

The second component of this program will explore the nature and extent of the problem of with-in school district inequality. This problem is fairly recent, having been first raised in the 1967 Hobson v. Hansen case and subsequently having been found to be typical of a majority of school districts receiving E.S.E.A. Title I funds. Through a contract with the National Urban Coalition, school districts in California and Florida that currently operate a school-by-school budgeting system that is based solely upon pupil enrollment and that provides great discretion to the building principals and teachers, will be assessed and documented. The utility of this information will be checked in several districts interested in but not presently using this approach. Finally, a small field study is being conducted into the economic, educational and social consequences of rural consolidation. Beginning with a reanalysis of the original Conant data that led to his support for large schools and rural district consolidation, this study will then examine the actual outcomes of rural school consolidation in New England, the Midwest and the South. At a time when policy makers are exploring the need for a National rural policy, it is expected that this small project might yield findings that challenge the conventional wisdom.

Although it is a recent initiative of NIE, the School Finance Program is exclusively oriented toward policy decisions and exploration of new issues as they emerge. Thus, for example, school enrollment declines and feasible solutions to this problem will also be researched by this program.

Multiple-Option Systems, Providing Choices to Parents and Students

Research does not show us the one "right" way to teach children. To the contrary we find that different students learn best in different ways. In cities across the Nation, the Institute has developed, in cooperation with school districts, models of parent choice systems that have expanded the range of alternatives available to disadvantaged students. At the same time these models have allowed teachers a degree of freedom and flexibility not commonly found in the public schools. Underlying these major field experiments is a common recognition of the legitimacy of parental and student demands for educational programs that are relevant and available. Since their beginnings in 1972-3, these programs have reached over 14,000 children and 500 teachers and administrators. The results have been successful far beyond the predictions of the administrators and teachers in the cooperating school districts or the researchers within the Institute. For example:

- In Minneapolis, Minnesota, the Southeast Alternatives Project has used NIE funds to develop five different model schools in direct response to community wishes. Children can choose among any one of four elementary schools, ranging from a free school emphasizing creativity and community studies to a traditional school with a strong emphasis on basic skills. All of the options are available from kindergarten through high school. These choices have been so attractive that approximately 40% of the parents have sent their children to a school outside their immediate neighborhood. The Minneapolis Project has become a national lighthouse district to other urban schools seeking ways to better serve diverse populations; and, most importantly, it is now being diffused throughout the district with state and local money as the NIE experimental support is withdrawn.

- In San Jose, California, over 9,000 school children in the Alum Rock School District have a choice of 55 different programs in ten elementary and six middle schools. Some school buildings offer as many as five programs to meet the range of needs in the neighborhood. Nevertheless, between ten and fifteen percent of the parents choose to have their children bussed to programs in schools outside of their neighborhood. The parental support for the project, determined by a third-party evaluator, remains enthusiastic: when last surveyed, 94% support the concept and practice of school choice; 88% agree that the schools will improve because of parental choice; and 73% believe that their child is receiving a "very good" or "good" education. A survey of the teachers' views revealed that: 60% felt that their influence on school policy had increased; 66% believed that the project has a positive impact upon the students; and 69% were pleased with their experience in the project. These teacher responses are particularly surprising because, at the same time, 81% reported that their workload had increased because of the project.

These major attempts to provide systematic and meaningful choices have illuminated the realm of the possible for hundreds of school districts in the nation. The investment by the Institute has been extensive in these seven districts but the conceptual breakthrough they represent for the ways schools relate to parents and students promises to be far greater than this investment. We estimate that at least one of these models has been visited by representatives of more than 1,500 districts and many of those districts then developed some form of an alternative school program.

Technology and Education

Modern communications and information processing technology are having fundamental effects of great importance for education. NIE expects to be responding to the opportunities presented by these technologies in a number of ways in the next few years. Some current examples include:

- The University of Mid-America open-learning program operated by a consortium of five universities in four states (Nebraska, Kansas, Missouri, and Iowa) is now in its first full year of operation. The program offers courses to both credit and non-credit students throughout this region who otherwise might not have access or gain admission to traditional post-secondary institutions. As an experiment in using mass communications technology to equalize educational opportunity, UMA uses televised, audiotaped programs and correspondence materials with scheduling information and supplemental materials carried in ten major newspapers.

- The Educational Satellite Program, conducted using ATS-6, was developed and managed by the Institute from 1972 to 1975. It greatly increased the outreach capability of educational institutions in three rural and sparsely populated regions of the nation. In the Rocky Mountain region, more than 23,000 junior high school students received satellite-delivered instruction in their school rooms, five days a week for the year; over 500 teachers participating in in-service training; 73,000 adults received programs on cultural affairs, and over 7,000 requests were met from teachers for the satellite-delivered

items from a library of films, resulting in over 190,000 viewings of these materials. In Appalachia, 1,200 teachers received graduate-level, college credit from 15 participating colleges for four in-service training courses they completed by satellite. This year, an estimated additional 15,000 teachers in Appalachia are taking those same courses over State television networks. In Alaska, thousands of people living in remote villages received TV for the first time, while 1,200 students and 150 teachers received instruction in basic health care, oral language development, and native culture. The projects have been very enthusiastically received, with the result that NIE is developing a long-range plan for its continued involvement in satellite activities to assure that as future satellites are developed they are applied to education in a most beneficial way.

- The development of new television materials for use in home and school is an important part of the Institute's strategy. At the Appalachia Educational Laboratory, a highly popular pre-school T.V. program has been developed and pilot tested. Building upon the programming and instructional concepts that have been successful in Sesame Street and the Electric Company, the Appalachia pre-school program has adapted these approaches to the culture and language of the children in the region. The Education and Work Program will soon begin the development of commercial-quality T.V. packages aimed at increasing career awareness among elementary school children. These materials are based upon earlier research which indicated that children between the ages of nine to thirteen were most susceptible to career information and that such information was most effective when reinforced by parents. The materials will be designed for home viewing as well as for instruction in the schools.

Competency-Based Education (CBE)

Recent studies have pointed out a serious problem of functional illiteracy in students graduating from secondary schools. In response to this, at least six states are moving toward competency-based high school graduation. In Oregon, for example, competency-based high school graduation has been mandated beginning with the current ninth grade class. In addition, seventeen states have mandated support for competency-based teacher certification standards and approaches. NIE is undertaking several major research and development activities directed at problems associated with identifying and assessing competencies, administering, and financing of CBE programs, and community effects and public policy implications. Findings will be put in forms useful to educational policy makers as well as to practitioners of CBE. More specifically NIE will carry out research on three major issues of CBE:

- The first is competency-based high school graduation as is currently being implemented in the State of Oregon. Here NIE is playing a dual role. It is supporting technical assistance to school districts to define those competencies expected of students and to assist school administrators and teachers in developing methods of providing those competencies to students. In addition, it is carefully documenting and analyzing the Oregon experience for its implications to other States and school districts.

- A second project is in the area of competency-based teacher education. The California Commission for Teacher Preparation and Licensing is receiving funds to identify teacher competencies which are related to student achievement in reading and mathematics. The results of this study will be utilized by the Commission in developing a new teacher licensing system in California based upon teaching competencies.

- A third project will address the issue of early graduation as a consequence of passing a high school equivalency examination. The State of California will begin this year to grant the legal equivalent of a high school diploma to students who pass a proficiency examination administered by the State Department of Education. Early graduation could have significant effects of great interest not only to educators but also to State and Federal policy makers.

Occupational Stereotyping

The disproportionate number of women in low-paying, low-status careers is well documented. NIE has sought to address this problem by analyzing the processes that result in women choosing lower status, "female" occupations, and by identifying ways to counter these processes.

NIE's women's programs are built upon recent research which has refuted many popular beliefs regarding women's affinity for certain jobs. For example, women are not more likely than men to be concerned with social companionship nor have higher absentee rates. Furthermore, the women who are positive about their work and child care situations pass these positive feelings to their children. Unfortunately, until recently, career guidance and counseling materials and programs have perpetuated occupational stereotyping. The NIE-funded Educational Products Information Exchange (EPIE) Project analyzed the sex orientation of over 1,000 pieces of currently available curriculum materials. They concluded that women were presented with less than half the occupational choices of men.

In response to its findings, NIE initiated several projects to counter occupational stereotyping. It developed a set of guidelines for career interest inventories which offered concrete methods of evaluating standardized counseling materials. These guidelines were widely circulated (over 3,000 requests), and have resulted in significant national attention being paid to this problem. NIE also supported development of a self-administered learning kit to help counselors identify and eliminate sex-stereotyping from their career guidance materials. In addition, NIE sponsored a three part counseling series "Women at Work" for use by career counselors, women counselees, and researchers. In short, NIE work is leading to actual changes in occupational guidance and counseling practice.

NIE's FY '76 and '77 programs will continue to address problems of occupational stereotyping in two ways. First, children's television will be utilized to expand career aspirations of children, particularly girls and minorities, consistent with what we have learned about importance of childhood and parental attitudes in the career development process. Second, research on economic returns to women from education will be initiated along with the development of models of sex role learning with strategies to overcome them.

Mr. NATCHER. The Institute exercises leadership, as you know, in educational research and development, and yet many R. & D. activities are still under the supervision of the Office of Education in such areas as vocational education, in education for the handicapped.

Is the Institute capable of providing leadership in these R. & D. areas, and, if so, why haven't those programs been transferred to the Institute?

Mr. HODGKINSON. Mr. Natcher, that came up before the House Education and Labor Committee and I was asked by the Senator if I thought we were ready at this moment to take over completely the oars in vocational education and rehabilitation at the Institute.

There is little doubt in my mind that eventually the National Institute of Education should become the Federal agency for doing educational research and development.

Given the fact that the Institute has had a hard time getting itself together, it seemed to me slightly early to expect we could pull that whole operation into our organization when we have just been organized for about a year along our present lines.

There is no question that eventually we should probably become the R. & D. agency that would be responsible in those areas, but my feeling is we don't want to do it unless we can do a first-rate job.

COMPENSATORY EDUCATION

Mr. NATCHER. As you well know, the administration has continued to propose various reforms of Federal education programs. Are any of these proposals based on research studies performed by your Institute?

Mr. HODGKINSON. Several studies are now underway which will provide the policy guidance for the Congress and the administration. These will be particularly important when both Congress and the administration consider new legislation and need hard data on which to base their policy decisions. Two areas in which we are doing policy studies are in compensatory education, the title I study and the studies of school violence both of which Congress asked us to undertake. Final reports will be available on both these studies in 1977.

Mr. NATCHER. Doctor, before today I have examined your statements carefully and the biographical sketches. You have a wonderful background. I say that to you frankly.

Mr. HODGKINSON. Thank you.

Mr. NATCHER. Are you in favor of the block grant program that has been submitted to this committee?

Mr. HODGKINSON. I have had no participation in that program because it does not involve my agency, and I have not been a party to those deliberations.

Mr. NATCHER. You are just going to leave that in my friend Charley Miller's lap?

Mr. HODGKINSON. I am in favor of efficiency and getting programs correlated. This is why I am chairman of this subcommittee that brings research together. I guess frankly since I came in June, I have been amazed at how little duplication there is across agencies. I have looked for it.

I used to be a college administrator, and I was trained to look for those kinds of things, and I found relatively little.

Mr. Miller may want to respond.

Mr. NATCHER. Off the record.

[Discussion off the record.]

Mr. NATCHER. On the record.

Mr. FLOOD. Mr. Smith.

Mr. SMITH. No questions.

Mr. FLOOD. Mr. Roybal.

FUNCTIONAL ILLITERACY

Mr. ROYBAL. Mr. Chairman, Mr. Miller has actually made my day. He finally admitted that an increase was justified and also admitted that more money could be used for education than that which has been requested by the administration. I don't know, Mr. Chairman, whether I should just let things stand at that.

But I would like to ask Mr. Hodgkinson some questions based on a discussion that I had held in my district with concerned parents. At the time that the meeting was held I tried to get members of the board of education to attend the meeting, because I felt that they were the ones who were the experts and they should be present. I was not successful due to the fact that they were meeting on that day conflicting with the only time I had for that meeting.

Their concern was about the fact that billions of dollars are poured into the education system, and still one-fifth of our people are functionally illiterate, and that they are unable to do simple tasks in our society. They asked me the question, what has gone wrong with our educational system? So I am passing the buck and asking you what has gone wrong with our educational system if in fact one-fifth of our people are illiterate?

Mr. HODGKINSON. First of all, if I may comment on the statistics, that means they are not able to read and write English. It does not mean they are unable to read and write. That is an important qualification, I think.

My impression is in terms of what the public schools have turned out, given the fact that more and more young people stay in school for longer periods of time, that the ultimate product has to be checked against an earlier time when let's say 40 percent of the students dropped out after sixth grade, which was characteristic of the 1920's. Then the high school graduate looked pretty good because everybody else had left the system.

We are trying very hard to maintain enrollments in schools so that students stay in longer. What this means, instead of just having the very able in secondary school, you have three-quarters of the population graduating from high school, so this then makes the situation quite a bit different.

I am not convinced that we are doing the best job we can on illiteracy. We are particularly concerned with helping adults learn how to read, and have worked with some community colleges that are engaged in that kind of activity. There is no reason to think a 55-year-old who knows how to read Spanish can't learn how to read English, and we are investigating some ways to help that process.

Mr. ROYBAL. They commend the education program and pointed out areas of tremendous progress. I had the opportunity of visiting bilingual education classes in my district, and throughout the State, and saw the vast progress that had been made with youngsters bilingually understanding what they were doing.

But their complaint mostly was based on I suppose their own personal experience where they say that on the high school level examinations were given seniors to determine whether or not they had basic skills of writing and reading before they got their diploma, and that even if they didn't have them, they still received their diploma.

Mr. HODGKINSON. Yes.

Mr. ROYBAL. The question is: Why do they get a diploma even though they don't have the basic skills?

Mr. HODGKINSON. That is a very good question and one we are very much involved in and I was involved in professionally before I came to the Institute.

California and Oregon are two States that have taken the question of competency very seriously and there are now experimental programs underway to make sure every high school graduate can accomplish minimal things which the State feels are necessary for high school graduation. Those are established at the State level and then translated into workable programs by each community within the State.

I think there is a reversal of opinion regarding the virtues of having people stay in school if they are not learning anything. There is an attempt to restore some kind of minimal standard so that the degree will at least mean something, and that people will know what that degree means. It will be public domain.

Thus, in Oregon in the future if you have a high school degree, everybody will know the minimum that you are capable of doing. That doesn't mean it is a ceiling, but at least it will be a floor so that the degree will have some meaning across the State.

Social promotion has been around for a long time. Let me just tell you the other side. When I taught ninth grade English I had one kid; and if he had stayed with me for a second year, I would either have gotten divorced or have become an alcoholic or something. That kid was impossible.

The principal said he has been around five or six teachers that year and why don't I stay with him a little more.

I stayed with him a little more and it was made very clear if I had the kid back the following year I would have to quit teaching school. I must confess—this is the only time I ever did it—I promoted him because I didn't want him back. You can say that was a bad thing to do and I would agree with you, but I put my sanity and my ability to teach 200 children a year ahead of teaching that 1 kid a year.

It is a tough problem from the point of view of the teacher.

Mr. ROYBAL. I can understand the problem, but I can also understand the fact that if capability does not actually come to fruition,

how that individual could be the loser, and in turn society as a whole may be losing.

Mr. HODGKINSON. We had a required curriculum in the school in which I taught. That kid could have done beautifully in a program that emphasized different kinds of things.

He knew every model of every make of car on the road. He knew the number of cylinders. He was marvelous at that. He wasn't allowed to choose what he was doing, and there wasn't reward for the things he could do.

In history class he was reported to have no memorizing ability because he couldn't memorize a list of the Presidents of the United States. He had in his head 20,000 facts about cars, but nobody could reward him for that.

So this is where the voucher experiment, I believe, is so important, because we are learning what range of choices we are to provide, so that students like that can find things they can do well and help to improve their competency across the board. We are just getting into that right now, Mr. Roybal.

Mr. ROYBAL. Which means that a student may not be capable of learning mathematics but he may be able to learn very rapidly if he were put into a shop of some kind?

Mr. HODGKINSON. Yes.

Mr. ROYBAL. Or develop some other skills?

Mr. HODGKINSON. Yes.

EXPERIENCE BASED CAREER EDUCATION

Mr. ROYBAL. Does that mean that the curriculum should meet the needs of the individual and not the individual being forced to go into a curriculum?

Mr. HODGKINSON. There are two different points. The curriculum is a means to an end. The end is to raise the level of competency of every person in the school. That means perhaps you see the auto shop class as a means to raise this particular kid's interest in mathematics.

The experience-based career education program that we support in four different sites has clearly shown that a number of students in high school who were not terribly happy with the kinds of instruction they were getting could be turned around by being given an experience with the world of work. For example, of that particular group of 1,000 students, over 50 percent of them went to college. At the beginning of the program they were completely turned off by school. That one experience was enough to turn a number of them into developing a considerable interest in education.

If I could just add one more comment, there are a number of talents that American society needs including working with people, working with things, and with ideas. We are trying to develop a range of programs to meet all those kinds of talents rather than just one.

INDIVIDUALIZED INSTRUCTION

Mr. ROYBAL. I had an experience that I think is worth mentioning at this particular time, and that is that as a boy I spoke nothing but Spanish while attending the first, second, and third grades. We were not permitted to speak Spanish in the classroom or on the playground,

but my father, who was a cabinetmaker, had taught me how to use a ruler and how to add simple fractions.

When I went to the board, I was ahead of the class, but one day the teacher caught me mumbling and asked me what I was doing. She realized I was mumbling in Spanish. "And now," she said, "you do it in English."

It was not possible for me to do it in English. Pretty soon I was the last in the class, and I lost interest in arithmetic.

The next thing that happened was in my junior high school career where I took algebra and geometry.

But, when I went before my high school counselor, she said, "Edward, you do well in arithmetic; I am going to assign you to the electrical shop." To this day I am afraid of electricity, even while putting in a bulb in my home.

She forced me to go to that electrical shop. Her rationale was that I was the oldest in the family of 10, that I couldn't possibly go to college because I was poor and came from a very poor section of the city. She felt that she was doing me a favor by putting me in the electrical shop. The next day my mother put on her bonnet and straightened things out very quickly.

I went into a college prep course. But the same counselor said to me, "If you want to go to college, you also have to take mathematics, which you already have, then you have to take science, and a foreign language." The foreign language that I took was Spanish.

Here, after all these years of being prohibited from speaking Spanish anywhere in the school, it became a required foreign language.

I hope that those mistakes are not being made today, and I hope that, since we are talking about youngsters being geared to specific talents or capabilities that they are not being just shoved into workshops; that someone is really evaluating their potential and doing the very best they can to put them in classes where they can eventually learn.

Mr. HODGKINSON. Mr. Roybal, we are working very hard on individualizing education and trying to maintain standards at the same time. I think we are further ahead on that side of the problem than we are on the cooperation between parents and school.

You mentioned a very vivid example of how that was brought home to you that the teacher and the parent were together. I don't think we have come quite as far in that area as we have on individualizing instruction within the school itself.

I think that notion of how we can get parents to be more responsive and cooperative with schools is an agenda item that we are working on right now.

Mr. ROYBAL. The reason I bring all these things up is that I fear that the one-fifth literacy that we now have may be due to some of these mistakes in education.

Mr. HODGKINSON. I think you are quite right.

DISSEMINATION ACTIVITIES

Mr. ROYBAL. One last question, if I may. You have a program known as dissemination. You probably answered this question already, but I would like to know how this program differs from a line item that we

have that we call packaging and dissemination. Is this a duplication or the same program?

Mr. HODGKINSON. In our budget or the OE budget? I am not sure whether you want that distinction between NIE and OE or within our own budget.

Mr. ROYBAL. Within your own budget.

Mr. HODGKINSON. The program is a dissemination and resources program in which we do both research on the dissemination process and also provide a series of granting opportunities through States and local agencies to develop the capacity to disseminate information to schools.

This year, in addition, we are bringing the national associations that are connected with education into the act because they have a large number of members. Right now the Association for Supervision in Cirriculum Development is meeting in Florida. There are thousands of educators there. That association represents a good approach to dissemination activities.

So we are, as you know, putting a lot of money into States to increase their dissemination capability. California is a good example of a State that I think has moved considerably in terms of their dissemination expertise. If you are a teacher in California today I think you have a far better chance of getting your hands on good materials than you would in the past.

We also have a catalog which will be published later this spring which lists 660 NIE products. These will be made available not in an advocacy sense but each product will be listed with claims made for it, the kinds of people that ought to use it. It is like the yellow pages. If you are a teacher, you can look through it and see the kinds of things you need. I think that will be a solution to the problem.

Mr. ROYBAL. Thank you.

Mr. FLOOD. Mr. Michel?

JUSTIFICATION OF INCREMENTAL BUDGET

Mr. MICHEL. We have been told during other hearings that this is a period of fiscal restraint, yet the 1977 budget request for the National Institute of Education represents one of the largest increases in the education division budget. How do you justify the need for increased spending in the area of educational research in the context of an otherwise tight budget?

Mr. HODGKINSON. In the midst of a growing movement to decentralize Federal programs toward State supervision, neither Congress nor HEW has questioned the Federal role of centralizing educational research and development in order to minimize redundancy and maximize efficiency.

Having demonstrated the need for educational research and development and, having changed its direction to a more goal-oriented approach responsive to the concerns of Congress and the educational community, I believe the Institute is justified in asking for an increased budget to address and solve the problems that are causes for concern.

More specifically, in dissemination, the increase will provide for the inclusion of 10 additional State education agencies in the capacity

building program to develop comprehensive State dissemination programs. This is a multiyear effort which would eventually include all 50 States.

In the basic skills program, the increase will further the development of improvements in reading, mathematics, and teaching strategies. The increase will permit the educational equity group to improve the bilingual and multicultural programs in elementary and secondary schools. Further, it will also allow for expansion of the studies on desegregation problems and issues relating to the educational needs of women.

In the area of finance, productivity and management, the increase will allow us to expand our research into school finance reform and provide funds for the education satellite to improve access to education to those who are geographically isolated. It would also assist several big city school systems to improve their management and organization and to share what they have learned with other big city school systems.

The increase will permit the education and work group to improve the career decision making of students, expand the career awareness efforts, and respond to the occupational needs of women and minorities.

SUCCESSFUL RESEARCH ACTIVITIES

Mr. MICHEL. My next question is one that comes up every year, but I think it is important to know generally where our money is going. In that regard, can you point out some examples of successful research efforts developed thus far by the National Institute of Education?

Mr. HODGKINSON. Certainly. In fact, I have some examples of successful NIE products that I would like to submit for the record if I may?

[The information follows:]

EXAMPLES OF SUCCESSFUL NIE PROJECTS

EXPERIENCED BASED CAREER EDUCATION

The Institute has developed and tested alternative approaches to completing the final years of high school called experience based career education (EBCE). Designed to serve the growing number of students who need an action-based curriculum—and who are not motivated by strictly classroom modes of learning—EBCE systematically blends planned experiences in the world of work with applied academic study. More than 1000 businesses, labor unions and public agencies have become active partners with the schools in the instruction/counseling process at the 30 sites now active. Consistently positive results from three years of evaluation have prompted a national EBCE dissemination effort. In a precedent-setting arrangement, NIE and OE have agreed to join forces to make EBCE widely available—with OE financing LEA demonstrations through States with their VEA-part D funding, and NIE supporting field tests, dissemination, and evaluation of the large scale reform effort.

INDIVIDUALLY GUIDED EDUCATION

Since its inception NIE has supported the development and implementation of individually guided education, a program developed at the University of Wisconsin's R. & D. Center. IGE uses team teaching and modern organization concepts to reach students at different levels. It has been adopted by more than 2,000 elementary schools across the country. Another program, called the design for reading skill development, praised by teachers and administrators as a low-cost means of individualizing reaching instruction, has been implemented in 3,600 schools in 48 States. Schools using this program have reported a marked rise in student reading achievement.

