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DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE APPROPRIATIONS FOR 1978

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HEARINGS

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS HOUSE OF REPRESENTATIVES

NINETY-FIFTH CONGRESS

FIRST 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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DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE APPROPRIATIONS FOR 1978

OFFICE OF EDUCATION

MONDAY, MARCH 21, 1977.

ELEMENTARY AND SECONDARY EDUCATION

WITNESSES

DR. HERMAN R. GOLDBERG, ACTING DEPUTY COMMISSIONER FOR ELEMENTARY AND SECONDARY EDUCATION
DR. WILLIAM F. PIERCE, ACTING COMMISSIONER OF EDUCATION
DR. JOHN H. RODRIGUEZ, ASSOCIATE COMMISSIONER FOR COMPENSATORY EDUCATIONAL PROGRAMS
DR. THOMAS J. BURNS, ASSOCIATE COMMISSIONER FOR STATE AND LOCAL EDUCATIONAL PROGRAMS
DR. GILBERT B. SHIFFMAN, DIRECTOR, RIGHT TO READ PROGRAM
DR. JOHN C. MOLINA, DIRECTOR, OFFICE OF BILINGUAL EDUCATION
ROBERT C. LEESTMA, ASSOCIATE COMMISSIONER FOR INSTITUTIONAL DEVELOPMENT AND INTERNATIONAL EDUCATION
DR. JOHN W. EVANS, ASSISTANT COMMISSIONER, OFFICE OF PLANNING, BUDGETING, AND EVALUATION
CORA P. BEEBE, DIRECTOR, DIVISION OF PLANNING AND BUDGETING
CHARLES MILLER II, DEPUTY ASSISTANT SECRETARY, COMPTROLLER

ELEMENTARY AND SECONDARY EDUCATION

Mr. FLOOD. Now we will begin with the Office of Education. The first presentation will be made by Dr. Herman Goldberg, Acting Deputy Commissioner for Elementary and Secondary Education.

Of course, we had planned to have a general discussion with the Assistant Secretary and the Commissioner of Education before hearing the individual appropriation items for education. However, neither the Assistant Secretary nor the Commissioner has been confirmed. There wouldn't be much point in having a hearing without them, so we will go ahead with the individual appropriation accounts.

We have a biographical sketch which we will place in the record at this point, as well as your statement, which we have and will place in the record.

[The biographical sketch and statement follow:]

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Biographical Sketch

NAME : Herman R. Goldberg

POSITION : Acting Deputy Commissioner for Elementary and Secondary Education, U.S. Office of Education

BIRTHPLACE AND DATE : Brooklyn, New York - November 20, 1915

EDUCATION : B.S., Brooklyn College, 1935
M.A., Columbia University Teachers College, 1944
LL.D., University of Rochester, 1965

EXPERIENCE :

Present : Associate Commissioner for Equal Educational Opportunity, U.S. Office of Education and Acting Deputy Commissioner/ Bureau of Elementary and Secondary Education

3/71-6/71 : Associate Commissioner for Elementary & Secondary Education

1963-1971 : Superintendent of Schools, Rochester, New York

1958-1963 : Coordinator of Instructional Services, Rochester, New York

1948-1958 : Director of Special Education, Rochester, New York

1949-1963 : Lecturer in Education, University of Rochester

1943-1948 : Lecturer in Education, New York University and Columbia University

1939-1948 : Teacher, New York City Public Schools

ADDITIONAL EXPERIENCE:

Distinguished Visiting Professor, Oregon State University Corvallis, Oregon

Chairman, President's National Advisory Council on Education of the Disadvantaged

Commissioner, New York State Delegation to the Education Commission of the States

Chairman, Invitational Seminar on Instructional Television, Center for Advanced Studies in the Behaviorial Sciences, Palo Alto, California

Member, Ford Foundation Study Team, Educational Television, Public Schools, American Samoa

Fulbright Professor, University of Bologna, Italy, and Consultant to the Italian and Israeli Ministries of Education

Moderator, Junior Town Meeting of the Air

John Hay Humanities Fellowship, Bennington College, Bennington, Vermont

Member of 1936 U.S. Olympic Team
Professional Baseball Player, American, International and Canadian-American Leagues

PUBLICATIONS: Editor, Rochester Occupational Reading Series (Science Research Associates, Inc.)

Contributing Author, Otolaryngology (Wm. Proctor, Corp.)

Contributing Author, Education for the Exceptional (Porter Sargent, Inc.)

Contributing Author, Integrated Education (Glencoe Press)

Inventor, Chromovox Linguistics Teaching Machine (Electro Networks, Inc.)

Contributing Author, Educating for Tomorrow: The Role of Media, Career Development and Society (John Wiley and Sons, Inc.)

Editor, Getting It Together Reading Series (Science Research Associates, Inc.)

Editor, The Job Ahead (Science Research Associates, Inc.)

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

Statement by the Acting Deputy Commissioner
for Elementary and Secondary Education
on

Elementary and Secondary Education

Mr. Chairman and Members of the Committee:

We appreciate the opportunity to present the appropriation request of $3,072,550,000 for Elementary and Secondary Education, an increase of $359,333,000 over fiscal year 1977. The bulk of the funds in this appropriation address the needs of the educationally disadvantaged.

Of the total requested $2,829,000,000 is advance funding for fiscal year 1979, an increase of $350,000,000 over the 1978 level. The balance of the request, $243,550,000, is for fiscal year 1978.

The $2.8 billion request for advance funding for fiscal year 1979 will provide support for grants for disadvantaged children authorized by Title I of the Elementary and Secondary Education Act, as amended, and for Support and Innovation grants authorized under Title IV, Part C of the same Act.

The request for fiscal year 1978 of $243,550,000 will provide support for eight activities--Bilingual Education, Right to Read, Ethnic Heritage Studies, Ellender Fellowships, Follow Through, Educational Broadcasting Facilities, Environmental Education and Drug Abuse Education. No funds are requested for the State Equalization program because the total entitlement will have been met with fiscal year 1977 funds.

Disadvantaged Grants and Related Studies

The $2,635,000,000 requested for Title I of the Elementary and Secondary Education Act as an advance for School Year 1978-79 is an increase of $350,000,000 over the 1978 level. These funds are intended to supplement State and local expenditures to improve the education of the most educationally deprived children and will provide services for about 5.4 million public and nonpublic school children in local school districts, including Bureau of Indian Affairs schools and approximately 800,000 children for whom State agencies have responsibility. 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, neglected and delinquent and handicapped children.

An estimated $11,000,000 will be used for carrying out program evaluations mandated by the Congress in section 151 of the Elementary and Secondary Education Act. These funds will be used to assist States and local school districts in improving their evaluation practices, and as possible after fulfilling that goal, to evaluate the Title I program, nationally. An amount of $1,250,000 is requested to continue a survey of economically and/or educationally disadvantaged children not participating in the Title I program.

Support and Innovation

The amount of $194,000,000 is requested on an advance funding basis for the consolidated support and innovation program for school year 1978-79, the same level as in School Year 1977-78.

Approximately $139,000,000 or 71% of the funds will be expended at the local level. These funds will support an estimated 3,000 projects with participation by about one-fifth of the 16,000 school districts. The remainder, $55,000,000 will be expended at the State level to strengthen leadership resources and for administration. Of the $55,000,000, approximately 55% will be used to provide services directly to local educational agencies.

Special projects in local school districts will cover the range of programs provided by the law. However, we expect 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

For Bilingual Education, we are requesting $135 million, an increase of $19,833,000 over fiscal year 1977. Federal activity in bilingual education is designed to build the capacity of local and State education agencies to meet the needs of children with limited English speaking ability. These funds will support approximately 535 classroom projects employing bilingual education methods and techniques. In addition, a variety of training activities will be supported, including inservice training for classroom teachers and the awarding of stipends and fellowships for undergraduate and graduate study. Finally, the $135 million request will also permit funding curriculum development and dissemination

activities, the bilingual education clearinghouse, State education agencies in order that they may provide technical assistance, and the National Advisory Council on Bilingual Education.

Right to Read

We are requesting $26,000,000 for the Right to Read program which is designed to provide facilitating services and resources to stimulate States, educational institutions, governmental agencies, and private organizations to improve and expand their activities related to reading.

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. We are requesting $59,000,000 for this program in fiscal year 1978, the same level as 1977, and serving the same number of children. The program will continue to identify, evaluate, and demonstrate alternative approaches to educating disadvantaged children.

Educational Broadcasting Facilities

The educational broadcasting facilities program is designed to extend and improve the coverage of non-commercial educational telecommunications systems. An amount of $15,000,000 is requested for this activity in fiscal year 1978, the same level as 1977, to be used for extension of coverage to unserved populations. For educational television this goal

will be met primarily through activation of seven new stations in areas of substantial population where there is no ETV station and expansion of nine existing facilities to reach additional viewers. Approximately five million additional viewers will be reached in 1978.

For educational radio broadcast facilities there will be 14 new stations activated and eight expanded to provide quality services to 28 communities which are without educational radio or where existing services do not reach all listeners within the defined market areas. Approximately 7 million additional listeners will be reached in 1978.

In addition eight to ten demonstration projects will be funded in 1978 to show how non-broadcast telecommunications facilities can be used to distribute information on health, education, and social services.

Finally, some $8,550,000 is requested to provide the same level of funding as last year for the following programs: Ellender fellowships ($750,000), Drug abuse education ($2,000,000), Environmental education ($3,500,000) and Ethnic heritage studies ($2,300,000).

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

IMPACT OF TITLE I

Mr. FLOOD. Doctor, over $22 billion has been appropriated for the title I program since 1966. Do you think the taxpayers have received their money's worth?

Dr. GOLDBERG. Mr. Chairman, I think the taxpayers have received good benefit from their funds. Evaluation studies of the more recent vintage on longitudinal bases indicate that the children are learning better. We do have some impact statements of the impacts of title I, and they can be discussed now by our Assistant Commissioner for Evaluation, Dr. Evans, or can be supplied for the record, as you choose.

Mr. FLOOD. You said you think the taxpayers have received their money's worth. I think, out of an abundance of caution, perhaps you better place that in the record.

[The information follows:]

STATEMENT ON IMPACT OF TITLE I

Though local title I projects may encompass a wide variety of objectives, information from a number of different sources indicates that the area of greatest emphasis has been instruction in basic skills at the elementary level with a substantial portion of this effort devoted to reading. Results of audit reports and State title I evaluation reports indicate that this emphasis has increased over the past decade. Information from a recent NIE-supported national survey indicates that almost 73 percent of the title I per-pupil-dollar is expended on instructional services. Other data from this survey show that 82 percent of title I students participate in a reading project or a language arts project that involves reading instruction. Given this programmatic emphasis, it seems fair to regard improvement in reading skills as one of the primary indicators of program effectiveness, especially in the elementary grades. Indeed, most of the evaluative evidence in the State and local evaluation reports is comprised of reading test scores.

The emphasis placed upon reading does not mean that only reading performance should be considered in judging the effectiveness of title I projects; however, the diversity of other kinds of student outcomes and the measurement problems associated with them have to date largely ruled them out as nationwide indicators and restricted their use to occasional local evaluations.

With respect to reading, the evidence suggests that in elementary schools, title I has been well-targeted on children who read poorly and title I is probably having a positive impact. Educationally disadvantaged children usually lose ground to their more advantaged peers as they progress through school. However, poor readers who received extra attention because of title I and similar programs tend to hold their relative positions between fall and spring and on some tests they gain ground. In general, then, the reading results illustrate modest success but with much work still to be done.

Turning from reading to other kinds of activities, the impact of title I is less clear. Little useful data is available on student achievement in other subjects. However, certain direct services are provided by title I: For example, 20 percent of title I districts offer medical and dental services, 14 percent offer speech and hearing therapy, 14 percent provide food, and so on. Though the contribution of good health care and adequate nutrition to academic achievement is not well understood, having healthy and wellfed children is a good end in itself for which title I can take some credit. For other services by title I, such as counseling (10 percent of the districts), clothing (6 percent), transportation (15 percent) and social work (21 percent), the benefits are not so immediately obvious though perhaps no less important. It should be noted that a particularly vexing problem with respect to measuring title I impact in these non-instructional areas is the difficulty of showing whether or not the children would have received these services had it not been for title I.

Although the main evaluative judgments about the effectiveness of title I should be based directly upon the services provided to participating children, the impact

of the program should also be considered in a large sense. As the first Federal program aimed at improving the education of disadvantaged children, title I has been instrumental in drawing the attention of educators and the public to the plight of these children. Although the problems of providing an adequate education for the disadvantaged have not yielded to solution as swiftly as had been hoped, that very fact has led to further efforts. States have initiated compensatory programs, school districts have tightened up their programs, parents have become more involved in their children's education, and researchers have pursued many new approaches to learning. There is a much greater national consciousness about the education of disadvantaged children than there was 15 years ago and title I is certainly a central feature of this awareness. Since most social problems are difficult to solve, simply keeping the public's attention focused on the problem is essential to progress.

In short, does the provision of such services to children who would not otherwise receive them and the modest successes attained to date in remedying their problems as well as the creation of a national awareness that children with such problems are deserving of special help, justify the expenditure of nearly $22 billion? The Office of Education's response is unequivocally "yes," recognizing that such a response entails a judgment concerning the value of enhancing the life chances of children who have been denied such opportunities in the past.

Dr. GOLDBERG. These are validated programs which are available for replication throughout the Nation. These publications will be attached to the narrative of Dr. Evans.

TITLE I INCREASE

Mr. FLOOD. For title I, the budget request is $2.6 billion. That is an increase of $350 million over the 1977 appropriation. Is that designed to cover the cost of inflation or is it going to be used to assist more children? How did you arrive at the figure of $350 million?

Dr. GOLDBERG. With the requested increase of $350 million in title I, it is estimated we will be able to serve an additional 237,000 children in local districts, and also to increase the average amount spent per student by $40. In the migratory children's area, it has been estimated that approximately 81,000 additional children will be able to be served and the number of children in State-supported institutions classified as neglected or delinquent participating in title I programs will not increase, but the average amount spent per child will increase by a small amount, $20 per pupil.

There is an additional amount of $3.5 million to improve the State administration of title I programs. While we believe this will help somewhat and the chief State school officers believe it will help, the chiefs report this increase is still not sufficient to support the increase in costs of the State administration of title I programs.

Mr. FLOOD. Where did you get the figure, $350 million?

Dr. GOLDBERG. The $350 million figure was supplied by the Department of Health, Education, and Welfare as a thrust in this administration's budget.

Mr. FLOOD. As what?

Dr. GOLDBERG. As the thrust in this administration budget to improve the availability of service to more children and for a greater amount per child.

ADMINISTRATION PRIORITIES

Dr. PIERCE. I am sure the chairman knows the Secretary of HEW has stated this was a priority-setting event where the administration decided that they would prefer to put $350 million in the title I pro-

gram than in the impact aid program. It is a tradeoff of that program.

Mr. FLOOD. We understand that there are 16 million disadvantaged children in this country. Under your budget request, about 5.4 million are going to be served under title I. Why isn't the increase of $350 million directed only toward serving more children with no increase in the average cost per child? Why not?

Dr. GOLDBERG. Mr. Chairman, one would like to hope that all the needs of all the children of this country could be met in any one year. I don't think that is realistic. In allocating the funds that could be garnered from a request of $350 million, it was felt that we should try to reach the several categories that are eligible for service under this title, and by increasing the number of children to be served by this substantial amount, we feel that for this year, 237,000 additional youngsters would be an important step forward.

DISTRIBUTION OF INCREASE

Dr. PIERCE. You asked if there was a cost of living increase and that is a part of it. This $40 is for that purpose.

Mr. FLOOD. We hear that time and again. Isn't it a fact that you don't really know how that increased funding is going to be used? For instance, if a State decided not to serve additional children, you couldn't do anything about that, could you?

Dr. RODRIGUEZ. That is correct. There are no regulations which govern such institutions. We can't say precisely what will happen, but it is anticipated, based on prior experiences, that this is how the money would be distributed.

Mr. FLOOD. But as of now, you really don't know how that increased money is going to be used?

Dr. RODRIGUEZ. Correct.

SUCCESS OF TITLE I

Mr. FLOOD. There are many studies and evaluations of title I over all these years but we are unaware of any study which shows conclusive evidence that title I is a successful program. What information do you have, in view of all that, which leads you to ask for an increase of $350 million for title I?

Dr. EVANS. I would like to speak to that. We have sent to all members of this committee, and all members of the other relevant committees in both Houses, the results of the most recent evaluation on title I which reflected the conclusions Dr. Goldberg spoke to a moment ago. What that evaluation found, very briefly, is news that I suppose we cannot regard as overwhelmingly good but it is definitely on the positive side regarding the impact of title I. Disadvantaged children, as we know from other studies, normally decline in academic performance. They begin at the first grade somewhat behind. By the time they reach the second, third, fourth, and fifth grades, they are further behind their more advantaged peers than they were at the outset. That is the standard progress of their achievement that has been noted from many studies.

The most recent study just spoken of has shown that title I has at least reached the point where it is preventing this decline. Disadvan-

taged children now hold their own. They do not decline further. That means that the title I program does not eliminate completely the achievement gap that exists between disadvantaged children and their middle-class peers, but the evaluation has shown, first of all, that the funds are being targeted upon disadvantaged children—something that was not the case in the early days of title I; it showed also that the funds are now being used on basic skill kinds of activities, such as reading and math; and finally, as I said, in the achievement area it shows that title I is having a relatively positive effect, preventing what would otherwise be a further decline. Clearly it has substantially further to go if it is going to completely do away with the achievement gap in disadvantaged children. But that is turning out to be a bigger task then most people even, in the origination of title I, thought it would be.

Dr. PIERCE. Therefore, if it is stopping that downward trend, there is justification for getting more dollars to handle more children to stop that downward trend. At least that gap will not continue to grow.

PROGRAM INFORMATION PACKAGES

Dr. EVANS. One other thing I might say, if I may. Dr. Goldberg showed you a document. This particular evaluation and several others have set about the task of locating particularly effective title I projects, ones that do substantially more than just redress the decline and achieve substantial increases. We have developed those into what we call program information packages, and those are being disseminated through a network that Mr. Burns can speak to when you wish to hear about that portion of the program.

TITLE I—SAFA TRADEOFF

Mr. FLOOD. When the Secretary testified here several weaks ago he suggested that the $350 million increase for title I was a tradeoff for the proposed reduction in the impact aid. Is there any direct connection between the budgets for those two programs?

Dr. PIERCE. There is no direct connection. As you know, Mr. Chairman, title I is a forward funded program and SAFA is a current year program. SAFA is a general fund and title I is targeted. We have done an analysis to see where the title I funds would go that were reduced from the impact aid program in about 20 cities and it shows that in every instance with the exception of 3 cities the title I gains would be significantly greater than the impact aid losses in those 20 major metropolitan areas.

We would be happy to provide that for the record.

Mr. FLOOD. I wish you would.

[The information follows:]

Effect of Fiscal Year 1978 Budget Request
Changes on Selected Major Cities

	Estimated FY 1978 Impact Aid Loss	Estimated FY 1979 Title I Gain
Baltimore	$ 849,069	$ 3,026,850
Boston	513,045	1,668,091
Chicago	6,497,104	9,709,945
Cleveland	957,896	1,587,206
Dallas	843,022	1,321,815
Detroit	866,771	4,709,279
Houston	467,665	1,842,126
Indianapolis	395,072	717,856
Los Angeles	2,761,536	6,169,108
Memphis	912,938	1,700,367
Milwaukee	428,588	1,464,482
New Orleans	944,893	1,923,794
New York	21,801,795	25,256,870
Philadelphia	4,471,193	5,179,596
Phoenix	198,337	1,404,029
St. Louis	479,417	1,477,971
San Antonio	1,631,501	1,072,727
San Diego	4,164,570	846,313
San Francisco	448,732	969,111
Washington, D.C.	4,100,280	2,220,584

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UNEXPENDED BALANCES

Mr. FLOOD. Since you are putting all this information in the record, suppose you also insert a chart showing the amount of the unexpended balances in title I State allocations for the past several years. Then also give us an estimate for fiscal 1978.

Dr. GOLDBERG. We have that material.

Mr. FLOOD. You can insert that for the record.

[The information follows:]

Unexpended Title I allocations

1978:	
Allocation	$2,285,000,000
Estimated unexpended funds to be carried over to 1979	228,000,000
1977:	
Allocation	2,050,000,000
Estimated unexpended funds to be carried over to 1978	307,500,000
1976:	
Allocation	1,900,000,000
Unexpended funds carried over to 1977	408,420,858
1975:	
Allocation	1,876,000,000
Unexpended funds carried over to 1976	550,262,073
1974:	
Allocation	1,719,500,000
Unexpended funds carried over to 1975	336,557,703

CHANGE IN TITLE I ALLOCATIONS

Mr. FLOOD. What is your reaction to the use of test scores instead of poverty measures as a basis for allocating the title I funds?

Dr. GOLDBERG. I would be glad to initiate that answer and perhaps others would like to supplement.

In fairness to the children, I do believe until we get test instruments which are absolutely bias-free, Mr. Chairman, the test scores by themselves do not give us the information that we need to indicate that children from schools located in low-income areas need this additional service.

The tests form one measure of the total picture.

Mr. FLOOD. What is your time frame for getting such information?

Dr. GOLDBERG. Educational Testing Service and other groups throughout the country are struggling to come up with such an instrument and I do not have a timetable for you now as to when such an instrument will be produced.

Mr. FLOOD. Within reason.

Dr. GOLDBERG. I cannot answer that. Perhaps Dr. Evans may be able to help us.

Dr. EVANS. I would just add to that, Mr. Chairman, that to the extent the Congress and the law intended that title I concentrate on the educationally disadvantaged rather than on the economically disadvantaged, many of whom are educationally disadvantaged but some of whom are not, then it does make sense to use a direct measure of educational disadvantagement, but one of the problems is in the incentive structure that may set up.

If we hand out moneys to districts on the basis of the number of educationally disadvantaged children they have, as determined by educational measurement, there may well be an incentive not to too rapidly decrease or ameliorate that educational disadvantagement since it would mean the loss of funds. That is one of the special problems that will be hard to deal with, in thinking about moving in that direction.

Mr. FLOOD. Mr. Michel.

ALLOCATION OF TITLE I FUNDS

Mr. MICHEL. Thank you, Mr. Chairman.

Doctor, will you provide for the record a good specific summary in layman's terms setting forth exactly how the title I funds are allocated from the top all the way down to the student. I would like to have the entire gamut laid out including the formula, how the funds are allocated within States, within school districts and within schools and who is responsible for the allocation at the various levels. Do that for the record.

[The information follows:]

SUMMARY OF TITLE I ALLOCATIONS

STATE AND COUNTY

Maximum authorizations for 50 States and District of Columbia are computed by multiplying the formula count of children times 40 percent of the State per pupil expenditure (or not less than 80 percent nor more than 120 percent of the national average). The formula count includes children aged 5–17 as follows:

1. 1970 Census Orshansky Data—children in families with incomes below federally defined poverty level.
2. Two-thirds the number of the children from families receiving AFDC payments in excess of the current poverty level.
3. Institutionalized neglected and delinquent children (not in State-operated institutions).
4. Children living in foster homes supported with public funds.

Maximum authorizations are ratably reduced to the appropriation level. Counties are guaranteed no less than 85 percent of the amount received in the previous year.

SCHOOL DISTRICT

Title I Regulations require States to suballocate county amounts to the local educational agencies in the county using the best data available which reflect the current distribution of children in low-income families. School districts are guaranteed no less than 85 percent of the previous year's allocation.

Preliminary results from NIE study indicate that 24 States use Federal formula in subcounty allocations; 22 States use alternative poverty criteria; and 4 States are not required to make subcounty allocations since counties and local educational agencies are coterminous.

SCHOOL (ATTENDANCE AREA)

The school district, using the best available economic data, (for example, census, AFDC, free lunch, or a combination) ranks all school attendance areas by percentages and by number of children from low-income families. It also determines (for the district as a whole) the percent and the average number of children from low-income families. Attendance areas that have either numbers or percentages of children from low-income families greater than the district av-

erage are eligible for title I services. Services are provided to schools which serve these eligible attendance areas in rank order beginning with the highest incidence of children from low-income families.

CHILDREN

Once the district has designated the eligible attendance areas, the children who are eligible to be served therein are identified and their specific educational needs are documented through an educational needs assessment. Children finally selected to participate are those who meet the specific criteria established by the local educational agency relative to degree of educational deficiency but in every case participants must be performing below the level appropriate for their age. Thus, the child who resides in a low-income attendance area and who demonstrates a need for special educational services to raise his achievement level is the one who participates in a title I program. A means test may not be used to exclude a child from receiving needed educational services.

The number of children who can actually be served depends upon (a) the severity of their educational deficiencies which dictates the estimated costs of a project to meet their needs and (b) the amount of funds available.

ELIGIBLE CHILDREN

Mr. MICHEL. According to your justifications, over 14,000 school districts are receiving title I funds. That represents about 80 or 90 percent of all school districts in the country; is that right?

Dr. GOLDBERG. That is right.

Mr. MICHEL. You say you are going to ask for $350 million more and you are going to serve 237,000 more students. Who are these people we were not serving before that we are all of a sudden going to get to serve?

Dr. RODRIGUEZ. There is a large number of children who are eligible to receive service who have not yet been served.

Mr. MICHEL. Who are they?

Dr. RODRIGUEZ. Educationally deprived youngsters within the same target areas that are currently being served.

Mr. MICHEL. What is the different criteria?

Dr. RODRIGUEZ. There are no new criteria being applied, but rather it is to serve more children than we had been able to in the past because of the limitation of funds. In order to serve all youngsters the amounts of money necessary would be manyfold times what this increase has requested.

STATE PARTICIPATION IN TITLE I TYPE PROGRAMS

Mr. MICHEL. Did any State come forward to try to help fill a gap where they recognized there were needs and students not being served?

Dr. RODRIGUEZ. Yes. Two of the notable ones are California and Michigan, who have designed State compensatory educational programs which contribute significantly more dollars for services to educationally deprived youngsters.

Mr. MICHEL. Feel free to expand in the record specifically on what they did as States to fill the gap where the other 48 were sitting on the sidelines.

STATE COMPENSATORY EDUCATION PROGRAMS

Evaluating Compensatory Education: An Interim Report on the NIE Compensatory Education Study indicates that according to information collected by NIE 16 States provided approximately $600 million for compensatory education programs. The approximate amounts for each State for 1975–76 are as follows:

State:	*Millions*
California	$269
Connecticut	6
Georgia	10
Hawaii	2
Maryland	13
Michigan	24
New York	147
Ohio	33
Oregon	1
Pennsylvania	1
Rhode Island	2
Texas	25
Utah	1
Virginia	9
Washington	5
Wisconsin	2
Total	550

Dr. EVANS. In response to your question and the chairman's earlier question about the effectiveness of title I and the total amount that has been spent on it, in addition to the two States just mentioned there are an additional 10 or 12 that have some kind of compensatory education program like title I that did not have it prior to the existence of title I. In other words, there is a reasonable basis for believing that the presence of title I, in setting a national priority on the disadvantaged, has caused other States to enact programs in this area that otherwise might not have occurred.

Mr. MICHEL. Beyond those 2?

Dr. EVANS. Yes.

Mr. MICHEL. Would you list those in your expansion in the record?

Dr. FAIRLEY. There are about 16 States submitting about $600 million.

DIFFUSION OF FUNDS

Mr. MICHEL. Is there any concern that that results in the money being spread too thin and doesn't enable us to zero in on the real target areas?

Dr. RODRIGUEZ. If one attempted to serve all those students who were eligible, sure, that would be the case. Many States have designed their criteria requiring concentration of funds on such that they are assured there is reasonable promise of success for the program.

Mr. MICHEL. The poverty level is one of the criteria used in the allocation formula. Is this broken down by region or are we just talking about national averages in that formula computation?

Dr. RODRIGUEZ. The distribution is by State and by county but it is based in part on a national average of the poverty index which has been updated annually for the AFDC count. I believe it is $5,500 this year.

UNEQUAL DISTRIBUTION OF FUNDS

Mr. MICHEL. Then doesn't this result in a disproportionate amount of title I funds going to the low-income States and being allocated to children who may not really be disadvantaged in the context of their own area? You were talking a little earlier about being poor or being educationally disadvantaged. There is a distinction between the two.

Dr. RODRIGUEZ. If the formula was allowed to flow freely that would be a disproportionate sharing, but there is a floor and ceiling to the formula so that in computing the allocations the formula uses 80 percent of the national average per pupil expenditure as the floor but no more than 120 percent of the national average per pupil expenditure, as a ceiling. This attempts to equalize the shares of the wealthy and the poor States.

Mr. MICHEL. The title I formula of course uses income as the sole criterion for determining educationally deprived kids. Is that really a good criterion to use?

Dr. RODRIGUEZ. The formula, of course, is for allocation purposes and not for service purposes. The income being to identify the target areas and the other criteria for educationally disadvantaged is next determined generally by statute and specifically by States and locals.

Mr. MICHEL. Ought we to be cranking into that formula another factor if you had your druthers when you were here proposing legislation, for example?

Dr. RODRIGUEZ. It gets very complicated to expand on that. I am not sure what you are driving at, Mr. Michel.

Mr. MICHEL. I am not driving at anything specifically. Just because you are poor doesn't mean you are educationally deprived.

Dr. RODRIGUEZ. That is correct.

Mr. MICHEL. But the formula is predicated solely on income. It may be a politically involved kind of thing but I am asking you as a group of educators, is that absolutely right and correct? Is there no other criterion that ought to be used?

Dr. RODRIGUEZ. I think if we were to serve all educationally disadvantaged youngsters, you would have to employ a set of educational criteria for services as well as a means for distributing the funds.

Dr. PIERCE. I think the distinction is between the way of getting the money to the district and in the way the districts determine educational need. They don't make that determination on the basis of monetary need; they make it on the basis of the performance of the youngsters in the district. For us it is convenient in getting the money out, to use a single standard essentially. That has proven in our opinion not to be too distorted with the changes in the formula and the changes in the way we allocate those funds over time.

The question, then, is, how does the money get to the youngster at the local level, and they don't use that same arbitrary economic standard.

Mr. MICHEL. So really in effect what we have at the local level is many kids who are not disadvantaged but sharing in the allocation of funds that are allocated on the basis of disadvantaged kids?

Dr. PIERCE. They are educationally disadvantaged at the local level but not necessarily economically disadvantaged.

Mr. MICHEL. How many schools in total receive title I funds?

Dr. RODRIGUEZ. More than 10,000 schools.

Mr. FLOOD. What is the total number of children in those schools?

Dr. GOLDBERG. Mr. Chairman, it would have to be more. If title I goes into 14,000 school districts, the number of buildings would have to be more than 10,000. That can be supplied for the record.

Mr. MICHEL. While you are doing that, tell me the number of children who are in those schools and then how many of those children in those schools are actually disadvantaged.

[The information follows:]

DATA ON TITLE I SCHOOLS

No data has been collected which specifically identifies the number of public schools participating in title I or the enrollments of such schools. The following estimates, however, have been compiled for the fall of 1975 from reports published by the National Center for Educational Statistics and NIE, along with some preliminary data collected for the sustaining effects study.

Number of public schools participating in title I, approximately	42,000
Enrollment of public schools participating in title I, approximately	20,500,000
Total number of title I participants	4,725,000
Total number of nonparticipants enrolled in title I schools	15,775,000

Dr. EVANS. I might mention, Mr. Michel, that in a recent piece of legislation the Congress mandated OE to carry out a study precisely on the question you are asking. The data will be forthcoming in a few months.

Mr. MICHEL. Did they have a target date on that?

Dr. EVANS. I think the date on which we are going to be able to report is sometime this summer. It is precisely on the question you asked.

EFFECTIVENESS OF INCENTIVE GRANTS

Mr. MICHEL. One of the arguments being used in behalf of increased funding is that State and local per pupil expenditures have gone up at a faster rate than title I per pupil expenditures. Isn't that really what we have been trying to achieve, greater State and local expenditures in this area, or is there just no other way but to simply keep piling on Federal money?

Dr. GOLDBERG. Through the incentive grant which is without a request for funds this time, we have indicated that the incentive amount was so meager that it has not been an incentive for States to devise their programs for the educationally disadvantaged to go ahead.

Mr. MICHEL. What would it take to really do that?

Dr. GOLDBERG. I don't know right now. Perhaps my colleagues might know.

Dr. RODRIGUEZ. I have no idea how that would impact.

Mr. MICHEL. Shouldn't we be giving some thought to that?

Dr. RODRIGUEZ. I think there is evidence in several States in which the title I program has in fact initiated sources of State and local moneys for the education of educationally deprived youngsters. Dr. Fairley mentioned there are some 16 States which do have such programs at the present time in addition to local education agencies which have their own programs which are not necessarily State-funded programs.

Mr. MICHEL. Why don't you expand it for the record.

I have to yield. I do want to come back to this.

[CLERK'S NOTE.—This information was supplied in an earlier insert to the record.]

RATIONALE FOR PROPOSED TITLE I INCREASE

Mr. NATCHER. How did you determine the proposed level of increased funding for title I programs? For example, instead of $350 million, why not full funding? What system did you use in determining the increase?

Dr. GOLDBERG. Mr. Natcher, I would point out that estimates of numbers of children counted in the formula for services have neared the 8 million mark regularly. We have heard that figure a number of times. But as I said earlier, the estimated number gives us about 5 million children served. If we had sufficient funds to serve 8 million we would reduce the waiting lists. One of the big goals obviously in all fields of human endeavor is to keep people from having to wait for services that would help them. In the realities of the budget, in the reality of the ability of the States to move ahead, we felt that this amount would be a good plus for this year.

All school people would be happy with a reduction of waiting lists for children's services.

Mr. NATCHER. Can the school districts effectively use the increase in funding?

Dr. GOLDBERG. We think so.

Mr. NATCHER. Could they use more without wasting money?

Dr. PIERCE. We think so. I think, Mr. Natcher, the question is, and I think we would have to defer if you would ask us this, could we in 1 year double the title I program to meet all the needs of all the children. The answer is that it might be an insurmountable task to undertake at the local level to spend that much money effectively. However, when you have, as at this moment, only about 50 percent of the children being serviced and you know that, another $350 million can be rather effectively absorbed into that program.

ADVANCE FUNDING FOR TITLE I

Mr. NATCHER. Name some of the benefits that have been derived by virtue of advanced appropriations for this program. What are the benefits?

Mr. RODRIGUEZ. Well, until this year we have been unable to realize those benefits because of the late data collection dates that were used prior to the amendment that was made in the statute last spring. This will be the first year in which we will have made allocations to States, or notice to States of their allocations, in the spring of the year. Normally, it has been late summer, winter, or sometimes the following spring. So, I would guess that next year at this time we should have a better assessment as to how that might impact.

It is anticipated, however, that the impact of such funding lies in the ability of States and local school districts to plan more effectively for the utilization of those dollars.

Up to this time, they simply have not had sufficient advanced notice of what their funds will be in order to do that.

Dr. GOLDBERG. Mr. Natcher, as a former superintendent of schools in a local district—and there are a number of us in the room who served as local superintendents—the months of March, April and May are months of decision for local school boards, superintendents including those from districts fiscally dependent upon city councils, the mayors, and chairmen of finance committees of city councils. They are struggling to try to determine how many Federal dollars they will receive and how to fold them into State and local funds to build their budgets.

Absent such information, they work solely on their own estimates, and they cannot really plan accurately for numbers of children to be served and teachers to be hired. They cannot do the major teacher recruitment that is possible during Easter week. They cannot put together the program that they will have available for September. Since in-service training often starts in July, they cannot have the July–August activities they so eagerly seek. So, the greatest impact on knowing earlier is that local people can plan more sensibly.

Mr. NATCHER. Do you plan to make any changes, or propose any changes, insofar as the authorizing legislation for title I is concerned, which might affect the funding that we have before the committee now for fiscal year 1978?

Dr. GOLDBERG. No.

INCREASE FOR TITLE I HANDICAPPED PROGRAM

Mr. NATCHER. You estimate an increase of $18 million for the State agency program for handicapped children. How much of this increase results from the requirement that these funds follow the child when handicapped children in State institutions are transferred to local schools? What about that?

Mr. PIERCE. None, Mr. Natcher; however, the latest data available, school year 1976–77, shows $8,783,000 was transferred on behalf of children who have left State-supported programs and are now in local school districts.

Mr. NATCHER. The answer is none?

Mr. PIERCE. Yes.

Dr. GOLDBERG. The presently stable population of the State-supported institutions is expected not to yield large numbers of children that will go from schools for the deaf or schools for the blind or State schools for the retarded or schools for the delinquent, back to special classes in regular elementary buildings in local school districts.

This assumes a constant residential population rather than a huge shift back to local classes.

ADEQUACY OF LOCAL HANDICAPPED PROGRAMS

Mr. NATCHER. Doctor, are the local schools really providing an appropriate education for these handicapped pupils? Would you say they are?

Dr. GOLDBERG. I think the program for special education in our Nation is the finest in the world. I think there has been a heritage of 40 to 60 years in some cities of knowing what to do with handicapped children. The Binet test was prepared in 1903, translated into English

in 1905, and in many places in our country, starting about 1920, child study clinics and classes for special education began to open.

Classes for the deaf and the blind have heritages of 30 and 40 years and more. So, I think in this country, beyond all other countries in the world, we know what we are doing for handicapped children. But we still can do more.

Mr. NATCHER. According to a study in progress, as reported in a recent CBO report, each title I dollar allocated to a school district results in a net increase in spending for compensatory education of only 67 cents. Do you agree with this assessment, Doctor?

Dr. GOLDBERG. I do not know the answer to that.

Mr. NATCHER. I wonder if you would take a look at it now when you get the transcript back, and put something in there for me.

Dr. GOLDBERG. Surely.

Mr. NATCHER. Thank you, Mr. Chairman.

[The information follows:]

COMMENT ON CBO REPORT

The study in question is an NIE-funded research project, being performed by Prof. Martin Feldstein of Harvard University. The study involves a comparison of several thousand school districts, based on data from a 1970 district survey, performed by the National Center for Education Statistics. NIE intends to replicate this analysis on more recent data.

The preliminary finding is this: that a district, whose title I allocation is $1 higher than that of a similar district, is likely to spend on education an additional 67 cents. In other words, the Federal aid appears to be partially offset by a reduction in State and local spending.

In addition to the usual caveats about preliminary results, there are two important points to be made about this finding:

(1) The figure of 67 cents is quite high compared to estimates of the expenditure impact of State aid. It has been estimated that $1 of State aid, which is essentialy unrestricted general assistance, may reduce local effort by 70 to 80 cents and thus add only 20 or 30 cents to total spending.

(2) The study refers to the effects of title I on total spending and not on compensatory spending. The data is inadequate to deal with the question of the impact of title I on compensatory spending. The impact might be greater or less than 67 cents on the dollar.

Mr. FLOOD. We have another vote, so we will take a short recess.

[Brief recess.]

BILINGUAL EDUCATION, FISCAL YEAR 1978

Mr. NATCHER. The committee will come to order.

Mr. O'Brien?

Mr. O'BRIEN. Thank you, Mr. Chairman.

Looking at your budget, on page 25, $135 million for the activities dealing with bilingual matters—my notion would be to turn over about $24 million of that amount from page 26 and I would be very inclined to use it at the back of your budget, on page 187.

You have $2.8 million down there, and a lot up here in the front end. I have no quarrel with the 535 projects, and $12.9 million for inservice training of 38,000 personnel. I assume those personnel are not students, but instructors. You can correct me.

But, the fellowships in graduate education and $1 million for 120 institutions of higher education, and the additional $8 million for another 12,500 additional personnel, I would much rather spend on the

other end, where you are dealing with the adults, and where I think you are dealing with the hard part of the bilingual problem.

Having said that, let me ask a question relative to the item on page 187. You talk about grants on a 1-year basis. Am I correct in assuming that you probably get a better return out of the private, nonprofit educational organizations as distinguished from a local education agency, State agencies, and postsecondary institutions, simply on the basis that the older persons you are dealing with have a certain native shyness about possibly not being completely competent educationally, so they would prefer to be dealt with on a rather private basis, rather than where their children go to school.

Mr. GOLDBERG. I am going to ask Dr. Molina, Director of Bilingual Education, and Dr. Pierce, our Acting Commissioner, to comment on that.

I might wish, however, to make this preliminary statement, Mr. O'Brien.

We are hard pressed in educational administration and supervision to believe that a program for schoolage children who have need for bilingual education ought to be postponed or diverted to adults at the secondary or postsecondary level. An institution of needed treatment, when children are starting their school careers, would seem to yield the greatest benefits as we go along.

Mr. O'BRIEN. Let me interrupt you, though. I don't feel I am really hitting the children. I am talking about 5, 11 and 8, which totals 24, and my notion is for a dollar's worth of value out of a dollar. I am not persuaded we are getting that here.

Dr. PIERCE. You are addressing the use of the funds in bilingual education for fellowships, essentially for training of instructors and providing instructional material in bilingual education. Your suggestion is that we make a tradeoff of those funds over to vocational education.

Mr. O'BRIEN. If you are talking about people who are deaf, blind, people with that type of handicap, I can believe that you have to have something highly sophisticated, and your continuing education of your educator program is pretty important.

But, it seems to me by now we really ought to know how to deal with the bilingual child, or if his basic English is adequate to handle English as well. That would be the area I would go.

Dr. MOLINA. Mr. O'Brien, this program is aimed at children who speak little or no English at all. One of the problems we have is that we do not have adequately trained classroom teachers to deal with these children in the language they understand.

Now, the program mandates that children be instructed in their native language while they learn English. So, this stipend money, scholarship money, is intended to train classroom teachers, to train teachers of teachers, so they can deal with these youngsters.

Mr. O'BRIEN. What is the difference between the 38,000 in item A, down at the bottom of page 28, and the 12,500 in item D, pages 25 and 26?

Dr. MOLINA. Well, 38,000 is the number of people or teachers who will be trained through in-service training at the local levels—classroom teachers, currently operating in classrooms.

Mr. O'BRIEN. In my instance, I have a large Spanish-speaking minority in my area. You are talking about the teachers that want to learn Spanish so they can teach the children Spanish.

Dr. MOLINA. Not necessarily. There are teachers in the field already who need retraining in order to deal with these children, whether it be in the culture of the child, or in language, or in his learning style, or whatever. But, they need training.

That $12.975 million expenditure is mandated by the legislation, where it says that 15 percent of the money to be given to a local educational agency must be reserved for training. So, that is where we get the $12.975 million which would help out 38,000 teachers.

Mr. O'BRIEN. What is the difference between the 38,000 and the 12,500 on the top of the next page? $8 million to train approximately 12,500 additional personnel?

Dr. MOLINA. Those are resource centers. We currently have 15 centers around the country to assist classroom teachers as groups, at the building level, the district level, or groups of districts. The resource centers help school districts with developing curriculum guides, as well as lesson plans, and that sort of activity. The in-service training is usually handled at the district level to meet the local needs of the district.

Mr. O'BRIEN. I guess that is about all I have. I would like to suggest—I think there are about seven different languages you are dealing with here in the bilingual area.

Dr. MOLINA. 68.

Mr. O'BRIEN. 68 different languages?

Dr. MOLINA. Yes. About 12 major languages—26 Indian languages, and so forth.

Mr. O'BRIEN. I see.

Are the Spanish and the Indian—American Indian—are they the basics? Are they the two major ones?

Dr. MOLINA. Spanish-speaking children, of course, are the largest recipients of Federal funds, followed by Native American, other European, Asian, and Pacific children.

Mr. O'BRIEN. I guess that is all I have, Mr. Chairman.

RIGHT TO READ

Mr. NATCHER. Mr. Conte?

Mr. CONTE. In the right-to-read program, your justifications indicate a budget request for continuing six of the seven component programs operating this year. Which one of the components will be dropped?

Dr. SHIFFMAN. All seven will be continued, sir. The State leadership, reading improvement——

Mr. CONTE. Right-to-read program.

Dr. SHIFFMAN. All seven will be continued.

Ms. BEEBE. Mr. Conte, there was an error in the printing of some of the volumes of this book, and I believe we provided substitute copies. It is possible that you may have one without a corrected page. All of the components in the right-to-read program will be continued, although there are some minor adjustments in funding within the activity.

Mr. CONTE. I am pleased to hear that that is going to be so.

Dr. PIERCE. Mr. Chairman, members of the committee, I would like to make special reference to the fact that Dr. Gil Shiffman is appearing before this committee for the first time as the new director of right-to-read. We are delighted he is here and has joined us, and we hope he will appear before you for a number of years to come. We think we have gotten a gem in this man, and brought him aboard to help run this program.

Mr. CONTE. Do we have his résumé here?

Dr. PIERCE. Probably not his specifically. We can provide it certainly for you.

[The information follows:]

Biographical Sketch

NAME : Gilbert B. Schiffman, Ed.D.

POSITION : Director, Right to Read

BIRTHPLACE : Baltimore, Maryland

DATE : July 24, 1923

EDUCATION :
B.S. - Northern Illinois College of Optometry, 1948
O.D. - (Doctor of Optometry) Northern Illinois College of Optometry, 1949
A.B. - George Washington University, 1952
M.Ed.- Temple University, 1956
D.Ed.- University of Maryland, 1963

EXPERIENCE :
-Professor of Education - The Johns Hopkins University
-Assistant Professor of Education - Department of Pediatrics, The Johns Hopkins Hospital
-Director, Division of Education - Evening College and Summer Session, The Johns Hopkins University
-Editorial Advisory Committee - Journal of Learning Disabilities
-Consultant, National Right to Read, Reading Center
-Assistant Professor of Education - Department of Pediatrics, University of Maryland Hospital
-Consultant, Bureau of Handicapped (Learning Disabilities Section)
-Technical Consultant - National Right to Read film
-Consultant - National Institute of Education
-Supervisor of Reading, Maryland State Department of Education
-Coordinating Director of Instruction - Prince George's County
-Lecturer - University of Maryland, Coppin State College, Morgan State College, Western Maryland College, Frostburg State College, Temple University
-Professional Lecturer - Loyola College
-Co-Chairman - Council Aids Committee, IRA
-Consultant for Maryland Training School for Boys
-State Organization Chairman of the International Reading Assoc.
-President, National Association of State Supervisors of Reading and English
-Editorial Advisory Board, Reading Teacher

MEMBERSHIPS: Board of Directors, National Orton Society
Editorial Advisory Board for Learning Disabilities, The Menninger Foundation
Disabled Reader Committee - International Reading Association
Task Force, Interdisciplinary Committee on Reading Problems

PUBLICATIONS: Author of 30-odd articles, contributor to 9 books, 8 monographs and Advisory Editor in Education of the book "The Disabled Reader"; co-author of the book "Dyslexia."

EVALUATION OF THE FOLLOWTHROUGH PROGRAM

Mr. CONTE. When will your evaluation of the Follow Through program be completed, and do you have any preliminary results which you can share with us today?

Dr. EVANS. I would like to speak to that, Mr. Conte, if I may. All the data have been collected, and most of the analysis has been completed. The final report will be out in a few weeks. It is a complicated evaluation, with complicated outcomes, and hard to summarize. You may recall that the Follow Through program or the Follow Through experiment, as it is referred to, was an effort to comparatively test and assess several different models of early childhood compensatory education.

Each of those models had a number of individual sites associated with it which were studied in the evaluation. What the evaluation has found is that only a relatively few of those models, when they are taken as models containing all their projects, were found to be effective in redressing the effects of educational disadvantagement, but that within many of the models, there are effective individual projects.

That is about the best, quickest summary I could give you in a simple way right now. We will be out with a full report fairly shortly.

Mr. CONTE. Thank you. Did you come out with a conclusion that all models were effective?

Dr. EVANS. No; we did not.

Mr. CONTE. I thought you said they were all effective, though certain parts were not.

Dr. EVANS. No; I said only a few were effective totally as models.

Mr. CONTE. Totally effective?

Dr. EVANS. That is right—that all the sites or the majority of the sites, with the average school for the whole model coming out in a positive way—only a few will be so indicated.

Mr. CONTE. What distinguishes one that is successful from one that is not?

Dr. EVANS. That is also one of the complicated questions that is not as clear as we would like it. But, I would say that the ones that are coming out successful overall are ones that tend to be characterized by a structure, a highly structured program that concentrates directly on the basic skills.

FOLLOW THROUGH BUDGET REQUEST

Mr. CONTE. Now, you are proposing $59 million for Follow Through in 1978, the same amount as 1977. You claim to support the same 76,000 children in grades K–3 with that amount. Given the rate of inflation, salaries, materials, everything else connected with education, how can you expect to serve the same number of students with the same amount of money?

Dr. RODRIGUEZ. Less money will be going toward evaluation and research than in prior years.

Mr. CONTE. Good. In other words, you figure you have enough research and evaluation now?

Dr. RODRIGUEZ. Not entirely. But, for this coming year, that's the plan.

Mr. CONTE. Would somebody answer this question. What do you consider a reasonable estimate of the rate of inflation for elementary and secondary education programs?

Dr. PIERCE. Five to seven percent per year.

Mr. CONTE. Would you tell me what the dozen lighthouses mentioned on page 30 of your justification are—tell me how they work.

Mrs. WILSON. The lighthouses proposed really are to demonstrate those educational practices which have been found to be effective, with the hope that those practices would be replicated in other sites, using State or local money.

Mr. CONTE. Will you explain how additional funds will be available for the design of new models, when you are requesting no increase above last year?

Ms. BEEBE. Actually, the funds used for this purpose will not be additional since last year's budget also includes funds for the design of new models.

TITLE I HANDICAPPED PROGRAM

Mr. CONTE. How much title I money will be used for educational service for handicapped children in State operated or supported schools, and will these children be eligible for assistance in funding provided under the Education For All Handicapped Children Act?

Ms. BEEBE. There is $145 million in the title I budget for the State component of the title I program.

NONPUBLIC SCHOOL PARTICIPATION

Mr. CONTE. Of those participants in the title I program, 230,000 will be attending nonpublic schools. Have there been any problems in providing funding for those schools, and how is this program administered for the nonpublic schools? Is the average grant the same as in the public schools?

Dr. RODRIGUEZ. Well, the services in most instances are comparable and equitable to those being provided to the public school counterpart.

There are a few problem areas. We have during this past year, in the State of Missouri, identified four school districts in which the commissioner has determined that service being provided nonpublic school youngsters are not equitable to those being provided to public school youngsters. We are at this time in three of those school districts implementing a bypass, providing services directly to youngsters in nonpublic schools.

The fourth district of the four identified has requested a hearing on the matter. It is anticipated with regard to a recent interpretation of a court decision that many of the districts, if not all those serving nonpublic schoolchildren in the State of Missouri, may have to be under bypass.

Across the Nation, the vast majority of States and local districts are in fact providing nonpublic school youngsters with equitable services.

Mr. CONTE. How much will remain from the appropriations in title I after making the statutory reduction for Indians and other groups, if we approve your budget request?

Dr. RODRIGUEZ. For the local educational agency program, there is approximately $2.248 billion that will go to the local educational agency programs. That is roughly an increase of about $305 million to the LEA programs.

BILINGUAL EFFORTS UNDER TITLES IV AND VII

Mr. O'BRIEN. Would the gentleman yield?

Dr. Goldberg, region 5, including Illinois, didn't receive any money last year through titles 4 and 7 for bilingual education. My hometown area has a 14-percent student population requiring bilingual education, predominantly Spanish, the second largest outside of Chicago. Wouldn't that seem a little unsettling, that we didn't get the money?

Dr. GOLDBERG. Under title VII of the Elementary and Secondary Education Act and under title IV of the Civil Rights Act of 1964, a number of awards were made to Illinois districts. First, there is a general assistance center for desegregation in Chicago, and there are in the State Education Department in Springfield two equal educational opportunity units supported by funds from title IV; one for desegregation and one for bilingual effort. The bilingual award was for $148,000. The Chicago Board of Education received $2.5 million under title VII of ESEA, and the resource centers that Dr. Molina referred to earlier were funded—the one at Mount Prospect for $500,000, the one at Urbana for $250,000, the one at City College for $85,000, DePaul, $75,000, at Park Forest South, $85,000 in addition to an award for the University of Illinois at Urbana, receiving $285,000 for bilingual fellowships.

That would indicate the title VII part from ESEA.

From ESAA, the Emergency School Aid Act, the competition was very keen, and you are correct, no school districts in Illinois were rated high enough in the national ranking to be reached from the 4 percent bilingual set-aside of ESAA, about $8 million.

Mr. O'BRIEN. I have just two comments or questions. These come from my district superintendents, and my principals. They would like to see less stringent regulations on utilization of title I funds, and they also feel with regard to the funds for special education, my people are inclined to think financial assistance should come directly to the districts instead of the States.

I don't know why, but they are concerned about these things. I would appreciate your views.

Dr. GOLDBERG. Grants from title 7 of ESEA, and from the bilingual set-aside ESAA are Federal to local.

Mr. O'BRIEN. They commented on the stringency of the regulations.

Dr. GOLDBERG. It is Federal, through the States, by statute.

Mr. O'BRIEN. I see. Do you regard that as a State legislative problem as distinguished from the congressional, or is it something we should do here?

Dr. GOLDBERG. Local districts submit to the State their plans for approval for how they are going to use the available title I funds. Close contact with State officials, I think, would yield the flexibility they seek within the parameters of the law. I do not know the spe-

cifics of any individual case, but should there be some questions, we would be glad to look into it and advise you personally.

Mr. O'Brien. All right. I will make a point of getting back to you on it. I have a feeling they haven't done as well with the State as you suggest.

Thank you, Mr. Chairman.

TITLE I, PART B

Mr. Flood. On part B, how have you determined how the part B incentive grants provide no incentive for States to increase their support of elementary and secondary education? Is this simply an assumption of yours? Did you conduct a study or a survey or what?

Dr. Rodriguez. It doesn't appear that over the past few years, as we have experienced funding of part B, that there has been any change among States. One would assume that if it was truly providing an incentive, that other States would be in competition for the funds.

Mr. Flood. But what is the basis for that conclusion that you just stated? No special survey or study?

Dr. Rodriguez. A study conducted by the National Bureau of Standards in 1973 supports this conclusion.

Mr. Flood. Since you mentioned it, for the record suppose you list the States receiving part B funds this year.

Dr. Rodriguez. Yes, sir.

Mr. Flood. And of course show the allocation levels, too.

Mr. Rodriguez. Very good.

[The information follows:]

Fiscal year 1976 States receiving part B funds

Alaska	$1,275,265	New Mexico	$2,400,093
Arizona	679,071	New York	3,715,350
Colorado	199,453	Oregon	867,650
Delaware	110,206	Pennsylvania	302,420
Louisiana	1,099,655	Utah	500,726
Maine	354,898	Vermont	530,046
Maryland	513,568	Washington	543,865
Massachusetts	1,011,071	Wisconsin	1,155,812
Michigan	3,715,350	Wyoming	279,437
Minnesota	3,071,080		
Montana	697,356	Total	24,769,000
New Jersey	1,746,628		

BILINGUAL EDUCATION BUDGET

Mr. Flood. The budget for bilingual education is $135 million. That is an increase of $20 million over 1977. When you consider there are about 5 million children who do not speak English well enough to succeed in school, what do you expect to accomplish with a budget of $135 million in bilingual education?

Dr. Molina. Mr. Chairman, we expect to fund 55 more classroom projects at the local level, reaching approximately 26,000 children. Granted we will never reach the 5 million that you have addressed since title VII is not a service program.

As was indicated earlier, when we were referring to title I, I think we have to move at a pace which can be absorbed by the local school districts.

Mr. FLOOD. Do you know how many school districts lack an adequate bilingual education program. Can you tell us that?

Dr. MOLINA. No.

Mr. FLOOD. Do you want to make an educated guess? Have you checked with HEW's Office for Civil Rights?

Dr. MOLINA. It would be hard for me to determine right now how many school districts have an inadequate bilingual education program. I can tell you how many have a program using Federal funds. A study will be completed by this summer which will tell us more about the programs that are funded by the States.

Mr. FLOOD. Does HEW require school districts to provide bilingual education to children whose primary language is not English?

Dr. MOLINA. No, HEW does not require it. This is a discretionary grant program for which the school district can apply. It is not to be confused with compliance procedures under the Civil Rights Act.

Mr. FLOOD. What does HEW require of these school districts based upon the 1974 Supreme Court ruling?

Mr. GOLDBERG. Mr. Chairman, HEW requires school districts to avoid keeping non-English-speaking children on waiting lists for service. The Court has indicated it is incumbent upon the local district to provide the remedy. In many States, appropriations for bilingual funds through the State legislatures have come forth. In fact, in Texas and several other States their State appropriation far exceeds the Federal grants available for bilingual service.

BILINGUAL EDUCATION PROGRAMS

Mr. FLOOD. Besides title VII of the Elementary and Secondary Education Act, what other Federal programs are available for bilingual education assistance?

Dr. BURNS. The title IV program (Innovation Grants), makes awards to the States. The States determine priorities, and award to local school districts on a discretionary basis. We have found that five States in our preliminary analysis of information have spent $553,000 for bilingual-type programs.

Mr. FLOOD. Any other Federal programs at all?

Dr. PIERCE. For example vocational education has $2.8 million.

Mr. FLOOD. Let's put something in the record which will answer that question so we will know that.

[The information follows:]

The following Office of Education programs contribute to the support of bilingual education:

I. Elementary and Secondary Education

A. Support and innovation grants (Elementary and Secondary Education Act, title IV, Part C).

B. 1. Bilingual education (Elementary and Secondary Education Act, title VII).

2. Bilingual vocational education (Vocational Education Act, part J).

C. Right to read (Cooperative Research Act).

D. Follow through (Head Start-Follow Through Act).

E. Civil Rights Advisory Services (Civil Rights Act, title IV).

F. Grants for disadvantaged (Elementary and Secondary Education Act, title I).

II. Indian Education

A. Special programs and projects (Indian Education Act, part B).

B. Payments to local education agencies (Indian Education Act, part B).

III. Education for the Handicapped

A. Early childhood projects (Education of the Handicapped Act, part C, Sec. 623).

IV. Occupational, Vocational and Adult Education

A. Teacher Corps (Education Professions Development Act, part B, section 1).
B. Other education professions development (Education Professions Development Act, part E).
C. Ethnic heritage studies (Elementary and Secondary Education Act, title IV).

V. Higher Education

A. Strengthening development institutions (Higher Education Act, title III).
1. Basic institutional development program.
2. Advanced institutional development program.
B. University community services (Higher Education Act, title I).

VI. Emergency school aid (Emergency School Aid Act)

A. Bilingual grants.
B. Educational TV projects.
C. Special projects.

VII. Library Resources

A. Public library services (Library Services and Construction Act, title I).
B. Training and demonstration (Higher Education Act, title II, part B).

Dr. EVANS. Mr. Chairman, I think it should also be added, in response to your original question about the expectation of coverage of these relatively limited funds, that a quite large target population exists. It should be recalled that the authorizing legislation really does not clearly address that task or call for the Office of Education to provide service of a bilingual program nature to all the people eligible for it. The language in the authorizing legislation goes much more towards capacity building and demonstration activities. The expectation is that the Federal Government would provide that limited kind of activity, and States and localities would provide the funds for the actual service. So if it is Congress's intention that the coverage be supplied entirely by the Federal Government, that would call for a change in authorizing legislation as well as very substantial increases in appropriations.

BILINGUAL EDUCATION TEACHERS

Mr. FLOOD. By the way, what can you tell us about the availability of bilingual education teachers? Is there a shortage of bilingual teachers? If there is, what are you doing about increasing the supply?

Dr. MOLINA. Yes, there is a shortage, Mr. Chairman. We are currently conducting a study to determine the number of bilingual education teachers available at the present time and how many are being trained at this time. That study will be available this summer. In addition to that, we are asking for a training budget of almost $37 million through which we will provide stipends and fellowships, and also in-service training to train and retrain teachers for bilingual education programs. There is definitely a shortage.

Dr. GOLDBERG. Mr. Chairman, the importance of that last comment should not go by without some emphasis.

In many school districts there is an effort to see to it that included in the training as bilingual teachers with State, local or Federal money, are a number of Anglo teachers, who can with acquisition of the lan-

guage plus an appreciation of the cultural heritage of the youngsters and the families become effective bilingual teachers. What happens in most places is that if the teacher is of that ethnic background, the teacher's aide is often an Anglo and vice versa. I saw this in San Antonio, where some 200 Anglo teachers were in training to take over part of the bilingual effort with an aide who will supply the support service.

SUBPART AND INNOVATION GRANTS

Mr. FLOOD. All right. Now, the budget on support and innovation grants is $194 million. And that, by the way, is the same as you had last year.

Dr. Burns. That is correct.

Mr. FLOOD. Tell us again, what is the responsibility of your office in administering this program?

Dr. BURNS. We provide leadership and training to the State Departments of Education, to better administer the program purposes as stated in the legislation.

There are four basic programs that are consolidated into a single authority. These are ESEA title III, which was the supplementary educational centers and services programs, and the dropout prevention, health and nutrition, and strengthening State departments of education programs. So we have two very broad authorities, one for strengthening the State departments of education, for which approximately $47 million is being expended. Of that $47 million, 55 percent of those dollars are returned in the form of direct services to the local school districts.

Also we are trying to foster the notion of identifying educational successes at the local level for the discretionary porition that is made available against competition by the local school districts to the State departments of education.

We are trying to develop more efficiency in identifying educational success with these Federal funds that could be shared with other school districts within the State. Then there is the national diffusion network, for which we have $7.5 million.

Mr. FLOOD. Do you have any idea how much of the $194 million is for innovation projects?

Dr. BURNS. $108 million is for educational innovation; $2 million is being spent for dropout prevention; $4 million for health and nutrition.

EVALUATION OF INNOVATION PROJECTS

Mr. FLOOD. How do you know that all of these innovation projects are not just wasting the money of the taxpayers?

Dr. BURNS. I think we are moving forward a great deal. In 1970, Mr. Chairman, you chastized us for not having the answers on what was working.

Mr. FLOOD. Nothing unusual about that.

Dr. BURNS. But now we are here to respond. And I think we do have an answer for you. As a matter of fact, I would like to take the time to give you some of the results we have achieved since 1974.

In 1974 we took the Commissioner's discretionary funds and funded 53 projects that we had identified by working with the States, develop-

ing criteria, that substantiated success. Those 53 projects were replicated on the average of 20 times per project, or 1,800 times across the country. The average cost of the original project was $300,000. It was replicated for $4,500. That is cost effectiveness. In the second year, we funded 65 demonstration projects and had 3,100 replications with an average of 40 replications per project, at a cost reduced by 40 percent, down to $2,700 per replication. And a final note. That means for every $100 that was originally invested, for $1 we can now put that project someplace else in the United States.

Mr. FLOOD. All right; now you remember last year the Commissioner sent us an evaluation report, and he indicated that these innovation programs have little or no effect upon student achievement at all. Now, that is from the Commissioner; doesn't that indicate a waste of money?

Dr. BURNS. I think that needs explanation.

Mr. FLOOD. That's the understatement of the day.

Dr. BURNS. I don't specifically know the document you are referring to, but I can assure you we have a success story here.

Mr. FLOOD. If you come up here, I will show it to you.

Dr. EVANS. Maybe I could add something to that, Mr. Chairman. I do know the document you are referring to. It is a study that was carried out, under contract to OE, by the Rand Corporation, generally referred to as the innovative study. There is not a necessary conflict between the point that Dr. Burns was trying to make and the results of that study. What that study found is that innovativeness by itself does not guarantee success.

That study analyzed a number of projects which were sufficiently different in the way they allocated funds and ran the educational program that they could be called innovative. It found that, compared with traditional practices, achievement levels were not thereby raised. Among those projects, however, they found a great many that were individually effective.

DISSEMINATION OF INFORMATION ON SUCCESSFUL PROJECTS

Mr. FLOOD. Talking about the States, what provisions have been made by the States to disseminate information about successful innovation projects developed by their own local education agencies under this program?

Dr. EVANS. I think Mr. Burns is about to tell you about one of the components that will be discussed later on, in another appropriation, the Special Projects Act. A previous part of this appropriation, called the national diffusion network, has made extensive provisions for disseminating things which have been found effective. And I think it would be fair to say it has been reasonably effective in doing so.

COMPETITION FOR GRANTS

Mr. FLOOD. Here again, you estimate that these support and innovation grants are being allocated by the States to approximately 3,000 out of 16,000 school districts in the Nation. Why is the proportion of school districts receiving these funds so very, very low?

Dr. BURNS. Well, it is a competitive program at the school district level, with the States determining their priorities within the various

purposes of now this single authority called part C of title 4. The amounts of money are important. But in my personal opinion, Mr. Chairman, they should not be so elaborate that every school district gets them, because it would eliminate the competition and desire for developing well-thought-out evaluation designs.

Mr. FLOOD. 3,000 out of 16,000.

Dr. BURNS. One-fifth of all school districts.

Dr. EVANS. The funding level has to be taken into account, Mr. Chairman.

Dr. GOLDBERG. One explanation, Mr. Chairman, could be that in many cases local school boards reluctantly permit superintendents and instructional staff to develop these applications and sometimes they forbid them. One of the outcomes of getting a grant for innovation is that after a while the money might not be there, and it will have to be absorbed in the local budget. Some are worried about that and shut it off at the beginning.

STATE BILINGUAL PROGRAMS

Mr. FLOOD. What are the main criteria used by the States for the distribution of these funds?

Dr. BURNS. This is, I think, the benefit of grants consolidation. It does give the State more flexibility to determine and tailor the program for their State against their own State needs as they perceive them within the limits of the four categorical programs.

An illustration, I think, in your State of Pennsylvania, is a very good one. The State Department is using funds through the State department of education for an executive academy. What it does is set aside a sum of money which goes for strengthening local school districts, thus making the local school superintendent, or a cluster of them, determine what are their problems. Then the State brings consultants from around the country to sit down and resolve those problems in behalf of that superintendent or a cluster of superintendents.

Mr. FLOOD. What main criteria are used? Is there a main yardstick of any kind?

Dr. BURNS. No; I don't believe there is a single criterion that is used. I think that they are all looking to have a sound management design in their program, I think we have learned, perhaps through title III more so than through title I of the Elementary and Secondary Education Act, the importance of evaluation, evaluation design, and management design, prior to implementation.

Dr. GOLDBERG. Mr. Chairman, one brief addition. While only 3,000 districts may have been awarded innovative grants this year, those rotate. A winner one year might not be a winner next year, or may have been a winner the previous year. So that you get many who are award winners. When I was superintendent of schools in Rochester, N.Y., the district was awarded a grant under this program to develop a World of Inquiry School, a very special school which is now 12 years old. After 3 years the funding ran out. It then was absorbed with foundation funds and local funds. It is still going. And I would say that without knowing the exact number now, with the rotation of grants, it may be closer to half the districts in the Nation that have been served.

TITLE IV HOLD HARMLESS

Mr. FLOOD. We note that the State distribution of the budget for support grants shows 17 States to be cut from last year. What is the reason for those cuts? In some cases it is 50 percent?

Dr. BURNS. This is the hold harmless.

Mr. FLOOD. Where is the hold harmless? Some States are cut over 50 percent. What is the reason for the cuts?

Dr. BURNS. In the budget before you there is no hold-harmless provision provided, as there was for the fiscal year 1977 budget which begins next July 1 of 1977.

There a hold-harmless provision exists for $9,478,000.

Mr. FLOOD. How are you going to avoid this cutback?

Dr. BURNS. There comes a point in time where we must decide—and I think it is still a policy issue in the Office of Education—shall we continue to hold harmless those States according to a formula which no longer exists. Should we modify legislation to provide some floor or to provide some phaseout? But it is an open question at this time because this legislation expires on September 30, 1978.

RIGHT TO READ GOAL

Mr. FLOOD. On the right to read program, the original goal as presented to us was to eliminate illiteracy in 99 percent of the teenage population by 1980. That time is approaching very fast. What do you think; are you going to make it? Are you going to reach this very worthy goal you set out?

Dr. SCHIFFMAN. I think a fact of life is that we are not going to solve the problem by the end of the 1970's. I think we have made some great strides which I would be happy to submit for the record. But as far as actually solving the problem by this time I think the answer has to be no.

Mr. FLOOD. You are not going to reach the goal that you talked so much about? We are disappointed. For the record tell us what the goal is now.

[The information follows:]

REFINEMENT OF RIGHT-TO-READ GOAL

I do not believe that the Right to Read Program, as it is presently constituted, can solve the literacy problem of this nation by 1980. One has to realize that no one discipline or no one Federal program can possibly accomplish this in isolation. It will take a total interdisciplinary team effort and commitment amoung the many Federal and State, public and private agencies to achieve this goal. Evidence of movement towards coordination of efforts is already available: for example, our assessment of the functional literacy of seventeen year olds was carried out in conjunction with the larger National Assessment of Educational Progress.

The Right to Read Program will work cooperatively with other programs in sharing expertise and developing collaborative projects toward at least two objectives: a) to meet the varied needs of functionally illiterate adults and b) to reach children early enough in their educational progression to prevent the development of yet another generation of functionally illiterate adults.

I would like to share with the Committee several examples of the progress that has been made along the lines of promoting literacy in this country. Until the recent National Assessment of Educational Progress, educators have lacked any baseline against which to measure change in reading performance over a period of years. Definitions of functional literacy varied widely with the geographical location. The much needed baseline was developed when the 1975 National Assessment of Educational Progress compared findings in its reading survey to the 1971 study which indicated some specific gains at the national and state levels. For example, it was found nationally that amoung black nine year olds, the average increase in reading skills from 1971 to 1975 was 4.8 percentage points; for seventeen year olds, the increase was 2 percentage points. The States are also improving their reading programs. For example, the Maryland State Department of Education recently noted that roughly, 87% of the 11th graders who took the Maryland Functional Reading Test last fall met the standard of functional reading competence. A year before only about 80% of the high school juniors taking the test were able to meet the standard. Similar improvements was found amoung the 7th graders who took the test, with 69% being considered functionally literate compared with about 65% the year before.

Thus, there is no longer any question that we do, indeed, possess the pedagogical expertise needed to solve the literacy problem. Yet, despite the overall improvement suggested by the National Assessment, the literacy problem persists: at least one out of ten students nearing the end of high school is still not able to do basic everyday reading tasks. The ratio changes with the type of community in which the student lives. In some high-socioeconomic sections the ratio is as low as one out of twenty who is functionally illiterate; in certain low-socioeconomic sections the ratio exceeds one out of five.

The major challenge, then, lies in the transfer of the pedagogical expertise we possess into the actual classrooms. We have established collaborative relationships with such programs as Adult Education, Handicapped, Bilingual, Title I, and Action (Retired Senior Volunteer Program).

Mr. FLOOD. What does the right to read program do that can't be done by the title I funds? Somebody mentioned that.

Dr. SCHIFFMAN. I think the right to read is the one program entirely devoted to eradicating illiteracy.

Mr. FLOOD. Can't that be blended in with title I funds?

Dr. SCHIFFMAN. No, sir. I will be happy to give you my opinion. I think there are certain facts that we have to face, the first being that we know how to help most children and most adults to learn to read. We don't need a lot of additional research to tell us what to do since the techniques are pretty well defined. The problem is not that we don't know what to do; the problem is we do not know how to deliver it, that is, how to help the teacher and child in the classroom. Whether we are working at the elementary, secondary, or adult level we must recognize that a number of disciplines are also concerned with solving this problem. In many cases they are not working effectively together. The major responsibility of right to read, an agency totally committed to literacy, is to help find a way for these other agencies to work together.

Mr. FLOOD. How much of the title I funds are directed toward reading improvement?

Dr. RODRIGUEZ. Approximately half, 53 percent of the funds go toward reading.

STATE LEADERSHIP AND TRAINING

Mr. FLOOD. On the question of leadership, why are you cutting State leadership and training? You are cutting it from $6 million to $5.5 million in the right-to-read budget. Are the States going to complain to us about that?

Dr. GOLDBERG. Many States are putting their own funds in and they are weaving it into the instructional program of the State education departments. They have had long-established staffs devoted to the improvement of instruction, and reading is a major element. This provides a way in which they can reach out and do more things with agencies and other groups than local school systems. So it is a good supplement to what the State can do for itself.

Mr. FLOOD. I am talking about their objection to the cut. Don't you expect the States to object?

Dr. GOLDBERG. Yes; I do.

READING IS FUNDAMENTAL

Mr. FLOOD. That is the answer? I guess that is our problem, then.

What is your assessment of the reading is fundamental program?

Dr. GOLDBERG. Any time a disadvantaged youngster can be given a volume to have for himself or herself and to take home and start a book shelf, we have a big plus for reading. I think ownership of books by individual children is an important aspect to understanding the love of the printed page. It is a plus all the way around.

Mr. FLOOD. How many books are distributed through this program?

Mr. SCHIFFMAN. One must realize the RIF funds were made available to RIF at the end of 1976 and the projected figure for fiscal year 1976 is 9 million books to be distributed, serving 1.8 million youngsters. In fiscal year 1977, assuming that inflation doesn't take too much of a

toll, roughly 10 to 11 million books will be distributed, serving 2.3 million children.

Mr. FLOOD. Is that good?

Dr. SCHIFFMAN. I think that is extremely good, sir.

FOLLOW THROUGH PROGRAM

Mr. FLOOD. Now you are asking for $59 million for the follow through program. By the way, is that considered a service program? Is it a demonstration program? Is it an experimental program, or what is it?

Dr. GOLDBERG. Mr. Chairman, I believe the goals as indicated in the original legislation remain the same, but we are now able to feature the emphasis on preserving gains in Head Start children in follow through programs so it remains a service program and perhaps—it remains an experimental—it remains a demonstration program from the Federal perspective.

Mr. FLOOD. You said all three. Is it a service, a demonstration or experimental program?

Dr. GOLDBERG. It is a demonstration program as was explained earlier, working with various models, with sponsors that are looking at different ways of approaching it. The important difference now I think is that local school systems may have some opportunities here with the reduction of the number of children attending school districts, more space being available. They may go into the option of providing more follow through programs with their own funds and with State funds.

The energy problem could be related here. As school attendance declines, some school systems are closing off wings of school buildings. As an alternative it may be that with the available extra space more follow through rooms may be possible using funds from State and local sources.

Mr. FLOOD. How many of the follow through participants are "graduates" of the Head Start program?

Dr. GOLDBERG. There are 74,000 low-income children that will continue in the program this year. Since the beginning of the program in 1968, through 1977, there have been 665,000 participants in the follow through program.

Dr. PIERCE. The legislation requires that at least 50 percent of the children in each entering class be from Head Start or a similar preschool program.

Mr. FLOOD. Again, how does this follow through program differ from title I projects? They are the same, aren't they?

Dr. RODRIGUEZ. No, sir. The follow through program is a configuration of services intended to impact on the approach to compensatory education and not limited to instructional services only. It includes health, nutrition, and with heavy emphasis on parent involvement.

The follow through design, while it is required to include at least 50 percent of the youngsters who are graduates of Head Start-type programs, is not targeted necessarily on educationally deprived youngsters. While educationally deprived youngsters are in fact a large percentage of the follow through population, it differs significantly in the population served.

Title I is strictly for educationally deprived where follow through will include those who are not educationally deprived. Title I funds may be then used to supplement the educational program for the educationally deprived children in the follow through program.

Mr. FLOOD. What is the average cost per child in the follow through program?

Dr. RODRIGUEZ. Nationally the average cost has been about $580 to $590 per child.

Ms. BEEBE. Mr. Chairman, one of the major purposes of the follow through program is to identify more effective ways of delivering services. This program is not designed to provide the services but if we are successful with this program we will have identfied some approaches that title I can use to more effectively deliver larger amounts.

This is not intended to be a permanent program; it is intended to find out what works so that title I may use its funds or other similar programs more effectively.

Dr. PIERCE. That is why Dr. Goldberg inadvertently said a service program. It is not that. It has never been perceived as such.

Mr. FLOOD. Mr. Early.

TITLE IV HOLD HARMLESS

Mr. EARLY. Thank you.

Doctor, you said 18 States were going to be cut on the grant consolidation. I have your two charts on pages 49 and 50 that show increases. Which page is the chart that shows these 18 States which are being cut?

Dr. BURNS. Page 51.

Mr. EARLY. I can't find any, other than Montana.

Ms. BEEBE. For example, Alaska.

Dr. BURNS. I can read them to you. It doesn't jump out. Alaska, Delaware.

Mr. EARLY. Why are those States being cut? Is it because they haven't spent any money in that direction?

Dr. BURNS. No; that would not be it. The reason for the hold harmless here is because of formula changes and elimination of floor provisions when the categorical programs were consolidated.

Mr. EARLY. There is no hold harmless here?

Dr. BURNS. That is correct. So as a result, in this year's budget there will be a reduction for these States unless a hold harmless is provided. That will be in school year 1978–79. As you know, this fiscal year 1978 budget is advance funded for the next school year.

Mr. EARLY. What is the reason? Why are those 18 States getting a cut?

Dr. BURNS. When the original grants consolidation legislation was passed in 1974, the categorical programs that made it up were changed significantly I think beyond anybody's anticipation of what the effects would be. Floor provisions, methods of calculation, and the types of formulas provided, all were reversed and eliminated in a new procedure. As we started to work out the new formula we saw some States were going to lose dramatically. In the beginning it was 23 States.

The Congress elected in the second year of the program, that is this school year we are operating in now, to have a hold-harmless provision. They provided $11,633,000 to hold those States harmless that would otherwise have lost as a result of the changes in the law. The hold-harmless provision for the next school year, that would be the one starting July 1, 1977, is for $9,478,000.

This fiscal year budget, which will start in July 1, 1978, would not carry the hold-harmless provision for those now determined to be 19 States.

Mr. EARLY. Now there are 19 States being cut?

Dr. BURNS. This is the latest projection without the benefit of updated information. It is 18 States plus the District of Columbia. I would be glad to furnish a list.

BILINGUAL EDUCATION AID TO STATES

Mr. EARLY. Doctor, will you identify the States which give bilingual aid and those which receive Federal aid for bilingual education. What is happening to States that have initiated and taken an active part and spent their money? Are they getting more of the Federal pie?

Dr. MOLINA. Not necessarily. We have four States that are currently putting more money into bilingual education than the Federal Government—Colorado, Illinois, Massachusetts, and Utah. In some cases, in California, for example, and Texas and New York, there are more Federal moneys than local moneys.

Mr. EARLY. Are you penalizing those four States, Massachusetts being one, because they have taken the initiative and they have implemented chapter 766 and are trying to identify the problem? The incentive is to be efficient and be aggressive. Massachusetts is being aggressive and it is getting less.

Dr. MOLINA. There is national competition for title VII funds. We have increased those for Massachusetts. It just so happens because they have active leadership in those States they are appropriating more and more money each year, but we are also increasing their funding, as is true of most States.

Mr. EARLY. I can see Massachussetts deciding to cut back drastically because they have initiated and spent more than other States. They are having more of a pinch physically and economically than any of the other 49 States.

Dr. MOLINA. That has not been the history. States are continuing to increase their allocations for bilingual education. We now have 16 States that have passed appropriations for bilingual education. This is a considerable increase over the last couple of years.

Mr. EARLY. It just doesn't seem right to me that the States that have the incentive to do this are the ones getting penalized. That is what appears to be happening.

Dr. Goldberg, in this new CHAPS program being implemented, how much coordination input has your agency had?

Dr. RODRIGUEZ. What was the question again?

Mr. EARLY. Secretary Califano suggested the only new program being initiated was CHAPS, which was going to be increased from 55 to 75 percent funding, and which is for students in the 3–10 age

group. My question is, how much have you had to do in the coordination of this program?

Ms. BEEBE. That is not an Office of Education program.

Mr. EARLY. It is a comprehensive health assessment program. For assessing the disadvantaged, I thought.

Dr. PIERCE. We just haven't been involved as yet, Mr. Early, in that program.

Mr. EARLY. One final question, Mr. Chairman.

DISCRETIONARY FUND

On this discretionary fund you referred to, how much is in this budget for this purpose?

Dr. PIERCE. Of the total budget how much is discretionary?

Mr. EARLY. How much is in your discretionary fund?

Dr. PIERCE. There is very little left in the total budget that is truly discretionary. Most of it is in the Special Projects Act.

Mr. EARLY. The other fellow identified the average project as $300,000, and then you say you funded 51 of your projects from the discretionary fund.

Dr. PIERCE. That is State discretionary.

Dr. BURNS. Mr. Early, I think you might be referring to the discretionary moneys for the national diffusion network.

Mr. EARLY. Yes.

Dr. BURNS. This year it is $7.5 million for the first year appropriated by the Congress. Allocations will be awarded through contracts next month. For next year or in the 1978 budget it will be $7 million.

Mr. EARLY. I probably misunderstood you but I thought you said the average grant was $300,000 and that you awarded 51 projects from money from the discretionary fund.

Dr. BURNS. No. What we did was to replicate projects we found were successful. Those successful projects cost on the average $300,000 that were funded from some previous Federal funds. Then when we identified them as successful we were able to replicate those projects for $4,500 in the first year and $2,700 in the second year.

Mr. EARLY. Just one final question which I would prefer you supply for the record. Why is Massachusetts spending more on bilingual education and getting a relatively less amount?

Dr. MOLINA. I am not sure I got the last part of that.

Mr. EARLY. Why is Massachusetts spending more on bilingual education and getting a relatively less amount?

Dr. MOLINA. They are not getting less Federal aid.

Mr. FLOOD. You can do that for the record.

[The information follows:]

FUNDING FOR MASSACHUSETTS

The bilingual education program is a discretionary one, where applicants are funded on a competitive basis in accordance with guidelines set out in the rules and regulations. It is not a State formula program and therefore the moneys which Massachusetts receives does not depend on such factors as State expenditures or number of children of limited English-speaking ability in the State.

In fiscal year 1976, $1,789,125 was awarded to grantees in the State of Massachusetts for basic classroom projects, for training, and for materials development.

These funds are being used in the current 1976–77 school year. The amount awarded to grantees in Massachusetts represents approximately 1.9 percent of title VII program expenditures for fiscal year 1976. Regarding the success of applicants from Massachusetts in competing for title VII funds, in 1976 the Office of Education received 20 applications, of which 15 were funded. Eight projects received funding in fiscal year 1975.

EDUCATIONAL BROADCASTING

Mr. FLOOD. The budget for educational broadcasting facilities is $15 million, the same as last year. Why do you need another $15 million for this program? Aren't there enough educational TV and radio stations across the country now?

Dr. GOLDBERG. There are some locations in the Nation without adequate coverage for educational radio and educational television. So there is expected to be activated this next year some additional outlets in service areas where children and adults do not now receive these programs.

In addition to that, there are some expansions of existing units which will enable them to serve their people better. Finally, there are some upgradings from black and white to color and other extensions of equipment which will make the programs more modern, more like the commercial stations, to attract and hold their audiences better.

Mr. FLOOD. What kind of yardstick do you use when you are reviewing all these applications for educational TV or radio projects?

Dr. GOLDBERG. We will supply that.

WHAT YARDSTICK IS USED WHEN APPROVING EDUCATIONAL TV OR RADIO PROJECTS?

The educational broadcasting facilities program yardstick follows the 12 funding criteria listed in 45 CFR 153.12(b) which are attached. It also encompasses the following:

In the review and evaluation process, each application is summarily reviewed by a program officer to decide whether or not the application can be accepted for filing.

The program officer makes certain that the applicant:

Is in compliance with civil rights and EPA requirements;

Has filed with the FCC the necessary FCC application prior to HEW filing.

Has available local matching funds and proposed operating funds;

Has provided acceptable assurances of required organic or corporate powers;

Will have ownership and operational control of equipment;

Has sufficient funds to meet all necessary nonproject costs;

Has appropriate title or lease to the transmitter and studio sites;

Will use the equipment primarily for noncommercial broadcasting purposes and to serve the educational and social service needs of the community; and

Has given indications of comprehensive planning and the most efficient use of the assigned frequency.

On the basis of the first review, the decision is made as to whether the application is accepted for filing or returned. Those accepted for filing are published in the Federal Register and since the use of public airways is involved, the public is offered a 30-day comment period. Adverse or supportive comments may be made on any or all of the applications. After applications have been accepted for filing, each is independently reviewed and evaluated by at least two outside-the-government technical reviewers who are nationally known consultants in the broadcasting field. Each reviewer fills out an approved evaluation sheet patterned after the 12 funding criteria in the regulations, gives the application a numerical rating score, and writes comments justifying the rating.

Additionally, EBFP conducts a 2-day conference with TV and radio representatives from affiliated organizations and agencies: The National Association of Educational Broadcasters, the Corporation for Public Broadcasting, the Public

Broadcasting Service, the Joint Council on Educational Telecommunications, National Public Radio, the Association of Public Radio Stations, the Federal Communications Commission, the Office of Civil Rights and the HEW Office of Telecommunications Policy. These agencies provide important information regarding each applicant's quality of programing, personnel, financial condition, contribution to the national system, and readiness to proceed with the project.

Two EBFP program officers independently make a comprehensive review and evaluation of each application being considered. Each staff reviewer fills out the evaluation sheet, giving the application a numerical rating score, and justifies the rating through written comments. All four ratings are then weighed and averaged for consideration in the final selection by the EBFP staff taking into account:

The State limitation of 8½ percent of the appropriation;
Equitable geographical distribution of funds;
State agency and HEW regional recommendations; and
FCC approval having been received for the required FCC authorization or, if not required, FCC approval that the station's license is current and valid.

When the staff comes to a consensus, a recommended slate is sent through channels for approval by the Commissioner of Education.

The last step which may bear on the final approval for a grant is staff negotiations with the applicant. The applicant may choose not to accept any recommended changes and resultant reduced grant request and prefer to wait until the coming year. There are alternates on the recommended award slate which may be utilized in the event one or more of the proposed grants do not materialize.

Mr. FLOOD. On what basis did you decide it is better to devote some of the funds in this program to the upgrading of existing stations rather than extension of radio and TV programs to the public where they are not currently reached?

Dr. GOLDBERG. Market surveys indicate there is a shortage of outlets in educational radio that surpasses the shortage in educational television. There probably will be more activations in radio than in ETV. There will be some in ETV. The expansion of facilities will be determined on the needs assessments in the applications and the upgrading of equipment will also be determined by the age of the equipment and what they hope to do, as I said, to attract and hold their audiences. It will be a combination of criteria.

Ms. BEEBE. The principal thrust, of course, is to consider applications which would extend coverage to services not available through two strategies: Either building new stations or through adding various new technologies to existing stations.

DRUG ABUSE EDUCATION

Mr. FLOOD. You are asking for $2 million for drug abuse education. How does that program relate to the drug abuse prevention programs at NIH, the National Institute for Mental Health?

Dr. BURNS. Mr. Chairman, the purpose of this program is to develop interdisciplinary, primarily school but also community teams, through short term training and on-site technical assistance to help them develop a local problem-solving capability.

Mr. FLOOD. How does it relate to the National Institute of Mental Health?

Dr. BURNS. The focus here is on prevention rather than treatment. The focus is on education to deal with people who are interested in the community and in doing something about a problem that is illustrative of student disruptive behavior in the form of vandalism, crime, alcohol abuses and drug abuses.

Mr. FLOOD. You know about the program at the NIH?

Dr. BURNS. Yes; we do. As a matter of fact, in your budget justification there is mention of a position paper, and this position paper has been completed. It was signed by Acting Commissioner Bill Pierce on February 22, 1977, and forwarded to Senator Magnuson's committee. The joint finding was that, first of all, the program should not be transferred out of the Office of Education. It was doing its purpose; it was serving an educational community, and it had a good access into the educational community and then to the parents. The level of coordination at the Federal level was indeed good. There are any number of task forces, too many for me to be able to recall, but we have Helen Nowlis here, who is an expert in the field who is the director of the program.

We find the problem where we need to put more of our resources is in the coordination at the State level because each one of the Federal agencies filters into the State.

ENVIRONMENTAL EDUCATION

Mr. FLOOD. The authorization for the Environmental Education Act expires this year. Are you recommending an extension of the act?

Mr. ALFORD. We haven't recommended an extension but the program is covered for 1978 with the automatic extension. We haven't done it yet.

Mr. FLOOD. The budget for environmental education is $3.5 million. How much of that is for programs for local schools and how much is for the post-secondary and adult education?

Dr. BOGAN. About half of the appropriated money supports elementary and secondary education. About 30 percent of it goes for adult community education and the remaining portion supports research and development contracts which will serve each of these.

Mr. FLOOD. By the way, on that subject of environmental education, that seems to have simmered down in the last several years. Are the local schoolteachers and children still interested in this?

Dr. BOGAN. I wouldn't say that it has simmered down. It has matured to some degree. Those people who were initially involved because of newspaper publicity are beginning to come to grips with the complexity of the problem, and we are now getting more meaningful work and attention given to the challenge of the developmental effort.

Mr. CONTE. Would the gentleman yield?

Do school districts have to apply for this? What do they do to qualify?

Dr. BOGAN. They apply on a competitive basis to pursue pilot projects. Proposals from school districts are subject to review by State departments of education.

Mr. CONTE. And then to you?

Dr. BOGAN. Yes.

Mr. CONTE. There is only $3.5 million for the whole country. What do you figure the paperwork involved costs?

Dr. BOGAN. I am afraid that is a question that I can't answer. It is one we can certainly supply for the record.

Mr. CONTE. I feel very strongly about the environment, but by the same token I just can't see why the school districts themselves can't

handle it. There is more time consumed, energy expended, money wasted than the $3.5 million for the program. And then you divide it between 50 States. How many school districts do we have in the country?

Dr. BURNS. Sixteen thousand.

Mr. CONTE. Sixteen thousand. I bet you are spending over $3.5 million just on paperwork.

Dr. BOGAN. If I may, the benefits to school district, both in the short and long term, is that of having available the resources needed to conduct meaningful programs. The existence of a program to identify resources developed through other Federal authorities and to otherwise obtain and make available resources appropriate to the problem is a benefit to schools and other groups who desire programs.

ETHNIC HERITAGE PROGRAM

Mr. FLOOD. What about ethnic heritage study; are the local schools getting more active in this subject?

Mr. LEESTMA. I think there is a great deal of activity, Mr. Chairman. We see some of it in the volume of proposals we receive annually, but obviously a great deal more is going on than we know about because most districts seem to be able to do something on their own. Last year about 570 proposals were received for approximately 50 grants under the program.

Mr. FLOOD. What is your office doing to encourage ethnic studies?

Mr. LEESTMA. Well, the very process of having Federal money available, the annual announcement of grants, the participation in professional meetings around the country, where people gather who are concerned with ethnic heritage studies, the opportunity to speak at the annual meetings of various educational associations and whatnot, all come together to help advance the cause of ethnic understanding in this country.

Mr. FLOOD. That being so, how many people would benefit from the $2.3 million budget for ethnic studies?

Mr. LEESTMA. It is difficult to get a firm figure, because there is in the first instance those who are touched directly by the project—the teachers who participate in the training, the students in the classroom, and whatnot.

But then you have to make certain estimates down through the years of the multiplier effect of the various curriculum materials, the teachers who have been trained and their effect upon the students. The program is only in its fourth year, and we are in the process now of trying to develop a good way of measuring the impact, so that we can report to you.

Dr. PIERCE. I think, Mr. Chairman, it needs to be said at this point this is only one of a number of programs in the Office of Education that address themselves to the whole issue of ethnic heritage. You have all the bilingual educational program, Indian education, you have a number of other programs within the Office of Education that address this very issue as well as this specific program.

Mr. FLOOD. Mr. Conte?

RIGHT TO READ

Mr. CONTE. The chairman asked you some questions on the right to read program. You are programing the exact same amount of money as you did last year. I just am troubled to understand how you can maintain the program level with the same level of funding.

Dr. SCHIFFMAN. I think we have reached a critical point in our development of the right to read program. For instance, out of the 50 States, 38 States have developed standards of excellence for successful reading programs. These States have now reached the point where they are training a large number of educators in reading techniques. As I said earlier, sir, I think the fact is that we have, through the last 6 years, developed effective techniques to teach literacy to most people. Our problem today is to interact with other agencies at the State and local district level as well as the national level. Therefore, since the States have pretty well established their reading strategies, the job of the national office is to show them ways to interact effectively on the State level with other agncies, such as title 1, the Bureau of the Handicapped, and the bilingual programs.

We have to get all agencies concerned with literacy to work effectively together to make a difference in the classroom. And I believe this is the direction in which we are going. In other words, we have built a base of knowledge in the last several years. Now our job is to get this base of knowledge translated into effective instruction in the classroom.

Mr. CONTE. Is your answer the same with regard to your proposal to eliminate the inexpensive book distribution program?

Ms. BEEBE. Mr. Conte, I think you are looking at an old volume.

Mr. CONTE. The same thing I was looking at before.

Ms. BEEBE. Right. We will give you a corrected volume. We are not proposing to terminate that program or decrease our level of effort or support for it.

Mr. CONTE. Thank you, Mr. Chairman.

DRUG ABUSE EDUCATION

Mr. EARLY. Just one question, Mr. Chairman, on that drug abuse matter. The committee funded that the same last year—$2 million. I would suspect that at only $2 million over 50 States—16,000 districts—we are just funding $2 million worth of paperwork. Drug education is one of our biggest problems.

Dr. BURNS. This is the first time the administration has requested these funds in the past 3 years. So I think that is a step forward in the right direction. The program has a very interesting and cost-effective model that is in operation. Over 3,000 teams have been trained. The average cost of training a team to provide both 2 weeks of intensive training of seven to eight, or nine people, from the community, or from the school or both—all it takes is $5,000. They are to then, during that 2-week training program in one of five locations around the United States, determine what the problems are, look at the effective models, and design a program that they can go back into their community and

implement. They have raised, through Kiwanis and many other ways well over $5 million supporting their own activities.

Mr. EARLY. Why shouldn't the funding be increased? It just doesn't seem very progressive to me to be requesting the same funding as last year.

Dr. PIERCE. Mr. Early, you are aware of the fact that the money does not go to the same districts each year.

Mr. EARLY. I think that makes it even worse.

Dr. PIERCE. We think it uses the funds the way Congress intended, which was to expand the knowledge of how you provide training in this area, throughout the Nation, rather than to have the Federal Government pick up the total cost of all that training—but to help people to provide appropriate training.

Mr. EARLY. If we are going to do that, I would think we would try to do it in the 50 States. You talk about spending $37 million to train bilingual teachers. I would think you would be making a proposal to put that type of person in each of the States at the same time and not just a few at a time. I would think that drugs in elementary and secondary schools was a major crisis and not one that we are just going to treat in a particular way simply because that is the way we treated it the time before.

Dr. BURNS. We have been in all States to set up a model and hopefully there is some diffusion in the State with the model we set up.

Mr. EARLY. Do all the 50 States have the model?

Dr. BURNS. There are programs in every one of the 50 States, yes.

Mr. EARLY. On that $2 million?

Dr. BURNS. The $2 million has been a low level. The program has been in operation since 1970. At one point, in 1973, it was funded at $12 million. So that it has peaked and is coming down.

Mr. EARLY. So we are getting our money's worth at $2 million as much as at $12 million? I know the drug situation is not getting any better in my elementary and secondary schools. The program must be being implemented in the other States.

Dr. BURNS. No. We are hopeful that the teams we have trained in one local school district will spread not only through that one school in a district, but throughout the school districts and hopefully to other school districts within the State. So it is a demonstration program. We are very sensitive to the problem because it is basically disruptive behavior we would be dealing with, and we would like to continue to offer training to these teams.

Dr. PIERCE. In addition to that, we have received some money from LEAA in two of our programs to work with them, to develop additional activities at the local level. When you talk about disruptive behavior, for example, that is oftentimes triggered by alcoholism or drug abuse problems.

We have some projects under way to see if there are ways to control violence and disruptive behavior in the schools, using teams of students as the control mechanism themselves, in a sense peers controlling peers. So that there are a number of ways to attack the problem. And we are not going at it only through this $2 million effort. There are other activities. There is $1.2 million in 80 teams that will be trained through three training centers from LEAA. So that we are expanding that money and we are expanding that training through other efforts and not just this $2 million.

Mr. DINGELDEIN. Mr. Early, I think the Secretary, when he was up here, indicated that the new administration really did not have an opportunity to thoroughly review all of the programs in education, as in other areas. I think you will find in the next budget round that there will be a reassessment of all these programs.

Mr. EARLY. I would like to think that. It is just frustrating for me to see groups of professionals coming in to me that need the same amount of money as last year. It is either a good program or not a good program depending on the area you are from. It doesn't seem to me very progressive to fund at the same level as last year.

Mr. FLOOD. Thank you very much.

Dr. GOLDBERG. Thank you, Mr. Chairman.

[The following questions were submitted by members of the subcommittee with the request that they be answered for the record.]

TITLE I EVALUATIONS

Mr. MICHEL. Over $12 million is being allocated for title I evaluations. How much of that is being allocated to the States to conduct their own evaluations?

ANSWER. The major portion, nearly three-fourths, of the requested evaluation funds is targeted at assisting States to conduct their own evaluations in line with the standards and models developed by USOE pursuant to section 151, added to ESEA, title I with the Education Amendments of 1974. Those models were developed during fiscal year 1974–76 at a cost of nearly $1 million, and since then State officials have been trained in their use. Direct assistance in their use is provided by personnel in ten technical assistance centers which provide free consulting services upon request to States to solve specific evaluation problems. States receive services in accordance with written agreements between them and their centers. The resources necessary to provide such services have increased as more States begin to use the standard evaluation system, and their projected cost for fiscal year 1978 is over $6 million, or over half of the figure requested. The $12 million line item for title I evaluation implements all subsections of section 151, including additional developmental efforts for evaluation models for title I programs outside the regular school setting, later training activities in support of the use of those models, and national program evaluations.)

Section 151 directs the Commissioner to upgrade title I evaluation activities, so related to it are the State efforts to prepare annual State evaluation reports, section 142, and the local districts' requirements to conduct evaluations, section 141, which usually provide the data for the State reports. We estimate that States and locals spend $34 million annually to fulfill these requirements.

EVALUATION BIAS

Mr. MICHEL. Since it is unlikely that any States wish to see title I funds discontinued, aren't their evaluations likely to be biased in favor of the program?

ANSWER. The new title I reporting system uses objective achievement test data as the primary measure of program success in the areas of reading and mathematics. Though States and locals will be providing the data, they will be doing so in accordance with sound evaluation practices and uniform reporting formats prescribed by USOE. The new system will thus minimize the possibility of either purposeful or accidental bias of the results in favor of or against the program. Under the old procedures, each school district and State was following individualistic, and usually undescribed evaluation practices, which were more subject to distortion and which could not be easily checked.

USE OF STANDARDIZED ACHIEVEMENT TESTS

Mr. MICHEL. Where do we stand at present with this study on using standardized achievement tests to evaluate title I, and also using such tests to determine title I allocations?

ANSWER. The work to develop models for State and local use in the evaluation of title I has produced procedures which have been adopted in sites in approximately 20 States for use this current school year, 1976–77. All States have plans underway for at least some of their local districts to use the evaluation models next year. A massive training and assistance program is underway to facilitate

transition to the new evaluation models. Plans are to have all title I school districts using the new system in school year 1979–80.

The work to examine the use of standardized achievement test data to determine title I allocations is underway in the National Institute for Education. That work will include estimates of the feasibility and consequences of the use of such data, and will be discussed in NIE's September 1977 report to Congress.

FEDERAL EDUCATION EVALUATION

Mr. MICHEL. Likewise with the evaluations you are undertaking, I have yet to see a Federal agency come up with anything critical about a program it is administering. When GAO came out with a critical evaluation of title I a couple of years ago, you people immediately became very defensive and sought to develop a case on behalf of the program. I really have to be very skeptical that any evaluations you undertake will not have a built-in bias on behalf of the program. Isn't this really the way things operate, whether you like to admit it or not?

ANSWER. Quite the opposite has often been true since evaluation was centralized in OE during 1970–71. The common complaint of program managers and other program advocates has been that evaluation findings are overly critical and thus put OE programs in a bad light. A classic example of this for title I was the study entitled "ESEA Title I: A Reanalysis and Synthesis of Evaluation Data from Fiscal Year 1965 through 1970." whose report was distributed to the Congress in March 1972, and which was attacked in the Congress and elsewhere as being too critical of program accomplishments. Further examples of findings which have been critical of other programs in elementary and secondary education include the second study of the emergency school assistance program (distributed November 1973), the evaluation of the title IV program under the Civil Rights Act of 1964 (October 1976), and the study of the impact of educational innovations on student performance (November 1976). On the other hand, positive evidence of title I program impact was found in the recent study of compensatory reading programs (September 1976), and a further example of generally positive findings was the evaluation of the right-to-read State grant program (January 1977).

Evaluation studies are designed by the professional staff in OE's planning, budgeting, and evaluation, who are training in research design and methodology. Data collection in the field is conducted by professional research and survey firms under contract to OE, which work under the direct supervision and close monitoring of the same staff person who designed the study. Findings and recommendations are prepared by the contractor and by OPBE staff. The possibility of bias on behalf of the program is thus minimized, but so is the possibility of bias against the program. By this process, we attempt to insure the most objective and reliable information possible in response to the questions asked by the Congress, by OE staffs, and by educators in the field concerning the effectiveness and the management of Federal education programs.

TITLE I FUNDS IN PIPELINE

Mr. MICHEL. What is the current picture with regard to the amount of unused title I funds in the pipeline? Last year you told us it was $800 million.

ANSWER. The comparable figure at the end of fiscal year 1976 from all years was an estimated $938 million based on Federal financial records. These are funds that have not been drawn by the State from the Federal Government. They include funds which the State and local agencies have in fact committed but for which the States have not yet billed the Federal Government. It should be noted here that the unobligated funds as reported by the State educational agencies from the 1975 appropriation at the end of fiscal year 1975 were an estimated $550 million. The corresponding figure from Federal records was an estimated $720 million. So there are significant amounts of funds which show up on Federal records as "unused which the State and local authorities have committed but have not billed the Federal Government. The States carry forward these funds into a second school year under the provisions of the Tydings amendment.

RESULTS OF EVALUATIONS DURING THE PAST YEAR

Mr. MICHEL. Have any evaluations been completed during the past year, and if so, what do they show, both pro and con?

ANSWER. Title I funds are used to support a wide variety of activities at the local project level. These range from the provision of services in health, nutrition, and counseling to direct instruction in basic skills, such as reading and mathematics. Because of such diverse objectives the program does not lend itself to any single evaluation study. Rather, major areas of title I activities are identified and studies designed which can best assess their accomplishment. One major area of activity that is involved in most title I projects is reading instruction, especially in the elementary grades. A national study of compensatory reading programs in the elementary grades was completed this past year. The results of this study have shown that in schools that have compensatory reading programs the most educationally needy students are the ones who receive compensatory assistance in reading and they benefit from these services such that they acquire reading skills and a liking for reading activities at a rate equal to or greater than their more advantaged peers. As a result they tend to catch up a little or at least maintain their same relative position rather than, as has been the case historically, to fall further behind. However, these assertions apply to students who participate in such programs during the academic year. Apparently, such results may not be cumulative across the years because students who receive compensatory assistance in reading tend to stay at about the same percentile on the fall test results at grades 2, 4, and 6.

Undoubtedly the summer dropoff and serving the most needy students each year affect such grade-level results. They point up the need for a followup of the same students over time to see how their gains are sustained if or when they leave the program. Such a followup is currently in progress. In addition, large-scale evaluations of the title I program in State-administered institutions for neglected or delinquent children and the title I migrant education program are currently in progress.

EXEMPLARY LOW-COST TITLE I PROGRAMS

Mr. MICHEL. Last year you provided us with a list of some of the best title I programs, and among these there was a great range in per-pupil costs. Why can't we take the lowest cost ones, or the ones most cost effective, and really sell them to the school districts around the country? Wouldn't this enable us to achieve more bang for the buck and cover more children without substantial increases in cost?

ANSWER. Certainly whenever a low-cost exemplary project will meet the specific needs of the educationally deprived children in a given school district it should and probably will be utilized by the local educational agency instead of a high-cost project of similar nature. However, the needs of children vary from school district to school district, and the lowest cost or most cost-effective projects will not always provide the types of services required.

The list of exemplary projects submitted last year included projects of three differing dimensions. The most expensive projects were at the prekindergarten and kindergarten levels where title I paid for the entire cost of at least one-half day of instruction. The lowest cost projects were tutorial in nature at the elementary grade levels, which generally utilized older students or parents as unpaid volunteer tutors.

The third type of program utilized a learning center or laboratory to provide opportunities for diversified approaches to individualizing instruction. Such programs included in-depth diagnosis of learning deficiencies and prescriptive treatment of these deficiencies. Project costs generally clustered around the average cost of all exemplary projects. However, cost variations were noted in projects of this type which were usually due to the degree of specialization required of the instructors, the proportionate numbers of aides that were used, and the intensity of the treatment necessary to meet the students' needs.

Given the range of costs and services identified, it would appear that the criteria for replicating exemplary projects are services needed in relation to costs.

SUMMARY OF SEVERAL EXEMPLARY LOW-COST TITLE I PROGRAMS

Mr. MICHEL. Would you provide for the record some of the exemplary title I programs that cost the least in per-pupil expenditures, along with a short summary of each program, and then tell us, if you can, how many schools are using these programs?

ANSWER. Following are brief descriptions of two exemplary title I projects which report the lowest cost in per-pupil expenditures. Their low cost is due to the fact that they are tutoring programs and the cost depends largely upon the rate of pay to the tutors and supervisors in the program.

The first project is entitled Programed Tutorial Reading Project, located at Farmington, Utah. It was originally developed by the University of Indiana and field tested in the Indianapolis public schools. The project provides tutoring in beginning reading to disadvantaged first graders 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. The approximate per-pupil cost is $150 per year.

This project has been replicated nationwide through three mechanisms: The University of Indiana dissemination efforts, the project information package contractors, and the national diffusion network (NDN). The number of projected adoptions of the programed tutorial reading project for the current school year is 24. No information is available regarding adoptions in prior years.

The second project is entitled High Intensity Tutoring Project, in Highland Park, Mich. The project was developed at the site and a summary of its activities follows: The project seeks to increase reading skills and arithmetic computational ability. The reading and math components employ principles of programed instruction but use student tutors rather than teaching machines. Sixth and some seventh grade students participate in the program. Eighth and some seventh grade students serve as tutors. The instructional model employed has as a central feature the daily calculation of the percentage of correct responses for each student. This procedure insures that new learning is introduced at the optimum rate and that nearly all responses are correct.

The approximate per-pupil cost is $75, as the tutors are students who are not paid. This project has also been replicated nationwide through the project information package contractors and the national diffusion network. The number of projected adoptions for the current year is 24. No information is available regarding the number of adoptions in prior years.

CARRYOVER FUNDS

Mr. MICHEL. What percentage of the title I funds is, on the national average, carried forward from one year to the next by school districts?

ANSWER. Carryover funds approximated 30 percent in fiscal year 1975; 21 percent in fiscal year 1976. We anticipate that this trend will continue for the next several years for two reasons: The early announcement of allocations allows school districts to more adequately plan for and absorb title I allocations; school districts are faced with ever-increasing costs in the provision of program services.

SUPPORT AND INNOVATION FUNDS FOR NONPUBLIC-SCHOOL CHILDREN

Mr. MICHEL. Regarding support and innovation, last year you did not have any figures as to how much of these funds were going to nonpublic-school children. Do you have such figures for this year?

ANSWER. States have recently submitted their ESEA title IV annual reports for 1976. The reports include financial and performance information regarding all local projects funded prior to July 1, 1976. Seventeen States made grants to local educational agencies before that date. On the basis of these States' reports we know that 59,923 nonpublic-school children participated in the title IV, part C program. Because nonpublic schools cannot receive these funds directly and because the reporting form does not require the State to separate project funds benefiting public school children from those benefiting nonpublic-school children, a figure on the amount of funds obligated for services to nonpublic-school children is not available.

ADOPTION OF SUCCESSFUL PROGRAMS

Mr. MICHEL. In your statement under support and innovation you refer to a continuing trend toward more adoption and replication of existing successful projects. What does this mean? Are you funding innovative projects that are really just replications?

ANSWER. Section 403(a)(6) of the statute requires that any State desiring to receive a grant must install effective procedures for the adoption, where appropriate, of promising educational practices developed through innovative programs supported under part C. The cost of developing and installing a truly innovative program is very expensive. Therefore, to capitalize on this investment many States package programs which have been validated as successful and make them available to all local educational agencies. Those locals wishing to adopt such a program may be provided grants to do so, provided they meet the criteria the State has established to comply with the competitive grant requirements of the legislation.

The adoption of successful program is also supported by the national diffusion network, which has been operating for 3 years. Through the operations of this network, already developed rigorously evaluated exemplary programs are installed in public and private elementary and secondary schools. These exemplary federally funded programs are approved by the education division's joint dissemination review panel (JDRP) for dissemination and inclusion in the national diffusion network.

The joint dissemination review panel (JDRP) has approved 165 programs, products, and practices for dissemination. During the 1975–76 school year 66 programs were diffused through the network. It is anticipated we will diffuse 80 or 90 programs during 1976–77 school year.

The average program has cost the Federal Government $300,000 to develop. The national diffusion network is now installing these programs at less than $3,000 per school district. Installing already developed programs is a very cost-effective use of Federal funds.

Thus, with the establishment of a national system and State system to disseminate the results of tested innovative projects, the trend will be "toward more adoption and replication of successful projects."

The answer to the second part is yes. States are establishing two types of grants. One type of grant supports the development of innovative projects which undergo rigorous evaluation before results are made available to other LEA's for adoption. The second type provides funds to LEA's for the adoption and replication of the original innovative projects.

TITLE III—PART D, PUBLIC LAW 94–482; GUIDANCE AND COUNSELING-DISCRETIONARY

Mr. MICHEL. I understand one of the new guidance and counseling programs scheduled to begin next year relates to involving people from the world of work. Is this in the elementary and secondary field, and if so, would you describe this for us, and tell us whether you have requested funds for it?

ANSWER. Part D, "Guidance and Counseling," of title III. Public Law 94–482, is a new program for which there are authorized to be appropriated $20 million for each of the fiscal years 1978 and 1979, to carry out the provisions of this part. One of the provisions (sec. 344(a)) authorizes the Commissioner to make grants on a competitive basis, to State and local educational agencies, institutions of higher education, and private, nonprofit organizations to assist them in conducting institutes, workshops, and seminars designed to improve the professional guidance qualifications of teachers and counselors in State and local educational agencies and nonpublic elementary and secondary school systems, including opportunities for teachers and guidance counselors to obtain experience in business and industry, the professions and other occupational pursuits, and including the bringing of individuals with experience in such pursuits into schools as counselors or advisers for students, and which bring students into workplaces to acquaint them with the nature of the work.

Such involvement of the world of work is specifically within the context of inservice education for improving professional guidance qualifications. However, title II, "Vocational Education," Public Law 94–482, provides for the extension of certain vocational education programs, and includes under subpart 3, provision of guidance and counseling services, programs and activities as supportive services. "Vocational Guidance and Counseling" under this subpart (sec. 134(b)) provides for the involvement of business and industry, the professions and other

occupational pursuits as an aspect of ongoing comprehensive school guidance and counseling programs.

Funding for part D of title III, Public Law 94–482, has not been included in the budget for fiscal year 1978, as is the case with all new programs under title III.

Vocational education will continue to be funded, and not less than 20 percent of funds available to States for supportive services shall be used to support programs for vocational guidance and counseling, including those which involve the world of work.

NUMBER OF LANGUAGES

Mr. MICHEL. I note that during the current year, you've got projects going in 68 different languages. Is there really a need to cover so many languages? Where is the cutoff point in this regard?

ANSWER. The need for covering many different languages arises from the large number of distinct language groups throughout the Nation. Thus, we have not established any specific limit on the number of languages covered under funded projects. Wherever the number of children is sufficient for a viable classroom project, funding can be sought by submitting a proposal in competition with other bilingual projects.

TRANSITION OR MAINTENANCE

Mr. MICHEL. Are these bilingual projects all designed as transitional in nature, whereby children are taught English as quickly as possible and integrated into the regular classroom, or are some of them just concerned with teaching the children in their native language?

ANSWER. All title VII projects are transitional in nature, with instruction given both in English and in the native language of the child. The typical bilingual project gradually increases the amount of English instruction from one year to the next until the child reaches the point of being able to function effectively in the regular school program. It is a local decision as to when that particular point is reached. Some school districts, of their own volition, choose to maintain the native language of the child even after participation in the regular school program; other school districts do not. In either case, these are local options not mandated by Federal statute.

CHICAGO'S BILINGUAL PROGRAM

Mr. MICHEL. There have been reports that the bilingual program in Chicago is in a chaotic state. Do you have any familiarity with this?

ANSWER. The Chicago project is of great concern to us. A recent site visit has revealed serious deficiencies in the areas of program management, teacher training, and community involvement. A followup visit is planned for May. We are attempting to ameliorate the situation in Chicago with technical assistance from the Office of Bilingual Education buttressed by consultation with experts in the field. Significant improvement should occur within the next year.

BILINGUAL DEMONSTRATION PROJECTS

Mr. MICHEL. Are the bilingual projects you are funding intended to be demonstration projects, or is the intent to financially assist school systems which have a bilingual problem?

ANSWER. The current demonstration projects are designed to stimulate the States and local governments to assume responsibility for addressing the needs of limited English-speaking children in their own school districts. In order to develop the State and local capabilities to continue to deliver services we are also supporting the training of bilingual education teachers and the development instructional materials.

DURATION OF FEDERAL FUNDING

Mr. MICHEL. If they (bilingual projects) are intended to be essentially demonstrations in nature, presumably there ought to be some point down the line where we will have demonstrated everything we can and there will no longer be any need for Federal funding. When might this be?

ANSWER. The purpose of the demonstration strategy is twofold: (*a*) to stimulate State and local education agencies to assume full responsibility for meet-

ing the learning needs of limited English-speaking children, and (*b*) to continue to introduce new and improved ways of offering bilingual education. Although we have succeeded in promoting greater activity in areas of new legislation, interest, and coordination at State and local levels, corresponding increases in funding have not been forthcoming in most States. Therefore, in order to promote our larger goal of equal educational opportunity, we are currently reassessing the overall strategy with a view toward actual installation of bilingual programs with a core of trained teachers and instructional materials.

FOLLOW THROUGH

Mr. MICHEL. In your statement, you state that the Follow Through program is an "experimental program." This experiment has been going on now for 10 years. How long do we continue experimenting? Haven't we about found out everything we need to know, and can now begin to cut back?

ANSWER. There are any number of questions which still can be addressed through the Follow Through experiment; to cite a few:

1. "Effects of successful Follow Through instructional models on a sample of graduate children in grades 5 and 6.."
2. "Later effects of selected Follow Through instructional models on a sample of children in grade 4."
3. "An assessment of the adoption of Follow Through practices by LEA's and SEA's."
4. "A comparative study of Follow Through participant children and their older nonparticipant siblings."
5. "Documentation of the Follow Through strategies for teacher training and an assessment of the impact of this training upon teachers, schools, and school districts."
6. "An assessment of strategies for achieving parental involvement in a selected sample of Follow Through projects."

ENVIRONMENTAL EDUCATION

Mr. MICHEL. The environmental education program is a demonstration program under which 560 projects have been funded, which presumably have run the gamut of all different teaching strategies that can be developed. Why do you continue to request funding for this program?

ANSWER. Environmental quality and the necessity for a citizenry that is knowledgeable about the problems and options related thereto continue to be critical national needs. The environmental education program is the primary vehicle for addressing this need in both issue-specific (for example, energy, water quality, land use), and general terms (for example, informed citizen participation in decisionmaking). A review of the program's objectives, status and needs has indicated that termination of the program at this point in time would preclude the realization of the benefits of efforts undertaken and funds expended to date.

Projects supported to date under the Environmental Education Act have been pilot efforts through which locally perceived development needs have been identified and explored. Based on information derived from these activities as well as current research and studies on problems and issues related to environmental quality and quality of life, systems for generating and demonstrating effective learning strategies and resources will be needed to assure that the knowledge gained from past efforts and knowledge gained in the future is made available to citizens. The design and implementation of such systems is planned for fiscal years 1977 and 1978. Their implementation will mark the first phase of the program's support of demonstration projects, and will constitute the first major step toward implementation at the local, State, and regional levels of coordinated environmental education leadership and development. The systems are intended to promote a continuing and long term capability to improve environmental education, extend and improve the educational resources as required, and to assist the maintenance and improvement of learning opportunities that fully address the structural, methodological, and substantive complexities inherent in environmental education.

DISSEMINATION OF ENVIRONMENTAL EDUCATION MATERIAL

Mr. MICHEL. I understand that there is very little dissemination of the material developed under this program. Why is that?

ANSWER. Materials have not been disseminated nationally pending completion of assessment activities in progress and planned, and the design of effective methods for dissemination. The systems planned for fiscal years 1977 and 1978 will address problems and needs related to dissemination.

MR. CONTE

TITLE I—PART B

Mr. CONTE. You are requesting no new funds for the part B incentive grants for disadvantaged children program. Would you explain why?

ANSWER. Part B funds which were intended to serve as an incentive to increase per pupil expenditure in States and local districts are not sufficient to accomplish their purpose. Less than one-half of the States receive part B funds; the increased per pupil expenditure required to compete for and capture part B funds is excessive in relation to the amount received by States. Separate application and accounting procedures create an administrative burden in view of the limited funding available to most districts. Increased funding appears unwarranted at this time without serious reconsideration of the purpose and regulations under which the program is operated.

ACCOMPLISHMENTS UNDER PART B

Mr. CONTE. What have been the accomplishments under the part B program?

ANSWER. The accomplishments of the part B program are the same as those of the part A program. Local districts, for administrative reasons, tend to operate programs funded with part B incentive grants in conjunction with programs operated with part A funds. Because students are served at the classroom level in essentially one program, local districts do not report achievement data nor other program accomplishments on the basis of funding source. The achievement results of the entire title I program are reported once annually by local districts; the accomplishments of the part B program are included in these reports but not as a separate source of data.

OTHER USES OF TITLE I FUNDS

Mr. CONTE. Your justification shows that about 83 percent of the title I funds will be used for instructional services. What does the remaining 17 percent go for?

ANSWER. In addition to instructional services, title I funds activities in: pupil services, which include guidance/counseling, attendance/social work, health, and pupil transportation; administration and program development, which includes instructional administration, general administration, program development, and personnel development; and other areas, including school library resources, maintenance/operation of plant, fixed charges, and capital outlay.

RATIONALE FOR ELIMINATING PART B

Mr. CONTE. You have claimed that the part B incentive grant program was insufficient to provide an incentive to increase per pupil expenditures. Is that a reason to eliminate the program, or to expand it?

ANSWER. The same number of States would receive additional funds if the program were expanded. Currently about 30 percent of the incentive grant funds go to only two States. Accordingly, funds for the program should be eliminated and not expanded. A study of the incentive grant program made by the National Bureau of Standards concluded that:

1. In general, only about half of the States qualify for grants, regardless of the number of States which increase their expenditures for education since the grant depends on a State's expenditures in relation to what other States are doing rather than on the State's improvement over its own prior performance. Consequently, a State has no assurance of a reward if it does respond to the incentive, particularly if other States are increasing their relative expenditures. Even if none of the States respond to the incentive, about half of the States can be awarded incentive grants. The Federal Government cannot determine the extent to which expenditures are responses to the incentive program.

2. Any State eligible for a grant equal to or greater than 15 percent of the total grants has no incentive to increase its expenditures because the law prohibits it from receiving any increase in the size of the grant it would otherwise obtain. Consequently, the ceiling destroys the incentive value of the grant for such States.

USE OF SUPPORT AND INNOVATION GRANTS FOR HANDICAPPED EDUCATION PROGRAMS

Mr. CONTE. A minimum of 15 percent of funds for support and innovation grants must be used for handicapped education programs. What is the average percentage used for this purpose?

ANSWER. Based on the information contained in the 1976 Annual Program Plans for All States, the average percentage of funds used for programs or projects for the education of children with specific learning disabilities and handicapped children was 15 percent. Four States, Arkansas, Illinois, West Virginia, and the Virgin Islands planned to exceed that amount but their increased spending for this purpose would not alter the national average.

Mr. CONTE. What will be the necessary decreases in your support and innovation program level as a result of maintaining the same level of funding as last year?

ANSWER. A definitive answer in terms of numbers of projects is not possible at this time. Reports of the first year of operation are just now being received. It seems likely, however, that increases in salary and other costs as a result of inflation will mean that fewer projects can be supported.

FOLLOWTHROUGH

Mr. CONTE. What distinguishes the followthrough models which have been effective from those which were not effective?

ANSWER. At this point in time, what distinguishes an effective model can only be stated in very tentative terms. Part of the problem lies in what we are able to measure relatively accurately given the instruments we have available. In terms of the instruments we do have, it appears that the effective models are those which have one of the following two characteristics: (1) Very specific learning objectives, and (2) solid grounding in the teaching of basic skills.

Mr. CONTE. Can you explain how additional funds will be available for the design of new models when you are requesting no increase from last year?

ANSWER. Actually, the funds used for this purpose will not be additional since last year's budget also includes funds for the design of new models.

JUSTIFICATION OF THE BUDGET ESTIMATES

3

Appropriation Estimate

Elementary and Secondary Education

For carrying out, to the extent not otherwise provided, title I, part A [($2,258,981,000), title I, Part B ($24,769,000)][1/] *($2,633,750,000)*, title IV, part C [($184,522,000)] *($194,000,000)*, title VII [$115,000,000] *($135,000,000)* and title IX of the Elementary and Secondary Education Act; title VII of the Education Amendments of 1974; the Environmental Education Act ($3,500,000); section 417(a)(2) of the General Education Provisions Act; the Communications Act of 1934, as amended; [section 842 of Public Law 93-380;][2/] the Alcohol and Drug Abuse Education Act; part B of the Headstart-Follow Through Act ($59,000,000); and Public Law 92-506 as amended; [$2,703,572,000 of which $10,500,000 shall remain available until September 30, 1978, for carrying out section 842 of Public Law 93-380 and][2/] *$3,072,550,000 of which* $15,000,000 for educational broadcasting facilities shall remain available until expended, including $1,000,000 for carrying out section 392A of the Communications Act of 1934, as amended: *Provided*, That of the amounts appropriated above the following amounts shall become available for obligation on July 1, [1977] *1978*, and shall remain available until September 30, [1978] *1979:* title I, part A [($2,258,981,000)] *($2,633,750,000)*, [title I, part B ($24,769,000)][1/] title IV, part C[($184,522,000)] *($194,000,000)* 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 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.][3/] For carrying out title IV of the Elementary and Secondary Education Act an additional $9,478,000 for fiscal year 1978: *Provided*, That none of such funds may be paid to any State for which the allocation for fiscal year 1978 exceeds the allocation for comparable purposes for fiscal year 1977.][4/] *That all amounts appropriated in Public Law 94-439 to carry out title IV of the Elementary and Secondary Education Act for fiscal year 1978 shall become available for obligation on July 1, 1977.*[5/]

Explanation of Language Changes

1/ References to Part B of Title I of the Elementary and Secondary Education Act are deleted since no funds are being requested for Part B, Incentive grants.

2/ References to the Education Amendments of 1974 for State equalization programs are deleted since this program is no longer authorized.

3/ A reference was included by the Congress in the 1977 Appropriation language to permit reprogramming of already appropriated advance funded funds for a specific study. No such authority is required in 1978 and the reference is deleted.

4/ The 1977 appropriation language included a "hold-harmless" provision for Title IV of the Elementary and Secondary Education Act. This provision is deleted.

5/ The 1977 Appropriation Act provided advance funding for Title IV of the Elementary and Secondary Education Act to become available July 1, 1977. The Congress added a funding and a hold-harmless provision for the same Title IV but made it available in fiscal year 1978, that is October 1, 1977. The purpose of this language is to make the hold-harmless provision and funding for 1978 available at the same time as the rest of the Title IV funds, July 1, 1977.

Language provision	Explanation
including $1,000,000 for carrying out Section 392A of the Communications Act of 1934, as amended	The authorizing legislation for the Communication Act of 1934 expires September 30, 1977. However under the extension authority provided in Section 414 of the General Education Provisions Act, a temporary extension for one year is provided. This extension provision does not apply to Section 392A of the Communications Act of 1934. Therefore we are specifically mentioning this section so as to have authority to use the funds with the rest of the Communication Act funds.
Provided further, That all amounts appropriated in Public Law 94-439 to carry out Title IV of the Elementary and Secondary Education Act for fiscal year 1978 shall be made available on July 1, 1977.	The Congress in P.L. 94-439 appropriated funds in advance for Title IV of the Elementary and Secondary Education Act for fiscal year 1978. The appropriation language specified that this advance funding for 1978 would become available July 1, 1977. In P.L. 94-439 the Congress also provided additional funding and a "hold-harmless" provision for Title IV for fiscal year 1978 but omitted a phrase making this additional money and the provision effective July 1, 1977. Therefore most of the Title IV money becomes available July 1, 1977 but the "hold-harmless" portion becomes available in fiscal year 1978, that is October 1, 1978. This lag in funding would cause some difficulties to the States affected in making allocations. The addition of this language would permit all of the funds appropriated by the Congress in P.L. 94-439 for Title IV to become available at the same time, July 1, 1977.

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DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

Elementary and Secondary Education

Amounts Available for Obligation

	1977	1978
Appropriation	$2,713,050,000	$3,072,550,000
Comparative transfer from:		
"Salaries and expenses" for demonstration and dissemination, Bilingual education	167,000	---
Subtotal, budget authority	2,713,217,000	3,072,550,000
Unobligated balance, start of year	103,021,886	---
Total, obligations	2,816,238,886	3,072,550,000

Summary of Changes

1977 Estimated appropriation	$2,713,217,000
1978 Estimated appropriation	3,072,550,000
Net change	+359,333,000

	1977 Base	Change from Base
Increases:		
Program:		
1. Increase of 237,000 Title I children served at a higher rate per child, after increased reservation of required State agency amounts	$2,285,000,000	+350,000,000
2. Increase of 55 bilingual education classroom projects serving an additional 26,000 students, increase of training activities providing inservice training and stipends for postsecondary study for approximately 3,200 personnel, and increase in materials development activities	115,167,000	+19,833,000
Total increase		+369,833,000
Decreases:		
Program:		
1. Completion of the State equalization program	10,500,000	-10,500,000
Total decreases		-10,500,000
Total net change		+359,333,000

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Appropriations by Activity

Page Ref.		Transition Quarter	1977 Estimate	1978 Estimate	Increase or Decrease
16	Grants for disadvantaged.....	$2,050,000,000	$2,285,000,000	$2,635,000,000	+$350,000,000
23	Support and innovation grants.....	184,521,852	194,000,000	194,000,000	---
25	Bilingual Education				
	(a) Grants to school districts (LEAs).....	---	74,300,000	81,000,000	+6,700,000
	(b) Training grants				
	(1) LEA inservice training.....	---	11,425,000	12,975,000	+1,550,000
	(2) Other.....	---	18,275,000	24,000,000	+5,725,000
	(c) Support services				
	(1) Material development.....	---	7,000,000	10,000,000	+3,000,000
	(2) Grants to State agencies.	---	3,900,000	4,375,000	+475,000
	(3) Advisory council..	---	100,000	150,000	+50,000
	(4) Information clearing house....	---	167,000	500,000	+333,000
	(5) Model replication and studies..	---	---	2,000,000	+2,000,000
	Subtotal	---	115,167,000	135,000,000	+19,833,000
27	Right to read.....	---	26,000,000	26,000,000	---
30	Follow through.....	---	59,000,000	59,000,000	---
31	Educational broadcasting facilities	---	15,000,000	15,000,000	---
33	Ellender fellowships	---	750,000	750,000	---
34	Drug abuse education	---	2,000,000	2,000,000	---
35	Environmental education.....	---	3,500,000	3,500,000	---

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Page Ref.		Transition Quarter	1977 Estimate	1978 Estimate	Increase or Decrease
36	Ethnic heritage studies.....	$ ---	2,300,000	2,300,000	---
37	State equalization	3,000,000	10,500,000	---	-10,500,000
	Total appropriations..	2,237,521,852	2,713,217,000	3,072,550,000	+359,333,000
		(2,219,994,112)	(2,816,238,886)	(3,072,550,000)	(+256,311,114)

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Appropriation by Object

	Transition Quarter	1977 Estimate	1978 Estimate	Increase or Decrease
Travel and transportation of persons.....	$35,000	$25,000	$20,000	-$5,000
Printing and reproduction.....	---	6,000	5,000	-1,000
Other services.....	10,000,000	10,000,000	8,000,000	-2,000,000
Project contracts..	6,000,000	6,000,000	5,000,000	-1,000,000
Supplies and materials.....	---	1,000	1,000	---
Grants, subsidies and contributions.	2,221,486,852	2,697,185,000	3,059,524,000	+362,339,000
Total appropriations by object.....	2,237,521,852 (2,219,994,112)	2,713,217,000 (2,816,238,886)	3,072,550,000 (3,072,550,000)	+359,333,000 (+256,311,114)

Significant Items in House and Senate
Appropriations Committee Reports

Item	Action taken or to be taken
1977 Senate Report	
Drug abuse education	
1. The Committee instructed that the Commissioner of Education and the Director of the Alcohol Drug Abuse and Mental Health Administration submit a report on what effects a transfer of the Drug Abuse program to A.D.A.M.H.A. would have upon the program.	1. This study is being completed and will be forwarded to the Congress as soon as it is finished.

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Authorizing Legislation

		1978 Budget Estimate
Elementary and Secondary Education:		
1. Grants for disadvantaged (ESEA I):		
(a) State and local grants (Part A).....	$4,373,040,000 1/	$2,622,750,000
(b) Incentive grants (Part B).....	196,000,000	---
(c) Evaluation (Part D).....	21,865,000	11,000,000
(d) Studies (General Education Provision Act (Sec. 417(a)(2)).....	Indefinite 1/	1,250,000
2. Support and innovation grants (ESEA IV-C)	Indefinite	194,000,000
3. Bilingual education (ESEA VII).....	169,750,000	135,000,000
4. Right to read (Education Amendments of 1974, Title VII).....	144,200,000	26,000,000
5. Follow through (Headstart Follow Through Act).....	60,000,000 2/	59,000,000
6. Education broadcasting facilities (Communications Act of 1934, Title III, Part IV).....	30,000,000 3/	15,000,000
7. Environmental education (EEA).....	15,000,000 4/	3,500,000
8. Drug abuse education (Alcohol and Drug Abuse Education Act Amendments of 1974)	34,000,000 5/	2,000,000
9. Ethnic heritage studies (ESEA, Sec. 907)	15,000,000	2,300,000
10. Ellender fellowships (P.L. 92-506).....	750,000	750,000
11. State equalization (P.L. 93-380).....	13,500,000	---

1/ Authorization for the Elementary and Secondary Education Act expires September 30, 1978. Because Titles I and IV are advance funded programs, the 1978 appropriation may be obligated through fiscal year 1979, thus necessitating an extension of authorizing legislation. Section 414 of the General Education Provisions Act extends the authorization for one year.

2/ Authorization for the Headstart Follow Through Act expires September 30, 1977. Section 414 of the General Education Provisions Act extends the authorization for one year.

3/ Authorization for Educational Broadcasting Facilities Act expires on September 30, 1977. Section 414 of the General Education Provisions Act extends the authorization for one year.

4/ Authorization for the Environmental Education Act expires on September 30, 1977. Section 414 of the General Education Provisions Act extends the authorization for one year.

5/ Authorization for the Alcohol and Drug Abuse Education Act expires September 30, 1977. Section 414 of the General Education Provisions Act extends the authorization for one year.

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Elementary and Secondary Education

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
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	2,153,345,000	2,176,645,000	2,200,245,000	2,190,995,000
1976	2,203,888,000	2,255,458,000	2,277,458,148	2,266,458,148
Transition Quarter	2,072,888,000	2,222,888,000	2,237,521,852	2,237,521,852
1977	2,213,855,000	2,658,667,000	2,787,517,000	2,713,217,000
1978	3,072,550,000			

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Justification

Elementary and Secondary Education

	1977 Appropriation	1978 Estimate	Increase or Decrease
Elementary and secondary education:			
1. Grants for disadvantaged.....	$2,285,000,000	$2,635,000,000	+$350,000,000
2. Support and innovation grants	194,000,000	194,000,000	---
3. Bilingual education.....	115,167,000	135,000,000	+19,833,000
4 Right to read.....	26,000,000	26,000,000	---
5. Follow through.....	59,000,000	59,000,000	---
6. Educational broadcasting facilities.....	15,000,000	15,000,000	---
7. Ellender fellowships.....	750,000	750,000	---
8. Drug abuse education.....	2,000,000	2,000,000	---
9. Environmental education.....	3,500,000	3,500,000	---
10. Ethnic heritage studies.....	2,300,000	2,300,000	---
11. State equalization.....	10,500,000	---	-10,500,000
Total appropriation.....	2,713,217,000	3,072,550,000	+359,333,000
(Total obligations).....	(2,816,238,886)	(3,072,550,000)	(+256,311,114)

General Statement

As a response to the recognized inadequacies of the existing public education system, this appropriation request seeks to foster equal educational opportunities working through the State and local educational agencies.

Over 6 million disadvantaged children in both public and private schools will receive supplementary educational services through the Title I program of grants to State and local educational agencies. The program of Innovation and Support grants, authorized by Title IV-C of the Elementary and Secondary Education Act, will provide funding to the 57 State and Territorial education agencies and through them to about one-third of the local educational agencies.

Bilingual education will fund approximately 535 classroom capacity building projects, of which 149 will be new awards, for the purpose of providing equal educational opportunities for children of limited English-speaking ability. Training, material development, and technical assistance are also included in this effort. The Right to read program is a component of a large national reading effort seeking to end functional illiteracy. The fiscal year 1978 request will continue [redacted] of the seven program components operating in fiscal year 1977. The Follow through program will continue support for investigating, demonstrating, and evaluating feasible and desirable new approaches to compensatory education. Some of the superior sites will serve as Demonstration Resource Centers. The goals of the Educational broadcasting facilities program remain to extend and upgrade coverage. Seven new ETV stations in unserved, populous areas and the expansion of the existing facilities will result in availability of this media to 5 million additional viewers; and 14 new radio stations, 8 expansions and 6 upgradings will provide service to 7,000,000 more

listeners. Efforts in Environmental education will continue with the support of demonstration, training or pilot projects in 40 States. In 1978 some 100 promising projects will be supported under the Ethnic heritage studies program. About 2,000 students and teachers will spend a week studying the Federal government supported under the Ellender fellowship program. New approaches to the family and alcohol and drug abuse prevention will be demonstrated and an additional 160 teams will be trained to develop alcohol and drug abuse prevention programs under the Drug abuse program.

Under transition quarter and fiscal year 1977 appropriations, a program of State equalization planning grants has provided funds for every State to claim its one-time reimbursement and thus has accomplished its mandated goal.

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	Transition Quarter	1977 Appropriation	1978 Estimate	Increase or Decrease
1. Grants for disadvantaged:				
(a) Grants to local educational agencies.	$1,746,130,200	$1,943,250,000	$2,248,250,000	+$305,000,000
(b) Grants to State agencies.	292,369,800	329,500,000	374,500,000	+45,000,000
(c) Studies and evaluations..	11,500,000	12,250,000	12,250,000	---
Total appropriation	2,050,000,000	2,285,000,000	2,635,000,000	+350,000,000
(Total obligations)	(1,980,496,222)	(2,365,059,000)	(2,635,000,000)	(+269,941,000)
Positions.....	84	84	84	---

Narrative

Program purpose

To provide financial assistance to local school districts for planning and operating special programs for educationally deprived children residing in low-income areas.

Additional funds are made available to provide educational services to children of migratory workers, handicapped children in State-operated or supported schools, and neglected and delinquent children in State-operated or supported institutions.

Title I is a supplementary program designed to raise the educational performance of disadvantaged children. Funds are distributed on a formula basis and in school year 1978-79 nearly 6.2 million children will participate in Title I programs.

Budget policy

In fiscal year 1978, Title I will supplement State and local expenditures to meet the special needs of educationally deprived children. The amount of $2,635,000,000 requested as advance funding for school year 1978-79 represents an increase of $350,000,000 over the level of funding provided in the 1977 appropriation. The funds will be distributed as follows:

(a) Grants to local educational agencies (Part A and B)

Amount requested	1977 School Year 1977-78	1978 School Year 1978-79	Increase or Decrease
Part A.....	$1,918,481,000	$2,248,250,000	+$329,769,000
Part B.....	24,769,000	---	-24,769,000
Total.....	1,943,250,000	2,248,250,000	+305,000,000
Total awards.....	57	57	---

Authorizations for local educational agencies under Part A (State and local grants) are computed by multiplying the number of formula 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 average). The formula children include (1) children in families with incomes below the poverty level (1970 Census Orshansky data); (2) two-thirds the number of children in families receiving AFDC payments in excess of the poverty level (updated annually); (3) neglected and delinquent children residing in institutions which are not State-operated; and (4) foster children supported with public funds.

The authorizations are ratably reduced to the amount remaining in the appropriation after statutory amounts are set-aside for Bureau of Indian Affairs and Outlying Areas, and mandated studies and evaluations and the State agency programs for handicapped, migratory, neglected and delinquent children are fully funded. Local educational agencies are guaranteed no less than 85 percent of their previous year's entitlement.

Authorizations under Part B (Incentive grants) are based on an effort index comparing the State's expenditure for education from all non-Federal sources with the comparable National effort.

School year 1978-79

In fiscal year 1978, approximately 5,392,000 children in over 14,000 school districts will receive Title I services with an average grant of $417 per child, an increase of $40 per child over the previous year due to increased costs. About 230,000 of the participants will be children attending non-public schools. The regulations in Title I require concentration of funds on children with the greatest educational deprivation. The figures given for rate per child and the number of children served are only estimated as an example. The actuals will vary among school districts, depending on needs assessment at the local level.

Approximately 83 percent of the funds will be used to provide instructional services, primarily in the basic skills area, to meet the special educational needs of educationally deprived children. Children receiving instructional services may also receive supportive services related to an educational need and which will result in educational improvement.

Continued emphasis will be placed upon operating classroom projects where (1) available funds are concentrated 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) ongoing 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 by participating children.

Funds for special incentive grants (Part B) are not being requested for fiscal year 1978. These funds ($24,769,000 was appropriated in fiscal year 1977) are not sufficient to provide an incentive to induce State and local educational agencies to increase per pupil expenditures in accordance with the original intent of the statute. Furthermore, the Part B funds impose an additional administrative burden to the States and local educational agencies since these funds require the preparation of a separate application and the funds must be accounted for separately, resulting in the expenditure of manpower and funds. Therefore, these funds are being carried in the regular Title I, Part A program.

School year 1977-78

During school year 1977-78, it is estimated that 5,155,000 children in about 14,000 school districts will benefit from Title I services. Of the total participants approximately 67 percent of the children will be in grades 1-6, 25 percent in grades 10-12, and 8 percent in preschool and kindergarten. About 225,000 of the Title I participants in school year 1977-78 will be in attendance at nonpublic schools.

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An estimated 70,000 institutionalized neglected and delinquent children in 1,600 local institutions will receive Title I services provided by the local educational agencies during school year 1977-78.

Schools operated by the Department of Interior for Indian children in 20 States will receive Title I funds. During school year 1977-78, approximately 31,000 Indian children will participate in 189 projects located in 240 Bureau of Indian Affairs schools. The Department of Interior is guaranteed an allocation of no less than $17,567,233.

(b) Grants to State agencies:

(1) Children of migratory workers

	1977 School Year 1977-78	1978 School Year 1978-79	Increase or Decrease
Amount requested...	$150,000,000	$172,500,000	+$22,500,000
Total awards.....	55	55	---

State educational agencies receive grants for children of migratory workers based on the full-time equivalency of the number of migratory children residing in the State. The number of children is multiplied by 40 percent of the State average per pupil expenditure (or not less than 80 percent nor more than 120 percent of the National per pupil expenditure). State educational agencies are guaranteed an amount which is no less than 100 percent of the amount received in the previous fiscal year.

School year 1978-79

It is estimated that in school year 1978-79, 481,000 children of migratory agricultural workers or migratory fishermen will be provided Title I instructional services. The programs will be specifically designed to compensate for the frequently interrupted and ineffective schooling migrant children receive as they and their parents follow the crops across the Nation.

The number of full-time equivalency (FTE) children for allocation purposes will be 290,000, and the average cost per FTE child will be $595. All States and the Outlying Areas will have programs for migratory children.

The migrant program will have five national priorities in school year 1978-79: (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 pretest 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 education agencies and their local education agencies 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 1977-78

During school year 1977-78, over 400,000 children of migrant workers will participate in Title I programs. A major thrust in this program will be oral language development. Math and reading will be among the special services provided and the children will receive health and nutritional services. The average cost per full-time equivalency child (280,000) is $536 and there will be programs for migratory children in approximately 2,800 local educational agencies.

(2) Neglected and delinquent children

	1977 School Year 1977-78	1978 School Year 1978-79	Increase or Decrease
Amount requested.....	$29,500,000	$30,500,000	+$1,000,000
Total awards.....	115	115	---

State agencies directly responsible for providing free public education to neglected and delinquent children in State-operated or supported institutions are entitled to receive Title I allocations based on the average daily attendance in school of such children. The ADA is multiplied by 40 percent of the State per pupil expenditure (or no less than 80 percent nor more than 120 percent of the National per pupil expenditure). The State is guaranteed an amount which is no less than 100 percent of the amount received in the previous fiscal year.

School year 1978-79

During school year 1978-79, approximately 50,000 neglected and delinquent children in State-operated or supported institutions will participate in Title I programs. Special emphasis will be placed on instruction in the basic skills. The increase of $1,000,000 in funding will result mostly from the increase in the State per pupil expenditure rates. The average allocation per child will increase from $590 to $610.

School year 1977-78

There will be Title I programs in 650 State-operated or supported institutions for 50,000 neglected and delinquent children.

(3) Handicapped children

	1977 School Year 1977-78	1978 School Year 1978-79	Increase or Decrease
Amount requested...	$127,000,000	$145,000,000	+$18,000,000
Total awards.....	54	54	---

Grants made available under this program are determined by the number of eligible children counted in average daily attendance multiplied by 40% of the State average per pupil expenditure (or no less than 80 percent or more than 120 percent of the National per pupil expenditure). Under prior law, until passage of the Education Amendments of 1974, the rate by payment was simply based on 50% of the State or National average per pupil expenditure, whichever was higher.

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School year 1978-79

Funds for State agencies (including local educational agencies providing appropriately designed special education programs for handicapped children formerly in schools operated or supported by State agencies) responsible for the free public education of handicapped children will provide special educational services for approximately 262,000 children in the 50 States, the District of Columbia, Puerto Rico (funded as a State), Guam and the Virgin Islands, at an average cost per child of about $553. This is an anticipated increase of about 32,000 children over school year 1977-78. The projected number of children by handicapping condition for 1978-79, as compared with the number served for the previous two fiscal years, is as follows:

	School Year		
	1976-77	1977-78	1978-79
Mentally Retarded.....	118,904	135,700	154,580
Deaf and Hard-of-Hearing.....	26,441	29,900	34,060
Visually Handicapped.....	9,523	11,500	13,100
Emotionally Disturbed.....	25,315	29,900	34,060
Crippled.....	7,080	6,900	7,860
Other Health Impaired.....	14,166	16,100	18,340
Total.....	201,429	230,000	262,000

Special education services for institutionalized handicapped children will involve the participation of an estimated 4,200 schools and programs operated and supported by 144 participating State agencies and nearly 2,500 local educational agencies.

School year 1977-78

The $127,000,000 appropriated in fiscal year 1977 for use in the 1977-78 school year will provide for service to about 230,000 children, an increase of about 28,000 over the previous year. An estimated 4,200 schools will be participating, under the auspices of 144 State agencies, through 2,500 local education agencies. Average cost per child served will be $552.

(4) State administration

	1977 School Year 1977-78	1978 School Year 1978-79	Increase or Decrease
Amount requested..	$23,000,000	$26,500,000	+$3,500,000
Total awards.....	56	56	---

State educational agencies receive one percent of the amount allocated to the State and local educational agencies for Title I programs, or no less than $150,000 ($25,000 in the case of Guam, American Samoa, the Virgin Islands, or the Trust Territory of the Pacific Islands).

School year 1978-79

In 1978, it is estimated that $26,500,000 will be required by the State educational agencies to carry out their administrative responsibilities. These responsibilities include the suballocation of Title I funds to local educational agencies, monitoring Title I programs through on-site visits, reviewing reports to assure that local educational agencies are in compliance with comparability and maintenance effort requirements, and providing technical assistance to LEAs in developing quality programs, in establishing school and district-wide parent advisory councils, in providing comparable services to nonpublic school children, in establishing appropriate performance objectives, and evaluating Title I programs. The State educational agencies establish systems for the proper control of and disbursement of Title I funds and the audit of Title I programs and prepare and submit the required reports to the U.S. Office of Education.

School year 1977-78

During school year 1977-78, the State educational agencies will expend $23,000,000 to monitor Title I programs and provide technical assistance to local educational agencies and the State agencies responsible for handicapped, neglected and delinquent children.

(c) Studies and evaluation

	1977 School Year 1977-78	1978 School Year 1978-79	Increase or Decrease
Amount requested.....	$12,250,000	$12,250,000	---
Total contracts.....	17	20	3

School year 1978-79

Funds requested for 1978 will be used to increase evaluative technical assistance services offered to States in order to meet an expected increase in demand, offer an additional update workshop for all State Title I administrators and evaluators, publish more handbooks, complete work on the evaluation models for migrant education, continue work on a study of the feasibility of basing Title I allocations on achievement tests, analyze the data in the State annual evaluation reports for the preceding fiscal year, and continue USOE-SEA joint activities. Funds requested to evaluate the program Nationally will be used to continue longitudinal and migrant Title I evaluations.

In 1978 USOE will continue a survey of economically and/or educationally disadvantaged children who do and do not receive compensatory education services in their secondary schools as mandated in Section 417(a)(2) of the General Education Provisions Act.

School year 1977-78

Evaluation funds for 1977 are being used to carry out the activities required by Section 151 of Public Law 89-10. They have been used to (1) assist States and local school districts in improving their evaluation practices, and as possible after fulfilling that goal, (2) to evaluate the Title I program Nationally.

Specifically, activities to upgrade State practices include the provision of free evaluation consulting services to States in support of their use of standard evaluation models, the updating of their techniques by sponsoring evaluation workshops, the publication of "how-to" evaluation manuals, the development and review of evaluation models appropriate for migrant education and for early childhood education, the development of more precise and convenient ways to use standardized achievement tests in evaluations of Title I, the analysis of State evaluation

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reports, and the participation of USOE and SEA staff in joint meetings to plan and discuss these efforts. Activities to evaluate the National program have included investigation of the most effective series of Title I activities received by children in public school and the effects of various services provided by the Title I migrant education program.

One study is supported in 1977 to produce the report required in Section 417(a)(2) of the General Education Provisions Act on the number of educationally and economically disadvantaged children who do and do not receive compensatory education in elementary schools.

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	Transition Quarter	1977 Appropriation 1/	1978 Estimate	Increase or Decrease
2. Support and innovation grants	$184,521,852	$194,000,000	$194,000,000	---
(Obligations)	(164,245,000)	(216,963,000)	(194,000,000)	(-22,963,000)
Positions	31	31	31	---

1/ Advance for fiscal year 1978 includes $9,478,000 appropriated for "hold-harmless" purpose for Parts B and C. $196,075 estimated to be used for Part B purpose and $7,757,017 estimated for Part C.

Narrative

Program purpose

To give State and local education agencies a more flexible way to tailor programs to their own needs and circumstances, a program of consolidated grants is authorized. Enacted in 1974, the program consolidates previous Federal categorical efforts in the areas of Strengthening State departments of education, Dropout prevention, Supplementary education services, and Nutrition and health. Funds can be used by the States for any of these purposes. Allocations are made to the States based on proportionate numbers of school-aged (5-17) children, after deducting 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 after the SEA's annual State program plan is approved.

There are a few 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 program 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 State-wide competitions.

This program is advance-funded; funds requested in the fiscal year 1978 budget will be obligated for the period July 1, 1978 - September 30, 1979.

Budget policy

State education agency grants will range from $215,000 for American Samoa to $17,000,000 for California. The request will permit the continuation of grants to the 57 State educational agencies for subgranting to LEA's and for strengthening SEA leadership resources. Based on projections from an analysis of the fiscal year 1977 annual program plans, it is estimated that the funds will be used for the following purposes.

(a) Innovation projects for supplementary centers and services	$108,000,000
(b) Projects for handicapped children	22,000,000
(c) Dropout prevention projects	4,000,000
(d) Nutrition and health demonstration projects	2,000,000
(e) Projects for strengthening leadership resources of LEA's	3,000,000

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(f) Strengthening SEA leadership resources (55% of the amount used for direct support services to LEA's)	$ 47,000,000
(g) Administration of the program.....	8,000,000
Total.....	194,000,000

Annual reports of the SEA's and State advisory councils for ESEA Title IV for fiscal year 1976 (the first year of consolidation) are not due until December 30, 1976. Thus, program data provided are subject to revision.

Within the category of Innovative Supplementary Centers and Services, it is anticipated that grants will continue to be made on a selective basis for Developer/Demonstration projects whereby LEA's undertake the development of new approaches to educational classroom problems with a carefully designed evaluation system so that successful approaches can be documented for use in training other LEA's in how to adopt and install the successful approaches. It is expected that a substantial amount of the funds will be used by LEA's to adopt and replicate the successful approaches. Projects will be funded in such areas as basic skills development, citizenship education, consumer education, career education, environmental education, and early childhood education.

Data are not available at this time on the number of public and private school children receiving benefits from this program. It is estimated that the funds will support State education agency leadership initiatives and about 3,000 local education agency projects in approximately one-fifth of the more than 16,000 local school districts.

	1977 Appropriation	1978 Estimate	Increase or Decrease
3. Bilingual education.....	$115,167,000	$135,000,000	+$19,833,000
Positions.....	64	64	---

Narrative

Program purpose

In order to provide equal educational opportunities for children of limited English speaking ability, this program supports the establishment and operation of bilingual education programs at the elementary and secondary levels. On the basis of national competition, grants are awarded to enable schools to install educational programs employing bilingual techniques and practices. Grants or contracts are also awarded for a variety of training activities for education personnel, and for materials development and dissemination activities. The program is essentially forward-funded.

Budget policy

The essential thrust of the Federal effort is to assist local school districts in providing appropriate instruction to children of limited English speaking ability. As the Supreme Court ruled in Lau vs. Nichols, it is the responsibility of local school districts to provide such instruction. The Federal effort is designed to build the capacity of local education agencies to meet the needs of limited English speaking children by helping to develop the human and material resources and skills required. Specifically, the following authorized activities will be undertaken:

-- grants for classroom projects to install effective bilingual methods and techniques for meeting the special needs of target children;
-- grants or contracts to LEA's, institutions of higher education, and State education agencies to conduct bilingual education teacher training activities:
-- grants to institutions of higher education to promote institutional development and innovation in the field of bilingual education, including the payment of stipends for individuals studying in the field of bilingual education; and
-- grants to LEA's for the development, assessment, and dissemination of bilingual curricula and instructional materials.

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 1978, an amount of $135,000,000 is being requested to support activities for the school year 1978-79 and will be distributed as follows:

-- $81,000,000 will support an estimated 535 projects, of which 149 will be new awards. An estimated 256,000 pupils will be enrolled in these projects.
-- $36,975,000 will be awarded for various training activities, including:
  (a) $12,975,000 for inservice training of an estimated 38,000 personnel associated with funded classroom projects;
  (b) $5,000,000 for an estimated 625 fellowships in graduate education;
  (c) $11,000,000 for 120 institutions of higher education, of which 55 will be new awards for institutional innovation and reform, and the awarding of approximately 925 stipends for trainees; and

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(d) $8,000,000 for awards to 20 training resource centers to train approximately 12,500 additional personnel.