SCHOOL FINANCE REFORM

School finance reform is one of the most critical issues facing educators today. State and Federal courts have ruled that current property tax practices are an inequitable means of allocating education resources—prompting 14 States to revamp their school finance systems since 1970. To address this issue, NIE is working with the National Conference of State Legislators to study the 14 examples of systemic change and produce a hand-book for other States faced with these necessary reforms. The Institute is also conducting policy studies on the long range impact of school finance reform and is providing technical assistance to States which are revising their school budgeting systems.

MINNEAPOLIS ALTERNATIVE SCHOOLS

The Institute's support of large scale innovation has resulted in major redirection of education in Minneapolis. After nearly 5 years of OE–NIE support, the Minneapolis Board of Education voted to extend alternative education models developed by the project in southeast Minneapolis throughout the city by September 1976. The choices offered the 2,200 southeast students includes an open school, a "three R's" academic program, a continuous progress school, and a free school. All of the southeast alternatives are available beginning in kindergarten and extending through high school. In addition, community education courses are now offered 4 nights a week to the 30,000 residents of the southeast area; over 4,000 residents have enrolled in courses given in 1973 and 1974. Our evaluation shows that the level of student and parent satisfaction with public education in southeast now exceeds 80 percent, a rise of more than 50 percentage points above preproject levels.

CALIFORNIA TEACHER COMPETENCY STUDY

Good teaching is the keystone of quality education. The question always asked is: What makes a good teacher? NIE has been supporting the California State Board of Education for several years to help provide an answer. Researchers working for the board are identifying and then measuring, teacher practices which are unusually effective in helping children learn; 31 States are considering licensing requirements based on teacher competency. The identification of what teaching characteristics are related to improved student learning promises to aid these States and impact significantly on American teacher education.

DISSEMINATION

New ideas and practices generated by educational R. & D. are useful only if they get into the hands of those responsible for delivering education to students. NIE has helped to improve both the dissemination and utilization of R. & D. products by:

(1) Supporting and expanding the ERIC system (Education Resources Information Centers) which is now being used more than 10 million times annually by teachers, administrators, and researchers.

(2) By strengthening the capacity of State and local school systems to utilize R. & D. results through grants which improve State level dissemination systems and staff training efforts to increase the use of these resources.

CURRICULUM FOR NATIVE AMERICANS AND ALASKAN NATIVES

NIE has supported the development of readers and teacher guides for children of Pacific Northwest Native Americans and Alaskan Natives. The readers for grades 1 to 3 were judged more culturally relevant than existing curricula by parents and teachers and have been adopted by the Alaska State operated school system and the BIA for use in their schools. Five Pacific Northwest Indian tribes are testing their customized curriculum in three States with very favorable early response.

DISSEMINATION OF FINDINGS

Mr. MICHEL. You are proposing to put nearly one-third of the requested increase into dissemination efforts. Do you see any results from your efforts to disseminate educational research findings?

Mr. HODGKINSON. Definitely. State and local education authorities as well as individual teachers and administrators have adopted programs as a result of the Institute's dissemination efforts. I would be happy to provide a few examples of the impact of NIE supported dissemination activities for the record.

[The information follows:]

EXAMPLES OF IMPACT OF SOME DISSEMINATION ACTIVITIES

SCHOOL FINANCE, STATEWIDE LEGISLATION (TEXAS), TEXAS INFORMATION SERVICE (TIS) AUSTIN, TEX.

A search was conducted for the Governor's office on State finance regarding the weighted-pupil approach to financing in Texas. The results of the search were used to write a bill for a completely new public school finance plan for the State.

RACIAL BALANCE IN SCHOOLS (CALIFORNIA), SAN MATEO EDUCATIONAL RESOURCE CENTER, REDWOOD CITY, CALIF.

The Sequoia High School District in Redwood City, Calif., has been under court order to change their racial balance. In February, a plan was presented to the board which was not accepted, due to lack of backup data. The school district officials went to the information center which used its online computer facilities to search out data and information on desegregation plans. Alternative plans were then prepared with supporting data and an acceptable plan was adopted before the day was out.

INNER CITY TEACHER IMPROVES INSTRUCTIONAL MATERIALS (RHODE ISLAND), RHODE ISLAND EDUCATION INFORMATION CENTER (EIC), PROVIDENCE, R.I.

Harriet Stone, a middle-school English and language arts teacher, was assigned to an inner-city school. She quickly realized that her teaching units were not meeting the needs or interests of her students. The EIC conducted a search of the literature at her request and provided current information on research and practice related to her problem. Ms. Stone used this information to write two new lesson units around subjects of interest to her students. The new lesson units are now being used throughout her school.

TIME SAVED BY STATE TASK FORCES (ILLINOIS AND TENNESSEE) ERIC CLEARINGHOUSE

In Illinois, a State right to read program task force was working on establishing criteria of excellence for reading programs. The chairman of the committee reported that a search of the ERIC system and use of materials made available saved the task force about 6 months of spade work. The Tennessee State Department of Education, involved in a similar project, heard of Illinois experience and asked for an ERIC search. Tennessee staff estimate that the search saved them about 9 months of delay, allowing the work to be completed in 3 months.

Mr. MICHEL. Does your dissemination program disseminate simply the results of your research endeavors, or does it also distribute sucessful approaches resulting from the Office of Education's various programs such as title I: Innovation and Development, et cetera?

Mr. HODGKINSON. The Institute's dissemination program is designed to provide educators with the knowledge and education products they need to improve education practices, no matter what the origin. It is not limited merely to NIE's research endeavors, nor to the outcomes from other Federal programs such as those in the Office of Education, but the entire field of education.

Mr. MICHEL. How closely do you work with the Office of Education? Is it necessary for both of you to have separate dissemination programs?

Mr. HODGKINSON. Because both the National Institute of Education and the Office of Education are involved in dissemination activities serving the field of education it is necessary to insure that both agencies' activities complement each other.

Since both the National Institute of Education and the Office of Education, by law, conduct dissemination activities, the Assistant Secretary for Education has established the Dissemination Policy Review Council to examine the dissemination roles and responsibilities of both agencies to insure that both function together effectively. Findings based on the work of the Council to date suggest that there are significant gaps in the dissemination system rather than overlaps between the activities of the two agencies.

Mr. MICHEL. Your statement refers to four educational organizations which you are going to give money to as part of the dissemination effort. What specific organizations are these?

Mr. HODGKINSON. NIE will assist up to four educational organizations to organize and disseminate research and exemplary practice in their region for use by educational personnel. Although the specific organizations receiving have not been selected yet, competition is likely to be limited to the regional educational laboratories and the research and development centers.

EDUCATIONAL LABORATORIES AND RESEARCH AND DEVELOPMENT CENTERS

Mr. MICHEL. Moving to the "Educational Laboratories and Research and Development Centers," what is the average percentage of funds received by each facility which goes to pay indirect costs, or overhead?

Mr. HODGKINSON. Indirect costs represent approximately 30 percent of the total cost of our research programs at the educational research laboratories and centers.

Mr. MICHEL. What is the average percentage which goes to pay salaries?

Mr. HODGKINSON. Based upon a sampling of recently negotiated agreements, salaries and wages including fringe benefits represent about 60 percent of the total cost of our research programs at educational laboratories and research and development centers.

Mr. MICHEL. Would you list for us the annual salaries of the directors of these labs and centers?

Mr. HODGKINSON. The data we have on lab and center directors' salaries is incomplete, however, I will provide a list of responses we received when the question was posed.

[The information follows:]

LAB AND CENTER DIRECTORS' ANNUAL SALARIES

Appalachia Educational Laboratory, Inc., Charleston, W. Va., $37,500.

CEMREL, Inc., St. Louis, Mo., $37,800.

Center for the Study of Evaluation (UCLA), Los Angeles, Calif. (Stated salary was not paid out of Federal funds).

Research and Development Center for Teacher Education, University of Texas, Austin, Tex. (Stated salary was not paid out of Federal funds).

Northwest Regional Educational Laboratory, Portland, Oreg., $37,800.

Learning Research and Development Center, University of Pittsburgh, Pittsburgh, Pa. (Stated salary was not paid out of Federal funds).

Far West Laboratory for Educational Research and Development, San Francisco, Calif., $37,800.

Center for Social Organization of Schools, Johns Hopkins University, Baltimore, Md. (Refused to release information).
SWRL Educational Research and Development, Los Alamitos, Calif., $37,800.
Research for Better Schools, Inc., Philadelphia, Pa., $36,000.
Wisconsin Research and Development Center for Cognitive Learning, University of Wisconsin, Madison, Wis. (Stated salary was not paid out of Federal funds).
Stanford Center for Research and Development in Teaching, Stanford University, Stanford, Calif., $37,800.
Center for Vocational Education, Ohio State University, Columbus, Ohio (Stated salary was not paid out of Federal funds).
Southwest Educational Development Laboratory, Austin, Tex., $37,800.
Mid-Continent Regional Educational Laboratory, Kansas City, Mo., $36,000.
Center for Educational Policy and Management, Eugene, Oreg., $27,000.
National Center for Higher Education Management Systems, Boulder, Colo., $36,000.

CONTRACT AND GRANT AWARDS

Mr. MICHEL. What is the number and total dollar value of all grants and contracts which you award?

Mr. HODGKINSON. During fiscal year 1975, the Institute awarded approximately 190 contracts totalling $51,887,000 and approximately 45 grants totaling $6,395,000.

Mr. MICHEL. I would assume the large share of these go to the labs and centers. Who are the other primary recipients of these grants and contracts?

Mr. HODGKINSON. The other primary recipients would be colleges and universities, State and local education agencies, and nonprofit institutions.

Mr. MICHEL. What is the average percentage of all your grants and contracts which goes to overhead, or indirect costs?

Mr. HODGKINSON. The indirect cost rate at the educational labs and centers is running approximately 30 percent. The Institute's other contracts and grants are averaging about 25 percent for indirect cost.

Mr. MICHEL. What is the range here—the highest and lowest rates?

Mr. HODGKINSON. On the low end, some organizations such as school districts have an indirect cost rate of a few percent of total direct cost. The high side is about 40 percent of total cost.

Mr. MICHEL. How and by whom are indirect costs determined?

Mr. HODGKINSON. The responsibility for determining the indirect cost rate for a particular organization is usually assigned to the Government agency which funds the greatest amount of contract/grant work at that organization. In that regard, HEW is responsible for most universities and colleges; DOD is responsible for most industrial concerns. Where work at a university is primarily DOD funded, such as Stanford University, DOD will be responsible. Within HEW, the responsibility rests with the controller and his regional representatives.

Mr. MICHEL. I asked the question last year as to the mechanism for approving grants and contracts, and the response wasn't all that clear. Do you use a peer review system such as NIH does, or do you have some other means of using outsiders to review the grants?

Mr. HODGKINSON. The Institute, during its annual planning process, conducts a strenuous peer group review of the proposed programs and activities by experts in the various fields of education. We have not been in a position budgetarily to entertain a grant program the scope

of which would dictate a NIH-type review process. However, we have enlisted where feasible the advice of outside experts pertaining to individual proposed projects.

BASIC SKILLS PROGRAM

Mr. MICHEL. Basic skills is another area where research is being done under a number of different programs, such as ESEA title I, the Right to Read Program, and the Community Services Administration. Since you have a major program in this area, do you think it is really necessary to have similar programs under these other auspices?

Mr. HODGKINSON. The purpose of the NIE Basic Skills Group is to conduct research and development on the acquisition of basic skills. Ideally the results of NIE research and development will be used by title I, Right to Read, and CSA in improving their service programs.

Further, where other agencies have responsibility for selected aspects of reading improvement, or for only certain groups of people within the U.S. population, NIE's legislative mandate requires that we address the entire spectrum from basic research through the dissemination of new instructional practices and that we consider the wide variety of reading problems common to all age and cultural groups. Typical NIE projects include: (a) research aimed at explaining the cognitive processes that enable readers to comprehend complex messages; (b) development of curriculum programs such as individually guided education and individually prescribed instruction; (c) production of short, highly readable books on topics such as peer tutoring or comprehension instruction in the middle grades; and (d) dissemination of research results and products through ERIC and other dissemination channels.

Mr. MICHEL. Do you coordinate your efforts in this regard with those of the other agencies?

Mr. HODGKINSON. OE's Right to Read Program stresses the importance of building State and local capacities to determine the needs of children and adults, to design instructional programs responsive to those needs, and to provide inservice training for teachers and other personnel. Right to Read also monitors the status of the reading problem through such projects as the "mini-assessment" conducted by the National Assessment of Educational Progress. NIE frequently meets with Right to Read Staff to coordinate efforts. Right to Read is involved in many of our larger funding decisions.

Title I, ESEA is a formula grants program designed to provide additional support for the instruction of poor children. Its efforts have always been focused upon the early grades, emphasizing the "diagnostic-prescriptive" approach to reading instruction which also guides most Right to Read projects. Our main contact with the title I program is through the congressionally mandated Compensatory Education Study. This is a strong form of coordination, however, because the study is aimed at suggesting possible revisions of the title I formula.

Further, the Community Services Administration works through a wide variety of local agencies to provide basic literacy instruction to children and adults to demonstrate instructional programs deemed to be successful. NIE is actively involved with CSA on the topic of Basic Skills Learning Centers. The Basic Skills Learning Centers are in-

tended to provide instructional services and to demonstrate cost-effective reading programs.

Mr. MICHEL. We have been spending substantial sums of money on basic skills research, but test scores seem to be getting worse rather than better. Is any headway being made in coming up with methods of teaching basic skills which really work?

Mr. HODGKINSON. Some analysts believe that the recently observed test score declines represent changes in the society at large, changes such as more permissive attitudes, drug use, broken homes, and the like. If these individuals are correct, better instructional programs based on new knowledge may be necessary but not sufficient to reverse the trend. Others believe the decline to be the result of increasing inefficiency of schools and a wider variety of required curriculum.

Interestingly, however, the test score decline is not consistent across grade levels. Briefly, there does not seem to be a decline until grade four and then the decline becomes progressively steeper for each higher grade level. We have found this pattern quite clearly in data available since the early 1960's on statewide samples in Iowa. If the pattern holds generally, it is of interest and possibly relevant to past and future efforts to improve reading skills. The reason is, first, that it is on the early grades, where scores are not declining, that the bulk of Federal educational research activities have focused. Second, in the early grades the teaching of reading is typically limited primarily to word recognition whereas in the fourth grade the usual reading curriculum switches to an emphasis on reading for comprehension. It is on the acquisition of reading comprehension skills that NIE Basic Skills research is now focused.

We can point to a number of NIE-funded programs that demonstrate improvements over earlier instruction and have proved to be viable in the education market: The Wisconsin Research and Development Center for Cognitive Learning has created an alternative system for organizing and providing instruction so that individual needs of all children within a given learning environment can be met. This comprehensive system Individually Guided Education (IGE) has seven components: pre-reading skills, reading, math, motivation, school organization, computer management systems, and evaluation. At the present time, 3,500 schools in 48 States are using at least one or more of these curricular components, and it is estimated that 1½ million children and 35,000 teachers are benefiting from the work at the Wisconsin Center. This program and reading programs developed by other NIE-funded labs and centers are being used in over 6,000 schools.

EDUCATIONAL EQUITY PROGRAM

Mr. MICHEL. The description you provide in your statement of the activities of the educational equity program sounds very much like descriptions we heard earlier this week of the bilingual, title I, special projects, and emergency school aid programs under the Office of Education. Why are you duplicating their efforts in this regard?

Mr. HODGKINSON. I currently serve as the chairman of the Research and Development Subcommittee of the Federal Interagency Committee on Education (FICE) which is charged with the coordination of the Federal activities relating to educational research. In the area

of bilingual education, a memorandum of understanding has been signed among the Assistant Secretary of Education, the U.S. Office of Education and NIE dealing with the division of responsibilities under the Bilingual Education Act. NIE is also, in cooperation with OE performing a critical analysis of bilingual educational materials and of certain bilingual assessment instruments, which will be made available to educational practitioners. Also the National Advisory Committee on Bilingual Education has been advised of our activities.

In the area of title I and compensatory education. NIE is fulfilling its congressionally mandated study in this area in close cooperation with OE and other appropriate Federal agencies. The final report to Congress is due in 1977. Additionally, the National Advisory Board on Compensatory Education has also been kept advised of our study. NIE is not involved in emergency school aid programs. Nevertheless we have coordinated our R. & D. activities in the field of desegregation studies with a variety of Federal agencies. Our special projects efforts have largely been associated with the child care center which will be phased out as soon as that project is self sustaining, and the Vietnamese Educational Materials project. Neither of these projects duplicates or overlaps ongoing special projects of the Educational Division.

Mr. MICHEL. What kind of reimbursement do they receive?

Mr. HODGKINSON. They receive consultant fees and travel expenses at the standard Government rates.

Mr. MICHEL. I think you ought to provide for the record your most recent list of review panels and the names of the people, and institutions they come from, who serve on each panel. Also indicate the dates they met and the total number of grants they approved on those dates.

Mr. HODGKINSON. Certainly, we will provide a current list of external reviewers used in fiscal year 1976. Please recall, Mr. Michel, that we had no extensive experience with panels since 1974. Our 1976 use of panels represents the first new initiatives, with one exception, at the Institute since 1974, this exception being the State dissemination grant program. I would be happy to provide for the record the data relating to this review also.

[The information follows:]

The majority of the review panels for fiscal year 1976 have not met as yet, however we currently estimate approximately $100,000 for external reviews this fiscal year. One review panel was formed to review the proposals for the new awards under the State dissemination grants programs. The panel met from February 2 through 4, 1976, and reviewed 30 proposals at a cost of $6,732. These experts are listed below.

Dr. Sam D. Sieber, Columbia University.

Mr. Matthew B. Miles, Center for Policy Research, New York, N.Y.

Dr. Richard J. Lavin, Merrimack Education Center, Chelmsford, Mass.

Dr. Edward Glaser, Kirkeby Center, Los Angeels, Calif.

Richard Carlson, University of Oregon.

Vonda Lynn Wood, Division of Dissemination, Kentucky State Department of Education.

Glenn White, director, Research Coordinating Unit, Missouri State Department of Education.

Dr. Jesse Coles, Education Products Center, South Carolina State Department of Education.

Mary Jo Bruett, Educational Media Center, Iowa State Department of Public Instruction.

Dr. James Elsbery, president, Elsbery Systems Analysis, Ltd., Flushing, N.Y.
Dr. Josh Smith, executive secretary, American Society for Information Science.
Dr. Everett Edington, director, ERIC Clearinghouse on Rural Education and Small Schools.
Dr. Joel Magisos, Center for Vocational Education, Ohio State University.
J. Edward Brown, Southern Ocean County Regional High School, Manahawkin, N.J.
Dr. Donald V. Heales, director, Vocational-Technical Education, Cleveland Board of Education.
Dr. Joseph Dougherty, Neshaming School District, Langhorne, Pa.

The Institute enlisted the services of 20 external experts for the review of proposals for the State dissemination grant program, who met from April 28 to May 14, 1975 to review 49 proposals at a cost of $16,094. These experts are listed below:

Dr. Everett Rogers, Department of Communication, Michigan State University.
Dr. Richard Gibboney, Graduate School of Education, University of Pennsylvania.
Dr. Charles Mojkowski, State Department of Education, Rhode Island.
Dr. Michael Bakalis, Visiting Professor of Education, Northwestern University.
Dr. Thomas Payzant, superintendent of schools, Eugene School District, Oregon.
Dr. Sam Sieber, Columbia University, St. Thomas, U.S. Virgin Islands.
Dr. Kenneth P. Lindsay, Utah State Board of Education.
Ms. Cheryl Hutchinson, Office of the Superintendent of Public Instruction, Helena, Mont.
Dr. Charles Nix, associate commissioner for planning, Texas Education Agency.
Dr. Glenn White, Missouri State Department of Education.
Mr. Al Evans, South Carolina State Department of Education.
Dr. Richard Gilman, Massachusetts Department of Education.
Dr. John Newfield, Department of Elementary and Secondary Education, University of New Orleans.

Mr. MICHEL. Do any of these peer reviewers receive research grants or contracts from your Agency?

Mr. HODGKINSON. Yes, some reviewers or organizations that the reviewers are associated with have been awarded contracts or grants, although they never engage in the review of a proposal from their organization. In fact, they would be disqualified if their organization submitted a proposal against the same announcement or RFP (request for proposals).

Mr. MICHEL. Do they participate in the review of grant proposals submitted by others from their own institutions?

Mr. HODGKINSON. Definitely not, we are very careful and have taken precautions within our procurement divisions to insure that such a situation could not exist. In fact, the Department of Health, Education, and Welfare has published standards of conduct which guide our procurement activities in this respect.

Mr. MICHEL. What is the total cost for administering the peer review system in your agency? This should include travel, per diem, consultant fees, secretarial assistance—in other words, the whole gamut of expenditures.

Mr. HODGKINSON. The current estimate for fiscal year 1976 is approximately $100,000. This includes proposed peer reviews that have not yet taken place.

Mr. MICHEL. What kind of a grant monitoring system do you have to insure that the intended research is being pursued and accomplished?

Mr. HODGKINSON. We require a formal annual review of project progress by each program unit, site visit reports, and interim reports from our contractors, to insure that the intended research is being pur-

sued and accomplished. More frequent and less formal contacts are maintained by our project monitor although these naturally vary with the complexity of the research project and our professional judgment of the competencies of the principal investigator conducting the research. Finally, we conduct a thorough comprehensive review of the final report. Generally, for large projects our monitoring activities are more frequent than for smaller projects, due to our limited staff.

Mr. FLOOD. Thank you very much.

Justifications of Budget Estimates

1

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

NATIONAL INSTITUTE OF EDUCATION

FY 1977 Budget	Page No.
Appropriation Language and Explanation of Language Changes	3
Amounts Available for Obligation	4
Summary of Changes	5
Obligations by Activity	6
Obligations by Object	8
Significant items in House and Senate Appropriation Committee Reports	9
Authorizing Legislation	10
Table of Estimates and Appropriations	11
Justification:	
A. 1. General Statement	12
2. Activities:	
A. Dissemination	14
B. Basic Skills	17
C. Educational Equity	20
D. Education and Work	23
E. Finance, Productivity and Management	26
F. Program Direction and Administration	29
B. Program purpose and accomplishments	32
C. Transition Quarter Analysis	38

Appropriation Estimate

National Institute of Education

For carrying out section 405 of the General Education Provisions Act, including rental of conference rooms in the District of Columbia, [$70,000,000] *$ 90,000,000* [of which up to $30,000,000 shall be made available by the Institute to the educational laboratories and research and development centers] :1/ *Provided*, That none of the funds appropriated under this heading may be used to award a grant or contract to any educational laboratory, research and development center, or any other project of any employee of said laboratory, center, or project is compensated, directly or indirectly, in whole or in part from Federal funds at an annual salary in excess of the salary paid to the U.S. Commissioner of Education or the Director of the National Institute of Education.

[For "National Institute of Education" for the period July 1, 1976, through September 30, 1976, $20,000,000.] 2/ *(Education Division and Related Agencies Appropriation Act; 1976; additional authorizing legislation to be proposed for $90,000,000.)*

Explanation of Language Changes

1/ Proposed authorization for National Institute of Education contains no earmarking of appropriations for the educational laboratories and research and development centers.

2/ Appropriation for the transition quarter is no longer needed.

4

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

NATIONAL INSTITUTE OF EDUCATION

Amounts Available for Obligation

	1976	1977
Appropriation and Obligations.....	$70,000,000	$90,000,000

Summary of Changes

1976 Estimated Obligations	$70,000,000
1977 Estimated Obligations	90,000,000
Net Change	+$20,000,000

	Base Pos.	Base Amount	Change from Base Pos.	Change from Base Amount
Increases:				
A. Built-in:				
1. Annualization of 1975 Pay Increase	-	-	-	$141,000
2. FTS rate increase	-	-	-	20,000
3. Increased Printing rates	-	-	-	12,000
Subtotal	-	-	-	$173,000
B. Program:				
1. Dissemination	-	$9,140,000	-	$7,080,000
2. Basic Skills	-	15,666,000	-	3,569,000
3. Educational Equity	-	5,002,000	-	4,418,000
4. Finance, Productivity and Management	-	17,282,000	-	6,023,000
5. Program Direction and Administration	340	11,200,000	-	327,000
Subtotal	340	--	-	$21,417,000
Total, Increases				$21,590,000
Decreases:				
A. Program:				
1. Education and Work		$11,710,000		$1,590,000
Total, Decreases				$1,590,000
Total, Net Change	-	--	-	+$20,000,000

Increases: 6

A. Built-in:

1. Annualization of 1975 Pay Increase - $141,000 increase is requested to annualize the October, 1975 pay increase.

2. Federal Telecommunications Service - An amount of $20,000 is requested to provide for recent FTS rate changes.

3. Printing Rate Change - An amount of $12,000 is requested to provide for increased printing rate changes.

B. Program:

1. Dissemination - The $ 7,080,000 increase will continue dissemination activities which are designed to make research and development knowledge available to teachers and school administrators. Among the awardees to be supported by the increase are 15 additional State Education Agencies who will receive funds to develop and improve their education dissemination programs.

2. Basic Skills - Among the activities to be undertaken with the proposed $3,569,000 increase is the development of optimal means by which children and adults can acquire reading and mathematical skills and the identification of teaching strategies teachers employ which are effective in producing the acquisition of reading and mathematical skills.

3. Educational Equity - The $4,418,000 increase will initiate a major new thrust in bilingual education in order to improve bilingual and multicultural programs in elementary and secondary schools. Additionally, the increase will allow funds to support projects designed to gain increased insight into the educational needs of women, especially those from low-income or minority groups.

4. Finance, Productivity and Management - The increase of $6,023,000 is proposed to: (a) support state and educational institutions in their efforts to reform the financing of schools; (b) support telecommunications satellite projects to demonstrate the effectiveness of improved access to education particularly to those isolated from schools geographically; and (c) to support several big city school systems to improve their management and organization and share what they learn with other big city school systems.

5. Program Direction and Administration - The increase of $327,000 will provide for: (a) additional library services to include a computerized cataloguing system; (b) an increased NIE fellows program; (c) increased short term employee training activities; (d) implementation of an recently developed management information system; (e) increased publications; and (f) more staff on-site evaluation and monitoring of grant and contract awards.

Decreases:

A. Program:

1. Education and Work - The decrease of $1,590,000 for Education and Work Program reflects a net change resulting primarily from the conclusion in FY 1976 of the R&D portion of the Mountain Plains Education and Economic Development Program and the District of Columbia school demonstration project.

Obligations by Activity

7

Page Ref.	1976 Estimate Pos.	1976 Estimate Amount	1977 Estimate Pos.	1977 Estimate Amount	Increase or Decrease Pos.	Increase or Decrease Amount
Research and Development:						
a. Dissemination and Resources	-	$ 9,140,000	-	$16,220,000	-	+$ 7,080,000
b. Basic Skills	-	15,666,000	-	19,235,000	-	+ 3,569,000
c. Finance, Productivity, & Management	-	17,282,000	-	23,305,000	-	+ 6,023,000
d. Education & Work	-	11,710,000	-	10,120,000	-	1,590,000
e. Educational Equity	-	5,002,000	-	9,420,000	-	+ 4,418,000
Program Direction and Administration	340	11,200,000	340	11,700,000	-	+ 500,000
TOTAL	340	$70,000,000	340	$90,000,000	-	+$20,000,000

B

Obligations by Object

	1976 Estimate	1977 Estimate	Increase or Decrease
Total number of permanent positions	340	340	-
Full-time equivalent of all other positions	32	32	-
Average number of all employees	372	367	-5
Personnel Compensation:			
Permanent positions	$ 6,913,000	$ 7,143,000	+$ 230,000
Positions other than permanent	688,000	522,000	- 166,000
Other personnel compensation	25,000	27,000	+ 2,000
Subtotal, Personnel Compensation	$ 7,626,000	$ 7,692,000	+ 66,000
Personnel Benefits	655,000	661,000	+ 6,000
Travel and Transportation of Persons	424,000	450,000	+ 26,000
Transportation of Things	33,000	32,000	- 1,000
Rent, Communication and Utilities	1,106,000	1,050,000	- 56,000
Printing and Reproduction	120,000	132,000	+ 12,000
Other Services	1,102,000	1,517,000	+ 415,000
Project Contracts	52,310,000	69,487,000	+ 17,177,000
Supplies and Materials	102,000	117,000	+ 15,000
Equipment	32,000	49,000	+ 17,000
Grants, Subsidies and Contributions	6,490,000	8,813,000	+ 2,323,000
Total Obligations by Object	$70,000,000	$90,000,000	+$20,000,000

Significant Items in House and Senate Appropriations Committee Reports

9

Item	Action Taken or to be Taken
1976 House and Senate Reports	
Both House and Senate reports and the Appropriation Bill language contained directives to provide funds up to $30,000,000 for the Educational Laboratories and Research and Development Centers.	In FY 1976 $26 million was provided to continue Research and Development Activities engaged in by the Educational Laboratories and Research and Development Centers. A tentative estimate of NIE funding for labs and centers in FY 1977 is $27 million.

Authorizing Legislation

10

	Amount Authorized	1977 Budget Request
National Institute of Education	1/	$90,000,000

1/ Dependent on extension legislation.

NATIONAL INSTITUTE OF EDUCATION

11

Appropriation History Table

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1973	$142,671,000	$142,671,000	$142,671,000	$142,671,000
1974	187,897,000	143,371,000	75,700,000	75,700,000
1975	134,500,000	80,000,000	--	70,357,000
1976	80,000,000	80,000,000	70,000,000	70,000,000
Transition Quarter	20,000,000	20,000,000	20,000,000	20,000,000
1977	90,000,000			

12

JUSTIFICATION

National Institute of Education

	1976 Estimate		1977 Estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
A. Dissemination	-	$ 9,140,000	-	$16,220,000	-	+$7,080,000
B. Basic Skills	-	15,666,000	-	19,235,000	-	+ 3,569,000
C. Education and Work	-	11,710,000	-	10,120,000	-	1,590,000
D. Educational Equity	-	5,002,000	-	9,420,000	-	+ 4,418,000
E. Finance, Productivity and Management	-	17,282,000	-	23,305,000	-	+ 6,023,000
F. Program Direction and Administration	340	11,200,000	340	11,700,000	-	+ 500,000
TOTAL	340	$70,000,000	340	$90,000,000	-	+$20,000,000

General Statement

The Government's interest in education research and development is, ultimately, to improve the quality of education for Americans. The National Institute of Education, located within the Department of Health, Education, and Welfare, was created because the Congress and the Executive Branch believed that the tools of research and development can be useful in answering questions of policy makers, administrators and practitioners in the field of education, and that this knowledge ought to be disseminated to assist them in educating children. Much, indeed most, of the Institute's work addresses the statutory mandate to improve the quality of educational opportunity. Just as in other areas of Federal concerns, the research and development investment in education is designed to seek answers to questions and solutions to problems.

The Congress is currently in the process of reauthorizing the National Institute of Education. The proposed reauthorization legislation will more clearly define the educational problems upon which the Institute is to concentrate its resources. The proposed problem areas are consistent with the FY 1977 budget program being requested and include:

(A) improvement in student achievement in basic educational skills, including reading and mathematics; (Basic Skills Program)

(B) overcoming problems related to the financing, productivity, and management of educational institutions; (Finance, Productivity and Management Program)

(C) improving the ability of schools to meet their responsibilities to provide equal educational opportunities for individuals from disadvantaged backgrounds and women; (Educational Equity Program)

(D) preparation for persons to enter and progress in careers; and (Education and Work Program)

(E) improved dissemination, use of the results of educational research and development. (Dissemination Program)

Reauthorization legislation also proposes the continuation of NIE's general policy-making body, the National Council on Educational Research. The Council is composed of 15 members of the public, appointed by the President and confirmed by the Senate. The proposed FY 1977 budget program does reflect their guidance and policy-making role. There are included in the proposed FY 1977 budget funds for a few activities where the Council is awaiting evaluative and planning reports before making their policy decision. The education voucher experiment is such an example.

The general characterization of the FY 1976 proposed budget was that of being "responsive" to Congressional and interest group concerns while being a "responsible" reflection of the best estimate of research opportunities ready to be exploited. The 1977 program is one which builds further on FY 1976 and on the planning activities conducted over the past 24 months led by NIE but involving many hundreds of educators, researchers and other thoughtful citizens from across the nation. It should be described as a more coherent program meaning, for example, it draws more heavily on the research agendas proposed in planning conferences as well as assessing work of significance to teachers, students, education administrators, and policy-makers. It fills out NIE work toward solution of problems more completely than is possible for FY 1976. In addition as a deliberate shift from last year, the program quite consciously attends to concerns for strengthening the R and D system. Prime examples include increased involvement with States and localities as well as funding for educational laboratories and R and D Centers.

14

DISSEMINATION

	1976 Estimate		1977 Estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Dissemination (Grants & Contracts)	--	$9,140,000	--	$16,220,000	--	+$7,080,000

Problem Statement and Program Purpose:

-- Past dissemination programs have not succeeded in making research and development outcomes widely useful to teachers and administrators.

The Institute continues and expands activities designed to make research and development knowledge available directly to teachers and school administrators. Characteristics of the program include person-to-person interactions primarily within existing State, intermediate (eg. county offices) and professional information networks (eg. teacher associations).

Budget Policy for 1977: 1977 Budget for Dissemination pursues two major objectives:

1. To involve school officials with research community in bridging gap between research findings and education practice.

Activities include:

-- assisting school officials identify solutions to high priority educational problems.

-- translating research findings into forms usable to school officials.

-- training existing State-designated personnel, e.g. staff members in intermediate educational agencies such as county offices and educational service centers about research findings.

	1976	1977
o Estimated number of local agencies receiving assistance in the application of research, development and innovations	300 - 400	300 - 400
o Estimated number of R&D agencies receiving awards to assist states in using R&D to address locally-defined problems	7 - 10	7 - 10

15

	1976	1977
o Proposed funding level		
- Continuations	$ 571,000	$3,550,000
- New Initiatives	2,201,000	2,270,000
o Awards to educational organizations (e.g., R&D agencies, Universities) to synthesize research and exemplary practice in reading and career education	5-7	3-5

2. To strengthen the dissemination elements of the education system.

Activities include:

-- supporting State Education Agencies to develop comprehensive dissemination programs.

-- supporting experimental approaches to dissemination by education-related professional organizations, big-city school systems and institutions of higher education.

-- maintaining and improving the current Educational Resources Information Center system.

	1976	1977
o Expected number of States to receive Grants:		
- Comprehensive Capacity Building	20	30
- Special Purpose	5-10	10-15
o Proposed funding level		
- Continuations		
. Comprehensive Capacity Building	1,075,000	2,875,000
. Special Purpose Grants	200,000	400,000
. ERIC	4,500,000	4,500,000
. Evaluation of State Dissemination Program	---	225,000
. Experimental approaches by professional organizations, big-city school systems and institutions of higher education	---	1,600,000
. Information System Improvements	---	500,000
- New Initiatives		
. Evaluation of State Dissemination Program	200,000	---

16

	1976	1977
o Number of ERIC Clearinghouses	16	16

Since ERIC has been in operation several years, ERIC user statistics as of September 30, 1975 are provided below:

o Subscription to total ERIC collection	613	625
o Subscriptions to ERIC journals		
- Research in Education (RIE)	5,000	5,100
- Current Index to Journals in Education (CIJE)	2,000	2,100
o Professional organizations working with ERIC (representing membership of 4.1 million)	283	283
o Questions answered by ERIC Clearinghouses (57% from practitioners and decision-makers; 26% from students and others; 11% from information service centers; 6% from R&D personnel)	100,000	100,000
o Estimated annual uses of ERIC resources	12,000,000	12,500,000

Additionally the Institute will be engaging in a number of activities to monitor the research, development and dissemination system in education and to develop programs to strengthen that system. The estimate for FY 77 is $300,000 to continue activities begun in FY 76. This represents a decrease of $93,000 below the FY 76 level.

Accomplishments in FY 1976: The following represents the accomplishments of the 1976 dissemination program.

-- The 16 ERIC Clearinghouses which collect, screen, synthesize and disseminate information and reports on work in selected areas of education were continued. More than 180,000 research reports, journal articles and topical bibliographies are currently available and citations are increasing at the rate of 34,000 items per year.

-- Up to 20 States will have received grants to support the development of comprehensive dissemination programs over the next 3 to 5 years. Up to 10 other States will have received funds to carry out specific improvements in their dissemination programs or to plan for future programs.

-- An in-house effort to catalog all the products of past NIE programs has been completed with the cooperation of NIE awardees. The results will be made available to some people and organizations to include

17

BASIC SKILLS

	1976 Estimate		1977 Estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Basic Skills (Grants & Contracts)	-	$15,666,000	-	$19,235,000	-	+$3,569,000

Problem Statement and Program Purpose:

American education has made great progress over the years in producing what is today probably the most literate society the world has ever known. Yet much remains to be done.

-- Recent study estimated that approximately 23 million of the nation's adults have unsatisfactory reading skills

-- longitudinal test score data suggest that we may be losing ground in our war on illiteracy

Thus the goal of NIE's Basic Skills program is to provide American education with the tools necessary to make further progress in helping all individuals to acquire those literacy skills and other skills necessary for effective participation in society.

The initial focus of the Basic Skills program has been on the acquisition of reading and mathematical skills. The development of the Basic Skills Program has been informed by continuing planning activities which involve hundreds of the nation's practitioners and researchers.

Budget Policy for 1977: 1977 Budget for Basic Skills pursues four major objectives:

1. To determine better ways of helping children and adults acquire reading and mathematical skills.

   Activities include:

   -- efforts will be made to translate existing knowledge about reading into usable classroom practice.

   -- efforts will be made to eliminate the most probable cause of test score decline i.e. children's inability to comprehend what they read.

   -- support for a Reading Research Center to provide educators with a national focus in reading comprehension.

   -- continue several major curriculum development projects which have shown promise for facilitating the acquisition of reading and mathematical skill.

18

2. To identify effective teaching methods for children to acquire reading and mathematical skills. Activities include:

   -- studies will be supported to identify those teaching methods related to higher achievement in reading and mathematics .

   -- efforts to determine the relationship between amount of time spent teaching reading and math compared to student achievement in the subjects.

   -- studies to identify ways in which effective teachers diagnose problems and prescribe solutions when teaching children to read.

   -- a comprehensive study of in-service teacher training programs as they relate to reading and math.

3. To provide more effective measurement and analysis techniques for use in education practice and research. Activities include:

   -- efforts to improve tests students take that determine their individual level of achievement.

   -- development of achievement tests which are free from bias.

   -- studies to determine the nature of the so-called test score decline phenomenon.

   -- studies of procedures designed to make the results of evaluation of greater use to decision makers.

4. To assist courts in making decisions about the basic skills needed in providing a quality education. Activities include:

   -- identifying or creating models of useful ways to impact on judicial decisions effecting educational policy.

   -- conferences involving legal and education personnel to determine how current R&D knowledge in reading and math can be used to impact ongoing or upcoming legal decisions affecting basic education skills.

   -- study of the judicially inspired educational reform to be undertaken in New Jersey. The case study is expected to yield practical recommendations about ways in which courts and social scientists can work together more effectively, as well as contribute to theory and model development.

19

	1976	1977
o Expected number of awards		
-- Grants	38	25
-- Contracts	30	32
o Estimated average dollar per award:		
-- Grants	$100,000	$100,000
-- Contracts	393,000	523,000
o Proposed funding level:		
-- Continuations	$14,952,000	$16,926,000
-- New Initiatives	714,000	2,309,000

Accomplishments in FY 1976:

The following are illustrative of past accomplishments:

-- development of an alternative system for organizing and providing instruction in elementary grades so that the individual needs of all children within a given learning environment can be met. At the present time, 3500 schools in 48 states are using at least one or more of the components, and it is estimated that one and 1/2 million children and 35,000 teachers are benefiting from the work undertaken.

-- development of a K-6 communications skills program which is currently being used in over 2,200 schools with over 150,000 children.

-- development of a series of curriculum packages for pre and inservice teachers and administrators to aid them in assessing children's educational needs while in the classroom and in designing or choosing materials to meet those needs. Since the beginning of the program, 48,000 teachers and other personnel have been trained through these programs.

-- Establishment of a Center for Studies on reading to assist educators, researchers and education policy makers as they deal with problems related to reading and reading instruction.

-- grant competition producing 50 awards across the areas: (1) reading comprehension, (2) how teaching skills vary by subject taught, (3) uses of tests, (4) data collection and analysis in reading, and (5) the role of the courts in assessing educational quality.

20

EDUCATIONAL EQUITY

	1976 Estimate		1977 Estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Educational Equity (Grants and Contracts)	-	$5,002,000	-	$9,420,000	-	+$4,418,000

Problem Statement and Program Purpose:

-- Many students are educationally unfairly limited because of their home language, culture, race, ethnic background, sex, socio-economic status or academic achievement patterns.

-- Many students are not profiting from a their school environment.

The Institute plans to investigate and develop means to help the educational community meet its responsibilities to provide high quality education for those with limited educational opportunities. The ultimate goal is to promote changes in the educational system which will cause it to function more fairly, through development of policy and program options.

Budget Policy for 1977: 1977 budget for Educational Equity pursues three major objectives:

1. To develop alternative education approaches for school personnel to help students who are educationally unfairly limited.

   Activities include:

   -- efforts will be made to find alternative ways to educate children with limited English-speaking ability while recognizing learning style preferences and cultural differences.

   -- studies to develop curriculum and procedures effective for teaching and learning of multicultural/bilingual populations.

   -- studies to determine successful patterns for introducing language skills and literacy for students of limited English-speaking ability.

2. To determine the educational needs of women, especially those from low-income or minority groups.

   Activities include:

   -- studies of sex role learning and sex discrimination in the school.

-- survey of achievement patterns among females and the development of training models to help school personnel.

-- studies and conferences to address the educational and occupational needs of minority women.

-- studies of educational leadership barriers and opportunities for women.

3. To provide school officials with information needed to help them resolve desegregation problems.

Activities include:

-- efforts to develop classroom techniques that will assist school personnel and parents faced with desegregation problems.

-- studies to assess the impact of and reasons for the decline in white student enrollments in urban public schools.

-- support for a center for study in school desegregation which will focus its activities on the collection and analysis of the large desegregation data bases currently being collected.

	1976	1977
o Expected number of awards:		
-- Grants	10	20
-- Contracts	41	30
o Estimated average dollar per award:		
-- Grants	$70,000	$100,000
-- Contracts	110,000	247,000
o Proposed funding level		
-- Continuations	$3,456,000	$6,285,000
-- New Initiatives	1,546,000	3,135,000

Additionally, studies in compensatory education problems will test alternative strategies for instructing children in elementary schools; emphasis will be given to the educationally disadvantaged and/or low achievers.

Accomplishments in FY 1976: The following are illustrative of past accomplishments:

-- development of criterioned-referenced tests to assess children competency in reading Spanish for grade K-6.

-- development of two Catalogues of bilingual curriculum materials. One will inventory 750 Spanish curriculum materials. The other will contain a compilation of curriculum materials in four Asian languages: Chinese, Japanese, Korean and Vietnamese.

22

-- research on women produced several accomplishments including:

1. a ten-year review of the sex role literature, including 350 references;

2. a survey of women's participation and rewards in the educational research community;

3. a study of the modification of female leadership behavior in the presence of males;

4. development of a model of achievement patterns and their relationship to problems of adulthood; and

5. development of a theoretical model to explain sex segregation of social institutions.

-- NIE sponsored a Symposium on School Desegregation and White Flight to present and discuss significant research findings on white flight and school desegregation.

23

EDUCATION AND WORK

	1976 Estimate		1977 Estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Education and Work (Grants and Contracts)	-	$11,710,000	-	$10,120,000	-	-$1,590,000

Problem Statement and Program Purpose:

-- Students have increasing difficulties in making the transition between school and work, and adults increasingly need to move from work to school in order to compete in the labor market.

The reason for these apparent difficulties are uncertain; however, it is currently believed that the difficulties are due in large part to the segregation of youth from meaningful adult life on the one hand and the lack of access to education for adult learners on the other.

The Education and Work program supports research and development to improve the continuation education makes to individuals' abilities to choose, enter and progress in work.

Budget Policy for 1977: 1977 budget for Education and Work pursues four major objectives:

1. To improve information and career counseling services which could help people make better educational and occupational decisions. Specific activities include:

-- use of existing children's TV programs to show children ages 8 to 12 examples of people working in a variety of occupations (especially women and minorities). Up to 15 ½ hour programs are planned.

-- efforts will continue to determine factors influencing career decision-making.

-- undertaking a one year policy study to expand current information on how to improve delivery of career information.

-- supporting policy studies to improve education programs among schools, labor unions, employees, and students, primarily non-college-bound youth.

-- completing development of materials for improving career information for post-secondary students.

24

2. To provide students opportunities for exploration of different kinds of work situations. Activities include:

-- continuing the Experienced-Based Career Education (EBCE) Program which is pioneering a high school curriculum permitting students to earn their regular diploma through on-the-job work experiences. The work experience is coordinated with classroom instruction. Efforts will be made to expand career exploration through work experience in-school, for junior high school, and for post-secondary students.

3. To determine what schools should teach to better prepare students for careers. Activities include:

-- supporting activities to better understand what skills people require to be prepared for work when mobility rather than occupational stability is desired.

-- efforts will be made to respond to the occupational needs of women and minorities.

-- undertaking a study to determine how education can improve the certification of occupational competencies in a manner consistent with recent court decisions on employment testing.

-- supporting activities to expand the ability of women to enter occupations requiring mathematics and technical skills.

4. To provide people life-long access to education for career development. Activities include:

-- examining alternative ways of increasing access to life-long learning opportunities in the area of occupational development.

-- expanding educational opportunities for people through improving the use of private sector funds.

-- undertaking an examination of alternative financing mechanisms in the public sector such as educational entitlements for adults.

	1976	1977
o Expected number of awards		
-- Grants	16	68
-- Contracts	20	31
o Estimated average dollars		
-- Grants	$206,250	$ 46,500
-- Contracts	420,500	223,500

	1976	1977
o Proposed funding level		
-- Continuations	$10,180,000	$5,490,000
-- New Initiatives	1,530,000	4,630,000

Accomplishments in FY 1976:

-- Development of an alternative approach to completing the final years of high school called Experienced Based Career Education (EBCE). More than 400 businesses, labor unions and public agencies have become active partners with the schools in blending planned experiences in the world of work with applied academic study.

-- Development of simulation models to assist students in learning about careers, acquiring experience in work-related tasks under work-related conditions and synthesizing information and experiences related to the world of work.

-- Development of an alternative high school for 11th and 12th grade drop-outs and potential drop-outs. The program helps students by providing career exploration and an academic program leading to a high school degree, entry into further technical training, into college, into an on-the-job training program or to an above entry level job.

-- Development of a career decision-making program for high school including a career information system of guides and background materials.

-- Development was completed for the Mountain Plains Program providing career counseling, occupational preparation and placement for multi-problem families in rural areas. Many reports and products are now available for policy makers and practitioners.

26

FINANCE, PRODUCTIVITY AND MANAGEMENT

	1976 Estimate		1977 Estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Finance, Productivity and Management (Grants and Contracts)	--	$17,282,000	--	$23,305,000	--	+$6,023,000

Problem Statement and Program Purpose:

The Finance, Productivity and Management program of NIE supports research and development projects designed to assist State and local educational institutions to provide high quality education in an era when enrollment is declining or changing, costs are continuing to rise and courts and other public bodies are requiring new distributions of educational funds.

Budget Policy for 1977: 1977 budget for Finance, Productivity and Management pursues four major objectives:

1. To support state and educational institutions in their efforts to reform the financing of schools. Activities include:

   -- assisting state legislatures and education departments engaged in revising their finance laws by providing them information about similar efforts in other parts of the country.

   -- assessing the impact of new education legislation on the financial capacity and organizational arrangements of local school districts.

   -- undertaking studies focused on improving the methodology of education revenue distribution.