-- $10,000,000 will fund 17 bilingual materials centers to develop, assess, and disseminate curricula and other instructional materials.
-- $4,375,000 will support 41 State education agencies to provide technical assistance and coordinate bilingual education activities in their respective states.
-- $150,000 will be set-aside for the activities of the National Advisory Council on Bilingual Education.
-- $500,000 is being requested for the operation of the bilingual education clearinghouse, with an equivalent amount to be contributed by the National Institute of Education.
-- $2,000,000 will support the demonstration of new and innovative practices, as well as carrying out necessary studies in bilingual education, as authorized by Part C of the Bilingual Education Act.

The fiscal year 1977 appropriation for bilingual education is $115,167,000.[1/] Of this total, $74,300,000 will fund 480 classroom projects of which an estimated 84 will be new awards. For training, $29,700,000 will be made available. Of the total for training $11,425,000 will support inservice training for approximately 35,000 teachers in classroom projects; $4,000,000 will fund approximately 525 graduate fellowships; $9,275,000 will support 100 institutions of higher education, including 750 stipends for individuals enrolled in bilingual education at those institutions; and $5,000,000 for 15 training resource centers where an additional 9,500 personnel will receive training. A total of $7,000,000 will fund 17 materials development, assessment, and dissemination centers. An estimated 40 states will receive $3,900,000 for technical assistance efforts. Finally, $100,000 will be provided for the National Advisory Council on Bilingual Education, and $167,000 will be used for the planning of the bilingual education clearinghouse.

1/ The breakdown of the $115,167,000 by sub-activity is consistent with the specifications in the Senate Appropriations Committee report accompanying HR 14232. In addition, the Senate report has specified that 480 classroom projects are to be funded in the 1977-78 school year.

	1977 Appropriation	1978 Estimate	Increase or Decrease
4. Right to Read	$26,000,000	$26,000,000	---
Positions	26	26	---

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 long range goal of this National effort is to eliminate functional illiteracy in this country.

This program operates under Title VII of the Education Amendments of 1974, as amended, which authorizes a National Reading Improvement 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 organizations.

Budget policy

The budget request for 1978 of $26,000,000 will continue all of the seven program components that were supported in 1977. A tentative distribution among the components has been developed, as indicated below. The State leadership and training and Reading improvement project components will be supported at slightly lower levels. Reading academies and the National impact program components will be supported at slightly higher levels. Evaluation, Special emphasis projects, and the Inexpensive book distribution components will be continued at the same levels as in 1977. This may be revised as better linkages between Right to Read and other Office of Education programs are developed, and as program evaluation and research results become available. Total awards in 1978 will be approximately 309, a decrease of 12 from 1977.

1. State leadership and training: This component is designed to build the capacity of State agencies to assume responsibility for improvement of reading achievement in their respective States.

In 1978, up to $5,500,000 will be obligated to support awards to up to 55 States and Territories to support statewide needs assessment, and training and technical assistance activities for LEA administrators in the States. All 1977 awards may be continued dependent upon the quality of performance and applications. Comparative data show support levels over the three most recent fiscal years.

	Funding Level	Total Awards	New Awards	Continuation Awards
1978	$5,500,000	55	-	55
1977	6,000,000	55	2	53
1976	4,729,000	53	2	51

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2. Reading improvement projects - This component is intended to implement and demonstrate models of preschool, elementary and remedial reading programs. Awards are made to SEAs, LEAs and private organizations which are able to supplement the federal support. Not more than 12½ percent of the federal total for these projects may be allocated to any one State.

The 1978 funding level of $8,100,000 will fund the continuation of 164 grants. Comparative data follow.

	Funding Level	Total Awards	New Awards	Continuation Awards
1978	$8,100,000	164	-	164
1977	8,400,000	170	143	27
1976	7,554,548	145	145	-

3. Right to Read academies- This component provides counseling and tutorial services in reading assistance and instruction for in-school and out-of-school youths and adults, who otherwise would not have access to such instruction. Academy grant or contract awards are made to State or local education agencies, or other nonprofit organizations.

In 1978, $5,340,000 will support the continuation of 63 grants and 8 new grants for a total of 71 awards, which will be used to operate the Academies for twelve months. 1977 funds will support the Academies for only 10 months. Comparative data follow.

	Funding Level	Total Awards	New Awards	Continuation Awards
1978	$5,340,000	71	8	63
1977	4,840,000	82	-	82
1976	5,670,056	82	63	19

4. Special emphasis projects- This component is designed to determine the effectiveness of reading instruction by reading specialists and reading teachers as compared to that of non-specialist teachers, and to measure the effectiveness of summer reading programs on retention of reading gains. Reading achievement of students in experimental and control schools will be evaluated and compared. The study will provide information about teaching styles and their relationship to teacher effectiveness, as well as the type of preparation teachers need to be effective teachers of reading. Results of the study will be examined to determine future program strategies.

The 1978 request level of $1,000,000 will support all eight projects funded in 1977. Comparative data follow.

	Funding Level	Total Awards	New Awards	Continuation Awards
1978	$1,000,000	8	-	8
1977	1,000,000	8	8	-
1976	987,588	8	8	-

5. National impact projects- This component is designed to promote a variety of innovative activities directed toward reducing illiteracy. It will support projects that will create linkages between federally funded Right to Read activities and the general education community through the dissemination of effective practices and programs. It will support publications, conferences and films and multi-media productions designed to stimulate public and private organizations to become involved in literacy efforts and will establish innovative interdisciplinary and interagency projects which will serve as models of how a variety of agencies and disciplines can focus their efforts on a common problem--the eradication of illiteracy.

The 1978 request of $800,000 will support 9 new awards and one continuation for a total of 10 awards. Comparative data follow.

	Funding Level	Total Awards	New Awards	Continuation Awards
1978	$ 800,000	10	9	1
1977	500,000	5	4	1
1976	575,972	12	12	-

6. Inexpensive book distribution program-- This component distributes books as gifts, on loan or at a nominal cost, to provide incentives and opportunities to read. This component is used as a mechanism for supporting the Reading is Fundamental (RIF) program, which was supported exclusively through private and corporation contributions until 1976 when the first federal appropriation was provided for this purpose.

The 1978 request of $5,000,000 will continue a contract for this program. Comparative data follow.

	Funding Level	Total Awards	New Awards	Continuation Awards
1978	$5,000,000	1	-	1
1977	5,000,000	1	-	1
1976	4,000,000	1	1	-

7. Evaluation-- Title VII of the Education Amendments of 1974 require that an annual evaluation be made of Right to Read programs. Up to 1% of the Title VII appropriation is authorized for this purpose. In 1978, the evaluation will be funded with $260,000 of Right to Read funds and will be supplemented with Office of Education Planning and Evaluation appropriations.

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	Appropriation	1978 Estimate	Increase or Decrease
5. Follow-through	$59,000,000	$59,000,000	---
Positions	26	26	---

Narrative

Program purpose

Follow-through is designed to test various models of primary education programs in order to determine their effectiveness in educating children from low-income families. The initial models sought to increase the achievement of children in grades K-3 who had been previously enrolled in Head Start or similar preschool programs. The goal of these and other Follow-through models is to encourage the development of children who are confident regarding their learning ability and who are equipped with skills and concepts upon which later learning is dependent.

This program is authorized under the Head Start Follow-through Act which expires in September 1977. The 1978 appropriation is requested in accordance with Section 414(a) General Education Provision Act.

To determine which of the initial Follow-through approaches were most effective, the National Longitudinal Evaluation of ten most-frequently implemented models gathered data during school years 1969-70 through 1975-76. The results of this study are expected to be published in early 1977.

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-public private organizations for the purposes of developing, testing, and evaluating models. Awards are made on an annual basis, although funds for certain projects from a single year appropriation may be utilized for more than 12 months.

Budget policy

Initial analysis of the data gathered in the National Longitudinal Study of Follow-through indicates that certain classroom instructional models are effective, and others are relatively deficient, in increasing childrens' achievement and positive attitudes toward learning.

The fiscal year 1978 budget of $59,000,000 will support over 76,000 pupils at an average cost-per-pupil of $587, through grants to LEAs. Support will be continued for identifying, demonstrating and evaluating feasible and desirable new approaches to compensatory education. Up to twelve sites which have implemented successful models will serve as Demonstration Resource Centers ("lighthouse" projects).

In fiscal year 1977, an appropriation of $59,000,000 supports a variety of models, affecting 76,000 children in grades K-3. In addition, 12 "lighthouses" are supported to disseminate information regarding those models for which strong evidence of effectiveness is available. The National Longitudinal Evaluation will be completed and published, documenting the effectiveness of 10 of the initial Follow-through models. Additional funds are available for the design of new models.

	1977 Appropriation	1978 Estimate	Increase or Decrease
6. Educational broadcasting facilities ...	$15,000,000	$15,000,000	---
Positions 1/.....	11	11	---

1/ Positions for Broadcasting facilities only. Demonstration positions listed under Office of the Secretary.

Narrative

Program purpose

To extend and improve coverage of non-commercial educational telecommunications systems, grants are provided for acquisition and installation of transmission and reception facilities, and for demonstration of innovative uses of non-broadcasting facilities. The program is authorized under Part IV of Title III, Communications Act of 1934, as amended, which exptres in 1977. The 1978 appropriation is requested in accordance with Section 414(a), General Education Provisions Act, which is applicable to all portions of this program, except demonstration projects. New legislation will be proposed.

The Secretary is authorized to make grants to eligible licensees for up to 75 percent of the cost of eligible items under the broadcasting facilities program. Grant periods range from 6 to 30 months. Grants to prior recipients of broadcast facilities awards are authorized for the full cost of audio loggers needed to record broadcasts which concern "issues of public importance" (as required by Section 399 of the 1976 Amendments to the Communications Act). Awards supporting non-broadcast telecommunication demonstrations are authorized, not to exceed 3 years.

Budget policy

The goal for TV broadcasting facilities in 1978 is extension of coverage through activation of new stations and upgrading existing stations. About 7 new stations will be activated in areas of substantial population where there is no ETV station. Nine existing facilities will be expanded to reach additional viewers. Ten projects to upgrade the color reproduction and live production capability of existing stations will also be funded. Approximately 5 million additional viewers will be reached in 1978.

The focus in 1978 for radio broadcasting 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 14 new radio stations will be activated, with 8 stations expanded and 6 stations upgraded. Ten audio receivers will be purchased. Approximately 7 million additional listeners will be reached in 1978.

Eight to ten demonstration projects will be funded in 1978 to assist local groups which deliver education, health and social services to take appropriate advantage of telecommunications to reach additional clients with improved services at less cost.

All 1978 grants will be new awards under the broadcast facilities projects. Up to 8 of the demonstration projects may be continuations.

In 1977, the facilities program is activating 6 television and 13 radio stations, and expanding or upgrading an additional 26 ETV and 31 radio stations. Fifty audio recorders will be purchased. ETV coverage will be extended to an estimated 5 million additional viewers, and ER coverage will reach an estimated 7 million more listeners. About eight demonstration projects will be supported and efforts will be initiated to distribute information concerning effective utilization.

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Program awards are reflected in the following table (Dollar amounts indicated are in thousands):

	Actual 1976		Estimate 1977		Estimate 1978	
	Number	Amount	Number	Amount	Number	Amount
EXPANDED COVERAGE						
Activations						
ETV	6	$2,569	6	$3,300	7	$ 4,550
ER	9	$ 939	13	$1,500	14	$ 2,320
Expansions						
ETV	8	$2,731	9	$3,600	9	$ 3,600
ER	12	$ 796	13	$1,000	8	$ 680
UPGRADING						
ETV Improvements	29	$5,440	17	$3,275	10	$ 2,350
ER Improvements	9	$ 507	18	$1,200	6	$ 450
Logging Recorders	0	0	50	$ 125	10	$ 50
	73	$12,982	126	$14,000	64	$14,000
DEMONSTRATIONS	0	0	8	$ 1,000	8	$ 1,000
Total	73	$12,982*	134	$15,000	72	$15,000

*Appropriation of $12,500,000 plus $482,575 prior year deobligations.

	1977 Appropriation	1978 Estimate	Increase or Decrease
7. Allen J. Ellender fellowships	$ 750,000	$750,000	---
Positions.....	---	---	---

Narrative

Program purpose

To increase the understanding of the Federal government among secondary school students, teachers, and the communities they represent, funds are provided to the Close Up Foundation of Washington, D.C. An annual appropriation of up to $750,000 is authorized in fiscal year 1978. The Foundation then awards fellowships to economically disadvantaged secondary school 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 budget request of $750,000 for fiscal year 1978 will support an estimated 1,900 fellowships. These fellowships will provide an opportunity for students, teachers, and government officials alike to share perspectives on "living government." As in the past, students of different social and economic backgrounds, ethnic groups and levels of academic achievement will be included in the program. Special effort will be made to involve rural students and small town youths and their teachers.

The fiscal year 1977 appropriation of $750,000 is providing approximately 1,875 fellowships. Administrative costs over the past several years have averaged under $6,000 but in 1977 are being absorbed by the Close Up Foundation. The fellowships include board, room, instruction, textbooks and insurance at a cost of $290 per fellowship and the costs for travel to the session which varies from individual cities to Washington where the session is held.

Special effort is being made in fiscal year 1977 to insure that students and teachers from rural communities and from small towns, as well as students and teachers from urban areas, will be adequately represented among the fellowship recipients.

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	1977 Appropriation	1978 Estimate	Increase or Decrease
8. Drug abuse education....	$2,000,000	$2,000,000	---
Positions.....	6	6	---

Narrative

Program purpose

To develop through short-term training and on-site assistance to interdisciplinary school or school-community teams an on-going problem-solving capability to prevent alcohol and drug abuse that is equally applicable to behavior problems such as truancy, vandalism and disruptive behavior, funds are authorized under the Alcohol and Drug Abuse Education Act (P.L. 93-422).

The act authorizes a forward funded program of alcohol and drug abuse education demonstration projects in schools, communities and institutions of higher education. It also provides for validation and dissemination of projects throughout the country and leadership training for educational personnel, community personnel and parents.

Grants and contracts are authorized to institutions of higher education; State and local educational agencies; public and private educational agencies, institutions and organizations; and public and private community agencies, institutions and organizations. In some instances, grants and contracts have funded projects with a duration of more than one year, usually averaging about fifteen months.

Budget policy

In fiscal year 1978 the program will continue to focus on the challenging problem of alcohol and drug abuse in large cities by training an additional 160 teams in clusters to develop alcohol and drug abuse prevention programs in large city school systems. It will continue within its resources to respond to the problem of diversity among young people by developing new thrusts in preparing teachers to be more effective in bilingual/bicultural settings New approaches to the family and alcohol and drug abuse prevention will be demonstrated.

During fiscal year 1976, the latest year for which data is available, 860 active school and community teams reported that they had affected approximately 553,000 persons and had generated approximately $3,000,000 in new funds at the local level. Among the activities in which teams engaged were: individual and group counseling, peer programs, alternative education programs, family workshops, curriculum development, teacher training, student training, value workshops, recreation and outdoor activities.

	1977 Appropriation	1978 Estimate	Increase or Decrease
9. Environmental education...	$3,500,000	$3,500,000	---
Positions.....	10	10	---

Narrative

Program purpose

To assist the development of effective resources for use in environmental education programs at all levels of formal education and for nonformal adult education, projects are designed to improve the understanding among citizens of issues, options, and policies concerned with environmental quality, including economic, social, and cultural considerations.

Program funds are awarded to both public and private nonprofit organizations and agencies. Funds for this program are awarded on a competitive basis to nonprofit agencies, institutions or organizations for pilot projects. In some instances, grants have funded projects with a duration of more than one year, averaging about thirteen months.

Budget policy

The fiscal year 1978 budget request of $3.5 million will support five to ten demonstration, training, and similar transfer or implementation projects as well as the support of pilot projects designed to meet specific developmental needs in the field of environmental education. Demonstration, training and related transfer activities will be designed to assist the effective utilization/adaptation of environmental education resources developed to date for purposes of facilitating or improving regional, State and local program development efforts. Approximately 90 awards in 40 States are anticipated.

For fiscal years 1975 and 1976, $4.9 million has been awarded for projects of the following types:

1. Resource Material Development..... 43
2. Personnel Development..... 23
3. Elementary/Secondary Education..... 14
4. Community Education..... 20
5. Minigrant Workshops..... 65

In fiscal year 1977, $3,500,000 is supporting approximately 100 pilot projects in 45 States. In addition to continuing its assessment of pilot projects and resource materials, the program will focus on community-centered minigrant workshops and implementation/demonstration projects.

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	1977 Appropriation	1978 Estimate	Increase or Decrease
10. Ethnic heritage studies. . . .	$2,300,000	$2,300,000	---
Positions	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 nonprofit 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

In fiscal year 1978 the appropriation request of $2,300,000 maintains the program at the fiscal year 1977 level. These funds will provide support for approximately 100 projects, of which 35 will be multi-ethnic and 15 will be single ethnic projects. About 50 small grants averaging some $10,000 each will be awarded. As is the case in fiscal year 1977, highest priority will be placed on the training of teachers in the area of ethnic studies.

In fiscal year 1977, the $2,300,000 appropriation will support 32 projects for curriculum development, 13 training and 5 dissemination activities in the area of ethnic studies. In addition, 50 small grants, averaging $10,000 each will be awarded. These mini-grants will be distributed among curriculum, training and dissemination activities. Emphasis will be placed on multi-ethnic endeavors drawing on the cultural pluralism of the community, and on school, university and community cooperation.

	1977 Appropriation	1978 Estimate	Increase or Decrease
11. State equalization.....	$10,500,000	---	-$10,500,000
Positions.....	---	---	---

Narrative

Program purpose

To reimburse each of the fifty States for costs incurred in developing or implementing a State plan for reforming the methods of financing public education, funds are authorized under Section 842 of P.L. 93-380. Each State's one-time reimbursement entitlement is based upon the ratio of the population of that State to the population of all the States, except that no State shall receive less than $100,000 and no State shall receive more than $1,000,000. The total of the State entitlements is approximately $13.5 million.

Budget policy

No funds are requested for this program in 1978. Appropriations of $3,000,000 in 1976 and $10,500,000 in 1977 are sufficient to reimburse all States at their maximum level. Because fiscal year 19// funds were made available through September 30, 1978, it is expected that some applications will be reimbursed in fiscal year 1978.

States participating in this program are expending funds for the purposes of either developing a new State equalization plan or evaluating their existing plan. The studies being undertaken by participating States include the following:

1. Adequacy of educational programs
2. Cost variations
3. Program comprehensiveness
4. Equity of financial ability
5. Equity and adequacy of tax structures
6. Decision making structures
7. Educational efficiency

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OFFICE OF EDUCATION

Elementary and Secondary Education

Program Purpose and Accomplishments

Activity: Disadvantaged grants (Elementary and Secondary Education Act, Title I)

Transition Quarter	1977 Appropriation	1978 Authorization	1978 Budget Estimate
$2,050,000,000	$2,285,000,000	$4,394,905,000 1/	$2,635,000,000

1/ This program is advance funded, with the 1978 appropriation to be obligated for fiscal year 1979. Authorizing legislation for the obligation of funds expires with fiscal year 1978. However, Section 414 of the General Education Provision Act will allow for an extension of authorization for one additional fiscal year, in this case fiscal year 1979.

Purpose: To provide special services to educationally deprived children residing in areas of high concentration of low-income families, as well as to 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 the prior year. State agency programs are funded at maximum authorization.

Accomplishments in 1977: In the advance funded 1977-78 school year, over 5.8 million children in about 14,000 school districts in 50 States are participating in Title I activities directed toward meeting the needs of the educationally disadvantaged. Nearly 700,000 of these children are being served in State agency programs and 5,155,000 children in local school districts and the Bureau of Indian Affairs schools.

Objectives for 1978: In the advance funded 1978-79 school year, nearly 6.2 million children in about 14,000 school districts in 50 States will be participating in Title I activities directed toward meeting the needs of the educationally disadvantaged. Nearly 800,000 of these children will be served in State agency programs and 5,392,000 children in local school districts and the Bureau of Indian Affairs schools.

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OFFICE OF EDUCATION

Elementaty and Secondary Education

Program Purpose and Accomplishments

Activity: Support and innovation grants (Elementary and Secondary Education Act, (Title IV-C)

Transition Quarter	1977 Appropriation	1978	
		Authorization	Budget Estimate
$184,521,852	$194,000,000	Indefinite[1/]	$194,000,000

1/ This program is advance funded, with the 1978 appropriation to be obligated for fiscal year 1979. Authorizing legislation for the obligation of funds expires with fiscal year 1978. However, Section 414 of the General Education Provision Act will allow for an extension of authorization for one additional fiscal year, in this case fiscal year 1979.

Purpose: To enable States to exercise greater flexibility and responsibility in determining priorities, four categorical programs are consolidated into a single grant program, "Educational innovation and support."

Explanation: The four categorical programs consolidated into "Educational innovation and support" are Supplementary educational centers and services (except guidance, counseling, and testing), Strengthening State and local educational agencies, Dropout 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 1977: In fiscal year 1977, funding is being directed to the State agencies, and to about 3,000 local education agency projects, thus serving about one-fifth of the total number of local school districts.

Objectives for 1978: Using the advance funding of the fiscal year 1978 appropriation, objectives for the 1978-79 school year include the strengthening of State agency leadership resources and demonstration projects by selected local education agencies and their replication by other local agencies. Funding will be directed to and through 57 State and Territorial education agencies.

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OFFICE OF EDUCATION

Elementary and Secondary Education

Program Purpose and Accomplishments

Activity: Bilingual education (Elementary and Secondary Education Act, Title VII)

	1978	
Appropriation	Authorization	Budget Estimate
$115,167,000	1/	$135,000,000

1/ Authorizations are the following for fiscal year 1978:

Part A, excluding sec. 721 (b)(3):	$160,000,000
Part A, sec. 721 (b)(3) :	9,750,000
Part B, sec. 732 :	as necessary
Part C :	5,000,000

Purpose: In order to provide equal educational opportunities for children of limited English speaking ability, this program provides assistance to help establish elementary and secondary school programs employing bilingual education methods, to develop and disseminate bilingual instructional materials, and to conduct a variety of training programs to increase the numbers and quality of bilingual education personnel.

Explanation: In this program, which is essentially forward funded, discretionary grants are awarded on a competitive basis to local school districts, institutions of higher education, resource and materials development centers, and state education agencies. Although the majority of projects are multiple year ones, grant awards are made for a single year's duration, with continuation awards for subsequent years subject to satisfactory performance and availability of funds in future fiscal years.

Accomplishments in 1977: The appropriation of $115,167,000 will provide $74,300,000 to assist in installing bilingual programs in approximately 480 school districts, of which approximately 84 will be new awards. Training funds totalling $29,700,000 will permit inservice staff development of an estimated 35,000 personnel in classroom projects, the awarding of about 525 graduate fellowships and 750 stipends for post-secondary education, the provision of 100 grants to institutions of higher education for institutional innovation and reform, and the funding of 15 training resource centers to train about 9,500 education personnel. In addition, $7,000,000 will support 17 materials development, assessment, and dissemination centers. Finally, an estimated 40 states will receive $3,900,000 for technical assistance efforts; the National Advisory Council will use $100,000 for its functions, and $167,000 will be used for the planning of the bilingual education clearinghouse.

Objectives for 1978: The request of $135,000,000 will provide $81,000,000 to support 535 classroom projects, of which 149 will be new awards. In addition, training funds totalling $36,975,000 will support a range of activities, including in-service training for an estimated 38,000 classroom teachers, the awarding of 625 fellowships and 925 stipends for postsecondary training, 65 continuation and 55 new grants to institutions of higher education for developing institutional capacity to support bilingual education, and the support of 20 training resource centers to train 12,500 educational personnel. In addition, $10,000,000 is being requested to support 17 materials development, assessment, and dissemination centers. $4,375,000 is requested for grants to state educational agencies to provide technical assistance and for coordination activities. Finally, $150,000 will support the activities of the Advisory Council, $500,000 is being requested to operate the bilingual education clearinghouse, and $2,000,000 will support the demonstration of new and innovative practices and the carrying out of necessary studies in bilingual education.

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OFFICE OF EDUCATION

Elementary & Secondary Education

Program Purpose and Accomplishments

Activity: Right to Read (Title VII, PL 93-380, Education Amendments of 1974, as amended)

1977 Appropriation	1978 Authorization	1978 Budget Estimate
$26,000,000	1/	$26,000,000

1/ Authorizations as follows for fiscal year 1978:

Parts A and B	:	$93,000,000
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: 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 long range goal of this National effort is to eliminate functional illiteracy in this country.

Explanation: Eligible grantees include local educational agenices, institutions of higher education, State education agencies, and other public and private agencies. Awards are made for 12-month periods.

Accomplishments in 1977: In 1977, 55 State education agencies will receive awards to train local Right to Read directors. One hundred seventy reading improvement projects will be awarded and 82 reading academies will be supported. Eight special emphasis projects will be supported to determine the effectiveness of instruction by reading specialists and reading reachers. In addition, five national impact projects will be awarded covering dissemination of materials and a training program for school principals. A contract was awarded to provide for the distribution of books to students, and an evaluation of the Right to Read program will be funded.

Objectives for 1978: The budget request will continue seven of the program components in 1978 as in 1977. Fifty-five grants to state agencies will be continued as well as 164 Reading improvement projects, 71 Reading academies, 10 National impact projects, and 8 Special emphasis projects. In addition, the yearly evaluation and the Inexpensive book distribution program components will be supported.

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OFFICE OF EDUCATION

Elementary and Secondary Education

Program Purpose and Accomplishments

Activity: Follow-Through (Head Start-Follow-Through Act)

1977 Appropriation	1978 Authorization	1978 Budget Estimate
$59,000,000	$60,000,000 1/	$59,000,000

1/ Authorization for the program expires September 30, 1977. However, under Section 414(a) of the General Education Provisions Act, authorization is automatically extended for one additional fiscal year.

Purpose: This program is designed to develop and test effective ways of educating disadvantaged children in primary grades (K-3).

Explanation: Grants are awarded to local school districts through annual applications. Funds for certain projects from a single year appropriation may be utilized for more than 12 months. Sponsoring agencies or groups assist most districts in implementing models. A National Longitudinal Evaluation report on the 10 models most frequently used is near completion.

Accomplishments in 1977: An appropriation of $59,000,000 supported 164 projects, affecting 76,000 children. Support was provided for collection and analysis of data for the National Longitudinal Study, as well as for dissemination efforts through twelve Demonstration Resource Centers ("Lighthouses").

Objectives in 1978: Efforts to identify, implement and evaluate feasible and desirable new approaches to educate disadvantaged children will be continued. The $59,000,000 request will affect 76,000 children, and support twelve "lighthouses" for demonstration purposes.

OFFICE OF EDUCATION

Elementary and Secondary Education

Program Purpose and Accomplishments

Activity: Educational broadcasting facilities program (Communications Act of 1934, Title III, Part IV as amended)

1977 Appropriation	1978 Authorization	1978 Budget Estimate
$15,000,000	$30,000,000 1/	$15,000,000

1/ Authorization expires in fiscal year 1977; the fiscal year 1978 appropriation is requested in accordance with Section 414(a), General Education Provisions Act. An extension of the program is being proposed.

Purpose: To extend and improve coverage of non-commercial educational telecommunications systems.

Explanation: Grants for broadcast facilities, for 6 to 30-month periods, provide 75 percent of the cost of eligible items to the appropriate licensees. Full cost grants to prior grantees for audio recorders (to log broadcasts in compliance with Federal requirements) are also authorized. Awards are made in consideration of equitable geographic coverage. Demonstrations of innovative uses of non-broadcast telecommunications facilities are authorized for periods not to exceed three years.

Accomplishments in 1977: Grants will extend noncommercial television broadcast signals and upgrade local capabilities in 32 communities. Non-commercial radio stations will be established or improved in 44 communities. Approximately 50 stations will receive full funding of audio logging recorders. About 8 telecommunications demonstration projects will be funded. These demonstrations will serve as examples of innovative uses of non-broadcast telecommunications facilities.

Objectives for 1978. To extend public broadcasting by activating and upgrading ETV coverage in 26 communities and ER coverage in 28 communities as well as to fully fund the acquisition of audio logging recorders needed by 10 noncommercial broadcast stations. Eight grants will demonstrate innovative public uses of the new technologies.

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OFFICE OF EDUCATION

Elementary and Secondary Education

Program Purpose and Accomplishments

Activity: Allen J. Ellender Fellowships (P.L. 92-506)

1977 Appropriation	1978 Authorization	1978 Budget Estimate
$750,000	$750,000	$750,000

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 $750,000 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 1977: In fiscal year 1977 an appropriation of $750,000 provided approximately 1,875 fellowships to secondary school students and their teachers.

Objectives for 1978: Approximately 1,900 fellowships will be supported in fiscal year 1978. Special effort will be made to insure that rural students and small town youths and their teachers are adequately represented.

OFFICE OF EDUCATION

Elementary and Secondary Education

Program Purpose and Accomplishments

Activity: Drug abuse education (Alcohol and Drug Abuse Education Act Amendments of 1974)

1977 Appropriation	1978 Authorization	1978 Budget Estimate
$2,000,000	$34,000,000 1/	$2,000,000

1/ Authorization for this program expires September 30, 1977. However, under Section 414(a) of the General Education Provisions Act, authorization is automatically extended for one additional fiscal year.

Purpose: To develop, through training and technical assistance, local capability to solve problems in the area of alcohol and drug abuse prevention, with applicability to other behavior problems such as truancy, vandalism, and disruptive behavior.

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 1977: Five Regional Training Developmental Resource Centers trained 160 teams in clusters to develop drug and alcohol abuse prevention programs in large city school systems. The program provided a forum for the demonstration of a number of approaches to prevent and reduce self-and socially-destructive behavior by developing legitimate educational options that respond to diversity among young people in grades 7-12.

Objectives for 1978: The program will continue to focus on the challenging problem of alcohol and drug abuse in large cities by training an additional 160 teams in clusters to develop alcohol and drug abuse prevention programs in large city school systems. It will continue within its resources to respond to the problem of diversity among young people by developing new thrusts in preparing teachers to be more effective in bilingual/bicultural settings. New approaches to the family and alcohol and drug abuse prevention will be demonstrated.

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OFFICE OF EDUCATION

Elementary and Secondary Education

Program Purpose and Accomplishments

Activity: Environmental education (Environmental Education Act)

1977 Appropriation	1978 Authorization	1978 Budget Estimate
$3,500,000	$15,000,000[1/]	$3,500,000

1/ Authorization for this program expires September 30, 1977. However, under Section 414(a) of the General Education Provisions Act, authorization is automatically extended for one additional fiscal year.

Purpose: This program provides assistance for the development of effective resources for use in environmental education programs at all levels of formal education and for nonformal adult education. These programs are designed to improve the understanding among citizens of issues, options, and policies concerned with environmental quality, including economic, social, and cultural considerations.

Explanation: Program funds are awarded to both public and private nonprofit organizations and agencies. Funds are awarded on a competitive basis to nonprofit agencies, institutions, or organizations for pilot projects. In some instances, grants have funded projects with a duration of more than one year, usually averaging about thirteen months.

Accomplishments in 1977: In fiscal year 1977 approximately 100 projects are receiving support for personnel training, resource material development, community education, and elementary and secondary education pilot projects. Approximately forty-five States are receiving awards related to implementing environmental education.

Objectives for 1978. Approximately 90 awards in 40 States will provide for demonstration, training, and related transfer activities for utilization and adaptation of environmental education resources.

OFFICE OF EDUCATION

Elementary and Secondary Education

Program Purpose and Accomplishments

Activity: Ethnic heritage studies (Elementary and Secondary Act, Title IX)

	1978	
1977 Appropriation	Authorization	Budget Estimate
$2,300,000	$15,000,000	$2,300,000

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 1977: In 1977, 100 projects are being funded to develop and disseminate curriculum and to train personnel in the area of ethnic studies.

Objectives for 1978: About 100 projects will be supported to continue efforts to disseminate curricula and to train personnel in the field of ethnic heritage studies.

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OFFICE OF EDUCATION

Elementary and Secondary Education

Program Purpose and Accomplishments

Activity: State equalization (P.L. 93-380 , Section 842)

1977 Appropriation	1978 Authorization 1/	1978 Budget Estimate
$10,500,000	$13,500,000	---

1/ This program is an entitlement program, with entitlement calculated on a State's population. Total entitlements for all State's equal $13,500,000.

Purpose: Reimbursements to States for the development and implementation of school finance plans conforming to Federal equity guidelines are authorized under Section 842 of P.L. 93-380.

Explanation: Funds authorized under this section are provided to the States on a reimbursement schedule calculated on the State's population when compared to all others. Reimbursements range from $1,000,000 (California) to $100,000 (Alaska). Total program entitlement is $13,500,000.

Accomplishments in 1977: Public Law 94-439 provided $10,500,000 for fiscal year 1977. This amount, together with the $3,000,000 provided for the transition quarter period, is sufficient to reimburse all the States. Twenty-nine states have been reimbursed to date. It is anticipated that eighteen to twenty-one States will be reimbursed during the remainder of fiscal year 1977 and during fiscal year 1978.

Objectives for 1978: No funds are requested for this program in fiscal year 1978 because the total entitlement will have been met with fiscal year 1977 funds. However, P.L. 94-439 extended the availability of fiscal year 1977 funds through September 30, 1978, and it is expected that some plans will be finally approved in the period between October 1, 1977 and September 30, 1978.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

Elementary and Secondary Education
Title I, Educationally Deprived Children

State or Outlying Areas	1976 Advance for 1977 1/	1977 Advance for 1978 2/	1978 Advance for 1979 3/
TOTAL	$2,050,000,000	$2,285,000,000	$2,635,000,000
Alabama	46,856,194	53,038,745	62,810,481
Alaska	6,414,381	6,871,064	6,325,802
Arizona	20,785,846	22,955,495	25,705,627
Arkansas	29,388,487	32,904,291	38,461,141
California	171,556,617	190,866,206	221,385,950
Colorado	18,864,321	20,918,520	23,965,801
Connecticut	19,873,823	22 097,569	25,612,276
Delaware	5,989,339	6,581,722	7,406,074
Florida	81,023,365	89,254,556	102,264,239
Georgia	51,701,581	58,360,535	68,921,161
Hawaii	5,960,644	6,698,433	7,864,534
Idaho	6,916,580	7,474,071	8,355,384
Illinois	101,549,806	113,851,833	133,296,657
Indiana	27,114,681	30,240,229	35,180,267
Iowa	16,595,598	18,658,501	21,977,838
Kansas	15,377,971	17,202,822	20,089,848
Kentucky	38,187,889	42,978,567	50,552,372
Louisiana	56,061,676	63,141,627	73,232,079
Maine	8,662,288	9,557,808	10,612,757
Maryland	34,183,719	38,251,009	44,165,934
Massachusetts	42,268,394	46,703,842	52,703,147
Michigan	90,041,996	100,035,446	112,115,091
Minnesota	31,899,426	35,528,039	38,192,107
Mississippi	46,115,961	52,033,911	61,387,436
Missouri	34,678,447	38,908,551	45,602,878
			8,602,036
Montana	7,440,778	8,164,965	8,602,036
Nebraska	10,024,081	11,255,294	13,217,200
Nevada	2,827,541	3,111,194	3,562,241
New Hampshire	3,715,312	4,098,498	4,704,137
New Jersey	58,033,106	64,656,324	73,377,924
New Mexico	18,951,500	20,800,134	21,321,869
New York	204,068,799	228,989,129	264,661,225
North Carolina	59,582,110	66,744,672	78,065,350
North Dakota	5,954,059	6,572,142	7,569,595
Ohio	59,937,461	66,992,667	78,143,664
Oklahoma	22,643,692	25,446,173	29875,591
Oregon	20,939,866	22,970,408	25,312,101
Pennsylvania	94,121,451	105,606,956	123,457,775
Rhode Island	7,328,661	8,224,003	9,639,121
South Carolina	36,992,607	41,686,100	49,104,325

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State or Outlying Areas	1976 Advance for 1977 1/	1977 Advance for 1978 2/	1978 Advance for 1979 3/
South Dakota	$ 6,409,994	$ 7,189,372	$ 8,438,537
Tennessee	43,132,809	48,722,558	57,558,976
Texas	147,992,810	162,470,897	185,362,965
Utah	6,993,369	7,758,931	8,461,081
Vermont	4,843,103	5,265,719	5,395,337
Virginia	44,464,610	49,978,465	58,700,400
Washington	27,271,157	30,041,595	33,876,502
West Virginia	18,946,931	21,388,509	25,247,508
Wisconsin	32,782,836	36,530,226	41,297,292
Wyoming	3,252,910	3,557,458	3,754,996
District of Columbia	12,451,797	13,855,218	16,082,607
Puerto Rico	48,007,936	54,470,096	64,683,764
America Samoa) Guam) Trust Territory) Virgin Islands) BIA)	21,088,901	21,088,901	25,089,000
Evaluation & Studies	11,500,000	12,250,000	12,250,000
Undistributed	230,783	.4	---

1/ Total appropriation $2,050,000,000; Part A $2,013,500,217, with $21,185,411 for administration, $271,184,434 for State agencies and $1,721,130,372 for local educational agencies; Part B $24,769,000; Part D and studies $11,500,000; undistributed $230,783.

2/ Total appropriation $2,285,000,000; Part A $2,247,981,000 with $23,000,000 for administration, $306,500,000 for State agencies and $1,918,481,000 for local educational agencies; Part B $24,769,000; Part D and studies $12,250,000.

3/ Total appropriation $2,635,000,000; Part A $2,622,750,000 with $26,500,000 for administration, $348,000,000 for State agencies and $2,248,250,000 for local educational agencies; Part B $0, Part D and studies $12,250,000.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

Elementary and Secondary Education
Title IV, Part C, Educational Innovation and Support

State or Outlying Areas	1976 Advance for 1977	1977 Advance for 1978	1978 Advance for 1979
TOTAL	$184,207,083[1/]	$193,803,925[2/]	$194,000,000[3/]
Alabama	2,937,187	3,134,861	3,295,886
Alaska	840,537	840,537	359,619
Arizona	1,790,726	1,911,242	2,009,415
Arkansas	1,829,993	1,829,993	1,831,460
California	16,033,938	17,113,024	17,992,051
Colorado	2,038,058	2,172,187	2,283,763
Connecticut	2,475,893	2,612,971	2,747,189
Delaware	986,657	986,657	537,574
Florida	5,791,777	6,181,564	6,499,086
Georgia	4,024,178	4,295,006	4,515,623
Hawaii	1,120,125	1,120,125	774,848
Idaho	1,101,332	1,101,332	752,604
Illinois	8,920,591	9,520,949	10,010,001
Indiana	4,354,570	4,647,633	4,886,364
Iowa	2,389,570	2,475,447	2,602,600
Kansas	2,006,697	2,006,697	1,950,097
Kentucky	2,692,697	2,873,916	3,021,538
Louisiana	3,313,835	3,536,856	3,718,530
Maine	1,260,105	1,260,105	960,219
Maryland	3,383,217	3,610,908	3,796,386
Massachusetts	4,539,590	4,845,105	5,093,979
Michigan	7,721,267	8,240,910	8,664,213
Minnesota	3,300,619	3,522,751	3,703,701
Mississippi	2,070,803	2,172,187	2,283,763
Missouri	3,703,697	3,952,957	4,156,004
Montana	1,090,050	1,090,050	700,700
Nebraska	1,551,741	1,551,741	1,382,863
Nevada	947,174	947,174	530,159
New Hampshire	1,088,720	1,088,720	737,774
New Jersey	5,795,081	6,185,090	6,502,794
New Mexico	1,331,560	1,331,560	1,141,882
New York	13,744,319	14,669,314	15,422,817
North Carolina	4,255,453	4,541,845	4,775,142
North Dakota	1,034,899	1,034,899	604,308
Ohio	8,712,444	9,298,793	9,776,435
Oklahoma	2,207,641	2,207,641	2,272,641
Oregon	1,918,024	1,918,024	1,938,974
Pennsylvania	9,052,748	9,662,000	10,158,297
Rhode Island	1,190,463	1,190,463	808,215
South Carolina	2,329,266	2,486,025	2,613,723

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State or Outlying Areas	1976 Advance for 1977 1/	1977 Advance for 1978 2/	1978 Advance for 1979 3/
South Dakota	1,067,905	1,067,905	637,674
Tennessee	3,237,844	3,455,752	3,633,260
Texas	9,786,219	10,691,919	10,981,342
Utah	1,354,337	1,107,251	1,164,126
Vermont	915,881	915,881	430,059
Virginia	3,915,148	4,178,639	4,393,279
Washington	2,771,991	2,958,547	3,110,515
West Virginia	1,704,292	1,704,292	1,531,160
Wisconsin	3,845,766	4,104,587	4,315,423
Wyoming	853,161	853,161	333,667
District of Columbia	1,060,411	1,060,411	559,819
Puerto Rico	3,072,183	3,072,183	3,175,647
American Samoa) Guam) Trust Territory) Virgin Islands) BIA)	1,711,762	1,826,949	1,920,792
Undistributed	2,032,940	1,637,189	

1/ Distribution of $172,888,000 with 1% ($1,711,762) reserved for the outlying areas, and BIA and the remainder distributed on the basis of the 5-17 population 7/1/74 for 50 States, and 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.

2/ Distribution of $184,521,852 with 1% ($1,826,949) reserved for the outlying areas, and BIA and the remainder distributed on the basis of the 5-17 population 7/1/74 for the 50 States and D.C., and 4/1/70 Puerto Rico. Additional amount added by the Congress to insure that no State would receive less than they received for comparable programs in 1974.

3/ Distribution of $194,000,000 with 1% ($1,920,792) of the 50 States, D.C., and Puerto Rico amount reserved for the areas, and the remainder 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.

TUESDAY, MARCH 22, 1977.

SCHOOL ASSISTANCE IN FEDERALLY AFFECTED AREAS

WITNESSES

DR. HERMAN R. GOLDBERG, ACTING DEPUTY COMMISSIONER FOR ELEMENTARY AND SECONDARY EDUCATION
DR. WILLIAM F. PIERCE, ACTING COMMISSIONER OF EDUCATION
DR. THOMAS J. BURNS, ASSOCIATE COMMISSIONER FOR STATE AND LOCAL EDUCATIONAL PROGRAMS
WILLIAM L. STORMER, DIRECTOR, DIVISION OF SCHOOL ASSISTANCE IN FEDERALLY AFFECTED AREAS
DR. JOHN W. EVANS, ASSISTANT COMMISSIONER, OFFICE OF PLANNING, BUDGETING, AND EVALUATION
CORA P. BEEBE, DIRECTOR, DIVISION OF PLANNING AND BUDGETING
WILFORD FORBUSH, DEPUTY ASSISTANT SECRETARY, BUDGET

Mr. FLOOD. We are still with the Office of Education. We will talk about school assistance in federally affected areas. The presentation will be made by Dr. Herman Goldberg, the Acting Deputy Commissioner for Elementary and Secondary Education.

We have your biographical sketch, which we will place in the record at this point, Dr. Goldberg, as well as your statement.

[The prepared statement and curriculum vitae follow:]

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Biographical Sketch

NAME : Herman R. Goldberg

POSITION : Acting Deputy Commissioner for Elementary and Secondary Education, U.S. Office of Education

BIRTHPLACE AND DATE : Brooklyn, New York - November 20, 1915

EDUCATION : B.S., Brooklyn College, 1935
M.A., Columbia University Teachers College, 1944
LL.D., University of Rochester, 1965

EXPERIENCE :

Present : Associate Commissioner for Equal Educational Opportunity, U.S. Office of Education and Acting Deputy Commissioner/ Bureau of Elementary and Secondary Education

3/71-6/71 : Associate Commissioner for Elementary & Secondary Education

1963-1971 : Superintendent of Schools, Rochester, New York

1958-1963 : Coordinator of Instructional Services, Rochester, New York

1948-1958 : Director of Special Education, Rochester, New York

1949-1963 : Lecturer in Education, University of Rochester

1943-1948 : Lecturer in Education, New York University and Columbia University

1939-1948 : Teacher, New York City Public Schools

ADDITIONAL EXPERIENCE:

Distinguished Visiting Professor, Oregon State University Corvallis, Oregon

Chairman, President's National Advisory Council on Education of the Disadvantaged

Commissioner, New York State Delegation to the Education Commission of the States

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Consultant, Invitational Seminar on Instructional Television, Center for Advanced Studies in the Behaviorial Sciences, Palo Alto, California

Member, Ford Foundation Study Team, Educational Television, Public Schools, American Samoa

Fulbright Professor, University of Bologna, Italy, and Consultant to the Italian and Israeli Ministries of Education

Moderator, Junior Town Meeting of the Air

John Hay Humanities Fellowship, Bennington College, Bennington, Vermont

Member of 1936 U.S. Olympic Team
Professional Baseball Player, American, International and Canadian-American Leagues

PUBLICATIONS: Editor, Rochester Occupational Reading Series (Science Research Associates, Inc.)

Contributing Author, Otolaryngology (Wm. Proctor, Corp.)

Contributing Author, Education for the Exceptional (Porter Sargent, Inc.)

Contributing Author, Integrated Education (Glencoe Press)

Inventor, Chromovox Linguistics Teaching Machine (Electro Networks, Inc.)

Contributing Author, Educating for Tomorrow: The Role of Media, Career Development and Society (John Wiley and Sons, Inc.)

Editor, Getting It Together Reading Series (Science Research Associates, Inc.)

Editor, The Job Ahead (Science Research Associates, Inc.)

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

Statement by Acting Deputy Commissioner for
Elementary and Secondary Education
on
School Assistance on Federally Affected Areas

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 $395,000,000 for this account in fiscal year 1978, a reduction of $398,000,000 below the 1977 level. The request includes $370,000,000 for Maintenance and Operations, Public Law 874 and $25,000,000 for Construction, Public Law 815. The Administration is mindful of the widespread support for Impact Aid funds, but we believe there are numerous inequities in the program and that scarce education dollars would be better spent on programs that target Federal funds more effectively on educational needs. Consequently, we wish to reduce spending for those activities which are less essential and concentrate our efforts eleswhere in the budget by expanding Title I of the Elementary and Secondary Education Act.

Maintenance and Operations

In fiscal year 1978, 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. This policy recognizes the loss to a local community of both a residential and industrial tax base to support the educational needs of these children, most of whom live on military bases with parents in the Uniformed Services or children living on Indian lands

who form the second largest group. For this part of the Act, Section 3(a), we are requesting $295,700,000. It is estimated that these funds will pay for these children through the second payment tier which provides the minimum of 88 percent of entitlement, 90 percent in many cases, and 100 percent of entitlement to school districts when such children comprise 25 percent of the total enrollment, as well as providing an additional half-payment for handicapped children under Section 3(a)(2).

We are requesting $57,700,000 for Section 6 to provide the full cost 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 for such children. Almost all of these children live on military bases. There are presently 26 Section 6 projects that serve close to 42,000 children.

In addition, we are requesting $16,600,000 to make payments under minor provisions of the law, Sections 2 and 3(e), also through the second payment tier. The request provides 100 percent of entitlement to Section 2 and 57 percent to Section 3(e) applicants. Under this proposal, we expect to fund a little over 1,800 eligible Section 2 and 3 applicants claiming approximately 360,000 children.

We do not propose to compensate school districts under Section 3(b) in 1978. Most of these children live on private property in the community and their parents pay local property taxes which support the school system. Similarly, we do not propose to fund school districts for children associated with low-rent public housing projects. We do not believe that these children constitute a Federally imposed burden. Such payments are essentially inequitable, and we believe that the Impact Aid program is not the proper

channel for providing categorical funds for the disadvantaged. To prevent further inequities, funds are not being requested for the hold-harmless provisions.

Construction

In fiscal year 1978, we are requesting $25,000,000 for the Impact Aid construction program. These funds will enable us to meet the critical construction needs of Sections 5, 10, and 14. Major emphasis will continue to be placed on providing needed school facilities to local educational agencies serving children residing on Indian lands and to the critical construction and renovation needs that exist on several Federal installations. The $10,500,000 requested, under Section 14, for school districts serving children residing on Indian lands will provide 262 classrooms and related facilities serving 7,400 children. The $10,500,000 requested, under Section 10, for needs on Federal installations will provide new or improved facilities to serve approximately 7,400 children. The remaining $4,000,000 will be used to support school districts under Section 5 and is expected to enable funding of four projects providing new school facilities for an estimated 2,800 pupils in 100 classrooms.

Thank you, Mr. Chairman. My associates and I will be happy to answer any questions you may have.

Ms. BEEBE. This is Tom McNamara, the analyst. You may not have seen him before.

Mr. FLOOD. No, I don't think so. Welcome.

IMPACT AID BUDGET CUTS

Doctor, the budget request for impact aid involves $395 million. That is a cut of almost $400 million from 1977. While this is a new administration, the budget for impact aid looks very much the same as it has for the past several years.

Most of the reduction we see here is for so-called category B. Bang, out you go. That is the end of that, according to your proposal.

How in the world can the local school districts absorb these cuts? For example, how could the school district out in Bellevue, Nebr., educate all those children of the military families that live in that community?

That is just one.

How do they do that?

Dr. GOLDBERG. Mr. Chairman, the major types of support for public education, as you know, in this Nation are funds that stem from State and local sources.

Mr. FLOOD. Yes.

Dr. GOLDBERG. The Federal Government's share is the smallest of the three, and school districts are very much interested in the acquisition of SAFA funds for two reasons: (a) they are there; and (b) they are the kind of funds that are not categorical and can assist school districts in many ways to meet their budget requirements.

ELIMINATION OF B CHILDREN PAYMENTS

Mr. FLOOD. All right. Category B you have cut out. How about that school district in Bellevue, Nebraska, and all those children? How can they do that?

Dr. BURNS. The Bellevue, Nebr., system does have A-type children, but we feel that the B children you speak of are not creating an adverse burden to the local community, because of the fact that they live on private property. They do pay taxes. These taxes usually make up a large part of the local contribution to education.

Mr. FLOOD. Yes, I know that, but according to the record we have here, half of those children at Bellevue are category B children.

Dr. BURNS. One-half of them are, yes.

Mr. FLOOD. What about them?

Dr. BURNS. This is where we feel a majority of them will have a tax loss that is not significant in that the parents of those B-type children that are living off Federal property are paying taxes. They are not really creating a Federal burden to that community. As a matter of fact, the existence of the military base affords some economic advantages.

METROPOLITAN WASHINGTON AREA PAYMENTS

Mr. FLOOD. Well, all right. Let's go into this then. How much impact aid funds will the District of Columbia receive this year, and how much will it receive under your budget?

Dr. BURNS. A comparison of 1977 to 1978.

Mr. STORMER. In 1977, $4.2 million; and in 1978, it would receive $507,000.

Mr. FLOOD. Well, since we are talking about the local neighborhood, what about Fairfax County in Virginia? How do they do under your budget?

Mr. STORMER. Fairfax County in 1977 will receive approximately $12.4 million, and would receive $1.9 million in 1978.

SCHOOL DISTRICTS SUFFERING GREATEST LOSS

Mr. FLOOD. I tell you what you do. Will you list for the record the 10 school districts that would lose the most under your budget?

You see, taking a look at this thing as we have, the basic problem here in this budget presentation is its abruptness. You are putting thousands of these school districts in a very difficult position. Isn't there some way that you can do what you want to do but in a gradual way? For instance, instead of proposing a cut of $400 million in 1 year, why not take $100 million over a period of 4 years?

What is the matter with that?

Dr. BURNS. The proposal you offer has merits.

Mr. FLOOD. That is why I proposed it.

TITLE I PREFERENCE

Dr. BURNS. The Department has elected to place the emphasis in an area where they feel there is a greater need, that is with the disadvantaged student, and Secretary Califano has testified to that effect. He would like to change the emphasis by taking money from a program where he believes there is inequity and less value and placing it in the more valuable title I program for the disadvantaged.

Mr. FLOOD. That is it?

Dr. BURNS. Yes, sir.

Ms. BEEBE. Yesterday we submitted for the record a list of offsetting moneys for title I. Baltimore would be one such city that would gain more than they lose from the shift from SAFA to title I. In providing the list of districts, the 10 that would lose the most, I am not sure we could really develop an accurate estimate of that. We don't yet know our total 1976 payments, and with changes in the procedures for estimating, I think that would be rather difficult to do.

Mr. FLOOD. When you are dealing with a subject like this, it is pretty hard to pin you down to pennies. However, I don't want to avoid the request. Give us your best estimate under the circumstances.

Dr. BURNS. We will.

[The information follows:]

Ten school districts that would lose the most under the 1978 budget request

[1976 estimated amount for 3(b) children and hold harmless]

Name of school district:	
New York City school district	$22,209,000
Fairfax County School Board	12,100,000
Prince Georges County Board of Education	8,494,000
Chicago public schools	6,680,000
Montgomery County Board of Education	5,501,000
Hawaii State Department of Education	5,208,000
City of Philadelphia School District	4,380,000
District of Columbia public schools	4,371,000
San Diego unified school district	4,266,000
Virginia Beach City School Board	4,023,000

APPROPRIATION VERSUS AUTHORIZING LANGUAGE

Mr. FLOOD. Now, here is one, and there is nothing new about this idea; but I can see why you are trying to do it here, and you are going pretty, pretty far. You are proposing some strange, new appropriation language. "Strange" is an understatement, too. It seems to us that you should have sent that to the authorizing committee.

Now, if anybody in the world knows this, Doctor, you are no amateur—none of you are. Everybody sitting at that table has been here before. You know we can't write law law here.

What would happen if we accepted your budget of $370 million, but knocked out all that language that you want?

Dr. BURNS. Mrs. Beebe is prepared to answer that.

Mr. FLOOD. I am sure of that.

Ms. BEEBE. Mr. Chairman, we have submitted authorizing legislation which parallels the appropriations language. It was our thought that the committee might be acting on the appropriation before the authorizing committees considered the legislative proposal, so we tried to do this in parallel.

If this budget is enacted without the proposed appropriation language, there would be insufficient funds to fund tiers 1 and 2 under the basic law. So we would be funding probably tier 1 and some of the hold-harmlesses.

Mr. FLOOD. You just hope something will happen before we get to the floor with the appropriations bill. That is it, isn't it?

Ms. BEEBE. Well, we would like the Congress to take positive action on our legislative and budget proposals.

ESEA TITLE I INCREASE

Mr. FLOOD. Under elementary and secondary education, there is a proposed increase of $350 million for title I.

Here in impact aid there is a cut of $400 million. We touched upon this yesteday. Is there any correlation between those two? Shall we take the increase of title I and move it over to impact aid?

Dr. BURNS. Mr. Chairman, it doesn't work out on the one-to-one basis, if you will, but there is a relationship. The current appropriation for Public Law 874 funds approximately $70 to $80 million of title I type programs. Those are carried on in the subsequent school year of 1977–1978.

Since applications are filed at the end of January of 1977, and considering the mechanics of computing the 1977 874 payments for children residing in low-rent housing, these will not be completed until June. School districts use these funds for programs in the following year—that being 1977–1978—so the funds that would have been appropriated for this purpose in fiscal year 1978, therefore, would not be used by the schools districts for title I-type programs until fiscal year 1979.

1976 PUBLIC HOUSING PROVISION PAYMENTS

Mr. FLOOD. Well, how much was paid in 1976 for the public housing provisions of impact aid?

Dr. BURNS. $55 million?

Mr. STORMER. Approximately $72 million.

Mr. FLOOD. What is your estimate for 1977?

Dr. BURNS. $70 to $80 million.

Mr. FLOOD. Are these public housing payments designed to do the same thing as title I?

Dr. BURNS. Yes, they are. The provision as placed in the educational amendments of 1974 dealing with low-rent housing require that the dollars be provided for title I-type purposes. This is the first time that a string has been placed on the 874 dollar. It says that it must go to school districts where there are title I services, which should first go to the attendance areas which are qualified, eligible and participating. If they are not needed there, then they can go to the eligible, but not participating. If they are not needed there, they can then go to other disadvantaged children in the district.

TIER 3 PAYMENTS

Mr. FLOOD. Have any payments been under tier 3 of impact aid?

Mr. STORMER. Payments are in the process of being made, as we finalize 1976 payments.

Mr. FLOOD. You have not completed 1976 payments?

Mr. STORMER. Approximately 6 percent of the unfunded entitlements of the third tier are being funded in our final payments which are currently being processed. We expect all of them to be processed, the vast majority of them, by the end of this month.

Mr. FLOOD. All right. For 1977, how much is the tier 3 entitlement?

Mr. STORMER. In 1977, in terms of the appropriations language, we would not go into the third tier. It restricts us to funding tiers 1 and 2 and the hold-harmlesses for 1977.

Mr. FLOOD. How much of tier 3 is for public housing?

Mr. STORMER. There would not be any funds available in the third tier. We would pay 25 percent to eligible low-rent public housing——

Mr. FLOOD. How much is authorized for tier 3?

Dr. BURNS. $70 million in tier 1.

Mr. STORMER. You are talking close to——

Mr. FLOOD. I am talking about tier 3.

Mr. STORMER. Let me look.

Dr. BURNS. Let me correct that. $75 million in tier 1.

Mr. FLOOD. I am talking about tier 3.

Mr. STORMER. It would be about $270 million or $280 million, if you funded low-rent housing in its entirety.

Mr. FLOOD. All right. That is what we want to know about tier 3.

1977 HOLD HARMLESS REQUIREMENT

Now, the next one. How much is required in fiscal 1977 for all of the hold-harmless provisions in impact aid?

Dr. BURNS. $78 million.

Mr. FLOOD. In 1977?

Dr. BURNS. Excuse me. It is $87 million.

Mr. FLOOD. For 1977, it is $87 million?

Dr. BURNS. That is right.

IMPACT AID FINAL PAYMENTS

Mr. FLOOD. Have you made final payments for impact aid?

Mr. STORMER. We are in the process of making final payments in 1976.

Mr. FLOOD. When will you make the final payments?

Mr. STORMER. We hope to have them completed by the end of this month.

Mr. FLOOD. When do you make the final payments in 1977?

Mr. STORMER. That would be 1 year from this point approximately.

Mr. FLOOD. If you haven't made the final payments, and you haven't even for the last year, how in the world are you able to develop your budget estimates?

Dr. BURNS. Delicately.

Mr. FLOOD. I am sure of that. Let him try.

Mr. STORMER. The final payments vary some from the initial payments, naturally, but we basically are within, well—let me back off.

Mr. FLOOD. All right. Come in again.

Mr. STORMER. In 1976, we were fairly close in our estimates in terms of total dollars required. We had $636 million appropriated for 1975, and in 1976 we came within about $39 million of the total appropriation of $739 million. Some of that $39 million slipped over to begin payments into the third tier.

Mr. FLOOD. Yes.

Mr. STORMER. We are fairly confident that our estimates for 1977 are reasonably accurate. There may be some variation.

In 1978, we are getting another year away, so we are not quite as accurate.

1978 ESTIMATE IF SIMILAR TO 1977 APPROPRIATION

Mr. FLOOD. The 1977 appropriation was $768 million. That is designed for tier 1, tier 2, and all of the hold-harmless provisions.

Mr. STORMER. Right.

Mr. FLOOD. If we want to do the same thing in 1978, how much would be required, about?

Mr. STORMER. Roughly $830 million.

PINPOINT DISASTER ASSISTANCE

Mr. FLOOD. What is the present policy concerning the payment of pinpoint disaster assistance?

Dr. BURNS. We published regulations as of December 16 with regard to that. There is a question as to whether it will be retroactive to January of 1975, or—excuse me, July of 1975—or it will revert back to January 2 of 1968.

Mr. FLOOD. How much is required this year for the pinpoint?

Dr. BURNS. Right now we have 75 applications on hand. We are averaging three applications per week. There is no way to make a projection. We are assuming that it will be $30 million to $50 million per year.

Mr. FLOOD. Do you have anything in the budget for pinpoint assistance?

Dr. BURNS. No, there is no provision in the budget. There is no line item. The law suggests that we return to the Congress on a 30-day basis if we decide to request a supplemental.

CONSTRUCTION BACKLOG

Mr. FLOOD. What is the backlog on the unfunded construction projects?

Dr. BURNS. $843 million.

Mr. FLOOD. Is any part of the request for construction funds related to section 9 of the impact aid law?

Dr. BURNS. No.

Mr. FLOOD. That section deals with temporary facilities.

Dr. BURNS. There is no request.

Mr. FLOOD. Why not?

Dr. BURNS. The requests for section 5 are $4 million; section 10 for $10.5 million; and section 14 for $10.5 million. That is only what we are asking.

Mr. FLOOD. Why not?

Dr. BURNS. Because priorities have been established within the budget constraints that enable us to request $25 million.

Mr. NATCHER. Off the record.

[Discussion off the record.]

Mr. NATCHER. On the record.

IMPACT AID REDUCTION

Dr. Goldberg, when our new Secretary, Mr. Califano, came before our committee, I discussed with him somewhat in detail this matter of impacted aid and the reduction that appears in the budget of $398 million.

My chairman, Dr. Goldberg, would have no more chance of taking this bill to the floor of the House and passing it without the impacted aid than he would have flying to heaven. He has no chance at all. You know, we have had this up, Dr. Goldberg, as you and your associates know, not only during this new administration, but down through the years where they come in and cut out category B, or title B, and leave in A. We have had it time after time that way.

We have had amendments offered on the floor many times increasing the amount over the previous fiscal year. So when the new Secretary appeared, I discussed in detail with him this matter. This is a serious deficiency in this budget.

Now, the overall reduction under the 1977 fiscal year is $398 million. That is correct, isn't it?

Dr. BURNS. Yes.

Mr. NATCHER. Dr. Goldberg, your 1978 budget request has a total budget authority of $370 million for Public Law 874, school maintenance and operations program, which is the decrease that we have just been discussing of $398 million below the 1977 appropriation level.

IMPACT ON SCHOOL DISTRICTS

Do you have any information at all, any of you, from school districts as to what might be the effects on their educational programs if this 1978 budget request were adopted? What effect would it have on these school districts, Dr. Goldberg?

Let's talk about Kentucky just a little bit. We have Fort Campbell and we have Fort Knox. I represent the district that has Fort Knox. We have six counties surrounding Fort Knox. What is going to happen to these school districts, Dr. Goldberg?

Dr. GOLDBERG. I would like to offer a general comment, and my colleagues perhaps a more specific one.

HISTORY OF FEDERAL AID TO EDUCATION

Students of Federal aid to education traditionally are drawn back to 1787 when the Northwest Ordinance Act was passed, to encourage education in the opening up of the new territory. Since that time, students of education are told that every time there was a great new national need, the Congress stepped in to provide help.

That took us through the land grant college situation, World War I, World War II National Defense Education Act, ESEA, ESAA, et cetera. We are also told as Federal officials that when we find something that perhaps isn't working properly, that we ought to take cognizance of that and try to correct it. When the Los Alamos situation developed, there was tremendous need at the Federal installation for school aid there, and when TVA was being built and when many things were happening in this Nation to help it develop, school people in the local areas couldn't manage with the large influx of people, including school-age children.

So historically, the Congress has helped this Nation move forward in these areas. When circumstances suggest that that original great need isn't continuing in exactly the same profundity, we look at these things to see how the money can be balanced out over all programs, and in the opinion of the Secretary, this was a time when certain parts of SAFA aid might yield to an area that was in a greater need.

So I think we have this conflict of wanting all districts to get as much as possible, recognizing the limitations of the budget and wanting those of greatest need to have funds transferred, so that perhaps the original purpose of SAFA, which continues in some places but not as deeply in others, can have some modification.

That is a general statement, sir. My colleagues may be able to help me with Fort Campbell and Fort Knox.

EFFECT ON SCHOOLS AND TEACHERS

Mr. NATCHER. What would you do now as far as schools and teachers?

Ms. BEEBE. If the gentleman would yield, Mr. Stormer was going to add something.

Mr. NATCHER. Go ahead.

Mr. STORMER. With reference to Fort Knox and Fort Campbell, those are operated under section 6 of the act, as far as the schools on those installations.

With respect to the six counties that surround Fort Knox, these school districts would have to absorb the cost of the education of the B category children, who are left out in terms of funding, either by increased local taxes or in increased State aid, or by cutting back services. Those would be the options available to them.

Mr. NATCHER. I agree with you absolutely, that it would be either cutting back in the schools, turning off teachers and closing schools, or raising taxes. Those would be the options they have.

If you have a Public Law 874 budget proposal to cut out all category 3–B funding, children of persons working and living on Federal property, and all hold-harmless funding were adopted, it would be difficult for the school districts to adjust?

SCHOOL DISTRICT ELIMINATION

How many school districts currently participating in the Public Law 874 impact aid program would be eliminated if funding in fiscal 1978 under this budget proposal were approved?

Dr. BURNS. About 2,700 of the 4,400.

Mr. NATCHER. 2,700. Would it be possible to provide a list? Would that be too difficult?

Dr. BURNS. Yes, sir, it will be done.

Mr. NATCHER. With your permission, Mr. Chairman, I would like to have that inserted in the record at this point.

Mr. FLOOD. Without objection.

[Clerk's note: The material is not reprinted because of its length but is available in the committee files.]

CONSTRUCTION BACKLOG

Mr. NATCHER. The construction program has had a considerable backlog of unfunded applications in recent years. What would be the approximate appropriations needed in fiscal 1978 to clear this backlog of unfunded applications?

Mr. STORMER. Approximately $843 million.

Mr. NATCHER. How many school districts, and how many States would be affected by the backlog? Do you have any idea?

Dr. BURNS. At the present time, we have a number of applications on file. In section 5, there are 381 applications on file. In section 10, there are 79 applications, and in section 14, 112 applications are on file. The respective amounts of money totaling the $843 million would be as follows: $143 million for section 5; $200 million for section 10 and $500 million for section 14.

Mr. NATCHER. How many new classrooms are represented in your statistics, approximately—classrooms?

Dr. BURNS. In our budget justification, we speak to the number of classrooms that will be constructed with the funds.

Mr. STORMER. Roughly, you might estimate $40,000 per classroom, and that takes care of other general use facilities. I am using this as a rough figure. That would be 20,000 classrooms, if you want to speak in terms of classrooms. That is not going to be exact, but that would be a rough figure if you added the other kinds of facilities that would be necessary to service those classrooms.

Mr. NATCHER. Would you supply at this point in the record a current list of all the school districts, ranked by priority and by State, involved in this backlog, Mr. Chairman, with your permission?

Mr. FLOOD. Without objection, to be supplied.

[List follows:]

(Clerk's note: This information is not reprinted because of its length but is available in the committee files.)

UNFUNDED PUBLIC LAW 815 APPLICATIONS

Mr. NATCHER. What are the consequences to the school districts when they submit applications under Public Law 815 which remain unfunded for years? What is the situation?

Mr. STORMER. The consequence there, sir, is that the entitlement that they generate at the time they file their applications never increases under section 5, so it never is able to keep up with the inflationary rate that has proceeded through the years. Some of the applications, admittedly, date back to 1967, 1968, and 1969, and as a consequence, if they are still eligible, the entitlements that they would generate on those applications would be in terms of 1969 or 1967 dollars. So as a consequence, if the need still exists, we would have a disparity there. It is a function of law that exists and could not be coped with without a change in the authorizations.

Mr. NATCHER. Thank you very much.

Thank you, Mr. Chairman.

Mr. FLOOD. Mr. Patten?

ACTING OFFICIALS

Mr. PATTEN. Dr. Goldberg, are you still "acting"? How long has that been?

Dr. GOLDBERG. My regular position, as the biography identifies, is Associate Commissioner for Equal Educational Opportunity. On March 1, the acting Commissioner asked me to fill in for the Deputy Commissioner-designate, Dr. Minter. So I have only occupied that second chair since March 1, about 3 weeks.

Mr. PATTEN. I think 8 out of 10 of these top positions are in the works, and it is getting late.

Dr. GOLDBERG. We are eagerly awaiting their coming on board full time.

LOW-RENT HOUSING PROVISION

Mr. PATTEN. I can't find that section D, or C, in your remarks.

Dr. BURNS. The out-of-State, out-of-county hold harmless?

Mr. PATTEN. The Housing Authority. What did you do, leave that out altogether?

Dr. BURNS. We are not requesting funds in the 1978 budget for the hold harmless, if that is what you are speaking of, Mr. Patten.

Mr. PATTEN. We had a section C or D under impact aid under which Housing Authorities could ask for a little help.

Mr. STORMER. You are speaking to assistance for children residing in low-rent housing?

Mr. PATTEN. Yes.

Mr. STORMER. They were referred to in years past as C category children. They became B category children and in some cases A cate-

gory children, by the amendments of 1974. So we refer to them as low-rent public housing children, most of whom are in the B category.

Mr. PATTEN. There is nothing in there for them?

Mr. STORMER. No, there is not.

Mr. PATTEN. We have been up and down this ground, and we will hear many more speeches from my beloved colleague, Mr. Natcher, about Fort Knox and Fort Campbell. I would like to get out there and look those places over.

Mr. NATCHER. We will take him to the Derby.

Mr. PATTEN. There is no use carrying on, though I must say in certain years, where we had Kilmer, and Fort Monmouth, and so forth, this program served its purpose. But I certainly do think that since we cut down from 3 million men in the military to almost a million that there should be a cut in this program, and to that extent I am going to support it.

But there will be 320 Members on the floor who will carry the ball, and they will prevail. I am running up the cost of printing by discussing this with you.

Thank you, Mr. Chairman.

[The following questions were submitted by members of the subcommittee with the request that they be answered for the record.]

Mr. MICHEL. Last year, there was about $40 million in excess impact aid funds available, due to conflicting estimates. Is there going to be anything extra this year, and if so, what are you going to do with it?

ANSWER. Our estimates of funding needs are running very close to funds available in 1977. At this time, we expect to fund eligible applicants through payment tier 2 and the hold harmlesses from the 1977 appropriation of $768 million. It is extremely doubtful that there is going to be any extra this year. But if any funds did turn out to be extra, they could not be used within the third payment tier as in 1976, due to the limiting language contained in the 1977 appropriation that mentions the funding of only payment tiers 1 and 2. Any extra funds could be used, of course, for disaster assistance.

Mr. MICHEL. If public housing funds were budgeted in fiscal year 1978 at 25 percent of entitlement, what would need to be appropriated?

ANSWER. Present estimates indicate $75 million.

Mr. MICHEL. Likewise, what would hold harmless (D) (payments to districts not receiving public housing payments) amount to, if funds were to be appropriated?

ANSWER. Approximately $57 million is estimated at present. (Hold harmless (D) payments are not limited to districts not receiving public housing payments. They are made to all districts receiving reduced payments because funds used for public housing payments left less funds available for regular "A" and "B" children.)

Mr. MICHEL. What would the entire hold harmless funding requirement be, if we were to appropriate moneys?

ANSWER. Only very rough estimates are available presently which indicate $85 million are needed for hold harmlesses in 1978 after the funding of tiers 1 and 2.

Mr. MICHEL. Does the administration plan to propose any authorizing legislation to revise the impact aid program?

ANSWER. We have submitted changes to the authorizing law effecting the same results as the budget request.

Mr. MICHEL. Do you have any suggestions as to how we might gradually phase this program down through the appropriation process, in order to have some chance of getting it adopted, instead of suddenly chopping it in half, as you are proposing, which will be almost impossible to achieve politically?

ANSWER. Before the Education Amendments of 1974, it was relatively simply to decrease payments for "B" children by appropriation language. Those amendments made a similar decrease more difficult to achieve. However, we believe that the appropriation language we requested in 1978 will serve to eliminate payments for public housing children, other "B" children and the hold harmless provisions. A modification of that language undoubtedly would serve to decrease payments for those same children and provisions.

Mr. MICHEL. Of the communities receiving public housing funds, what percentage also receive ESEA title I funds?

ANSWER. We think that a fairly high percentage of the 1,219 districts that applied for public housing funds in 1976 also receive title I funds. To date, we have examined only some of the largest cities for the funds received under both programs. This examination will continue.

Mr. MICHEL. Would you list for the record the communities and States where the bulk of the public housing moneys are going, and the amounts they are receiving?

ANSWER. Attached is a list of 50 school districts claiming the largest amounts for public housing children and the estimated amount of payment for these children in 1976.

Fifty largest claims for public housing payments

[Estimated 1976 payment for public housing]

State and school district name:	
New York, New York City Schools	$19,078,000
Illinois, Chicago Public School No. 299	5,561,000
Pennsylvania, City of Philadelphia School District	2,697,000
Puerto Rico, Puerto Rico State Department of Education	2,410,000
New Jersey, Newark Board of Education	1,342,000
Washington, D.C., District of Columbia Public Schools	1,199,000
Georgia, Atlanta Public School System	1,043,000
California, Los Angeles Unified School District	975,000
Louisiana, Orleans Parish School Board	744,000
Pennsylvania, Pittsburgh School District	676,000
Ohio, Cleveland City School District	584,000
Virginia, Norfolk City School Board	580,000
Virginia, Richmond City School Board	558,000
California, Oakland Unified School District	555,000
Ohio, Cincinnati City School District	553,000
Texas, Dallas Independent School District	473,000
Michigan, City of Detroit School District	416,000
Texas, El Paso Independent School District	407,000
Hawaii, Hawaii State Department of Education	393,000
Tennessee, Memphis city schools	389,000
Ohio, Dayton City Board of Education	386,000
Massachusetts, Boston School Committee	381,000
Colorado, Denver School District No. 1	375,000
Virgin Islands, Virgin Islands Department of Education	355,000
Texas, San Antonio Independent School District	355,000
New Jersey, Paterson Board of Education	346,000
Ohio, Columbus City School District	339,000
Alabama, Birmingham Public Schools	301,000
Florida, Dade County School Board	299,000
New York, Syracuse City School District	269,000
Wisconsin, Milwaukee public schools	260,000
Alabama, Mobile County public schools	258,000
Connecticut, New Haven Board of Education	255,000
Connecticut, Hartford Board of Education	250,000
New York, Rochester City School District	245,000
Alabama, Montgomery public schools	242,000
Virginia, Alexandria City School Board	237,000
New York, Yonkers City School District	225,000
Missouri, St. Louis Public School System	223,000
New York, Buffalo City School District	220,000
Georgia, City of Savannah Board of Public Education	217,000
Connecticut, Bridgeport Board of Education	209,000
California, San Francisco Unified School District	207,000
New Jersey, Jersey City Board of Education	206,000
Ohio, Toledo City School District	205,000
New Jersey, Trenton Board of Education	202,000
Virginia, Portsmouth City School Board	201,000
Tennessee, Knoxville city schools	201,000
Nevada, Clark County School District	199,000
New Jersey, Camden City Board of Education	196,000

Mr. MICHEL. I asked the following series of questions on tax effort and per pupil expenditure last year, and was told that you would be developing information in that regard during the year. I am thus repeating the questions in the hope that you will have some answers. Do you have any data on the tax effort of those school districts receiving category B impact aid payments compared with that of those districts who don't?

ANSWER. The program continues to receive data on the tax effort of only those school districts (a little more than 10 percent of our applicants) requesting a rate of payment based on individually selected comparable districts. In such cases, data on the tax effort of the selected comparable districts are provided by the applicant district. None of even these limited data have been placed in an automated system and thus are not available in reporting form.

Mr. MICHEL. How about the average per pupil expenditure of those districts receiving category B payments versus those who do not?

ANSWER. The program does not have any method of collecting data from non-applicant school districts.

MR. MICHEL. What percentage of category B impact aid districts are above the national average in per pupil expenditures?

ANSWER. Available program data indicate that 1,170 school districts claiming B pupils exceeded the estimated national average per pupil cost of $1,462 in 1976. These districts represent more than 28 percent of the total number of 4,068 districts claiming B pupils.

Mr. MICHEL. What percentage are above the national average in per capita income?

ANSWER. Our workload of the past year has not permitted any additional study in this area.

Mr. MICHEL. What percentage are above the national average in total tax base?

ANSWER. Our answer is the same as above. Other areas within the Department have been developing information on impact and other school districts. Some of these questions will be referred to those areas for whatever information that can be supplied.

Mr. MICHEL. Would you provide for us a table showing what the school districts in the Washington metropolitan area are receiving in impact aid payments, including hold-harmless, and how this compares with previous years, as well as what they would and would not receive in fiscal 1978 if hold-harmless is or is not funded?

ANSWER.

	Estimated payments authorized			Proposed budget 1978
	1976	1977	1978	
District of Columbia:				
3(a)	461, 937	483, 764	507, 952	507, 952
3(b)	3, 561, 722	3, 727, 528	3, 913, 904	
HHC	957, 780	340, 024		
Total	4, 981, 439	4, 551, 316	4, 421, 856	507, 952
Prince George's County:				
3(a)	1, 802, 971	2, 023, 826	2, 125, 017	2, 125, 017
3(b)	3, 932, 528	4, 251, 203	4, 463, 763	
HHC	4, 468, 246	[1] 3, 309, 494	[1] 2, 340, 864	
HHD	1, 110, 164	1, 060, 163	1, 110, 164	
Total	11, 313, 909	[1] 10, 644, 686	[1] 10, 039, 808	2, 125, 017
Montgomery County:				
3(a)	83, 719	93, 856	98, 548	98, 548
3(b)	2, 729, 857	2, 940, 016	3, 087, 016	
HHC	2, 761, 004	[1] 2, 001, 759	[1] 1, 360, 582	
HHD	638, 718	609, 890	638, 718	
Total	6, 213, 298	[1] 5, 645, 521	[1] 5, 184, 864	98, 548
Fairfax County:				
3(a)	1, 640, 043	1, 840, 960	1, 933, 008	1, 933, 008
3(b)	7, 985, 911	8, 651, 439	9, 084, 010	
HHC	2, 925, 363	[1] 1, 168, 708	(1)	
HHD	2, 076, 934	1, 983, 218	2, 076, 934	
Total	14, 628, 251	13, 644, 325	13, 093, 952	1, 933, 008
Arlington County:				
3(a)	307, 487	345, 159	362, 416	362, 416
3(b)	957, 840	1, 056, 649	1, 109, 481	
HHC	650, 540	[1] 407, 093	[1] 207, 887	
HHD	260, 146	248, 450	260, 146	
Total	2, 176, 013	[1] 2, 057, 351	[1] 1, 939, 930	362, 416

[1] Assumes payment for "Hold Harmless D" will approximate level of fiscal year 1976 and proportionately is distributed for "A" and "B" category in a similar manner.

Mr. MICHEL. Also for the record, could you list the school districts, if any, which would be losing in excess of $25,000 due to this reduction?

ANSWER. Attached is a list of school district applicants that would have lost $21,000 or more in 1976 under the same terms as the 1978 budget request. Due to increased rates of payment per child, the amount of $20,000 in 1976 is likely to increase to $25,000 in 1978.

(CLERK'S NOTE.—The list is not reprinted because of its length but is available in the committee files.)

Mr. O'BRIEN

ALTERNATIVES TO PROPERTY TAX

Mr. O'BRIEN. Do you feel there is, or should be, a more equitable way to raise revenues for schools than through local property taxes?

ANSWER. Of course, the courts in several States have ruled unconstitutional school financing programs based on the use of the property tax. The rulings seem to be related more to the inequitable collection and distribution of those revenues than to the base of the revenues being property. Certainly, the Office of Education is interested in this area, especially as such State and local decisions may affect the need for Federal funds. But the Office has not taken any official position on the issue.

ESTIMATED LOSSES BY STATE

Mr. O'BRIEN. What is the breakdown (for the record) by State in amounts of lost revenue due to the decrease in requested school assistance in federally affected areas?

ANSWER. The attached table indicates for each State the amount obligated under the 1976 appropriation, the amount estimated to be obligated under the 1977 appropriation, and the amount estimated under the 1978 budget request. The difference between the 1977 appropriation amount and the 1978 estimate amount is the loss for each State in terms of 1977 dollars. Such loss would be somewhat greater in terms of 1978 dollars due to generally increasing rates of payment per child.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—OFFICE OF EDUCATION: APPROPRIATION, SCHOOL ASSISTANCE IN FEDERALLY AFFECTED AREAS

[Maintenance and operations]

State or territory	1976 appropriation	1977 appropriation	1978 estimate	Estimated loss
Alabama	$12,604,808.40	$12,756,095	$4,113,000	$8,643,095
Alaska	40,784,029.36	45,410,642	43,517,000	1,893,642
Arizona	21,105,892.06	23,220,631	18,889,000	4,331,631
Arkansas	4,114,550.15	4,177,308	1,978,000	2,199,308
California	80,624,083.72	84,906,294	39,365,000	45,541,294
Colorado	13,899,005.84	14,744,642	4,659,000	10,085,642
Connecticut	4,858,059.96	5,071,130	2,395,000	2,676,130
Delaware	3,121,916.88	3,248,711	3,015,000	233,711
District of Columbia	4,855,143.13	4,211,292	313,000	3,898,292
Florida	21,942,092.65	23,227,820	9,342,000	13,885,820
Georgia	18,951,712.70	20,204,840	9,709,000	10,495,840
Hawaii	14,059,062.08	15,155,392	10,650,000	4,505,392
Idaho	6,728,581.25	4,702,899	2,266,000	2,436,899
Illinois	17,112,929.02	17,084,248	6,919,000	10,165,248
Indiana	3,140,533.90	3,138,374	1,343,000	1,795,374
Iowa	1,853,144.92	1,875,733	1,068,000	807,733
Kansas	8,755,850.60	9,416,694	6,014,000	3,402,694
Kentucky	11,225,623.86	13,988,147	11,580,000	2,408,147
Louisiana	5,502,441.42	5,650,403	2,009,000	3,641,403
Maine	2,870,449.35	3,100,572	1,791,000	1,309,572
Maryland	30,684,937.20	26,576,359	8,073,000	18,503,359
Massachusetts	11,391,595.55	10,976,794	5,106,000	5,870,794
Michigan	8,081,971.72	8,295,501	4,690,000	3,605,501
Minnesota	3,823,846.40	3,935,954	2,082,000	1,853,954
Mississippi	4,153,263.51	4,399,447	1,857,000	2,542,447
Missouri	9,308,381.92	10,068,424	4,315,000	5,753,424
Montana	7,157,621.33	7,857,188	6,665,000	1,192,188
Nebraska	6,526,801.82	7,166,241	4,826,000	2,340,241
Nevada	4,543,754.14	4,902,091	2,836,000	2,066,091
New Hampshire	2,522,192.64	2,271,575	1,362,000	909,575
New Jersey	18,673,141.29	18,484,085	7,129,000	11,355,085
New Mexico	19,321,988.13	21,255,430	15,973,000	5,282,430
New York	44,794,534.89	42,209,776	10,673,000	31,536,776
North Carolina	21,713,995.54	23,039,552	15,487,000	7,552,552
North Dakota	5,464,815.18	5,890,585	5,004,000	886,585
Ohio	13,080,213.76	13,010,093	2,390,000	10,620,093
Oklahoma	15,731,877.69	16,795,612	9,313,000	7,482,612
Oregon	4,292,194.30	4,568,701	1,798,000	2,770,701
Pennsylvania	13,157,817.47	12,870,663	2,975,500	9,895,163
Rhode Island	3,534,044.09	3,386,869	1,182,000	2,204,869
South Carolina	12,765,662.82	13,753,020	8,324,000	5,429,020
South Dakota	6,642,842.68	7,398,581	6,483,000	915,581
Tennessee	9,328,348.89	9,539,197	1,035,000	8,504,197
Texas	37,665,737.65	39,890,433	14,316,000	25,574,433
Utah	9,580,009.65	10,214,146	2,405,000	7,809,146
Vermont	117,031.34	181,377	26,000	155,377
Virginia	47,799,841.96	47,697,226	16,054,000	31,643,226
Washington	19,068,786.13	20,543,348	9,844,000	10,699,348
West Virginia	837,518.22	778,386	58,000	720,386
Wisconsin	2,650,910.88	2,647,358	1,414,000	1,233,358
Wyoming	3,625,703.30	3,947,988	2,170,000	1,777,988
Guam	7,865,879.37	3,867,482	2,497,000	1,370,482
Puerto Rico	10,350,535.89	9,730,287	7,795,500	1,934,787
Virgin Island	572,321.40	530,808	7,000	523,808
Sec. 402A	0	46,000	50,000	−4,000
Sec. 3(e)	0	[1] 33,981,556	2,850,000	31,131,556
Total	715,000,000.00	768,000,000	370,000,000	398,000,000

[1] Also includes some hold harmless amounts that cannot be estimated at present.

Mr. CONTE

1979 IMPACT AID BUDGET REQUEST

Mr. CONTE. You are requesting $395 million for assistance to federally affected areas, $398 million below last year's appropriation. If we were to accept your proposal, and at this point it appears fairly unlikely, how much would you anticipate requesting for fiscal year 1979?

ANSWER. At this time, no decisions have been made on requesting funds for the impact aid program for fiscal year 1979. Estimates have not yet been developed that would produce the amount necessary to fund the program in the event that the same portions of the program are requested to be funded in fiscal year 1979.

BUDGET CUT RATIONALE

Mr. CONTE. We have had Democratic and Republican Presidents alike since Eisenhower requesting the elimination of this program, but Congress has refused to go along. Are there any circumstances at this time which would cause us to change our minds and reverse the precedents of the last 20 years or so with this program?

ANSWER. Included among the circumstances at this time is the general scarcity of Federal education funds. It seems wise to concentrate those Federal education funds that are available on the most educationally needy populations and problems. In this respect, title I, ESEA, is a better target for the funds.

IMPACT AID INEQUITIES

Mr. CONTE. Would you outline some of the worst inequities of this program, particularly with regard to the distribution of funds to relatively well-to-do communities and areas?

ANSWER. Some of the overcompensations provided by the program were stated in the Battelle Memorial Institute study of December 1969, as follows:

"The current program overcompensates many districts. Current impact aid payments result in unjustified payments to many districts throughout the United States. The major sources of these windfalls are:

"Payments that far exceed the costs to the local government of educating Federal pupils;

"Payments to districts that, even without the Federal assistance, are wealthy and well able to support schools from their local sources with a lower tax effort than most districts in the State, and which frequently became wealthy as a result of Federal activities;

"Payments to districts based upon the non-taxability of Federal property where the Federal installation or activity on Federal property (e.g., an aircraft company operating in a government-owned plant, or an oil well on public lands) generates taxes sufficient to defray the education costs of the children of persons working on the property;

"Double payments to districts that receive funds through in-lieu-of-tax payments or shared revenues and again through impact aid. Some of these districts use the revenues to add to their cash reserves and to reduce school taxes;

"Double payments to districts that receive funds from their State government on an equalization formula (that by Federal law cannot take the Federal payments into account) and from the Federal Government for Federal impact (under a formula that does not take the State payments into account);

"Higher per pupil payments to rich districts than to poor ones resulting from the methods used to calculate the rate of payment;

"Payments based upon children who would likely be attending schools in the district even if the Federal Government had never come into the district; and

"Payments that never reflect the economic stimulus that the Federal Government may cause in a community.

"The extent of overpayment is indicated by the following general characteristics of districts with a relatively large percentage of federally connected students by comparison to districts with a lighter Federal impact or no impact at all. The heavily impacted districts tend to have: A lower ratio of pupils to teachers; higher per pupil expenditures; and lower tax rates.

"The effect of impact aid upon many—but not all—of these districts is to allow them to maintain a better level of education with less local effort."

[The addition of section 5(d)(2) to Public Law 81-874, made by Public Law 93-380, intends to correct the situation of double payments to districts in States having equalization formulas.]

Battelle cited two situations that particularly indicate payments to relatively well-to-do areas. A copy of this page from the study is attached.

Case 1: The Federal Government Creates a Wealthy Community

One circumstance of Federal impact occurs when the Federal Government creates a new (or expands significantly an existing) major Federal installation in an area that has little economic growth potential without the Federal activity. Under such a circumstance the Federal Government indirectly provides much better wages for existing residents through both direct employment by the installation and indirect employment in local stores and service operations.

The best examples of this result can be found in the area surrounding the Nation's Capital. Currently the counties surrounding Washington, D.C., are some of the richest in the Nation in per capita income terms. It seems a reasonable speculation that had the Nation's Capital continued to be in Philadelphia, Pa., the Washington, D.C., areas would have a much different income level than at present. At best the small ports of Georgetown and Alexandria might have expanded into significant eastern seaboard ports with some manufacturing. This would indicate that without the Nation's Capital, the economics of the area might resemble that of Baltimore, Md., or Newport, Va. In fact, because of the relatively high incomes of the higher level Government employees that live in Washington, the associated activities of reporting services and trade associations and the resulting induced activities in restaurants, clothing stores, and real estate, the incomes of Washington area residents are far above those found in either Baltimore or Norfolk. These higher incomes are reflected indirectly in higher property values and thus greater taxpaying capacity in the school districts serving the area. Similar arguments can be made for such places as Huntsville, Ala. (Redstone Arsenal), and the Florida areas near Cape Kennedy. In these cases, assuming no Federal impact aid, the communities are probably better off in ability to support schools than they would have been if the Federal installation did not exist. Under such circumstances, impact aid serves primarily as frosting on an already quite tasty economic cake.

Case 2: The Federal Government Pays for an Industrial Tax Base That Could Never Exist

The concept underlying the payment rate for federally connected children is that a non-federally connected child is normally associated with tax base through (1) the place of residence and (2) the place of employment. Because these two factors were assumed, when the impact aid legislation was drafted in 1950, to be about equal contributors to school tax base, the legislation provides for 100 percent payment when the child's parents live and work on Federal property and 50 percent payments when the parents either live or work on Federal property but not both.

In the case of rather large school districts (e.g., in Georgia, Florida, and some other States), it is reasonable to anticipate that if the Federal employee has been privately employed, both the place of work and the place of residence would have been in the same school district. In the case of States with smaller school districts, this situation is not as likely to exist. Many States e.g., Oklahoma, Ohio, Indiana, Massachusetts, New Jersey, Missouri) have relatively small school districts, with a normal pattern including a number of districts that represent residential communities. In some cases, existing land use and zoning patterns are such that an industrial tax base could not develop in the school district even if industry were interested in locating there. Such districts are clearly suburbs—bedroom communities—and do not normally contain the place of employment of the parents whether that employment happens to be government or industrial.

To such districts, the impact aid payments do represent a potential windfall effect. For example, if the parents of students in Oakwood, Ohio (an affluent suburb of Dayton), were suddenly to switch employment from, say National Cash Register to Mead Papers, the district's revenues would be unaffected, as both industries are located outside of the residential suburb of Oakwood. However, if the parents were to switch employment to the Wright-Patterson Air Force Base (also located outside of the school district) the district would begin to receive about $200 annually in impact aid for each pupil whose parent shifted employers to the Federal Government.[1]

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[1] In anticipation of recommendations, it is important to note that the obvious solutions of excluding "3(b)(2) out" students or tying the payment rate to the percentage of tax base that is residential have significant drawbacks.

EFFECT OF IMPACT AID BUDGET CUT

Mr. CONTE. The substantial reduction in funding which you propose is going to have a serious impact on school districts' budgets, many of which are heavily dependent upon impact assistance for budgetary support. Have you done any analysis of exactly what the impact will be, and what the educational consequences of this reduction in assistance will be?

ANSWER. A number of school districts will suffer a significant loss of their total impact aid funds. This loss ranges from less than 1 percent of a school district budget to a few districts that will lose more than 25 percent. Undoubtedly this means that many budgets will need to be trimmed and some activities curtailed. In some instances, it may mean seeking additional funds from State and local sources.

LOCAL IMPACT AID PAYMENTS

Mr. CONTE. Would you provide me with a listing of the schools in my district (or the school systems) which are receiving impact aid, along with the amounts of such aid?

ANSWER. Estimated payments under section 3 for 1976 and 1977 are included in the attached three pages of school districts, in the First Congressional District of Massachusetts, that were applicants in 1976. The payments for section 3(a) children, section 3(b) children, and under each of the four hold harmless provisions are indicated separately as well as in total.

SAFA FISCAL YEARS 1976 AND 1977 ESTIMATES

Congressional district application No., and school district name	Sec. 3(A)	Sec. 3(B)	Hold harmless A	Hold harmless B	Hold harmless C	Hold harmless D	Total
MASSACHUSETTS							
1, 31-00060—Northampton School Department							
1976 appropriation	$4,683	$95,177	0	0	0	0	$99,861
1977 appropriation	5,076	99,118	0	0	0	0	104,195
1977 full entitlement	8,700	239,343	0	0	0	0	248,044
1, 31-00110—Granby School Committee:							
1976 appropriation	0	8,550	0	0	$741	$2,399	11,691
1977 appropriation	0	9,219	0	0	0	2,290	11,509
1977 full entitlement	0	16,632	0	0	0	0	16,632
1, 31-00120—South Hadley School Committee:							
1976 appropriation	0	0	0	$18,610	0	0	18,610
1977 appropriation	0	0	0	16,749	0	0	16,749
1977 full entitlement	0	0	0	16,749	0	0	16,749
1, 31-00140—Holyoke School Committee:							
1976 appropriation	0	38,229	0	0	0	0	38,229
1977 appropriation	0	38,369	0	0	0	0	38,369
1977 full entitlement	0	118,824	0	0	0	0	118,824
1, 31-08120—Pittsfield Public School Committee:							
1976 appropriation	5,097	322,023	0	0	0	37,515	364,635
1977 appropriation	4,881	343,949	0	0	0	35,753	384,584
1977 full entitlement	19,524	674,438	0	0	0	0	693,963
1, 31-08200—Williamsburg School District:							
1976 appropriation	0	2,681	0	0	0	707	3,388
1977 appropriation	0	2,898	0	0	0	675	3,573
1977 full entitlement	0	5,084	0	0	0	0	5,084
1, 31-08220—Lenox Public School:							
1976 appropriation	0	24,409	0	0	0	6,436	30,845
1977 appropriation	0	26,379	0	0	0	6,149	32,528
1977 full entitlement	0	46,279	0	0	0	0	46,279
1, 31-08300—Lanesborough School District:							
1976 appropriation	0	6,564	0	0	0	1,730	8,295
1977 appropriation	0	7,094	0	0	0	1,653	8,747
1977 full entilement	0	12,445	0	0	0	0	12,445
1, 31-08390—Hatfield School District:							
1976 appropriation	0	6,913	0	0	0	1,852	8,765
1977 appropriation	0	7,466	0	0	0	1,769	9,235
1977 full entitlement	0	13,192	0	0	0	0	13,192
1, 31-08410—Hadley School Committee:							
1976 appropriation	0	6,101	0	0	0	1,679	7,780
1977 appropriation	0	6,582	0	0	0	1,603	8,186
1977 full entitlement	0	11,773	0	0	0	0	11,773
1, 31-10120—Belchertown School Committee:							
1976 appropriation	0	3,629	0	0	205	550	4,384
1977 appropriation	0	0	0	0	0	0	0
1977 full entitlement	0	0	0	0	0	0	0
1, 31-12030—Richmond Consolidated School District:							
1976 appropriation	0	7,515	1,965	0	0	1,981	11,462
1977 appropriation	0	8,121	0	0	0	1,893	10,014
1977 full entitlement	0	14,248	0	0	0	0	14,248

Congressional district application No., and school district name	Sec. 3(A)	Sec. 3(B)	Hold harmless				Total
			A	B	C	D	
1, 31-13080—Mount Greylock Regional School Committee:							
1976 appropriation	0	$13,420	0	0	0	$3,538	$16,959
1977 appropriation	0	14,503	0	0	0	3,380	17,884
1977 full entitlement	0	25,444	0	0	0	0	25,444
1, 31-18010—Lee Public Schools:							
1976 appropriation	0	10,387	0	0	0	2,723	13,111
1977 appropriation	0	11,228	0	0	0	2,602	13,830
1977 full entitlement	0	19,650	0	0	0	0	19,650
1, 31-19140—Goshen Center School Committee:							
1976 appropriation	0	3,031	0	0	0	818	3,849
1977 appropriation	0	3,272	0	0	0	781	4,054
1977 full entitlement	0	5,803	0	0	0	0	5,803
1, 31-19150—North Adams Public Schools:							
1976 appropriation	0	20,358	0	0	0	0	20,358
1977 appropriation	0	20,749	0	0	0	0	20,749
1977 full entitlement	0	58,285	0	0	0	0	58,285
1, 31-21020—Adams-Cheshire Regional School District:							
1976 appropriation	0	36,409	0	0	0	9,600	46,010
1977 appropriation	0	39,348	0	0	0	9,172	48,520
1977 full entitlement	0	69,031	0	0	0	0	69,031
1, 31-21030—Central Berkshire Regional School District:							
1976 appropriation	0	32,184	0	0	0	8,481	40,666
1977 appropriation	0	34,782	0	0	0	8,103	42,886
1977 full entitlement	0	61,007	0	0	0	0	61,007
1, 31-23020—Hampshire Regional School District:							
1976 appropriation	0	6,426	0	0	0	1,737	8,163
1977 appropriation	0	6,937	0	0	0	1,659	8,597
1977 full entitlement	0	12,308	0	0	0	0	12,308
Congressional district totals:							
1976 appropriation	$9,780	644,011	$1,965	$18,610	$947	81,753	757,070
1977 appropriation	9,957	680,022	0	16,749	0	77,489	784,219
1977 full entitlement	28,224	1,403,793	0	16,749	0	0	1,448,767

Questions Submitted by Mr. Conte

OE Special Projects Programs versus NIE Programs

Question. In your statement, you mentioned that you encourage the development of new educational methods and techniques. How does this aspect of your program differ from the work done by the National Institute of Education?

Answer. NIE programs are primarily basic and fundamental research designed to develop new knowledge. The Special projects programs are designed to coordinate and demonstrate existing programs which are determined to be successful. The Special projects program could also complement those programs designed by NIE through capacity-building.

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), [$768,000,000] *$370,000,000* of which [$52,500,000] *$57,700,000* shall be for payments under section 6, and [$715,500,000] *$312,300,000* shall be for payments under sections 2 [,3, and 4] *and 3* [1/] in accordance with subsection 5(c)(1) and (2) of said Act [and for payments under subparagraphs (A), (B), (C), and (D) of section 305 of the Education Amendments of 1974]: [2/] *Provided, That, notwithstanding the provisions of section 5(a) 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 (A), (B), (C), and (D) of section 305(b)(2) of the Education Amendments of 1974:* [4/] *Provided further, That, funds available under this heading are to be paid notwithstanding the unavailability of the funds for entitlements determined under sections 3(b) and 5(e)(1) of that title.* [5/]

For carrying out the Act of September 23, 1950, as amended (20 U.S.C., ch. 19), $25,000,000, 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 [$6,000,000] *$10,500,000* for [repairs for facilities constructed under] [6/] 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): *Provided further*, That, of the funds provided herein for carrying out the Act of September 23, 1950, no more than [$8,000,000] *$4,000,000* may be used to fund section 5 of said Act: *Provided further*, That, notwithstanding section 421(A)(c)(2)(A) of the General Education Provisions Act, the Commissioner of Education is authorized to approve

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applications for funds to increase school facilities in communities located near the Trident Support Site, Bangor, Washington, on such terms and conditions as he may reasonably require without regard to any provision in law.

Explanation of Language Changes

1/ Language is deleted in order to reflect which sections are to be funded. Section 4 is ineligible for payments until payment tiers I and II are fully funded. Since funds are not requested for payment tier III, no payments will be made for Section 4 of the Act.

2/ Language is deleted which specified that payments be made for hold-harmless provisions (A), (B), (C), and (D). Funds are not requested for these provisions.

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.

4/ Language is added to eliminate payments for hold-harmless provisions (A), (B), (C), and (D) which provide compensation for districts receiving reduced payments under the amended legislation; for districts which have experienced a decrease in enrollment of Federally connected children due to closure of military installations; 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-the-State in which a particular district lies; and for districts sharing an appropriation with districts receiving funds for low-rent public housing pupils. 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 added in order to allow for payment of other sections through payment tier II.

6/ Language is deleted so as to permit the consideration of critical construction needs on Federal property other than repairs to existing facilities.

Language provision	Explanation
Provided, 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 subparagraphs (A), (B), (C), and (D) of section 305(b)(2) of the Education Amendments of 1974.	The budget proposes to eliminate payment under hold-harmless provisions (A), (B), (C), and (D). Hold-harmless (A) provides compensation for districts receiving reduced payments under the amended legislation. 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-the-State in which a particular district lies. Hold-harmless (D) provides compensation for districts sharing an appropriation with districts receiving funds for low-rent public housing pupils.
Provided further, That, funds available under this heading are to be paid notwithstanding the unavailability of the funds for entitlements determined under sections 3(b) and 5(e)(1) of that title.	Ensures that payments will continue to be made for children under other sections of the law through payment tier II in spite of the elimination of payments for children whose parents live or work on Federal property and for children whose parents live and/or work in low-rent public housing.
Provided, That, with the exception of up to $10,500,000 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 per centum 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 $10,500,000 for construction under Section 10, the balance of the appropriation to be allocated to Sections 5 and 14(a) and 14(b).

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Language provision	Explanation
Provided further, That, of the funds provided herein for carrying out the Act of September 23, 1950, no more than $4,000,000 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) and Section 10 equally, and to fund Section 5 (assistance for areas impacted by military installations) at a higher level than the basic law provides.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

School Assistance in Federally Affected Areas

Amounts Available for Obligation

	1977	1978
Appropriation	$793,000,000	$395,000,000
Unobligated balance, start of year	29,656,856	---
Total, obligations	822,656,856	395,000,000

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Summary of Changes

1977 Estimated appropriation	$793,000,000
1978 Estimated appropriation	395,000,000
Net change	- 398,000,000

	1977 Base	Change from Base
Increases:		
Program:		
1. Maintenance of payment level through "Tier II" for "a" children 1/	$271,600,000	+$24,100,000
2. Full payments to other Federal agencies	52,500,000	+5,200,000
3. Maintenance of payment level for special provisions	15,350,000	+1,250,000
Total increases		+30,550,000
Decreases:		
Program:		
1. Elimination of payments for "b" children	341,550,000	-341,550,000
2. Elimination of payments for hold harmless provisions	87,000,000	-87,000,000
Total decreases		-428,550,000
Total net change		-398,000,000

1/ Excluding payments for low-rent public housing children.

Obligations by Activity

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Page Ref.		1977 Appropriation	1978 Estimate	Increase or Decrease
66	Maintenance and operations:			
	(a) Payments for "a" children.	$271,600,000	$295,700,000	+$24,100,000
	(b) Payments for "b" children.	341,550,000	---	-341,550,000
	(c) Special provisions.....	15,350,000	16,600,000	+1,250,000
	(d) Payments to other Federal agencies.....	52,500,000	57,700,000	+5,200,000
	(e) Savings provisions.....	87,000,000	---	-87,000,000
	Subtotal.....	768,000,000	370,000,000	-398,000,000
71	Construction.....	25,000,000	25,000,000	---
	Total appropriations.....	793,000,000	395,000,000	-398,000,000
	(Total obligations).....	(822,656,856)	(395,000,000)	(-427,656,856)

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Obligations by Object

	1977 Appropriation	1978 Estimate	Increase or Decrease
Lands and structures.....	$ 6,000,000	$ 10,500,000	+$4,500,000
Grants, subsidies, and contributions.....	816,656,856	384,500,000	-432,156,856
Total obligations by object..	822,656,856	395,000,000	-427,656,856

Authorizing Legislation

	Amount Authorized	1978 Budget Estimate
School Assistance in Federally Affected Areas		
1. Maintenance and operations (P.L. 81-874):		
(a) Payments for "a" children (Sec. 3(a))..	$322,490,000	$295,700,000
(b) Payments for "b" children (Sec. 3(b))..	808,610,000	---
(c) Special provisions (Sec. 2, 3(e), 4)...	18,750,000	16,600,000
(d) Payments to other Federal agencies (Sec. 6).....	57,700,000	57;700,000
(e) Savings provisions (Sec. 305(a)(2)).....	1/	---
2. Construction (P.L. 81-815).....	70,000,000 2/	25,000,000

1/ Requirements cannot be estimated at this time.
2/ Excludes backlog from prior years.

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School Assistance in Federally Affected Areas

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
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	266,000,000	659,000,000	725,000,000	680,000,000
Transition quarter	5,000,000	70,000,000	70,000,000	70,000,000
1977	325,000,000	788,000,000	798,000,000	793,000,000
1978	395,000,000			

1/ The amount available for obligation after application of a 5 percent reduction provision in the fiscal year 1974 appropriation.

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Justification

School Assistance in Federally Affected Areas

	1977 Appropriation	1978 Estimate	Increase or Decrease
School Assistance in Federally Affected Areas:			
1. Maintenance and operations:			
(a) Payments for "a" children	$271,600,000	$295,700,000	+$24,100,000
(b) Payments for "b" children	341,550,000	---	-341,550,000
(c) Special provisions	15,350,000	16,600,000	+1,250,000
(d) Payments to other Federal agencies	52,500,000	57,700,000	+5,200,000
(e) Savings provisions	87,000,000	---	-87,000,000
Subtotal	768,000,000	370,000,000	-398,000,000
2. Construction	25,000,000	25,000,000	---
Total appropriations	793,000,000	395,000,000	-398,000,000
(Total obligations)	(822,656,856)	(395,000,000)	(-427,656,856)
Positions	118*	118	---

*Includes supplemental positions requested in the President's Budget.

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 who reside on Federal property and/or whose parents work on Federal property or are in the Uniformed Services. Significant amounts of funds are provided under both laws for the education of Indian children. Payments are made under both laws directly to eligible local educational agencies. Applications for assistance are submitted through State education agencies. Both programs provide assistance for children residing on Federal property in States where laws or other reasons preclude provision of education for these children. Major and pinpoint disaster assistance is provided also under both laws.

The budget for fiscal year 1978 will continue to emphasize the need for additional reform under the P.L. 874 program by not requesting funds for "b" and low-rent housing children and the hold-harmless provisions. Funds are requested through Tier II for "a" children, Federal schools (Section 6) and the minor sections. Under the construction program, the budget for 1978 will redirect emphasis to two priorities of the basic law--assistance for school facilities on Federal property and to districts serving Indian children. Other school districts will continue to receive some funds but will not share top priority with Indian school districts as they have in recent years.

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	1977 Appropriation	1978 Estimate	Increase or Decrease
1. Maintenance and operations:			
(a) Payments for "a" children	$271,600,000	$295,700,000	+$24,100,000
(b) Payments for "b" children	341,550,000	---	-341,550,000
(c) Special provisions	15,350,000	16,600,000	+1,250,000
(d) Payments to other Federal agencies	52,500,000	57,700,000	+5,200,000
(e) Savings provisions	87,000,000	---	-87,000,000
Total budget authority	768,000,000	370,000,000	-398,000,000
(Total obligations)	(792,000,000)	(370,000,000)	(-422,000,000)
Positions	107*	107	---

*Includes supplemental positions requested in the President's Budget.

Narrative

Program purpose

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, Public Law 81-874 as amended by Public Law 93-380 provides maintenance and operations funds.

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)); to increase rates of payment for certain 3(a) children (Section 3(d)(2)(B)); and to provide for unexpected decreases in Federal activities (Section 3(e)). Payments to other Federal agencies provide 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 provided also to schools affected by either major or pinpoint disasters (Section 7). Funds for the following sections of the basic law, together with some in the reform amendments of Public Law 93-380, are not requested for FY 1978: payments for children whose parents live or work on Federal property (Section 3(b)), for substantial increases in Federally-connected attendance (Section 4), for the four hold-harmless provisions designed to soften the impact of the reform amendments made by P.L. 93-380 and of decreased military activities that occurred in 1974 and 1975, and for children whose parents live and/or work in low-rent public housing.

Payments are deposited by local school districts into current operating expense accounts and thus are used together with State, local and other funds for general school purposes benefiting all students enrolled in applicant districts. Payments made for handicapped children must be used for special educational programs designed to meet their special educational needs.

Budget policy

In fiscal year 1978, 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 impacted by the Federal government because they have a number of children whose parents both live and work on Federal property. An additional

half payment will be provided for handicapped children under Sections 3(a)(2) and 3(b)(3). 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--Sections 2 and 3(e). The funds and language requested will provide funding through the first two payment Tiers (see table on Page 68). School districts, however, will not be compensated under Section 3(b) for children whose parents work on Federal property or are in the Uniformed Services, but live in the community, 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, no funds are requested for any of the hold-harmless provisions.

In 1977, the appropriation provides funding through the second payment Tier and for the hold-harmless provisions. It is expected that from 4,350 applicant school districts 357,000 "a" children will receive funds at 88% to 100% of entitlement, close to 1.5 million "b" children will receive funds at 53% to 60% of entitlement, and 664,000 low-rent housing children will receive funds at 25% of entitlement. The minor sections are funded at 57% to 100% and full funding will be provided to Federal schools (Section 6).

The proposed appropriation language necessary to implement the 1978 policy and the requested appropriation of $370,000,000 will provide for the funding of payment Tiers I and II in the following manner:

P.L. 81-874 Section	Basis of Eligibility	1978 Payment as Percent of Entitlement	1978 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 acquisition.	100%	$ 13,750,000
Section 3(a)	Children of parents who work on and reside on Federal property.	88-100%	295,700,000
	Low rent housing	---	---
Section 3(b)	Children of parents who either work on or reside on Federal property.	---	---
	Low rent housing	---	---
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%	2,850,000
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%	57,700,000
Hold-Harmless provisions		---	---
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 1978, 1700 eligible applications claiming approximately 360,000 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 1977, the appropriation of $768,000,000 provided funds for payment Tiers I and II and the hold-harmless provisions which are expected to be distributed as follows:

P.L. 81-874 Section	1977 Payment as Percent of Entitlement	Approximate Number of Children Served	1977 Estimate
Section 2	100%		$ 12,500,000
Section 3(a)	88-100%	357,000	271,600,000
Low rent	25%	9,500	3/
Section 3(b)	53-60%	1,450,000	341,550,000
Low rent	25%	655,000	3/
Section 3(e)	57%		2,850,000
Section 4	1/		1/
Section 6	100%	42,000	52,500,000
Hold-harmless provisions	---		87,000,000
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 1977. Of this total, 240 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, 4,200 school districts are expected to receive payments. The appropriation provides additionally for the funding of the hold-harmless provisions.

SUPPLEMENTAL FACT SHEET
Maintenance and Operations

P.L. 81-874 Section	Basis of Eligibility	1976* Entitlement	1976* Tiers I & II	1976 Appropriation	1977 Entitlement	1977 Tiers I & II	1977 Request	1977 Appropriation	1978 Entitlement	1978 Tiers I & II	1978 Request
Section 2	School districts having partial loss of tax base by removal of real property from tax rolls through Federal acquisition.	$ 12,000,000	$ 12,000,000	$ 12,000,000	$ 12,500,000	$ 12,500,000	$ 7,500,000	$ 12,500,000	$ 13,750,000	$ 13,750,000	$ 13,750,000
Section 3(a)	Children of parents who work on and reside on Federal property.	262,400,000	242,900,000	244,331,000 2/	293,600,000	271,600,000	249,400,000	271,600,000	322,490,000	298,300,000	295,700,000
Section 3(b)	Children of parents who either work on or reside on Federal property.	663,500,000	304,623,000	331,532,000 3/	742,700,000	341,550,000	---	341,550,000	808,610,000 2/	372,000,000 3/	---
Section 3(c)	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.	5,000,000	2,850,000	9,137,000 3/	5,000,000	2,850,000	5,600,000	2,850,000	5,000,000	2,850,000	2,850,000
Section 4	Sudden and substantial increase of children resulting from Federal activities carried on directly or through a contractor.		No applications expected.								
Section 6	Arrangements with Federal agencies for educating certain children residing on Federal property.	46,000,000	46,000,000	61,000,000 3/	52,500,000	52,500,000	52,500,000	52,500,000	57,700,000	57,700,000	57,700,000
Section 305(b)(2)(A),(B),(C),(D)	Hold Harmless provisions	1/	90,000,000	90,000,000 3/	1/	87,000,000	---	87,000,000	1/	1/	---
Section 7	Natural and Pinpoint Disasters	12,000,000	12,000,000	12,000,000	1/	1/	1/	1/	1/	1/	1/
	Total	$1,000,900,000	$710,373,000	$754,000,000	$1,106,300,000	$768,000,000	$313,000,000	$768,000,000	$1,207,550,000	$744,600,000	$370,000,000

* Partial reductions taken in 3(b)
Some entitlements cannot be estimated.
1/ Entitlements cannot be estimated.
2/ Includes payments made in Tier III.
3/ Includes $15 million in Transition Quarter funds for fiscal year 1977 start up costs.
4/ Includes $55 million in Transition Quarter funds and $24 million in Second Supplemental.
5/ 1978 Entitlement and Tiers I and II do not reflect estimated Section 3(d)(2)(A) absorption.

	1977 Appropriation	1978 Estimate	Increase or Decrease
2. Construction.....	$ 25,000,000	$ 25,000,000	---
(Obligations).....	30,656,856	(25,000,000)	(-5,656,856)
Positions.....	11	11	---

Narrative

Program purpose

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, Public Law 81-815 provides funds for the construction and repair of urgently needed minimum school facilities. 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 school district applicants upon a determination of their eligibility and at such time as their respective project applications have 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 1978, critical construction needs will be met through the funding of Sections 5, 10, and 14. Major emphasis will be placed on providing needed school facilities to local education agencies serving children residing on Indian lands and to the critical construction and renovation needs that exist on several Federal installations. The $10,500,000 requested for school districts serving children residing on Indian lands will provide 262 classrooms and related facilities serving 7,335 children. The $10,500,000 requested for needs on Federal installations will provide new or improved facilities to serve approximately 7,335 children. The remaining $4,000,000 of the $25,000,000 appropriation request will be used under Section 5 and is expected to enable funding of 4 projects. These projects will provide new school facilities for an estimated total of 2,800 pupils in 100 classrooms and related facilities (e.g. libraries, cafeterias, special education rooms for the handicapped, and the like).

The fiscal year 1977 appropriation emphasized Sections 5 and 14. Funds are being used to assist in the completion of 3 projects initiated in prior years

and 2 new projects to serve children residing on Indian lands as well as several new projects under Section 5. Finally, the appropriation of $6,000,000 for Section 10 is being used to fund one new project.

OFFICE OF EDUCATION

School Assistance in Federally Affected Areas

. Program Purpose and Accomplishments

Activity: Maintenance and Operations (P.L. 81-874)

1977 Appropriation	1978 Authorization	1978 Budget Estimate
$768,000,000	$1,207,550,000 1/	$370,000,000

1/ Does not include amounts for hold-harmless provisions.

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 educational agencies. The Office of Education supports 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 1978 appropriation covers school year 1977-78.

Accomplishments in 1977: In fiscal year 1977, grants will be made to provide support for some 2,500,000 pupils in 4,350 school districts with the greater proportion of support going to heavily impacted school districts.

Objectives for 1978: The budget for fiscal year 1978 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.

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OFFICE OF EDUCATION

School Assistance in Federally Affected Areas

Program Purpose and Accomplishments

Activity: Construction (P.L. 81-815)

1977 Appropriation	1978 Authorization	1978 Budget Estimate
$25,000,000	$70,000,000	$25,000,000

Purpose: In order to provide assistance for the construction of urgently needed school facilities, Public Law 81-815 authorizes funds for 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. Applications submitted under Sections 5, 10, and 14(a) and (b) take priority over applications submitted under any other Section of the Act.

Accomplishments in 1977: It is anticipated that during fiscal year 1977 funds appropriated under Section 5 will provide assistance for three new projects and one Trident-related project in the State of Washington. Section 14 funds are expected to cover additional costs for approximately three on-going and two new projects, while Section 10 funds are expected to support one new project on Eielson Air Force Base, Alaska.

Objectives for 1978: The budget for fiscal year 1978 will continue to emphasize assistance for Indian school construction. An equal 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.

TUESDAY, MARCH 22, 1977.

EMERGENCY SCHOOL AID

WITNESSES

DR. HERMAN R. GOLDBERG, ACTING DEPUTY COMMISSIONER FOR EDUCATION
ELEMENTARY AND SECONDARY EDUCATION
JESSE JORDAN, DIRECTOR, DIVISION OF PROGRAM OPERATIONS, ASSISTANT TO THE ASSOCIATE COMMISSIONER FOR EQUAL EDUCATIONAL OPPORTUNITY PROGRAMS
DR. JOHN W. EVANS, ASSISTANT COMMISSIONER, OFFICE OF PLANNING, BUDGETING, AND EVALUATION
CORA P. BEEBE, DIRECTOR, DIVISION OF PLANNING AND BUDGETING
WILLIAM DINGELDEIN, DIRECTOR, EDUCATION BUDGET DIVISION

Mr. FLOOD. Now we will talk about emergency school aid. Of course, this presentation will be made by Dr. Herman Goldberg, Acting Deputy Commissioner for Elementary and Secondary Education.

We have your biographical sketch, Doctor, which we will place in the record at this point, as well as your prepared statement.

[Biographical sketch and prepared statement follow:]

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Biographical Sketch

NAME : Herman R. Goldberg

POSITION : Acting Deputy Commissioner for Elementary and Secondary Education, U.S. Office of Education

BIRTHPLACE AND DATE : Brooklyn, New York - November 20, 1915

EDUCATION : B.S., Brooklyn College, 1935
M.A., Columbia University Teachers College, 1944
LL.D., University of Rochester, 1965

EXPERIENCE :

Present : Associate Commissioner for Equal Educational Opportunity, U.S. Office of Education and Acting Deputy Commissioner/ Bureau of Elementary and Secondary Education

3/71-6/71 : Associate Commissioner for Elementary & Secondary Education

1963-1971 : Superintendent of Schools, Rochester, New York

1958-1963 : Coordinator of Instructional Services, Rochester, New York

1948-1958 : Director of Special Education, Rochester, New York

1949-1963 : Lecturer in Education, University of Rochester

1943-1948 : Lecturer in Education, New York University and Columbia University

1939-1948 : Teacher, New York City Public Schools

ADDITIONAL EXPERIENCE:

Distinguished Visiting Professor, Oregon State University Corvallis, Oregon

Chairman, President's National Advisory Council on Education of the Disadvantaged

Commissioner, New York State Delegation to the Education Commission of the States

Chairman, Invitational Seminar on Instructional Television, Center for Advanced Studies in the Behavioral Sciences, Palo Alto, California

Member, Ford Foundation Study Team, Educational Television, Public Schools, American Samoa

Fulbright Professor, University of Bologna, Italy, and Consultant to the Italian and Israeli Ministries of Education

Moderator, Junior Town Meeting of the Air

John Hay Humanities Fellowship, Bennington College, Bennington, Vermont

Member of 1936 U.S. Olympic Team
Professional Baseball Player, American, International and Canadian-American Leagues

PUBLICATIONS: Editor, Rochester Occupational Reading Series (Science Research Associates, Inc.)

Contributing Author, Otolaryngology (Wm. Proctor, Corp.)

Contributing Author, Education for the Exceptional (Porter Sargent, Inc.)

Contributing Author, Integrated Education (Glencoe Press)

Inventor, Chromovox Linguistics Teaching Machine (Electro Networks, Inc.)

Contributing Author, Educating for Tomorrow: The Role of Media, Career Development and Society (John Wiley and Sons, Inc.)

Editor, Getting It Together Reading Series (Science Research Associates, Inc.)

Editor, The Job Ahead (Science Research Associates, Inc.)

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

Statement by Acting Deputy Commissioner for
Elementary and Secondary Education
on
Emergency School Aid

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 as amended and the Training and Advisory Services title of the Civil Rights Act of 1964. We are requesting a total of $294.7 million for these activities in fiscal year 1978, an increase of $20 million over the 1977 appropriation. Of the request, $260 million is for the Emergency School Aid Act, and $34.7 million for Training and Advisory Services.

The fiscal year 1978 budget continues its basic philosophy with respect to the needs of desegregation assistance. The 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 deal effectively 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.

The 1978 Emergency School Aid Act budget continues assistance to local educational agencies and nonprofit organizations for three purposes: (1) to meet educational needs incident to elementary and/or secondary school desegregation; (2) to encourage voluntary elimination of minority group isolation in elementary or secondary schools; and (3) to overcome educational disadvantages which are a result of minority group isolation. To accomplish these purposes several types of awards will be made, among them bilingual education awards, children's integrated television production awards, grants to nonprofit organizations and grants to local educational agencies.

The 1978 budget will parallel that of 1977 in State Apportionment activities, however, an expansion of Section 708(a) is proposed. An additional $15 million for this activity will (1) allow replacement of Title I Compensatory Education services for students displaced by desegregation order or plans issued after August 21, 1974 and (2) also under Special Programs and Projects, provide awards for preimplementation activities during desegregation planning.

In addition an amount of $5 million is included for the planning, design and conduct of Magnet schools, pairing with colleges and universities and leading businesses, and development of plans for neutral site schools.

The funding level of $260 million will provide for approximately 1,032 project awards.

Program objectives in 1978 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. The $8 million increase provided by Congress in fiscal year 1977 for sex discrimination activities is maintained at that same level. This funding level will support a total of 314 training and technical assistance advisory awards, including 187 for desegregation activities, 65 activities to assist in the elimination and prevention of discrimination because of sex, and 63 for bilingual education activities occasioned by the Lau v. Nichols Supreme Court decision. As in 1977, awards will be made to general assistance centers, State education agencies, training institutes and local educational agencies.

My associates and I will be happy to answer any questions you may have.

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Mr. FLOOD. I think you have the same people with you that we have met before, so we will just proceed.

Doctor, why shouldn't the Emergency School Aid Act be consolidated in title I of the Elementary and Secondary Act? Why?

Dr. GOLDBERG. The two legislative authorities serve different purposes, but have related sections. The obvious concern of most people with title I is to serve children in low-income families who are educationally deprived, educationally disadvantaged, living in large concentrations of poverty. The purpose of the ESAA, Congress determined, was to assist school districts in desegregation. There are elements in each that need to work together. There are some elements in each which pull us apart.

Mr. FLOOD. So there really couldn't be consolidation in view of that, you think?

Dr. GOLDBERG. Creative ingenuity, evaluating both of them, might yield in the future some way of looking at segregated inner city education and dispersed education on a desegregated basis.

Mr. FLOOD. Isn't a major part of the emergency school program based on the concept of compensatory education?

Dr. GOLDBERG. The Emergency School Aid Act——

Mr. FLOOD. Isn't it based on that?

Dr. GOLDBERG. No, sir.

Mr. FLOOD. Well, from looking at this budget, it certainly appears that way to us.

Dr. GOLDBERG. The act offers successful applicants a choice of activities, some of which are in compensatory education. Others are in the human relations, guidance and tension reduction field. Districts may choose from 15 authorized activities which the Congress wrote into the statute.

We encourage the district administratively to choose as many activities as possible in the human relations area, because we feel when the climate in the school building is conducive to kids of different backgrounds getting along better, that takes precedence over basic instruction which can be funded from other sources as well.

Mr. FLOOD. Under the emergency school aid budget you have $15 million in funding for these compensatory services under title I.

Dr. GOLDBERG. I am sorry.

Mr. FLOOD. On page 87 of the budget you have an increase of $15 million for compensatory education services.

Dr. GOLDBERG. This amount was requested to provide compensatory education services to students having lost them as a result of a desegregation order issued after August 21, 1974.

PREIMPLEMENTATION AWARDS

Mr. FLOOD. You also call it preimplementation activity?

Dr. GOLDBERG. Yes.

Mr. FLOOD. Well it looks like compensatory education to us. It is still not clear.

Dr. GOLDBERG. Before you implement the plan.

Now, the purpose of that addition is to enable two things to happen.

Mr. FLOOD. During the planning stages?

Dr. GOLDBERG. Yes. sir.

If a school district receives a court order in the winter or the spring to implement a desegregation plan on September 1, the spring and summer months would be preimplementation months. Part of that amendment calls for fund to assist school districts to crank up, to get ready to do the job properly on September 1.

Mr. FLOOD. July and August, for example?

Dr. GOLDBERG. Yes. sir.

ESAA EVALUATION

Mr. FLOOD. Based upon that very recent evaluation report that you sent to us, it appears this emergency school aid program is pretty much of a failure. So, why are you proposing to continue it if that is so?

In fact, not only that, but you are proposing an increase of $20 million for next year.

Dr. GOLDBERG. The evaluation of the emergency school aid——

Mr. FLOOD. You sent it to us, and you say it is a failure, and yet you want $20 million more.

Dr. GOLDBERG. I do not say it is a failure.

Mr. FLOOD. No.?

Dr. GOLDBERG. No.

Mr. FLOOD. Well, it appears that the emergency school aid program has been a failure from the report you sent us.

Dr. GOLDBERG. The evaluation reports on the Emergency School Aid Act, on the contrary, indicates that it does help solve desegregation problems being faced by school districts. When faced with a desegregation plan, ESAA is often the one lifeline, because it is the most flexible money given to help school districts get started on a solution.

Mr. FLOOD. Do you have that? It is dated November 3, 1976. In the second paragraph you say that "there is, however, no clear evidence of overall ESAA program impact. Differences between ESAA participation schools and non-ESAA participation schools on either test scores or measures of school climate were, on the average, small." Will you settle for "small"?

Dr. GOLDBERG. Mr. Chairman, when the evaluation program for ESAA was launched, some school districts which signed assurances that they would cooperate in the evaluation agreed to a control-school experimental-school type of evaluation.

In other words, some schools in a district with similar kind of pupil populations were to be funded with ESAA money, and their counterparts were not to receive the ESAA funds, although the total district did not lose one penny in terms of its total allotment.

Mr. FLOOD. Do you think the basic law should be changed?

Mr. GOLDBERG. No.

What the districts did was let other funds, title I funds and others, trickle into those buildings contrary to the agreement. What they had to do was meet the local clamor in those schools where the ESAA add-on funds were not to be used, therefore harming the evaluation. It quieted the people in these buildings, but did not help the evaluation.

1978 INCREASES

Mr. FLOOD. All right. Of the requested increase, $15 million is for special projects. These funds, you tell us, are to be used to replace title I funds for certain school districts which are in the process of desegregation?

Which school districts are you referring to?

Dr. GOLDBERG. There are a number of schools——

Mr. FLOOD. And how do you distribute those funds?

Dr. GOLDBERG.

When children are transferred from title I eligible schools to outer city schools because of a desegregation plan, they may not be there in large enough numbers to warrant a full-scale title I program following them. You might have a building with 900 pupils in it in the inner city, 750 of whom are eligible and are receiving title I services. Perhaps a hundred are transferred to an outer city school through the desegregation program, and the principal of that school and the superintendent decide that the district doesn't have enough in title I service to cover that outer city school 5 days a week. So he may only offer 2½ days a week of remedial service.

Mr. FLOOD. How would you distribute the funds?

Dr. GOLDBERG. We would distribute the funds to those school districts that have desegregated and which will be able to indicate to us that there were children formerly receiving service who are not now receiving service as a result of that desegregation.

Mr. FLOOD. To receive those funds, must a school district be under a court order to desegregate?

Dr. GOLDBERG. According to the amendment to 708(a), it must be under a mandated desegregation order, or if voluntarily desegregating, must desegregate completely.

Mr. FLOOD. The basic law puts a limit of 5 percent on services for children displaced by title I. Apparently you want us to change that law by just striking out the limitation.

Dr. GOLDBERG. Yes. sir.

Mr. FLOOD. Why should we do that? How do you know 5 percent wouldn't be enough?

Dr. GOLDBERG. We do not know exactly what this provision will cost. Because 5-percent money is a relatively small sum, we expect this may not be enough and that there will be more title I children transferred because of desegregation than you can help with that much money. By removing the limitation, we will be able to respond to S O S calls for kids displaced in inner-city schools who still need the service.

SPECIAL PROGRAMS AND PROJECTS

Mr. FLOOD. The budget for special projects is $50,750,000. How much of that would go to schools under a court order to desegregate?

Dr. GOLDBERG. All of it would go to those under court order. Congress did amend the law to make that possible.

Mr. FLOOD. All?

Dr. GOLDBERG. Yes.

Mr. FLOOD. Last year, you talked at length about what you called emergency special projects. Well, how does that situation look now?

How many of these so-called emergency projects did you fund last year, and how many do you intend to support in 1977?

Dr. GOLDBERG. We funded approximately eight school districts that were under emergency court orders on a late basis.

Mr. FLOOD. Eight?

Dr. GOLDBERG. Yes, to desegregate.

Mr. FLOOD. And you are going to take care of the same ones in 1977?

Dr. GOLDBERG. If they had new desegregation orders or a new phase of earlier order. For example, Boston will receive from the court, on April 3, phase 3, and the court will determine what to do about East Boston High School, the only school remaining in the district not yet desegregated. That is the only school left under the old court order.

Buffalo, Omaha, Los Angeles, San Diego, Cincinnati, Indianapolis, and Wilmington are samples of cities that are facing large-scale desegregation activity for September.

Mr. FLOOD. Do you expect the emergency projects to continue in the same school districts year after year after year?

Dr. GOLDBERG. Not at all. If there are no new phases of court orders, districts will have to compete for the amount in the State table of apportionment.

Mr. FLOOD. All right. What kind of conditions have to exist in any local school district for you to declare it an emergency project?

Dr. GOLDBERG. The entire legislation bears the name "emergency," which may need a second look by the Congress.

There was early hope by some that it would last only 2 years. The conditions have now lasted 6 years.

Mr. FLOOD. What kind of special conditions?

Dr. GOLDBERG. The conditions of segregated schools in our country that need attention. So I would guess, sir, that we will still stick with the late court order label for the real emergency districts.

MAGNET SCHOOLS

Mr. FLOOD. Now, you are also requesting here a $5 million increase for magnet schools, neutral school sites, and pairing with colleges and universities. Suppose you give us a definition of these terms, and also at the same time you give us the definition, an example, of the kind of project that might be involved.

Dr. GOLDBERG. Surely.

The magnet school concept is getting a lot more attention in the press and in the school districts of the Nation. It is not a new concept.

Originally, the concept of combining a superior program with a superior staff in one location which would attract pupils from other locations was the foundation of the concept. Rural schools did it years ago, they called it consolidation. They saved money; they didn't have to repeat the programs and replicate the expensive equipment. So they brought children together from dispersed areas in rural settings to form a consolidated school. That was a bringing together of children and programs for educational improvement.

In order to try to improve education in some of our great cities, the earliest concept of magnet schools was the MEF—the "more effective school program" in New York City—where class sizes were

smaller, superior teachers were transferred, extra equipment was purchased, and more resources added.

This caused both joy and sorrow—joy in the schools that were labeled more effective schools, and sorrow in the other schools, because resources were drained off.

Boards of education yielded to the temptation to spread the concept without additional resources. So what was left in some places was the label, "more effective schools," but not the program.

NEUTRAL SITE SCHOOLS

Mr. FLOOD. What about neutral site schools?

Dr. GOLDBERG. The neutral site school is a term in the Glenn amendment which identifies the concept of picking a piece of real estate somewhere between two existing schools that may need replacement, either both or one, which would enhance desegregation and reduce or eliminate busing.

Mr. FLOOD. All right, what about the pairing of colleges and universities?

Dr. GOLDBERG. That is an additional activity that Congress added based upon the successful application of that process in the Boston public schools and other places. What it does is tie together staff from colleges and universities and staff from businesses and industries to help the schools. They are linked together with specific buildings, they meet with small breakdowns of faculty groups. They talk about job opportunities for kids. They lend their support to what is happening in the desegregation program. It is a kind of partnership with business and industry and universities.

Mr. FLOOD. Is the Seattle, Wash., school district operating a magnet school?

Dr. GOLDBERG. The Seattle school district hopes to use the magnet school concept as a mechanism to desegregate on a voluntary basis.

STATE APPORTIONMENT

Mr. FLOOD. Why wouldn't magnet schools or neutral schools, as you have outlined them, be supported out of the State portion of the emergency school aid program? Why should we be appropriating funds for these operations in a separate activity?

Dr. GOLDBERG. One of the activities authorized calls for innovative programs and curriculums and adjustments, and the school district could elect to choose from the 12 original basic activities funds to open and support magnet school programs.

However, the cost is so great and the competition so keen that that amount would in effect be eaten up very quickly. That is why the Congress has asked that a look be taken to see if a separate category of magnet schools can help.

They were added by the 1976 education amendments.

A few districts did apply for these funds under the basic grant; yes, sir.

Mr. FLOOD. Do either the magnet school or the neutral site school involve a transfer of students between school districts?

Dr. GOLDBERG. Absolutely. That is the keynote of it, to improve the program, to magnetize and draw the students from several areas of the district so you can have a desegregated school and an enriched program.

Mr. FLOOD. Do you think the magnet schools will actually result in less busing of students to overcome racial imbalance?

Dr. GOLDBERG. If they work, they could result in more transportation, and if they drew from a large part of the city, the places where they work the best are where the boundaries of the magnet school feeder pattern are small enough so that if they start off on a voluntary basis and don't draw the number of kids, white or black, there is a back-up plan which enables the desegregation to go forward even if the number of volunteer transfer students didn't materialize.

Mr. FLOOD. Mr. Natcher?

ESAA TELEVISION

Mr. NATCHER. Doctor, as you know, under your education television grant request, it is to be funded at the 1977 level. That is correct, isn't it?

Dr. GOLDBERG. Yes, sir.

Mr. NATCHER. At the 1977 level. Can you tell us why no more than seven awards should be made?

Dr. GOLDBERG. The programs called for in our request for proposals are to be of high quality for national production, hopefully to last at least 6 years, the life of the contract with the performing unions, and to be equally as good as the best on commercial television, because both CBS and NBC have elected to show Villa Allegre and Vegetable Soup, respectively.

Public television programs, to match the programs on commercial TV, need to be well done, and hence the contractors on these programs must have outstanding television production facilities in the Nation.

ESAA TELEVISION VIEWSHIP

There are regional programs with respect to one or a small cluster of States. The others are for national use.

Mr. NATCHER. Doctor, you estimate that some 25 percent of all elementary and secondary school students see some of the shows.

Have you made any effort to determine a more accurate number? That is a rough estimate, 25 percent?

Dr. GOLDBERG. There is an evaluation going on now. I will be glad to supply information on that for the record. Dr. Fagen and Dr. Berkman of our staff work closely with that. I do not have at this moment the exact draw of those shows.

Mr. NATCHER. If you would submit that with your permission, Mr. Chairman, it would be inserted in the record.

Mr. FLOOD. Without objection.

[The information follows:]

ESAA TELEVISION VIEWERSHIP

In order to verify the assumption that approximately 25 percent of all elementary and secondary school children are exposed to some extent to ESAA television programs, the Office of Education has awarded a contract for a survey to

determine in home student viewership of all ESAA television programs. The contract was awarded December 13, 1976 and is scheduled for completion by the end of August 1977. Upon completion of this survey, OE will be able to provide more exact viewership figures, as well as associated demographic data of the viewers and their households.

Dr. GOLDBERG. I would offer as a comment here a situation that does occur when a commercial national network elects to broadcast these programs on a band that will reach the general public.

That pleases us a great deal, because PBS, as fine an outlet as it is, has fewer viewers than the three commercial networks.

MAGNET SCHOOLS

Mr. NATCHER. This would be the first time that we will fund the category for magnet schools, neutral site schools, or pairing of schools with colleges and businesses.

That is authorized, as you know, under Public Law 94–482.

If you would, Doctor, tell us why you think we should allow just enough funding for six awards for the magnet schools at a level of $750,000 each?

Dr. GOLDBERG. Mr. Natcher, the reason we feel a smaller amount is indicated at this time is that the evidence of their success is spotty, very spotty.

Many school districts elect to use magnet schools as a technique to avoid full desegregation. It is a way into the program. You get your toes wet with magnet schools.

Most districts that have tried magnet schools have found that they faced a court order within a year or two after trying it, and so we are looking for evidence that they work.

Fort Worth, Tex., had a magnet school program at the high school level and dropped it, and substituted for it a fifth and sixth grade middle school program.

Evanston, Ill. had an early one, the Martin Luther King Lab School. It is still flourishing.

The World of Inquiry School in Rochester started 12 years ago and is still flourishing.

Skyline in Dallas is going very well. The School of Performing Arts in Houston is going very well. The danger in the magnet school concept is that there is a possibility that you might have a school other than a desegregated school with these high resources in it draining from other sources, causing turmoil in the school system.

By having a smaller number of awards, we would like to test out the seriousness of some school districts to do the magnet school job right. Magnet schools are easy to talk about. The public likes to hear about magnet schools.

The reason they work well in Massachusetts is twofold: First, the State of Massachusetts Department of Education pumped in $1 million specifically for magnet schools, and second, because the court in the Boston case set up magnet schools in each of the eight subdistricts, and declared that if on a voluntary basis they don't turn out to be desegregated, the school board must then transfer children to make them desegregated magnet schools, and if the school board didn't do it, the court would do it.

The school board did it.

So when you have a backup plan that goes with the voluntary magnet part, it works; and I think there are a lot of communities in this Nation—Cincinnati, St. Louis and many others, such as Seattle—which are working very hard to use that concept. It is a helping tool. It is not a substitute for the desegregation requirement in many places.

So we want to see seriousness of purpose and good planning. We think this amount will help us this coming year.

EVALUATION FUNDINGS

Mr. NATCHER. This year, as in each year, there is a request for funding for evaluation. Can you tell us what you learned from previous evaluations, and what evaluation is going on at this time?

Dr. GOLDBERG. Mr. Natcher, I will ask my colleagues to assist me in that, but I want to take this moment to indicate to you that we came upon a nugget of gold, not from Fort Campbell or Fort Knox, but we came upon this nugget of gold in an evaluation study, and we have made this available to the Nation.

If I may, I will ask these be distributed to the committee members.

In the course of the evaluation of the Emergency School Aid Act, a contract to produce this study resulted in a byproduct called "A Handbook For Integrated Schooling."

This was done by the Educational Testing Service of Princeton, N.J.

The major objective of the study was to attempt to find out what kind of school conditions were needed to bring about effective change. What makes one building's desegregation program go well and another building blow up?

We saw the draft of this booklet in a different form a year ago. Mr. Patten, we spent the best part of the AASA, the American Association of School Administrators convention time in Atlantic City editing this.

Mr. PATTEN. Next year you will want to go double. [Laughter.]

Dr. GOLDBERG. No; we won't. [Laughter.]

This product came out of it. This has been distributed to 13,000 individuals. We are making it available free of charge. It costs about 25 cents a copy, the printing part. It is the byproduct of the larger study.

We are making available without cost one copy for every principal of each school that requests it, and four or five districts have asked for one for each teacher.

This is a plain-talk book. There is no obfuscation. People with feelings about interethnic and interracial classroom situations tell exactly how they feel.

There are checklists for student, teacher, and administration behaviors in school situations.

I would say, Mr. Natcher, in addition to what Dr. Evans may be able to tell us about the formal evaluation, this byproduct has been excitedly received throughout the Nation, and we hope that our first run of some 78,000 copies will require reprinting many times over.

Mr. NATCHER. Thank you very much.
Thank you, Mr. Chairman.
Mr. FLOOD. Mr. Patten?

EMERGENCY APPROPRIATIONS

Mr. PATTEN. Doctor, when you speak of the use of emergency appropriations, I suppose, like in Boston and other places, it is mostly a matter of color, right?

Dr. GOLDBERG. It is race, yes.

Mr. PATTEN. My question is this: Do you find in Houston, or the areas where you may have predominantly Spanish speaking, where they are being taught by teachers who know both languages, where they are getting bilingual training, where they get remedial reading; do you find much of a cry for this magnet school, or do you find much of a cry for a neutral site? Do they seem to be happy?

Dr. GOLDBERG. Two of the biggest districts in the Nation, Dallas Independent School District, and the Houston Independent School District, are districts that have been trying magnet schools for several years.

We expect they will be strong competitors for any funds made available under this title, yes. They do want to expand their magnet school program.

Mr. PATTEN. That is to the point.

Where you have predominantly Spanish speaking—take New York, if you are familiar with it, around Columbia University, or east Harlem, where there is a lot of Spanish speaking.

Do you find the people shouting, for integration, as much?

Dr. GOLDBERG. There are schools that are predominantly non-English speaking which like it the way it is, yes, sir. They are not clamoring as heavily as are some other districts.

There are fewer districts in the Nation than we would like to see that are clamoring for it at all. Too many are waiting for court orders.

I think when a school district determines what it needs to do to eliminate or reduce racial isolation, it can do a better job itself rather than to wait on line for some judge to clobber them and do the job for them.

You do a better job when you do it yourself.

BILINGUAL EDUCATION

Mr. PATTEN. Let's take on the Mexican border. Someone said that 10 percent of Mexico has seeped into the United States.

I have been there and have spoken with some people; where the teacher can understand the children, and where they are getting the bilingual training and things of that type, I should imagine that they are probably better off than if they were transferred to another school where the teacher wouldn't be a bilingual teacher.

Dr. GOLDBERG. Not so, Mr. Patten.

Mr. PATTEN. I am talking about my town where the whole Spanish community protested efforts of the State board to shift them.

Now, we are only talking about numbers. One school was solid Puerto Rican. Another area was probably predominantly Jewish. The

Spanish community hollered. They wanted to be left alone. They loved their school, the facility, they appreciated the bilingual training and remedial reading and everything else.

Dr. GOLDBERG. Mr. Patten, there is no doubt that a school that is 100 percent, or predominantly made up of black students or Hispanic background students, can be a good school. You can have a black principal, black teachers and counselors, and a black football coach et cetera, and run a good school. You can have a white school with the same complement of administrators and teachers and it will be a good school, or a Hispanic school, and it will be a good school, but each of those schools offers an incomplete education, and the dream of this Nation is not to go only to schools of one culture and remain one-culture oriented all your life.

In fairness to the children in the primary grades, they may well need a concentrated bilingual program, but at some point, in order to provide a complete education, children must not be afraid of other groups of children, and perhaps the children of the next generation will teach the adults not to be afraid.

So the dream of America is quite different than "I want to be by myself. With kids like me." You are not going to survive as well in America if you think you can succeed only if everyone around you has the same cultural heritage that you have.

It may be comforting, but it is not real in America.

Mr. PATTEN. The New York School of Social Studies indicates the Spanish speaking will be integrated into the mainstream of American life faster than any other group.

Religiously they are part of a large religious group, and they will go to churches, and they don't hestitate to go to the churches.

I would say the church I go to in Perth Amboy, it is nothing uncommon to see 400 Puerto Ricans attend the church, although they have two churches of their own.

Apparently some had rather come to our church.

I am confident, too, from what I see, that as soon as they learn the language, they are off and going to other places. The chains, the gas stations, everybody picks them up, the food stores, as soon as they can speak the language, and they are citizens. They have no problem there.

Dr. GOLDBERG. That sounds like progress in this country, and I am all for it.

Mr. PATTEN. So am I.

Just one other question about integration.

SEX DISCRIMINATION

When I was the first grade, boys and girls were in separate classes, and at Elizabeth, I taught school, and the girls went to Batten High School and the boys went to Thomas Jefferson. That was in the 1930's.

Was this sex discrimination? You don't have a problem there, do you?

Dr. GOLDBERG. The Office of Civil Rights, rather than the Office of Education, is looking at that, but there are fewer continuations of formerly one-sex schools. I went to Boys High School in Brooklyn, N.Y., a high school with 6,000 boys in it. We had a grand football team,

but we didn't have much fun at dances and dramatic productions, because we had to borrow girl actresses from the Girls High School a mile away, and they had 4,000 or 5,000 girls in their school.

The new Boys High School and Girls High School have been done away with. They are now co-ed schools. The city of Philadelphia is struggling to determine what it is going to do with a one-sex school. There are fewer one-sex school in America now.

Mr. CONTE. Is there anything wrong with that, having a few single-sex schools left, so students can have the choice? What is wrong with it?

Dr. GOLDBERG. There is nothing wrong with it. I would guess if the curriculum offerings are not equal in each, perhaps the Office of Civil Rights will want to know, for example, how to respond to a complaint that there are fewer preengineering courses in the girls high school and more in the boys, and more homemaking opportunities in the girls than in the boys. Maybe for the stability of family life in America, it well behooves boy students to learn a little bit more about family guidance and life situations and not be afraid of cooking and not be afraid of early childhood education, so they can help unify the family approach. And girls may want to enter engineering schools, and if the mathematics courses are curtailed in a girls high school, the Office of Civil Rights might want to know why is it that equal opportunity is not available.

Mr. CONTE. I don't want to curtail anything. I want to give them both equal education, but I think there ought to be some schools left in this Nation where someone can have the choice.

Dr. GOLDBERG. Vive le difference.

MAGNET SCHOOLS

Mr. CONTE. I was interested in the Boston magnet school. Could you tell us in simple terms what constitutes a magnet school?

Dr. GOLDBERG. A magnet school is a school attractive enough in its curiculum offerings to draw children from a neighborhood other than the ones traditionally set out for that school. Its superior program and topnotch teaching staff provide a draw that excites families to want their children to go to that school, rather than to either the one down the street or another one.

It is——

Mr. CONTE. Such as what?

Dr. GOLDBERG. It could be the high school of performing arts. It would offer special instruction in preprofessional work in acting, in stage production, in lighting, in costuming, in playwriting, in direction, in music composition, in orchestration, in choreography and dance production, a preprofessional type of school.

The Bronx High School of Science and Stuyvesant High School were preengineering schools because of that. Some offer foreign languages to a greater degree and in one school the introduction of Mandarin Chinese became an interesting innovation to parents and children in a neighborhood where both parents had one or more college degrees. They had been through Spanish and French, and when the school offered Mandarin Chinese, a couple of hundred kids transferred to that school.

So it is a concept of special offerings in the place where a kid doesn't ordinarily go to school, and there are magnet schools in each section of Boston.

In fact, a separate assistant superintendent, Muriel Harris, received a citywide assignment to be in charge of just magnet schools. She came to our office for help. We directed her to places around the Nation for visitations.

She has conferred with us regularly about it.

Mr. CONTE. Thank you.

So the $5 million that you are requesting for magnet schools will be for the special program in the schools themselves?

Dr. GOLDBERG. It will be for the programs within the schools—not for the schools. We couldn't afford to pay for the whole magnet school. It would be what is different about it next year compared with last year.

Otherwise, we could get into supplanting problems, Mr. Conte.

STATE APPORTIONMENT ACTIVITIES

Mr. CONTE. How do you propose to continue to serve the same number of students without increased funding?

Dr. GOLDBERG. The State apportionment program will call for the expenditure of $187,050,000. That remains the same.

The school districts being served in the nonemergency late court order basis have pretty well settled their segregation problems. They are in what I call as the ball-bearing years of desegregation as opposed to the crowbar years of desegregation. The wrenching parts of it are over in many parts of the Nation.

They need in-service training and so forth, but the numbers of children have not changed.

Hence, we think we can do the State-apportioned job with the same amount. There are no new court orders in the Southeast quadrant of the Nation.

Mr. CONTE. I like the way you address that, ball bearings versus crowbars.

With regard to your grants to the State on the basis of the distribution of minority group children age 5 to 17, is this a rational way to distribute this money? Is this desegregation assistance necessarily needed in proportion to minority group popualtion, or would it make more sense to provide funds on the basis of actual need for such assistance?

Dr. GOLDBERG. I think when the Emergency School Aid Act was first funded in fiscal year 1973, we had many, many problems still to solve in the South. Most of the minority children in this Nation are located, again, in the 17 southern and border States.

The State table of apportionment by statute is made up by the formula you just mentioned. Hence, most of the Southeast quadrant States receive most of the money.

One of the problems we have is that you have States like Minnesota, Nebraska, Massachusetts, Kentucky, Indiana, Delaware, where one or two large cities can eat up the entire State apportionment and hence there is nothing left for the smaller cities in that State.

We are getting new court orders in those situations, in Milwaukee, in Boston, in Buffalo, in many of these places where the State table isn't enough.

So we have a new class of candidate school districts now that need help, that can't get it out of the State apportionment.

EMERGENCY SPECIAL PROJECTS

Hence, we have to dip into the emergency special projects to get a whole State over the hump of trying to meet the needs of the one or two major cities in that State plus the others.

For example, in Missouri, you can't possibly manage to help St. Louis and Kansas City with a State table of apportionment amount that equals—I will get that in a minute—$2,126,000.

Now, St. Louis and Kansas City each would be asking for two or three or four times that amount. So if they were to get court orders, they would have to go to the other part.

So it may be that as we approach the end of the authorization time for ESAA, Congress may well wish to look at the whole idea of a State table based upon figures which did the job during earlier years, and now need a lot of bandaids in order to get the job done in other States, and with other cities that don't fit neatly into the State table.

ESAA FUNDING OF BOSTON

Mr. CONTE. That leads me to this question, as I look at the different States and what they received in 1976 and 1977 under your program:

It appears that Massachusetts received very little funding from this program compared to other States. Yet in Boston, as I am sure you know, we have had some of the most serious problems in the country with desegregation.

Why, then, if you can explain it to me, why has so little desegregation money come into Boston?

Dr. GOLDBERG. On the contrary, the Boston public schools have received $7,102,000 from ESAA.

Mr. CONTE. $7 million?

Dr. GOLDBERG. $7,102,000, and except for Detroit, which got a little bit more than that, Boston was the largest recipient in the United States out of ESAA, both from the State table and special projects.

Mr. BEEBE. Mr. Conte, the tables in the budget are State tables for State-apportioned programs. These are not the total programs which were distributed under this act.

Mr. CONTE. I see.

Dr. GOLDBERG. Mr. Conte, what happened is that Boston walked away with practically every penny in the State table for Massachusetts, beating out Springfield, New Bedford and Fall River, and got over $5 million in addition from the special late court order category.

Mr. CONTE. I was misled by the figures in the table.

Ms. BEEBE. The ESAA program, has two parts: First, a State-apportioned amount, and second, funding through national competition for several activity areas. One of the competition programs referred to as special programs and projects, is discretionary in nature

and deals with emergency late court orders. Boston received funds under that section (708(a)) of the act, in addition to the State-apportioned amount.

The budget only displays State-apportioned tables.

Mr. PIERCE. That was the point Dr. Goldberg was making earlier, that as Congress reconsiders this legislation, you may want to take a look at the formula that leads to the State apportionment, because in today's world that may not be an appropriate formula.

Mr. CONTE. Because New Bedford and Springfield are getting the short end of the stick—I will submit the rest of my questions for the record.

Ms. BEEBE. The figures we gave you were for 1976.

BILINGUAL PROJECTS

Mr. FLOOD. You are requesting $8.6 million for the bilingual projects, and you say there are 32 project awards.

Now, you remember we were talking about bilingual education over in elementary and secondary education where we have a request for $135 million involving 500 projects. Now, how many of those 32 projects overlap with the 500 projects?

Dr. GOLDBERG. None, because they refer pretty much to what Mr. Patten was asking about. The 4-percent set-aside in the statute for bilingual education, equaling $8,600,000, goes to school districts involved in solving their segregation problems where there are large numbers of non-English-speaking children.

So as you move them, you can get money for meeting bilingual education needs. It is from Dr. Molina's program that the other needs of bilingual education, apart from desegregation purposes, may be met.

PILOT PROGRAMS

Mr. FLOOD. Take a look at page 90 of your justifications. You show 36 States with pilot programs. If you look at pages 103 and 104, you show that all States would be receiving funds for pilot programs in 1977 and 1978.

How do you explain that?

Dr. GOLDBERG. You are referring to page 103, pilot projects?

Mr. FLOOD. Yes; and 104.

Dr. GOLDBERG. Again, under the statute, there is a 15-percent set-aside for pilot projects.

Mr. FLOOD. And on page 90, you show only 36 States with pilot programs in 1977 and 1978.

Ms. BEEBE. There are several activities within the budget that have State-apportioned tables in them, and therefore have separate formulas and separate distributions. The State table for pilot projects for 1976 shows that 14 States did not receive such funds. This is consistent with the data showing 36 States funded that year.

Mr. FLOOD. That still doesn't answer the question for 1977 and 1978. You see, what we are trying to find out is, if all States receive funds for pilot programs, whether they want them or not.

Mr. JORDAN. Mr. Chairman, the formula in the act provides a State apportionment for each State. There is a floor on that. So that every

State has an apportionment. That doesn't mean that the State automatically gets that amount of money. The school districts within the State compete for the amount of money that is available to the State and awards are based on quality applications.

Mr. FLOOD. I see.

Mr. JORDAN. It happens that some States have an apportionment and don't need all the pilot money, where other States have additional money.

Mr. FLOOD. Give us an example of a pilot program in a typical State.

Dr. GOLDBERG. That would be a set of activities that the school district chooses to apply for and, if funded, implements, that upgrade achievements in underachieving children in racially isolated schools.