   -- an examination of intra-district equalization plans that allow the consumers of education a voice in local resource allocation decisions.

2. To improve the productivity of education. Activities include:

   -- undertaking studies of issues which States now face as they enact or debate "competency-based" education, where education credits or diplomas are based on skills or knowledge individuals have acquired.

-- supporting a regional post-secondary open learning system having a potential student population of 8 million adults through a variety of technologies such as television and audio cassettes.

-- supporting the application of management information systems to post secondary institutions, such as those developed by the National Center for Higher Education Management Systems which is currently assisting 200 colleges and universities.

-- assisting communities with the problem of enrollment shifts.

-- supporting telecommunications satellite projects to demonstrate the effectiveness of improved access to education thereby made possible to those isolated from established schools by geography.

3. To help school systems improve their performance through better organization and management. Activities include:

-- continued support of nine sites focused on the organizational problems of schools serving inner city children.

-- several big city school systems will be supported to improve their management and organization, to study the effects of the strategies they use, and to share what they learn with other big city school systems.

-- helping rural communities develop and implement improved education programs to meet their unique needs.

-- supporting the development of networks school officials can use to share information about how to improve school organization and management.

-- assisting in the establishment of teacher organized and governed teacher centers.

-- supporting activities to assist school officials handle school discipline problems.

28

	1976	1977
o Expected number of awards		
-- Grants	39	36
-- Contracts	60	62
o Estimated average dollars per award		
-- Grants	$75,000	$ 80,000
-- Contracts	240,000	330,000
o Proposed funding level		
-- Continuations	$12,221,000	$14,960,000
-- New Initiatives	5,061,000	8,345,000

Accomplishments in FY 1976: The following are illustrative of past accomplishments.

-- assisted the State of Oregon in implementing a system of competency-based education in its public school system by supporting the development of materials and training that will help schools understand and operate under the new State objectives. At the same time the Institute is learning how attempts to change schooling outputs affect the ways in which schools operate and the achievement of their students.

-- assisted state legislatures improve their education finance laws by sponsoring the National Conference of State Legislatures who conducted four regional seminars for state legislatures on the nature and consequences of the school finance reforms of the past three years. This represented the first multi-state assessment of the effects of the finance reforms that have followed the landmark Serrano v. Priest decision in California.

-- established a Teachers' Center Exchange to help existing teachers' centers throughout the country share information about improved methods of staff development and ideas about curriculum they have developed. The exchange is also helping interested teachers, school systems and others capitalize on the experience of established centers as they start new centers of their own.

PROGRAM DIRECTION AND ADMINISTRATION 29

	1976 Estimate		1977 Estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel Compensation and Benefits	340	$ 8,281,000	340	$ 8,353,000	--	+$ 72,000
Other Expenses	--	2,919,000	--	3,347,000	--	+ 428,000
Total	340	$11,200,000	340	$11,700,000	--	+$ 500,000

Program Purpose:

This section of the budget justification outlines NIE's staffing requirements and related expenses to support the planning, implementation, evaluation, and dissemination of educational research and development projects. This includes providing support services such as maintenance of library and resource center facilities, computer research facilities, and a fellows program which brings in experts (both researchers and school personnel) on a short-term basis to develop, carry out and analyze research activities.

Budget Policy for 1977: Major management objectives of NIE planned for FY 1977 center around the 5 main program areas. These program areas are:

- o Dissemination -- Ensuring that research results reach the schools and decision makers.
- o Basic Skills -- How children develop reading comprehension abilities and other basic skills.
- o Finance, Productivity and Management -- A quality system of education the nation can afford.
- o Education and Work -- Student preparation for life-time careers.
- o Education Equity -- Removing barriers to education for traditionally excluded populations.

To implement the NIE's programs, the Institute is requesting funds to support 340 full-time permanent positions which will be distributed among programs and central offices as follows:

30

Task Group/Office	Positions
Dissemination	50
Basic Skills	43
Finance, Productivity and Management	58
Education and Work	31
Educational Equity	44
Central Management and Support	114
TOTAL	340

Variables utilized in determining staff size included:

-- dollar level of individual grants and contracts
-- number of grants and contracts
-- type of project - i.e., evaluation of a project vs. dissemination of a successful curriculum package
-- type of awardee, i.e., school system vs. private contractor
-- stage of project development, i.e., new initiative vs. project in final stages of completion

Application of two such variables provides the following information.

Task Force	1976 Estimate		1977 Estimate	
	Program Dollars	Number of Projects	Program Dollars	Number of Projects
Dissemination	$ 9,140,000	27	$16,220,000	50
Basic Skills	15,666,000	68	19,235,000	57
Finance, Productivity and Management	17,282,000	99	22,305,000	98
Education and Work	11,710,000	36	10,120,000	99
Educational Equity (Included amounts for Compensatory Education Study)	10,002,000	71	14,420,000	58

Accomplishments in FY 1976: The following represents highlights of staff accomplishments during FY 1976.

- Developed and implemented the internal management information system.
- Established a committee of 15 eminent educators to review the Institute's funding policies and its relationships with the Federally created research laboratories and development centers in order to recommend future policies on funding.
- Planned and initiated, subject to Congressional approval, a National study of Compensatory Education as a basis for reauthorization of the Elementary and Secondary Education Act in 1977.
- Supported meetings of the National Council on Education Research.
- Awarded approximately 300 grants and contracts.
- Received and answered approximately 5,600 pieces of mail.

32

Program Purpose and Accomplishments

Activity: Dissemination

1976		1977 Budget Estimate	
Pos.	Amount	Pos.	Amount
--	$9,140,000	--	$16,220,000

Purpose: Past dissemination programs have not succeeded in making educational research and development outcomes and innovations widely useful to teachers and administrators. The proposed dissemination program is designed to make research and development knowledge available directly to school officials as well as assist them in applying that knowledge to the solution of problems.

Explanation: Applications for grant and contract awards are submitted by State Education Agencies, professional associations, education laboratories and R & D Centers, profit and non-profit organizations in response to program announcements. Dissemination effects will be carried out through continuations and competitive selections with some awards limited to existing laboratories and R & D Centers. Proposals will be reviewed by program staff and outside consultants and experts including State education personnel.

Grants will, in some instances (e.g., Dissemination State Capacity Building Program), be awarded for up to five years with funds provided in yearly increments. There are no matching fund requirements.

Accomplishments in FY 1976: The 16 Clearinghouses comprising the Educational Resources Information Center network which locate, acquire, abstract, index, and make available significant educational documents were maintained. In addition, 30 grants were made to State Education Agencies to develop or improve the capacity to disseminate and implement the results of education R & D. Some 660 products of past awards primarily to education laboratories and R&D Centers have been catalogued for use by school officials and others.

Objectives for FY 1977: The funds requested will: (a) support up to 40 States as they develop or improve State dissemination programs; (b) assist up to 450 local education agencies to apply outcomes, research, development, and innovations to their needs; (c) assist up to 4 educational organizations through awards to synthesize research and exemplary practice in reading and career education for use by education personnel; (d) maintain the 16 Educational Resources Information Centers; and (e) undertake experiments to discover and monitor how schools adopt the use of R & D products.

69-745 (Pt. 5) O - 76 - 62

Program Purpose and Accomplishments

Activity: Basic Skills

1976		1977 Budget Estimate	
Pos.	Amount	Pos.	Amount
--	$15,666,000	--	$19,235,000

Purpose: The Basic Skills Program is designed to discover and develop the means by which all individuals can acquire those skills necessary for effective participation in society.

Explanation: This effort will be carried out primarily through continuations and competitive selection with some awards limited to existing educational laboratories and R & D Centers. Contract and grants awards will be made after review by program staff and outside experts.

Accomplishments in FY 1976: Curriculum for teachers and school administrators was developed to aid them in assessing and meeting children's educational needs while in the classroom. Also, a Reading Research Center was established where a highly qualified program of interdisciplinary research and development involved with issues of reading comprehension are being conducted. Additionally, conferences involving hundreds of school and research officials were held on "test score decline" and "test bias". Reports summarizing the results of the conferences will be published.

Objectives in FY 1977: Activities in FY 1977 will focus on the attainment of basic skills. The program's approach toward this goal is based upon efforts to determine why some children fail to reach adequate levels of competence in reading and mathematics, to identify and develop instructional strategies needed and to provide appropriate methodology for assessing progress.

34

Program Purposes and Accomplishments

Activity: Educational Equity

1976		1977 Budget Estimate	
Pos.	Amount	Pos.	Amount
--	$5,002,000	--	$9,420,000

Purpose: The Educational Equity program helps school officials meet their responsibilities to provide a high quality education for students whose opportunities have been limited because of home language, culture, race, ethnicity, sex, socioeconomic background, or because they are not profiting from their school environment.

Explanation: The objectives of this program will be carried out primarily through continuations and competitive selection with awards limited to existing educational laboratories and R & D Centers. Contract and grant awards will be made after review by program staff and outside experts.

Accomplishments in FY 1976: The work of this program was primarily directed to establishing new efforts in the area of desegregation and in implementing two existing efforts in the areas of women's research and multicultural/bilingual investigations. Additionally, two catalogues of bilingual curriculum materials were developed.

Efforts in women's research led to a 10-year review of sex roles literature, an evaluation of occupational and educational needs of minority women, the development of sex role learning models, studies related to womens educational aspirations and achievements as well as a survey of womens participation and mobility in educational research.

Objectives in FY 1977: Activities in FY 1977 will focus on:

(1) improving education programs for multicultural/bilingual students;

(2) determining educational needs of women, expecially those from low-income or minority groups;

(3) assisting school officials with information needed to help them resolve desegregation problems.

Program Purpose and Accomplishments

Activity: Education and Work

1976		1977 Budget Estimate	
Pos.	Amount	Pos.	Amount
--	$11,710,000	--	$10,120,000*

Purpose: The Education and Work Program supports research and development to improve the contribution education makes to individuals' abilities to chose, enter and progress in work.

Explanation: The objectives of this program will be carried out primarily through continuations and competitive selections with some awards limited to existing educational laboratories and R & D Centers. Contract and grant awards will be made after review by program staff and outside experts.

Accomplishments in FY 1976: The Institute has developed and tested alternative approaches to completing the final years of high school called Experienced Based Career Education (EBCE), in which over 400 businesses, labor unions, and public agencies are participating. Additionally, the Career Intern Program, an alternative high school for 11th and 12th grade drop-outs or potential drop-outs, helps students by providing career exploration and an academic program leading to a high school degree. Further, the Career Decision Making Program developed by the Appalachian Educational Laboratory will provide high school students with both exploratory experiences and extensive career information to better prepare themselves to make career choices. The development and testing of the Mountain Plains Program providing counseling, occupational training and placement for multiproblems rural adults and their families were completed. Curriculum materials for junior high school occupational exploration and for kindergarten through 12th grade career education were field-tested and published.

Objectives in FY 1977: The Education and Work Program plans to continue its focus on traditionally neglected groups who are unemployed, underemployed or unmotivated in traditional educational programs. Activities will focus on improving information and career counseling services; providing students opportunities for exploration of different kinds of work experiences; determining what schools should teach to better prepare them for careers; and providing people with life-long access to education for career development.

*The decrease in funds for Education and Work reflects the completion of the research and development program at the Mountain Plains rural residential training center funded at $2.5 million in FY 76, and completion of development and testing of the special programs for inner city children in the District of Columbia funded at $2.1 million in FY 76.

36 Program Purpose and Accomplishments

Activity: Finance, Productivity and Management

1976		1977 Budget Estimate	
Pos.	Amount	Pos.	Amount
--	$17,282,000	--	$23,305,000

Purpose: The Finance, Productivity and Management program of NIE supports research and development projects designed to assist State and local educational institutions to provide high quality education in an era when enrollment is declining or changing, costs are continuing to rise and courts and other public bodies are requiring new distributions of educational funds.

Explanation: This effort will be carried out primarily through continuations and competitive selection with some awards limited to existing educational laboratories and R & D Centers. Contract and grant awards will be made after review by program staff and outside experts.

Accomplishments in FY 1976: The FY 1976 program has addressed the area of how schools can make better use of their resources by assisting the State of Oregon implement a system of competency-based education in it's public school system by supporting the development of materials and training that will help schools understand and operate under the new State objectives. A Teachers' Center Exchange was established to help existing teachers' centers throughout the country to share information about improved methods of staff development and ideas about curriculum they have developed. Assisted state legislatures improve their education finance laws by sponsoring four regional seminars for state legislatures on the nature and consequences of school finance reforms of the past three years.

Objectives in FY 1977: Activities in FY 1977 for the Finance, Productivity and Management Program will focus on assisting state and educational institutions in their efforts to reform the financing of schools; assisting school officials in determining how education can make more efficient use of its resources; and supporting school systems improve their performance through better organization and management.

Program Purpose and Accomplishments 37

Activity: Program Direction and Administration

1976		1977 Budget Estimate	
Pos.	Amount	Pos.	Amount
--	$11,200,000	--	$11,700,000

Purpose: The Program Direction and Administration request provides funds to support the planning, implementation, evaluation and dissemination of educational research and development projects by the Institute's staff. It also includes the maintenance of library, computer and resources center facilities and a fellows program to bring in experts (both researchers and school personnel) on a short-term basis to develop, analyze and carryout research activities.

Explanation: The Institute is requesting funds to support 340 full-time permanent positions to implement the programs planned for FY 1977.

Accomplishments in FY 1976: Highlights of staff accomplishments include developing, in response to Congress and other constituencies, a goal-oriented program of research and development; planning and initiating, subject to Congressional approval, a national study of Compensatory Education; and developing and implementing a management information system to improve internal management of the Institute.

Objectives for FY 1977: The major management objectives for FY 1977 center around carrying out the five main program areas. These program areas are Dissemination, Basic Skills, Finance, Productivity and Management, Education and Work and Education Equity. Institute staff will be responsible for such functions as monitoring and evaluating an estimated 300 projects conducting planning studies, analyzing and synthesizing researcher and practitioner findings in order to identify issues and problems the Institute should address.

38 Transition Quarter Analysis

	Budget Authority by Activity 1976 Estimate	Transition Quarter
Research and Development:		
o Dissemination and Resources	$ 9,140,000	$ 6,566,000
o Basic Skills	15,666,000	2,633,000
o Educational Equity	5,002,000	830,000
o Education and Work	11,710,000	3,290,000
o Finance, Productivity & Management	17,282,000	3,981,000
Program Direction and Administration	$11,200,000	$ 2,700,000
TOTAL	$70,000,000	$20,000,000

Explanation: These funds will provide for the continuation of activities to effect an uninterrupted transition into the new fiscal year.

- Dissemination and Resources funds will support: The refunding of several ERIC clearinghouses within the national information system. The continuation of awards to state and local education agencies to build a bridge between research and practice by the consolidation of knowledge and the connection of existing institutions within the states to provide effective R&D networks. It will also provide for the renewal of support to states for the development of comprehensive dissemination program.

- Basic Skills estimates will provide for the refunding of the study of teacher competency characteristics to identify what teachers do to make a difference in the learning of reading and math in the second and fifth grades. The planned continuation of the grants activities exploring the four major concerns of effective teaching, learning, measurement, and adequacy of schools.

- Educational Equity estimates will provide for the continuation of the studies on desegregation, school discipline and second language skills for students with limited or non-english speaking ability.

- Education and Work funds will provide for the refunding of the experienced based high school projects (EBCE) which provide students with learning experiences in a variety of employment settings. The completion of the D. C. School Project which is designed to increase student achievement in reading and mathematics in the Anacostia District.

- Finance, Productivity and Management estimates provide for the continuation of the experimental schools projects and related evaluation activities. The planned refunding of a study in Seattle, Washington on declining enrollment. The continuation of the teacher center networking activities to share information about improved methods of staff development and ideas about curriculum they have developed. The planned continuation of the nine urban school sites developed in 1974 to study the effectiveness of organizational arrangements in effecting school change and utilize knowledge, materials, and technical assistance to help schools implement these arrangements.

OFFICE OF THE ASSISTANT SECRETARY FOR EDUCATION

WITNESSES

DR. VIRGINIA Y. TROTTER, ASSISTANT SECRETARY FOR EDUCATION
VIRGINIA B. SMITH, DIRECTOR, FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION
MARIE D. ELDRIDGE, ADMINISTRATOR, NATIONAL CENTER FOR EDUCATION STATISTICS
PHILIP E. AUSTIN, DEPUTY ASSISTANT SECRETARY FOR EDUCATION (POLICY DEVELOPMENT)
CHARLES E. HANSEN, DIRECTOR OF ADMINISTRATION, OFFICE OF THE ASSISTANT SECRETARY FOR EDUCATION
CHARLES MILLER, DEPUTY ASSISTANT SECRETARY, COMPTROLLER

Mr. FLOOD. We now have salaries and expenses, the Assistant Secretary for Education.

The presentation will be made by Dr. Virginia Y. Trotter, the Assistant Secretary for Education.

We have your biographical sketch, Dr. Trotter, which will be placed in the record at this point.

[Dr. Trotter's biographical sketch follows:]

Name: Virginia Y. Trotter.
Position: Assistant Secretary for Education.
Birthplace and date: Boise, Idaho, November 29, 1921.
Education:
Ph. D. in Family Economics, Housing, Higher Education.
Ohio State University, Columbus, Ohio, 1959.
M.S. in Family Economics. Kansas State University, Manhattan, Kansas, 1949.
B.S. in Home Economics. Kansas State University, Manhattan, Kansas, 1943.
Experience:
1974–present: Assistant Secretary for Education, DHEW.
1972–74: Vice Chancellor for Academic Affairs and Professor of Education and Family Resources, University of Nebraska-Lincoln.
1970–72: Dean of the College of Home Economics, University of Nebraska-Lincoln.
1963–70: Associate Dean of the College of Agriculture and Home Economics, University of Nebraska-Lincoln.
1955–63: Assistant for Home Economics to the Dean of Agriculture, and Chairman of the Home Economics Department, University of Vermont.
1950–55: Assistant Professor and Head of the Family Economics and Management Division of the Department of Home Economics, University of Nebraska-Lincoln.
1948–50: Instructor and Director of the Home Management Laboratory, University of Utah.

Dr. TROTTER. I would like to introduce those who are accompanying me: Virginia Smith, director of the Fund for the Improvement of

Postsecondary Education, and Mrs. Marie Eldridge, who is administrator for the National Center for Education Statistics.

Mrs. Eldridge is new. This is her first appearance before this committee. She just came on board as the administrator January 4, so I am very pleased to have her with us today.

[Mrs. Eldridge's biographical sketch follows:]

BIOGRAPHY OF MARIE D. ELDRIDGE

Position: Administrator, National Center for Education Statistics.
Birthplace and date: Baltimore, Md., June 1, 1926.
Education: A.B. (math) College of Notre Dame of Maryland, 1948; ScM. (biostatistics), Johns Hopkins University.
Experience:

Present: Administrator, National Center for Education Statistics, Office of the Assistant Secretary for Education, Department of Health, Education, and Welfare.

1974–75: Director, Office of Statistics and Analysis, Research and Development, National Highway Traffic Safety Administration, Department of Transportation.

1973–74: Director, Office of Accident Investigation and Data Analysis, Research Institute, National Highway Safety Administration, Department of Transportation.

1972–73: Chief, Mathematical Analysis Division, Office of Accident Investigation and Data Analysis, Research Institute, National Highway Traffic Safety Administration, Department of Transportation.

1970–72: Director, Office of Statistical Programs and Standards, U.S. Postal Service.

1968–70: Deputy Director, Office of Statistical Programs and Standards, Post Office Department.

1965–68: Mathematical statistician, Office of Statistical Programs, Post Office Department.

1962–65: Mathematical statistician, National Institute of Mental Health, U.S. Public Health Service, Department of Health, Education, and Welfare.

1961–62: Chief, Advisory Service, U.S. Office of Education, Department of Health, Education, and Welfare.

1960–61: Chief, Statistical Operations, U.S. Office of Education, Department of Health, Education, and Welfare.

1958–60: Deputy Director, Statistics Branch, Bureau of Old Age and Survivors Insurance, Social Security Administration, Department of Health, Education, and Welfare.

1958–60: Faculty, University of Baltimore, Baltimore, Md.

1956–58: Chief, Employee Statistics Section, Statistics Branch, Bureau of Old Age and Survivors Insurance.

1955–56: Statistician, Statistics Branch, Bureau of Old Age and Survivors Insurance.

1954–55: Statistician, Department of Army, Camp Detrick, Md.

1953–54: Statistician, Ralph M. Parsons Co., Camp Detrick, Md.

1950–53: Research Assistant, Department of Biostatistics, Johns Hopkins University.

1948–49: Quality Control Statistician, Revere Copper & Brass, Inc.

Dr. TROTTER. Also accompanying me are Charles Hansen, Director of Administration; Philip Austin, Deputy Assistant Secretary for Policy Development; and, of course, Mr. Miller.

Mr. FLOOD. Dr. Trotter, you have a prepared statement I see. I suppose you want to insert that in the record as is?

Dr. TROTTER. Yes, I would like to insert the long statement for the record and also make a couple of brief comments.

[The statement follows:]

Mr. Chairman and members of the committee: I am pleased to be here today to discuss with you the proposed budget for the Office of the Assistant Secretary for Education for fiscal year 1977.

The request contains three elements: (1) program support for the Fund for the Improvement of Postsecondary Education; (2) program support for the National Center for Education Statistics; and (3) salaries and expenses associated with these two operational programs and with my immediate office which is responsible for developing and communicating education policy. For fiscal year 1977, we are requesting a budget of $32,946,000, an increase of $59,000 over the comparable fiscal year 1976 level, with a reduction of 14 positions. This budget request will maintain level funding for the two operational programs within my office in order to assure continuity and will also permit my office to assume financial responsibility for administrative costs formerly paid by the Office of Education for us.

The Education Amendments of 1972 established an Office of the Assistant Secretary for Education to provide direction and supervision for the Education Division. Responsibilities of the Office include development of general policies within the Education Division, coordination of educational activities throughout the Federal level, and facilitation of two-way communication between the public and the Department on educational policy.

For fiscal year 1977, one of the major objectives for my office will be to carry its weight vis-a-vis the Office of Education in covering administrative expenses. In the past, when my office only had 70 positions, the Office of Education paid for many of ASE's operational costs, such as the working capital fund, mail charges, and FTS since the costs were not worth breaking out of the Office of Education's budget. My office now, however, has over 200 positions with the transfer of the National Center for Education Statistics in fiscal year 1976 and has requested and is establishing a history of these costs. Therefore, the fiscal year 1977 budget request for my office includes $59,000 over the comparable fiscal year 1976 level to cover administrative costs formerly paid by the Office of Education.

Another management objective of my office during fiscal year 1977 will be to develop a manpower utilization and program cost accountability system for the National Center for Education Statistics which constitutes the largest portion of my office. The Center has only been operating as a part of the Office of the Assistant Secretary for Education since the beginning of this fiscal year, and we have just recently brought a new Administrator, Mrs. Marie D. Eldridge, on board. Reorganization is already slated for the Center and concurrent with this will be an extensive look at present and future manpower needs of the Center and greater emphasis on accountability and tracking of survey costs, including associated ADP and printing charges.

In addition, my office will continue to fund, at the same level as in fiscal year 1976, the educational policy research centers which fulfill a unique role in my office as a source for in-depth and sustained policy analysis. The centers' products during the past year have been useful in: (1) focusing issues in the national debate over which age groups of children most effectively respond to elementary and secondary compensatory education services; (2) detailing certain technical issues relating to the subcounty allocations of the Elementary and Secondary Education Act title I funds; (3) illustrating current and potential relationships between general revenue sharing and educational funding; and (4) improving knowledge regarding patterns of incidence and identification of children's handicapping conditions to lead to more informed projections of national need.

Both of our operational programs will be maintained at the fiscal year 1976 level.

For fiscal year 1977, we are requesting $11,500,000 for the fund for the improvement of postsecondary education to continue its strategy of supporting useful action projects which are designed to improve programs and services for learners beyond the high school level. This budget request will enable the fund to support approximately 30 new projects and 90 continuing projects.