It would be in the largest cities in our country, as in Detroit, Newark, and Atlanta, where they can't do as much desegregation as they would like, but dip into the 15 percent set-aside after they become eligible for desegregation.

It is very close to title 1.

Mr. FLOOD. Yes, but I was looking for a specific sample.

GRANTS TO NONPROFIT ORGANIZATIONS

In your list of the grants to nonprofit corporations, you show that Mount Sinai School of Medicine in New York received almost a million dollars in these grants during the period 1973 to 1975.

Now, how does that institution assist in a local desegregation effort?

Mr. JORDAN. The act authorizes the assistant secretary to make grants to nonprofit organizations that will assist school districts in implementing their desegregation plans by conducting activities that will aid making desegregation plans successful.

That particular nonprofit organization worked with students that had been reassigned, helping to make them successful in their reassignment.

GENERAL GRANTS TO LEAS

Mr. FLOOD. For the State programs on general grants to local school districts, you want $137.6 million; and by the way, that would support the same number of school districts as last year.

Does that mean the same schools participate year after year?

Dr. GOLDBERG. The number of grantees remains about the same.

Mr. FLOOD. I was talking about specific schools not the total number.

How much of the State grant funds are for student transportation, or busing?

Dr. GOLDBERG. Not one penny.

Mr. FLOOD. No?

Dr. GOLDBERG. None.

Mr. FLOOD. All right. Now is Project Seed in your budget request?

Dr. GOLDBERG. This is a congressional initiative.

Mr. FLOOD. I don't care whose initiative it is. I want to know is it a budget request?

Dr. GOLDBERG. Yes.

Mr. JORDAN. It is included in the 5 perecnt.

Mr. FLOOD. How much?

Mr. JORDAN. It was funded at $428,318 in 1976.

TITLE IV ACTIVITIES

Mr. FLOOD. What does title IV of the Civil Rights Act do that can't be done under the Emergency School Aid Act?

Dr. GOLDBERG. Title IV is a program for adults, the Emergency School Aid Act is a program for kids.

Mr. FLOOD. We understand under that the title IV program in the regional offices operates without any coordination at all from the Washington headquarters.

Well, is that a problem? Are you going to do anything about it?

Dr. GOLDBERG. Not so. We have staff that do monitor and who do work with the regional staff. They have the technical assistance responsibility, they have the dissemination responsibility, they are evaluating——

Mr. FLOOD. Then you say it is not a problem?

Dr. GOLDBERG. Our regional offices are doing their job well. We have spotty problems, and we go out and help them correct them.

Mr. FLOOD. Do they agree with that, do they?

Dr. GOLDBERG. There is no way out, since the Washington office sets the policy.

Mr. FLOOD. Oh, yes, yes, I am sure of that.

Dr. GOLDBERG. I appear before you, not the regional program officers, sir, and so I am responsible.

Mr. FLOOD. I see.

Well, then, to what extent have you targeted the title IV program into the areas of greatest need?

Dr. GOLDBERG. By making awards to the 27 general assistance centers——

Mr. FLOOD. To what?

Dr. GOLDBERG. To the 27 general assistance centers. These are university-based centers that offer help to school districts on request. We award funds to 47 State education departments. They have equal educational opportunity units in the State capital. The funds go to units in the States to offer technical assistance to local districts.

We also fund 37 teacher training institutes at universities which do work with groups of teachers for inservice training.

Mr. FLOOD. Are the general assistance centers supported on a multiple-year basis?

Dr. GOLDBERG. They are supported on a year-by-year basis.

Mr. FLOOD. I said a multiple-year basis.

Dr. GOLDBERG. No, 1 year at a time.

Mr. FLOOD. Mr. Natcher?

Mr. NATCHER. No further questions, Mr. Chairman.

Mr. FLOOD. Mr. Patten?

BUSING

Mr. PATTEN. It strikes me that wherever a court orders integration, the community is saddled with an enormous bus bill. I thought under emergency school aid they could pay for busing.

As I understand you, like in Boston, if you give them $7 million, none of that money is used for buses?

Dr. GOLDBERG. None. None whatsoever.

Mr. PATTEN. Isn't that one of their biggest problems?

Mr. GOLDBERG. Yes. The State education laws in our Nation have formulas for reimbursements to local districts for approved bus mileage, and desegreation is an approvable activity.

The States reluctantly, in some cases, do this, and would like to reach out and use other labeled dollars for that purpose, but title 2 of H.R. 69, the Education Amendments of 1974, has a special prohibition against the use of Federal funds for transportation.

Mr. PATTEN. That is right.

Of course, busing in a town like Woodbridge, N.J., with 40,000 students in the schools, is a big item. The use of buses in our educational system is enormous.

Mr. PIERCE. Well over half of the young people of this Nation are bused to and from school each day. It has nothing to do with desegregation. It has to do with providing educational experiences to those young people.

Mr. PATTEN. We have problems with busing. You get parents screaming that there are no sidewalks. You don't need segregation to have busing problems.

I have a fellow now who is annoyed because a school bus stops in front of his house.

We have an empty school, and all the children are white. They want to bus them from one end to the ethnic school, and there have been protests and everything else. They don't want their young kids taken that distance, and the pressure was so hard the board had to yield.

So busing, in any event, creates problems. It is like daylight saving. We get into trouble whether it is dark in the morning, or dark at night, and it depends on where you are at. You run into a little flack over the busing.

Dr. GOLDBERG. I like your analogy. We would hope more citizens would see the light, daylight saving or standard, and help desegregate the schools of America.

Mr. PATTEN. I have nothing further, Mr. Chairman.

Mr. FLOOD. Thank you.

[The following questions were submitted by members of the subcommittee with the request that they be answered for the record:]

BILINGUAL EDUCATION

Mr. MICHEL. You are requesting funds for bilingual education. Why are you funding a program in this regard when we have a much larger bilingual program under elementary and secondary education aimed essentially at the same children?

ANSWER. The ESAA bilingual fund set-aside is statutory. It is not essentially serving the same children served in the title VII ESEA program. The ESAA bilingual program's purpose is to provide financial assistance to meet the special needs incident to the elimination of minority segregation and discrimination among students and faculty in elementary and secondary schools and to encourage the voluntary elimination, reduction, or prevention of minority group isolation.

Title VII ESEA Centers comprise a network to develop, field test, and distribute instructional materials, and provide a range of training activities to LEA's. Recent experience shows that there is a great shortage in human and material resources needed to implement the bilingual programs. This will become more and more apparent as title VI (Office for Civil Rights) identifies districts needing bilingual assistance.

MAGNET SCHOOLS

Mr. MICHEL. You are requesting $5 million for magnet schools and similar activities. By requesting funds for such a specific purpose, aren't you in effect trying to induce school systems to go in certain directions?

ANSWER. The Educational Amendments of 1976 added three new activities for which funds may be made available by a separate authorization. One of these authorized the planning, designing, and conducting programs in magnet schools. "Magnet School" is defined by the statute as a school that offers a special curriculum capable of attracting substantial numbers of students of different racial backgrounds.

Magnet schools are believed by many to be an effective method of achieving voluntary desegregation. The Congress authorized $25 million in fiscal year 1977 and $50 million in 1978 for magnet schools and similar activities. However, the evidence on the effectiveness of magnet schools in encouraging voluntary desegregation is, at best, spotty and inconclusive. We think that the $5 million request is sufficient for us to gain the necessary additional experience with magnet schools as a method of desegregation to determine the size of future funding requests.

Mr. MICHEL. Under the magnet school category, you are also proposing funds for the pairing of schools with leading businesses. What does that entail?

ANSWER. The Educational Amendments of 1976 added the pairing of schools and programs with specific colleges and universities and with leading businesses to section 707(a)(14) of the ESAA.

The activity was patterned after the successful pairing of universities and colleges to work with specific schools in the Boston Public School System. For example, Harvard University staff worked directly with Roxbury High School on educational problems and activities designed to enhance the desegregation effort. Honeywell provided management staff to assist the District develop successful management systems to implement the court order.

TITLE I SERVICES

Mr. MICHEL. At the same time, you are requesting funds to replace title I funds which are lost due to redistribution of students to provide a greater balance of the races. So what we see here are funds being used to promote a greater distribution of the races and then funds being requested to cover the ramifications of such distribution. Is this really a responsible and efficient way to use taxpayer funds?

ANSWER. When the court renders a finding of illegal conduct on the part of a school district in the illegal separation of minority group children, a reassignment of children is ordered to overcome the illegal separation. The Educational Amendments of 1976 authorized the use of funds under section 708(a) of the ESAA to be used to provide compensatory services to students who previously received these services but who are no longer receiving the services because they were transferred from a title I target school to a nontarget school pursuant to a desegregation order. This request prevents children from losing services because of prior illegal conduct on the part of a school district.

Mr. MICHEL. How much in the way of funds are you specifically requesting to replace the title I funds?

ANSWER. We are requesting $15 million to provide compensatory education services to children who formerly received them, and would still be receiving them, but are not now doing so due to changes in student assignments resulting from a desegregation order. Eligibility is limited to districts which adopted plans ordered after August 21, 1974.

Mr. MICHEL. Likewise, who are you proposing to spend $32 million for innovative programs in reading and math? Isn't that what the ESEA title I, support and innovation, and right to read programs are being funded for? Why do we need this overlap?

ANSWER. ESEA title I provides compensatory services for economically deprived children. The right to read programs are designed to help State and local districts improve their capacity to improve the reading skills of all students. These programs do not overlap with ESAA pilot programs. When a school district implements a desegregation plan it sometimes happens that one or more schools remain racially isolated. Section 706(b) of ESAA authorizes grants to

be made to local educational agencies for unusually promising pilot programs designed to overcome the adverse effects of minority group isolation by improving the academic achievement of children remaining in minority group isolated schools. The $32 million request is to fund these pilot projects.

Mr. MICHEL. I see that you are asking us for special language to permit the title I substitute funds you are seeking. This language is likely to be subject to a point of order, is it not?

ANSWER. The Education Amendments of 1976 amended section 704(a) to authorize 5 percent of the funds appropriated for section 708(a) to be used to provide compensatory services to students who had previously received such services but are no longer receiving such services as a result of reassignment under a desegregation order. Since this amount may be insufficient to provide these services the removal of the 5 percent restriction is proposed. This would be subject to a point of order.

STATE APPORTIONMENT

Mr. MICHEL. Would you describe for us exactly how the State formula grant program works, including the formula, how and by whom the money is distributed to the localities, and how it is determined what money is used for?

ANSWER. ESAA is is a formula grant program in the same way that ESEA title I is a formula grant program. Title I is an entitlement program for which every district is eligible, the amount is determined by the title I formula.

Section 705 of ESAA provides for an apportionment for each State. Eligible school districts within the State compete for funds apportioned to the State. The State apportionment is determined by dividing the number of minority group children between the ages of 5 and 17 residing in the State by the number residing in the Nation and multiplying the quotient by the appropriation.

School districts make application directly to the Office of Education. Each application is evaluated using criteria set out at 45 CFR 185.14 and 185.24. Points for need are assigned on the basis of the number and percentage of minority group children enrolled in the disterict and the comprehensiveness of the district's desegregation plan as measured by the effective net reduction in the number and percentage of minority children in isolated situations. Quality points are assigned on the recommendation of a non-Federal panel using the published criteria. The points assigned for need are added to points assigned for quality to form the composite score of the application. All applications are then placed in rank order and funded from the top down, at amounts necessary to carry out project activities, until funds allotted ot the State are exhausted.

Basic project funds are used to solve problems incident to desegregation. Pilot project funds are used to overcome the adverse effects of minority group isolation by improving academic achievement.

Mr. MICHEL. Have any evaluations of this formula grant program been undertaken to show what specifically it has accomplished, if anything?

ANSWER. There is a 3-year longitudinal evaluation study being made on ESAA basic, pilot, and nonprofit organization grants. Many school districts have indicated that the combination of grants—basic for problem solving, pilot for overcoming adverse effects of racial isolation, and nonprofit grants for community support—has been the most valuable element in making their desegregation efforts successful. ESAA grants have been successful in reducing racial tensions, improving achievement, and making the efforts to eliminate or reduce minority group isolation possible.

COURT ORDERS

Mr. MICHEL. Have any evaluations of this formula grant program been under court order, and how does this compare with previous years?

ANSWER. ESAA does not permit a preference to be given court ordered districts over districts implementing voluntary desegregation plans. They are treated equally under the act. Above 50 percent of all ESAA applicants are under mandated desegregation plans. The approximate number of court order ESAA grantees has increased from 275 in 1974 to 357 in 1976. It should be pointed out that information on the number of school districts under court order is not readily available. Almost all school districts in States which had segregation laws fall in this category, as do many districts in the North. Not all court order districts apply for ESAA assistance, and not all that do apply are funded. It would be necessary to research records of the Office for Civil Rights and the Justice Department to find the total number of court order districts in the country.

SPECIAL PROJECTS

Mr. MICHEL. Previously we were told that the special projects category was the one designed to meet the real emergencies. You have asked for a significant increase here, but none of it appears to be earmarked to treat emergencies. Does this suggest that the emergency cases are declining?

ANSWER. There is a $25 million request under section 708(a) earmarked for late court order districts. New court orders are expected in Los Angeles, Buffalo, Cleveland, Columbus, Wilmington, Indianapolis and several other large cities. The expected comprehensiveness of these desegregation orders suggest an increase rather than a decrease in emergency cases. The Chicago public schools are under a Department termination order.

They are expected to need substantial aid if they resolve to resolve their segregation problems.

Mr. MICHEL. Last year you provided us a list of the 10 school districts receiving the most funding under your program over the previous 3 fiscal years. The District of Columbia was on that list all three * * * like 90 percent or 95 percent black, I don't see where there is a special desegregation problem that requires Federal assistance to solve? What is there to desegregate?

ANSWER. The act makes an apportionment of $2,705,895 to the District of Columbia. The District is eligible for ESAA because of its court order. The major problem addressed by the project is overcoming the adverse effects of minority group isolation, which is the third purpose of the act.

The District is also working to reduce isolation by attracting nonminority students back into the District. This has been very successful in the Edmonds-Peabody area where the percentage of white students increased from 15 percent in 1975 to 25 percent in 1976.

EVALUATION

Mr. MICHEL. $2,150,000 is included in your budget for evaluation. What kind of evaluation results have you received thus far?

ANSWER. The following programs have been evaluated:

ESAA basic program—a desegregation program providing funds to local school districts to (a) encourage their elimination of minority-group isolation, (b) help them meet special needs incident to the elimination of segregation and discrimination, and (c) assist them in helping students overcome educational disadvantages associated with minority-group isolation.

ESAA pilot program—a compensatory education program for students enrolled in minority-group isolated schools (schools with 50 percent or greater minority enrollment).

The performance of a nationally representative sample of students in schools receiving ESAA funding was contrasted with that of comparable students not receiving ESAA funding. Starting in 1973, students in grades 3, 4, 5, 10, 11, and 12 were pretested and posttested for 3 years, with students in grades 5 and 12 leaving the sample each year.

In any 1 year, approximately 27,000 students were tested with instruments measuring student achievement (reading and mathematics) and perceived school climate.

There was no clear evidence of ESAA program impact, at the end of year 2, on either test score gains or gains in school climate measures. Within the basic program elementary sample, however, ESAA-funded schools made larger gains than non-ESAA-funded schools in both reading and mathematics, and in all three grade levels sampled. Despite the consistency in direction of these results, none of the differences was statistically significant.

The ESAA resource allocation process has successfully dispensed dollars to needy school districts, schools, and students; further, these dollars have been translated into services directed toward students having needs for such services.

Results at the end of year 3 are encouraging. Cross-sectional samples indicated positive ESAA program impact (that is significant treatment-control outcome differences favoring treatment schools) on basic achievement for the basic elementary sample, but not for the basic secondary or pilot elementary sample. These results are consistent with the fact that only the basic elementary sample showed clear-cut treatment-control differences, favoring treatment schools, in school expenditures and resource allocations. The finding of significant program impact for the basic elementary sample in year 3, when significance had not been reached in year 1 or 2, is probably attributable to increased program maturation: in addition, the treatment schools' advantage over control schools in

total per-pupil expenditures had increased slightly each year. Analyses of the 3 year longitudinal samples (students who had been in the study for all 3 years) indicated strong lienar trends in the achievement data but failed to show evidence of cumulative program impact.

MR. CONTE

BILINGUAL EDUCATION

Mr. CONTE. Your justification shows that the 1978 budget will continue bilingual education projects at the same level as 1977. Will awards be made to the same States as received funding in 1977?

ANSWER. ESAA bilingual awards will not necessarily be made to districts in the same States in 1978 that received awards in 1977 or 1976.

Mr. CONTE. What States are covered under this program?

ANSWER. All 50 States are eligible to compete for ESAA bilingual grants. There is no State apportionment. Applicants compete on a national basis. Applications are reviewed, scored, and awards are granted to applications receiving the highest scores from top down until available funds are exhausted.

Mr. CONTE. How many students will benefit under the bilingual education projects?

ANSWER. In fiscal year 1976 eight States (Colorado, Florida, Hawaii, Louisiana, Massachusetts, New York, Texas, and California) received ESAA bilingual awards. 349,239 non-English dominant students benefited from these programs.

ESAA bilingual projects for fiscal year 1977 are currently being processed; therefore, it is too early to know which States will receive grants.

Mr. CONTE. What is actually required under the *Lau* v. *Nichols* decision?

ANSWER. The Supreme Court in *Lau* v. *Nichols* affirmed the responsibility of local education agencies (LEAs) to comply with title VI of the 1964 Civil Rights Act, and HEW regulations and guidelines issued in connection with the law. These guidelines and regulations require that school districts take affirmative action to rectify the language deficiencies of children of limited or non-English speaking ability in such a fashion that they may enjoy equal access to the educational opportunities provided to all other students by the school system. The Court made clear that it is the responsibility of LEAs to develop appropriate affirmative action programs for students of limited or non-English speaking ability and the the goal of such programs is to insure equal educational opportunity. The Federal responsibility is to insure, under title VI–CRA, that such programs are developed and implemented. *Lau* v. *Nichols* stated:

(January 21, 1974) "The failure of the San Francisco school system to provide English language instruction to approximately 1,800 students of Chinese ancestry who do not speak English denies them a meaningful opportunity to participate in the public educational program and thus violates the Civil Rights Act of 1964, which bans discrimination based "on grounds of race, color, or national origin," in "any program or activity receiving Federal financial assistance," and the implementing regulations of the Department of Health, Education, and Welfare."

ETV

Mr. CONTE. You are proposing seven awards for educational television. What programs will that money fund? What evidence do you have that these programs are doing what they are supposed to do?

ANSWER. We are planning to fund eight ESAA–TV series in fiscal year 1977. One will be a national bilingual series; one a national series designed to improve interracial understanding among adolescents; one a continuation of a previously funded national, nonbilingual series; three will be new regional series; and two will be continuations of previously funded regional series. As for the evaluation of completed series, all contractors first produced a prototypical pilot which was evaluated for production quality by qualified ESAA staff, and which was then tested on groups of 450 children in the case of regional series and 1,200 for the nationals. Testing focused on appeal and attention hold, and on cognitive gain. One index of the success of completed series is their carriage by public and commercial broadcasters. Of the six national series completed to date, five have been carried on the PBS and one on the NBC network. The first phase of a multiphase, overall evaluation of completed ESAA–TV series is now commencing. Phase 1 will measure viewing by minority and nonminority children of programs broadcast during the period of April 16 through May 15. Approximately 12,000 children will be interviewed throughout the country.

A later phase for which an RFP is to be issued this fiscal year, will be designed to measure affective and cognitive effectiveness of various of the series.

Funding decisions will be based on an evaluation of proposals which are written to 13 specific point award criteria by a panel of 5 persons made up of 1 Federal official and 4 nongovernment employees, at least 1 each of whom is black, Latino, Native and Asian American, at least 2 of whom have TV backgrounds, and 1 of whom has worked with minority children in a teaching position.

TITLE I SERVICES

Mr. CONTE. How do you actually provide compensatory education services to former title I students no longer receiving such services because of reassignment? Doesn't it create problems to have individuals singled out of a school for such services?

ANSWER. ESAA did not provide compensatory services in fiscal year 1976 to former title I students no longer receiving such services because of reassignment. The Educational Amendments of 1976 authorized funds under section 708(a) of the act to be used to provide compensatory services to students who previously received these services but who are no longer receiving the services because they were transferred from a title I target school to a nontarget school pursuant to a desegregation order issued after August 21, 1974.

There is no problem in identifying students that have lost services. These services will be provided at their new school as a new program incorporated into the regular curriculum. There will be no embarrassment to individual students.

STATE APPORTIONMENT PROGRAMS

Mr. CONTE. What oversight is maintained to see whether the funding provided under the general grants program in fact is used for desegregation related purposes? Is this money only available for minority group students, or also for white students who may have suffered the same educational disadvantages as minority group students?

ANSWER. All activities approved for funding under basic grants must be necessary to, and directly related to, the implementation of a plan for the elimination, reduction, or prevention of minority group isolation. Activities are allowable only in those schools affected by the plan and must be designed to solve problems created by the implementation of the plan. Since these activities are designed to solve desegregation problems, services are available to both minority and nonminority students.

Pilot projects are conducted in those schools where minority group isolation remains after the desegregation plan has been implemented. They are designed to overcome the adverse effects of isolation by raising the level of achievement.

Each ESAA program is monitored to insure that the activities are conducted according to the terms and conditions of the grant award documents. Each grantee is monitored at least twice during the grant period.

COURT-ORDERED PLANS

Mr. CONTE. How many school systems in the country are presently operating under court-ordered desegregation plans?

ANSWER. The information on the number of school districts under court order is not readily available. Almost all school districts in States which had segregation laws fall in this category, as do many districts in the North. Approximately 357 of the districts funded in fiscal year 1976 are under mandated desegregation orders, but not all court-ordered districts apply for ESAA assistance, and not all that do apply are funded. This information could be collected from records of the Office for Civil Rights and the Justice Department, if necessary.

Mr. CONTE. How many students are affected by such plans?

ANSWER. Some court orders affect every school in a local education agency, some do not affect each school. Some court orders involve all reassignments at one time and some are reassigned in phases. The total enrollment of ESAA grantees operating mandated desegregation plans is 7,266,958 and the minority enrollment is 3,129,764. It is assumed that most of these students are affected by the desegregation plan.

DESEGREGATION RESULTS

Mr. CONTE. Can you provide a succinct summary of the value of this program in aiding desegregation efforts?

ANSWER. ESAA basic grants authorize the funding of activities that would not otherwise be funded that are necessary to, and directly related to, the implementation of a plan to eliminate or reduce minority group isolation. These grants make it possible for local educational agencies to deal effectively with

problems incident to the desegregation process. ESAA pilot grants are designed to overcome the adverse effects of minority group isolation by improving academic achievement. ESAA grants to nonprofit organizations to carry out programs involving the community, are designed to assist local educational agencies implement desegregation plans.

Many school districts have indicated that the combination of grants—basic for desegregation problem solving, pilot for overcoming adverse effects of racial isolation, and nonprofit grants for community support—has been the most valuable element in making their desegregation efforts successful. ESAA grants have been successful in reducing racial tensions, improving achievement, and making the efforts to eliminate or reduce minority group isolation possible.

PREIMPLEMENTATION ACTIVITIES

Mr. CONTE. What are "preimplementation activities during desegregation planning stages"? Exactly what will that money be used for?

ANSWER. Preimplementation activities are those activities that would take place during the period between the time a school board has made the decision to desegregate (a formal board resolution, final court order, mandate of a State human relations commission, or OCR plan) and the first day that reassignment of teachers and or students takes place.

Money will be spent for activities which include but are not limited to the following:

1. Awareness and in-service training for school board members and top school administrators on responsibilities to the law and for improved education in a desegregated setting.
2. Examination and correction of school board policies and administrative practices likely to cause dissension and injustice in the new school organization.
3. Examination and rearranging of the school's extracurricular activities program with the needed addition of especially trained staff to make all school functions equally attractive and beneficial for the new student mix.
4. Organization or reoganization of the student leadership organization to provide real student input to school board and administration policy decisions and actions. This activity should include training for students, board members, administrators and faculty leaders and many include addition of staff especially trained in student rights and representation.
5. Programs to orient community organizations to a support role in helping the school district comply with the law.
6. A program to train teachers in the nature of segregation, desegregation, and resegregation and the impact of each process on child development and academic growth as well as its impact on pupil behavior.

EVALUATION

Mr. CONTE. What evaluation studies were funded under section 713 during 1977? What areas require additional evaluation in fiscal year 1978?

ANSWER. The following evaluation studies have been funded or are planned for funding in fiscal year 1977?

1. A detailed study of the effectiveness of human relations activities funded under the ESAA general grants program.
2. A survey of home viewership of programs produced with ESAA educational television funds.
3. An assessment of the ESAA educational television program through an examination of its production, distribution and financing.
4. An evaluation of the ESAA magnet school program may be done if this program is funded in the fiscal year 1977 supplemental appropriation.
5. A small continuation for the evaluation of the ESAA nonprofit organizations program.
6. In addition, a study of ESAA and other Federal technical and financial assistance programs related to desegregation may be conducted.

Plans for additional evaluations in fiscal year 1978 include continuations of some of the above evaluation studies. Other possible ESAA evaluations now under consideration include:

1. A study of the feasibility of conducting an impact evaluation of the ESAA educational television program.
2. A study reviewing ESAA program operations similar to the recently completed study of the Civil Rights Act of 1964, title IV program.
3. An evaluation of the ESAA bilingual program.

JUSTIFICATION OF THE BUDGET ESTIMATES

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/ [$274,700,000] *$294,700,000*, of which [$35,750,000] *$50,750,000* shall be for section 708(a), *$5,000,000 shall be for section 704(d),* 2/ and $137,600,000 shall be for section 706(a) of the Emergency School Aid Act.

Explanation of Language Changes

1/ Section 704(b) of the Act states that "...of the sums available under section 708(a), the Assistant Secretary is limited in the use of such sums to an amount, not more than 5 percent, which may be used for providing compensatory services to students who had previously received such services funded in whole or in part under Title I of the Elementary and Secondary Education Act of 1965, but who are no longer receiving such services as a result of attendance area changes under a desegregation order or plan issued after August 21, 1974." This amount may be insufficient to adequately provide funds for displaced Title I students and the removal of this restriction is proposed.

2/ Magnet schools, pairing with colleges and universities, and neutral site schools, authorized by P.L. 94-482, are funded for the first time under the Emergency School Aid Act program.

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Language provision	Explanation
"...notwithstanding the provisions of section 704(b) of that Act..."	This language is included to remove the five percent of Section 708(a) funds restriction on services provided to former Title I students displaced by a desegregation order or plan issued after August 21, 1974. Because the population of displaced Title I students is subject to fluctuation and could vary as courts act on litigation affecting desegregation, this amount may not be sufficient to provide adequate compensation for all affected students. A removal of this restriction would allow OE the flexibility to respond according to the legal situation at the time awards are made.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

Emergency School Aid

Amounts Available for Obligation

	1977	1978
Appropriation	$274,700,000	$294,700,000
Total obligations	$274,700,000	$294,700,000

Summary of Changes

1977 Estimated obligations	$274,700,000
1978 Estimated obligations	$294,700,000
Net change	+$ 20,000,000

Increases: Program:	1977 Base	Change from Base
1. Funding of compensatory education services for Title I students displaced as a result of a desegregation order or plan issued after August 21, 1974 and awards to 50 districts for pre-implementation activities during desegregation planning stages	---	+$15,000,000
2. Funding for 16 awards for magnet schools, neutral site schools, and pairing with colleges and universities		+$ 5,000,000
Net change		+$20,000,000

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Obligations by Activity

Page Ref.		1977 Appropriation	1978 Estimate	Increase or Decrease
	National competition projects:			
84	(a) Bilingual education.....	$ 8,600,000	$ 8,600,000	$ ---
85	(b) Educational television..	6,450,000	6,450,000	---
86	(c) Special programs and projects.....	35,750,000	50,750,000	+15,000,000
87	(d) Evaluation.....	2,150,000	2,150,000	---
	(e) Magnet schools; pairing with colleges and universities; neutral site schools.....	---	5,000,000	+ 5,000,000
	Subtotal.....	52,950,000	72,950,000	+20,000,000
	State apportioned projects:			
88	(a) Pilot programs.....	32,250,000	32,250,000	---
89	(b) Grants to nonprofit organizations.....	17,200,000	17,200,000	---
90	(c) General grants to local educational agencies....	137,600,000	137,600,000	---
	Subtotal.....	187,050,000	187,050,000	---
91	Training and advisory services (Civil Rights Act - Title IV).....	34,700,000	34,700,000	---
	Total obligations.....	$274,700,000	$294,700,000	+$20,000,000

Obligations by Object

	1977 Appropriation	1978 Estimate	Increase or Decrease
Other Services: Project Contracts.....	$ 2,150,000	$ 2,150,000	---
Grants, subsidies, and contributions.....	272,550,000	292,550,000	+$20,000,000
Total obligations by object.....	$274,700,000	$294,700,000	+$20,000,000

Authorizing Legislation

	Amount 1/ Authorized	1978 Budget Estimate
Emergency School Aid		
1. National competition projects:		
(a) Bilingual education (ESAA, sec. 708(c)).....$	30,400,000	$ 8,600,000
(b) Educational television (ESAA, sec. 711).....	22,800,000	6,450,000
(c) Special programs and projects..... (ESAA, sec. 708(a)).....	38,000,000 2/ 100,000,000 3/	10,750,000 40,000,000
(d) Evaluation (ESAA, Sec. 713).....	7,600,000	2,150,000
(e) Magnet schools; pairing with colleges and universities; neutral site schools..... (ESAA, sec. 704(d))	50,000,000	5,000,000
2. State apportioned projects:		
(a) Pilot programs (ESAA, sec. 706(b)).....	114,000,000	32,250,000
(b) Grants to nonprofit organizations (ESAA, sec. 708(b)).....	60,800,000	17,200,000
(c) General grants to LEA's (ESAA, sec. 706(a))..	486,400,000	137,600,000
3. Training and advisory services (CRA-1964, Title IV).....	Indefinite	34,700,000

1/ Public Law 94-482 authorizes a total of $1,000,000,000 for Emergency School Aid Act programs for fiscal years 1977, 1978, and 1979. In addition, a separate authorization of $50,000,000 in fiscal year 1977 and $100,000,000 in fiscal year 1978 was included for Special Programs and Projects (Section 708(a)). Magnet schools, pairing with colleges and universities and neutral site schools were separately authorized at $25,000,000 in 1977 and $50,000,000 in 1978.

2/ Amount authorized by Public Law 94-482 through 5% earmark.

3/ Amount authorized by Public Law 94-482 as an amount separate and in addition to the general authorization for all ESAA programs.

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Emergency School Aid

Year 1/	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
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 2/	163,900,000	88,900,000
1972	86,602,000	86,602,000	86,602,000	86,602,000
1973	487,500,000	2/	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 2/	26,700,000 2/	241,700,000 2/
1976	101,700,000	226,700,000	291,700,000 3/	271,700,000
Transition Quarter	325,000	3,325,000	3,325,000	3,325,000
1977	249,700,000	249,700,000	294,950,000	274,700,000
1978	294,700,000			

1/ Estimates, allowances, and appropriation figures include only those activities per year as indicated below:

1968-1970 - 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)
1974-1978 - Training and Advisory Services and ESAA

2/ 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.

3/ Includes $241,700,000 in 1976 appropriations bill and $50,000,000 in supplemental appropriations bill (P.L. 94-94).

Justification

Emergency School Aid

	1977 Appropriation	1978 Estimate	Increase or Decrease
Emergency School Aid:			
1. National competition projects:			
(a) Bilingual education	$8,600,000	$8,600,000	$ ---
(b) Educational television	6,450,000	6,450,000	---
(c) Special programs and projects	35,750,000	50,750,000	+15,000,000
(d) Evaluation	2,150,000	2,150,000	---
(e) Magnet schools; pairing with colleges and universities; neutral site schools	---	5,000,000	+ 5,000,000
Subtotal	52,950,000	72,950,000	+20,000,000
2. State apportioned projects:			
(a) Pilot programs	32,250,000	32,250,000	---
(b) Grants to nonprofit organizations	17,200,000	17,200,000	---
(c) General grants to local educational agencies	137,600,000	137,600,000	---
Subtotal	187,050,000	187,050,000	---
3. Training and advisory services (Civil Rights Act-Title IV)	34,700,000	34,700,000	---
Total appropriation	274,700,000	294,700,000	+20,000,000
Total positions	165	165	---

General Statement

The Emergency School Aid budget addresses the fiscal year requirements of both the Emergency School Aid Act (P.L. 92-318) as amended, and Title IV of the Civil Rights Act of 1964 (Training and advisory services). The request provides $260,000,000 for the Emergency School Aid Act and $34,700,000 for Training and Advisory Services.

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The 1978 ESAA budget continues assistance to local educational agencies and nonprofit organizations for three purposes: (1) to meet educational needs incident to elementary and/or secondary school desegregation; (2) to encourage voluntary elimination of minority group isolation in elementary or secondary schools; and (3) to overcome educational disadvantages which are a result of minority group isolation. To accomplish these purposes several types of awards will be made, among them bilingual education awards, television production awards, grants to nonprofit organizations and grants to LEAs. The 1978 budget will parallel that of 1977 in State Apportionment Activities dollars and awards; however, an expansion of section 708(a) awards is also proposed. This additional funding will (1) allow replacement of Title I Compensatory education services for students displaced by desegregation orders or plans issued after August 21, 1974 and, (2) also under special programs and projects, provide awards for pre-implementation activities during desegregation planning. For magnet schools, pairing colleges and universities, and neutral site schools, $5,000,000 is included in national competition project awards. The total number of awards for all ESAA activities is expected to be approximately 1,032.

The Training and Advisory Services program will be the same in 1978 as in 1977. A total of 314 awards will be made for assistance in three areas: desegregation, bilingual education and sex discrimination prevention. As in 1977, awards will be made to general assistance centers, state education agencies, training institutes and local educational agencies.

	1977 Appropriation	1978 Estimate	Increase or Decrease
1. National competition projects:			
(a) Bilingual education.....	$8,600,000	$8,600,000	---
Positions.....	1	1	---

Narrative

Program purpose

Under Section 708(c) of the Emergency School Aid Act, grants are authorized for the purpose of developing and implementing bilingual and bicultural education programs. These are used to provide for the special educational needs of minority group children who are not fluent in English.

Four percent of funds available under ESAA are reserved for this activity. Grant awards are made to local educational agencies and supporting nonprofit organizations for a one-year period.

Budget policy

The 1978 budget will continue this program at the same level as in 1977. In both years, eighteen States will receive 32 awards at an average award level of $268,750. Of these awards in each year, 22 will be new and 10 will be competing continuations. Approximately 100,000 students will be served in fiscal year 1977 and again in 1978.

Grants will continue to be made to local educational agencies and supporting nonprofit organizations, based on national competition project need. Awards will be for a one-year period.

A four-year comparison shows relatively constant service levels, with increased State coverage beginning in fiscal year 1977:

Fiscal Year	Total Awards	Average Award	Total States Served	Total LEAs Served
1978	32	$268,750	18	32
1977	32	268,750	18	32
1976	32	285,889 1/	8	32
1975	34	266,235	8	34

1/ Includes some bilingual projects funded as special programs and projects.

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	1977 Appropriation	1978 Estimate	Increase or Decrease
1. National competition projects: (b) Educational television.....	$6,450,000	$6,450,000	---
Positions.....	2	2	---

Narrative

Program purpose

Section 711 of the Emergency School Aid Act authorizes the production of children's television programs for the purpose of improving the effectiveness of desegregated education on a national basis. Such 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 a fiscal year. Awards are based on national competition and regional and national programming needs. The Emergency School Aid Act reserves three percent of ESAA funds for educational television. Grant award periods may exceed twelve months.

Budget policy

The three percent earmark for ESAA educational television will be continued in fiscal year 1978 as it was in 1977. Seven awards will be made in both years: 5 of these will be new awards; 2 will be competing continuations. Average size of awards will be $1,816,666 for national awards and $250,000 for regional awards. Three national and four regional series will be funded. Exact beneficiary data have not been obtained but it is estimated that 25 percent of all elementary and secondary school children will have been exposed to some extent to ESAA educational series.

Four-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
1978	3	4	$1,816,666	$ 250,000	8	8
1977	3	4	1,816,666	250,000	5	4
1976	3	4	2,488,623 1/	250,000	4	1
1975	4	4	1,698,500	250,000	2	-

1/ Includes $2,015,870 transferred from special programs and projects account.

	1977* Appropriation	1978 Estimate	Increase or Decrease
1. National competition projects:			
(c) Special programs and projects....	$35,750,000	$50,750,000	+$15,000,000
Positions.....	4	4	---

Narrative

Program purpose

Section 708(a) of the Emergency School Aid Act provides for discretionary grants and contracts to be used for emergency special desegregation assistance and for other desegregation activities for which funds are not otherwise available under the Act. Awards are made to State and local educational agencies (including U.S. territories) and to supporting public organizations. For special mathematics projects, awards are also made to private nonprofit organizations. Certain awards may exceed a 12 month award period.

Budget policy

Section 708(a), as a result of Public Law 94-482, has two authorizations through fiscal year 1978: one as a part of the total ESAA authorization of $1,000,000,000 for fiscal years 1977, 1978 and 1979, and one provided separately for Section 708(a) in fiscal years 1977 ($50,000,000) and 1978 ($100,000,000). Both of these authorizations are used to provide a total of $50,750,000 for fiscal year 1978. In addition, Public Law 94-482 allows the Assistant Secretary to use up to five percent of total 708(a) money to replace Title I compensatory education services to students losing them as a result of a desegregation order or plan issued subsequent to August 21, 1974. In addition to emergency special projects and other special projects which will be continued at the 1977 level, this budget proposes the addition of $15,000,000 for the funding of two new activities. This expanded funding will provide compensatory education services to former Title I students who no longer receive them as a result of reassignment under a desegregation order or plan issued after August 21, 1974 and will allow awards for pre-implementation activities during desegregation planning stages. It is expected that approximately 50 awards will be made for pre-implementation activities, but the number of awards and award size will vary according to the amount needed for the replacement of Title I services. Total awards for Section 708(a) are expected to number 145, with 21 competing continuations and 124 new awards planned.

Four year comparative data follows, displaying award and beneficiary totals by types of projects funded:

	Emergency Special Projects			Other Special Projects 1/		
	Total Beneficiaries			Total Beneficiaries		
	Awards	LEAs	Students	Awards	LEAs	Students 2/
1978	28	28	600,000	117	182	1,640,000
1977	28	28	600,000	37	102	120,000
1976	31	31	665,000	78	214	200,000
1975	4	4	64,000	30	90	84,450

1/ Includes awards for special math, student concerns (school disciplinary policy studies), special arts, U.S. Territories and supplemental funding for educational television, interdistrict transfers, metropolitan planning projects, Title I displacement awards, and pre-implementation awards.

2/ Total student beneficiaries per individual "Other special projects" award range from 1,000 for each special math award to 30,000 for pre-implementation awards.

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	1977 Appropriation	1978 Estimate	Increase or Decrease
1. National competition projects: (d) Evaluation.....	$2,150,000	$2,150,000	---
Positions	---	---	---

Narrative

Program purpose

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 total monies appropriated for ESAA activities in a fiscal year may be used for evaluation. The scope of work for evaluations usually exceeds one year.

Budget policy

In 1977, $2,150,000 will be used to fund four new evaluation studies. In addition to those newly funded studies, 4 studies not requiring additional 1977 funding will be active. New award candidates include human relations activities, special programs and projects, and ESAA television. Continuations not requiring 1977 dollars include evaluations of nonprofit organizations, regional activities, LEA basic grant activities and pilot programs.

The 1978 budget will continue the one percent set-aside. Four awards will be made—1 competing continuation and 3 new awards. It is expected that the human relations evaluation will be continued and new awards will be in the area of bilingual education, a review of ESAA program operations and a feasibility study for an impact evaluation of ESAA TV.

	1977 Appropriation	1978 Estimate	Increase or Decrease
1. National competition projects: (e) Magnet schools; pairing with colleges and universities and leading businesses; neutral site schools	---	$5,000,000	+$5,000,000
Positions	---	---	---

Narrative

Program purpose

To assist school districts with programs and projects designed to eliminate, reduce or prevent minority group isolation, Section 704(d) of the Emergency School Aid Act authorizes funds for planning and design of,and conduct of programs in, magnet schools; pairing of schools and programs with specific colleges and universities and with leading businesses; and the development of plans for neutral site schools. Awards will be made to local educational agencies or combinations of such agencies for these purposes.

Budget policy

Public Law 94-482 authorizes awards for three new activities in 1977 and 1978. Separate authorizations of $25,000,000 in 1977 and $50,000,000 in 1978 are included in Section 704(d) of the law, in addition to the total authorization of $1,000,000,000 for all Emergency School Aid Act activities. Planning, design and conduct of magnet schools, pairing with colleges and universities and leading businesses, and development of plans for neutral site schools will be funded in 1978 at $5,000,000. No funds are provided for these purposes in 1977; these activities were not authorized at the time of passage of the 1977 appropriation act. It is expected that of the $5,000,000 requested, approximately $4,500,000 will be used for awards to LEAs seeking funds for magnet schools and pairing with colleges and universities and leading businesses. Six awards will be made, with an average award size of $750,000 expected. The remaining $500,000 will be used to fund approximately 10 applications for the development of plans for neutral site schools; these awards will average $50,000.

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	1977 Appropriation	1978 Estimate	Increase or Decrease
2. State apportioned projects:			
(a) Pilot programs.....	$32,250,000	$32,250,000	---
Positions.....	2	2	---

Narrative

Program purpose

In order to overcome the adverse effects of minority group isolation, Section 706(b) of the Emergency School Aid Act authorizes grants to support innovative programs in reading and math for minority group students. All grants are to local educational agencies and are for a one year period.

Up to 15 percent of funds appropriated for ESAA activities are reserved for pilot projects. These funds are apportioned among the States in accordance with the distribution of minority group children aged 5-17 in those States.

Budget policy

The 1978 budget will maintain the 15 percent earmark for pilot programs specified in the basic law. In 1978, as in 1977, pilot programs will continue to carry out innovative projects including reading and math, designed to improve minority group academic achievement. These projects contain special remedial services and counseling components. Awards in 1978 will parallel those of 1977, 180 in each year. Of these total awards, 120 will be new and 60 will be competing continuations. With an appropriation of $32,250,000, pilot projects will serve 36 States, 180 LEA's and 1,163,340 students. Average size in 1978 will be $179,167.

Four-year comparative data follow, showing relatively constant service levels:

Fiscal Year	Total Awards	Average Award	States Served	LEAs Served	Students Served
1978	180	$ 179,167	36	180	1,163,340
1977	180	179,167	36	180	1,163,340
1976	179	178,325 1/	36	179	1,157,000
1975	164	207,000	32	164	1,060,000

1/ Includes some projects funded as special programs and projects.

	1977 Appropriation	1978 Estimate	Increase or Decrease
2. State apportioned projects:			
(b) Grants to nonprofit organizations	$17,200,000	$17,200,000	---
Positions	7	7	---

Narrative

Program purpose

To encourage the development of community support activities for desegregating school districts, Section 708(b) of the Emergency School Aid Act authorizes grants to and contracts with nonprofit organizations.

Eight percent of funds appropriated for ESAA activities are reserved for grants to nonprofit organizations. As in all State apportioned projects, funds are apportioned among the States in accordance with their distribution of minority group children aged 5-17. Awards are for a one-year period.

Budget policy

The 1978 budget for grants to nonprofit organizations will maintain the 8 percent earmark specified in the basic law. It is expected that 1978 will parallel 1977 in numbers of awards and breakdown into new and continuations. Total awards will be 215, with 144 being new awards and 71 continuations. Awards will again aid nonprofit organization activities which aid children in overcoming educational disadvantages of minority group isolation. Examples of such activities include supplemental reading programs, dropout prevention programs, and community information services. The average award size in 1977 and 1978 will be $80,000, serving 45 States, 150 LEA's and 972,900 students.

Four-year comparison data follow, displaying relatively constant levels of awards and beneficiaries served:

Fiscal Year	Total Awards	Average Award	States Served	LEAs Served	Students Served
1978	215	$ 80,000	45	150	972,900
1977	215	80,000	45	150	972,900
1976	215	79,988	45	150	972,900
1975	205	88,307	44	143	927,498

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	1977 Appropriation	1978 Estimate	Increase or
2. State apportioned projects:			
(c) General grants to LEA's....	$137,600,000	$137,600,000	---
Positions.....	16	16	---

Narrative

Program purpose

General grants to local educational agencies is the principal Emergency School Aid Act activity for providing desegregation assistance to LEA's. These grants are authorized by Section 706(a) and are made for three purposes: (1) to meet educational needs incident to elementary and/or secondary school desegregation; (2) to encourage voluntary elimination of minority group isolation and; (3) to overcome educational disadvantages which are the result of minority group isolation.

Up to 64% of funds appropriated to ESAA are reserved for this activity. These funds are apportioned among the States in accordance with their distribution of minority group children aged 5-17. Awards are made for one year.

Budget policy

In 1977, $137,600,000 will be provided to 433 LEA's serving 47 States. Over 3,000,000 children will be served. Primary emphasis will be on conflict and tension reduction as well as interpersonal relations activities.

As a continuation of the 1977 level, total awards in 1978 are expected to be 433. Of these 290 will be new grants and 143 will be competing continuations. Activities supported range from planning and community services to interracial activities, curriculum development, supplementing teaching staff and guidance and counseling. Conflict and tension reduction and interpersonal relations activities will again be emphasized. Average 1978 awards will be $317,782, serving 47 States, 433 LEA's and 3,218,056 students.

Four-year comparative data follow, displaying award and beneficiary totals:

Fiscal Year	Total Awards	Average Award	States Served	LEAs Served	Students Served
1978	433	$ 317,782	47	433	3,218,056
1977	433	317,782	47	433	3,218,056
1976	468	299,215 1/	47	468	3,478,176
1975	380	356,280	47	380	2,824,160

1/ Includes some projects funded as special programs and projects.

S3

	1977 Appropriation	1978 Estimate	Increase or Decrease
3. Training and advisory services (Civil Rights Act - Title IV)...	$34,700,000	$34,700,000	---
Positions.....	18	18	---

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 (GACs) and State education agencies (SEAs) and grants to training institutes and local education agencies (LEAs), these services are rendered only upon specific request by LEAs. All awards are based on national competition and extend for one year.

Budget policy

Title IV awards in 1978 will continue to address the technical and training assistance needs of State and local educational agencies in desegregation, bilingual education, and sex discrimination prevention.

As in 1977, a total of 314 awards will be made in 1978. Of these, 194 will again be new and 120 will be competing continuations. Actual award distribution among the three assistance areas and the category of service will depend on problems identified by LEAs, but the following breakout is expected: (1) 50 awards to GACs; (2) 76 awards to SEAs; (3) 84 awards to institutes; and (4) 104 awards to LEAs. Of these awards, 187 will be for desegregation activities, 62 for bilingual assistance and 65 for sex discrimination prevention. This activity breakout is the same as in 1977.

A four-year display of beneficiaries follows:

	Beneficiaries			
	1975	1976	1977	1978
LEAs served:				
General assistance centers....	4,100	4,100	9,225	9,225
State education agencies.....	2,910	2,910	4,450	4,450
Training institutes.....	285	285	780	780
Local educational agencies.....	47	46	104	104
School personnel trained:				
General assistance centers....	410,000	410,000	922,500	922,500
Training institutes.....	28,500	28,500	78,000	78,000
Students served:				
Indirectly (through GACs and Institutes).....	10,962,500	10,962,500	25,012,500	25,012,500

CH

OFFICE OF EDUCATION

Emergency School Aid

Program Purpose and Accomplishments

Activity: National competition projects:
(a) Bilingual education (Sec. 708(c), Emergency School Aid Act, as amended)

1977 Appropriation	1978 Authorization 1/	1978 Budget Estimate
$8,600,000	$30,400,000	$8,600,000

1/ Authorization is 4% of $760,000,000 provided in Emergency School Aid Act, as amended.

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 are made for a one-year period.

Accomplishments in 1977: In 1977, 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 at the same level as 1976.

Objectives for 1978: In 1978 a total of 32 awards in 18 States will again 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. Awards for 1978 will be at the same level as 1977, with an average award of $268,750.

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Emergency School Aid

Program Purpose and Accomplishments

Activity: National competition projects:
(b) Educational television (Sec. 711, Emergency School Aid Act, as amended)

1977 Appropriation	1978 Authorization 1/	1978 Budget Estimate
$6,450,000	$22,800,000	$6,450,000

1/ Authorization is 3% of $760,000,000 provided in Emergency School Aid Act, as amended.

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 awarded as the result of national competition and are not apportioned among the states.

Accomplishments in 1977: A total of 7 awards will be made in 1977, 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 1978: In 1978, educational television awards will total 7. As in 1977, 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 1978, a total of 8 national series and 8 regional series will be aired on public and commercial television networks for elementary and secondary student viewing.

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Emergency School Aid

Program Purpose and Accomplishments

Activity: National competition projects:
(c) Special programs and projects (Sec. 708(a) Emergency School Aid Act, as amended)

1977 Appropriation	1978 Authorization	1978 Budget Estimate
$35,750,000	$38,000,000 1/ $100,000,000 2/	$10,750,000 $40,000,000

1/ Authorization is 5% of $760,000,000 provided in Emergency School Aid Act, as amended.

2/ $100,000,000 additionally authorized for Section 708(a) in P.L. 94-482 for fiscal year 1978.

Purpose: To provide funding for emergency special desegregation assistance and for other activities not otherwise funded under the Emergency School Aid Act. Five percent of the total ESAA appropriation is available to the Assistant Secretary for grants or contracts provided for in Section 708(a). In addition, the Assistant Secretary is authorized to reserve up to five percent of Section 708(a) funds for provision of lost Title I compensatory education services for students no longer receiving such services as a result of a desegregation order or plan issued after August 21, 1974. These awards are made to local educational agencies and other public agencies and organizations. For special mathematics projects, awards are made to private nonprofit agencies. Funding for U.S. territories is also provided under this section.

Explanation: The 1978 budget will maintain the five percent earmark for section 708(a) activities provided for in the basic authorization extending to all ESAA programs. In addition, $40,000,000 is requested under the separate and additional authorization for fiscal years 1977 and 1978 for special programs and projects. These sums, totalling $50,750,000, will be used for emergency special projects in addition to other special projects. This budget also proposes to remove the five percent of Section 708(a) monies restriction on Title I displacement services in order to provide an adequate sum for all affected students.

Accomplishments in 1977: The proposed award total for all special programs and projects in 1977 is 65. These awards will benefit 130 LEAs and 720,000 students and will be used for emergency special projects as well as other special projects. Average award size will be $550,000.

Objectives for 1978: With the addition of pre-implementation awards and awards for Title I displacement activities, Section 708(a) awards in 1978 are expected to number 145. Of these, 28 will be for emergency special projects and 117 for other special projects. These together will benefit 210 LEAs and 2,240,000 students. Of the total awards, 21 will be competing continuations and 124 awards will be new. Average award size will vary according to type of project being funded.

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Emergency School Aid

Program Purpose and Accomplishments

Activity: National competion projects:
(d) Evaluation (Sec. 713, Emergency School Aid Act, as amended)

1977 Appropriation	1978 Authorization 1/	1978 Budget Request
$2,150,000	$7,600,000	$2,150,000

1/ Authorization is up to one percent of $760,000,000 provided in Emergency School Aid Act, as amended.

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 ESAA appropriation may be set aside for evaluation studies. The scope of work for evaluation awards normally exceeds a twelve-month period.

Accomplishments in 1977: In 1977, up to 4 evaluation awards will be made. Candidates include evaluations of the ESAA educational television program, ESAA human relations programs and ESAA special programs and projects. The nonprofit organizations, regional assessment, LEA basic and pilot project evaluations will also be active.

Objectives for 1978: In 1978, the nonprofit organizations evaluation and the evaluation of ESAA at the regional level will be completed. Four evaluations will be funded in the amount of $2,150,000. The human relations evaluation will be continued; three new awards will be made. These will evaluate the bilingual program, program operations and a feasibility study for ESAA television.

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OFFICE OF EDUCATION

Emergency School Aid

Program Purpose and Accomplishments

Activity: National competition projects:
(e) Magnet schools; pairing with colleges and universities and leading businesses; neutral site schools (Sec. 704(d), Emergency School Aid Act, as amended)

1977 Appropriation	1978 Authorization	1978 Budget Estimate
---	$50,000,000	$5,000,000

Purpose: To assist school districts with programs and projects designed to eliminate, reduce or prevent minority group isolation. Grants are made to local educational agencies or combinations of such agencies for planning, design and conduct of magnet schools, pairing with colleges and universities and leading businesses, and the development of plans for neutral site schools.

Explanation: Public Law 94-482 authorizes awards for planning, design and conduct of magnet schools, pairing with colleges and universities and leading businesses and development of neutral site schools. Magnet schools must offer a special curriculum capable of attracting substantial numbers of students of different racial backgrounds and neutral site schools must be geographically situated so as to be accessible to substantial numbers of students of different racial backgrounds. These activities will be used in addition to those currently underway as a means of attracting students to desegregated schools.

Accomplishments in 1977: No funds were received for these activities in 1977. Initial authorization (P.L. 94-482) followed 1977 appropriations act.

Objectives for 1978: A total of 16 awards are planned for 1978. Of the $5,000,000 requested, $4,500,000 will be used for magnet schools and pairing with colleges and universities and leading businesses. Six awards, at an average level of $750,000 are planned. The remaining $500,000 will be used to make awards for the development of neutral site schools. Ten awards at $50,000 each are anticipated.

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Emergency School Aid

Program Purpose and Accomplishments

Activity: State apportioned projects:
(a) Pilot programs (Sec. 706(b), Emergency School Aid Act, as amended)

1977 Appropriation	1978 Authorization 1/	1978 Budget Estimate
$32,250,000	$114,000,000	$32,250,000

1/ Authorization is 15% of $760,000,000 provided in Emergency School Aid Act, as amended.

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 to 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 1977: In 1977, 180 pilot projects in reading and math will be funded. These awards will be made in 31 States. Of the total, 120 projects will be new awards and 60 will be competing continuations.

Objectives for 1978: It is expected that fiscal year 1978 will parallel 1977 in total awards of 180, 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 1978 to develop math and reading programs which have as their objectives overcoming adverse effects of minority group isolation through improving academic achievement. Approximately 1,163,340 students will be served.

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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, as amended)

1977 Appropriation	1978 Authorization 1/	1978 Budget Estimate
$17,200,000	$60,800,000	$17,200,000

1/ Authorization is 8% of $760,000,000 provided in Emergency School Aid Act, as amended.

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 1977: In 1977, a total of 215 awards will be made to nonprofit organizations. This is at the same level as 1976. Of the total awards, 144 will be new awards, and 71 will be competing continuations.

Objectives for 1978: In 1978, 215 awards will again be made to nonprofit organizations for activities supportive of school district desegregation plans. As in 1977, two-thirds of these awards will be new, and one-third will be competing continuations. This budget 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)

1977 Appropriation	1978 Authorization 1/	1978 Budget Estimate
$137,600,000	$486,400,000	$137,600,000

1/ Authorization is 64% of $760,000,000 provided in Emergency School Aid Act, as amended.

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. 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 1977: In 1977, 433 grant awards will be made, including 290 new awards and 143 competing continuations. A total of $137,600,000 or 64% of the total ESAA appropriation, will be obligated in 1977. This amount will serve 3,218,056 students.

Objectives for 1978: In 1978, 433 awards will be made at an average of $317,782 per award. Of these, 290 will again be new awards and 143 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.

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OFFICE OF EDUCATION

Emergency School Aid

Program Purpose and Accomplishments

Activity: Training and advisory services (Title IV - Civil Rights Act of 1964)

1977 Appropriation	1978 Authorization	1978 Budget Estimate
$34,700,000	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 preparation and implementation of bilingual education programs for non-English fluent minority children, and (3) in identification and elimination of 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 1977, a total of 314 technical assistance and training awards will be made. These awards will include 50 to general assistance centers; 76 to State education agencies; 84 to training institutes and 104 to local education agencies. Breakdown by assistance service area will be 187 awards for desegregation; 62 for Lau bilingual education assistance and 65 for sex discrimination prevention.

Objectives for 1978: In 1978, 314 total awards are again planned. Awards to recipients and assistance area will be much the same as in 1977. With a total of 314 awards, approximately 25,012,500 students will be indirectly served and 1,000,500 school personnel trained.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

Emergency School Aid

Pilot Projects

State or Outlying Areas	1976 Appropriation	1977 Appropriation	1978 Estimate
TOTAL	$31,920,088[1/]	$32,250,000	$32,250,000
Alabama	$ 1,180,390	$ 942,661	$ 942,661
Alaska	---	85,037	85,037
Arizona	455,334	473,740	473,740
Arkansas	480,842	384,002	384,002
California	3,904,022	4,192,898	4,192,898
Colorado	355,046	332,442	332,442
Connecticut	334,146	266,849	266,849
Delaware	118,788	95,841	95,841
Florida	584,189	1,327,096	1,327,096
Georgia	1,661,775	1,201,475	1,201,475
Hawaii	1,504,474	408,210	408,210
Idaho	408,210	42,413	42,413
Illinois	---	1,736,951	1,736,951
Indiana	380,618	428,353	428,353
Iowa	---	60,796	60,796
Kansas	---	159,181	159,181
Kentucky	---	230,379	230,379
Louisiana	288,478	1,150,034	1,150,034
Maine	509,067	19,144	19,144
Maryland	---	723,274	723,274
Massachusetts	---	251,713	251,713
Michigan	250,979	1,070,023	1,070,023
Minnesota	1,339,871	93,404	93,404
Mississippi	---	904,323	904,323
Missouri	84	498,354	498,354
Montana	---	53,404	53,404
Nebraska	53,365	75,901	75,901
Nevada	75,084	66,002	66,002
New Hampshire	---	17,241	17,241
New Jersey	1,253,495	1,001,043	1,001,043
New Mexico	471,697	466,469	466,469
New York	3,870,066	3,090,640	3,090,640
North Carolina	1,494,578	1,193,573	1,193,573
North Dakota	---	35,096	35,096
Ohio	673,911	1,012,065	1,012,065
Oklahoma	381,602	304,747	304,747
Oregon	---	85,330	85,330
Pennsylvania	1,074,852	1,009,068	1,009,068
Rhode Island	---	43,173	43,173
South Carolina	1,073,974	857,677	857,677

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State or Outlying Area	1976 Appropriation	1977 Appropriation	1978 Estimate
South Dakota	68,266	54,518	54,518
Tennessee	669,593	627,470	627,470
Texas	3,656,626	3,225,413	3,225,413
Utah	75,200	76,412	76,412
Vermont	---	17,241	17,241
Virginia	1,081,898	864,006	864,006
Washington	259,927	207,578	207,578
West Virginia	---	77,754	77,754
Wisconsin	---	209,366	209,366
Wyoming	42,182	33,686	33,686
District of Columbia	584,189	466,534	466,534
American Samoa			
Guam			
Puerto Rico			
Trust Territory			
Virgin Islands			

1/ Includes $171,872 in grants funded as special programs and projects. Does not include $337,340 held in contingency due to Cincinnati court suit and $164,444 in unobligated funds returned to U.S. Treasury.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Emergency School Aid

Grants to nonprofit organizations

State or Outlying Area	1976 Appropriation	1977 Appropriation	1978 Estimate
TOTAL	$17,197,342[1/]	$17,200,000	$17,200,000
Alabama	$ 509,943	$ 502,752	$ 502,752
Alaska	46,001	45,353	45,353
Arizona	254,073	252,661	252,661
Arkansas	207,731	204,801	204,801
California	2,268,198	2,236,213	2,236,213
Colorado	179,838	177,302	177,302
Connecticut	144,356	142,320	142,320
Delaware	51,846	51,115	51,115
Florida	717,908	707,784	707,784
Georgia	649,952	640,787	640,787
Hawaii	220,826	217,712	217,712
Idaho	22,944	22,620	22,620
Illinois	939,624	926,374	926,374
Indiana	231,722	228,455	228,455
Iowa	32,508	32,424	32,424
Kansas	63,658	34,806	34,806
Kentucky	124,626	122,869	122,869
Louisiana	622,124	613,352	613,352
Maine	---	10,210	10,210
Maryland	391,263	385,746	385,746
Massachusetts	136,167	134,247	134,247
Michigan	578,842	570,679	570,679
Minnesota	50,529	49,816	49,816
Mississippi	489,204	482,305	482,305
Missouri	269,590	265,789	265,789
Montana	28,425	28,482	28,482
Nebraska	41,060	40,481	40,481
Nevada	34,962	35,201	35,201
New Hampshire	---	9,195	9,195
New Jersey	541,526	533,890	533,890
New Mexico	252,342	248,783	248,783
New York	1,671,918	1,648,342	1,648,342
North Carolina	645,677	636,572	636,572
North Dakota	18,718	18,718	18,718
Ohio	536,733	539,768	539,768
Oklahoma	164,857	162,532	162,532
Oregon	46,160	45,509	45,509
Pennsylvania	545,868	538,170	538,170
Rhode Island	---	23,026	23,026
South Carolina	463,970	457,427	457,427

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State or Outlying Area	1976 Appropriation	1977 Appropriation	1978 Estimate
South Dakota	28,686	29,077	29,077
Tennessee	339,437	334,651	334,651
Texas	1,744,824	1,720,220	1,720,220
Utah	41,335	40,753	40,753
Vermont	---	9,195	9,195
Virginia	467,394	460,803	460,803
Washington	109,634	110,708	110,708
West Virginia	---	41,469	41,469
Wisconsin	---	111,662	111,662
Wyoming	17,966	17,966	17,966
District of Columbia	252,377	248,818	248,818
American Samoa			
Guam			
Puerto Rico			
Trust Territory			
Virgin Islands			

1/ Does not include unobligated funds in the amount of $2,658.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Emergency School Aid

General grants to local educational agencies

State or Outlying Area	1976 Appropriation	1977 Appropriation	1978 Estimate
TOTAL	$140,032,618[1/]	$137,600,000	$137,600,000
Alabama	$ 4,550,737	$ 4,022,019	$ 4,022,019
Alaska	163,722	362,827	362,827
Arizona	1,111,082	2,021,292	2,021,292
Arkansas	1,770,549	1,638,408	1,638,408
California	18,730,169	17,889,700	17,889,700
Colorado	1,587,627	1,418,417	1,418,417
Connecticut	1,110,888	1,138,558	1,138,558
Delaware	469,794	408,923	408,923
Florida	6,497,220	5,662,274	5,662,274
Georgia	5,672,456	5,126,292	5,126,292
Hawaii	1,736,730	1,741,694	1,741,694
Idaho	191,867	180,962	180,962
Illinois	5,249,616	7,410,988	7,410,988
Indiana	1,494,841	1,827,637	1,827,637
Iowa	136,409	259,395	259,395
Kansas	720,100	679,171	679,171
Kentucky	1,081,999	982,952	982,952
Louisiana	5,403,729	4,906,814	4,906,814
Maine	---	81,680	81,680
Maryland	3,072,113	3,085,968	3,085,968
Massachusetts	1,138,698	1,073,976	1,073,976
Michigan	4,840,558	4,565,431	4,565,431
Minnesota	457,848	398,524	398,524
Mississippi	4,232,065	3,858,444	3,858,444
Missouri	2,320,439	2,126,311	2,126,311
Montana	241,991	227,860	227,860
Nebraska	343,362	323,846	323,846
Nevada	169,526	281,610	281,610
New Hampshire	---	73,564	73,564
New Jersey	3,511,938	4,271,116	4,271,116
New Mexico	2,110,208	1,990,268	1,990,268
New York	13,981,408	13,186,732	13,186,732
North Carolina	5,850,659	5,092,577	5,092,577
North Dakota	158,763	149,740	149,740
Ohio	3,031,310	4,318,145	4,318,145
Oklahoma	1,278,448	1,300,256	1,300,256
Oregon	386,014	364,073	364,073
Pennsylvania	3,217,077	4,305,357	4,305,357
Rhode Island	---	184,205	187,205
South Carolina	4,204,162	3,659,420	3,659,420

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State or Outlying Area	1976 Appropriation	1977 Appropriation	1978 Estimate
South Dakota	267,240	232,612	232,612
Tennessee	2,812,150	2,677,207	2,677,207
Texas	15,546,374	13,761,760	13,761,760
Utah	374,558	326,026	326,026
Vermont	---	73,564	73,564
Virginia	4,235,189	3,686,427	3,686,427
Washington	1,212,970	885,665	885,665
West Virginia	348,807	331,749	331,749
Wisconsin	854,091	893,293	893,293
Wyoming	152,391	143,728	143,728
District of Columbia	2,003,126	1,990,543	1,990,543
American Samoa			
Guam			
Puerto Rico			
Trust Territory			
Virgin Islands			

1/ Includes $4,083,095 in grants funded as special programs and projects. Does not include $1,547,061 held in contingency due to Cincinnati court suit and $103,416 in unobligated funds returned to U.S. Treasury.

AFTERNOON SESSION

EDUCATION FOR THE HANDICAPPED

WITNESSES

DR. EDWIN W. MARTIN, ACTING DEPUTY COMMISSIONER, BUREAU OF EDUCATION FOR THE HANDICAPPED
DR. WILLIAM F. PIERCE, ACTING COMMISSIONER OF EDUCATION
ROBERT B. HERMAN, ASSOCIATE DEPUTY COMMISSIONER, BUREAU OF EDUCATION FOR THE HANDICAPPED
DR. DANIEL RINGELHEIM, DIRECTOR, DIVISION OF ASSISTANCE TO STATES
DR. JASPER HARVEY, DIRECTOR, DIVISION OF PERSONNEL PREPARATION
DR. GARY McDANIELS, DIRECTOR, DIVISION OF INNOVATION AND DEVELOPMENT
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

Mr. FLOOD. We will proceed now with education for the handicapped, and the presentation will be made by Dr. Edwin W. Martin. We have your biographical sketch, Doctor, and we will place it in the record at this point.

Your statement will also be placed in the record at this point.

[The prepared statement and curriculum vitae follows:]

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

Biographical Sketch

NAME : Edwin W. Martin, Jr.

POSITION : Acting Deputy Commissioner for Education of the Handicapped

BIRTHPLACE AND DATE : Oceanside, New York, September 3, 1931

EDUCATION : Muhlenberg College, Allentown, Pennsylvania 1949-53, B.A.
University of Alabama, University, Alabama 1953-55, M.A.
University of Pittsburgh, Pittsburgh, Pennsylvania, 1957-61, Doctor of Philosphy, Specialization in Speech and Hearing Disorders and Psychology
Emerson College, L.H.D. (honora, causa), 1974

EXPERIENCE

PRESENT : Acting Deputy Commissicner 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 Medican School; Co-Director, Speech and Hearing Clinic University of Alabama,

ASSOCIATION MEMBERSHIPS : American Speech and Hearing Association
American Psychological Association
Council for Exceptional Children
Presidents' Committee on Employment of the Handicapped, Executive Committee.Education Commission of the States - Early Childhood Task Force

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

Department of Health, Education, and Welfare

Office of Education

Statement by the Deputy Commissioner for Education of the Handicapped

Education for the Handicapped

Mr. Chairman and members of the Committee, we appreciate this opportunity to present the fiscal year 1978 budget request for the Bureau of Education for the Handicapped.

This budget request represents a continuing effort by the Office of Education to promote the provision of a free appropriate public education for all handicapped children. The passage of "The Education for All Handicapped Children Act" in 1975 and our current efforts to implement the law further highlight the joint efforts being made by the Executive and Legislative branches to bring about equal educational opportunity for these children and to provide the resources to aid state and local agencies in making this goal a reality.

The $519,925,000 request you have before you will assist the states in providing a free public education to approximately 4,500,000 handicapped children. Of the total request 73%, or $377.5 million, will be used to meet the mandate of P.L. 94-142. The remaining $142.425 million will be allocated in areas of model development and dissemination, teacher training, developing and marketing of products and materials, and in applied research relative to the handicapped population.

State Grant Program

In the State Grant Program we are requesting $365,000,000. This represents a $50,000,000 increase over the fiscal year 1977 level. P.L. 94-142 requires that states provide handicapped children at the preschool,

elementary and secondary levels educational and related services that are free, appropriate and individualized. These services are to be available to all children aged 3-18 by September 1, 1978 and expanded to include all children aged 3-21 by September 1, 1980. Funds provided under this program help defray excess costs associated with the education of handicapped children. The maximum each state is entitled to receive is equal to the number of handicapped children, aged 3-21 receiving education and related services multiplied by a specified percent of the national average per pupil expenditure. P.L. 94-142 authorizes a percentage increase in the Federal contribution from 5% in FY 1978 to 40% in FY 1982. The fiscal year 1978 allocation for use by states in FY 1979 is based on 10% of the average per pupil expenditure.

Preschool incentive grants to the States are authorized by Section 619 of P.L. 94-142 for the purpose of stimulating state and local education agencies to expand educational services to handicapped perschool children age three to five. In order to receive funding, SEA's must report to the Commissioner no later than April 1 of each year the average number of handicapped children receiving services on October 1 and February 1 of that school year. The number of children aged 3-5 reported will be the basis for awarding grants to states. Depending on the level of appropriations, a state could receive up to $300 for every child counted. Our fiscal year 1978 request for this activity is $12,500,000.

Discretionary Programs

In addition to providing formula grant entitlements to the states to help in assuring the mandates of P.L. 94-142, we are requesting $142,425,000

for discretionary programs which will further improve the quality and quantity of services provided for handicapped children. Except for the Special studies program, we are proposing to fund these programs at the same level as the FY 77 appropriation. These activities provide the cutting edge for initiating and continuing innovation, demonstration and technical assistance activities that aid the states in meeting P.L. 94-142 requirements.

The $16,000,000 proposed for the Deaf-Blind Program will maintain and improve the comprehensive range of educational services required by these multiple handicapped children.

In order to continue demonstrating effective educational and training programs for the severely handicapped population we are requesting $5,000,000. This level of funding allows us to maintain and improve upon the development of the full range of services being provided to severely handicapped children and youth. Through validation and replication of exemplary models, we hope to provide a "model base" from which states may choose the most appropriate techniques and curriculum for their needs.

Our budget includes $9,000,000 for the Specific Learning Disabilities Program to continue the development and demonstration of models with component emphasis on identification, diagnostics, prescriptive and educational services for handicapped children.

The $22,000,000 requested for the Early Childhood Education Program will be used to continue its capacity building and catalytic activites. Through the development, validation, and replication of model projects depicting effective preschool intervention, we will complement the efforts of state and local agencies as spelled out in the pre-school incentive grant section of P.L. 94-142.

The $2,000,000 request for the Regional, Vocational, Adult and Postsecondary Programs will continue and improve special support services for the handicapped so that they may adapt to and benefit from existing academic, vocational, and adult education programs.

Our request of $11,000,000 for the Innovation and Development Program will continue our applied research efforts designed to improve educational opportunities for the handicapped. These activities will include the development, validation, and dissemination of curricula as well as the examination of issues specific to the handicapped.

We are requesting $19,000,000 for the Media Services Captioned Films Program to continue producing and distributing educational and other visual media for the handicapped, the captioning and distributing of films for the deaf, and training of personnel in the use of educational media. In addition, we will continue the marketing and implementation of curricula and materials developed for the handicapped and that have been proven to be effective.

With the proposed funding level of $9,750,000, the Regional Resource Centers Program will continue to support the development of exemplary appraisal and educational programming for handicapped children. The appraisal and programming activities take on added importance in view of the massive child find and placement activities being conducted by the states in response to the mandates of P.L. 94-142. Additionally, this program will continue developing models of one-stop directional services for the handicapped.

For the Recruitment and Information Program we are requesting funding at the $1,000,000 level to continue its information dissemination activities.

We are requesting $45,375,000 for the continuation of the special Education Manpower Development Program to support universities and state education agencies in training new special education personnel and to prepare teachers already in regular classrooms to deal effectively with handicapped children.

We are requesting $2,300,000 to measure and evaluate the ability of states to meet the mandate of the Act. These special studies enable the Commissioner to respond to the legislative requirement to assess the implementation, impact, and effectiveness of P.L. 94-142 and will better enable the Federal Government to assure that the states are fulfilling their responsibilities under the law.

Thank you, Mr. Chairman, and members for your attention. I would be pleased to answer any questions.

BUDGET REQUEST

Mr. FLOOD. Now, this budget request of $519.9 million, is an increase of $50.6 million over the previous year. Ten years ago, by a slight coincidence when I became chairman of this subcommittee, this appropriation was about $52 million. So we have had a ten-fold increase in education for the handicapped children since 1968.

Well, what do you think? In view of what I have just said, do handicapped children today have 10 times more education opportunities than they had 10 years ago?

Dr. MARTIN. I would say it is something of that kind of magnitude. I don't know whether it is 10 times, but I remember the first spring we came up——

Mr. FLOOD. Nine and one-half?

Dr. MARTIN. I think the money has been proportionately used, and usefully used. There is no doubt about it. The first year we had 1.9 million handicapped children being served in special education. We have 3.6 million children now.

Mr. FLOOD. Well, if anybody knows, you know. That is why I repeat the question for the purpose of emphasis. What is your answer?

Dr. MARTIN. I think we have received proportional benefit out of it. You have to understand that the total costs, Mr. Flood, are in the magnitude of millions involved in educating 4 million handicapped children.

We have kept pace with the program, and have been responsible for promoting appropriate teacher training and developing model programs for example wouldn't be in place today if it weren't for the Federal stimulus.

Mr. FLOOD. All right. What is your guess for the next 10 years? Do you think this appropriation is going to be 10 times bigger than it is today? Do you think it will be $5 billion?

Dr. MARTIN. No; I don't think it will be 10 times bigger. I actually don't.

STATE CAPACITY

Mr. FLOOD. All right. I suppose the need is fairly obvious, but what concerns us is the capacity of the educational system itself to do this enormous task of educating 8 million handicapped children.

Now, it is going to take a lot more than money to do a job like that. Do you think the States are prepared for this major responsibility in view of everything else they have to do?

Dr. MARTIN. Well, it is difficult to give precise answers. The answer, in principle, is that States are preparing to provide education for every handicapped child in accordance with the law. However, I think they are finding themselves in the position of having to do this more rapidly than they may feel is feasible.

For example, in your own State of Pennsylvania, when the court ruled in 1972 that all the handicapped children had to be educated; they obviously weren't prepared to immediately do that in Pennsylvania.

Mr. FLOOD. Off the record.

[Discussion off the record.]

Mr. FLOOD. Back on the record. Go ahead.

Dr. MARTIN. But in another sense, they have done it within a fairly short period of time. They no longer feel as though they are excluding children from school. They feel that they have programing in place for them. They haven't got every youngster taken care of yet, but they have to do it, and are in the process of doing so.

What I hear from the States is that the question is whether they can do the full job that is necessary between now and 1978 and 1980, depending on the age range. Some of them are nervous about it; but in principle they feel it is feasible, and they can do it, and they want to do it. No one is against doing it.

POPULATION ESTIMATE

Mr. FLOOD. As you know, when Congress passed the education for all the handicapped children law in 1975, it was estimated then there were about 8 million handicapped children.

What is the current estimate?

Dr. MARTIN. I think we have no reason to reduce it very much from the 8 million initially estimated, considering the assumptions used at that time. The real problem is not the 8 million.

Mr. FLOOD. What is the current estimate?

Dr. MARTIN. I don't have a newer estimate than 8 million, but it would be lower, because the total school-age population has decreased.

Mr. FLOOD. Has your estimate changed in the last year?

Dr. MARTIN. We have not made a new estimate in the last year.

Mr. FLOOD. Are you about to?

Dr. MARTIN. Yes.

Mr. FLOOD. What is the time schedule?

Dr. MARTIN. This is the first year that we will be counting children, and that count is not completed yet. On the basis of that count, which will be completed by April 1, we will have a better estimate.

Mr. FLOOD. Will you let us know what the count is when it is completed? You may be able to show that in the record.

Dr. MARTIN. Yes.

[CLERK'S NOTE.—The revised estimate was not available at time of printing.]

Dr. MARTIN. We are going to be discounting 3 million children from particular age ranges and talking about only 5 million or so in the population of 1st grade to 12th grade.

Mr. FLOOD. How many of these handicapped children are now receiving educational services?

Dr. MARTIN. Our best estimate is about 3.6 to 3.7 million.

Mr. FLOOD. Now, has that number changed since the estimate made last year?

Dr. MARTIN. This is the first year we have counted them. The new law requires a count, and in the past we have used estimates derived from the States.

Mr. FLOOD. Are you counting?

Dr. MARTIN. Yes. Our target is April 1 for being able to report the number served.

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STATE GRANT OBLIGATION

Mr. FLOOD. Congress appropriated $200 million for the State grant program. How much of that has been obligated?

Dr. MARTIN. I don't have the exact figure with me at this time.

Mr. FLOOD. I want to know how much of that has been obligated.

Dr. MARTIN. About 45 percent, I would say.

Mr. FLOOD. Why hasn't all of it been obligated? What is the problem?

Dr. MARTIN. It is just that in order for the funds to be released, each State has to file a State plan, and the States are currently filing their plans now. We have approved about 45 of them for the first quarter, but in some instances the plan was not completely in order. So we have told the States that before we will obligate the rest of the money, we will require some amendments to the initial plan. That is why all the money has not been obligated.

However, the States will get all the money, because we expect them to all comply.

1977 STATE GRANT APPROPRIATION

Mr. FLOOD. All right. In the 1977 appropriation bill Congress appropriated $315 million for that State grant program?

Dr. MARTIN. Yes; $315 million.

Mr. FLOOD. Now, if the 1976 appropriation, as you just stated, is not fully obligated, what makes you think the States will be able to expand the program during this coming school year? How?

Dr. MARTIN. Well, the 1976 State grant funds, which is where we get into the advance funding concept—are being released to the States on a quarterly basis and we are now in the school year for which they are receiving those funds. They know what their allotment will be, and they are planning accordingly.

Mr. FLOOD. All right.

Dr. MARTIN. In this program, as in all the other education programs that have recently been advance funded, the States are just beginning to incorporate the concept of waiting until the school year following the appropriations to spend the funds.

Mr. FLOOD. And you think they will be able to expand their programs under amount in the 1977 appropriation bill?

Dr. MARTIN. First of all, Mr. Flood, funds go to the States on the basis of dollars for the number of children served in the previous year. Assuming increased service, a State's award will actually lag behind the number of children.

Let me clarify this a little more for you. We counted some children October 1 who are in school this year. In February, the schools were counting the children again. It is the average of these two counts that will come in to us on April 1.

Our estimtae is that 3.6 or 3.7 million children are being served in school this year.

Now, the $315 million you mentioned will be distributed on the basis of that count, but actually be used by the States in the coming fiscal year.

Mr. FLOOD. All right.

Dr. MARTIN. By that time, there will not only be these children which were counted this year, but there will be new children added, because the law requires the States to fund and serve all eligible new children.

REGULATIONS

Mr. FLOOD. We hear about regulations. What is the status of your regulations to carry out the education for all handicapped children law? When will they go into effect?

Dr. MARTIN. By the end of this fiscal year, September 30, 1977, regulations will be completed.

DEFINITIONS

Mr. FLOOD. Have you developed an acceptable definition of the term "free and appropriate education"? That is the term used in the basic law.

Dr. MARTIN. A definition of that is in the law and it is in the proposed rules. It is one of the issues about which there have been comments.

Mr. FLOOD. Yes. That is why I asked you.

Dr. MARTIN. Let me explain the situation. The comment does not come from the public school people. In other words, there is no argument from the people in Arlington public schools. The problem arises if the schools assign a youngster to a private school or even a State school, and they say, "All right, we can't educate this youngster in Arlington. We have to send him to Staunton, Va., to the State school there."

The question is, do the parents have to pay some share of those costs? Our original position was, and this is based, in part, on what some of the court orders were, that if the State wants the child to go to a special school, then it should be at public expense.

Mr. FLOOD. Do you have an acceptable definition of the term?

Dr. MARTIN. Well, at present we do, but what I am saying is that some people are arguing that the term "free" should mean not quite 100 percent free. It should mean that the parent should contribute the room and board costs. That is the only argument, and that is a decision we are wrestling with right now.

Mr. FLOOD. I can see that.

Now, about your definition of the handicapped, these things change so much. Is your definition of the handicapped the same one used in the proposed regulations under section 504 of the Rehabilitation Act?

Dr. MARTIN. Those regs are not final yet either. For school purposes, yes; the proposed 504 regulations include two additional groups of people; alcoholics and drug offenders, that we don't have in our law. The 504 definition, as it has been proposed, is broader than ours.

DISCRETIONARY PROGRAMS

Mr. FLOOD. In addition to the State grant program there are 12 other special programs for the handicapped?

Dr. MARTIN. Yes.

Mr. FLOOD. Except for the one on special studies, the budget for these programs is the same as it was for fiscal year 1977?

Dr. MARTIN. That is right.

Mr. FLOOD. Does that indicate the need for the programs is exactly the same—no more and no less—than last year?

Dr. MARTIN. It indicates that where we had a limited amount of money available for increases, we put it all in one place. We put the $50 million in the grants to States and made that the first priority.

The budget request increases from $315 to $365 in the State grant program. We did not distribute an increase across the other areas, feeling that the State program was the first priority.

INFLATIONARY PRESSURE

Mr. FLOOD. Well, now, this question is usually raised by a lot of people. Won't inflation have the effect of cutting back on these programs?

Dr. MARTIN. Well, I think so, but I think the whole budget, probably——

Mr. FLOOD. I am talking about this one now.

Dr. MARTIN. The answer is that these programs are not immune from inflation, but that is not a problem we have generally used in drawing up the budget.

STATE RESPONSIBILITY

Mr. FLOOD. But there it is.

I don't know whether you are suggesting this or not, but why shouldn't the States take over the special programs, the deaf-blind, early childhood, and so forth? Why do we have to have separate programs?

Dr. MARTIN. There are two reasons. These programs don't attempt to do the same thing the States are supposed to do. For example, the Wilkes-Barre School District is not interested in running an experimental program for early childhood education out of its basic program that it has to get together to make sure these youngsters have an education.

What we are saying is that these programs have a continuing role in developing new practices.

Now, the deaf-blind program, however, is a horse of a different color. That is a program that we assume would phase out over the next 4 or 5 years as the full educational rights of children are, in fact, carried out. Our rationale, the committee's rationale, and you know, because you put the first million dollars in that program, was to help with the catastrophic costs of serving those children. Those costs run $8,000 or $10,000 a child, and though the States are more than matching our $16 million, if we were to drop the Federal contribution precipitously, it would put an expensive burden on some communities.

So we are saying that there is a continuing need for it until the States are geared up to educate every youngster. But the demonstration programs will provide the knowledge and information base to operate the State programs.

PRESCHOOL INCENTIVES

Mr. FLOOD. Last year, Congress added $12.5 million for a new program for preschool incentive grants. Will you give us some explanation of your plans to use those funds?

Dr. MARTIN. Those funds are distributed on a formula basis to the local district. The authorization is a maximum of $300 a child. At our request level this will work out closer to $69 per child. The local district receives the funds through the State education agency. They can use the money to strengthen their own programing for preschool youngsters.

It is not a model project. It is proposed on a straight formula basis to the local districts to provide an incentive for them to start new programs and to serve the young handicapped child, even where there is no preschool education program in a State.

Before Congress passed the Education for All Handicapped Children Act, the decision was made that they could not constitutionally require preschool education for handicapped children, even though it is highly desirable and cost-effective. So they provided the separate incentive to try to encourage States to do this most useful activity.

Mr. FLOOD. Mr. Natcher?

STATE GRANT PROGRAM

Mr. NATCHER. Dr. Martin, the cost of fully funding part B of this Education Act has been estimated at $387 million. What is the rationale for the figure now in the budget request?

Dr. MARTIN. It was not a rationale, sir, that dealt with so many dollars per child. Our $365 million request is really a result of determining budgeting priorities. After President Carter was elected the Department reviewed the Ford budget and saw areas where they would like to add additional funding. State grants is one of the areas that Secretary Califano recommended for additional funding.

The problem that this committee is facing with me, that is probably going to drive you to distraction if it hasn't already, is that that formula I described works in such a way that we are always guessing 1 year in advance how many children the local districts are going to count the following year. As a result, we are going to have a situation where the actual number will turn out to be either some less, or perhaps in some instances, some more than our estimate.

The $315 million fiscal year 1977 appropriation, by the way, Mr. Natcher, was a number that came from several different sources. The $387 million was the estimate of the authorization committees as to what full funding might take. This committee came up with one, there was a floor amendment and a Senate amendment, and the $315 million represents some compromise between several different positions. It, in fact, may turn out to be somewhat higher than the actual count times the Federal share will require.

NUMBER OF HANDICAPPED

Mr. NATCHER. Do you have any estimate on the number of handicapped persons aged 18 to 21?

Dr. MARTIN. No, sir, we don't. We will be receiving data from the October 1, 1976, and February 1, 1977, child counts on the number of children aged birth to 21 who are receiving special education and related services.

We have not had that figure, and many States don't offer programs in that area, and the act is permissive with regard to it. What it says

is that if you have a program which requires you to educate nonhandicapped children, 18 to 21, then you must extend it to the handicapped, or if you have a State law that says you need to do that, or have to do it.

But if there isn't any such law, then the age 18 to 21 is in a sense permissive to the States. Many States don't have that kind of a law and they have never counted the youngsters.

Our count now is for the age ranges 3 to 5 and 6 to 21. We don't have an 18 to 21 breakout. My own feeling is that the number of children 18 to 21, who have handicapping conditions, is substantially less than the number of children in the school-age population, because many of these disabilities are outgrown or corrected in the elementary years. These include, for example, speech problems for the most part, mild learning and reading disabilities, and even mild emotional and retardation, where youngsters are absorbed in the secondary school program, into vocational training, into a number of different areas.

I just don't think that that 8 million figure will necessarily be attenuated down, and Mr. Flood was asking me about it. I don't have a count, and we won't be able to do it until we obtain some experience with this program, but my guess is that the number of children needing to be served in the 18 to 21 group, rather than 12 percent as we estimated in the school age, may be half that, or perhaps less.

REGIONAL VOCATIONAL PROGRAMS

Mr. NATCHER. How many participants are there in the Regional vocational adult and secondary educational programs?

Dr. MARTIN. There are about 2,600 youngsters. Those are model demonstration programs at this time.

Mr. NATCHER. Is this a strict figure, Doctor, without a double counting?

Dr. MARTIN. Of the youngsters in that program?

Mr. NATCHER. Yes.

Dr. MARTIN. There is no double counting in it, but it is an estimated figure. The figures we have are an estimate of how many students the colleges and secondary schools will take in the first year, and our estimates run around 2,600.

But my feeling is that there will, in fact, be somewhat less than that. Some of these colleges that are saying, "We are going to start a program and have 700 or 800 youngsters in it," are mistaken. Their experience will be that there aren't that many youngsters who will arrive on their doorstep.

Mr. NATCHER. Do you see an expansion as far as this particular program is concerned?

Dr. MARTIN. I think there is a need for expansion, because you have a situation here in the 504 regulations that require access for handicapped people in higher education, and colleges won't be able to turn them away on the basis of not having a program. I think you will find that colleges, universities, and postsecondary vocational schools will be under the gun to admit more handicapped people, and they will be looking for help in getting started. So we think this is an area that probably will have some growth.

MEDIA SERVICES AND CAPTIONED FILMS

Mr. NATCHER. The figure now before the committee for media services is the same in the budget estimate as in the 1977 appropriation?

Dr. MARTIN. Yes.

Mr. NATCHER. What is the cost now of film and recording as compared to 1 year ago? Is it more than it was 1 year ago?

Dr. MARTIN. I think there is an increase. Let me ask Mr. Norwood, Have our costs risen for basic film last year to this year?

Mr. NORWOOD. Yes, about 10 percent, because of inflation and labor costs.

Dr. MARTIN. This is Mr. Max Norwood, the branch chief for the media services and captioned films program.

SPECIAL EDUCATION TEACHERS

Mr. NATCHER. What is the situation with respect to recruitment of teachers for special education?

Dr. MARTIN. The figures on special education teachers and the need for them are again estimated, in part, against the total numbers of children we expect to be out there. Currently, our estimates, which have held up reasonably well and have been confirmed by the colleges, universities, and others, run to about 200,000 to 250,000 additional teachers. This is predicated on the fact that the unserved children are out there.

If you went to a district 2 years ago and asked, "Are you going to hire more special education teachers?" they might say, "We would like to, but we can't economically."

We estimate that there is going to be a need of about 200,000 to 250,000 more trained teachers. All of those don't have to be special educators. Some of those might be retrained regular teachers, and other paraprofessionals, and so forth. But the normal teacher-pupil ratio requires us to extrapolate to that level.

Mr. NATCHER. You indicate that the recruitment should be geared to personnel for severely handicapped programs, for minorities, and for those of limited English-speaking ability.

How many such personnel were recruited last year geared to these groups? Can you give us some figure?

Dr. MARTIN. Yes; let me just get that figure for you.

That is not the whole of it. Those are some "for instances," Mr. Natcher. We really identified several priorities for the training and recruitment of personnel, including those you mentioned. I have a breakout for it, and I will supply it. It can be found in the budget on page 147.

As you can see, it includes teachers who work with early childhood, with the severely handicapped, paraprofessionals, teachers who work with physical education and recreation, vocational education, and so forth.

Last year, we estimated that we will train in all about 37,000 teachers. Of those, about 9,000 will be in preservice training, and the remainder, 28,000, will receive in-service training. We are just distributing the funds at this time.

Mr. NATCHER. Thank you very much.

Mr. FLOOD. Do you have any questions, Mr. Patten?

FEDERAL COSTS IN 1982

Mr. PATTEN. Recent Supreme Court decisions in Pennsylvania and New York mandated that the handicapped are entitled to an education, and under the act we passed last year the percentage will go up.

What do you foresee as the cost to the Federal Government in 1982? Do you have a ball park figure?

Dr. MARTIN. No, Mr. Patten.

Mr. PATTEN. Everybody is scared to go higher than the Defense Department.

Dr. MARTIN. There was an estimate of several billion dollars, but I think the best way to approach this question is to examine what it is going to cost nationally.

We think there are going to be about 5 million school-age children, and since the other groups are not mandatory, let's set them aside for the moment.

Five million children are going to cost about $5 billion above what it costs to educate normal children, all in all, about $10 billion.

Now, what share the Federal Government should spend of that depends, obviously, on budget policy, and the administration and this committee's judgment as to what resources are available.

Right now, with 3½ million children enrolled, we have an additional 1½ to 2½ million children, counting the preschoolers, who need to be served. I would estimate that $2.5 billion is the amount that will be needed in 1982. What the Federal share of that should be has yet to be determined.

TECHNOLOGICAL ADVANCES FOR THE HANDICAPPED

Mr. PATTEN. But we must pay more attention to this. My father was blind. He had a separation of the retina. Today they can handle that pretty well. But he got it in 1922, there was no cure. Today, you know, they have some good cures for that. I have seen good results lately.

We do have a lot of people who are hard of hearing, elderly people, blind, and frankly we are not meeting the problem. You have enough here with education up to 21. I didn't mean to throw in another problem.

Dr. MARTIN. Well, I think your point is well taken, and I realize the committee deals with disabled people of all ages. I think you are right in saying that there is going to be more of that because of the way the demographics are working. People are living longer, and disabilities, like failing hearing and eyesight do occur.

The one area that we do touch on that I know the committee has been interested in, is, again, in Dr. Norwood's shop. We have been captioning television programs for deaf audiences. You are familiar with some of these, as I have brought you a display on them from time to time.

We are now making progress in this area. The FCC has agreed to set aside a line on the television band that captions can be run on. We will be using some of the money in this appropriation to try and develop a device which will be practical and inexpensive which will decode these captions, allowing them to be viewed only by the deaf person.

This ties in with what you are saying because a lot of older people who aren't deaf and who don't have any hearing problem might enjoy the use of the captions, because it is easier than turning the set up loud, especially when other members of the family might not want to hear it.

We are also supporting a device for blind people which I think I mentioned to you briefly last year, that actually reads print through a computer that translates words and reads them out loud to people. Another device which Federal funds support provides a fingertip display so that a blind person can read.

I think the future potential of these devices is not limited to children, and if computer technology gets to the point where these can be personally owned and inexpensive, we may have a solution to help a person who is blind.

CARE FOR THE HANDICAPPED

Mr. PATTEN. I have been on the Elks' crippled kiddies program since 1934, and I am going to tell you a story.

In 1953 or 1954, they gave me a Cadillac car, the lodge did, for my work for the crippled kiddies. That is the only way I would ever have gotten a Cadillac. I wouldn't buy it. That was $4,500. Today they are $12,000.

Dr. MARTIN. Let me tell you a story. In 1966, we had hearings before the Ad Hoc Committee on the Handicapped. Congressman Cary was chairman. He introduced a bill to provide broadened education aid for the handicapped. I remember very well that you were the first Member of Congress to come up and testify in favor of that bill in that year.

Mr. PATTEN. What you are trying to do here with this money—this money wasn't available 30 or 40 years ago—is wonderful.

All right, Mr. Chairman.

PRESCHOOL INCENTIVE GRANTS

Mr. FLOOD. How do the preschool incentive grants relate to the early childhood education program?

Dr. MARTIN. The incentive grants go to a local district. These grants will not be used and aren't used for model development and comprehensive programs. They are not used for starting these programs for children aged 0 to 3, infants, and so forth. These are for children aged 3 to 5 who are already in school. It is the difference again between a demonstration program, which develops new practices such as our early childhood program, and a basic support program which is of a direct service nature.

PRESCHOOL CHILD COUNT

Mr. FLOOD. How many preschool handicapped children are there in this country, and how many are receiving services?

Dr. MARTIN. About a million handicapped, and at the present count there are about 200,000 in the schools. I would estimate that there are another 100,000 in private schools and day care.

Therefore, 300,000 preschool handicapped children would be a generous guess out of this million. That is why we need both the incentive program and the new models.

Mr. FLOOD. All right.

Dr. MARTIN. Let me show you another example of a product from one of our model projects. If you can see it, it is a guide for educating young handicapped children. It was developed by the people in a rural district in Wisconsin and has been translated into Japanese. I was tempted to tell you this was one of our regulations. [Laughter.]

DEAF-BLIND CENTERS

Mr. FLOOD. You are asking for $16 million for deaf-blind centers. Now, what services are provided in these centers that couldn't be provided in the special education classes of the public school system?

Dr. MARTIN. There are three basic kinds of services that the centers provide.

Mr. FLOOD. That couldn't be provided in the public school system?

Dr. MARTIN. Yes.

The answer is that there are some that can't be provided in the public school system, and there are some that can. The bulk of this money goes to help the schools with providing the public school services. This money filters through down from these 10 regional centers into 250 subcontracts with local schools in various communities, and it is paying a proportional share of the cost of those programs. That is why I was saying before the cost is so high because you have to have almost one teacher for every child here. In addition to that flow-through money, all but $2½ million flows through to the local schools and the local service deliveries. The $2.5 million is spent at the regional level, and it provides for new materials for the deaf and blind, for in-service training of various groups and for diagnosis and identification of the children in each class.

There is no sense in having each community have an expensive deaf-blind diagnostic center.

SEVERELY HANDICAPPED

Mr. FLOOD. What about the severely handicapped children? You are requesting $5 million for that.

If you consider the cost of educating the severely handicapped, what are you going to possibly accomplish with $5 million? We understand there are 1.4 million severely handicapped children.

Dr. MARTIN. Yes.

We have a program here, and I know of your long-term efforts in the defense area. The State program is like the salaries for the military. This program for the severely handicapped and the early childhood is the development, the R. & D., the $11 billion that goes into the defense R. & D. These are the comparable items here, where we are developing new machinery and new techniques. These severely handicapped youngsters have been in institutions and they haven't been getting any training. While the laws are changing and the court orders mandate even more changes, parents are saying, "We are taking this youngster out of the private school and want the public schools to educate them." The States are saying, "How can we do that?"

We are providing the model and education money to show that the child can be educated in different settings. These are the new knowledge developers.

SPECIFIC LEARNING DISABILITIES

Mr. FLOOD. For specific learning disabilities, you have a $9 million request. Give us an example of a specific learning disability?

Dr. MARTIN. That would be a youngster who has normal intelligence, a youngster who is not blind, deaf, retarded, emotionally disturbed, but who cannot read or decipher the information that is on that page. He has a problem that causes him to fail and to be frustrated, but he is not otherwise handicapped.

Mr. FLOOD. All right.

Dr. MARTIN. These are the specific learning disabilities.

Mr. FLOOD. How does a school district identify a child with a specific learning disability?

Dr. MARTIN. They have to do that by giving the youngsters a battery of tests. They test his reading ability, but they break that down into things like "does he recognize the word?" Maybe so, but he can't understand it. Maybe he understands them well when you say them, but he can't understand it when he sees the marks on the paper. The same with arithmetic.

These kids frequently are better at the understanding and they intuitively know how to do the math, but they can't deal with the specifics of the word and the numbers. It is most likely a problem of neutral integration.

Mr. FLOOD. In the budget you list a number of "new learning disability projects". That declines from 27 that you have this year to six in 1978.

Why are you proposing a cutback?

Dr. MARTIN. That is a complicated question.

Mr. FLOOD. No, it is not.

Dr. MARTIN. The answer is complicated. The question is simple.

Mr. FLOOD. That often happens here.

Dr. MARTIN. The reason is that the number of continuation projects we plan to fund is so great that there is not enough room in this extrapolated budget to provide for many new projects.

You see what happens, Mr. Flood, in 1976 we had 24 projects that will carry over for 2 years, and in 1977 we are proposing 27 that carry over. The net for the third year would be about 47 projects, and that leaves us with only enough money to start six new ones. You will observe however, that we hope to increase the total number of demonstration projects funded from 51 to 53. Currently Congress is in the process of considering the extension of that program, and there is some question as to whether it will be reauthorized in exactly its present form.

Mr. FLOOD. If you are talking about dollars, were you limited to a fixed amount?

Dr. MARTIN. The budget request of $9 million for this program is based on the fiscal year 1977 appropriation. It was determined to request an increase only in the State grant program.

GAO REPORT ON JUVENILE DELINQUENCY

Mr. FLOOD. What is your reaction to the GAO report which appears to show a cause and effective relationship between learning disabilities and juvenile delinquency?

Dr. MARTIN. They asked us to comment on that report, even though it did not deal with the Bureau's programs.

Mr. FLOOD. So am I, just that one part of it.

Dr. MARTIN. We felt they had not proven a cause and effect relationship, that they were somewhat confused in assuming that because two things are correlated that one necessarily causes the other.

For example, the problem that caused the youngsters to have some learning problems, may be emotional. An emotional disturbance may have caused both the learning problem and the juvenile delinquency.

All we have said here is that they haven't made their case. However, they may be right.

Mr. FLOOD. That is your reaction?

Dr. MARTIN. Our reaction is that we know children who fail in school get frustrated.

Mr. FLOOD. Would you like to develop a response to the GAO report further for the record?

Dr. MARTIN. This GAO report is independent of our Bureau. It reflects no programs we operate. It was begun in Colorado in the juvenile delinquency area there. We gave them the benefit of our comments, which I will be happy to include in the record.

Mr. FLOOD. No, that is not necessary. I understand your answer clearly.

INNOVATION AND DEVELOPMENT

You want $11 million to support 105 innovation and development projects.

Dr. MARTIN. Yes.

Mr. FLOOD. Can you give us an example of one of those projects that resulted in improved educational services to handicapped children?

Dr. MARTIN. I am delighted to do that.

Mr. FLOOD. That is a very good document. Go ahead.

Dr. MARTIN. These projects described in this booklet that I have brought with me today came out of that particular program.

Mr. FLOOD. Give me one example.

Dr. MARTIN. We have a curriculum to teach arithmetic to retarded children, developed by this program, marketed commercially and available nationally. We have a curriculum to teach science to retarded children. We have the machines I talked about a moment ago for the blind, that can read print and convert it into speech.

REGIONAL RESOURCE CENTERS

Mr. FLOOD. Now, let's go back to the States again.

How will regional resource centers help the States in developing individual plans for handicapped children that are required by the basic law?

Dr. MARTIN. The regional resource center program has for a number of years specialized in the identification of handicapped children, how to develop tests to identify handicapped children, and how to develop an individual program, that some people called the "prescription," to address each child's needs.

Public Law 94–142 calls for an individualized education program to be developed in the schools for every child that has a handicapping condition. Many of these school districts are not familiar with this practice.

So we have turned the full resources of the regional resource center program to helping the States and, through the States, the local education agencies learn what should be in an individualized education plan, how one goes about developing it, what kind of tests could be used that don't discriminate against children, and so forth. We have had the problem of intelligence tests seeming to be discriminatory against minority group children.

I have had more letters this year from State directors concerning this program than any other program, all saying, "These centers are helping us, please continue them."

EDUCATION MANPOWER DEVELOPMENT

Mr. FLOOD. For education manpower development, you ask for $45,375,000, and that happens to be the same as last year. How much of that budget is directed toward the training of regular classroom teachers?

Ms. BEEBE. $8.6 million in fiscal year 1978.

Dr. MARTIN. Yes, however, I would like to direct your attention to page 147 in the justification. There are several different pieces in it which comprise our effort in this area. About $8.6 million goes into special training for regular classroom teachers, in one basic account under item No. 2 on that page. But there is more, as well. For example, in the vocational educational area in the item above, where we have another $2.5 million, most of those people trained are vocational education regular teachers getting special education training. Similarly in the physical education and recreation areas where we have another $2 million combined, most of those people are regular teachers getting additional training to teach the handicapped. So the sum is considerably more than $8.6 million. In fact, it is the largest single category of expenditure that we have in this budget request for manpower development.

Mr. FLOOD. That being so, is it preferable to train regular classroom teachers to handle the handicapped children, or to expand the supply of special teachers for the handicapped?

Dr. MARTIN. You have to do both. It is naive to assume the regular teachers are going to be able to deal with all these children. A regular teacher may have 30 children in the class, and will have 1 or 2 handicapped children added. If there is not a specialist working in the classroom with her, she is going to be in big trouble.

Our argument is that you have to have the special educators, but their efforts have to be focused on problems like those of the severely handicapped, to do that job.

GAO REPORT ON TRAINING EDUCATORS FOR THE HANDICAPPED

Mr. FLOOD. Again, GAO was critical about the training program itself. Apparently, your present policy has little effect upon meeting the need for trained manpower in the area of educating the handicapped. That is the very thing you are talking about. Are you going to change your policies?

Dr. MARTIN. No, not unless the Congress tells us it would like us to.

Mr. FLOOD. Certainly not. I am asking for your response to the GAO report.

Dr. MARTIN. GAO is incorrect.

Mr. FLOOD. Again?

Dr. MARTIN. Yes. They went out a few years ago, did a survey, and asked public high school principals and others whether they needed any more teachers for the handicapped. That was the reference I made to you before, Mr. Natcher.

This took place before the Education for All Handicapped Children Act was passed, that is, before Congress mandated that all handicapped children had to have an education. That was the first thing. Then, the GAO underestimated the impact this act would cause on requiring new specialists. In addition, they forgot people leave the work force, so when the GAO auditors did the calculation of how many teachers would be required, they forgot that the attrition rate was 8 percent a year, and that you would have to have an influx of new teachers just to remain even.

Furthermore, the auditors believed that most handicapped children were going to be educated in the regular classroom, and that is not, in fact, what most specialists believe.

Actually, they didn't say we were running anything wrong——

Mr. FLOOD. I know what they reported.

Dr. MARTIN. But they wanted us to redirect the program to spend money on retraining regular teachers.

Various groups that have been——

Mr. FLOOD. I am almost sorry I asked the question.

Dr. MARTIN. Nobody agrees with that, including us. We think we need both, a balanced program.

INTELLIGENCE TESTS

Mr. FLOOD. Mr. O'Brien?

Mr. O'BRIEN. With regard to the identification of retarded children, particularly, as distinguished, perhaps, from handicapped, how do you go about that?

Dr. MARTIN. Well, in the old days, that is up until a few years ago, it was done primarily by giving youngsters intelligence tests, sometimes a group test, but more frequently a test like the Stanford-Binet or the Wexler scale. If the youngster came out in the bottom 2½ or 3 percent of intelligence, they were usually a candidate for inclusion in a special education program.

Now, part of what came up in recent years was a finding that there seemed to be a disproportionate number of minority group children in those classes, and people began reexamining the assumptions that these intelligence tests were based on. There is now a widely held conviction that these tests tend to overselect children from different

ethnic backgrounds who might not have had the same background as the children with whom the test was standardized, which were primarily white and middle class.

So there has been a move away from using a single intelligence test. What you have now is a process that involves several different points. It involves watching how the youngster performs in class, how he does in classwork, and in the community. Is he perfectly OK in the community and just not doing well in school? It inolves the use of measures, not just intelligence tests, but several measures that try to get at his ability and so forth. Then, usually there is a diagnostic team composed of several people such as school psychologists, counselors and guidance persons, and a teacher, who together make a judgment that the youngster, in fact, seems to be in this bottom 2½ to 3 percent, relative to whatever subpopulation he might be coming from.

They would then place the youngster in a special program on that basis.

Furthermore, the new law requires that parents be involved in those placement decisions, that they be notified in writing in advance, that they have a chance to appear and speak with the persons placing the children, be provided counsel, and that their full due process is protected.

Mr. O'BRIEN. I suppose the question of bilingual gets in here?

Dr. MARTIN. That has been one of the problems involved. There was a classic court case in California where the complaint was that the children who were basically Spanish speaking were being tested in English and on the basis of their poor performance were being identified as retarded. That seemingly ridiculous state of affairs did occur, and it has been ruled out as a result of that court case. California, as well as other States, have stopped identifying retarded children in that manner, and we have gone into the multifaceted program I just described.

Mr. O'BRIEN. Do you start from the position that such and such a score is normal, or that such and such a score is not normal?

It might be, you know, within normal limits of being normal and not really be retarded.

Dr. MARTIN. That is right. The way intelligence is distributed, picturing what they call the bell-shaped curve, most of the people pile up in the middle, and out at the very edges you have the very bright and the very retarded. What testers have traditionally done is divided that curve into six segments. The last segment is the cutoff for retardation and it comes out to be about 2½ percent of the population under normal distribution.

Mr. O'BRIEN. Mr. Chairman, may I offer some questions for the record?

Mr. FLOOD. Yes, without objection, we will do that.

[The questions and answers follow:]

MR. O'BRIEN

AVERAGE PER PUPIL COST

Mr. O'BRIEN. What is the average per pupil expenditure for the education of handicapped?

ANSWER. Generally, the cost to educate a handicapped child is approximately twice that of educating a nonhandicapped child. Therefore, if the current average

per pupil cost is approximately $1,400 then the cost for a handicapped child would be about $2,800.

DEAF-BLIND PROGRAM

Mr. O'BRIEN. Approximately how many pupils do you estimate will benefit from the deal-blind program in fiscal 1977?

ANSWER. We estimate that of the nearly 6,000 deaf-blind children identified to date about 4,200 children will benefit from full-time educational programs and about 300 children from part-time educational programs. This is approximately the same number we are serving at the present time under this program. In addition, 3,000 of these children will receive some form of medical diagnosis and educational evaluation.

Mr. O'BRIEN. How many in fiscal 1978?

ANSWER. With the same level of funding, $16 million, we estimate that services provided in 1977–78 under the deaf-blind program will be held level. However, we will attempt to serve the approximately 1,500 identified deaf-blind children not served in fiscal year 1977 through such methods as increased class size. Moreover, it is expected that with increasing commitments by the States using State, local, and Federal funding such as will be available under the State grant program, that there will be an increase in the total number of deaf-blind children who wil receive educational services in fiscal 1978.

Mr. O'BRIEN. You propose $16 million for the deaf-blind program. How can you justify keeping the funding level at $16 million?

ANSWER. The Bureau's goal for the deaf-blind program is to work closely with the States in developing a plan for phasing in State grant funds to provide educational services for the nearly 1,500 deaf-blind children who are presently unserved. This plan will include the use of part B State grant funds to improve the educational programing of those deaf-blind children in inadequate programs and for the estimated 300 children who are in part-time educational programs.

It is expected that through this joint effort between the States and the Bureau, nearly all known deaf-blind children will be served by the end of school year 1978–79.

INCREASE IN BUDGET

Mr. O'BRIEN. In fact, throughout your entire budget the only increase is in Special Studies (an increase of $565,000). Do you anticipate any increase at all in education for the handicapped?

ANSWER. There is a requested increase in fiscal year 1978 of $50 million in the State grant program over the appropriation in fiscal year 1977.

SUPPLEMENTAL REQUEST

Mr. O'BRIEN. Do you expect you will have to come to this committee for a supplemental next year?

ANSWER. No, we do not expect to request a supplemental for next year.

SEVERELY HANDICAPPED

Mr. O'BRIEN. On page 130 of your justifications, you show that approximately 1.4 million severely handicapped children receive either some or no service. That, of course, is unacceptable.

Will we be providing free, appropriate education to all handicapped children aged 3 to 18 by September 1978?

ANSWER. This is our objective in accordance with the mandate of the law. Public Law 94–142 requires that first priority be given to the unserved handicapped and second priority be given to the most severely handicapped child within each disability. However, it will be difficult to achieve. Through BEH-funded projects, it is expected that about 300,000 severely handicapped children will be served. It will be necessary for an additional 1 million of these children to receive services through State and/or locally funded programs.

TEACHER TRAINING

Mr. O'BRIEN. Since tuition costs continue to escalate at our colleges and universities, do you feel it equitable to keep this appropriation at the same level, particularly since it appears you plan on being able to provide funds for training for an additional 8,000 individuals?

ANSWER. Heavier emphasis on inservice training is now necessary to meet the training needs resulting from Public Law 94-142 mandates for services. Those 8,000 additional individuals are to be trained in inservice training activities that are not as costly as preservice training which includes high tuition costs.

Through a retargeting of funds, we estimate that a total of 10,000 more individuals will receive inservice training during fiscal year 1978 than in fiscal year 1977. Some 2,000 fewer persons will be training at the preservice level with this appropriation. College and university expenditures for educating each student have increased to about $3,400 per individual as opposed to a cost of $600 per individual for inservice training. Therefore, by placing more emphasis on inservice training, we are able to train more people for the same amount of money.

REGIONAL, VOCATIONAL, ADULT AND POSTSECONDARY PROGRAM

Mr. O'BRIEN. Do you actually have only one person administering the regional, vocational, adult, and postsecondary program?

ANSWER. Yes, that is correct, Mr. O'Brien. The regional education program is administered by one project officer.

Mr. O'BRIEN. Does that seem reasonable when you have 36 positions administering the $11 million innovation and development program?

ANSWER. The project officer administering this $2 million program has responsibility for 15 projects. When you consider vacancies and support personnel, the innovation and development program has only 7 project officers administering 105 projects. That is 15 projects per person.

Mr. O'BRIEN. What makes the administration of these two programs so different?

ANSWER. There is no real difference in the administration of the two programs. The workload for project officers in each program is basically the same.

Mr. O'BRIEN. Can you actually serve the exact number of participants—2,654—with the exact amount of money—$2 million—as you did in fiscal 1977?

ANSWER. We feel that this will be possible. Given the limited resources that are available, we will make every effort to serve the same number of people for the same amount of money in fiscal year 1978. The reason we are able to do this is because this program does not purchase new service, but ties into already existing activities for disabled people. Therefore, cost is reduced.

Mr. FLOOD. Mr. Michel?

Mr. MICHEL. Thank you.

MAINSTREAMING

Last year, we were concerned with the question of educating the handicapped child in the regular classroom. I want to pursue that further now. I have people in Illinois actively involved in educating the handicapped who tell me that educating the handicapped children in the regular classroom is having a detrimental effect on them. Other children seem to make fun of them, or look at them as inferior—and it is hurting them psychologically. Do you have information on this from other sources? If so, what would your information be?

Dr. MARTIN. Yes, I have heard that discussed, and it is a widely held fear. Our judgment is that not all handicapped children are going to be educated in regular classrooms. There are a number of reasons why some local districts might err, Mr. Michel, in putting too many handicapped in the classroom. Some may go overboard in that.

Well, why might they do that? Some might have the best of intentions and to some it might seem less costly than putting the youngsters in special classes with special programs.

You find people strongly committed on either side of this issue you raised, Mr. Michel. You can talk to parents who say—

It is the best thing that has happened. My youngster is doing better; he is in with normal kids now, and he is getting appropriate treatment. He is not being treated like a dummy.

On the other hand, you have people saying—

We think he was getting a better education in the special school. The staff had more time, and the other children didn't make fun of him.

Mr. MICHEL. Is there anything in your regulation that moves it either way?

Dr. MARTIN. No; the law requires that they be educated with nonhandicapped children wherever appropriate. The decision is left to the local authorities; it really is a decision at the local level.

Mr. MICHEL. What are most schools doing in this regard?

Dr. MARTIN. There is a transitional character to it. There had been oversegregation of handicapped children without good reason. Schools are clearly going to be moving away from that. There is a general tendency now to educate the mildly handicapped children in the regular schools, but usually with some part-time provisions, such as having them go to a resource room with special, appropriate facilities, or having a tutor.

So I think we will settle down with a full range of services. There will be some handicapped children served in the regular classroom. There will be some served in partial classes—full-day and part-day—and some in special schools. I don't think the time will come when we won't need special schools for certain types of handicapped children.

ARCHITECTURAL BARRIERS

Mr. MICHEL. Do you have regulations on the books that require localities to alter their facilities to serve the handicapped?

Dr. MARTIN. No; this is not something we are requiring, Michel. The proposed regulation for section 504 of the Vocational Rehabilitation Act which prohibits discrimination against the handicapped, require that the handicapped not be barred from any public place, including the schools on account of architectural barriers. That is a concept, as you know, that has been involved in the public buildings arena for some time. It has now been extended to education. There is an unfunded section in the Education for all Handicapped Children Act that authorizes support to schools in making buildings accessible. Grants would be made to school districts to help them modify facilities.

Mr. MICHEL. Are there figures on what it would cost the school facilities to alter their facilities to educate the handicapped in the regular classroom, as opposed to one facility that may have to be adapted for that purpose?

Dr. MARTIN. No; we have been talking about the possibility of trying to work that out. Most of the estimates we have heard seem excessive. They have been based on the assumption that all handicapped children would require architectural modifications and that is not so. Remodeling of facilities is needed only for the youngsters who are orthopedically handicapped. So I think the cost won't be as high as some people fear.

We will be trying to work up some more realistic expectations of that if we can, and doing some sampling around the country as to how many children really are affected. Not every youngster has to go to every school, for example.

FUNDS FOR PRIVATE INSTITUTIONS

Mr. MICHEL. In my home State of Illinois, they are not making Federal funds available to private institutions that specialize in educating the handicapped, and often some of those are doing a better job than the public institutions.

Is there anything in your regulations that bars the State from funneling those funds into private institutions?

Dr. MARTIN. No, the States may opt to do that.

Mr. MICHEL. So that is a State determination?

Dr. MARTIN. Yes. Let me give you a mitigating characteristic. If the State chooses to place the youngsters in a private school, our regulations require them to pay for it. They cannot say, "We don't have any room for your youngster in the Peoria school, and we are going to send him to the XYZ School, but you have to pay part of the cost."

If the State elects to send him to a private school, they ought to pay the cost and not unload it on the parents. However, there is some argument as to whether the parents should be required to pay the room and board costs.

STATE AND LOCAL COSTS

Mr. MICHEL. What are your up-to-date figures on what States and local communities are spending to educate our handicapped?

Dr. MARTIN. It is a "guesstimate," to say that we have 3½ million children in special education, and thereby figure that is costing about $3.5 billion above what it costs to educate nonhandicapped children.

Mr. O'BRIEN. Are there many unidentified handicapped children?

Dr. MARTIN. That is something we are trying to find out. We now have a count of 3½ million children that are receiving special education and related services. However, we estimate that there are really about 5 million in the schools. A few years ago, they weren't all enrolled in the schools. We thought maybe half a million were out of the schools. But there really has been movement in recent years to try to provide all children with some kind of educational setting.

Our estimate remains high because we think there are youngsters in the schools now who have the kind of specific learning problems that we talked about: who have mild hearing losses, or emotional problems, due to family crisis and stress or illness, and that these children are falling through the cracks a little bit. They have not all been identified as handicapped, and they are not getting appropriate attention. The law, Public Law 94–142, now requires that the States set up a comprehensive system of finding and identifying children. They are also required to have a mechanism in place within the schools to periodically review children and try to identify problems early, say before they get to the fourth or fifth grade, when suddenly somebody discovers the child has had a hearing loss since he was 5 years old.

STATE AND LOCAL CONTRIBUTIONS

Mr. MICHEL. With the increase of Federal money going into the program, have you detected any decline in the contributions by the States and local communities, and thereby have contributed to a substitution problem?

Dr. MARTIN. We haven't had any problem with that, Mr. Michel. Our feedback from the Governor's conferences, and so forth, is that it is quite the contrary.

I will give you an example. Massachusetts ran up over the last 4 years $40 million, $80 million, $120 million, and $131 million in growth in State expenditures for special education.

I was recently visited by a State senator from Nebraska, who is chairman of the Education Committee there. He told me expenditures went from $1 million to $17 million in Nebraska over the last 4 or 5 years. So I think, if anything, it is the converse. The chairman opened up this hearing by asking if there had been a parallel growth in special education opportunities from the Federal growth of $50 million to $500 million we have had in the last decade, and the answer is that relatively, the growth at the State and local level has probably been even greater.

Mr. MICHEL. I asked you what the total State and local contribution was. From all HEW budgets, how much is actually allocated to the handicapped?

Dr. MARTIN. In addition to the $519 million request under this appropriation, there will be about $49 million—would that be the 10-percent set-aside for handicapped out of vocational education?

Dr. PIERCE. That is about right.

Dr. MARTIN. There is also about $145 million in Title I of ESEA for fiscal year 1978 for the institutionalized handicapped. In addition, there is the Head Start program which has a requirement to admit handicapped children.

Mr. MICHEL. What is the figure now?

Dr. MARTIN. For children ages 3 to 5, and from 6 to 21. There are about 3½ million actually counted at this time, although we are still receiving figures from the States for the February 1, 1977, count. Our estimate of how many there are out there of school age would run about 5½ million or 6 million. It represents about 12 percent of the 46 million children in the country. Then there are the young adults above age 21 and the children below age 3 for whom we haven't any firm figures as yet.

Mr. MICHEL. Thank you, very much.

Mr. FLOOD. Thank you.

Dr. MARTIN. I am going to leave descriptive reports with the committee.

This is a new guide of over 500 colleges and universities around the country, that can accept one or more types of handicapped students. I think it will be useful for your offices, and I will make them available for each member of the subcommittee.

Mr. PATTEN. Why don't you go left to right?

[The following questions were submitted by members of the subcommittee with the request that they be answered for the record.]

NUMBER OF HANDICAPPED CHILDREN

Mr. CONTE. In your statement, you mentioned that the budget request will assist the States in providing a free public education to approximately 4.5 million handicapped children. How many handicapped children would you estimate there are in the United States?

ANSWER. It is estimated that there are approximately 6 million school age handicapped children 3–18 who require special education because of the types

of disabilities listed in the Education for all Handicapped Children Act, Part B.

Mr. CONTE. How many of those should be receiving handicapped education services but aren't?

ANSWER. On the basis of our first count of handicapped children we estimate that between 2 million and 2½ million handicapped children are not receiving any of the sepcial education and related services they need at this time.

Mr. CONTE. With regard to the handicapped children who aren't being reached by these programs, what are you doing to expand the outreach of these programs to identify and serve all those who qualify?

ANSWER. We are giving high priority to implementation of the comprehensive statewide child find provisions in part B of the Education for All Handicapped Children Act and to those provisions requiring States to develop a practical method of determining which children are currently receiving needed special education and related services and those who are not receiving such services. We also are stressing the provision of the act which requires States to give first priority in the expenditure of these Federal-State grant funds to handicapped children not receiving an education.

Mr. CONTE. Is the problem in providing service to more children one of insufficient funds, or are there other factors which prevent these programs from reaching all those who need them?

ANSWER. There are many factors which have affected the provision of services to the handicapped, one of which is the level of cost required. In addition, there has been an insufficient number of qualified staff to initiate and expand programs for handicapped children. Difficulties in organizing and delivering services to low incidence handicapped children in sparsely settled regions and to handicapped children in urban centers also contribute.

Mr. CONTE. If it is a case of insufficient funds, how much money would be required for handicapped education to fully implement and meet the mandates of the Education for All Handicapped Children Act?

ANSWER. Full implementation for the State grant program is not required until 1982. At that time the maximum amount of a grant to which a State is entitled is equal to the number of handicapped children aged 3 to 21 in States who are receiving special education and related services, multiplied by 40 percent of the average per pupil expenditure.

The amount funded for each year is determined by several factors such as the total number of handicapped children counted for a particular year, the particular percentage of the per pupil cost being used which ranges from 5 percent in 1978 to 40 percent in 1982, and the national average per pupil expenditure.

Currently the National Center for Educational Statistics is recalculating what the average per pupil expenditure should be and this will be available later this spring. Projections of what this figure will be for 1982 range from $1.815 to $1.850 but these are only projected estimates. Until the updated figure is determined we won't know what the amount needed to fully implement the law will be.

However, using current projections we presently estimate that by 1982 the full entitlement within the State grant program should be approximately $4,356 billion.

EXCESS COSTS

Mr. CONTE. The funds provided under this program are to help defray excess costs associated with the education of handicapped children. What is the average cost of providing a public education to a handicapped child?

ANSWER. The average cost of educating handicapped children is about twice that of the nonhandicapped. We estimate that the current average per pupil expenditure for nonhandicapped is approximately $1,400.

PERCENTAGE OF AVERAGE PER PUPIL EXPENDITURE

Mr. CONTE. You mentioned that the maximum each State is entitled to receive involves a formula involving a specified percentage of the national average per pupil expenditure. Is that the average expenditure for handicapped of nonhandicapped education? And what is that amount?

ANSWER. It is the average expenditure for all children both handicapped and nonhandicapped in public elementary and secondary schools. The National Center for Educational Statistics is currently revising the per pupil expenditure data and it should be available this spring. We now estimate that the average per pupil expenditure for use in fiscal year 1978 will be appproximately $1,499 to $1,528.

Mr. CONTE. Public Law 94–142 authorized a percentage increase in the Federal contribution up to 40 percent in 1982. Can you provide me with the percentages which will be contributed for the intervening years? Is that a statutory phase-in or one which was determined administratively?

ANSWER. The percentages are statutory as mandated by section 611 of Public Law 94–142 and are 5 percent for fiscal year 1978, 10 percent for fiscal year 1979, 20 percent for fiscal year 1980, and 30 percent for fiscal year 1981. For each of these years the funds will be used for the following school year. For example, the 10 percent for fiscal year 1978 will cover school year 1978–79.

STATE GRANT PROGRAM

Mr. CONTE. You are requesting a $50 million increase for your State grant program, for a total of $365 million. How many additional children will be able to be served with this $50 million increase?

ANSWER. Public Law 94–142 requires that all handicapped children aged 3–18 be provided free and appropriate educational and related services by September 1, 1978, to be expanded to include all handicapped children aged 3–21 by September 1, 1980.

Based on this year's child count, I estimate that the number of handicapped children identified and served in fiscal year 1978 (school year 1978–79) should be approximately 4 to 4½ million. The $50 million will therefore increase the total contribution for the Federal share of excess costs associated with educating these additional 400,000 to 900,000 handicapped children.

Mr. CONTE. As you probably know, Massachusetts was one of the first States to require the provision of free public education for the handicapped, and it was Massachusetts State Law 766 which at least partially provided the model on which the Federal Education for All Handicapped Children Act was based. But I am receiving complaints from towns that although they are providing these services, the money which is supposed to assist them isn't getting to the local level. What are you doing to ensure that funds provided to the States actually got down to the local level where they help?

ANSWER. The law itself in section 611 of Public Law 94–142 contains safeguards which insure that local education agencies receive their share of Federal funds. It provides that each local education agency which serves enough handicapped children to generate a Federal entitlement of $7,500 or more shall have these funds distributed to them by the State education agency if the local agency meets the requirements of the act. Section 611 of Public Law 94–142 mandates that of funds received by any State in fiscal year 1978, 50 percent of these funds must be distributed to local education agencies and intermediate educational units. This so-called passthrough provision increases to 75 percent beginning in fiscal year 1979. The language of the law is that of an entitlement which must be distributed and/or used to fund services to children in localities which generate them.

Mr. CONTE. What determines whether a State will receive the maximum amount to which it is entitled under the State grant program?

ANSWER. The maximum amount to which a State is entitled for fiscal year 1978 is equal to the number of handicapped children aged 3 to 18 who are receiving special education and related services, multiplied by 10 percent of the average per pupil expenditure in public elementary and secondary schools in the Nation. The number of children counted as served, however, may not exceed 12 percent of the number of all children aged 5 to 17 in each State. In addition, a State may not receive an amount that was less than the amount it received for the fiscal year ending September 30, 1977. This is the hold-harmless provision.

Mr. CONTE. What level of appropriations is necessary in order to fund this program at the maximum?

ANSWER. Full funding for the State grant program is not required until 1982 when 40 percent of the per pupil expenditure takes place. The amount for each year however is determined by several factors such as the total number of handicapped children counted for a particular year, the percentage of the per pupil cost being used and the actual per pupil expenditure itself. Currently the national average per pupil expenditure cost is $1,388 which covers school year 1977–78. However, this is based on a 1974–75 survey, and the National Center for Educational Statistics is currently updating this figure which should be available later this spring. Estimates of what the projected figure will be for fiscal year 1982 range from $1,815 to $1,850.

The estimated full funding level for the State grant program in 1982 will be approximately $4,356 billion, assuming an average per pupil expenditure of $1,815 and that 6 million handicapped children will be served. For fiscal year 1978 we estimate that full funding will be about $675 million based on a per pupil expenditure of $1,499 times 4½ million handicapped children served.

Mr. CONTE. How much would Massachusetts receive in that case?

ANSWER. That would depend upon the number of handicapped children counted and being served in Massachusetts in fiscal year 1978. Our best current estimates indicate that Massachusetts has an age 5 to 17 population of about 1,358,000 children. If you take the maximum allowable, or 12 percent of this, then the estimated number of handicapped children would be 162,960. Depending on what NCES determines the national average per pupil expenditure to be you would multiply the 162,960 children against that revised figure. For example, if the average per pupil expenditure were $1,499 in fiscal year 1978 as we project it will be, then Massachusetts' share would be 10 percent of $1,499 times 162,960 children which equals $24.3 million. Of course the per pupil expenditure percentage increases each year up to a maximum of 40 percent in 1982 and the average per pupil expenditure itself will probably also increase each year, so Massachusetts' share should go up proportionately depending upon the number of handicapped children served.

DEFINITIONS

Mr. CONTE. You mentioned that Public Law 94–142 requires the provision of free, appropriate, and individualized services. In this content, do the words "appropriate" and "individualized" have a particular or technical meaning? What in fact constitutes the provision of appropriate service under this act?

ANSWER. The word "appropriate" does have a technical meaning specified in the law. It means special education and related services which are provided at public expense and at no cost to parents or guardians, which meet State educational agency standards, include an appropriate preschool, elementary, or secondary school education in the State involved, and are provided as prescribed in an individualized education program. The education must be specially designed to meet the unique needs of each handicapped child and may include classroom instruction, instruction in physical education, home instruction, and instruction in hospitals and institutions. The individualized program is a written statement for each handicapped child developed in a meeting by a representative of the schools, the parents or guardian of the child, and when appropriate, the child. The statement shall include present levels of educational performance of the child, a statement of annual goals and short-term instructional obectives, specific educational services to be provided, the extent to which the child will be able to participate in regular educational programs, the date for initiation and duration of such services, and objective criteria and procedures to determine, at least annually, whether instructional objectives have been achieved.

PRESCHOOL INCENTIVE GRANTS

Mr. CONTE. With regard to the preschool incentive grants, you mentioned that a State could receive up to $300 for every child counted. Is that a statutory maximum, or one which has been established administratively?

ANSWER. The $300 limit is set by law under section 619 of Public Law 94–142.

Mr. CONTE. What level of appropriations would be necessary to provide $300 for each child under this program?

ANSWER. The final count of children age 3 to 5 will soon be obtained from the States. Our best estimate at this time is that approximately 200,000 will be reported as receiving special education and related services. At that level, the full appropriation would be about $60 million.

DISCRETIONARY PROGRAMS

Mr. CONTE. How is your discretionary program administered?

ANSWER. Once an award has been made an extensive monitoring system is set in place. Award recipients are required to submit periodic performance reports and yearend performance and expenditure reports which undergo staff analysis to determine whether the objectives of the award are being met. In addition to analyzing reports, extensive onsite monitoring by in-house staff and consultants

as part of visitation teams is required. This affords us the opportunity to witness firsthand exactly the types of activities being conducted by an awardee.

Mr. CONTE. Who receives discretionary funds—States, individual schools, or school systems?

ANSWER. Awards are competitively made to State and local education agencies, institutions of higher education, and public and nonprofit private agencies, organizations, or institutions.

Mr. CONTE. Can you give me some examples of projects funded under the discretionary program this past year?

ANSWER. I will be glad to. One of the projects funded under the regional, vocational, adult postsecondary program at Wright State University seeks to complement and expand a program of support services for the handicapped. This program provides, to 335 students, such services as personal hygiene assistance, counseling, vocational exploration, tutoring, and test practicing. Another project, operated under the early childhood education program is designed to improve language skills in preschool children through the use of language enrichment and therapy in the classroom without placing the child in a clinical environment—108 handicapped children have been served by this project with emphasis being placed on the minority preschool child. The innovation and development program is one of our most successful areas of assistance. Funding from this program has assisted in the development of reading machines for the blind and the development of curriculums in such areas as social learning and arithmetic.

EFFECTS OF INFLATION

Mr. CONTE. Aside from the $50 million increase in the State grant program, you are requesting no additional funds other than special studies for next year. Given the rate of inflation in educational resources and particularly those associated with handicapped children, there appears to be no way around the fact that a constant level of funding is going to give you reduced levels of service. How can you justify requesting no increases to cover inflation in these programs?

ANSWER. While we do agree with your assessment of the inflationary impact on our program, Mr. Conte, we are constrained by limited, competing resources. When faced with allocating funds across an array of programs we attempt to place the money in areas of best advantage to the Government. The recent $50 million increase to the State grant program is an excellent example of the prioritization of funding in an attempt to reap maximum benefit.

COORDINATION WITH ELEMENTARY AND SECONDARY EDUCATION ACT

Mr. CONTE. What is the level of coordination between the handicapped education programs under your office and those funded under title I of the Elementary and Secondary Education Act?

ANSWER. The section 121 of the Elementary and Secondary Education Act, ESEA, program for handicapped children who are the direct responsibility of State rather than local agencies is administered within the Bureau of Education for the Handicapped at the Federal level and within units supervised by the State director of special education in about half of the States. This assures relatively close coordination in many areas, but problems have persisted in some States. Also helpful in this regard have been the new provisions under the 94–142 amendments of the Education for All Handicapped Children Act, part B, which require that the State education agency be responsible for the general supervision of all programs for handicapped children. Signs of increased coordination at the State level are already apparent in several States even though this provision does not become effective until next fall.

LEAST RESTRICTIVE ENVIRONMENT

Mr. CONTE. Could you explain what is meant by "least restrictive placements" when talking about the severely handicapped?

ANSWER. Severely and profoundly handicapped children sometimes require intensive care and education in relatively isolated highly specialized facilities during part of their developing years. Under modern practice the extent of isolation and its duration are much less than once believe to be necessary. The Education for All Handicapped Children Act continues to recognize that placement is determined and assessed at least annually, and each placement is based on the child's written individualized plan. Each State educational agency is also

required to insure that to the maximum extent appropriate, all handicapped children are educated with children who are not handicapped and that separate classes and facilities or other removal of children from regular education occurs only when the nature of severity of the handicap is such that education in regular classes cannot be achieved satisfactorily.

SEVERELY HANDICAPPED

Mr. CONTE. What sort of a model base are you creating for severely handicapped curricula?

ANSWER. We are creating a model demonstration program for severely handicapped children and youth to establish and promote programmatic practices designed to meet the educational and training needs of severely handicapped children and youth. The ultimate goal in the educational and training of the severely handicapped is to make them as self-reliant as possible, thereby reducing their requirements for institution care and increasing their opportunities for self development.

Each of our funded demonstration projects directs attention to curriculum development. The programs have developed curricular guides in reading, oral and written communication, speech skills, cognitive skills, daily living skills, fine and gross motor development and prevocational and vocational training. Also, our projects have developed curricula for infant, toddler and preschool severely handicapped children. These are designed for auditorial, emotionally disturbed, orthopedic, profoundly retarded and visually multi-severely handicapped children and youth.

Mr. CONTE. Can you tell me about some of the different approaches which are being explored through this program?

ANSWER. Some of the approaches that are being demonstrated through programs for severely handicapped children and youth are: Home training through parent trainers/field workers; residential, day care, public and private school-based educational services; group home program featuring training in daily living skills, prevocational and community living training. Services provided through the demonstration projects just described include identification, screening diagnosis and prescriptive services, education/training services, consultation services, parent-family services component, project personnel training, and evaluation of child progress.

MEDIA SERVICES

Mr. CONTE. A number of us in the Congress have been concerned about the level of support for media services and resources. Would you explain the operation of your educational media and materials centers?

ANSWER. Currently we have 13 regional centers, 4 special centers and the National Center on Educational Media and Materials.

The regional centers help States plan, organize and improve the intrastate media and materials support systems for special education in each of the 57 State education agencies. The regional centers help increase the State's capacity for media training of its teachers, information giving about available instructional materials and circulation of materials collections. The strategies vary from State to State according to the State's plan for this activity and the degree of development found in place in the State. The several national projects and centers concentrate on specific functions which are part of good media and materials support systems and which are specified in the law which authorizes our Federal effort in this field.

Of the four special centers, three have common scopes of work but are differentiated by their particular focus on handicapping conditions: Special center one deals primarily with the media and material needs of the visually impaired; special center two focuses on the hearing-impaired category; and special center three has the largest focus—all other handicapping conditions. All three share the responsibility of finding, selection, adapting, creating, evaluating, field testing, and otherwise exercising substantive responsibility for those materials alleged to have educational value for the particular handicap being represented. Special center four is charged with the responsibility of storing, shipping, repairing, scheduling, and otherwise managing the logistics of the instructional materials developed through the various centers.

In addition, we have a captioned films circulation center and 60 branch libraries operating out of Indianapolis under our contract with the Council of Administrators for Schools for the Deaf. This special service is an ally and complement to the other centers referred to previously.

Section 6653 of Public Law 94–142 mandates the establishment of centers on educational media and materials and therefore at the end of fiscal year 1977 the functions of the area learning resource centers which I have just described will be subsumed under this new activity.

Mr. CONTE. You mentioned your media services captioned films program, and its activities in providing learning materials for the deaf. What are you doing through that program to train personnel in the use of various educational media?

ANSWER. Our National Center on Educational Media and Materials for the Handicapped conducts annual conferences and seminars on subjects such as selection and evaluation of instructional materials. These are attended by specialists who help teachers as well as train them. The 13 area learning resources centers (ALRC's) assess the media training needs of teachers as they vary from State to State. They make needs known to the colleges and universities in those States and encourage workshops and salary-credit sources. We provide funding, special consultants and other requested resources in support of these training sessions. Our ALRC's will also conduct workshops if asked to do so.

Our various centers for media and materials develop curricular sequences for the media training of regular classroom teachers, special education teachers, and media specialists who educate handicapped children. We create filmstrips and other mediated teaching packages to support those curriculum packages. The area learning resource centers urge universities to implement media-training units in the courses of instruction for various types of teacher and specialist training. The ALRC's often participate in actual training for the purpose of demonstrating good training practices. Our marketing and dissemination unit works at having federally-sponsored media training products marketed by some commercial distributor who bids for exclusive marketing rights of such products. We use a varied mix of strategies to see that those who train teachers and parents have the curricular and materials resources they need. We are not training agents except in a demonstration or reinforcing way; we try to implant and improve good media training systems to be operated by local, State and university agents.

REGIONAL RESOURCE CENTERS

Mr. CONTE. Would you tell me more about the operation of your regional resource centers?

ANSWER. The regional resource centers program has as its goal the promotion, development and application of exemplary appraisal and educational programming practices by State and local educational agencies. The passage of Public Law 94–142 has placed emphasis on appropriate appraisal and educational programing with the requirement for an individualized education program for every handicapped child.

Regional resource centers have been very responsive in helping States and local education agencies through the provision of training in the best procedures for programing, developing instructional objectives, and planning annual programs. They have been helping States and LEA's to develop procedures and plans to insure that there are unbiased evaluations of children, that there is parent involvement, and that there is due process. These centers have been and continue to be a major source in building intrastate capacity for appraisal and educational programing.

Mr. CONTE. Where are the regional resource centers located?

ANSWER. We have 13 regional resource centers that are strategically located to serve regions of the country. There are six single State regions and seven multistate regions. The single State regions are California, Texas, Illinois, Ohio, Pennsylvania and New York. The other States are grouped based on proximity and handicapped population. In all cases contractors for the centers are State Departments of Education or Institutions of Higher Education.

Mr. CONTE. What sort of services do regional resource centers provide?

ANSWER. While these centers are uniquely qualified to offer a wide range of technical assistance they have tried to respond to specific needs of States and local education agencies. Through seminars, workshops, demonstrations and training sessions regional resource centers assist States in developing "best practices" in planning, appraisal, evaluation, placement and other facets of educational programming. The design of their efforts centers heavily on training trainers whose future efforts will enhance the State's capacity to deal with its own problems and concerns.

JUSTIFICATION OF THE BUDGET ESTIMATES

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 section[s] 607 [and 618][1/] [$467,625,000] *$519,925,000: Provided*, That of this amount, $365,000,000 for part B and $12,500,000 for section 619 shall become available for obligation on July 1, [1977] *1978*, and shall remain available until September 30, [1978: Provided, That the appropriations for "Education for the handicapped" contained in title I, chapter VI of Public Law 94-303 (Second Supplemental Appropriations Act, 1976) is amended by adding at the end thereof, "to remain available until September 30, 1977": *Provided further*, That funds contained in this title for "Special benefits for disabled coal miners" shall remain available for benefit payments from July 1, 1976 through September 30, 1977] *1979*. (Department of Labor and Health, Education, and Welfare Appropriation Act, 1977.)

Explanation of Language Changes

1/ Funding for section 618 in the amount of $2,300,000 is proposed for the purpose of carrying out Special studies mandated by P.L. 94-142. A supplemental request of $1,735,000 is pending to initiate these studies in fiscal year 1977.

Language Provision	Explanation
Education of the Handicapped Act, as amended by P.L. 94-142, except for section[s] 607 [and 618]	Funds for section 618 are being requested in the amount of $2,300,000 for the purpose of carrying out Special studies as amended by P.L. 94-142. Section 607 of the Education of the Handicapped Act (EHA) was newly authorized by the amending legislation, the Education for All Handicapped Children Act of 1975 (P.L. 94-142). The program authorized is part A, section 607 - Removal of Architectural Barriers. This budget does not include funds for this program. Without the language provision excepting this section, funds requested and appropriated under HEA would include support for activities authorized by this section. Section 607 was effective upon enactment of P.L. 94-142.

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DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

Education for the Handicapped

Amounts Available for Obligation

	1977	1978
Appropriation	$467,625,000	$519,925,000
Proposed supplemental	1,735,000	---
Subtotal Appropriation	469,360,000	519,925,000
Unobligated balance, start of year	196,713,461	---
Total, obligations	$666,073,461	$519,925,000

Summary of Changes

1977 Estimated appropriation	$469,360,000 1/
1978 Estimated appropriation	519,925,000
Net change	+50,565,000

	1977 Base	Change from Base
Increases:		
Program		
1. Increase in the scope of Special studies to be initiated in fiscal year 1977	$1,735,000	+$565,000
2. Increase State grant program part B, P.L. 94-142	315,000,000	50,000,000
Total increases	---	+50,565,000

1/ Includes proposed supplemental for Special studies of $1,735,000.

1977 Estimated obligations	$666,073,461
1978 Estimated obligations	519,925,000
Net change	-$146,148,461

	1977 Base	Change from Base
Decreases:		
Program:		
1. Carryover from Transition Quarter into FY 1977 for State grant program. No carryover into FY 1978	$106,713,000	-106,713,461
2. 1976 Second Supplemental Appropriation Act (P.L. 94-303)	90,000,000	-90,000,000
Total decreases	---	-196,713,461
Increases:		
Program:		
1. Increase in Special studies	1,735,000	+565,000
2. Increase State grant program, Part B	315,000,000	+50,000,000
Total increases	---	+50,565,000
Total net change	---	-$146,148,461

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Appropriation by Activity

Page Ref.		Transition Quarter 1/	1977 Appropriation	1978 Estimate	Increase or Decrease
	State assistance				
122	(a) State grant program	$ 31,063,556	$511,713,461	$365,000,000	-$146,713,461
	(Budget authority)	(200,000,000)	(315,000,000)	(365,000,000)	(+50,000,000)
125	(b) Deaf-blind centers	---	16,000,000	16,000,000	---
127	(c) Preschool Incentive programs	---	12,500,000	12,500,000	---
	Subtotal	31,063,556	540,213,461	393,500,000	-146,713,461
	(Budget authority)	(200,000,000)	(343,500,000)	(393,500,000)	(+50,000,000)
	Special population programs:				
129	(a) Severely handicapped projects	---	5,000,000	5,000,000	---
131	(b) Specific learning disabilities	3,065,000	9,000,000	9,000,000	---
133	(c) Early childhood education	5,401,000	22,000,000	22,000,000	---
	Subtotal	8,466,000	36,000,000	36,000,000	---
134	Regional vocational, adult, and post-secondary programs	931,000	2,000,000	2,000,000	---
136	Innovation and development	8,650,000	11,000,000	11,000,000	---
	(Budget authority)	(2,500,000)	(11,000,000)	(11,000,000)	(---)
	Media and resource services:				
138	(a) Media services and captioned films	11,432,000	19,000,000	19,000,000	---
	(Budget authority)	(8,000,000)	(19,000,000)	(19,000,000)	(---)
140	(b) Regional resource centers	431,000	9,750,000	9,750,000	---
142	(c) Recruitment and information	---	1,000,000	1,000,000	---
	Subtotal	11,863,000	29,750,000	29,750,000	---
	(Budget authority)	(8,000,000)	(29,750,000)	(27,750,000)	(---)
144	Special education manpower development	295,000	45,375,000	45,375,000	---
148	Special studies	---	1,735,000 2/	2,300,000	+565,000
	Total obligations	61,268,556	666,073,461	519,925,000	-146,148,461
	(Budget authority)	(210,500,000)	(469,360,000 3/	(519,925,000)	(+50,565,000)

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1/ Budget authority is shown only where it differs significantly from obligations. State grant funds are available for 15 months; the remainder of the $200,000,000 fiscal year 1976 advance appropriation, which became available for obligation July 1, 1976, will be obligated in fiscal year 1977. Obligations for Innovation and Development and for Media Services and Captioned Films exceed budget authority due to the obligation of fiscal year 1973 funds released for obligation following settlement of litigation. These funds became available in fiscal year 1976 and remained available through the Transition Quarter. Obligations shown for other activities consist of fiscal year 1976 appropriations carried over into the Transition Quarter.

2/ Proposed Supplemental.

3/ This amount is the total budget authority for fiscal year 1977. Obligations will be the same as budget authority except in the case of the State grant program where obligations will include the new obligational authority of $315,000,000 and $196,713,461 remaining from the fiscal year 1976 advance appropriation of $200,000,000.

Appropriations by Object

	Transition Quarter	1977 Estimate	1978 Estimate	Increase or Decrease
Travel and transportation of persons	4,000	65,000	65,000	---
Transportation of things	---	2,000	2,000	---
Rent, communications, and utilities	---	17,000	17,000	---
Printing and reproduction	---	10,000	10,000	---
Other services:				
Project contracts	16,683,000	63,694,000	63,694,000	---
Supplies and materials	1,000	7,000	7,000	---
Equipment	24,000	15,000	15,000	---
Grants, subsidies, and contributions	193,788,000	405,550,000	456,115,000	+50,565,000
Total appropriations by object	210,500,000	469,360,000 1/	519,925,000	+50,565,000

1/ Includes proposed supplemental for Special studies: $1,735,000.

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Authorizing Legislation	Amount Authorized	1978 Budget Estimate
Education for the Handicapped (Education of the Handicapped Act (EHA))		
1. State assistance:		
(a) State grant program (EHA-Part B)	1/	$365,000,000 1/
*(b) Deaf-blind centers (EHA-Part C, sec. 622)	20,000,000	16,000,000
(c) Pre-school incentive grants (EHA-Part B, sec. 619)	2/	12,500,000
2. Special population programs:		
*(a) Severely handicapped projects EHA-Part C, sec. 621 and 624) 3/	19,000,000 4/	5,000,000
*(b) Specific learning disabilities (EHA-Part G)	20,000,000	9,000,000
*(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)	5/	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	19,000,000
*(b) Regional resource centers (EHA-Part C, sec. 621)	19,000,000 4/	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	45,375,000
7. Special Studies (EHA-Part B Section 618 and 620)	Indefinite	2,300,000
Unfunded authorizations:		
EHA-Part A, sec. 607 - Grants for the Removal of Architectural Barriers	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 10 percent of the average per pupil expenditure in public elementary and secondary schools in the United States.

2/ Permanent authority. Based upon the formula of $300 for each handicapped child aged three to five within each State who is receiving special education and related services.

3/ 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.

4/ 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.

5/ This program is authorized such sums as may be necessary.

*Legislation expires FY 1977. Extension provided by the General Education Provision Act, Sec. 413.

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Education for the Handicapped

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
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
Transition Quarter	213,100,000	210,500,000	210,500,000	210,500,000
1977	236,375,000	426,375,000	507,125,000	467,625,000
Supplemental	1,735,000			
1978	519,925,000			

1/ Includes additional amounts for support of programs shifted to an advance appropriations cycle during that year

Justification

Education for the Handicapped

	Transition Quarter	1977 Appropriation	1978 Estimate	Increase or Decrease
Education for the Handicapped:				
1. State assistance:				
(a) State grant program	$200,000,000	$315,000,000 [2]	$365,000,000	+50,000,000
(Obligations)	(31,063,556) [1]	(511,713,461) [2]	(365,000,000)	(-146,713,461)
(b) Deaf-blind centers	---	16,000,000	16,000,000	---
(Obligations)	(---)	(16,000,000)	(16,000,000)	(---)
(c) Pre-school incentive grants	---	12,500,000	12,500,000	---
(Obligations)	(---)	(12,500,000)	(12,500,000)	(---)
2. Special population programs:				
(a) Severely handicapped projects	---	5,000,000	5,000,000	---
(Obligations)	(---)	(5,000,000)	(5,000,000)	(---)
(b) Specific learning disabilities	---	9,000,000	9,000,000	---
(Obligations)	(3,065,000)	(9,000,000)	(9,000,000)	(---)
(c) Early childhood education	---	22,000,000	22,000,000	---
(Obligations)	(5,401,000)	(22,000,000)	(22,000,000)	(---)
3. Regional vocational, adult, and post-secondary programs	---	2,000,000	2,000,000	---
(Obligations)	(931,000)	(2,000,000)	(2,000,000)	(---)
4. Innovation and development	2,500,000	11,000,000	11,000,000	---
(Obligations)	(8,650,000)*	(11,000,000)	(11,000,000)	(---)
5. Media and resource services:				
(a) Media services and captioned films	8,000,000	19,000,000	19,000,000	---
(Obligations)	(11,432,000)*	(19,000,000)	(19,000,000)	(---)
(b) Regional resource centers	---	9,750,000	9,750,000	---
(Obligations)	(431,000)	(9,750,000)	(9,750,000)	(---)
(c) Recruitment and information	---	1,000,000	1,000,000	---
(Obligations)	(---)	(1,000,000)	(1,000,000)	(---)
6. Special education manpower development	---	45,375,000	45,375,000	---
(Obligations)	(295,000)	(45,375,000	(45,375,000)	(---)
7. Special Studies	---	1,735,000 [3]	2,300,000	+565,000
(Obligations)		(1,735,000)	(2,300,000)	(+565,000)
Total appropriations	210,500,000	469,360,000	519,925,000	+50,565,000
(Obligations)	(61,268,556)	(666,073,461)	(519,925,000)	(-146,148,461)

* The obligations are higher than the appropriation due to the use of $12,500,000 released following settlement of litigation begun during FY 1973. These funds became available in FY 1976 and remained available through the Transition Quarter.

1/Obligated funds include $27,777,017 carryover from the $100,000,000 FY 1975 advance funding for FY 1976, and $3,286,539 obligated out of the initial FY 1976 $110,000,000 appropriation advancing funds for FY 1977.

2/The 1977 State grant obligation is made up of the FY 1977 advance appropriation of $315,000,000, $106,713,461 carryover from the FY 1976 appropriation for FY 1977 and $90,000,000 from the 1976 Second Supplemental Appropriations Act (P.L. 94-303).

3/Proposed supplemental.

General Statement

As in fiscal year 1977, the bulk of the funds under this account are devoted to the State grant program authorized by the Education for All Handicapped Children Act of 1975 (P.L. 94-142). That law requires that all handicapped children be provided a free, public and individualized education, and authorizes the Federal government to pay a share of the extra costs for providing this education. The $365,000,000 requested for purposes of these grants to the States is advance-funded for use in school year 1978-79, the first year of full operation under P.L. 94-142. By the beginning of that school year the law requires the States to serve all handicapped children aged 3-18 where permitted by State law or practice. It is estimated that about 6,000,000 of the estimated 7-8,000,000 handicapped children will have been identified and placed in appropriate programs.

The new law also authorizes a program of preschool incentive grants to stimulate States to provide services to handicapped children aged 3-5. The request of $12,500,000 will advance-fund the second year of the program in school year 1978-79. In addition, P.L. 94-142 mandates an ongoing Federal evaluation of the implementation of the new law. The request of $2,300,000 for required studies will expand the scope of efforts to begin in fiscal year 1977.

In addition to the activities authorized by P.L. 94-142, the request also contains a number of discretionary programs. It includes funds to help improve the quality of the services available to handicapped children through the demonstration and dissemination of model programs, to train special education personnel, to foster regional approaches and cooperation, to increase the knowledge base in special education through research and development activities, and to provide certain services to the handicapped for which there are no other available services. The commitment undertaken by the Federal government has not been intended to provide complete per child costs of educational support but rather to bring about changes in the educational patterns in the field by initiating and encouraging innovative techniques and practices.

Discretionary grant funds requested will support comprehensive educational services for 4,500 deaf-blind children, and will support 206 early childhood model projects ultimately serving 115,000 children. Requested funds will also help to train or retrain approximately 45,000 teachers in the provision of special education services to handicapped children and youth. In addition, this budget will allow for the replication of possibly 4 projects which will provide technical assistance and inservice training of professional staff to deal with the needs of the severely handicapped. A total of 53 demonstration awards will also be made in an effort to aid States in their provision of services to children with specific learning disabilities.

Through a 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 to assure that all States will meet the mandate of the law to provide full educational opportunity for all handicapped children and to improve the quality of the services provided.

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	Transition Quarter	1977 Appropriation	1978 Estimate	Increase or Decrease
1. State assistance				
(a) State grant program	$200,000,000	$315,000,000	$365,000,000	+$50,000,000
(Obligations)	(31,063,556)	(511,713,461)	(365,000,000)	(-146,713,461)
Positions.....	45	45	45	---

Narrative

Program purpose

In order to assist in the initiation, expansion, and improvement of educational programs for handicapped children, this program, authorized by Part B of the Education of the Handicapped Act (EHA), provides grants to the 57 States and outlying areas.