As in the past, the fund will support improvements which are designed and implemented, not by the Federal Government, but by administrators, teachers, and counselors working with students—that is, those who are in the best positions to know what specific improvements ought to be tried, and how they should be carried out. Within this responsive approach, the fund will continue in 1977 to make major contributions to the interdepartmental work and education initiative. The fund's particular contribution has been to attract from the field a diversity of approaches involving liberal arts colleges, occupational training programs, businesses, unions, and community and public agencies. These practical approaches have and will continue to provide both preoccupational training

and exposure to young adults and assistance to older adults seeking to make career changes or advancements.

In both 1976 and 1977, the fund is also placing increased emphasis on the need to "reduce costs and stretch the educational dollar" in postsecondary education, particularly in this time of curtailed budgets and staffs in our Nation's institutions. An encouraging number of the 2,000 proposals submitted to the fund this year describe practical approaches to attain increased effectiveness and productivity in the educational enterprise.

We are also requesting level funding—$13 million—for our second program, the National Center for Education Statistics, which was established in my office by the Education Amendments of 1974. The law designated the Center as the basic resource for providing statistical information about the condition of education in the United States and abroad. In addition, the Center is mandated to conduct policy-relevant statistical analysis and to provide a continuing program of technical assistance to data sources—primarily State and local agencies—to improve and automate their statistical and data collection activities.

The technical and administrative leadership of the Center is the responsibility of the administrator. The first administrator of the Center, Mrs. Marie D. Eldridge, was appointed on January 4, 1976. An advisory council on education statistics also reviews the general policies of the Center and insures the unbiased statistical quality of the Center's products. The 11-member advisory council has begun its work and has held two meetings to date.

The Center's program consists of three activities: (1) surveys and special studies—to provide basic trend data and projections for policy, planning, and administrative use; (2) common core of data—to provide an integrated system of educational statistics to meet Federal, State, local, and institutional needs for planning and management; and (3) national assessment of educational progress—to collect data on the achievement level of students in various age groups and to report changes in subject field performance over regular intervals.

In addition to these ongoing activities, Congress has assigned the Center a number of continuing activities and a number of one-time studies and surveys. Work has been initiated on each of the continuing activities, including completion of the second annual report on the "Condition of Education." Among the assigned one-time studies and surveys, the sex discrimination in education has been completed and the bilingual education study and the safe schools survey are well under way.

In fiscal year 1977, two major thrusts for the Center will be implementation of the common core of data program and development of increased analytical support. The first segment of the elementary/secondary Federal statistical data core is planned for implementation at the State agency level with technical assistance and modest cost sharing provided by the Center. The Center is also planning to give greater emphasis to its analysis activity through work on statistical methodology, development and application of indicators, and structuring of data bases to facilitate deriving policy relevant interrelationships in education and related fields.

In order to implement these activities and objectives in fiscal year 1977, we are requesting a total budget of $32,946,000, an increase of $59,000 over comparable fiscal year 1976. In addition, we are requesting a level of 247 positions, a reduction of 14 positions from last year.

OPENING REMARKS

Dr. TROTTER. I am pleased to have an opportunity to be here again, Mr. Chairman and members of the committee, and to discuss with you the proposed budget for the Office of the Assistant Secretary for Education for fiscal year 1977.

This request contains three elements: (1) Program support for the fund for improvement of postsecondary education; (2) program support for the National Center for Education Statistics; and (3) salaries and expenses associated with those two operational programs and with my immediate office, which is responsible for developing and communicating education policy.

For fiscal year 1977 we are requesting a total of $32,946,000. This is a net increase of $59,000 over the comparable fiscal year 1976 level, including a reduction of 14 positions. This budget request will maintain level funding for both the fund for improvement of postsecondary education and for the national center for education statistics; this will assure the continuity we need for these operational programs. The request also will permit my office to assume financial responsibility for administrative costs formerly paid by the Office of Education.

IMMEDIATE OFFICE

The amendments of 1972 established an Office of the Assistant Secretary for Education to provide direction and supervision for the Education Division. Responsibilities of the Office include development of general policies within the Education Division, coordination of educational activities throughout the Federal level, and facilitation of 2-way communication between the public and the Department on educational policy.

For fiscal year 1977, one of the major budget objectives for my office will be to carry its weight vis-a-vis the Office of Education in covering administrative costs. In the past, when we only had 70 positions, the Office of Education paid for some of the ASE operational costs such as working capital fund, mail charges, FTS charges, and so forth. These costs were not worth breaking out before for just 70 positions.

Now my office has over 200 positions, however, with the transfer of the National Center for Education Statistics, and we are in the process of trying to establish a history of these costs. Therefore, we are requesting an increase of $59,000 over the comparable fiscal budget a year ago to cover costs formerly paid by the Office of Education.

LEVEL FUNDING

Both of our operational programs will be maintained at the fiscal year 1976 level. For the fund for the improvement of postsecondary education we are requesting $11,500,000 to continue the strategy of supporting useful action projects which are designed to improve programs and services for learners beyond the high school level.

This budget request will enable the fund to support approximately 30 new projects and 90 continuing projects. In addition, we are asking level funding of $13 million in fiscal year 1977 for the National Center for Education Statistics.

The Education Amendments of 1974 designated the Center as the basic resource for providing statistical information about the condition of education in the United States and abroad. In addition, the Center is mandated to conduct policy-relevant statistical analysis and to provide a continuing program of assistance to State and local agencies, to improve and automate their statistical and data collection activities.

The first Administrator, Mrs. Marie Eldridge, was appointed in January. At this point I would like to bring my formal comments to a close and welcome any questions you may have.

Mr. FLOOD. Off the record.

[Discussion off the record.]

REAUTHORIZATION OF THE FUND'S LEGISLATION

Mr. FLOOD. All right, Doctor, this is another part of the budget where we have authorization problems. You are asking for $11,500,000 for the postsecondary fund. Are you recommending changes in the authorization or just a simple extension of the present law?

Dr. TROTTER. We are requesting reauthorization of the fund's legislation, and that request is now pending before the authorization committees of both Houses.

RANGE OF INSTITUTIONS SUPPORTED BY THE FUND

Mr. FLOOD. This budget request for the postsecondary fund would support 120 individual projects. How are these projects distributed by institutions? I mean by public, private, junior college, undergraduate, graduate, and so forth.

Dr. TROTTER. This year the fund has two competitions, and grants will be made under both to all kinds of institutions.

Mr. FLOOD. Two types of what?

Dr. TROTTER. The fund has two funding programs or competitions, and I would like Virginia Smith, if she would, to give you a more complete run-down on the kinds of institutions we are funding.

Ms. SMITH. Actually, our grants cover a great number of institutions. At the moment we have 180 grants and that includes something like 176 institutions. There are a few institutions that have two grants.

Mr. FLOOD. Public, private?

Ms. SMITH. Public, private, 2-year, 4-year, graduate. Our grants are in almost every State in the Nation.

Mr. FLOOD. Junior colleges?

Ms. SMITH. Junior colleges, area trade and technical schools, and some private technical schools.

Mr. FLOOD. That is what I want to hear.

Ms. SMITH. Also some museums and some libraries.

MAJOR EDUCATIONAL PROBLEMS BEING ADDRESSED

Mr. FLOOD. What do you think is the biggest problem in postsecondary education that your program could help resolve?

Dr. TROTTER. Well, one critical problem is to help students make better choices about the kind of postsecondary education or training they should pursue. This is a matter the fund has made a major investment in, through support of new counseling and information systems.

Mr. FLOOD. What is the biggest problem?

Ms. SMITH. We see the biggest problem at the moment as how to continue quality education in a low-cost system which is also caught in an economic crunch.

Mr. FLOOD. In what kind of system?

Ms. SMITH. We have extended educational opportunity tremendously and we need to maintain and improve the quality of programs for this diverse range of students and these great numbers of students, and we don't have additional dollars to do this job. So, the question is are we going to help institutions actually become more cost-effective, main-

tain quality and serve the diverse range of students they have? That is a very difficult problem, and perhaps the major problem we are trying to resolve at the fund.

REVIEW OF FUND APPLICATIONS

Mr. FLOOD. How many applications were received last year for the postsecondary fund?

Ms. SMITH. Nearly 3,000 applications were received.

Mr. FLOOD. What is the process used in the screening of applications?

Dr. TROTTER. The fund utilizes external readers, staff and State postsecondary commission in reviewing proposals.

Mr. FLOOD. Does this board of advisors that you have exercise a veto power over project applications?

Ms. SMITH. They don't have a veto power. Last year, as I said, we received 2,000 proposals. This year we received almost that many preliminary proposals. These are five-page proposals.

Mr. FLOOD. But they don't have a veto power?

Ms. SMITH. No; they do not. They do not have the final decision. But it is an impressive group, and we take their advice very seriously.

LENGTH OF FUNDING SUPPORT

Mr. FLOOD. Do you support most projects for 1 year only?

Ms. SMITH. No; the average length of support is 2 years.

Mr. FLOOD. How many multiyear projects are you supporting at present?

Ms. SMITH. None.

Mr. FLOOD. This program started 3 years ago. How many projects have been completed?

Ms. SMITH. We have had about 80 projects completed. That is, we are no longer funding 80 projects, although in most cases the activities are going on with local support.

DISSEMINATION OF FUND RESULTS

Mr. FLOOD. Tell us the process that you use for disseminating the results of a completed project. How do you do that?

Ms. SMITH. We do it in a variety of ways. We know that there are natural channels through which most of these educational institutions and professors and administrators usually turn, and rather than trying to set up competing ones, we try to get the message through those channels.

For instance, there were some 3,000 educators at a conference in Chicago just about 1 week ago.

Mr. FLOOD. We have heard about that every day on the hour almost.

Ms. SMITH. A great number of our projects were featured on the platform at no cost to us because the project directors were there, invited to participate in the program. In addition, we have helped develop informal networks in the field so that all the projects of a certain type work with each other and share project results with other institutions interested in that particular area of activity.

Much of the dissemination is conducted through direct person-to-person contact, and some through projects we have supported which are themselves dissemination activities. But a good deal of it is done on fairly informal networks.

BENEFIT TO THE POSTSECONDARY FIELD

Mr. FLOOD. What evidence do you have to show that the completed projects benefit postsecondary education?

Ms. SMITH. Let me say that we have evidence on a number of projects that they benefit the learners. When you say benefit postsecondary education I assume you mean learners?

Mr. FLOOD. Postsecondary educational institutions.

Ms. SMITH. Well, for example, we had a group of projects in the Midwest, in a group of institutions that were small private liberal arts colleges. They needed to increase their enrollment to survive.

Mr. FLOOD. We have a lot of them in Pennsylvania.

Mr. SMITH. I know. The only way they could strengthen their programs was to add vocational components to their liberal arts programs. They received a small grant from us for the purpose of working with a medical center. With that small grant which they had for just 1 year, they have been able to increase their enrollment, to add the vocational component, without expanding their own staff, and they are continuing that approach now on their own funds.

Sterling College in Kansas had a small grant from us, and they found among other things not only did it improve the vitality of their educational program, but through the process some of their alumni became involved and interested. Among other gains, the college had a great increase in contributions.

Mr. FLOOD. For the record, summarize five completed projects that best illustrate the merits of this postsecondary fund.

[The information follows:]

FIVE EXAMPLES OF FUND PROJECTS

ASSOCIATED COLLEGES OF THE MIDWEST

One-year grant. Established career training options for undergraduates with the Rush Medical Center in Chicago, so that students may now graduate both with a B.A. degree and an employable certificate. By utilizing the Rush staff and facilities, this program expansion could be attained without adding new faculty or facilities. The colleges can now demonstrate increased enrollment as the result of having this attractive option.

COMMUNITY COLLEGE OF VERMONT

Two-year grant. Implemented a 2-year college program in a number of community settings throughout the State, to better serve education and training needs of a predominantly rural population. This unique new institution so sufficiently demonstrated its value to Vermont residents over these 2 years that it became the State's public 2-year college and is now fully supported with State funds.

MILES COLLEGE, BIRMINGHAM, ALABAMA

Three-year grant. In rural Green County, Miles College established a "transition year" program for out-of-school youths and adults to prepare them through counseling and basic skills training for entrance into postsecondary education and training programs. Nearly half of the hundreds of low-income students

served through the program have won scholarships to colleges and trade schools. Jointly established with county officials, the program will continue after Fund support terminates this spring.

UNIVERSITY OF ALBUQUERQUE, NEW MEXICO

Two-year grant. Established a B.A. program for older adults in the Albuquerque area, including changes in the college schedule, curriculum, and other policies to be more responsible to their needs. Enrollment rose from 28 to 330 over the 2 years. The tuition now generated from these students is 10 times the size of the Fund's grant, allowing this private institution to finance other needy programs as well.

UNIVERSITY OF MINNESOTA

Three-year grant. A mathematics professor developed and implemented an approach to computer assisted instruction which has demonstrated improved achievement in mathematics, especially among those with difficulties in this area. This approach has now been adopted by 20 other Minnesota colleges, and in several other States as well.

LEVEL FUNDING FOR NCES

Mr. FLOOD. The budget request for the National Center for Education Statistics is $13 million. That is the same as last year. Considering all this business about the cost of inflation, doesn't that represent a real reduction in program funding?

Dr. TROTTER. I suppose in real dollars that it does. However, we are really pleased to be able to hold this program level because this is an area that serves all of education, not only the division itself but the whole field of educational constituency and also the Congress.

So level funding will mean we have to take a hard look at what we are doing and set our priorities in such a way that we are using our money in the best way possible.

TERMINATION OF SURVEYS

Mr. FLOOD. What surveys or special studies are you planning to terminate next year?

Mr. TROTTER. I would like to ask Mrs. Eldridge if she would like to answer this. In essence, we will be reordering our priorities to stay within level funding.

Mr. FLOOD. I have heard that phrase before—realigning.

Mrs. ELDRIDGE. If I could return to your first question of the level funding for this year?

Mr. FLOOD. That's all right. What I want to know is what surveys or special studies are you planning to terminate next year.

Mrs. ELDRIDGE. There are a number of mandated studies which are in fact being completed during this fiscal year, and that in fact does give us some flexibility with the level of funding in terms of some new starts.

PRINCIPAL USERS OF DATA

Mr. FLOOD. Who are the principal users of the Center's data collection services?

Dr. TROTTER. The information is used by the entire educational community for planning, making projections, and for the illumination of policy issues which require decisions.

I don't think there is any part of our educational system that does not use some aspect of this data.

COMMON CORE OF DATA

Mr. FLOOD. What is the present status of—I will use your phrase—the common core of data?

Dr. TROTTER. We are completing the design of the survey instrument for the elementary and secondary data core.

Mrs. ELDRIDGE. The common core program, as it is reflected in the budget, covers two major activities of the Center. The first is the development of common data elements and definitions to be used in reporting data to the Federal Government.

Mr. FLOOD. What is the status of it?

Mrs. ELDRIDGE. We have developed a basic system for the elementary and secondary component which we plan to implement in fiscal year 1977.

RESPONSE FROM THE STATES

Mr. FLOOD. What interest has been shown by the States in participating in this common core project?

Mrs. ELDRIDGE. I have the impression that there is great interest on the part of the States in the project; they consider this a very important development which will enable them not only to improve their own data collection systems but also to provide more valid data to us. In addition, they will have an improved capability to evaluate their own data in relation to data from other States.

EXPANSION OF COMMON CORE OF DATA

Mr. FLOOD. Do you see any expansion in the next several years for this project?

Mrs. ELDRIDGE. For the Common Core?

Mr. FLOOD. Yes.

Mrs. ELDRIDGE. Yes, I certainly do. We are initially working on the elementary and secondary core. We have done some work in the post-secondary area, primarily in the development of the handbooks. We have received many favorable comments on their dissemination. The thrust in the coming fiscal year will be on the implementation of these handbook definitions.

NATIONAL ASSESSMENT OF EDUCATIONAL PROGRESS

Mr. FLOOD. The request for "national assessment of education achievement" is $4.9 million. How much Federal funding has been provided to date for this project?

Dr. TROTTER. The total amount?

Mr. FLOOD. Yes.

Mr. NASSETTA. About $35 million.

Mr. FLOOD. You can insert a summary of the assessments completed so far in the subject area.

[The information follows:]

NATIONAL ASSESSMENT SUBJECT AREAS ASSESSED

Areas assessed and fiscal year

Science, writing, citizenship, 1970.
Reading, literature, 1971.
Music, social studies, 1972.
Science (cycle 2), mathematics, 1973.
Writing (cycle 2), career and occupational development, 1974.
Reading (cycle 2), art, 1975.
Citizenship/social studies (cycle 2), basic math, 1976.

Dr. TROTTER. Of course the whole program is focused on what we have just been talking about—how well we are doing in education.

USERS OF NAEP DATA

Mr. FLOOD. I understand that. But for the record you can give us a summary of assessments.

Who have been the main users of this national assessment data? Who are the main ones?

Dr. TROTTER. Again, the entire educational community utilizes this information.

Mr. FLOOD. We have some indications that the national assessment is having only limited usefulness for education practitioners. What have you found? Is the data being used?

Mrs. ELDRIDGE. I don't think that is quite a fair assessment of the impact of the national assessment. Some of the States are currently implementing the methodology in their own area to do more in-depth work. The National Council of Teachers of English and the National Council of Teachers of Mathematics have been studying the implications and have produced a series of interpretive reports in their journals.

In the area of assessment for science, the science teachers are specifically looking at the impact of various generic categories of questions that were asked in the reassessments to determine whether or not there are specific areas of science where the slippage in the scores is more marked.

DECLINE IN TEST SCORES

Mr. FLOOD. Has this national assessment come up with any explanation at all about the decline of the test scores and student achievement?

Mrs. ELDRIDGE. No; the design of the national assessment project is intended to provide achievement bench marks. It is similar to the medical situation when you are attempting to deal with a fever. You don't cure a fever with a thermometer but if you don't use the thermometer to find out whether or not there is a fever, and in fact perhaps take the temperature reading a few times to determine the course of the fever, you do not know what you are expected to treat.

Mr. FLOOD. Off the record.

[Discussion off the record.]

Mrs. Eldridge. Basically, in the national assessment, we are attempting to measure performance levels in basic subjects such as reading, writing and mathematics and to determine relative levels over time. I do not think it is the function of the National Center for Education Statistics to do the research in terms of finding the causes and remedies. We are strictly fact finding, objective, data disseminators, and I think it is terribly important that we remain in that posture.

REDUCTION IN STAFF

Mr. Flood. Doctor, we know you are proposing a decrease of 14 positions. Believe me, we rarely see a reduction of any staffing. What happened? Is the workload declining?

Dr. Trotter. This is really an effort on our part to do our share in a year of economic restraint. With level funding in our program areas, it has been determined that we can absorb the proposed reduction without adverse effect on programmatic operations.

Mr. Flood. How many people do you have assigned to what you call educational policy work?

Dr. Trotter. We have 15.

FORMULATION OF EDUCATIONAL POLICY

Mr. Flood. Talking about policy, what sort of education policy has been developed in the last year?

Dr. Trotter. I can give you several examples of policy development that my office has undertaken during the last year. First, numerous pieces of legislation have recently been passed to protect the individual's right to privacy. We are in the process of insuring that the interpretation of these pieces of legislation are consistent with congressional intent and with each other, and that regulations are developed within a policy stance which balances information needs against the fundamental guarantee of individuals' rights to privacy.

Second, we have developed a policy to insure that programs are administered in a manner which recognizes the vast State-to-State differences in educational programs. For example, we have developed a policy stance which recognizes the various types of State school finance reforms when administering the Federal program of impact aid.

Last, we are developing a divisionwide dissemination strategy which is based on the policy that educational information and knowledge of promising practices should be made available to potential users as efficiently, effectively, and rapidly as possible.

Mr. Flood. Doctor, did your office have anything to do with this block grant proposal that was recently submitted by the President?

Dr. Trotter. We did work in concert with the rest of the Education Division and with the administration.

Mr. Flood. Mr. Shriver.

ENTERTAINMENT EXPENSES

Mr. Shriver. Thank you, Mr. Chairman.

There was an item in the budget for entertainment expenses, $1,500 for this office.

Dr. TROTTER. This is for the whole Education Division, not just for the Office of the Assistant Secretary for Education; it would also cover the NIE and the Office of Education.

Mr. SHRIVER. How about the other assistant secretaries?

Mr. MILLER. There are three separate requests to the Congress. $7,500, which includes the Office of the Secretary, SRS, Social Security Administration, and the Office of Human Development. There is a separate amount for health and a separate amount for education. There are three amounts.

I think it adds up to $18,000.

Mr. SHRIVER. $1,500 for each?

Mr. MILLER. A total of $18,000.

Mr. SHRIVER. I presume there is a real need there.

Mr. MILLER. Yes. I really think there is, Mr. Shriver. It is used almost entirely for entertaining foreign visitors, and places like the Center for Disease Control, the National Institutes of Health, and Office of Education do have a number of occasions where they need those funds. I really don't think they are excessive.

TECHNICAL ASSISTANCE TO SAUDI ARABIA

Mr. SHRIVER. Speaking of foreign visitors, what is the technical assistance for Saudi Arabia mentioned in the book?

Dr. TROTTER. We have been involved in this program for about 2 years. I would like to ask Dr. Austin, who has just returned from Saudi Arabia, to tell you about it.

Dr. AUSTIN. This activity is part of the Joint Economic Cooperation Commission effort that is being coordinated by the Treasury Department. All our proposed assistance projects are on a fully reimbursable basis. I serve on the Manpower/Education Committee of the Saudi Arabian Joint Commission.

Mr. SHRIVER. What are you doing?

Dr. AUSTIN. The goal is to provide technical assistance, and identify areas of economic cooperation between, in this case, Saudi Arabia and the United States. I believe there are joint commissions between the United States and seven different countries.

In the manpower and education area, for example, we are attempting to put representatives of the Saudi Arabia Government in touch with American universities with the goal of increasing exchange programs for students and scholars and engaging in joint research programs.

There have been no direct contractual arrangements completed or even proposed in which HEW has been a party. In the case of some other agencies, there has been contractual activity. Most of our efforts have taken the form of facilitating access of Saudi education officials to U.S. universities and national U.S. educational associations.

ADMINISTRATIVE COSTS

Mr. SHRIVER. You have requested an increase of $59,000 to cover some administrative costs formerly paid by the Office of Education.

Dr. TROTTER. That is right.

Mr. SHRIVER. What are the costs?

Mr. HANSEN. We can give you a detailed breakdown but in general they are essentially things like mail, telecommunications systems cost, working capital fund—those things that are reasonably obscure in the budget.

We are attempting to get ourselves on an equal footing now with the Office of Education who formerly paid these administrative costs for

NET INCREASE

Mr. SHRIVER. You are cutting 14 positions and $314,000 from your program direction and support services account. But that account shows a net increase of $57,800. Why is that?

Dr. TROTTER. Despite the reduction in staff we have other day-to-day operational costs in program support which result in a net increase.

Mr. SHRIVER. You are cutting 14 positions, $314,000, but the account shows net increase.

Mr. HANSEN. There is a reduction associated with the 14 positions; however, increases for annualization of positions and pay raises, and within grades result in a net increase. I don't know what chart you are reading from, but when you reduce the positions and then add in the built-in costs associated with pay raises and other salary costs there is a net increase of $59,000.

Mr. SHRIVER. I am referring to page 47. It shows 14 positions less.

Mr. HANSEN. Yes. That is the net of everything you will find over on page 46, which has a lot of ins and outs.

Mr. SHRIVER. Just above that, the title at the bottom is "program direction and support services", a decrease of 14 positions but an increase in dollars.

Dr. TROTTER. Part of this increase is the comparable transfer of money from the Office of Education for our administrative costs that were previously taken care of by OE.

Mr. HANSEN. In addition the support services line represents an aggregate of personnel costs and all other administrative expenses. Therefore, although we are reducing our staff by 14 positions, we have had to increase our budget for pay raises, within grades, administrative charges, et cetera, associated with the other 241 positions resulting in a $59,000 net increase for the account.

Mr. FLOOD. Mr. Roybal?

SEX DISCRIMINATION IN EDUCATION

Mr. ROYBAL. In reading your statement, I was interested in the fact that one-time studies and surveys assigned to you have been completed, and that some are still in process.

The sex discrimination education has been completed. Can you briefly tell us what you have discovered?

Dr. TROTTER. I could insert this for the record.

Mr. ROYBAL. You may insert it for the record.

[The information follows:]

SEX DISCRIMINATION STUDY

A literature review of sex discrimination in education was completed for the U.S. Commissioner of Education in February 1976. The review which was mandated by the Women's Educational Equity Act examined major issues in three

areas: employment practices of professional personnel in educational institutions and agencies; access to postsecondary education; and guidance and counseling in secondary and postsecondary education. Although each study focused on its particular subject, the three studies produced a fairly comprehensive picture of the global problems related to sex discrimination in education. It was found that one-half of all employed women with 4 or more years of postsecondary education are employed by educational institutions and agencies. The report on employment practices examined the status of these professional personnel to determine the circumstances that militate against equity in appointments, promotions, salaries, and fringe benefits and to identify barriers that originate in the attitudes of women about themselves and in those of society.

The study of access to postsecondary education reviewed participation rates of women in educational activities; analyzed the impact of personal, background and socialization variables on their pursuit of education; and discussed such institutional practices as secondary school counseling, recruitment and admissions to higher education, and financial aid programs.

The third study focused on the influences within guidance and counseling that contribute to sex discrimination, particularly at the secondary and postsecondary levels. The topics included the effects of personality (student's and counselor's), background, and attitudes on the counseling process; counselor training and certification; theories and textbooks, tests and other guidance materials; and new approaches to counselor training and counseling procedures.

The data from the three studies suggest:

1. Long-established employment practices of educational institutions have served as barriers to the appointment, and particularly, promotion of women on an equal basis with men at all levels of education.
2. Women performing the same tasks with the same qualifications as men do not receive commensurate salaries at any level; throughout the educational institutions women are provided inequitable fringe benefits.
3. The pool of available women is sufficient in numbers, training and experience to fill more positions, and more responsible positions, than they currently hold.
4. Traditional social and educational patterns often inhibit the access of women to higher educational levels.
5. Socio-economic status appears to exert a stronger influence on females than on males. Females from low socio-economic levels are less likely to pursue a collegiate postsecondary education than males with similar aptitudes from the same low socio-economic levels.
6. Materials and programs for the training of counselors do not seem to have reflected until fairly recently a concern for sex differences.

Mr. ROYBAL. What I am interested in knowing is the fact that there is discrimination and if there is who is it?

Dr. TROTTER. There has been very little change.

Mr. ROYBAL. And changes, those are the things I would be interested in reading. I would like to know whether women have been discriminated upon more than men or vice versa. That would be of interest to me.

Dr. TROTTER. One of the reasons that this information is going to be very helpful is to give us some understanding of where we are and whether or not we have made any progress. We have certainly not made the progress that we should have made and had hoped to make. This data, however, will, I think, help people to be more aware in making their projections, and in how they can combat sex discrimination.

SEX DISTRIBUTION WITHIN THE DIVISION

Mr. ROYBAL. Well, in your whole department, how many women are there versus men?

Dr. TROTTER. I could get that. I don't have that figure at my fingertips.

Mr. ROYBAL. Could you tell us if there are more women than men?

Dr. TROTTER. In the Assistant Secretary's office, we do have more

women than we do men in top positions. This is not true, however, for the whole division.

Mr. ROYBAL. Because I see this one lone male among a dozen roses. And I felt that was perhaps the situation with regard to the Department as a whole.

Dr. TROTTER. Well, I think we still have a long way to go, as far as the division as a whole goes. But, we are making some progress within our own organization.

Mr. ROYBAL. But you will supply that for the record so we can have it.

Dr. TROTTER. Yes.

[The information follows:]

SEX DISTRIBUTION WITHIN THE EDUCATION DIVISION

Grade	Office of Education				National Institute of Education				Office of the Assistant Secretary for Education			
	Female	Percent	Male	Percent	Female	Percent	Male	Percent	Female	Percent	Male	Percent
GS 1–7	1,008	85	179	15	87	96	4	4	63	88	9	12
GS 8–12	429	64	244	36	45	71	18	29	32	68	15	32
GS 13–15	199	21	764	79	[1] 31	20	[1] 120	80	22	23	74	77
GS 16–18	3	1	37	99			1	100	1	25	3	75
Executive level			1				1		1			

[1] Includes excepted appointments.
Note: Percentages represent comparative numbers of males and females in each grade level within agency.

MANDATED STUDIES

Mr. ROYBAL. Now, the other is the bilingual education study and the safe schools survey.

What is the purpose of making a one-time study of bilingual education?

Dr. TROTTER. The survey is mandated by the Bilingual Education Act as amended by Public Law 93–380. The actual survey, part of the survey of income and education, will be conducted in about 100,000 households by the Bureau of the Census in April through June 1976. We really need the information on where we are and what we have to do in terms of our bilingual programs.

This is a study that is being done by NCES in cooperation with NIE and the Office of Education. This is an example of one of our education division-coordinated programs where all the component agencies are trying to find out what the state of the art is as far as their concerns and expertise go.

As of yet, we don't really know what the needs are, what kinds of resources we have available, and where we need to put our resources to really target in on the problem.

BILINGUAL STUDY

Mr. ROYBAL. Is this designed to establish the effectiveness of bilingual education more than it is to look at its deficiencies? What I am saying is or what I am trying to say is are we making progress with what we have made available in bilingual education, and would we make more progress if we improved it?

Dr. TROTTER. The purpose of the survey is to count the number of school aged children and adults with limited English-speaking ability as defined by legislative criteria in each State. The survey data will be used to prepare a 5-year plan for extending programs of bilingual education and adult education programs to all persons of limited English-speaking ability.

Mr. ROYBAL. And the person or persons who are making the survey, are they doing it all here in Washington, D.C., or are they actually going out into the community to see the work that is actually done?

Dr. TROTTER. We have to go into the communities.

Mr. ROYBAL. Because if you don't gc into the communities you can't make a survey, in my opinion.

Dr. TROTTER. There isn't any way we can sit right here in Washington and do what is mandated.

Mr. ROYBAL. There are many surveys made here in Washington that never see the light of day, and individuals never go out into the source to really take a look.

Ms. ELDRIDGE. Mr. Roybal, on the portion of the bilingual we are involved in, we are coordinating the entire effort with the Census Bureau and will utilize the survey of income and education.

This is a rather large effort geared at attempting to identify the number of children currently who have limited English-speaking ability. In addition, other surveys conducted by NCES will indicate whether their educational needs are being met and also to look at the supply of teachers qualified to provide instruction for children with limited English-speaking ability.

Mr. ROYBAL. Well, I hope that this research expert also understands what a bilingual education is all about.

Many times we get experts in one particular field going into another and they use their primary expertise the wrong way.

Now, I hope that that is not taking place. Am I correct in assuming that this is being done?

Ms. ELDRIDGE. The instruments were extensively pretested, both from the point of view of the ability of the respondent to effectively understand what we are asking, and to reflect that in his response. Also, in preparing the instruments the Office of Bilingual Education participated extensively along with other experts in bilingual education.

Mr. ROYBAL. I would assume that person would also speak Spanish if they went into a Spanish-speaking community?

Ms. ELDRIDGE. I believe much of that is being built into the system.

FORTY-TWO DIFFERENT LANGUAGES

Mr. ROYBAL. There are 42 languages, I understand, that are being used under the bilingual education program. Is that correct?

Dr. TROTTER. That is, I think, correct.

Mr. ROYBAL. Which means whoever is making this survey must then have a working knowledge of these languages, not necessarily be fluent, but be able to know something about it, about the culture and the people that are involved, and so forth.

Dr. TROTTER. In the past—and expected for the SIE—the Bureau of the Census has tried to hire large numbers of bilingual interviewers

in areas where there are large proportions or numbers of people who come from a non-English dominant background; however, it is not possible to guarantee that their assignments will be with non-English dominant language households. For Spanish-speaking interviewers who will be hired for the survey of income and education, NCES has prepared a standardized translation of the SIE questionnaire into Spanish. Also, in preparing the survey materials, NCES has about 50 representatives of the major language and cultural groups in the United States, individuals mainly with strong interests in bilingual education, working with us advising on content and approach.

Mr. ROYBAL. Fine, this is what I wanted to know. I wanted to know whether they were just individuals going out making the surveys and then coming back here to Washington and giving us the figures or whether they were actually working people in the field.

Ms. ELDRIDGE. May I submit something in the record on that?

Mr. ROYBAL. Please, and would you do the same for the safe school survey?

Dr. TROTTER. I would be happy to.

[The information follows:]

STATUS OF THE BILINGUAL EDUCATION STUDY

The Commissioner of Education is mandated by section 731(c) of the Bilingual Education Act, Title VII, ESEA, as amended by Public Law 93-380 to report twice during fiscal years 1976 and 1978, on "* * * the condition of bilingual education in the Nation * * *" and related matters including "* * * national assessment of the educational needs of children and other persons with limited English-speaking ability and of the extent to which such needs are being met from Federal, State, and local efforts, including, not later than July 1, 1977, the results of a survey of the number of such children and persons in the States * * *" Section 501(b)(4) of Public Law 93-380 mandates the National Center for Education Statistics (NCES) to carry out this survey.

A major purpose of the reporting is to provide an adequate basis for assessing the number of teachers and other education professionals and nonprofessionals needed to provide programs to people of limited English-speaking ability not presently served.

To begin to meet this mandate, NCES prepared a supplement to the July 1975 Current Population Survey (CPS) conducted by the Bureau of the Census. Results from this survey provide estimates of the numbers of children and adults from non-English environments in the Nation; this survey, in addition, served as a pilot study for a large-scale population survey (see SIE, below) to be conducted during spring 1976. Data from the CPS supplement are being reported in the first mandated Commissioner's report on the condition of bilingual education, early in 1976. To complement the population data, NCES surveyed State education agencies in fall 1975 about limited-English-speaking-ability persons being served in bilingual education programs. These State data will be reported in fiscal year 1976. Another survey is currently collecting data from all institutions of higher education on the numbers of teachers and other personnel being prepared for programs of instruction for persons of limited English-speaking ability, including bilingual education programs. Results will be available early in fiscal year 1977.

The Center's main response to the bilingual education mandate is embodied in the Survey of Income and Education (SIE) to be carried out by the Bureau of the Census in spring 1976. The major portion of the SIE will be devoted to the count of chidren in poverty mandated in section 822(a) of Public Law 93-380. The SIE includes a set of questions on language background and language usage, similar to those asked in the supplement to the July 1975 CPS. In addition, questions designed to measure English-language proficiency will be included, making possible national and State estimates by age and by major language groups of persons with potential need for bilingual education programs. In response to NCES needs, the Bureau of the Census modified the SIE sampling plan to permit development of State estimates of the need for bilingual education programs.

To supplement the information collected and reported through the above surveys, NCES plans two additional activities to be initiated early in fiscal year 1977. The first will collect program and service data in elementary schools for children (age 4–13) identified in the SIE as being either of limited-English-speaking ability or educationally handicapped. This survey would be conducted by the Census Bureau in October 1976. At the same time, NCES will conduct another survey to determine national estimates of the number of public school teachers presently providing bilingual education or teaching children with limited English-speaking ability, as well as the number of teachers qualified to do so but not currently being utilized in this capacity. These data will be combined with data from the other NCES surveys to estimate the number of staff required to provide bilingual education to children and other persons with limited English-speaking ability from non-English dominant backgrounds. Again, information from these surveys will supply data necessary to meet the congressional mandate to "assess the condition of bilingual education in America." In all bilingual education survey activities, NCES works closely with the Office of Education's Office of Bilingual Education and Office of Planning, Budget, and Evaluation, which will carry out the bilingual education planning with the survey data as called for in section 731(c)(1)(B) of the Bilingual Education Act, title VII of the Elementary and Secondary Education Act of 1965, as amended by Public Law 93–380.

STATUS OF THE SAFE SCHOOLS SURVEY

The Secretary of Health, Education, and Welfare is required by section 825 of the Education Amendments of 1974 to conduct a study to determine the extent of crime in the schools, property losses suffered as a result of unlawful activity, and effective methods employed by school and other officials to prevent and control such criminal activity. Responsibility for the study was assigned to the Education Division.

The extent of crime in the schools, by location and level of schools, is being determined by a National Center for Education Statistics survey of offense rates and property losses. A survey instrument, covering the period from the beginning of the 1974–75 school year through January 31, 1975, was mailed out to State and local school officials. The survey, covering a sample of approximately 8,000 public and nonpublic schools, was designed to acquire data on the number of offenses committed on school facilities that school officials reported to local law-enforcement officials during the reporting period and the total dollar cost to repair or replace supplies, equipment, and school facilities damaged or destroyed as a result of arson, burglary, bombings, and vandalism. Data from the survey have been received and are being processed by a contractor.

Due to the retrospective nature of the study and due to questions which have been raised about the accuracy of the data, we are currently assessing the validity of the reports. The result of this effort will be incorporated in the release of the data to adequately qualify the findings.

A complementary research study, initiated during the current school year, is being carried out by the National Institute of Education to examine the schools' methods of crime prevention and reduction and to assess the effects of such methods on instruction. The Secretary will prepare for submission to Congress during fiscal year 1977 a consolidated report, based on the survey and research studies, delineating the extent and seriousness of crime in the schools and containing legislative recommendations based on the findings.

Mr. ROYBAL. Thank you very much.

May I thank you for your testimony, and may I say that I greatly enjoy these hearings. I personally learn a great deal from them, and from all of those who have testified.

Mr. Miller, incidentally, and I, have a few exchanges every once in a while in a very kidding way, but I have learned a great deal from Mr. Miller also. It has been most beneficial to me, and I hope your presence here has been beneficial to you.

Dr. TROTTER. Thank you.

Mr. ROYBAL. We thank you very much.

Mr. FLOOD. Mr. Michel?

ORGANIZATIONAL STRUCTURE OF THE EDUCATION DIVISION

Mr. MICHEL. I have been concerned over the organizational structure of HEW, particularly that there may be an excessive number of chiefs with overlapping levels of responsibility. Is there any possibility that the programs operating under the Office of the Assistant Secretary and those operating in the Office of Education could be consolidated under one basic authority?

Dr. TROTTER. We have, over the past several months reviewed the organizational structure of the Education Division, particularly the relationship between the position of the Assistant Secretary for Education and the Commissioner. We have concluded that a change in the legislation is appropriate and have made that finding known to Senator Beall in response to his questions regarding S. 2657. We are recommending that the two positions, Assistant Secretary and Commissioner, be combined with the authorities assigned to each retained in the single new position.

RESPONSIBILITIES OF THE IMMEDIATE OFFICE

Mr. MICHEL. In the current fiscal year, Dr. Trotter, your immediate office has 52 people, is that not correct?

Dr. TROTTER. Yes, that is correct.

Mr. MICHEL. What do these people do?

Dr. TROTTER. As you know, my office has responsibility for the direction and supervision of the Education Division. In order to carry out these functions, I have two offices which formulate and coordinate policy within the Education Division and which also articulate that policy to the general public.

The Office of Policy Development coordinates development of general policies in the Education Division including formulation of program and legislative initiatives and recommendation of program and policy issues and study.

The other half of the effort is the Office of Policy Communication which represents the Assistant Secretary and interprets Federal education policies to the education community and the general public. The staff is also responsible for assuring that public views are reflected in the policy making process of the division.

In addition, I have a small administrative support staff which oversees management and fiscal integrity of the Education Division.

Mr. MICHEL. Could not many of these positions, or similar positions in the Commissioner's office, be eliminated if the functions of the Office of the Assistant Secretary were consolidated with those of the Office of Education?

Dr. TROTTER. These positions would, of course, be reevaluated if a consolidation were to take place. However, I suspect that a reduction—if any—would be minimal, largely because a reduction would represent an overall decrease in our total effort. We do not believe that the functions of my office and those of the Office of Education and the National Institute of Education are duplicative. Rather the activities relate to different processes, perspectives, and clientel.

WORK MEASUREMENT STUDY

Mr. MICHEL. Last year, reference was made to a "work measurement study" for your office that was being undertaken. What were the results of this study?

Dr. TROTTER. At the conclusion of the study period we determined that the process and instruments employed were inadequate to the task. We are now reviewing the situation and evaluating alternative means to achieve the goal.

LINES OF AUTHORITY

Mr. MICHEL. What are the lines of authority between your office, the Commissioner's and the Secretary's?

Dr. TROTTER. The Commissioner has statutory authority for the major portion of HEW's education assistance programs which provide direct support to educational institutions and to students. As Assistant Secretary for Education, I have authority for policy direction in education and also responsibility for the coordination of all activities with the Education Division, especially in areas of potential duplication by the Office of Education and the National Institute of Education. Decision making in education is elevated to the Secretary for issues of large national significance and issues affecting HEW offices outside of the Education Division.

Mr. MICHEL. In practice, in dealing with the Secretary, is it normal procedure to go through people in his office with responsibility for education matters?

Dr. TROTTER. Whenever an education issue is taken to the Secretary for resolution, it is normal practice to route any explanatory papers through the appropriate HEW staff office. For example, budget issues requiring secretarial resolution would be reviewed by the Comptroller prior to arriving on the Secretary's desk. This procedure tends to expedite the whole process and to make the best use of the Secretary's time.

DUPLICATION OF EFFORT

Mr. MICHEL. We just had the National Institute of Education up before you, and it was readily evident from their testimony that many of their programs overlap and duplicate those operating within the Office of Education itself. Are you making any effort to develop a plan of consolidation so that we can eliminate some of this overlap and duplication?

Dr. TROTTER. As a result of concerns and priorities established by the administration, the Congress, and the Department, my office has responsibility for coordinating activities which crosscut agencies and offices in the Education Division. At the moment, my office is developing a forward plan which will provide an integrated structure for helping persons both within and without our Agency to better understand these priorities, and to appreciate the Federal role in education. Improving the coordination of our division is a responsibility I intend to take seriously. There is considerable need for improvement and, indeed, some overlap and duplication of effort does exist. On the other

hand, in such areas as School Finance Equalization, Education and Work, Dissemination, School Desegregation Assistance, Educational Television, and other congressional mandates related to women, privacy, and confidentiality, and compensatory education, my office has contributed to reducing duplicative and counterproductive work.

WRITING OF FEDERAL REGULATIONS

Mr. MICHEL. We hear from educators a feeling that too often guidelines for education programs are written by people who have had no actual experience in the school systems themselves, whether through teaching or administration. You, of course, have come from the field, and I'm sure you experienced some difficulty and exasperation over some of the excessively burdensome and complicated Federal regulations. Is any effort being made to have more of the regulations written by those who have actually been out in the field and thus know the problems of operating under the regulations?

Dr. TROTTER. Efforts are being undertaken to involve people with actual experience in the schools in the writing of Federal regulations. It is important, however, to stress that while we are seeking the involvement of individuals in the field who must live with these regulations, we are not having these individuals write the regulations themselves. Such actual writing of regulations would amount to the parties regulated regulating themselves and would be viewed as of questionable value for the public interest. We hope to acquire field representatives' advice regarding the impact and shape of Federal regulations prior to the actual writing of the regulations. Such a procedure was recently undertaken by the Bureau of Education for the Handicapped as they are beginning to write regulations to implement Public Law 94–142. The Bureau sought out the views of various State department of education personnel regarding workable regulations.

EFFORTS TO REDUCE EDUCATION COSTS

Mr. MICHEL. According to your statement, the Fund for the Improvement of Postsecondary Education is placing increased emphasis on the need to reduce costs and stretch the educational dollar. What is the nature of this effort, and can you provide us some examples of areas and methods where and how costs can be reduced?

Dr. TROTTER. I'd like to ask Virginia Smith to respond in detail to your question. But I can attest to one aspect of this—and that is the highly efficient manner in which the fund staff operates its program. The Federal Government gets a big bang for its buck in the case of the fund.

Ms. SMITH. While the fund has always used cost-effectiveness as a general criterion in its selection of projects, we highlighted this concern in 1976 as a major target for improvement. Projects funded in past years already have had encouraging results. We have had success with approaches, first, that provide expanded educational opportunity without heavy capital expenditures and without reliance on a large permanent faculty. Educational enterprises have been established that make use of underutilized facilities and personnel in the community including those in other educational institutions, for example, our projects at Vermont Community College and Hudson Higher Education Consortium. Second, approaches that use pooled

funds of several colleges to hire new faculty where needed, for example, our five colleges project in Massachusetts. Third, approaches that add vocational and occupational options to a liberal arts program as at Pepperdine University and Henderson State College. Fourth, approaches that reduce institutional deficits by increasing enrollment through program improvement, as at the University of Albuquerque and Barat College. Fifth, approaches that save the student's time by giving credit for prior learning and reducing unneeded duplication in the student's program, and finally, approaches that improve instruction but, when operating fully, do not increase cost per student. The University of California, Lone Mountain College, and our Lady of the Lake College are examples.

So far, perhaps the most successful projects for effective use of resources have been those creating academic common markets, interinstitutional contractual arrangements and other forms of collaboration. We think these can be further encouraged, but that additional cost-effective approaches can also be developed in the instructional process, and we are encouraging these approaches in our 1976 solicitation.

Mr. MICHEL. Is any effort being made along this line in the elementary and secondary field?

Dr. TROTTER. General efforts have been underway in various elementary and secondary education projects to reduce the costs and derive greater benefits from educational dollar outlays in the education division. Emphasis is placed on funding activities which have high survival potential evidenced by State and local assurances of future funding. We have also stressed funding activities which maximize results from limited funds. The program for the gifted and talented, for instance, awards extra points to proposals which consolidate statewide activities with demonstration projects and inservice teacher training.

Mr. MICHEL. Last year reference was made to a committee of HEW, Commerce, and Labor Department officials designed to bring the worlds of education and work closer together. What kinds of steps is this committee undertaking, and is any progress being made?

Dr. TROTTER. The Departments of Labor, Commerce, and HEW are cooperating to bring the institutions of education and of work together in order to expand the variety and quality of opportunities for human development. We believe that such collaboration will be especially helpful to young people in making the transition from secondary school to higher education, to job training and/or to career entrance jobs. But we also believe it will be helpful at all ages, helping to motivate elementary school students and aiding midcareer shifts.

Toward this objective, we are in the process of identifying 25 or 30 communities which have extensive collaborative activities and wish to extend and deepen them. We will encourage such development, provide information and small amounts of support, provide a forum for the communities to share experiences and evaluate the effects. We may also be able to work with some States interested in encouraging collaboration. We will also work with national associations and groups which already, or desire to, contribute to the effort.

On the Federal level, we have brought together the many program managers involved in such activities as work opportunities for students, information, guidance and placement, and competency-based

education and credentialling. These task forces are attempting to assess the state of our knowledge of experential learning, career decisionmaking and competence development and assessment and to develop a systematic plan for filling the gaps in our knowledge. Concurrently, a number of programs are encouraging communities to seek and develop effective innovations in these areas. Those programs include career education, other special projects, vocational education and the fund for the improvement of postsecondary education.

PUBLIC VERSUS NONPUBLIC DATA

Mr. MICHEL. According to your testimony last year, the National Center for Education Statistics was established "to provide the data base necessary for education policy formulation at any level of government." We are allocating $13 million for that purpose, but yet when I asked you for a comparison of the costs to educate children in nonpublic schools versus public, something which is certainly basic, if anything is, to the development of educational policy, you couldn't provide such information because it was too difficult to come up with. I find that a little hard to believe. If I put the same question to you again this year, would I get the same answer? There was a recent survey in Illinois, for instance, which showed that it costs, on the average, nine times more to administer public school systems than it does Catholic schools, on a per pupil basis. Do you have similar figures on a nationwide basis?

Dr. TROTTER. I would like Mrs. Eldridge to address this question.

Mrs. ELDRIDGE. We do not have comparative figures on the costs to educate children in public versus nonpublic schools at the present time. Public school costs are a matter of public record, published by State educational agencies, and tabulated and reported nationally by the National Center for Education Statistic (NCES). Very few State educational agencies are vested with the power to regulate, license, or otherwise control nonpublic schools, and therefore acquire little data from these schools.