The law as amended by the Education for All Handicapped Children Act of 1975 (P.L. 94-142), requires that States provide handicapped children at the preschool, elementary and secondary levels educational and related services that are (1) free (at no cost to parent or guardian); (2) appropriate and individualized; (3) available to all children aged 3-18 by September 1, 1978 and expanded to include all children aged 3-21 by September 1, 1980. In keeping with this full-service mandate, Federal funds provided under the program help defray excess costs associated with the education of handicapped children. These are defined as those costs in excess of the average annual per student expenditure in a LEA during the preceding school year.

This is an advance-funded program and the amount requested for fiscal year 1978 will be used to fund the period from July 1, 1978 - September 30, 1979 or school year 1978-79.

Under law, the maximum amount each State is entitled to receive each year is equal to the number of handicapped children, aged 3-21, receiving special education and related services multiplied by a specified percent of the national average per pupil expenditure. (PPE) The percentage authorized increases yearly to a maximum of 40% in 1982.

Fiscal Year of Use	Percent of PPE	Estimated Full Funding
1978	5%	$ 387 million
1979	10%	775 million
1980	20%	1.220 billion
1981	30%	2.320 billion
1982	40%	3.160 billion

Grants are ratably reduced in accordance with available funds and no State may receive an amount which is less than was received for fiscal year 1977. In determining the amount of funds allocated to each State, no more than 12% of the number of children in each State, aged 5-17, may be counted as handicapped and only 1/6 of the 12% can be identified as children with specific learning disabilities.

Of the total funds that a State receives only 5% or $200,000.00 (whichever is greater) may be used by States for administrative costs. Any State meeting the eligibility requirements set forth in P.L. 94-142 and wishing to participate in the program must submit to the Commissioner of Education through its State education agency a State plan which assures among other things that (1) funds will be spent in accordance with

the provisions of the law; (2) funds for education of handicapped children provided under other Federal programs will be utilized in a manner consistent with the goal of providing a free, appropriate, public education; (3) programs and procedures for personnel development will be established; (4) provision will be made for the participation of handicapped children in private schools and facilities; and (5) Federal funds will be used to supplement State and local expenditures.

Budget policy

The budget request of $365,000,000 for fiscal year 1978 (school year 1978-79) will increase assistance to the States under this program enabling them to serve up to 6,000,000 handicapped children. Grants will help States in meeting the requirements specified in P.L. 94-142, placing emphasis on the following priorities:

(1) Full implementation of State-wide child identification programs, including diagnostic and evaluative services, which began in school year 1976-77.

(2) Continued initiation and expansion of programs to serve the unserved and underserved, most severely and multiple-handicapped. These programs will stress least restrictive placement of children in local schools and includes short term inservice training of local school staff.

(3) Continued expansion of programs for preschool children.

For fiscal year 1978, 50% of Part B funds will "flow through" States to LEA's and intermediate educational units which meet legislated requirements and priorities and which are able to qualify for an allocation of at least $7,500.00. Funds from Part B, which a State retains, must be matched on a program by program basis by the State from non-Federal sources if the funds are used for other than administrative purposes. The number of handicapped children receiving aid through special education programs partly supported by EHA-B funds is shown below. The increase in the number of children expected to be served reflects the expectation of an aggressive effort throughout the country to identify, locate, and evaluate handicapped children. It is also expected that all States will have established the policy of free, appropriate, public education for all handicapped children and will be making substantial progress to full service.

Fiscal Year	EHA-B Funds Appropriation	% of Total 1/	No. of Children
1973 (school year 1972-73)	$ 37,500,000	1%	177,000
1974 (school year 1973-74)	$ 47,500,000	1%	225,000
1975 (school year 1974-75)	$100,000,000	1%	380,000
(school year 1975-76)	$100,000,000		380,000
1976 (school year 1976-77)	$200,000,000	2%	752,000
1977 (school year 1977-78)	$315,000,000	2.6%	6,000,000
1978 (school year 1978-79)	$365,000,000	2.9%	6,000,000

1/ Percentage of total funds (Federal, State, local and private) for educational programs for the handicapped.

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The following table shows the anticipated distribution by States of EHA-B funds.

DISTRIBUTION OF EHA-B FUNDS

	FY 1976 (est.) Sch. Yr.'76-77	FY 1977 (est.) Sch. Yr.'77-78	FY 1978 (est.) Sch. Yr.'78-79
Appropriation...	$200,000,000	$315,000,000	$365,000,000
Child Find			
Diagnosis and Evaluation.....	20,000,000	31,500,000	36,500,000
Administrative.....	24,000,000	37,800,000	43,800,000
Teacher Training.....	20,000,000	31,500,000	36,500,000
Direct Services (100%).....	136,000,000	214,200,000	248,200,000
Trainable Mentally Retarded (14%)	19,040,000	29,988,000	34,748,000
Educable Mentally Retarded (35%)	47,600,000	74,970,000	86,870,000
Learning Disabled (7%).....	9,520,000	14,994,000	17,374,000
Emotionally Disturbed (9%).....	12,240,000	19,278,000	22,338,000
Other Health Impaired (3%).....	4,080,000	6,426,000	7,446,000
Physically Impaired (3%).....	4,080,000	6,426,000	7,446,000
Visually Impaired (3%).....	4,080,000	6,426,000	7,446,000
Deaf (4%).....	5,440,000	8,568,000	9,928,000
Hearing Impaired (4%).....	5,440,000	8,568,000	9,928,000
Speech Impaired (18%).....	24,480,000	38,556,000	44,676,000

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

	1977 Appropriation	1978 Estimate	Increase or Decrease
1. State assistance: (b) Deaf-blind centers	$16,000,000	$16,000,000	---
Positions	4	4	---

Narrative

Program purpose

In order to provide specialized educational and diagnostic service for an estimated 5,000-7,000 deaf-blind children in the nation, this program awards contracts to 10 Regional Centers. To better reach the widely dispersed service population, these Regional Centers subcontract with approximately 250-300 State, local, and private organizations. The Centers themselves provide technical assistance, coordination, casefinding, and screening, and whatever ancillary assistance and support services are needed so that deaf-blind children achieve their full potential for useful and meaningful participation within society.

Budget policy

The budget request for fiscal year 1978 will support this program at the 1977 level of $16,000,000 continuing the policy of providing full-time rather than part-time educational services whenever possible and appropriate. In fiscal year 1978 additional emphasis will be placed on pre-vocational training since 80% of the deaf-blind population will be in the 14-21 year old range by 1978. Efforts will also continue to provide services to an estimated 1,480 identified deaf-blind children not served in the previous year.

Regional centers provide a variety of support services to each subcontractor funded under the program such as the following:

1) Technical assistance to the States in development of State plans and to individual projects in the development of individualized child plans for the deaf-blind.
2) Development, implementation, and coordination of new service delivery systems and 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 in-service training opportunities.
6) Dissemination of information on educational methodologies, materials, curriculum, and proceedings of workshop and training services.
7) Maintenance of the joint National Registry of Deaf-Blind Persons in cooperation with the National Center of Deaf-Blind Youth and Adults.

Centers may offer or subcontract to provide full-time educational services which consist of 3 day 20 hour per week participation for 9 months including a 6 week summer program, and part-time education services offering a minimum of 30 hours per year. Other services include medical diagnosis and educational evaluations to

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provide an assessment of a child's needs by a team of qualified medical and education personnel; family counseling to inform and advise parents regarding their children's curriculum and progress; and in-service personnel training providing a one to two week program to increase staff expertise within regional centers and subcontractors programs.

Family satellite homes allow young children (4-5 deaf-blind children within each home) to participate in a family-like living situation supervised by specially trained personnel. The children are then able to attend educational programs in the community.

The following table shows a detailed funding breakout of the above services and the number of people served by each for fiscal years 1976-78.

	1976 Actual	1977 Appropriation	1978 Estimate
Regional Center Costs:	$ 2,500,000	$ 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 1/	(800,000)	(800,000)	(800,000)
Full-time educational services provided:			
Total funds	$12,700,000	$12,700,000	$12,700,000
Average/pupil cost	$ 3,012	$ 3,012	$ 3,012
Number of pupils	4,216	4,216	4,216
Part-time educational services provided:			
Total funds	$ 300,000	$ 300,000	$ 300,000
Average/pupil cost	$ 1,000	$ 1,000	$ 1,000
Number of pupils	300	300	300
Medical diagnosis and educational evaluation: 1/			
Total funds	($ 75,000)	($ 75,000)	($ 75,000)
Number of children	3,000	3,000	3,000
Family counseling: 2/			
Total funds	($ 100,000)	($ 100,000)	($ 100,000)
Number of families	2,500	2,500	2,500
In-service personnel training: 3/			
Total funds	($ 100,000)	($ 100,000)	($ 100,000)
Number of trained	3,000	3,000	3,000
Satellite homes:			
Total funds	$ 500,000	$ 500,000	$ 500,000
Number of homes	5-10	5-10	5-10
Number of deaf-blind residents	50	50	50

1/ Includes activities undertaken by one or more centers for the benefit of all centers, e.g., coordination of personnel training workshops.
2/ Total funds included under Full-time educational services.
3/ Costs included under Center costs for Support services.

	1977 Appropriation	1978 Estimate	Increase or Decrease
1. State assistance			
(c) Pre-school incentive grants	$12,500,000	$12,500,000	---
Positions.....	---	---	---

Narrative

Program purpose

To stimulate State and local education agencies to expand educational services to handicapped pre-school children, aged 3-5, thereby increasing their opportunities to benefit from early educational intervention, this program authorizes funds to States which are presently providing special education and related services to pre-school children.

The Education for all Handicapped Children Act (P.L. 94-142) mandates that all handicapped children aged 3-21 shall receive a free and appropriate education unless such provision is inconsistent with State law or practice. This provision of P.L. 94-142 has the effect of mandating educational service to the handicapped who are in the age group for whom education is compulsory in each State; however, many States do not yet mandate or customarily provide educational service to pre-school children; therefore, a large portion of the handicapped preschool population, aged 3-5, would not necessarily benefit from the service mandate contained in the law. Consequently, as an incentive for States and local education agencies to develop and expand programs for this age group, Section 619 of P.L. 94-142 authorizes grants to States based on the actual number of handicapped pre-school children being served.

SEA's must report to the Commissioner no later than April 1 of each year the average number of handicapped children residing in the State who were receiving special education and related services on October 1 and February 1 of that school year. The number of children ages three through five so reported will be the basis for awarding Preschool incentive grants to SEA's. The maximum amount of the grant per year which a State may receive is $300 for each child 3-5, counted as receiving service, with ratable reductions made in the size of awards, depending upon the magnitude of appropriations. State educational agencies may distribute funds received under this program to local educational agencies on a discretionary basis.

Budget policy

The request of $12,500,000 for this program is the same amount as was appropriated in fiscal year 1977. This is an advance funded program and funds appropriated in fiscal year 1978 become available for obligation July 1, 1978 for use in school year 1978-79.

In order to be eligible to receive funds under the Preschool incentive program a State must:

(1) make application to the Commissioner;

(2) have in effect a policy that assures all handicapped children the right to a free appropriate public education;

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(3) have on file in the Office of Education an approved State plan to provide such services, and

(4) already be providing services to some handicapped children aged 3-5.

Current estimates are not yet available for the number of handicapped children aged 3-5 to be served in school year 1977 - 78 which is the year in which the child count will be made for the purpose of distributing funds now requested.

Assistance authorized by this program takes the form of direct grants in-aid to States for the support of basic educational and related services as contrasted with the Early childhood education program authorized by Part C, section 623, of the Education of the Handicapped Act. This latter program may be seen as a complement to the Incentive grant basic support function in that it focuses on improving the quality of educational programs for young handicapped children through discretionary grants that support the development and demonstration of the best practices in the field.

Authorization for the operation of the Pre-school Incentive grants program becomes effective in school year, 1977-78. Therefore, the fiscal year 1977 appropriation provided the first year of funding. All the States and outlying areas are expected to apply for incentive grants.

	1977 Appropriation	1978 Estimate	Increase or Decrease
2. Special population programs:			
(a) Severely handicapped projects	$5,000,000	$5,000,000	---
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 continue the strategy designed to help meet the goal of covering all State or multi-State regions with demonstrations of effective programming for the severely handicapped. The program will fund 18 continuing projects for approximately $2,108,000, and 34 new projects at a cost of $2,892,000. Activities will be carried out through the following strategies.

(1) Funding of smaller projects as contrasted with large, highly funded programs. This is in order not only to spread geographical coverage, but also to support more readily adaptable and replicable validated programs.

(2) Continued operation of a technical assistance project for aid to all participating programs. Part of this technical assistance will be to promote the development of "least restrictive placements" for these children.

The following table shows the number of children directly participating in the demonstration models:

	Fiscal Year 1976	Fiscal Year 1977	Fiscal Year 1978
Number of projects	24	52	52
Average cost per project	$135,416	$ 96,154	$ 96,154
Number of children participating	1244	1670	1804
(Severely & profoundly mentally retarded)	(469)	(630)	(680)
(Seriously emotionally disturbed)	(239)	(321)	(346)
(Multi-handicapped)	(536)	(719)	(778)

Population data

Comparative statistics prepared by OE indicate that the total number of severely handicapped children needing specialized services has remained constant over the past several years. The least severely handicapped are gradually being integrated into less restrictive service environments but these decreases have been offset by increased identification of severely handicapped children who do require specialized services.

Estimated Number of Type of Severely Handicapped Children 1/

	Children 0-19 years	Children Receiving Some Services	Children Receiving No Services
Severely and profoundly mentally retarded.....	465,000	238,000	227,000
Seriously emotionally disturbed, e.g. autistic, schizophrenic.....	905,000	118,000	787,000
Multi-handicapped.....	34,948	10,200	24,748
Total.....	1,404,948	366,200	1,038,748

As the preceding table indicates, the States have historically failed to make educational services available to all severely handicapped children. This situation is in the process of change, in large part as a result of the Education for All Handicapped Children Act (P.L. 94-142). Federal financial aid under this Act is conditional upon the provision by the State of a free appropriate public education to all its handicapped children aged 3 to 18 by September 1978, and those aged 3 to 21 by September 1980, to the extent allowed by State law or practice. Also, States are charged with giving the highest priority attention to the most severely handicapped children within each disability.

In fiscal year 1977, 18 projects were continued at a cost of $2,108,000 and 34 new ones were funded at a cost of $2,892,000. Four projects will apply for validation as exemplary models. If funded, they will assist States in the replication of the models through the provision of technical assistance and inservice training of professional staff. Funding of validated models will be at 60-70 percent of their demonstration cycle cost.

1/ This table uses the Federal definitions for severely handicapping conditions and is based upon OE survey results submitted by State education agencies in January 1976. Figures for the deaf-blind, another sub-population of severely handicapped children, are presented in this justification under 1. State assistance: (b) Deaf-blind centers.

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	1977 Appropriation	1978 Estimate	Increase or Decrease
2. Special population programs			
(b) Specific learning disabilities	$9,000,000	$9,000,000	---
Positions	3	3	---

Narrative

Program purpose

In order to help the States in their provision of comprehensive services as mandated by P.L. 94-142, this program supports the development and demonstration of effective project models that offer identification, diagnostic, prescriptive, and educational services for children with learning disabilities. It promotes the replication of validated models and supports research to advance the knowledge base concerning learning disabilities.

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 1978 are to continue and expand current activities. Toward this end it is estimated that 6 new demonstration awards will be made at a cost of $1,300,000, 47 continuation demonstration awards will be made at a cost of $7,200,000, and one technical assistance award at a cost of $500,000. Efforts will also be made to continue to define, validate, disseminate, and replicate successful models. Attempts will be made to implement specific model components aimed at serving high-need target groups such as the geographically isolated, the disadvantaged, and the incarcerated juvenile delinquent.

The following table shows the direct impact of the demonstration and technical assistance projects for the years 1976-1978.

	FY 1976	FY 1977	FY 1978
Demonstrations	$4,600,000	$8,500,000	$8,500,000
New awards	24	27	6
Average project cost	$ 108,000	$ 188,888	$ 216,666
Continuations	16	24	47
Average project cost	$ 118,750	$ 141,666	$ 153,191
Number of children served	9,850	18,800	19,523
Parents provided with materials, information and referral	3,800	6,500	6,750
Parents provided counseling	2,500	3,200	3,515

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Number of replication sites.....	450	650	675
Technical assistance.....			
Projects.....	$ 400,000	500,000	500,000
New awards.....	1	---	---
Continuations.....	---	1	1

With fiscal year 1977 funds this programs will attempt to complete coverage of all 50 States with model demonstrations. The 1977 budget 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.

	1977 Appropriation	1978 Estimate	Increase or Decrease
2. Special population programs: (c) Early childhood education.....	$22,000,000	$22,000,000	---
Positions.....	11	11	---

Narrative

Program purpose

In order to improve the quality and availability of comprehensive educational services for handicapped pre-school 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 pre-school children that use the best of tested practices.

Grants and contracts are awarded annually at the Commissioner's discretion through National competition. Eligible grantees are institutions of higher education, State and local education agencies and other public and private educational organizations. 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.

Budget policy

This capacity-building program will complement the main service efforts required of States and LEA's under P.L. 94-142 by developing more effective models of preschool interventions. This strategy is implemented through the following types of projects: Model projects, which combine the features of outreach and validated models with emphasis placed on dissemination activities and lower operating costs; technical assistance projects, which aid in needs assessment, program management, self evaluation and packaging of the models. State grants provide support in the implementation of State wide plans to provide appropriate educational services to all pre-school handicapped children in accordance with the provisions of P.L. 94-142. Experimental projects develop new ideas for education of young handicapped children and test the effectiveness of these new approaches.

During fiscal year 1978 this program will support an estimated **214 projects** The types of projects expected to be funded are as follows: 78 new and 80 continuing demonstration projects for approximately $15,800,000; 34 new model programs for $2,400,000; 2 continuing technical assistance projects for $1,300,000; 15 State implementation projects at a cost of $1,500,000; and 5 new experimental projects at a cost of $1,000,000. The purpose of all of these projects is to promote service models of early identification and intervention for unserved infants and severely handicapped preschool children, to package and disseminate materials, to expand and improve the quality of demonstration projects and to further encourage implementation of validated models.

In fiscal year 1977, this program supported 207 demonstration outreach and technical assistance projects which provided models for the delivery of services to pre-school children. Two awards were continued for the provision of technical assistance to demonstration projects and State agencies.

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	1977 Appropriation	1978 Estimate	Increase or Decrease
3. Regional, vocational, adult, and postsecondary programs	$2,000,000	$2,000,000	---
Positions.....	1	1	---

Narrative

Program purpose

In order to promote the expansion and improvement of the capacity of institutions to provide vocational, technical, postsecondary, and adult educational opportunities for deaf and other handicapped persons, this program awards grants and contracts to publicly supported education institutions for the development and operation of regional centers. Recipient institutions must offer a comprehensive range of services that emphasize the acquisition of necessary skills for successful career competition in the professional, skilled and unskilled labor markets and must also provide individualized support services designed to enable handicapped students to participate in programs already in operation at these institutions.

Budget policy

In fiscal year 1978 this program will maintain the same kind of operations as the previous year and continue to fund the 13 projects supported in fiscal year 1977. It is anticipated that approximately 2,654 persons who are deaf, blind, physically disabled, or learning disabled will benefit.

While the average award for this program is $153,840 actual awards vary according to the nature and level of services provided and the type of handicapping condition involved. At the budget request level this program will focus on 3 priority areas: (1) programs serving multi-State regions or large population centers; (2) programs adopting 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 are clearly demonstrated.

In fiscal year 1977, technical assistance projects designed to create an increased awareness and broader adoption of the concept of modifying continuing education programs to benefit handicapped will be maintained. In total, it is planned to continue all 13 projects from the previous year. No new starts are anticipated.

The distribution of funds and number of participants involved within this program for fiscal year 1976, 1977, and 1978, is shown in the table below.

A. Distribution of Funds

Type of Program	1976 Actual	1977 Appropriation	1978 Request
Vocational/Technical	$ 281,746	$ 281,746	$ 281,746
Adult Education	113,185	113,185	113,185
Postsecondary	1,605,069	1,605,069	1,605,069
	$2,000,000	$2,000,000	$2,000,000

B. Number of Participants Served

Type of Handicap	1976 Actual	1977 Appropriation	1978 Request
Retarded	800	800	800
Deaf/Hard of Hearing	786	786	786
Visually Impaired	106	106	106
Specific Learning Disibility	230	230	230
Seriously Emotionally Disturbed	25	25	25
Crippled	479	479	479
Other Health Impaired	228	228	228
TOTAL SERVED	2,654	2,654	2,654

C. Frequency of Service Provision to Recipients

Type of Service			
Tutoring	1,981	1,981	1,981
Counseling	1,658	1,658	1,658
Recreational activities	1,470	1,470	1,470
Notetaking	900	900	900
Interpreting	647	647	647
Wheelchair/personal attending	293	293	293
Adapting instructional media	200	200	200
TOTAL	7,149	7,149	7,149

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	1977 Appropriation	1978 Estimate	Increase or Decrease
4. Innovation and development	$11,000,000	$11,000,000	---
Positions.....	36	36	---

Narrative

Program purpose

In order to improve educational opportunities for handicapped children and the performance of their teachers, this program funds research and development activities. The activities supported include the development, validation, and dissemination of alternative educational approaches to problems specific to the education of the handicapped. Also included is the examination of such issues as the least restrictive arrangements for service delivery and the availability of materials and curriculum; procedural safeguards such as due process, individualized programming, and identification; and research into specific areas of special education finance, transportation, and architectural barriers. Additional activities include the dissemination of the reports, curriculum, and other products of research, to assure their broadest possible utilization and implementation.

State and local education agencies, institutions of higher learning, public and private educational and research agencies, are eligible for the grants and contracts that the Commissioner of Education awards annually through National competition. The average length of an award is 3 years with continuation of projects on a yearly basis contingent upon quality of performance and availability of funding.

Budget policy

The budget request for fiscal year 1978 will support 105 awards as in fiscal 1977 with 45 being new and 60 being non-competing continuations. Of the $11,000,000 requested about $3,000,000 will cover contracts for specific research projects requested by the Office of Education while about $8,000,000 will support grants for research and development proposals submitted from the field in response to a program announcement soliciting research within specified priorities. Projects are generally directed by professionals and graduate students in the fields of special education, behavorial and physical sciences. The current and anticipated distribution of total funds, according to priority, is displayed below:

(a) Early Childhood Education -- Field-testing of early identification and intervention strategies.

FY 1976 - $2,035,897
FY 1977 - $1,500,000
FY 1978 - $1,500,000

(b) Full School Services - With a view toward eliminating barriers to full educational opportunity for handicapped children, support will continue for the study of appropriate arrangments for delivery of total educational services. Examination will be given to organization of services, backup research for teachers, attention to public attitudes, legal responsibilities, education finance and community participation.

FY 1976 - $7,100,000
FY 1977 - $5,200,000
FY 1978 - $5,200,000

(c) Career Education -- Analysis of the adequacy of existing career and vocational education curricula and materials to meet the unique needs of handicapped students.
FY 1976 - $1,100,000
FY 1977 - $1,000,000
FY 1978 - $1,000,000

(d) Severely Handicapped -- Evaluation of
--systems leading to the most appropriate, least restrictive educational environment and deinstitutionalization of the severely handicapped.
--total service systems (educational, medical, psychological, vocational) for the severely handicapped.
FY 1976 - $2,200,000
FY 1977 - $2,000,000
FY 1978 - $2,000,000

(e) Personnel Development -- Comparative analysis of various staff roles, e.g., special teacher, resource teacher, consulting teacher, in providing educational services in the least restrictive environment.
FY 1976 - $1,200,000
FY 1977 - $1,000,000
FY 1978 - $1,000,000

(f) Child Advocacy - The identification of the legal, financial, and administrative constraints in the provision of full educational opportunity for handicapped children.
FY 1976 - $400,000
FY 1977 - $300,000
FY 1978 - $300,000

The following table displays program effort (obligations) by handicapping condition.

	1976 Actual	1977 Appropriation	1978 Request
Obligations by Handicapping condition			
Orthopedically and otherwise health-impaired	$ 162,180	$ 122,520	$ 122,520
Learning disabled	937,367	881,220	881,220
Hearing-impaired	580,209	582,215	582,215
Mentally retarded	3,768,943	2,960,870	2,960,870
Speech-impaired	163,940	48,410	48,410
Visually impaired	1,278,984	581,980	581,980
Cross-categorical	7,144,274	5,832,785	5,832,785
Total	$14,035,897 1/	$11,000,000	$11,000,000

1/ In April 1975, litigation was settled which resulted in the release of $12,500,000 appropriated under the 1973 Continuing Resolution. Of these funds $3,035,897 were used in Innovation and Development during FY 1976 thereby increasing obligations over the 1976 appropriation level by that amount. Does not include $2,500,000 specifically appropriated for the Transition Quarter.

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	1977 Appropriation	1978 Estimate	Increase or Decrease
5. Media and resource services: (a) Media services and captioned films	$19,000,000	$19,000,000	---
Positions	9	9	---

Narrative

Program purpose

In order to provide handicapped learners with special educational materials, this program supports grants and contracts. Activities include producing and distributing educational and other visual media for use by handicapped persons, their parents, their actual or potential employers, and other persons actively involved in work for the advancement of the handicapped. Additional activities include captioning and distributing films for deaf persons, training personnel in use of educational media for instruction of the handicapped and carrying out research in the use of educational media for the handicapped. This last function is carried out through a system of centers which focus on demonstration and technical assistance in an attempt to facilitate more effective utilization of media and materials for the handicapped.

Awards are made to State and local education agencies, institutions of higher learning and other public and non-profit private agencies. Projects are approved for periods up to 3 years but awards are made annually with renewal of funds based on the quality and effectiveness of a project, its replicability and availability of appropriations.

Budget policy

(1) Captioning and Recording: 79 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. Production of recordings for the blind and print-handicapped will be continued so that relevant educational materials will be available to visually handicapped learners.

(2) Educational Media and Materials Centers: Support of these 18 centers, to be first funded in fiscal year 1977 in response to a legislatively mandated reorganization of functions, will be continued. Emphasis will be on securing the systematic delivery of educational technology to handicapped persons through support for the design and/or adaptation, development, production, marketing and dissemination of suitable educational materials. Centers also provide training in the selection and use of these materials and promote usage of materials which are available for distribution or circulation.

(3) Marketing and Implementation Strategy: 30 awards will be made to continue the development of a marketing and implementation strategy to assure that models of curricula and other materials and products designed for the handicapped are widely disseminated among handicapped consumers. Plans include the development and testing of promising prototypes of educational devices into production models. In addition, assistance will be available to States and LEA's to implement and improve their delivery of educational media and materials to handicapped learners.

(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 by category is detailed in the following table covering the fiscal years 1976-1978.

Program Financial Data
(dollars in thousands)

	1976 Actual		1977 Appropriation		1978 Budget Estimate	
	No.	Amount	No.	Amount	No.	Amount
Captioned films 1/	56	$3,412	70	$4,600	70	$4,600
Captioned TV and telecommunications 2/	9	2,600	8	2,300	8	2,300
Recordings for the blind	1	500	1	500	1	500
Area Learning Resource Centers	17	7,650	--	---	--	---
National Center on Educational Media and Materials	1	1,000	--	---	--	---
Educational Media and Materials Centers and Services	--	---	18	9,000	18	9,000
Marketing and implementation grants	8	1,750	30	2,000	30	2,000
National Theatre of the Deaf	1	350	2	600	2	600
TOTAL	93	$17,262 3/	129	$19,000	129	$19,000

1/ Captioned general interest films as well as educational films reach an annual audience of more than 3.5 million individuals.

2/ Captioned television programs reach literally millions. For example, Captioned News which is broadcast five nights weekly, is estimated to reach approximately 6 million viewers per each nightly broadcast.

3/ In April 1975, litigation was settled which resulted in the release of $12,500,000 appropriated under the 1973 Continuing Resolution. Of these funds, $1,012,332 was used in the Media services and captioned films program during fiscal year 1976, increasing obligations over 1976 by that amount.

Note: Amount shown does not include $8,000,000 specifically appropriated for the Transition Quarter.

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	1977 Appropriation	1978 Estimate	Increase or Decrease
5. Media and resource services: (b) Regional resource centers	$9,750,000	$9,750,000	---
Positions.....	9	9	---

Narrative

Program purpose

To encourage and promote the development and application by State and local educational agencies of exemplary appraisal and educational programming practices for handicapped children, a system of Regional resource centers (RRC's) has been established. The Centers offer training o personnel in special education skills; technical assistance in the development of State plans to serve the handicapped; direct referral services; and assistance to LEA's and SEA's in adopting models of multidisciplinary referral services.

Contracts are awarded to institutions of higher education, State educational agencies, local educational agencies or any combination of these. Projects are approved for up to 36 months, but awards are made annually and renewed on the basis of a center's effectiveness and the availability of appropriations.

Budget policy

For fiscal year 1978 as in fiscal year 1977 the request of $9,750,000 will fund 14 awards. These will cover one National Coordinating Unit and 13 Regional Resource Centers. The National Coordination Unit will conduct an on-going needs assessment and will continue to provide information and training for teachers, paraprofessionals, regional resource center staff and parents. The 13 RRC's will serve either single or multi-State regions by providing training for personnel in special education skills; technical assistance to SEA's in the development and implementation of comprehensive State plans for services to the handicapped; and direct educational referral services.

Eight of the 13 RRC's will continue operation of 16 Direction Service Centers (DSC's) which were initiated in fiscal year 1976. Direction service centers encourage local education agencies (LEA's) to adopt programs of comprehensive referral services through operation of models which will attempt a multidisciplinary approach to integrate the specialized services needed by each referred child. Under such a program, the LEA would maintain service information on each child, require parent participation, and stress periodic reassessment of a child's needs and progress.

Overall, in FY 1978 the RRC emphasis will be on promoting child referral and evaluation, increasing services and assistance to SEA's and LEA's through technical assistance and direct awards and continuing direct diagnostic and referral services in instances where adequate resources are not otherwise available. Some 9,000 personnel will receive training and about 90,000 handicapped children will obtain appraisal, referral or other educational services from the RRC's.

The following table provides a distribution of funds for fiscal years 1976-1978 in various categories of program effort.

Activity:	Amount 1976	Amount 1977 Estimate	Amount 1978 Estimate	Percent of Program Effort
State program development: Includes support of demonstration models, training of SEA personnel, and dissemination of information to encourage the States' improvement in appraisal and educational programming...	$7,091,092	$5,265,000	$5,265,000	54%
Educational appraisal: Includes testing and evaluation of referred children and announcement of available services and service criteria through SEA's...	1,833,431	1,365,000	1,365,000	14%
Educational programming: Includes development of educational programs for referred children; consultations with schools and other agencies, parents and teachers; and reassessment of child placements.....	2,495,014	1,852,500	1,852,500	19%
Sharing resources: Refers to collaborative projects among RRC's and the media centers funded under EHA, Part F....	393,950	292,500	292,500	3%
Project administration: Includes maintenance of accountability data and other administrative activities applicable to center operations.....	$ 1,318,165	$ 975,000	$ 975,000	10%
	13,131,652 1/	$9,750,000	$9,750,000	

1/ In April 1975 litigation was settled which resulted in the release of $12,500,000 appropriated under the 1973 Continuing Resolution. Of these funds, $3,131,652 was used for Regional Resource Centers, increasing obligations over the 1976 Appropriations by that amount.

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	1977 Appropriation	1978 Estimate	Increase or Decrease
5. Media and resource services: (c) Recruitment and information.....	$1,000,000	$1,000,000	---
Positions.....	1	1	---

Narrative

Program purpose

To disseminate information about education for the handicapped, to 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, and to encourage people to enter the field of special education, this program provides grants or contracts.

Budget policy

It is anticipated that there will be a significant number of inquiries about education for the handicapped as a result of the Education for all Handicapped Children Act (P.L. 94-142), mandating that the States provide a free, appropriate, public education to all handicapped children. The request of $1,000,000 in the fiscal year 1978 budget will allow a maintenance of effort through continued funding of 14 awards supported in the previous year.

Among the activities planned for fiscal year 1978 are the following:

1) Continue funding eight local information units to assure that referral and information services are accessible to any and all handicapped children and their parents.

2) Conduct three workshops in geographically strategic areas of the country for the purpose of orienting as many people as possible about the functions/responsibilities for all parents who wish to attend and provide training for those parents who may be operating a local unit.

3) Develop, produce and distribute information generated by parents to be used by all persons interested in providing services for the handicapped.

4) Continue development of information packages for Indians, the disadvantaged, those of limited-English speaking ability, and the geographically isolated.

5) Continue operation of the Information Clearinghouse which develops, produces and distributes informational packets on available services for the handicapped. Recipients of this information include the handicapped, parents of the handicapped, or any other persons who may be interested in finding out what is available for the handicapped.

6) Continue to reach a concerned constituency through the Closer Look Report (100,000 circulation) and the Spanish/English Special Education Information Center (SEIC) newlsetter which reaches 200,000 parents.

7) Target Special Education Careers recruitment information at regular educators and students in colleges and high schools to attract personnel to the field, especially in programs for the severely handicapped and programs for minorities and those of limited English speaking ability.

Of the 14 projects planned in fiscal year 1977, 10 will be new awards. These include 8 grants to establish local information units and one each for technical assistance to these units and for the development of information materials for special populations. About $500,000 of the $1,000,000 appropriation will be targeted on these initiatives. Those activities which will be continued from fiscal year 1976 are a single grant covering the information clearinghouse and other materials development and dissemination activities and a grant for three parent workshops. The local information units funded in 1976 were pilot projects funded for one year only.

Funding of Tasks or Activities Planned in Fiscal Years 1977-1978

	FY 1977	No. of Awards	FY 1978	No. of Awards
Grants to local information units..	$400,000	8	$400,000	8
Technical assistance to local information units.....	50,000	1	50,000	1
Media outreach campaign.....	250,000	1	250,000	1
Media outreach campaign for special populations.....	50,000	1	50,000	1
Information Clearinghouse.....	200,000	1	200,000	1
Production and distribution of Closer Look Report and newsletter.	24,000	*	24,000	*
Workshops for parents.....	4,000	1	4,000	1
Development of parent-oriented information and distribution to Federal and other programs serving the handicapped.....	16,000	*	16,000	*
Production and distribution of Special Education Careers.....	6,000	*	6,000	*
TOTAL	$1,000,000	14	$1,000,000	14

* Covered under one contract.

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	1977 Appropriation	1978 Estimate	Increase or Decrease
6. Special education manpower development.....	$45,375,000	$45,375,000	---
Positions.....	28	28	---

Narrative

Program purpose

In order to insure 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. Grant recipients develop and improve training programs for teachers, administrators, researchers, teacher educators, speech correctionists, paraprofessionals and other special services personnel such as specialists in physical education and music therapy. Those personnel trained through this program not only provide direct educational services to handicapped children and youth, but are also involved with preparation of other educators and specialists.

The average award is $70,000 and all awards cover a 12-month period.

Budget policy

The full service mandate of the Education for All Handicapped Children Act and the provision that handicapped children be placed in the least restrictive environment has underlined the need not only for special education teachers but for special training for teachers in regular classrooms as well. The fiscal year 1978 requested funding level of $45,375,000 for school year 1978-79, will be distributed among the 3 target areas noted below.

1. Preparation of special educators ($31,640,000)

This program provides financial support to individuals including full-time special education students engaged in pre-service training and special educators in the field who require additional training. About 1,166 individuals will receive financial assistance. Related institutional support for faculty salaries associated with special education training programs and for administrative costs is also provided. Programmatic emphasis will be placed on the following areas:

a. Provide in-service/pre-service training for education specialists serving handicapped children aged birth through 6 years. Many are to be working where these children will be in regular programs.

b. Preparation of special education personnel to serve the severely and multihandicapped, including emotionally disturbed and autistic, and/or to meet national and regional needs for low incidence target groups. P.L. 94-142 specifies that States must establish priorities which provide appropriate education to the most severely handicapped children within each disability.

c. Provide training to paraprofessionals who assist both special education and regular classroom teachers.

d/e. Train specialists who use (1) physical education or (2) therapeutic recreation as part of a child's overall education program. In many instances these additional types of service are required so that a handicapped child can function in a regular classroom at least part of each day.

f. Prepare specialists from various interdisciplinary fields such as the health and social sciences to integrate educational information, methodology and practices for the handicapped child.

g. Provide training and financial assistance to students who are specialists in handicapping conditions and in-service training to upgrade the skills of special education generalists already in the field.

h. Train teachers for vocational and career education for the handicapped.

2. Special education training for regular classroom teachers ($8,550,000)

Since the Education for all Handicapped Children Act of 1975 specifies that handicapped children be placed in the "least restrictive environment," regular classroom personnel will be encountering these children in their schools with increased frequency. Therefore, there is a need to improve the capability of institutions of higher education to adequately train those preparing for or already engaged in regular classroom teaching and administration. Under this program , financial support is provided to colleges of education to help them retrain faculty and change their current curriculum to better enable their graduates to work with handicapped students. Financial support will also be made to support approximately 12,825 regular classroom teachers in in-service training plus related institutional support.

Training will cover 4 major areas; (1) knowledge of the handicapped, including attitude and awareness training; (2) teaching methodologies used with handicapped children; (3) classroom management skills; (4) utilization of specialized and ancillary personnel to provide support services.

3. Instructional models ($ 5,185,000)

Within this part of the program three activities are funded which serve to both train personnel and to develop new modes of instruction for the preparation of personnel who teach handicapped children. These are:

a) the support and development of post doctoral training programs,
b) the identification and dissemination of cost-effective training models, and
c) a new effort designed to improve and expand programs that recruit and train parents and other volunteers to work in education programs for the handicapped.

The following tables display the distribution of funds for school years 1978-79 (projected) and 1977-78.

FY 1977 Funds Distribution
(School year 1977-78)
(Dollars in Thousands)

	Pre-Service		In-Service		All	
	Amount	Trained	Amount	Trained	Amount	Trained
1. Preparation of Special Educators						
a. Early childhood	$4,400	1,375	$1,820	2,800	$ 6,220	4,175
b. Severely handicapped	7,300	2,281	2,140	3,290	9,440	5,571
c. Paraprofessional	1,000	666	300	460	1,300	1,126
d. Physical education	750	234	280	430	1,030	664
e. Recreation	700	218	250	384	950	602
f. Interdisciplinary	450	214	180	276	630	490
g. General special education	8,750	2,734	1,730	2,660	10,480	5,394
h. Vocational/career education	1,000	312	600	930	1,600	1,242
Subtotal	$24,350	8,034	$7,300	11,230	$31,650	19,264
2. Special Education Training for Regular Education Teachers 1/	$ 3,550	---	$6,125	15,313	$ 9,675	15,313
3. Instructional Models						
a. Developmental Assistance	NA	NA	$ 400	600	$ 400	600
b. Model implementation	$ 3,000	937	$ 650	1,083	$ 3,650	2,020
c. Volunteer program	---	---	---	---	---	---
Subtotal	$ 3,000	937	$1,050	1,683	$4,040	2,620
Total	$30,900	8,971	$14,475	28,226	$45,375	37,197

1/ Direct financial assistance related to the pre-service training of regular classroom teachers is not provided. Regular classroom teachers receiving in-service training are allowed up to $15 per diem when training is held at a site away from the school.

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FY 1978 Funds Distribution
(School year 1978-79)
(Dollars in Thousands)

	Pre-Service		In-Service		All	
	Amount	Trained	Amount	Trained	Amount	Trained
1. Preparation of Special Educators						
a. Early childhood	$ 3,732	1,166	$ 2,488	3,828	$ 6,220	4,994
b. Severely handicapped	5,664	1,770	3,776	6,743	9,440	8,513
c. Paraprofessional	814	543	1,221	1,878	2,035	2,421
d. Physical education	678	212	452	695	1,130	907
e. Recreation	618	193	412	634	1,030	827
f. Interdisciplinary	522	249	348	535	870	784
g. General special education	5,082	1,588	3,388	6,050	8,470	7,638
h. Vocational/career education	1,457	458	978	1,505	2,445	1,963
Subtotal	$18,577	6,179	$13,063	21,868	$31,640	28,047
2. Special Education Training for Regular Education Teachers 1/	$ 3,420	---	$ 5,130	12,825	$ 8,550	12,825
3. Instructional Models						
a. Developmental Assistance	NA	NA	$ 970	589	$ 970	589
b. Model implementation	$ 2,130	666	1,420	2,367	3,550	3,033
c. Volunteer program	266	177	399	614	665	791
Subtotal	$ 2,396	843	$ 2,789	3,570	$ 5,185	4,413
Total	$24,393	7,022	$20,982	38,263	$45,375	45,285

1/ Direct financial assistance related to the pre-service training of regular classroom teachers is not provided. Regular classroom teachers receiving in-service training are allowed up to $15 per diem when training is held at a site away from the school.

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DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

	1977 Estimate	1978 Estimate	Increase or Decrease
7. Special studies.....	$1,735,000 1/	$2,300,000	+565,000
Positions.....	---	---	---

Narrative

Program purpose

In order to measure and evaluate the provision by States to all handicapped children of a free, public and appropriate education as required by the Education for All Handicapped Children Act of 1975 (P.L. 94-142), special studies are mandated under Sections 618 and 620 of that Act. Carrying out these studies will establish the basis for a comprehensive, reliable and valid information system pertaining to the provisions of the new law. This system will enable the Commissioner to respond to the legislative requirement to assess the implementation, impact, and effectiveness of P.L. 94-142 nationally and will better enable the Federal government to provide technical assistance to promote greater accountability by the States and their education agencies in fulfilling their major new responsibilities under the law. Since the Commissioner must report to the Congress annually on the progress being made toward the full-service mandate on P.L. 94-142, these studies will become an ongoing activity.

Budget policy

The budget request of $2,300,000 in fiscal year 1978 will support the Federal response to the legislative requirement to evaluate the implementation of P.L. 94-142. It represents an increase of $565,000 or 33% over the pending fiscal year 1977 supplemental request of $1,735,000 to inaugurate the studies. The increase reflects the transition from the planning and initial collection of baseline data to assessing current implementation. Full implementation of P.L. 94-142 is not required until fiscal year 1978. Studies planned include:

1. Clarification and refinement of terminology.

2. Assessment of capabilities, needs, and compatability of current reporting practices.

3. Validation and projection of child count and manpower needs.

4. Development of methods for State and local education agencies to evaluate special education programs.

5. Evaluation of implementation, impact, and effectiveness of processes such as due process, individual education plans, nondiscriminatory testing and provision of services in the least restrictive environment.

1/ Proposed supplemental.

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)

1977 Appropriation	1978 Authorization	1978 Budget Estimate
$315,000,000	1/	$365,000,000

1/ The fiscal year 1978 advance funded authorization for this program is equal to the number of handicapped children aged 3-21, inclusive, receiving special education and related services, multiplied by 10 percent of the average per pupil expenditure in public elementary and secondary schools in the United States.

Purpose: To assist States and outlying areas in meeting the full service mandate of the Education for All Handicapped Children Act of 1975 (P.L. 94-142), grants are made to help defray excess costs associated with the education of handicapped children at the preschool, elementary, and secondary levels. The law requires that all handicapped children be provided educational and related services that are free (at no cost to parent or guardian), appropriate and individualized. Priority of service must be first to unserved handicapped children and second to the most severely handicapped within each disability.

Explanation: For fiscal year 1978 the amount requested will be advance funded for use during school year 1978-79. States' allocations will be based on the formula stated above, and ratably reduced. However, no State will receive an amount less than the sum it received in the fiscal year ending September 30, 1977. In determining the allotment of each State no more than 12 percent of the children aged 5-17 may be counted as handicapped and no more than 1/6 that number (2 percent of total number of children in the State) may be counted as children with special learning disabilities.

Accomplishments in 1977: Grants totaling $315,000,000 to the States and outlying areas will help defray the excess costs of providing a free, and appropriate education to all handicapped children aged 3-18. These funds, together with State and local funds, will serve an estimated 6,000,000 children.

Objectives for 1978: The Federal contribution to serving handicapped children under this program will be increased to $365,000,000. In accordance with the law, priority of service must be directed first to the handicapped children not receiving an education and second to children within each disability with the most severe handicap who are receiving an inadequate education.

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OFFICE OF EDUCATION

Education for the Handicapped

Program Purpose and Accomplishments

Activity: State assistance:
(b) Deaf-blind centers (Education for the Handicapped Acts, Part C, section 622)

1977 Appropriation	1978 Authorization	1978 Budget Estimate
$16,000,000	$20,000,000 1/	$16,000,000

1/ Authorization expires fiscal year 1977. Extension provided by the General Education Provisions Act, Section 414.

Purpose: To help deaf-blind children achieve their full potential for communication and adjustment within society, this program supports regional centers which provide educational and therapeutic services, medical diagnosis and evaluation, and family counseling to deaf-blind children and their families.

Explanation: This is a forward-funded program. Contracts are awarded to 10 regional centers which subcontract to 250-300 State, local and private organizations for the provision of direct services to the estimated 5,000-7,000 deaf-blind children in the Nation. The Regional centers monitor the subcontracts and provide technical assistance, coordination and screening and in-service training for teachers and aides.

Accomplishments in 1977: An estimated 5,996 deaf-blind children will be identified during the fiscal year. 4,216 will continue enrollment in full-time programs and 300 will be enrolled in part-time programs. In addition, 417 children will receive home services, 1,000 will receive initial diagnosis and evaluation, 2,500 parents will be counseled and 3,000 teachers and aides will be provided training related to the special problems of deaf-blind children.

Objectives for 1978: The program will maintain services carryied out in 1977 with emphasis on pre-vocational training since 80 percent of the deaf-blind population will be in the 14-21 year old range by 1978. Efforts will also continue to provide services to the 1,480 identified deaf-blind children who are not yet being served.

OFFICE OF EDUCATION

Education for the Handicapped

Program Purpose and Accomplishments

Activity: State assistance:
(c) Pre-school incentive grants (Education for the Handicapped Act, Part B, section 619)

1977 Appropriation	1978 Authorization	1978 Budget Estimate
$12,500,000	Indefinite	$12,500,000

Purpose: This program seeks to stimulate State and local education agencies to develop and expand educational services to handicapped pre-school children, aged 3 to 5, thereby increasing their opportunity to benefit from early educational intervention, by providing grants to States based on the number of children being served.

Explanation: This is an advance funded program. SEA's must report to the Commissioner no later than April 1 of each year the average number of handicapped children residing in the State who were receiving special education and related services on October 1 and February 1 of that school year. The number of children aged 3-5 that are reported constitutes the basis for awarding of the grant to SEA's. The maximum amount of the grant per year which a State may receive is $300 for each handicapped preschool child counted as receiving service in the previous year with ratable reductions made in the size of awards depending upon the magnitude of appropriations.

Accomplishments in 1977: The $12,500,000 appropriated in fiscal year 1977 provided the first year of funding for this program. These funds become available to the States July 1, 1977 and may be used to increase and stimulate SEA's and LEA's pre-school programs for handicapped children aged 3-5 for school year 1977-78.

Objectives for 1978: The request of $12,500,000 will maintain the level of effort in assisting States and local education agencies in providing educational and related services to handicapped pre-school children.

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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/

1977 Appropriation	1978 Authorization	1978 Budget Estimate
$ 5,000,000	$19,000,000 1/	$5,000,000

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 authorization. Authorization expires in fiscal year 1977. Extension provided by the General Education Provisions Act, Section 414.

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 competitively awarded on a one-year basis to State departments of special education, intermediate and local school districts, institutions of higher education and other public and nonprofit private agencies funding for the second and third year based on project effectiveness, replicability of components and availability of funds.

Accomplishments in 1977: In fiscal year 1977, 18 projects were continued at a cost of $2,108,000 and 34 new ones were funded at a cost of $2,892,000. Four projects will apply for validation as exemplary models. If funded, they will assist States in the replication of the models through the provision of technical assistance and inservice training of professional staff. Funding of validated models will be at 60-70 percent of their demonstration cycle cost.

Objectives for 1978: These funds will continue 42 grants and start 12 new ones. Technical assistance in the development of comprehensive, coordinated State plans for the provision of services to the severely handicapped will be provided. The technical assistance efforts will assist model demonstration projects in areas such as program management, project evaluation, needs assessment, and dissemination of validated projects for replication in the States.

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Education for the Handicapped

Program Purpose and Accomplishments

Activity: Special populations programs
(b) Specific learning disabilities (Education of the Handicapped Act, Part G)

1977 Appropriation	1978 Authorization	1978 Budget Estimate
$9,000,000	$20,000,000 1/	$9,000,000

1/ Authorization expires fiscal year 1977. Extension provided by the General Education Provisions Act, Section 414.

Purpose: In order to help the States in their provision of comprehensive services as mandated by P.L. 94-142, this program supports the development and demonstration of effective project models that offer identification, diagnostic, prescriptive, and educational services for children with learning disabilities. It promotes the replication of validated models and supports research to advance the knowledge base concerning learning disabilities.

Explanation: Grants and contracts for this forward funded program are awarded annually at the Commissioner's discretion through National competition. In addition, institutions of higher education, State and local education agencies and other public and private educational and research organizations are eligible.

Accomplishments in 1977: With fiscal year 1977 funds the program will complete coverage of all 50 States with model demonstrations. An independent impact evaluation of model programs will be completed which will identify effective procedures and developing evaluation technology. The 1977 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.

Objectives for 1978: This program will continue to expand activities in 1978. It will fund 6 new awards at a cost of $1,300,000, 47 continuation awards at a cost of $7,700,000. Demonstrations will focus on developing and disseminating model for serving those target populations which are currently unserved or underserved, e.g. children in rural and inner city settings.

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OFFICE OF EDUCATION

Education for the Handicapped

Program Purpose and Accomplishment

Activity: Special population programs
(c) Early childhood education (Education of the Handicapped Act, Part C, Section 623)

1977 Appropriation	1978 Authorization	1978 Budget Estimate
$22,000,000	$38,000,000	$22,000,000

1/ Authorization expires fiscal year 1977. Extension provided by the General Education Provisions Act, Section 414.

Purpose: In order to help build the capacity of State and local education agencies to provide comprehensive educational services for handicapped preschool children this program supports the dissemination of validated models, and the development of new ideas for the education of young handicapped children. The program assists in the establishment of appropriate State and local programs incorporating the best tested educational practices. This capacity building program complements the preschool service efforts mandated by the Education for all Handicapped Children Act.

Explanation: Grants and contracts are awarded annually at the Commissioner's discretion and on the basis of National competition. Eligible grantees are institutions of higher education, State and local education agencies and other public and private educational organizations. 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 of 1977: This program supported 207 demonstration, outreach, and technical assistance projects which provided models for the delivery of services to preschool children. Two awards were continued for the provision of technical assistance to demonstration projects and State agencies.

Objectives for 1978: Attention will be given to early identification and service intervention for unserved infants and severely handicapped children. Efforts will be made to package and disseminate materials and to improve quality of demonstration projects. An amount of $15,800,000 will fund 158 service model demonstration projects of which 78 will be new and 80 continuations. Some new model projects will be funded at a cost of $2,400,000. Five technical assistance awards totalling $1,300,000 will also be made. Approximately $1,500,000 will fund 15 State implementation awards and $1,000,000 will support 5 new experimental awards designed to develop and test the effectiveness of new approaches.

OFFICE OF EDUCATION

Education for the Handicapped

Program Purpose and Accomplishments

Activity: Regional vocational, adult and postsecondary programs (Education of the Handicapped Act, Part C, Section 625)

1977 Appropriation	1978 Authorization	1978 Budget Estimate
$2,000,000	Such sums as necessary[1/]	$2,000,000

1/ Authorization expires fiscal year 1977. Extension provided by the General Education Provisions Act, Section 414.

Purpose: To promote the development and operation of specially designed or modified programs that offer vocational, technical, post-secondary and adult educational opportunities for handicapped persons, this program provides assistance to publicly supported educational institutions.

Explanation: Grants and contracts are awarded to programs that emphasize the acquisition of the necessary skills for successful career competition in the professional, skilled, and unskilled labor markets. Priority consideration is given those institutions which offer a comprehensive range of services, establish coordination procedures with all appropriate agencies, and provide individualized supportive services designed to enable handicapped students to participate in programs already in operation at these institutions.

Accomplishments in 1977: In order to create an increased awareness and broader adoption of this program, a technical assistance effort to continuing education programs will be maintained. The total number of projects continued will be 13; no new awards are anticipated. Supportive services offered will include: tutoring; counseling and follow-up on job placement; interpreting for the deaf; mobility training; auditory evaluation and training; wheelchair assistance; and sensory training. It is estimated that 2,654 persons who are deaf, blind, physically disabled or learning disabled will be enrolled in funded projects.

Objectives for 1978: Thirteen non-competing continuation awards will be made to benefit an estimated 2,654 participants, maintaining the fiscal year 1977 level of effort to promote the expansion and improvement of the capacity of institutions of education to provide vocational, technical, and adult basic education service to handicapped children and adults. In encouraging this type of effort, 3 priorities will be stressed: (1) programs serving multi-State regions or large population centers; (2) programs adopting existing programs to the special needs of handicapped persons; (3) programs designed to serve areas when a need for such services is clearly demonstrated.

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OFFICE OF EDUCATION

Education for the Handicapped

Program Purpose and Accomplishments

Activity: Innovation and development (Education of the Handicapped Act, Part E)

1977 Appropriation	1978 Authorization	1978 Budget Estimate
$11,000,000	$20,000,000 1/	$11,000,000

1/ Legislation expires fiscal year 1977. Extension provided by the General Education Provisions Act, Sec. 414.

Purpose: In order to improve educational opportunities for handicapped children this program supports research and development activities. These activities are designed to improve the effectiveness and efficiency of the educational system for handicapped children by supporting research into critical issues, the development, validation and dissemination of alternative approaches to problems specific to the education of the handicapped, and dissemination of the products of research to assure their broadest possible utilization.

Explanation: Grant and contract applications are made by State education agencies, local education agencies, colleges, universities, and private and public non-profit agencies. Awards are made annually through national competition with an average project duration of 3 years. Yearly continuation of funding is contingent upon successful performance and availability of funding.

Accomplishments in 1977: Awards will be made for 105 research and development projects of which 50 will be new. Awards for directed research will total $3,000,000 and for field-initiated research and development $8,000,000 and will include areas such as early childhood education, learning disabilities, career education, severely handicapped, personnel development and child advocacy.

Objectives for 1978: To further the goals of helping to develop approaches and techniques designed to improve the performance of handicapped children and of their teachers, $11,000,000 or the same level of funding as in the previous year is being requested. Of the 105 grants and contracts expected to be awarded, 45 will be new and the remainder will be non-competing continuations. The same ratio of funding between directed research and field-initiated research as in fiscal year 1977 is anticipated.

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)

1977 Appropriation	1978 Authorization	1978 Budget Estimate
$19,000,000	$22,000,000	$19,000,000

1/ Legislation expires in fiscal year 1977. Extension provided by the General Education Provisions Act, Section 414.

Purpose: To help provide handicapped learners with special educational materials this program supports grants and contracts. Activities funded include captioning and distribution of films and other visual media, as well as supporting the critical services and functions which are integral to the systematic delivery of educational media and materials to handicapped learners. These services and functions include the design and adaptation, development, production and marketing of media and materials for the handicapped. They also include dissemination of information about the latest media and materials available and the training of educational personnel in their use.

Explanation: Awards are made to State and local education agencies, institutions of higher learning and other public and nonprofit private agencies. Projects are approved for up to 36 months, but awards are made on an annual basis with renewal based upon a project's effectiveness, replicability and the availability of funds.

Accomplishments in 1977: To modify the system of Educational media and materials centers in accordance with legislative requirements, 18 new awards totaling $9,000,000 will be awarded. In addition, $7,000,000 for 14 new grants and 56 continuations will fund the captioning of films, TV news programs and other TV programs. About $2,000,000 will fund 30 marketing grants including 22 new ones, $600,000 will support 2 grants to the National Theatre of the Deaf and there will be one $500,000 award for recordings for the blind.

Objectives for 1978: All grants and contracts funded in fiscal year 1977 will be continued at about the same level of support in order to benefit handicapped learners through the development, dissemination, and use of technological advances in learning devices and materials. Continuations include 78 awards for captioned films, one for recordings for the blind, support for the new 18 Educational media and materials centers, 30 marketing and implementation grants, and 2 awards for the National Theatre of the Deaf.

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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)

1977 Appropriation	1978 Authorization	1978 Budget Estimate
$9,750,000	$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. Legislation expires fiscal year 1977. Extension provided by General Education Provisions Act, Section 414.

Purpose: To increase State and local capacity to provide appropriate appraisal and educational programming services for handicapped children, a system of regional resource centers (RRC's) has been established. The Centers offer training for personnel in special education skills; technical assistance in the development of State plans to serve the handicapped; direct referral services; and assistance to LEA's and SEA's in adopting models of multidisciplinary referral services.

Explanation: Grants or contracts are awarded to institutions of higher education, State and/or local education agencies or any combination thereof. Projects are approved for periods of 36 months, with awards renewed annually on the basis of a center's effectiveness and the availability of appropriations.

Accomplishments in 1977: Continued support will be given to the 13 RRC's now in operation and to a National Coordinating Unit which offers information and provides data support, training activities, and ongoing needs assessment. In addition, 16 Direction Service Centers will be continued by the RRC's to directly encourage and assist LEA's in adopting programs of comprehensive referral services. Some 90,000 children will receive services through the RRC's and about 9,000 personnel will obtain training.

Objectives for 1978: As a result of P.L. 94-142 and corresponding increased funding in the State grant program, greater efforts by the States in child appraisal and educational programming are expected It is anticipated that the 13 RRC's and one National Coordinating Unit will receive continued funding to promote child referral and evaluation, technical assistance to SEA's and LEA's and the continuation of direct diagnostic and referral services where resources are not otherwise available.

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)

1977 Appropriation	1978 Authorization	1978 Budget Estimate
$1,000,000	$1,000,000[1/]	$1,000,000

1/ Legislation expires fiscal year 1977. Extension provided by the General Education Provisions Act, Section 414.

Purpose: The purpose of this program is to support the dissemination of information about available programs, services, and resources for the education of handicapped children and to provide referral services to parents, teachers and other interested groups seeking appropriate educational programs for their children. In addition, recruitment efforts are funded to encourage people to enter the field of special education.

Explanation: Discretionary project grants or contracts are awarded to public and nonprofit organizations.

Accomplishments in FY 1977: Plans are to continue the operation of an information clearinghouse which develops, produces, and distributes informational packets on available services for the handicapped. In addition, efforts will continue to reach a concerned constituency through the Closer Look Report (circulation of 100,000) and the Spanish/English Special Education Information Center (SEIC) newlsetter which reaches 200,000 parents.

Objectives for 1978: Activities designed to promote a greater awareness of the availability of services for the handicapped population will be continued. 8 local information units will continue to be funded to assure that referral and information services are accessible to any and all handicapped children and parents of handicapped children. 3 regional workshops will be conducted for the purpose of orienting as many people as possible about the functions and responsibilities of the local information units. In addition, this program will continue to develop information packages for Indians, the disadvantaged, those of limited English speaking ability and the geographically isolated.

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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)

1977 Appropriation	1978 Authorization	1978 Budget Estimate
$45,375,000	$54,000,000[1/]	$45,375,000

1/ Legislation expires FY 1977. Extension provided by the General Education Provision Act, Section 414.

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 finapcial 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 are also involved with preparation of other educators and specialists.

Explanation: Annual grants are made at the Commissioner's discretion to State education agencies and institutions of higher education to assist them in developing and improving training programs for educational personnel for the handicapped. This is a forward funded program with the minimum award being $1,000 and the average approximately $70,000. All awards are made for twelve months of activity.

Accomplishments in 1977: For School year 1977-78, funds will provide support for an estimated 775 awards benefitting approximately 37,195 students. Projects will include full-time preservice training, in-service training of special educators and regular classroom teachers, as well as the development of new instructional models for training of personnel to fill new educational roles.

Objectives for 1978: In school year 1978-79 this program will support 775 projects to train an estimated 45,285 teachers, administrators and paraprofessionals. The primary objective is to address the severe shortage of suitably trained teachers of handicapped children and thereby assist States in meeting the mandate of the Education of All Handicapped Children Act that all handicapped children be provided with an appropriate education in the least restrictive environment.

OFFICE OF EDUCATION

Education for the Handicapped

Program Purpose and Accomplishments

Activity: Special studies (Education for the Handicapped Act, as amended by P.L. 94-142, Sections 618 and 620)

1977 Estimate	1978 Authorization	1978 Budget Estimate
$1,735,000[1/]	Indefinite	$2,300,000

1/ This amount is proposed under a supplemental appropriations request.

Purpose: In order to measure and evaluate the provision by States to all handicapped children of a free, public, and appropriate education as required by the Education for All Handicapped Children Act of 1975 (P.L. 94-142) and to enable the Commissioner to respond to the legislative requirement to annually assess the implementation, impact, and effectiveness of the law, special studies are mandated. This will be an on-going activity since reports to the Congress are required annually.

Explanation: The Commissioner is required to conduct these studies, investigations, and evaluations directly or by grant or contract. Grants may be with nonprofit-making organizations such as institutions of higher education; contracts may be with profit- making as well as nonprofit organizations.

Accomplishments in FY 1977: Should funds be made available in accordance with the proposed supplemental appropriations request, significant progress will be made toward establishing the basis for a comprehensive information system pertaining to the provisions of P.L. 94-142. Specifically, (a) a report on approaches for validating and projecting the number of handicapped children within each disability and on manpower needs will be completed; (b) the reporting capacities of at least 75 percent of the States will have been assessed regarding their ability to provide the information required by the new law; and (c) a draft report will be prepared on the operational definitions of concepts and terminology critical to the implementation of the law, e.g. "severity" and "learning disabled".

Objectives for FY 1978: Studies initiated in FY 1977 will be finalized or continued, as appropriate, and information will be updated. Special emphasis will be placed on assessing progress being made by the States on addressing the requirements for due process, individual education plans, nondiscriminatory testing and provision of services in the least restrictive environment.

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DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Education for the Handicapped

State Grant Program

State or Outlying Area	Advance for 1977 1/	Advance for 1978 2/	Advance for 1979 3/
Total	$200,000,000	$315,000,000	$365,000,000
Alabama	3,365,542		
Alaska	490,567		
Arizona	1,921,124		
Arkansas	1,829,462		
California	18,609,066		
Colorado	2,335,174		
Connecticut	2,763,013		
Delaware	622,204		
Florida	6,380,764		
Georgia	4,618,356		
Hawaii	836,262		
Idaho	781,714		
Illinois	10,221,515		
Indiana	5,010,905		
Iowa	2,634,753		
Kansas	2,060,933		
Kentucky	3,098,951		
Louisiana	3,775,472		
Maine	960,286		
Maryland	3,835,476		
Massachusetts	5,212,919		
Michigan	8,817,578		
Minnesota	3,758,157		
Mississippi	2,317,010		
Missouri	4,267,874		
Montana	735,291		
Nebraska	1,398,141		
Nevada	599,425		
New Hampshire	760,460		
New Jersey	6,457,792		
New Mexico	1,128,789		
New York	15,738,278		
North Carolina	4,992,790		
North Dakota	671,537		
Ohio	10,057,668		
Oklahoma	2,354,020		
Oregon	1,975,798		
Pennsylvania	10,378,532		
Rhode Island	843,286		
South Carolina	2,710,586		

State or Outlying Area	Advance 1/ for 1977	Advance for 1978 2/	Advance for 1979 3/
Total	$200,000,000	$315,000,000	$365,000,000
South Dakota	698,770		
Tennessee	3,707,002		
Texas	11,265,148		
Utah	1,213,009		
Vermont	539,113		
Virginia	4,561,746		
Washington	3,201,385		
West Virginia	1,567,670		
Wisconsin	4,348,328		
Wyoming	470,988		
District of Columbia	668,848		
Puerto Rico	2,899,064		
American Samoa			
Guam	1,580,257		
Trust Territory			
Virgin Islands			
Bureau of Indian Affairs	1,951,207		

1/ 1976 advance funding for 1977. This distribution though appropriated in FY 1976 is available for use by the States in 1977. This distribution is based on the prior year's allocation (FY 1975 appropriation of $100,000,000 for use in FY 1976) with the remainder ratably reduced from the FY 1977 authorization ($657,133,750) with a minimum of $300,000. The formula used is based upon the number of children aged 3-21 multiplied by $8.75.

2/3/ FY's 1977 and 1978 appropriated amounts are based on a new formula of multiplying the number of handicapped children receiving special education related services in each State by 5% in 1977 and 10% in 1978 of the National average per pupil expenditure in public elementary and secondary schools. Child count data upon which this formula is based is not available at this time. The average of 2 counts (one in October 1976 and one in February 1977) will be used.

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OCCUPATIONAL, VOCATIONAL, AND ADULT EDUCATION

WITNESSES

DR. CHARLES H. BUZZELL, ACTING DEPUTY COMMISSIONER FOR OCCUPATIONAL AND ADULT EDUCATION
DR. WILLIAM F. PIERCE, ACTING COMMISSIONER OF EDUCATION
DR. HOWARD F. HJELM, DIRECTOR, DIVISION OF RESEARCH AND DEVELOPMENT
DR. RICHARD CARLSON, DIRECTOR, DIVISION OF VOCATIONAL AND TECHNICAL EDUCATION
PAUL V. DELKER, DIRECTOR, DIVISION OF ADULT EDUCATION
DR. JOHN W. EVANS, ASSISTANT COMMISSIONER, OFFICE OF PLANNING, BUDGETING, AND EVALUATION
LeROY A. CORNELSEN, PLANNING OFFICER FOR VOCATIONAL AND ADULT EDUCATION
CORA BEBBE, DIRECTOR, DIVISION OF PLANNING AND BUDGETING
CHARLES MILLER, DEPUTY ASSISTANT SECRETARY, COMPTROLLER

Mr. FLOOD. This presentation is made by Dr. Charles Buzzell. We have your biographical sketch which we will place in the record at this point, and also your statement.

[The information follows:]

BIOGRAPHICAL SKETCH OF CHARLES H. BUZZELL

Position: Acting Deputy Commissioner for Occupational and Adult Education.

Birthplace and date: Hartford, Conn., October 17, 1931.

Education: Hartford Trade School, Hartford, Conn., 1952, Certificate—Electrical; Teacher College of Connecticut, New Britain, Conn., 1959, B.S. industrial arts; University of Connecticut, Storrs, Conn., 1961, M.A. guidance and psychology; Rutgers University, New Brunswick, N.J., 1970, Ed.D. vocational.

Experience: Present, Acting Deputy Commissioner for Occupational and Adult Education; 1974–76, Associate Commissioner for Adult, Vocational, Technical, and Manpower Education, Office of Education; 1970–74, associate commissioner, Division of Occupational Education, Massachusetts State Department of Education; 1970, director, Bureau of Professional Services, Division of Vocational Education, New Jersey State Department of Education; 1969–70, coordinator, National Leadership Training Institute; 1967–69, assistant director of COPE (Cooperative Occupational Preteaching Experience), Rutgers University, New Brunswick, N.J.; 1965–67, instructor, Industrial Education Department, Central Connecticut State College, New Britain, Conn.; 1962–65; guidance counselor, Rockville High School, Vernon, Conn.; 1959–62, teacher, industrial arts, Rockville High School, Vernon, Conn.

Association memberships: Advisory Committee, EPDA, Temple University; Advisory Committee, EPDA, University of Connecticut; American Vocational Association Publications Committee, Technical Education Division; National Vocational Education Liaison Committe 1973; Massachusetts Industrial Education Society (honorary member); board of directors, American Vocational Association.

STATEMENT BY ACTING DEPUTY COMMISSIONER FOR OCCUPATIONAL AND ADULT EDUCATION, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Mr. Chairman and members of the committee, thank you for the opportunity to present our fiscal year 1978 request for the Occupational, Vocational, and Adult Education appropriation.

We are requesting a total of $674,573,455 in fiscal year 1978 to advance fund vocational and adult education programs.

Of these funds, $594,073,455 is requested for the vocational education programs, including the permanent appropriation. The Education Amendments of 1976 provided for a consolidation of the previously authorized categorical vocational education programs.

This request will support the second year of activity under the consolidation which gives greater responsibility and flexibility to the States in the use of these funds. In accordance with the new legislation, funds will be distributed under a formula grant program to the States, as well as under a discretionary program. The State formula programs will include the basic grant program, consumer and homemaking, special programs for disadvantaged and State advisory councils. Of the moneys available for the basic grants, a split of 80–20 percent mandated in the new legislation will shift emphasis in the States from maintenance of vocational programs to program improvement and supportive services. These State grant programs will provide services to 21,670,000 students, highlighting special populations such as handicapped, disadvantaged, and postsecondary.

The discretionary money includes funds for programs of national significance and Indian vocational education. The level of funding for programs of national significance is a mandated 5 percent of the total funding for three programs—the basic grant program, program improvement, and programs of national significance, itself. This 5-percent set-aside will support 51 research, demonstration, and personnel development projects, 6 curriculum coordinating centers, a national center for research in vocational education, a national and 56 State occupational information coordinating committees and 240 fellowships for vocational education personnel development. One percent of the remaining basic grant money will be set-aside for Indian projects in accordance with the new legislation. In addition a total of $1 million will be taken off the top of all programs to fund section 523 studies in accordance with the new legislation.

An additional $2.8 million will fund 21 bilingual vocational training projects in 7 languages under a separate authorization.

For adult education, $80,500,000, the same level as school year 1977–78, is being requested for school year 1978–79 to assist the States in eliminating functional illiteracy among the Nation's adults 16 years of age and older. In 1975, a study indicated that as many as 63.2 million adults lacked certain educational competencies deemed necessary to be sufficiently prepared to cope adequately with many day-to-day functions. Of these, 23.2 million were judged to be functionally illiterate. In order to increase the States' capacities to provide these services, a minimum of 10 percent of the basic allotment must be used by the States to support experimental, demonstration, and teaching training projects. This request will provide educational services to 1,166,000 adults.

My colleagues and I will be glad to answer any questions at this time.

STUDENT ENROLLMENT

Mr. FLOOD. You show 17 million students are estimated to be enrolled in vocational education during the 1978–79 school year. That is an increase of about 1.3 million students from the 1977–78 school year. Those are your estimates. Are they fairly accurate?

Dr. BUZZELL. We think they are conservative based on previous experiences. We are projecting by the end of 1979 that enrollments at all levels for all vocational education programs will approach over 21 million.

Mr. FLOOD. Then why, in view of this increased enrollment, are you proposing a level budget? The 1978 budget is exactly the same as the 1977 budget.

Dr. BUZZELL. The Federal dollar is well overmatched by State and local expenditures at a rate of $6.53 of State and local dollars to $1 Federal. This overmatch represents an increase in the State and local vocational education resources which can absorb the increased enrollments to the point where we feel level Federal funding will deal adequately with vocational needs.

Mr. FLOOD. That being so, then, do you think that the additional 1.3 million students can be absorbed within the vocational education system, and with no additional costs to the States?

Dr. BUZZELL. No, I would not say at no additional cost. Increases in enrollments are accompanied by increases in costs.

NEED FOR FEDERAL SUPPORT

Mr. FLOOD. Let me ask you this: What do you think would happen—now, hold your hat—what do you think would happen if all the Federal support for vocational education were withdrawn? Would the system collapse?

Dr. BUZZELL. My professional judgment would be that the system would not collapse, but I also do not think that in 5 years you would find the same quality and capacity in the States that you currently have with the input of Federal dollars.

Mr. FLOOD. I asked you that, because I am afraid somebody will ask me that on the floor.

Dr. BUZZELL. Yes, of course.

HUMAN CAPITAL

Mr. FLOOD. What we are trying to find out is why the Federal Government should spend $600 million in vocational education next year. What benefit is the taxpayer going to get out of an investment like that?

Dr. BUZZELL. It is an investment in human capital.

Mr. FLOOD. Did you say human capital?

Dr. BUZZELL. Yes, in human capital.

Mr. FLOOD. That is what I thought you said. It is a good phrase.

Dr. BUZZELL. For example, the unemployed represent a waste of human capital. You will not find many persons who have come through the vocational education system part of the CETA clientile. Instead, vocational education students have been imbued with the work ethic, if you will, and have been provided with a marketable skill such that they bypass that pool of disadvantaged clients.

If you look at the preventative cost to the Federal Government of providing vocational education services and the return in terms of taxes with the employment of these students against the remedial costs of CETA, I think you will find we are getting more than an adequate return on the investment.

IMPACT OF VOCATIONAL EDUCATION

Mr. FLOOD. There are several studies that you should know about. Most of the studies we have seen show that vocational education has made virtually little difference in success in the job market, generally.

This recent study that you should know about, performed by the Research Triangle Institute found that the available manpower data are rarely used by the vocational education administrators to change curriculums to meet whatever the current labor market demand might be.

What has to be done to relate vocational education, with all the good things that you say it does, more closely to the labor market?

Dr. BUZZELL. The 1976 amendments indicate that Congress understood the dilemma confronting people at the local level where vocational services are being delivered, and designed what we hope will be a more responsive approach to tying vocational education services to local needs and labor markets. The mandated National Occupational Information Coordinating Committee will impart on this process by rendering currently available manpower demand data into a usable form for practitioners in both CETA and vocational education programs.

We also think this new system will allow those involved in the labor-producing systems of this Nation, those below the baccalaureate level in vocational education and in CETA, to provide more adequate data on the supply side of the equation, so that we can more closely match the demand with the supply.

COMPLETION RATE

Mr. FLOOD. Good. All right. But what about this: this is very disturbing to us, believe me. We have seen data that show that less—mark this—less than 50 percent of the students enrolled in vocational education, at both the secondary and postsecondary level, actually complete their training.

Dr. BUZZELL. I am not familiar with those data, Mr. Chairman. Better than 50——

Mr. FLOOD. Less than 50 percent actually complete their training.

Dr. BUZZELL. So that better than 50 percent drop out?

Mr. FLOOD. Yes.

Dr. BUZZELL. I am not personally familiar with that.

Mr. PATTEN. You are not mixing that up with 50 percent get into the trade or work for which they are prepared?

Mr. FLOOD. This may help you, now. At the secondary level alone the completion rate from the available data is only 18 percent in programs related to agriculture.

Have you looked into that at all?

Dr. BUZZELL. I am not familiar with the source of the data. What we can do, Mr. Chairman, is respond specifically to those questions for the record.

COMPLETION/PLACEMENT DATA

Data is collected on the number of persons completing vocational education programs. Because of the difficulty in comparing this number with persons still in vocation education programs of varying lengths, however, a completion rate is not computed. Instead, information is collected against those completing the programs.

In fiscal year 1975, 2,028,475 persons completed vocational education programs. Of these 1,159,788 or 57.2 percent were available for employment. Of that number, 1,029,387 or 88.8 percent were placed in jobs. Further analysis revealed that 64.6 percent of those available for employment (the 57.2 percent) were placed full-time in the field for which they were trained or in a related field. Of those not available for work, 75 percent pursued additional education while the majority of the remainder did not seek employment because of personal reasons. Less than 7 percent of completers are unemployed.

Disadvantaged Students

Mr. Flood. Do you have any evidence at all to show that the low income students have greater opportunities in vocational education than they had 5 years ago?

We understand that the percentage of low income vocational students has declined from 10.8 percent in 1972 to 9 percent of the total enrollment.

Do you have anything on that?

Dr. Buzzell. Again, I am not familiar with those data. I know that special programs for the disadvantaged——

Mr. Flood. All right, call them disadvantaged.

Dr. Buzzell. Our data indicates that about 12.3 percent of the students that we will serve in 1978 will be disadvantaged. But let me point out that those disadvantaged students who have already been assisted and are now in regular vocational programs are not included in this count. The legislation was designed to mainstream disadvantaged students into the regular vocational education program. Therefore, when a student, because of socioeconomic background, a learning disability, or a handicap problem was prevented from access to the regular program, then vocational dollars, especially Federal dollars, flowed to assist that student until he became capable of accessing the regular program. Once the student is assimilated into the regular program, we no longer track that student as a disadvantaged or handicapped student.

handicapped students

Mr. Flood. Do handicapped students have greater opportunities for vocational education than they did 5 years ago?

For instance, we understand that the percentage of handicapped students in vocational education has remained pretty constant at about 2.5 percent of total enrollment.

Well, how about that?

Dr. Buzzell. Absolutely yes; we are finding that the existing system by virtue of the special set-aside for handicapped students is modifying itself in ways that allow handicapped students to access the regular programs.

To give you a specific example, in Massachusetts, programs——

Mr. Flood. Off the record.

[Discussion off the record.]

Mr. Flood. Back on the record.

Dr. Buzzell. In prior years, it was virtually impossible to find a handicapped student in a regular vocational program, not because the regular programs were against the handicapped students but rather that the regular faculty did not understand how to deal with the special needs of the handicapped. The deaf are an example. We now have numerous programs around the country where interpreters are as much a part of the instructional process as is the regular vocational instructor, and now we——

Mr. Flood. Now, I want you to develop that answer for the record, will you?

Dr. Buzzell. Yes, we will.

[The information follows:]

INCREASED OPPORTUNITIES FOR THE HANDICAPPED

Although the percentage of handicapped students enrolled in vocational education programs remains fairly constant at about 2 percent, handicapped students do have greater opportunities in vocational education than they did 5 years ago. This is because the data reports only more seriously handicapped who need specific programs and services over and above those given to nonhandicapped students. Those handicapped students who are served in regular programs, either having been placed there immediately upon entering vocational education, or placed there after having received prior assistance through special programs, are frequently not reported as handicapped. This is consistent with the philosophy that students should not be labeled and should be mainstreamed as soon as possible The percentage of handicapped students in vocational education remains constant because as soon as the students are assimilated into regular programs he/she is usually dropped from the handicapped roles. The accessability for the handicapped will be further increased as information on eligibility is disseminated to target population. We also expect a significant increase in enrollments with the implementation of Public Law 94–482, the new vocational education legislation, and Public Law 94–142, education for all handicapped children, along with its companion legislation, Vocational Rehabilitation Act, 503–504.

FEMALE ENROLLMENT

Mr. FLOOD. Based on the latest data available, what is the percentage of female enrollment in trade, industrial, or technical vocational education?

Dr. BUZZELL. What is the figure? I do not have the data with me.

Dr. PIERCE. The last data I saw was about 6 percent in those areas. We have been 50 percent of the total enrollment in vocational education——

Mr. FLOOD. I want you to confirm that figure for the record. I will ask you this, then. What is the percentage of female employment in consumer and vocational education?

Dr. BUZZELL. In the neighborhood of 70 percent.

Mr. FLOOD. Don't those percentages prove beyond any doubt at all that the present vocational education system, the one we are talking about, forces females into lower paying jobs or into domestic activities?

Dr. BUZZELL. I am not sure I would say forces, but I would certainly say that the enrollments are such that women and girls are not accessing on an equal par with men and boys the training opportunities in typically male-intensive occupations.

PERCENTAGES OF FEMALES ENROLLED IN SELECTED OCCUPATIONS

Females represent 12.4 percent of the total enrollment in the technical and trade and industrial occupations. Other percentages by occupational field include:

Field:	*Percent female*
Agriculture	9.2
Distribution	42.8
Health	71.7
Consumer and homemaking	81.9
Occupational home economics	73.2
Office occupations	69.3
Technical	10.7
Trade and industrial	12.6
Special programs	26.7

SEX BIAS

Mr. FLOOD. What can the Federal Government do to overcome sexual bias in vocational education?

Dr. BUZZELL. We have three pages of activities under sex discrimination which have been going on over the past 2 years within the Bureau.

Mr. PATTEN. Where are they at? Are they in my book?

Dr. BUZZELL. They will be. We will make copies and send them along to you.

Mr. FLOOD. Of course, the record is going to show this, too.

Dr. BUZZELL. Absolutely; we will supply this for the record.

Actions Taken by the Bureau of Occupational and Adult Education to Overcome Sex-Bias

(from January 1976 to Present)

I. Policy Actions:

A. Elimination of sex-bias included as one of the Bureau's priorities for FY'77, as in FY'76.
B. Designation of full-time staff member as Special Advisor on Women's Issues.
C. Incorporated objectives on the elimination of sex-bias in the operational planning system, to be tracked by the Deputy Commissioner.
D. Developed a policy paper on Re-entry Women, published an extensive bibliography on women in non-traditional occupations, compiled and analyzed State data by sex, and currently developing policy to delineate the project monitor's role in eliminating sex-bias in BOAE-sponsored exemplary projects.

II. Legislation:

A. Supported the four administration amendments introduced by the Secretary's Advisory Committee on the Rights and Responsibilities of Women.
B. Regulations Process:
   1. Assigned women's issues specialist as advisor to the Regulations Task Force.
   2. Actively encouraged in-put from women's organizations in the regulations process.
      a. meetings with representatives.
      b. special invitations to the public meetings.
C. New responsibilities under P.L. 94-482 (Vocational Education Amendments of 1976):
   1. Development of a Request-for-Proposal for a national study of the existence of sex-bias in vocational education. Study will be developed and monitored by OPBE and BOAE.
   2. Vocational Education data reporting system will include information by sex and race.
   3. Special technical assistance will be given to the full-time personnel on sex-bias in each State, including developing materials and conducting training workshops on sex-bias, sex-stereotyping.
   4. State plans, especially the section on the elimination of sex-bias, will be reviewed for sex-fairness.

III. Research:

A. 11 projects on women's issues were funded in FY 1976 for about $730,000, approximately 6% of total available funds.
B. Elimination of sex-bias announced as a priority area for Part C (Research) projects, in addition to being a requirement for all applications for Part C funds.
C. Part D (Innovation) requirement that all exemplary projects include component to eliminate sex-bias.
D. Dissemination of funding announcements made to 50 national women's organizations.
E. Compilation of a roster of potential women panel readers.
F. Training in recognition of sex-bias conducted for Part C panel readers.

IV. Technical Assistance to States:

A. Conferences, training workshops, etc. conducted by Special Advisor on Women's Issues in 10 States.
B. Speeches, presentations to national, regional, State, local meetings: 10.
C. Training workshops in 2 Regional offices.
D. 5 packets of materials on women's issues mailed to State vocational education staff.
E. Information requests filled for approximately 20 people per week.

V. Evaluation:

A. Developed questions on Title IX compliance for use in evaluating SEA compliance.
B. Provided training for B.O.A.E. evaluators in Title IX coverage.
C. Included Title IX questions on all Management Evaluation Reviews for Compliance.

VI. Communications Activities:

A. Regularly scheduled meetings with women's organizations and representatives are held.
B. Contact with media:
a. Two radio broadcasts.
b. materials for 10 magazine articles.

VII. Co-ordination with Other Agencies:

A. Participation on 2 inter-agency committees on women's issues.
B. Cooperation with NIE in development of research activities.

VIII. Bureau Programs:

A. Encouraged all programs within the Bureau to address women's issues.
B. Announced elimination of sex-bias as one of adult education priorities for FY'77.

IX. Miscellaneous:

A. Established a resource file and general information request system for questions on sex-bias in vocational education.
B. Developed an extensive Affirmative Action plan within the Bureau.

Mr. FLOOD. You are certainly not surprised I asked you that question.

Dr. BUZZELL. Oh, certainly not, in light of the new legislation that goes into effect in October.

Mr. FLOOD. That is right.

Dr. BUZZELL. I think the point you are probably trying to make is whether or not we expect to see modification of the existing program over time as a result of the new elimination of discrimination efforts under the legislation. In response, we feel absolutely certain that we will see such changes.

We think those changes will take a variety of forms: Recruitment, an increased and heightened sensitivity in the vocational education system to not close out, either formally or informally, the opportunities for women and girls, but to rather expand those opportunities. To this end we have to expand outreach programs and provide role models for women and girls, particularly as they look at male-intensive occupational programs.

Dr. PIERCE. Mr. Chairman, I think in the last year this Bureau spent somewhere in the neighborhood of $730,000 of discretionary funds on projects devoted specifically to overcoming sex bias and sex stereotyping, and that is just the beginning of what will happen over the next few years.

CETA

Mr. FLOOD. Since you were here 1 year ago especially, what actions are you taking to reduce duplication of services between vocational education and CETA, the Comprehensive Employment and Training Act?

Dr. BUZZELL. I think it is important for the record that we realize that each program deals with different clientele. Vocational education deals with those clients who are typically enrolled in the existing system, and CETA deals with those clients who have escaped, for a variety of reasons, the existing system. The CETA pool is fed, for example, by the 700,000 dropouts who leave our secondary programs annually. CETA and vocational education have two very distinct clientele to serve. As a result, the techniques, strategies, and curriculums vary against these clientele.

We do worry about duplication. We think we can reduce duplication by making it possible for the CETA client to have access to the unused work stations that are available in the formal system through community colleges, through evening or late-afternoon programs at the secondary school level. Preliminary data support the effectiveness of this approach, not to the degree we would hope, but gives us some confidence that we are making progress.

The second area of duplication is in the area of curriculum development, where we have increased response from those responsible for CETA programs—of reaching across and drawing forward from the vocational sector those curriculum materials that fit the CETA clientele, especially materials for the disadvantaged at the secondary and postsecondary levels.

We also have underway an effort to transfer Department of Defense curriculum materials that have been developed that could appropri-

ately be used in the CETA instruction process as well as the vocational secondary/postsecondary process.

Mr. PATTEN. Does that include combat training?

Mr. NATCHER. Yes.

PLACEMENT RATE

Mr. MICHEL. Last year, we were told that of those persons completing vocational education programs, 60 percent were available for employment, and that of that 60 percent, 91 percent were actually placed on a job.

Dr. BUZZELL. Yes, sir.

Mr. MICHEL. Is that figure about the same, or can you update it?

Dr. BUZZELL. I can update it for you. It is now 57 percent available with an 88.8 percent placement. The slight change probably reflects the conditions of our economy.

We do not think——

Mr. MICHEL. How many people are we talking about?

Dr. BUZZELL. About 1,029,000, if you are talking about placement. If you are talking about the total pool, you are talking about 2,028,000.

Mr. MICHEL. Then what happens to the 40 percent?

Dr. BUZZELL. The difference between 57 and 100 percent? 75 percent of them go on to higher education.

Mr. MICHEL. What is the general method by which these people, then, end up in jobs?

Dr. BUZZELL. You will find that it varies from LEA to LEA, but I would say that the informal process that exists between the teacher and the advisory craft committees probably account for the greatest percentage of placements.

Outside of that, the school guidance programs play a significant role, and then the formal employment programs in the States probably pick up the remaining percentage.

COOPERATION WITH LOCAL BUSINESSES

Mr. MICHEL. What can you tell us about the relationship of the local business communities with the vocational education program? Is there real good cooperation, or does it vary from community to community?

Dr. BUZZELL. Nationally we would have to say it varies, but the existing act, and again the new act, requires that there be involved advisory counsels, crafts committees, if you will, at the local level. In the new act, this has become a significant characteristic in the planning of programs and the conduct and evaluation of programs.

So there is considerable effort to improve what we think is a viable organizational activity.

Mr. MICHEL. Have you noticed whether or not there is this business participation and cooperation, and does that lead to a more successful program?

Dr. BUZZELL. It has been our experience in the Bureau that——

Mr. MICHEL. I should say particularly in the placing in jobs.

Dr. BUZZELL. This cooperation is very decidedly an advantage, and it shows it is not only in the aspects that you referred to, but in the relevance of training, in the development of orders for purchase of equipment, and in the construction of facilities.

Most of our new facilities around the country, while construction is tapering off nationally if not holding still, is the result of extensive involvement with craft committees in the areas where the construction is being developed.

Dr. PIERCE. One example is cooperative education. About 200,000 students are enrolled in that program, and the data show that many of those young people stay right with the employer with whom they are placed in the cooperative program for their first full-time job experience. I think that is just an indication.

COOPERATION WITH CETA

Mr. MICHEL. Maybe we could take a leaf from that experience for some of our other job-training programs.

What can you tell us about the current level of cooperation between vocational schools and CETA prime sponsors?

Dr. BUZZELL. In the chairman's earlier questions we focused in that direction. The current CETA legislation which gives just 5 percent of the funds to the educational establishment have not promoted the interaction and relationships which we think would have been there had the manpower relationship remained intact.

If anything, it backed out the manpower interaction that was in place.

But we do see in the Nation over the past year, certainly, an increased emphasis and dollars on these activities because of the economic crunch.

We see increasing efforts for organizations at the local level to pull together. Such efforts include cooperative utilization of facilities, utilization of staff on off-peak time, and shared use and development of curriculums materials.

BASIC EDUCATIONAL SKILLS

Mr. MICHEL. To what extent are vocational educational funds being used to provide students with basic skills that they apparently did not learn in the regular school system?

Dr. BUZZELL. Well, if you treated vocational education both as an end—that is, the delivery of marketable skills—and also as a means to an end, you will find a considerable contribution being made by vocational education to the individual.

Let me give you a specific. Programs in carpentry and plumbing are taught as a tool skill to the mechanic, who has to use that tool skill in the conduct of his profession. But the trade also involves math that one would expect those going on to college to have.

So in that regard, the instruction in right angularity, which we call related to the field, augments and enhances the delivery of what might be considered pure vocational instructions.

Dr. PIERCE. Vocational education is used as a motivating factor for a lot of children and young people. Insofar as they may have been disinclined to want to learn to read in a regular English program, if they get really turned on to an electronics program, they see the value of needing to read and to write well. There is a kind of serendipitous relationship between the vocational skill and the acquisition of general basic skills. I do not think you can measure that, but it is certainly there.

LENGTH OF PROGRAMS

Mr. MICHEL. What is the average length of a student attending vocational school today?

Dr. BUZZELL. It would average about 2 academic years at the secondary level and between 1 and 2 years at the postsecondary level. Many of our programs at the secondary level are 11th and 12th grades with some experiences at the 9th and 10th grades. Instruction would run about 2 to 3 hours per day.

RATIO OF FEDERAL DOLLARS

Mr. MICHEL. What is the ratio of Federal dollars to State and local dollars for vocational education?

Dr. BUZZELL. In 1975, the last year of available data, it was running about $6.53 in State and local dollars against every Federal dollar. This indicates the significant driving power of the Federal dollar in this program.

PROGRAM IMPROVEMENT

Mr. MICHEL. What kind of program improvements and supportive services do you expect the States to undertake with that 20 percent of the basic grant that they are required to set aside for that purpose?

Dr. BUZZELL. Among others we expect to see significant efforts in opening up the options for young women and girls in vocational programs, also curriculum development and updating, and a significant investment in the training of personnel, and the refurbishing or updating of professional skills in the teaching environment, with some emphasis on the examination of alternative strategies for instruction.

For example, does class size have a significant effect on training in electronics programs, or should we have heavy investment in cooperative programs versus a mix of the co-op in the classroom?

This is some of the aspects of that experimentation——

CURRICULUM COORDINATING CENTERS

Mr. MICHEL. How are the coordinating centers for curriculum going to operate?

Dr. BUZZELL. They will continue in the same direction they are now going. Their primary thrust is to reduce duplication, and what we are finding in the centers is that, one, States use the centers as a vehicle for communicating as to whether or not a curriculum already exists before they launch into a refurbishing or redesigning of an existing program or building a new program, and two, that the communication links provided by the curriculum centers do a great deal to reduce the duplication in that effort.

Further, we have economy of scale in the reproduction of curriculum materials and the mailing and housing of curriculum materials, which I think results in significant savings of State, local, and Federal dollars.

Mr. MICHEL. Thank you, Mr. Chairman. I will put my other questions in the record.

Mr. FLOOD. Thank you. Mr. Natcher?

BILINGUAL VOCATIONAL EDUCATION

Mr. NATCHER. The authorization for the year 1978 for the bilingual vocational education program is set at $60 million, as you know.

Dr. BUZZELL. That is right.

Mr. NATCHER. You are requesting $2,800,000 now. Is that adequate?

Dr. BUZZELL. We are confronted with a significant need for a particular segment of our population. We need to examine the existing funding sources that already deal with this segment of the population and see what additional needs exists for vocational education dollars.

You recall that the Congress saw fit to put in excess of $100 million into the regular bilingual program, which can be accessed by the vocational secondary sector to deliver services to the bilingual secondary school population. These programs are focused on out-of-school individuals who, by virtue of their bilingual capacity, are unable to take part in the regular vocational programs.

In summary, our bilingual vocational request won't treat the entire problem, but it will play a role in incrementally working toward a solution, especially as the Federal dollar tends to drive State and local dollars.

RENOVATION OF FACILITIES

Mr. NATCHER. As you also know, the amendments to the basic law authorized a new program to provide emergency assistance for remodeling.

Dr. BUZZELL. Yes, sir.

Mr. NATCHER. Do you have anything in this bill for this purpose?

Dr. BUZZELL. We do not. Of the $25 million authorized, we are requesting nothing.

Mr. NATCHER. It is not necessary at this time?

Dr. BUZZELL. Well, again, we are confronted with severe competing needs and a need to keep the request at last year's level. In addition, States can now move and have been able to move some of their funds into those programs.

Further, we have a study underway that will be completed by the end of this fiscal year which will give us some hard data on the need for renovation. By the next appropriation, we should have an idea of what the need for such funding is.

Mr. MICHEL. Would you yield a moment?

Mr. NATCHER. Yes.

BILINGUAL TEACHING

Mr. MICHEL. When you teach vocational training in bilingual, you teach in the native tongue, right?

Dr. BUZZELL. It depends on the need of the students, but, yes, there is significant effort today to do that. Formerly it was——

Mr. MICHEL. What I am getting at, though, is if you do that, do you teach them English in conjunction with it?

Dr. BUZZELL. Yes.

Dr. PIERCE. They start in the native tongue, but the purpose is to make them functional in English.

NEW EMPHASES

Mr. NATCHER. The 1976 Vocational Education Act added several new provisions. These provisions include those designed to minimize sex discrimination in vocational education programs, provide financial support for Indian vocational education, improve State planning procedures and reduce duplication of service between programs supported under the act, and those supported under the Comprehensive Employment and Training Act.

What policies have you developed to implement these amendments?

Dr. BUZZELL. May we take each of them in turn?

Mr. NATCHER Go right ahead.

Dr. BUZZELL. I will submit for the record activities that the Bureau has launched in the past 2 years to assist in the problems of sex discrimination.

In working with the Indians, we have already initiated meetings with BIA, numerous meetings with BIA, and we have assisted them, hopefully, to channel their resources to the vocational needs of the Indian populations that they purport to serve.

In addition, we have been in the field speaking with the regional representatives of BIA and with Indian tribes in anticipating the role that the Federal Government would play with the new thrust in the 1976 amendments dealing with programs for the Indians.

On State planning effort, we feel that the effort is going to be greatly enhanced by the very specific language in the new act itself. We have not needed to issue guidelines in order to give the States indications of how to improve their planning processes, because the legislation, in our judgment, contains enough direction in that area.

A great aid to the planning process will be the National Occupation Information Coordinating Committee which will attempt to bring into line and into useful form supply-and-demand data both for the vocational delivery mechanism and the CETA mechanism.

The rules and regs that are about to be published speak specifically to each of these. We estimate within 2 weeks we will have those rules and regulations on the street.

ADULT EDUCATION

Mr. NATCHER. As far as adult education is concerned, we understand that the dropout rate was 40 percent in fiscal year 1975. How do you account for the fact that it was 40 percent?

I believe that 40 percent is correct, isn't it?

Mr. DELKER. Mr. Natcher, it is possible to use that figure, if we mean all people who did not complete the program and left it. There were 489,000 in fiscal 1975 who left the program without completing in the sense of a high school diploma.

However, 163,000 of those left to take a job or a better job, or entered other training, or met their personal objectives.

So they should not, in our judgment, be considered dropouts.

Mr. NATCHER. I see.

Mr. DELKER. Only 35,000 left because of lack of interest and 20,000 due to classtime schedules I think those represent the actual indict-

ments against the educational system, because they are responsible for the lack of motivation.

Many of the other reasons for not continuing are really beyond the educational realm such as child-care problems, family problems, transportation problems. That makes up the balance.

Mr. NATCHER. For fiscal year 1978, you have requested $80,500,000. Yet your programs have experienced a right high dropout rate and in some cases have been criticized by GAO for poor administration at the local level.

What are you doing about this matter?

Mr. DELKER. In relation to adult education?

Mr. NATCHER. Well, as far as the justification of this request of $80,500,000 for adult education.

What, if anything, are you doing to answer this criticism?

Mr. DELKER. The major initiative that we have undertaken, also cited by the GAO report as forthcoming, and which they supported, is the study on adult functional competency, and the 65 objectives which the adult performance level project identified as those skills which adults really need in the 1970's in order to handle life's problems. Over two-thirds of the States have invested, and are investing some of their demonstration and development funds authorized under section 309 to develop programs around those objectives, and we think that the targeting on real-life requirements is one of the most effective ways to reduce the dropout rate.

This is being done both at the local and State levels.

Mr. NATCHER. Thank you, Mr. Chairman.

Mr. FLOOD. Mr. Patten?

Mr. PATTEN. I tell you what I see. In my county, 10 years ago—well, I have five vocational schools when I had three before. I have two new ones. I know we have pressure put on us by parents to try to get their children into the vocational schools when they have been rejected, and this is a burden.

In answer to the question, one of the fundamentals that you have mentioned, we have tried advisory committees. We are not training electricians unless they are going to be able to use their skills, and the electrical unions and others are on the advisory committee.

Some of the plants have donated equipment, and the same with the machine shop practice.

You have big machine outfits for Dingel Machine, Deal, and many others in the neighborhood, Western Electric, who have a great number of machinists.

There the industry is sitting in with the vocational schools and telling them what they need, to help the curriculum, and help them get trained on something that will be useful.

Overall, I am saying to you that I have a pleasant impression.

In Perth Amboy, there are 6,800 going to night school, and we start with fundamentals, teaching them to read and write English. There are a lot of Puerto Ricans that come in, and many others.

All I can find out in talking with the teachers and the people who go, is that they are all enthused and all are happy with the program.

Of course, there are other programs, too. There are many others.

At Woodbridge, we have 2,500 in night school that we didn't have there 5 years ago. The Federal financing has been a priming factor, and I know Martin Lynch, president of the board in Woodbridge, is pleased with what he is doing in adult education.

I have looked at it a little bit, and I have visited some of them, and I would confirm his impression.

That is all Mr. Chairman.

Mr. FLOOD. All right.

YOUTH UNEMPLOYMENT

Mr. CONTE. I will ask one question.

One of the major interests and concerns with me has been youth unemployment, and for that reason I have cosponsored legislation to revive the old Civilian Conservation Corps program. You may be too young to remember, but back in the 1930's there were skills taught in the old CCC camps, and good, honest trades that enabled a lot of young people to find a job after a stint in the camp.

As the officer responsible for vocational education, what do you think of the plausibility of providing vocational skills and training in a CCC type of setting?

I have asked people from labor this question, and they thought it was a pretty good idea.

Dr. BUZZELL. I am speaking personally now—I would be very supportive of a program which took youth who were currently unemployed and gave those youth, both male and females, the marketable skills, attitudes, knowledge, and understanding which would render them able to compete in the marketplace.

That is the business we are in.

I would say that my readings, personally, again, of the Job Corps suggest it to be one of the most successful programs we have had in this Nation. It took the individuals out of their environment full time and treated them in total—their health problems, their counseling problems, their career development problems, their identity problems, their basic education problems, and their skill-need problems, and I think if we take a leaf from the book you cite, our experiences during the 1930's, and we take a leaf from the most recent experiences of the Job Corps, and build on the programs you know from Massachusetts as being very successful, and on the whole orientation that you and others have come out with, and insure that services are delivered through a program where the individuals are taken into a meaningful, highly reinforcing, not threatening environment, and I think you would have a high level of success. That is my personal opinion.

Mr. CONTE. I hope we can work something out. I think that holds a tremendous potential.

Thank you, Mr. Chairman.

CONSOLIDATION

Mr. FLOOD. The education amendments of 1976 consolidated many of the categorical programs, as you know, beginning in 1978.

Now, it is a little early to talk about any results for 1978, but can you comment briefly upon any benefits from the consolidation?

Dr. BUZZELL. If you look at where the consolidation is going to take place at the State level, it gives the States more flexibility. For example, cooperative and work study, which used to be categorical programs, can now be moved, expanded or reduced at the discretion of the State.

I think what we are going to find is, taken on balance, programs which offer the greatest possibility of success are going to expand within the consolidation, and programs which have not proved appropriate for particular States, or a particular State, are going to atrophy.

Mr. FLOOD. Good.

What is the initial reaction of the State agencies? Is it going to create more work, or less work for them? That law imposes a pretty complex State plan requirement.

Dr. BUZZELL. In terms of the areas where Congress has provided the States with flexibility, response from the field is extremely positive. The States feel very, very comfortable that the Congress has listened to their concerns and has reflected that listening in the new legislation.

The States are, however, currently worrying about how they can deal with the very precise and proscriptive nature of elements of the act, such as the sex discrimination. The States are not sure yet how they will deal with that responsibility, nor are they sure that the techniques, the strategies that are outlined in the act, are really the most critical points of intervention, but are very willing to take part in the effort to eliminate that problem which brought it into being.

STATE ADMINISTRATION

Mr. FLOOD. That new law authorizes $25 million for State administration and planning. Are you proposing to fund this new authority?

Dr. BUZZELL. No; we are not.

Mr. FLOOD. Why not?

Dr. BUZZELL. The administration has not requested funds in that area. First, we see some efforts by the Congress to modify the current law on this point with technical amendments which would place administration into the 102–A section and make it a permissible expenditure against the basic grant.

But in terms of planning and evaluation, the administration feels that these are State responsibilities, and that Federal funds are not needed in that area. Activities should be performed using State funds, either the State match or the State overmatch.

CONSUMER AND HOMEMAKING

Mr. FLOOD. You are requesting $40,994,000 for consumer and homemaking education.

Dr. BUZZELL. Yes.

Mr. FLOOD. Isn't that program simply a way to sidetrack—we talked about this before—isn't that a way to sidetrack women away from other vocational programs which lead to paid employment?

Dr. BUZZELL. It should not be. These programs deal both with preparing males and females for homemaking activities while also learning to combine those activities with the role of the wage earner.

In addition, you will find that a significant shift in the curriculum and the use of Federal money in and under homemaking to opportunities for employment——

Mr. FLOOD. All right. I hope so.

To what extent, then, does the consumer and homemaker training lead to paid employment?

Dr. BUZZELL. We do have those data, and I will submit them for the record.

[The information follows:]

EXTENT THAT CONSUMER AND HOMEMAKING PREPARE STUDENTS FOR PAID EMPLOYMENT

Consumer and homemaking, as authorized by subpart 5, section 150 of Public Law 94-482, does not specifically prepare students for paid employment. The purpose of the program is to educate men and women in the occupation of homemaker. As currently defined, this excludes paid employment; therefore, funds allocated to the States under this section cannot be used to prepare students for paid employment. The program, however, may enhance the employability of a student by teaching students to combine the roles of homemaker and wage earner, and by encouraging attitudinal skills which would contribute to future employment.

It is the basic grant program, under section 120 of the new law, which deals more extensively with preparing men and women for paid employment in fields associated with homemaking. These fields include child care and guidance; clothing management, production, and services; food management, production, and services; home furnishings, equipment, and services; and institutional and home management. In addition, subsections J, K, and L suggest additional possible areas of expenditure of Federal funds in preparing persons who have primarily been homemakers with employable skills. These initiatives would be conducted under the basic State grant funds for vocational education. They include support services for women entering fields previously limited to men, day care services for children of students in secondary and postsecondary programs, and vocational education for persons who are single heads of households or primarily homemakers who must seek employment.

CAREER EDUCATION

Mr. FLOOD. You are requesting $25.9 million for programs that you call programs of national significance. How much of that is related to career education?

Dr. BUZZELL. The national discretionary funds?

Mr. FLOOD. That is right.

Dr. BUZZELL. Presuming that I understand your use of the term, we would not use any of those funds for career education programs.

Mr. FLOOD. That is your term, not mine. But you have been supporting these career education projects since 1973 and you have been spending about $8 million a year. Isn't career education a program of national significance?

What benefits have been derived from those expenditures?

Dr. BUZZELL. I think what we have done in the most recent years is to take the research that has come out of NIE and the experienced-based career education models, and moved that positive research experience into our part D—demonstration programs. Currently we have projects under part D which are going to run those experienced base career programs for 3 years to see if in fact they live up to their expectations.

I might add for the record that the initial feedback is that they certainly are doing that, and promise to live up to their expectations.

Mr. FLOOD. Here is something I think you had better answer for the record.

The National Academy of Sciences recently published a report assessing vocational education research.

Now, over the past 10 years, $250 million was spent on vocational education research. It would appear from reading that report that these funds have produced little or no documented results.

I am sure you have seen the report.

Dr. BUZZELL. Yes, we have.

Mr. FLOOD. We would like to know, do you agree with the findings, and because of the nature of that report and its widespread use, I think you ought to prepare that answer for the record, rather than doing it off the top of your head.

Dr. PIERCE. May I make one comment for the record? The Bureau funded the study at their own initiation to determine for the Nation, for the record and for us the effects of those programs, so that we could improve them. We did that ourselves and I just wanted to get that into the record.

Impact of Vocational R&D

We concur with the NAS report that the impact of vocational R&D has not been adequately documented in any systematic and comprehensive manner. There are, however, scores of products from individual R&D projects that have had a significant impact on vocational education practices. This certainly leads us to the conclusion that vocational education R&D has had an important impact and is a vital component of our vocational education program.

For example, the new biomedical equipment technicians curriculum has been installed in 49 post-secondary institutions in 21 States across the nation and has significantly contributed toward the establishment of the examination standards of the Association for the Advancement of Medical Instrumentation for certifying bio-medical equipment technicians; the career education projects supported with Part D exemplary program funds were instrumental and key elements in the career education movement across the nation and its establishment as a national priority; the World of Construction and the World of Manufacturing are now utilized by approximately 420,000 students in 2,200 schools in every State; the aviation mechanics project reorganized an entire curriculum and led to the Federal Aviation Administration revising its licensing requirements, (today 150 certified aviation schools in the U.S. are using the new curriculum with 16,000 graduates); the OTIS system developed by Oklahoma State University has been adopted by 12 States; the new nuclear medical technicians curriculum has been installed in 26 post-secondary schools in 17 States; the MBO system developed by the Oklahoma State agency has been adopted by 27 States; the State management information system developed at Ohio State University has been adopted by several States; the new electro-mechanical technicians curriculum has been installed in 75 post-secondary schools in 35 States; the CVIS program developed with the support of the Illinois RCU is one of the most effective computerized guidance systems now being used in education; the Kingdom-of-Could-Be-You films aired on Captain Kangaroo's program received a national film award; the National Occupation Competency Testing Center at the Education Testing Service in Princeton grew out of an effort at Rutgers University to develop occupational competency tests for trade and industrial education teachers; the Oklahoma State agency has pioneered in the application of the Delphi technique in determining vocational needs and priorities; support has been provided for Project Talent; the Utah experiment did demonstrate that DOD curricular materials could be used effectively in public schools; AIM/ARM is providing a cost effective information retrieval system on vocational education R&D; Western Michigan University has trained representatives of industrial teacher education programs from 225 universities in the use of metric education materials; software has been prepared for the public service occupational cluster for delivery through cable TV; and the new laser and electro-optical technicians curriculum has been installed in 13 schools in 10 States and includes a bilingual version of the curriculum.

ADULT EDUCATION POPULATION

Mr. FLOOD. All right. I'm glad to hear that. Turning to the budget for adult education, you have a request for $80,500,000. You say that is going to serve about 1.2 million persons; but you also tell us at the same time that 63.2 million adults lack educational competency of any kind at all to be proficient in everyday requirements?

Who, then, has the responsibility for educating the 62 million people not being served by the program?

Dr. BUZZELL. The figure to focus on, and it is a significant figure, I must say, is approximately 23 million adults who are classified as functionally illiterate, unable to cope with the adult world in which they find themselves. That is the target population. What one must do in assessing that group is to realize that of the group, even if we had all of the money available that we needed and the best programs in place, it is our estimate that only one-half of that group would access those programs.

Even so, we are still talking about approximately 12 million people.

Mr. FLOOD. That is what I wanted to know.

Dr. BUZZELL. It is the purpose of our adult education effort to build a capacity in the State to deal with this problem. It is our judgment that the problem will remain with us, as it is being continuously fed by immigration from other countries, and by the 700,000 annual dropouts from the traditional school system. Given unlimited wants and limited resources, the Federal effort should be directed at building the capacity in the States to remedy this.

INCREASED EFFICIENCY

Mr. FLOOD. Take a look at page 190 of your budget. You indicated that the States have an increased efficiency in cooperative arrangements with all these other programs, and this is going to result in a low cost per student.

All right, but do the States know they will have this increase in efficiency in providing adult education? How in the world can you make a statement like that?

Dr. BUZZELL. First of all, we are reflecting the data provided by the States to us, and we think there are two factors responsible for the reduction from $83 to $62.

One, the additional resources from other agencies being delivered to this same adult population. CETA has been discussed a number of times during the testimony.

Mr. FLOOD. Yes.

Dr. BUZZELL. That pool of 12 million people also represents CETA clients. So, the cost reduction is a reflection of CETA fund flowing——

Mr. FLOOD. But do the States know they have the efficiency you say they have?

Dr. BUZZELL. It is from the States that we are getting the data. In one instance, the State told us that heavy investment of the State and Federal Government money went into an adult center, and now there is great economy of scale as a result of that investment by adult populations coming to that center from such areas——

Mr. FLOOD. We will examine this next year to be sure. By the way, can the Federal Government do anything to reduce that dropout rate in the adult education program?

Dr. BUZZELL. I think the Federal Government can. I think Mr. Delker's comments about the number of people who could actually be described as dropouts touch on that.

REPORTING REQUIREMENTS

Mr. FLOOD. The Adult Education Act requires that no more than 20 percent of the State grants funds be allotted to the secondary education level. But according to a GAO report, State education agencies are not required to record or to report expenditures by grade levels.

Now, if you do not have that data, and if it is not required from the States, then how in the world are you going to enforce this provision?

Mr. DELKER. They are required in reporting forms that have been devised since then, since that feature was put into the act. They are required to report expenditures between the 9th and 12th grades and 8th grade and below, so that we do have a way of accounting for the 20 percent.

What is being reported to us is that approximately 85 percent of Federal money is going to below the 8th grade.

In New York State, for example——

Mr. FLOOD. I see. But do you have records and statistics?

Mr. DELKER. Yes, sir.

Dr. PIERCE. I think we need to bear in mind when you talk about this population that you are really dealing with a very difficult group of people. You are dealing with a group who have met failure many times, they are not functionally literate, and to expect those people—to expect that the dropout rate would not be fairly high, I think is a little bit unrealistic, maybe, in a sense that they have so many demands upon them, and this is the second, third, and perhaps fourth time around for some of these people. They are hard to deal with, and that dropout rate, which we do not accept at 40 percent because of the reasons Mr. Delker has given, that dropout rate may not be excessive.

Dr. EVANS. It might help to note that the dropout rate in colleges and universities is 50 percent between the freshman and senior years.

Mr. FLOOD. All those things being so, what policies have you implemented to improve cooperative arrangements between programs sponsored under the Adult Education Act and related antipoverty programs?

Remember, that GAO report found that such arrangements were very, very infrequent.

Dr. PIERCE. I do not recall saying anything about antipoverty programs. I just simply said——

Mr. FLOOD. The relationship between the antipoverty programs and the adult education programs.

Dr. BUZZELL. Your term "antipoverty program," is that another term for CETA programs?

Mr. FLOOD. Well, you have a number of antipoverty programs, not just CETA.

Mr. DELKER. Could I comment on that, please?

Mr. FLOOD. Yes.

Mr. DELKER. The regulations published following the 1974 amendments which were in process at the time of the GAO investigation were revised to require really stringent cooperative arrangements between adult education and other programs. We have a recent report in the case of CETA.

Mr. FLOOD. Yes, that brings up CETA, then.

Mr. DELKER. We have found in 22 States, that there are formal cooperation arrangements, and in 60 metropolitan areas, contractual arrangements. In Mississippi, $573,000 in CETA money is contracted to the adult education program for 17 locations. That represents an increase of 60 percent of basic education moneys available in Mississippi.

Mr. FLOOD. Thank you very much.

Mr. CONTE. What did you ask OMB for your total budget?

Ms. BEEBE. For adult education?

Mr. CONTE. For both, adult education and vocational education. Is $678 million about the figure?

Dr. BUZZELL. $594 million of which was for vocational.

Mr. CONTE. Just give me vocational.

Dr. BUZZELL. $594,073,455 including the permanent appropriation authorized by the Smith-Hughes Act.

Mr. CONTE. Is that what you requested from OMB?

Ms. BEEBE. Yes, sir.

Mr. FLOOD. That was quite a workout.

[The following questions were submitted by members of the subcommittee with the request that they be answered for the record.]

MR. CONTE

SEX BIAS IN VOCATIONAL EDUCATION

Mr. CONTE. Your justification says (p. 176) that special emphasis has been placed on overcoming sex bias and sex role stereotyping in vocational education programs. Can you te'l me what form that emphasis has taken, and what results have been achieved in this area?

ANSWER. We have already submitted for the record a list of activities undertaken by our Bureau related to the elimination of sex discrimination in vocational education. These activities include programmatic as well as procedural and internal efforts. Examples of these areas include preparation of the RFP for the mandated study on sex discrimination in vocational education, actively seeking out input from women's organizations in the regulation process, and designating a full-time staff member in the Bureau as Special Advisor on Women's Issues.

The major program efforts, however, will be launched over the next year under the mandate of our new legislation. We anticipate that major changes in sex stereotyping and sex bias will occur but that such changes will vary with program and time. We cannot expect to see immediate and consistent responses to our efforts at the elimination of sex discrimination. Major changes in the elimination of sex stereotyping can be affected on'y over time. Preliminary data, however, between fiscal years 1972 and 1975 indicates that male/female enrollments in selected occupational fields are already tending to move closer together, indicating possible long-term attitudinal changes.

WORK STUDY

Mr. CONTE. I believe funds can be used under the basic grant program for work-study, among other things. How does that differ from the higher education work-study program? Or is it basically the same concept only with secondary and vocational rather than college students?

ANSWER. Yes; funds can be used under the basic grant program for work-study at the option of the State. The two work study programs are similar except that the vocational work study is limited to students enrolled in a vocational education program and to persons 15 to 21 years of age. Vocational work study also limits the number of hours the student may be employed to 20 a week in order that the student may participate in a full-time vocational program. The college work study has no such limitations and the student may be employed for up to 40 hours a week and is usually paid a higher rate than a vocational work-study student.

DEFINITION OF "DISADVANTAGED"

Mr. CONTE. Your justification indicates that some 2.6 million students enrolled in vocational education will be disadvantaged. How do you define "disadvantaged?"

ANSWER. "Disadvantaged" is legislatively defined as persons (other than physically handicapped) who have academic or economic handicaps requiring special services and assistance to reach persons who enroll but drop out, do not enroll at all, or are not permitted to enroll in regular vocational education programs because they lack the computational, communication, and/or attitudinal skills which would enable them to succeed in the regular vocational education program. Special services and programs are provided these youth and adults to encourage them to stay in school to acquire the academic and occupational skills needed for successful employment. Programs are available for the disadvantaged at all levels—secondary, postsecondary, and adult. Approximately 270,000 students will be served under the special programs for the disadvantaged. The remaining disadvantaged students will be served through the basic grant program.

PROGRAM IMPROVEMENT

Mr. CONTE. Twenty percent of the funds allotted to the States must be used to improve their vocational education programs and to provide supportive services for improving vocational education. What forms do those improvements take? Can you give me some examples of what States are actually doing with that 20 percent? Do you have Massachusetts, for example?

ANSWER. Funds under this subpart are used for research programs, exemplary and innovative programs, curricu'um development, guidance and counseling, preservice and inservice training, and grants to overcome sex bias.

The following are examples of what the States are doing with these funds:

RESEARCH—MASSACHUSETTS

The Division's career educational information resource center (CEDIS) continues to support curriculum development for vocational programs and provide technical assistance throughout the State.

CEDIS has developed an ongoing and growing information dissemination network of 84 local educational agencies. During this period 2,232 teachers have been trained, 561 information searches have been completed, and 79,043 microfiche have been disseminated.

This program is designed to make all Massachusetts educators aware of new developments in occupational education which will expand the number of students served, and the kinds of experiences students may acquire. This program is also geared toward breaking down stereotyping in occupational education, providing the latest program development nationally and within the State, and encouraging the exchange of information.

SEX BIAS—ILLINOIS

Fiscal year 1975 and fiscal year 1976 marked the development, field-testing and validation of a curriculum for use in grades 7–14 to increase the student's awareness of the need for expanding the career options of women in vocational education and to alleviate stereotyped thinking by both sexes.

The curriculum was field-tested at one junior high school, one area vocational center, six high schools, and one community college geographically distributed across Illinois. Approximately 225 students and 18 teachers participated in the field-testing.

The curriculum includes five 50-minute lessons—(1) An introduction to the concept of stereotyping, (2) Prohibiting sex discrimination in employment, (3) Patterns of women's labor force participation, (4) Effects of a women's decision

to join the labor force on a family's standard of living and (5) Sex bias in guidance and counseling.

The curriculum is intended as a supplement to either a guidance program or an existing course—vocational or nonvocational. Each of the five lessons allows for optimum student discussion and participation in the learning process. The curriculum is not single-sex based and supports the precept that occupational choice should be an open process of the student deciding what he/she likes or dislikes without undue outside social pressure to conform.

EXEMPLARY—MASSACHUSETTS

The Blue Hills Regional Vocational School has developed a career curriculum resource center which features a data base of behavioral objectives for vocational program development. Also to further develop and expand a comprehensive plan providing model programing for 185 special needs students of the Blue Hills region. This includes (1) refinement of the core evaluation process and plan for screening and admitting new students in need of special education services, (2) inservice and instructional development involving both special education and regular school personnel in a 15-week sign language course and curriculum development workshops, (3) planning and development of a transitional program for marginally employed students with more substantial special needs. Twenty-five students are enrolled in the following courses: building services, laundry and domestic services, basic office practices, and food services.

PRESERVICE TRAINING—PENNSYLVANIA

In order to standardize statewide the occupational competency assessment of prospective vocational teachers recruited from business and industry a part-time occupational competency coordinator worked with the 4 university agency coordinators in the revision and development of 7 tests and the administration of assessments to 416 candidates for teaching in 63 different courses.

Fifteen recently developed tests were validated by administering to 40 graduating seniors and 10 teachers/occupational incumbents.

One workshop was conducted for 220 local teachers who act as practical test monitors and 1 workshop was conducted for 175 teachers who assist in test development and revision.

The national occupational competency test (NOCTI) was used for 138 candidates in 9 course areas.

Three-, one-, and two-day meetings were conducted with the university representatives who are charged with the responsibility of occupational competency assessment of teacher candidates. At these meetings solutions to common problems, procedures and policies are agreed upon for the administration of the occupational competency testing program for the State.

CONSUMER AND HOMEMAKING

Mr. CONTE. In your consumer and homemaking education program, are those funds provided to the State's? What oversight do you maintain to see that the funds provided reach the schools they are meant for rather than being retained by the State educational bureaucracies?

ANSWER. Consumer and homemaking education programs are allocated on a formula grant basis to States for two major purposes—educational program services and activities and ancillary services.

In order to be eligible to receive these funds every State submits to the Commissioner of Education a State plan for vocational education of which consumer and homemaking education is a part. Upon approval, funds will be allocated to the States and in turn allocated to "eligible recipients." Before the State plans are submitted to the Commissioner they must be approved by the State advisory council for vocational education and the State board of education.

Also as a method of oversight, an annual State report on vocational education is submitted to the U.S. Office of Education which tracks the expenditures of funds according to the designated objectives and purposes. Furthermore, there is a qualified education program specialist for consumer and homemaking education whose major responsibility is to provide assistance to States in carrying out the intent of the legislation by reviewing and appraising State plans and State reports for vocational education. Also, site visits are made to provide assistance in identifying procedures for carrying out the legislation according to the Federal rules and regulations for vocational education.

NATIONAL CENTER FOR RESEARCH IN VOCATIONAL EDUCATION

Mr. CONTE. Would you give me some examples of work being done by the National Center for Research in Vocational Education?

ANSWER. The Education Amendments of 1976 provide authority to establish a National Center for Research in Vocational Education. This legislation, however, does not become effective until October 1, 1977. Therefore, no funds can be expended on the center until that time.

Meanwhile, the Bureau is in the process of writing a request for proposals (RFP). This competitive RFP should be issued in either May or June and will describe the proposed activities of the center. If the schedule is met, an award should be made by October 1977.

The activities of the new center will be based upon those functions set out in our new legislation.

1. Conduct applied research and development on problems of national significance;
2. Provide leadership development;
3. Disseminate the results of research and development;
4. Develop information to facilitate national planning and policy development;
5. Act as a clearinghouse for information; and
6. Develop methods for evaluating programs.

Until the new legislation goes into effect in October, research and innovation activities will continue to be conducted by the Bureau under parts C and D of the existing legislation.

MANDATED STUDIES

Mr. CONTE. When will the two studies commissioned under the new vocational education legislation be completed? Will you make sure I receive a copy.

ANSWER. The study examining sex bias and sex stereotyping in vocational education programs is to be completed by October 1978. The other study, on evaluation of vocational education programs conducted by the National Institute of Education, is to be completed by September 30, 1980. An interim report shall be made to Congress by September 30, 1979. The pending technical amendments to our new legislation, however, would extend the reporting dates of the NIE study by 1 year, making the final report date September 30, 1981.

We will be glad to make sure you receive copies of these reports.

INCREASING COSTS OF INSTRUCTION

Mr. CONTE. You are requesting the same amount of money for adult education as you received in 1977. How can you avoid cutting back on the number of participants, given the increasing cost of instruction and materials?

ANSWER. There is a continuing effort among States to coordinate agreements and contracts with other Federal and non-Federal programs related to adult education as well as occupational and vocational skills. This increased coordination among State and Federal programs will allow for increased participation in adult education programs without necessitating an increased level of Federal funding. Some of the agencies with which cooperative arrangements and/or contract agreements exist are comprehensive employment and training programs, right to read, adult vocational education, correctional institutions, social and rehabilitation services, work incentive programs, State and local health resources, and business and industry.

CORRECTIONAL PROGRAMS

Mr. CONTE. I see that under your special programs for the disadvantaged you run programs in correctional institutions. Would you tell me more about such programs? Is that done in conjunction with the regular rehabilitation and training programs administered by the institutions themselves?

ANSWER. The number of States offering vocational education programs in correctional institutions has increased. Such programs are operated in conjunction with the regular rehabilitation and training administered by the institutions themselves. Generally the programs developed by the vocational staff of the education agency serve as consultants to the State division of corrections in helping to develop new programs or to improve exising programs. Emphasis is placed on curriculum development, equipment acquisition, and teacher qualifica-

tion. Arrangements are made for fiscal and consultation support of the Division of Vocational Education for a wide variety of programs for both men and women.

Such cooperation and interagency teamwork assures progress and effectiveness of vocational education where needed and programs are tailored accordingly. In institutions with first offenders or persons with shorter length sentences, emphasis is on prevocational programs, and short intensive programs. Also common are education release programs where inmates are transported to area vocational schools or community colleges for training. Other institutions provide inside programs which prepare persons for employment on release. Frequent offerings include painting and decorating, drafting, upholstering, general office, electronics, electricity, auto mechanics, radio and TV repair, plumbing, carpentry, graphic arts, and drycleaning.

Several States report that job placement after such training is a major problem which is currently being addressed.

ECONOMICALLY DEPRESSED AREAS

Mr. CONTE. Under the consumer and homemaking education program, one-third of the State's allotment is to be used in economically depressed areas or areas with high rates of unemployment. For the purposes of allocating these funds, what rate of unemployment is considered "high"? Or does that vary from State to State? Would you explain exactly how that works?

ANSWER. Annually the employment commission in each of the States furnishes to the State department of education or the State boards of education the data on unemployment by counties and by large urban areas. For the purposes of allocating funds, States specify accordingly which areas of the State are qualified to receive funds on the basis of the "high rate" of unemployment. A county or area must be classified as an area with a high rate of unemployment before they are eligible for Federal funds on a 90 to 10 matching basis. Not only does the rate of unemployment vary from county to county, large urban area to large urban area, but also from State to State.

State plans for vocational education must include in their annual plan the areas in the State that qualify to receive funds on the basis of "high rate of unemployment." Funds are allocated to the States on a formula basis.

MR. O'BRIEN

PLACEMENT PROGRAM

Mr. O'BRIEN. How successful is your placement program? Do you have any statistics to show that those finding employment did so because of their training under your programs?

ANSWER. Of the 2,028,475 persons completing vocational education programs in fiscal year 1975, the last year of available data, 1,159,788 persons or 57.2 percent were available for employment. Of the number available, 1,029,387 or 88.8 percent were placed. Further analysis revealed that 749,302 or 64.6 percent, of those available, were placed full time in the field for which they were trained or in a related field.

These placement figures are down only a couple of percentages from the previous years, despite the tight labor market. Given this consistently high rate of employment for those who are available, we feel that our placement performance is more than adequate.

CONSUMER AND HOMEMAKING EDUCATION

Mr. O'BRIEN. What type of instruction is made available through consumer and homemaking education?

ANSWER. Instructional programs include: Consumer education, food and nutrition, family living and parenthood education, child development and guidance, housing and home management (including resource management) and, clothing and textiles. Emphasis is placed on encouraging participation of both males and females to prepare for combining the roles of homemakers and wage earners and encouraging elimination of sex sterotyping in consumer and homemaking education by promoting the development of curriculum materials which deal with increased numbers of women working outside the home, and increased numbers of men assuming homemaking responsibilities. Programs give consideration to economic, social, and cultural conditions and needs especially in economically de-

pressed areas and such courses may include, where appropriate, bilingual instruction. In addition, outreach programs in communities are encouraged for youth and adults, giving consideration to special needs such as, aged, young children, school-age parents, single parents, handicapped persons, educationally disadvantaged persons, and programs connected with health care delivery systems, and programs providing services for courts and correctional institutions.

SEX BIAS

Mr. O'BRIEN. How many programs are there in the Office of Education to eliminate sex bias? Do any of these overlap?

ANSWER. There is one program within the Office of Education whose sole purpose is to eliminate sex bias in education, the Women's Educational Equity Act program—WEEAP. Two other Office of Education units have placed limited emphasis on this problem. Under title IV of the Civil Rights Act, the equal educational opportunity program—EEOP—has funded 11 institutes, located in institutions of higher education, to assist school systems in eliminating sex discrimination. The general assistance centers (27) also funded under title IV, CRA, have authority to include discrimination by sex in their activities which prior to 1975 were limited to discrimination by race.

Although the Bureau of Occupational and Adult Education—BOAE—does not have a legislated funded program to eliminate sex bias, the elimination of sex bias and sex stereotyping in all programs and activities under BOAE is a priority issue. In 1976, activities begun by the Bureau under the direction of its special adviser on women's issues included support of amendments for sex fair vocational education, incorporation of sex fair objectives into the Bureau's management system, funding $730,000 in discretionary projects on this issue, evaluations of State vocational education administration on title IX compliance, and providing technical assistance on sex equity issues to regional and State vocational and adult educational personnel. The technical assistance efforts alone involved distributing materials to over 5,000 people, responding to an average of 20 requests per week, and conducting workhops and conferences in 10 States.

The focus on the issue of eliminating sex bias and sex stereotyping in vocational education, which is throughout the Education Amendments of 1976, should see the continuation and expansion of the activities already begun in the Bureau.

The EEOP title IV operation provides direct services to a number of local educational agencies in the area of desegregation by race, sex, and language.

BOAE's operation is limited to vocational education and is, at present, extremely limited in funding and scope. As the vocational educational legislation of the Education Amendments of 1976 is operationalized, efforts to eliminate sex bias in that area of education will be substantially increased but nonetheless restricted.

The WEEAP has legislation that authorized the funding of activities at all levels of education and in all substantive areas of education. It is a program that has its primary purpose the development of model programs and products that are readily usable by individuals and organizations across the United States.

As the vocational education legislation is implemented, the WEEAP will place greater emphasis on other areas of education thereby avoiding duplication. In the case of EEOP, there is little chance of duplication due to the program's emphasis on service to specific educational agencies, its lack of focus on postsecondary education, and its restricted area of potential impact.

ATTITUDINAL SKILLS

Mr. O'BRIEN. In reference to page 180 of your revised budget justifications, what is an attitudinal skill?

ANSWER. These are the skills, relating to attitude, that are possessed by persons to help them become employable. They cover such areas as awareness, confidence, loyalty, and perceived abilities. A person with a hostile attitude would probably not be receptive to training and employment unless his attitude was modified. Accordingly vocational programs for the disadvantaged generally include efforts to instill proper attitudes, thereby providing a setting where students can pursue those attitudinal kills necessary to cope successfully in the outside world with particular emphasis on employer/employee relationships.

ADULT EDUCATION

Mr. O'BRIEN. You estimate that 23.2 million adults betwen the ages of 18 and 65 are functionally illiterate. Your appropriation request for fiscal 1978, $80.5 million, is the same as last year's. Can we really hope to make any great strides in reducing functional illiteracy by keeping funding constant?

ANSWER. It is the purpose of our adult education effort to build a capacity in the States to deal with the problem of functional illiteracy. Since it is our judgment that the problem will remain with us, and is being fed continuously by immigration from other countries and by the 700,000 annual dropouts from the traditional education system, the Federal effort is to be directed at building the capacity in the States to remedy the problem.

Over the past 10 years the contributions of State and local educational agencies to adult education have shown a steady increase—from 23 percent in 1966 to more than 33 percent in 1975. We have no indication that this State and local support for adult education will decline.

BILINGUAL VOCATIONAL TRAINING

Mr. O'BRIEN. The $2,800,000 you requested for this area seems rather insignificant. How many individuals do you hope to serve with this program?

ANSWER. Approximately 1,000 persons would be served under this request. Section 183, Public Law 94–482, explicitly sets out the manner in which funds for bilingual vocational training can be used:

65 percent for bilingual vocational training programs;

25 percent for instructor training programs; and

10 percent for development of instructional materials, methods, and techniques

Within these earmarks, approximately 14 bilingual vocational training programs would be funded at an average cost of $130,000 per project. These projects would train approximately 910 persons of limited English-speaking ability at an average cost of $2,000 per trainee. Approximately 4 programs for instructor training would be funded at $175,000 per project; the projects would train approximately 80 persons. Two projects would be funded for development of instructional materials at a cost of $140,000 each.

JUSTIFICATION OF THE BUDGET ESTIMATES

Appropriation Estimate

Occupational, Vocational, and Adult Education

For carrying out [, to the extent not otherwise provided, parts B and C ($844,000,000) and section 104(b)] *part A, subparts 2, 3, 4, 5, and section 105, and part B, subparts 2 and 3* [1/] of the Vocational Education Act of 1963, as amended [(20 U.S.C. 1241-1391)] and the Adult Education Act of 1966, [$932,053,000, including not to exceed $31,500,000 for research and training under part C of said 1963 Act] [2/] *$667,412,000 of which $25,903,000 for part B, subpart 2 shall remain available until expended:* [3/] *Provided,* That [of] the amounts appropriated above [the following amounts] shall become available for obligation on July 1, [1977] *1978*, and shall remain available until September 30, [1978: part B ($475,000,000), part C ($18,000,000) and section 104(b) ($4,316,000) of the Vocational Education Act of 1963 and $80,500,000 for the Adult Education Act] [4/] *1979*.

Explanation of Language Changes

1/ Authorization for basic grants (part B), research (part C) and State advisory councils (section 104(b)) have been amended by the Education Amendments of 1976 and are now carried under a new part A, subparts 2 and 3 and section 105, respectively. Special programs for the disadvantaged and consumer and homemaking education are now carried under subparts 4 and 5. Inclusion of part B, subparts 2 and 3 are for programs on national significance and bilingual education which are now carried under the newly enacted legislation.

2/ Specific earmarking for research and training under part C was previously necessary to overcome the requirement in the basic law that ten percent of the total amount for parts B and C be earmarked for part C. Since the 1978 request is in accord with the new legislation, this earmarking is no longer necessary.

3/ In order to comply with the legislation, Part B, subpart 2 of the Education Amendments of 1976 (P.L. 94-482), extension of the availability of funds is being requested.

4/ Earmarking of different parts of the Act is no longer necessary since the full appropriation is being requested on an advance funded basis.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

Occupational, Vocational, and Adult Education

Amounts Available for Obligation

	1977	1978
Appropriation:		
Annual	$ 932,053,000	$667,412,000
Permanent	12,532,546	7,161,455
Supplemental requested	186,605,000	---
Subtotal, appropriation	1,131,190,546	674,573,455
Unobligated balance, start of year	7,969,676	---
Total obligations	1,139,160,222 1/	674,573,455

1/ Includes advance funding for 1978.

Summary of Changes

1977 Estimated appropriation	$1,131,190,546
1978 Estimated appropriation	674,573,455
Net change	-456,617,091

	1977 Base	Change from Base
Decreases:		
Program:		
1. Vocational education--decrease is a result of double funding in fiscal year 1977 in order to place vocational education on an advance funding basis for the first time..	$1,050,690,546	-$456,617,091
Total decreases....		-456,617,091

Budget Authority by Object

	Transition Quarter	1977 Estimate	1978 Estimate	Increase or Decrease
Grants, subsidies, and contributions.....	$207,290,364	$1,139,160,546	$674,573,455	-$456,617,091

Appropriation by Activity

Page Ref.		Transition Quarter	1977 Estimate	1978 Estimate	Increase or Decrease
	Vocational education:				
	(a) State programs:				
177	(1) Basic grant:				
	(a) Annual.....	$103,882,275	$731,219,000[1/][2/]	$393,719,000	-$337,500,000
	(b) Permanent....	1,790,364	12,532,546[3/]	7,161,455	-5,371,091
	(c) Work study...	2,462,250	7,386,750[3/]	---	-7,386,750
	(d) Cooperative education...	4,875,000	14,625,000[3/]	---	-14,625,000
	Subtotal...	113,009,889	765,763,296	400,880,455	-364,882,841
177	(2) Program improvement and supportive services..	---	98,430,000[4/]	98,430,000	---
	(a) Innovation-Grants to States.....	2,000,000	6,000,000[3/]	---	-6,000,000
	(b) Research-Grants to States.....	2,250,000	6,750,000	---	-6,750,000
	Subtotal..	4,250,000	111,180,000	98,430,000	-12,750,000
180	(3) Program for disadvantaged.	5,000,000	35,000,000[5/]	20,000,000	-15,000,000
181	(4) Consumer and homemaking education.....	10,248,500	71,739,500[6/]	40,994,000	-30,745,500
183	(5) State advisory councils.....	1,079,000	8,303,000[7/]	5,066,000	-3,237,000
	Subtotal, State programs.....	133,587,389	991,985,796	565,370,455	-426,615,341
184	(b) Programs of national significance.....	---	25,903,000[8/]	25,903,000	---
	(1) Innovation-discretionary.	---	8,852,000[3/]	---	-8,852,000
	(2) Research-discretionary.	2,202,975	6,750,000	---	-6,750,000
	(3) Curriculum development...	---	1,000,000[3/]	---	-1,000,000
	(4) Vocational personnel development.....	---	10,000,000[3/]	---	-10,000,000
	Subtotal....	2,202,975	52,505,000	25,903,000	-26,602,000
187	(c) Bilingual vocational training.	---	5,600,000[9/]	2,800,000	-2,800,000

Page Ref.		Transition Quarter	1977 Estimate	1978 Estimate	Increase or Decrease
	Vocational education: (cont'd)				
188	(d) Special studies..	---	$ 599,750 3/	---	-$599,750
	Subtotal, vocational education.....	135,790,364	1,050,690,546	594,073,455	-456,617,091
189	Adult education.....	71,500,000	80,500,000	80,500,000	---
	Total, budget authority.....	207,290,364	1,131,190,546	674,573,455	-456,617,091

NOTE: In order to show a comparison by school year see table on next page on school year estimates.

1/ Includes $337,500,000 appropriated for nine months funding in 1977 and a redistribution of the advance appropriation for 1978 in accordance with the new legislation for vocational education. Includes proposed supplemental of $19,039,000 for advance funding for 1978.

2/ Includes $5,371,091 for 9 months funding plus $7,161,455 for advance funding for 1978.

3/ Reflects proposed supplemental for 1977.

4/ Reflects a redistribution of appropriated funds for 1978 in accordance with the new legislation plus a supplemental request of $4,760,000.

5/ Reflects proposed supplemental of $15,000,000 in 1977 and $20,000,000 for advance funding in 1978.

6/ Reflects proposed supplemental of $30,745,500 in 1977 and $40,994,000 for advance funding in 1978.

7/ Includes $3,237,000 appropriated for nine months funding in 1977 and $4,316,000 advance appropriation for 1978 plus proposed supplemental of $750,000 for 1978.

8/ Reflects a redistribution of appropriated funds for 1978 in accordance with new legislation plus a proposed supplemental of $1,253,000.

9/ Reflects proposed supplemental of $2,800,000 for 1977 and $2,800,000 for advance funding in 1978.

School Year Estimates

	1977 Estimate		1978 Estimate	
	School Year 1976-77 [1]	School Year 1977-78	School Year 1978-79	Increase or Decrease
Vocational education:				
(a) State programs:				
(1) Basic grants:				
(a) Annual	$441,382,275	$393,719,000	$393,719,000	---
(b) Permanent	7,161,455	7,161,455	7,161,455	---
(c) Work study	9,849,000	---	---	---
(d) Cooperative education	19,500,000	---	---	---
Subtotal	477,892,730	400,880,455	400,880,455	---
(2) Program improvement and supportive services	---	98,430,000	98,430,000	---
(a) Innovation-Grants to States	8,000,000	---	---	---
(b) Research-Grants to States	9,000,000	---	---	---
Subtotal	17,000,000	98,430,000	98,430,000	---
(3) Programs for disadvantaged	20,000,000	20,000,000	20,000,000	---
(4) Consumer and homemaking education	40,994,000	40,994,000	40,994,000	---
(5) State advisory councils	4,316,000	5,066,000	5,066,000	---
Subtotal, State programs	560,202,730	565,370,455	565,370,455	---
(b) Programs of national significance	---	25,903,000	25,903,000	---
(1) Innovation - discretionary	8,852,000	---	---	---
(2) Research - discretionary	8,953,000	---	---	---
(3) Curriculum development	1,000,000	---	---	---
(4) Vocational personnel development	10,000,000	---	---	---
Subtotal	28,805,000	---	---	---

	1977 Estimate		1978 Estimate	
	School Year 1976-77	School Year 1977-78	School Year 1978-79	Increase or Decrease
Vocational education: (cont'd)				
(c) Bilingual vocational training.	$ 2,800,000	$ 2,800,000	$ 2,800,000	---
(d) Special studies...	599,750	---	---	---
Subtotal, Vocational Education.....	594,407,480	594,073,455	594,073,455	---
Adult education.....	71,500,000	80,500,000	80,500,000	---
Total appropriation....	663,907,480 1/	674,573,455 2/	674,573,455	---

1/ Includes amounts appropriated in transition quarter for use in 1977.

2/ Includes amounts requested under proposed supplemental.

Authorizing Legislation

	Amount Authorized	1978 Budget Estimate
Occupational, Vocational, and Adult Education		
1. Vocational education:		
(a) State programs:		
(1) Basic grants:		
(a) Annual (Vocational Education Act, Part A-2)	$782,800,000	$393,719,000
(b) Permanent (Smith-Hughes Act)	7,161,455	7,161,455
(2) Program improvement and supportive services (VEA, Part A-3)	195,700,000	98,430,000
(3) Programs for disadvantaged (VEA, Part A-4)	40,000,000	20,000,000
(4) Consumer and homemaking education (VEA, Part A-5)	65,000,000	40,994,000
(5) State advisory councils (VEA, Section 105(f)(1))	8,500,000	5,066,000
(b) Programs of national significance (VEA, Part B-2)	51,500,000	25,903,000
(c) Bilingual vocational training (VEA, Part B-3)	70,000,000	2,800,000
2. Adult education (Adult Education Act)	210,000,000	80,500,000
Other unfunded authorizations:		
Planning grants (VEA, Section 102(d))	25,000,000	---
Emergency Assistance for remodeling and renovation of Vocational education facilities (VEA, Part B-4)	50,000,000	---

Occupational, Vocational, and Adult Education

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1968	$237,491,000	$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	445,491,000	495,991,000	499,901,000	499,741,000
1972	444,416,000	545,546,000	589,916,000	556,531,000
1973	556,531,000	599,321,000	681,056,000	640,124,000
1974	549,631,000	607,045,000	662,922,000	599,880,000
1975[1/]	663,275,000	667,275,000	712,012,000	692,437,000
1976	590,506,000	628,937,000	655,637,000	629,488,100
Transition Quarter	134,000,000	134,000,000	134,000,000	134,000,000
1977[1/]	599,688,000	928,553,000	936,553,000	932,053,000
Supplemental	186,605,000			
1978	667,412,000			

NOTE: In order to reflect comparability with the 1978 estimate this history table includes activities transferred from appropriations for Special projects and training and Elementary and secondary education.

1/ Includes additional amounts for support of programs shifted to an advance appropriation cycle during that year.

Justification

Occupational, Vocational, and Adult Education

General Statement

The recent enactment of new authorizing legislation--the Vocational Education Amendments of 1976--reenforces the commitment the Federal government has to the American labor force. The Vocational Education program focuses on the specific knowledge and training necessary for selected occupations. Under the new legislation, certain populations will continue to be highlighted--disadvantaged, bilingual, Indians and handicapped. In addition, special emphasis has been placed on overcoming sex bias and sex role stereotyping in vocational education programs at both the State and Federal level.

The new legislation increased the responsibility of the States in developing comprehensive vocational/occupational education plans. In a move to provide the States with more responsibility and the ability to focus on their particular needs, several smaller programs have been consolidated into the State-grant portion, including cooperative education and work-study.

Also mandated is a shift from maintenance of vocational education programs to increased support of innovative projects and activities. Twenty percent of funds available to the States will go for program improvement through research and development. By encouraging innovation, the limited Federal dollar will effect more significant changes in the State's total vocational education program.

The fiscal year 1978 budget request will maintain a balance between providing Federal aid to States to support direct educational services and supporting capacity building activities to improve the quality of programs, through joint planning with the States, direct aid, capacity building activities and targeting funds to special populations.

In fiscal year 1977, advanced funding for the vocational education program was provided for the first time. With the entire vocational and adult education appropriation on an advanced funding cycle, States will be able to plan more effectively since future funding levels will be known.

The Adult Education program concentrates on providing basic language and computational skills to those persons lacking them and thereby prevented from obtaining the benefits of successful employment.

	Transition Quarter	1977 Estimate	Advance for 1978	1978 Estimate	Increase or Decrease
1. Vocational education:					
(a) State programs:					
(1) Basic grant:					
(a) Annual	$103,882,275	$337,500,000	$393,719,000	$393,719,000	---
(b) Permanent	1,790,364	5,371,091	7,161,455	7,161,455	---
(c) Work study	2,462,250	7,386,750 1/	---	---	---
(d) Cooperative education...	4,875,000	14,625,000 1/	---	---	---
Subtotal.	113,009,889	364,882,841	400,880,455	400,880,455	---
(2) Program improvement and supportive services...	---	---	98,430,000	98,430,000	---
(a) Innovation-Grants to States...	2,000,000	6,000,000 1/	---	---	---
(b) Research-Grants to States...	2,250,000	6,750,000	---	---	---
Subtotal.	4,250,000	12,750,000	98,430,000	98,430,000	---
Total..	117,259,889	377,632,841	499,310,455 2/	499,310,455	---
Positions.....	96	96	96	136	+40

1/ A temporary continuing resolution is in effect through March 31, 1977.
2/ Includes supplemental request of $23,799,000.
3/ Total positions for all State programs.

Narrative

Program purpose

To assist the States in conducting and improving 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 programs for gainful employment, section 202 of Title II of Public Law 94-482, 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. Under the new Vocational Education legislation of 1976, 80% of the States' grants must be used for basic support of vocational education programs, while 20% must go for improvement of programs or supportive services. In addition, two set-asides are to be taken off the top of State programs (1) up to one percent is to be used to fund contracts with Indian tribes and organizations and for programs to be operated by BIA and (2) up to $1,000,000 to fund studies concerning sex discrimination and sex stereotyping in vocational education programs and an evaluation study of vocational education programs conducted by the National Institute of Education.

Budget policy

In fiscal year 1978, a total of $499,310,455 is being requested for this portion of the State grant program. This represents the same level requested in fiscal year 1977 for advanced funding of school year 1977-78 and also approximately $4 million more than was requested for school year 1976-77. Due to the new 1976 legislation, however, 20% of the State grant funds must be used on program improvement and supportive services in fiscal year 1978. This is a substantially higher portion of funds targeted in this area than before. Therefore, although the total fiscal year 1978 request for funds to support State programs of vocational education is $4 million higher than in fiscal year 1977, the two portions of the program are significantly different from their funding levels in fiscal year 1977 because of the internal shift in program emphasis.

(1) Basic grant

Funds may be used under the basic grant, in accordance with State plans, for: vocational education programs, work study programs, cooperative vocational programs, energy education, construction of area vocational facilities, support of full-time personnel to eliminate sex bias, stipends for students who have acute economic needs which cannot be met by other programs, placement services for students whose needs cannot be met by other programs, industrial arts programs, support services for women who enter programs designed to prepare individuals for jobs traditionally limited to men, day care services for children of persons enrolled in vocational programs, and construction and operation of residential vocational schools.

States are required to set aside 20 percent of the basic grant for vocational education for the disadvantaged; 15 percent for postsecondary programs; and 10 percent for vocational education for the handicapped. State-wide matching is required on a dollar-for-dollar basis for most programs.

In fiscal year 1978, $400,880,455 is being requested for basic grants to the States, the same level as the advanced funding requested in fiscal year 1977. This represents a decrease of $77,012,275 from school year 1976-1977 in the basic grant program, since a shift in program emphasis required by law from maintenance of education programs to program improvement and supportive programs resulted in a higher request for program improvement funds in fiscal year 1978.

It is estimated that a total of 17,065,000 students will be enrolled in vocational education programs in school year 1978-79. Secondary vocational education enrollment is expected to reach 9,222,000 Continued emphasis will be placed on occupational training for approximately 3,143,000 students enrolled in postsecondary vocational classes. Enrollment for adult participants is projected at 4,700,000

Of the estimated 17,065,000 students enrolled in vocational education, approximately 363,000 will be handicapped and 2,660,000 will be disadvantaged. Many of these students, whose economic status represents a deterrent to their continued schooling, will continue their occupational training on a full-time basis while obtaining work experience.

In school year 1977-78, grants were awarded to the States to assist them in providing programs of vocational education for 15,752,000 students.

(2) Program improvement and supportive services

Twenty percent of funds allotted to the States must be used to improve their vocational education programs and to provide supportive services for improving vocational education. The new legislation consolidates the supportive services and

improvement authority of the 1968 Vocational Education Amendments with new authority to provide a comprehensive authorization for program improvement. Specific purposes include: research, exemplary and innovative programs, curriculum development, vocational guidance and counseling, personnel training, and grants to assist in overcoming sex bias.

For fiscal year 1978 an amount of $98,430,000 is requested, an increase of $81,430,000 over school year 1976-77 but the same as requested for school year 1977-78. This funding level will provide the funds and authority to change and expand State programs to assure quality in vocational education programs.

All fifty-six States and Territories participated in research and exemplary programs and projects during fiscal year 1977. It is anticipated that the new authority will provide opportunities to expand and improve the quality of programs in all States and Territories.

	Transition Quarter	1977 Estimate	1977 Advance for 1978	1978 Estimate	Increase or Decrease
1. Vocational education:					
(a) State programs:					
(3) Special programs for disadvantaged.	$5,000,000	$15,000,000	$20,000,000 1/	$20,000,000 2/	---
Positions	3/	3/	3/	3/	

1/ A temporary continuing resolution is in effect through March 31, 1977.
2/ Supplemental request.
3/ Positions are included under Basic grant.

Narrative

Program purpose

To support services or special programs for the disadvantaged Federal funds are provided to the States. "Disadvantaged" means persons (other than handicapped) who have academic or economic handicaps requiring special services and assistance to enable them to succeed in vocational education programs. Programs are expected to reach large numbers of persons who enroll but drop out, do not enroll at all, or are not permitted to enroll in regular vocational education programs because they lack the computational, communication, and/or attitudinal skills which would enable them to succeed in the regular vocational education program. Special services and programs are provided these youth and adults to encourage them to stay in school to acquire the academic and occupational skills needed for successful employment. Programs are available for the disadvantaged at all levels--secondary, postsecondary and adult.

Funds, which must be used in accordance with the five-year State plan and annual program plan, are distributed to States in accordance with the basic grant formula; no State funds are required for matching. Programs within the States are to be concentrated in communities with a high incidence of youth unemployment and school dropouts.

Budget policy

$20,000,000 is requested for this activity in fiscal year 1978. The Education Amendments of 1976, P.L. 94-482, authorize these funds to provide seed money and opportunities for innovation so that the disadvantaged can benefit from special programs and services which will help them participate in the regular vocational education programs. For school year 1978-79, 269,000 students are expected to be reached.

In school year 1977-78, 252,000 students will be enrolled in vocational education programs for the disadvantaged. Of these, 145,000 are in secondary programs, 55,000 in postsecondary programs, and 52,000 in adult programs. This includes programs in correctional institutions, in inner cities, and for persons with limited English-speaking ability.

	Transition Quarter	1977 Estimate	1977 Advance for 1978	1978 Estimate	Increase or Decrease
1. Vocational education:					
(a) State programs:					
(4) Consumer and homemaking education...	$10,249,500	$30,745,500	1/ $40,994,000	2/ $40,994,000	---
Positions.....	3/	3/	3/	3/	---

1/ A temporary continuing resolution is in effect through March 31, 1977.
2/ Supplemental request.
3/ Positions are included under Basic grant.

Narrative

Program purpose

To assist States in providing consumer and homemaking programs as a specific category in vocational education, States are awarded grants in order to prepare males and females, youth and adults, for the occupation of homemaking. The purpose of the legislation is to authorize a program under which Federal funds are allocated to States on a formula grant basis and which insures that these funds will be expended solely for consumer and homemaking education programs and ancillary services and activities. At least one-third of the State's allotment shall be used in economically depressed areas or in areas with high rates of unemployment. In areas of high unemployment, programs may be matched on a ninety percent (Federal) to ten percent (State) basis; in other areas the requirements call for matching dollar to dollar. Programs are designed to impact on learners of all ages and educational levels regardless of sex, race, religion or National origin, thus improving the quality of life, home environments, and employability.

Budget policy

The fiscal year 1978 budget request of $40,994,000 for school year 1978-79 will provide for programs of consumer and homemaking education in each of the fifty-six eligible States and Territories. Programs, services, and activities at all educational levels will include, but are not limited to, consumer education, food and nutrition, family living and parenthood education, and child development components which:

-- encourage both males and females to prepare for combining the roles of homemakers and wage earners;

-- focus on the increased number of women in the labor force and the increased number of males assuming homemaking responsibilities;

-- encourage programs for special audiences to be served, such as older Americans, school age parents, single parents, ethnic groups, mentally and/or physically handicapped, institutionalized individuals, and persons in economically depressed areas;

-- encourage elimination of sex stereotyping in consumer and homemaking education programs and instructional materials;

-- provide for improving home environments and the quality of life; and

-- enhance employability.

An estimated 4,060,000 students will be enrolled in consumer and homemaking programs in school year 1977-78. It is expected that 4,336,000 students will be enrolled during school year 1978-79.

	Transition Quarter	1977 Appropriation	1977 Advance for 1978	1978 Estimate	Increase or Decrease
1. Vocational education:					
(a) State programs:					
(5) State advisory councils.....	$1,079,000	$3,237,000	$5,066,000 1/	$5,066,000	---
Positions.....	2/	2/	2/	2/	---

1/ Includes a supplemental request of $750,000.
2/ Positions are included under Basic grant.

Narrative

Program purpose

To receive a Federal grant for vocational education each State must establish a State advisory council representing at least twenty designated interests. There must also be appropriate representation of both sexes, racial and ethnic minorities, and the various geographic regions of the State. A majority of the members must be non-educators. Members serve three-year staggered terms.