Nonpublic school cost data are not a matter of public record and nonpublic school officials are not required by law to report such data if they choose not to do so. When NCES conducted a survey of nonpublic schools during the 1970–71 school year, the overall response was very good, in excess of 85 percent. But such a large number of nonpublic schools refused to provide the fiscal data requested that it was not possible to report these data. Additionally, checks on the accuracy of the data as reported showed that much of the fiscal data were inaccurate. Since NCES could not compel these school officials to report fiscal data, the Center could not obtain data from those schools who refused to report.

Since this survey was completed, an organization called the American Council for Private Education (CAPE) has been formed. CAPE is a consortium of the major national associations of nonpublic schools, including the National Catholic Education Association (NCEA). NCES is planning to conduct a survey of all nonpublic schools during the 1976–77 school year. All of CAPE's constituent organizations have pledged full support and cooperation for this survey. Given this support, a large nonpublic school data base including fiscal data will be

available for this coming school year. Some comparisons with public school data, also to be collected by NCES, will then become possible.

With regard to the Illinois survey, the findings must be interpreted with great care. According to data published by NCEA, approximately 40 percent of Catholic school full-time teaching staff are members of religious communities. While salary data are not included in this report, it is known that religious teachers are not paid salaries comparable to public school teachers. Since salaries constitute from 70 to 85 percent of total educational costs, it follows that the lower salaries paid to the religious would lower the comparative costs of public versus Catholic schools. It should also be noted that the housing and subsistence costs of the religious are usually not included in these costs. Finally, although most Catholic schools are operated through diocesan organizations, these diocesan systems are not comparable to public school systems which must employ administrative staff to comply with various State and local laws and regulations. This also tends to make public school costs higher than Catholic school costs.

Mr. MICHEL. What about educational attainment? Do you have figures comparing the performance of nonpublic school students versus public?

Mrs. ELDRIDGE. No. The only national and regional data available on education attainment are from the NCES national assessment of educational progress survey. As you know, the national assessment was desgined to measure changes in performance levels for specific subjects by age group, sex, race, and parental education. The sample design does not permit reliable estimates to be made about the performance of students in public versus nonpublic schools although both kinds of schools are included in the survey.

URBAN AREA DATA

Mr. MICHEL. How about such a comparison in the largest urban areas of this country? The dean of admissions at a Chicago-area university, for instance, tells us that inner-city Catholic school students are much better prepared academically than are those from the public schools.

Mrs. ELDRIDGE. We do not have such data and there are serious technical problems in developing reliable comparisons which have not yet been solved.

In 1970 and again 1971, the Bureau of Elementary and Secondary Education attempted to gather test score data for a large national sample of elementary school pupils. Scores from more than 100 different tests were reported back. At the time, there was no valid way of comparing scores from these different tests, hence it was impossible to make any reliable generalizations about pupil attainment and performance. Attempts to develop surrogate norms tables have met with only modest success and are available for a limited number of the most widely used tests to date.

Of greater concern to local school officials is the fact that unless achievement test scores are adjusted to reflect the ability levels of the pupils, no valid comparison of schools can be made. Recent research has found that children who have suffered cultural and educational disadvantagement tend to score lower on achievement tests than their ability levels would indicate.

Every attempt to collect attainment and/or performance data from the schools by Federal agencies has met with intense hostility, resentment, and resistance. These data are subject to many kinds of misinterpretation and frequently are used to reflect badly upon the schools which supply the data. This is not to say that the data aren't needed and cannot ever be obtained. Unless and until the sensitivity problem is overcome, however, the Center will not be able to respond to this need.

IMPACT AID STUDY

Mr. MICHEL. Reference was made last year to having NCES do a study on the impact aid program. Has anything been done in this regard, and if so, where does it stand?

Mrs. ELDRIDGE. Yes, NCES has prepared two reports, the first showing the number of impact-aid children by type of Federal property and by applicant local education agency (LEA) derived from SAFA (School Assistance in Federally Affected Areas) application data, and the second listing the per capita income from SAFA applicant districts based upon 1970 Census data. These reports were transmitted to the cognizant congressional committee chairman in August 1975.

The transmittal letter also indicated that NCES had contracted to examine means of estimating economic impacts of the Federal presence on LEA's, and to provide alternative research designs, along with discussions of feasibility, policy relevance, data limitations and cost estimates for each. This contract was completed in September 1975. Staff from NCES and other HEW agencies jointly developed the work statement for this contract, and have reviewed the contractor's final report. In addition, the proposed research design has just been reviewed by several economists. Based upon this report and its reviews, NCES will recommend implementation of a research design with a contract expected to be let for implementation in fiscal year 1977.

HANDICAPPED EDUCATION DATA

Mr. MICHEL. What were the conclusions of the studies NCES did on the excess costs of educating handicapped pupils, and trends in the number of students training to become teachers in leading teacher training institutions?

Mrs. ELDRIDGE. The conclusions of the study of excess costs of educating handicapped pupils conducted in nine State education agencies were: much of the data necessary for determining excess costs were not available from State education agencies; data were not comparable among States; prevalence estimates varied considerably among States; and new laws in several States may make it impossible to collect data by traditional types of handicaps.

The study indicated that there are three approaches to developing a nationally uniform statistical system: a student unit record system, program accounting for the education of the handicapped, or a general purpose statistical systems providing partial data.

Regarding trends in the number of persons preparing to teach, data from the higher education general information survey (HEGIS) over the 5-year period from 1970–71 through 1974–75 indicate that bachelor degrees in education comprised about 20 percent of all bachelor degrees throughout this period.

Data on the number of students training to become teachers will also be available from the National Survey of the Preservice Preparation of Teachers. This survey will provide some trends on degrees granted to persons prepared to teach as well as current data on the number of students preparing to become teachers in leading teacher training institutions. However, this information will not be available until fall of 1976.

Data are in the process of being collected from 240 of the 1,150 teacher training institutions. Approximately 20 of the 40 major teacher producing institutions in the United States are included in this sample survey. The study will provide information on all aspects of undergraduate teacher preparation including future teacher supply by specialty. Specifically, data will be obtained for 1975 fall enrollment for juniors and seniors by program and for degrees granted with recommendation for certification for the years 1973, 1974, and 1975.

GRADING TREND

Mr. MICHEL. What's been the grading trend in higher education in recent years? A recent article in U.S. News and World Report indicated that grading has become more lenient and has resulted in a lessening of standards. Is this accurate?

Dr. TROTTER. Some degree of so-called grade inflation has occurred in colleges and universities over the past few years. However, there is now evidence that this trend is reversing and that colleges are working hard on determining appropriate standards and applying them.

Ms. SMITH. I might add that our interest at the fund in competency based education is largely related to this problem. These projects seek to establish more appropriate standards for educating students' work—standards which relate to the actual requirements for future effectiveness in jobs and the community.

CONCERN OVER POSSIBLE FEDERAL PRACTICE

Mr. MICHEL. A constituent has expressed concern to me over an apparent practice in HEW whereby grants are made to college and university groups to prepare text material which is then released to publishers under certain contract commitments. After the material is published, HEW has apparently aided sales by urging teachers to take training in the use of the material. The concern is that this represents unfair competition with those authors and publishers not in receipt of Government grant money. Is this practice occurring under any of the education programs, and if so, what is the justification?

Dr. TROTTER. I have checked with both the Office of Education and the National Institute of Education regarding this practice and the responses have been negative. If your constituent, however, would like us to pursue this matter further, by supplying more specific information, I would be glad to check further into the matter.

Mr. FLOOD. Thank you all, very much.

This concludes the hearings with Government witnesses on the 1977 budget for education programs. Speaking for the subcommittee, I would say that the hearings have been very informative and the witnesses have generally done a good job.

Justification of the Budget Estimates

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

EDUCATION DIVISION

41

Office of the Assistant Secretary for Education
Salaries and Expenses

FY 1977 Budget	Page No.
Appropriation language and Explanation of language changes	43
Language analysis	44
Amounts available for obligation	45
Summary of changes	46
Obligations by activity	47
Obligations by object	48
Significant items in House and Senate Appropriation Committee reports	49
Authorizing legislation	50
Table of estimates and appropriations	51
Justification:	
A. Narrative:	
1. General statement	52
2. Activities	
(A) Fund for the Improvement of Postsecondary Education	53
(B) National Center for Education Statistics	
(1) Surveys and Special Studies	55
(2) Common Core of Data	58
(3) National Assessment of Educational Progress	60
(C) Program Direction and Support Services	62
B. Program purpose and accomplishments	65
C. Transition Quarter Analysis	68

Appropriation Estimate

Salaries and Expenses 43

For necessary expenses to carry out sections 402, 404, and 406 of the General Education Provisions Act, [$32,500,000] *$32,946,000,* of which not to exceed $1,500 may be for official reception and representation expenses.

[For "Salaries and expenses" for the period July 1, 1976, through September 30, 1976, $5,599,000, of which not to exceed $400 may be for official reception and representation expenses.] 1/

Explanation of Language Change

1/ Language has been deleted for the transition quarter.

44 Language provision	Explanation
"...of which not to exceed $1,500 may be for official reception and representation expenses."	There is no authorizing legislation for this provision. However, as spokesperson for the Department on educational affairs, the Assistant Secretary for Education is frequently involved in receptions for officials of the education community. This language would provide a minimal allowance for such costs for the Assistant Secretary for Education, the Commissioner of Education, and the Director of the National Institute of Education.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

45

EDUCATION DIVISION

Office of the Assistant Secretary for Education
Salaries and Expenses

Amounts Available for Obligation 1/

	1976	1977
Appropriation	$32,500,000	$32,946,000
Comparative transfer from:		
"Salaries and expenses, Office of Education" for administrative charges formerly covered by the Office of Education for the Office of the Assistant Secretary for Education but requested by the Office of the Assistant Secretary for Education for fiscal year 1977	387,000	---
Total, obligations	32,887,000	32,946,000

1/ Excludes the following amounts for reimbursable activities carried out by this account: 1975 - $81,000; 1976 estimate - $200,000. To provide technical assistance to Saudi Arabia.

46

Summary of Changes

1976 Estimated Obligations	$32,887,000
1977 Estimated Obligations	32,946,000
Net Change	+59,000

	1976 Base Pos.	1976 Base Amount	Change from Base Pos.	Change from Base Amount
Increases:				
A. Built-in:				
1. Annualization of increased pay costs	---	$ 200,000	---	$ +85,000
2. Annualization of new fiscal year 1976 positions	---	274,000	---	+133,200
3. Within-grades	---	36,000	---	+37,400
4. Funds to cover administrative costs formerly paid by the Office of Education	---	387,000	---	+59,000
5. Annualization and rate increase for rent, printing and other services	---	966,000	---	+51,000
Subtotal			---	+365,600
B. Program:				
1. Funds to cover costs relating to the newly established Advisory Council on Education Statistics	---	---	---	+26,000
Subtotal			---	+26,000
Total increases			---	+391,600
Decreases:				
A. Built-in:				
1. One less paid day	---	---	---	-18,600
Subtotal			---	-18,600
B. Program:				
1. Reduction of 14 positions and associated expenses	261	4,535,000	-14	-314,000
Subtotal			-14	-314,000
Total decreases			-14	-332,600
Total, net change	261		-14	+59,000

Obligations by Activity

47

Page Ref.	1976 Estimate Pos.	1976 Estimate Amount	1977 Estimate Pos.	1977 Estimate Amount	Increase or Decrease Pos.	Increase or Decrease Amount
Fund for the Improvement of Postsecondary Education	---	$11,500,000	---	$11,500,000	---	$ -0-
National Center for Education Statistics:						
(a) Surveys and Special Studies	---	7,056,000[1/]	---	7,056,000	---	-0-
(b) Common Core of Data	---	1,044,000[1/]	---	1,044,000	---	-0-
(c) National Assessment of Educational Progress	---	4,900,000	---	4,900,000	---	-0-
Program Direction and Support Services	261	8,101,900	247	8,159,700	-14	+57,800
Standard Level User Charge	---	285,100	---	286,300	---	+1,200
Total obligations	261	32,887,000	247	32,946,000	-14	+59,000

1/ $144,000 has been comparably transferred from the Surveys and Special Studies (SSS) activity to the Common Core of Data (CCD) program since the Handbook and Terminology program of SSS is being managerially transferred to CCD in fiscal year 1976.

43 Obligations by Object

	1976 Estimate	1977 Estimate	Increase or Decrease
Total number of permanent positions.....	261	247	-14
Full-time equivalent of all other positions.....	10	13	+3
Average number of all employees.....	259	253	-6
Personnel compensation:			
Permanent positions.....	$ 4,535,000	$ 4,467,000	$ -68,000
Positions other than permanent.....	319,000	348,000	+29,000
Other personnel compensation.....	49,000	60,000	+11,000
Subtotal, personnel compensation.....	4,903,000	4,875,000	-28,000
Personnel benefits.....	408,000	413,000	+5,000
Travel and transportation of persons....	300,000	294,000	-6,000
Transportation of things.....	3,000	13,000	+10,000
Rent, communications and utilities.....	684,000	726,000	+42,000
Printing and reproduction.....	307,000	335,000	+28,000
Other services.....	14,667,000	14,670,000	+3,000
Project contracts.....	14,012,000	14,012,000	-0-
Supplies and materials.....	55,000	55,000	-0-
Equipment.....	60,000	65,000	+5,000
Grants.....	11,500,000	11,500,000	-0-
Total obligations by object.....	32,887,000	32,946,000	+59,000

Significant Items in House and Senate
Appropriations Committee Reports

43

Item	Action taken or to be taken
1976 Senate Report	
Fund for the Improvement of Postsecondary Education	
1. "Members of the Committee have some serious concerns over the value of projects financed by the fund. The Committee wishes to be kept fully informed of the outcome of projects funded this year."	1. Projects to be funded in fiscal year 1976 will not be awarded until April and May 1976. Arrangements will be made to give the Committee a full briefing at that time. 2. Guidelines sent to the field for the 1976 competition have been sent to the Committee staff, as well as a 190 page compendium of 1975 projects, prepared for use by the postsecondary field.

50 Authorizing Legislation

	Amount Authorized	Appropriation requested
Office of the Assistant Secretary for Education:		
1. Fund for the Improvement of Postsecondary Education (General Education Provisions Act, (GEPA), Sec. 404).....	1/	$11,500,000
2. National Center for Education Statistics (GEPA, Sec. 406).....	$30,000,000	13,000,000
3. Program Direction and Support Services (GEPA, Sec. 402).....	Indefinite 2/	8,446,000

1/ Automatic extension expires end of fiscal year 1976. New authorizing legislation is proposed.

2/ Includes an authorization of $14 million for the National Center for Education Statistics in fiscal year 1977 for salaries and expenses.

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1973	$33,078,000	1/	$32,078,000	$31,331,000 2/
1974	35,862,000	$26,082,000	20,082,000	24,582,000 2/
1975	36,929,000	29,370,000	29,000,000	29,000,000 2/
1976	43,221,000	35,887,000	32,887,000	32,887,000 2/
1977	32,946,000			

1/ Not considered by the House.

2/ Money has been comparably transferred for administrative costs for the Office of the Assistant Secretary for Education previously covered by the Office of Education, "Salaries and Expenses": FY 1973 - $305,000; FY 1974 - $321,000; FY 1975 - $340,000; and FY 1976 - $387,000.

52

Justification

Salaries and Expenses

	1976 Estimate Amount/Pos.	1977 Estimate Amount/Pos.	Increase or Decrease Amount/Pos.
Fund for the Improvement of Postsecondary Education.....	$11,500,000 (---)	$11,500,000 (---)	$ -0- (---)
National Center for Education Statistics.....	13,000,000 (---)	13,000,000 (---)	-0- (---)
Program Direction and Support Services.....	8,387,000 (261)	8,446,000 (247)	+59,000 (-14)
Total.....	32,887,000 (261)	32,946,000 (247)	+59,000 (-14)

General Statement

The Office of the Assistant Secretary for Education is responsible for both the direction and supervision of the Education Division and also for coordination and general supervision of educational activities performed elsewhere in the Department. As part of the function of the Office, the Assistant Secretary for Education serves as the key spokesperson and advocate for education in assuring that the Department provides professional and financial assistance to strengthen education in accordance with Federal laws and regulations and serves as Chairperson of the Federal Interagency Committee on Education, set up by Executive Order 11761 to coordinate educational programs and policies throughout the Federal level. In addition, the Assistant Secretary serves as the principal advisor to the Secretary of Health, Education, and Welfare on education affairs.

This appropriation provides funds for administrative expenses associated with the development and communication of education policy and for the administration of two operational programs housed in the Office: the Fund for the Improvement of Postsecondary Education and the National Center for Education Statistics. In addition, this activity provides for continued contractual support of policy analysis activities relevant to the Office's role of developing educational policy.

During fiscal year 1977, the Office of the Assistant Secretary for Education will continue to emphasize policy coordination of the Division, along with general supervision and management. As part of the policy development function, the Office will increasingly call on the National Center for Education Statistics, as an in-house resource, to provide the data necessary for making informed policy decisions on educational issues. In addition, the Fund for the Improvement of Postsecondary Education will continue to support the Assistant Secretary's role of strengthening education by encouraging innovation and change in postsecondary education and by disseminating results of projects, thereby furthering the knowledge of the post-secondary community.

A. Fund for the Improvement of Postsecondary Education 53

	1976 Estimate		1977 Estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
(a) New awards	---	$ 3,500,000	---	$ 2,500,000	---	$-1,000,000
Number		45		30		
(b) Non-competing continuing awards	---	$ 6,000,000	---	$ 7,500,000	---	$+1,500,000
Number	---	65	---	75		
(c) Competing continuing awards	---	$ 2,000,000	---	$ 1,500,000	---	$ -500,000
Number		20		15		
Total	---	$11,500,000	---	$11,500,000	---	$ ---

NARRATIVE

Program Purpose

The Fund, which was established by the Education Amendments of 1972, was created to improve the effectiveness of postsecondary education by encouraging the reform and improvement of policies and practices in the field.

Funding Mechanism

Grants and contracts are awarded to postsecondary education institutions and agencies to support projects which demonstrate new and exemplary approaches to postsecondary education or add to the understanding of successful approaches. Proposals may be submitted under both general and targeted program competitions which are announced annually.

Plans for Fiscal Year 1977

The 1977 budget requests $11,500,000 for the Fund's program activities, the same level as that appropriated for the Fund in 1976. Of the amount requested, $9,000,000 is for the continuation of existing projects and $2,500,000 is for new start activities.

Those projects to be supported in 1977 which are in a continuation status represent practical, effective approaches taken by postsecondary educators to resolve significant problems and needs. Among the foremost of these needs are:

-- More informed and deliberate choices by potential students, as to whether to seek postsecondary education, and, if so, what kind of institution and program to attend. Client groups include both traditional-age students and adults.

-- Reaching and holding populations who have been excluded from postsecondary educational opportunities, including the rural poor, minorities, adults, and women.

-- More potent and cost-effective forms of teaching and learning, and related faculty development.

-- Better use of educational resources to provide more cost-effective, responsive educational programs, including collaborative arrangements between and among postsecondary institutions, related social agencies, high schools, and employers.

54 In 1977, the Fund will continue and expand its unique contribution to the interdepartmental work/learn initiative. Fund projects seek (1) to develop techniques and systems for integrating learning that occurs at the work place into broader collegiate programs, thus avoiding duplication and saving student time; (2) to establish contracts between colleges and other agencies to provide better and more vocational options for students without heavy new investments in collegiate resources; (3) to provide free-standing pre-enrollment advising agencies that mesh in one informational system the educational and work opportunities in one region; (4) to collaborate with professional, industrial, and governmental groups in the identification of competencies needed in certain professions and occupations and to design educational programs based on these needed competencies; and (5) to assess those abilities that can best be learned in formal instruction and those in work and to develop educational programs that use this information.

Accomplishments and Objectives 1975/1976

In 1975, its third year of operation, the Fund sponsored five program competitions: the Comprehensive program, a Special Focus program competition in competency-based education, and three new National Project competitions (described below). 2,900 proposals were submitted to these five competitions, and 95 new and 81 continuing projects were selected to receive awards totalling $11,500,000. As in past years, the Fund staff was aided by the comments of its Board of Advisors and State-level postsecondary education commissions in reviewing and selecting these awards.

The National Projects now in place represent a new, highly cost-effective use of Federal dollars to bring about improvements. They provide minimal funding to groups of institutions which have demonstrated current success in meeting major problems, regardless of their source of support. Support from the Fund is used to help this group analyze their activities and to effectively communicate to other educators useful information on these successful practices. The three current National Projects are entitled: Better Information for Student Choice; Alternatives to the Revolving Door, Effective Learning for Low-Achieving Students; and Elevating the Importance of Teaching.

During fiscal year 1976, the Fund will use approximately $3,500,000 of its total program budget of $11,500,000 to initiate new projects. Given the limited funding available for new start activities, all new awards will be made within the Comprehensive Program which has been since the Fund's inception, its primary funding mechanism.

In 1976, however, the Comprehensive Program has listed eight high priority problems and has called for solutions to them. Among these is one entitled, Reducing Costs and Stretching the Educational Dollar which seeks practical steps educators can take to improve effectiveness and increase productivity in the face of curtailed budgets and staff, conditions now prevalent in a number of setttings.

B. National Center for Education Statistics

	1976 Estimate		1977 Estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Activities:						
(a) Surveys and Special Studies..	---	$ 7,056,000	---	$ 7,056,000	---	---
(b) Common Core of Data.....	---	1,044,000	---	1,044,000	---	---
(c) National Assessment of Educational Progress.....	---	4,900,000	---	4,900,000	---	---
Total.....	---	13,000,000	---	13,000,000	---	---

NARRATIVE

Program Purpose

The Center collects statistics which portray the condition of education in the United States and abroad, analyzes and reports the meaning and significance of such statistics, and assists State and local education agencies in devising and implementing standardized statistical systems.

Funding Mechanism

Program funds are spent primarily on contracts. NCES staff plans and designs projects which are subsequently monitored for quality of performance and adherence to budget and schedule. Cost-sharing contracts with State agencies are used on a limited basis.

Budget Policy

During fiscal year 1977, overall funding levels for the Center will remain the same as in 1976. Shifts, however, will be made within program areas and in the organization and coordination of activities. The major efforts of NCES will be:

-- continuity in those recurring surveys which provide data on enrollment, staff and finance, with improvements in data utility provided by major revisions in the structure of key survey efforts;

-- maintenance of the ongoing assessment of the nation's educational performance levels and achievement, with increased emphasis on performance in basic skills and inclusion of background variables which help explain performance;

-- continued development of an assistance program for State and local education agencies with planning focused on improving statistical and data collection systems primarily through technical information exchanges;

58

-- expanded capability for data interpretation through involvement of users in the planning process, increased analytical support, and active coordination with educational and statistical agencies in and outside of government; and,

-- continued work on the completion of the studies mandated by the Education Amendments of 1974.

A. Surveys and Special Studies

	1976 Estimate	1977 Estimate	Increase or Decrease
(a) New awards	$4,026,000	$3,931,000	$ -95,000
Number	34	12	
(b) Non-competing continuing awards	2,500,000	1,150,000	-1,350,000
Number	14	14	
(c) Competing continuing awards	530,000	1,975,000	+1,445,000
Number	3	11	
Total	$7,056,000	$7,056,000	---

Program Purpose

The Surveys and Special Studies program collects and interprets data and provides services for users at Federal, State, local and institutional levels. The statistics derived from this program support the allocation of Federal funds, help evaluate the impact of these funds, and provide basic data for program reports and policy analyses required by Congress and the Executive Branch.

Plans for Fiscal Year 1977

(a) Data Collection

Priorities are assigned to the following data collection activities:

1. Changing Nature of Postsecondary Education:

   -- identification of trends in higher and non-collegiate postsecondary education through recurring surveys of enrollments, staff, degrees and finances; and,

   -- provision of information on postsecondary educational experiences and college graduate employment through a third follow-up survey of the high school class of 1972.