State advisory councils' mandated functions are: (1) to advise the State board in the development of the five-year plan, annual program plan and accountability reports, and on policy matters; (2) to evaluate vocational education programs, services and activities and to publish and distribute findings; (3) to prepare an annual evaluation report and make recommendations for improvements; and (4) to identify vocational education and manpower needs.

Each council is to receive not less than $75,000 and not more than $200,000.

Budget policy

The fiscal year 1978 budget requests $5,066,000 to support the State Advisory Councils. This is the same level as the advanced funding requested in fiscal year 1977.

In fiscal year 1977, the councils contributed significantly to the development and administration of the State plans for vocational education by identifying employment and training needs within the State and by addressing the concerns of various interest groups. These activities will continue in fiscal year 1978.

	Transition Quarter	1977 Estimate	1977 Advance for 1978	1978 Estimate	Increase or Decrease
1. Vocational education:					
(b) Programs of national significance	---	---	$25,903,000 2/	$25,903,000	---
(1) Innovation-discretionary	---	8,852,000 1/	---	---	---
(2) Research-discretionary	2,202,975	6,750,000	---	---	---
(3) Curriculum development	---	1,000,000 1/	---	---	---
(4) Vocational personnel development	---	10,000,000 1/	---	---	---
Subtotal	2,202,975	26,602,000	25,903,000	25,903,000	---
Positions	28	28	28	38	+10

1/ A temporary continuing resolution is in effect through March 31, 1977.
2/ Includes a supplemental request of $1,253,000.

Narrative

Program purpose

To improve vocational education opportunities for all youth and adults who can benefit from vocational education, this program supports applied research and development, curriculum development, and training activities. These activities seek to improve occupational information systems, the training of vocational personnel, and the effectiveness and efficiency of the vocational education system by supporting the development and validation of new models for providing services to students by developing curriculum materials for new and changing occupations, by demonstrating new techniques and services for students, by packaging information in usable forms for target populations, and by systematically assuring that the information and materials are placed in the appropriate hands of vocational education practitioners and students. Activities are designed so that quality applied research and development, curriculum development and training activities can easily be used in the vocational education system by public and private users.

State and local educational agencies, institutions of higher education, and public and private educational research, development, demonstration, and training agencies and organizations are eligible for the grants and contracts that are awarded annually at the Commissioner's discretion through national competitions. Projects are approved for periods ranging from one to three years, with some awards being made for up to eighteen months.

Budget policy

Under the new vocational education legislation of 1976, five percent of the basic grant appropriated to the States is reserved for the Commissioner to fund activities deemed to be of national significance in improving vocational education. In addition, the new legislation calls for consolidation of the discretionary innovation, research, curriculum development and vocational personnel development activities under this function. New activities will include the National Occupational Information Coordinating Committee, the National Center for Research in Vocational Education and increased emphasis on training and development programs.

Types of activities to be funded in the fiscal year 1978 include:

-- The National Occupational Information Coordinating Committee and the State Occupational Information Coordinating Committees will

develop information that will be useful to policy makers, planners, students, and other user groups of occupational information.

-- The National Center for Research in Vocational Education will conduct applied R&D, provide leadership development through advanced study and inservice training, conduct dissemination and serve as a clearing house to the States, develop planning and policy studies, provide evaluation services to State and local agencies to disseminate curriculum materials involving job preparation which have been prepared for use by the armed services of the United States. The National Center will be awarded competitively and will be approved for five years, with continued funding each year based on quality performance.

-- Under advanced funding, the fiscal year 1978 request will support the following projects in fiscal year 1979: 10 continuing experience based career education projects; six curriculum coordinating centers; conversion of one set of curriculum materials from the Department of Defense; one new curriculum development project in a new occupational area and one continuing project in nuclear energy; two curriculum development projects in changing occupations--one a new start and one a continuation; twenty new demonstration projects in guidance, counseling, placement and follow-through; and twenty-one new starts in areas of national priority. These priorities are:

> emerging occupations; youth unemployment; equal access and opportunity in vocational education; sex-bias and sex-role stereotyping; education and work; improving personnel and training; improving the administration of vocational education at the State and local levels; and improving postsecondary and adult vocational education.

-- One hundred twenty fellowships will be awarded at twenty nine institutions for the recertification of previously certified, but unemployed teachers and the certification of vocational teachers brought from business and industry, along with support to 15 institutions for 120 graduate fellowships.

	FY 1977		FY 1978
	Current Year Funding for School Year 1976-77	Advanced Funding for School Year 1977-78	Advanced Funding for School Year 1978-79
Summary of awards:			
(1) National Occupational Information Coordinating Committee and State Occupational Information Coordinating Committees			
Total awards	---	$ 5,000,000	$ 5,000,000
Number	---	60	60
(2) National Center for Research in Vocational Education			
Total awards	---	$ 4,500,000	$ 4,500,000
Number	---	1	1

	FY 1977		FY 1978
	Current Year Funding for School Year 1976-77	Advanced Funding for School Year 1977-78	Advanced Funding for School Year 1978-79
Summary of awards: (cont'd)			
(3) Project Support			
Total awards	$18,805,000	$12,903,000	$12,903,000
Number	175	79	62
(4) Personnel Training			
Total awards	$10,000,000	$ 3,500,000	$ 3,500,000
Number of awards	386	44	44
Fellowships	242	240	240

Under advanced funding in fiscal year 1977, fifty-five experience-based demonstrations will be continued and new experience-based demonstration projects will be started in four States. Two new curriculum development projects will be awarded in high need areas and six regional curriculum coordinating centers will be continued. Approximately fifteen new eighteen-month research projects will be started in the eight following priority areas: (a) equal access and opportunities, (b) sex-role stereotyping and sex-bias, (c) education and work programs, (d) adult and postsecondary vocational education, (e) curriculum management and instructional materials, (f) personnel development for vocational education, (g) (g) comprehensive systems of guidance, counseling, placement and follow-through, and (h) administration of vocational education at the State and local levels. 386 National, State, and regional training programs will be awarded and approximately two hundred and forty fellowships will be awarded.

	1977 Estimate	1977 Advance for 1978	1978 Estimate	Increase or Decrease
1. Vocational education				
(c) Bilingual vocational training..	$2,800,000	1/ $2,800,000	2/ $2,800,000	---
Positions.....	2	2	2	---

1/ A temporary continuing resolution is in effect through March 31, 1977.
2/ Supplemental request.

Narrative

Program purpose

To provide training for persons of limited English-speaking ability who are unemployed or underemployed and who are unable to profit from English vocational training, this program awards grants or contracts to provide bilingual vocational training for persons of limited English-speaking ability. The Federal strategy is to provide training for such persons from the several language groups in order to provide them with skills that will allow them to enter the labor market.

Grants are awarded competitively on a one year basis with no continuations. Eligible applicants are local education agencies, State agencies, postsecondary educational institutions, private nonprofit vocational training institutions, private nonprofit educational or training organizations especially created to serve a group whose language as normally used is other than English, and private for-profit-agencies.

Budget policy

In addition to the bilingual vocational training supported in the past, the new Education Amendments of 1976 authorize support with fiscal year 1978 funds for instructor training programs and for development of instructional materials and techniques. The fiscal year 1978 budget request of $2,800,000 is for school year 1978-79 and will support the following projects:

-- Funding of 14 bilingual vocational training projects. The new legislation authorizes 65% of the funds to be used for this purpose.

-- Funding of five projects for instructor training. The new legislation authorizes 25% of the funds to be used for instructor training programs. This effort will help to meet the shortage of instructors for bilingual vocational training.

-- Funding of two projects for development of instructional materials. The new legislation authorizes 10% of the funds to be used for development of instructional materials, methods, and techniques. This effort will help to meet the shortage of appropriate materials for bilingual vocational training programs.

During school year 1977-78, 22 new projects are expected to be supported under this activity. The projects will involve approximately 2,150 students at an average cost of $1,300 per student. These 22 projects will involve seven different different languages. Similar projects were supported in fiscal year 1977.

	1977 Appropriation	1978 Estimate	Increase or Decrease
1. Vocational education (d) Special studies....	$599,750 1/	---	-$599,750

1/ Supplemental request.

Narrative

Program purpose

To conduct two studies mandated under the new vocational education legislation, $599,750 was requested in supplemental funds during fiscal year 1977. The studies to be conducted are: (1) the annual report to Congress by the Commissioner of Education and the Secretary of Labor on the status of bilingual vocational training in the United States including evaluation of the impact of such training on persons of limited English-speaking ability and (2) development of evaluation models for use by State vocational administrators and advisory councils to judge the effectiveness of each program receiving funds under the Vocational Education Act.

Budget policy

No funds are being requested under this activity in fiscal year 1978. The study on evaluation models is a one-time study which should be completed by September, 1978. The annual report on bilingual vocational training will be funded from the planning and evaluation activity under Special projects and training in future fiscal years.

	Transition Quarter	1977 Appropriation	1978 Estimate	Increase or Decrease
2. Adult education	$71,500,000	$80,500,000	$80,500,000	---
Positions.....	36	36	36	---

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, as amended, 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 10 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.

In 1975, a study entitled "Adult Functional Competency" was completed for the U.S. Office of Education by the University of Texas which accurately measured the educational needs of adults in the United States. Based upon real-life requirements, 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. This study also developed 65 objectives for judging functional competency. By targeting available resources on these objectives, the States can more effectively provide educational services for adults.

Budget policy

The fiscal year 1978 budget request, the same level as the fiscal year 1977 appropriation, will continue to provide basic support to adult education programs. Under the present Federal effort, the States retain a great portion of discretionary power to determine the use of Federal funds; in this way the States can more effectively tailor their programs to the particular needs of their adult populations.

In addition, the request will focus on improving the capacities of the States to educate adults. Under an amendment to the Adult Education Act passed in 1976, no less than 10% of a State's grant shall be used to conduct special experimental projects including: developing innovative methods of teaching persons of limited English-speaking ability; furthering programs of national significance; increasing participation by community schools; and supporting training programs for adult education personnel. In fiscal year 1978, as in fiscal year 1977, States will continue to increase efforts to coordinate arrangements and contract agreements with other Federal and non-Federal programs related to adult education as well as occupational and vocational skills. This increased coordination among State and Federal programs will allow for increased participation in adult programs without necessitating an increased level of Federal funds.

According to prior year reports from the States, some of the anticipated achievements and participation are as follows:

	School Year 1976-77	School Year 1977-78	School Year 1978-79
Estimated Participation	1,037,000	1,166,000	1,166,000
By Age			
16-24	342,210	384,780	384,780
25-34	228,140	256,520	256,520
35-44	155,550	174,900	174,900
45-54	165,920	186,560	186,560
55-64	103,700	116,600	116,600
65 & Over	41,480	46,640	46,640
By Sex			
Male	445,910	501,380	501,380
Female	591,090	664,620	664,620
Completed 8th grade	85,034	95,612	95,612
Completed General Education Development (GED)	77,775	87,450	87,450
Average Federal Cost Per Student	$62	$62	$62
Special Projects and Teacher Training	$7,150,000	$8,050,000	$8,050,000

The estimated average Federal cost per student has been reduced from $83 in 1975-76 to $62. The States' increased efficiency in cooperative arrangements and contract agreements with other Federal and non-Federal programs has resulted in maintaining a low cost per student even though the cost of education is continuing to increase. Some of the agencies with which cooperative arrangements and/or contract agreements exist are: Comprehensive Employment and Training Act, Right to Read, Adult Vocational Education, correctional institutions, Social and Rehabilitation Services, Work Incentive Program (WIN), State and local health resources and business and industry.

A factor in the increased student participation from fiscal year 1976 to fiscal year 1977 is that the Education Amendments of 1976 provided that the required amount of the States allotment to be reserved for special projects and teacher training would be reduced from 15 percent to 10 percent. This will increase amounts available for the basic program.

OFFICE OF EDUCATION

Occupational, Vocational, and Adult Education

Program Purpose and Accomplishments

Activity: Vocational education
(1) Basic grant (Vocational Education Act, Part A, Subpart 2)

	1977 Estimate 1/	1978 Authorization	1978 Budget Estimate
Annual	$470,731,275	$782,800,000	$393,719,000
Permanent	7,161,455	7,161,455	7,161,455
Advance funding	400,880,455		

1/ Includes amounts appropriated in transition quarter.

Purpose: To conduct vocational education programs. Funds may be used in accordance with five-year State plans and annual plans, for purposes specified in Subpart 2 of the Act. Specified purposes include: vocational education programs, work-study programs, cooperative vocational programs, energy education programs, construction of area vocational facilities, support of full-time personnel to eliminate sex bias, stipends for students who have acute economic needs which cannot be met by other programs, placement services for students whose needs cannot be met by other programs, industrial arts programs, support services for women who enter programs designed to prepare individuals for jobs traditionally limited to men, day-care services for children of persons enrolled in vocational programs, and construction and operation of residential vocational schools.

Explanation: Grants are made to the States on a formula basis. Eighty percent of the funds appropriated for Subparts 2 and 3 will be available for Subpart 2, Basic grant. Forty-five percent of each State's allotment must be set-aside for specific purposes: (1) 20 percent for disadvantaged, (2) 10 percent for handicapped; and (3) 15 percent for postsecondary programs. Statewide matching is required on a dollar-for-dollar basis for most programs.

Accomplishments in 1977: An estimated 15,752,000 students will be enrolled in vocational programs in school year 1977-78.

Objectives for 1978: 17,065,000 students are anticipated to be enrolled in vocational education programs in school year 1978-79.

OFFICE OF EDUCATION

Occupational, Vocational, and Adult Education

Program Purpose and Accomplishments

Activity: Vocational education
(2) Program improvement and supportive services
(Vocational Education Act, Part A, Subpart 3)

	1977 Estimate	1978 Authorization	1978 Budget Estimate
	$17,000,000 1/	$195,700,000	$98,430,000
Advance funding.....	98,430,000		

1/ Includes amounts appropriated in transition quarter.

Purpose: To assist States in improving their vocational education programs and providing supportive services for such programs. Funds may be used in accordance with the five-year State plan and annual program plan for research, exemplary and innovative programs, curriculum development, vocational guidance and counseling, personnel training, and grants to assist in overcoming sex bias.

Explanation: Grants are made to the States on a formula basis for vocational program improvement and supportive services. Twenty percent of funds appropriated by Congress for Subpart 2 and Subpart 3 of the Act will be available for Subpart 3, program improvement and supportive services. Not less than twenty percent of funds available to States under this subpart must be used to support programs for vocational development guidance and counseling programs and services.

Accomplishments in 1977: In fiscal year 1977, States operated programs under Part C (Research) and Part D (Exemplary Programs and Projects) in all fifty-six States and Territories. Programs in teacher education and counseling and guidance were expanded but did not meet the needs of the increased number of students and teachers in vocational education programs.

Objectives for 1978: The fiscal year 1978 budget request reflects a major legislative change in policy from basic program support to quality improvement. Projects will be funded in all States and Trust Territories.

OFFICE OF EDUCATION

Occupational, Vocational, and Adult Education

Program Purpose and Accomplishments

Activity: Vocational education
(a) State programs
(3) Special programs for the disadvantaged (Vocational Education Act, Part A, subpart 4)

	1977	1978	
	Estimate	Authorization	Budget Estimate
	$20,000,000 1/		
Advance funding.....	$20,000,000	$40,000,000	$20,000,000

1/ Includes amount appropriated in transition quarter.

Purpose: To support services or special programs for the disadvantaged in areas of high concentrations of youth unemployment and school dropouts. Funds must be used in accordance with five-year State plans and annual program plans. The programs are targeted at the large numbers of persons who enroll but drop out, do not enroll but drop out, do not enroll at all, or are not permitted to enroll in vocational education programs because they lack the computational, communication, and/or attitudinal skills which would enable them to succeed in the regular vocational education programs.

Explanation: Funds are distributed to the States according to the basic grant formula and are to provide full cost of vocational education programs for the disadvantaged.

Accomplishments in 1977: In school year 1977-78, 252,000 students will be enrolled in vocational education programs for the disadvantaged. Of these, 145,000 were in secondary programs, 55,000 in postsecondary programs, and 52,000 in adult programs. This includes programs in correctional institutions, in inner cities, and for persons with limited English-speaking ability.

Objectives for 1978: The proposed funding level of $20,000,000 is expected to serve 155,000 secondary students, 60,000 postsecondary students, and 54,000 adult students for a total of 269,000 students.

OFFICE OF EDUCATION

Occupational, Vocational, and Adult Education

Program Purpose and Accomplishments

Activity: Vocational education:
(a) State programs:
(4) Consumer and homemaking education (Vocational Education Act, Part A, subpart 5)

	1977	1978	
	Estimate	Authorization	Budget Estimate
	$40,994,000 1/		
Advance funding.....	$40,994,000	$65,000,000	$40,994,000

1/ Includes amount appropriated in transition quarter.

Purpose: To prepare males and females for the occupation of homemaking and for combining the roles of homemaker and wage earner. Emphasis is given to providing consumer and homemaking education in economically depressed areas and in areas of high rates of unemployment to improve home environments and the quality of family life.

Explanation: Grants are made to States on a formula basis. At least one-third of the State's allotment shall be used in economically depressed areas or areas with high rates of unemployment. Programs meeting the requirements of the Act must be included as a part of the five-year State plan and the annual plan. Grants to States must be matched on a dollar-for-dollar basis except that the funds expended in economically depressed areas or areas with high rates of unemployment may be matched on a ninety percent (Federal) to ten percent (State) basis.

Accomplishments in 1977: Estimated enrollment in consumer and homemaking for school year 1977-78 is 4,060,000.

Objectives for 1978: Funding levels are projected at the same level as in fiscal year 1977 and will provide for programs of consumer and homemaking in each of the fifty-six eligible States and Territories. 4,336,000 students are estimated to be enrolled in consumer and homemaking education in school year 1978-79.

OFFICE OF EDUCATION

Occupational, Vocational, and Adult Education

Program Purpose and Accomplishments

Activity: Vocational education
(a) State programs
(5) State advisory councils (Vocational Education Act, Part A, section 105)

	1977 Estimate	1978 Authorization	1978 Budget Estimate
	$4,316,000 1/		
Advance funding.....	$5,066,000	$8,500,000	$5,066,000

1/ Includes amount appropriated in transition quarter.

Purpose: To advise State boards of vocational education on the administration of State plans; to evaluate vocational education programs, services, and activities; and to prepare and submit an annual evaluation report.

Explanation: Section 105(a) of the Vocational Education Act, P.L. 94-482 requires each State to establish a State advisory council in order for the State to receive a grant under this legislation. 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 1977: In fiscal year 1977, the State advisory councils from each of the fifty-six States and Territories submitted reports evaluating State vocational education programs. Many of their reports contributed significantly to the development and administration of the State plans for vocational education.

Objectives for 1978: Under the new legislation, State advisory councils will increase their participation in both the planning and the evaluation processes. $5,066,000 is being requested to assume these new responsibilities.

OFFICE OF EDUCATION

Occupational, Vocational, and Adult Education

Program Purpose and Accomplishments

Activity: Vocational education
(b) Programs of national significance (Vocational Education Act, Part B, subpart 2)

	1977	1978	
	Estimate 1/	Authorization	Budget Estimate
	$28,804,975		
Advance funding.....	25,903,000	$51,500,000	$25,903,000

1/ Includes amounts appropriated in transition quarter.

Purpose: To support a National Occupational Coordinating Committee, State Occupational Coordinating Committees, a National Center for Research in Vocational Education, applied studies and demonstration projects, curriculum development projects, and training fellowships in order to improve vocational education programs and opportunities.

Explanation: Proposals are submitted by eligible agencies/organizations to the Office of Education in competition for funds. Proposals are reviewed by panels of Federal and non-Federal specialists and awards are made to the highest ranking proposals. Awards are made for up to eighteen months.

Accomplishments in 1977: With fiscal year 1977 funds, the following awards will be made: two hundred-forty fellowships at forty-four institutions; fifty-five experience based demonstrations will be continued and new demonstration projects will be started in four states: four new curriculum development projects; six regional curriculum coordinating centers will be continued; and fifteen new eighteen-month research projects will be started.

Objectives for 1978: In fiscal year 1978, sixty awards will be made for the National Occupational Information Coordinating Committee and the State Occupational Information Coordinating Committees. One award will be made for a National Center for Research in Vocational Education. Sixteen projects will be continued including 6 curriculum coordinating centers and 10 experience based career education projects. Forty-six new projects in applied research and development and curriculum development will be funded. Two hundred-forty fellowships will be awarded.

OFFICE OF EDUCATION

Occupational, Vocational, and Adult Education

Program Purpose and Accomplishments

Activity: Vocational education
(c) Bilingual vocational training (Vocational Education Act, Part B, subpart 3)

	1977 Estimate	1978 Authorization	1978 Budget Estimate
	$2,800,000		
Advance funding.....	$2,800,000	$70,000,000	$2,800,000

Purpose: To support bilingual vocational training, instructor training for bilingual vocational training programs, and the development of instructional materials, methods, and techniques.

Explanation: Applications are submitted by eligible agencies/organizations to the Office of Education. Applications are reviewed by a panel of readers, and grant awards are made to the highest ranking applications.

Accomplishments in 1977: During fiscal year 1977, 22 bilingual vocational training projects are expected to be funded, an increase of one over fiscal year 1976.

Objectives for 1978: The estimate for 1978 provides for 14 bilingual vocational training awards, 5 awards for instructor training, and 2 awards for development of instructional materials, methods, and techniques.

OFFICE OF EDUCATION

Occupational, Vocational, and Adult Education

Program Purpose and Accomplishments

Activity: Vocational education
(d) Special studies (Vocational Education Act, Part A, section 112 and Part B, section 182)

1977 Estimate	1978 Authorization	1978 Budget Estimate
$599,750	Indefinite	$ ---

Purpose: To support two studies mandated under the new vocational education legislation.

Explanation: A supplemental of $599,750 is requested in fiscal year 1977 to conduct two studies: (1) the annual report to Congress on bilingual vocational training in the United States and (2) the development of evaluation models for use by State administrators and advisory councils.

Accomplishments in 1977: Studies are scheduled to begin in fiscal year 1977.

Objectives for 1978: Completion of the study on evaluation models is expected in September, 1978. The annual report on bilingual vocational training will continue to be conducted under funding from other appropriated sources.

OFFICE OF EDUCATION

Occupational, Vocational, and Adult Education

Program Purpose and Accomplishments

Activity: Adult education (Adult Education Act)

Transition Quarter	1977 Estimate	1978 Authorization[1/]	1978 Budget Estimate
$71,500,000	$80,500,000	$210,000,000	$80,500,000

1/ Expires June 30, 1978. Authorization is extended under the provision of GEPA.

Purpose: To assist the States in 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 may 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 set forth in the Act. Not less than 10 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 State's program.

Accomplishments in 1977: During school year 1977-78, basic skills programs will be provided to approximately 1,166,000 undereducated adults, an increase of 129,000 over the previous year. In addition, the States supported demonstration projects and training of adult education personnel.

Objectives for 1978: For school year 1978-79, the States will continue to provide basic skills programs to 1,166,000 undereducated adults, the same level as in school year 1977-78. States will continue to support demonstration projects and teacher training projects.

FISCAL YEAR 1978 VOCATIONAL EDUCATION ALLOTMENT PROCEDURE, P.L. 94-482

Pending clarification, the following allotment procedure for fiscal year 1978 funds under the Vocational Education Act (as amended by P.L. 94-482, to be effective October 1, 1977) was used.

A. Section 523 reserve amount.

Under Section 523, $1,000,000 is to be reserved from the "sums made available pursuant to ..... and Sections 102 and 103 ..... (as such Act is in effect on October 1, 1977)."

	FY 1978 Proposed Appropriation	Adjusted Amounts 1/	Amount Reserved 2/
Section 102(a):			
Annual - Subpart 2.....	$393,719,000	$393,047,363	$ 671,637
Program improvement and support services - Subpart 3.....	98,430,000	98,262,090	167,910
Section 103(a)(1)(A), 5% reserve 3/ for National programs....	25,903,000	25,858,813	44,187
Total, Budget Line Items.	518,052,000	517,168,266	883,734
Smith-Hughes Funds 4/..	7,161,455	7,149,238	12,217
Total available, Section 102(a).....	525,213,455	524,317,504	895,951
Section 102(b).....	20,000,000	19,965,882	34,118
Section 102(c).....	40,994,000	40,924,069	69,931
Section 102(d).....	---	---	---
Total Section 102.....	586,207,455	585,207,455	1,000,000

B. Section 102(a) distribution.

Total, Section 102(a) funds.....	525,213,455	524,317,504	895,951
Section 103(a)(1)(A) 5% reserve 3/ for National programs.....	-26,260,673	-26,215,875	-44,798
Balance.....	498,952,782	498,101,629	851,153
Section 103(a)(1)(B), 1% reserve for Indians.	-4,989,528	-4,981,016	-8,512
Balance available for allotment to States	493,963,254	493,120,613	842,641

	FY 1978 Proposed Appropriation	Adjusted Amounts 1/	Amount Reserved 2/
Section 103(e): (Division of 102(a) total State allotments).			
Total, 102(a).....	$493,963,254	$493,120,613	$ 842,641
Subpart 2, 80%.....	395,170,603	394,496,490	674,113
Subpart 3, 20%.....	98,792,651	98,624,123	168,528

C. Section 102 Distribution of total amount.

	Allotment Amount
Section 102(a).....	$493,120,613
Section 102(b).....	19,965,882
Section 102(c).....	40,924,069
Total amount for State allotments.....	554,010,564

$554,010,564 was distributed to the States and the outlying areas under the Vocational Education Act formula Section 103(a)(2), with a minimum of $200,000 (Section 103(b)(1)). This total State amount was then divided into the Section 102(a), (b), and (c) amounts shown, and the Section 102(a) allotments were split into the 80% portion for Subpart 2 ($394,496,490) and 20% for Subpart 3 ($98,624,123).

1/ Total proposed appropriation amounts adjusted by pro-rata reduction of $1,000,000.

2/ Proportionate share of the $1,000,000 as reserved from each program and components.

3/ The 5% reserve amount (Section 103(a)(1)(A) shown in "A. Section 523 reserve amount." is based on the total "line item" requested appropriation amount; that in "B. Section 102(a) distribution." includes the Smith-Hughes permanent appropriation in the base amount.

4/ Smith-Hughes (permanent appropriation) funds are to be considered as "funds appropriated pursuant to Section 102(a) of this Act," P.L. 90-576.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

Occupational, Vocational, and Adult Education

Basic Grant

State or Outlying Areas	1977 Estimate 1/	1977 Advance for 1978 2/	1978 Advance for 1979 2/
TOTAL	$477,892,730	$394,496,490 3/	$394,496,490 3/
Alabama	9,574,969	7,846,301	7,846,301
Alaska	886,731	838,890	838,890
Arizona	5,174,921	4,191,106	4,191,106
Arkansas	5,341,311	4,397,030	4,397,030
California	40,894,848	32,377,955	32,377,955
Colorado	5,942,365	4,916,673	4,916,673
Connecticut	5,567,863	4,483,954	4,483,954
Delaware	1,304,912	1,169,304	1,169,304
Florida	16,418,262	13,652,863	13,652,863
Georgia	12,232,327	10,102,238	10,102,238
Hawaii	1,990,926	1,670,120	1,670,120
Idaho	2,208,087	1,924,158	1,924,158
Illinois	20,839,167	16,921,769	16,921,769
Indiana	12,200,711	10,009,618	10,009,618
Iowa	6,361,547	5,506,316	5,506,316
Kansas	5,114,404	4,427,793	4,427,793
Kentucky	8,908,720	7,310,848	7,310,848
Louisiana	10,370,060	8,478,540	8,478,540
Maine	2,806,398	2,406,065	2,406,065
Maryland	8,450,967	6,926,303	6,926,303
Massachusetts	11,956,424	9,953,166	9,953,166
Michigan	18,949,267	15,863,374	15,863,374
Minnesota	8,946,550	7,477,750	7,477,750
Mississippi	6,447,035	5,357,306	5,357,306
Missouri	10,981,768	8,990,840	8,990,840
Montana	1,998,227	1,770,792	1,770,792
Nebraska	3,575,251	3,084,179	3,084,179
Nevada	1,268,870	1,092,822	1,092,822
New Hampshire	2,031,175	1,706,749	1,706,749
New Jersey	13,028,745	10,740,714	10,740,714
New Mexico	3,303,157	2,753,307	2,753,307
New York	32,343,708	27,169,661	27,169,661
North Carolina	13,954,663	11,581,896	11,581,896
North Dakota	1,641,146	1,679,758	1,679,758
Ohio	23,548,418	19,621,195	19,621,195
Oklahoma	6,762,878	5,611,998	5,611,998
Oregon	5,213,543	4,373,500	4,373,500
Pennsylvania	25,179,269	20,645,220	20,645,220
Rhode Island	2,229,232	1,986,852	1,986,852
South Carolina	7,897,299	6,439,556	6,439,556

State or Outlying Areas	1977 Estimate 1/	1977 Advance for 1978 2/	1978 Advance for 1979 2/
South Dakota	$ 1,909,777	$ 1,781,270	$ 1,781,270
Tennessee	10,567,240	8,810,884	8,810,884
Texas	29,104,900	23,679,482	23,679,482
Utah	3,465,380	2,883,234	2,883,234
Vermont	1,388,471	1,245,709	1,245,709
Virginia	11,645,332	9,670,218	9,670,218
Washington	7,703,158	6,378,299	6,378,299
West Virginia	4,657,915	3,960,535	3,960,535
Wisconsin	10,716,938	8,732,253	8,732,253
Wyoming	1,038,365	958,299	958,299
District of Columbia	1,458,865	1,324,643	1,324,643
American Samoa	85,200	142,414	142,414
Guam	273,803	221,089	221,089
Puerto Rico	8,601,797	6,875,072	6,875,072
Trust Territory	274,861	218,330	218,330
Virgin Islands	192,489	156,280	156,280
Set-aside for Sec. 523 of P.L. 94-482	962,118		

1/ Includes amounts appropriated in transition quarter for use in 1977.

2/ Estimated allotment of funds under Section 102(a) and Section 103, P.L. 94-482, Title I, Part A for the purposes of Subpart 2. Estimated distribution of total State allotment amount under Section 102(a), (b), and (c) ($554,010,564) based on estimating fiscal year 1978 State products of (1) fiscal year 1978 Vocational Education allotment ratios (with limits of 0.60 and 0.40) and (2) the 15-19, 20-24, and 25-65 age-groups, with a minimum of $200,000 for the total State allotments, and with no State receiving less in total than the total payments received under FY 1976 allotments. Age-groups are as of 7/1/74 for 50 States and D.C., and 4/1/70 for the outlying areas. Proportionate share of $1,000,000 of total allotments for Sec. 102 is reserved for Sec. 523 of P.L. 94-482, and 1 percent of total State allotments under Sec. 102(a) is reserved for Sec. 103(a)(1)(A). Sec. 103(a)(1)(A). Distribution to States is based on pro rata share of total State allotments. Permanent appropriation has been distributed in accordance with Sec. 102(a). (See attached "Fiscal Year 1978 Vocational Education Allotment Procedure" on page 200.

3/ Distribution of estimated funds

	1978 Request	Permanent Appropriation	Total
Appropriation.....	$393,719,000	$5,443,225	$399,162,225
Reserved for Sec. 523, P.L.94-482..	- 671,637	- 9,285	- 680,922
Reserved for Sec. 103(a)(1)(A).....	- 3,930,474	- 54,339	- 3,984,813
Total distributed to States.....	389,116,889	5,379,601	394,496,490

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

Occupational, Vocational, and Adult Education
Program Improvement and Supportive Services

State or Outlying Areas	1977 Estimate 1/	1977 Advance for 1978 2/	1978 Advance for 1979 2/
TOTAL	$ 17,000,000	$ 98,624,123 3/	$ 98,624,123 3/
Alabama	328,404	1,961,575	1,961,575
Alaska	118,063	209,722	209,722
Arizona	223,994	1,047,776	1,047,776
Arkansas	225,142	1,099,257	1,099,257
California	1,136,959	8,094,489	8,094,489
Colorado	243,970	1,229,168	1,229,168
Connecticut	240,051	1,120,989	1,120,989
Delaware	128,786	292,326	292,326
Florida	505,644	3,413,216	3,413,216
Georgia	395,238	2,525,559	2,525,559
Hawaii	145,835	417,530	417,530
Idaho	149,681	481,040	481,040
Illinois	633,316	4,230,442	4,230,442
Indiana	399,484	2,502,404	2,502,404
Iowa	254,882	1,376,580	1,376,580
Kansas	223,737	1,106,948	1,106,948
Kentucky	311,593	1,827,712	1,827,712
Louisiana	348,218	2,119,635	2,119,635
Maine	163,779	601,516	601,516
Maryland	310,781	1,731,576	1,731,576
Massachusetts	397,874	2,488,292	2,488,292
Michigan	580,924	3,965,843	3,965,843
Minnesota	319,854	1,869,437	1,869,437
Mississippi	252,842	1,339,327	1,339,327
Missouri	367,643	2,247,710	2,247,710
Montana	144,815	442,698	442,698
Nebraska	184,712	771,045	771,045
Nevada	127,519	273,205	273,205
New Hampshire	145,133	426,688	426,688
New Jersey	432,181	2,685,178	2,685,178
New Mexico	176,064	688,327	688,327
New York	926,166	6,792,415	6,792,415
North Carolina	435,502	2,895,474	2,895,474
North Dakota	136,643	419,940	419,940
Ohio	687,878	4,905,299	4,905,299
Oklahoma	260,251	1,403,000	1,403,000
Oregon	224,641	1,093,375	1,093,375
Pennsylvania	725,506	5,161,305	5,161,305
Rhode Island	150,537	496,712	496,712
South Carolina	286,970	1,609,889	1,609,889

State or Outlying Areas	1977 Estimate 1/	1977 Advance for 1978 2/	1978 Advance for 1979 2/
South Dakota	$ 142,474	445,318	445,318
Tennessee	352,152	2,202,721	2,202,721
Texas	813,166	5,919,871	5,919,871
Utah	180,063	720,809	720,809
Vermont	129,144	311,427	311,427
Virginia	384,970	2,417,554	2,417,554
Washington	288,937	1,594,575	1,594,575
West Virginia	208,226	990,134	990,134
Wisconsin	362,672	2,183,063	2,183,063
Wyoming	121,017	239,575	239,575
District of Columbia	132,523	331,161	331,161
American Samoa	3,900	35,604	35,604
Guam	11,196	55,272	55,272
Puerto Rico	379,192	1,718,768	1,718,768
Trust Territory	11,181	54,582	54,582
Virgin Islands	9,034	39,070	39,070
Set-aside for Sec. 523 of P.L. 94-482	18,941		

1/ Includes amounts appropriated in transition quarter for use in 1977.

2/ Estimated allotment of funds under Section 102(a) and Section 103, P.L. 94-482 for the purposes of Subpart 3. Estimated distribution of total State allotment amount under Section 102 (a), (b), and (c) ($554,010,564) based on estimating fiscal year 1978 State products of (1) fiscal year 1978 Vocational Education allotment ratios (with limits of 0.60 and 0.40) and (2) the 15-19, 20-24, and 25-65 age-groups, with a minimum of $200,000 for the total States allotments, and with no State receiving less in total than the total payments received under FY 1976 allotments. Age groups are as of 7/1/74 for 50 States and D.C., and 4/1/70 for outlying areas. Proportionate share of $1,000,000 is reserved for Sec. 523 of P.L. 94-482, and 1 percent of total State allotments under Sec. 102(a) is reserved for Sec. 103(a)(1)(A). Distribution to States is based on pro rata share of total State allotments.
Permanent appropriation has been distributed in accordance with section 102(a).

See attached "Fiscal Year 1978 Vocational Education Allotment Procedure" on page 200.

3/ Distribution of estimated funds

	1978 Request	Permanent Appropriation	Total
Appropriation.....	$98,430,000	$1,360,557	$99,790,557
Reserve for Sec. 523,P.L.94-482....	- 167,910	- 2,321	- 170,231
Reserve for Sec. 103(a)(1)(A).....	- 982,621	- 13,582	- 996,203
Total distributed to States.....	97,279,469	1,344,654	98,624,123

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

Occupational, Vocational, and Adult Education
Special Programs for Disadvantaged

State or Outlying Areas	1977 Estimate 1/	1977 Advance for 1978 2/	1978 Advance for 1979 2/
TOTAL	$ 20,000,000	$ 20,000,000	$ 20,000,000
Alabama	404,343	397,110	397,110
Alaska	29,086	42,457	42,457
Arizona	213,556	212,116	212,116
Arkansas	221,817	222,538	222,538
California	1,737,949	1,638,683	1,638,683
Colorado	246,053	248,838	248,838
Connecticut	228,198	226,938	226,938
Delaware	46,968	59,180	59,180
Florida	695,644	690,985	690,985
Georgia	528,039	511,285	511,285
Hawaii	76,366	84,526	84,526
Idaho	86,351	97,384	97,384
Illinois	879,182	856,428	856,428
Indiana	514,943	506,597	506,597
Iowa	264,063	278,680	278,680
Kansas	210,423	224,095	224,095
Kentucky	375,761	370,010	370,010
Louisiana	438,466	429,108	429,108
Maine	112,315	121,773	121,773
Maryland	352,281	350,548	350,548
Massachusetts	502,806	503,740	503,740
Michigan	799,918	802,862	802,862
Minnesota	374,759	378,457	378,457
Mississippi	269,220	271,139	271,139
Missouri	463,171	455,036	455,036
Montana	77,229	89,622	89,622
Nebraska	144,654	156,094	156,094
Nevada	45,575	55,308	55,308
New Hampshire	78,792	86,380	86,380
New Jersey	546,372	543,599	543,599
New Mexico	133,673	139,348	139,348
New York	1,370,802	1,375,085	1,375,085
North Carolina	592,841	586,172	586,172
North Dakota	61,607	85,014	85,014
Ohio	1,000,066	993,049	993,049
Oklahoma	282,859	284,029	284,029
Oregon	215,283	221,347	221,347
Pennsylvania	1,071,277	1,044,876	1,044,876
Rhode Island	87,115	100,557	100,557
South Carolina	332,070	325,913	325,913

State or Outlying Areas	1977 Estimate 1/	1977 Advance for 1978 2/	1978 Advance for 1979 2/
South Dakota	$ 73,442	$ 90,152	$ 90,152
Tennessee	447,221	445,928	445,928
Texas	1,243,028	1,198,444	1,198,444
Utah	140,578	145,924	145,924
Vermont	51,187	63,046	63,046
Virginia	491,193	489,420	489,420
Washington	321,337	322,812	322,812
West Virginia	192,431	200,447	200,447
Wisconsin	451,251	441,948	441,948
Wyoming	35,947	48,500	48,500
District of Columbia	53,575	67,042	67,042
American Samoa	10,000	7,208	7,208
Guam	11,389	11,190	11,190
Puerto Rico	354,281	347,955	347,955
Trust Territory	11,247	11,050	11,050
Virgin Islands	10,000	7,910	7,910
Set-aside for section 523 of P.L.94-482	---	34,118	34,118

1/ Includes appropriated amount in transition quarter for use in 1977.

2/ Estimated allotment of funds under Section 102(b) and Section 103, P.L. 94-482 for the purposes of Subpart 4. Estimated distribution of total State allotment amount under Section 102(a), (b), and (c) ($554,010,564) based on estimating fiscal year 1978 State products of (1) fiscal year 1978 Vocational Education allotment ratios (with limits of 0.60 and 0.40) and (2) the 15-19, 20-24, and 25-65 age-groups, with a minimum of $200,000 for the total State allotments and with no State total allotment less than its total payments received under FY 1976 total State allotments. Age-groups are as of 7/1/74 for the 50 States and D.C., and 4/1/70 for the outlying areas. Proportionate share of $1,000,000 is reserved for section 523 of P.L.94-482. Distribution to States is based on pro rata share of total State allotments.

See attached "Fiscal Year 1978 Vocational Education Allotment Procedure" on page 200.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

Occupational, Vocational, and Adult Education

Consumer and Homemaking Education

State or Outlying Areas	1977 Estimate 1/	1977 Advance for 1978 2/	1978 Advance for 1979 2/
TOTAL	$ 40,994,000	$ 40,994,000	$ 40,994,000
Alabama	829,076	813,955	813,955
Alaska	59,639	87,024	87,024
Arizona	437,882	434,775	434,775
Arkansas	454,821	456,137	456,137
California	3,563,525	3,358,807	3,358,807
Colorado	504,511	510,043	510,043
Connecticut	467,905	465,154	465,154
Delaware	96,304	121,300	121,300
Florida	1,426,370	1,416,314	1,416,314
Georgia	1,062,198	1,047,981	1,047,981
Hawaii	156,581	173,254	173,254
Idaho	177,056	199,607	199,607
Illinois	1,802,699	1,755,422	1,755,422
Indiana	1,055,853	1,038,372	1,038,372
Iowa	541,444	571,211	571,211
Kansas	431,456	459,328	459,328
Kentucky	770,469	758,409	758,409
Louisiana	899,044	879,542	879,542
Maine	230,296	249,599	249,599
Maryland	722,327	718,517	718,517
Massachusetts	1,030,966	1,032,517	1,032,517
Michigan	1,640,173	1,645,626	1,645,626
Minnesota	768,417	775,723	775,723
Mississippi	552,016	555,753	555,753
Missouri	949,698	932,687	932,687
Montana	158,353	183,697	183,697
Nebraska	296,602	319,944	319,944
Nevada	93,446	113,367	113,367
New Hampshire	161,558	177,054	177,054
New Jersey	1,120,305	1,114,214	1,114,214
New Mexico	274,088	285,621	285,621
New York	2,810,736	2,818,512	2,818,512
North Carolina	1,215,573	1,201,477	1,201,477
North Dakota	126,319	174,254	174,254
Ohio	2,050,566	2,035,453	2,035,453
Oklahoma	579,983	582,175	582,175
Oregon	441,422	453,696	453,696
Pennsylvania	2,196,582	2,141,683	2,141,683
Rhode Island	178,623	206,111	206,111
South Carolina	680,882	668,023	668,023

State or Outlying Areas	1977 Estimate 1/	1977 Advance for 1978 2/	1978 Advance for 1979 2/
South Dakota	$ 150,588	$ 184,784	$ 184,784
Tennessee	916,993	914,019	914,019
Texas	2,548,729	2,456,450	2,456,450
Utah	288,245	299,100	299,100
Vermont	104,956	129,227	129,227
Virginia	1,007,149	1,003,164	1,003,164
Washington	658,876	661,669	661,669
West Virginia	394,567	410,856	410,856
Wisconsin	925,258	905,862	905,862
Wyoming	73,707	99,412	99,412
District of Columbia	109,851	137,415	137,415
American Samoa	10,000	14,774	14,774
Guam	23,349	22,935	22,935
Puerto Rico	726,395	713,203	713,203
Trust Territory	21,424	22,649	22,649
Virgin Islands	18,149	16,212	16,212
Set-aside for section 523 of P.L.94-482	---	69,931	69,931

1/ Includes amount appropriated in transition quarter for use in 1977.

2/ Estimated allotment of funds under Section 102(b) and Section 103, P.L. 94-482 for the purposes of Subpart 5. Estimated distribution of total State allotment amount under Section 102(a), (b), and (c) ($554,010,564) based on estimating fiscal year 1978 State products of (1) fiscal year 1978 Vocational Education allotment ratios (with limits of 0.60 and 0.40) and (2) the 15-19, 20-24, and 25-65 age groups, with a minimum of $200,000 for the total State allotments and with no State total allotment less than its total payments received under FY 1976 allotments. Age groups are as of 7/1/74 for the 50 States and D.C., and 4/1/70 for the outlying areas. Proportionate share of $1,000,000 is reserved for section 523 of P.L.94-482. Distribution to States is based on pro rata share of total State allotments.

See attached "Fiscal year 1978 Vocational Education Allotment Procedure" on page 200.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

Occupational, Vocational, and Adult Education

Adult Education

State or Outlying Areas	1976 Advance for 1977	1977 Advance for 1978	1978 Advance for 1979
TOTAL	$ 71,500,000	$ 80,500,000 1/	$ 80,500,000 1/
Alabama	1,392,796	1,586,261	1,586,261
Alaska	209,868	220,998	220,998
Arizona	618,909	693,089	693,089
Arkansas	869,018	981,748	981,748
California	5,082,373	5,844,545	5,844,545
Colorado	664,447	745,645	745,645
Connecticut	1,003,002	1,136,384	1,136,384
Delaware	302,725	328,167	328,167
Florida	2,291,735	2,623,761	2,623,761
Georgia	1,792,143	2,047,162	2,047,162
Hawaii	327,651	356,936	356,936
Idaho	334,045	364,314	364,314
Illinois	3,529,037	3,981,153	3,981,153
Indiana	1,679,358	1,916,993	1,916,993
Iowa	951,736	1,006,595	1,006,595
Kansas	763,952	822,389	822,389
Kentucky	1,361,119	1,549,701	1,549,701
Louisiana	1,439,291	1,585,529	1,585,529
Maine	447,145	483,240	483,240
Maryland	1,310,323	1,491,074	1,491,074
Massachusetts	1,706,542	1,904,090	1,904,090
Michigan	2,725,471	3,124,352	3,124,352
Minnesota	1,153,991	1,291,179	1,291,179
Mississippi	948,731	1,055,134	1,055,134
Missouri	1,674,712	1,891,128	1,891,128
Montana	329,272	358,807	358,807
Nebraska	542,844	594,779	594,779
Nevada	260,692	279,655	279,655
New Hampshire	347,194	379,491	379,491
New Jersey	2,332,653	2,670,986	2,670,986
New Mexico	423,201	467,213	467,213
New York	5,925,791	6,602,287	6,602,287
North Carolina	2,053,630	2,348,955	2,348,955
North Dakota	334,999	360,295	360,295
Ohio	3,277,411	3,761,368	3,761,368
Oklahoma	944,441	1,068,797	1,068,797
Oregon	698,820	785,316	785,316
Pennsylvania	4,105,003	4,462,641	4,462,641
Rhode Island	466,646	517,354	517,354
South Carolina	1,109,330	1,259,102	1,259,102

State or Outlying Areas	1976 Advance for 1977	1977 Advance for 1978 1/	1978 Advance for 1979 1/
South Dakota	$ 344,287	$ 370,952	$ 370,952
Tennessee	1,573,687	1,795,034	1,795,034
Texas	3,803,208	4,368,210	4,368,210
Utah	367,583	403,023	403,023
Vermont	267,080	287,029	287,029
Virginia	1,667,312	1,903,090	1,903,090
Washington	971,951	1,100,547	1,100,547
West Virginia	835,680	890,978	890,978
Wisconsin	1,381,265	1,569,419	1,569,419
Wyoming	229,083	243,174	243,174
District of Columbia	374,932	408,613	408,613
American Samoa	123,695	139,265	139,265
Guam	217,360	244,720	244,720
Puerto	1,236,885	1,406,318	1,406,318
Trust Territory	250,250	281,750	281,750
Virgin Islands	123,695	139,265	139,265

1/ Estimated distribution of $80,500,000 with one percent ($805,000) reserved for the outlying areas and the balance distributed with a basic amount of $150,000 to each State, D.C., and Puerto Rico, and the remainder distributed on the basis of those 16 and over with less than a high school diploma, 4/1/70, with no State receiving less than 90 percent of its FY 1973 amount.

WEDNESDAY, MARCH 23, 1977.

HIGHER EDUCATION

WITNESSES

DR. LEONARD H. O. SPEARMAN, ACTING DEPUTY COMMISSIONER FOR POSTSECONDARY EDUCATION
DR. WILLIAM F. PIERCE, ACTING COMMISSIONER OF EDUCATION
DR. JOHN W. EVANS, ASSISTANT COMMISSIONER FOR PLANNING, BUDGETING, AND EVALUATION
DR. RICHARD J. ROWE, ACTING ASSOCIATE DEPUTY COMMISSIONER FOR POSTSECONDARY EDUCATION
DR. ROBERT C. LEESTMA, ASSOCIATE COMMISSIONER FOR INSTITUTIONAL DEVELOPMENT AND INTERNATIONAL EDUCATION
CORA P. BEEBE, DIRECTOR, DIVISION OF PLANNING AND BUDGETING
PETER K. U. VOIGT, DIRECTOR, DIVISION OF BASIC AND STATE STUDENT GRANTS
WILLIAM DINGLEDEIN, DIRECTOR, DIVISION OF EDUCATION BUDGET ANALYSIS, OFFICE OF ASSISTANT SECRETARY FOR MANAGEMENT AND BUDGET
DR. ALBERT L. ALFORD, ASSISTANT COMMISSIONER FOR LEGISLATION

Mr. FLOOD. The committee will come to order.

We take this opportunity of welcoming the newly appointed Commissioner of Education who is with us this morning as an observer.

I am sure he will be very interested in the proceedings. After his confirmation he will have a very active part in them and we are glad to have him here to see how his pros perform under the circumstances. I think he will be pleased with that indeed.

For higher education the presentation will be made by Dr. Leonard Spearman, the Acting Deputy Commissioner for Postsecondary Education.

We have your biographical sketch, Dr. Spearman, which we will place in the record at this point and also your statement.

[The biographical sketch and statement follow:]

BIOGRAPHICAL SKETCH

NAME : Leonard Hall O'Connell Spearman

POSITION : Acting Deputy Commissioner for Postsecondary Education
Bureau of Postsecondary Education

BIRTHPLACE : Tallahassee, Florida
AND DATE : July 8, 1929

FAMILY : Wife - Valeria Benbow Spearman

Children - Lynn Valeria A.B., Howard University
Leonard Jr. A.B., University of Florida
Charles M. Sophmore, Howard University

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 in Contemporary Psychology, 1964.

EXPERIENCE

Present : Acting Deputy Commissioner for Postsecondary Education
Bureau of Postsecondary Education
Department of Health, Education & Welfare

1976 : Associate Commissioner for Student Assistance
Bureau of Postsecondary Education
Department of Health, Education & Welfare

1975-76 : Acting Associate Commissioner for Student Assistance
Bureau of Postsecondary Education, DHEW

1971-75 : Director, Division of Student Support and Special Programs
Bureau of Postsecondary Education, Office of Education
Department of Health, Education & Welfare

1970-71 : Director, Division of Student Special Services
Bureau of Higher Education, Office of Education
Department of Health, Education & Welfare

1960-70 : Dean Lower College and Professor of Psychology,
Southern University, Baton Rouge, Louisiana

Director of Talent Search Project - 1969-70
Director of Upward Bound Project - 1967-70
Director of Supplementary Headstart Training Project - 1969-70

1957-60	:	Associate Professor of Psychology Florida A & M University, Tallahassee, Florida
1954-57	:	Instructor, School of Education, University of Michigan, Ann Arbor, Michigan Clinical staff, Children's Psychiatric Hospital, University of Michigan, Ann Arbor, Michigan Graduate Student, University of Michigan, Ann Arbor, Michigan
1950-54	:	Instructor, School of Education, Florida A & M University, Tallahassee, Florida
1947-49	:	Biology Instructor, Lincoln High School, Tallahassee, Florida

CONSULTANCIES: During period from 1965 through 1970

Education Projects, Inc., - Implementation and Evaluation of Seasonal and Migrant Farm Workers Education Programs, Florida, Texas, Louisiana, and Mississippi

Desegration of Public Schools, Mississippi, Florida, and Louisiana

HONORS AND AWARDS	:	LL.D., Conferred by Shaw University, North Carolina	- 1970
		LL.D., Conferred by Oakland University, Michigan	- 1973
		Superior Service Award, U.S. Office of Education	- 1975
		D.H.L., Edward Waters College, Florida	- 1975
		Lecturer: Martin Luther King Scholars Program, Rutgers University, New Jersey	- 1969
		Vising Professor of Psychology, Queens College, New York	- 1965
		Chairman, (Subcommittee) Federal Interagency Committee on Education - Increasing Postsecondary Opportunities of Disadvantaged Minorities	- 1972-75
		Chairman, National Task Force on Higher Education and the Disadvantaged: The Federal Role	- 1974-75
		Liaison, (for Secretary of HEW) National Advisory Council on Minorities in Engineering	- 1976-
		Chairman, FICE Subcommittee (Impact of Interagency Student Financial Aid Policies	- 1976-

MEMBERSHIP : Phi Delta Kappa

Louisiana State Board of Psychologists

American Psychological Association

National Coordinating Council for Educational Opportunity

Washington, D.C. Psychological Association

PUBLICATIONS : "A Study of the Hopi Value System," Quarterly Review of Higher Education Among Negros - 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 Development Educational Psychology, Southern University Educational Monographs - 1969

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

Mr. Chairman and Members of the Committee:

I appreciate this opportunity to appear before you to present our Higher Education appropriation request for fiscal year 1978.

This budget proposes to provide funds for a broad range of student and institutional assistance programs. Our major goal is to have a distribution of funds that 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 Basic Grants Program remains as the key element in the development of the Federal student financial aid package. I am pleased to report that the Basic Grant Program is now reaching more students than ever before and is providing a foundation of financial assistance for over 2 million students. Since the Budget was originally submitted, we have for the first time since I have been appearing before this committee worked in conjunction with the Congressional Budget Office to re-evaluate the economic assumptions which underlie the projections for the cost of Basic Grants, and as such are prepared to discuss these new projections with you. I might add parenthetically that while on the surface some may assert that this change reflects a lack of precision on the part of OE's prognosticators, I submit that it more accurately reflects the ability of the Congressional Budget Office and OE to work cooperatively to make up-to-date incisions into the budget process utilizing the most recent information on economic indicators.

In addition to responding to the funding requirements of supporting Basic Grants, we are proposing funds for the continuation of the complementary student assistance programs.

We believe that by using Basic Grants, supplemented by earnings made available through the Work Study Program, grants under the Supplemental Educational Opportunity and the State Student Incentive Grant Program, and Guaranteed Student Loans, the tudent who could not hope to obtain a postsecondary education without Federal financial aid is provided with a means of overcoming financial barriers to such an education.

Therefore, $240 million is requested for the Supplemental Educational Opportunity Program to provide average grants of $525 for over 445,000 students while $44 million for State incentive grants will provide awards averaging $500 to over 175,000 students. Over 850,000 students may supplement their grants through average earnings of $545 annually through the $390 million Work Study Program.

While the demand for loan funds is by no means abated we believe that with the expanded eligibility requirements in the Basic Grants Program, the need for loans can be met by the Guaranteed Student Loan Program and by funds provided by payments on prior year loans in the National Direct Student Loan Program. Without any additional infusion of Federal funds in the Federal capital contributions, the more than diligent efforts exercised by OE in collaboration with institutional initiatives has resulted in the availability of over $270 million in prior year loans for 548,000 students. The amount of funds available for loans in the NDSL program will continue to increase each year, as even more students

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begin repaying thier loans into the revolving fund.

An integral goal of our student assistance program will be met by the request of $70.3 million for the TRIO program, Special Programs for the Disadvantaged, which encourages and assists students to not only enter or resume their postsecondary education but to maintain and continue it. Over 350,000 disadvantaged students will benefit from this program. In addition, $7 million is requested to support Public Service and Mining Graduate Fellowships.

This year our budget request also includes (new) initiative for Graduate/Professional Educational Opportunities. The purpose of this initiative is to increase the number of people entering and completing graduate and professional education who come from groups which are underrepresented in those occupations which require education beyond the baccalaureate degree.

In the area of institutional aid $120 million is provided for the Development Institutions Program, an increase of $10 million. Financial support is directed to strengthening those institutions capable of making significant educational contributions and which serve large numbers of low income students. It is estimated that over 230 institutions which receive grants ranging from one-year grants averaging about $250,000 in the Basic Program to up to five-year grants averaging over $2 million in the Advanced Program.

In other programs, funds are provided to institutions by grants to college libraries and $4 million is requested for subsidizing interest

payments by institutions on loans for past construction of academic facilities. To provide support for specialized programs we request $3.5 million for State postsecondary commissions and $12 million for University Community Services. Almost $11 million ($10,750,000) is requested for the Cooperative Education Program which has provided the incentive necessary to stimulate over 1,000 programs since its inception in 1970, more than double the number of programs which existed when the program began. Both institutional and fellowship support is provided in the Foreign Language Training and area studies' $16.3 million request.

That concludes my statement. I shall be pleased to answer any questions the Committee may have.

FEDERAL ASSISTANCE FOR HIGHER EDUCATION

Mr. FLOOD. Let's begin with a sweeping question.

What percent of the total costs of higher education is provided by the Federal Government?

Dr. SPEARMAN. Between 14 and 16 percent.

Mr. FLOOD. Do you expect the Federal share to go up or down, increase or decrease, say, in the next 5 years?

Dr. SPEARMAN. Mr. Chairman, I would certainly state that the cost of postsecondary education in this country, the Federal share of the cost of postsecondary education in this country, will increase in the next 4 or 5 years.

Mr. FLOOD. Why?

Dr. SPEARMAN. For one, the increased cost to support the number of legislative initiatives that we have in our country, the unionization of faculties, the desire to meet affirmative action needs, and a need to take a closer look at energy perspectives and environmental initiatives in construction all create great demands for support from the Federal Government.

So with rising costs of faculties, with increased cost of support services in institutions of postsecondary education, I would not expect a diminution of the support from the Federal Government in the next 4 or 5 years.

I think perhaps one of the significant trends we might witness in postsecondary education in the next 4 or 5 years is some kind of balance between institutional assistance and student assistance. As you are aware, for the past 8 years we have devoted almost all our Federal aid resources to student assistance programs in this country.

STUDENT ENROLLMENT IN HIGHER EDUCATION

Mr. FLOOD. Can you tell us about student enrollment in higher education? What is it now and what sort of a trend do you expect over the next 5 years?

Dr. SPEARMAN. Mr. Chairman, this is a rather complicated question because it depends on the number and types of institutions that you have reference to. Technically there are approximately 11 million students in all institutions of postsecondary education in this country. That represents this year for the first time in some 25 years less than a 1 percent drop, one-tenth percent drop in the enrollment in this country. But for all institutions the figures that I would quote to you——

Mr. FLOOD. You are reading from what I see is a pretty complicated document.

Dr. SPEARMAN. I could supply this for the record.

Mr. FLOOD. You had better put it in the record.

Dr. SPEARMAN. There are approximately 11 million students enrolled in higher education.

Mr. FLOOD. All right, put that in the record.

[The information follows:]

Five-Year Enrollment Trends

The table below summarizes the most recent higher education enrollment information, and shows an unexpected decline of .7 percent from 1975. Revised long term enrollment trends have not yet been developed, but work on them will begin in the summer of 1977.

National Center for Education Statistics
Office of the Assistant Secretary
for Education

SUMMARY TABLE, AGGREGATE UNITED STATES
FALL 1975 AND FALL 1976

FALL ENROLLMENT IN HIGHER EDUCATION, BY CONTROL OF INSTITUTION AND SEX AND ATTENDANCE STATUS OF STUDENTS

INSTITUTIONAL CATEGORY,* YEAR, AND PERCENT CHANGE	TOTAL ENROLLMENT, ALL INSTITUTIONS	PUBLICLY CONTROLLED INSTITUTIONS					PRIVATELY CONTROLLED INSTITUTIONS				
		ALL STUDENTS				FIRST-TIME STUDENTS	ALL STUDENTS				FIRST-TIME STUDENTS
		MEN		WOMEN			MEN		WOMEN		
		FULL-TIME	PART-TIME	FULL-TIME	PART-TIME		FULL-TIME	PART-TIME	FULL-TIME	PART-TIME	
1	2	3	4	5	6	7	8	9	10	11	12
ALL INSTITUTIONS											
1976	11,215,111	2,801,910	1,810,248	2,290,040	1,898,724	2,152,842	989,450	349,638	771,899	303,202	558,352
1975	11,290,719	2,958,629	1,875,060	2,220,075	1,842,257	2,067,860	1,006,531	358,403	737,661	292,103	475,692
Percent change	-0.7	-5.3	-3.5	3.2	3.1	4.1	-1.7	-2.4	4.6	3.8	17.4
UNIVERSITIES											
1976	2,816,135	911,829	267,421	675,168	255,735	348,496	303,591	114,533	193,541	94,317	120,741
1975	2,863,985	934,627	283,866	662,736	268,711	315,950	306,146	124,533	185,435	97,951	93,048
Percent change	-1.7	-2.4	-5.8	1.9	-4.8	10.3	-0.8	-8.0	4.4	-3.7	29.8
OTHER 4-YEAR INSTITUTIONS											
1976	4,420,942	997,055	468,823	890,380	509,287	481,932	633,246	212,876	516,752	192,523	363,643
1975	4,424,764	1,028,396	482,682	877,393	506,613	463,787	647,216	210,639	492,326	179,499	310,160
Percent change	-0.1	-3.0	-2.9	1.5	0.5	3.9	-2.2	1.1	5.0	7.3	17.2
2-YEAR INSTITUTIONS											
1976	3,978,034	893,026	1,074,004	724,492	1,133,702	1,322,414	52,613	22,229	61,606	16,362	73,968
1975	4,001,970	995,606	1,108,512	679,946	1,066,933	1,288,123	53,169	23,231	59,900	14,653	72,484
Percent change	-0.6	-10.3	-3.1	6.6	6.3	2.7	-1.0	-4.3	2.8	11.5	2.0

*Current enrollment data could not be obtained for 5 of the 3,074 institutional units in the higher education statistical universe represented in this report. Consequently, 1975 enrollment data were used for these 5 institutions

Mr. FLOOD. This is not generally recognized, but do these enrollment projections take into account a higher proportion of adults who more and more seem to be pursuing a postsecondary education?

Dr. SPEARMAN. Yes. They do take into consideration a higher proportion of adults in postsecondary education. They include not only the traditional 2- and 4-year institutions but vocational, technical, as well as business, cosmetology, flight, trade school, correspondence, hospital, and other types of institutions where the average age of attendance would be higher than you would expect in a traditional 2- to 4-year institution.

Mr. FLOOD. What proportion of the total enrollment can be classified as low income or disadvantaged students?

Dr. SPEARMAN. Mr. Chairman, I think I would prefer to enter that into the record.

Mr. FLOOD. You ought to have something on that pretty well.

Dr. SPEARMAN. I have some numbers here. About 18.3 percent of the young people who are enrolled in postsecondary education in this country come from families of incomes of less than $10,000, or if you look at that in terms of freshmen enrollment alone, it is approximately 339,000 students who entered this year.

COSTS OF HIGHER EDUCATION

Mr. FLOOD. Have you made any study showing the effect of rising educational costs on student access to higher education?

Dr. SPEARMAN. No, sir.

Mr. FLOOD. Don't you think you should? That is pretty basic information.

Dr. SPEARMAN. Yes, indeed.

Mr. FLOOD. You had better take a look at that.

Dr. SPEARMAN. We have had some limited conferences on student costs as they affect the student aid budget, but we have not done a comprehensive study nationwide.

Mr. FLOOD. I would think that you would be on top of that. How many young people are denied access to college because of higher costs?

Ms. BEEBE. The most recent studies, supported by the American Council on Education, show that very few students report the lack of financial resources as the problem for nonentry or not continuing in postsecondary education.

So we believe that with the package of student financial aid that now is available, that this is a small percentage of the reasons for students not entering or continuing in postsecondary schools.

IMPACT OF FEDERAL REGULATIONS ON COSTS

Mr. FLOOD. All right. I hope you are right on that point.

Colleges and universities are complaining about the ever-increasing burden caused by Federal regulations and Federal redtape. They are not alone on that, but we are talking about them now. We know, of course, there are Federal rules involving discrmination in hiring, discrimination by sex, discrimination against the handicapped, privacy protection, and many others.

It has been reported that compliance with all of these Federal rules is costing institutions millions of dollars in administrative costs. Is that situation as bad as the institutions say it is?

Dr. SPEARMAN. Let me say that the situation is extremely critical, Mr. Chairman. The demands on the part of certain regulations to make provisions for the handicapped, the demands on the part of certain regulations to stress environmental protection and energy efficiency, the demands that institutions assume a greater responsibility for the accountability of increased Federal funds do place greater burdens on institutions.

Mr. FLOOD. Is it as bad as they say it is?

Dr. SPEARMAN. Well, Mr. Chairman, it may be as bad as the institutions think it is on the one hand, but on the other hand we have to assume some responsibility for the stewardship of Federal funds.

The problem is that we have not found that healthy balance between institutional freedom and the need to be responsive and accountable for the utilization of Federal funds.

So I think the answer is yes, it is as critical as institutions say on the one hand, but it is equally critical from the Federal perspective that we exercise every effort to see that the moneys that Congress appropriates for us to use are disbursed properly.

REDUCTION IN PAPERWORK

Mr. FLOOD. Are you reexamining the need for all that paperwork? Can it be reduced? Is it in the classical bureaucratic tradition of being necessary, et cetera?

Dr. SPEARMAN. Yes, sir, Mr. Chairman, the Commissioner-designate and the Secretary have asked all of us to reexamine our regulations and part of the total reorganization that the Secretary promulgated particularly with respect to student aid is an effort to reduce a considerable amount of paperwork and to increase the amount of savings.

Mr. FLOOD. We are really getting complaints about this?

Dr. SPEARMAN. Yes, sir.

PROPOSED LANGUAGE PROVISIONS

Mr. FLOOD. This budget for higher education includes seven separate language provisions. Imagine that, seven language provisions. It seems to us as though you want to rewrite the Higher Education Act or, at least, you want us to rewrite it in the Appropriations Committee. Why is it necessary to have all those provisions? Is the basic higher education law that defective? Is it that full of holes?

Ms. BEEBE. No, Mr. Chairman, we don't feel that the basic act is defective, but what we have proposed is a number of changes which we think will facilitate the basic thrust of our budget.

One provision, for example, would eliminate the threshold requirement that after funds reach a certain level for student aid that for every additional dollar spent on student aid we have to spend 50 cents for three other programs. Our priorities and limited budget suggest that this is not the time to engage in starting three new programs.

Another provision is one we have come forward with annually asking for permission to carry forward unused basic grant funds due to the difficulty in estimating.

Another provision would allow us not to reach the threshold funding for the NDEA–2 loan program. The last provision would allow us not to exceed $21 million for administrative expenses for basic grants.

Mr. FLOOD. The law is not as bad as it sounds then, right?

Dr. SPEARMAN. We don't believe it is too bad.

Mr. FLOOD. You can do this for the record. Provide a concise statement describing the effect of this new thing, the so-called trigger provision, in the basic law which requires the funding of several institutional aid programs whenever student aid reaches $2.8 billion. Use the figures in your 1978 budget to illustrate that effect.

Dr. SPEARMAN. We will be happy to.

Mr. FLOOD. Also, put a chart in the record for fiscal 1977 and fiscal 1978 showing the program level, the students aided and the average amount per student for each one of these student aid programs.

Dr. SPEARMAN. We have that information.

[The information follows:]

EFFECT OF THE "TRIGGER" PROVISION IN FISCAL YEAR 1978

The Higher Education Amendments of 1976 (Public Law 94–482) added the so-called Trigger provision to the Higher Education Act. This provision requires that, in fiscal year 1978, if the appropriation for carrying out the basic grant program and the three campus-based student financial aid programs exceeds the sum of such appropriations for fiscal year 1977 or $2.8 billion, whichever is higher, an amount equal to 50 percent of the excess (up to a maximum amount of $215 million) must be appropriated for three other programs—community services and continuing education (HEA–I), facilities loans (HEA–VIII–C), and establishment and expansion of community colleges (HEA–X).

If the administration's fiscal year 1978 appropriations request of $2,961,253,000 for the four student aid programs were to be approved by the Congress, the trigger provision would require that of the amount in excess of $2.8 billion (about $161 million in this instance), 50 percent must be designated for title I programs. The administration has included in its fiscal year 1978 budget request special language providing for a waiver of the trigger provision.

STUDENT ASSISTANCE PROGRAMS BY FUNDING LEVEL, NUMBER OF RECIPIENTS AND AVERAGE AWARD

Program	Fiscal year 1977 estimate	Fiscal year 1978 estimate
Basic opportunity grants:		
Funding level	$1,903,900,000	$2,316,000,000
Number of recipients	1,975,000	2,522,000
Average award	$848	$910
Supplemental opportunity grants:		
Funding level	$240,093,000	$240,093,000
Number of recipients	445,000	445,000
Average award	$525	$525
Work-study:		
Funding level	$390,000,000	$390,000,000
Number of recipients	850,000	850,000
Average award	$545	$545
Direct loans:		
Funding level [1]		
Number of recipients	505,000	553,000
Average loan	$500	$500
Incentive grants:		
Funding level	$44,000,000	$44,000,000
Number of recipients	176,000	176,000
Average award	[2] $500	[2] $500

[1] Federal capital contributions and loans to institutions.
[2] $250 Federal funds.

BASIC OPPORTUNITY GRANTS

Mr. FLOOD. Here is an old friend of everybody's, BOG's. What is your estimate of fully funding basic opportunity grants in 1978?

Dr. SPEARMAN. Peter Voigt whom you have not seen since 1972 is here, along with others from the Office of Education.

Mr. FLOOD. Why don't you introduce them?

Dr. SPEARMAN. On the far left is Al Alford from the Office of Education, Assistant Commissioner for Legislation. Richard Rowe is Acting Associate Deputy Commissioner for Postsecondary Education; Cora Beebe and myself, Peter Voigt and your good friend, Dr. Robert Leestma, Associate Commissioner for Institutional Development and International Education, and Bill Dingledein representing the Department.

Mr. FLOOD. That is the varsity.

Mr. VOIGT. Mr. Chairman, as you know, the making of estimates for this program, the development of the estimates for both budget purposes as well as funding and payments schedule purposes has been difficult from the outset.

What you are trying to do in developing these estimates is to attempt to project economic changes, changes in income, changes in student behavior, changes in enrollments and all of that.

The kinds of indicators that are used in making these projections change fairly rapidly in certain cases. As a result of some of our own analysis and some work with the Congressional Budget Office, we have recently revised the estimates for basic grants, by using new economic indicators and later enrollment information.

Mr. FLOOD. I asked about the amount to fully fund.

Mr. VOIGT. To fully fund the program in 1978, according to the new estimates with the $1,800 ceiling, would cost $2,248 million.

Mr. FLOOD. During the past 2 years you will recall, you have had to borrow funds to cover overruns in the basic grants program. Do you think this is going to happen in the current academic year?

Mr. VOIGT. Mr. Chairman, that is very, very difficult to say. We have tried to use the best data that are available. Some of this data is very critical to the estimate. In other words, a 1 percent change in the projection for increases in personal income has an impact of over $30 million, just a 1 percent change.

There are other similar factors that have this kind of an impact. Just given the volatility of many of these kinds of indicators and the frequency with which they change and the difficulty in estimating, it is very hard to say whether another supplemental will be required or not. It is quite conceivable that there will be a need.

Dr. SPEARMAN. Mr. Chairman, in the case here, in the earlier submission of our budget several months ago when we were looking at the economic indexes as they were then when we were looking at the student costs and we were trying to project personal income and all the inflators that go into this process, at that point in time, as you recall, we estimated in our earlier submission that it would cost us $2.3 billion to operate this program with a $1,600 maximum award.

Subsequent to that, our office, in collaboration with the Congressional Budget Office, reexamined these basic indicators which affect the cost of education. We were able to modify our thinking.

So it makes it a little more difficult to say that we won't be back up here for a supplemental.

BUDGET REQUEST FOR BASIC OPPORTUNITY GRANTS

Mr. FLOOD. This budget request for the basic grants is $2.3 billion for 1978. Now this is the first time that the budget does not propose to fully fund this program. Why is that? We thought this was your favorite program.

Mr. VOIGT. I think, Mr. Chairman, when we did the estimate of $2.3 billion at the $1,600 level, we also had to take into account the other demands on the budget. The original estimate did increase the maximum award in the basic grant program to $1,600 from $1,400.

But taking into account the other budget pressures and the ceilings that we were working with, I think we felt that that kind of an increase was justified but the additional resources in the earlier estimates needed to go to the full $1,800 ceiling did not appear to be available.

Mr. FLOOD. You know we received recent information from the Congressional Research Service?

Mr. VOIGT. Yes, sir.

Mr. FLOOD. That indicates that $2.07 billion will be needed to do what your budget proposes. Now that is $247 million less than you estimate.

Will you explain how you derived your estimate? In other words, why is there a difference? I understand the same data was used by both of you.

Mr. VOIGT. The $2.07 billion is exactly the same as our current estimate. The earlier estimate of $2.3 billion was based on different assumptions. It was developed last summer when no knowledge was available about the slight decline in enrollment that actually occurred in the 1976–77 year.

So, for example, we projected a 4-percent increase in enrollment for 1978 last summer. It turns out that a more reasonable projection at this point is a 2 percent enrollment increase.

Mr. FLOOD. How do you plan to revise your budget? Will that $247 million be used for some other student aid program?

Mr. VOIGT. We are examining these options now, Mr. Chairman. We hope to be coming up with a revised budget to you in the very near future.

Mr. FLOOD. What do you mean by that? Is the President going to send up a revised budget request?

Ms. BEEBE. We don't know that yet, Mr. Chairman. We are just now beginning to reexamine these estimates. It will be some time before we know how we want to handle the lower estimates for fiscal 1978.

Mr. DINGLEDEIN. Mr. Chairman, we are looking at these revised figures and the implications they have for the budget. We will be getting to you shortly.

Mr. FLOOD. What do you mean by shortly? We must mark up this bill in early May. What do you mean by shortly?

Mr. DINGLEDEIN. I would say within the next week or so.

Mr. FLOOD. Mr. Natcher?

LIFELONG LEARNING PROGRAM

Mr. NATCHER. As you know, Doctor, the education amendments of 1976 authorizes a new lifelong learning program as part of title I of the Higher Education Act. What plans, if any, do you have for funding this provision of the Higher Education Act?

Dr. SPEARMAN. We are aware, Mr. Natcher, that that occurred. We have no plans to fund the program at this particular time. The legislative authority, of course, for the implementation of part B of title I was clearly directed toward the Office of the Assistant Secretary of Education but as I understand it today, no plans are underway to request funds for that program for 1978.

Now here again, as you well know, the program is affected by the earlier question raised by the chairman that when the amount appropriated or utilized and disbursed in 1978 exceeds $2.8 billion in the four student aid programs, then an amount equal to 50 cents on every dollar in excess of $2.8 billion becomes available for expenditure in title I, title VII, and title X. Title I includes the continuing education programs as Part A and B, lifelong learning, but no plans are underway at this particular time to fund lifelong learning as I understand it.

COOPERATIVE EDUCATION PROGRAM

Mr. NATCHER. Cooperative education in the budget I believe contains $10,750,000. Doctor, do the same institutions participate in this program year after year?

Dr. SPEARMAN. No; the same institutions do not necessarily participate in this program year after year. Up to 1976, institutions could only participate in the program for a period of 3 years. However, the 1976 amendments did modify that to permit institutions to participate as much as 5 years in the program, and also made it possible for those institutions that were no longer participating to resubmit applications in the cooperative education program.

I would say that for the most part there is a strong continuation of institutions in the program, but they cannot remain beyond the 5-year period.

Mr. NATCHER. What is the Federal Government doing to stimulate interest or to encourage cooperative education programs in institutions that don't have these programs now? What are you doing along this line?

Mr. ROWE. The Office of Education provides for some 17 training programs that are offered across the country to present the case for cooperative education, to explain what it is, what is involved in the program to those schools that are interested in it. Those that are involved and get involved in the program are given an opportunity to come to training sessions to become expert in operating cooperative education programs. This is led largely by those schools that are very experienced in the program and have been in the program for some duration.

Mr. NATCHER. The average grant as I understand in the budget for cooperative education is $43,000.

Mr. ROWE. That is correct.

Mr. NATCHER. How can an institution use an amount of $43,000 and do anything with it?

Mr. ROWE. The funds cannot be used for student assistance. They are used merely to underwrite the administrative cost of conducting a cooperative education program.

Mr. NATCHER. Is the maximum amount $43,000?

Mr. ROWE. The law authorizes up to $175,000, but the funds available and the number of awards made give us an average, an estimated average of approximately $43,000 in 1978.

Dr. SPEARMAN. The maximum grant prior to the 1976 amendments was $75,000 but the educational amendments raised that grant level to $175,000. But there are 250 participating institutions in the program, as you say, at an average award of $43,000.

Now the $43,000 was, during the past years, roughly one-half of the authorized ceiling.

CONSTRUCTION OF ACADEMIC FACILITIES

Mr. NATCHER. The education amendments of 1976 made a number of changes in the authorization for academic facilities construction assistance. For the record, could you identify these changes in more detail?

Dr. SPEARMAN. Yes, we can.

[The information follows:]

HIGHER EDUCATION ACT OF 1965—TITLE VII—HIGHER EDUCATION FACILITIES PROGRAM

SUMMARY OF CHANGES IN THE EDUCATION AMENDMENTS OF 1976

General

The amendments of 1976 inserted the term "reconstruction and renovation" after the term "construction" wherever it appears throughout title VII. This is intended to broaden the scope of title VII to allow rehabilitation and renovation projects as well as new construction.

Authorization of appropriations (grants and undergraduate facilities)

Section 701(c) was amended to read as follows: "Of the sums appropriated pursuant to section 701(b), an appropriate amount, but in no case less than 24 per centum shall be reserved by the Commissioner and allotted among the States under section 702" (pub'ic community colleges and technical institutes). Under the previous legislation the 24 percent was fixed as an automatic allocation. It now represents a minimum.

State plans

Section 704(b) was amended to provide reasonable notice and a hearing before the Commissioner disapproves a State plan under VII–A.

Authorization (grants for graduate facilities)

Section 721(a) was amended by adding authority for the Commissioner to "make grants or enter into contracts with institutions of higher education for the construction of facilities for model intercultural programs designed to integrate the educational requirements of substantive knowledge and language proficiency".

General provisions for loan program

Section 743(b)(5) was amended by adding the following two provisions:

1. Authorizes the Commissioner to grant temporary moratoriums on repayment of principal or interest if payment of same wi'l create undue financial hardship, and if the institution presents a specific plan and schedule for repayment of the deferred amounts. By ruling of the general counsel in 1969 the Commissioner already had, and had been using since that time, the moratorium authority. The new provision makes it a specific matter of law.

2. The amendment authorizes the Commissioner, through October 1, 1979, to accept 75 percent of an outstanding title VII–C loan obligation as full payment and satisfaction of debt.

Part E reconstruction and renovation

The existing part E of title VII was redesignated part F and a new part E entitled "Reconstruction and Renovation" was created.

The new part E section 771 authorizes the Commissioner to make grants from funds appropriated under parts A and B of title VII, and loans from funds appropriated under part C or already in the revolving loan fund. The grants and loans are for reconstruction or renovation projects designed primarily to economize on the use of energy, to bring facilities into conformity with requirements under the Architectural Barriers Act of 1968, and to meet the environmental protection of health safety requirements mandated by Federal, State, or local law.

Definitions

The definition of "academic facilities" in section 782 was changed to permit the new part E energy projects to cover medical teaching facilities previously excluded from the definition.

Eligibility for grants

Section 705 was amended to make offcampus continuing-education projects eligible. Previously only oncampus projects were eligible.

Mr. NATCHER. Go right ahead and give us some brief explanation now, if you can.

Mr. ROWE. The law did authorize attention to the problem of architectural barriers that confront a number of institutions of postsecondary education. It also addressed the matter of the energy situation of the postsecondary plant in the country.

Much of the plant was constructed when fuel and energy sources were not as expensive as they are today. Therefore, that is another area that is authorized.

Also, the occupational safety and health of employees is a consideration in the new authorization. Those, I believe, are the major authorizations for the rehabilitation of plants.

REGULATIONS FOR LANGUAGE TRAINING AND AREA STUDIES

Mr. NATCHER. We understand you are proposing new regulations for the language training and area studies program. What changes are you proposing?

Dr. SPEARMAN. Dr. Leestma, the associate commissioner responsible for international education.

Dr. LEESTMA. There are no substantive changes proposed. Essentially the regulations are espousing the principles that we have been operating by over the past 5 years. These regulations finally are published in official form and become officially binding regulations.

I think the one element that is becoming official for the first time and one that would interest you, is a set-aside within our grants to the centers for what we call outreach activities. If you go back to the origin of the program and for its first 12 or 13 years, you will recall that basically the money that went to the centers was used for the preparation of specialists in foreign language area studies and world affairs. It is clear that the rest of the educational system, elementary, secondary, teacher education programs, also need to strengthen the programs they have to deal with the rest of the world.

About 1972 we began to encourage the centers to spend a portion of their grants from us to reach out to new constituents in the educational community, to begin to make available to other parts of the educational system the specialized knowledge they had, to help train

teachers, to help develop materials for elementary and secondary levels, et cetera.

That met with surprisingly widespread positive cooperation. This year in the regulations we now have it as a mandatory requirement that at least 15 percent of the grant they receive from us shall be used to work with other parts of the educational system, blending their specialized knowledge of another world area with the expertise of the elementary and secondary school teachers, for example, to do a better job of teaching and with teacher education, et cetera.

We feel that not only gives the Government and the school system more for the amount of Federal money going in, but it also means that the activities carried out under NDEA title VI have an appropriate component of real expertise, the expertise that has been developed over now almost 20 years under title VI.

We don't approve of having institutions or individuals who are not specialists in another part of the world try to develop materials and train teachers and the rest.

UNIVERSITY INTERNATIONAL STUDIES PROGRAMS

Mr. NATCHER. Doctor, from time to time we receive reports that advanced and specialized programs of international studies have been curtailed by many universities across the country. Is this true?

Dr. LEESTMA. I think it depends on the definition of terms. I think I would use more modifiers if I were preparing such a statement. I would say that some institutions have been curtailing their programs.

With respect to those that customarily have been served by title VI, as you know, the policy all along has been one of assisting those institutions that believe strongly enough in the importance of international studies to invest their own resources. On the average, year in and year out, the Federal portion of the budget of an NDEA center is only 10 percent. The other 90 percent comes from the institution's own resources and sometimes from other external resources like foundations.

What has occurred in this time of general budget tightening throughout the higher education community is that some institutions have made hard choices and have decided to drop their international studies effort. Not many have done that, totally dropped them. Some have curtailed them.

But I think a close examination would show that they have not curtailed their international programs any more than they have curtailed a number of others.

We feel strongly that all institutions should devote a portion of their resources to dealing with the rest of the world as it is and as it is becoming. It is a part of the reality of the world in which people now in classrooms at any level are going to have to spend the rest of their lives. We feel that an education that doesn't contain an appropriate international dimension is going to be irrelevant to the rest of our lives.

I think on balance it could be shown that there is a slow but nonetheless steady widening of institutional attention to international studies, although in some cases institutions are giving it less rather than more funds.

Mr. NATCHER. Thank you.

BUDGET REQUEST FOR HIGHER EDUCATION

Doctor, we have a breakdown here as far as basic grants are concerned. What is the total request for higher education for fiscal year 1978?

Dr. SPEARMAN. Over $3.2 billion. It is $3.291 billion.

Mr. NATCHER. That is $3.2-plus billion, right?

Dr. SPEARMAN. Right.

Mr. NATCHER. Thank you, Mr. Chairman.

Mr. FLOOD. Mr. Early?

INCOME ELIGIBILITY FOR BASIC OPPORTUNITY GRANTS

Mr. EARLY. Thank you, Mr. Chairman.

Doctor, on this suggested revision on the BOG's, would you explain a little more about the personal income line there? You say CBO, 10.3, budget 4 percent, and revised 10.3 which is suggesting a $192 million reduction.

Dr. SPEARMAN. Mr. Voigt, Director of the Basic Grant Program, will explain that.

Mr. VOIGT. Mr. Early, when we did the original budget estimate last summer, we obviously did not have the information that is available now. As a result of unexpected changes in the economy, changes in the Consumer Price Index and, obviously, changes in the personal income levels that are expected for 1978, we revised our estimates.

I think these changes reflect more recent economic projections made by the administration and more accurately reflect the kind of population that we will be dealing with.

Mr. EARLY. Tell me this, have we taken into consideration the upgrading of the eligibility relative to the personal income? Have we taken into consideration inflation as far as a fellow making $10,000, that $10,000 is really only $9,000 in income now?

Mr. VOIGT. In part, Mr. Early, that is taken into account because we do look at both the personal income and the increase in the Consumer Price Index, which is part of the formula in determining eligibility. However, I think you should note that the formula used for determining eligibility has to be approved by Congress each year. That process begins next July.

We are beginning to examine that formula now and we will be coming to Congress in July with a proposal. Obviously, those proposals are not yet set.

Mr. EARLY. If we suggest an adoption before we get that revised figure, we are not covering the same spectrum we intended to cover originally.

Mr. VOIGT. It depends on the kinds of changes we will be making. We certainly have taken into account the increase in CPI, and the cost of living increases. There may be other changes in that formula that we can't yet predict because we are working together with the Congress and making these changes.

Given the budget cycle timing, we have never been able to at this point make any kinds of projections on the impact that changes in the formula might have on the budget request.

Mr. EARLY. It seems to me a very dangerous procedure to cut back on BOG's as far as the $247 million when we know the index is going to rise. I will be shocked if it doesn't. We are going to see that the personal income that was eligible before isn't the same personal income if we don't adjust that, and you say the formula will be done by the Congress in the latter part of the year, we are not going to cover the same group we intended to.

Mr. VOIGT. I think that portion of the formula has been made. The change in the income characteristics and the change in the cost of living.

Mr. EARLY. What is income eligibility right now?

Mr. VOIGT. Income eligibility right now is roughly $13,000 for a family of four.

Mr. EARLY. That was established in what year?

Mr. VOIGT. That was established for the 1976 academic year. So it was established in the fall of 1975.

Mr. EARLY. So if we are going to have the same income for eligibility of $13,000 with these other increases we have spoke of, it really makes that $13,000 maybe taking a 10-percent increase over those 2 years which is conservative and that gets it up to 14-plus.

INCREASE IN MAXIMUM BASIC GRANT AWARD

Mr. VOIGT. There is another change, Mr. Early, that is caused by the 1976 amendments which will actually raise that income ceiling beyond which no one gets an award to even higher than that. That is the change in the maximum award that is legislated in the 1976 amendment.

Mr. EARLY. It will raise the personal income of a family of four above $13,000?

Mr. VOIGT. Yes.

Mr. EARLY. In these suggested figures, have you taken into consideration the increased numbers that will project?

Mr. VOIGT. Yes, sir, yes we have. At the moment, for the 1976–1977 academic year which we are closing down now, we are aiding roughly 2 million students and will be spending about $1.5 billion.

Mr. EARLY. Of this appropriation, $1.9 billion, are you going to spend $1.5 billion and have a $400 million surplus?

Mr. VOIGT. No, sir, the $1.5 billion is in the current year. When we look at the request for the 1978 year. that is an increase at the $1,600 level of over $500 million. So these kinds of increases are taking place.

Dr. SPEARMAN. I think his missing the 1977 year of $1.7 billion. So it moves from $1.5 billion in the current year to the $1.7 billion for the 1977 year.

Mr. EARLY. I see BOG's as $1.903 billion.

Dr. SPEARMAN. That is right, but the $211 million of that amount is designed to meet the shortfall from the preceding year so it is actually about $1.7 billion for the 1977 fiscal year.

Mr. VOIGT. That is right; $1.7 billion will be expended for academic y ear 1977. We expect with these new estimates to require about $2.069 billion in order to provide $2.069 billion in the 1978–79 academic year at the $1,600 maximum award level.

Mr. EARLY. I hope that you will be extremely conservative before you suggest a reduction in BOG's until you really have assessed it. Once it is cut, it is twice as difficult to restore it. BOG's appears to be the most productive grant program that we have.

I have no further questions.

Mr. FLOOD. Mr. Michel?

INSTITUTIONS ENROLLING FINANCIAL AID RECIPIENTS

Mr. MICHEL. Thank you, Mr. Chairman.

During the supplemental hearings you provided for the record an income distribution breakdown for the various student assistance programs as well as an enrollment breakdown among different types of schools, public and private.

Is it possible to sort of combine these and give us a breakdown as to the allocation of student assistance awards by type of institution?

Dr. SPEARMAN. Yes.

Mr. MICHEL. Why don't we have that done for the record.

[The information follows:]

ALLOCATION OF STUDENT ASSISTANCE AWARDS BY TYPE OF INSTITUTION, 1974-75

Program	Number of awards				
	Total	Public institutions	Private institutions	Proprietary institutions	Other
Basic opportunity grants	573,403	390,337	133,422	48,872	772
Supplemental opportunity grants	390,000	247,182	119,886	22,932	----------
Work-study	570,000	380,000	183,000	7,000	----------
Direct loans	690,000	402,408	258,267	29,325	----------
Incentive grants	83,839	50,200	32,328	950	361
Total	2,307,242	1,470,127	726,903	109,079	1,133

Note: Does not include information from Mississippi and Puerto Rico.

BOG RECIPIENTS RESIDING AT HOME

Mr. MICHEL. Now, I asked during the supplemental hearings how many students living at home receive cash handouts from the basic grant program to cover housing expenses. You indicated you hoped to collect that data on a sample basis.

I would like to know if you got any results back from that inquiry yet?

Mr. VOIGT. Not yet; we are still working on it.

Mr. MICHEL. How long will it take to get some word on that now?

Mr. VOIGT. I will have to look into that. It should not be too much longer.

Mr. MICHEL. What I would like to do, obviously, is hve the information before we get to markup and before we take the bill to the floor. Give me a few days, too, to assimilate that, if you will.

INCREASE IN BASIC GRANT RECIPIENTS

Now, what accounts for the substantial increase in number of students—from 1,970,000 to 2½ million—expected to receive these basic grants?

Mr. VOIGT. What essentially happened, Mr. Michel, is that the maximum award ceiling for the program has been increased from $1,400 to $1,800. Given the formula, this means that a student from a family with an expected family contribution of $1,600 and below is now eligible to receive an award. Before, with the $1,400 ceiling, the family contribution beyond which one could not get an award was $1,200 because there is a $200 minimum award. So by this legislative change, you have increased the number of people who are eligible for the program.

Mr. MICHEL. I see.

Now, that basic grant request reflects an increase of over $600 million which, of course, is a pretty astounding figure. How do you explain that increase? I have not yet had an opportunity to assimilate this memorandum, dated March 21, from Charlie Miller.

Have you already, during the course of the hearings, broken down the various elements of this increase?

Dr. SPEARMAN. Given the issue, Mr. Michel, that we are still examining the economic assumptions underlying this whole thing, when we submitted our budget earlier to you, the answer that Mr. Voight gave a moment ago when we had a change in the ceiling from $1,400 to $1,800, we also predicted an increase in approximately 500,000 students at that time to participate in the program.

The estimated cost for supporting them, that number of students at a new ceiling of $1,800, indicaes that we would ask for approximately $2.3 billion. That is the basis for that figure.

Mr. DINGLEDEIN. Mr. Michel, the answer to your question is that, of the $624 million, about $152 million is related to increases in student participation.

Mr. MICHEL. $152 million for increased participation?

Mr. DINGLEDEIN. Right—from 83 percent to about 85 percent. About $264 million is associated with the 500,000 newly eligible students, and about $208 million is related to the increase in the ceiling from $1,400 to $1,600.

Mr. MICHEL. If we kept the ceiling at $1,400 rather than go to $1,600 as you are proposing, that would reduce the funding level by what?

Mr. DINGLEDEIN. This is based upon the figures that are in the budget and does not take into account the revisions that are now in front of you in the note from Charlie Miller. This is how the $624 million is broken down.

Mrs. BEEBE. Let us supply for the record a detail of those cost estimates so that you can have them before you.

Mr. MICHEL. I think we ought to. Whatever the maximum is going to be, what are the components that make up that figure at $1,400, $1,600, or $1,800? Then we will have a pretty good basis for comparison.

[The information follows:]

BASIC GRANT RECIPIENTS AND PROGRAM COSTS

Program recipient and cost estimates at different award levels are provided in the accompanying tables. In the cost projects a wide variety of data elements are involved, including data on student enrollments, income, assets, family sizes, taxes, social security benefits, student costs, and various inflators used to project

the base year data to appropriate values for the estimate year. However, because of the interdependency of the data elements, it is difficult to isolate the effect of individual factors on the cost differences.

Assumptions for 1978–79 estimates:

1. Family size offsets inflated based on 6-percent CPI increase.
2. Family income levels inflated 10.3 percent from 1977–78 level.
3. Asset levels increased 6.9 percent from 1977–78 level.
4. Institutional costs inflated 8 percent.
5. Enrollment increased 2 percent from 1977–78 budget levels.
6. Program cost estimates reduced by 8 percent to reflect dropouts, students starting in midyear, programs spanning academic years, etc.

[Tables follow:]

1978–79 ACADEMIC YEAR BASIC GRANT RECIPIENTS AND PROGRAM COSTS AT $1,400 CEILING 85 PERCENT PARTICIPATION

[$1,400 maximum award; total program cost [1] $1,642,000,000]

Income	Recipients	Percent recipients	Program funds (millions)	Percent funds	Average award
0 to $5,000	599	32.5	$659	42.5	$1,100
$5,001 to $9,500	715	38.8	603	38.9	843
$9,501 to $15,000	478	25.9	270	17.4	565
$15,001-plus	52	2.8	19	1.2	365
Total	1,844	100.0	1,551	100.0	841

[1] Includes estimated $70,000,000 additional cost of providing elementary and secondary offset plus $21,000,000 administrative allowance assuming 1976–77 family contribution schedules.

1978–79 ACADEMIC YEAR BASIC GRANT RECIPIENTS AND PROGRAM COSTS AT $1,800 CEILING 85 PERCENT PARTICIPATION

[$1,600 maximum award; total program cost [1] $2,069,000,000]

Income	Recipients	Percent recipients	Program funds (millions)	Percent funds	Average award
0 to $5,000	601	26.8	$718	36.3	$1,195
$5,001 to $9,500	784	35.0	754	38.1	962
$9,501 to $15,000	695	31.0	445	22.5	640
$15,000-plus	161	7.2	61	3.1	379
Total	2,241	100.0	1,978	100.0	883

[1] Includes estimated $70,000,000 additional cost of providing elementary and secondary offset plus $21,000,000 administrative allowance assuming 1976–77 family contribution schedules.

1978–79 ACADEMIC YEAR BASIC GRANT RECIPIENTS AND PROGRAM COSTS AT $1,800 CEILING 85 PERCENT PARTICIPATION

[$1,800 maximum award; total program cost [1] $2,248,000,000]

Income	Recipients	Percent recipients	Program funds (millions)	Percent funds	Average award
0 to $5,000	601	26.8	$757	35.1	$1,260
$5,001 to $9,500	784	35.0	818	37.9	1,043
$9,501 to $15,000	695	31.0	509	23.6	732
$15,001-plus	161	7.2	73	3.4	453
Total	2,241	100.0	2,157	100.0	963

[1] Includes estimated $70,000,000 additional cost of providing elementary and secondary offset plus $21,000,000 administrative allowance assuming 1976–77 family contribution schedules.

BASIC OPPORTUNITY GRANT PARTICIPATION RATE

Mr. MICHEL. How do you arrive at that participation rate of 85 percent?

Mr. VOIGT. That, Mr. Michel, is really a very tough estimate to make. Essentially it is based now on program experience. In the first year I think we had a 32-percent rate and the second year something like 50 percent. In the 1976–77 year we are going to 80 percent. We are estimating 83 percent in 1977–78, and probably the participation rate will peak out at 85 percent in 1978–79.

Mr. MICHEL. Will it go to 100 percent or don't you anticipate that?

Mr. VOIGT. I think that is highly unlikely. In other similar kinds of programs, there are students who will not get the word or will not want to participate.

Mr. MICHEL. Is it conceivable that that level of basic opportunity grant would ever level out?

Mr. VOIGT. It certainly is. It is quite conceivable. It depends on the kinds of changes that are made in the legislation as well as in the eligibility formula that is approved by Congress each year. But if no major changes or major liberalizations are made it will peak out.

Mr. MICHEL. Then I suppose it would also be predicated on a stable price level?

Mr. VOIGT. It certainly would.

Dr. SPEARMAN. Of course a part of that answer, too, is going to depend, as Peter pointed out, on the extent to which Congress seeks to liberalize the basic grant program to reach an ever-increasing population of middle-income students. If the drive to do that continues, then you could expect the basic grant program to continue to rise.

But in terms of meeting the needs of low-income students it would probably peak out at about what we have now.

INCREASED COST OF HIGHER EDUCATION

Mr. MICHEL. Do you have any figures showing how much the cost of higher education per student has increased this year over last?

Mr. VOIGT. I don't have any hard figures at the moment.

Mr. MICHEL. I read every once in a while in one of the magazines a listing of a few of the institutions of higher learning and the projected increase in cost.

Dr. SPEARMAN. I think we can provide that for the record, but Ms. Beebe tells me it is approximately 8 percent.

Mr. MICHEL. Why don't you submit whatever you have, not a voluminous amount of stuff that we will never get through, but enough to give us an idea.

Dr. SPEARMAN. All right.

[The information follows:]

INCREASE IN COSTS OF HIGHER EDUCATION—TUITION AND FEES PER FULL-TIME UNDERGRADUATE DEGREE-CREDIT STUDENT IN INSTITUTIONS OF HIGHER EDUCATION

Year and control	Current dollars			
	All	University	Other 4-yr	2-yr
1974–75: [1]				
Public	470	597	473	316
Nonpublic	2,131	2,534	2,035	1,341
1975–76: [2]				
Public	513	656	526	353
Nonpublic	2,333	2,775	2,233	1,455

[1] Data for 1965–66, 1967–68, 1969–70, 1972–73, and 1974–75 estimated by applying the Consumer Price Index to constant dollar estimates. See constant-dollar index, app. B, table B.9, in source.
[2] Estimated.

Source: Department of Health, Education, and Welfare, National Center for Education Statistics, projections of education statistics to 1948–85, 1975 edition, and projections of education statistics to 1985–86.

Mr. MICHEL. Can you tell us what the primary components are which result in this cost increase? Is there anything you can nail it down to or is it just like everything else, this goes up, that goes up, food, lights, heat?

Dr. SPEARMAN. We can supply this for the record, but we have a cost of student education in institutions by source of funds and by control of institutions for 1974, the latest data available here. I would have to update this.

Mr. MICHEL. Would you, please?

Dr. SPEARMAN. Yes, sir.

[The information follows:]

EXPENDITURES OF INSTITUTIONS OF HIGHER EDUCATION

Table 3.09.--Expenditures from current funds by institutions of higher education: United States, 1965-66 to 1981-82

	School year ending								
	Actual						Projected[2]		
	1966	1968	1970	1972	1974	1976[1]	1978	1980	1982
	(Dollars, in billions)								
CURRENT DOLLARS									
Total current expenditures	$11.9	$15.8	$20.3	$24.9	$29.9	$39.7			
Education & general									
Student education[3]	6.4	9.0	12.4	15.5	19.2	25.6			
Research[4]	1.8	2.0	2.2	2.3	2.5	3.3			
Scholarships & fellowships[5]	.4	.7	1.0	1.2	1.4	1.8			
Public services[6]	.8	1.0	1.2	1.4	1.6	1.8			
Auxiliary enterprise[7]	2.1	2.6	2.8	3.2	3.6	4.4			
Hospitals & independent operations[8]	1.0	1.2	1.5	1.9	2.4	3.8			
Mandatory transfers[9]	.6	.7	.8	.6	.8	1.0			
1975-76 DOLLARS									
Total current expenditures	$20.8	$25.8	$29.8	$33.6	$35.6	$39.7	$43.7	$47.8	$51.3
Education & general									
Student education[3]	11.0	14.7	18.3	20.9	22.8	25.6	29.1	32.3	35.0
Research[4]	3.0	3.2	3.1	3.1	3.0	3.3	3.3	3.3	3.3
Scholarships & fellowships[5]	.8	1.1	1.5	1.6	1.7	1.8	2.0	2.2	2.3
Public services[6]	1.4	1.7	1.7	1.9	1.8	1.8	1.9	2.1	2.3
Auxiliary enterprise[7]	3.7	4.2	4.0	4.3	4.3	4.4	4.4	4.9	5.4
Hospitals & independent operations[8]	1.8	2.0	2.2	2.6	2.9	3.8	4.0	4.0	4.0
Mandatory transfers[9]	.9	1.1	1.0	.8	.9	1.0	1.0	1.0	1.0

1/ Estimated.

2/ Projected by applying Consumer Price Index estimates to the projected expenditures of current funds in constant dollars.

3/ Includes instruction, academic support, libraries, institutional support, student services and operation and maintenance of the plant. These are the items most nearly comparable to "Student education" expenditures reported prior to 1974-75.

4/ Includes all sponsored research and other separately budgeted research with the exception of federally funded research and development centers which are included under "independent operations".

5/ Moneys given in the form of outright grants and trainee stipends to individuals enrolled in formal coursework, either for credit or not. Includes aid in the form of tuition or fee remissions. Prior to 1974-75 this category was entitled "student aid" and was not an educational and general item.

6/ Includes all expenditures for public service, activities established primarily to provide noninstructional services beneficial to groups external to the institution such as seminars and projects provided to the community. Includes expenditures for cooperative extension services. Includes mandatory transfers from educational and general items. Public service appears to be somewhat comparable to expenditures previously grouped under "related activities".

7/ Includes residence halls, food services, college store, and intercollegiate athletics. Includes mandatory transfers from auxiliary enterprises.

8/ Includes expenditures for hospitals and for "independent operations" which are generally limited to expenditures of Federally Funded Research and Development Centers. Includes mandatory transfers from hospitals and independent operations.

9/ Mandatory transfers from current funds are those that must be made to fulfill a binding legal obligation of the institution. Includes debt service provisions relating to academic buildings, including amounts set aside for debt retirement and interest, and required provisions for renewal and replacements to the extent not financed from other sources.

NOTE.--Data are for 50 states and the District of Columbia for all years.

SOURCE: U.S. Department of Health, Education, and Welfare, National Center for Education Statistics, *Financial Statistics of Institution of Higher Education*, and U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index.

ENROLLMENT PROJECTIONS

Mr. MICHEL. Now, during the supplemental hearings you also told us that higher education enrollment was down for the current year. What do the projections show for next fall? Will they continue to go down or will they come up again?

Mr. VOIGT. We expect that for the next fall there would be a leveling off and probably for 1978 approximately a 2-percent increase.

DIRECT STUDENT LOAN PROGRAM

Mr. MICHEL. Now your justification for that direct loan program shows an increase of $24 million in the amount available from the revolving fund in the academic year being in 1978 compared to 1977. Do you expect this fund to continue to increase by about that amount in future years or is the fund likely to remain constant?

Dr. SPEARMAN. No, I expect that fund to continue to increase. I think the diligent efforts on the part of the Office of Education and the awareness on the part of institutions that there is built into the application process a penalty for failing to exercise initiative in trying to collect on student loans will be responsible for the increase.

If you recall, 2 years ago we were only collecting at about $165 million. That figure has increased almost $100 million in the past 2 years. I would expect the amount available in the national direct student loan program to increase substantially over the next several years.

Mr. MICHEL. I hope so. It was a leading question, obviously, but that has been one of the things we have been talking about, that it is possible by that kind of threat to really increase the level of collection.

Now, your justifications show $53 million in carryover funds. Does this mean we will really have about $330 million available then for direct loans, counting the $276 million from a revolving fund?

Dr. SPEARMAN. These were funds collected too late to be included and reprogramed for use by institutions. That figure is a figure we will continue to live with. It is about $53 million, whether we are dealing with 1978 or 1979.

Mr. MICHEL. But it can't be denied that that is the total amount in the pot?

Dr. SPEARMAN. No, because a similar amount, $58 million, will be carried forward to 1979. The total available for loans is $276.7 million.

Mr. MICHEL. Also, delinquent amount in outstanding direct loans is about $150 million; is that correct?

Dr. SPEARMAN. Go ahead and answer.

Mr. ROWE. That is a cumulative amount.

Mr. MICHEL. Is that increasing or declining?

Mr. ROWE. Presently that is probably stabilizing from one vantage point. On the other hand, as the fund continues to grow, it would be increasing. In other words, the rate of delinquency has stabilized at about 10.6 percent.

Mr. MICHEL. Is it still true that in those inner city institutions that default rate is at some 50 to 55 percent?

Mr. ROWE. Yes. There are some urban institutions that have a heavy population of very low income students who often do not have

good opportunity for employment and who have high delinquency rates.

Mr. MICHEL. Is there anything special we can do about that or do we just have to live with it?

Mr. ROWE. There are efforts being made through some of the associations such as the National Association of College and University Business Offices who have seminars throughout the country. They have done this for a period of 3 or 4 years. The seminars are well attended by institutional representatives, and they work specifically on the matter of administering the program to improve practices. I think this is paying off.

The Office of Education itself also does this through its regional office staff.

Mr. MICHEL. I think I have run out of time.

REQUESTS FOR FEDERAL CAPITAL CONTRIBUTIONS

Dr. SPEARMAN. I would like to make the point that there are a number of institutions that are no longer requesting new Federal capital contribution to participate in this program because there is enough money in their revolving funds to meet their needs. However, there are many low-cost institutions who have, for whatever reason, not received a Federal capital contribution, who are finding that the basic grant and other assistance programs are meeting their needs.

In fact, we are pleased to report that approximately 340 such institutions have no longer requested new Federal capital contribution because a revolving status has been attained. But we do have a problem in the urban, inner city institutions with a high delinquency rate. We have directed our efforts toward training and working with them. But we expect that their rate will continue higher than the average for all institutions.

Mr. MICHEL. Thank you.

DATA COLLECTION FOR BASIC GRANTS

Mr. FLOOD. Now what is being done to improve your system of data collection for the basic grants program? You have a problem there?

Mr. VOIGT. Mr. Chairman, in terms of the validity of information provided by students?

Mr. FLOOD. The entire system of data collection.

Mr. VOIGT. There are a number of things in the works including better edit specifications on the part of our processing system, improved instructions to the students, plus we are following up a sample of students to get them to provide us documentation about the accuracy of the information they supplied.

We have recently concluded a study, Mr. Chairman, about the validity of the information that is provided to the basic grant program.

EXTENT OF FRAUD IN THE BASIC GRANT PROGRAM

Mr. FLOOD. What is the extent of fraud and abuse in the basic grants program? Is this a widespread problem in that setup?

Mr. VOIGT. One of the difficulties, Mr. Chairman, is that we at this point don't really have a statistical handle on what the extent of it is. We do have a good feel for the incidence of misreporting by the student and I would be happy to supply for the record a study conducted on the validity of student information. On the institutional end we just have not had the resources to accurately——

Dr. SPEARMAN. Also, Mr. Chairman, we would be happy to provide to you what our planning efforts have included in terms of trying to address this problem. Between 1972 and 1976, both the Office of Education and the Congress had to work interdependently to try to address this whole problem because some of these problems, such as institutional refunds and student refunds, were not covered by law.

The 1976 amendments gave us for the first time a handle to address some of the critical problems that relate to fraud and abuse from the institutional side.

Peter Voigt and his staff are working on the estimates and the student verification data to increase our knowledge of the nature and extent of fraud in this program. We don't know what the full magnitude of the abuse in this program is.

PROCESSING OF GRANT APPLICATIONS

Mr. FLOOD. What changes do you expect in the processing of basic grant applications? For example, are the States going to process their own applications instead of going through your shop, the Office of Education?

Mr. VOIGT. As you know, Mr. Chairman, just the fact that the basic grant program exists encourages a lot of students to complete applications. This year we will have approximately 3.9 million applications. For academic year 1978–79, we are planning to permit a select number of both States and other processing agencies who collect this kind of information in any case to collect that data for us and transmit it for the basic grant program.

As a result, we will probably be saving something like 205 million application forms and significantly simplifying the process for the students.

SUPPLEMENTAL OPPORTUNITY GRANTS

Mr. FLOOD. The budget request for the supplemental opportunity grants is $240 million. That is the same as fiscal year 1977. We have listened to you over the years and when you consider the rapid expansion of the basic grants program, why is it necessary to continue these supplemental grant programs?

Now don't tell us about the law. Don't tell us the law requires it. We know all about that. Give us your answer based on the merits of the case.

Dr. SPEARMAN. Mr. Chairman, you took away my thunder. Last year I cited the law to you.

Mr. FLOOD. Yes; I remember very well.

Dr. SPEARMAN. Mr. Chairman, there is still a need for the supplemental educational opportunity grant program to provide grants to approximately 445,000 students with both initial and continuing year awards.

Supplemental grants are now beginning to find their way into institutions where the cost is increasing, the private institutions and the higher cost public institutions where basic grants cannot reach more than the floor level of support.

So a redistribution of the supplemental grant effort is beginning to meet more needs in private institutions and higher cost public institutions, so we need it to fill that gap.

Mr. FLOOD. The basic law requires supplemental grants be used for the neediest students. We understand some of these grants are paid to students whose family income is over $12,000. How is that possible?

Dr. SPEARMAN. Very few grants are given to students whose family income is over $12,000. Historically, approximately 50 percent of the SEOG grants have gone to students from family incomes of less than $7,500 and less than 5 percent have historically gone to young people from incomes of more than $12,000. Our figures clearly show that.

Mr. FLOOD. Under this setup and the purpose of the program, how is that possible for this group to receive a supplemental grant?

Dr. SPEARMAN. The whole student aid situation is based on relative need, the difference between the amount the individual has available for postsecondary education and the actual cost.

So if you had a family of six with an income of $12,000 and you went to an institution that cost $4,000, the need may be as great as coming from a family of two with adjusted gross income of $7,000.

Mr. FLOOD. You say about 5 percent?

Dr. SPEARMAN. Right.

COLLEGE WORK STUDY PROGRAM

Mr. FLOOD. How much in Federal funds are available for the college work-study program for the current academic year 1976–77 including any carryover funds from prior years?

Dr. SPEARMAN. $44 million carryover.

Mr. FLOOD. What is the total?

Mr. ROWE. $390 million that has been appropriated. It is approximately $44 million that is carryover. A large part of that carryover is the result, we believe, of the infusion of about $119 million supplemental funds on top of the $300 million regular appropriation, so it may be a 1-year phenomenon.

Mr. FLOOD. Will all the work-study funds that are available be used by the institutions this year?

Mr. ROWE. There is authority to reclaim moneys that are surplus as of June 30, 1976, and to reallocate them to institutions that need them. Therefore, the answer is yes, the funds will be used.

Mr. FLOOD. You are asking for $390 million in the work-study program in fiscal 1978. Do you think that there are enough jobs on the campus to justify that amount?

Dr. SPEARMAN. Yes, Mr. Chairman. We feel that we can adequately meet the needs of students under the requested funding. What happened was that in 1976 there was a supplemental of $119 million that got to the institutions too late for many to use it for the summer session.

Mr. FLOOD. But you think there will be?

Dr. SPEARMAN. Yes, I do.

Mr. FLOOD. Is there a need for more than $390 million?

Mr. DINGLEDEIN. Mr. Chairman, $390 million is what we requested of the Office of Management and Budget, so I think that is the answer.

Mr. FLOOD. The institutions must pay 20 percent of the cost for work study programs. Is that a problem for the institutions? How big a problem is this matching requirement?

Dr. SPEARMAN. We have not experienced a large number of institutions over the past several years requesting a waiver of the 20 percent. It has not constituted a problem. As Mr. Rowe says, some have contributed more. We have not experienced any widespread objection and concern about meeting the 20-percent cost.

DIRECT STUDENT LOANS

Mr. FLOOD. Again, your budget proposes no additional funds for direct student loans. How much is going to be available from repayment of prior loans during academic years 1978–79?

Mr. ROWE. $290 million is expected to be collected from prior loans in 1978–79.

Mr. FLOOD. With no new addition of Federal funds that is going to mean a reduction of 50 percent in direct loans; is that right?

Mr. ROWE. In the number of students served?

Mr. FLOOD. In loan volume it will cut 50 percent.

Mr. ROWE. We will have about 548,000 students served by that amount. That will be less than those presently served.

Mr. FLOOD. How much less? It is going to be darn near 50 percent.

Mr. ROWE. It would approach that.

Mr. FLOOD. You are very cautious. What should the students do, go to a bank for a loan?

Mr. DINGLEDEIN. Mr. Chairman, the budget includes an increase of a $624 million increase for basic grants, so I am sure that will have some impact on the situation.

Mr. FLOOD. I know, but isn't it true that some banks have very limited funds for making the student loans? As a matter of fact, some banks don't make them at all.

Ms. BEEBE. There have been a few banks that have withdrawn from the guaranteed student loan program; however, the law has just recently authorized a change to allow families from $25,000 and below to be eligible for interest subsidy rather than $15,000 and below. Some of that population has been the principal group in the NDSL loans. We think there can be some transfer from the direct loan program. The expanded eligibility in the basic grants program will be picking up some 500,000 students that had never benefited before, so that will be relieving some of the tension with the——

Mr. FLOOD. What makes you think this guaranteed student loan program is going to fully substitute for the direct loan program?

Ms. BEEBE. We have no information that would lead us to suggest there would be a full substitution there. We just don't know the answer to that question. But those funds generally are available to students with the changes in the law and the administrative proceedings, we hope that it will substitute.

Mr. FLOOD. Of course, isn't it true that the direct loan program is important in providing students with a much wider choice of attending private institutions?

Ms. BEEBE. That is one of the objectives, but we also have two other grant programs which are helping in that. The SEOG program is working on the choice aspect, and so is the State student incentive grant program.

Dr. SPEARMAN. I think the key is that the institutions in which tuition cost is higher and in which NDSL loans are more needed are the ones that also have the best collection records.

Mr. FLOOD. Let me ask this kind of question again. Do you think it would be a very serious mistake if Congress decides to appropriate more funds in 1978 to maintain the direct student loan program?

Dr. SPEARMAN. When we have to operate, Mr. Chairman, out of certain kinds of budgetary constraints, the hard choices are forced on us here. We recognize the need to expand the basic grant program to meet the needs of students, and we believe that out of $270 million in loan repayments and a constant rise in payment on the part of students in those institutions that have satisfactory and effective revolving funds we can meet that gap that is presented because the basic grant is more and more meeting the needs of students who are attending the low-cost institutions without the benefit of loans, period, and without the benefit of any types of loans.

Mr. FLOOD. Mr. Roybal.

FAVORITISM IN THE BASIC GRANT PROGRAM

Mr. ROYBAL. Dr. Spearman, just before I came to the meeting, I had a telephone call from an irate parent in my district who called to complain about what she figures to be a fact and that is that there is a lot of favoritism in the program.

She said statistics prove her accusations. She says that favoritism of the black student is detrimental to other minorities; that students that are not qualified to receive grants, receive them, and that students have taken grants and used that money to travel.

How much truth is there to the allegations that she made this morning?

Mr. VOIGT. Is it referring to all the financial aid programs or basic grants?

Mr. ROYBAL. The basic grant program.

Mr. VOIGT. I will try to answer each question separately, I think it would be impossible for us to create a situation where favoritism exists on the basis of race or sex or anything else. We simply, for example, do not collect racial information. We do not know what the race of a student is when he applies, and the formula that is used for determining eligibility is applied consistently to every student. It is a strict formula which doesn't permit a waiver except for a few already prespecified circumstances, like death of a wage earner, or something like that.

I think in terms of that accusation, it just could not be possible.

ETHNIC BACKGROUND OF BASIC GRANT RECIPIENTS

Mr. ROYBAL. What do the statistics show with regard to the ethnic background of individuals who receive the grants? Do you have any statistics with regard to that?

Mr. VOIGT. As I said, we do not collect that information on the application form.

Mr. ROYBAL. She made me a little bet, and I would like to win it if you can give me the information.

Dr. SPEARMAN. If the wager is that blacks are more heavily favored in receiving the basic grants, the answer might be yes. If you ask the question whether there is a favoritism built into the application process, the answer is there is no way that we can do it because the student fills out an application which is standardized across the country, files it with a processor in Iowa City who in turn computes the expected family contribution, submits that to the student, what is known as a student eligibility report, and he takes it to the institution without reference to race.

But if you say what proportion of students in the United States have the greatest need in terms of student assistance, then the answer is an unqualified "Yes," because blacks and other minorities would have the greatest need.

Mr. ROYBAL. What she is complaining about is the fact that blacks get the grants and Mexican Americans do not, and if this is not a fact, I would like to have whatever statistics there are to show her, that there is no favoritism.

Dr. SPEARMAN. In the administration of the basic grants program, there is no way for——

Mr. ROYBAL. But doesn't the final result imply in that there may be some favoritism?

Mrs. BEEBE. Mr. Roybal, this is an entitlement program.

Mr. ROYBAL. I understand.

Mrs. BEEBE. No matter if the incomes are the same, no matter what your background, you get the same basic grant if you go to the same cost of institution. The only difference could be two students with the same family income and background who go to different institutions that cost differently; their award will be different.

Mr. ROYBAL. She is not complaining about the size of the award. It is the number of awards that are made and her contention is that "we are not getting our share of the BOGS program." I can understand her concern. Her son was turned down, got disgusted and joined the service. She is very hurt about the fact that, he came home one day and said, "There is no chance for me in getting help for my education, so I am going to go into the service." Is there some indication that this attitude may be based on fact.

Mr. VOIGT. As I said, we do not collect information on race in the basic grants program at all. I think there was a study conducted 2 years ago, I believe, which did look at the race of recipients on a sample basis, not only basic grant, but other programs.

We will try to compare that to the income characteristics of families by race if that kind of data is available and maybe we can reach a conclusion. The way the formula works, there is no way we could discriminate one way or another. It is simply a matter of the family's income and resources that determines their eligibility applied nationally.

Mr. ROYBAL. First of all, the income level of the Spanish-speaking is just as low and in some areas lower than that of the black community, so no one can argue that the Spanish-speaking community is

not eligible. Does she have some justification for the accusation that she has made? I would like to have some statistics showing the number of students coming from the black, Mexican-American and other communities.

I would like to see this program administered in a way that no one knows the ethnic background of the applicant. But I think we should know the ethnic background of those who receive grants.

Dr. SPEARMAN. We would certainly be glad to provide that if it is available.

BASIC GRANT ELIGIBILITY DETERMINATIONS—IS IT DISCRIMINATORY?

The ethnic/racial background of applicants is not a factor which determines eligibility for basic grant assistance. Under the basic grant program, eligibility is determined on the basis of demonstrated financial need and an eligible applicant is entitled to a basic grant payment if he enrolls in an eligible institution on at least a half-time basis. Specifically, in order to establish basic grant eligibility, a student must submit an application in which the applicant lists financial and other information necessary to calculate the student's eligibility index. This index is determined on the basis of a standard formula which is consistently applied to all applicants. This formula is prescribed by program regulation and must be approved by Congress on an annual basis.

The applicant is notified of his eligibility by means of a "student eligibility report" (SER) which is mailed to the applicant's home address. The student, in turn, submits the SER to the institution of his choice for calculation of the award. The institution determines the award on the basis of a payment schedule issued by the Office of Education. The amount of the award is determined on the basis of the student's "eligibility index," cost of education, enrollment status, and length of enrollment.

Since the applicant's racial/ethnic background is not a factor in the determination of the "eligibility index," this type of information is not collected on the application form. As such, it is not possible to discriminate on racial/ethnic factors during the application process. In addition, since the basic grant is a student entitlement, institutions of higher education are not permitted to provide differential treatment in the award calculation or payment process to an otherwise eligible student on the basis of ethnic/racial background. Of course, in the event that any discriminatory practices on the part of institutions come to the attention of the Office of Education, immediate steps would be taken to correct such practices.

I think, as you recall, back in 1972 at the authorization of this program, one of the beauties of the entitlement program, itself, is that it took away any subjectivity other than that built into the application process, itself, for receiving awards. It is technically referred to by the Congress as an entitlement program, and the process is one in which the institutions' involvement in the actual disbursement of funds is a purely objective one in which a student brings a student eligibility report indicating the amount he is eligible to receive, and he presents it to the institution; the instituton makes the award to the student and draws it from the National Institutes of Health payments system without the benefit of race or sex or creed or color.

That is the beauty of the basic educational opportunity grant. The end result of that program, whether more blacks than Mexican-Americans receive awards, we don't have the data at this time. However, it could be that more blacks apply, or you could say by virtue of the fact you had 121 predominantly black colleges, theoretically you could end up with more black students receiving the benefit of this program. But when you look at it on the basis of minority

versus nonminority, 48 percent of the recipients do come from minority background, according to an early sampling.

Mr. ROYBAL. It stands to reason these are in the lowest income brackets.

Dr. SPEARMAN. In terms of the family incomes, 73 percent of the recipients who receive basic grants come from families with income of less than $9,000. It is difficult to penetrate beyond that except on a sample basis and see if something is existing at a different institution which causes awards to be favored toward one group even after they have an objective piece of paper in their hand which states that I am entitled to receive $1,000, and I would see no reason to do that inasmuch as the award is going to be filed with the Federal Government, itself.

Mr. MICHEL. Have you had complaints of that kind? If it narrows down to the institution, what mechanism do you have? It is not inconceivable at the institution—you don't know what is going on, and we don't—but there may be somebody there playing games, and that is what he is driving at, and I would want to be driving at the same point in any given institution.

ABUSE IN THE BASIC GRANT PROGRAM

Dr. SPEARMAN. I think we have had one or two in 5 years. I would be more responsive of that question; we have had complaints from across the country that individuals have received basic grants, have withdrawn the moment they have received them, and have used them for purposes other than education. We are making great efforts to correct that situation, but we could only do it after the Congress authorized us to examine institutional refund policies and look at the fiscal stability and administrative capability of the institutions in the 1976 amendments. But we have not had a widespread rash of complaints regarding discrimination in the administration of the program.

Mr. ROYBAL. But on that point, with regard to a student receiving grants and then taking off to Europe with it, why is a grant given to the individual and not to the institution or the college he is going to attend? Is there some reason for that, that I don't understand?

Mr. VOIGT. I think it is a question of what the grant pays for.

Mr. ROYBAL. Regardless, it seems to me that the custodian of this money, the depositor, should be the school he is going to and let him draw from that.

Mr. VOIGHT. Essentially, Mr. Roybal, we pay for tuition fees, room and board, and if the student lives off campus, there can be and should be an offcampus living allowance. This money is disbursed through institutions to students twice a year at a minimum, and we are encouraging institutions who are paying off campus living allowances to make more frequent disbursements. The maximum award is $1,400, so that at the most the payments are made in two $700 installments.

We now have, as a reult of the 1976 amendments, the authority to require that students make reasonable academic progress. In addition we have the authority that when funds have been misspent, in other words, a student got a living allowance and did not use it for educational purposes, to both recover it from the student as well as to deny the student the second disbursement.

So we are trying in a number of ways to control this situation, both through the schools and on our own. And you know, the funds are disbursed through the student aid offices and in large measure are controlled there.

Mr. FLOOD. Mr. O'Brien.

BASIC OPPORTUNITY GRANT AWARDEES

Mr. O'BRIEN. Like Mr. Roybal, I have a large black and large Spanish-speaking minority and a large low-income minority, and, as you described the program, that latter category would get the same attention as either the Spanish-speaking or the black; is that correct?

Dr. SPEARMAN. That is correct.

Mr. O'BRIEN. And I get the same type of complaint, and if it's hearsay, I would like to be able to say so, so if you are going to supply information to Mr. Roybal and Mr. Michel, I would like a copy.

DEFAULT ON STUDENT LOANS

With regard to some questioning earlier, relative to loans and default, a loan that goes into default; how is that dealt with? Do you just carry it until a man is able to repay it, or do you find yourself faced with a sort of indiscriminate voluntary bankruptcy?

Mr. ROWE. In the national direct student loan program an institution is now authorized to identify the delinquent loan as being in default after 120 days passes and no payment has been received, at which time they then must hold that loan for 2 years during which time they must practice a due diligence, which could include contracting with a collection agency to pursue the student. If the student becomes lost, it involves locating the student, making every attempt to locate him.

At the conclusion of that period of time, then the institution may under regulation assign the note back to the Commissioner of Education, at which time if he accepts that loan, it is truly defaulted, and we believe it should truly be uncollectable.

None of that has happened yet. The authority for assigning notes back to the Commissioner was authorized in the amendments of 1972, and the process now is being implemented through regulation. Therefore, the institutions currently do hold paper that they have worked over a period of time, and it is truly a bad debt, and they still carry it as part of a reported delinquency.

They soon will get relief from that kind of paper, and it will truly become a default. There will also be a report to the Congress twice a year by an amendment that you have in the 1976 law, indicating what is the status of the collections of NDSL loans.

INCREASED COSTS OF ADMINISTRATION

Mr. O'BRIEN. I would like to ask for th record another question on that and maybe you can supply it, Doctor.

Some of the institutions in my area indicate that increased funding has brought on increased administrative costs. How do you think we should deal with that?

Dr. SPEARMAN. In the 1976 amendments, Congress authorized the Office of Education to increase the administrative allowance for the administration of the campus-based programs, two of the three campus-based programs, from 3 to 4 percent. We should be able to answer that complaint this year for the administratioin of the campus-based programs by raising the amount that they have previously been receiving to meet the cost of processing student applications.

Mr. O'BRIEN. With regard to the work-study program, generally what type of work is involved? Is there any particular type of work that is more highly used?

Dr. SPEARMAN. Mr. O'Brien, it ranges considerably from jobs on campus involving direct work with university professors, work in the university business office, the university libraries, a wide variety of employment to some institutions having very, very strong offcampus employment agencies and involvement.

For example, in some of the testimony before the Congress 2 years ago, some institutions in the Northeast claimed that they could theoretically place 100 percent of their work-study students off campus with nonprofit agencies, in community action agencies, and the like, and working jobs that are directly related to the students' academic career in many instances; so there is a range of jobs, and the argument continues among the people in the higher education community because sometimes we confuse the definition of meaningful work with work for academic support.

There are young men in institutions who want to work in terms of maintaining the grounds and assisting the institution during the time of the break between the summer and fall sessions, and so the jobs can range considerably from working and grading papers and assisting in a laboratory, to work in terms of maintaining a football field.

We make no value judgment at this time on the quality of work because it is a student aid program as we see it, rather than a program that ought to necessarily have a one-to-one correspondence with the students' career goals.

Mr. O'BRIEN. Would it be possible to use that program in conjunction with the private sector in any fashion that would be—I know the law says public and nonprofit, but is there any latitude in there for even a private type of program that might offer some supplement to the President's economic stimulus program?

Dr. SPEARMAN. We have had inquiries in the past, Mr. O'Brien, and we would be glad to review that again with General Counsel in regard to two categories of jobs, one being private and one being State and Federal offices raising the question of using college work-study students. While we consider these kinds of jobs to be highly beneficial, General Counsel feels that any relationship to the private sector or to any quasi or direct political sector constitutes a violation of the law, and consequently we have not been able in the past to use students in the private sector and/or in the political sector.

Mr. O'BRIEN. It seems to me it might be kind of helpful in particular cases, such as a chemistry major might get a job in a pharmaceutical firm. It does seem that would be worthy to try.

Dr. SPEARMAN. We will be glad to reconsider that with the Office of General Counsel, but we have been limited largely to other Federal agencies, particularly—we can place college work study students in

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State and Federal agencies so long as the Federal and State agency is not affected by the institution—where the student is employed is likely to accrue special benefits from presence of that student.

DETERMINATION OF STUDENT NEED FOR AID

Mr. O'Brien. Like Mr. Roybal, I get calls and comments that are special cases, and I know you can't answer all the specifics, but let me give you one. We had a case where a student applied for a basic opportunity grant and subsequently purchased a car which he needed to commute to school. His grant application was denied because of the balance of his savings account before the purchase of the car. He was told if he had applied after he purchased the car, he would have been eligible. That seems kind of unfair to me.

Mr. Voigt. Essentially that is one of the problems in determining student need. We obviously want to take a look, and I think we have to take a look at the student's summer earnings in determining his contribution. Frequently, the summer earnings as well as his savings account are used for educational expenses later on. In some cases, they are not. And to try to design a data collection instrument that can make these distinctions, particularly given the volume of applications we are dealing with, I think is well-nigh impossible.

Essentially, then, we had to reach a conclusion that the data provided by the applicant at the time the application was submitted had to be that information which we used and not then get into a very complicated corrections process later on with these kinds of students where someone would have to make a value judgment about, well, this was used for educational purposes, like the car, or was this not used for educational purposes. He could not have reapplied. I think that is one reason why we are in favor of continuing programs like work-study, and SEOG, because there the discretion is available at the campus level to take into account situations like that.

INSTITUTIONAL REQUIREMENTS TO APPLY FOR AID

Mr. O'Brien. I have one other question, and I will let go.

I have been told at some institutions it is accepted practice for every student to fill out a grant application. Do you think that is a good practice, and is my information correct?

Dr. Spearman. What I think is happening here, I have had university presidents to say to me, those who have the responsibility for smaller institutions, and in which they have a large number of low-income students, that they require all the students to file into the auditorium and complete the grant applications en masse so that those who are eligible and who have not applied will not have to borrow or apply for money at some subsequent date.

I don't know how to quite respond to that. I know that you would not want any student to not avail himself of Federal resources and student aid resources if they are available to him, but I would rather not comment on the institutional practice of setting up some kind of uniform procedure requiring all students to apply automatically for a grant. I think it is a tremendous cost to us, on the one hand, to have students who obviously are ineligible apply. But, on the other hand, I

think what they are responding to is the fact that, by George, 95 percent of the kids who go to this school are poor, and they don't know how poor they are, so we are going to march them to the auditorium and have them do it.

We have had that experience. I think it is an extremely costly operation for us.

Mr. O'BRIEN. Do you think most students, either through your office or the universities, are made well aware of the Government program——

Dr. SPEARMAN. I think the growth of the basic grants program from $122 million just 4 or 5 years ago to the $2.3 billion we are discussing here today means that we have done a fairly decent job in disseminating information and training counselors.

Over the past several years, under the basic grants program the Office of Education has had a contract specifically for training and working with high schools and high school counselors throughout the country, and we feel that the information is pretty much disseminated.

That is part of the reason for our answer to Mr. Michel earlier that we probably have peaked in identifying and making this program known nationally. I think for the most part students throughout the country and counselors are pretty much aware of it now.

Mr. O'BRIEN. Thank you, Doctor. Thank you, Mr. Chairman.

BUDGET REQUEST FOR STATE INCENTIVE GRANT PROGRAM

Mr. FLOOD. The budget request for State incentive grants is $44 million. That is the same amount as 1977. In order to meet all continuation costs and to allow the same number of new awards as 1977, how much is going to be required in 1978?

Dr. SPEARMAN. Mr. Chairman, we are requesting $44 million again in 1978 for the State student incentive grant program.

Mr. FLOOD. That is your request? That is all you want to say?

Dr. SPEARMAN. Yes, sir.

Mr. FLOOD. Has the incentive grants program stimulated the development and growth of the State scholarship program?

Dr. SPEARMAN. Yes, sir; prior to 1974, Mr. Chairman, there were approximately 27 States that had scholarship programs and for the most part this money was limited to five or six major States that had highly developed programs. Since that time today, I can report that approximately 48 States do participate in the program, and five trust territories.

Mr. FLOOD. Do all the States require students to apply for a basic opportunity grant before they are eligible for the incentive grants?

Mr. VOIGT. No, they do not.

Mr. FLOOD. Which States do not?

Mr. VOIGT. I am not sure of which ones. We can find that out and supply it for the record.

[The information is to be supplied.]

Student Application to the Basic Educational Opportunity Grant Program as Prerequisite to Application to the State Student Incentive Grant Program, Academic Year 1975-76

State or Outlying Area	Required	Not Required
Total	18	31
Alabama	x	
Alaska 1/		
Arizona 1/		
Arkansas	x	
California	x	
Colorado	x	
Connecticut		x
Delaware	x	
District of Columbia		x
Florida		x
Georgia		x
Hawaii		x
Idaho		x
Illinois		x
Indiana		x
Iowa		x
Kansas		x
Kentucky		x
Louisiana	x	
Maine		x
Maryland		x
Massachusetts		x
Michigan		x
Minnesota		x
Mississippi		x
Missouri		x
Montana		x
Nebraska		x
Nevada 2/		
New Hampshire 1/		
New Jersey	x	
New Mexico	x	
New York	x	
North Carolina	x	
North Dakota		x
Ohio		x
Oklahoma		x
Oregon	x	
Pennsylvania	x	
Rhode Island		x
South Carolina		x
South Dakota	x	
Tennessee	x	
Texas		x

1/ First State participation in the State Student Incentive Grant Program, academic year 1976-77

2/ State not currently participating in the State Student Incentive Grant Program

Page 2 - Student Application to the Basic Educational Opportunity Grant Program as Prerequisite to Application to the State Student Incentive Grant Program, Academic Year 1975-76

State or Outlying Area	Required	Not Required
Utah	x	
Vermont	x	
Virginia		x
Washington	x	
West Virginia		x
Wisconsin	x	
Wyoming		x
American Samoa 1/		
Guam 2/		
Puerto Rico		x
Trust Territory 1/		
Virgin Islands		x

1/ First State participation in the State Student Incentive Grant Program, academic year 1976-77

2/ State not currently participating in the State Student Incentive Grant Program

Mr. FLOOD. Why shouldn't all the States require it?

Mr. VOIGT. I think it is a matter of choice on the part of the States and a matter of the kind of audiences that those state programs reach. I know many States mail out basic grants applications with their own applications.

Mr. FLOOD. The basic law recently put in a new provision to the incentive grants program, which gives a "bonus" to States which have guaranteed loan agreements with the Commissioner. What effect will that have on the incentive grants program? How is that going to affect it?

Mr. ROWE. I believe the law indicates that when the appropriation level reaches $75 million, then the bonus becomes payable. However, we are only requesting $44 million.

SPECIAL PROGRAMS FOR THE DISADVANTAGED

Mr. FLOOD. For the special programs for the disadvantaged students, you are asking $70.3 million. The educational amendments of 1976 made quite a few changes in that program, you will recall. Can you tell us about some of the changes and how it is going to affect the budget?

Dr. SPEARMAN. There were three major changes resulting in the 1976 amendments in the special services program, Mr. Chairman. One, the 1976 amendments authorizes that when the appropriation exceeds $70.331 million that the Office of Education could place funds into a new program called the service learning centers.

Mr. FLOOD. That is a complicated one. You had better do that for the record.

Dr. SPEARMAN. Fine. We will provide it for the record.

[The information follows:]

HIGHER EDUCATION AMENDMENTS OF 1965, SPECIAL SERVICES FOR DISADVANTAGED STUDENTS, SUMMARY OF CHANGES IN THE EDUCATION AMENDMENTS OF 1976

The Education Amendments of 1976 made major modifications in the talent search program and modified the upward bound, special services and educational opportunity centers in minor ways. The amendments did add two new program authorities under section 417B, and a major new program closely associated with the special programs under a new section 418. The changes resulting from the law are discussed below:

1. Project design for the special programs was modified under section 417B(b) by adding a new universe of disadvantaged individuals, those who live in severe rural isolation—to the authorized populations of low-income students and those with physical handicaps.

2. Individual programs were modified as follows:

TALENT SEARCH

Eligible participants were expanded to include individuals who have delayed pursuing postsecondary education.

Two-thirds of the participants must be low-income students although projects may serve one-third non-low income students.

UPWARD BOUND

No changes.

SPECIAL SERVICES

No changes.

EDUCATIONAL OPPORTUNITY CENTERS

No changes.

3. Two new programs are authorized under section 417B:

SERVICE LEARNING CENTERS

This program is designed to establish and operate or expand service learning centers at institutions of postsecondary education serving substantial numbers of disadvantaged students. The Federal share is limited to a maximum 90 percent of the costs of the project. Required activities include remedial and other special services for students enrolled or accepted for enrolled at the institution as well as serving to coordinate and supplement, in a concentrated way, the ability of the institution to furnish such services to students.

The Commissioner may permit up to one-third of the student participants to come from other than low-income backgrounds, and the Commissioner is authorized to require the institution to provide detailed information particularly how the institution will provide the required non-Federal share.

TRAINING INSTITUTES

The Commissioner is authorized to enter into contracts with institutions of postsecondary education and other appropriate public and nonprofit private organizations to provide training for staff and leadership personnel who will specialize in improving the delivery of services to students in the special programs. Financial assistance may be used to operate short-term training institutes designed to improve the skills of participants, and to develop inservice training programs for such personnel.

4. Closely allied to these programs is a new authority to establish educational information centers which will be funded through approved State plans submitted by the several States. No State may receive less than $50,000 and the Federal share of the cost of operating the program is limited to 66⅔ percent.

Educational information centers are authorized to provide outreach activities to virtually any individual who lives within reasonable distance of a center. All States must submit plans which anticipate centers available to the entire population of the State within a reasonable period of time. Outreach activities include information and talent search services designed to seek out and encourage participation in full-time and part-time postsecondary education or training of persons who can benefit from such education or training. In addition, the centers serve as an information and referral service for a variety of activities.

DISTINCTION BETWEEN PROGRAMS

Mr. FLOOD. What is the difference between educational information centers and educational opportunity centers?

Dr. SPEARMAN. Mr. Chairman, the functions are very similar in these programs. The primary difference is that the educational opportunity centers program has historically been a discretionary grant program which focused largely on heavy concentrations of low-income students in order to disseminate information regarding postsecondary education. The educational information center is a State-operated program and will permit States to work in collaboration with the Office of Education on financial aid and counseling without regard to income.

GRADUATE AND PROFESSIONAL EDUCATIONAL OPPORTUNITIES

Mr. FLOOD. In this budget you include $4 million for what you call graduate and professional education opportunities. Is that authorized?

Dr. SPEARMAN. Yes, Mr. Chairman, it is authorized.

Mr. FLOOD. What is the authorization?

Dr. SPEARMAN. The authorization is provided by title IV of the Higher Education Act.

Mr. FLOOD. You don't need a law then before we can make appropriations?

Dr. SPEARMAN. No, Mr. Chairman. In title IV under the very same programs we have talked about, the educational opportunity centers, upward bound talent search, and special services for disadvantaged students, a mechanism exists for the Office of Education to initiate an effort to stimulate graduate and professional training among minorities and women.

Mr. FLOOD. Is that program a replacement for the training program for the disadvantaged, the one called CLEO?

Dr. SPEARMAN. Our plan is to include the CLEO effort under the graduate and professional initiative. There is no attempt here to reduce our concern about the CLEO program.

DEVELOPING INSTITUTIONS PROGRAM

Mr. FLOOD. On the developing institutions program, you are requesting $120 million, and that is an increase of $10 million over 1977. All of that increase is for what you call the advance program. What is an advance program, and why do you need the $10 million?

Dr. SPEARMAN. You may recall that up to 1972 most of the institutions that participated in this program were simply participating in what is known as a basic institutional development program. As we deliberated with you and the substantive committee, and with the Office of Management and Budget, some concern was registered regarding how long institutions are able to remain in a basic program, and we were asked to develop criteria whereby institutions could ultimately graduate, as it were, out of the developing institutions program.

A great deal of work was done in that, Mr. Chairman, and it was decided in agreement with the Congress that we would subdivide that program into two parts, the basic institutional development and the advanced institutional development program. The advanced institutional development programs are different from the basic in that larger grants of money are awarded to be expended over a 3- to 5-year period of time for institutional development.

Mr. FLOOD. There was a study made—you know about this, I am sure—of developing institutions, back in 1974 by the University of California. That study showed that large grants had less impact than smaller grants made over a longer period of time.

Why do you feel it is preferable to make large grants to a handful of institutions in this advance program?

Dr. LEESTMA. As a general statement, Mr. Chairman, whereas the average grant award for the advanced program is much larger than the average award under the basic program, the fact is that the total sum of money is obligated in 1 year, but its expenditures are spread out over a 3- to 5-year period, and if you were to compare the average expenditure per year under the advanced program with that under the basic program, it is not that much different.

Mr. FLOOD. How many applications do you receive in an average year under the developing institutions program?

Dr. SPEARMAN. Mr. Chairman, let me provide that. I have that information, but it would take a moment to find.

Mr. FLOOD. You can put that in the record.

[The information follows:]

NUMBER OF APPLICATIONS FOR HEA III, STRENGTHENING DEVELOPING INSTITUTIONS

In fiscal year (academic year 1975–76) a total 1,502 applications were received under the strengthening developing institutions program (HEA III).

Mr. FLOOD. Your budget shows 204 institutions will receive grants under the basic program in 1978. How many of those are new applications?

Dr. SPEARMAN. Twenty.

Ms. BEEBE. Up to 20. That is still an estimate.

Mr. FLOOD. You want $3.5 million for State postsecondary commission.

What evidence do you have to show that these commissions are, in fact, bringing about greater statewide planning for postsecondary education?

Dr. SPEARMAN. Mr. Chairman, we have not done an evaluation on the State administration of certain Federal programs, but based on the response that we have gotten from the States with more than 46 of them participating, with the exception of Colorado, North Carolina, Tennessee, and Wisconsin, there is an overwhelming support for the continuation of our efforts in the State commission.

Mr. FLOOD. For the record again, provide a summary of five State-operated projects that best illustrate the merits of the university community service program.

Dr. SPEARMAN. All right.

[The information follows:]

Selected Projects

Community Service and Continuing Education (Title I, HEA, 1965)

New Hampshire/New England

Elderhostel

"Elderhostel", a program of residential education for older adults was organized at the University of New Hampshire. Recognizing that a college community provides intellectual and social stimulus, the Elderhostel staff planned a program which offers these resources to people of retirement age. The Elderhostel program, in week-long units, includes special courses of study, hostel-style accommodations in dormitories, meals in college dining halls, and participation in ongoing campus life; hostelers pay only weekly room and board costs. Hostelships are available for those who could not otherwise participate. Following the University of New Hampshire pilot project of 1975, 21 New England colleges in all six states successfully hosted the program in the summer of 1976. The project served over 300 people in 1975, and more than 2000, in 1976. The State of Iowa, 12 institutions, has designed an adaptation of Elderhostel for the summer of 1977.

Hostelers are personally revitalized by the experience, reporting new energy levels and increased selfesteem. Faculty members are overwhelmingly enthusiastic about the program, often realizing new dimensions and possibilities in their teaching. Elderhostel is proving to be a springboard to further community involvement by many participating colleges and universities.

Wisconsin

Education Counseling for Adults

This community based project which was initiated by the University of Wisconsin-Extension with a small grant under the Community Service and Continuing Education Program (Title I-A of the Higher Education Act), has expanded into 32 counties with plans to eventually serve all 73 counties of the State.

The project aims to help individuals overcome personal barriers to continued education and assist adults in making educational choices. Nineteen educational counselors are now serving in some 125 communities in 32 counties in meaningful and beneficial ways. Under this project both full and part-time counselors are trained to serve adults. Presently about 6,500 individuals are being provided with information and guidance relative to mid-career education, upgrading in jobs for women and for personal development, on an annual basis.

In addition to one to one counseling, community workshops are also conducted, focusing attention on selected groups of adults who have been adversely affected by current economic conditions, viz. unemployment and inflation.

West Virginia

Consumer Education

This State-wide project, involving 20 institutions, is coordinated by the Board of Regents. The project is directed at three target groups: older adults, low-income consumers, and staff members of social service/education agencies.

In an effort to deal with immediate problems, the project aimed first at those who have continuing contact with the public. Fifty-five workshops for teachers, adult basic education personnel and social service agency personnel, in addition, a State-wide conference and three seminars were conducted for these human service employees.

Senior citizen centers, church basements and school rooms across the State were used to present 159 learning sessions for older adults.

The mass media was used to present "Consumer Alerts", a series of one-minute radio announcements on items of current information.

Several community agencies operate counseling services staffed by personnel trained in the project. Teachers of adults are now more able to bring relevant information into the basic education classroom. A graduate course in Consumer Education has been developed to serve one region of the State. With new knowledge and new skills consumers of all ages are now able to make better use of their income in terms of goods and services.

Pennsylvania

City Hall/University Application of Urban Research

The Penn State University project focuses on the concern that often universities tend to use cities as laboratories for research but give little in return, and that one-way streets develop to the benefit of academic researchers with little pay-off to cooperating cities.

Medium-size cities--from 50,000 to 150,000 population--are of particular concern. They are important not only because there are many of them but because of the particular problems they face. Such cities have many of the same financial and program problems common in larger jurisdictions, yet medium-size cities typically must cope with these problems using small administrative cadres. The medium-size city cannot afford the luxury of large analytical staffs that can facilitate problem identification and solution. Handling day-to-day problems often consumes virtually all of the available personnel resources.

One means of attempting to bring cities and universities together is the familiar continuing education format of conferences, training sessions, and workshops. To leave home and visit a university for a two or three-day workshop is refreshing for the city administrator, but when he returns to his office he finds the same familiar problems confronting him and may immediately revert to handling those problems as before.

Another approach is for the university to work intensively with only one city, with the assumption that concentrated effort will have a more lasting effect. Such an approach allows the university faculty to focus their efforts upon the immediate problems of a specific local, rather than attempting broadly gauged presentations which say something about everything

but not much about anything, however, available resources are too limited to work with many cities in such a close manner.

The City Hall/University Urban Technology Project is a blend of these two approaches. Work is being concentrated in selected cities with the purpose of not only helping those jurisdictions but also developing workable models that can be implemented with greater speed in other communities. The project is geared toward a city-university partnership that has benefits for all involved: city personnel develop new skills in managing their affairs, while university personnel have an urban laboratory available. Emphasis, however, is placed upon avoiding city dependency upon university faculty. Also, the project team avoids the role of a typical private consulting firm, which prepares a report for the city and then moves on to the next city. Instead, the focus is upon using continuing education so that local official can perform for themselves that which previously could be obtained only from consultants.

This model-building project is operative in Harrisburg, York and Wilkes-Barre. The two communities are within twenty-five miles of each other, allowing for discussion among their employees. Learning from the Harrisburg experience to date, officials in York and the project staff are adapting the techniques developed to accommodate specific needs in the city of York. Also, faculty from the University of Bridgeport are serving as participant observers, learning from the Pennsylvania experience and attempting to modify the approach to the needs of the city of Bridgeport, Connecticut.

The project consists of three segments: segment one focuses upon management technology, particularly the development of program budgeting systems; segment two deals with program effectiveness and alternative generation, i.e. devising strategies for more effective delivery of services; segment three is concerned with productivity/efficiency analysis, examining means of service delivery which maintain or improve program standards while minimizing costs.

The project is carried out through a diversity methods. Workshops are held to discuss procedures and potential problems. These sessions are followed by small group meetings which include a faculty member, project assistant, and city official; extended telephone conversations between city and university personnel; frequent project staff meetings held to insure coordination between the Institute and the cities. The continuous communication among all the participants facilities implementation. Holding workshops and training sessions is not the objective--the true objective is innovation and change.

Illinois

Women's Educational Resource Center

The WERC at Northeastern Illinois University began as a project providing direct educational programs for mature women as well as a referral service for women interested in pursuing more formal academic courses. The project has provided a superior avenue to both personal and career development. The Center has established a clearinghouse/referral system for continuing education, job entry and re-entry. Twelve other institutions of higher education are cooperating in the development of new instructional programs as well as the adaptation of existing courses of study.

The Center is expanding its program to include women in Cook County correctional institutions for both direct education and counseling services.

Increasingly referrals are made to agencies and business for both part-time and full time employment.

More than 900 women have benefitted from WERC's services over the past two years. In the past year, for example, 175 woemn re-entered colleges and universities on a regular schedule.

Mr. FLOOD. What can you tell us about the number of previously funded university community service projects that have been continued by institutions without any Federal support?

Dr. SPEARMAN. That are being continued without the benefit of Federal dollars? I don't have that.

Mr. FLOOD. Provide it for the record.

[The information follows:]

PROJECTS CONTINUED WITHOUT FEDERAL FUNDS

COMMUNITY SERVICE AND CONTINUING EDUCATION (TITLE I, HEA, 1965)

Of the 400 State-supported projects which were continued from fiscal year 1975, into fiscal year 1976, 45 percent were continued without further Federal financial participation. (NOTE: The law requires that State and local funds provide one-third of program costs). Another 40 percent were continued with support under the State grant program of title I, HEA. The final 15 percent of projects continued were supported by other Federal sources of funding.

The average "project-life" of a State-supported project is 3½ years. Over time projects are continued with funds from a variety of sources: Institutional funds, foundation support, special State appropriations, and fees charged to participants or cosponsoring organizations and agencies.

MINING FELLOWSHIPS

Mr. FLOOD. The budget for mining fellowships is $3 million. What information do you have concerning the past recipients of these fellowships? What happens to them? Who do they go to work for, and what kind of salaries do they receive?

Dr. LEESTMA. The funding for this program is fairly recent. The first group of graduates are just coming through the pipeline now, and we have inquiries out specifically on the kind of questions you have been raising, and we hope to provide that just as soon as we get it. The program isn't old enough to have a body of reliable data, but every indication we have shows that the job market is such and the total national concern for the energy field is such and the exploration activities of the companies are expanding, as you know, so that we do not anticipate difficulties in placement of graduates of this program.

Mr. FLOOD. What is the current demand, then, for graduate students in domestic mining and mineral conservation?

Dr. LEESTMA. You mean job opportunities?

Mr. FLOOD. What is the market demand?

Dr. LEESTMA. Well, it might refer to the number of fellowships requested. So far as we know, we do not have firm figures precisely——

Mr. FLOOD. The program is for graduate students?

Dr. LEESTMA. That is right, but there seem to be enough jobs for people who are graduating from the program.

Mr. FLOOD. Mr Michel?

ADVISABILITY OF AN EDUCATION TAX CREDIT

Mr. MICHEL. Thank you, Mr. Chairman. Dr. Spearman, we have had four kids going through college; two are still in law school, and over an 8-year span of time, it has been the largest investment we have ever made just in education with no assistance whatever on the outside. I know in the Senate they are talking more in terms of tax credits now

for parents sending their kids to institutions of higher learning, and the thought occurred to me in your exchange with Mr. O'Brien that in these institutions where everybody is coming in applying for basic opportunity grants, have you ever been asked by anyone in the other body when they were putting together the tax credit proposal what the break point might be?

For example, I am not so sure I would want a tax credit unless the tax credit benefited me sufficiently to overcome what my child, if I were in that income bracket, were to realize by way of a basic opportunity grant.

Were you ever asked to put together any information in their formulation of those propositions?

Mr. DINGLEDEIN. Mr. Michel, the Secretary has actually been asked to give a position on that particular legislation, and I think it is very close to being sent up to the Hill, and we could give you a copy and put it in the record.

EDUCATION TAX CREDIT

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

MAR 28 1977

The Honorable Edward M. Kennedy
United States Senate
Washington, D. C. 20510

Dear Ted:

I am writing in response to your request for an analysis of the proposed tuition tax credit, viewing it as a Federal education program. In responding, I will take Senator Roth's bill, S. 311, as the leading example of such a proposal.

There is no question but that college costs are rising and that many families must make hard choices to finance a college education. Reduction in the family's standard of living or increased borrowing is often necessary to meet educational expenses. However, there are many combinations of grant and loan programs which would deal with that problem better and more fairly than the Roth bill, by distributing assistance according to the severity of the particular family's problem. For example, a highly paid professional sending his child to a low-tuition community college would get as large a benefit under the Roth bill as a blue collar worker sending his child to an expensive private college with no other aid. A family with income so low that it pays no tax would receive no aid at all. The "solution" proposed in S. 311 badly matches the problem.

This, of course, implies an answer to your question regarding whether such a program would target Federal funds to those who need assistance. Such grants would have little relationship to need because almost all students, even those attending low-tuition public institutions, incur sufficient tuition charges and other expenses to be eligible for the maximum credit. A reduction in the allowable credit would occur only where the student received grant or scholarship assistance, and, since today most grants and scholarships are awarded on the basis of need, such a reduction would almost always result from receipt of a need-based grant or scholarship.

A direct, targeted grant program in which both family ability to pay and costs of attendance determine the amount of the student's grant is a desirable way of equalizing educational opportunities, and is highly complementary to loan programs. However, for many of the upper-middle-income families which would likely benefit from a grant program such as

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155	Joe Bohm	3/24						

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Page 2 -- The Honorable Edward M. Kennedy

the tax credit proposal, I suspect a loan program would be preferable. What they need most is to spread college costs over an extended number of years, as is currently done under the Guaranteed Student Loan program. I think most of these families, when faced with large college costs in a particular year, would prefer a $2,500 long term 7 percent loan to a $250 to $500 grant. Where the issue is not ability to pay, but convenience, I believe the loan alternative becomes the more desirable.