2. Trends in Elementary/Secondary Education:

   -- inauguration of a complete census of public and nonpublic schools and school systems which will provide information on race, enrollments, finances, and staff through an omnibus survey rather than several sample surveys; and

-- completion of the Congressionally mandated bilingual education study.

3. Status of Educational Personnel:

-- status report on the size and scope of in-service education for teachers to provide data on the adequacy of present efforts and insights into future needs; and,

-- identification of the impact on teachers and school boards of collective bargaining agreements which now affect salary, working conditions and educational policy of an estimated one-half of the nation's elementary and secondary schools.

(b) Statistical Policy Development and Data Interpretation

1. Statistical Policy Development. Activities providing direction for NCES data collection, analysis and presentation include:

-- preparation and inauguration of comprehensive, long range plans for data acquisition in conjunction with other units of the Education Division;

-- coordination and management of access systems providing educational statistics through the Consortium of Federal Agencies; and,

-- monitoring of the NCES program to comply with Federal confidentiality standards.

2. Data Interpretation. NCES statistics will be made more meaningful to users by the following activities:

-- special analyses of data from the Longitudinal Study of the High School Class of 1972 which respond to Federal policy needs for information about such issues as the impact of student financial aid and labor market conditions on access, demand and choice of postsecondary education;

-- development of measures of per pupil cost for elementary and secondary education, which identify differences by region, level of education and type of education. These measures will permit comparisons among school systems and States;

-- review and development of specific output indicators for postsecondary education;

-- analyses of data from the Census Survey of Income and Education;

-- preparation of the Condition of Education Report; and,

-- a limited number of studies to develop statistical techniques to solve conceptual and measurement problems in surveys and analyses.

58

(c) Data Dissemination and Special Services

1. Data Dissemination. The time from data collection to data reporting will be shortened by:

   -- management practices such as more renewable and systems contracts;

   -- early release of selected data on computer tapes and news bulletins; and,

   -- development of alternatives to publication of hard copy.

2. Special Services. Continued improvements are planned in the EDSTAT system of computer tapes, on-line access, microfiche products, and special tabulations. Emphasis will be placed upon:

   -- addition of new files;

   -- user conferences to identify requirements and applications; and,

   -- design of training manuals for users and development of new computer programs which simplify analytical usage.

Program Accomplishments - Fiscal Year 1976

The Surveys and Special Studies Program produced current data and projections for more than 50 data series summarized in the annual "Digest" and "Projections" reports. These data were used by NCES to prepare estimates for the allocation of Federal funds, and to produce the mandated report on "The Condition of Education", 80 publications and 30 new computer tapes. Over 12,000 requests for data and 500 orders for computer tapes were filled. In addition, 40 new files were placed on the timesharing educational statistical computer system (EDSTAT).

B. Common Core of Data

	1976 Estimate	1977 Estimate	Increase or Decrease
(a) New awards	$ 930,000	$ 925,000	$ -5,000
Number	18	6	
(b) Non-competing continuing awards	80,000	50,000	-30,000
Number	1	1	
(c) Competing continuing awards	34,000	69,000	+35,000
Number	1	1	
Total	$1,044,000	$1,044,000	---

Program Purpose

The Common Core of Data program (CCD) is designed to fill current gaps in policy-relevant educational data, to increase the quality and comprehensiveness of data on educational programs and activities, and to facilitate the provision by State and local agencies and institutions of information needed at the Federal level on a recurring basis. CCD includes two major components to improve comparability, timeliness, and utility of statistical data:

(1) development and implementation of Federal statistical data cores for elementary/secondary and postsecondary education; and,

(2) provision of assistance to State and local education agencies and institutions for the improvement and automation of their statistical and data collection activities.

Plans for Fiscal Year 1977

In fiscal year 1977, funds are requested for initial implementation of CCD program components. These activities will build on planning and design efforts completed during FY 1974, FY 1975, and FY 1976.

-- The first segment of the Elementary/Secondary Federal Statistical Data Core will be implemented. The resulting data on educational finances, staffing, and enrollment will fill some of the most critical gaps in the breadth and scope of information available at the Federal level. Data collection, editing, and validation will be focused at the State agency level; modest cost-sharing contracts will be awarded to State Education Agencies to defray a portion of the expense for performance of these activities in accordance with NCES standards.

-- The development and modification of surveys and studies to improve information on the broad range of postsecondary education programs will be completed. Professional relationships necessary for collecting the required information from State agencies and institutions will be established and expanded. Studies of the most efficient means of obtaining the prescribed data will be conducted by NCES with State agencies and contractor assistance.

-- Limited activities in support of the Center's assistance mandate will be undertaken to improve data production and data utilization at the State agency level. The operation of a technical information exchange by NCES will allow the State and local agencies and institutions to locate products and services which have been developed by counterpart organizations, thereby enabling agencies across the country to capitalize on investments previously made in information systems' automation and improvement. Data production and utilization will be improved by integrating Federal and State data collection activities, by decentralizing information processing, editing, and updating to the State level, and by combining data from various sources for educational planning and decisionmaking. Complementing these new assistance initiatives of the Center will be continued work on the Handbooks of Standard Terminology which provide common definitions for recordkeeping at the State, local, and institutional levels. During FY 1977, a handbook standardizing subject matter reporting

across all levels of education, and a manual on community characteristics, will be completed. A financial reporting guide will provide recordkeeping instructions to the local education agencies enabling NCES to obtain comparable data from school systems throughout the nation. Also through initiation of training workshops for specialists in recordkeeping, NCES expects to hasten the implementation of standardized data definitions at the State and local levels.

Program Accomplishments - Fiscal Year 1976

Based upon the results of the Feasibility Study completed in FY 1975, instrumentation for the collection of the first segment of the Elementary/Secondary Federal Statistical Data Core was finalized during FY 1976. Workshops were held with the State agencies to coordinate the new requirements and to develop compatible standards for financial reporting.

Specification of those data elements which are necessary to improve planning and policy-making for postsecondary education programs was carried forward. Consultation with leading Federal, State, and institutional representatives facilitated the necessary instrument development and modification planned for FY 1977.

The design for the Center's program of assistance to State and local agencies for the improvement and automation of their statistical and data collection systems was completed. Specific activities to improve data production and utilization included the establishment of expanded networks with State level personnel, the design of a technical information exhange program, the completion of a handbook for recordkeeping on postsecondary students, the development of State-level indicators for postsecondary education, the addition of user-oriented information to the Center's computerized information base, and the introduction of training in the production and use of educational data.

C. National Assessment of Educational Progress

	1976 Estimate	1977 Estimate	Increase or Decrease
(a) New awards	---	---	---
(b) Non-competing continuing awards	$4,900,000	$4,900,000	---
Number	(1)	(1)	
(c) Competing continuing awards	---	---	---
Total	$4,900,000	$4,900,000	---

Program Purpose

The National Assessment of Educational Progress (NAEP) measures the achievement of young Americans and reports changes in achievement over regular intervals. The data highlight categories of students whose performance in a given subject field meets or falls short of national educational expectation, and reveals strengths or weaknesses within each subject field to assist curriculum developers.

The Education Division contracts for the collection, analysis and reporting of achievement in basic skills of a representative national sample of selected age groups. Results are summarized nationally for each age group by sex, race, major geographic region, type of community, and level of parental education. Selected background variables have been added to aid the understanding of NAEP findings.

Plans for Fiscal Year 1977

Major activities include:

-- third assessment of science;

-- field test of the Index of basic skills;

-- reports on the second assessment of citizenship/social studies performance, the assessment of basic math skills, and baseline data on art;

-- special analyses of the NAEP data base which:

- explore the characteristics of reading performance at different achievement levels;
- examine individual, family and school factors which might contribute to performance on career and occupational development exercises; and,
- relate citizenship performance to racial composition of the schools, examining irrelationships by region and over time.

-- interpretative studies for the utilization and application of National Assessment findings for curriculum changes and decision making.

Program Accomplishments - Fiscal Year 1976

NAEP completed the second assessment of citizenship/social studies, and a special assessment of basic math skills. Analyses of the level of attainment of different groups of young people in reading skills emphasizing changes between 1971 and 1975 were completed and reported. Results were published for base line data on career and occupational development and for comparative data on writing performance over a four year period. NAEP model and materials particularly for citizenship, reading and basic math were adapted for use in State and local assessments. NAEP findings and methods were applied to several other federal agencies in their policy development and program evaluation.

62 C. Program Direction and Support Services

	1976 estimate		1977 estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel compensation and benefits..	261	$5,311	247	$5,288	-14	$ -23
Other expenses.....	---	3,076	---	3,158	---	+82
Total.....	261	8,387	247	8,446	-14	+59

NARRATIVE

The Education Amendments of 1972 created an Education Division composed of the Office of Education and the National Institute of Education, and headed by the Assistant Secretary for Education. This Office is responsible for direction and supervision of the Education Division, including policy coordination, and for the administration of the Fund for the Improvement of Postsecondary Education and the National Center for Education Statistics.

Immediate Office of the Assistant Secretary for Education. This activity provides support for necessary staff and related expenses for the Office of the Assistant Secretary for Education to carry out responsibilities as provided by the Education Amendments of 1972 which established an Education Division headed by an Assistant Secretary for Education. In particular, this office formulates and coordinates policy within the Education Division and articulates that policy to the general public.

Education Policy Research Centers. In order to provide the Assistant Secretary for Education with a resource for in-depth and sustained policy analysis, support of two education policy research centers was transferred to the Assistant Secretary for Education from the Office of Education during the second half of fiscal year 1974. Since the Assistant Secretary for Education has assumed responsibility for the centers, the range of areas for analysis has been more sharply defined and specific tasks with explicit deadlines have been assigned to each center, thereby providing a link for DHEW between in-depth policy analysis efforts and the in-house Policy Development staff in the Office of the Assistant Secretary for Education. The continuity provided by the centers offers an opportunity to utilize exisiting data and research and evaluation findings in the development of education policy. Support of the policy centers will continue to be provided at the fiscal year 1976 level of $962,000.

Fund for the Improvement of Postsecondary Education. The Fund, which was established by the Education Amendments of 1972, has responsiblity for improving postecondary educational opportunities by providing assistance to such educational institutions and agencies. The management functions performed by this office include: the review and selection of proposals for grant awards; the monitoring and provision of technical assistance to funded projects; the provision of information and other outreach services to the field of postsecondary education; and, related duties required to administer this discretionary grant program, including liaison and operating costs of a fifteen member, Secretarially appointed Board of Advisors.

National Center for Education Statistics. The Education Amendments of 1974 enlarged the mission and assigned major new responsibilities to the National Center for Education Statistics. In addition to its role as the Federal agency charged to collect and report statistics on the condition of American education, the National Center for Education Statistics is now to conduct specialized data analyses, assist State and local educational agencies in improving and automating their data collection activities and to report on education in foreign countries. The

69-745 (Pt. 5) O - 76 - 65

following activities were also mandated: establishment of a consortium of Federal agencies to develop a shared educational data base with joint access through automated data processing; development and enforcement of standards to protect confidentiality of persons; and preparation and submission of an annual report on the condition of education. 63

Staffing for Fiscal Year 1977

To implement the functions and programs of the Office of the Assistant Secretary for Education, funds are being requested to support 247 full-time permanent positions, a reduction of 14 positions from the fiscal year 1976 authorized level. The staff will be distributed among programs as follows:

	1976 estimate	1977 estimate	Increase or Decrease
Fund for the Improvement of Postsecondary Education	18	18	-0-
National Center for Education Statistics:			
Surveys and Special Studies	191	179	-12
Common Core of Data	(16)	(14)	(-2)
National Assessment of Educational Progress	(3)	(3)	(-0-)
Program Direction	(21)1/	(19)	(-2)
Immediate Office of the Assistant Secretary for Education	52	50	-2
Total	261	247	-14

1/ When reorganization takes place, some functions performed in this area will be distributed elsewhere in the Center.

Budget Request for Fiscal Year 1977

For fiscal year 1977, one of the major budget objectives for the Office of the Assistant Secretary for Education (OASE) will be that the Office pay its own way vis-a-vis the Office of Education (OE) in administrative financial responsibilities. In the past, when the Office of the Assistant Secretary for Education had only 70 positions, OE paid for many of OASE's operational costs, such as the Working Capital Fund, mail charges and FTS. OASE now, however, has over 200 positions with the transfer of the National Center for Education Statistics in fiscal year 1976 and should assume financial responsibility for administrative costs associated with these positions. Therefore, the fiscal year 1977 budget request for the Office of the Assistant Secretary for Education will for the first time include funds to cover such items as FTS, mail charges and special funds that OE previously covered. Since OE covered these charges in the past, a comparable figure for these service charges has been taken out of the OE administrative budget for past fiscal years and added to OASE for comparability.

The other major changes being requested in fiscal year 1977 from the previous year of funding are:

Fiscal year 1976 level	$8,387,000
One less paid day	-18,600
Reduction of 14 positions with associated costs	-314,000
Annualization of new 1976 positions	+133,200
Annualization of 1975 pay raise	+85,000
Within grades	+37,400
Additional funds to cover administrative costs formerly covered by the Office of Education	+59,000
Additional funds for other administrative costs	+77,000
Total fiscal year 1977 budget request	8,446,000

EDUCATION DIVISION

Office of the Assistant Secretary for Education

65

Salaries and Expenses

Program Purpose and Accomplishments

Activity: Postsecondary Improvement (General Education Provisions Act, Section 404)

1976 Estimate		1977		
			Budget Estimate	
Pos.	Amount	Authorization	Pos.	Amount
---	$11,500,000	1/	---	$11,500,000

Purpose: To increase the effectiveness of postsecondary education by supporting activities and projects throughout the field of postsecondary education which have the potential for achieving needed reforms and improvements.

Explanation: Funds are awarded, in the form of grants and contracts, to institutions and agencies of postsecondary education, within designated priority areas.

Accomplishments in 1975/1976: In fiscal year 1975, 95 new and 8 continuing awards were made within five program competitions -- the Comprehensive program, one special focus program, and three national projects. In fiscal year 1976, new and continuation grants will be awarded within the comprehensive program, which has been revised to provide greater emphasis on projects which demonstrate cost-savings and on the student as "consumer"of educational services.

Objectives for 1977: The Fund will award approximately 90 continuations and 30 new grants for projects in two competitions.

1/ New authorizing legislation is proposed.

EDUCATION DIVISION

OS Office of the Assistant Secretary for Education

Salaries and Expenses

Program Purposes and Accomplishments

Activity: National Center for Education Statistics (General Education Provisions Act, Section 406)

1976 Estimate		1977		
			Budget Estimate	
Pos.	Amount	Authorization	Pos.	Amount
---	$13,000,000	$30,000,000	---	$13,000,000

Purpose: To collect statistical data on the condition of education in the United States and abroad, to analyze the significance of such data and to assist State and local education agencies to improve and automate their statistical and data collection systems.

Explanation: Surveys and analyses are conducted in the area of elementary/secondary education, higher education, vocational and adult education, libraries and educational technology, and handbook standards. A Common Core of Data is developed for elementary/secondary and postsecondary education to provide technical assistance to States. The National Assessment of Educational Progress monitors the achievements of selected groups of young Americans and reports changes in achievement over regular intervals.

Accomplishments in 1976: Current data and projections were produced for more than 50 data series in education. These were used by the National Center for Education Statistics to prepare estimates for the allocation of Federal funds, and to produce the mandated report on the "Condition of Education", 80 publications and 30 new computer tapes. Over 12,000 requests for data and 500 orders for computer tapes were filled. Comparable financial reporting standards for State and local education agencies have been developed and are being implemented. The Center's computerized information system (EDSTAT) was expanded to supply State summary data on postsecondary education. Training was provided to 100 State and institutional representatives in the procedures and capabilities of EDSTAT. The National Assessment of Educational Progress completed the second assessments of student performance in citizenship and basic math. Results of the decline in writing performance and the improvement in reading skills were presented to educational researchers and curriculum developers.

Objectives for 1977: Continuity in recurring surveys which provide data on enrollment, staff and finance will be maintained. Data on patterns of education and career development will be provided through a third follow-up of the High School Class of 1972. The National Assessment of Educational Progress will measure science performance and other basic skills to report changes over time. Additional background variables will be included to help explain differences in performance. The first segment of the Elementary/Secondary Federal Statistical Data Core will be implemented filling some of the most critical gaps in breadth and scope of information required at the Federal level. Limited activities in support of the Center's assistance mandate will be undertaken to improve data production and utilization. Activities to complete mandated studies in bilingual education, safe schools and impact aid will continue. Capabilities for data utilization will be expanded through involvement of the users in the planning process, increased analytical support, and active coordination of educational and statistical agencies.

EDUCATION DIVISION

Office of the Assistant Secretary for Education

Salaries and Expenses

Program Purpose and Accomplishments

Activity: Program Direction and Support Services (General Education Provisions Act, Sections 402, 404 and 406)

1976 Estimate		1977		
			Budget Estimate	
Pos.	Amount	Authorization	Pos.	Amount
261	$8,387,000	Indefinite 1/	247	$8,446,000

1/ The Salaries and Expenses portion of the National Center for Education Statistics is limited to $14,000,000 for fiscal year 1977.

Purpose: Provides funds for administrative expenses for carrying out programs within the Office of the Assistant Secretary for Education and for the development and communication of education policy.

Explanation: The Education Amendments of 1972 established an Office of the Assistant Secretary for Education to provide direction and supervision for the Education Division, including the administration of the Fund for the Improvement of Postsecondary Education within the Office. In 1974, P.L. 93-380 transferred the National Center for Education Statistics to this Office from the Office of Education.

Accomplishments in 1976: Major highlights of the Office of the Assistant Secretary for Education staff accomplishments during fiscal year 1976 include the preparation of the Condition of Education report, 80 statistical reports, 30 new statistical computer tapes, 12,000 requests for data answered, and awarding of approximately 130 grants and contracts to postsecondary institutions and agencies.

Objectives for 1977: One of the major budget objectives of this activity for fiscal year 1977 will be for the Office of the Assistant Secretary for Education, now supporting over 200 positions, to assume financial responsibility for administrative charges covered by the Office of Education in the past. In addition, contractual analysis activities related to the policy development function of the Office will continue to be supported under a competitive format.

Transition Quarter Analysis

68

	Budget Authority by Activity	
	1976 Estimate	Transition Quarter
1. Fund for the Improvement of Postsecondary Education	$11,500,000	---
2. National Center for Education Statistics:		
a. Surveys and Special Studies	7,056,000	$ 1,209,000
b. Common Core of Data	1,044,000	539,000
c. National Assessment of Educational Progress	4,900,000	1,500,000
Subtotal	13,000,000	3,248,000
3. Program Direction and Support Services	8,452,000	2,434,000[1/]
Total	32,952,000	5,682,000

Explanation

Fund for the Improvement of Postsecondary Education - During the transition quarter, no program money was requested for this program since grants and contracts with postsecondary institutions are made in the spring of each year.

National Center for Education Statistics - During the interim period, funds will be used for the support of ongoing programs involved with statistics collection, statistical analysis, and assistance to State and local education agencies.

Surveys and analyses will be conducted in the areas of elementary/secondary and postsecondary education, vocational and adult education, and libraries. The Center will assist States in improving and automating their statistical collection activities. The National Assessment of Educational Progress will start the third assessment of science and begin analysis of the second assessment of student performance in citizenship.

Program Direction and Support Services - During the Interim Budget period, this activity will provide administrative support for the Office of the Assistant Secretary for Education at the same level as in fiscal year 1976.

WITNESSES

	Page
Alford, Dr. A. L	429
Austin, P. E	981
Beebe, C. P	1, 93, 217, 259, 333, 429, 679, 731
Bell, Dr. T. H	1, 93, 217, 259, 333, 429, 632, 662, 679, 731, 807, 827
Bland, E	333
Bogan, W	93
Buzzell, Dr. C. H	429, 827
Cameron, J	93
Christensen, J. W	891
Cornelsen, L. A	429
Dane, G. O	93
Delker, P	429
Dingeldein, W	217, 259, 632, 662, 679, 731
Eldridge, M. D	981
Elliott, E. J	891
Evans, Dr. J. W	1, 93, 217, 259, 333, 429, 484, 632, 662, 679, 731, 807, 827
Fairley, Dr. R. L	93
Forbush, W. J	484
Glasman, E. B	731
Goldberg, Dr. H. R	259
Gordon, Dr. S	827
Hansen, C. E	981
Hays, D	93, 217, 259, 679
Herman, R. B	333
Herrell, S. W	484, 662
Hill, E. M	333
Hjelm, Dr. H. F	429
Hodgkinson, H. L	1, 891
Holden, R. R	484, 662
Jones, J. W	333
Klassen, R	679
Kohl, K. A	484, 632
Leestma, Dr. R. C	484, 807
Martin, Dr. E. W	1, 333, 731, 827
Mattheis, D. J	1, 731, 827
McAnallenn, T. F	662
McDaniels, Dr. G	333
Meador, E. L	484, 807
Miller, C. H	1, 93, 333, 429, 807, 827, 891, 981
Molina, J. C	93, 827
Mueller, Dr. M	333
Pforzheimer, C. H. Jr	891
Phillips, Dr. J. D	1, 484, 662, 807, 827
Pierce, Dr. W. F	1, 429, 731
Player, Dr. W. B	484
Rhodes, G	259
Roberts, J. B	93, 217, 259
Rodriguez, J. H	93
Rowe, R. J	484
Saettler, Dr. H	333
Scarfo, R	807
Shields, O. P	662
Shipman, Dr. C. D	93

	Page
Smith, V. B	981
Spearman, Dr. L. H	484
Stormer, W	217
Trotter, V. V	1, 981
Trotter, V. Y	1, 981
Voigt, P. K. U	484
White, Dr. A. L	93, 207
Wilson, R. C	93
Wood, R	731
York, E. T. Jr	1, 93, 48, 632, 827

INDEX

Page

Education for the Handicapped 333

Educational Activities Overseas 807

Elementary and Secondary Education 93

Emergency School Aid 259

Higher Education 484

Higher Education Facilities Loan and Insurance Fund 662

Library Resources 679

National Institute of Education 891

Occupational, Vocational, and Adult Education 429

Office of the Assistant Secretary for Education 981

Overview 1
- Achievement 15
- Advance funding 11, 58
- Authority, change in 22
- Authorizations, appropriations and budget requests 25–34
- Basic Educational Opportunity Grant program 42, 86
- BEOG operations 75
- Bilingual education 66
- Block grants 12, 13
- Broadcast activities 59
- Budget level for education 43
- Cabinet level department of education 69
- Career education 81
- College enrollments 19
  - Decrease in 49
- College work-study 79
- Compensatory education 35
- Consolidation proposal, origin of 44
- Consolidation proposal, programs in 41
- Consolidation, State actions under 56, 57
- Deaf-blind program 59
- Developing institutions program 42, 84
- Environmental education 79
- Follow-Through program 78
- Forward funding 37
- Full funding 24
- Guaranteed loans 42
- Guidance and counseling section 68
- Handicapped, education of the 41, 42
- Handicapped Children Act, compliance with 60
- Handicapped persons deinstitutionalization of 79
- Impact aid 39, 43, 59
- Institutional aid 20
- Learning resource centers 80

Overview—Continued Page

Lending programs, phaseout of 77
Loans and grants 51
Loans, student reliance on 21
Minority recruitment 82
Nonpublic schools, funds to 63
Postsecondary aid 51
Postsecondary education 70
Right to read 65
Role of the Assistant Secretary for Education 21
Role of the Federal Government 13
Salaries and expenses, increases for 55
School financing 14
Service academies 44, 46
Social promotion 65
State role 51
Statement of the Assistant Secretary for Education 2
Statement of the Commissioner 4
Student aid programs, fraud in 54
Student loan activity 51
Teacher supply 67
Teacher surplus 62
Test scores 15
Tuition equalization 83
Veteran related efforts 81
Veteran's participation in basic grant program 81
Vocational education 22, 61, 67, 80
Voucher program 68
Work study funds 84

Salaries and Expenses 827

School Assistance in Federally Affected Areas 217

Special Projects and Training 731

Student Loan Insurance Fund 632

○