The distribution of benefits under a grant program patterned after the Roth bill would appear to be inequitable among income groups. Benefits would be largely the same, despite differences not only in college costs, but also in income. We estimate that at least 60 percent of tax credit benefits would probably go to families with incomes of $10,000 or more--which are considerably better off than the national average. Further, only 30 percent of the benefits would go to families sending children to private colleges, although they have almost 60 percent of the financial need of all families likely to benefit from the credit.

You ask whether the proposed program would be consistent with policies underlying present direct Federal expenditures for education. It would be a radical departure. Two factors presently determine the amount of aid a student receives from Office of Education programs: the family's ability to pay, and the cost of the chosen college. When ability to pay is subtracted from cost, we have need; and in this sense all the Office of Education programs are need based. Plainly, grants equivalent to the benefits under the Roth bill would not be need based. Perhaps, as some argue, different ways of determining need should be considered, or assignment of responsibility for meeting need among different programs could be improved. I cannot, however, imagine endorsing a student grant program which would completely discard need as a relevant factor in the manner of the Roth bill.

I hope this has been helpful to you, Ted. I look forward to working with you further.

Sincerely,

Joe

Joseph A. Califano, Jr.

IGoldstein:jam 3/24/77

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Mr. MICHEL. I would like to have it, because it is obviously a subject that is going to be debated more and more. Those figures are the very key to coming to some good rational objective decision.

INCOME LIMITS FOR BASIC OPPORTUNITY GRANTS

Incidentally, what are the income limits for qualifying for a basic opportunity grant today? Could you put in the record some kind of table? Obviously it would vary by number of kids in the family.

Mr. VOIGT. It also varies by the number of students in the family by the value of assets, and various other factors, so it is very hard to set a table. But we will provide a rough one.

[The information follows:]

INCOME LIMITS FOR THE BASIC EDUCATIONAL OPPORTUNITY GRANTS

Under the present program maximum award level of $1,400, the maximum family adjusted gross income, assuming the 1977–78 family contribution schedules, is approximately $12,900 for a minimum award of $200 at full funding. At the new maximum award level of $1,800 the maximum family income is approximately $14,550, and a minimum income will not change, although the minimum allowable grant is reduced to $50. These maximum income levels assume a family size of four persons, two parents, one parent working, one child in postsecondary education, no assessable assets, and no unusual expenses.

Mr. MICHEL. The other point I thought of in the example cited by Mr. O'Brien, if we talk about energy conservation, when the President's program comes up here on April 20, and taking that same little case, you know, here in order to qualify for his educational grant, he has to violate the President's call for conservation and that we conserve by going to public transportation as distinguished from private, if it is available.

I know you have a difficult time writing the ground rules, and we have a difficult time legislating them up here, but those are factors we have to take into account.

TOTAL FEDERAL FUNDING FOR STUDENT ASSISTANCE

I would like to have you place in the record a table showing the total amount of Federal funding, including revolving funds, for student assistance broken down by program, including the guaranteed loan program, and along with that, number of students receiving such assistance, and if you would provide that for the year 1976, the funding level for 1977, and your budget for 1978.

Dr. SPEARMAN. OK.

[The information follows:]

FEDERAL STUDENT ASSISTANCE PROGRAMS

BY FUNDING LEVEL, NUMBER OF

RECIPIENTS AND AVERAGE AWARD

Program	FY 1976	FY 1977 Estimate (currently before Congress)	FY 1978 Proposed
Basic Opportunity Grants			
Funding Level	$1,325,800,000	$1,903,900,000	$2,316,000,000
Number of Students Aided	1,521,000	1,975,000	2,522,000
Average Award	$865	$848	$910
Supplemental Opportunity Grants			
Funding Level	$ 240,093,000	$ 240,093,000	$ 240,093,000
Number of Students Aided	445,000	445,000	445,000
Average Award	$525	$525	$525
Work-study			
Funding Level	$ 390,000,000	$ 390,000,000	$ 390,000,000
Number of Students Aided	895,000	850,000	850,000
Average Award	$525	$545	$545
Direct Loans			
Funding Level	$ 331,000,000 1/	$ 12,720,000 2/	$ 15,160,000 3/
Number of Students Aided	834,000	505,000	553,000
Average Loan	$690	$500	$500
Incentive Grants			
Funding Level	$ 44,000,000	$ 44,000,000	$ 44,000,000
Number of Students Aided	176,000	176,000	176,000
Average Award	$500 4/	$500 4/	$500 4/
Student Loan Insurance Fund (Interest subsidies only)			
Funding Level	$ 452,000,000	$ 325,000,000	$ 121,781,000
Number of Recipients	897,000	866,000	877,000
Average Loan	$1,169	$1,210	$1,245

1/ Includes Federal capital contributions, loans to institutions and teacher cancellations.

2/ For the funding of loans to institutions and teacher cancellations.

3/ For the funding of teacher cancellations only.

4/ $250 Federal funds.

VETERANS RECEIVING ASSISTANCE

Mr. MICHEL. I note in the justification for special programs for the disadvantaged you have a number of participating veterans listed for each program. Can you tell us how many dollars are spent per veteran in that breakout?

Dr. SPEARMAN. Yes; we can enter it into the record, but, for example, in talent search, the number of veterans served is 3,190 at an average cost of $41 per veteran. In Upward Bound it is about 12,600 veterans at a cost of $278 per veteran.

I can provide that for the record.

[The information follows:]

Dollars for Veterans in each of the TRIO

Talent Search

Eligibility for Talent Search activities does not include veteran status although the projects have served substantial numbers of veterans through the years. However, there is no dollar commitment.

1973-1974	3,694 of 109,025
1974-1975	3,192 of 110,975
1975-1976	6,645 of 122,810
1976-1977	1,250 of 52,112 (mid-year report)

Upward Bound

Dollar commitment

1973-1974	$4,038,775
1974-1975	$3,279,480
1975-1976	$2,935,726
1976-1977	$2,814,967

Note: Veterans per se are not eligible for participation in this projects. Eligibility is established on the basis of age (to age 27) and low-income status.

Special Services

Veteran status is not an eligibility criterion. However, the program annually serves a substantial number of clients who are also veterans:

1973-1974	6,475 of 73,951
1974-1975	7,011 of 86,400
1975-1976	6,812 of 89,753
1976-1977	4,028 of 68,239 (mid-year report)

There is no dollar commitment to veterans.

Educational Opportunity Centers

Eligibility for EOC services is residence in the target area. During 1974-1975, 12 projects served approximately 2,544 veterans among the 32,239 individuals who received assistance.

EVALUATIONS OF PROGRAMS FOR THE DISADVANTAGED

Mr. MICHEL. Have any evaluations of these special programs been undertaken to show whether or not they are really accomplishing their intended purpose?

Dr. SPEARMAN. Yes; Mr. Michel; perhaps one of the most comprehensive studies has recently been completed on the Upward Bound program, and I think you would want to know that 71.7 percent of the Upward Bound graduates entered postsecondary education compared with 47 percent of non-Upward Bound graduates from similar economic backgrounds. Among all individuals who could have entered postsecondary education, high school graduates and dropouts, 65 percent of the Upward Bound students entered in postsecondary education as compared with 43 percent of non-Upward Bound students from the same economic background. Seventy-six percent of the Upward Bound students, as a result of the corrective action in that program, enrolled in 4-year institutions, 17 percent in 2 years, and the remainder entered vocational, trade or other schools.

I have a summary of that study I could enter for the record for you, but the overwhelming conclusion from the research on this indicates that Upward Bound is providing supporting and advisory services beyond that normally called for in our public schools.

[The information follows:]

EVALUATION OF UPWARD BOUND PROGRAM

Program Effectiveness and Progress:

The latest available program data 2/ shows that in 1974 almost eleven thousand (10,914) Upward Bound participants completed high school and that about 70 percent of these were planning on entering some form of postsecondary education--mostly college (65 percent). About 6,300 (58 percent) of the 1974 graduates actually enrolled in college the same year. Although the recent General Accounting Office study of Upward Bound reported a 10 percent overestimate of college entrance by the program, this was based on a 15 project sample selected by GAO. These 15 projects, however, were not selected by scientific sampling techniques and cannot be considered representative of the Upward Bound program. 1/

The current evaluation of Upward Bound 4/ provides the most recent, comprehensive, and scientifically accurate statistics about the program, on the nature of the students in the program, and their educational outcomes. These statistics are based on a national probability sample of more than 3,400 Upward Bound students in the tenth, eleventh, and twelfth grades and a comparison group of about 2,000 similar students who did not participate in the program. While the analysis and reporting of all data collected are not yet complete, some important findings can be summarized briefly at this time.

First a descriptive profile of Upward Bound students as found by the study:

Variable	Percentages
Sex	
Male	44 %
Female	56 %
Race	
Black	61 %
White	18 %
Other	20 %
Indeterminate	1 %
Age	
15	7 %
16	22 %
17	36 %
18	26 %
19	6 %
Other	3 %

Variable	Percentages
Poverty Level *	64.5 %
Not Poverty Level	22.5 %
Indeterminate	13 %
Academic Risk **	45 %
Not Academic Risk	54 %
Indeterminate	1 %
Grade Level	
10	14 %
11	38 %
12	45 %
Indeterminate	3 %

* Poverty status was assigned to all students with family income under $4,000; $4,000-5,999 if 4 or more children; $6,000-7,999 if 8 or more children; above $8,000 all were non-poor.

** Student was classified academic risk if his ninth grade academic GPA placed him in the bottom half of his class. If academic GPA could not be computed then a student was classified as an academic risk only if he failed to pass 20 percent or more of the academic courses which he attempted.

Females and blacks predominate, most Upward Bound students are 16 to 18 years old, almost two-thirds are below the poverty level, and slightly more than half were judged not to be academic risk students. Almost half were twelfth graders at the time of survey.

Upward Bound students were compared in several ways to the similar (comparison group) students who had not participated in the program. The most important of these were high school continuation and completion and entrance to postsecondary education. Upward Bound participation was found to be related to within year high school retention/completion (fall 1973 to spring 1974), and, somewhat less so, to high school retention/completion between fall 1973 and fall 1974. Between year high school retention/completion (fall 1973 to fall 1974) was found to be about 90 percent for the Upward Bound group and almost as high (89 percent) for the comparison group students. Although some of these within year and between year differences for tenth, eleventh, and twelfth grade Upward Bound students were of statistical significance they were not of practical, educational significance with one exception. The exception was students who entered Upward Bound in the tenth grade or earlier; substantially more of these students (93.4 percent) returned to high school the next fall than did the tenth grade comparison group (85.5 percent) for a difference in favor of the Upward Bound group of about 8 percent. Such a difference approaches practical, educational significance. Overall, however, the statistical probability of high school completion for Upward Bound participants is not more than for the comparison group, with a probability of about 70 percent for both groups.

A pronounced difference in entrance to postsecondary education was found as a function of Upward Bound participation. Length of participation in Upward Bound was also positively related to postsecondary enrollment. Overall, Upward Bound high school graduates in the study sample entered some form of postsecondary education at a rate of about 71 percent, whereas the comparison group of high school graduates entered at a rate of about 47 percent. Graduates who entered Upward Bound by the tenth grade entered postsecondary education at a rate of 78 percent, but those who joined Upward Bound in the eleventh or twelfth grades had a significantly lower postsecondary enrollment rate of about 69 percent. Both groups, of course, showed large positive differences over the comparison group.

The above rates of postsecondary entrance are for those Upward Bound and comparison group students who have completed high school. Probabilities for postsecondary enrollment are also given in the study calculated by the high school grade at the time of entrance to Upward Bound. Unlike the rates of entrance for the high school graduates reported above, these probabilities include high school attrition by the student groups. The comparison group students (non-participants in the program) had a probability, overall of postsecondary enrollment of about .32, whereas the probabilities for students who entered Upward Bound by the tenth (or earlier), eleventh, and twelfth grades were .60, .53, and .47, respectively. These probabilities are of practical educational significance both between the Upward Bound and comparison groups overall, and between those who entered Upward Bound by the tenth grade or earlier and those who entered later. Clearly, Upward Bound has large positive influence on postsecondary entrance, and the earlier (or longer) the student is exposed to Upward Bound the greater the impact on access to postsecondary education.

The ongoing evaluation of Upward Bound obtained the types of postsecondary schools that the Upward Bound and comparison group students entered in fall 1974. These results are compared in the table below.

	Upward Bound	Comparison Group	Standard Error of the differences between each comparison
	%	%	%
Four-Year Colleges	75.7	45.1	5.2
Two-Year Colleges	17.2	31.3	5.8
Vocational, Technical and Business Schools requiring a high school diploma	3.3	8.0	2.8 *
Vocational, Technical and Business Schools not requiring a high school diploma	4.8	16.3	3.9

* Not statistically significant. All other comparisons are statistically significant at twice the standard error which results in a 95 percent level of confidence for these comparisons between the two groups.

Upward Bound enrolled a much larger proportion of its students in four-year colleges than did the comparison group of students, and fewer in two-year colleges and non-collegiate vocational, technical, and business schools (except for such schools that require a high school diploma, where the difference is not large enough to be statistically significant).

Upward Bound is charged by its legislation with generating in the program participants the skills and motivation necessary for success in education beyond high school. This goal is the largest remaining question about the effectiveness of Upward Bound--as expressed in the college performance and retention of former program participants. The GAO review of the program data on college graduation and retention of former Upward Bound students concluded that the program was substantially overestimating the college retention of these students. This issue has not yet been addressed in the current evaluation of the program. A follow-up study of the Upward Bound and comparison student samples is planned for FY 1977. This follow-up should provide the best statistics available to resolve this question. Other areas of debate about Upward Bound's effectiveness remain and are not discussed here, but much of this is to be addressed in the current evaluation and will be reported in the FY 1975 Annual Evaluation Report.

PROPOSED GRADUATE AND PROFESSIONAL OPPORTUNITIES PROGRAM

Mr. MICHEL. This proposed new graduate professional educational opportunities program, your justification is kind of vague on how this is going to operate. Do you have any more specific information on that, and if it is going to take considerable time to explain, I would like to have something more specific in the record.

Dr. SPEARMAN. I have prepared a paper for the Assistant Secretary-Designate, and I could probably receive permission to share that paper with you on how it is going to work.

Mr. MICHEL. Would you do that?

[The information follows:]

COMMENTS ON THE GRADUATE AND PROFESSIONAL EDUCATION OPPORTUNITIES PROGRAM

The Office of Education has not finalized its position regarding the proposed graduate and professional education opportunities program.

Mr. MICHEL. This program supposedly is designed to assist groups underrepresented in certain professions. I guess I have to ask, how do we define groups in this regard?

Dr. SPEARMAN. The reference that this program has——

Mr. MICHEL. Would Polish-Americans, Lebanese-Americans be eligible, for example?

Dr. SPEARMAN. The original thinking that went into this related primarily to minorities and women being underrepresented.

Mr. MICHEL. Just women?

Dr. SPEARMAN. And I think the reference had to do with nonwhite minorities, primarily blacks, Spanish-surnamed and Indian students.

Mr. MICHEL. Is that what you are referring to in that "unrepresented"?

Dr. SPEARMAN. Yes, sir.

Mr. DINGLEDEIN. I would like to add, Mr. Michel, that this particular initiative is still being reviewed within the administration. I think we are looking at some of the very questions that you are asking, and I am not sure that we have resolved them at this point.

INTERCULTURAL CENTERS

Mr. MICHEL. Does the administration support the funding for the new program for intercultural centers adopted last year, or do you consider that a rather low priority item?

Mr. ROWE. We have taken the position of not supporting that program on the basis that the academic facilities presently available on the campuses in the country are adequate.

Mr. MICHEL. Then I gather from that that you haven't really developed any guidelines for the program as yet?

Mr. ROWE. The guidelines are being developed under our obligation to provide regulations for all of the statutes enacted in October.

Mr. MICHEL. Have any institutions in the country been given an opportunity to apply for funding for these intercultural centers as yet?

Mr. ROWE. No announcement has been made and no application period set because we do not have the funds.

Mr. MICHEL. Have you reviewed and approved Georgetown's proposal for that kind of a center?

Dr. ROWE. We have had discussions with Georgetown University. They are very interested, but there is no official review.

Mr. MICHEL. There may very well be other institutions interested in it, too, and that is the thing I am bugged about. I want to know why all the other areas of the country aren't given an equal opportunity with Georgetown, as much as I may like Georgetown?

Mr. ROWE. We would meet with any representatives of any institution that wished to explore what is authorized. We have told Georgetown that there are no funds available. We have explored with them as part of development of the regulations, and we have done that with others, to get some of their ideas on what the regulations should be like. But we have——

Mr. MICHEL. Of course, if you go to the one institution and ask, that is like me putting out a——

Mr. ROWE. They came to us.

Mr. MICHEL [continuing].—a flyer for a grant and let's shape this my way, boys, and everything is all right, and then it is all cut and dried before the fact.

Dr. SPEARMAN. I think a part of the question, Mr. Michel, relates to whether or not the Office of Education is moving ahead to address the regulatory issue because the law requires that by June 9 we complete the regulations for the program whether funds are requested or not. Consequently, we did publish and go public with a notice of intent to publish regulations and solicited comments from interested participants all over the country, and we will publish shortly what is known as a notice of proposed rulemaking, which provides all institutions and/or interested individuals an opportunity to respond to it, so that no given institution will have an opportunity to have an undue amount of influence on the regulatory process.

GRADUATE FACILITIES LOAN FUNDS

Mr. MICHEL. What about that $2.9 million in deferred graduate facilities loan funds? Is that going to be made available for any purpose?

Mr. ROWE. There is no plan at this time to make that available.

Mr. MICHEL. To any institution?

Mr. ROWE. Correct.

UNIVERSITY COMMUNITY SERVICES PROGRAM

Mr. MICHEL. Why do you continue to recommend funding for the university community services program? Is that a high priority item?

Dr. LEESTMA. I think the general statement is that it is our firm belief that the various resources that an institution had ought to be available to help local communities solve problems if that is, in fact, the mutual interest of both the institution and the community.

We feel that it is a useful and a productive stimulus to helping universities and the communities around them interact more productively to tap the investment that society has in the institutions to more directly benefit the people in that area on contemporary problems, and I

think a fair assessment of the contributions of the program thus far would show that a very considerable amount of benefit has flowed in that way. At the same time these sorts of projects provide practical laboratories of experience for graduate students and others engaged in academic programs on the campus.

VETERANS' COST OF INSTRUCTION

Mr. MICHEL. Let me move to veterans' cost of instruction. Do you ask the schools to account for how they spend their veterans' cost of instruction money, and if so, how could you respond?

Dr. SPEARMAN. We allocate to more than 1,000 institutions on a pro rata formula basis funds for the veterans' cost of instruction program, and we ask them to carry out certain functions as a result of it. No money goes to the veteran as a result of this program. It is an institutional-based program. Consequently, oru job is to monitor the institution to see whether the number of veterans they report is correct in terms of the increase from one year over another, whether they have set up a veterans' affairs office which carries out certain outreach functions, whether the veterans program is coordinated and integrated into the total services of the institution and whether they are making a very serious effort to identify low-income veterans from the Vietnamese conflict. The answer to the question is that through our regional offices we provide some technical assistance and monitoring of individual institutions to assure us that the program is being carried out in accordance with the law.

Mr. MICHEL. Of course, the VA is supposed to be doing that, too, and there has to be duplication along the line. How many of the veterans enrolling for the first time this year were in the service during the Vietnam war? Do you have figures on that?

Dr. SPEARMAN. They ought to be available, and we should have them for the record.

[The information follows:]

VIETNAM ERA VETERANS ORIGINAL ENTRIES INTO INSTITUTIONS OF HIGHER LEARNING—FISCAL YEAR 1976

Number of veterans, 292,225.

Mr. MICHEL. Also, how many veterans currently enrolled in the schools receiving funds were in the service during Vietnam? Do you have that?

Dr. SPEARMAN. Yes, I have those figures.

Mr. MICHEL. Why don't you supply those for the record?

[The information follows:]

STUDENT FINANCIAL AID TO VETERANS, ACADEMIC YEAR 1975-76

	Number of Veterans	Federal dollars
Basin educational opportunity grants	67,000	53,000,000
National direct student loan program	35,000	24,000,000
Supplemental educational opportunity grants program	22,000	11,000,000
College work-study program	45,000	23,000,000
Total	169,000	111,000,000

Note: Information is not collected as to veterans involved in the Vietnam war.

Mr. MICHEL. One last question I am going to ask, and I am going to give you time to answer in the record, because I am going to help the President get started here on zero-based budgeting in the Office of Education: Suppose you were asked tomorrow by the Chief, "We are going to zero-based budgeting, boys, so I want you to give me a nice clean memo here of your priorities, listed one, two, three, four, and so forth, in the Office of Education."

You list them in the record. I will give you some time to think about it, and you put those in the record in that category, and let's see what you come up with, because it is quite possible if that campaign pledge is to be redeemed, that that is the kind of question you are going to be faced with.

I asked the question in a few meetings, and I get the idea that Cabinet members are being asked to do that in their individual departments, and this might just be a starter, and I would be kind of curious to know what you people in the field of education feel are the priorities in declining order, and if you would spell those out as best you can in the record I would be most appreciative.

Thank you, Mr. Chairman.

[The information follows:]

OFFICE OF EDUCATION PRIORITIES

To develop a list of Office of Education priorities in rank order is a complex and time-consuming process involving many people. While we would like to share our priorities with Congress at the present time, we would not be able to develop a response to this assignment in such a short period of time within which to work. The Office has long engaged in a long-range, 5-year planning process where we discuss priorities, future goals, and major activities. However, the process does not lead to the development of a rank listing of priorities that the Congress has requested. The Office is now beginning to undertake zero-based budgeting, but that process is still in the most preliminary stages. However, such a budgeting process should include the development of priorities, and when such a rank listing is available we shall share it with the Congress.

Mr. FLOOD. Mr. Early.

BASIC OPPORTUNITY GRANT PROGRAM

Mr. EARLY. Thank you, Mr. Chairman.

You talked about BOGS and increasing the ceiling from 1,400 to 1,800, and you suggested that there be 500,000 new eligible students, and then I think you suggested that the figure used to fund that would be $262 million. In the justification you have the average award at $910. How do we pay 500,000 new students an average of $910 with $262 million?

Mr. VOIGT. The average, Mr. Early, is for all students in the program, and as income——

Mr. EARLY. What is the average for BOGS?

Mr. VOIGT. The average of $900 is for all students in the program. As income increases and therefore the family contribution increases, the average award goes down, because it is directly a factor of the level of the family contribution.

Mr. EARLY. How does that affect the 500,000 new students?

Mr. VOIGT. The additional students would receive smaller awards.

Mr. EARLY. Wouldn't they receive the average award?

Mr. VOIGT. No, it would be smaller awards under the formula that is in the legislation.

Mr. EARLY. Of this $3,288,509,000 request, how much is for administrative cost other than grants, money paid to institutions or veterans, and so forth? How much is used for administration?

Dr. SPEARMAN. $21 million.

Mr. EARLY. That seems low. You are telling me that less than one-half of 1 percent is used for administration?

Dr. SPEARMAN. This is $21 million in basic grants, but in the campus-based program, you pay an institution up to 4 percent of the total amount that they receive in college work study, in SEOG, so you add $30 million to $21 million for the student aid program; so it is roughly about $51 million for the administration of student aid programs.

Mr. EARLY. Of this $3.2-plus billion?

Dr. SPEARMAN. Well, then that gets to another figure. I am dealing with the student aid figure. You deal with indirect costs in the discretionary grant program which can range from 15 percent to 50 percent, depending on the institution, what the established cost is for the administration of a discretionary grant program. I would have to go back——

Mr. EARLY. Would you supply for the record how much of that money is spent for items other than direct payments to institutions and individuals and how much just goes to administration costs of all programs—not just BOGS, but the whole program?

Dr. SPEARMAN. Yes.

[The information follows:]

FEDERAL FUNDS FOR PROGRAM ADMINISTRATION

The higher education budget request of $3,291,209,000 includes $21,000,000 for Federal administration of the basic educational opportunity grant program. These funds are used for administrative services and contracts. Activities include application processing, systems development, management studies, printing, postage, and program materials. Other funds included in the higher education budget for administration go directly to the institutions and are used to help defray their administrative cost.

Mr. EARLY. Thank you, Mr. Chairman.

Mr. FLOOD. Thank you very much.

[The following questions were submitted by members of the subcommittee with the request that they be answered for the record.]

BEOGS

Mr. CONTE. I am glad to see that your basic grant program will be reaching more students on the budget which you are proposing. Would you explain your statement that raising the maximum grant expands the eligible population by over 500,000 students? How does that work?

ANSWER. The Education Amendments of 1976 authorize an increase in the maximum grant from the current $1,400 ceiling to $1,800 beginning with the 1978–79 academic year. The minimum award would remain at $200. The increase in the maximum award will permit a new pool of applicants, not previously eligible, to establish eligibility for the following reason. The legislation provides that the amount of a student's basic grant shall be the maximum award authorized less the expected family contribution, not to exceed one-half of the student's cost of education. By increasing the maximum authorized award from $1,400 to $1,800, applicants with an expected family contribution between $1,200 and $1,600 would become eligible whereas under the $1,400 award level they would be declared ineligible. The additional students would, of course, primarily be drawn from middle income families.

With regard to the projected increase of 500,000 additional students, we would like to note that the Office of Education has revised this estimate to reflect more recent information on economic and enrollment trends. The new Office of Education projections indicate that the number of recipients will increase by 266,000 students over the number of recipients projected for the 1977–78 academic year.

Mr. CONTE. How much would it cost to fund the basic grant program with the maximum grant at $1,800 rather than the current proposal of $1,600? How much additional money would this change require? How would it affect the average award and the number of participants in the program?

ANSWER. At a maximum award level of $1,800, it is estimated that the total program cost for the 1978–79 academic year would be approximately $2,248 million. This figure includes an esstimated $79 million additional cost of providing the elementary and secondary offset as required by the education amendments of 1976, plus a $21 million administrative allowance. This represents an increase of $179 million over the estimated total program cost of $2,069 million at a $1,600 maximum award level. At the $1,800 award level the average award is approximately $963, as compared to an average award of $883 at the $1,600 award level, for a difference of $80. At both the $1,800 and $1,600 maximum award levels the estimated number of grant recipients is approximately 2,241,000 students. There is no difference in the student estimates at either award level due to the fact that student eligibility requirements at reduced funding levels are held constant with those at full funding, but the dollar amount of each grant is reduced.

Mr. CONTE. Could you briefly explain how the family contribution is determined under the need analysis index?

ANSWER. A student's family contribution or eligibility index is determined based upon a formula developed by the Office of Education which assesses the financial strength of the student and his family. This formula is reviewed by Congress each year, and, once approved by Congress, it is in effect for the entire academic year and is applied consistently to all applicants. The law requires that we consider such indicators of family financial strength as income, assets, family size, and number of family members enrolled in postsecondary education.

Briefly, to determine a dependent student's expected family contribution for a basic grant for the 1976–77 academic year, one would take the annual adjusted income of the family, which includes both taxable and nontaxable income, subtract the Federal income tax paid, a family size offset, employment expense offset and a percentage of major medical or casualty losses. If the figure arrived at is less than $5,000, it is multiplied by 20 percent; if it is $5,000 or more, 30 percent of the amount in excess of $5,000 is calculated and $1,000 is added to it. To this figure one adds 33 percent of the student's net assets and 5 percent of the parents' net assets in excess of $12,500 to arrive at the expected family contribution. A more detailed explanation of the formula is included in the booklet "Determination of Basic Grant Eligibility Index".

Mr. CONTE. Under what circumstances can basic grant awards be extended to 5 years rather than the usual 4 years?

ANSWER. The legislation governing the basic grant program provides that the period during which a student may receive a basic grant may be extended to include a fifth academic year if: (1) the student is enrolled in a 5-year program of study leading to a first degree; or (2) the student is unable to complete a course of study within 4 academic years because of a requirement of the institution that he enroll in a noncredit remedial course of study.

Mr. CONTE. What is being done to insure that all students are made aware of the educational assistance programs of the Federal Government?

ANSWER. Application forms for the basic grant program are distributed each year to the financial aid offices at every eligible postsecondary institution, to the guidance office of every high school, to public libraries and to a list of approximately 8,000 youth and community service agencies across the country. In addition, institutions and the public are notified of the availability of basic grant assistance and the application forms through various media including the press, radio, and television.

In order to insure that all students who need financial assistance will use basic grants as the "floor" of their financial aid packages, many institutions have required that all students apply for basic grants before any other financial aid is awarded. This is reinforced by a requirement in the regulations for the three Federal campus-based programs that the amount of a student's basic grant entitlement be taken into consideration by the financial aid officer in deter-

mining the student's eligibility for aid from these other programs. A student guide for the basic grant program will be distributed this spring to all postsecondary institutions. This guide outlines the student's rights and responsibilities under the basic grant program. Next year, we also plan to distribute the student guide to all high school guidance offices.

Information about other Federal financial aid programs is contained in the "HEW Fact Sheet: Five Federal Financial Aid Programs" which is distributed to high schools, public libraries, postsecondary institutions, and community and youth service agencies. Section 131(b) of the Education Amendments of 1976 includes new requirements that all postsecondary institutions which receive an administrative allowance because of participation in Federal financial aid programs must provide students with information on all financial aid programs provided at that institution.

Mr. CONTE. What is the current participation rate for the basic grant program? Are any changes in the rate over the next several years foreseen?

ANSWER. The current rate of student participation in the basic grant program is approximately 85 percent of the qualified applicants. This rate of participation has also been generally reflected in the program data for the two previous academic years. The future rate of student participation in the program is a function of a number of behavioral and economic factors which make any estimate subject to some degree of uncertainty, and significant fluctuations in any of these factors may have substantial effect on the number of grant recipients and total program expenditures. However, recognizing the uncertainty involved, and given current program trends, it is felt that the basic grant population is stabilizing with respect to the degree of student participation and, as a result, the participation rate in future years will maintain a level of approximately 85 percent of qualified applicants.

Mr. CONTE. I think it might be safely assumed that college costs are going to continue to increase. Can you project what the cost of the basic grant program would be 3 and 4 years from now, at the current levels of participation and assuming no substantive changes in the authorizing legislation ?

ANSWER. Although college costs have an effect in the size of basic grant awards and consequently on the overall cost of the program, it would be inaccurate to assume a direct proportional relationship between rising college costs and basic grant program costs. The only point at which college costs directly affect program costs concerns the statutory requirement limiting a basic grant to $1,800 or one-half of the student's educational costs, whichever is less. As costs rise, the corresponding rise in the one-half cost limitation will cause the average award to move nearer to the statutory maximum of $1,800.

In addition to fluctuations in college costs, other variables affecting the cost projections for the basic grant program include expected changes in per capita income, in the Consumer Price Index, and in enrollment trends for various categories of students. Unexpected fluctuations in overall economic and enrollment trends can, of course, significantly affect the accuracy of any cost projection. Given the considerable number of variables affecting cost estimates, we feel a great deal of careful study would be necessary to make an accurate assessment of the effect of rising college costs on the overall cost of the basic grant program 3 or 4 years in the future.

Mr. CONTE. What can be done to simplify the form required to apply for financial assistance programs?

ANSWER. As you know, it is currently possible to apply for Federal student financial aid by means of several different forms. Each form has been designed to meet the needs of a particular constituency and thus, there are some substantial differences among the forms. If a student is applying for a basic grant, under the current procedure the basic grant application must be filed, even if the student will be completing other financial need analysis forms.

Over the past several years there have been a series of discussions held with the financial aid community with regard to simplifying the process of applying for financial aid. The basic grant program has recently proposed a new approach to the process. Essentially this approach would allow for the collection of data needed to determine basic grant eligibility on some of the forms that are currently being used by institutions and States to determine student eligibility for other types of financial aid. Since these forms already collect most of the data necessary for a basic grant calculation, basic grants would be able to use the data they collect, assuming the data elements are all defined in the same manner. Once

the data was collected on the forms, it would be transmitted to the central basic grants processor where an official notification document would be generated.

The advantages of this approach would be several. It would be possible for a student to apply for institutional, State, basic grant and other Federal assistance through the completion of a single form, rather than two or three forms. The determination of eligibility would then be based on a single source of data, thus reducing the chances of using different data for awarding different aid. For the basic grant program, this approach would mean that all students applying for basic grants would still be processed through a single site and thus the program can maintain a single master file of applicants.

In summary, basic grants is actively pursuing this proposed approach and will make a decision on its feasibility for the 1978–79 academic year in the very near future. We are hopeful that we will be able to resolve any problems related to the approach and that a more simplified financial aid application process will result.

Mr. CONTE. It has come to my attention that the curent family size offset under the basic grant program discriminates against single, independent students to the extent that many single students with an income even below the Federal poverty level are ineligible for a basic grant. Would you favor a proposal to raise the family size offset for single students? Do you see alternative solutions to this problem?

ANSWER. The family size offset is intended to reflect basic subsistence expenses which must be met before any contribution from income can be expected. These expenses will vary depending on the size of the family. They are adjusted annually in accordance with Department of Labor Consumer Price Index statistics to reflect the rise in the cost of living. For the single independent student, the offset is $1,000, and is intended to cover his summer living expenses. Generally, a student is in school for approximately 65 percent of the year. His expenses during this period are included in his cost of attendance, and the $1,000 offset provides for his expenses during the period of time when he is not in school.

The question of whether the $1,000 family size offset for single independent students is equitable and, if not, the amount which would more nearly achieve equity, has been the subject of much discussion. If it can be proven to be demonstrably inequitable, the Office of Education feels the most appropriate course of action would be to raise it to an appropriate level rather than to attempt to seek alternative solutions to the problem. The Office of Education is currently studying Consumer Price Index statistics and data provided by the Bureau of the Census in an attempt to determine an equitable level for the single independent student family size offset. The issue will be addressed in the notice of proposed rulemaking for the 1978–79 family contribution schedule which will be submitted to Congress for review as required by law on or before July 1, 1977.

Mr. CONTE. Apparently homeownership virtually eliminates even poverty level independent students with a family from receiving a basic grant because independent students are not allowed any asset reserve. What can be done about this problem? How about providing the same reserve to independent students with families as is now available to the families of dependent BEOG applicants?

ANSWER. In determining the family contribution for an independent student, the method of treating assets provides that the amount of net assets is computed by subtracting debts from assets, and this amount is multiplied by 33 percent to obtain the portion of the contribution which should be available from the independent student's assets. There is no asset reserve for the independent student with a family. If an independent student owns a home, the entire amount of the equity will be assessed at 33 percent in determining the amount of the family contribution which is expected to be available from his assets. Thus, particularly in the case of an older student who may have owned a home for a number of years, the assessment of home equity at the 33 percent rate on even a relatively inexpensive house will result in a contribution from assets which causes the student to be ineligible for a basic grant.

The Office of Education is currently studying possible methods to correct this inequity. Presently under consideration is a proposal to treat an independent student's home equity separately from other independent student assets. Under this proposal the independent student's home equity would be assessed in the same manner as parental assets for a dependent student. An asset reserve of $12,500 would be subtracted from the equity, and the remainder would be multiplied by 5 percent to derive the portion of the independent student's contribu-

tion from assets related to home equity. All other independent student assets would continue to be assessed at the 35-percent rate with no asset reserve.

We expect to address this issue in the notice of proposed rulemaking for the 1978–79 family contribution schedule which will be submitted to Congress for review as required by law on or before July 1, 1977.

SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANT

Mr. CONTE. You are requesting the same amount for the supplemental educational opportunity grant program as was appropriated last year. Given the rapidly rising costs of education, isn't this level of funding going to be putting a real squeeze on students with exceptional financial need?

ANSWER. The supplemental educational opportunity grant program is only one of a variety of programs available to help such students. The largest and most significant of those other programs is the basic educational opportunity grants program. The President is requesting that the appropriation for BEOG be increased by $472 million. Given this level of funding for BEOG, we believe that an unchanged level of appropriations for SEOG will be adequate to meet the needs of this group of students.

Mr. CONTE. The budget you are proposed for supplemental grants will provide for average grants of $525. In 1977, the average grant is $550. Why you are proposing a reduction in the average grant? And how large an appropriation would be required to maintain the average at $550? How much would it cost to increase the average to $575.

ANSWER. The 1978 budget requests funding for 445,000 students. Of those, 242,000 would receive initial—year awards averaging $500 each and 203,000 would receive continuation awards averaging $550 each, the same as in the 1977 supplemental. To raise the average for both groups to $575 would require about $23 million additional, assuming that the number of students remained constant. A more likely outcome of an increased appropriation, however, would be that the colleges would choose to use the additional funds to aid a larger number of students, rather than increasing the average award. We do not exercise direct control of the number of awards.

Mr. CONTE. What are the eligibility criteria for the supplemental grant program?

ANSWER. The eligibility criteria for the supplemental grant program are that the student must——

1. Be a national of the United States, or be in the United States for other than a temporary purpose and intend to become a permanent resident thereof, or be a permanent resident of the Trust Territory of the Pacific Islands:

2. Have been accepted for enrollment as at least a half-time undergraduate student at an institution of higher education or, in the case of an undergraduate student already attending the institution, be in good standing and be enrolled on at least a half-time basis at the institution;

3. Show evidence of academic or creative promise and capability of maintaining good standing in his course of study;

4. Be making satisfactory academic progress, as determined by the institution;

5. Not be in default on a loan, or owe a refund on a grant, received to attend the institution;

6. Be of exceptional financial need, defined as meaning that the student's expected family contribution calculated in accordance with an approved system of need analysis does not exceed one-half of the student's cost of education; and

7. Be financially unable to pursue a course of study at the institution without the supplemental grant.

Mr. CONTE. Because of their higher cost, private educational institutions are saying that the supplemental program is crucial to enable them to continue to attract high quality students who would otherwise not have the resources to attend school. Does this impression correspond to your information?

ANSWER. Yes; we have heard the same statements. Private institutions (including both private nonprofit and proprietary institutions) receive more than 40 percent of the SEOG appropriation. For the 1977 the figures are:

Public, $138 million; private nonprofit, $82 million; and proprietary, $20 million.

WORK-STUDY

Mr. CONTE. You are requesting $390 million for college work-study for next year. As you probably know, we provided $430 million in the supplemental for this program. And although the Senate hasn't marked up yet, I think we can assume

that something above $390 million will be provided. Does the fact that something above your request for 1978 will be provided for 1977 affect your thinking on what the budget request should be for this program?

ANSWER. We consider $390 million to be adequate to meet the need for college work-study (CWS) funds.

Mr. CONTE. Have any studies been done to followup on whether students who have participated in the work-study program, and who have held part-time jobs with public and nonprofit agencies, have an advantage in securing employment after graduation than those who did not participate in such activity?

ANSWER. We are not aware of any such studies. None have been done by the Office of Education.

NATIONAL DEFENSE STUDENT LOAN

Mr. CONTE. As you know, the House provided $300.8 million in the supplemental for direct student loans. What impact would final enactment of that figure for 1977 have on the need for additional funds in 1978?

ANSWER. No funds have been requested for that purpose. We consider it more important to provide more funding for BEOG.

Mr. CONTE. Would you explain why no funds are requested for new Federal capital contributions or loans to instituitons under the direct student loan program?

ANSWER. The colleges can continue making new loans from the repayments made by former borrowers. It is estimated that repayments of $275 million will be available to the colleges for making new loans in academic year 1978–79. This is adeqaute to provide loans averaging $500 each to more than 500,000 students. Moreover, this program is duplicative of the guaranteed loan program.

LAND-GRANT COLLEGE ASSISTANCE

Mr. CONTE. You are requesting the same amount for land grant college assistance as was given last year. Given the rate of inflation and the financial problems of some of the land-grant schools, how do you justify holding this request at last year's level?

ANSWER. Land-grant college assistance is authorized by two separate pieces of legislation, the Morrill-Nelson and Bankhead-Jones Acts. Appropriations under the Morrill-Nelson Act are fixed by the statute at $50,000 per State. While this year's budget request for Bankhead-Jones funds is the same as the fiscal year 1977 level, that year's appropriation represented a 30-percent increase over fiscal year 1976 funding.

Mr. CONTE. How much does the University of Massachusetts receive?

ANSWER. Since there are two land-grant colleges in Massachusetts, the other being M.I.T., the Commonwealth determines the formula for dividing the funds. We estimate that for fiscal year 1977 the University of Massachusetts will receive appoximately $273,000 of a total allotment of $293,879.

COOPERATIVE EDUCATION

Mr. CONTE. What is the status of expanding cooperative education programs to 2-year as well as 4-year institutions?

ANSWER. 2-year institutions have been eligible for and have received cooperative education awards from the beginning, and the percent of awards to such institutions has been steadily increasing. In fiscal year 1976, out of 293 grants for the support of administrative costs, 141 or 48.1 percent went to 2-year institutions. In dollars, 2-year institutions received $4,687,000 outof $9,968,000 or 47 percent of the total. In addition, in fiscal year 1976, 2-year institutions received 3 out of 15 training grants, and 1 out of 3 research grants.

Mr. CONTE. How beneficial is the cooperative education program in regard to students finding employment after graduation? Do places which have hired cooperative student for part-time employment later take them on full-time after graduation? Have you done any follow-up studies on this?

ANSWER. At institutions with long-established cooperative education programs like Northeastern, Drexel, or the University of Cincinnati, approximately 50 percent of the graduating seniors take permanent jobs with the same employers for whom they have worked as cooperative undergraduates.

A recent study by Dr. Richard A. Hayes, of the Detroit Institute of Technology, of 70 employers of co-op students, showed that 62 percent of co-op graduates get job offers upon graduation.

HIGHER EDUCATION

Mr. CONTE. One of the major concerns in higher education is what can be done for the student from a middle income family, the family earning around $12,000 or $14,000 who is squeezed by inflation and rising costs of education but often can't qualify for these educational assistance programs. What is being done for the middle-income student? And how can higher educational opportunities be made more available for such students?

ANSWER. Some students from middle-income families, whose family income is in the $12,000 to $14,000 range, are eligible and do participate in Federal assistance programs. Data for the BEOG program for 1975–76 were presented in response to a similar question from Mr. O'Brien and show that 121,677 recipients (10 percent of the total) are from families with incomes of $12,000 or more.

INCENTIVE GRANTS (SSIG)

Mr. CONTE. What accounts for your projected decrease in continuation awards under the program of incentive grants for State scholarships? How realistic are your assumptions on the dropout rate?

ANSWER. Under the incentive grants for State scholarships, the proposed decrease in continuation awards for fiscal year 1975 primarily reflects the consequences of level funding during fiscal year 1974 and fiscal year 1975 and movement of initial award recipients through three classes of continuations. For example, in fiscal year 1974 (the program's first year), all $19 million of available funds were used for initial awards; these fiscal year 1974 initial award recipients pass through their third (and last) year of continuations in fiscal year 1977. However, in fiscal year 1975, only $20 million was available for both continuation and initial awards, and priority for continuations allowed only about $5 million for initial awards; fiscal year 1975 initial award recipients—a much smaller number than from the previous year—complete their third (and last) continuation class during the fiscal year 1978 year. In short, the drop in initial awards from $19 million in fiscal year 1974 to $5 million in fiscal year 1975 is reflected in a drop in continuations in fiscal year 1977.

Dropout rate assumptions used in these estimates seem to be confirmed by State reports. Furthermore, unemployment seems to have a balancing effect. For example, some students stay in school because they cannot find jobs; others drop out because their parents are out of work. In any case, States are faced with stretching available student aid according to their own priorities and pressures from students.

ASSISTANCE TO STUDENTS RESIDING AT HOME

Mr. CONTE. What have the student assistance programs done to make low-cost education readily available to students who live at home and attend public institutions of higher education?

ANSWER. Students who reside at home and attend either public or private institutions of higher education may apply for and receive Federal financial assistance if they meet the eligibility requirements of the student assistance programs.

INSTITUTIONAL VERSUS STUDENT ASSISTANCE

Mr. CONTE. What is the administration's position on institutional assistance as opposed to student assistance? Do you support a combination of both, recognizing the special needs which each approach is best able to deal with?

ANSWER. The major goal of the Office of Education is to provide access to post-secondary education for all who seek it as well as measure of choice in the selection of an educational institution which will most effectively serve a student's educational needs. We believe that this goal can best be met through a combination of student assistance and institutional support.

Mr. CONTE. The enrollment at public schools as opposed to private institutions of higher education has almost doubled since 1960. I would guess that part of the reason would be that the cost of education has increased much more rapidly in the private than in the public institutions. Is that a fair assumption? What are some of the other factors which have led to the dramatic increase in public institution enrollment?

ANSWER. The increasing price gap between public and private institutions has clearly persuaded many students to enter the public sector when they might have

otherwise chosen to enter the private. More than half of the increase in public enrollments has occurred in 2-year institutions (community colleges) : The number of 2-year public institutions has grown 2½ times in the last 15 years, while their enrollments have grown almost sevenfold. A major reason for the growth of public 2-year institutions is their relative accessibility and inexpensiveness: In a time of increasing costs in virtually every consumer item, these commuter colleges permit students to reduce their expenses by living at home working part time, and paying far lower tuition than they would have to pay elsewhere (as of 1973–74 the average cost of tuition, fees, room, and board was $1,408 in public 2-year institutions, compared to $2,422 in private 2-year institutions, $3,030 in private 4-year institutions, and $3,715 in private universities). In addition, many of these schools are attractive because of their extremely liberal admissions policies as well as their often highly diversified curriculums. Other reasons that students choose the schools they do are more difficult to assess since often they are largely subjective. Clearly, however, both peer pressure and parental (or class) attitudes toward higher education play significant roles.

Mr. CONTE. With this trend toward public higher education, many of the private schools have felt threatened out of concern that if the trend continues they will be forced to price themselves right out of the quality education market. How likely is this to happen, and what can be done either to control the costs of private higher education or to provide some sort of equalizer for private institutions?

ANSWER. Continuing increases in tuition, fee, room, and board charges have made a number of private institutions seem less attractive to some public institutions. Consequently, enrollment at some schools has declined and some private institutions have been forced to reduce the quality of their programs. Some of the institutions have in fact closed. For the private sector to succumb to such pressures would be contrary to the national interest.

Private institutions constitute a valued national resource, helping to provide diversity, accessibility, academic freedom, and competition with the public sector. The Federal effort in higher education has been targeted mainly at student assistance. Students at both public and private institutions are eligible to participate in these programs. In many cases these programs, especially the loan programs, have the effect in reducing the price differential between public and private institutions. In addition, many States administer tuition equalization grants that often make awards to students equal to the difference between public and private tuition.

MR. O'BRIEN

WORK-STUDY

Mr. O'BRIEN. Are you aware of much abuse in the work-study program?

ANSWER. No. Over the years there have been very few instances of abuse in the CWS program.

NATIONAL DEFENSE STUDENT LOAN

Mr. O'BRIEN. What is the current rate of default on direct student loans?

ANSWER. According to the method of computation proposed by GAO, the delinquency rate for the 1973 fiscal year was 16.8 percent. This is the latest year for which final reports are available. Based on unedited data the delinquency rates for fiscal years 1974 and 1975 are 18.4 percent and 20.6 percent, respectively.

Mr. O'BRIEN. Does there continue to be much of a problem with students declaring bankruptcy after finishing their education?

ANSWER. In percentage terms the problem is quite small. Out of the total number of borrowers, many fewer than 1 percent have their loans discharged in bankruptcy. The publicity impact caused by that relatively rare student who declares bankruptcy immediately upon graduation as a means of canceling his student loans is, however, severe. The publicity impact of each such action is far greater than the financial impact upon the revolving student loan fund at the college the student attended. Nevertheless, such actions seem to us to be an obvious abuse of the bankruptcy statutes, and we have proposed that the NDSL legislation be amended in the same fashion as the guaranteed loan statute to preclude such actions for the first 5 years after the student graduates.

HIGHER EDUCATION

Mr. O'BRIEN. What is the total number that you estimate will be served by your various programs in the coming academic year?

ANSWER. We estimate that about 2.5 million students will receive Federal aid in the coming academic year.

Mr. O'BRIEN. Could you break down, by class (freshman, sophomore, and so forth), the number receiving grants, loans, scholarships?

ANSWER. We do not collect data on students as to level of classes. With the exception of the basic opportunity grant program, we can provide you with a breakout of new and continuing awards. We cannot assume, however, that all new entries into the program are freshmen. Information follows.

Program	Academic year 1977–78	
	New	Continuing
SEOG	242,000	203,000
Work-study	425,000	425,000
Direct loans	252,500	252,500
State student incentive grants	28,200	147,800

Mr. O'BRIEN. Is it common for institutions to give large amounts of aid the first year a student attends and then diminish the award in subsequent years?

ANSWER. Students apply directly to the institutions for grants under the campus-based programs. Each student must reapply and his application is evaluated annually. Assuming he is still eligible for aid, institutions generally give continuing applicants priority over new applicants.

Mr. O'BRIEN. What is the average salary of the guardian of an individual who receives a basic grant?

ANSWER. In academic year 1975–76 the average income was about $6,900 for the 1.2 million participants in basic educational opportunity grants.

Average income levels do not, however, reflect the full range of participation in this program—let me supply you with a table showing various levels of participation by income level in academic year 1975–76.

RECIPIENTS BY INCOME LEVEL[1]

Income range	1975–76[2]	
	Number	Percent
0 to $2,999	361,381	29.7
$3,000 to $4,499	171,565	14.1
$4,500 to $5,999	150,990	12.4
$6,000 to $8,999	244,571	20.1
$9,000 to $11,999	166,697	13.7
$12,000 plus	121,677	10.0
Total	1,216,881	100.0
Average award	775	

[1] Recipients by income level is based upon the assumption that the distribution is in the same proportions as the eligible applicants by income level.

[2] 1975–76 based on recipient data as of Nov. 29, 1976—source data: Institution Progress Report Master Summary Statistics.

Mr. O'BRIEN. Is it possible for a student to receive assistance from several different programs, such as a basic grant, a supplemental grant, a direct loan, work study, and a State scholarship due to an incentive grant?

ANSWER. If I understand the question correctly, receiving a State student incentive grant does not guarantee receipt of other types of student aid. Some States require students to apply for a basic educational opportunity grant, prior to applying for a State student incentive grant. Students do, however, frequently receive grants or loans from more than one source, depending on their financial need. Currently we estimate that 50–55 percent of the students receive aid from more than one Federal source.

SPECIAL PROGRAMS FOR THE DISADVANTAGED

Mr. O'BRIEN. What success have you had with the special program for the disadvantaged (talent search, upward bound, special services for disadvantaged students, educational opportunity centers)?

ANSWER. Studies of the talent search program, upward bound, and special services programs have been completed.

The evaluation of special services failed to find clear and consistent evidence that the services offered for disadvantaged students were related to college success or satisfaction. College grade point average appeared to be the usual function of past performance in school, without regard to students' experience with support services or the lack of it. Institutional differences such as cost, grading standards, attrition rates, nature and social patterns of student bodies, and kinds of education programs have more impact upon disadvantaged students than do the presence or absence of special services for disadvantaged students other types of or support services.

The talent search study was descriptive only in that no control group of similar nonprogram participants was used. The program served about 109,000 clients in 1973–74, with about 80 percent of the clients applying for postsecondary education. Three-fourths of the applicants were accepted by postsecondary institutions, and about three-fourths of these were verified as having actually enrolled. Three-fourths of the verified enrollees were still enrolled in spring 1974 The study identified some program weaknesses, especially that the talent search project-level staff were generally ill-equipped to handle academic counseling, career guidance, and testing. The Federal cost of each talent search postsecondary enrollee was about $242.

The upward bound evaluation, completed in 1976, began in school year 1973–74, with data being collected from a sample of 54 upward bound projects, 3,710 upward bound students, and 2,340 comparison students of similar backgrounds who did not participate in the program. The major findings include: Upward bound is serving appropriate kinds of students; upward bound completion rate was about 70 percent for both the upward bound and comparison students; upward bound was increasing entry into postsecondary education with 71 percent of the 1974 upward bound graduates entering postsecondary education, but only 47 percent of the comparison students entering postsecondary education; the rate of entry was positively related to length of participation in upward bound; most upward bound graduates who entered postsecondary education enrolled in 4-year colleges; the comparison students entered 2-year and noncollegiate institutions more than did the upward bound graduates; upward bound students applied more often for student financial aid and received larger awards than did the comparison group.

The average Federal cost per upward bound enrollee in postsecondary education was $3,054, and the net cost (after subtracting the proportion of the comparison group who entered postsecondary education without the aid of upward bound) was about $7,400.

The follow-up of the upward bound sample of program participants and comparison group students is underway. Since all those students should now be out of high school, the study will emphasize the postsecondary school performance and retention of these students.

Mr. O'BRIEN. What percentage of those who initially participate in this program ultimately finish their postsecondary education?

ANSWER. We have not gathered data about the postsecondary education completion rate for students aided by special programs for the disadvantaged. In large measure the data have not been requested because they are not central to the determination of whether the primary goals of programs are being met. The one exception would be upward bound.

A major goal of this program is to generate in its participants the skills and motivation necessary for success in education beyond high school. The issue of college performance and retention among upward bound students is planned for fiscal year 1977.

CLEO

Mr. STOKES. Dr. Spearman, how many lawyers are there in the United States?

ANSWER. There are about 425,000 lawyers today in the United States.

Mr. STOKES. What is the ratio of lawyers in the general population?

ANSWER. Approximately 1 lawyer for every 500 people.

Mr. STOKES. What is the ratio of minority lawyers to the minority population in the United States?

ANSWER. There is approximately 1 black lawyer for every 3,000 black Americans.

Mr. STOKES. Do you consider this an adequate ratio?

ANSWER. No. It is not known what the ideal ratio of lawyers to the general population should be. However, the percentage of minority lawyers in ratio to the number of lawyers should approximate the percentage of minorities in the general population.

Mr. STOKES. Dr. Spearman at the inception of CLEO in 1968 less than 1 percent of the lawyers in this country were black and in some States there were more than 30,000 black residents for each black lawyer. As a result of the CLEO program, 2,013 law students have completed the CLEO summer institute and entered 137 different law schools. Over 75 percent or 1,589 of these CLEO graduates have graduated from or are currently attending law school. Dr. Spearman, it is clear that CLEO has made great strides in reducing the extreme deficit of black lawyers in the United States. However, I note that the Office of Higher Education has eliminated funds for CLEO and has called for funds for the minorities in the professions program. Dr. Spearman, why after 8 years and at a time when CLEO is doing its most effective work are you calling for its destruction?

ANSWER. We are proposing a program which will attempt to increase the proportion of minority representation in all graduate and professional fields, not just law. CLEO would, of course, be eligible to apply for a grant under this new program.

Mr. STOKES. Dr. Spearman total enrollment for black law students for 1975 to 1976 decreased by 7 percent or 360 persons. Dr. Spearman as I have previously stated without CLEO there would be even less lawyers than there are now. Dr. Spearman, isn't it safe to assume that with the destruction of CLEO that the decrease in the numbers of black students will continue to excelerate?

ANSWER. If CLEO were to cease operation, there might indeed be a further decrease in the number of black law students.

Mr. STOKES. Dr. Spearman, the present CLEO program has two central components of direct services to students in addition to its services to the law schools. The two primary student components are summer institutes for prospective law students and fellowships of $1,000 for each year of law school to successful graduates of the summer institutes. The law schools individually absorb more than half the costs of the summer institutes and provide tuition scholarships as well as financial aid to CLEO students. Dr. Spearman, when it is realized that CLEO generates as much as $3 million of cash and services annually from the law schools, how do you plan to provide $3 million worth of services from a diluted $1 million appropriations request?

ANSWER. I would hope that, even in the absence of CLEO, law schools would not reduce their commitment to and financial support for disadvantaged and minority students. We believe that such a commitment should exist independent of and parallel to the commitment of other institutions and organizations, including the Federal Government.

Appropriation Estimate

Higher Education

For carrying out, to the extent not otherwise provided, *titles I, III, IV, and VIII, and sections 745, 901, 941, 961, 1202 and 1203* of the Higher Education Act, *section 421 of the General Education Provisions Act,*[1] [the Emergency Insured Student Loan Act of 1969,][2] the Mutual Educational and Cultural Exchange Act of 1961, and section 22 of the Act of June 29, 1935, as amended (7 U.S.C. 329),[3] [$325,170,000, of which $325,000,000 for subsidies on guaranteed student loans shall remain available until expended.][4] *and title VI of the National Defense Education Act,*[5] *$3,291,209,000: Provided, That $240,093,000 for supplemental educational opportunity grants and amounts available for incentive grants shall remain available through September 30, 1979: Provided further, That amounts available for work-study grants shall remain available through September 30, 1980, pursuant to sections 442(d) and 446(b) of the Higher Education Act: Provided further, That $2,316,000,000 shall be for basic opportunity grants (including not to exceed $21,000,000 for administrative expenses) of which $2,295,000,000 shall remain available through September 30, 1979: Provided further, That funds appropriated for basic opportunity grants may be paid without regard to section 411(b)(5)*[6] *of the Higher Education Act: 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:*[7] *Provided further, That amounts appropriated herein for basic opportunity grants which exceed the amounts required to meet the payment schedule published for any fiscal year by 15 per centum or less, pursuant to section 411(b)(4)(A) of the Higher Education Act, shall be carried forward into the next fiscal year:*[8] *Provided Further, That the provisions of section 1208 shall not apply to funds during the current fiscal year.*[9] *(Departments of Labor and Health, Education, and Welfare Appropriation Act, 1977; additional authorizing legislation to be proposed.)*

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Note: The regular appropriation for most of these programs in this account for 1977 had not been enacted at the time this budget was prepared. A temporary continuing resolution is in effect for the period October 1, 1976 to March 31, 1977.

Explanation of Language Changes

1/ Funds are requested for Basic educational opportunity grants, Supplemental educational opportunity grants, Work-study, Incentive grants for state scholarships, Special programs for the disadvantaged, Strengthening developing institutions, University community services, State postsecondary commissions, Cooperative education programs, Construction, and Public service and Mining fellowships, for which no appropriations have yet been enacted. Action on the budget request for fiscal year 1977 was deferred pending renewal of the authorizing legislation, which was accomplished by the Education Amendments of 1976 (P.L. 94-482).

2/ The Guaranteed student loan program is proposed to be transferred to the Student Loan Insurance Fund.

3/ Funds are requested for Aid to land grant colleges and the Fulbright-Hays program.

4/ The Guaranteed student loan program is proposed to be transferred to the Student Loan Insurance Fund.

5/ Funds are requested for Centers, fellowships and research under the Language training and area studies program.

6/ Proposes waiver of requirement in authorizing legislation of minimum appropriation of $286,000,000 for Federal capital contributions to the Direct loan program before entitlement payments of Basic grants can be made.

7/ Provides for use of the 1978 appropriation for Basic grants to meet, as a first priority, insufficiencies which might occur, as in the two prior years, with respect to payments under the academic year 1977-78 payment schedule as a result of unanticipated increases in the demand for Basic grants.

8/ Permits, pursuant to authorizing legislation, carry forward of up to 15 percent of amounts appropriated for Basic grants for use in the subsequent academic year as a result of unanticipated decreases in the demand for Basic grants during academic year 1977-78.

9/ Proposes waiver of requirement in the authorizing legislation that should the sum of the appropriations available for Basic opportunity grants, Supplemental educational opportunity grants, Work-study, and Direct student loans exceed $2,800,000,000 or the sum of the appropriation for these programs in fiscal year 1977, whichever is the greater, then matching payments equaling 50 percent of the funds over the above amount must be made for Title I, Part C of Title VII, and Title X.

Language Provision	Explanation
...not to exceed $21,000,000 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 for Basic grants would be available only for program grants.
...Provided, That funds appropriated for Basic opportunity grants may be paid without regard to section 411 (b) (5)...	This provision waives the requirement in the authorizing legislation that specified amounts be appropriated for Supplemental grants, Work-study, and Direct loan capital before any payments are made under the Basic grants program. The waiver is needed to permit the concentration of budgetary resources in the Basic grants program.
...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...	This provision permits use of the 1978 appropriation for Basic grants to meet, as a first priority, insufficiencies which might occur, as in the two prior years, with respect to payments under the academic year 1977-78 payment schedule as a result of unanticipated increases in the demand for Basic grants.
...Provided further, That amounts appropriated herein for Basic opportunity grants which exceed the amounts required to meet the payment schedule published for any fiscal year by 15 per centum or less, pursuant to section 411(b)(4)(A), shall be carried forward into the next fiscal year.	Permits, pursuant to authorizing legislation added by the Education Amendments of 1976, carry forward of up to 15 percent of amounts appropriated for Basic grants for use in the subsequent academic year as a result of unanticipated decreases in the demand for Basic grants during academic year 1977-78.
...Provided further, that the provisions of Title XII, section 1208, shall not apply to funds during the current fiscal year.	This provision waives the fiscal year 1978 requirement in the authorizing legislation that should the sum of the appropriations available for Basic opportunity grants, Supplemental educational opportunity grants, Work-study, and Direct student loans exceed $2,800,000,000 or the sum of the appropriation for these programs in fiscal year 1977, whichever is greater, then matching payments equaling 50 percent of the funds over the above amount must be made for Title I, part C of Title VII, and Title X.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

Higher Education

Amounts Available for Obligation

	1977 1/	1978
Appropriation, annual	$ 352,170,000	$3,288,509,000
permanent	2,[illegible],000	2,700,000
Proposed supplemental	2,829,649,000	---
Subtotal, appropriations	3,184,519,000	3,291,209,000
Comparative transfer to:		
"Student Loan Insurance Fund: for Guaranteed student loan program	-325,000,000	---
Subtotal, budget authority	2,859,519,000	3,291,209,000
Unobligated balance, start of year	889,203,000	700,918,000
Comparative transfer of unobligated balance to:		
"Student Loan Insurance Fund: for Guaranteed student loan program	-271,760,000	---
Unobligated balance, end of year	-700,918,000	-901,635,000
Total, obligations	2,776,044,000	3,090,492,000

1/ Includes $800,000 for Loans to institutions obligated under the continuing resolution in the period preceding budget submission. Excludes the following programs which are in excess of the budget request: $150,000 for Loans to institutions (to be obligated in February) and $321,000,000 for Federal capital contributions and $250,000 for Loans to institutions (to be obligated in March).

Summary of Changes
(Obligations)

1977 Estimated obligations[1/]	$2,776,044,000
1978 Estimated obligations	3,090,492,000
Net change	+314,448,000

	1977 Base[1/]	Change from Base
Increases:		
A. Built-in:		
1. Increased reimbursement rate on Direct loan teacher cancellations	$11,920,000	+$3,240,000
2. Subsidies on additional construction loans reaching payment status	25,000,000	+2,643,000
Subtotal	36,920,000	+5,883,000
B. Program:		
1. Basic opportunity grants - increase in recipient population under Education Amendments of 1976 and award level	$1,583,725,000	+507,915,000
2. Graduate/Professional Education Opportunities - new program to encourage diverse membership in the professions.	---	+4,000,000
3. Strengthening developing institutions - to provide additional awards in the Advanced Institutional development program	100,000,000	+10,000,000
Total increases		+527,798,000
Decreases:		
A. Program:		
1. Basic opportunity grants - elimination of need for funds to repay drawdown	$211,700,000	-211,700,000
2. Elimination of Loans to institutions program	800,000	-800,000
3. Elimination of College Teacher Fellowships	100,000	-100,000
4. Phase out of Training for the disadvantaged program	750,000	-750,000
Subtotal		-213,350,000
Total decreases		-213,350,000
Total, net change		+314,448,000

1/ Includes $800,000 for Loans to institutions obligated under the continuing resolution in the period preceding budget submission. Excludes the following programs which are in excess of the budget request: $150,000 for Loans to institutions (to be obligated in February) and $321,000,000 for Federal capital contributions and $250,000 for Loans to institutions (to be obligated in March).

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Summary of Changes 1/
(Budget Authority)

1977 Estimated appropriation	$2,859,519,000
1978 Estimated appropriation	3,291,209,000
Net change	+431,690,000

	1977 Base	Change from Base
Increases:		
A. Built-in:		
1. Increased reimbursement rate on Direct loan teacher cancellations	$11,920,000	+$3,240,000
2. Mandatory payments on construction loan interest grants	---	+4,000,000
B. Program:		
1. Basic opportunity grants - increasing recipient population and size of award	1,692,200,000	+623,800,000
2. Graduate/Professional Education Opportunities - new program to encourage diverse membership in the professions	---	+4,000,000
3. Developing institutions-increase Advanced program	100,000,000	+10,000,000
Total increases		+645,040,000
Decreases:		
A. Program:		
1. Basic opportunity grants - elimination of need for funds to repay drawdown authority	211,700,000	-211,700,000
2. Elimination of Loans to institutions program	800,000	-800,000
3. Elimination of College Teacher Fellowships	100,000	-100,000
4. Phase out of training for the Disadvantaged	750,000	-750,000
Total decreases		-213,350,000
Total, net change		+431,690,000

1/ Includes $800,000 for Loans to institutions obligated under the continuing resolution in the period preceding budget submission. Excludes the following programs which are in excess of the budget request: $150,000 for Loans to institutions (to be obligated in February) and $321,000,000 for Federal capital contributions and $250,000 for Loans to institutions (to be obligated in March).

Obligations by Activity

Page Ref.		1977 1/ Estimate	1978 Estimate	Increase or Decrease
	Higher Education:			
	1. Student assistance:			
20	(a) Basic opportunity grants.....	$1,903,900,000 2/	$2,316,000,000	+412,100,000
	(Obligations)...	(1,795,425,000)	(2,091,640,000)	(+296,215,000)
21	(b) Supplemental opportunity grants.....	240,093,000	240,093,000	---
23	(c) Work-study.....	390,000,000	390,000,000	---
25	(d) Direct loans:			
	(1) Federal capital contributions..	---	---	---
	(2) Loans to institutions.....	800,000 3/	---	-800,000
	(3) Teacher cancellations..	11,920,000	15,160,000	+3,240,000
27	(e) Incentive grants for State scholarships....	44,000,000	44,000,000	---
	Subtotal, Student assistance.....	2,590,713,000	3,005,253,000	+414,540,000
	(Subtotal, Obligations)...	(2,482,238,000)	(2,780,893,000)	(+298,655,000)
29	2. Special programs for the disadvantaged.....	70,331,000	70,331,000	---
31	3. Graduate/Professional Education Opportunities.....	---	4,000,000	+4,000,000
	4. Institutional assistance:			
32	(a) Strengthening developing institutions:			
	(1) Basic program.....	52,000,000	52,000,000	---
	(2) Advanced program.....	58,000,000	68,000,000	+10,000,000
35	(b) Language training and area studies:			
	(1) Centers, fellowships, and research..	13,300,000	13,300,000	---
	(2) Fulbright-Hays fellowship.....	3,000,000	3,000,000	---

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Page Ref.		1977[1/] Estimate	1978 Estimate	Increase or Decrease
	4. Institutional assistance: Cont.			
39	(c) University community services.....	12,125,000	12,125,000	---
40	(d) Aid to land-grant colleges:			
	(1) Annual appropriation.....	11,500,000	11,500,000	---
	(2) Permanent appropriation.....	2,700,000	2,700,000	---
41	(e) State post-secondary education commissions.....	3,500,000	3,500,000	---
42	(f) Veterans cost-of-instruction.....	23,750,000	23,750,000	---
43	(g) Cooperative education.....	10,750,000	10,750,000	---
45	(h) Construction			
	(a) Subsidized loan.....	---	4,000,000	+4,000,000
	(Obligation).	(25,000,000)	(27,643,000)	(+2,643,000)
	Subtotal, Institutional assistance...	190,625,000	204,625,000	+14,000,000
	(Subtotal, Obligations).	(215,625,000)	(228,268,000)	(+12,643,000)
	5. Personnel Development:			
46	(a) College teacher fellowships.....	100,000	---	-100,000
47	(b) Training for the disadvantaged...	750,000	---	-750,000
48	(c) Public service fellowships.....	4,000,000	4,000,000	---
49	(d) Mining fellowships.....	3,000,000	3,000,000	---
	Subtotal, Personnel development.....	7,850,000	7,000,000	-850,000
	(Subtotal, Obligations)...	(7,850,000)	(7,000,000)	(-850,000)

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	1977 1/ Estimate	1978 Estimate	Increase or Decrease
Total.....	2,859,519,000	3,291,209,000	+431,690,000
(Total, obligations).....	(2,776,044,000	(3,090,492,000)	(+314,448,000)

1/ Includes $800,000 for Loans to institutions obligated under the continuing resolution in the period preceding budget submission. Excludes the following programs which are in excess of the budget request: $150,000 for Loans to institutions (to be obligated in February) and $321,000,000 for Federal capital contributions and $250,000 for Loans to institutions (to be obligated in March).

2/ Includes 211,700,000 draw down used to meet academic year 1976-77 program costs.

3/ Amount obligated under continuing resolution.

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Obligations by Object[1/]

	1977 Estimate	1978 Estimate	Increase or Decrease
Printing and reproduction	$3,000,000	$3,300,000	+$300,000
Other services	16,200,000	17,700,000	+1,500,000
Investments and loans	800,000	---	-800,000
Grants, subsidies and contributions	2,839,519,000	3,270,209,000	+430,690,000
(Obligations)	(2,756,044,000)	(3,069,492,000)	(313,448,000)
Total	2,859,519,000	3,291,209,000	+431,690,000
(Obligations)	(2,776,044,000)	(3,090,492,000)	(+314,448,000)

1/ Includes $800,000 for Loans to institutions obligated under the continuing resolution in the period preceding budget submission. Excludes the following programs which are in excess of the budget request: $150,000 for Loans to institutions (to be obligated in February) and $321,000,000 for Federal capital contributions and $250,000 for Loans to institutions (to be obligated in March).

Significant Items in House and Senate
Appropriations Committee Reports

Item 1977 Senate Report	Action taken or to be taken
Strengthening developing institutions	
1. Committee requested a report for the years 1970 to 1976 on operation of the program, specifying institutions funded, minority population served, description of the award process and recommendations for its improvement. The report was to be submitted within 45 days of publication of the Senate report.	1. The requested report was submitted on August 9, 1976.

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Authorizing Legislation

	Amount Authorized	1978 Budget Estimate
Higher Education:		
1. Student assistance: Higher Education Act		
(a) Basic opportunity grants (HEA, Title IV-A-1)	Indefinite	$2,316,000,000
(b) Supplemental opportunity grants (HEA, Title IV-A-2)	$200,000,000[1/]	240,093,000
(c) Work-study (HEA, Title IV-C)	570,000,000	390,000,000
(d) Direct loans		
(1) Federal capital contributions (HEA, Title IV-E)	400,000,000	---
(2) Loans to institutions (National Defense Education Act, Sec. 207)	Indefinite	---
(3) Teacher cancellations (HEA, Title IV-E)	Indefinite	15,160,000
(e) Incentive grants for State scholarships (HEA, Title IV-A-3)	50,000,000[1/]	44,000,000
2. Special programs for the disadvantaged (HEA, Title IV-A-4)	200,000,000	70,331,000
3. Graduate/professional education opportunities	---	4,000,000
4. Institutional assistance:		
(a) Strengthening developing institutions (HEA, Title III)	120,000,000	120,000,000
(b) Language training and area studies		
(1) Centers, fellowships, and research (National Defense Education Act, Title VI)	75,000,000	13,300,000
(2) Fulbright-Hays fellowships (Mutual Educational and Cultural Exchange Act of 1961)	Indefinite	3,000,000
(c) University community services (HEA, Title I-A)	40,000,000	12,125,000
(d) Aid to land-grant colleges:		
(1) Annual appropriation (Bankhead-Jones Act)	12,460,000	11,500,000
(2) Permanent appropriation (Second Morrill Act)	2,700,000	2,700,000
(e) State postsecondary education commissions (HEA, Sec. 1203)	Indefinite	3,500,000
(f) Veterans' cost-of-instruction (HEA, Sec. 420)	Indefinite	23,750,000
(g) Cooperative education (HEA, Title VIII, Sec. 801(a))	20,000,000	10,750,000
(h) Construction (HEA, Title VII-C, Sec. 745)	Indefinite	4,000,000
5. Personnel development		
(a) College teacher fellowships (HEA, Title IX-A)	Indefinite	---
(b) Training for the disadvantaged (HEA, Sec. 966)	Indefinite	---
(c) Public service fellowship (HEA, Title IX-A and C)	50,000,000[2/]	4,000,000

	Amount Authorized	1978 Budget Estimate
(d) Mining fellowships (HEA, Sec. 961(a)(1)..	Indefinite 3/	$3,000,000

1/ Plus such sums as necessary for continuation awards.
2/ Plus such sums as necessary for up to 500 fellowships.
3/ Such sums as necessary for up to 500 fellowships.

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Higher Education[1/]

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1968	1,113,650,000	732,150,000	732,150,000	529,255,000
1969	748,120,000	6,920,000	711,952,000	703,720,000
1970	735,884,000	805,433,000	946,674,000	769,334,000
1971	694,525,000	736,980,000	871,770,000	797,980,000
1972	1,696,154,000	996,744,000	1,585,574,000	1,212,754,000
1973	1,373,572,000	853,502,000	1,506,932,000	1,437,472,000
1974	1,437,414,000	1,498,414,000	1,715,414,000	1,549,997,000
1975	1,794,523,000	1,829,771,000	1,817,091,000	2,123,271,000
1976	1,553,041,000	2,011,684,000	2,200,434,000	2,596,559,000
Transition Quarter	1,000,000	1,000,000	1,000,000	1,000,000
1977[2/]	13,280,000	25,170,000	27,670,000	27,170,000
Supplemental	2,829,649,000			
1978	2,286,509,000			

1/ Excludes $2,700,000 permanent appropriation for land-grant colleges under the Second Morrill Act.

2/ Certain programs under this account were unauthorized at the time the appropriation was enacted for 1977.

Justification

Higher Education

	1977 Estimate 1/	1978 Estimate	Increase or Decrease
Higher Education:			
1. Student assistance:			
(a) Basic opportunity grants.....	$1,903,900,000	$2,316,000,000	+412,100,000
(Obligations)..	(1,795,425,000)	(2,091,640,000)	(+296,215,000)
(b) Supplemental opportunity grants.....	240,093,000	240,093,000	---
(c) Work-study.....	390,000,000	390,000,000	---
(d) Direct loans:			
(1) Federal capital contributions.	---	---	---
(2) Loans to institutions.....	800,000	---	-800,000
(3) Teacher cancellations.	11,920,000	15,160,000	+3,240,000
(e) Incentive grants for State scholarships...	44,000,000	44,000,000	---
Subtotal, Student assistance.....	2,590,713,000	3,005,253,000	+414,540,000
(Subtotal, Obligations)..	(2,482,238,000)	(2,780,893,000)	(+298,655,000)
2. Special programs for the disadvantaged.....	70,331,000	70,331,000	---
3. Graduate/Professional Education Opportunities.	---	4,000,000	+4,000,000
4. Institutional assistance:			
(a) Strengthening developing institutions:			
(1) Basic program.....	52,000,000	52,000,000	---
(2) Advanced program.....	58,000,000	68,000,000	+10,000,000

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	1977 Estimate 1/	1978 Estimate	Increase or Decrease
Institutional assistance-cont.:			
(b) Language training and area studies:			
(1) Centers, fellowships, and research	13,300,000	13,300,000	---
(2) Fulbright-Hays fellowships.....	3,000,000	3,000,000	---
(c) University community services.	12,125,000	12,125,000	---
(d) Aid to land-grant colleges:			
(1) Annual appropriation.	11,500,000	11,500,000	---
(2) Permanent appropriation.....	2,700,000	2,700,000	---
(e) State post-secondary education commissions	3,500,000	3,500,000	---
(f) Veterans' cost-of-instruction.....	23,750,000	23,750,000	---
(g) Cooperative education.....	10,750,000	10,750,000	---
(h) Construction			
(a) Subsidized loans.....	---	4,000,000	+4,000,000
(Obligations)...	(25,000,000)	(27,643,000)	(+2,643,000)
Subtotal, Institutional assistance.....	190,625,000	204,625,000	+14,000,000
(Subtotal, Obligations)...	(215,625,000)	(228,268,000)	(+12,643,000)
4. Personnel development			
(a) College teacher fellowships....	100,000	----	-100,000
(b) Training for the disadvantaged..	750,000	---	-750,000
(c) Public service fellowships....	4,000,000	4,000,000	---
(d) Mining fellowships.....	3,000,000	3,000,000	---
Subtotal, Personnel development....	7,850,000	7,000,000	-850,000
(Subtotal, Obligations)..	(7,850,000)	(7,000,000)	(-850,000)

	1977 Estimate 1/	1978 Estimate	Increase or Decrease
Total.....	2,859,519,000	3,291,209,000	+431,690,000
(Total, obligations)	(2,776,044,000)	(3,090,492,000)	(+314,448,009)

1/ Includes $800,000 for Loans to institutions obligated under the continuing resolution in the period preceding budget submission. Excludes the following programs which are in excess of the budget request: $150,000 for Loans to institutions (to be obligated in February) and $321,000,000 for Federal capital contributions and $250,000 for Loans to institutions (to be obligated in March).

General Statement

The budget proposes to provide funds in the Higher education appropriation for a broad range of student and institutional assistance programs. The budget is built on the intent to increase the funding of Basic opportunity grants to provide benefits for an increased number of eligible students with grants up to $1600 a year while maintaining the complementary student assistance programs, Supplemental educational opportunity grants, Work-study, and State student incentive grants. In addition, institutional assistance and selected program aid is provided. This distribution of funds will provide flexibility for student assistance options and 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.

The budget is built not only on the intent to achieve equal educational opportunity through the elimination of financial barriers, but also to provide supportive services to potential and enrolled disadvantaged students as well. In addition, aid to institutions and for specialized programs complete the package of assistance to Higher Education.

The Administration will seek legislation to authorize a new program of encouraging members of identifiable groups to enter specialized professions in which they are under represented as compared to their proportion in the general population.

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	1977 Estimate	1978 Estimate	Increase or Decrease
1. Student assistance: (a) Basic opportunity grants.....	$1,903,900,000 1/	$2,316,000,000	+$412,100,000
(Obligations).....	(1,795,425,000)	(2,091,640,000)	(+296,215,000)
Positions.....	222 2/	222	---

1/ Proposed supplemental. A temporary continuing resolution is in effect for the period ending March 31, 1977. The annual current rate for this program is $1,325,800,000 and obligations through the period preceding budget submission are expected to amount to $228,700,000.

2/ Includes proposed supplemental positions contained in the President's budget.

Narrative

Program purpose

To assist qualified financially needy students pursue 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 financial 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 $1,800. 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 1978 appropriation is for academic year 1978-79.

Budget policy

The fiscal year 1978 request will provide awards ranging between $50 and $1600 for 2,522,000 students with an average award of $910. The Administration will seek legislative authority to enable the maximum award level to be set above $1,350, the maximum under the first level of reduction permitted by law.

At the requested level of funding, the Basic grant program promotes the Administration's goal of facilitating access to postsecondary education for all qualified persons. The increase in the maximum award will expand the eligible population, particularly those at the middle income levels, and help offset the rising costs of postsecondary education. The requested amount is expected to provide maximum grants of $1600, assuming (a) that 85% of eligible students apply and actually receive grants; and (b) the needs test in the Family Contribution Schedule is not further liberalized.

The remaining $21,000,000 will be reserved for contractual administrative expenses. The requested increase in administrative set-aside is required to provide for (a) higher costs for such items as application processing, systems development data processing, printing, postage, and mail handling functions associated with the expected increase in the number of awards; (b) increased training of postsecondary student financial aid and fiscal officers and more specialized

training to reach special types of institutions which have been identified as having problems with the Basic grant program, and (c) the payment of postage and fees not covered by the general S&E funds, and increases in postal rates.

The following table summarizes the distribution of contractual administrative expenses:

	Estimated Obligations	
	Fiscal Year 1977	Fiscal Year 1978
Application Processing	$10,600,000	$11,200,000
Systems Development	2,000,000	2,300,000
Training	1,000,000	1,000,000
Management Studies	950,000	1,375,000
ADP	248,000	310,000
Training Materials	315,000	350,000
Mail Handling	75,000	100,000
Application Printing	2,800,000	3,000,000
General Printing	200,000	300,000
Public Inquiry Contract	500,000	550,000
Postage and fees	500,000	500,000
Program Supplies	12,000	15,000
	$19,200,000	$21,000,000

Special appropriation language will again be requested to allow adjustments of funds between academic years.

In fiscal year 1977, (academic year 1977-78) the $1,673,000,000 requested is expected to provide grants averaging $848 to 1,975,000 first through fourth year students enrolled on at least a half-time basis. The 1977 supplemental budget request also includes an amount of $211,700,000 to repay the amount drawn down to meet academic year 1976-77 program costs. The proposed supplemental request is an estimate based on current population and participation rate projections and is subject to subsequent adjustment based on actual experience.

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	1977 Estimate	1978 Estimate	Increase or Decrease
1. Student assistance: (b) Supplemental educational opportunity grants.....	$240,093,000 1/	$240,093,000	---
Positions.....	45 2/	45	---

1/ Proposed supplemental. A temporary continuing resolution is in effect for the period ending March 31, 1977. The annual current rate for this program is $240,093,000 but no obligations are anticipated through the period preceding budget submission.

2/ Includes proposed supplemental positions contained in the President's budget.

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 is provided through postsecondary institutions.

Grants size, based on the student's financial need as determined by the institution, ranges from $200 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 forward funded; that is, the prior year appropriation supports grants to students during the current academic year.

Allotments to States for initial year awards are determined by a formula based on the number of full-time and full-time equivalent higher education students 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 based on the institution's estimates of its needs and reviewed by regional panels composed of Federal, State and private higher education officials. The approved requests are prorated down to remain within the allotment to the States. Continuation awards are distributed based on institutional demand.

Budget policy

The fiscal year 1978 budget request maintains the Supplemental educational opportunity grants at its established level and will benefit 445,000 students with average grants of $525. This program provides an additional aid option to students pursuing postsecondary education at participating institutions.

The fiscal year 1977 budget request provides 242,000 initial year awards at an average grant of $500, and 203,000 continuation awards at an average grant of $550.

	1977 Estimate	1977 Estimate	Increase or Decrease
1. Student assistance: (c) Work-study.....	$390,000,000 1/	$390,000,000	---
Positions.....	63 2/	63	---

1/ Proposed supplemental. A temporary continuing resolution is in effect for the period ending March 31, 1977. The annual current rate for this program is $390,000,000 but no obligations are anticipated through the period preceding budget submission.

2/ Includes proposed supplemental positions contained in the President's budget.

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 a statutory formula, based on a State's higher education enrollment, the number of high school graduates and the number of children in families with incomes of less than $3000, and the recommendations of Regional Panels. This program is forward-funded; that is, the 1978 appropriation will support student jobs in academic year 1978-79.

Budget policy

The fiscal year 1978 request of $390,000,000 in Federal funds will provide support to approximately 850,000 postsecondary education students with an average award of $545. We are proposing to continue support for the program in order to insure that needy students will have access to jobs to pay for at least a part of the cost of their education. This program supplements the $5 billion per year in student employment provided by the private sector.

For fiscal year 1977, $390,000,000 is requested. Action on the request was deferred pending renewal of the authorizing legislation, which was accomplished by passage of the Education Amendments of 1976 (P.L. 94-482). The requested funds would provide part-time earnings to an estimated 850,000 students during academic year 1977-78.

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The table below summarizes the program level for fiscal years 1977 and 1978:

	1977	1978
Gross compensation	$464,285,700	$464,285,700
Federal share of compensation	371,430,000	371,430,000
Administrative expenses paid to institutions	18,570,000	18,570,000
Total federal funds	390,000,000	390,000,000
Number of students	852,000	852,000
Annual average earnings	$545	$545

	1977 Estimate	1978 Estimate	Increase or Decrease
1. Student assistance:			
(d) Direct loans			
(1) Federal capital contributions.....	---1/	---	---
(2) Loans to institutions....	$800,000 1/	---	-$800,000
(3) Teacher cancellation.....	11,920,000 2/	$15,160,000	+ 3,240,000
Positions.....	70 3/	70	---

1/ Proposed supplemental. A temporary continuing resolution is in effect for the period ending March 31, 1977. The annual current rate for Federal capital contributions is $321,000,000 and for Loans to institutions is $2,000,000; obligations for the latter is $800,000 through the period preceding budget submission.

2/ Regular 1977 appropriation. (P.L. 94-439)

3/ Includes proposed supplemental positions contained in the President's budget.

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 postsecondary education, a program of contributions to student loan funds at such eligible institutions is authorized. Capital contributions are alloted to 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, and loan repayment begins 9 months after the student ceases at least half-time attendance at an institution with repayment postponed up to three years for specific forms of public service. Federal capital contributions are forward funded; thus the prior year appropriation provides contributions to student loan funds during the current 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 also is 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 1978 no funds are requested for new Federal capital contributions and no funds are requested for loans to institutions. An increase is requested in Teacher cancellations to meet mandatory payments. Repayment on prior year Direct loans will enable institutions to lend $276,699,000 to 553,000 students without any further infusion of Federal funds. In addition it is expected that the Guaranteed student loan program will provide students additional access to student loans, thereby providing adequate loan assistance to students in need who can benefit from this form of aid. 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.

No funds were requested for Federal capital contributions or for Loans to institutions for fiscal year 1977. Action on these items was deferred pending renewal of authorizing legislation, which was accomplished by passage of the Education Amendments of 1976. Without additional Federal funds, institutions will be able to make loans totaling $252,427,000 to approximately 505,000 students in academic year 1977-78 based on anticipated repayments from prior year loans. For Teacher cancellations, the amount requested in the 1977 President's budget was included in the regular 1977 appropriation.

The following table compares loans funds available for the two academic years:

	Academic Year 1977-78	Academic Year 1978-79
Federal Capital Contributions	---	---
Institutional capital contributions	---	---
New Collections	265,000,000	290,000,000
Collections brought forward	48,000,000	53,000,000
Subtotal	$313,000,000	$343,000,000
Collections carried forward to following year	-53,000,000	-58,000,000
Administration (3% of loan volume)	-7,573,000	-8,301,000
Total loan amount available	$252,427,000	$276,699,000
Number of loans (students)	505,000	553,000
Average loan	$500	$500
Number of institutions	2,100	2,100
Loans to institutions		
Amount	$800,000	---
Number of institutions	40	---
Cancellations		
Total amounts	$75,000,000	$80,000,000
(Defense loans)	$68,000,000	$70,000,000
(Direct loans)	$ 7,000,000	$10,000,000
Number of Students	400,000	450,000
Amount of Federal funds	$11,920,000	$15,160,000

	1977 Estimate	1978 Estimate	Increase or Decrease
1. Student assistance: (e) Incentive grants for State scholarships.....	$44,000,000 1/	$44,000,000	---
Positions.....	10	10	---

1/ Proposed supplemental.

Narrative

Program Purpose

To encourage establishment or expansion of scholarship assistance to undergraduate postsecondary students with substantial financial need, a program of incentive grants to States is authorized. 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. Scholarships average $500, half of which is from State funds; the maximum total student award is $1500. The program is forward funded; the 1978 appropriation will support incentive grants in academic year 1978-79.

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 low- and middle-income students selected under need criteria established by the States and approved by the Commissioner of Education, and (2) by offering students aid that provides choice among private and public postsecondary institutions. The program also is 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 1978 budget request sustains, as a first priority, the current level of awards for up to three classes of continuation students, and will support also a limited number of new initial awards. Out of the $44 million requested for fiscal year 1978, it is estimated that $27,960,000, matched by an equal amount from the States, will provide continuation awards averaging $500 to 111,840 students in three undergraduate classes eligible for such awards. The remaining $16,040,000 will provide initial awards to about 64,000 students.

For fiscal year 1977, $44,000,000 was requested for Incentive grants. Action on the budget request was deferred pending renewal of the authorizing legislation, which was accomplished by passage of the Education Amendments of 1976 (P.L. 94-482). The requested appropriation of $44 million, matched by an equal amount from the States, will enable 56 States and Territories to provide 147,800 continuation awards and 28,200 initial awards for needy undergraduates. Out of the 50 States and 6 Territories participating in the program in fiscal year 1977, only 27 had State scholarship assistance before this program was started.

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Program data follow :

	Academic Year 1977-78	Academic Year 1978-79
New awards	$ 7,050,000	$16,040,000
Number	28,200	64,160
Continuation awards[1/]	$36,950,000	$27,960,000
Number	147,800	111,840

1/ Assumes about 20 percent dropout at the end of the first year and 10 percent annually after second and third years.

	1977 Estimate	1978 Estimate	Increase or Decrease
2. Special programs for the disadvantaged.....	$70,331,000 1/	$70,331,000	---
Positions.....	21	21	---

1/ Proposed supplemental.

Narrative

Program purpose

To encourage and assist low-income youths who have potential to enter, continue or resume postsecondary educational activities; programs in four areas are proposed: (1) identify qualified youths of financial or cultural need with exceptional potential for postsecondary educational training and encourage them to complete secondary school so they might undertake postsecondary educational training; (2) conduct a preparatory program directed toward young people from low-income background with inadequate academic preparation at the secondary school level and designed to generate the skills and motivation necessary for success in postsecondary education; (3) provide remedial and other supportive services for postsecondary students with academic potential who are disadvantaged because of their educational, cultural, or economic background or who are physically handicapped; (4) provide an informational service concerning financial and academic assistance available for postsecondary education.

Budget policy

The fiscal year 1978 request of $70,331,000 will serve some 355,000 students through 858 projects. Activities will continue to focus upon the equalization of educational opportunities for students from disadvantaged backgrounds, including those of financial, educational and cultural need, those with physical handicaps, and those of limited English speaking ability.

For fiscal year 1977 the supplemental request is $70,331,000 for this program. Action on the request was deferred pending renewal of the authorizing legislation, which was accomplished by passage of the Education Amendments of 1976. A continuing resolution is in effect for the period ending March 31, 1977. The annual current rate for the program is $70,331,000 which will provide the same level of program funding during academic year 1977-78 as in the current year.

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The following table provides program data for the fiscal year 1977 and 1978.

	1977 Estimate	1978 Estimate
Talent Search		
Federal dollars	$6,000,000	$6,000,000
Number of students	146,400	146,400
(Veterans)	(3,190)	(3,190)
Cost per student	$41	$41
Number of projects	116	116
Cost per project	$51,724	$51,724
Upward Bound		
Federal dollars	$38,331,000	$38,331,000
Number of students:		
Regular students	29,000	29,000
(Veterans)	(2,600)	(2,600)
Cost per student:		
Regular students	$1,201	$1,201
(Veterans)	($278)	($278)
Number of projects	403	403
Cost per project	$95,114	$95,114
Special Services for Disadvantaged Students		
Federal dollars	$23,000,000	$23,000,000
Number of students	100,000	100,000
(Veterans)	(7,011)	(7,011)
Cost per student	$230	$230
Number of projects	327	327
Cost per project	$70,336	$70,336
Educational Opportunity Centers		
Federal dollars	$3,000,000	$3,000,000
Number of students	67,000	67,000
(Veterans)	(2,544)	(2,544)
Cost per student	$45	$45
Number of projects	12	12
Cost per project	$250,000	$250,000
Total		
Students	355,000	355,000
Projects	858	858

	1977 Estimate	1978 Estimate	Increase or Decrease
3. Graduate/professional education opportunities...	---	$4,000,000	+$4,000,000
Positions.....	---	---	---

Narrative

Program purpose

To encourage and assist students representative of identifiable groups to train for professions in which the group they represent is underrepresented program of grants to institutions and organizations is authorized. Funds are requested to provide support for cooperative efforts of institutions of higher education, community groups, and professional organizations to; identify promising individuals, arrange for necessary financial assistance, assure entry into appropriate graduate or professional schools and help provide employment opportunities upon graduation.

Budget policy

In fiscal year 1978 the Federal contribution under this program would be relatively small. Most financial support for individual students would come from existing sources. Individuals participating in this program could receive incentive stipends of up to $50 per month. Additional stipends could be paid if other financial assistance is not sufficient. Funds requested would support 10 to 12 consortia, aiding over a thousand students.

3.

	1977 Estimate	1978 Estimate	Increase or Decrease
4. Institutional assistance: (a) Strengthening developing institutions.....	$110,000,000 1/	$120,000,000	+$10,000,000
Positions.....	40	40	---

1/ Proposed supplemental

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 requested, 76 percent is for institutions awarding bachelor's degrees ("four year schools") and 24 percent is for schools awarding less than bachelor's 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 up 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 1978 the $120,000,000 request would continue the requested 1977 level of $52,000,000 for the older Basic program and increase the level to $68,000,000 for the newer Advanced program.

1) Basic program:

In 1978 continued emphasis will be placed upon the strengthening of developing institutions in curriculum improvement, student services, faculty development and administrative management reflecting the underlying concern for meeting the needs of the disadvantaged. Priority will be given to certain institutions enrolling high proportions of low-income and minority students. Of the estimated 204 Basic awards, about 51 will go to predominantely black institutions, some 31 awards will go to postsecondary institutions with a high proprotion of Spanish-speaking students and 32 grants will be awarded to institutions with large native American Indian enrollments.

Basic program participants will be encouraged to plan for transition to the Advanced Program and to apply for admission as soon as qualified.

2) Advanced program:

The $68,000,000 requested in fiscal year 1978 will provide support to 26 institutions, with average grants of $2,600,000. These grants support administrative and management improvement, curriculum development, student support services, and faculty improvement, with the aim of graduating the institutions from the program at the end of their grant period. The grants will cover up to 5 years of support 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 under represented 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.

Program data follow :

	1977 Estimate	1978 Estimate
Basic Program		
Total awards	203	204
Federal dollars	$52,000,000	$52,000,000
No. Predominately Black	55	51
% of total dollars	49%	45%
Federal Dollars	$25,480,000	$23,500,000
No. Spanish Speaking	31	31
% of total dollars	9%	9%
Federal Dollars	$4,680,000	$4,680,000
No. of Native American	27	32
% of total dollars	8%	10%
Federal Dollars	$4,160,000	$4,940,000
Other Developing Institutions	90	90
% of total dollars	34%	36%
Federal Dollars	$17,680,000	$18,880,000
Advanced Program		
Total awards	26	26
Federal Dollars	$58,000,000	$68,000,000
No. Predominately Black	13	13
% of total dollars	50%	50%
Federal Dollars	$29,000,000	$34,000,000
No. of Spanish Speaking	2	2
% of total dollars	6.2%	6.2%
Federal Dollars	$3,600,000	$4,216,000

	1977 Estimate	1978 Estimate
No. of Native Americans	1	1
% of total dollars	.4%	.4%
Federal Dollars	$200,000	$272,000
Other Developing Institutions	10	10
% of total dollars	43.4%	43.4%
Federal Dollars	$25,200,000	$29,512,000

	1977 Estimate	1978 Estimate	Increase or Decrease
4. Institutional assistance: (b) Language training and area studies (1) Centers, fellowships and research.....	$13,300,000 1/	$13,300,000	---
Positions.....	14	14	---

1/ Proposed supplemental. A temporary continuing resolution is in effect for the period ending March 31, 1977. The annual current rate for this program is $13,300,000 but obligations through the period preceding budget submission are not expected to exceed the amended request.

Narrative

Program purpose

To strengthen American postsecondary educational institutions' academic base for teaching and research in modern foreign languages, area studies and world affairs, a program of grants and contracts is authorized. Applications for annual grant awards under this program are received from U.S. institutions of higher education. Applications for contracts for research 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. This program is forward funded and some awards exceed 12 months.

Budget policy

In fiscal year 1978 the focus and funding of this program is primarily for 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.

Of the $16,300,000 requested in fiscal year 1977 for Language training and area studies, $3,000,000 was appropriated in the regular 1977 appropriation. Action on the balance of the budget request for this activity, in the amount of $13,300,000 was authorized by the passage of the Education Amendments of 1976.

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The following table provides program data for fiscal years 1977 and 1978.

	1977 Estimate	1978 Estimate
Centers		
(Graduate/Undergraduate)		
No. centers	65	65
Average cost	$99,000	$99,000
Total cost	$6,435,000	$6,435,000
(Undergraduate Only)		
No. centers	15	15
Average cost	$47,666	$47,666
Total cost	$715,000	$715,000
Exemplary Projects (Graduate)		
No. new projects	10	10
No. continuing projects	6	6
Total no. of projects	16	16
Average cost	$35,000	$35,000
Total cost	$560,000	$560,000
Exemplary Projects (Undergraduate)		
No. new projects	16	16
No. continuing projects	13	13
Total no. of projects	29	29
Average cost	$25,000	$25,000
Total cost	$725,000	$725,000
Fellowships (Graduate)		
No. of fellowships	798	798
Average cost	$5,000	$5,000
Total cost	$3,990,000	$3,990,000
Research		
No. of projects	35	35
Average cost	$25,000	$25,000
Total cost	$875,000	$875,000
Total costs	$13,300,000	$13,300,000

	1977 Appropriation	1978 Estimate	Increase or Decrease
4. Institutional assistance: (b) Language training and area studies. (2) Fulbright-Hays fellowships.....	$3,000,000	$3,000,000	---
Positions.....	8	8	---

Narrative

Program purpose

To strengthen the overseas capability of American education in those foreign languages, area studies and world affairs where there is greatest need to improve American understanding, support is provided for fellowships for faculty and doctoral dissertation research, group projects for research, training and curriculum development. In addition, curriculum consultant services of foreign educators is supported to improve international and intercultural education in U.S. schools and colleges.

Geared to meet national need, 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 1978, funds for this activity will support 119 doctoral dissertation research fellows abroad and 69 faculty research fellows. Emphasis will be placed on those research projects focusing on contemporary problems in world affairs. A total of 25 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 1978 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.

In fiscal year 1977 an amount of $3,000,000 was appropriated which will support 69 faculty fellowships, 119 doctoral fellowships, 25 group projects abroad plus 20 foreign curriculum consultants.

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The following table compares projects in 1977 and 1978:

	1977 Estimate	1978 Estimate
Faculty research abroad		
No. of fellowships	69	69
Average cost	$10,000	$10,000
Total cost	$690,000	$690,000
Doctoral dissertation research abroad		
No. of fellowships	119	119
Average cost	$9,931	$9,931
Total cost	$1,186,000	$1,186,000
Group projects abroad		
No. of projects	25	25
Average cost	$33,360	$33,360
Total cost	$834,000	$834,000
No. of participants	510	510
Average cost per participant	$1,636	$1,636
Foreign curriculum consultants		
No. of fellowships	20	20
Average cost	$13,000	$13,000
Total cost	$260,000	$260,000
Professional support services	$30,000	$30,000
Total projects and fellowships	233	233
Total costs	$3,000,000	$3,000,000

	1977 Estimate	1978 Estimate	Increase or Decrease
4. Institutional assistance: (c) University community services.....	$12,125,000 1/	$12,125,000	---
Positions.....	9	9	---

1/ Proposed supplemental. A temporary continuing resolution is in effect for the period ending March 31, 1977. The annual current rate for this program is $12,125,000 and obligations through the period preceding budget submission are expected to amount to $10,912,000.

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 1978 funds are requested to continue this program. All States are now participating in the State grant program supporting over 580 projects in Community service and continuing education. Funds are provided for 17 discretionary grants.

The proposed supplemental request for fiscal year 1977 maintains support for a program of State and discretionary grants. Action on the budget request was pending renewal of the authorizing legislation, which was accomplished by passage of the Education Amendments of 1976 (P.L. 94-482). The fiscal year 1977 request of $12,125,000 will provide support for 587 community service projects in 55 States and territories.

Program data follow :

	1977 Estimate	1978 Estimate
Community Services:		
State Grants		
States participating.....	55	55
Federal funds.....	$12,125,000	$12,125,000
Average State grant.....	$198,400	$198,400
Range of State grants.....	$26,000 to $790,000	$26,000 to $790,000
Discretionary Grants:		
No. of projects.....	17	17
Average grant.....	$71,323	$71,323
Range of grants.....	$50,000 to $400,000	$50,000 to $400,000
Federal funds.....	$1,212,500	$1,212,500

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	1977 Appropriation	1978 Estimate	Increase or Decrease
4. Institutional assistance:			
(d) Aid to land-grant colleges	$14,200,000	$14,200,000	---
(1) Annual appropriation	2,700,000	2,700,000	---
(2) Permanent appropriation	11,500,000	11,500,000	---
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

The fiscal year 1978 request will maintain support of land grant colleges at its traditional level. Over 70 institutions in 54 jurisdictions will directly benefit from this appropriation to support instruction in specialized areas.

The fiscal year 1977 appropriation of $14,200,000 will provide grants to seventy-two institutions of higher education in 54 jurisdictions. Grants will range from about $200,000 to about $500,000 per jurisdiction.

	1977 Estimate	1978 Estimate	Increase or Decrease
4. Institutional assistance:			
(e) State postsecondary education commissions...	$3,500,000 1/	$3,500,000	---
Positions.....	3	3	---

1/ Proposed supplemental. A temporary continuing resolution is in effect for the period ending March 31, 1977. The annual current rate for this program is $3,500,000 and obligations through the period preceding budget submission are expected to amount to $250,000.

Narrative

Program purpose

To encourage development of comprehensive statewide planning for postsecondary education and to support State administration of certain Federal programs, grants are awarded to State Commissions. In addition to comprehensive statewide planning, State Commissions may 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 1978 budget request will support planning grants to 55 participating jurisdictions each averaging $55,000 to continue comprehensive planning activities. State administration grants will also be supported.

The fiscal year 1977 budget request will maintain state-wide planning activities for 55 jurisdictions.

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	1977 Estimate	1978 Estimate	Increase or Decrease
4. Institutional assistance:			
(f) Veterans cost-of-instruction.	$23,750,000 1/	$23,750,000	---
Positions	8	8	---

1/ Proposed supplemental. A temporary continuing resolution is in effect for the period ending March 31, 1977. The annual current rate for this program is $23,750,000 but no obligations are anticipated through the period preceding budget submission.

Narrative

Program purpose

To encourage colleges and universities to serve the special educational needs of Vietnam-era veterans, with emphasis upon the educationally disadvantaged, grants to postsecondary institutions are authorized. 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.

Prioprietary 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 no more 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 levels of funds appropriated.

The institution uses funds, awarded on the basis of undergraduate veteran enrollment, to establish an Office of Veterans' 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, tutoring 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 one fiscal year will support services to veterans during the next academic year.

Budget policy

Funds are requested in fiscal year 1978 to maintain adequate services to Veterans who wish to pursue postsecondary education at over 1,200 institutions.

The fiscal year 1977 funds will provide services to almost a million Veterans at over 1,200 institutions of postsecondary education.

	1977 Estimate	1978 Estimate	Increase or Decrease
4. Institutional assistance: (g) Cooperative education..	$10,750,000 1/	$10,750,000	---
Positions.....	7	7	---

1/ Proposed supplemental. A temporary continuing resolution is in effect for the period ending March 31, 1977. The annual current rate for this program is $10,750,000 but no obligations are anticipated through the period preceding budget submission.

Narrative

Program purpose

To help institutions of postsecondary education plan, establish, expand, or carry out cooperative education programs, discretionary grants are awarded to institutions and programs developed in cooperation with business and industry. The programs provide alternating periods of academic study and 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 $175,000 to each institution. Salaries for students employed under the program may not be paid from this source. Grantees, including those supported on a continuing basis, must compete for awards annually. The program is forward funded; that is, the 1978 appropriation will support cooperative education programs during academic year 1978-79.

Budget policy

In fiscal year 1978, the request of $10,750,000 will support approximately 250 cooperative education programs with average grant awards of $43,000.

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 postsecondary institutions with established or planned cooperative education programs. These schools have some 165,000 students now employed by 15,000 companies.

Action on the budget request for fiscal year 1977 was deferred pending renewal of the authorizing legislation, which was accomplished by the Education Amendments of 1976 (P.L. 94-482). The $10,750,000 requested would support an estimated 268 cooperative education programs during academic year 1977-78 at an average award of $40,000.

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Program data follow :

	1977 Estimate	1978 Estimate
Federal funds:	$10,750,000	$10,750,000
No. awards	268	250
Average award	$40,000	$43,000

	1977 Estimate	1978 Estimate	Increase or Decrease
4. Institutional assistance:			
(h) Construction			
Interest subsidy grants.	---	$4,000,000	+$4,000,000
(Obligations).....	($25,000,000)	(27,643,000)	(+ 2,643,000)
Positions.....	10	10	---

Narrative

Program purpose

To reduce the cost of borrowing from non-Federal sources for the construction of needed academic facilities, a program of annual interest subsidy grants to institutions of higher education is authorized. An institution or State agency arranges a loan from private sources at a rate acceptable to the Commissioner, and the Federal government pays a subsidy in an annual amount which, over the term of the loan, reduces the interest cost paid by the institution to three percent. The Federal government is committed to paying the annual subsidy amount for the entire term of the loan, not to exceed forty years.

Budget policy

An appropriation of $4,000,000 is requested for fiscal year 1978. This amount together with unused and recovered funds carried over from prior years will provide the program with a total of $27,643,000 necessary for making continuation payments in fiscal year 1978, with respect to loans approved in prior years.

No funds were requested for fiscal year 1977 since amounts available from prior year appropriations are sufficient to meet anticipated requirements for continuation payments in that year.

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	1977 Estimate	1978 Estimate	Increase or Decrease
5. Personnel development			
(a) College teacher fellowships.....	$100,000	---	-$100,000

Narrative

Program purpose

To prepare persons for college teaching, a program of fellowships for graduates pursuing or intending to pursue the doctor of philosphy 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 1978. 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 has 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.

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	1977 Appropriation	1978 Estimate	Increase or Decrease
5. Personnel development: (b) Training for the disadvantaged.....	$750,000	---	-$750,000
Positions.....	---	---	---

Narrative

Program purpose

To support fellowships to persons of ability from disadvantaged backgrounds to undertake graduate or professional study for the legal profession, grants or contracts to public and private organizations are authorized. The Congress intended that this program fund the Council on Legal Education Opportunity (CLEO), established to bring about an increase in the number of lawyers from disadvantaged groups. The program is forward funded and a part of the money is spent over a period of two years.

Budget policy

Funds are not requested to continue support for this program. No funds are requested since there is increasing evidence that an over-supply of lawyers is developing. Rather than continue this narrow categorical aid program, Federal resources are directed to the student aid programs which allow students to seek the training of their choice.

The fiscal year 1977 appropriation is supporting 202 first year students and 170 second year students in academic year 1977-78, and 140 third year students in 1978-79, plus $218,000 for CLEO administrative costs.

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	1977 Estimate	1978 Estimate	Increase or Decrease
5. Personnel development			
(c) Public service fellowships..	$4,000,000 1/	$4,000,000	---
Positions.....	3	3	---

1/ Proposed supplemental. A temporary continuing resolution is in effect for the period ending March 31, 1977. The annual current rate for this program is $4,000,000 but no obligations are anticipated through the period preceding budget submission.

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

Funds are requested for fiscal year 1978 to maintain approximately 118 public service fellowships and institutional grants.

The fiscal year 1977 request will maintain support to over 350 fellowships and 50 institutional grants.

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	1977 Estimate	1978 Estimate	Increase or Decrease
5. Personnel development: (d) Mining fellowships.....	$3,000,000 1/	$3,000,000	---
Positions.....	3	3	---

1/ Proposed supplemental. A temporary continuing resolution is in effect for the period ending March 31, 1977. The annual current rate for this program is $3,000,000 but no obligations are anticipated through the period preceding budget submission.

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 fellowships annually. The program is forward funded; the prior year appropriation supports fellowships during the current year.

Budget policy

The fiscal year 1978 budget will maintain the previous year's level of mining fellowships which provide for 180 new two year awards and 180 continuing awards.

The budget request for 1977 will continue the 1976 level of support to 375 fellowships at an average $8,000 cost per fellowship.

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OFFICE OF EDUCATION

Higher Education

Program Purpose and Accomplishments

Activity: Basic educational opportunity grant program (Higher Education Act, Title IV, Part A, Subpart 1)

1977 Estimate	1978 Authorization	1978 Budget Estimate
$1,903,900,000 1/	Indefinite	$2,316,000,000

1/ Proposed supplemental. A temporary continuing resolution is in effect for the period ending March 31, 1977.

Purpose: To assist qualified students in financial need pursue their post-secondary education, this program authorizes 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.

Explanation: This entitlement program is forward funded. Under the Education Amendments of 1976 (P.L. 94-482) the maximum grant is raised to $1800 for fiscal year 1978. The program will provide a grant of $1800 less expected family contributions, but not to exceed one half of cost. The increase in the maximum grant will expand the eligible population and help offset the rising costs of post-secondary education. The law provides a reduction formula for less than full funding.

Accomplishments in 1977: Action on the budget request for fiscal year 1977 was delayed pending renewal of the authorizing legislation, which was accomplished by the Education amendments of 1976 (P.L. 94-482). During the academic year 1977-78 (fiscal year 1977) of the $1,903,900,000 requested, $211,700,000 will be used to repay the amount drawn down to meet the academic year 1976-77 program costs, $1,673,000,000 will provide grants ranging from $200 to $1400 to an estimated 1,975,000 students, and the remaining $19,200,000 will be used for administrative contractual expenses.

Objectives for 1978: It is estimated that the requested $2,316,000,000 will provide average grants of $910, ranging from $50 to $1600, to 2,522,000 students during academic year 1978-79 in all four years (and in special circumstances, five years) in addition to paying the $21,000,000 in contract administrative costs.

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OFFICE OF EDUCATION

Higher Education

Program Purpose and Accomplishments

Activity: Supplemental educational opportunity grants (Higher Education Act, Title IV, Part A, Subpart 2)

1977 Estimate	1978 Authorization	1978 Budget Estimate
$240,093,000 1/	$200,000,000 2/	$240,093,000

1/ Proposed supplemental. A temporary continuing resolution is in effect for the period ending March 31, 1977. The annual current rate for this program is $240,093,000 but no obligations are anticipated through the period preceding budget submission.

2/ For initial awards, plus such sums as necessary for continuations.

Purpose: To help make available the benefits of postsecondary education to qualified students of exceptional financial need, a program of supplemental educational opportunity grants is authorized 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 based on institutional demand.

Accomplishments in 1977: In fiscal year 1977 funds are requested to support 445,000 students; 203,000 continuation awards at $550 and 242,000 new awards at $500.

Objectives for 1978: The budget request maintains this student assistance option and will provide average grants of $525 to 445,000 students.

OFFICE OF EDUCATION

Higher Education

Program Purpose and Accomplishments

Activity: Work-study (Higher Education Act, Title IV, Part C)

1977 Estimate	1978 Authorization	1978 Budget Estimate
$390,000,000[1/]	$570,000,000	$390,000,000

1/ Proposed supplemental. A temporary continuing resolution is in effect for the period ending March 31, 1977. The annual current rate for this program is $390,000,000 but no obligations are anticipated through the period preceding budget submission.

Purpose: To assist financially needy postsecondary students in 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 work-study programs.

Explanation: This program is forward funded. A statutory formula based upon a State's higher education enrollment, number of high school graduates, and number of children in families with incomes of less than $3,000, 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.

Employment may be for the institution itself or at public or private nonprofit agencies under contract with the participating institution. Both full-time and half-time students attending eligible institutions are eligible.

Accomplishments in 1977: The President's budget request for this program is $390,000,000. The fiscal year 1978 funding requested will provide partial reimbursement of wages paid to some 850,000 part-time employed students in work-study programs on and off campus.

Objectives for 1978: The $390,000,000 requested for fiscal year 1978 will finance part-time employment for an estimated 850,000 students during academic year 1978-79.

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OFFICE OF EDUCATION

Higher Education

Program Purpose and Accomplishments

Activity: Direct loans (Higher Education Act, Title IV, Part E)

	1977 Estimate	1978 Authorization	1978 Budget Estimate
Fed. Capital cont.	---1/	$400,000,000	---
Loans to institutions	$ 800,000 1/	Indefinite	---
Tchr/mil. cancell.	11,920,000 2/	Indefinite	$15,160,000

1/ Proposed supplemental. A temporary continuing resolution is in effect for the period ending March 31, 1977. The annual current rate for Federal capital contributions is $321,000,000 but no obligations are anticipated through the period preceding budget submission. The annual current rate for Loans to institutions is $2,000,000 and obligations through the period preceding budget submission are expected to amount to $800,000.

2/ Appropriation enacted.

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, a program of contributions to student loan funds at eligible institutions is authorized. 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 which is forward funded and 10 percent Institutional contribution. Loans bear 3 percent interest, beginning 9 months after the student ceases attendance at an eligible institution. On loan cancellations, 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 1977: Although no funds are requested for new Federal capital contributions in 1977, about 505,000 students will receive direct loans for use in academic year 1977-78. Individual loans will average $500 per student and will be funded from the $252,427,000 available in 1977 from revolving fund loan collections.

Objectives for 1978: No new Federal capital contributions are requested for 1978. It is estimated that the net value of all Direct loan funds at institutions at the end of 1978 will be $3.5 billion. The net amount expected to be available from collections during fiscal year 1978 for use in academic year 1978-79 is $276,699,000 providing funds for an average student loan of $500 to 553,000 students. The Guaranteed student loan program will provide students additional access to student loans.

The increase of $3,240,000 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 institutions for cancellations granted on loans made after June 30, 1972.

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OFFICE OF EDUCATION

Higher Education

Program Purpose and Accomplishments

Activity: Incentive grant for State scholarships (Higher Education Act, Title IV, Part A, Subpart 3)

1977 Estimate	1978 Authorization	1978 Budget Estimate
$44,000,000 1/	$50,000,000 2/	$44,000,000

1/ Proposed supplemental.
2/ For initial awards, plus such sums as necessary for continuations.

Purpose: To encourage States to provide grants to undergraduate students with substantial financial need in attendance at postsecondary education institutions, a program of incentive matching grants to States is authorized.

Explanation: Based on their higher education enrollment, 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. Student awards up to the $1,500 maximum per year are reduced for half time 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 reallotted to other qualifying States. This program is forward funded.

Accomplishments in 1977: The requested amount of $44,000,000 would provide incentive grants to approximately 56 States and Territories having eligible matching scholarship or grant programs. Expansion of these State scholarship agencies, from 27 in fiscal year 1973 to 56 in fiscal year 1977, indicates the program's incentive value. States are granted flexibility to divide their allotments between initial and continuation awards according to their particular circumstances, although priority is given for continuation awards. The $44,000,000 fiscal year 1977 funding would provide scholarships or grant awards to approximately 176,000 needy students in academic year 1977-78. Of this amount, $36,950,000 would accommodate 147,800 continuation students, leaving the remaining $7,050,000 to support approximately 28,200 initial awards.

Objective for 1978: The $44 million requested for fiscal year 1978 will support grants to the 56 States and Territories to be used with matching State funds for approximately 111,840 continuation awards and 64,160 initial awards to needy students.

OFFICE OF EDUCATION

Higher Education

Program Purpose and Accomplishments

Activity: Special programs for the disadvantaged (Higher Education Act, Title IV, Part A, Subpart 4)

1977 Estimate	1978 Authorization	1978 Budget Estimate
$70,331,000 1/	$200,000,000	$70,331,000

1/ Proposed supplemental.

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 authorized. 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.

Explanation: These are discretionary grant programs. Using published criteria as a basis, selections are made 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, the 1978 appropriation will fund activities during 1978-79.

Accomplishments in 1977: It is estimated the 1977 funds requested would support approximately 858 Talent search, Upward bound, Special services for disadvantaged students and Educational opportunity center projects during academic year 1977-78 providing services to an estimated 355,000 disadvantaged recipients.

Objectives for 1978: In fiscal year 1978, the requested $70,331,000 will maintain this program at the 1977 level.

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OFFICE OF EDUCATION

Higher Education

Program Purpose and Accomplishments

Activity: Graduate/professional education opportunities

1977 Estimate	1978 Authorization	1978 Budget Estimate
---	To be requested	$4,000,000

Purpose: To encourage and assist students representative of identifiable groups to train for professions in which the group they represent is underrepresented, a program of grants to institutions and organizations is authorized.

Explanation: Professions which lack representation of target groups will be identified. Funds will focus on increasing the number of persons from groups underrepresented in the professions to assist them to undertake and complete graduate and professional education in order to provide a wider representation of groups in the professional work force.

Objectives for 1978: In fiscal year 1978 the Federal contribution under this program would be relatively small. Most financial support for individual students would come from existing sources. Individuals participating in this program could receive incentive stipends of up to $50 per month. Additional stipends could be paid if other financial assistance is not sufficient. Funds requested would support 10 to 12 consortia, aiding over a thousand students.

OFFICE OF EDUCATION

Higher Education

Program Purpose and Accomplishments

Activity: Strengthening developing institutions (Higher Education Act, Title III)

1977 Estimate	1978 Authorization	1978 Budget Estimate
$110,000,000 1/	$120,000,000	$120,000,000

1/ Proposed supplemental.

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 evidence of the institution's capability to serve the needs of low-income students. For the Basic program, grants are awarded for a one-year period. The Advanced institutional development program awards up to 5 year grants.

Accomplishments in 1977: The $52,000,000 available for the Basic program in 1977 is expected to fund 203 grants. The $58,000,000 provided for the Advanced program will permit funding approximately 26 institutions.

Objectives for 1978: To expand the FY 1977 level, $120,000,000 is requested, of which $52,000,000 would be for the Basic program and $68,000,000 would be for the Advanced program. The $52,000,000 requested for the Basic institutional development program will allow the funding of 204 grants averaging $254,900 each. The $68,000,000 requested for the Advanced program would provide grants to 26 institutions, at an average level of $2,600,000 to facilitate their institutional development over a 1 to 5 year period. The objective of the Advanced program is steady, incremental development over the grant period, with the aim of graduating these institutions from the program at a specified period.

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OFFICE OF EDUCATION

Higher Education

Program Purpose and Accomplishments

Activity: Language training and area studies centers
Centers, fellowships, and research: (National Defense Education Act, Title VI)

1977 Estimate	1978 Authorization	1978 Budget Estimate
$13,300,000[1/]	$75,000,000	$13,300,000

1/ Proposed supplemental. A temporary continuing resolution is in effect for the period ending March 31, 1977. The annual current rate for this program is $13,300,000 but obligations and the period preceding budget submission are not expected to exceed the amended request.

Purpose: To strengthen American postsecondary educational institutions' academic base for teaching and research in modern foreign languages, area studies and world affairs, a program of grants and contracts is authorized.

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. This program is forward funded and some awards exceed 12 months.

Accomplishments in 1977: Of the $16,300,000 requested in fiscal year 1977 for Language training and area studies, $3,000,000 was appropriated for Fulbright-Hays in the regular 1977 appropriation. The $13,300,000 will provide support for approximately 80 international studies centers; 45 graduate and undergraduate programs, 798 fellowships and 35 research projects.

Objectives for 1978: In fiscal year 1978 $7,150,000 will support 80 international centers, $1,285,000 will fund 45 exemplary projects, $3,990,000 will support 798 fellowships and 35 research projects will be funded by $875,000.

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OFFICE OF EDUCATION

Higher Education

Program Purpose and Accomplishments

Activity: Language training and area studies
Fulbright-Hays training grants (Mutual Educational and Cultural Exchange Act, Section 102(b) (6))

1977 Appropriation	1978 Authorization	1978 Budget Estimate
$3,000,000	Indefinite	$3,000,000

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, a program of grants and contracts is authorized.

Explanation: Discretionary, forward funded grants and contracts are made, with the advice of specialists in foreign languages and area studies. Selections, subject to review and final approval by the Board of Foreign Scholarships, are made to U.S. citizens who teach or plan to teach in American institutions and have language skills appropriate to the project. Awards generally cover 18 months or longer.

Accomplishments in 1977: In fiscal year 1977 the $3,000,000 appropriation will provide support for 233 research and training projects. This amount includes $690,000 for 69 faculty research fellowships; $1,186,000 for 119 doctoral dissertation research fellowships; $834,000 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 the increase in funds was used to provide additional support for faculty training and research with emphasis on advanced language training in Chinese, Japanese, and Indonesian.

Objectives for 1978: Support for 233 group training and research projects is planned for fiscal year 1978. 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.

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OFFICE OF EDUCATION

Higher Education

Program Purpose and Accomplishments

Activity: University community services (Higher Education Act, Title I-A)

1977 Estimate	1978 Authorization	1978 Budget Estimate
$12,125,000[1/]	$40,000,000	$12,125,000

1/ Proposed supplemental. A temporary continuing resolution is in effect for the period ending March 31, 1977. The annual current rate for this program is $12,125,000 and obligations through the period preceding budget submission are expected to amount to $10,912,000.

Purpose: To strengthen the community service programs of colleges and universities for the purpose of assisting in the solution of community problems and to provide for special demonstration and experimental projects, State formula grants and discretionary grants are authorized.

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 forward funded 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 up to 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 1977: In fiscal year 1977, some 587 community service projects will be funded through State agencies by the continuing resolution. About 400,000 adults will be served by more than 700 participating colleges and universities. Approximately 17 discretionary projects will be funded.

universities. Approximately 17 discretionary projects will be funded.

Objectives for 1978: Funds are requested for this program in fiscal year 1978 in order to maintain the previous level of support.

G1

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)

	1977 Appropriation	1978 Authorization	1978 Budget Estimate
	$2,700,000[1/]	$ 2,700,000[1/]	$2,700,000[1/]
	$11,500,000[2/]	$12,460,000[2/]	$11,500,000[2/]
Total	$14,200,000	$15,160,000	$14,200,000

1/ Permanent appropriation, Second Morrill Act
2/ Annual appropriation, Bankhead-Jones Act

Purpose: To support instruction in agriculture, the mechanical arts, the English language, and various branches of the sciences, a program of grants is provided by a Permanent and Annual authorization.

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 funding is then divided by a formula, based on population, which gives each of the above entities a variable grant.

Accomplishments in 1977: Fifty-four land-grant jurisdictions will share the $14,200,000 in grants from $201,031 to $500,171 to each jurisdiction. A total of 72 institutions are designated as land grant institutions.

Objectives for 1978: Funds are requested for this program to maintain federal support for land grant colleges at the 1977 level of funding.

02

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)

1977 Estimate	1978 Authorization	1978 Budget Estimate
$3,500,000 1/	Indefinite	$3,500,000

1/ Proposed supplemental. A temporary continuing resolution is in effect for the period ending March 31, 1977. The annual current rate for this program is $3,500,000 and obligations are anticipated through the period preceding budget submission to be $250,000.

Purpose: To encourage development of comprehensive statewide planning for postsecondary education and to support State administration of certain Federal programs, grants are authorized to State Commissions. In addition to comprehensive statewide planning, State commissions could be designated by the State to administer the Community services and continuing education programs, 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.

Accomplishment in 1977: The requested $3,500,000 will support planning grants averaging $55,000 to 55 jurisdictions and maintain state administration grants.

Objectives for 1978: Funds are requested for Statewide planning and State administration of Federal programs to continue the planning activities at the previous year's level and support State administration grants.

OFFICE OF EDUCATION

Higher Education

Program Purpose and Accomplishments

Activity: Veterans cost-of-instruction program (Higher Education Act, Title IV)

1977 Estimate	1978 Authorization	1978 Budget Estimate
$23,750,000 1/	Indefinite	$23,750,000

1/ Proposed supplemental. A temporary continuing resolution is in effect for the period ending March 31, 1977. The annual current rate for this program is $23,750,000 but no obligations are anticipated through the period preceding budget submissions.

Purpose: To encourage postsecondary institutions to recruit veterans and to provide special services for them, a program of grants is authorized.

Explanation: To qualify for assistance, each initial year applicant institution 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 no more 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.

Accomplishments in 1977: Funds are requested to support projects in over a thousand institutions.

Objective for 1978: Funds are requested for this program in fiscal year 1978. This request will maintain the 1977 level of funding.

C4

OFFICE OF EDUCATION

Higher Education

Program Purpose and Accomplishments

Activity: Cooperative education (Higher Education Act, Title VIII, Section 801(a))

1977 Estimate	1978 Authorization	1978 Budget Estimate
$10,750,000 1/	$20,000,000	$10,750,000

1/ Proposed supplemental. A temporary continuing resolution is in effect for the period ending March 31, 1977. The annual current rate for this program is $10,750,000 but no obligations are anticipated through the period preceding budget submission.

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, a program of grants is authorized.

Explanation: Assistance is limited to cooperative education programs that alternate periods of academic study and 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. The program is forward funded.

Accomplishments in 1977: In fiscal year 1977, some 268 cooperative education programs averaging $40,000 each will be funded.

Objectives for 1978: Support of 250 cooperative education programs averaging $43,000 is planned for fiscal year 1978. Support will be given to programs entering their second or third year and to new programs of exceptional promise which demonstrate superior institutional commitments.

OFFICE OF EDUCATION

Higher Education

Program Purpose and Accomplishments

Activity: Construction (Higher Education Act Title VII-C, Section 745)

1977 Estimate	1978 Authorization	1978 Budget Estimate
---	Indefinite	$4,000,000

Purpose: To help institutions of higher education utilize private capital for construction, a program of annual interest subsidy grants is authorized.

Explanation: Annual interest subsidy grants to institutions of higher education reduce the cost of borrowing from non-Federal sources for the construction of needed academic facilities. An institution or State agency arranges a loan from private sources at a rate acceptable to the Commissioner, and the Federal government pays a subsidy in an annual amount which, over the term of the loan, reduces the interest cost paid by the institution to three percent. The Federal government is committed to paying the annual subsidy amount for the entire term of the loan, not to exceed forty years.

Accomplishments in 1977: No funds are requested for this program in fiscal 1977. Unused and recovered funds carried over from prior years will make available $25,000,000 for continuation payments in relation to loans approved in prior years.

Objectives in 1978: An appropriation of $4,000,000 is being requested for fiscal year 1978. This amount together with unused and recovered funds carried over from prior years will provide the program with a total of $27,643,000 necessary for making continuation payments in FY 1978, with respect to loans approved in prior years.

OFFICE OF EDUCATION

HIGHER EDUCATION

Program Purpose and Accomplishments

Activity: College teacher fellowships (Higher Education Act of 1965, Title IX, Part B)

1977 Appropriation	1978 Authorization	1978 Budget Estimate
$100,000	Indefinite	---

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 1977: The appropriation of $100,000 in fiscal year 1977 will insure that all obligations under this program are met.

Objectives for 1978: No funds are requested since there are no eligible participants.

OFFICE OF EDUCATION

Higher Education

Program Purpose and Accomplishments

Activity: Training for the disadvantaged (Higher Education Act, Title IX, Part D)

1977 Appropriation	1978 Authorization	1978 Budget Estimate
$750,000	$1,000,000	---

Purpose: To help people from disadvantaged backgrounds undertake training for the legal profession, the Commissioner is authorized, by section 966 of the Higher Education Act to award grants or contracts to public and private organizations other than institutions of higher education. The Congress intended that this program fund the Council on Legal Education Opportunity (CLEO) established to bring about an increase in the number of lawyers from disadvantaged groups.

Explanation: This is a non-competitive project grant to CLEO, with no matching requirements. The program is forward funded and a part of the money is spent over a period of two years (multi-year grant).

Accomplishments in 1977: The fiscal year 1977 appropriation supports 202 first year students and 170 second year students in academic year 1977-78, and 160 third year students in 1978-79, plus $218,000 for CLEO administrative costs.

Objectives for 1978: Funds are not requested for this program in the fiscal year 1978 budget.

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OFFICE OF EDUCATION

Higher Education

Program and Purpose Accomplishments

Activity: Public service fellowships (Higher Education Act Title IX, Parts A and C)

1977 Estimate	1978 Authorization	1978 Budget Estimate
$4,000,000 1/	Indefinite	$4,000,000

1/ Proposed supplemental. A temporary continuing resolution is in effect for the period ending March 31, 1977. The annual current rate for this program is $4,000,000 but no obligations are anticipated through the period preceding budget submission.

Purpose: To expand and improve the training of persons for the public service, through graduate and professional fellowships, a program of grants is authorized.

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. The program is forward funded.

Accomplishments in 1977: An amount of $400,000,000 is requested for this program in fiscal year 1977. Approximately 118 awards will be supported. Of this total there will be 40 new awards, 40 non-competing continuations, 38 competing continuations.

Objectives in 1978: Funds are requested for this activity in 1978 to continue support for 350 fellowships and 50 institutional grants.

OFFICE OF EDUCATION

Higher Education

Program Purpose and Accomplishments

Activity: Mining fellowships (Higher Education Act Title IX, Part D)

1977 Estimate	1978 Authorization	1978 Budget Estimate
$3,000,000[1/]	Indefinite	$3,000,000[1/]

1/ Proposed supplemental. A temporary continuing resolution is in effect for the period ending March 31, 1977. The annual current rate for this program is $3,000,000 but no obligations are anticipated through the period preceding budget submission.

Purpose: 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, a program of grants is authorized.

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.

Accomplishment in 1977: Level funding is requested for this program in fiscal year 1977. Approximately 350 fellowships were supported.

Objectives in 1978: Federal funds are requested for this program in fiscal year 1978 to support 375 fellowships at an average $8,000 cost per fellowship.

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DEPARTMENT OF HEALTH, EDUCATION AND WELFARE

Office of Education

Higher Education

Student Assistance
Supplemental Educational Opportunity Grants

	1976 Appropriation[1/]	1977 Estimate[2/]	1978 Estimate[2/]
TOTAL	$240,093,000	$124,832,000	34,832,000
Alabama	3,546,644	1,842,277	1,842,277
Alaska	352,831	83,279	83,279
Arizona	2,832,805	1,530,360	1,530,360
Arkansas	1,235,159	711,977	711,977
California	26,834,626	15,455,338	15,455,338
Colorado	3,735,429	1,553,561	1,553,561
Connecticut	3,033,790	1,409,641	1,409,641
Delaware	585,579	297,141	297,141
Florida	5,698,208	3,289,090	3,289,090
Georgia	3,518,671	2,124,422	2,124,422
Hawaii	824,145	469,454	469,454
Idaho	711,395	381,639	381,639
Illinois	10,951,508	5,275,750	5,275,750
Indiana	5,291,454	2,302,331	2,302,331
Iowa	3,546,294	1,361,473	1,361,473
Kansas	2,559,818	1,286,228	1,286,228
Kentucky	2,545,460	1,450,080	1,450,080
Louisiana	3,021,510	1,691,994	1,691,994
Maine	4,482,812	452,605	452,605
Maryland	4,228,809	1,794,462	1,794,462
Massachusetts	10,045,284	3,960,238	3,960,238
Michigan	11,024,758	4,162,079	4,162,079
Minnesota	7,122,172	2,687,274	2,687,274
Mississippi	2,771,988	1,090,727	1,090,727
Missouri	4,256,669	2,312,767	2,312,767
Montana	743,074	355,903	355,903
Nebraska	1,514,083	790,904	790,904
Nevada	436,994	316,452	316,452
New Hampshire	1,913,378	434,026	434,026
New Jersey	4,904,629	2,745,720	2,745,720
New Mexico	2,214,007	554,915	554,915
New York	18,524,570	11,008,225	11,008,225
North Carolina	5,197,043	2,739,868	2,739,868
North Dakota	1,911,555	340,103	340,103
Ohio	9,345,938	4,379,146	4,379,146
Oklahoma	2,461,358	1,731,774	1,731,774
Oregon	4,948,590	1,404,350	1,404,350
Pennsylvania	9,944,428	4,965,930	4,965,930
Rhode Island	1,348,642	638,999	638,999
South Carolina	2,377,404	1,455,993	1,455,993

	1976 Appropriation 1/	1977 Estimate 2/	1978 Estimate 2/
TOTAL	$240,093,000	$124,832,000	$124,832,000
South Dakota	1,629,578	352,551	352,551
Tennessee	3,867,413	1,932,408	1,932,408
Texas	10,035,352	6,168,244	6,168,244
Utah	1,693,738	940,614	940,614
Vermont	2,641,394	306,455	306,455
Virginia	3,787,533	2,211,505	2,211,505
Washington	6,499,438	2,149,378	2,149,378
West Virginia	1,826,780	754,708	754,708
Wisconsin	9,490,204	2,473,718	2,473,718
Wyoming	406,723	166,656	166,656
District of Columbia	1,721,040	811,398	811,398

1/ This amount includes continuing and initial awards.
2/ This amount includes initial awards only.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

72A

Higher Education

Student Assistance
Work-study[1/]

	1976 Appropriation	1977 Estimate	1978 Estimate
TOTAL	$390,000,000	$390,000,000	$390,000,000
Alabama	7,722,107	7,715,347	7,715,347
Alaska	537,462	406,099	406,099
Arizona	3,889,254	3,702,802	3,702,802
Arkansas	3,967,807	4,010,715	4,010,715
California	34,933,004	33,787,348	33,787,348
Colorado	5,709,636	4,143,315	4,143,315
Connecticut	4,258,713	4,218,740	4,218,740
Delaware	974,703	910,026	910,026
Florida	11,005,861	11,117,503	11,117,503
Georgia	8,719,392	8,607,143	8,607,143
Hawaii	1,327,051	1,295,874	1,295,874
Idaho	1,456,087	1,237,450	1,237,450
Illinois	16,830,230	15,956,957	15,956,957
Indiana	7,632,199	7,291,844	7,291,844
Iowa	4,499,172	4,365,613	4,365,613
Kansas	3,797,225	3,608,935	3,608,935
Kentucky	6,603,606	6,473,532	6,473,532
Louisiana	8,781,005	8,686,206	8,686,206
Maine	4,844,774	1,541,935	1,541,935
Maryland	5,927,448	5,810,913	5,810,913
Massachusetts	19,193,506	9,463,983	9,463,983
Michigan	13.403,204	13,740,727	13,740,727
Minnesota	8,878,137	6,502,642	6,502,642
Mississippi	6,200,577	6,350,976	6,350,976
Missouri	7,439,451	7,587,141	7,587,141
Montana	2,390,623	1,283,151	1,283,151
Nebraska	2,487,659	2,456,869	2,456,869
Nevada	717,013	750,840	750,840
new hampshire	3,300,684	1,175,483	1,175,483
New Jersey	8,862,874	9,261,017	9,261,017
New Mexico	3,642,121	2,484,194	2,484,194
New York	28,518,520	28,878,467	28,878,467
North Carolina	9,704,148	9,947,934	9,947,934
North Dakota	2,098,723	1,170,960	1,170,960
Ohio	15,497,008	15,650,696	15,650,696
Oklahoma	4,787,842	5,100,378	5,100,378
Oregon	9,038,392	3,523,919	3,523,919
Pennsylvania	16,772,365	16,928,740	16,928,740
Rhode Island	2,118,368	1,574,099	1,574,099
South Carolina	5,846,099	5,947,459	5,947,459

	1976 Appropriation	1977 Estimate	1978 Estimate
TOTAL	$390,000,000	$390,000,000	$390,000,000
South Dakota	2,888,067	1,370,208	1,370,208
Tennessee	7,657,103	7,483,092	7,483,092
Texas	20,637,024	20,870,684	20,870,684
Utah	2,246,576	2,281,402	2,281,402
Vermont	3,608,528	796,132	796,132
Virginia	7,760,613	7,761,541	7,761,541
Washington	8,130,004	5,576,132	5,576,132
West Virginia	3,480,745	3,300,848	3,300,848
Wisconsin	8,182,183	7,095,491	7,095,491
Wyoming	755,407	542,314	542,314
District of Columbia	2,465,858	1,594,175	1,594,175
American Samoa			
Guam			
Puerto Rico			
Trust Territory			
Virgin Islands			

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.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

'73 A

Higher Education

Direct Student Loans

	1976 Appropriation	1977 Estimate	1978 Estimate
TOTAL	$321,000,000	---	---
Alabama	4,702,253	---	---
Alaska	368,054	---	---
Arizona	4,041,558	---	---
Arkansas	1,825,944	---	---
California	34,783,253	---	---
Colorado	6,561,420	---	---
Connecticut	3,915,452	---	---
Delaware	956,312	---	---
Florida	8,346,820	---	---
Georgia	5,595,390	---	---
Hawaii	1,295,201	---	---
Idaho	1,227,425	---	---
Illinois	14,557,303	---	---
Indiana	7,653,625	---	---
Iowa	5,139,284	---	---
Kansas	4,153,849	---	---
Kentucky	4,161,596	---	---
Louisiana	4,874,962	---	---
Maine	3,688,883	---	---
Maryland	4,767,223	---	---
Massachusetts	16,790,028	---	---
Michigan	12,932,029	---	---
Minnesota	6,868,376	---	---
Mississippi	3,320,706	---	---
Missouri	6,713,433	---	---
Montana	1,002,249	---	---
Nebraska	2,726,996	---	---
Nevada	708,337	---	---
New Hampshire	2,751,949	---	---
New Jersey	7,055,598	---	---
New Mexico	2,835,149	---	---
New York	25,922,751	---	---
North Carolina	7,443,543	---	---
North Dakota	1,666,407	---	---
Ohio	13,833,629	---	---
Oklahoma	4,505,264	---	---
Oregon	6,974,559	---	---
Pennsylvania	14,518,620	---	---
Rhode Island	1,894,862	---	---
South Carolina	3,393,641	---	---

73 B

	1976 Appropriation	1977 Estimate	1978 Estimate
Total	$321,000,000	---	---
South Dakota	1,877,449	---	---
Tennessee	5,474,817	---	---
Texas	12,967,082	---	---
Utah	1,649,304	---	---
Vermont	1,959,673	---	---
Virginia	5,643,417	---	---
Washington	7,083,360	---	---
West Virginia	2,715,017	---	---
Wisconsin	9,356,612	---	---
Wyoming	584,422	---	---
District of Columbia	2,222,821	---	---
American Samoa	---	---	---
Guam	---	---	---
Puerto Rico	2,970,801	---	---
Trust Territory	---	---	---
Virgin Islands	21,292	---	---

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DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

-74 A OFFICE OF EDUCATION

Higher Education

State Student Incentive Grants

	1976 Appropriation	1977 Estimate	1978 Estimate
TOTAL	$44,000,000	$44,000,000	$44,000,000
Alabama	663,796	654,422	654,422
Alaska	58,776	51,657	51,657
Arizona	642,553	661,916	661,916
Arkansas	236,929	256,099	256,099
California	6,887,231	7,054,239	7,054,239
Colorado	591,218	575,363	575,363
Connecticut	611,280	557,967	557,967
Delaware	149,989	117,428	117,428
Florida	1,307,521	1,308,760	1,308,760
Georgia	773,331	776,404	776,404
Hawaii	180,753	170,967	170,967
Idaho	145,592	141,905	141,905
Illinois	2,208,568	2,184,232	2,184,232
Indiana	941,034	838,299	838,299
Iowa	476,398	455,429	455,429
Kansas	481,058	475,359	475,359
Kentucky	521,900	522,448	522,448
Louisiana	617,865	595,213	595,213
Maine	159,086	160,051	160,051
Maryland	765,154	756,945	756,945
Massachusetts	1,514,561	1,490,031	1,490,031
Michigan	1,898,638	1,866,575	1,866,575
Minnesota	843,024	803,853	803,853
Mississippi	355,625	381,826	381,826
Missouri	832,891	860,038	860,038
Montana	127,434	120,630	120,630
Nebraska	311,759	289,113	289,113
Nevada	113,904	139,969	139,969
New Hampshire	149,917	152,382	152,382
New Jersey	1,175,682	1,130,970	1,130,970
New Mexico	226,127	205,820	205,820
New York	3,950,305	4,359,807	4,359,807
North Carolina	964,321	944,413	944,413
North Dakota	120,529	112,396	112,396
Ohio	1,721,446	1,657,771	1,657,771
Oklahoma	597,999	646,775	646,775
Oregon	580,136	543,001	543,001
Pennsylvania	1,919,945	1,825,363	1,825,363
Rhode Island	245,482	238,497	238,497
South Carolina	481,819	534,590	534,590

74 B

	1976 Appropriation	1977 Estimate	1978 Estimate
TOTAL	$44,000,000	$44,000,000	$44,000,000
South Dakota	117,764	118,991	118,991
Tennessee	726,544	701,648	701,648
Texas	2,308,470	2,331,916	2,331,916
Utah	334,770	322,965	322,965
Vermont	113,172	105,881	105,881
Virginia	897,176	902,302	902,302
Washington	869,664	858,117	858,117
West Virginia	300,926	291,593	291,593
Wisconsin	969,834	930,295	930,295
Wyoming	79,279	67,011	67,011
District of Columbia	344,864	324,622	324,622
American Samoa	3,332	2,498	2,498
Guam	14,234	13,777	13,777
Puerto Rico	360,094	399,334	399,334
Trust Territory	620	2,589	2,589
Virgin Islands	7,681	7,538	7,538

75A DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

Higher Education

University Community Services

	1976 Appropriation 1/	1977 Estimate 2/	1978 Estimate
TOTAL	$12,125,000	$12,125,000	$12,125,000
Alabama	195,222	195,222	195,222
Alaska	108,862	108,862	108,862
Arizona	155,667	155,667	155,667
Arkansas	154,647	154,647	154,647
California	654,576	654,576	654,576
Colorado	166,274	166,274	166,274
Connecticut	182,708	182,708	182,708
Delaware	115,387	115,387	115,387
Florida	307,979	307,979	307,979
Georgia	229,379	229,379	229,379
Hawaii	122,584	122,584	122,584
Idaho	120,838	120,838	120,838
Illinois	400,113	400,113	400,113
Indiana	242,430	242,430	242,430
Iowa	176,881	176,881	176,881
Kansas	160,796	160,796	160,796
Kentucky	189,368	189,368	189,368
Louisiana	200,593	200,593	200,593
Maine	127,901	127,901	127,901
Maryland	209,400	209,400	209,400
Massachusetts	255,722	255,722	255,722
Michigan	343,318	343,318	343,318
Minnesota	204,459	204,459	204,459
Mississippi	162,219	162,219	162,219
Missouri	228,037	228,037	228,037
Montana	119,603	119,603	119,603
Nebraska	141,166	141,166	141,166
Nevada	114,796	114,796	114,796
New Hampshire	121,322	121,322	121,322
New Jersey	296,701	296,701	296,701
New Mexico	129,512	129,512	129,512
New York	589,107	589,107	589,107
North Carolina	242,376	242,376	242,376
North Dakota	117,052	117,052	117,052
Ohio	388,485	388,484	388,484
Oklahoma	171,672	171,672	171,672
Oregon	159,588	159,588	159,588
Pennsylvania	418,534	418,534	418,534
Rhode Island	125,967	125,967	125,967
South Carolina	173,148	173,148	173,148

	1976 Appropriation 1/	1977 Estimate 2/	1978 Estimate
TOTAL	$12,125,000	$12,125,000	$12,125,000
South Dakota	118,314	118,314	118,314
Tennessee	209,964	209,964	209,964
Texas	417,621	417,621	417,621
Utah	130,881	130,881	130,881
Vermont	112,514	112,514	112,514
Virginia	230,078	230,078	230,078
Washington	192,234	192,234	192,234
West Virginia	148,024	148,024	148,024
Wisconsin	221,887	221,887	221,887
Wyoming	100,479	100,479	100,479
District of Columbia	119,710	119,710	119,710
American Samoa	25,729	25,729	25,729
Guam	27,282	27,282	27,282
Puerto Rico	97,827	97,827	97,827
Virgin Islands	26,677	26,677	26,677

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.

2/ Funded under the continuing resolution.

76 A

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Higher Education

Land-Grant Colleges and Universities

	1976 Appropriation 1/	1977 Appropriation 1/	1978 Estimate 1/
TOTAL	$12,200,000	$14,200,000	$14,200,000
Alabama	223,402	256,833	256,833
Alaska	202,053	204,986	204,986
Arizona	212,043	229,248	229,248
Arkansas	213,068	231,737	231,737
California	335,575	529,252	529,252
Colorado	214,998	236,423	236,423
Connecticut	220,603	250,036	250,036
Delaware	203,724	209,044	209,044
Florida	246,132	312,035	312,035
Georgia	231,185	275,734	275,734
Hawaii	205,231	212,705	212,705
Idaho	204,845	211,766	211,766
Illinois	275,516	383,395	383,395
Indiana	235,289	285,702	285,702
Iowa	219,195	246,617	246,617
Kansas	215,282	237,113	237,113
Kentucky	221,874	253,123	253,123
Louisiana	224,754	260,117	260,117
Maine	206,752	216,397	216,397
Maryland	226,651	264,725	264,725
Massachusetts	238,656	293,879	293,879
Michigan	260,304	346,450	346,450
Minnesota	225,854	262,789	262,789
Mississippi	215,063	236,582	236,582
Missouri	231,781	277,183	277,183
Montana	204,718	211,459	211,459
Nebraska	210,082	224,484	224,484
Nevada	203,321	208,065	208,065
New Hampshire	205,012	212,173	212,173
New Jersey	248,706	318,284	318,284
New Mexico	206,903	216,765	216,765
New York	323,600	500,171	500,171
North Carolina	234,531	283,861	283,861
North Dakota	204,197	210,194	210,194
Ohio	272,377	375,772	375,772
Oklahoma	217,389	242,231	242,231
Oregon	214,210	234,511	234,511
Pennsylvania	280,136	394,614	394,614
Rhode Island	206,453	215,672	215,672
South Carolina	217,602	242,747	242,747

	1976 Appropriation 1/	1977 Appropriation 1/	1978 Estimate 1/
TOTAL	$12,200,000	$14,200,000	$14,200,000
South Dakota	204,527	210,994	210,994
Tennessee	226,663	264,754	264,754
Texas	276,078	384,760	384,760
Utah	207,197	217,479	217,479
Vermont	203,022	207,339	207,339
Virginia	231,585	276,706	276,706
Washington	223,164	256,256	256,256
West Virginia	211,851	228,782	228,782
Wisconsin	230,018	272,902	272,902
Wyoming	202,259	205,485	205,485
District of Columbia	205,140	212,483	212,483
Guam	200,578	201,403	201,403
Puerto Rico	218,427	244,752	244,752
Virgin Islands	200,424	201,031	201,031

1/ Includes Bankhead-Jones annual appropriation and Second Morrill Act permanent appropriation.

STUDENT LOAN INSURANCE FUND

WITNESSES

EDWARD T. YORK, DEPUTY COMMISSIONER FOR MANAGEMENT
LEONARD H. O. SPEARMAN, ACTING DEPUTY COMMISSIONER FOR POSTSECONDARY EDUCATION
KENNETH A. KOHL, ASSOCIATE COMMISSIONER, OFFICE OF GUARANTEED STUDENT LOANS
EDWIN PARKER, DIRECTOR, DIVISION OF PROGRAM SYSTEMS, OFFICE OF GUARANTEED STUDENT LOANS
CORA P. BEEBE, DIRECTOR, DIVISION OF PLANNING AND BUDGETING
OSCAR P. SHIELDS, BUDGET ANALYST, DIVISION OF PLANNING AND BUDGETING
WILLIAM DINGELDEIN, DIRECTOR, DIVISION OF EDUCATION BUDGET ANALYSIS, OFFICE OF ASSISTANT SECRETARY FOR MANAGEMENT AND BUDGET

INTRODUCTION OF WITNESSES

Mr. PATTEN [presiding]. The committee will come to order.

This is the student loan insurance fund. We are glad to have you before the committee.

Mr. YORK. Mr. Chairman, I have a relatively short statement which I can summarize or read into the record.

Mr. PATTEN. You may as well read it.

Mr. YORK. I should start, Mr. Chairman, by inroducing these people at the table with me.

On your right and my far left is Mr. Edwin Parker, who is the Director of the Division of Program Systems for the guaranteed student loan program. Immediately on my left is Mr. Kenneth Kohl, Associate Commissioner for the Office of Guaranteed Student Loans. On my right is Oscar Shields, a budget analyst, responsible for the guaranteed student loan program. Then Dr. Leonard Spearman, who is the Acting Deputy Commissioner for Postsecondary Education and the Acting Deputy Commissioner for Student Financial Assistance.

Then there is Cora Beebe, Director, Division of Planning and Budgeting, and Bill Dingeldein, who is with the Office of the Secretary in the budget area.

Mr. PATTEN. Fine. You may proceed.

[The biographical sketch follows:]

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE OFFICE OF EDUCATION,
BIOGRAPHICAL SKETCH OF EDWARD T. YORK, JR.

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 Statement

Mr. York. Mr. Chairman and members of the committee, I appreciate this opportunity to appear before you to present our fiscal year 1978 budget request for the student loan insurance fund.

In past budget requests, program costs for the guaranteed student loan program were divided into two separate accounts. The higher education account provided appropriations for interest subsidies, special allowance, death and disability claims, and bankruptcy claims, whereas the student loan insurance fund account provided for costs associated with defaults. In order to present a complete picture of the guaranteed student loan program, this budget request proposes to combine these costs under the student loan insurance fund account.

The guaranteed student loan program was authorized under Title IV–B, Higher Education Act of 1965, as amended, to assist in removing financial barriers to postsecondary education by providing low-cost interest loans and loan insurance to student borrowers. The program enables students to borrow from commercial and other lenders to help pay for the cost of education and training. Loans are either guaranteed by State or private nonprofit agencies or insured by the Federal Government. The education amendments of 1976 liberalized the program to provide that any student whose adjusted family income is less than $25,000 is automatically eligible for a 7-percent Federal subsidy.

This program continues as an important element of the student financial aid package. I am pleased to report that in fiscal year 1978, this program will serve an estimated 877,000 students and that by the end of fiscal year 1978, over $11.6 billion in loan disbursements will have been made. Nearly $1.1 billion of these disbursements will have occurred in 1978 alone. Approximately $5.5 billion of total loans disbursed will be outstanding and held by nearly 11,500 lenders. Students receiving guaranteed loans are enrolled in approximately 8,000 universities, colleges, and vocational schools.

The total costs in fiscal year 1978 for this program are estimated at $536,825,000, compared to $494,819,000 in 1977. These costs will be met through the use of unexpended funds from prior years and receipts, supplemented by an additional appropriation of $255,724,000. The unexpended funds from prior years result primarily from an overestimate of loan volume and a reduction in the special allowance rate paid to lenders on outstanding students' loans.

The request includes $133,943,000 for defaults under student loan insurance. This amount, along with receipts of $27,704,000, will support total costs associated with defaults of $161,647,000. These costs will support a default percentage of 11.1 percent in fiscal year 1978.

The requested $121,781,000 for interest subsidies and related costs along with the 1977 unused appropriation of $253,397,000 will support obligations totaling $375,178,000. These obligations include $230,634,000 for interest payment, $103,089,000 for special allowance on outstanding loans, $4,390,000 for death and disability payments, and $4,270,000 for bankruptcy cases. The budget also includes $26,525,000 for advances to State agencies, $3,135,000 for administrative allowances to guarantee agencies, and $3,135,000 for supplemental administrative allowances to guarantee agencies as authorized by the Education Amendments of 1976.

In accordance with the Education Amendments of 1976, the $26,525,000 requested for advances to State agencies must be used to encourage States to establish adequate loan insurance programs. The $3,135,000 requested for administrative allowances to guarantee agencies, authorized at the rate of one-half of 1 percent on new loans insured each fiscal year, must be used to promote lender participation, preclaims assistance, and collection costs in the program. The supplemental administrative allowance, also authorized at the same rate, must be paid to guarantee agencies that adopt policies paralleled with the Federal program.

Although we believe that this request, totaling $536.8 million, will be sufficient for 1978, past experience and uncontrollable features of the program have proven that our estimates are not always accurate. Therefore, to eliminate the probability of having a shortfall for default payments, we are requesting authority to borrow up to $25 million.

This concludes my statement. I shall be pleased to answer any questions.

COMBINING PROGRAM COST

Mr. PATTEN. Thank you, Mr. York.

You are proposing appropriation language which would combine all of the program costs of the guaranteed student loan program under one appropriation.

Mr. YORK. Yes, sir.

Mr. PATTEN. It also appears you want borrowing authority?

Mr. YORK. Yes, sir.

Mr. PATTEN. Does the basic law authorize these changes?

Mr. YORK. Yes, sir. The Education Amendments of 1976 authorize us to ask for appropriation language for borrowing authority. Prior to those education amendments, we had indefinite borrowing authority under the previous act. We are authorized through legislation to ask for borrowing authority but it must be done in the appropriation language.

Mr. PATTEN. Is this going to make it harder or easier to find out where the Federal funds are being used in this program?

Mr. YORK. I don't think it will help anyone find out where the Federal funds are. It is to cover the possibility that our estimates might have been understated so if that were to be the case, we could borrow from the Treasury in order to make the required payments on defaults.

ACCOUNTING SYSTEM

Mr. PATTEN. The GAO report on the guaranteed student loan program concludes that:

> The accounting system for the guaranteed student loan program is unsatisfactory. It needs to provide for complete, accurate, and timely information useful to management, the Congress, and the public.

What is your response to this most recent negative finding about the program's financial operations?

Mr. YORK. At this particular point in time I would have to be in general agreement with that statement, Mr. Chairman. There are a significant number of activities that are currently underway which will

culminate over the next 6 months to a year, mostly in fiscal 1978, that will put the program in a position of satisfying most of the complaints that GAO has on our financial system.

DECLINE IN LOAN VOLUME

Mr. PATTEN. Your justifications note that between fiscal year 1975 and fiscal year 1976, disbursement volume in the guaranteed student loan program declined by 21 percent in the federally insured portion of the program, but increased by 5 percent in the guaranteed agency portion of the program.

You discussed some of the reasons for this. But where is this trend heading? Will this program someday consist solely of guaranteed agencies?

Mr. YORK. Not necessarily. In the Education Amendments of 1976 we have been asked to and encouraged to increase the number of State agencies. Should most of the Federal States avail themselves of these amendments, there will be a continuing decline in the federally insured portion.

We are asking in this request for $26,525,000 to be used as seed money to encourage the establishment of new State agencies. The Commissioner is required to report to the Congress later this year on efforts that have been taken to encourage the development of new State agencies.

We are developing a plan in order to visit with those States that do not now have State agencies to explain to them the benefits covered in the Education Amendments of 1976.

So I think that eventually it is possible that that could happen. I am not sure that every State will accommodate to creating a State agency. Clearly there are costs involved to the States in creating an agency, but I suspect we will see a continued increase in State agencies participation. The percentage of participation for State agencies will become a larger portion of the program and the Federal participation will become a smaller portion.

DISCUSSION OF THE LOAN MARKET

Mr. PATTEN. I don't know if you will recall, New Jersey was one of the first States to sign up because we had a program going. We foresaw the big increase in college attendance.

I was a bank attorney for many years. Since our bank was the only one at the outset that would take these loans, in the first year or so it handled about 400 applications. I had to educate the bank officials, cajole them and ask them to cooperate, so much so that they put an ad in the paper saying they cooperate. I told the president he could get some good publicity. Later on, banks in New York started to say that they cooperate.

Mr. YORK. The New Jersey State guarantee agency is one of the better State agencies in the country. As a side comment, Mr. Kohl, who I introduced earlier as the associate commissioner will be leaving us on May 1 or 2 and will be joining the State university system of New Jersey as the financial aid officer.

INTEREST RATES

Mr. PATTEN. May I say as an aside at this point, as I watch the market, I think we are in for a tougher year. I think interest rates are going to go up. I think the Federal Reserve makes it harder to get money at a time when a lot of people are in the market looking for money.

Our economic development agency of the State issued bonds in the summer down to 3.4 percent. We never saw anything like this in the last 10 years. That is just the true picture to get it over 4 percent. Of course, they are tax exempt. But it was beautiful. It was the most pleasant news we had in a long time. I think the honeymoon is over. I am afraid the months ahead are going to look more like some previous years.

Mr. YORK. Fortunately, we have some provisions in the educational amendments of 1976. In the past, in this program, interest that could be paid to lenders has been limited to the 7-percent subsidy plus a 3-percent special allowance.

Beginning in fiscal year 1978, there is a possibility of having the total go up to 12 percent; 7-percent subsidy plus a 5-percent maximum special allowance.

EFFECTS OF DECREASE LOAN VOLUME

Mr. PATTEN. With the steep drop in the federally-insured loan volume and the modest increase in the guarantee agency loan volume between fiscal year 1975 and fiscal year 1976, how do you expect to accommodate new borrowers who would be forced into the program by your proposed cut in the direct student loan program?

Mr. YORK. I think the effect of the cut in the direct student loan program in the current year would be very, very small. Since it is a revolving fund. I should probably refer this to Dr. Spearman, but I will answer it briefly and then refer to him.

There is approximately $250 million in new loans that are generated by that fund each year. The reduction of the $321 million Federal capital contribution will have little effect initially on the year-to-year volume of loans that are made in the direct student loan program.

I think it would take a long, long time before you would see the effect of not having more capital contributions.

Do you want to add something?

Dr. SPEARMAN. Yes: Mr. Patten, we have now moved to the point where we have about 340 institutions that have established revolving funds in the direct student loan program and no longer require Federal capital contributions.

Second, the basic grant program by expanding its eligibility will no doubt pick up an additional 250,000 to 300,000 students this year, making the demands for NDSL even less.

Three, the basic grant program is beginning to meet the almost total costs at the lower cost institutions to the point that the need for NDSL at those institutions is somewhat reduced. That has made it possible for us to turn more and more to the guaranteed student loan market as a source for picking up any difference that might be affected there.

Mr. KOHL. Mr. Chairman, if I might just add one thing. I think there is every reason for some concern regarding the drop in volume in the Federal portion of the program.

On the other hand, a great deal of it is attributed to a purification action by the Federal program to reduce volume in those cases where there has been abuse.

Mr. PATTEN. As I looked at it, it was almost a cut of 50 percent in direct loans.

Mr. YORK. I think that in the direct loan program there is some measure of misunderstanding in general about what those capital contributions do. The fact that this is a revolving fund and not putting additional capital contributions in this year won't have an immediate impact on the amount of loans made under this program.

PROGRAM ADMINISTRATION

Mr. PATTEN. I understand that. If I can believe your figures, and they seem to change every year, the program has experienced a dramatic decline in the default rates. You tell us that this is largely the result of better administration of the program and that you can now monitor the actual status of disbursed loans with more precision.

What steps were taken to bring this about?

Mr. YORK. To a large degree it has been a development of an adequate data base over the past 2½ years so that we knew what we had in terms of matured paper. We have not caused a significant reduction to take place in the default rate. In fact, what we are saying is that in previous years we had significantly overestimated the amount of the actual default percentage because we had significantly underestimated the amount of matured paper that was in the program.

As we have over the past 2½ to 3 years tried to do a better job of managing this program and learning where the program is, we have, not only in the Federal program but to a degree in the guaranteed agency programs, developed much better information about this matured paper and how much there actually is.

In dollar amounts defaults have shown a leveling without sharp increases and this amount is therefore a smaller percentage of another factor which is matured paper. So I would not claim that a significant reduction in the default rate has taken place. However, we think there has been a leveling of the rate as a result of strong management actions taken in the program. Default payments for the future are leveling and reflect for the most part the average increase in claim value resulting from loans made in more recent years, 1973 and later.

In future years I think it will be easier to determine the amount of any decrease in the default percentage resulting from good management actions being taken by the program.

COSTS TO BANKS

Mr. PATTEN. What do you think is the normal loss the bank has when it makes loans? They carry on a regular business of making loans.

Mr. YORK. I would imagine it is 2 to 3 percent.

Mr. PATTEN. What do you think?

Mr. KOHL. I think banks would take 2 to 3 percent and loan companies 6 percent.

Mr. PATTEN. How about an automobile dealer discounting paper?

Mr. KOHL. That would be in the 1- to 2-percent area.

DISCOUNT MARKET

Mr. PATTEN. Is there any discount market like there is for mortgages in assignments of these loans?

Mr. YORK. Yes. There is an organization called the Student Loan Marketing Association which was authorized by Congress and it is a quasi-Government corporation which provides a secondary market for guaranteed student loan paper.

As far as the discounting is concerned, that is available to commercial lenders who want to sell paper to SLMA. It is not available to schools who are lenders without specific approval of the Commissioner of Education.

DELAY IN BETTER MANAGEMENT

Mr. PATTEN. Why weren't these steps taken sooner so you could have avoided all the damaging publicity about the program's default and management problems?

Mr. YORK. I guess the only way I can respond to that would be that approximately 3 years ago when this program was transferred to me as Deputy Commissioner for Managament in the Office of Education, I attempted to bring a different viewpoint to the program. I attempted to recognize it for what I thought it was. I thought it was more of an insurance business and a collecting loan agency business rather than an education program per se.

In doing that, we brought to it the talents of people who were outside the education community and who had experience in the banking and lending community with collections and to develop advanced data management systems that were more comparable to what an insurance company and a lending agency would have.

I can't speak to why that wasn't done sooner, but we began at that point and we have most of those systems in place today.

Mr. PATTEN. That sounds simply wonderful. Mr. Early, from Massachusetts, has a reservoir of knowledge. I pride myself in this area, but Joe was in the State legislature. I will ask another question and then you come on.

Mr. EARLY. Yes, sir.

GROWTH OF PROGRAM

Dr. SPEARMAN. Mr. Patten, before you do, in part to answer that last question, I think that in all fairness the guaranteed student loan program grew like topsy also. When it was originally in the Bureau of Postsecondary Education, I don't think any of us, including the Congress, anticipated that that program would reach the volume and magnitude as it did. It was treated as a division and a branch within the Bureau of Student Assistance.

For a number of years we were not looking very carefully at the volume of loans and the interrelationships of collecting, et cetera, because we were caught in the spirit of the times in which we were trying to get money out there to increase access. By the time we looked up, the horse was out of the barn and you had a monster of a program out there.

INVESTMENT IN EDUCATION

Mr. PATTEN. I don't know. I like to think it is money invested in human capital.

Dr. SPEARMAN. I agree with you.

Mr. PATTEN. I love this program.

What do you think is the economic value of a college graduate?

Mr. YORK. It is considerable. By the way, I would like to associate myself with Dr. Spearman's remarks. He is right. There was not the understanding, I don't believe, in the Office of Education, of how quickly this program was growing and some of the problems that were inherent in it.

OPPORTUNITY TO ATTEND COLLEGE

Mr. PATTEN. If you were raised in Ireland, and you finished high school, do you know today there is 1 chance out of 10 of you going further. In France, the figure is low. In the United States, for anybody, the chances are seven or eight times greater to carry on your education than there is in Ireland or France.

Dr. SPEARMAN. It is slightly over 50 percent in our country.

Mr. PATTEN. I am going to break in here because I know bells will ring and our good friend, Mr. Early of Massachusetts, I know is interested in this subject.

INCREASE IN FAMILY INCOME

Mr. EARLY. Mr. York, on page 1 of your statement:

> The Education Amendments of 1976 liberalized the program to provide that any student whose adjusted family income is less than $25,000 is automatically eligible for 7-percent Federal subsidy.

Of the loans, how many of the gross amount of loans, how much has been made to families in excess of $25,000 a year?

Mr. YORK. In excess of $25,000, I don't think we can tell you at this point in time. Up until the education amendments, the ceiling or the maximum where interest subsidy was eligible was $15,000. The number made in excess of $15,000 was very, very small. Approximately 2.5 percent of the loans or less were to students that came from families with adjusted income of more than $15,000 and, therefore, did not qualify for the subsidy.

What having this number raised to $25,000 is going to bring to us we will only be able to tell through experience. We honestly don't know how many students were turned down.

Mr. EARLY. I am of the opinion that more are being turned down than approved. The language says, "Automatically eligible." I don't think the commercial lenders are giving it to the people we are trying to get at.

Mr. PATTEN. Mr. Parker, isn't that more your line? Can you help us on this?

Mr. PARKER. The figure is basically two-tenths of a percent above $25,000.

Mr. EARLY. Can you tell us how many under $25,000 cause the other 99 9/10 below? How many are rejected? Do you have any statistics on rejections?

Mr. PARKER. No, sir.

LENDERS' PARTICIPATION

Mr. EARLY. I know the commercial lenders are not giving these loans in Massachusetts to the people that that language is aimed at "automatically eligible." They are eligible but they are not being approved.

Mr. YORK. I think the automatic eligibility doesn't mean that they are necessarily eligible for the loan. It means if they can find a lender who will make the loan, the Federal Government will pay the interest while they are in school.

So the eligibility doesn't relate to whether they are eligible for the loan, but whether the Federal Government will pay the interest subsidy. We would hope that the fact that the Federal Government is committed to pay that interest while the kid is in school will encourage lenders to make more loans.

Mr. EARLY. Do you think it does? Do you think the lender is concerned about getting his 7-percent interest if he isn't going to get his principal?

Mr. YORK. The lender is guaranteed the principal by the Federal Government.

REASON FOR REJECTIONS

Mr. EARLY. Why are these commercial lenders rejecting the loan requests?

Mr. YORK. I think there are a number of reasons.

One of the reasons has been up until very recently, and I am not sure we have cured the problem entirely, the yield on these loans has not been attractive to commercial lenders. Because of the 7-percent subsidy and a maximum on the special allowance of 3 percent, a maximum possible interest the lenders could get of 10 percent on an unsecured loan was not attractive to a lot of lenders.

UNSECURED LOANS

Mr. EARLY. I look at an unsecured loan as not guaranteed. If this is guaranteed by the Federal Government, how is it unsecure?

Mr. YORK. If for some reason there were a problem with the loan and the Federal Government would not or could not honor the insurance, there is no asset backing that loan as an automobile loan which is secured by the vehicle itself or the mortgage.

DEFAULTS

Mr. EARLY. In the default, you suggest that $133 million is defaults over how many years?

Mr. YORK. The $133 million will cover defaults payments only for fiscal 1978.

Mr. EARLY. Of that $133 million, how many is defaulted of the lenders?

Mr. YORK. The full amount has been defaulted by a student borrower to a lender. The lender files a claim with us and we pay the lender.

COST OF SERVICING LOANS

Mr. EARLY. So the lenders have had no losses?

Mr. YORK. Not quite. There is some loss.

Mr. EARLY. How many?

Mr. YORK. It is a number of percentage points. It is the cost of servicing the loan and trying to collect the loan. The lender has certain responsibilities under this program to attempt to collect that loan. There are a number of things that he is required to do under the category of due diligence before he can file a claim with the Federal Government. So there is in fact a dollar loss.

Mr. EARLY. What is it?

Mr. YORK. It is a numbered percent. Do you have an idea of what the servicing costs are?

Mr. PARKER. The servicing costs or the loss?

Mr. YORK. The loss as a result of servicing costs on a defaulted loan.

Mr. PARKER. It would be under 2 percent.

Mr. KOHL. Mr. Early, there is a committee established by the Higher Education Amendments of 1976 to study exactly that. A contract has been let to a public accounting firm to look at lender costs and make further recommendations to the Congress for legislation so that the loans may become more accessible.

In your State, I know there have been hearings and discussions. You have a private agency in Massachusetts.

The lack of access, observed or actual, has resulted in a dual program operating there, the MIT's and the Harvard's have the Federal lender license because of the access problem you point out and they do their own lending. I am sure that in every State there can be greater access.

What we are trying to do is provide greater access is to find a way to reduce the costs of establishing a loan and increase the yield if necessary of the loan while it is outstanding as a result of the recommendations of this committee.

Mr. EARLY. I am getting the impression from your comments that the hesitancy on commercial lenders is the lack of the amount of the yield?

Mr. KOHL. That is part of it. That is tied in with the acquisition costs of the loan. I think that, Mr. Early, there are also some other concerns that we might not be able to deal with, such as if a lender does not wish to perform due diligence in the making of a loan and not create a good loan to begin with, I don't think we can support that type of a lender by paying his claims.

MAKING LOANS AVAILABLE

Mr. EARLY. I am just concerned that the intent of these guaranteed loans are not getting to the students that the program was set up for.

Mr. KOHL. We share your concern.

Mr. YORK. I think that is true, Mr. Early, but it is not a generality because there are geographic areas where the access to loans is being maintained at a pretty constant level.

Mr. EARLY. Will you supply for the record geographically where it is working to that effect? Maybe it will give an incentive to those people doing it right rather than approaching it from a negative light.

I have no further questions.

[The information follows:]

LOCATION OF LENDERS THAT ARE MAINTAINING A CONSTANT LOAN VOLUME

The following States are maintaining either the previous comparable level of loan disbursements or have indicated slight decreases. Therefore access to loans is not a problem if the lenders available portfolio can handle the demand.

The following tables reflect guaranteed student loan program—loan volume—cumulative since inception through September 1976 and July 1975.

GUARANTEED STUDENT LOAN PROGRAM—LOAN VOLUME CUMULATIVE SINCE INCEPTION THROUGH SEPTEMBER 1976

States	Federal		Guarantee agency		Total program	
	Number	Amount (thousands)	Number	Amount (thousands)	Number	Amount (thousands)
Alabama	93,477	$94,527	6,461	$4,075	99,938	$98,602
Alaska			1,553	1,725	1,553	1,725
Arizona	69,057	69,278	3,311	1,560	72,368	70,838
Arkansas	1,658	1,734	34,338	28,825	35,996	30,559
California	708,382	773,253	18,063	15,163	726,445	788,416
Colorado	153,565	206,515	2,714	2,046	156,279	208,561
Connecticut	25,261	32,301	243,532	271,952	268,793	304,253
Delaware	13	20	20,177	14,106	20,190	14,126
District of Columbia	12,190	18,668	13,012	26,614	25,202	45,282
Florida	155,997	201,176	6,874	5,278	162,871	206,454
Georgia	2,858	3,627	96,242	100,224	99,100	103,851
Hawaii	17,146	22,095	2,828	2,899	19,974	24,994
Idaho	26,120	28,154	1,342	779	27,462	28,933
Illinois	683,820	726,475	324,910	382,984	1,008,730	1,109,459
Indiana	203,898	238,764	6,016	5,179	209,914	243,943
Iowa	127,564	145,505	27,810	21,731	155,374	167,236
Kansas	77,358	86,153	4,675	3,268	82,033	89,421
Kentucky	62,097	68,651	10,076	7,064	72,173	75,715
Louisiana	10,962	15,392	87,027	56,828	97,989	72,220
Maine	1	1	63,407	55,008	63,408	55,009
Maryland	53,221	88,807	49,412	54,373	102,633	143,180
Massachusetts	32,998	46,548	232,285	273,465	265,283	320,013
Michigan	5,319	7,062	156,857	161,417	162,176	168,479
Minnesota	228,137	262,944	5,478	3,395	233,615	266,339
Mississippi	53,006	54,722	7,004	4,706	60,010	59,428
Missouri	68,388	84,385	28,470	21,259	96,858	105,644
Montana	39,043	40,652	1,409	881	40,452	41,533
Nebraska	63,866	73,545	2,211	1,509	66,077	75,054
Nevada	3	5	6,107	10,023	6,110	10,028
New Hampshire	2,489	3,213	26,267	25,631	28,756	28,844
New Jersey	35,077	36,062	372,717	461,872	407,794	497,934
New Mexico	53,202	54,457	5,524	2,937	58,726	57,394
New York	50,165	70,770	1,385,419	1,582,709	1,435,584	1,653,479
North Carolina	5,418	7,882	45,439	38,976	50,857	46,858
North Dakota	91,176	88,486	1,361	873	92,537	89,359
Ohio	14,715	16,813	181,005	219,188	195,720	236,001
Oklahoma	12,220	10,711	44,460	36,741	56,680	47,452
Oregon	3,645	5,160	80,370	99,031	84,015	104,191
Pennsylvania	12,755	16,524	595,406	882,848	608,161	899,372
Rhode Island	11,880	12,623	54,896	58,417	66,776	71,040
South Carolina	8,763	6,962	17,150	12,161	25,913	19,123
South Dakota	56,397	59,238	4,691	2,544	61,088	61,782
Tennessee	16,124	18,635	60,957	64,429	77,081	83,064
Texas	360,112	381,356	15,422	11,331	375,534	392,687
Utah	44,153	46,001	1,999	1,129	46,152	47,130
Vermont	12,611	13,101	33,713	17,022	46,324	30,123
Virginia	14,853	18,851	92,859	96,355	107,712	115,206
Washington	96,190	102,663	3,978	2,844	100,168	105,507
West Virginia	47,561	53,526	3,146	2,194	50,707	55,720
Wisconsin	15,261	16,970	196,178	162,462	211,439	179,432
Wyoming	7,053	8,617	1,400	1,273	8,453	9,890
American Samoa	224	330			224	330
Guam	122	149			122	149
Puerto Rico	55,239	57,520	6,711	2,935	61,950	60,455
Virgin Islands			699	1,183	699	1,183
U.S. Air Force			460,928	729,150	460,928	729,150
Total	4,002,810	4,497,579	5,156,296	6,054,571	9,159,106	10,552,150

GUARANTEED STUDENT LOAN PROGRAM—LOAN VOLUME CUMULATIVE SINCE INCEPTION THROUGH JULY 1975

States	Federal		Guarantee agency		Total program	
	Number	Amount (thousands)	Number	Amount (thousands)	Number	Amount (thousands)
Alabama	83,487	$81,691	6,443	$4,050	89,930	$85,741
Alaska			1,545	1,710	1,545	1,710
Arizona	58,411	56,439	3,311	1,560	61,722	57,999
Arkansas	1,560	1,625	29,824	23,311	31,384	24,936
California	640,156	676,636	18,061	15,159	658,217	691,795
Colorado	137,576	179,186	2,713	2,045	140,289	181,231
Connecticut	17,382	21,364	200,466	247,861	217,848	269,225
Delaware	12	18	16,169	9,975	16,181	9,993
District of Columbia	7,993	11,509	12,497	12,873	20,490	24,382
Florida	126,322	154,096	6,831	5,204	133,153	159,300
Georgia	2,739	3,476	84,149	82,332	86,888	85,808
Hawaii	14,613	17,972	2,745	2,775	17,358	20,747
Idaho	24,775	26,524	1,341	880	26,116	27,404
Illinois	633,206	648,702	283,321	321,476	916,527	970,178
Indiana	173,798	204,041	6,014	5,177	185,812	209,218
Iowa	109,888	120,859	27,810	21,714	137,698	142,573
Kansas	68,119	72,690	4,468	3,023	72,587	75,713
Kentucky	53,297	57,251	10,073	7,060	63,370	64,311
Louisiana	10,339	14,282	59,016	46,756	69,355	61,038
Maine	1	1	50,935	47,159	50,936	47,160
Maryland	47,727	77,700	41,341	43,304	89,068	121,004
Massachusetts	20,720	28,088	194,220	216,726	214,940	244,814
Michigan	3,845	4,902	131,334	129,526	135,179	134,428
Minnesota	192,501	209,331	5,473	3,387	197,974	212,718
Mississippi	47,936	47,884	6,987	4,678	54,923	52,562
Missouri	54,823	64,976	28,259	20,911	83,082	85,887
Montana	35,436	35,509	1,409	881	36,845	36,390
Nebraska	55,973	61,937	2,201	1,495	58,174	63,432
Nevada	3	5	4,128	7,455	4,131	7,460
New Hampshire	1,459	1,727	22,069	20,481	23,528	22,208
New Jersey	32,951	33,279	313,276	365,800	346,227	399,079
New Mexico	47,523	47,798	5,511	2,924	53,034	60,722
New York	43,224	59,010	1,100,612	1,291,197	1,231,842	1,750,207
North Carolina	3,741	5,160	38,496	30,120	42,237	35,280
North Dakota	82,564	77,837	1,361	873	83,925	78,710
Ohio	12,587	14,539	152,325	175,366	164,912	189,905
Oklahoma	9,870	8,382	38,996	31,365	48,866	39,747
Oregon	3,537	5,035	71,635	58,636	75,172	63,671
Pennsylvania	9,834	11,923	600,216	724,599	610,050	736,522
Rhode Island	7,296	7,248	47,426	49,071	54,722	56,319
South Carolina	6,244	4,395	17,149	12,155	23,393	16,550
South Dakota	48,122	48,139	4,664	2,507	52,786	50,646
Tennessee	15,008	17,193	53,437	53,024	68,445	70,217
Texas	307,244	324,556	15,399	11,298	322,643	335,854
Utah	42,743	43,725	1,998	1,129	44,741	44,854
Vermont	12,383	12,788	11,291	11,536	23,674	24,324
Virginia	14,316	18,012	77,328	74,488	91,644	92,500
Wasnington	87,243	90,765	3,978	2,844	91,221	93,609
West Virginia	42,627	46,301	3,123	2,157	45,750	48,458
Wisconsin	15,096	16,733	141,824	114,143	156,920	130,876
Wyoming	6,171	7,141	1,394	1,263	7,565	8,404
American Samoa	193	291			193	291
Guam	96	106			96	106
Puerto Rico	46,986	46,636	6,711	2,923	53,697	49,559
Virgin Islands			472	753	472	753
U.S. Air Force			448,748	384,237	448,748	394,237
National	3,527,696	3,827,415	4,533,839	4,603,775	8,061,535	8,431,190

Note: Figures may not add to totals due to rounding. Guarantee agency figures under review and subject to change.

Mr. PATTEN. Will you answer two other questions for the record. [The information follows:]

PLAN TO ENCOURAGE STATES PARTICIPATION

Mr. PATTEN. Under the provisions of the Education Amendments of 1976 the Commissioner of Education is required to develop and implement a plan to encourage more States to establish guaranteed student loan programs. What steps have been taken to comply with this requirement?

ANSWER. The Office of Education has met with the Executive Committee of the National Council of Higher Education Loan programs which represents the

guarantee agencies. Results of these meetings have established a common approach to be used by both parties in approaching States that desire to develop a State guarantee agency. A plan has been developed including a time table for execution to be forwarded on April 12, 1977, to the Speaker of the House of Representatives and the President of the Senate. A contract will be awarded in the fourth quarter of fiscal year 1977 to execute the plan with a projected completion date of January 1978. The Commissioner will make available to the Congress by June 30, 1977, preliminary results that have been accomplished under the plan. However, results of the plan's implementation will result from the contract which requires the joint coordination and cooperation of central and regional office staff of the guaranteed student loan program in conjunction with program managers selected from existing guarantee agencies. The contract will be monitored by the Office of Program Planning, Budgeting, and Evaluation in the U.S. Office of Education.

Mr. PATTEN. You requested $26,525,000 for the plan being developed and implemented by the Commissioner to expand State participation in the program. How would these funds be used?

ANSWER. These funds would be allocated to new guarantee agencies that have satisfied the requirements of the Education Amendments of 1976 to be used as seed money to develop liquidity for the new State agencies. As the statute indicates such funds are "advances for reserve funds" which are repayable to the Federal Government at a time mutually agreeable to both the program and the guarantee agency.

PENALTY FOR LATE PAYMENTS

Mr. PATTEN. The Education Amendments of 1976 impose a financial penalty on the Commissioner if he fails to pay properly submitted claims from lenders for interest subsidies and special allowances within 30 days of the receipt of such claims. We can't find this in your budget.

How much will you pay in penalties?

Mr. YORK. We don't expect to pay anything in penalties, Mr. Patten. We expect to be able to process the interest billings and the payments on those within the 30-day period.

Mr. PATTEN. Will you answer the next question for the record?

Mr. YORK. Yes, sir.

[The information follows:]

MAKING TIMELY PAYMENTS TO LENDERS

Mr. PATTEN. What is the average amount of time a lender must wait after submitting a claim for special allowances or interest subsidy payments?

ANSWER. The statute in the Education Amendments of 1976 requiring the payment of penalty interest on interest benefit and special allowance billings has been implemented as follows: All interest benefits and special allowance billings received for the quarter ending March 21, 1977, will be covered. The program intends to pay only a minimum of penalty interest, therefore, billings will be approved for payment within 30 days of their receipt. The program feels that procedures developed to comply with this statute will provide that billings submitted for the quarter ending June 30, 1977, will be for the most part free of any requirement for penalty interest.

COST OF PRIVATE COLLECTORS

Mr. PATTEN. You say you expect to contract for collection of defaulted guaranteed loans. What percentage of the collections are retained by the collectors?

Mr. YORK. I don't think we can answer that question yet. We are about to go on to the street with a request for proposals from collection organizations or people and organizations who have the ability to

perform to propose to us how they would do it and what the costs would be.

We have estimated that of the $12 million in collections, approximately $4.8 million of that would be retained by the collection agency. But that may or may not be an accurate amount. It is going to depend on the response we get to the request for proposals.

Mr. PATTEN. But your collections today ought to bring better results?

Mr. YORK. We certainly hope so.

Mr. PATTEN. How do you intend to monitor the activities of your contract collectors that you intend to hire?

Mr. YORK. Those will be monitored through the automated systems we have in place. It will be done on a regional office by regional office basis. That is now where our claims are all controlled, on a regional office by regional office basis. The computerized system will identify the claims that have been given to the contractor and will track them. We will certainly require regular reporting from the collector on the claims that they have in their hands and we will know which claims they have in their hands.

We must do that not only to monitor the status, but also as our stewardship of the Federal funds. The collection agency will have to return to us the full amount that they collect. Those are Federal funds at that point. Then from the Student Loan Insurance Fund we will pay them the commission on their collections.

COLLECTION PRACTICE

Mr. PATTEN. The act requires the collectors to use fair and reasonable means.

You have a duty to see that they are decent.

Mr. YORK. We are well aware of that. That is one of the things we will monitor very closely. We have had some problems within the program with some collectors who were Federal employees at one point in time. We have gotten rid of those people. In fact, some of them have been indicted for Federal crimes. We are very, very aware and very conscious that we must handle this very delicately and it must be done properly within the law and not using, as you might suggest, strong-arm tactics or other tactics which clearly are not reasonable. We are very aware of that.

Mr. PATTEN. Will you answer the next question for the record.

[The information follows:]

METHODS USED IN ASSIGNING DEFAULTS TO PRIVATE COLLECTORS

Mr. PATTEN. How will you decide which defaults will be serviced under contract, and which will remain the immediate responsibility of the regional offices?

ANSWER. The oldest defaulted accounts which include those that may be approaching the statute of limitations will be assigned to the contractor beginning in the fourth quarter of fiscal year 1977. It is the program's intention in fiscal year 1978 to provide to the contractor a minimum of 4,000 accounts monthly. All accounts will be protected in the Claims Data Management system developed by the program and all funds paid to the contractor as commissions will be made from the Student Loan Insurance Fund.

INSURANCE PREMIUMS

Mr. PATTEN. Are you currently collecting the maximum insurance premium on the maximum principal allowed?

Mr. YORK. Yes, sir. That is included in the receipts of the Student Loan Insurance Fund. I happen to have some numbers before me, the amount of actual insurance premiums incurred in the program since the beginning of the program amount to something slightly over $23,200,000. We have collected $22,800,000. We have about $421,000 in accrued receivables, so yes, sir, we are collecting it.

Mr. PATTEN. Did you every know under FHA the Federal Government gets one-half of 1 percent insurance? Did you ever know what the Federal Government has made on FHA insurance loans because there are practically no defaults?

Mr. YORK. We would love to be in a position where we had no defaults and we were making money on the insurance premiums, I assure you.

Mr. PATTEN. Look to that human capital, the investment and the end result.

Mr. YORK. I think it is important there. We worry about defaults and how many people are not paying their loans. We seem to ignore the fact that 86 percent, slightly in excess of 86 percent of the kids who take loans under this program pay them back and that is not bad.

Mr. PATTEN. Well, I meant the defaulters. It is just that people around me really make a little effort. In an isolated case you are really shocked with the attitude, so callous, so evasive. But I will have to tell you in many cases there is unemployment. There are other problems.

COLLECTIONS OF GUARANTEE AGENCIES

Guarantee agencies are now allowed to retain 30 percent of their collections on defaults to cover the cost of collections on defaults to cover the cost of collections and preclaims assistance. You state that no attempt has been made to cover this contingency, only actual experience with the agencies will determine a more realistic estimate.

What is the potential impact of that change?

Mr. YORK. If we look at the amount of collections that we are estimating for fiscal year 1978 and we took 30 percent of that, that is the potential impact.

Mr. PATTEN. It is certainly substantial.

Mr. YORK. We are not sure that in fact there will be a 30 percent withhold on each and every State agency and each and every loan. So there has to be some relation to the actual costs.

Mr. PATTEN. Will you answer this question for the record?

Mr. YORK. Certainly.

[The information follows:]

GROWTH OF THE NATION

Mr. PATTEN. Your justifications indicate that you anticipate very little growth in disbursements for interest subsidies. Does this take into account the anticipated impact of the recent extension of interest subsidy eligibility to students from famlies with adjusted income below $25,000?

ANSWER. Yes; the anticipated interest subsidy payments in fiscal year 1978 take into consideration the provision in the Education Amendments of 1976 increasing the eligibility level to borrow with adjusted family incomes of $25,000 and below.

Mr. PATTEN. The climate here is a lot better than it was 2 years ago. Of course, we had the ranking Republican and he was ready for cross-examination. He was loaded for bear. Maybe he is today, but he is not here. He is busy.

Mr. YORK. Well, Mr. Chairman, we think this program has come a long way in the last 2 or 3 years. We think there are significant improvements made in our ability to tell you where we are. We think that maybe it has something to do with the environment, at least we hope so.

Thank you very much, Mr. Chairman.

Mr. PATTEN. Thank you.

[The following questions were submitted by members of the subcommittee with the request that they be answered for the record:]

INCREASE IN DEFAULT RATE

Mr. MICHEL. The default rate for the guaranteed loan program has been climbing at a rather rapid and steady rate, from 6.8 percent in 1974 to 10.4 percent in 1977 and a projected 11.1 percent in 1978. What's the explanation for this?

ANSWER. The primary reason for the relatively slight increases in the default rate from 1974 to 1978 is the amount of loan dollars reaching repayment that were disbursed in the programs peak period 1971–73. It is these loans that are now subject to default. The program is progressively pursuing efforts to purify the lender population thereby decreasing the number of dollars at the lender level that are in a delinquent status and could become defaults.

PROPRIETARY SCHOOLS

Mr. MICHEL. Last year, you told us that proprietary schools produced 59 percent of all defaults under the Federal program. What is the rate this year?

ANSWER. Through the period ending June 30, 1976, proprietary schools account for 43.5 percent of all default dollars paid from the inception of the program. The figure previously given to the committee of 59 percent related to the number of defaulters rather than to dollars. Therefore, nearly 60 percent of all defaulters were from proprietary schools. However, since their average loan value are lower, their default dollars are significantly below the number of defaulters.

Mr. MICHEL. What percent do the proprietary schools comprise of total loan volume this year? Last year it was 37 percent.

ANSWER. For the period ending June 30, 1976, proprietary school borrowers represented 34.7 percent of the cumulative disbursed dollars in the Federal program.

HIGH DELINQUENCY RATES

Mr. MICHEL. In the supplemental hearings, you provided us with a list of 30 lenders with the highest delinquency rates. Two-thirds appear to be proprietary or trade schools. Are any of these institutions still making loans under the program?

ANSWER. Of the 30 institutions referred to, only 3 are active lenders in the program, 13 have never been lenders, 8 have been terminated which means that they are not authorized a credit limit by the program and 6 of the institutions have been temporarily suspended from either making loans, receiving claims payments and/or interest benefits and special allowance billings. This status can only be in effect 30 days and is not extended unless the lender does not provide a satisfactory resolution for his noncompliance with program regulations and policies.

Mr. MICHEL. How specifically are you dealing with these institutions and their high default rates?

ANSWER. The 30 schools and or lenders are currently under confidential review by the compliance staff in the guaranteed student loan program. Should the program find that these institutions have in any way violated their relationship with the guaranteed student loan program, action will be taken to initiate limitation, suspension, or termination procedures.

Rejected Claims

Mr. Michel. What is the current percentage of lender claims that are rejected because of lender negligence?

Answer. The program can reject the claims filed by a lender if it has determined that the degree of due diligence is not sufficient to warrant approval for payment. For the month of February 1977, of the 7,478 claims in the Federal program reviewed and processed in the regional offices, 638 were rejected. This is equivalent to 8.5 percent of those reviewed in that period. The claims are returned to the lender and may not be resubmitted by the lender.

Lenders Terminated or Suspended

Mr. Michel. How many lender schools have been limited, suspended, or terminated during the past year?

Answer. There are a total of 134 school lenders that have credit limits established on their participation in the Federal program. Our data management system now controls so that lenders can not exceed disbursements over the credit limits established for the period specified. In addition, as of March 31, 1977, the program has initiated limitation procedures on two educational institutions, suspension procedures on eight educational institutions and termination procedures on three educational institutions authorized under subpart G of the regulations.

Mr. Michel. How many banks have been limited, suspended, or terminated during the past year?

Answer. As of March 31, 1977, the program has initiated limitation procedures against 1 lender under subpart G of the regulations. However, a special lender performance council has been established and is working toward corrective measures on 156 regulated lenders.

Types of Lenders

Mr. Michel. How many lenders currently are schools, and how many are financial institutions?

Answer. Information submitted by lenders in their annual report of guaranteed student loans outstanding indicate that there are 61 vocational institutions and 127 academic institutions that have guaranteed student loans on their books. As of March 31, 1977, there are 91 academic institutions, 14 vocational institutions, and 29 direct State loan programs and insurance companies that are authorized to disburse loans.

Lenders Participation

Mr. Michel. What has the trend been during the past year as to the willingness of lending institutions to participate in the guaranteed loan program?

Answer. In the Federal program disbursements dropped by 21 percent in 1976 as compared to 1975. It is the program position that most of this drop is due to the administrative monitoring conducted on school lenders. The guarantee agency program volume increased by 5.2 percent in 1976 over 1975. Information available for the total program indicates that lenders will continue to maintain their portfolio level in the program for the most part, except for school lenders for which credit limits have been reduced.

Access to Loans

Mr. Michel. Are guaranteed loans now reasonably easy to obtain, providing a student meets certain basic income requirements, or is there still some difficulty?

Answer. Access to loans at the lender level is related to the number of dollars that a lender has available in the budget for guaranteed student loans. If a student meets the subsidy requirements of an adjusted family income of $25,000 or less and the lender is able to make the loan, access should be satisfied. The determination is at the discretion of the lender. We believe access to loans is not as great as it should be. Efforts are being made to increase lender yield (reducing costs, increasing special allowance) so that lenders will provide such capital.

Distribution of Borrowers by Income Level

Mr. Michel. Can you provide for us a table showing how guaranteed loans break down according to family income levels?

Answer. The following information shows the distribution of borrowers in the Federal program through June 30, 1976.

Adjusted family income	College and university	Junior college	Specialty and vocational	Total
$3,000 and below	20.7	28.4	29.0	22.8
$3,001 to $6,000	22.0	26.9	32.5	24.2
$6,001 to $8,000	14.9	14.7	15.7	15.0
$8,001 to $11,000	21.4	17.1	14.7	19.9
$11,001 to $13,000	10.5	7.1	4.8	9.3
$13,001 to $14,999	7.5	4.7	2.7	6.4
$15,000	3.0	1.3	.6	2.5

Effect of Increase in Family Income

Mr. Michel. How much is the increase in family income level to $25,000 within which a student is eligible for an interest subsidy likely to increase the cost of the program?

Answer. The increase in the adjusted family income level to $25,000 is not estimated to increase "the cost of the program." The 1978 budget includes dollars for interest benefits and special allowance to cover loans disbursed for this category. As the previous table shows 2.5 percent of the borrowers had adjusted family income of $15,000 or more. The program current estimate is that of all borrowers, not more than 2 percent will have adjusted family incomes between $15,000 and $25,000. Only actual experiences in 1978 will establish whether this assumption is correct.

Mr. Michel. Will it increase the numbers of those obtaining loans?

Answer. Our current estimate based on part experience is that there will be a compensatory effect in the mix of borrowers with adjusted family incomes of $25,000 and under. The program feels that lenders will continue to maintain their present level of dollars with only slight decreases. It will be the leaders determination as to which borrowers will be granted those funds.

Low-Income Defaulters

Mr. Michel. Previously we were told that the highest defaulters were lower income students. Is this still the case, and can you provide us with some figures?

Answer. Information available to the program indicates that an estimated 82.2 percent of the defaulted claims are associated with borrowers whose adjusted family income was $6,000 and below. When the defeaulters are categorized by those who attend vocational institutions an estimated 73 percent of all defaults filed by vocational institutions are for adjusted family income of $6,000 and below. The comparable figure for colleges and universities is 62.3 percent and junior college borrowers 68.4 percent.

Backlog

Mr. Michel. What is the current backlog in uncollected default claims? Last year we were told it was $97 million, but was expected to decline.

Answer. Our new data management system indicates that for the period ending June 30, 1976, there were $217.7 million of defaulted claims that had not been converted to payment. Claims converted to payment totaled $69.4 million for the same period. These represent more accurate information from the claims data management file.

Compliance Staff

Mr. Michel. What is the size of your compliance staff at present, and are they all on board?

Answer. The current authorizing compliance staff has 44 positions. Twenty-three of the positions are filled; 19 of the positions were authorized in the 1977 supplemental budget and are not yet available. The remaining 20 positions are currently under recruitment; however, they are subject to the President's restriction on filling vacant positions. There is a freeze and this is curtailing our compliance effort as well as our management goals.

STATES DEFAULT RATES VERSUS FEDERAL DEFAULT RATES

Mr. MICHEL. Why does the State guaranteed loan program have a lower default rate than the Federal?

ANSWER. The reason why the State agency program has a lower default rate than the Federal program is because they serve a different population and do not guarantee a significant number of loans for school lenders. The estimated default rate for 1978 is 9.1 percent as compared to 13.5 percent for the Federal program. The difference of 4.4 percent to a large extent is related to the nonschool lenders.

Attached is the comparative information of default obligation increases in the program (table VI–a).

TABLE VI–A—COMPARATIVE ANALYSIS OF DEFAULT OBLIGATION INCREASES

[In thousands of dollars]

	Fiscal year—				
	1974 actual	1975 actual	1976 actual	1977 estimate	1978 estimate
FEDERAL INSURANCE PROGRAM					
Cumulative disbursed matured paper (in repayment)	$1,734,000	$2,246,000	$2,641,000	$3,365,000	$3,779,000
Increase over prior fiscal year:					
Dollars		+512,000	+395,000	+724,000	+414,000
Percentage		29.5	17.6	27.4	12.3
Defaults:					
Cumulative payments	$142,376	$218,523	$320,197	$413,638	$509,746
Increase over prior fiscal year:					
Dollars		+76,147	+101,674	+93,441	+96,108
Percentage		53.5	46.5	29.2	23.2
Default percentage	8.2	9.7	12.1	12.3	13.5
Increase over prior fiscal year (percent)		1.5	2.4	.2	1.2
GUARANTEE AGENCY PROGRAM					
Cumulative disbursed matured paper (in repayment)	$2,248,000	$2,687,000	$3,359,000	$3,877,264	$4,417,364
Increase over prior fiscal year:					
Dollars		+439,000	+672,000	+518,264	+540,100
Percentage		19.5	25.0	15.4	13.9
Defaults:					
Cumulative payments	$126,436	$183,566	$275,453	$338,334	$403,313
Increase over prior fiscal year:					
Dollars		+57,130	+91,887	+62,881	+64,979
Percentage		45.2	50.1	22.8	19.2
Default percentage	5.6	6.8	8.2	8.7	9.1
Increase over prior fiscal year (percent)		1.2	1.4	.5	.4
TOTAL PROGRAM					
Cumulative disbursed matured paper (in repayment)	$3,982,000	$4,933,000	$6,000,000	$7,242,264	$8,196,364
Increase over prior fiscal year:					
Dollars		+951,000	+1,067,000	+1,242,264	+954,100
Percentage		23.9	21.6	20.7	13.2
Defaults:					
Cumulative payments	$268,812	$402,089	$595,650	$751,972	$913,059
Increase over prior fiscal year:					
Dollars		+133,277	+193,561	+156,322	+161,087
Percentage		49.6	48.1	26.2	21.4
Default percentage	6.8	8.2	9.9	10.4	11.1
Increase over prior fiscal year (percent)		1.4	1.7	.5	.7

DEFAULT AND WRITEOFF

Mr. MICHEL. I note that you currently show $6.1 billion in guaranteed loans in the "default and writeoff" category. Does this mean that the Federal Government will lose that much money, or if not, about how much of it will end up lost?

ANSWER. The $6.1 billion in the Federal and guarantee agency combined portfolio represents cumulative disbursements that have been repaid to lenders, defaults paid by the Government, and writeoffs initiated by the Government. Of the $6.1 billion, $913 million are estimated to be default and writeoff dollars by the end of 1978. Therefore $5.3 billion have been collected by lenders on the loans that have been in repayment in their portfolio since the inception of the program.

Mr. CONTE

LENDER PARTICIPATION

Mr. CONTE. The Education Amendments of 1976 provided that any student whose adjusted family income is less than $25,000 is eligible for a 7-percent Federal subsidy. But the reports I get indicate that lenders are increasingly unwilling to participate in this program. Why is this, and what can be done to increase lender participation in the program?

ANSWER. The 1978 budget includes disbursement estimates that will cover students whose adjusted family income is $25,000 or less. However, it is the lender's determination as to which student borrowers are granted loans. Information available to the program indicates that lenders for the most part are maintaining their support at the level of their current loan portfolios and that only a small number of lenders are decreasing this amount. Attrition statistics for 1976 indicate that for the Federal program, there were 104 new lenders and 552 dropouts; 67.4 percent of the dropouts were lenders with average disbursements volume of $10,000 and over 14.7 percent were lenders with average disbursements volume of $10,000 to $24,000. These statistics show that 82.1 percent of the dropouts are small lenders. The program assumes that the reasoning for dropouts of such lenders is related to administrative burdens encountered in participating in the program and shows the special allowance yield over and above the 7-percent subsidy does not meet the lenders' needs. The program feels that increased lender participation is highly related to the administrative burden placed on lenders and special allowance income paid to lenders. In addition, there is undoubtedly the factor of how many dollars the lender wants to provide from his overall budget for the guaranteed student loan program.

DEFAULT RATE

Mr. CONTE. You said that there was an 11.1-percent default rate expected in 1978. Why is the default rate so high? What is being done to bring that rate down?

ANSWER. The expected default rate in 1978 of 11.1 percent is less than had been originally estimated for the program. A significant portion of the factors used to calculate the default rate are related to the default activity of borrowers who attend specialized and vocational institutions. The default percentage for this category is 15.5 percent in the Federal program as opposed to 10.2 percent for the college and university borrowers. The program is doing the following to contain or reduce default rates: Application of new regulations to more adequately protect student borrowers; the periodic review and credit line control of school lenders, by the evaluation committee; through the Lender Performance Council the review of regulated lender's delinquent accounts that are 121 days or more past due; through the committee on institutional participation, the review of financial stability and administrative capabilities of new educational institutions

and those which have undergone changes in ownership; in addition, the committee will review nonpublic institutions in a similar manner that are now participating in the program.

Establishment of State Agencies

Mr. Conte. What special efforts are being made to encourage States to expand their lending programs or establish new State guarantee agencies? How much success did you have with this during the past year?

Answer. The Office of Education has met with the executive committee of the National Council of Higher Education loan program which represents the guarantee agencies. Results of these meetings have established a common approach to be used by both parties in approaching States that desire to develop a State guarantee agency. A plan has been developed including a time table for execution to be forwarded on April 12, 1977, to the Speaker of the House of Representatives and the President of the Senate. A contract will be awarded in the fourth quarter of fiscal year 1977 to execute the plan with a projected completion date of January 1978. The Commissioner will make available to the Congress by June 30, 1977, preliminary results that have been accomplished under the plan. However, results of the plan's implementation will result from the contract which requires the joint coordination and cooperation of central and regional office staff of the guaranteed student loan program in conjunction with program managers selected from existing guarantee agencies. The contract will be monitored by the Office of Program Planning, Budgeting, and Evaluation in the U.S. Office of Education.

Reduction of Backlog

Mr. Conte. What progress has been done to reduce the backlog of claims from lenders under the guaranteed loan program?

Answer. The program has developed an advanced claim data management system to process claims filed by Federal lenders. The control of all claims is in the hands of the regional offices and the average number of days from the receipt of a claim to the date the lender receives payment has been reduced to 45 days. This is a significant improvement over the time required in fiscal year 1975 which averaged 90 to 180 days.

Reasons for Increases in Default Percentage

Mr. Conte. Why does the default percentage continue to increase? How much of that can be attributed to general economic conditions?

Answer. The default percentage in the Federal program for 1974 was 8.2 percent and it is projected to be 13.5 percent in 1978. 1975 rate showed an increase of 1.5 percent over 1974 and the projected 1978 rate shows an increase of 1.2 percent over 1977. These increases are considered reasonable. At the present time default payments are shown to be leveling off over the period 1977 through 1978. Default payments currently made are for loans that were made in the program's peak, 1972 and 1973. The continuing increase in the default, even though, is undoubtedly related to loans made by school lenders during that period, some of which will continue to default, however, the program has been carrying on aggressive periodic review of school lenders and at the present time all school lenders have credit limits established by the program which curtails their ability to disburse dollars in any given fiscal year. These efforts have shown considerably results. School lenders for the period ending June 30, 1976, the figure was 9.1 million. This is an indication that the number of dollars which might represent future defaults has decreased significantly. See following tables for additional information.

FEDERAL INSURANCE PROGRAM—REGULATED LENDERS—TABLE IR—COMPARATIVE ANALYSIS OF DELINQUENT LOANS OUTSTANDING FOR FISCAL YEARS 1975 AND 1976 [1]

[Dollar amounts in thousands]

Size of loans outstanding	Fiscal year 1975		Fiscal year 1976 [2]		Percent change of dollar amount fiscal years 1975–76
	Number of guarantors	Amount	Number of guarantors	Amount	
In repayment:					
Under $25,000	1,497	$6,175	1,206	$5,842	−5.4
$25,000 to $49,999	889	13,372	746	12,361	−7.6
$50,000 to $99,999	1,053	32,311	866	27,652	−14.4
$100,000 to $199,999	872	53,123	815	53,374	+.5
$200,000 to $399,999	641	76,600	595	77,027	+.6
$400,000 to $999,999	393	98,011	361	97,739	−.3
$1,000,000 or more	176	286,133	181	318,733	+11.4
Total	5,521	565,725	4,770	592,728	4.8
Total past due:					
Under $25,000	1,497	727	1,206	865	+18.9
$25,000 to $49,999	889	1,420	746	1,330	−6.3
$50,000 to $99,999	1,053	3,684	866	3,177	−13.8
$100,000 to $199,999	872	5,927	815	5,995	+1.2
$200,000 to $399,999	641	8,704	595	9,157	+5.2
$400,000 to $999,999	393	13,776	361	12,104	−12.1
$1,000,000 or more	176	48,116	181	49,235	+2.3
Total	5,521	82,354	4,770	81,863	−.6
121-plus days past due:					
Under $25,000	86	206	102	304	+47.5
$25,000 to $49,999	92	374	106	449	+20.0
$50,000 to $99,999	158	1,022	191	1,187	+16.2
$100,000 to $199,999	171	1,961	208	2,265	+15.5
$200,000 to $399,999	162	2,765	158	3,316	+20.0
$400,000 to $999,999	98	4,630	119	4,689	+1.3
$1,000,000 or more	58	13,476	68	21,236	+57.6
Total	825	24,434	952	33,446	+36.9

	Fiscal year 1975		Fiscal year 1976 [2]		Percent change, fiscal years 1975–76
	Total	121-plus days	Total	121-plus days	121-plus days
Percent past due, Amount:					
Under $25,000	11.8	3.3	14.8	5.2	+1.9
$25,000 to $49,999	10.6	2.8	10.8	3.6	+.8
$50,000 to $99,999	11.4	3.2	11.5	4.3	+1.1
$100,000 to $199,999	11.2	3.7	11.2	4.2	+.5
$200,000 to $399,999	11.4	3.6	11.9	4.3	+.7
$400,000 to $999,999	14.1	+4.7	12.4	4.8	+.1
$1,000,000 or more	16.8	4.7	15.5	6.7	+2.0
Total	14.6	4.3	13.8	5.6	+1.3

"Lender's Report on Guaranteed Student Loans Outstanding—Call Report." Extracted from Call Rpeort Data Management System.

[2] Fiscal year 1976 data is under reported by approximately 800 Federal lenders. Therefore, dollar amounts will increase as a result of the followup currently underway. Total past due dollars for fiscal year 1976 are lower this fiscal year 1975 by —0-6 percent and it is highly likely that the estimated 800 late responding lenders will increase the total past due dollars for fiscal year 1976, however, only the actual entry of the data will verify this assumption.

FEDERAL INSURANCE PROGRAM—NONREGULATED LENDERS—TABLE INR—COMPARATIVE ANALYSIS OF DELINQUENT LOANS OUTSTANDING FOR FISCAL YEAR 1975 AND 1976[1]

[Dollar amount in thousands]

Size of loans outstanding	Fiscal year 1975		Fiscal year 1976[2]		Percent change of dollar amount, fiscal year 1975–76
	Number guarantors	Amount	Number guarantors	Amount	
In repayment:					
Under $25,000	42	$160	35	$202	+26.3
$25,000 to $49,000	24	344	21	329	−4.4
$50,000 to $99,999	30	844	29	758	−10.2
$100,000 to $199,999	28	1,245	17	960	−22.9
$200,000 to $399,999	24	1,900	25	1,852	−2.5
$400,000 to $999,999	29	5,662	25	5,218	−7.8
$1,000,000 or more	42	111,641	44	115,032	+3.0
Total	219	121,796	196	124,351	+2.1
Total past due:					
Under $25,000	42	87	35	111	+27.6
$25,000 to $49,999	24	126	21	123	−2.4
$50,000 to $99,999	30	328	29	276	−15.9
$100,000 to $199,999	28	370	17	275	−25.7
$200,000 to $399,999	24	549	25	525	−4.4
$400,000 to $999,999	29	1,804	25	1,077	−40.3
$1,000,000 or more	42	35,143	44	26,353	−25.0
Total	219	38,407	196	28,740	−25.2
121-plus days past due:					
Under $25,000	7	45	6	44	−2.2
$25,000 to $49,999	8	71	8	88	+23.9
$50,000 to $99,999	7	89	6	100	+12.4
$100,000 to $199,999	9	178	5	175	−1.7
$200,000 to $399,999	10	265	8	274	+3.4
$400,000 to $999,999	9	505	10	356	−29.5
$1,000,000 or more	19	21,433	18	8,071	−62.3
Total	69	22,586	61	9,108	−59.7

	Total	121-plus	Total	121-plus	Percent change fiscal year 1975–76 121-plus days
Percent past due, amount:					
Under $25,000	54.4	28.1	55.0	21.8	−6.3
$25,000 to $49,999	36.7	20.6	37.4	26.8	+6.2
$50,000 to $99,999	38.9	10.6	36.4	13.2	+2.6
$100,000 to $199,999	29.7	14.3	28.7	18.2	+3.9
$200,000 to $399,999	28.9	14.0	28.4	14.8	+.8
$400,000 to $999,999	31.9	8.9	20.6	6.8	−2.1
$1,000,000 or more	31.5	19.2	22.9	7.0	−12.2
Total	31.5	18.5	23.1	7.3	−24.2

[1] "Lender's Report on Guaranteed Student Loans Outstanding—Call Report." Extracted from Call Report Data Management System.

[2] Fiscal year 1976 data is under reported by approximately 800 Federal lenders .Therefore, dollar amounts will increase as a result of the followup currently underway. Total past due dollars for fiscal year 1976 are lower this fiscal year 1975 by −25.2 percent and it is highly likely that the estimated 800 late responding lenders will increase the total past due dollars for fiscal year 1976, however, only the actual entry of the data will verify this assumption.

Association of Defaulters With Institutions

Mr. Conte. Do guarantee loan defualts appear to be predominantly associated with students from particular types of educational institutions?

Answer. Yes; defaults can be associated with students from particular types of educational institutions. In terms of cumulative default dollars 43.5 percent are associated with specialized and vocational institutions whereas 46.1 percent are associated with colleges and universities, however, in terms of the number of defaults 59.2 percent are associated with specialized and vocational institutes and only 28.2 percent with colleges and universities. The differences in these percentages are related to the fact that while there are more defaulters with specialized and vocational backgrounds, the average value of their defaulted claim is significantly below that of college and university defaulters.

PILOT PROJECT

Mr. CONTE. Do you have any preliminary results available from your pilot test of disbursing loan amounts on a continuing basis rather than in lump-sum payments?

ANSWER. This concept for loan funds which will be escrowed in a bank account and regularly provided to students and schools usually when tuitions are due will be implemented as a pilot project in 1977. A contract for the pilot project should be awarded in the third quarter. Results based on experience of the actual implementation of the escrow system will not be available until 1978.

DEFERMENT/UNEMPLOYMENT

Mr. CONTE. I know that a lot of college students are unable to find jobs for a while after graduation. Is any effort made to extend or refinance loans under the guarantee program, rather than going immediately into default?

ANSWER. Yes; the Education Amendments of 1976 authorize a deferment related to unemployment. A borrower actively seeking but unable to find full-time employment is entitled, upon request, to a single deferment period not to exceed 12 months. This deferment applies to any outstanding loans when the period of unemployment exists on or after October 1, 1976.

STUDENT PARTICIPATION

How many students would you estimate will participate in the Federal guaranty and insured loan programs next year? What portion of those eligible would you guess participate? Could that be improved?

ANSWER. The 1978 budget estimates that $960,000 loan disbursements will be made of the methods an drationale used to calculate special allowance rates. The alent to $877,000 loans with an average loan of $1,245. The program has no firm statistics on the demand for loans as to those that are actually made. The number of loans made is at the discretion of the lenders and is no doubt highly related to the number of dollars available to the loan program in the lenders general budget. It is the program's position that lenders will for the most part maintain their current level of support with only slight decreases for a small number of lenders. Administrative burdens imposed on lenders and their attitude toward the special allowance earnings are no doubt related to their participation in the program. The Education Amendments of 1976 require that a study be made of the methods and rationale used to calculate special allowance rates. The results of that study could have a very definite effect on future lender participation.

COMBINING PROGRAM COSTS

Mr. CONTE. Is any additional legislation required to authorize the combination of budget requests for this program into one account?

ANSWER. The approval of the appropriation language in the budget request would provide the authorization necessary to combine the program costs under one account. However, the Office of Education would be required to maintain an accounting system that would identify cost for each element of the program.

JUSTIFICATION OF THE BUDGET ESTIMATES

Appropriation Estimate

Student Loan Insurance Fund

For necessary expenses under Title IV, Part B of the Higher Education Act, as amended, 1/ *$255,724,000, to remain available until expended: Provided, That the Commissioner is authorized to issue to the Secretary of the Treasury notes or other obligations, in an amount not to exceed a total of $25,000,000 without fiscal year limitations, to maintain the adequacy of the fund, but only with respect to payments authorized under section 431.* 2/

Explanation of Language Change

1/ New language is included to combine all program costs of the Guaranteed Student Loan program under one appropriation.

2/ New authority is included to allow the Commissioner to borrow a total of $25,000,000, if needed, to maintain the adequacy of the fund for student loan insurance. Although indefinite borrowing authority was previously available to the Commissioner, the Educational Amendments of 1976 require such authority to be authorized in advance by an appropriation act.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

Student Loan Insurance Fund

Amounts Available for Obligation

	1977 Revised	1978
Appropriation	---	$255,724,000
Proposed supplemental	$32,312,000	---
Borrowing authority	--	25,000,000
Comparative transfer from higher education	325,000,000	---
Budget authority	357,312,000	280,724,000
Receipts and uncollected income		
Insurance premiums	3,021,000	3,118,000
Accrued interest income	15,069,000	16,736,000
Loans repaid	12,649,000	24,586,000
Unobligated balance, start of year	131,565,000	296,557,000
Comparative transfer of unobligated balance from higher education	271,760,000	---
Unobligated balance end of year:		
Fund balance	-296,557,000	-59,896,000 1/
Borrowing authority	---	-25,000,000
Total, obligations	$494,819,000	$536,825,000

1/ Consists of accrued (uncollected) income

Summary of Changes

1977 Estimated obligations	$494,819,000
1978 Estimated obligations	536,825,000
Net change	+42,006,000

	1977 Base	Change from Base
Increases:		
A. Built-in:		
1. Increases in obligations resulting from increased default payments	$151,456,000	+$10,191,000
2. Increases in obligations for interest subsidies relating to:		
a. additional advances for reserve funds to State agencies	861,000	+25,664,000
b. continuation cost for interest subsidies	342,502,000	+6,151,000
Total net change		+42,006,000

Budget Authority by Activity

Page Ref.		1977 Revised	1978 Estimate	Increase or Decrease
172	Borrowing authority.....	---	$25,000,000	+$ 25,000,000
176	Federal insurance program defaults.....	$8,311,000	79,431,000	+71,120,000
181	Federal reinsurance program defaults.....	24,001,000	54,512,000	+30,511,000
185	Interest subsidies.....	325,000,000	121,781,000	-203,219,000
	Total budget authority.....	$357,312,000	$280,724,000	-$ 76,588,000

Obligations by Activity

Page Ref.		1977 Revised	1978 Estimate	Increase or Decrease
176	(a) Federal insurance program defaults.....	$95,987,000	$103,024,000	+$ 7,037,000
181	(b) Federal reinsurance program defaults.....	55,469,000	58,623,000	+3,154,000
185	(c) Interest subsidies.....	343,363,000	375,178,000	+31,815,000
	Total obligations.....	$494,819,000	$536,825,000	+$42,006,000

Obligations by Object

	1977 Revised	1978 Estimate	Increase or Decrease
Other sources.....	$386,000	$4,800,000	+$4,414,000
Investments and loans.....	151,740,000	169,693,000	+17,953,000
Grants, subsidies, contributions....	342,502,000	362,164,000	+19,662,000
Insurance claims and indemnities...	191,000	168,000	-23,000
Total obligations by object.....	$494,819,000	$536,825,000	+$42,006,000

Authorizing Legislation

	Amount Authorized	1978 Budget Estimate
Higher Education Act:		
Title IV-B, Guaranteed Student Loan Program:		
Appropriation	Indefinite	$255,724,000
Borrowing authority	Indefinite	25,000,000

Student Loan Insurance Fund

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1968	$40,000,000	$40,000,000	$40,000,000	$40,000,000
1969	74,900,000	74,900,000	74,900,000	74,900,000
1970	73,226,000	73,226,000	73,226,000	73,226,000
1971	161,200,000	161,200,000	161,200,000	161,200,000
1972	209,365,000	209,365,000	209,365,000	209,365,000
1973	291,640,000	291,640,000	291,640,000	291,640,000
1974	398,668,000	398,668,000	398,668,000	398,668,000
1975	580,000,000	580,000,000	580,000,000	580,000,000
1976	653,787,000	653,787,000	653,787,000	653,787,000
Transition Quarter	154,000,000	154,000,000	154,000,000	154,000,000
1977	400,000,000	325,000,000	325,000,000	325,000,000
1977 Proposed Supplemental	32,312,000			
1978	255,724,000			
1978 Borrowing authority	25,000,000			

Justification
Student Loan Insurance Fund

	1977 Revised	1978 Estimate	Increase or Decrease
1. Student loan insurance:			
A. Borrowing authority.....	$ ---	$ 25,000,000	+$ 25,000,000
B. Federal insurance program -			
defaults.....	8,311,000	79,431,000	+71,120,000
Obligations.....	(95,987,000)	(103,024,000)	(+7,037,000)
C. Federal reinsurance program -			
defaults.....	24,001,000	54,512,000	+30,511,000
Obligations.....	(55,469,000)	(58,623,000)	(+3,154,000)
2. Interest subsidies.....	325,000,000	121,781,000	-203,219,000
Obligations.....	(343,363,000)	(375,178,000)	(+31,815,000)
TOTAL			
Borrowing Authority.....	---	25,000,000	+25,000,000
Appropriation.....	357,312,000	255,724,000	-101,588,000
Obligations	(494,819,000)	(536,825,000)	(+42,006,000)
Positions.....	625	625	---

The major costs of administering the program exclusive of personnel costs are reflected under the Salaries and Expenses appropriation as follows:

	1977	1978
Automated Data Processing.....	$9,465,000	$10,500,000
Contracts.....	200,000	200,000
Printing.....	200,000	275,000
Total.....	$9,865,000	$10,975,000

Data on Students Aided	1977 Revised	1978 Estimate
Loans Disbursed (adjusted for cancellations)		
Current period (thousands):		
Number of loans.....	866	877
Volume.....	$1,048,000	$1,092,000
Average loan	$ 1,210	$ 1,245
Disbursements:		
Current period (thousands)		
Number of disbursements.....	949	960
Volume.....	$1,048,000	$1,092,000
Average disbursement.....	$ 1,104	$ 1,138

General Statement

To assist in removing financial barriers to postsecondary education, a Guaranteed Student Loan program was authorized under Title IV-B of the Higher Education Act of 1965, as amended, to provide low-cost interest loans and loan insurance to student borrowers. Funds for this program are requested under the Student Loan Insurance Fund appropriation to provide subsidies for 7% loans, up to 5% special allowances to make the yield to lenders on such loans comparable to other private sector loans, payments in event of bankruptcy, death or disability of student borrowers, and administrative allowances to State agencies that participate in the program. In addition, non-interest bearing advances are also made to State agencies' reserve funds to encourage States to expand their lending programs and/or to establish new State guarantee agencies. The costs of operating the program, including staffing and computer services, are requested under the Salaries and Expenses appropriation.

A combined appropriation of $255,724,000 in new budget authority is requested for the program of which $133,943,000 is for costs relating to defaults under loan insurance and $121,781,000 is for interest subsidies, special allowances, advances to States and related costs. An additional $25,000,000 in borrowing authority is requested, as authorized under the Act, in case of a shortfall in funds available for defaults under loan insurance.

This request represents efforts by the Office of Education to reflect total program costs of the Guaranteed Student Loan Program under one appropriation. Previously, appropriations relating to interest subsidies, special allowances, and related costs were requested under the Higher Education account, and appropriations for defaults were requested under the Student Loan Insurance Fund.

Detailed analysis of the program and budget requests are contained in the following sections for student loan insurance and interest subsidies.

Student Loan Insurance

	1977 Revised	1978 Estimate	Increase or Decrease
1. Borrowing Authority.....	$ ---	$ 25,000,000	+$25,000,000
2. Federal insurance program:			
Obligations.....	$ 95,987,000	$ 103,024,000	+$ 7,037,000
Available receipts.....	-11,692,000	- 23,593,000	-11,901,000
Prior year appropriation brought forward.....	-75,984,000	---	+75,984,000
Unused appropriation end of year.....	---	---	---
Subtotal, Appropriation.....	$ 8,311,000	$ 79,431,000	+$ 71,120,000
3. Federal reinsurance program:			
Obligations.....	$ 55,469,000	$ 58,623,000	+$3,154,000
Available receipts.....	- 3,978,000	- 4,111,000	- 133,000
Prior year appropriation brought forward.....	-27,490,000	---	+27,490,000
Unused appropriation end of year.....	---	---	---
Subtotal, Appropriation.....	$ 24,001,000	$ 54,512,000	$ 30,511,000
Total:			
Obligations.....	$ 151,456,000	$ 161,647,000	+$ 10,191,000
Available receipts.....	- 15,670,000	- 27,704,000	- 12,034,000
Prior year appropriation brought forward.....	$-103,474,000	---	+103,474,000
Unused appropriation end of year.....	---	---	---
Unused borrowing authority end of year.....	---	25,000,000	(+ 25,000,000)
Total Appropriation.....	$ 32,312,000	$133,943,000	+$101,631,000
Borrowing Authority.....	---	25,000,000	+ 25,000,000
Total Budget Authority	$ 32,312,000	$158,943,000	+$126,631,000

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 for insuring student loans under the Guaranteed Student Loan Program. This fund enables the Commissioner to pay defaults out of the 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.

An appropriation request of $133,943,000 is made to meet default claims payments for 1978. This amount will support a small increase in default obligations over the 1977 level. A detailed explanation of this is given in the section following for the Federal Insured Program and the Federal Reinsurance Program.

The following table reflects claims status and loss percentages for both programs.

CLAIMS STATUS

(DOLLARS IN THOUSANDS)

	FY 1976	FY 1977	FY 1978
FEDERAL INSURED STUDENT LOAN PROGRAM			
CUMULATIVE DISBURSED MATURED PAPER	2,641,000	3,365,000	3,779,000
CUMULATIVE DEFAULT	320,197	413,638	509,746
CUMULATIVE BANKRUPTCY	19,192	24,004	25,658
CUMULATIVE DEATH & DISABILITY	10,051	12,922	15,597
CUMULATIVE CLAIMS	349,440	450,564	551,001
DEFAULT PERCENTAGE	12.1	12.3	13.5
BANKRUPTCY PERCENTAGE	.7	.7	.7
DEATH & DISABILITY PERCENTAGE	.4	.4	.4
CLAIMS PERCENTAGE	13.2	13.4	14.6
GUARANTEE AGENCY PROGRAM:			
CUMULATIVE DISBURSED MATURED PAPER	3,359,000	3,877,264	4,417,364
CUMULATIVE DEFAULT	275,453	338,334	403,313
CUMULATIVE BANKRUPCY	11,522	14,335	17,242
CUMULATIVE DEATH & DISABILITY	12,032	13,870	15,769
CUMULATIVE CLAIMS	299,007	366,539	436,325
DEFAULT PERCENTAGE	8.2	8.7	9.1
BANKRUPCY PERCENTAGE	.3	.4	.4
DEATH & DISABILITY PERCENTAGE	.4	.4	.4
CLAIMS PERCENTAGE	8.9	9.5	9.9
TOTAL PROGRAM:			
CUMULATIVE DISBURSED MATURED PAPER	6,000,000	7,242,264	8,196,364
CUMULATIVE DEFAULT CLAIMS	595,650	751,972	913,059
CUMULATIVE BANKRUPTCY	30,714	38,339	42,900
CUMULATIVE DEATH & DISABILITY	22,083	26,792	31,366
CUMULATIVE CLAIMS	648,447	817,103	987,326
DEFAULT PERCENTAGES	9.9	10.4	11.1
BANKRUPTCY PERCENTAGE	.5	.5	.5
DEATH & DISABILITY PERCENTAGE	.4	.4	.4
CLAIMS PERCENTAGE	10.8	11.3	12.0

Federal Insurance Program

	1977 Revised	1978 Estimate	Increase or Decrease
Federal Insurance Program:			
Obligations	$95,987,000	$103,024,000	+7,037,000
Federal Default Collections	-7,704,000	-8,475,000	-771,000
Contract Default Collections	-967,000	-12,000,000	-11,033,000
Insurance Premiums	-3,021,000	-3,118,000	-97,000
Interest Collections	---	---	---
Prior Year Appriations Brought Forward	-75,984,000	---	+75,984,000
Unused Appropriations End of Year	---	---	---
Budget Authority	8,311,000	79,431,000	+71,120,000

Narrative

Program Purpose

A program of Federal loan insurance for students and lenders who do not have reasonable access to a State or private nonprofit guarantee agency is authorized under Title IV-B of the Higher Education Act of 1965 as amended. Upon default, death, or total and permanent disability of student borrowers, the Office of Education normally pays the lending institution 100 percent of the unpaid principal balance plus interest, whether or not the loan qualified for Federal interest benefits. Exceptions to this include defaulted loans made prior to March 1, 1973, and death & disability claims on loans made prior to December 15, 1968 (unpaid principal only insured). 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 $4,668,000,000 in disbursed loans will have been insured under the Federal program--approximately 45 percent of all loans insured under the Guaranteed Student Loan Program. However, the Education Amendments of 1976 require the Commissioner to develop a plan which will encourage the establishment of agencies in all states and it is likely that, as a result of these efforts, additional guarantee agencies will be established in states in which the Federal program is now operating.

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 without charge with a voluntary pre-claim assistance service, primarily to assist the lender

in locating the borrower so that loans remain in good standing without costs of filing a claim. It has been determined that this service during delinquency often convinces a student borrower to return his loan to repayment status. Lenders' acceptance of this service is partial evidence of lenders' due diligence in having attempted collections should a delinquency be subject to a default claim. Many potential delinquent accounts and/or defaults are thereby prevented, minimizing losses to the Federal Government and at the same time protecting the credit rating of the borrower.

Budget policy

An appropriation of $79,431,000 for 1978 is requested since the available receipts of $23,593,000 will not be sufficient to support estimated default claims obligations totaling $103,024,000. This represents a 7.3 percent increase over the estimated 1977 claims obligations of $95,987,000. A discussion of the estimate follows:

-- The increase in obligations for 1977 continues to represent a stabilization in actual default obligations in the program. The 1978 obligations include $4,800,000 for commissions on collections to handle payments for contract default collections authorized in the Education Amendments of 1976. Taking this into consideration, actual default obligations are thus shown to be relatively stable for the period from 1976 through 1978. Estimated default obligations for 1978 are $96,108,000. For 1977 estimated obligations are $93,441,000 and actual obligations for 1976 were $98,853,000. Fiscal year 1977 is below 1976 by 5.8 percent and 1978 shows a slight increase over 1977 of 2.9 percent.

-- The gross default percentage for 1978 (See previous Table) is estimated at 13.5 percent, an increase of 1.2 percent over the 12.3 percent estimated for 1977. The 1977 default percentage is 0.2 percent above the 1976 default percentage of 12.1 percent. The slight increase in 1978 is attributable to the 2.9 percent increase in default obligations. Fiscal Year 1978 shows an increase of 12.3 percent in cumulative disbursed matured loans which automatically increases the possibility of defaulted claims for such loans. The 1977 default percentage has been adjusted downward by 4.7 percent resulting from the program's ability to determine a more accurate estimate of matured disbursed loans at the lender level through the lender's annual report on guaranteed loans outstanding in 1975 and 1976.

Several factors in program operations have and will continue to have an impact on reducing default claims obligations, and therefore, result in containing and/or reducing the default claims percentage. A discussion of these factors follows:

-- More effective application of new regulations designed to more adequately protect student borrowers and therefore clarify the Federal insurance commitment.

-- The reduction of defaults by periodic assessment of school lenders using existing administrative procedures which take into consideration three factors: default rates, delinquency rates, and the lender's financial condition. Therefore school lenders are at present on a disbursement limit authorized by the program. The number of school lenders authorized is 102, down 29 from 131 as of the beginning of 1976.

-- Impact of the program compliance staff activities. It is estimated that $20,000,000 have been either recovered or potential losses curtailed as a result of this function initiated in 1976. The estimated recovery and/or potential prevention is $50,000,000 for 1977. The primary focus has been to uncover and prevent inappropriate transactions having to do with loans disbursed at the school level which involved unpaid refunds, excessive interest benefits, and criminal or civil violations made by schools in the preparation of loans that are subsequently approved by lenders.

-- Availability to lenders without charge, of a voluntary pre-claim assistance service which further reduces the filing of claims and therefore is a factor in the stabilization of default obligations. This service is primarily to assist the lender in locating the borrower so that the loan can remain in repayment status.

-- Control of claims filed by lenders at the regional office level through a computerized data management system. The system's goals are to provide claim examiners with full professional time to determine that claims have been filed satisfactorily and that required due diligence has been demonstrated by the lender and therefore approval for payment can be authorized. Attributes of the system are: duplicate claims elimination, automatic calculation of interest and validation of principal (disbursement history), validation that the disbursements did not exceed the insurance commitment, elimination of all paper flow between the regional and central offices, automatic control over cancellation of claims, computer reporting to regional offices and corresponding lenders verifying payment of each claim, and the concurrent approval for payment and obligation of funds thereby preventing subsequent adjustments in the Office of Education's, Financial Management System. The initial effect of this system has been to reduce average claims processing time nationwide from approximately 180 days to an average 45 days from initial entry on the computer system through mailing of checks to lenders.

-- Implementation of a pilot test in 1977 of a new approach for disbursing monies to students. Rather than lump summing the disbursements, loan amounts will be escrowed in a bank account and regularly provided students at schools, usually as tuitions are due. This approach holds promise of minimizing the indebtedness of students who drop out early from school. Consequently, this would have a positive effect on the reduction of principal paid to lenders should a default result.

Claims percentages are calculated by dividing the cumulative defaulted claims category by cumulative matured loans. This is the best estimate of the actual losses to the program prior to the program's collection efforts which attempt recovery on all default claims.

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 the fiscal year 1978 estimate.

Receipts and uncollected income:

	1977 Revised	1978 Estimate	Increase or Decrease
Loans repaid (collections on defaulted loans)	$8,671,000	$20,475,000	+$ 11,804,000
Insurance premiums	3,021,000	3,118,000	+97,000
Interest income on defaulted loans	9,664,000	10,084,000	+420,000
Uncollected income, start of year	17,463,000	27,127,000	+9,664,000
Uncollected income, end of year	-27,127,000	-37,211,000	-10,084,000
Available receipts	11,692,000	23,593,000	+11,901,000

-- Collections on defaulted loans

In 1978 collections on default loans will come from two different sources. The regional offices collection effort is expected to recover $8,475,000, an increase of 10 percent over the 1977 figure of $7,704,000. The 1977 figure represents a 4 percent increase over 1976. This establishes that the regional collection effort is consistently improving. The second source of collections on defaulted loans is from the contract for default collections which is estimated to provide $12,000,000 in receipts, in 1978, a significant increase over the $967,000 estimated for 1977. Contract default collections were authorized in the Education Amendments of 1976 and the contract should be approved in 1977. The estimated receipts from the contract effort are considered conservative and the program expects them to be higher by the end of 1979.

-- Insurance premiums

Insurance Premium receipts are projected at $3,118,000 for 1978, 3.2 percent higher than for 1977. 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 extend for up to five years, and the average insurance premium is estimated at $7.80. Thus the $7.80 premium is applied to 400,000 disbursements.

-- Interest income

An increase of $420,000 is estimated for interest income for a total of $10,084,000 compared to $9,664,000 in 1977. 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 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.

	1977 Estimate	1978 Estimate	Increase or Decrease
Defaults paid but uncollected by the Office of Education start of fiscal year.....	($290,000,000)	($360,000,000)	(+$70,000,000)
Gross interest charged borrowers on defaults.....	$ 21,475,000	$ 25,000,000	+ 3,525,000
Estimated portion to be written off as uncollectable.....	-11,811,000	-14,916,000	- 3,105,000
Net interest income to be collected in future years....	$ 9,664,000	$ 10,084,000	+$ 420,000

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 bookeeping 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 $ 9,664,000 at start of year (from $17,463,000 to $27,127,000) and $10,084,000 at end of year (from $27,127,000 to $37,211,000) result primarily from increases in uncollected interest income from fiscal years 1977 to 1978. These increases result primarily from the increase in defaulted loans from which the Office of Education received interest income.

Federal Reinsurance Program

	1977 Revised	1978 Estimate	Increase or Decrease
Federal reinsurance program:			
Obligations	$55,469,000	$58,623,000	$3,154,000
Reinsurance default collections	-3,978,000	-4,111,000	-133,000
Prior year appropriations brought forward	-27,490,000	---	27,490,000
Unused appropriations end of year	---	---	
Budget Authority	$24,001,000	$54,512,000	+30,511,000

Narrative

Program purpose

The Office of Education is authorized 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. The Education Amendments of 1976 (P.L. 94-482) amended this provision by adding 80 percent of the unpaid interest to payments made to their agencies. 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.

The Education Amendments of 1976 also authorize guarantee agencies to enter into Supplemental Guaranty Agreements with the Commissioner if their programs meet specified statutory criteria. Under these agreements, a guarantee agency will receive 100 percent reinsurance payments (principal and interest) at the beginning of each fiscal year. Depending upon the amount of claims paid as a function of loans in repayment status, their payments may be reduced to 90 or 80 percent later in the fiscal year.

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, an estimated $5.1 billion in loans will have been made 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 what in its judgment is 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 new legislation also permits guarantee agencies to retain up to 30 percent of recoveries from defaulted students to cover collections and pre-claims administrative expenses. 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 agencies are conducting business

according to the terms of the Office of Education's agreement.

Budget policy

An appropriation of $54,512,000 for 1978 is requested since the available receipts of $4,111,000 will not be sufficient to support default claims totaling $58,623,000. This represents a 5.7 percent increase over the 1977 default claims obligation of $55,469,000. Estimated obligations for 1977 and 1978 have increased to comply with the Education Amendments of 1976. These amendments provide for increased lender insurance coverage for guarantee agencies that entered into Supplemental Guaranty Agreements with the Commissioner. Under these agreements, a guarantee agency will receive 100 percent reinsurance payments (principal and interest) at the beginning of each fiscal year. Depending upon the amount of claims paid as a function of loans in repayment status, their payments may be reduced to 90 or 80 percent later in the fiscal year. A discussion of the estimate follows:

-- The increase in obligations over 1977 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 appear to be leveling off as in the Federal program.

-- This estimate of defaults results from more accurate budgeting data furnished by the guarantee agencies, which further affects the calculation of default percentages as previously reported.

  - The table indicates the estimated default percentage for 1977 is 8.7 percent, an increase of 0.5 percent over 1976.

  - The 1978 default percentage is estimated at 9.1 percent, an increase over 1977 percentage of 0.4 percent.

  - The above default percentages are adjusted as a direct result of improved reporting in matured disbursed loans. The adjustments are in effect for the entire period of 1975 through 1978 for the various types of claim defaults.

-- The stabilization of default activity in the guarantee agency is primarily related to the following: (1) most guarantee agencies have increased their staff over the past two fiscal years in order to keep pace with the increasing number of loans that are reaching repayment status (matured status). Agencies have increased their administrative roles in providing lenders with pre-claims activity effort, and an annual audit of the expected graduation dates of borrowers through their lenders to obtain more realistic graduation dates and/or to indicate to the lenders that the borrower should be in repayment status (2) a slight improvement in the employment picture for college graduates has occurred over the past twelve months and (3) many agencies have increased their communications with respect to the enforcement of effective due diligence procedures.

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 1978 estimate.

Receipts and uncollected income:

	1977 Revised	1978 Estimate	Increase or Decrease
Loans repaid (collections on defaulted loans).....	$3,978,000	$4,111,000	+$ 133,000
Interest income on defaulted loans.....	5,405,000	6,652,000	+1,247,000
Uncollected income, start of year.....	10,629,000	16,034,000	5,405,000
Uncollected income, end of year.....	-16,034,000	-22,686,000	-6,652,000
Available receipts.....	$3,978,000	$4,111,000	+$ 133,000

-- Collections on defaulted loans

The 1978 estimate of $4,111,000 is an increase of 3.3 percent over the 1977 level of $3,978,000. These collections are made by guarantee agencies on reinsured loans and become available as income to the student loan insurance fund. The Education Amendments of 1976 provide for a supplemental reinsurance agreement at rates of 80 percent, 90 percent or 100 percent depending upon the agency's default experience. The new legislation also permits guarantee agencies to retain up to 30 percent of recoveries from defaulted students to cover collections and pre-claims administrative expenses. No attempt has been made to cover this contingency. Only actual experience with the agencies will determine a more realistic estimate.

-- Interest income

An increase of $1,247,000 is estimated for interest income for a total of $6,652,000 compared to the 1977 estimate of $5,405,000. 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 the computation made to arrive at these estimates.

	1977 Estimate	1978 Estimate	Increase or Decrease
Defaults paid but uncollected by guarantee agencies, start of fiscal year.....	($179,000,000)	($227,000,000)	(+$48,000,000)
Gross interest charged borrower on defaults.....	$12,000,000	15,800,000	+3,800,000
Estimated portion to be written off as uncollectable.....	-6,595,000	-9,148,000	-2,553,000
Net income to be collected in future years.....	+$5,405,000	+$6,652,000	+$1,247,000

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 $5,405,000 at the start of year (from $10,629,000 to $16,034,000) and $6,652,000 at the end of year (from $16,034,000 to $22,686,000) result from an estimated increase in defaulted loans from fiscal year 1977 to 1978.

Interest Subsidies

	1977 Appropriation	1978 Estimate	Increase or Decrease
(d) Interest subsidies:			
Interest benefits:			
New loans	$ 47,883,000	$ 49,928,000	$+ 2,045,000
Prior year loans	172,832,000	180,706,000	+ 7,874,000
Subtotal interest	220,715,000	230,634,000	+ 9,919,000
Special Allowance	104,039,000	103,089,000	- 950,000
Administrative Allowance	2,980,000	3,135,000	+ 155,000
Supplemental Administration Allowance	2,980,000	3,135,000	+ 155,000
Death & Disability	4,500,000	4,390,000	- 110,000
Bankruptcy	7,288,000	4,270,000	- 3,018,000
Advance for Reserve Funds	861,000	26,525,000	+25,664,000
Obligations	343,363,000	375,178,000	+31,815,000
Unused Appropriation Brought forward	-271,760,000	-253,397,000	+18,363,000
Unused Appropriation End of year	253,397,000	---	-253,397,000
Budget Authority	$325,000,000	$121,781,000	$-203,219,000

Narrative

Program purpose:

To help students finance education costs at eligible post-secondary institutions, a program was established to guarantee and subsidize student loans. The guaranteed student loan program enables students to borrow from commercial and other lenders to help pay for the cost of education and training at over 8,120 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 14,140 commercial lenders. Currently 102 educational institutions and a few State agencies also make loans.

A maximum of $2,500 per academic year for undergraduate and vocational students and $5,000 for graduate and professional students 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 $15,000 for students who borrow for graduate or professional 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.

The Education Amendments of 1976 liberalized the program to provide that any student whose adjusted family income is less than $25,000 is automatically eligible for a 7 percent Federal interest subsidy. Students having adjusted family income of $25,000 or greater and applying for a subsidized loan 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.

Effective with the quarter ending March 31, 1977, the Education Amendments of 1976 provided that the special allowance authorized to be paid to lenders will be determined by a new formula. The rate will be 3 1/2 percent less than the average bond equivalent rate for 91 day Treasury Bills auctioned during the quarter and rounded up to the nearest 1/8 of 1 percent. The rate may not exceed three percent for any 12 month period through September 30, 1977. Beginning in FY 1978, this amount is raised

to 5 percent. The statute also requires the Commissioner to establish a committee to review this procedure to determine if there is a better method of calculating the special allowance rate. The report of this committee must be submitted to Congress by October 1, 1977.

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. Effective October 1, 1976, the Federal government will pay the outstanding principal and interest on any loan, regardless of when made, when the borrower is discharged in bankruptcy.

Budget policy

In fiscal year 1978 an appropriation of $121,781,000 is requested as indicated in Table I, for subsidized insured loans. This together with $253,397,000 of unobligated balances brought forward will provide a program level of $375,178,000. Of this amount $230,634,000 is for interest subsidies, $103,089,000 for special allowance payments, $3,135,000 for administrative allowance, $3,135,000 supplemental administrative allowance, $4,390,000 for death and disability claims, $4,270,000 for bankruptcy claims, and $26,525,000 as an advance for reserve funds. An explanation follows:

Of the $230,634,000 in interest payment, $49,928,000 will support 960,000 new loan disbursements totaling $1.1 billion. The balance, $180,706,000 will support loans made to students in prior years totaling $3.2 billion. As shown in the following tables, the number of new disbursements are expected to increase by 1.2 percent over 1977 with the average loan disbursement increasing by 3.0 percent from $1,104 to $1,138. The disbursement volume for 1978 is estimated at $1.1 billion an increase of 4.2 percent over 1977 requiring an increase of 4.3 percent in interest payments on new loan disbursements.

Disbursement volume varies by program. The Guarantee Agency Program has been increasing since 1974 whereas the Federal Insurance Program has shown a marked decline as indicated below:

FY	FISL	GA
1975 over 1974	- 6.5%	+1.9%
1976 over 1975	-21.0%	+5.2%

Reasons for the decline in the Federal Insured Student Loan program are:

1) The program's effort to purify the high delinquency lender population,

2) Regulated lenders have been maintaining previous portfolios of consumer loan dollars at the same or lower levels,

3) A higher than expected attrition of small and middle size lenders has occured further reducing disbursements, and,

4) A number of non-regulated lenders have had their credit lines controlled to a greater degree than previously.

Therefore, 1978 disbursements under the Federal program are forecast to level at the 1977 total with the addition of 3 percent cost of education increase added, which has been the program's experience for this factor since 1974.

Reasons for the increased disbursements in the Guarantee Agency Program are:

1) Further increases in cost of tuition and living expenses in colleges and universities,

2) A decrease in the average amount of grant funds available to individual students because the universe of eligible institutions consuming grant funds is larger,

3) The employment condition of parents which forces students to borrow money they would have otherwise obtained from the family,

4) A small amount of the increase is attributable to borrowers from local areas who were unemployed and therefore turned to educational pursuits and needed to borrow money, and

5) A continued growth of new lenders in a number of guarantee agencies.

Therefore, 1978 disbursements under the Guarantee Agency program are forcast to increase 2.2 percent over the 1977 level in addition to the 3 percent cost of education increase.

Special allowance is paid to lenders, depending on money market conditions, to encourage participation in the program. An estimated rate of 1 7/8 percent in fiscal year 1978 will result in obligations totaling $103,089,000. The special allowance will be paid on loans outstanding of approximately $5.5 billion (see total loans outstanding in the following tables). The derivation of the above rate is consistent with the Education Admendments of 1976, which takes into consideration the current 91-day Treasury Bill rate less 3.5 percent rounded upward to the nearest 1/8 percent.

Death and disability claim payments are estimated at $4,390,000, a slight decrease of 2.5 percent under 1977. The decrease is consistent with the general reduction in disbursed loans maturing, and consequently fewer disbursed matured loans are subject to default claims.

Bankruptcy claim payments are estimated at $4,270,000 for 1978 compared to $7,288,000 in 1977. Effective September 30, 1977 student loans may not be discharged into bankruptcy until five years (exclusive of any authorized deferment period). If, in the judgment of the bankruptcy court, the failure to discharge would create a hardship on the borrower or his dependents, the referee could permit the discharge. Because of this change in the law, many students will default rather than wait the five-year period required before filing for bankruptcy. Therefore, an estimated 70 percent of the otherwise estimated bankruptcy claim payments have been included as defaults in 1978.

The Commissioner is authorized by the Education Amendments of 1976 to provide for an administrative allowance, and in addition a supplemental administrative allowance. The administrative allowance is equal to one half of one percent of the total principal amount of new loans insured and disbursed by the guarantee agency each fiscal year. This allowance will be used to promote lender participation, cost of collections, preclaim assistance and other administrative cost. The supplemental administrative allowance, consisting of an additional one half of one percent of new loans, will be paid to a guarantee agency which:

(a) Authorizes a $2,500 annual loan maximum for undergraduates, $5,000 for graduate students and $7,500 and $15,000 aggregate limits for undergraduate and graduate students

(b) Insures not less than 100 percent of the unpaid principal balance of loans

(c) Approves loans for half-time students

(d) Does not prohibit loans to State residents who are attending educational institutions in or outside the State, or, regardless of State residence, are attending schools within the State

(e) Provides no more onerous restrictions on institutional eligibility than that utilized in the Federal program unless the school has already been limited, suspended, or terminated under the Federal program or where there is a State constitutional prohibition affecting the eligibility of the school

(f) Approves school lenders under reasonable criteria except where school is eliminated under Federal regulations (or comparable State regulations) or where State constitution prohibits schools as lenders. Each agency must report annually beginning not later than July 1, 1977 on criteria, procedures and actions on school lenders.

Both administrative allowances require an obligation of $6,270,000 in 1978.

In addition, the Education Amendments of 1976 require the Commissioner to develop and implement a plan to encourage States to establish guarantee agencies. In order to cover this provision in the new law, an estimated obligation of $26,525,000 is being requested for 1978. The following three tables reflect data on disbursements and status of loans under the Guaranteed Student Loan Program.

GUARANTEED COMBINED LOAN PORTFOLIOS

	FY 1976	TRANS. QTR.	FY 1977	FY 1978
	(MILLIONS)	(MILLIONS)	(MILLIONS)	(MILLIONS)
DISBURSEMENTS				
START OF PERIOD	8,109	9,158	9,420	10,468
CURRENT PERIOD	1,049	262	1,048	1,092
END OF PERIOD	9,158	9,420	10,468	11,560
NUMBER (000'S)	(982)	(237)	(949)	(960)
CUMULATIVE DISBURSEMENTS PAID TO LENDER				
DEFAULTS & WRITEOFFS	3,653	3,917	5,005	6,105
CUMULATIVE DISBURSED LOANS OUTSTANDING	5,505	5,503	5,463	5,455
IN REPAYMENT	2,242	2,083	2,237	2,092
IN SCHOOL	3,263	3,420	3,226	3,364
PERCENTAGE OF OUTSTANDING LOANS IN SCHOOL	59	62	59	62
YEARLY DISBURSED MATURED LOANS	962	105	1,242	954
CUMULATIVE DISBURSED MATURED LOANS	5,895	6,000	7,242	8,196

FEDERAL INSURED STUDENT LOAN PROGRAM PORTFOLIO

	FY 1976	TRANS. QTR.	FY 1977	FY 1978
	(MILLIONS)	(MILLIONS)	(MILLIONS)	(MILLIONS)
DISBURSEMENTS				
START OF PERIOD	3,621	4,103	4,216	4,668
CURRENT PERIOD	482	113	452	465
END OF PERIOD	4,103	4,216	4,668	5,133
NO. CURRENT PERIOD (000'S)	(444)	(100)	(400)	(400)
CUMULATIVE DISBURSEMENTS PAID TO LENDER				
DEFAULTS & WRITEOFFS	1,589	1,744	2,346	2,946
CUMULATIVE DISBURSED OUTSTANDING	2,514	2,472	2,322	2,187
IN REPAYMENT	1,072	897	1,019	833
DISBURSEMENTS IN SCHOOL	1,442	1,575	1,303	1,354
PERCENTAGE OF OUTSTANDING IN SCHOOL	57	64	56	62
YEARLY DISBURSED MATURED PAPER	415	(20)	724	414
CUMULATIVE DISBURSED MATURED PAPER	2,661	2,641	3,365	3,779

GUARANTEE AGENCY PROGRAM PORTFOLIO

	FY 1976	TRANS. QTR.	FY 1977	FY 1978
	(MILLIONS)	(MILLIONS)	(MILLIONS)	(MILLIONS)
DISBURSEMENTS				
START OF PERIOD	4,488	5,055	5,204	5,800
CURRENT PERIOD	567	149	596	627
END OF PERIOD	5,055	5,204	5,800	6,427
NO. CURRENT PERIOD (000'S)	(538)	(137)	(549)	(560)
CUMULATIVE DISBURSEMENTS PAID TO LENDER				
DEFAULTS & WRITEOFFS	2,064	2,173	2,659	3,159
CUMULATIVE DISBURSED				
OUTSTANDING	2,991	3,031	3,141	3,268
IN REPAYMENT	1,170	1,186	1,218	1,259
DISBURSEMENTS IN SCHOOL	1,821	1,845	1,923	2,010
PERCENTAGE OF OUTSTANDING IN SCHOOL	61	61	61	61
YEARLY DISBURSED MATURED PAPER	547	125	518	540
CUMULATIVE DISBURSED MATURED PAPER	3,234	3,359	3,877	4,417
SUBSIDIES				

OFFICE OF EDUCATION

Student Loan Insurance

Program Purpose and Accomplishments

Activity: Payments in connection with defaults on student loans. (Higher Education Act of 1965, as amended, Title IV-B.)

1977 Appropriation	1978 Authorization	1978 Budget Estimate
$32,312,000	Indefinite	$158,943,000 1/

1/ Includes $25,000,000 for borrowing authority.

Purpose: To enable the Commissioner of Education to make payments on defaults by student borrowers under the Guaranteed 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 Amendments of 1968 which authorize the Commissioner to reinsure loans guaranteed by States and non-profit private agencies at 80 percent of default. The Education Amendments of 1976 also authorize guarantee agencies to enter into Supplemental Guaranty Agreements with the Commissioner if their program meets specified statutory criteria. Under these agreements, a guarantee agency may receive up to 100 percent reinsurance coverage.

Explanation: Funds are made available to the Commissioner, without fiscal year limitation, to make payments in connection with the default of insured and reinsured loans by student borrowers.

Accomplishments in 1977: In fiscal year 1977, a supplemental appropriation request of $32,312,000 along with receipts into the fund of $15,670,000 and unused appropriation from the prior year of $103,474,000 will support obligations of $151,456,000.

Objectives for 1978: Obligations for payments in connection with defaults are estimated at $161,647,000. This amount represents an increase of $10,191,000 over the 1977 level of $151,456,000. The amount would be funded by income and other receipts into the fund of $27,704,000 and an appropriation of $133,943,000. In addition, $25,000,000 in borrowing authority is requested for future contingencies.

OFFICE OF EDUCATION

Student Loan Insurance Fund

Program Purpose and Accomplishments

Activity: Interest subsidies (Higher Education Act of 1965, as amended, Title IV-B)

1977 Appropriation	1978 Authorization	1978 Budget Estimate
$325,000,000	Indefinite	$121,781,000

Purpose: To help students finance educational costs at eligible postsecondary institutions, a program was established to guarantee and subsidize student loans. Guaranteed loans are made primarily by commercial 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 5% per annum, on the average quarterly unpais principal balance of outstanding loans.

Explanation: Loans are either guaranteed by State or non-profit guarantee agencies or insured by the Federal government. A maximum of $2,500 per academic year for undergraduate and vocational students and $5,000 for graduate and professional students 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 $15,000 for students who borrow for graduate study.

Accomplishments in 1977: Obligations of $343,363,000 supported lender interest subsidy billings of $220,715,000, special allowance payments of $104,039,000, administrative allowance of $2,980,000, supplemental administrative allowance of $2,980,000, death and disability claims of $4,500,000, bankruptcy claims of $7,288,000 and advances to State reserve funds of $861,000. Although $325,000,000 was appropriated, only $71,603,000 was needed since $271,760,000 was available from unobligated balances brought forward. The difference, $253,397,000, is carried forward for use in 1978.

Objectives for 1978: New disbursed loans totaling $1.1 billion will be made available. Subsidies on these new loans and on loans made in prior years are expected to total $375,178,000. This amount includes $230,634,000 for interest, $103,089,000 for special allowance, $3,135,000 for administrative allowance, $3,135,000 for supplemental administrative allowance, $4,390,000 for death & disability claims, $4,270,000 for bankruptcy claims and $26,525,000 for advances to States' reserve funds to strengthen their loan insurance program. These obligations are supported by an appropriation of $121,781,000 and an unobligated balance brought forward of $253,397,000.

WEDNESDAY, MARCH 23, 1977.

HIGHER EDUCATION FACILITIES LOAN AND INSURANCE FUND

WITNESSES

DR. LEONARD H. O. SPEARMAN, ACTING DEPUTY COMMISSIONER FOR POSTSECONDARY EDUCATION
DR. WILLIAM F. PIERCE, ACTING COMMISSIONER OF EDUCATION
RICHARD J. ROWE, ACTING ASSOCIATE DEPUTY COMMISSIONER FOR POSTSECONDARY EDUCATION
THOMAS F. McANALLEN, CHIEF, FACILITIES BRANCH, DIVISION OF TRAINING AND FACILITIES
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 FOR MANAGEMENT AND BUDGET
DR. ROBERT C. LEESTMA, ASSOCIATE COMMISSIONER FOR INSTITUTIONAL DEVELOPMENT AND INTERNATIONAL EDUCATION

INTRODUCTION OF WITNESS

Mr. PATTEN. We are ready to take up the higher education facilities loan and insurance fund.

All right, Dr. Spearman.

[The biographical sketch follows:]

BIOGRAPHICAL SKETCH

NAME : Leonard Hall O'Connell Spearman

POSITION : Acting Deputy Commissioner for Postsecondary Education
Bureau of Postsecondary Education

BIRTHPLACE : Tallahassee, Florida
AND DATE : July 8, 1929

FAMILY : Wife - Valeria Benbow Spearman

Children - Lynn Valeria A.B., Howard University
Leonard Jr. A.B., University of Florida
Charles M. Sophmore, Howard University

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 in Contemporary Psychology, 1964.

EXPERIENCE

Present : Acting Deputy Commissioner for Postsecondary Education
Bureau of Postsecondary Education
Department of Health, Education & Welfare

1976 : Associate Commissioner for Student Assistance
Bureau of Postsecondary Education
Department of Health, Education & Welfare

1975-76 : Acting Associate Commissioner for Student Assistance
Bureau of Postsecondary Education, DHEW

1971-75 : Director, Division of Student Support and Special Programs
Bureau of Postsecondary Education, Office of Education
Department of Health, Education & Welfare

1970-71 : Director, Division of Student Special Services
Bureau of Higher Education, Office of Education
Department of Health, Education & Welfare

1960-70 : Dean Lower College and Professor of Psychology,
Southern University, Baton Rouge, Louisiana

Director of Talent Search Project - 1969-70
Director of Upward Bound Project - 1967-70
Director of Supplementary Headstart Training Project - 1969-70

1957-60	:	Associate Professor of Psychology Florida A & M University, Tallahassee, Florida
1954-57	:	Instructor, School of Education, University of Michigan, Ann Arbor, Michigan Clinical staff, Children's Psychiatric Hospital, University of Michigan, Ann Arbor, Michigan Graduate Student, University of Michigan, Ann Arbor, Michigan
1950-54	:	Instructor, School of Education, Florida A & M University, Tallahassee, Florida
1947-49	:	Biology Instructor, Lincoln High School, Tallahassee, Florida

CONSULTANCIES: During period from 1965 through 1970

Education Projects, Inc., - Implementation and Evaluation of Seasonal and Migrant Farm Workers Education Programs, Florida, Texas, Louisiana, and Mississippi

Desegration of Public Schools,
Mississippi, Florida, and Louisiana

HONORS AND AWARDS :

LL.D., Conferred by Shaw University, North Carolina	- 1970
LL.D., Conferred by Oakland University, Michigan	- 1973
Superior Service Award, U.S. Office of Education	- 1975
D.H.L., Edward Waters College, Florida	- 1975
Lecturer: Martin Luther King Scholars Program, Rutgers University, New Jersey	- 1969
Vising Professor of Psychology, Queens College, New York	- 1965
Chairman, (Subcommittee) Federal Interagency Committee on Education - Increasing Postsecondary Opportunities of Disadvantaged Minorities	- 1972-75
Chairman, National Task Force on Higher Education and the Disadvantaged: The Federal Role	- 1974-75
Liaison, (for Secretary of HEW) National Advisory Council on Minorities in Engineering	- 1976-
Chairman, FICE Subcommittee (Impact of Interagency Student Financial Aid Policies	- 1976-

Dr. SPEARMAN. Before I read this very brief statement of one page, I think you ought to know the people at the table.

Dr. Robert Leestma, Association Commissioner for Institutional Assistance and International Education; Mr. Richard Rowe, Associate Deputy Commissioner for Postsecondary Education, and Mr. Thomas McAnallen, Chief, Facilities Branch, Division of Training and Facilities.

I think you met the other people in the previous testimony.

OPENING STATEMENT

Mr. Chairman and members of the committee, I welcome this opportunity to appear before you to present our 1978 budget request of $1,847,000 for the higher education facilities loan and insurance fund.

This program operates through a revolving fund established by the Participation Sales Act of 1966 for construction loans made under title VII, part C of the Higher Education Act, as amended. There are nearly $460 million in construction loans held by the Office of Education.

During 1967 and 1968 the Office of Education pledged $200 million in construction loan paper as collateral to obtain an equal amount of private capital to make new loans. The private capital was obtained from sale of participation sales certificates. Since the interest received on the pledged loans is less than the interest paid on the participation sales certificates, appropriations are needed each year to pay the insufficiencies.

The appropriation request of $1,847,000 is needed to pay the insufficiencies for the $100 million in sales authorized in 1968. An additional permanent indefinite appropriation, estimated at $1,166,000, is authorized to cover insufficiencies for the $100 million in sales authorized in 1967.

Although no new loan authority is requested during 1978, the fund will continue to incur additional operating expenses for interest to the Treasury on the cumulative net amount of appropriations paid out for loans in prior years. This amount, estimated at $24.8 million in 1978, will be supported by receipts and available balance within the fund.

I shall be pleased to answer any questions.

DECREASE IN ADVANCE FUNDS

Mr. PATTEN. This is a revolving fund for the old construction loan program, isn't it? It doesn't seem to be revolving too well because the balance in the fund keeps going down each year. You show a balance dropping from $81 million in 1976 to $70 million in 1978. Why is that?

Mr. MCANALLEN. That is the amount of money we have to pay the Treasury Department on the amount of appropriated capital. We are currently paying interest to the Treasury at a rate of 8 percent annually while we are collecting interest at the rate of 3 and in some cases 3¼ percent.

Mr. PATTEN. Is it like renewing your note?

Dr. SPEARMAN. You are paying the difference between the amount of interest at which the school made the loan, which is 3 percent,

and the amount of the current Treasury rate which is 8 percent. So the difference in interest collected on the loans and the Treasury rate accounts for the difference in what we have to pay.

Mr. PATTEN. Can't you do anything to increase the receipts to the fund?

Mr. MCANALLEN. Our loans are all scheduled on 30- and 40-year terms on a level debt service which means it will be quite a few years before the principal payback increase is sufficient.

Also, on these loans when we start out, we usually give a 2- to 3-year deferment on the repayment of principal. Therefore, during those early years, we are receiving nothing but 3 percent interest and we are paying 8 percent to the Treasury Department. At some point in time the unobligated balance of the fund should level out. However, we have not been able to project exactly when that will take place.

OUTSTANDING LOANS

Mr. PATTEN. How many loans are still outstanding?

Mr. MCANALLEN. There are about 600.

Mr. PATTEN. Do you know how much in total is outstanding?

Mr. MCANALLEN. In the neighborhood of $460 million.

NEW CONSTRUCTION

Mr. PATTEN. Do you think this fund will be used to finance new construction loans in the foreseeable future?

Mr. MCANALLEN. We don't anticipate making new loans, at least for new construction, mainly because we feel that the academic facilities situation throughout the country is such that there is no longer really a need for new construction.

Mr. PATTEN. I accept your statement across-the-board; there is no pressure on us; there is more than adequate housing in many areas; in fact, more than they need.

Mr. MCANALLEN. May I make the point that this particular program does not finance dormitories. What we are talking about here is strictly the academic-type buildings. Dormitories are financed under the college housing program, under the Department of Housing and Urban Development. What I mean by academic facilities being no longer in need is more in the classsroom buildings, and that type of facility.

Mr. PATTEN. You said no with the greatest of ease.

Mr. MCANALLEN. I understand, sir, that the college housing program is being reopened for dormitory loans.

Mr. PATTEN. Thank you.

[The following questions were submitted by members of the subcommittee with the request that they be answered for the record:]

UNOBLIGATED BALANCES

Mr. MICHEL. The unobligated balances of this fund appear to be declining year by year. When do you expect them to totally disappear?

ANSWER. The unobligated balance in the fund should not totally disappear. As our collections of principal from loans made from appropriated capital increases, the amount of interest due the Treasury Department will decrease. There is a point at which our collections of principal and interest will be equal to the amount of interest paid to the Treasury each year. After that point is

reached the unobligated balance in the fund should begin to increase slightly each year. Because of the many variables, such as Treasury interest rates, we have not been able to accurately project when this will occur.

LOANS FOR GEORGETOWN UNIVERSITY

Mr. MICHEL. Georgetown University is apparently angling to tap some of these unobligated balances as loans to fund an intercultural center. Would you favor or oppose such an allocation?

ANSWER. The Office of Education neither favors nor opposes the proposed allocation for the Intercultural Center. In general it is believed that, on a national basis, there is no longer a need for construction of higher education academic facilities.

Mr. MICHEL. If such funds were made available to Georgetown, wouldn't it simply speed up the point in time where we will have to kick in larger appropriations to pay off obligations?

ANSWER. It would have the effect of increasing the amount of loans outstanding on which we must pay interest to the Treasury. This in turn would increase the rate at which the unobligated balance in the fund is decreasing each year and delaying the point at which loan collections equal the annual payments to the Treasury.

INTEREST RATE

Mr. MICHEL. What is the present difference between the interest rate paid by the recipients of the loans versus the rate paid by the Treasury Department for its certificates?

ANSWER. At the present time we are paying the Treasury Department at a rate of approximately 8 percent. The rate paid by the recipients of our loans is 3 percent.

Mr. MICHEL. Is this unobligated balances fund currently drawing any interest, and if so, how much?

ANSWER. The unobligated funds are with the Treasury Department. Therefore we neither draw nor pay interest on those funds.

INSUFFICIENT APPROPRIATIONS

Mr. MICHEL. The amount we have been appropriating has been dropping year by year. Is there some point not too far down the line where there will no longer be any need for a special appropriation?

ANSWER. The need for special appropriations to cover participations sales insufficiencies will continue until our loans pledged, as security for the participation sales certificates, have been fully repaid. This will not occur until probably 1998. However, the insufficiency appropriations will continue to decline annually.

LEVEL OF LOANS

Mr. MICHEL. What is the current level of construction loans outstanding?

ANSWER. Approximately $460 million.

LEVEL OF PARTICIPATION CERTIFICATES

Mr. MICHEL. What is the amount of participation certificates currently outstanding?

ANSWER. Approximately $156 million after allowing for funds already deposited with the Federal National Mortgage Association for redemption of participation certificates.

Mr. CONTE

FUNDS FOR RECONSTRUCTION

Mr. CONTE. You are requesting no new loan authority for 1978. I would agree with your justifications that there is probably little need for Federal assistance programs for straight construction of higher education facilities at this time. But I wonder if you are aware of sources of Federal funding or support for renovation and rehabilitation work? There are an awful lot of colleges, and I have a number in my own District, that need to repair buildings that haven't been structurally reinforced since the 1800's. Is any Federal assistance available for such work?

ANSWER. At the present time there are no funds for this purpose. The Education Amendments of 1976 expanded title VII of the Higher Education Act by authorizing grants and loans for reconstruction and renovation projects designed primarily to conserve energy, make facilities accessible to the handicapped, and bring facilities into conformance with health safety and environmental protection programs. We are proceeding with the development of regulations necessary for implementation of this new authority. No decision, however, has yet been made with respect to requesting funds for this new program thrust.

FUTURE APPROPRIATIONS FOR INSUFFICIENCIES

Mr. CONTE. Will the amount of appropriations for insufficiencies be decreasing over the next several years? If no new loans are made, when will the outstanding participation certificates be retired?

ANSWER. The appropriations will continue to decrease annually. The participation certificates will be retired when our loans, pledged as security for the participation certificates, have been fully repaid. This will occur around 1998.

JUSTIFICATION OF THE BUDGET ESTIMATES

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)), [$2,119,000] *$1,847,000* 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.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

Higher Education Facilities Loan and Insurance Fund

Amounts Available for Obligation

	1977	1978
Appropriation:		
Annual (definite)	$2,119,000	$1,847,000
Permanent (indefinite)	1,218,000	1,166,000
Subtotal Appropriations	$3,337,000	$3,013,000
Receipts and reimbursements from:		
"Federal funds:		
Investment income from participation sales funds	1,700,000	1,800,000
"Non-Federal sources:		
Interest income	14,120,000	14,100,000
Loans repaid	14,000,000	14,000,000
Unobligated balance transferred from participation sales funds	7,303,000	9,763,000
Unobligated balance transferred to participation sales funds	-4,070,000	-4,010,000
Unobligated balance, start of period	81,813,000	75,907,000
Unobligated balance, end of period	-75,907,000	-70,011,000
Redemption of agency debt (retirement of participation certificates)	-7,303,000	-9,763,000
Total, obligations	34,993,000	34,799,000

Summary of Changes

1977 Estimated appropriation	$3,337,000
1978 Estimated appropriation	3,013,000
Net change	-324,000

	1977 Base	Change from Base
Decreases:		
A. Built-in:		
1. Reduction in appropriations required for participation sales insufficiencies due primarily to the retirement of participation certificates	$3,337,000	-$324,000
Total decreases		-$324,000

Summary of Changes

1977 Estimated obligations	$34,993,000
1978 Estimated obligations	34,799,000
Net change	-$194,000

	1977 Base	Change from Base
Decrease:		
A. Built-in:		
1. Retirement of $9,763,000 in participating sales certificates	$10,186,000	-$194,000

Obligations by Activity

Page Ref.		1977 Appropriation	1978 Estimate	Increase or Decrease
203	Operating Expenses:			
	(1) Interest expense:			
	Interest expense on participation certificates:			
	a. Appropriation	$3,337,000	$3,013,000	-$324,000
	b. Obligation...	(10,186,000)	(9,992,000)	(-194,000)
	(2) Interest expense to Treasury.....	(24,800,000)	(24,800,000)	---
	(3) Administrative expenses.....	(7,000)	(7,000)	---
	Total, Budget authority.....	$3,337,000	$3,013,000	-$324,000
	(Obligations).....	($34,993,000)	($34,799,000)	(-194,000)

Obligations by Object

	1977 Estimate	1978 Estimate	Increase or Decrease
Other services.....	$7,000	$7,000	---
Interest and dividends.....	34,986,000	34,792,000	-$194,000
Total obligations by object...	$34,993,000	$34,799,000	-$194,000

Authorizing Legislation

	Amount Authorized	1978 Budget Estimate
Higher Education Act:		
Title VII, Part C - Loans for Construction of Academic Facilities	$200,000,000 1/	---
Participation Sales Act	Indefinite	$3,013,000 2/

1/ Authorization available for each of the fiscal years ending prior to October 1, 1979.

2/ Includes $1,166,000 for a permanent indefinite appropriation authorized under the Independent Office Appropriation Act of 1967.

Higher Education Facilities Loan and Insurance Fund

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
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	2,119,000	2,119,000	2,119,000
1978 1/	1,847,000			

1/ Excludes a permanent indefinite appropriation under "Payment of Participation Sales Insufficiencies" in the Independent Offices Appropriation Act, 1967.

Justification

Higher Education Facilities Loan and Insurance Fund

	1977 Appropriation	1978 Estimate	Increase or Decrease
Higher Education Facilities Loan and Insurance Fund:			
Adjusted Appropriation:			
Appropriations for the payment of participation sales insufficiencies:			
Annual (definite)	$2,119,000	$1,847,000	-$ 272,000
Permanent (indefinite)[1/]	1,218,000	1,166,000	-52,000
Total adjusted appropriation	$3,337,000	$3,013,000	-324,000
Obligations:			
Operating costs:			
1. Interest expense to Treasury	(24,800,000)	(24,800,000)	---
2. Interest expense on participation certificates	(10,186,000)	(9,992,000)	(-194,000)
3. Administrative expenses	(7,000)	(7,000)	
Capital outlay:			
1. Construction loans	---	---	---
Total, Budget Authority	3,337,000	3,013,000	-324,000
Total obligations	($34,993,000)	($34,799,000)	(-$194,000)

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 Fund 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 from 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.

Budget policy

In view of the large amount of construction over the last 10 years and the uncertain nature of projected higher education enrollments, it appears that the need for Federal assistance programs for construction of higher education facilities has lessened. While certain areas of the country may still face a shortage of academic space, these deficiencies are believed to be limited, and the existing conditions do not constitute a national problem, therefore no new construction loans are assumed for fiscal year 1977 or 1978.

The Fund will continue to incur operating expenses consisting of $24,809,000 in interest expenses to Treasury and other operating costs financed from available receipts into the fund. An additional $9,992,000 in interest expense on participation certificates will be financed from receipts and other available balances of $6,979,000 and $3,013,000 in appropriated funds. This $3,013,000 includes the request of $1,847,000 for the $100,000,000 in sales authorized in 1968. For the $100,000,000 in sales authorized in 1967, a permanent indefinite appropriation of $1,166,000 is authorized.

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.

1977 Appropriation	1978 Authorization	1978 Budget Estimate
$3,337,000	Indefinite	$3,013,000

Purpose: To provide a program of making low-cost loans and insuring loans from private capital for higher education institutions in construction, reconstruction and renovation of academic facilities.

Explanation: In its initial stage, the Fund sold participation certificates to the private credit market, the proceeds of which 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 1978, appropriations are made available for the operation of the Fund primarily for the payment of participation sales insufficiencies. Interest expense, funded from available receipts, is payable to the Treasury on the net amount of appropriations used for construction loans since inception of the program.

Accomplishments in 1977: In fiscal year 1977, $3,337,000 was appropriated for payment of interest on participation certificates compared to $3,352,000 for 1976. Other operating costs, including interest expenses to Treasury on cumulative net appropriations used for loans, was supported by receipts and other available balances. No new loans have been funded under this program since 1975.

Objectives for 1978: Appropriation for insufficiencies in 1978 are expected to decrease from $3,337,000 in 1977 to $3,013,000 in 1978. This amount consists of a permanent indefinite appropriation of $1,166,000 and an annual appropriation request of $1,847,000. Other operating costs will be funded from receipts and available balances.

EDUCATIONAL ACTIVITIES OVERSEAS

WITNESSES

DR. LEONARD H. SPEARMAN, ACTING DEPUTY COMMISSIONER FOR POSTSECONDARY EDUCATION
DR. WILLIAM F. PIERCE, ACTING COMMISSIONER OF EDUCATION
DR. JOHN W. EVANS, ASSISTANT COMMISSIONER FOR PLANNING, BUDGETING, AND EVALUATION
DR. ROBERT C. LEESTMA, ASSOCIATE COMMISSIONER FOR INSTITUTIONAL DEVELOPMENT

Mr. PATTEN. We will now turn to educational activities overseas.

Dr. SPEARMAN. It is a very brief statement, Mr. Chairman, so if you want me to I will move ahead and read the one page statement on educational activity overseas. Dr. Robert Leestma is here, and he is the principal expert.

Mr. Chairman, and members of the committee, I am pleased to appear before you in support of the educational activities overseas appropriation. We are requesting for fiscal year 1978 $2 million in U.S.-owned 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 1978 request is the same as the 1977 appropriation, but $283,000 less than the total program obligation for that year. The 1977 appropriation of $2 million was supplemented by $283,000 recovered from unexpended portions of grants from previous years.

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 foreign area knowledge 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, or acquire valuable firsthand knowledge of the language and cultures they expect to teach.

The fiscal year 1978 request level will support approximately 69 projects using currencies from Egypt, India, Pakistan, and Tunisia. Funds are not expected to be available from Burma and Poland.

My colleagues and I will be happy to answer any questions the committee may have.

CARRYOVER BALANCES

Mr. PATTEN. You indicate you have $283,000 available in 1977 from balances from previous years. In 1976, we note you had a balance of $171,000 from prior years.

Why do you have these excess funds every year?

Dr. LEESTMA. There are two general reasons, Mr. Chairman; and they vary year by year. On occasion, we have unexpended balances because there may be a big political storm in a given country. We have had that experience, for example, in India, a few years back, when there were difficulties there, and then there were extensive difficulties in diplomatic relationships between our country and that country, and, as a result, there was a slowdown in approval for all U.S. Government activity in that country for a period of time until diplomatic relations were restored.

We have had on previous occasions a similar circumstance with Egypt.

The second reason is that in this program, as in all other programs where you are operating at a distance and cannot make perfectly accurate projections of everything, you make the best estimate you can, and then you wait until the moneys are finally expended to determine the actual expenditure.

The Public Law 480 funds are, as you know, no-year funds, and if not expended, they remain appropriated to the department that they were listed for. Every few years the Treasury Department does the accounting and returns, in effect, to us the unexpended portion of moneys that were obligated. Those unexpended portions accumulate because we make an estimate for dependents' allowances, for travel within the country and for a variety of expenditures which we have to estimate and later on we recover the balance and reprogram it.

Mr. PATTEN. How much of a balance do you expect to have this year, which will be a carryover to 1978?

Dr. LEESTMA. We really don't expect to have a carryover balance this year, sir.

EDUCATIONAL ACTIVITIES OVERSEAS VERSUS FULBRIGHT-HAYES

Mr. PATTEN. How does this program relate to those under title VI in the National Defense Education Act and the Fulbright-Hayes Act?

Dr. LEESTMA. The Fulbright-Hayes authority is for expenditure overseas in the same way that this educational activities overseas program is. We actually have designed a single unified program with a single set of standards, criteria, categories, evaluation procedures, the same, lock, stock, and barrel.

What we do is, if a proposal comes in to work in a country where there is U.S.-owned foreign currency, like Egypt, India, or Pakistan, we fund that proposal from these excess foreign currencies. If the proposal is for any other country where it takes dollars, we spend the dollars that are available under the Fulbright-Hayes Act. We administer the two programs as if they were identical. We can spend dollars in any country in the world.

We don't spend them anyplace we have U.S. currency because those currencies are already owned and they represent taxes already paid by the American people and no new tax is required, and if we don't spend them for worthy purposes like this the taxpayers get no benefit out of them. The relationship to title VI can be stated very briefly.

It is the same organic relationship as Fulbright-Hayes, namely, both programs represent the overseas dimension of the domestic efforts on international studies. Title VI funds the domestic side of international study programs and Fulbright-Hayes and special foreign currencies fund the overseas portion.

BENEFICIARIES

Mr. PATTEN. Which educational institution is the largest beneficiary of the funds under the foreign currency program?

Dr. LEESTMA. It varies year by year. It depends on who submits the proposals and how good they are. If I were to answer you rather than

in terms of an institution, but in terms of a State, New York is a State that frequently appears at the top of the list because, as a State at the State level it has had an active aggressive international studies program and leadership——

Mr. PATTEN. New York State?

Dr. LEESTMA. NYU provides a part of the initiative, but the State education department has been particularly active. The board of regents in New York State has adopted an official policy to promote international studies. The State University of New York and a number of individual school districts have been very active in international studies. NYU has taken the lead in the State in developing a masters degree level program in Asian studies to meet State curriculum requirements for teaching about the non-Western World. This program has been indispensable to them because they are able to give teachers training for that special certificate actual field experience in India.

Mr. PATTEN. I suppose the help we give them is but a small percentage of their budget?

Dr. LEESTMA. As a general proposition, that is true. It is a very small percentage, but it tends to be the critical margin. A good many States and some school districts forbid the expenditure of public funds outside the country. Yet it is absolutely essential that a number of educational leaders have direct field experience. This program makes it possible with moneys already owned by the Government, already paid for by the taxpayer, to help provide well-planned field experience to help make American education more relevant to the real world.

Mr. PATTEN. Does this program benefit only the large, prestigious institutions that have strong international study programs?

Dr. LEESTMA. No, sir. While it does benefit a number of the strong old-line institutions, we have made a very conscientious effort to expand and improve international studies in all kinds of institutions. If you were to study some of our brochures carefully, you would see that under the foreign curriculum consultant program, for example, we say the program is aimed at State departments of education, large school districts, 2- and 4-year colleges and developing institutions.

Mr. PATTEN. Did you see where Venezuela, with all the oil money, is launched on a program, and they intend to send 6,000 forth to other countries, and most of them will come to the United States?

Dr. LEESTMA. Yes; they will. Venezuela is an example of what you were talking about earlier. It is an example of another country taking a conscientious lead to invest in human capital. They know the oil won't last forever. They have development aspirations for the Nation at large, and they have made a decision to invest a sizable portion of the annual earnings in the upgrading of the human resources in that country.

Mr. PATTEN. I suppose you are aware of the fact we met some of these students earlier, under grants given by Exxon and oil companies that were doing business in Venezuela, where it is a matter of good public relations.

Dr. SPEARMAN. Just this past weekend, I attended a conference that dealt with the whole scope of international education at Governor State University, a new upper division university with just over a 5-year history, where their concerns have been toward dealing with peo-

ples of Asia and Africa and trying to promote curriculum efforts and reevaluating textbooks and the like. The concept is growing and not only in the prestigious institutions but the representatives there came from smaller institutions as well as the public schools throughout the State of Illinois.

PUBLIC VERSUS PRIVATE

Mr. PATTEN. What is the usual distribution of funds under this program between the public and private institutions?

Dr. LEESTMA. That varies year by year, and we don't normally approach it from that angle. We approach it from the standpoint of program goals, project categories, and the quality of the proposals. One year you may find a few more public institutions and another year a few more private. We would be pleased to give you for the record a summary of the last year or two, if you would like.

[The information is to be supplied.]

FOREIGN CURRENCY GRANTS FOR INTERNATIONAL STUDIES PROGRAMS

	1975		1976	
	Public	Private	Public	Private
Doctoral dissertation research abroad	4	3	4	
Faculty research abroad	0	0	0	
Group projects abroad	18	3	20	
Foreign curriculum consultants	0	0	0	
Research	0	0	0	1
Total allocations	22	6	24	13
Percent	78	22	65	35

EXCESS CURRENCIES

Mr. PATTEN. For the record insert a chart showing the countries, and the amounts of excess foreign currencies in those countries as of the latest date available.

[The information follows:]

USE OF FOREIGN CURRENCIES BY OFFICE OF EDUCATION FOR INTERNATIONAL STUDIES PROGRAMS

	Excess foreign currencies [1]	Estimated OE obligations fiscal year 1977 [2]
Country:		
Egypt	275, 100, 000	780, 243
India	827, 400, 000	1, 114, 184
Pakistan	159, 500, 000	272, 363
Poland	[3] 216, 500, 000	0
Tunisia	[4] 19, 000, 000	80, 000

[1] Treasury list, Dec. 31, 1976.
[2] OE obligation of $2,000,000 in excess currencies authorized for fiscal year 1977 plus $246 in carryover funds from previous years.
[3] Removed from excess list Jan. 1, 1977.
[4] Will be removed from list Oct. 1, 1977.

RESEARCH PROJECTS

Mr. PATTEN. Do you have any new research projects in mind for next year?

Dr. LEESTMA. The single most important research project we have going on abroad under this particular account at this time is an up-to-

date dictionary of modern spoken Egyptian Arabic, a project which is also receiving assistance from the Ford Foundation. There isn't anything comparable to it available at the present time. Egypt is, of course, a country of enormous significance in the Middle East and to the U.S. national interest, not only because it is a participant in the very complex Arab-Israeli conflict but also because Egypt historically has been the cultural, educational and, to no small extent, political leader of the Arab world.

For scholars as well as businessmen and diplomats working in the area to have an up-to-date dictionary of spoken Egyptian Arabic would be a contribution of the first order. This project has been in process for the past few years and should be completed next year.

Mr. PATTEN. You know some people label some of your past projects as exotic research. How do you describe these projects?

Dr. LEESTMA. We do a variety of things under this legislative authority. Some of the things are easily understandable and for example, feed directly into the required curriculum in the elementary and secondary schools. But other projects represent various highly specialized facets of the production of new knowledge through pure or applied research. The production of new knowledge in a very wide range of fields is a fundamental part of the intrinsic mandate of colleges and universities, one of their basic reasons for being. Therefore you may find in this program, for example, a highly specialized investigation of a series of sound patterns, or grammatical forms, or other aspects in a given language in the Middle East or South Asia. You may find in other cases investigations into the contributions of certain sects, ethnic groups, or political parties in the late 18th century or 19th century in India or Pakistan:

All of this represents contributions to building a knowledge base in disciplines like history or political science. It is all a part of the mission of a university to deal with basic knowledge and research.

HINDI-URDU LANGUAGE

Mr. PATTEN. In the past, you supported training in the Hindi-Urdu language. How many students in this country are interested in this subject?

Dr. LEESTMA. Mr. Chairman, that number varies year by year. Let me submit it for the record, but let me say for the moment, if I may, that Hindi-Urdu is one of those languages spoken by the largest number of people in the world. In fact, it is the language with the third largest number of native speakers in the world, ranking after Chinese and English. There are about 160 million native speakers of Hindi-Urdu.

In the academic year 1974–1975, 37 colleges and universities were offering instruction in Hindi and/or Urdu, with a total combined enrollment of 425 students.

Let me also show you an illustration of one of the kinds of things we do under this sort of program. It happens that this illustration was done with dollars in this country, but if the language involved had been in Egypt or Indian, it could have been done with foreign currency. This example is "A Basic Course in Gulf Arabic," already in its second edition because there was nothing like it available and for understandable reasons in business and commerce and diplomacy,

it is proving to be a best seller of its type. This was done under the NDEA title VI, section 602, research program.

Had it been in a country where excess foreign currency were available and the work was done in that country, we would have funded this with excess foreign currency even as we are funding the USOE portion of the Egyptian dictionary in Egypt with Egyptian pounds.

TERMINATION OF POLAND

Mr. PATTEN. We are disappointed you won't have projects in Poland any longer. We ran out of counterpart money, right?

Dr. LEESTMA. We are also disappointed because Poland is a very important country in its own right as well as in relationship to the ethnic origin of a very important segment of the American population. The Treasury makes the determination on when the supply of U.S.-owned currency in a country is in excess of normal U.S. Government needs in that country. The determination was made that as of December 31, 1976. that no more zlotys could be used in Poland by our programs. Incidentally, the Polish zloty situation is a special case in that it seems to be the only one of the excess foreign currency agreements that requires repayment in dollars rather than in soft currency.

We greatly regret that U.S.-owned zlotys are no longer available to us because the programs have been tremendously important and well received both by the Poles and the Ameircans, but the money is simply no longer available to us.

TYPES OF PROJECTS

Mr. PATTEN. What are some of the results of the projects which you supported in the past?

Dr. LEESTMA. A full summary would be long indeed. Let me give you some general kinds of results and then one good, representative example. To begin with, many projects have taken groups of teachers and supervisors from States throughout the country to India, Egypt, Pakistan, and Poland to develop up-to-date materials for teaching about those countries in the schools of their States.

People who need language fluency in the languages of those countries have learned the languages under this program. For example, the most advanced language training in the world for intense study of Arabic is funded by this program in Cairo. Each year, from 15 to 20 American universities send their students there for a full year's intensive work in Arabic, and those students then go on to become members of the U.S. Foreign Service or of American international business corporations that work in the Middle East or they become teachers and scholars in various American institutions.

We produce, on occasion, materials like the language material I have shown you, and a year or two ago, it was our privilege to bring before this committee a book like this dealing with spoken Polish, by all odds one of the finest textbooks of its kind ever produced. It is now standard fare at the Foreign Service Institute for training foreign service officers as well as being used in several American colleges and universities in their regular languages programs.

Next year, we expect to see the publication of a project we have helped assist over several years. It is the production of an historical Atlas of South Asia. It is an historical Atlas of India and the surrounding countries which contains not only dynasty-by-dynasty, empire-by-empire maps of the entire region, but also data on geological formations, economic conditions, landholding patterns, changes in political boundaries, and government systems, results of the elections since literally the beginning of the nation, et cetera. It is a remarkable achievement and will serve as a multipurpose basic reference in South Asian studies for at least the next generation. We sponsor and help underwrite selected research materials of that sort.

We also provide fellowship assistance to graduate students for doctoral dissertation research which has to be done abroad, and faculty specialists in international studies to help them maintain or extend their competence through necessary research activities abroad. The whole range of projects dealing with training, research, and production of instructional materials have enriched American education at every level, elementary, secondary, college, and university and sometimes general adult education programs as well.

PRODUCTIVE PROJECT

Here is an example of a good productive project at the elementary and secondary school levels:

A group of 21 Iowa teachers and other educators, representing nine of the larger Iowa public school systems, the Iowa Department of Public Instruction, the Iowa State Education Associates and the Iowa Regional Library Association participated in a 6-week educational program in Egypt in the summer of 1976. The project was designed and implemented by the College of Education and the Office of International Educational Services of Iowa State University.

The group participated in a special academic program at the University of Alexandria, Egypt and later undertook carefully planned field trips in the surrounding countryside to collect and develop up-to-date learning materials for use in Iowa schools. For the materials development phase the group was divided into teams of 3 persons each with each team having specific assignments.

Development and evaluation workshops have been held in Iowa since the group's return and seven kits of teaching materials containing nearly 400 items have been completed and are in use in schools throughout the State. Included in the followup activities has been the visit to various locations in the State of a mobile in-service training laboratory which is scheduling training sessions for teachers in the use of the materials.

The project was funded in its overseas phase by the U.S. Office of Education with $54,500 dollar equivalent of U.S.-owned Egyptian currency made available under Public Law 480. Contributions in dollars by the participating institutions and persons to the balance of the project cost totalled approximately $25,000.

REACTION TO ELIMINATING POLAND

Mr. PATTEN. If some of these programs benefited the Polish educational system, have you had any reaction from the authorities over there as to dropping these projects?

Dr. LEESTMA. The principal purpose of these programs and of the U.S. Office of Education mission, is to strengthen American education rather than to strengthen the educational system of another country. That mission to strengthen the educational system of another country is basically the mission of the Agency for International Development. Every now and then, something that we produce to strengthen American education will also be directly beneficial to the educational sys-

tem of the other country involved. An example would be some of the language teaching materials or the dictionaries. A few years ago we funded, not with this program but in the NDEA title VI research program, the preparation of a Russian-English idiom dictionary, the first such up-to-date dictionary. It has proven to be a minor sensation in the Soviet Union as well as for its primary purposes in Russian studies programs here in the United States and related U.S. business and diplomatic programs abroad. I would predict that the forthcoming dictionary dealing with modern spoken Arabic will have a similar kind of reception in Egypt as well as for its intended primary purposes in American higher education, international business and diplomacy.

Incidentally, we will not drop Poland totally. It is a very important country, and if excess foreign currencies are not available there, we will spend a portion of our Fulbright-Hayes dollar appropriation to carry out on some of the most worthwhile future projects.

Mr. PATTEN. That is about it, unless you want to add anything more for the record.

Dr. SPEARMAN. Thank you very much, Mr. Chairman.

Mr PATTEN. All right. Thank you.

[The following questions were submitted by Mr. Conte with the request that they be answered for the record.]

DOLLAR VALUE OF FUNDS

Mr. CONTE. What is the dollar value of funds currently available in Egypt, India, Pakistan, Poland, and Tunisia?

ANSWER. Currently for fiscal year 1977 Egypt has $780,243, India has $1,114,184, Pakistan has $272,363, and Tunisia has $80,000. Poland was removed from the excess list on January 1, 1977, and Tunisia will be removed on October 1, 1977.

FUNDS AVAILABLE FOR POLAND

Mr. CONTE. Your statement said that no funds were available from Poland, but your justification mentions a Polish program. Which is correct?

ANSWER. In academic year 1976–77, there are four Polish language related or study programs in progress. All currently have some excess foreign currency funding. Excess foreign currency generally accounts for a portion of funds in these projects and the remainder comes from the Fulbright-Hayes Appropriation. Some Polish activities will be conducted and paid for from the Fulbright-Hayes appropriation.

NEW AWARDS VERSUS CONTINUATIONS

Mr. CONTE. I see that you are proposing to fund 69 projects in 1978, the same as 1977. Will any of those projects be continuations, or are they all new? Would you provide a listing of funded projects, if you haven't already done so?

ANSWER. Technically, all the projects would be new since a new competition is held each year. However, some projects, especially intensive foreign language programs which serve successive classes of students in consortia of graduate schools, are successful competitors from year to year. If such repeaters are considered old projects and percentages from fiscal year 1976 grants are considered, then 15 of the 69 grants would be old projects. Awards for fiscal year 1977, will be made sometime in June, however, we will be happy to send you a list of the 1976 awards.

CARRYOVER FUNDS

Mr. CONTE. You are apparently planning on supporting the same number of projects in 1978 as this year, despite a reduction of $283,000 in funds. Where will the reduction take place?

ANSWER. The foreign currency appropriation for this year was $2 million, the same amount we are expecting for 1978. The amount beyond the appropriation,

which amounted to $283,000 last year, is carryover funds. These accumulate from refunds on past contracts and grants and other unspent funds. We expect to have a carryover next year.

SCHOOL PARTICIPATION

Question. How many different schools in the United States are participating in the program?

Answer. Figured from participation in previous years but allowing for Poland being removed from the foreign currency list last year we expect that approximately 110 institutions would participate in projects funded by foreign currency. Many of the grants are made to consortiums and the figure takes in all consortium members. In addition, many public school systems will benefit through participation in teacher education projects proposed by higher education institutions.

CURRICULUM REQUIREMENTS

Question. Reference is made to assisting the States to retrain teachers to meet new curriculum requirements in world cultures. What new curriculum requirements are these?

Answer. In recent years, some State education agencies have mandated that World Cultures and international questions be given greater attention in statewide social studies curricula, North Carolina, Pennsylvania and Texas for example. This has meant that many teachers are currently in the process of acquiring needed knowledge and skills and supplementing existing expertise in order to comply with this mandate. The group projects abroad program has provided invaluable assistance to institutions responsible for retraining teachers and conducting inservice workshops by providing opportunities for teachers to travel and study in foreign countries and develop new curriculum materials to serve new syllabi.

Question. What form will these particular retraining projects take?

Answer. These projects will include teacher training, curriculum and materials development and consultation with foreign specialists.

NEW PROJECTS VERSUS OLD PROJECTS

Question. Are all 69 projects proposed for funding in 1978 new, or will there be some repeats?

Answer. Technically, all the projects would be new since a new competition is held each year. However, some projects, especially intensive foreign language programs which serve successive classes of students in consortia of graduate schools, are successful competitors from year to year. If such repeaters are considered old projects and percentages from fiscal year 1976 grants are considered then 15 of the 69 grants would be old projects.

TYPES OF PROJECTS

Question. Can you give some examples of the "New Knowledge" that will be produced by faculty members and doctoral candidates participating in this program?

Answer. It is difficult to project the types of projects which will be submitted to the doctoral dissertation research abroad and faculty research abroad programs in 1978. Any projection would have to be based on the types of projects submitted in previous program years and on the fact that the research for the Ph. D. by definition must be original research.

EXAMPLES

In fiscal year 1977 a Ph. D. candidate will be focusing his dissertation on AL-Hajj Amin AL-husayni: The Founder of Palestine Nationalism. This project, partially supported through excess currencies, will certainly focus on an issue of contemporary relevance. Another student will study the effects of change in road transport on rural populations in Pakistan.

In fiscal year 1977 a faculty member will research "Muslim Attitudes Toward Non-Muslim Religions: Past and Present." Another professor will focus on the legal profession as an elite in Pakistan society. Another faculty member will be conducting a study of the motivations behind emigration from India to the United States. Support will also be extended, through a fellowship to a faculty member, to the effort to expand and to improve Arabic studies at the U.S. Military Academy.

JUSTIFICATION OF THE BUDGET ESTIMATES

Appropriation Estimate

Educational Activities Overseas

For payments in foreign currencies which the Treasury Department determines to be in 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.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

Educational Activities Overseas

Amounts Available for Obligation

	1977	1978
Appropriation	$2,000,000	$2,000,000
Unobligated balance, start of year	283,469	---
Total, obligations	$2,283,469	$2,000,000

Summary of Changes

1977 Estimated Obligations	$2,283,469
1978 Estimated Obligations	2,000,000
Net change	-283,469

	1977 Base	Change from Base Amount
Decreases:		
Program:		
1. Grants to American institutions--reduction will fund this program without an unobligated carryover	$2,283,469	-$283,469
Total decreases		- 283,469

Obligations by Activity

Page Ref.		1977 Estimate	1978 Estimate	Increase or Decrease
160	Grants to American Institutions (Total obligations).....	$2,283,469	$2,000,000	-$283,469

Obligations by Object

	1977 Estimate	1978 Estimate	Increase or Decrease
Travel and transportation of persons.....	$ 24,000	$ 20,000	-$4,000
Other services.....	433,000	380,000	-53,000
Grants, subsidies and contributions.....	1,826,469	1,600,000	-226,469
Total obligations by object.....	2,283,469	2,000,000	-283,469

Authorizing Legislation

	Amount Authorized	1978 Budget Estimate
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	

Educational Activities Overseas

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
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	2,000,000	2,000,000	2,000,000
1978	2,000,000			

Justification

Educational Activities Overseas

	1977 Appropriation	1978 Estimate	Increase or Decrease
Educational Activities Overseas			
Appropriation	$2,000,000	$2,000,000	---
(Obligations)	(2,283,000)	(2,000,000)	(-$283,000)

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.

	1977 Appropriation	1978 Estimate	Increase or Decrease
Grants to American institutions			
Appropriation	$2,000,000	$2,000,000	---
(Obligations)	(2,283,469)	(2,000,000)	(-$283,469)

Narrative

Program purpose

To strengthen American education through research and training abroad sponsored by American institutions, grants are provided 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 1978 $2,000,000 in foreign currencies is requested to fund a total of 69 individual and group projects for 736 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 Hindi-Urdu; 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 1977, an amount of $2,283,469 (which includes $2.0 million in appropriations and the remainder in recoveries from previous years' obligations) will support 69 projects. Twenty-nine group projects for training and curriculum development for approximately 580 participants will be supported at a cost of $950,000; 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.

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 104(b)(2) and (3)

	1977 Estimate	1978 Authorization	1978 Budget Estimate
Appropriation	$2,000,000	Indefinite	$2,000,000
Obligations	($2,283,469)		($2,000,000)

Purpose: 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 nonprofit education agencies. The projects recommended for funding are forwarded to appropriate U.S. diplomatic missions and binational commissions for comment on feasibility and host country concurrence. A final review of all projects is made by the Board of Foreign Scholarships, which provides general supervision for all programs carried out under this Act.

Accomplishments in 1977: In fiscal year 1977, an amount of $2,283,469 (which includes $2.0 million in appropriations and the remainder in recoveries from previous years' obligations) will support sixty-nine projects. Twenty-nine group projects for training and curriculum development for approximately 580 participants will be supported. Five 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 1978: In fiscal year 1978, an amount of $2,000,000 will support 69 individual and group projects for 736 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.

THURSDAY, MARCH 24, 1977.

LIBRARY RESOURCES

WITNESSES

DR. HERMAN R. GOLDBERG, ACTING DEPUTY COMMISSIONER FOR ELEMENTARY AND SECONDARY EDUCATION
DR. WILLIAM F. PIERCE, ACTING COMMISSIONER OF EDUCATION
DICK HAYS, ASSOCIATE COMMISSIONER/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
WILFORD FORBUSH, DEPUTY ASSISTANT SECRETARY, BUDGET

Mr. FLOOD. The subcommittee will come to order.

We have the Office of Education, Library Resources presentation today by Dr. Herman R. Goldberg, the Acting Deputy Commissioner for Elementary and Secondary Education.

We have your biographical sketch, Doctor, which we will place in the record at this point, and also your statement which we will insert in the record at this point.

[The biographical sketch and prepared statement follow:]

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Biographical Sketch

NAME : Herman R. Goldberg

POSITION : Acting Deputy Commissioner for Elementary and Secondary Education, U.S. Office of Education

BIRTHPLACE AND DATE : Brooklyn, New York - November 20, 1915

EDUCATION : B.S., Brooklyn College, 1935
M.A., Columbia University Teachers College, 1944
LL.D., University of Rochester, 1965

EXPERIENCE :

Present : Associate Commissioner for Equal Educational Opportunity, U.S. Office of Education and Acting Deputy Commissioner/ Bureau of Elementary and Secondary Education

3/71-6/71 : Associate Commissioner for Elementary & Secondary Education

1963-1971 : Superintendent of Schools, Rochester, New York

1958-1963 : Coordinator of Instructional Services, Rochester, New York

1948-1958 : Director of Special Education, Rochester, New York

1949-1963 : Lecturer in Education, University of Rochester

1943-1948 : Lecturer in Education, New York University and Columbia University

1939-1948 : Teacher, New York City Public Schools

ADDITIONAL EXPERIENCE:

Distinguished Visiting Professor, Oregon State University Corvallis, Oregon

Chairman, President's National Advisory Council on Education of the Disadvantaged

Commissioner, New York State Delegation to the Education Commission of the States

Chairman, Invitational Seminar on Instructional Television, Center for Advanced Studies in the Behaviorial Sciences, Palo Alto, California

Member, Ford Foundation Study Team, Educational Television, Public Schools, American Samoa

Fulbright Professor, University of Bologna, Italy, and Consultant to the Italian and Israeli Ministries of Education

Moderator, Junior Town Meeting of the Air

John Hay Humanities Fellowship, Bennington College, Bennington, Vermont

Member of 1936 U.S. Olympic Team
Professional Baseball Player, American, International and Canadian-American Leagues

PUBLICATIONS: Editor, Rochester Occupational Reading Series (Science Research Associates, Inc.)

Contributing Author, Otolaryngology (Wm. Proctor, Corp.)

Contributing Author, Education for the Exceptional (Porter Sargent, Inc.)

Contributing Author, Integrated Education (Glencoe Press)

Inventor, Chromovox Linguistics Teaching Machine (Electro Networks, Inc.)

Contributing Author, Educating for Tomorrow: The Role of Media, Career Development and Society (John Wiley and Sons, Inc.)

Editor, Getting It Together Reading Series (Science Research Associates, Inc.)

Editor, The Job Ahead (Science Research Associates, Inc.)

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DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

Statement by Dr. Herman R. Goldberg,
Acting Deputy Commissioner for Elementary and Secondary Education

on

Library Resources

Mr. Chairman and Members of the Subcommittee:

I am pleased to have this opportunity to appear before you to testify on the Library Resources appropriation for programs involving public, school, and academic libraries, and other related programs. We are requesting $233,542,000 for these programs in fiscal year 1978, the same amount as the predicted final appropriation for 1977.

Public Libraries

The Library Services and Construction Act is under one-year extension, provided by section 414(e) of the General Education Provisions Act, through fiscal year 1977. Assuming its renewal by this Congress, we are requesting $60,237,000 for public library services and interlibrary cooperative services, the same level as 1977.

For public library services we are requesting $56,900,000. These funds would continue State library services for the physically handicapped and institutionalized, continue to strengthen metropolitan libraries which serve as regional resource centers, and continue to improve public library services for disadvantaged persons.

The request of $3,337,000 for interlibrary cooperative services would support an estimated 130 projects involving networking among approximately 7 percent of the Nation's libraries and media centers.

School Libraries and Instructional Resources

Title IV-B of the Elementary and Secondary Education Act authorizes consolidation grants to States for school library resources, for equipment and minor remodeling, and for guidance, counseling and testing. This consolidation eliminates narrow categorical grant programs and provides local education agencies complete discretion in the use of funds among the purposes of this title. Moreover, this request for continued advance funding enables 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 1978 request is for $154,330,000, the same level as 1977.

Preliminary reports from the States indicate that these funds are being used to benefit students (ages 5-17) in approximately the same proportions as the separate categorical programs did in prior years and that planning among these purposes is now being more closely coordinated at the local district level.

The 1978 request will continue to provide these same benefits to private school students, as well as the public school children who may be living in sparsely populated areas, students from families in which English is not the dominant language, and students who are gifted and talented. An estimated 46 million children will be served, with approximately 10 percent of the funds providing benefits to private school students.

College Library Resources

For the college library resources program, authorized under title II-A of the Higher Education Act, we are requesting $9,975,000, the same level as 1977. At this funding level, approximately 2,700 institutions of higher

education, and other library institutions whose primary function is to serve academic institutions, would receive a basic grant of $3,700 for the purchase of needed library books and audiovisual materials.

Training and Demonstrations

For training and demonstrations authorized under title II-B of the Higher Education Act, an amount of $1,500,000 is requested, the same level as 1977. Of this amount $500,000 is for library career training. These funds would provide further training for about 171 librarians, concentrating on the disadvantaged and paraprofessionals. The balance of the request, $1,000,000, would fund approximately 19 library demonstration projects for the improvement of library systems, information science, and training curricula.

College Instructional Equipment

The budget request of $7,500,000 for college instructional equipment, authorized by title VI-A of the Higher Education Act, is the same level as 1977. These funds would provide nearly 800 grants for instructional equipment, materials, closed-circuit television, and related minor remodeling.

Summary

This concludes my statement on Library Resources. My associates and I will be happy to answer any questions you may have.

Mr. FLOOD. Now, you have some people with you that you would like us to meet, I suppose.

Dr. GOLDBERG. On my left, Mrs. Cora P. Beebe, Director of Division of Planning and Budgeting.

Robert Klassen, Chief of Program Development and Assistance, Office of Libraries and Learning Resources.

My immediate left, Dick Hays, Associate Commissioner/Director, of the Office of Libraries and Learning Resources.

On my right, William Forbush, the Deputy Assistant Secretary of Budget at HEW.

LIBRARY AUTHORIZATIONS

Mr. FLOOD. All right.

The authorization for the public library program expires in fiscal year 1977. Is the 1978 budget request of $60.2 million, based on a simple extension of the present authorization, or do you propose to change the basic law?

Mr. HAYS. Mr. Chairman, at this time the administration would propose a simple extension, while consideration of longer term support for libraries is under review.

URBAN LIBRARIES

Mr. FLOOD. The authorizing committee, as you know, is considering a new program to support urban libraries. Do you think that is a good idea or not?

Mr. HAYS. We recognize that the urban libraries have a great financial need. There are several proposals on the Senate and House side, one of those being a separate provision and title to LSCA. Our basic feeling, and we are debating these issues now, is that perhaps title I of LSCA would allow the State and local library agencies to allocate funds as they see fit, depending on the priorities at the time.

We do recognize that there are significant needs for financial support in various aspects of libraries, particularly at the urban level.

Mr. FLOOD. Do you have any figures to indicate how much Federal aid goes to the urban libraries?

Mr. HAYS. Yes, we do, Mr. Chairman.

Our figures indicate that 20 percent of the LSCA money goes to the support of urban libraries.

PUBLIC LIBRARY SERVICES

Mr. FLOOD. Under the budget estimate for the public library services, how many people do you expect to serve?

Mr. HAYS. Well, our expectations are that LSCA will serve a very large population.

Sixty-six percent of our funds will be targeted to the disadvantaged, the institutionalized, handicapped, elderly, and other specialized populations.

Mr. FLOOD. How many people altogether?

Mr. HAYS. We estimate that 96 percent of our population has access to libraries.

SPECIAL POPULATIONS

Mr. FLOOD. How many physically handicapped, the institutionalized, the disadvantaged people will be served compared to last year?

Mr. HAYS. The same, Mr. Chairman.

Mr. FLOOD. Well, how do you get the States to target these public library funds to the special population groups?

Mr. HAYS. Mr. Chairman, the law provides priorities that the States are to address and includes the disadvantaged, the handicapped, those with limited English-speaking ability, urban libraries which serve as regional resource centers; these are priorities that the States and localities are presently addressing.

They have the discretion within the range of those priorities, which ones they wish to address.

TOTAL LIBRARY NEEDS

Mr. FLOOD. Well, now, how many Federal and State dollars do you estimate are needed for all Americans to have an adequate library service?

Mr. HAYS. I do not know that we have that figure, Mr. Chairman.

Mr. FLOOD. You don't?

Mr. HAYS. Our estimate is that currently 83 percent of the population does not have adequate service, as defined by the States' own standards.

We do not have a figure of how much it would take to reach adequate service in each of those cases, because the State standards vary considerably.

We figure that 4 percent of our population is currently without any type of library service.

Mr. FLOOD. But you could not give me Federal figures and State figures to reach that amount though?

Mr. HAYS. We could certainly try to provide an estimate for the record, Mr. Chairman.

Mr. FLOOD. We would like an estimate of Federal and State funding.

Mr. HAYS Yes, sir.

[The information follows:]

RESOURCES NEEDED TO PROVIDE ADEQUATE LIBRARY SERVICES TO ALL AMERICANS

According to a survey made by the National Commission on Libraries and Information Science in 1974, for public libraries to attain reasonable, though modest, resources to provide adequate services to the U.S. public, it would cost:

- About $30 million to extend the hours of all public libraries not now open as much as 45 hours per week, for populations of less than 25,000, or 66 hours per week for larger populations;
- Sixty-six million dollars for print materials and at least $11 million for nonprint materials, both estimated very conservatively, to replace worn out and obsolete materials and buy necessary new publications;
- About $340 million for additional professional and support staff;
- About $50 million for maintenance of the additions to physical plant space (by about 50%) needed.

Incremental annual costs for these enumerated items are of the order of $500 million. This does not include such elements as equipment, nonpersonal services, supplies, and research.

One-time costs would include:

- About $1.4 billion to bring collections up to the minimum levels for print materials and $100 million for nonprint, at 1974 price levels.
- More than $100 million, possibly, for more than 11 million square feet of space for which need is indicated, nationwide; by conversion of available publicly-owned space to library purposes, or investment in building or buying space not now owned;
- A substantial sum for recruitment, initial costs, and retraining of the staff needed.

The projected need for support in 1977 and thereafter is well above the $2.0 billion need indicated for 1974, based on:

- Population increases since 1974;
- Service extensions, by demand, to populations not served in 1974;
- Per-patron usage increases in many public libraries;
- Price rises for books and films, continuing at a rate greater than general inflation;
- Salary scale adjustment for cost of living, reflecting the general inflation.

INTERLIBRARY COOPERATION

Mr. FLOOD. What is the main purpose of the program for interlibrary cooperation?

Mr. HAYS. Yes, sir.

The main purpose of that program is to encourage and support cooperation among the various library systems that we have: The public library systems, the school library systems, the academic library systems, and the special library systems. That money has contributed to having the States take a leadership role in trying to encourage resource cooperation among those various types of libraries.

Mr. FLOOD. Do you think those interlibrary projects have been successful?

Mr. HAYS. Yes, sir, but I think we have a long way to go.

Mr. FLOOD. How long?

Mr. HAYS. Well, to give you several examples, I would say that the basic part of the money goes for telecommunications networks and telephone communication systems among the various library systems in the States, and that includes the incentive funds to support the interlibrary loan operations.

It supports and brings together localities in centralized acquisitions and processing, relating to library materials.

It provides for comprehensive statewide planning for networks, such as exist in California, New York, and Illinois.

It provides for cooperative arrangements among States so that they can share resources and help one another, and it provides for training of people that can help implement those particular objectives.

ADMINISTRATIVE COSTS

Mr. FLOOD. What percent of the Federal dollars has been used for administration of the public library program in the past?

Mr. HAYS. In the past, the figures have varied. In fiscal year 1975 it was approximately 7 percent; this past fiscal year the States have done a better job in reducing that.

It is now judged to be at the 4-percent level. That is an average. Now, among the 50 States there are disparities.

INFLATION IN PRINTING COSTS

Mr. FLOOD. Do you have any figures to indicate the current inflation rate of book costs?

Mr. HAYS. Yes, sir.

The estimate now is that the inflation rate for trade and technical books would be 15 percent per year.

The same figure would hold true for periodicals.

Mr. FLOOD. Well, is there any way for you to show how much of Federal funds go to the purchase of materials, as opposed to operating expenses?

Mr. HAYS. Yes, we could provide that, Mr. Chairman.

[The information follows:]

PUBLIC LIBRARY EXPENDITURES—USE OF FEDERAL FUNDS

	Fiscal year 1975	Percent
Type of expenditure:		
Books	$229,835,559	42.3
Periodicals	13,362,538	2.4
Microforms	2,227,090	.4
Audiovisual materials	24,545,448	4.5
Total materials	269,970,635	49.6
Operating expense	273,878,140	50.4
Total expenditures	543,848,775	100.0

LIBRARY CONSTRUCTION

Mr. FLOOD. By the way, what is the current demand for public library construction?

Mr. HAYS. The current demand for library construction based on a survey that was conducted recently by the American Library Association is that over 800 projects would be ready to go if funds were available.

Mr. FLOOD. Are there any construction applications still pending in your office?

Mr. HAYS. No, we do not have money that can be used for construction anymore, Mr. Chairman.

Mr. FLOOD. Do you have applications?

Mr. HAYS. The applications are not with us.

They are with the State agencies. The State agencies have applications.

Dr. GOLDBERG. If I might just add a point to Mr. Hays' statement, there are other sources of Federal aid for library construction.

Of course, the general revenue sharing is a resource local authorities may tap if that is a priority high enough.

The Appalachian Regional Development Act provides funds for public works, libraries being one of the choices open to them. A major source is the Department of Commerce Public Works Employment Act, where local communities had a chance to include various municipal projects, public safety projects, construction of schools, libraries, municipal buildings. The Urban Growth and New Community Development Act would be the fourth one. So, other sources would be available to mayors, city managers, superintendents and directors of city and county library programs to get their orders in to try to speak up for library construction.

SCHOOL LIBRARIES

Mr. FLOOD. The budget for the school library resources is $154.3 million.

Do you have any figures to indicate how many private schools are assisted in that program?

Mr. HAYS. Well, our figures indicate that 95 percent of the nonpublic schools are assisted through this act.

Mr. FLOOD. What is that?

Mr. HAYS. Ninety-five percent of the nonpublic schools are assisted.

STATE EXPENDITURES FOR SCHOOL LIBRARIES

Mr. FLOOD. Well, do you have any information showing what percent the States spend on books as opposed to the audiovisual aides?

Mr. HAYS. Yes, we do, Mr. Chairman.

Fifty-four percent of the ESEA IV–B money based on expenditures in fiscal year 1976 are for materials, including both print and audiovisual materials, 33 percent of the money is for equipment, and 12.2 percent of the money is spent for guidance, counseling, and testing.

PARTICIPATION IN SCHOOL LIBRARY PROGRAM

Mr. FLOOD. What is the percent of participation in the school library programs, how many children and how many school districts are involved?

Mr. HAYS. The figure in all cases is over 90 percent, and we can provide the detailed breakdown for you.

[The information follows:]

Participation in school library programs

Number of children	46,300,000
Public	41,800,000
Nonpublic	4,500,000
Number of school districts	16,163

CONSOLIDATED AID

Mr. FLOOD. What information do you have to show that consolidated aid is going to the school districts of greatest need, or that the aid under that program is helping equalize the educational resources among the school districts?

Mr. HAYS. The title IV–B, Mr. Chairman, goes through the States to local educational agencies based on the number of children in those agencies aged 5 to 17.

In addition, the States have the responsibility of working with the localities in determining extra cost considerations for what is considered to be high-cost children.

These would include the economically disadvantaged, limited English-speaking, and children in rural areas. The localities would then get increased funding for the number of high-cost children they have in their area, but the local educational agency is to receive the money based on the population count of the ages I mentioned.

LOCAL ADMINISTRATIVE COSTS

Mr. FLOOD. Does your budget estimate for school libraries take into account the State and local administrative costs?

Mr. HAYS. We certainly take into consideration the administrative costs for title IV as a whole, both parts B and C. The law provides for either 5 percent of the money for title IV, or $225,000 per State, whichever is larger, could be used for administrative costs.

Mr. FLOOD. What are those costs in the consolidated programs, as compared to the previous categorical programs?

Mr. HAYS. We do not have such information yet. The programs that we had before had administrative cost figures of various types associated with them.

COLLEGE LIBRARIES

Mr. FLOOD. For the college library program you are requesting $9,975,000.

What was the average grant per institution for this program last year?

Mr. HAYS. The average in 1976 was $3,930.

Mr. FLOOD. And again, do you have a breakdown as to how many were private institutions, and how many recipients were public?

Mr. HAYS. Yes, sir, we do.

Mr. FLOOD. Let us have that.

[The information follows:]

COLLEGE LIBRARY RESOURCES RECIPIENT BREAKDOWN

Recipient	Fiscal year 1976	Percent
Public	1,489	58
Private	1,079	42
Total	2,568	

Mr. FLOOD. The budget shows that 75 percent of the college library funds were used for the purpose of acquisition of printed material and 25 percent for nonprinted material.

Mr. HAYS. Right.

Mr. FLOOD. Has your budget taken into account the inflation costs of books?

Mr. HAYS. The request this year certainly does not reflect the 15-percent increase, Mr. Chairman.

We wish the financial resources would permit an increase each year, but given the priorities of education, we feel this is the level we could request this year.

RESEARCH LIBRARIES

Mr. FLOOD. You know, the 1976 amendments to the authorization legislation for the college libraries added a new section, part C, for strengthening research library resources. Were any research libraries covered by the budget in the past?

Mr. HAYS. Yes; research libraries, certainly those affiliated with higher educational institutions, could get support under HEA II–A.

Research institutions could also apply for support based on their proposal, under II–B research and demonstration, for a particular project they wish to pursue.

Mr. FLOOD. Why are you not proposing to fund the new provision for research libraries?

Mr. HAYS. Again, Mr. Chairman, it is a matter of priorities, and where we can best use the money in the Office of Education.

LIBRARY TRAINING

Mr. FLOOD. How many students are served currently through the library training program?

Mr. HAYS. Well, we have institutes, traineeships, and fellowships. Would you like to concentrate on just the traineeships?

Mr. FLOOD. Students in the program.

Mr. HAYS. All right.

Mr. FLOOD. The career training program.

Mr. HAYS. 120 through the institutes, and 51 through the traineeships and fellowships.

Mr. FLOOD. Do you have any statistics showing the demand for librarians?

Mr. HAYS. Mr. Chairman, the latest figures we have come from a 1974 analysis done by the Labor Department, and it indicates that at that time the supply of librarians from the library schools, was about equal to the demand. Employment opportunities seem to be decreasing for librarians today, but we do not have statistics on that.

We know that in certain areas, there is a great demand for librarians, particularly those who have experience in dealing with the disadvantaged, those who are media specialists, and those who have knowledge about computer technology.

Mr. FLOOD. How many applications did you receive for library trainee grants last year?

Mr. HAYS. We received 123, sir.

LIBRARY DEMONSTRATIONS

Mr. FLOOD. Now, on your library demonstration programs, your budget is $1 million.

Mr. HAYS. Yes, sir.

Mr. FLOOD. What could you possibly demonstrate, in that whole broad field of libraries with an amount like that?

Mr. HAYS. Well, we think that this program has the potential for considerable impact in the library community, even though it is a small figure. We are not the only ones providing funds.

Many times our projects have support from foundations—National Science Foundation, National Endowment for the Humanities, and other sources—so we try to use our money, in coordination with other funding sources.

Dr. GOLDBERG. If I might just add a point here, I would like to take 30 seconds to tell what happens when you are on the other end of the line, as I was as a local superintendent of schools for a number of years.

I just want the committee to know that when the library services were made available to a large city school district, we had to concentrate those funds in the inner-city schools for the disadvantaged, and we built new libraries, or expanded libraries in many of those schools.

This brought a clamoring from the rest of the city, the parents saying, where is our new library, where is our revised library, and so the demonstration of the Federal funds improving libraries in certain schools led to a 6-year plan where every school in the district was

upgraded with State and local money, and that indicated that there was a multiplier effect, that we at the other end were grateful during the 1960's, and early 1970's for the help we got.

UNDERGRADUATE INSTRUCTIONAL EQUIPMENT

Mr. FLOOD. On college instructional equipment, you are requesting $7.5 million. Does that overlap with any other Federal programs?

Mr. HAYS. Well, not that we know of. This is basically for equipment, and there is not any major overlap that we are aware of.

Mr. FLOOD. Are there not any other Federal programs available for colleges to purchase equipment?

Mr. HAYS. The National Science Foundation provides some support in this area, Mr. Chairman.

Mr. FLOOD. What is the percentage between public and private institutions?

Mr. HAYS. Approximately one-fourth of the recipients are private institutions.

Mr. FLOOD. How many community colleges participated in this program?

Mr. HAYS. One-third.

Mr. FLOOD. Mr. Natcher?

REVENUE SHARING FOR LIBRARIES

Mr. NATCHER. Thank you, Mr. Chairman.

What is the current situation in regard to use of general revenue sharing for public library services?

Mr. HAYS. Mr. Natcher, since creation of revenue sharing, approximately 1 percent has been used by local governments for support of public libraries.

That figure in total from 1972 through 1975 is $195 million.

Mr. NATCHER. Can you tell me about the public library construction?

Mr. HAYS. Yes, sir.

Of that $195 million, approximately half has been used for capital improvements.

Mr. NATCHER. If you will, at this point in the record, with your permission, Mr. Chairman, I would like for you to supply State listing of general revenue sharing funds used for public libraries.

Place it in the record at this point, if you will.

Mr. HAYS. Yes, sir.

[The information follows:]

3945a

General Revenue Sharing, Actual Expenditures for Libraries, State and Local Governments, FY 1975

		Capital		Operating and Maintenance		Total	
		Amount	%1/	Amount	%1/	Amount	%1/
	TOTALS	43,986,989	1	51,018,785	1	95,005,774	1
10	ALABAMA	978,388	1	730,677	1	1,709,065	1
11	ALASKA	10,639	*	205,339	1	216,178	1
12	ARIZONA	339,822	*	654,057	1	993,879	1
13	ARKANSAS	297,722	*	207,517	*	505,239	*
14	CALIFORNIA	11,422,778	2	5,874,209	1	17,296,987	3
15	COLORADO	322,898	*	1,172,898	1	1,495,796	1
16	CONNECTICUT	1,464,183	1	1,709,624	1	3,173,807	2
17	DELAWARE	0		70,340	*	70,340	*
18	DISTRICT OF COLUMBIA	0		293,039	1	293,039	1
19	FLORIDA	1,138,245	*	3,339,222	1	4,477,467	1
20	GEORGIA	599,314	*	409,588	*	1,008,902	*
21	HAWAII	38,838	*	0		38,838	*
22	IDAHO	200,632	1	49,098	*	249,730	1
23	ILLINOIS	1,046,789	*	979,691	*	2,026,489	*
24	INDIANA	102,573	*	92,059	*	194,632	*
25	IOWA	600,517	1	460,591	1	1,061,108	2
26	KANSAS	930,370	2	449,966	1	1,380,336	3
27	KENTUCKY	835,500	1	1,059,477	1	1,894,977	2
28	LOUISIANA	1,092,395	1	1,181,405	1	2,273,800	2
29	MAINE	92,733	*	379,090	1	471,823	1
30	MARYLAND	799,805	1	1,419,724	1	2,219,529	2
31	MASSACHUSETTS	271,428	*	1,674,028	1	1,945,456	1
32	MICHIGAN	1,191,167	*	1,498,059	1	2,689,226	1
33	MINNESOTA	1,384,095	1	806,035	1	2,190,130	2
34	MISSISSIPPI	1,526,228	2	272,182	*	1,798,410	2
35	MISSOURI	152,000	*	737,023	*	889,023	*
36	MONTANA	521,091	2	80,443	*	601,534	2
37	NEBRASKA	2,524,080	4	140,096	*	2,664,176	4
38	NEVADA	44,536	*	387	*	44,923	*
39	NEW HAMPSHIRE	107,101	1	169,960	1	277,061	2
40	NEW JERSEY	296,878	*	1,334,905	1	1,651,783	1
41	NEW MEXICO	164,209	*	37,118	*	201,327	*
42	NEW YORK	675,335	*	2,547,434	*	3,222,769	*
43	NORTH CAROLINA	2,548,877	1	1,286,906	1	3,835,783	2
44	NORTH DAKOTA	119,338	*	64,826	*	184,164	*
45	OHIO	313,103	*	258,438	*	571,541	*
46	OKLAHOMA	600,765	1	95,744	*	696,509	1
47	OREGON	567,491	1	3,134,283	4	3,701,774	5
48	PENNSYLVANIA	696,205	*	8,359,025	2	9,055,230	2
49	RHODE ISLAND	35,383	*	349,071	1	384,454	1
50	SOUTH CAROLINA	763,382	1	276,493	*	1,039,875	1
51	SOUTH DAKOTA	63,256	*	41,570	*	104,826	*
52	TENNESSEE	1,681,433	1	1,339,728	1	3,021,161	2
53	TEXAS	3,222,572	1	1,454,369	*	4,676,941	1
54	UTAH	88,831	*	136,537	*	225,368	*
55	VERMONT	67,724	*	121,639	1	189,363	1
56	VIRGINIA	834,643	1	256,347	*	1,090,990	1
57	WASHINGTON	560,950	1	1,539,548	2	2,100,498	3
58	WEST VIRGINIA	370,968	1	450,930	1	821,898	2
59	WISCONSIN	170,783	*	1,781,418	1	1,952,201	1
60	WYOMING	108,796	1	16,632	*	125,428	1

1/ Percent of total State and local General Revenue Sharing funds expended for libraries.

* Less than 1 percent of funds expended for libraries.

FEDERAL CONTRIBUTION FOR LIBRARIES

Mr. NATCHER. Of the total cost for financing public libraries, how much comes from the Federal Government?

Mr. HAYS. Approximately 5 to 6 percent, Mr. Chairman.

Mr. NATCHER. If you would develop a chart and place it in the record in regard to the cost of the Federal Government.

[The information follows:]

COST OF FINANCING PUBLIC LIBRARIES

	Expenditures [1]	Percent
Local	$879,238,698	76
State	76,450,681	7
Federal	85,288,070	7
Other	117,847,491	10
Total	1,158,824,940	100

[1] NCES Survey—Fiscal year 1974. Total public library expenditures.

CONDITION OF COLLEGE LIBRARIES

Mr. NATCHER. With respect to the college library assistance program, what is your assessment of college and university libraries?

Are they adequately equipped, and do they have proper materials, and so forth?

Generally, what is the situation?

Mr. HAYS. The last survey, sir, in the fall of 1971, indicated that at that time, 72 percent of colleges and universities were above the American Library Association's standards, and that 56 percent of our community and junior colleges met the American Library Association's standards.

I should note that in October 1975, the American Library Association changed its standards.

We do not have any data today that indicates how college libraries meet the new standards.

TELEVISION EQUIPMENT

Mr. NATCHER. How much of the funds under the college instructional equipment program is used for the purchase of closed-circuit TV?

Mr. HAYS. Approximately 20 percent, Mr. Natcher.

RURAL LIBRARY PRIORITIES

Mr. NATCHER. Concerning school libraries, how can your office help a rural school district compete for a fair share of the State allotment of a consolidated grant?

Mr. HAYS. In the ESEA IV–B program, Mr. Natcher, the local school district will be receiving the money proportionate to the children they have between the ages of 5 and 17.

They will get additional credit for any high cost children that they can identify, and high cost children include those from rural areas and the economically disadvantaged.

That application would go to the State and the money would pass directly through to the local educational agency.

Title IV, part C, provides money to the State whereby they can provide services to the localities to make sure their fair share will be received.

Mr. NATCHER. Thank you, Mr. Chairman.

Mr. FLOOD. Thank you very much.

Dr. GOLDBERG. Thank you, Mr. Chairman.

[The following questions were submitted by members of the subcommittee with the request that they be answered for the record.]

PUBLIC LIBRARY SERVICES

Mr. MICHEL. What percent of the population presently has access to public library services? Last year we were told it was 95 percent.

ANSWER. Approximately 96 percent of the total population has access to public library services.

Mr. MICHEL. Previously your justifications always used to defend the public library appropriation on the basis of expanding access to library services. Now, with that objective pretty well accomplished, we see a different rationale—that of promoting projects reflecting new patterns of public library service. Isn't this just a way of finding some basis for continuing funding for this program ad infinitum, long after the original objective was accomplished?

ANSWER. Services are available to most of our population, but the services are not geared to those who need them most, in far too many instances, that is, the disadvantaged. One of the purposes of title I of the Library Services and Construction Act is to provide for special projects for serving the disadvantaged. both urban and rural.

STATE AND LOCAL EXPENDITURES FOR PUBLIC LIBRARY SERVICES

Mr. MICHEL. How much are the States spending this year for library services? Last year we were told it was $101 million.

ANSWER. The States appropriated $101.6 million for public libraries in 1976. In 1977, it is about 104 million.

Mr. MICHEL. What about localities? How much are they spending?

ANSWER. We have no way of knowing, since reports by States are not required to provide such data.

REVENUE SHARING FUNDS FOR LIBRARY SERVICES

Mr. MICHEL. How much of the revenue sharing money last year was used for library services?

ANSWER. In 1975, about $51 million was used for operation and maintenance of public libraries, the latest year for which data are available.

WHITE HOUSE CONFERENCE ON LIBRARIES

Mr. MICHEL. Are you actively working with the National Commission on Libraries in putting together the White House Conference on Libraries?

ANSWER. The law establishing the White House Conference indicates that the National Commission on Libraries and Information Science will have the responsibility for administering the conference. The law also authorizes the National Commission to call upon other executive agencies to assist in this assignment. We anticipate that we will be working very closely with the National Commission and will be assisting them in any way possible.

Mr. MICHEL. Are any of your funds being used for that conference?

ANSWER. Office of Education funds are not involved.

INTERLIBRARY COOPERATIVE SERVICES

Mr. MICHEL. Your justifications indicate you are focusing the Interlibrary Cooperative services funds on "key cost-saving cooperative library practices." What kind of practices are we talking about?

ANSWER. The major categories of cooperation are: (1) Telecommunications networks for reference and bibliographic services and interlibrary loan; (2) centralized acquisition and processing materials; and (3) centralized listings of holdings of periodicals in institutions.

Mr. MICHEL. Have interlibrary networks been established in every State, or are some States ahead of others in this regard?

ANSWER. Networks now exist in every State to some extent, with California, New York, and Illinois having among the most formalized structures.

SCHOOL LIBRARIES AND INSTRUCTIONAL RESOURCES

Mr. MICHEL. Do you have any idea how much of the school instructional resources are spent on guidance and counseling?

ANSWER. In the ESEA title IV–B consolidation, about 12 percent of the funds in 1976 were used for guidance and counseling.

NEED FOR LIBRARY PERSONNEL

Mr. MICHEL. Is there a shortage of library personnel in this country so that we need to continue to provide training assistance?

ANSWER. Yes; there is a slight shortage of professional librarians, but the greater need is for librarians with specialized training, especially in the area of working with the disadvantaged.

PRIORITY OF THE COLLEGE EQUIPMENT PROGRAM

Mr. MICHEL. Why do we continue to fund the college instructional equipment program? This certainly cannot be classified as one of our higher priority programs, can it?

ANSWER. The program has much more impact than might be imagined, through greatly increasing the amount of individualized instruction.

EFFECT OF INFLATION ON ESEA IV–B

Mr. CONTE. You are requesting $154.3 million for the school library resources program which represents no increase over the appropriation provided last year. How do you expect schools to acquire the materials they need when no additional funds are requested—even though by the time these funds are obligated inflation is likely to have risen at least 10 percent?

ANSWER. Because of the constraints of the Federal budgetary process, we are not requesting an increase in the appropriation at this time. It is expected that State and local governments will increase their funding up to the level they feel is required.

ESEA IV–B REPORTING

Mr. CONTE. The General Education Provisions Act requires annual reports from States on the expenditure of Federal funds to be submitted 90 days after the completion of the grant year. States should therefore have reported on 1975 title IV–B spending patterns by now. What have the States reported to you regarding school districts' expenditures of title IV–B funds among the three program areas of guidance services, instructional materials, and instructional equipment?

ANSWER. The ESEA title IV–B program began operation July 1, 1975—fiscal year 1976. Expenditure reports for that year show the following data on spending patterns among the three part B program purposes:

	Public	Private	Total	Percent
School library resources, textbooks, and other instructional materials	$23, 180, 219	$2, 214, 081	$25, 394, 300	54. 1
Equipment and minor remodeling	15, 230, 330	632, 815	15, 863, 145	33. 7
Guidance, counseling, and testing	5, 416, 079	295, 158	5, 711, 237	12. 2
Total	43, 826, 628	3, 142, 054	46, 968, 682	100. 0

DECREASES IN EXPENDITURES FOR INSTRUCTIONAL MATERIALS

Mr. CONTE. Publishers and producers of instructional materials indicate that between 10 percent and 20 percent fewer dollars were spent for these materials last year. Is this decrease the result of title IV–B funds being used for other purposes like guidance and counseling, or are States and localities not maintaining effort as required by the statute?

ANSWER. Over one-half of the funds made available to local education agencies under part B have gone for instructional materials. For fiscal years 1976 and 1977, it appears that all States and other jurisdictions except Guam have been able to maintain effort as required by the statute. It is true that States and local education agencies have less non-Federal funds to spend for instructional materials, partly because of reduced school budgets and partly because of decreases in school enrollment. The obligation of part B funds for both fiscal years 1976 and 1977 has been delayed in some States because the single application requirement for title IV has meant that the submission date for applications for part B and part C funds is delayed to accommodate the longer preparation time needed for local education agencies to prepare competitive proposals under part C. States can, however, proceed to make part B subgrants without waiting the longer period of time needed to review and approve part C proposals.

INSTRUCTIONAL MATERIALS FOR GUIDANCE PROGRAMS

Mr. CONTE. How does the Office of Education define guidance services? What kinds of materials, other than for testing, are included in that definition? Would pamphlets on educational and job opportunities be included?

ANSWER. Guidance means a program provided by or under the leadership and supervision of professional counselors, involving teachers and resource personnel, to assist elementary and secondary school students in their educational, vocational, and personal-social development. A program of guidance services includes, but is not limited to, counseling, information, placement, appraisal, followup, and research. All types of printed and published instructional materials used in guidance programs, including pamphlets on educational and job opportunities, are eligible for acquisition under the title IV–B program.

LIBRARY SERVICES TO SPECIAL CLIENTELE

Mr. CONTE. What is being done to expand the availability of library services to the elderly, the handicapped, and the disadvantaged?

ANSWER. The expansion and improvement of library services to such special clientele are included in the legislative mandates under title I of the Library Services and Construction Act. In fiscal year 1976, some 7,500,000 elderly, 480,000 handicapped, and 29 million disadvantaged persons received services from LSCA funds.

EFFECT OF INFLATION ON LIBRARY PROGRAMS

Mr. CONTE. You are requesting no increases for any of the library programs other than title IV–B either. Can you explain how it will be possible to maintain service levels without allowing for inflation?

ANSWER. The level of funding needs to be viewed in relation to the total Office of Education budget and the priorities reflected therein. It should also be noted that the flexibility within the library programs allows both local libraries and local school districts to share certain resources in order to maintain service levels.

LIBRARY RESEARCH AND DEMONSTRATION PROJECTS

Mr. CONTE. Would you provide some examples of the kinds of projects funded under the library demonstrations program? What are your eight ongoing projects which are eligible for continuation funding?

ANSWER. Examples of library demonstration projects are the following:

1. "Improving Library Education for Selected Minorities," Arizona State University. These library training institutes have studied the purpose of identifying practices that have been effective in recruiting, selecting, training, and placing Spanish-surnamed and American Indian students.

2. "Serving Senior Patrons: Integrated Media Training Package," University of Denver. Eight videotape training packages were developed to train librarians working in small and medium-sized public libraries to provide better library and

information services to older people. Topics include: Introduction to aging, physical disabilities, legal information, nutrition and health, and leisure activities. The series is designed for self-teaching so that it can be adapted to a wide variety of continuing education situations.

3. "American Indian Community Library Demonstration Project," University of New Mexico. This library demonstration project lends technical and professional assistance to four pueblos—Laguna, Acoma, Santo Domingo, and Cochiti—in an effort to provide the needed impetus for each to establish and further develop its community library. This is very important as many of New Mexico's Indian tribes are located on reservations in vast rural areas of the State and have little or no library services.

The eight ongoing projects which are eligible for continuation funding are listed below. Even though a project may be eligible for continued funding, a new application must be submitted which is judged along with all other competing applications. Those eligible are as follows:

"A Model Continuing Education Recognition System in Library and Information Science Including Provision for Nontraditional Studies and Development of a Prototype for Home Study Programs," Catholic University of America, Washington.

"Serving Senior Patrons: Integrated Media Library Staff Training Package," University of Denver.

"Design and Testing of a Method to Reach Agreement for Responsibilities in Collection Building Among Libraries," Library Council of Greater Cleveland.

"Information and Referral Services for Residents of Maryland's Eastern Shore," Maryland State Department of Education.

"Indian Library Services Technical Assistance Center," National Indian Education Association, Minneapolis.

"Demonstration and Evaluation of the Effects of Incentives on Resource Sharing Using a Computerized Communications System," New England Board of Higher Education, Wellesley, Mass.

"Computer-Based Systems for Increasing Information Access to School Media Center Materials: Research, Demonstration, Education," University of North Carolina—Greensboro.

"Virgin Islands Demonstration Library Network Study," Virgin Islands Department of Conservation and Cultural Affairs, St. Thomas.

JUSTIFICATION OF THE BUDGET ESTIMATES

Appropriation Estimate

Library Resources

For carrying out, to the extent not otherwise provided, titles I ($56,900,000) and III ($3,337,000) of the Library Services and Construction Act (20 U.S.C., ch. 16); *titles II, parts A and B, and VI, part A, of the Higher Education Act;*[1/] and title IV, part B ($154,330,000) of the Elementary and Secondary Education Act, [$214,567,000] *$233,542,000: Provided,* That the amount appropriated above for title IV, part B of the Elementary and Secondary Education Act shall become available for obligation on July 1, [1977] *1978*, and shall remain available until September 30, [1978] *1979*.

Explanation of Language Changes

1/ Language is added for College library resources, Training and demonstrations, and College instructional equipment, which were not considered by Congress due to lack of authorizing legislation; legislation was extended subsequently by P.L. 94-482. A fiscal year 1977 supplemental request is to be submitted for these programs.

Language provision	Explanation
"...title II, parts A and B... of the Higher Education Act..."	Level funding is requested for the programs authorized by title II of the Higher Education Act; the amounts appropriated in 1976 did not meet the mandated split of 70 percent for part A and 30 percent for part B.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

Library Resources

Amounts Available for Obligation

	1977	1978
Appropriation	$214,567,000	$233,542,000
Proposed supplemental	18,975,000	---
Subtotal, appropriations	233,542,000	233,542,000
Unobligated balance, start of period	16,795,135	101,673
Unobligated balance, end of period	-101,673	-101,673
Total, obligations	250,235,462	233,542,000

Summary of Changes

1977 Estimated appropriation	$233,542,000
1978 Estimated appropriation	233,542,000
Net change	---

Appropriation by Activity

Page Ref.		1977 Estimate	1978 Estimate	Increase or Decrease
	Public libraries:			
88	(a) Services	$ 56,900,000	$ 56,900,000	---
89	(b) Interlibrary cooperative services	3,337,000	3,337,000	---
	Subtotal	60,237,000	60,237,000	---
90	School libraries and instructional resources	154,330,000	154,330,000	---
92	College library resources	9,975,000[1/]	9,975,000	---
	Training and demonstrations:			
93	(a) Library career training	500,000[1/]	500,000	---
94	(b) Library demonstrations	1,000,000[1/]	1,000,000	---
	Subtotal	1,500,000	1,500,000	---
95	College instructional equipment	7,500,000[1/]	7,500,000	---
	Total appropriation	233,542,000	233,542,000	---
	(Total obligations)	(250,235,462)	(233,542,000)	(-$16,693,462)

Appropriation by Object

	1977 Estimate	1978 Estimate	Increase or Decrease
Grants, subsidies, and contributions	$233,542,000	$233,542,000	---
Total appropriation by object	233,542,000	233,542,000	---

1/ Based on proposed supplemental appropriation for 1977.

Authorizing Legislation

	Amount Authorized	1978 Budget Estimate
Library Resources:		
1. Public libraries (Library Services and Construction Act):		
(a) Services (title I)	Expired 1/	$ 56,900,000
(b) Interlibrary cooperative services (title III)	Expired 1/	3,337,000
2. School libraries and instructional resources (Elementary and Secondary Education Act, title IV, part B)	Indefinite	154,330,000
3. College library resources (Higher Education Act, title II, part A)	$115,000,000	9,975,000
4. Training and demonstrations (Higher Education Act, title II, part B)		1,500,000
5. College instructional equipment (Higher Education Act, title VI, part A)	70,000,000	7,500,000
Other unfunded authorizations:		
Education Amendments of 1976: Title III, part D: Guidance and counseling	20,000,000	---
Higher Education Act: Title II, Part C: Strengthening college and research library resources	15,000,000	---

1/ An extension of the Library Services and Construction Act is to be proposed.

Library Resources

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
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
Transition Quarter	12,937,000	12,937,000	12,937,000	12,937,000
1977	199,054,000	204,079,000	229,079,000	214,567,000
Supplemental	18,975,000			
1978	233,542,000			

1/ Includes additional amounts in 1975 for support of programs shifted to an advance appropriations cycle during that year.

Justification

Library Resources

	1977 Estimate	1978 Estimate	Increase or Decrease
1. Public libraries:			
(a) Services	$ 56,900,000	$ 56,900,000	---
(b) Interlibrary cooperative services	3,337,000	3,337,000	---
2. School libraries and instructional resources	154,330,000	154,330,000	---
3. College library resources	9,975,000 1/	9,975,000	---
4. Training and demonstrations:			
(a) Library career training	500,000 1/	500,000	---
(b) Library demonstrations	1,000,000 1/	1,000,000	---
5. College instructional equipment	7,500,000 1/	7,500,000	---
Total budget authority	233,542,000	233,542,000	---
(Total obligations)	(250,235,462)	(233,542,000)	(-$16,693,462)
Positions	45	45	---

1/ Based on proposed supplemental appropriation for 1977.

General Statement

The fiscal year 1978 budget request of $233,542,000 for Library resources is the same amount as the predicted final appropriation for 1977.

The amount requested for Public libraries, $60,237,000, is the same as the 1977 appropriation level. These funds would provide the incentive capital to promote projects reflecting new patterns of public library service, and to establish and maintain interlibrary cooperative networks, both intrastate and interstate.

The School libraries and instructional resources 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 II), Equipment and minor remodeling (NDEA title III), and Guidance, counseling, and testing (a portion of ESEA title III). The requested amount of $154,330,000 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.

Level funding at $9,975,000 is requested for College library resources to assist those smaller institutions, in particular, which find it difficult to upgrade their libraries due to their strained fiscal condition.

For Training and demonstrations, the amount of $1,500,000 is requested, the same as in 1977. This amount would provide further training for about 171 librarians, concentrating on the disadvantaged and paraprofessionals. It would also fund approximately 19 demonstration projects for the improvement of library systems, information science, and training curricula.

The College instructional equipment request is for $7,500,000, the same as in 1977. This amount would fund nearly 800 grants for equipment, materials, closed-circuit television equipment, and related minor remodeling.

	1977 Appropriation	1978 Estimate	Increase or Decrease
1. Public libraries: (a) Services.....	$56,900,000	$56,900,000	---
Positions.....	18	18	---

Narrative

Program purpose

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 and national resource centers, grants to States are authorized.

Grants to States are made 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.

The authorizing legislation for Title I of the Library Services and Construction Act expired in 1976, with a one-year extension under Section 414(a) of the General Education Provisions Act available for fiscal year 1977. The Administration is proposing an extension of the Act.

Budget policy

For fiscal year 1978, it is requested that the funding level for public library services be continued at the 1977 level of $56,900,000. The amount requested for services for fiscal year 1978 would continue to represent the incentive capital to promote projects reflecting new patterns of public library service. This amounts to 5-7% of the American public library expenditures.

In fiscal year 1977, 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 services 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 other national priority needs.

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. About 800,000 prisoners, patients, and other institutionalized persons received library services.

	1977 Appropriation	1978 Estimate	Increase or Decrease
1. Public libraries:			
(b) Interlibrary cooperative services	$3,337,000	$3,337,000	- - -
Positions	3	3	- - -

Narrative

Program purpose

To establish and maintain cooperative library programs involving public libraries with other types of libraries, i.e., school media centers, college and university libraries, and/or specialized information centers, grants to State library agencies are authorized. This program also provides support for local, State, interstate and/or regional networks of libraries for the purpose of providing information services.

Grants are made to States according to a formula based on total resident population, but with a minimum of $40,000 for the 50 States, D.C. and Puerto Rico, and a $10,000 minimum for the other outlying areas. No State matching is required.

The authorizing legislation for Title III of the Library Services and Construction Act expired in 1976, with a one-year extension under Section 414(a) of the General Education Provisions Act available for fiscal year 1977. The Administration is proposing an extension of the Act.

Budget policy

With a request of $3,337,000, approximately 130 interlibrary cooperative service projects could be supported involving approximately 7 percent of the Nation's library and media centers. These funds would focus the Administration's support on key cost-saving cooperative library practices rather than on projects designed exclusively for the users of one type of library, whether that be a school, academic or public library.

In fiscal year 1977 the appropriation of $3,337,000 is being used to support 130 cooperative networks with over 7,500 public, school, academic, and special libraries. The Nation's libraries are proving successfully the value of cooperative local, State, and regional projects and networks in increasing services and dollar effectiveness. Model projects include such cooperative efforts as telecommunication networks to provide information and bibliographic services and interlibrary loan capability; centralized acquisition and processing centers for materials; planning activities to develop comprehensive State-wide library networks; and the training for the administration of interlibrary network activities.

	Transition Quarter	1977 Appropriation	1978 Estimate	Increase or Decrease
2. School libraries and instructional resources..	$ 147,330,000	$ 154,330,000	$ 154,330,000	---
(Obligations).....	(130,636,538)	(171,023,462)	(154,330,000)	(-16,693,462)
Positions.....	11	11	11	---

Narrative

Program purpose

To provide services to local education agencies, the ESEA Title IV, Part B program provides grants to States for school library and instructional resources, including guidance, counseling, and testing. This activity consolidated into a single authorization the following 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, 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 this activity's component programs. Title IV requires equitable participation of children and teachers in private nonprofit elementary and secondary schools.

Budget policy

This consolidation eliminates narrow categorical grant programs and provides local educational agencies complete discretion in determining how the funds they receive from the States will be divided among the three purposes. 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. This fiscal year 1978 request for $154,330,000 would:

(a) continue to provide funds for the same purposes as the component categorical programs (for children aged 5-17, numbering about 50.95 million);

(b) expand benefits available to private school children (10% of funds);

(c) fund projects that illustrate the complementary relationship of the three purposes, e.g., in career education, where materials, equipment and guidance expertise are used;

(d) help equalize educational opportunity by providing additional funds for poor school districts; and

(e) provide additional funds for the benefit of disadvantaged students living in sparsely populated areas, students from families in which English is not the dominant language, students from homes where there has been high mobility, and students who are gifted and talented.

	1977 Estimate	1978 Estimate	Increase or Decrease
3. College library resources.....	$9,975,000 1/	$9,975,000	---
Positions.....	5	5	---

Narrative

Program purpose

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, audio-visual materials and other related materials (including necessary binding), grants are awarded to eligible institutions of higher education and other public and private nonprofit 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 Education Amendments of 1972 require a statutory distribution of funds between the college library resources, library career training, and library demonstrations programs. Of the amount appropriated, 70 percent is to be used for college library resources and 30 percent for training and demonstrations.

The authorizing legislation for this forward funded program is Title II-A of the Higher Education Act.

Budget policy

Level funding at $9,975,000 is requested for college library resources in the fiscal year 1978 budget. These funds would provide about 2,550 basic grants at approximately $3,900 each. Many of the smaller colleges and junior colleges rely heavily on their college library grant due to their strained fiscal condition.

In fiscal year 1977, a supplemental appropriation of $9,975,000 is being requested which would provide about 2,550 basic grants at approximately $3,900 each. 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.

1/ Based on proposed supplemental appropriation for 1977.

	1977 Estimate	1978 Estimate	Increase or Decrease
4. Training and demonstrations: (a) Library career training...	$500,000[1/]	$500,000	---
Positions.....	3	3	---

Narrative

Program purpose

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 a statutory distribution of funds between the college library resources, librarian training, and library demonstrations programs. Of the amount appropriated for training and demonstrations, 2/3 of the funds must be used for training. Further, the Amendments require that not less than 50 percent of the funds for such training be used to support fellowships and traineeships. The authorizing legislation for this forward funded program is Title II-B of the Higher Education Act.

Budget policy

Level funding at $500,000 is requested for library career training. These funds would provide support for about 51 graduate-level fellowships and traineeships, of which 70 percent represent the disadvantaged. These funds will also support about 120 participants in institutes for skills retraining at an average cost of $1,200 per person.

In fiscal year 1977, a supplemental appropriation of $500,000 is being requested which would support about 51 fellowships and traineeships and 120 institute participants.

1/ Based on proposed supplemental appropriation for 1977.

	1977 Estimate	1978 Estimate	Increase or Decrease
4. Training and demonstrations:			
(b) Library demonstrations.....	$1,000,000[1/]	$1,000,000	---
Positions.....	3	3	---

Narrative

Program purpose

To provide funds for demonstrations for the improvement of library techniques, systems, and equipment for processing, storing, distributing and disseminating information, discretionary grants and contracts are made to public or private organizations and agencies.

Program priorities are determined on the basis of the legislation, regulations, and published criteria. These priorities include: support of studies and demonstrations of improved library service, particularly to groups and persons with special information needs; institutional cooperation; improvement in library methods and procedures; and improvement of library career education.

The Education Amendments of 1972 required 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 forward funded program is Title II-B of the Higher Education Act.

Budget policy

Level funding at $1,000,000 is requested for library demonstrations in the 1978 budget. These funds would support about 19 demonstration projects, some of which will be continuations of on-going projects chosen in competition with other applicants.

The fiscal year 1977 supplemental appropriation of $1,000,000 would provide for the funding of about 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: Improvement in training for library careers (6 projects); institutional cooperation to serve special target groups (4 projects); improvement of general efficiency in libraries, e.g., reader services processing, etc. (4 projects); planning and development, e.g., information needs assessments (3 projects); and improvements in library technology, including automation (2 projects).

1/ Based on proposed supplemental appropriation for 1977.

	1977 Estimate	1978 Estimate	Increase or Decrease
5. College instructional equipment	$7,500,000 1/	$7,500,000	---
Positions	2	2	---

Narrative

Program purpose

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 awarded 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 forward funded program is Title VI of the Higher Education Act.

Budget policy

Level funding at $7,500,000 is requested for college instructional equipment. These funds would provide support for nearly 800 grants, of which 75 percent will go to public and 25 percent to private higher education institutions. Over 50 percent of the funds would go to community colleges, vocational and technical training centers, or other institutions offering less than a B.A. degree. In usage, 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, and minor remodeling related to its installation.

In fiscal year 1977, a supplemental appropriation of $7,500,000 is being requested which would fund nearly 800 equipment grants for higher education institutions.

1/ Based on proposed supplemental appropriation for 1977.

OFFICE OF EDUCATION

Library Resources

Program Purpose and Accomplishments

Activity: Public libraries

(a) Services (Library Services and Construction Act, title I)

1977 Appropriation	1978 Authorization	1978 Budget Estimate
$56,900,000	Expired 1/	$56,900,000

Purpose: 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, title I of the Library Services and Construction Act authorizes grants to States.

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 1977: In fiscal year 1977, $56,900,000 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 1978: The request of $56,900,000 would continue funding of State library services for the physically handicapped and institutionalized, continue to strengthen metropolitan libraries which serve as regional resource centers, and continue to improve public library services for disadvantaged persons.

1/ Extension legislation is to be proposed.

OFFICE OF EDUCATION

Library Resources

Program Purpose and Accomplishments

Activity: Public libraries
(b) Interlibrary cooperative services (Library Services and Construction Act, Title III)

1977 Appropriation	1978 Authorization	1978 Budget Estimate
$3,337,000	Expired[1/]	$3,337,000

Purpose: To establish and maintain local, State and regional cooperative networks of libraries, Title III of the Library Services and Construction Act authorizes grants to States.

Explanation: Grants are made to States on a formula based on total resident population. The Federal share is 100 percent.

Accomplishments in 1977: The $3,337,000 appropriation provided support for 130 cooperative networks, involving over 7,500 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 1978: At the requested level of $3,337,000, approximately 130 interlibrary cooperative service projects could be supported, involving approximately 7 percent of the Nation's libraries and media centers. These funds would focus the Administration's support on key cost-saving cooperative library practices rather than on projects designed exclusively for the users of one type of library, whether that be a school, academic, or public library.

1/ Extension legislation is to be proposed.

OFFICE OF EDUCATION

Library Resources

Program Purpose and Accomplishments

Activity: School libraries and instructional resources (Elementary and Secondary Education Act, Title IV-B)

Transition Quarter	1977 Appropriation	1978 Authorization	1978 Budget Estimate
$147,330,000	$154,330,000	Indefinite	$154,330,000

Purpose: To provide services to local education agencies through grants to States, Title IV-B of the Elementary and Secondary Education Act is a consolidation of the following categorical programs: School library resources (ESEA II), Equipment and minor remodeling (NDEA III), and Guidance, counseling and testing of the Supplementary services program (ESEA III). Funds appropriated may be used by LEA's in any proportion for the preceding programs at their discretion.

Explanation: Funds will be 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 in all States, after approximately one percent is withdrawn for allocation to the outlying areas, the Department of Interior (Bureau of Indian Affairs) and the Department of Defense (Dependent Children's Schools).

Accomplishments in 1977: The 1977 appropriation of $154,330,000 for school year 1977-78 will:

(a) expand benefits available to private school children (10 percent of funds)

(b) help equalize educational opportunity by providing additional funds for poor school districts; and

(c) provide additional funds for the benefit of disadvantaged students living in sparsely populated areas, students from families in which English is not the dominant language, students from homes where there has been high mobility, and students who are gifted and talented.

Objectives for 1978: The fiscal year 1978 request of $154,330,000 is for school year 1978-79. It is expected that these funds will offer approximately the same benefits as the separate categorical programs did.

OFFICE OF EDUCATION

Library Resources

Program Purpose and Accomplishments

Activity: College library resources (Higher Education Act of 1965, as amended, Title II-A)

1977 Estimate	1978 Authorization	1978 Budget Estimate
$9,975,000 1/	$80,500,000	$9,975,000

Purpose: To assist higher education, Title II, Part A, of the Higher Education Act, as amended, authorizes grants to eligible institutions of higher education and other public and private nonprofit 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 1977: A supplemental request for $9,975,000 is to be submitted which would provide about 2,550 basic grants at approximately $3,900 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 1978: Level funding at $9,975,000 is requested for college library resources in the fiscal year 1978 budget. These funds would provide about 2,550 basic grants at approximately $3,900 each. Many of the smaller colleges and junior colleges rely heavily on their college library grant due to their strained fiscal condition.

1/ Based on proposed supplemental appropriation for 1977.

OFFICE OF EDUCATION

Library Resources

Program Purpose and Accomplishments

Activity: Training and demonstrations

(a) Library career training (Higher Education Act of 1965, as amended, Title II-B)

1977 Estimate	1978 Authorization	1978 Budget Estimate
$500,000[1/]	$23,000,000	$500,000

Purpose: To assist higher education, 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 1977: A supplemental request for $500,000 is to be submitted which would support about 51 fellowships and traineeships and 120 institute participants.

Objectives for 1978: Level funding at $500,000 is requested for library career training. These funds would provide support for about 51 graduate-level fellowships and traineeships, of which 70 percent represent the disadvantaged. These funds will also support about 120 participants in institutes for skills retraining at an average cost of $1,200 per person.

1/ Based on proposed supplemental appropriation for 1977.

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)

1977 Estimate	1978 Authorization	1978 Budget Estimate
$1,000,000[1/]	$11,500,000	$1,000,000

Purpose: To assist in the library and information sciences, 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 for project grants 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 1977: A supplemental request for $1,000,000 is to be submitted which would provide for the funding of about 19 demonstration projects, of which 11 will be new and 8 will be continuations of on-going projects.

Objectives for 1978: Level funding at $1,000,000 is requested for library demonstrations in the 1978 budget. These funds would support about 19 projects, some of which will be continuations of on-going projects chosen in competition with other applicants.

1/ Based on proposed supplemental appropriation for 1977.

OFFICE OF EDUCATION

Library Resources

Program Purpose and Accomplishments

Activity: College instructional equipment (Higher Education Act of 1965, as amended, Title VI-A)

1977 Appropriation	1978 Authorized	1978 Budget Estimate
$7,500,000[1/]	$70,000,000	$7,500,000

Purpose: To assist higher education, 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 of instructional equipment (including closed-circuit TV) and materials and through minor remodeling.

Explanation: Funds are allotted to the States through 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 1977: A supplemental request for $7,500,000 is to be submitted which would fund nearly 800 equipment grants for higher education institutions.

Objectives for 1978: Level funding at $7,500,000 is requested for college instructional equipment. These funds would provide support for nearly 800 grants, of which 75 percent will go to public and 25 percent to private higher education institutions. Over 50 percent of the funds would go to community colleges, vocational and technical training centers, or other institutions offering less than a B.A. degree.

1/ Based on proposed supplemental appropriation for 1977.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

Library Resources

Grants for Public Library Services

State or Outlying Areas	1976 Appropriation	1977 Appropriation[1/]	1978 Estimate[2/]
TOTAL	$49,155,000	$56,900,000	$56,900,000
Alabama	843,067	971,797	973,866
Alaska	259,845	273,618	278,136
Arizona	575,938	666,317	673,524
Arkansas	569,047	646,455	651,689
California	3,945,238	4,706,863	4,737,872
Colorado	647,572	742,957	743,954
Connecticut	758,558	866,228	863,619
Delaware	303,914	324,567	323,947
Florida	1,604,555	1,948,472	1,971,864
Georgia	1,073,744	1,252,883	1,255,583
Hawaii	352,515	384,368	385,813
Idaho	340,728	371,846	374,040
Illinois	2,226,767	2,609,303	2,596,950
Indiana	1,161,880	1,347,009	1,337,358
Iowa	719,205	816,790	812,456
Kansas	610,576	689,201	688,081
Kentucky	803,533	924,086	925,058
Louisiana	879,337	1,012,168	1,014,753
Maine	388,423	426,466	426,487
Maryland	938,820	1,082,763	1,082,400
Massachusetts	1,251,648	1,451,931	1,444,607
Michigan	1,843,212	2,168,245	2,150,399
Minnesota	905,451	1,043,040	1,039,371
Mississippi	620,188	703,881	701,140
Missouri	1,064,676	1,230,214	1,220,475
Montana	332,385	359,109	359,697
Nebraska	478,009	532,682	530,525
Nevada	299,924	323,919	326,302
New Hampshire	343,992	374,437	373,825
New Jersey	1,528,388	1,780,727	1,769,781
New Mexico	399,304	441,578	444,897
New York	3,503,108	4,107,777	4,069,542
North Carolina	1,161,517	1,360,394	1,364,759
North Dakota	315,157	337,304	336,363
Ohio	2,148,242	2,519,709	2,498,049
Oklahoma	684,023	778,794	781,202
Oregon	602,415	686,826	688,938
Pennsylvania	2,351,173	2,756,322	2,738,879
Rhode Island	375,365	402,502	399,300
South Carolina	693,997	799,087	802,823

State or Outlying Areas	1976 Appropriation	1977 Appropriation 1/	1978 Estimate 2/
South Dakota	$ 323,681	$ 347,019	$ 345,782
Tennessee	942,628	1,095,717	1,093,317
Texas	2,345,007	2,794,318	2,819,584
Utah	408,552	454,531	457,527
Vermont	284,509	301,035	301,041
Virginia	1,078,459	1,260,007	1,266,286
Washington	822,212	954,310	961,878
West Virginia	524,254	585,143	585,113
Wisconsin	1,023,147	1,185,742	1,182,371
Wyoming	264,017	278,151	280,491
District of Columbia	333,111	355,655	352,418
American Samoa	44,925	46,045	46,229
Guam	55,414	61,589	61,172
Puerto Rico	691,827	837,084	862,763
Trust Territory	56,492	63,316	65,346
Virgin Islands	51,329	57,703	60,358

1/ Distribution of $56,900,000 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 basis of the total resident population, 7/1/74 for the 50 States and D.C., and 7/1/73 for the outlying areas.

2/ Distribution of $56,900,000 with a basic amount of $200,000 to the 50 States, D.C., and Puerto Rico, and $40,000 to the other outlying areas; the remainder distributed on the basis of the total resident population, 7/1/75 for the 50 States, D.C., and the outlying areas.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

Library Resources

Interlibrary Cooperation

State or Outlying Areas	1976 Appropriation	1977 Appropriation[1/]	1978 Estimate[2/]
TOTAL	$2,594,000	$3,337,000	$3,337,000
Alabama	47,898	60,269	60,324
Alaska	40,736	41,933	42,052
Arizona	44,617	52,247	52,436
Arkansas	44,532	51,725	51,862
California	85,997	158,362	159,174
Colorado	45,497	54,259	54,286
Connecticut	46,860	57,497	57,428
Delaware	41,276	43,271	43,255
Florida	57,250	85,919	86,533
Georgia	50,731	67,651	67,722
Hawaii	41,873	44,842	44,880
Idaho	41,728	44,513	44,571
Illinois	64,892	103,274	102,950
Indiana	51,813	70,123	69,870
Iowa	46,377	56,198	56,085
Kansas	45,042	52,848	52,818
Kentucky	47,412	59,016	59,042
Louisiana	48,343	61,330	61,397
Maine	42,314	45,948	45,948
Maryland	49,074	63,184	63,174
Massachusetts	52,916	72,879	72,686
Michigan	60,181	91,691	91,222
Minnesota	48,664	62,140	62,044
Mississippi	45,160	53,233	53,161
Missouri	50,619	67,056	66,800
Montana	41,626	44,179	44,194
Nebraska	43,414	48,737	48,680
Nevada	41,227	43,254	43,317
New Hampshire	41,768	44,581	44,565
New Jersey	56,314	81,514	81,226
New Mexico	42,448	46,344	46,432
New York	80,567	142,628	141,623
North Carolina	51,809	70,475	70,589
North Dakota	41,414	43,606	43,581
Ohio	63,927	100,921	100,352
Oklahoma	45,944	55,201	55,264
Oregon	44,942	52,785	52,841
Pennsylvania	66,419	107,136	106,677
Rhode Island	42,154	45,318	45,234
South Carolina	46,067	55,733	55,832

State or Outlying Areas	1976 Appropriation	1977 Appropriation[1/]	1978 Estimate[2/]
South Dakota	41,519	43,861	43,829
Tennessee	49,121	63,524	63,461
Texas	66,344	108,134	108,797
Utah	42,561	46,685	46,763
Vermont	41,038	42,653	42,654
Virginia	50,789	67,838	68,003
Washington	47,642	59,810	60,009
West Virginia	43,982	50,115	50,114
Wisconsin	50,109	65,888	65,799
Wyoming	40,787	42,052	42,114
District of Columbia	41,635	44,088	44,003
American Samoa	10,060	10,160	10,164
Guam	10,189	10,567	10,556
Puerto Rico	46,040	56,731	57,406
Trust Territory	10,203	10,465	10,666
Virgin Islands	10,139	10,609	10,535

1/ Distribution of $3,337,000 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, 7/1/74 for the 50 States and the District of Columbia and 7/1/73 for the outlying areas.

2/ Distribution of $3,337,000 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, 7/1/75 for the 50 States, D.C., and 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 Areas	1976 Advance for 1977	1977 Advance for 1978 1/	1978 Advance for 1979 1/
TOTAL	$147,330,000	$154,330,000	$154,330,000
Alabama	2,502,983	2,621,928	2,621,928
Alaska	273,104	286,082	286,082
Arizona	1,526,003	1,598,521	1,598,521
Arkansas	1,390,859	1,456,954	1,456,954
California	13,663,644	14,312,954	14,312,954
Colorado	1,734,351	1,816,769	1,816,769
Connecticut	2,086,289	2,185,432	2,185,432
Delaware	408,248	427,649	427,649
Florida	4,935,579	5,170,124	5,170,124
Georgia	3,429,284	3,592,248	3,592,248
Hawaii	588,440	616,404	616,404
Idaho	571,547	598,708	598,708
Illinois	7,601,863	7,963,111	7,963,111
Indiana	3,710,835	3,887,178	3,887,178
Iowa	1,976,484	2,070,409	2,070,409
Kansas	1,480,955	1,551,332	1,551,332
Kentucky	2,294,636	2,403,680	2,403,680
Louisiana	2,823,951	2,958,148	2,958,148
Maine	729,216	763,869	763,869
Maryland	2,883,077	3,020,084	3,020,084
Massachusetts	3,868,503	4,052,339	4,052,339
Michigan	6,579,834	6,892,515	6,892,515
Minnesota	2,812,689	2,946,351	2,946,351
Mississippi	1,734,351	1,816,769	1,816,769
Missouri	3,156,181	3,306,166	3,306,166
Montana	532,130	557,418	557,418
Nebraska	1,050,183	1,100,089	1,100,089
Nevada	402,617	421,750	421,750
New Hampshire	560,285	586,911	586,911
New Jersey	4,938,395	5,173,073	5,173,073
New Mexico	867,175	908,385	908,385
New York	11,712,500	12,269,089	12,269,089
North Carolina	3,626,370	3,798,699	3,798,699
North Dakota	458,927	480,736	480,736
Ohio	7,424,485	7,777,305	7,777,305
Oklahoma	1,725,904	1,807,921	1,807,921
Oregon	1,472,509	1,542,484	1,542,484
Pennsylvania	7,714,483	8,081,083	8,081,083
Rhode Island	613,780	642,947	642,947
South Carolina	1,984,931	2,079,257	2,079,257

State or Outlying Areas	1976 Advance for 1977	1977 Advance for 1978 1/	1978 Advance for 1979 1/
South Dakota	484,267 2/	507,280	507,280
Tennessee	2,759,194	2,890,314	2,890,314
Texas	8,339,525	8,735,828	8,735,828
Utah	884,068	926,080	926,080
Vermont	326,599	342,119	342,119
Virginia	3,336,373	3,494,921	3,494,921
Washington	2,362,208	2,474,463	2,474,463
West Virginia	1,162,803	1,218,061	1,218,061
Wisconsin	3,277,247	3,432,986	3,432,986
Wyoming	253,395	265,437	265,437
District of Columbia	425,141	445,344	445,344
American Samoa	104,497	109,462	109,462
Guam	300,882	315,177	315,177
Puerto Rico	2,412,887 2/	2,526,276 2/	2,526,276
Trust Territory	349,707	366,323	366,323
Virgin Islands	249,110	260,946	260,946
BIA	454,517	476,112	476,112

1/ Distribution of $154,330,000 with 1% ($1,528,020) of the 50 States, D.C., and Puerto Rico amount reserved for the outlying areas, and the balance distributed on the basis of the 5-17 population, 7/1/74 for the 50 States, D.C., and Puerto Rico, and the total public and nonpublic elementary and secondary enrollment in the Fall of 1974 for the areas.

2/ Additional amounts are to be distributed from the "hold-harmless" funds appropriated under the Elementary and Secondary Education account as follows: South Dakota--$5,454 in 1976; Puerto Rico--$309,464 in 1976 and $196,075 in 1977.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

Library Resources

College Instructional Equipment

State or Outlying Areas	1976 Appropriation	1977 Estimate[1/]	1978 Estimate[2/]
TOTAL	$7,500,000	$7,500,000	$7,500,000
Alabama	122,111	136,180	135,642
Alaska	6,958	5,191	4,838
Arizona	109,971	105,491	106,260
Arkansas	52,001	54,360	53,728
California	944,565	975,011	974,109
Colorado	110,493	105,360	105,248
Connecticut	94,124	88,924	89,032
Delaware	20,655	19,807	19,909
Florida	222,335	227,789	229,509
Georgia	130,452	137,924	138,129
Hawaii	31,588	31,665	31,726
Idaho	30,713	29,366	28,954
Illinois	346,738	342,774	342,004
Indiana	159,989	153,921	153,764
Iowa	99,005	95,690	93,681
Kansas	87,787	84,402	83,911
Kentucky	97,184	98,014	97,280
Louisiana	125,381	125,971	125,033
Maine	32,439	32,459	32,596
Maryland	122,206	121,772	121,852
Massachusetts	264,173	259,489	262,444
Michigan	304,140	276,380	279,662
Minnesota	133,135	163,290	162,745
Mississippi	82,666	85,761	85,935
Missouri	153,796	160,916	161,207
/			
Montana	25,492	24,665	24,521
Nebraska	53,044	53,500	52,878
Nevada	17,548	17,753	17,706
New Hampshire	31,092	31,880	31,968
New Jersey	174,614	173,486	174,842
New Mexico	43,030	40,436	40,030
New York	633,749	620,188	627,470
North Carolina	195,700	205,279	205,907
North Dakota	25,330	23,300	23,018
Ohio	314,876	298,125	300,238
Oklahoma	107,931	108,593	106,967
Oregon	102,590	99,809	99,176
Pennsylvania	347,192	333,208	332,659
Rhode Island	42,586	45,732	45,780
South Carolina	99,479	105,848	105,561

State or Outlying Areas	1976 Appropriation	1977 Estimate 1/	1978 Estimate 2/
South Dakota	$ 24,586	$ 24,503	$ 24,463
Tennessee	142,065	141,065	140,894
Texas	431,865	452,086	446,273
Utah	73,756	72,527	72,306
Vermont	25,794	23,824	23,824
Virginia	156,814	159,126	158,868
Washington	153,829	146,620	145,852
West Virginia	59,751	58,433	57,981
Wisconsin	178,055	171,074	170,749
Wyoming	13,822	11,874	11,605
District of Columbia	49,967	46,983	47,064
American Samoa	575	602	602
Guam	2,971	2,895	2,896
Puerto	86,006	87,126	87,150
Trust Territory	150	172	172
Virgin Islands	1,136	1,381	1,382

1/ Estimated distribution of funds with 50% distributed on the basis of the full-time and full-time equivalent of degree-credit and nondegree-credit enrollment (excluding all proprietary schools) in institutions of higher education, Fall 1975, and 50% on the basis of the State products of the FY 1977 Higher Education allotment ratios and the Fall 1975 enrollment listed above.

2/ Estimated distribution of funds with 50% distributed on the basis of the full-time and full-time equivalent of degree-credit and nondegree-credit enrollment (excluding all proprietary schools) in institutions of higher education, Fall 1975, and 50% on the basis of the State products of the FY 1978 Higher Education allotment ratios and the Fall 1975 enrollment listed above.

SPECIAL PROJECTS AND TRAINING

WITNESSES

DR. WILLIAM F. PIERCE, ACTING COMMISSIONER OF EDUCATION
DR. JOHN W. EVANS, ASSISTANT COMMISSIONER, OFFICE OF PLANNING, BUDGETING, AND EVALUATION
DR. HERMAN R. GOLDBERG, ACTING DEPUTY COMMISSIONER FOR ELEMENTARY AND SECONDARY EDUCATION
DR. CHARLES H. BUZZELL, ACTING DEPUTY COMMISSIONER FOR OCCUPATIONAL AND ADULT EDUCATION
DR. EDWIN W. MARTIN, ACTING DEPUTY COMMISSIONER FOR EDUCATION OF THE HANDICAPPED
DR. KENNETH HOYT, DIRECTOR, OFFICE OF CAREER EDUCATION
DR. HAROLD ARBERG, DIRECTOR, ARTS AND HUMANITIES STAFF
DR. WILLIAM L. SMITH, DIRECTOR, TEACHER CORPS
DR. JOAN E. DUVAL, DIRECTOR, WOMEN'S EDUCATIONAL EQUITY
JACK L. BILLINGS, ACTING ASSISTANT COMMISSIONER FOR PUBLIC AFFAIRS
CORA P. BEEBE, DIRECTOR, DIVISION OF PLANNING AND BUDGETING
WILFORD FORBUSH II, DEPUTY ASSISTANT SECRETARY, BUDGET

SPECIAL PROJECTS AND TRAINING

Mr. FLOOD. Our next presentation is on special projects and training, and this will be handled by Dr. William F. Pierce, Acting Commissioner of Education.

Dr. EVANS. Mr. Chairman, if I may, as you know, we have quite a problem this week going back and forth between hearings between this committee and the comparable committees in the Senate, and Dr. Pierce will not be here this morning.

He is testifying at another hearing on the authorizing side.

I am John W. Evans, Assistant Commissioner for Planning, Budgeting, and Evaluation.

I think we just supplied you with copies of my résumé, and if I may, I will read Dr. Pierce's statement on the special projects and training.

I would like, if I may, to introduce my colleagues here, and then we will try to answer your questions.

Mr. FLOOD. Your statement along with the biographical sketches will be made a part of the record.

[The statement and sketches follow:]

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

Biographical Sketch

NAME	:	John W. Evans
POSITION	:	Assistant Commissioner, Office of Planning, Budgeting, and Evaluation Acting Deputy Commissioner, Office of Planning
BIRTHPLACE AND DATE	:	Sabina, Ohio May 5, 1928
EDUCATION	:	Miami University, 1950, Bachelor of Arts Ohio State University, 1955, Master of Arts Ohio State University, 1960, Ph.D
EXPERIENCE	:	
1970-Present		Assistant Commissioner for Planning, Budgeting, and Evaluation
1973-Present	:	Acting Deputy Commissioner, Office of Planning
1972-1973	:	Acting Deputy Commissioner for Planning, Evaluation, and Management
1967-1970	:	Chief, Evaluation Division, Office of Economic Opportunity
1966-1967	:	Deputy Assistant Director for Research United States Information Agency (USIA)
1964-1966	:	Chief, Latin American Research Division, USIA
1961-1964	:	Survey Research Analyst, USIA
1957-1960	:	Research Associate, Systems Research Group, Ohio State University
1954-1957	:	Instructor and Research Assistant, Department of Sociology, Ohio State University
1952-1954	:	U.S. Army
1950-1952	:	Instructor and Research Assistant, Department of Sociology, Ohio State University
ASSOCIATION MEMBERSHIPS	:	American Sociological Association World Association for Public Opinion Research American Educational Research Association Council for Applied Social Research
PUBLICATIONS	:	Numerous papers published in various professional journals (e.g., Social Science Quarterly, Harvard Educational Review, Britannica Review of American Education).

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

Biographical Sketch

NAME : William F. Pierce

POSITION : Acting Commissioner of Education

BIRTHPLACE AND DATE : Borger, Texas, July 30, 1932

EDUCATION :
Riverside City College, Riverside, California, 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

July 1976-Present : Acting Executive Deputy Commissioner
Acting Commissioner of Education

Jan. 1973 to July 1976 : 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, California

1959-60 : Vocational Agriculture teacher, Holtville Union High School, Holtville, California

1958-59 : Vocational Agriculture teacher (Practice teaching), Modesto Senior High School, Modesto California

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

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

Statement by Acting Commissioner of Education

on

Special Projects and Training

Mr. Chairman and Members of the Committee:

I am pleased to appear here today to present our fiscal year 1978 appropriation request of $98,908,000. This represents the third appropriation request for activities authorized by Section 402 of Public Law 93-380 better known as the Special Projects Act. Also included under this appropriation request are educational personnel training programs authorized by title V of the Higher Education Act and three programs which were previously funded under the Salaries and Expenses appropriation. Those programs are Planning and Evaluation, General Program Dissemination and Information Clearinghouses.

I would like to briefly discuss these various activities in turn.

Special Projects

The overall request for the Special Projects Act is $41,308,000, an increase of $815,000 over fiscal year 1977. The purpose of the Act is to assess existing educational programs, support further development and demonstrate methods and techniques which have proven successful. In addition encouragement will be made to explore and develop new educational methods and techniques. 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 identify priority needs and establish discretionary programs to meet those needs.

Programs in Metric education, the Gifted and Talented, Community schools, Career education, Consumer education, Women's Educational Equity, and Arts in Education will continue to build on fiscal year 1977 strategies that stressed information-gathering and State-wide coordination.

In the discretionary part of this appropriation we are requesting additional monies for three programs which are also included under the aforementioned mandated programs. We are requesting $7,000,000 for Career Education, the same level as fiscal year 1977. The funds will be used to demonstrate methods and techniques in Career Education.

We are also requesting $1,815,000 for Women's Educational Equity which is a slight increase over 1977. This will enable funding of a few more projects than in fiscal year 1977. The major thrust of the Women's Educational Equity Program in FY 1978 is the continued support of projects which concentrate on the problems which impede the achievement of educational equity for women. This program will focus on capacity building through the development of model programs and products which can meet the needs of many institutions and organizations. It will not fund direct service projects which would provide assistance to a very limited number of institutions and individuals.

We are requesting $1,000,000 for the Arts in education program to continue funding the "Alliance for Arts Education" and the "National Committee on Arts for the Handicapped".

Packaging and Dissemination

Our budget includes $10,000,000 for the Packaging and Dissemination

program. Of this amount $7,000,000 is authorized under the General Education Provisions Act and $3,000,000 under the Special Projects Act. A major component of this activity is the National Diffusion Network which serves to acquaint LEA's with successful educational projects and help them adopt suitable projects for their own use. At the proposed funding level of $7,000,000 about 120 network demonstration and dissemination contracts will be supported. Secondly, we have the Packaging component under which comprehensive descriptive packages of successful compensatory education programs are developed, field tested, and widely disseminated. Our request includes $1,800,000 for this purpose.

An amount of $500,000 is also requested for the provision of technical assistance and training to the various participants in the Office's dissemination efforts. Finally, $700,000 is requested for studies designed to assess existing dissemination projects and to provide direction for new or improved initiatives.

Educational Television

In the Educational TV Programs we are requesting $7,000,000 which is the same level as in 1977.

This activity supports a range of projects from creative development to installation of radio and television programs which show a clear potential for helping children, youth, and adults to learn.

The funds requested will support the continuation of "Sesame Street" in the amount of $2,500,000. A second $2,500,000 will fund the further expansion of the "Parenting Series". In addition, $2,000,000 will fund two new series and four new radio and television pilot projects.

Educational Personnel Training

In Educational Personnel Training for fiscal year 1978, we are requesting $37,500,000 in funds for the Teacher Corps Program and $5,000,000 for Teacher Centers. The Teacher Corps 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 $5,000,000 requested for Teacher Centers is for a new program in fiscal year 1978 authorized by the Higher Education Amendments of 1976. Grants will be made to plan, establish and operate Teacher Centers. The major emphasis of the Teacher Training Centers will be on curricula and training programs that improve teaching skills. Those teachers for whom the Centers are established will play a major role in the formulation of the Centers' functions.

Planning and Evaluation

This activity supports studies which assess the effectiveness of Office of Education programs. An increase of $115,000 is requested over the total of the fiscal year 1977 appropriation plus the supplemental request of $585,000. The additional $115,000 for fiscal year 1978 is primarily to pay for continuation of studies mandated by Congress and to reduce the backlog of other needed evaluations of OE programs.

General Program Dissemination

This activity provides the general public with current information on new or high priority programs administered by the Office of Education. The request of $500,000 is the same amount as was appropriated for fiscal year 1977.

Information Clearinghouses

Under this activity information about adult and community education programs is collected, analyzed and disseminated. There is a small increase of $67,000 for the two clearinghouses over the fiscal year 1977 funding level.

My colleagues and I will be glad to answer any questions at this time.

Mr. FLOOD. Now you may proceed to introduce those with you.

Dr. EVANS. Thank you, Mr. Chairman.

On my left of course is Mrs. Beebe, the Director of the Division of Planning and Budgeting.

On my immediate left is Dr. Edwin W. Martin, Acting Deputy Commissioner for Education of the Handicapped, and in this case, he oversees responsibility for the gifted and talented portion of this program.

To my immediate right is Dr. William L. Smith, Director of the Teacher Corps.

To his right is Dr. Charles H. Buzzell, the Acting Deputy Commissioner for Occupational and Adult Education, and he is responsible for several portions of the program, and to his right is Dr. Joan E. Duval, Director of the Women's Educational Equity, and you are familiar with Mr. Forbush from the Comptroller's Office and Dr. Herman Goldberg, Acting Deputy Commissioner for Elementary and Secondary Education.

You already have our statement, Mr. Chairman.

Mr. FLOOD. That is quite an array of talent you have there.

Dr. EVANS. I did forget to mention Dr. Harold Arberg, who is head of the Arts and Humanities staff, and then Mr. Jack L. Billings, Acting Assistant Commissioner for Public Affairs.

NEED FOR SPECIAL PROJECTS PROGRAMS

Mr. FLOOD. All right.

These special project activities include a number of small, unrelated projects with a total budget of less than $50 million.

Do you really think there is a need, a demonstrated need for each of these programs?

Dr. EVANS. For these programs, Mr. Chairman?

Mr. FLOOD. Yes.

Dr. EVANS. Yes, sir; I do.

The Congress also thought so when this legislation was enacted, even after earlier enacted legislation for the National Institute of Education, and for the fund for the improvement of post-secondary education.

We have had some problems, I might say, it is not the business of this committee, I suppose to concern itself fully with the nature of the legislation, but we have proposed in the past, and do intend to propose what at sometime again in the future is a modification of this legislation, because as you may know, it not only enables and directs the Commissioner to carry out experimental and exploratory demonstration activities in these serious areas, but it also specifies precisely what the areas are, and precisely what the funds and percentage of funds should be for them, and that gives us some problem in addressing the priorities.

Mr. FLOOD. That give us problems, too. All of this talk going on by the budget people lately, could not we simplify this Federal bureaucracy, by eliminating the funds, for these relatively small programs?

Dr. EVANS. I would not think we would want to recommend you eliminate those funds, Mr. Chairman.

I think our recommendation would be that the Commissioner be given a greater degree of discretion in how these funds are allocated, as to what areas, and what problems are of particular importance in the year at hand.

STATE AND LOCAL RESPONSE TO FEDERAL SPECIAL PROJECTS

Mr. FLOOD. What has been the State and the local response to these Federal special projects?

Dr. EVANS. It is hard to gage a full answer to that, Mr. Chairman.

We are only at this moment in the second cycle of dispensing funds in this program.

Fiscal year 1977 is only the second year in which funds are available.

Mr. FLOOD. Have the States started some of their own parallel projects without Federal support?

Dr. EVANS. Yes; and they have responded to these programs with submitting proposals.

Mr. FLOOD. What is an example?

Dr. EVANS. The States have substantial programs on their own in the metric area, and in the gifted and talented.

I think Dr. Martin could speak to that, if you would like.

Dr. MARTIN. As one example of the funds used, we provided small grants to stimulate activities in 36 States thus far.

Those funds have been used ordinarily to hire a person at the State education level to begin programing. We were sharing, for example, an experience in Ohio, just this week, with a specialist who has now been able to stimulate programs in 21 districts, each begun with State resources, and our small investment is about $14,000 toward the salary of the specialist.

Mr. FLOOD. You can do this for the record, show how much States and local governments have spent so far on each one of these activities.

Dr. EVANS. We will do that, Mr. Chairman.

[The information follows:]

SEA'S AND LEA'S PARTICIPATING IN SPECIAL PROJECTS

Most of these programs are still in their first year of operation and no hard data is available, although there are already indications of State interest and activity. Two of the first year grantees in the community education program did not reapply this year; instead, they are continuing the program with their own funds. In consumer education, three SEA's were funded last year because their proposals were for capacity-building projects. In metric education, emphasis is placed on funding proposals which build on resources already in place, thereby ensuring the continued interest of the State or local government in the project.

In career education we do know that 14 States have enacted some type of career education legislation, some with dollars and some without; in addition a few States have inserted career education as a line item in their State budget in the dollar range of $100,000 to $300,000 (e.g. Maryland, Alabama, and Colorado).

CAREER EDUCATION

Dr. EVANS. I did want to mention that an area that I think is particularly illustrative of the question you asked about the State initiative activity would be the area of career education, where Dr. Hoyt I am sure could speak at length on the number of activities and projects and initiatives that the States have taken on their own.

Mr. FLOOD. That could be part of your record presentation.

Dr. MARTIN. We may not be able to do that in every area.

A number of States do not provide that kind of information to us, and we would have to begin a whole process of developing forms, and so forth.

NUMBER OF YEARS BEFORE STATES ASSUME FULL FUNDING

Mr. FLOOD. Let us have your best estimates.

How many years do you estimate it will be before the States take over the funding of this program, entirely on their own?

Dr. EVANS. That is a very difficult question to answer, Mr. Chairman.

I really do not know how to provide a good answer to that question, except to say, as I did before.

Mr. FLOOD. What is an educated guess?

Dr. EVANS. I would say in many areas, they will not move to take over fully the funding in this area.

They will hope to rely on the Federal Government, as long as that is possible, and I just do not think we can look for complete takeover.

Dr. MARTIN. There would be a legitimate Federal role in some of these areas.

Let me say that I think in a number of these areas there is a legitimate role for the Federal Government to continue to support in some small amounts at least, research and innovative programing.

The schools, in other words, are such a big cumbersome group of institutions, with large numbers of children, that there is always a need for some money to be available to allow people to find a better way to skin a cat. For example, in the gifted and talented areas, and in a number of areas of this legislation, that is what these programs are doing. The Federal Government and private foundations are the only places for the States to turn to for that kind of work, new knowledge development; and there should be a place for them to seek such support.

WOMEN'S EDUCATIONAL EQUITY

Mr. FLOOD. You include an increase of $815,000 for women's educational equity.

The written justifications do not make a very convincing case for that kind of increase.

What would you accomplish with an increase of $815,000 that you cannot do with your existing budget?

Dr. EVANS. Let me just say before turning it over to Dr. Duval, Mr. Chairman, that in the previous hearings, you have followed the progress of our requests, as they have gone through the process to the Department and to OMB and back.

We did ask for some larger funds in a number of these areas. Ultimate trade offs and decisions had to be made, and this was the final decision, and this was the one increase that survived that difficult process in the program area, and it is Secretary Califano's feeling this is an area that is appropriate to make some increase, even though as I say, it is clear that they cannot accomplish major things without an increase.

Mr. FLOOD. That is the budget reason.

NATIONAL DIFUSSION NETWORK

Now, how much is in this budget for the national diffusion network?

Dr. EVANS. $7 million.

Mr. FLOOD. Well, do you think this network is an effective way to disseminate useful information to the local school districts?

Dr. EVANS. It is my impression, Mr. Chairman, that is quite an effective way to disseminate.

The Office of Education some 3 years ago developed an internal quality control mechanism called the Dissemination Review Panel to pass on programs and products which were to be disseminated, to insure they had evidence of effectiveness behind them.

Many projects approved by the panel have in turn been funded by the diffusion network to actively disseminate their approaches to States and localities. You may recall in previous hearings, we talked about what we called the packaging portion of this activity as well, in which we have converted a number of effective projects into actual assistance or information packages.

Those are also being disseminated. The reports we get back, I personally have found to be very encouraging, about the States' interest in and use of the packaged materials that are reaching new sites primarily throught the diffusion network.

SESAME STREET AND ELECTRIC COMPANY

Mr. FLOOD. How much is in this budget for Sesame Street and the Electric Company.

Mrs. BEEBE. $2.5 million.

Mr. FLOOD. Why are you cutting back on these funds?

Mrs. BEEBE. The Children's Television Workshop has been encouraged over the last several years to develop their own resources, and they are now at the point where they believe income from the sale of their various materials will enable them to continue to operate at the same level as in prior years, but with reduced Federal funding being substituted for by their own resources. In addition the Electric Company will not be produced in fiscal year 1978 because reruns will be used for the next 4 years.

Dr. MARTIN. There is also requests for new expenditures in that same area for a new series on parent education and another $2 million for four new radio and television series.

It is not a question of cutting back, it is an attempt to reach people through this medium.

Mr. FLOOD. You can see where there would be a concern in a cutback in two programs like that.

Dr. EVANS. That is true, but as Mrs. Beebe is saying, we felt the purpose of those funds in that program is not to definitely underwrite a particular activity, but rather to use the funds in a revolving way, continually changing ways to stimulate and develop new activities and once they were developed, to proceed with their own support.

TEACHER CORPS

Mr. FLOOD. The budget for the Teachers Corps is $37,500,000. You indicated the funding cycle of the Teacher Corps project will change from 2 years to 5 years.

What kind of impact will that have on funding requirements. For example, would the number of projects increase or decrease?

Dr. SMITH. Mr. Chairman, we will have the same number of new projects and no major problem in fiscal year 1978.

The impact will begin in fiscal year 1979. At that time we will not be able to support the same number of new project starts as we do now. Historically, with a 2-year cycle ending, we have been able to reprogram funds from a cycle that ended to start new projects.

We anticipate that it will not impact on our program, until fiscal year 1979.

Mr. FLOOD. We must recess to vote.

[Whereupon, the subcommittee was in short recess.]

AFTER RECESS

Mr. FLOOD. The subcommittee will please come to order.

Dr. EVANS. Mr. Chairman, Dr. Pierce has finished his other hearings, and he has joined us.

EVALUATION OF TEACHER CORPS

Mr. FLOOD. What changes, if any, have there been in the evaluation of Teacher Corps projects?

Dr. SMITH. The major evaluation, the last evaluation depends on the Office of Program Planning, Budgeting, and Evaluation, and the evaluation was done by David Marsh, it was a 3-year study, which compared the teacher interns in this last year and their first year as beginning teachers, who did not have Teacher Corps programs, and we found the interns that had gone through the program were significantly, statistically different and better in three of the four categories.

One having to do with the use of the community as a resource, and in relating to parents in relationship to the schools, and another had to do with the development of self-image of the child and helping the child feel able to succeed, and a third had to do with the interpersonal relationships existing in a school, in the development of a school climate, so we have been extremely pleased with our program response to those evaluations.

We find that even with the shortage of teaching positions, a large number of our interns are remaining in education, and a large number are remaining in low-income schools.

NEW LEGISLATION AND TEACHER CORPS

Mr. FLOOD. The basic law provides for the inclusion of school principals and other education personnel in a Teacher Corps project.

What type of changes will that bring about in the structure of the program?

Dr. SMITH. The basic change will be that for the very first time all of the educational personnel in a school that are involved in the Teacher Corps will be involved in both the planning, the implementation of, and the training that has been designed for that school staff.

Mr. FLOOD. How will the elected parent and community councils

participate in a Teacher Corps project. For instance, will these councils serve only in an advisory role?

Dr. SMITH. No, there can be no Teacher Corps project without the full participation of that council.

That was in the new legislation. That will mean that there will be the true collaboration between the university people, the school system people and the parents, and the residents of a community served by those particular project schools.

It will in fact be what we call the equalization of the power for decisionmaking.

We think it is one of the healthiest opportunities to enhance consumerism, in that it means more people from outside of the schools will have a legitimate role in the planning of activities in that school.

TEACHER CORPS DOCUMENTATION AND DISSEMINATION

Mr. FLOOD. I do not know who will handle this, but take a look at your justifications on page 133, you state an increased emphasis will be placed on documentation and dissemination.

How do you intend to do that?

You are not requesting additional funds for that purpose.

Dr. SMITH. In fiscal year 1978, we will be able to accomplish that with our existing budget. I think your earlier question which related to the impact of a 5-year program, and I think I mentioned it will be fiscal year 1979 before there will be the necessity for a minimal increase of approximately $12.5 million which will then allow us to maintain the actual numbers of projects that we already have.

In terms of documentation, since the legislation now requires we be a demonstration program, it means the project staff, at the local project level has to include the process of documenting the efforts that they will be making, so that it will be shared with others in local educational agencies and universities who have not been part of the Teacher Corps program.

It actually helps to tighen up for us the Teacher Corps program in terms of it being a model that may be shared with others in the educational community, who are not a part of the Teacher Corps program.

TEACHER CENTERS

Mr. FLOOD. Now, on the teacher centers, here you are requesting $5 million. In your budget justification, you cite approximately 30 centers will receive funds under the program. Will any existing teacher centers be eligible for this money?

Dr. BUZZELL. Yes.

Mr. FLOOD. Do you know what percentage of the total centers will be existing ones?

Dr. BUZZELL. At this point we do not know the number of petitions we will be receiving from the existing centers. It is a permissive element of the legislation.

Dr. PIERCE. Only 10 percent of the funds will go to institutions of higher education.

Mr. FLOOD. What percentages of all of the total number of projects will these existing centers get?

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Dr. BUZZELL. Of all of the projects for the teacher centers, what percentage will go for them?

Mr. FLOOD. Yes.

Dr. BUZZELL. I have not assumed all of the special projects——

Mr. FLOOD. Suppose you do that for the record.

We would like to see where the centers stand.

[The information follows:]

NUMBER OF EXISTING TEACHER CENTERS RECEIVING FUNDS

Approximately 30 teacher centers are expected to be funded during fiscal year 1978. Of the funds available, approximately 10 percent will go to institutions of higher education. Since this is the first year of operation of this program, we do not have an estimate of the number of existing teacher centers which will receive federal funds. Currently, there are numerous staff development centers in operation across the country. A majority of these centers, however, if they were to apply for Federal funds, would have to undergo major changes in order to fulfill the requirements of the legislation. Depending on the extent of these changes many of the existing centers may find themselves operating quite differently from their previous modes.

TEACHER CENTER GRANTS TO HIGHER EDUCATION INSTITUTIONS

Mr. FLOOD. The budget indicates that approximately 10 percent of the teacher centers are to be supported by direct grants to institutions of higher education.

How will those projects differ from those that are run under the grants to the local school district?

Dr. BUZZELL. The primary difference will be that the institutions of higher education will be focusing on the teacher training, the staff training aspects, as provided for in the legislation, while programs at the LEA level will focus on improved instruction and practices by the teachers with an emphasis on curriculum development and research findings as they are applicable to the teaching and learning process.

Mr. FLOOD. Will the teachers still play a major role in formulating policy of the function of the centers at institutions of higher education?

Dr. PIERCE. They still must represent 51 percent of the governing board even for those projects.

Mr. FLOOD. How many project grants do you anticipate awarding under the proposed budget request of $250,000 for planning grants?

Dr. PIERCE. I think 50 is the projected figure.

Mr. FLOOD. What types of programs will there be and how will they differ from other projects?

Dr. BUZZELL. The intent of Congress in the legislation was to put the control of this activity directly under the responsibility of the teachers, the notion being the teachers on the firing line could better describe and determine the types of training curriculum development efforts and research implementation that will be most relevant for their needs and the populations that they serve.

It is also interesting to note that the legislation expands the personnel in the community to be served by these programs; there is clearly an effort that the teachers be involved in extending the services outside of the purely professional realm.

Mr. FLOOD. How much funding do you propose to be reserved for reimbursement of State educational agencies for application review and dissemination activities?

Dr. BUZZELL. It is estimated at this time about 16 percent.

NATIONAL NETWORK FOR TEACHER CENTERS

Mr. FLOOD. Have you developed any plans for implementing your proposed national network for teacher centers? How would the national network function?

Dr. BUZZELL. There may be some misunderstanding. The notion is that we will fund 30 centers, and those centers will in fact develop and become a national network of centers.

GENERAL PROGRAM DISSEMINATION

Mr. FLOOD. You are requesting $500,000 for general program dissemination.

Of course, we are all for some dissemination of information, but from these program justifications, this appears to be general aid to the film industry. Is that what you mean by dissemination?

Dr. EVANS. Their dissemination is a different kind of dissemination than the one we spoke of earlier, and there are a series of projects we do put out directly in the Office of Education. I would like Mr. Billings to speak to that.

Mr. BILLINGS. This is not meant to be aid to the film industry, but sometimes we do end up budgeting for films, and we may do one in the future on Indians, but it is only because that would seem to get a very wide use of the film.

The women's film is in extreme demand, and that has been booked for a year ahead already, not only for showing in small groups, 16 millimeters, but in commercial movie houses, 35 millimeters, and we do not think we can get any better exposure than that kind of thing.

GIFTED AND TALENTED

Mr. FLOOD. Thank you. Mr. Natcher?

Mr. NATCHER. You are requesting I believe $2.5 million for projects related to gifted and talented children. How many gifted and talented children do we have in this country?

Dr. MARTIN. Depending on how you define them, they would run about 1.5 million children.

Mr. NATCHER. Three to four percent?

Dr. MARTIN. Let me introduce Dr. Dorothy Sisk, who is with us for 2 years on an intergovernmental exchange. Dr. Sisk is the head of the program for training of teachers and graduate specialists at Florida State University, and a graduate specialist in the area of gifted and talented children.

She is also president of the Association for Gifted, and we feel very fortunate in having her with us, but she is familiar with Dr. Rickover's statements also on this subject.

Mr. NATCHER. I just wondered if you ever heard him discuss this matter. He is quite serious.

Dr. SISK. In fact, one of the areas we are trying to stimulate in the area of intellectual activity is that for the gifted, and Admiral Rickover is one of our proponents. We are very much aware of him.

Mr. NATCHER. Are some of the funds under the education for the handicapped used for the gifted?

Dr. MARTIN. Let me clarify that the definition at the present time does not allow gifted, talented children to be included in the programs supported with education of the handicapped funds.

There is only one source, the Special Projects Act, other than what funds might come from general authority; for example, vocational education programing for the gifted, things like this——

Mr. NATCHER. But you indicate in the budget request, part of this money will be used for training of the gifted and talented children?

TRAINING

What does your training consist of?

Dr. MARTIN. There are different kinds of training. The training in this case refers also to leadership training. We have three different ways of supporting training.

One is a consortium of major universities getting together to share experiences and also offer students the opportunity to cross register in graduate programs. Those are people being trained to be trainers of the teachers, who work with gifted and talented children.

We also have what we call leadership training institutes which provide inservice training to State and local agency personnel on how to begin such programs, and we offer some support to students themselves, through support of their participation in a fellowship program.

In addition to that, we have model projects, at the State and local level, which are designed to help start new programs. I mentioned one a few moments ago. Dr. Sisk might mention another we talked about yesterday, a project in Philadelphia.

Dr. SISK. All of the projects have at the State level a teacher training component.

Interestingly enough the biggest need in this area, is for teachers to work with the youngsters.

In Philadelphia, we have a project that has a component we are very excited about. We find that often times minority or culturally different youngsters are not identified, or served, and in Philadelphia, in the project they have developed an instrument and technique for identifying these children as well as teacher training components.

We hope that will be a national model, it could be replicated anywhere where there is a culturally diverse group.

Dr. MARTIN. This project is identifying in this case, primarily Puerto Rican children, but could serve the Spanish-speaking children generally, who have not been identified, and yet we are finding these children are gifted and talented. As a response to the extra instruction they have been getting, the improvement is not only showing up in those areas specially studied, but there is improvement in general classroom work, and their demeanor is improving. It opens some eyes about the untapped resources in minority group populations.

Mr. NATCHER. We have a number of States that conduct programs along the line you have indicated, for gifted and talented children, is that correct?

Dr. MARTIN. Yes.

Mr. NATCHER. About how many would you say, how many States have programs?

Dr. SISK. We have 48 States that have a comprehensive plan, but it varies from say the State of Florida spends $7 million on it to the State of Ohio, which spends a hundred thousand. Many of them have full-time State consultants, many of them have a person that spends like one-sixth of their time, so there really is a wide discrepancy in service delivery.

COMMUNITY SCHOOLS

Mr. NATCHER. You are requesting $3,553,000 for the community schools program.

How much of the budget would be used to expand existing community schools, and how do you feel about establishing new schools?

Dr. BUZZELL. Sir, the funds are being used to link existing schools into community activities, through the efforts that have existed or are growing within the community.

The intent of the legislation is to tie the community back to the schools. Since the community is paying and is the source of support for the schools, it makes sense to provide the resource of the school facility to the community. Activities within these community schools run all the way from vocational to cultural, and from weekends to evenings. Activities vary within those broad categories.

Mr. NATCHER. How would the estimated 32 grants for State educational agencies for the community schools be distributed?

Dr. BUZZELL. It is a competitive distribution.

Mr. NATCHER. What incentives if any will be provided for States that do not receive grants, yet want to establish and maintain community educational programs?

Dr. BUZZELL. We are hopeful that the clearinghouse and the network of interested professionals involved in this activity will greatly encourage the implementation or expansion of these programs. We consider the clearinghouse to be most significant aspect of this program.

Dr. PIERCE. There is a toll-free hotline in that activity that allows quick and direct access to the clearinghouse offices, and there will be regularly scheduled meetings with community educators to assure the clearinghouse is being responsive to their needs. This will be a way in which work with those districts and States that did not get funds.

Mr. NATCHER. Part of the request for community schools is for training grants to colleges and universities, that is correct, is it not?

Dr. BUZZELL. That is correct.

Mr. NATCHER. How many higher education institutions are equipped to train people to operate community schools?

Dr. BUZZELL. How many of the institutions of higher education?

Mr. NATCHER. Yes.

Dr. BUZZELL. I am not able to provide that data without turning back to our office.

Mr. NATCHER. Would you say most of them are equipped to train people to operate community schools, would you say most of them are able to do it?

Dr. PIERCE. If you are talking about those institutions in general——

Mr. NATCHER. That is the training grant.

Mrs. BEEBE. There are 13 grantees.

Mr. NATCHER. Do you have a list of those?

You say 13 grantees?

Dr. PIERCE. Last year there were 13 grantees.

Mr. NATCHER. What if you place those in the record at this point?

Dr. PIERCE. Certainly.

[The information follows:]

Institutions of higher education awarded training grants

Institution	*Amount*
Arizona State University	$18,471
Pima County Community College, Arizona	18,031
Colorado State University	18,388
University of Connecticut	20,678
Miami-Dade Community College, Florida	32,585
Southern Illinois University	39,925
Ball State University, Indiana	34,413
College of St. Thomas Community Education Center, Minnesota	18,146
Syracuse University	35,000
Oklahoma State University	31,929
University of Oregon	38,038
Texas A. & M. University	70,080
University of Virginia	36,760

My memory may fail me some, but I think about 70 institutions around the country over the past year or so have been involved in the community school effort, and then these institutions augment those and increase that network of institutions that can provide training in training school programs.

Mr. NATCHER. In the colleges and universities, where the grants are provided, you consider them qualified with the necessary equipment for this program, is that correct, generally speaking?

Dr. BUZZELL. Yes, sir.

Mr. NATCHER. They have to be, or they would not receive the funds?

Dr. BUZZELL. Very much so.

Mr. NATCHER. The request for career education is $10,135,000.

Are there other Federal programs that now provide assistance for career education of the Federal programs?

Dr. HOYT. Not directly. This is the function, of course, within the National Institution of Education, and there are significant educational projects now being funded, for example, through Dr. Martin for the Bureau of Education of the Handicapped, and there are ESEA projects that are involved, so there are some of those, but it is not direct.

Dr. EVANS. I think, Mr. Natcher, it is very hard to answer that question precisely, because career education by anyone's definition does embrace different kinds of activities, such as work study, co-op education, and there are separate authorizations and appropriations for those types of programs in the program structure of the Office of Education, it has been there for some years, but I think the answer should be that for the most part, with respect, definitely, specifically and comprehensively on career education as such, there is the principal appropriation for it.

Dr. PIERCE. About 3 years ago, we tried to get in the Office of Education, to get an assessment of how much money was being spent on career education, either directly or indirectly, and we did an analysis at that time, but we have not repeated that since that time.

Mr. NATCHER. Thank you, Mr. Chairman.

Mr. FLOOD. Thank you very much.

[The following questions were submitted by members of the subcommittee with the request that they be answered for the record.]

QUESTIONS SUBMITTED BY MR. MICHEL

TEACHER CORPS

Mr. MICHEL. Isn't the teacher centers program also likely to largely overlap the teacher corps program?

ANSWER. Teacher corps does not anticipate any overlapping by the teacher centers program because of the distinct differences between teacher corps and the teacher centers programs. We do expect there to be collaborative coordinated efforts between the two program areas. Teacher corps has a low income school focus whereas teacher centers focus on an entire school system population. Teacher corps is primarily a demonstration program that integrates preservice and inservice training; teacher centers is primarily a service program for inservice training of teachers only. Teacher corps has a mandate for institutional reform; however, institutional reform is a local option in the teacher centers program. A council representative of the community served is mandated as an integral part of planning, carrying out, and evaluating teacher corps projects; teacher centers have no such requirement. Teacher corps projects must have equal collaborative governance by the IHE, LEA and community; teacher centers are essentially run by a teacher controlled policy board. Teacher corps must influence colleges and universities to improve their teacher preparation program; teacher centers must provide 90 percent of its funding to the LEA and SEA. All teacher corps projects are 5 years whereas teacher center projects are 2 years.

Mr. MICHEL. During our supplemental hearings, we were told that only 60–70 percent of the teacher corps graduates stay in low-income areas after the first year. That isn't a very good record, is it?

ANSWER. The 1975 Marsh study of teacher corps graduates indicated that the average graduate worked in a school where the majority of pupils were nonwhite, and 80 percent of the graduates reported that they worked in schools that served low-income children. In addition, as a result of teacher corps' new authority to demonstrate the integration of preservice training and inservice retraining, and in light of the current teacher surplus, the number of interns in programs begun in 1975 was reduced to four in each school district. Therefore, expectations are much better that these interns scheduled to graduate in June 1977 will remain in low-income areas.

Mr. MICHEL. Can't you be more selective in choosing participants for the teacher corps program to insure that they have a commitment to remaining in low-income areas? Otherwise, it would appear that a sizable amount of teacher corps funds are simply going down the drain.

ANSWER. The selection of interns for teacher corps projects is made by the local school district. It is expected that during the planning and development period, the first year of the new 5-year project period, projects will collaboratively develop selection criteria and more intensively interview and review larger numbers of applicants to insure that an even greater number of applicants have a commitment to remain in low income areas.

FUNCTIONS OF THE TEACHER CENTERS

Mr. MICHEL. I must say that I can't see the justification for starting another categorical program, this one entitled teacher centers, which appears to be aimed at simply teaching teachers how to teach better. Isn't that a normal function of our higher educational institutions?

ANSWER. The teacher centers program is, in part, a reaction to the perception among schoolteachers themselves and other concerned segments of the public that departments and colleges of education are not adequately performing their "normal function" of training teachers. The many-sided crisis in education, for example, declining achievement scores, led Congress to combine in the teacher centers legislation four significant new features: giving to the teachers themselves the major voice in designing their own inservice training; making the schools themselves rather than the universities, the locus of this teacher train-

ing; giving to State departments of education a major voice in determining the kinds of teacher centers that will be funded, and thus facilitating a master plan for inservice education in each State; and recognizing that most teachers now employed will be in their jobs many more years, and that therefore the great need is for inservice, problem-related training rather than the usual college courses taken merely to get salary increments. We also hope that the teacher centers program can insure that teachers in local schools are knowledgeable about and can make optimum use of the other Federal categorical programs which now exist.

FUTURE COSTS OF THE TEACHER CENTER PROGRAM

Mr. MICHEL. Once we start a teacher center program what is the ultimate cost likely to be? It certainly will be much higher than the $5 million initial startup costs. Will it not? I see the authorization is $75 million.

ANSWER. The ultimate cost of the teacher centers program cannot be predetermined, since it depends on the success of the first centers, and on the extent to which the broader crisis in the schools—largely a function of the economic condition of the Nation—can be dealt with. The initial $5 million can support a trial or demonstration program.

ELIMINATION OF OLD PROGRAMS

Mr. MICHEL. President Carter has frequently emphasized that if we are to begin new programs, we should eliminate old ones. You are proposing a new program here, entitled teacher centers, but I don't see any program eliminated in order to provide the necessary funds. Why are you not complying with the President's stated policy?

ANSWER. If the teacher centers program had been devised to replace or supplant other training programs then we would have proposed elimination of similar programs. There are, however, two reasons why we have not proposed such elimination. First, teacher centers are designed to fulfill a specific gap in education training programs—it supplements other types of training programs out in the field by focusing on the specific needs of teacher as related to their particular situation. And second, the level of funding requested in fiscal year 1978 for the teacher centers will operate only a few centers. This level of funding represents more of a demonstration effort rather than an attempt to institute an entirely new training system.

QUESTIONS SUBMITTED BY MR. CONTE

WOMEN'S EDUCATIONAL EQUITY

Mr. CONTE. Can you tell me about some of the specific projects which were funded out of the Women's Educational Equity account in 1977? How many model programs have you developed, and how widely have they been disseminated?

ANSWER. The Women's Educational Equity Act projects funded in fiscal year 1976 are only in their 7th month of operation. No projects have been funded from the WEEA appropriation for fiscal year 1977. A national competition for grants will be initiated April 1, and approximately 65 new awards will be made. A contract to disseminate the programs and materials of WEEA was announced in February and will be awarded in about 2 months, so that it will be effective as the results of the first year projects are available.

A broad dissemination effort was conducted with fiscal year 1976 funds to make available basic technical assistance materials (which are needed by many institutions) for compliance with title IX. This is viewed as a very important national effort for the Office of Education, and is being conducted under the Women's Educational Equity Act. A companion effort is the development of a title IX technical assistance package to be used in 20 workshops to be held in each of the 10 HEW regions to develop local and regional training teams. In fiscal year 1976 10 percent of WEEA funds were commited to the title IX technical assistance effort.

In the same fiscal year 1976, 46 general grants and 21 small grants were funded. The projects focus on all the levels of education mandated in the law (preschoool, elementary, and secondary, higher education, and adult education) and include the range of activities authorized in the act: materials, train-

ing, research, counseling, and guidance, opportunities for adult women, program improvement in educational administration, vocational education, physical education, and career education.

Thirty-two general grants focus on elementary and secondary education. Projects range from a limited focus such as physical education in grades 1 to 4 to a comprehensive elimination of all aspects of sex discrimination and sex bias throughout a school system or a State department of education.

In the areas of leadership and career and vocational preparation, funded projects range from a focus on the development of leadership in unions, in vocational education, in academic medicine, among Indian tribes, in educational administration for the State of Oregon, in the Southeast, and in the Plains States. Counseling and employment information for rural women in four Southwestern States and for adolescents in the rural Northeast are the subject of two other projects.

Wherever possible, WEEA funds culminate or complement previous efforts supported by other Foundations or previous volunteer efforts. An example is a film on early childhood education produced by the Women's Action Alliance for parents and teachers. The film is the final stage of a project which has produced new materials which are being used widely in schools across the country.

Other specific examples of WEEA projects illustrate their diversity.

The Massachusetts State Department of Education under its WEEA grant focuses on the involvement of students in its plan to eliminate sex discrimination. Citizen participation and student/teacher/parent collaboration are an integral part of this model for institutional change throuhout a State system. The project will involve almost 2,000 students who already, by State law, serve as advisors in the decisionmaking process in Massachusetts.

At Case Western Reserve University, the emphasis is on overcoming the barriers which interfere with the potential of sophomore high school students. Under the direction of Dr. Elyse Fleming, the 2-year grant provides for the development of an individualized career preparation program designed as a model to meet the specific needs of female adolescents as they attempt to overcome the barriers. One product of the project is a handbook for guidance personnel. Counselors are involved in every stage of the project from research to final testing. Students, community leaders, and university personnel also participate in important phases of the project.

Under the small grant program, San Jose Community College District is developing a model instructional program to introduce persons who traditionally have not been exposed to technological education to a sampling of the basic concepts of technology and the career options available. The project also focuses on the needs of those persons already employed in nontechnical positions who have become locked in dead end employment classification.

Another example in the small grant program is an award to the Colorado Commission on the Status of Women to develop a Girls' and Women's Sports Commission that will coordinate and distribute information about sports for women in that State. The commission would also help and encourage women and girls to explore their sports potential. The model will be available for adoption by other States.

The Hope, Arkansas, School District is developing and testing materials to be used for inservice teacher training to eliminate discrimination and bias on the basis of sex throughout the educational settings of a school district. Emphass in this model is given to staff development, counseling, and community education as they relate to women's equity issues.

The Wisconsin Board of Vocational, Technical, and Adult Education has a 2-year grant to create a model training program for placing women in decisionmaking positions in the vocational education system. By providing defintions of the skills and experience needed for all administrative positions in order to insure fair competition, the project seeks to develop the talents of women already employed in vocational education and to encourage and influence them to seek the administrative positions, where women are currently so few in number.

Everywoman's Center at the University of Massachusetts (Amherst) was awarded $51,715 for a 1-year project to develop a training program for staff members of the more than 600 women's centers at various colleges and universities around the country. In order to provide the special services needed by women, the staff of women's centers must develop expertise in communicating effectively with academic and administrative officers in their institution. The

model training program being designed at the Universty of Massachusetts has potental for use in many centers which are working toward equity.

The examples illustrate that each of the 67 grant projects in the first year is developing and testing a model program. The same will be true of the projects funded in fiscal year 1977. Those model programs which are found effective on the basis of their evaluation will be disseminated under the fiscal year 1977 contract.

"SESAME STREET"

Mr. CONTE. You are requesting $2.5 million for "Sesame Street" for 1978. How much did it receive in 1977?

ANSWER. Children's Television Workshop (CTW) will receive $5 million in fiscal year 1977 for the partial funding of "Sesame Street" and the last year of "The Electric Company." The letter will go into reruns for 3 to 4 years starting with the 1977–78 broadcast season, utilizing the programs produced and broadcast in fiscal years 1976 and 1977.

Mr. CONTE. What new series will you be funding this year?

ANSWER. CTW itself has requested only $2.5 million in fiscal year 1978 for the continuation of "Sesame Street". Other projects to be contracted for are $2.5 million for further expansion of the "Parenting Series," and $2 million for two new series predicated on fiscal year 1977 feasibility pilot evaluations and three new radio and television pilot projects not presently identified.

PACKAGING AND DISSEMINATION

Mr. CONTE. I see from your justifications page 131 that you are conducting a study to identify the most effective dissemination strategies; what will be done with this study? In other words, where does the program go from here?

ANSWER. The study to which you refer is investigating the process by which the first set of six compensatory education projects that have been systematically packaged, field tested, and revised are being disseminated to school districts throughout the country. While the six Project Information packages are fairly detailed in terms of providing implementation guidance and assistance to schools committed to installing one of the projects, thereby greatly reducing the amount of outside technical assistance required for operationalization, they do require a dissemination agent to locate interested and potential adopter school districts, answer questions about the projects, and assist districts in locating essential resources in order to implement and operate the projects effectively. Eight such dissemination agents were funded to make a limited number of school districts aware of the packaged approaches and secure project adoptions.

This is considered a pilot dissemination effort in that the dissemination effort is temporary—dissemination of the Project Information packages will be the responsibility of the State facilitators in the National Diffusion Network once it is reconstituted—and the effort is relatively small scale—we are dealing with a very limited supply of the Project Information packages. The dissemination effort was planned in this fashion, that is, as a pilot effort, in order that we could learn the answers to such questions as: What diffusion strategies, tactics, and processes most effectively interest and encourage commitment from school districts with appropriate needs in adopting these exemplary education projects? What diffusion strategies, tactics, and processes contribute to the successful implementation of the projects? We believe that what we learn from this study will increase our understanding of the process of diffusing or disseminating packaged approaches and will assist us in formulating plans and implementing strategies to improve the manner in which the Project Information packages are disseminated on a large scale in the near future. The dissemination strategy formulated on the basis of the study's results will be transfered to the State facilitators in the National Diffusion Network who will assume responsibility for disseminating the packages beginning in the 1977–78 school year.

We would like to point out that the study is only one of several interrelated studies either planned or underway under the packaging and dissemination program, whose combined results will be used to improve the delivery of effective education projects to potential adopting school districts.

The purpose of this program is to promote and accelerate the use of exemplary educational practices, products, and programs in schools thorughout the country. While we feel that we have learned much from the packaging and National Diffusion Network efforts thus far, there are many dissemination-related questions for which we do not have answers. We plan to explore these areas in the

near future in order to improve the operations of the packaging and dissemination activities and better accomplish our goal. We want to continue to ask ourselves the broad question, How can the diffusion of exemplary projects be accomplished best?, and initiate and conduct studies to evaluate efforts currently underway, in order to modify our activities and improve the manner in which exemplary programs are disseminated to and used by schools throughout the country for the ultimate objective of the improvement of education for children.

NATIONAL DIFFUSION NETWORK

Mr. CONTE. Would you explain how the National Diffusion Network works?

ANSWER. Over the past several years the Federal Government has spent millions to develop better educational programs, products, and practices. Many high quality programs have been developed, carefully evaluated, and found effective. Unfortunately, very few of these programs then spread to school systems outside the ones in which they were developed. In response to this problem, the National Diffusion Network was established by the Office of Education almost 3 years ago in order to maximize the Federal investment in developing programs by promoting the installation of these exemplary programs in school systems across the Nation.

Basically, the National Diffusion Network performs three functions:

(1) It promotes the identification of outstanding programs, products, and practices that have been developed by local school systems with Federal research, development, and demonstration funds; and it requires that evaluations of these programs be carefully examined to assure that only those that have been found effective will be disseminated and installed.

(2) Through one of its two components, the State facilitator projects, the network informs almost all public and nonpublic school systems in a State about outstanding programs that have been developed, and offers assistance to any school system that wants to install one or more of the programs. Last year, 36 States had facilitator projects which provided such information and assistance to local school systems.

(3) In the other component, developer—demonstrator projects, the network arranges for the local school personnel who developed these outstanding programs to train other local school staff members in school districts across the country that want to install their programs. The network pays for the training of teachers and for followup technical assistance. In short, teachers who have developed and operated outstanding programs train other teachers to install and operate these programs. Last year 65 developer-demonstrator projects were funded to train personnel in adopting school districts.

During the first 2 years of operation, the network has trained personnel in about 5,000 school systems to install 1 or more of the 65 programs in the network. About 2,500 school districts have already installed at least 1 of the network programs. Programs that originally cost the Federal Government $300,000 to develop are now being installed by the National Diffusion Network for about $3,000 a school district. I can give you more definitive information when the SRI evaluation of the National Diffusion Network is released. This will be available to you within the next month or so.

Mr. CONTE. Where do the programs and models promoted through the national diffusion network come from?

ANSWER. Almost all of the programs and models in the national diffusion network have been developed by teachers in local school districts. This is probably the major reason why teachers in other school districts like the programs. The programs and models appear to work as well in the districts in which they are installed as they worked in the districts in which they were developed. Teachers who have actually developed and operated an outstanding education program have credibility with other teachers. They are accepted, and they make excellent trainers. The original programs were developed with funds from a variety of legislative programs, such as: ESEA title I, ESEA title III, right-to-read, career education, and others.

TEACHER CORPS

Mr. CONTE. Can you tell me about some of the successes of the Teacher Corps program?

ANSWER. 1. Teacher Corps has changed many programs of teacher education by influencing colleges and universities to examine goals more critically, state objectives more specifically, and develop more extensive laboratory and clinical experiences.

2. It has created more extensive dialog and relationships among school districts, universities, and citizens.

3. It has required university professors to meld didactic instruction with field experience.

4. It has been responsible for attracting more minority persons into the teaching profession.

5. Schools and communities have been introduced to strategies, practices, ideas, materials, which would not have been introduced under normal circumstances.

6. A significant number of experienced teachers have had their skills upgraded as they participated in Teacher Corps.

7. Interns have brought their idealism and zeal to the service of children from low-income families.

Mr. CONTE. What effect has the Teacher Corps had on improving the education of children from low-income families?

ANSWER. Teacher Corps was deliberately placed in the Higher Education Act of 1965 as amended. It is first and foremost an educational personnel development program designed to help colleges and universities broaden their teacher preparation program by giving emphasis in the training to the unique needs necessary for teachers to expand educational opportunities for children from low-income families. Therefore, our success criteria for the improvement of the education of children from low-income families came from our success in producing more and better trained teachers with competencies to meet the unique needs of poor and minority children in our schools. That we have been successful in achieving this end is attested to by the results obtained from our most recent program evaluation mentioned earlier. Our new legislative authority will allow us to both document and evaluate the effects on the school learning climate as well as the educational personnel development activities. Until the most recent education amendments we were only concerned with the prospective teachers as interns. We now are able to look at both prospective and practicing teachers in a total school setting. This will enable us to gage more accurately the impact of our program on improving the instruction of children from low-income families.

AUTHORIZATION—1978

Mr. CONTE. You are requesting $5 million for teacher centers, the first year of funding for this program. How much is authorized for 1978?

ANSWER. The statute authorizes $75 million each for fiscal year 1977 and fiscal year 1978 for the teacher centers program. Only 2 years of funding, however, has been authorized.

ADULTS IN METRIC EDUCATION

Mr. CONTE. What is being done to educate adults in the operation of the metric system? Through what media?

ANSWER. Adults are being educated about the metric system through efforts by public and private nonprofit organizations, industry and business organizations, consumer organizations, and through the use of conversion tables made available by homemaking, recreational, and other services producing organizations. Most of these efforts are being provided by major television and radio networks, newspapers, magazines, advertising forms, and other public information programs.

These efforts have greatly enhanced the receptivity and understanding of the need for the United States to convert, as quickly as possible, to the metric system. The American consumer seems to fully appreciate the positive promotion of the dual labeling process provided by industry and homemaker organizations in an effort to ease the transition process.

CONVERSION TO METRIC

Mr. CONTE. What are the steps involved in converting to the metric system by 1985? How is that conversion going?

ANSWER. As part of the conversion to metric, one of the seven programs authorized under the Special Projects Act was the metric education program, designed to provide national leadership relative to metrication and to encourage educational agencies and institutions to prepare students to use the metric system of measurement with ease and facility as a part of the regular educational program. The authorizing legislation specifies that grant awards may be made to State educational agencies, local educational agencies, institutions of higher education, and nonprofit and private groups, institutions, and organizations.

Fiscal year 1976 was the first year for metric education program awards. Of 585 applications submitted, 72 grants were awarded. In fiscal year 1977 approximately 73 awards will be made, about 80 percent to State and local educational agencies. The focus is on developing awareness and interest in metric education. This interest will be fostered by making awards 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 will be supported in institutions of higher education; mobile instructional laboratories will be equipped on a model testing basis to serve both rural and urban communities; and technical assistance grants will be made to interested educational agencies.

In fiscal year 1978, the program's focus will be on encouraging the implementation of pilot programs in metric education. Approximately 72 new grants and contracts will be made ranging from $25,000 to $40,000 to public and private nonprofit organizations. Awards will be oriented to those projects that show promise of continuation after an initial year of Federal funding.

COMMUNITY EDUCATION

Mr. CONTE. What sorts of programs fall under the category of community schools? What do these programs actually do?

ANSWER. Under the Community Schools Act, public schools and other public facilities are to be utilized more effectively and efficiently by remaining open into the evenings and over weekends to serve the total community. Programs and activities are planned for all age groups in the community, preschool through senior citizens.

The public school becomes a center for educational, cultural, social, and recreational programs and activities. The community is directly involved in the administration of the program through alternative forms of community participation such as advisory councils. The councils deal not only with programs and activities offered at the school, but also with problems facing the local school community. In essence, a sense of community is reestablished as a result of the shared facilities.

The school, because of its location in each community, becomes the delivery point for services to the community. Health care, diagnostic testing, and counseling are illustrative of the type of services that can be provided at a community school. Recognizing this potential, the Administration on Aging and the U.S. Office of Education have been working together closely to promote the utilization of schools for meeting the needs of older Americans.

JUSTIFICATION OF THE BUDGET ESTIMATES

Appropriation Estimate

Special Projects and Training

For carrying out the Special Projects Act (Public Law 93-380) [and section 422(a) of], the General Education Provisions Act, [$47,493,000] *and Title V, part A*[1/] *and section 532, without regard to the requirements of section 531*[2/] *of the Higher Education Act of 1965, $98,908,000. (Departments of Labor and Health, Education, and Welfare Appropriation Act, 1977.)*

Note: The regular appropriation for part of this account for 1977 had not been enacted at the time this budget was prepared. A temporary continuing resolution is in effect for the period October 1, 1976 to March 31, 1977 for this activity.

Explanation of Language Changes

1/ The Teacher Corps has been changed from part B to part A of HEA V as a result of the Education Amendments of 1976 (P.L. 94-482).

2/ Section 531 states that of the sums appropriated for section 532 (Teacher Centers) or 533 (Training for Higher Education Personnel), not less than 10 per centum shall be available for each of these programs. The request is for section 532 only. Therefore point of order language is required in order to not fund section 533.

Language provision	Explanation
...and Part A and section 532, without regard to the requirements of section 531 of the Higher Education Act of 1965.	The Education Amendments of 1976 (P.L. 94-482) changed the Teacher Corps authority from part B to part A of the HEA V. Section 531 states that of the sums appropriated for section 532 (Teacher Centers) or 533 (Training for Higher Education Personnel), not less than 10 per centum shall be available for each of these programs. The request is for section 532 only. Therefore point of order language is required in order to not fund section 533.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

Special Projects and Training

Amounts Available for Obligation

	1977	1978
Appropriation:		
Annual	$47,493,000	$98,908,000
Supplemental now requested	37,500,000	---
Subtotal, appropriation	84,993,000	98,908,000
Comparative transfer from: "Salaries and expenses"	7,918,000 1/	---
Total, obligations	92,911,000	98,908,000

1/ Planning and evaluation $ 7,085,000
General program dissemination 500,000
Information clearinghouses 333,000

Note: The $7,085,000 amount for Planning and evaluation includes $585,000 in the supplemental request under the Salaries and Expenses appropriation.

Summary of Changes

1977 Estimated Obligations	$92,911,000
1978 Estimated Obligations	98,908,000
Net change	+5,997,000

	1977 Base	Change from Base
Increases:		
Program:		
1. Special projects		
(a) Women's educational equity -- increase to expand the number of projects in an area that is still identified as requiring national need	$7,270,000	+815,000
(b) Planning and evaluation -- additional projects to evaluate effectiveness of ongoing projects	7,085,000	+115,000
2. Educational personnel training - teacher centers	---	+5,000,000
-- This is a new program in fiscal year 1978.		
3. Information clearinghouses -- These functions can be expanded at State and local levels	333,000	+67,000
Total increases		+5,997,000

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Obligation by Activity

Page Ref.		1977 Appropriation	1978 Estimate	Increase or Decrease
	Special Projects:			
120	(a) Metric education.....	$2,090,000	$2,090,000	---
121	(b) Gifted and talented....	2,560,000	2,560,000	---
123	(c) Community schools.....	3,553,000	3,553,000	---
125	(d) Career education.....	10,135,000	10,135,000	---
126	(e) Consumer education.....	3,135,000	3,135,000	---
128	(f) Women's educational equity.....	7,270,000	8,085,000	+815,000
129	(g) Arts in education.....	1,750,000	1,750,000	---
130	(h) Packaging and dissemination.....	10,000,000	10,000,000	---
132	(i) Educational TV programming.....	7,000,000	7,000,000	---
	Subtotal.....	47,493,000	48,308,000	+815,000
	Educational personnel training			
133	(a) Teacher corps.....	37,500,000	37,500,000	---
	(b) Teacher centers.....	---	5,000,000	+5,000,000
134	Planning and evaluation....	7,085,000	7,200,000	+115,000
135	General program dissemination.....	500,000	500,000	---
136	Information clearinghouses.	333,000	400,000	+67,000
	Total obligations.....	$ 92,911,000	$ 98,908,000	+5,997,000

Obligations by Object

	1977 Estimate	1978 Estimate	Increase or Decrease
Printing and reproduction.....	$ 10,000	$ 15,000	+5,000
Other services (project contracts)..	40,159,000	47,519,000	+7,360,000
Grants, subsidies and contributions.	52,742,000	51,374,000	-1,368,000
Total, obligations by object.	92,911,000	98,908,000	+5,997,000

Authorizing Legislation

	Amount Authorized	1978 Budget Estimate
Special Projects and Training		
1. Special projects: (Education Amendments of 1974, Title IV)		
(a) Metric education, (section 403).....	$10,000,000	2,090,000
(b) Gifted and talented, (section 404).....	12,250,000	2,560,000
(c) Community schools, (section 405).....	17,000,000	3,553,000
(d) Career education, (section 406).....	15,000,000	3,135,000
(e) Consumer education, (section 407).....	15,000,000	3,135,000
(f) Women's educational equity, (section 408).	30,000,000	6,270,000
(g) Arts in education programs, (section 409).	(1/	1,750,000
(h) Packaging and field testing, (section 402)	(	10,000,000 2/
(i) Educational TV programming, (section 402)	(100,000,000	7,000,000
(j) Career education, (section 402).....	(	7,000,000
(k) Women's educational equity, (section 402).	(	1,815,000
2. Educational personnel training:		
(a) Teacher corps, (Higher Education Act, Title V-A).....	75,000,000	37,500,000
(b) Teacher centers.....	75,000,000	5,000,000
3. Planning and evaluation, (General Education Provisions Act, section 411).....	25,000,000	7,200,000
4. General program dissemination (GEPA, Sec. 422)..	Indefinite	500,000
5. Information clearinghouse (Education Amendments of 1974):		
(a) Adult education clearinghouse (Sec. 309A of the Adult Education Act).....	Indefinite	200,000
(b) Community education clearinghouse (Sec. 405(F) Community School Act).....	Indefinite	200,000

1/ Not less than $750,000.
2/ Of the amount requested $7,000,000 is for carrying out section 422 of the General Education Provisions Act which is for National Diffusion Network.

Special Projects and Training

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
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	86,293,000	82,193,000	81,576,000	81,576,000
Transition Quarter	17,060,000	17,060,000	17,060,000	17,060,000
1977	37,950,000	53,593,000	58,043,000	54,826,000
Supplemental	38,085,000			
1978	98,908,000			

Note: In order to reflect comparability with the 1978 estimate this history table includes activities transferred from the "Salaries and Expenses" appropriation.

Justification

Special Projects and Training

	1977 Appropriation	1978 Estimate	Increase or Decrease
1. Special Projects:			
(a) Metric education	$ 2,090,000	$ 2,090,000	---
(b) Gifted and talented	2,560,000	2,560,000	---
(c) Community schools	3,553,000	3,553,000	---
(d) Career education	10,135,000	10,135,000	---
(e) Consumer education	3,135,000	3,135,000	---
(f) Women's educational equity	7,270,000	8,085,000	+815,000
(g) Arts in education	1,750,000	1,750,000	---
(h) Packaging and dissemination	10,000,000	10,000,000	---
(i) Educational TV programming	7,000,000	7,000,000	---
Subtotal	47,493,000	48,308,000	+815,000
2. Educational personnel training-			
(a) Teacher corps	37,500,000	37,500,000	---
(b) Teacher centers	---	5,000,000	+5,000,000
3. Planning and evaluation	7,085,000	7,200,000	+115,000
4. General program dissemination	500,000	500,000	---
5. Information clearinghouses	333,000	400,000	+67,000
Total obligations	92,911,000	98,908,000	+5,997,000

General Statement

This account incorporates a variety of discretionary authorities whose mission is to improve the quality of education. The Special projects activities provide grants and contracts to State and local education agencies, private and nonprofit groups, and higher education institutions. These activities assess existing programs, support further development of those programs and demonstrate methods and techniques which have proven successful. This program also encourages the development of and experimentation in new educational methods and techniques. Present priority areas which have been identified and where concentration of program support is now focused on are, metric education, gifted and talented children, community schools, career education, consumer education, women's educational equity, arts in education and educational T.V. programming. Packaging and dissemination of models which replicate proven approaches to education is also included under these Special projects activities. This effort includes funding of The National Diffusion network which is a system that provides training and technical assistance to school districts in order to assist them in adapting exemplary educational projects for their use. Fiscal year 1978 is the third year of funding of these Special projects activities. As priority needs change, efforts will be made to redirect the funding within these areas and to new areas of concern.

Teacher corps is a program under this appropriation directed at increasing the quality of education through the improvement of the preparation of teachers in schools located in areas continuing large populations of low-income students. In fiscal year 1978, projects will emphasize the retraining of school personnel as well as preservice training for inexperienced teacher-interns.

An amount of $5,000,000 is requested to fund Teacher centers which is a new program authorized by the Education amendments of 1976. Grants will be made to plan, establish and operate teacher centers. Major emphasis of the teacher training center will be on curricula and training programs that improve teaching skills. Those teachers for whom the centers are established will play a major role in the formulation of the centers function.

Three activities are transferred from the S&E account. The first activity is Planning and Evaluation. This activity is designed to measure and better understand the effectiveness of Office of Education programs. An increase of $115,000 is requested over fiscal year 1977 for this activity based on the assumption that a supplemental request for $585,000 for fiscal year 1977 is appropriated. The additional $115,000 for fiscal year 1978 is primarily to pay for continuation of studies mandated by Congress and to meet the backlog of priority studies requested by OE program managers.

The second activity is General program dissemination. This activity provides the general public with current information on new or high priority programs. The request is for the same amount as was appropriated for fiscal year 1977.

The third activity is Information clearinghouses. This activity collects, analyzes and disseminates information about adult and community education programs. There is a small increase ($67,000) for the two clearinghouses over the fiscal year 1977. This increase will be used for full year funding.

	1977 Appropriation	1978 Estimate	Increase or Decrease
1. Special projects:			
(a) Metric education.....	$2,090,000	$2,090,00	---
Positions.....	6	6	---

Narrative

Program purpose

To stimulate State and local education agencies, institutions of higher education, and private non-profit organizations to develop programs of metric instruction, contracts and grants are awarded 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 1978, the program's focus will be on encouraging the implementation of pilot programs in Metric education. Approximately 72 new 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 continuing award of $35,000 will permit the continuation of a national technical support program.

In fiscal year 1977 approximately 73 awards will be made (about 80% to State and local education agencies). The focus is on developing awareness and interest in metric education. This interest will be fostered by making awards 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 will be supported in institutions of higher education; mobile instructional laboratories will be equipped on a model testing basis to serve both rural and urban communities. Technical assistance grants will be made to interested educational agencies.

	1977 Appropriation	1978 Estimate	Increase or Decrease
1. Special projects			
(b) Gifted and talented children	$2;560,000	$2,560,000	---
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 award catalytic grants to State education agencies, in order to encourage the development and expansion of State-wide delivery of educational services to gifted and talented children. The strategy is further strengthened through the support of three national leadership training projects. During fiscal year 1978, the program will continue funding for 15 States who received funding in 1977 and will award 21 new grants to States. In addition, the program will award twenty small grants to local education agencies for exemplary projects, and will continue to support three national projects which are training persons for administrative and other leadership positions in the field of education of the gifted and talented. A contract award will be made for the development of specific information products for distribution to the public through the clearinghouse for gifted and talented, a National Institute of Education supported ERIC facility. Continuing support will be given to the six model projects begun in FY 76 and continued in FY 77 for their development and dissemination of exemplary services.

The following table compares fiscal year 1977 and 1978 plans:

	1977-Estimate	1978
Total		
Contracts and grants proposed	$2,560,000 (66)	$2,560,000 (66)
Objective		
1. Grants to State Education Agencies		
New	$ 544,000 (15)	$ 945,000 (21)
Continuing	945,000 (21)	544,000 (15)
2. Grants to Local Education Agencies		
New	271,000 (20)	271,000 (20)
Continuing	---	---
3. Training Grants		
a. Graduate Training	155,000 (1)	155,000 (1)
b. National Internships	70,000 (1)	70,000 (1)
c. National Training Institute	200,000 (1)	200,000 (1)
Grants and contracts to identify, validate and disseminate best practices	250,000 (6)	250,000 (6)
Contract to identify critical information needs (national clearinghouse)	125,000 (1)	125,000 (1)

	1977 Appropriation	1978 Estimate	Increase or Decrease
1. Special projects			
(c) Community schools...	$3,553,000	$3,553,000	---
Positions.....	7	7	---

Narrative

Program purpose

To stimulate State and local education agencies to further community education, Awards are made for programs which provide for educational, cultural, recreational and other related community activities.

Project awards are for a period of up to one year. If a grantee seeks to receive additional financial assistance under the Community Schools Act, it must submit a new application for a new grant award. Such new applications will be evaluated in competition with applications from other former grantees as well as from applicants who have not previously received funding under this legislation.

Budget policy

Fiscal year 1978 program operation will focus on funding those applicants who demonstrate the greatest promise for developing approaches that can be utilized by school systems throughout the country as a method of altering the schools' role in providing education for the community and making its facilities and resources available to the total community. At the local education agency level it is anticipated that these activities will continue to develop quality community education programs through the establishment, expansion or improvement, and maintenance of these local programs. State Departments of Education will continue to strengthen their capacity to provide developmental and technical assistance within the State to local education agencies. Institutions of higher education will continue to provide short-term training to people associated with local and State education agency programs. Also included in the training category will be several grants to institutions of higher education to develop appropriate curriculum materials. The materials will be developed from the training competencies needed in community education that were identified and analyzed by two institution of higher education grantees during fiscal year 1976 and 1977.

In fiscal year 1978, the average estimated grant size to local education agencies is $33,000; for the State education category it is $47,800; and for institutions of higher education, $32,700

In fiscal year 1977, approximately 661 applications were received: approximately 550 from local education agencies, 70 from institutions of higher education and 41 from State education agencies. It is anticipated that a similar number of applications will be received in fiscal year 1978.

	Fiscal Year 1977	Fiscal Year 1978
Grants to local educational agencies		
Cost	$1,564,000	$1,564,000
Number of grants	48	48
Grants to State education agencies		
Cost	$1,564,000	$1,564,000
Number of grants	32	32
Training grants to institutions of higher education		
Cost	$425,000	$425,000
Number of grants	13	13

	1977 Appropriation	1978 Estimate	Increase or Decrease
1. Special projects: (d) Career education	$10,135,000	$10,135,000	---
Positions	19	19	---

Narrative

Program Purpose

To stimulate State and local educational agencies in their efforts to prepare students for gainful employment by the time they have completed school, 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 12 months.

Budget policy

In fiscal year 1978, $10,135,000 will support a total of 110 new and 30 competing continuation projects, using a combination of grants and contracts, to demonstrate effective methods and procedures in career education in educational settings. The program also will demonstrate effective methods of delivering career education to special populations (including the physically and mentally handicapped), and methods of infusing career education into 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 1977, $10,135,000 will support a total of 110 new and 30 competing continuation career education projects. These projects deal 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 are projects with State education agencies to enable them to develop State plans for the development and implementation of career education programs in local education agencies.

	1977 Appropriation	1978 Estimate	Increase or Decrease
1. Special projects (e) Consumers' education	$3,135,000	$3,135,000	---
Positions.....	6	6	---

Narrative

Program purpose

To stimulate in both school environments and community settings new approaches and capacity building efforts in consumers' education 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 and other materials.

Budget policy

In fiscal year 1978, the focus will be on funding projects in areas identified in the evaluations of fiscal year 1977. Fiscal year 1978 program operations will provide support for approximately 66 projects at a cost of $3,135,000. Projects funded will include efforts to: (a) support capacity-building programs for agencies, organizations, and institutions, which provide consumer education activities to their clients with particular emphasis upon low-income communities; (b) support effective training programs for the teaching of consumer education in schools and other agencies; (c) facilitate cooperative efforts of educational organizations with those of business and other groups not ordinarily perceived as education institutions toward an improved understanding and appreciation of the nation's economic system; (d) encourage the development and organization of consumer education curriculum and teaching materials which are based upon sound economic principles; and (e) initiate a quantitative manpower assessment of those now teaching consumer education in schools and State certification practices, with a resulting delineation of national needs.

In fiscal year 1977, the second year of this program, 66 awards were made at a cost of $3,135,000.

	Fiscal Year 1977	Fiscal Year 1978
Regional resource studies		
Number of projects	5	5
Cost	$350,000	$350,000
Personnel development and training		
Number of projects	31	31
Cost	1,400,000	1,400,000
Assessment - economic education		
Number of projects	4	4
Cost	250,000	250,000
Community consumer education programs		
Number of projects	15	15
Cost	550,000	550,000
Curriculum and materials development		
Number of projects	7	7
Cost	350,000	350,000
Dissemination-mass media		
Number of projects	4	4
Cost	235,000	235,000

	1977 Appropriation	1978 Estimate	Increase or Decrease
1. Special projects: (f) Women's educational equity	$7,270,000	$8,085,000	+$815,000
Positions.....	7	7	---

Narrative

Program purpose

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

In fiscal year 1978 the major priority of this program will be to collect and make available the growing literature and project information related to educational equity for women. The major vehicle for accomplishing this goal will be a national clearinghouse which will provide information on Federal and non-Federal projects as well as on the state of research on sex discrimination, and will be compatible with the National Institute of Education's Educational Research Information Center system. This clearinghouse will reach full operational capability in fiscal year 1977. In fiscal year 1978 this clearinghouse will be a valuable resource to help Federally funded program activities in their need to relate to technical assistance available in order to help meet the requirements of Title IX.

An additional vehicle will be an effort to disseminate the materials and programs developed specifically in Women's Educational Equity Act projects. A variety of methods will be used, including an enlarged small grant program, which, during fiscal year 1978, will support the installation of the tested products developed in earlier Women's Educational Equity Act projects in women's organizations, school systems, and other educational institutions.

Other programs efforts during fiscal year 1978 will continue projects in three priority areas established at the inception of the program: (a) the development of materials for training of parents, students, and citizens as well as all educational personnel; (b) leadership projects in the fields of educational administration, career education, vocational education, physical education, counseling and guidance, and adult education; and (c) broader options and institutional changes in career and vocational preparation.

Projects will be funded in all areas covered by the legislation in an open competition. The underlying focus will be the development of incentives for change to promote educational equity for women. The program will continue to support projects which address both long-range and short range goals.

In fiscal year 1977, 93 projects will be funded. Of these, approximately 32 will be small grants; 40 for general grants to support a wide range of projects to provide educational equity for women. Another 20 projects will be continuations from fiscal year 1976. The remaining activity will focus on the creation and support of regional technical assistance teams for Title IX of the Education amendments of 1972 "Prohibition of sex discrimination and will provide an assessment of what additional technical assistance should be developed and supported by the Office of Education.

	1977 Appropriation	1978 Estimate	Increase or Decrease
1. Special projects:			
(g) Arts in education.....	$1,750,000	$1,750,000	---
Positions.....	3	3	---

Narrative

Program purpose

To encourage State and local education agencies to establish and conduct programs integrating the arts into elementary and secondary education. Grants are awarded with the cooperation and assistance of the John F. Kennedy Center for the Performing Arts.

Budget policy

In fiscal year 1978 this program will award an estimated 125 grants, each under $10,000. Approximately 50 grants (or about two-thirds of the $750,000 available) will be awarded to State education agencies for technical assistance, training, and coordinating activities. The remaining funds (about $250,000) will be awarded to local education agencies for pilot arts education programs in elementary and secondary schools. The John F. Kennedy Center for the Performing Arts under a contract in the amount of $750,000 will continue to provide technical assistance to projects funded, through its education program, the "Alliance for Arts Education." Also, a contract will be awarded for $250,000 to continue support of the National Committee/Arts for the Handicapped.

In fiscal year 1977, 100 grants will be awarded under this program. Each of the fifty States received a grant for statewide activities, and 50 local education agencies (about one per State) will receive awards for local pilot projects. In addition, two contracts were awarded with an additional $1 million provided by Congress for arts education in fiscal year 1977--$750,000 to the Alliance for Arts Education and $250,000 to the National Committee/Arts for the Handicapped.

	1977 Appropriation	1978 Estimate	Increase or Decrease
1. Special projects:			
(h) Packaging and dissemination.....	$10,000,000	$10,000,000	- - -
Positions.....	13	13	---

Narrative

Program purpose

The objective of this program is to promote and accelerate the systematic, rapid dissemination and replication of educational practices, products, and programs which were developed in Office of Education State and discretionary grant programs and whose effectiveness has been certified by the Joint Dissemination Review Panel of the Education Division, DHEW.

This activity constitutes the agency response to educators across the country who have sought information and training on how projects which have proved effective in promoting student achievement where they were first developed may be put into operation in new settings with similar success for participating students. Contracts are awarded for the conduct of all phases of the dissemination process whereby exemplary programs and products are transported from the originating site and adopted by other school districts. The scope of work of some of these contracts may exceed a 12-month period.

Budget policy

Within the Packaging and dissemination activity, four major dissemination-related efforts are supported. Contracts are awarded to develop and package concise and comprehensive descriptions of exemplary projects in an easily usable format for use by local school districts in adopting such projects. Contracts are made under the National Diffusion Network (NDN) with eligible local education agencies (LEA's), State education agencies (SEA's), and other organizations to facilitate the installation of all successful educational programs approved for dissemination, including those programs that have been packaged. In addition, field-based technical assistance units are established under contract to provide support in the forms of materials, training, and technical assistance to those conducting or managing dissemination efforts such as NDN participants and SEA staff. Finally, studies are conducted to examine the dissemination and packaging activities to improve the manner in which effective programs are brought to potential adopting districts.

In fiscal year 1978, the request is $10,000,000, the same as the fiscal year 1977 appropriation. Of this amount, approximately $1,800,000 will fund the Packaging activity. A minimum of $7,000,000 will be specifically allocated to support the continuation of the National Diffusion Network and complement resources expended by States and others for compatible dissemination purposes. About $500,000 will be used to continue the field-based support units. The remaining $700,000 will fund dissemination studies.

(1) Under the Packaging effort, the number of packaged programs and practices which can be disseminated through the Network and other delivery systems will be increased by: (a) revising the four bilingual packaged projects on the basis of the

field test conducted during school year 1977-78; (b) conducting a field-test evaluation of the six newly developed compensatory education packaged projects and revising packages on the basis of the results; and (c) developing a third set of packaged projects to meet State and local educational needs identified in a market research study to be completed this year.

(2) The National Diffusion Network which has been operating for three years, consists of: (a) local developers of effective projects who operate their programs as demonstrations and are funded to provide materials, training, and technical assistance to school districts that want to adopt their programs; and (b) individuals supported as dissemination agents, or facilitators, acquainted with the National pool of proven projects, who help LEA's and non-public schools within their States identify and acquire the best exemplary program to meet their specific needs. An estimated 102 continuation contracts (to 62 developers and 40 facilitators) will be awarded. The number of developers funded will be reduced from 95 to 80 of which about 18 will be new awards. Facilitator coverage will be reduced from 44 to 40 States.

(3) Three field-based units staffed with experts in all facets of the dissemination/diffusion process will be continued at a reduced funding level to (a) produce high quality multi-media materials such as catalogs of exemplary programs, filmstrips and videotapes; and (b) provide training and technical assistance to participants in the National Diffusion Network and others managing and conducting dissemination activities.

(4) Studies conducted are used to improve the delivery of proven projects to potential adopting school districts. Funds requested will complete a study in process to assess additional needs of State and local education agencies for exemplary programs and to identify projects for packaging to meet those needs. In addition, an evaluation will be made of dissemination activities by the States. Finally, a study will be initiated to determine the extent and nature of changes to be made to improve this program's operations.

In fiscal year 1977, from the $10,000,000 appropriation, $1,600,000 will support the Packaging effort and related dissemination studies: A second set of ten packages will be field-tested. The first set of six packages will be disseminated through the Network and State dissemination systems and about 150 adoptions are anticipated. Finally, a study to identify the most effective dissemination strategies and to measure student achievement where packaged projects have been implemented will be concluded. Funds for the National Diffusion Network were appropriated under the authority of section 422(a) of the General Education Provisions Act. From the $7,500,000 provided, 172 contracts will be awarded including 38 new ones. Thirty of these will be for new Developer sites bringing to 95 the number of demonstrations funded to assist an estimated 2,500 public and nonpublic school districts requesting training to install one or more of the programs in the Network. An estimated 25,000 persons will be trained, 17,500 of this number, teachers. The average cost of providing training to install one of these proven programs is less than $3,000 per school district, a small fraction of the original developmental costs of these programs. Eight new Facilitators will be funded in addition to 134 continuations, thus increasing the number of States covered by a Network dissemination agent from 36 to 44. Finally, an amount of $900,000 will be used to put three dissemination-support units into operation. Two units will provide material production, dissemination, training and technical assistance where needed on a national scale and one unit will serve a single region. The relative effectiveness of the national and regional approaches will be compared.

	1977 Appropriation	1978 Estimate	Increase or Decrease
1. Special projects:			
(i) Educational television programs.....	$7,000,000	$7,000,000	---
Positions	3	3	---

Narrative

Program Purpose:

To carry out the development, production, evaluation, dissemination, and utilization of innovative educational television or radio programs designed (for broadcast and/or non-broadcast uses) to help children, youth, or adults to learn. Contract awards will be made in funding areas in accordance with the following requirements and criteria: (a) need for the programming; (b) educational impact; (c) applicability of subject matter to television, radio, or a combination of both; (d) successful models or designs; (e) cost per potential viewer; (f) potential for self-support; and (g) project scope. Eligible contractees are public and private agencies, organization, associations, institutions, and individuals (20 U.S.C. 1851-53, 1861-67, 887d).

Budget Policy

The long-range goal is to improve the quality and impact of nationally available television and radio programming by funding activities to stimulate nationally available television and radio programming through funding of activities to stimulate the creative development of new educational television/radio programming. Support will also be given to upgrading existing local level programming to create additional national programming. Subsidizing the cost of continuing production, expansion, and utilization of successful ongoing national programming will also be provided. Priorities within this activity will change with new national needs. Feasibility studies to pilot projects will be conducted prior to full series development. This activity supports a range of projects from creative development to installation and evaluation of radio and television programs which show a clear potential for helping children, youth, and adults to learn. This means programming which can be evaluated in terms of objectives beyond those of attracting and entertaining an audience.

In fiscal year 1978 program funds will support the continuation of "Sesame Street" in the amount of $2.5 million; $2.5 million for further expansion of the "Parenting Series" and $2 million for 2 new series predicated on fiscal year 1977 feasibility pilot evaluations and 4 new radio and television feasibility pilot projects not presently identified.

In fiscal year 1977 funds will provide ongoing support for "Sesame Street." "The Electric Company" will also be funded, but after fiscal year 1977 no funds will be requested. Reruns of "The Electric Company" will be used for 4 years utilizing productions produced during fiscal years 1976 and 1977. A contract will be awarded to complete production of 20 half-hour television shows and a radio programming component to help new and prospective parents become more effective as "first teachers" of their children. Three feasibility studies and television/radio pilot contracts will be funded. From three to five contracts will be made to upgrade locally produced radio/television series and the production of the pilot(s) for potential series. Possible subject areas are, but not limited to language arts, social sciences (including citizen education), mathematics (including metric conversion), career education, lifelong learning and wise use of leisure time.

	1977 Appropriation	1978 Estimate	Increase or Decrease
2. Education personnel training:			
(a) Teacher corps	$37,500,000	$37,500,000	---
Positions	39	39	---

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 experienced teachers and inexperienced teacher interns in participating universities and schools for comprehensive inservice and preservice training. Legislation mandates that each Teacher Corps project unite schools, universities and community-based elements in a common training/retraining effort.

Budget Policy

In addition to continuing earlier projects under Cycle 12, fiscal year 1978 funds will be used to begin a new series of cooperative sites. New projects will incorporate the provisions of the Education Amendments of 1976 including the extension of the project period from two to five years, the inclusion of school principals and other educational personnel in the training program, and provision for an elected parent and community council in each project to assist in planning, operating and evaluating project activities. Increased emphasis will be placed on documentation and dissemination in order to share knowledge about the most useful Teacher Corps products and practices with other projects and with the educational community.

In fiscal year 1977, approximately 248 institutions of higher education and local education agencies received support. Cycle 11 completed its second year funding, while Cycle 12 projects received initial funding.

	1977 Appropriation	1977 Estimate	Increase or Decrease
2. Educational personnel training: (b) Teacher centers.....	$---	$5,000,000	+$5,000,000

Narrative

Program purpose

To provide teachers an increased role in their own professional development and to more closely relate that development to the current learning problems of the students in their schools, grants will be awarded to plan, establish and operate teacher centers. Both local education agencies and institutions of higher education are eligible for grants, with awards being made for one year. Grantees can competitively apply for a second year of funding. Local education agencies shall submit their plans through the State education agencies.

Major emphasis of the teacher centers will be on curricula and training programs that improve teaching skills and that take maximum advantage of educational research findings. Those teachers for whom the centers are established will play a major role in the formulation of the centers' functions.

Budget policy

For fiscal year 1978, $5 million is being requested to fund the teacher centers. This request will support approximately 30 centers. Of these, approximately 10 percent would be supported by direct grants to institutions of higher education; the remainder would be supported by grants to local education agencies. The funded projects would form a national network that would serve approximately 18,000 teachers. Approximately $250,000 will provide for planning grants.

In addition, a portion of the funds appropriated will be reserved to reimburse State Education Agencies for application review, technical assistance and dissemination efforts.

	1977 Appropriation	1978 Estimate	Increase or Decrease
3. Planning and evaluation	$7,085,000	$7,200,000	+$115,000
Positions	45	45	---

Narrative

Program Purpose

To provide objective data on the impact and effectiveness of Office of Education programs in order to: (a) inform the Congress, the President, the managers of Federal programs in education, and the interested public, about the effects of those programs upon participating students, parents, and institutions; (b) determine ways to improve the effectiveness of individual Federal programs and the overall educational program array; (c) provide technical assistance to the field with regard to evaluation requirements, models, and procedures; and (d) identify the most effective projects, products, practices, and procedures developed under Federally funded programs, and provide appropriate information to the education field for adoption or adaptation.

Budget Policy

The evaluation plan for fiscal year 1978 includes studies in all areas described above. The bulk of evaluation funds, however, will be devoted to continuing those uncompleted studies started in fiscal year 1977 or in prior years. About $3,680,000 will be used to fund 13 continuations; $1,600,000 of this will be for 5 studies required by Congress. In addition about $3,320,000 will be used to fund about 22 new studies. Although specific funding decisions depend upon the quality of proposals submitted, some of the areas in which new planning or evaluation studies are now proposed include (a) the study on the program efficiency in the college-based and basic grants, which is phase III of the "Impact of Student Financial Aid,"(b) a study of student costs, and (c) an evaluation of HEA Title III in the postsecondary education area. In the development area, new studies are planned on the impact of bilingual vocational training, library services and construction, and assessing the functional competence of the adult population. In elementary and secondary education, planned new starts include compensatory education, bilingual education and school finance.

These studies are normally conducted under contracts awarded through competitive procurements, on the basis of detailed specifications developed by Office of Education staff. Contracts are generally awarded on a "one-time only" basis and usually require more than a year for completion. Many awards thus must be made for more than a 12-month period, often involve funds from more than one fiscal year, and may involve field activities during more than one fiscal year.

During fiscal year 1977, only 2 new major studies not specifically mandated by legislation were begun with Planning and evaluation funds. One focused on management and process aspects of program consolidation under Title IV of P.L. 93-380. The other study focused on the eligibility review process in the Office of Education. Fiscal year 1977 also has 3 new studies designed in whole or in part to meet mandates in P.L. 94-482 in postsecondary education and 3 new studies designed to meet mandates in vocational education. Finally, there are 2 continuations of studies in elementary and secondary education, 3 continuations in postsecondary, and 1 continuation each in vocational education, Indian education, and the development of a system to report State and local uses of Federal education funds (as mandated by P.L. 93-380).

The January 1977 budget issue paper "Elementary, Secondary and Vocational Education: An Explanation of Alternative Federal Roles: of the Congressional Budget Office makes referenced use of the "Annual Evaluation Report on Programs Administered by the U.S. Office of Education, Fiscal Year 1975" and specific evaluation studies such as the recently completed "Study of Compensatory Reading Programs."

	1977 Appropriation	1978 Estimate	Increase or Decrease
4. General program dissemination	$500,000	$500,000	---
Positions.....	---	---	---

Narrative

Program purpose

To provide the general public with current information about new or high priority educational developments, dissemination activities are authorized under P.L. 93-380. Although a number of special audiences may be served by the projects that have been undertaken, the major thrust of these efforts is aimed at the widest possible public. The substance is derived from the Office of Education operations and from Congressionally-mandated new directions in the delivery of education programs to the using public. Funds are expended through direct contracts with either profit or nonprofit organizations. Projects are closely monitored by information specialists.

Budget policy

In FY 1978 an amount of $500,000 will provide for the continuation of: 1) the distribution of a major documentary film produced by the Office of Education on new opportunities for women in education, and 2) the highly successful technical education campaign, which has been consponsored by the Advertising Council since 1969. New projects will include: 1) production and distribution of a film on the Indian education program, 2) production of radio/TV spots on consumer's education, and 3) production of response literature in Spanish and English to accompany the consumer's project.

	1977 Appropriation	1978 Estimate	Increase or Decrease
5. Information clearinghouses.....	$333,000	$400,000	+$67,000
Positions.....	---	---	---

Narrative

Program purpose

To operate clearinghouses for the collection, analysis and dissemination of information about adult 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

For fiscal year 1978, $400,000 is being requested to fund the adult and community education clearinghouses. This represents an increase of $67,000 over the fiscal year 1977 level of $333,000. Since the clearinghouses were only operational during the last half of fiscal year 1977, this additional $67,000 will allow for a full year of funding for the two operational clearinghouses.

In FY 1978, the clearinghouse on community education will continue to respond to requests for materials and information. It is anticipated that there will be a substantial increase in the volume of information that is added to the clearinghouse's data base. Similarly, the clearinghouse will disseminate a greater volume of information on policy programs, research data, and exemplary and innovative practices to individuals and organizations wanting to improve the quality of community education programs.

When fully operational in fiscal 1978 the adult clearinghouse, ADELL, will have a computer-based referral/response capability as well as a communication/outreach function. ADELL is not intended to create information and research documentation but it will be a distributive network linking consumers and producers of adult education and manpower information. Among these consumers and producers, federal, state and local adult and manpower education agencies, regional laboratories and centers, proprietary schools, professional associations, and the existing network of clearinghouses such as ERIC, the National Multimedia Center for Adult Education and the National Referral Center, which currently store some of the needed information. ADELL staff will also be expected to respond to invitations to train state, local and university adult educators in the use of ADELL.

During fiscal year 1977, the clearinghouse on adult education will collect and disseminate information on adult education and manpower programs to aid teachers, counselors, administrators and other staff in providing educational services to the adult public. The clearinghouse on community education will collect and index materials on community education to provide pertinent information to interested users. A cooperative effort will be maintained between the adult education clearinghouse and the community education clearinghouse.

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)

1977	1978	
Appropriation	Authorization	Budget Estimate
$2,090,000	$10,000,000	$2,090,000

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 sent to the States for comments.

Accomplishments in 1977: About 73 awards will be 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 will be supported in institutions of higher education; and mobile instructional laboratories will be equipped on a model testing basis to serve both rural and urban communities. Technical assistance grants will also be made to interested educational agencies.

Objectives for 1978: Approximately 73 grants and contracts will be made to initiate, adapt or test model metric education programs with the major emphasis on implementation of pilot programs in metric education.

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)

1977 Appropriation	1978 Authorization	1978 Budget Estimate
$2,560,000	$12,250,000	$2,560,000

Purpose: To assist educational agencies 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, supports exemplary programs, and develops and disseminates information to the public.

Explanation: The Commissioner may make grant awards to State and local educational agencies upon receipt and approval of appropriate applications. The Commissioner has designated a clearinghouse to obtain and disseminate information to the public and supports development of information products. The program awards contracts and grants to State and local educational agencies, institutions of higher education, and other public and private groups.

Accomplishments in 1977: In fiscal year 1977, the second year of the program, 66 awards were made, of which 36 were for State education agencies, 20 were to local education agencies, 4 were for training, documentation, and dissemination, and 6 were for model projects.

Objectives for 1978: The estimate for 1978 will continue second year-grants to the 21 States initiated in fiscal year 1977, fund 15 new States, continue the training of a 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, Section 405)

1977 Appropriation	1978 Authorization	1978 Budget Estimate
$3,553,000	$17,000,000 1/	$3,553,000

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 encouage the training of persons to plan and operate community education programs.

Explanation: Grants are made to State and local education 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 1977: Approximately 93 awards were made; 48 grants to strengthen local community education programs; 32 grants to strengthen the developmental and technical assistance capacity of State departments of education; and 13 grants to institutions of higher education for short-term training and curriculum development activities.

Objectives for 1978: Fiscal year 1978 will focus on identifying the most promising activities among grant provisions; approximately the same number of awards (93) will be made as in 1977.

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)

1977 Appropriation	1978 Authorization	1978 Budget Estimate
$10,135,000 1/	$15,000,000	$10,135,000 1/

1/ Includes $7,000,000 of Commissioner's discretionary funds.

Purpose: To stimulate State and local educational agencies in their efforts to prepare students for gainful employment by the time they have completed school 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 12 months.

Accomplishments in 1977: The fiscal year 1977 appropriation of $10,135,000 supported a total of 140 career education projects. Funded are projects in specific areas including handicapped, minority, low-income, female and gifted. Also funded are projects with State education agencies to enable them to develop State plans for the development and implementation of career education programs in local educational agencies.

Objectives for 1978: In fiscal year 1978 this program will seek to demonstrate effective methods and procedures 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.)

1977 Estimate	1978 Authorization	1978 Budget Estimate
$3,135,000	$15,000,000	$3,135,000

Purpose: To stimulate in both school environments and community settings new approaches and capacity building efforts in consumers' education. These awards will be used for research, demonstration, pilot projects, training, and for the development and dissemination of information on curricula.

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 1977: In the first year of the program, FY 1976, 66 projects in 33 States were awarded addressing the diverse educational needs of youth and adult consumers in urban and rural areas from various racial and ethnic backgrounds. Of these awards, 5 were for regional resource activities; 31 for personal development and training; 4 for economic education; 15 to community based projects; 7 for curriculum and materials development, and 4 for dissemination. Similar project objectives are planned for FY 1977.

Objectives for 1978: Approximately 66 awards will be made to fund capacity building efforts in areas identified as promising in the previous fiscal years.

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)

1977 Appropriation	1978 Authorization	1978 Budget Estimate
$7,270,000	$30,000,000	$8,085,000[1/]

1/ Includes $815,000 of Commissioner's discretionary funds.

Purpose: To promote educational equity for women through grants and contracts for training and guidance and which support the development, evaluation, and dissemination of responsive 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. Awards are made after an intensive national competition applicants who will best meet the program's objective of encouraging the development of high quality products suitable for national dissemination.

Accomplishments in 1977: In 1977, 93 awards will be made. One-third of the awards made will be to support innovative approaches to the achievement of educational equity for women. These are small grant programs. To meet one of the most critical needs in this area, a national clearinghouse of publications, materials, and projects is being established. The bulk of the awards, however, will be for general grants to promote educational equity for women at all levels.

Objectives for 1978: The request for 1978 provides for the continued support of the clearinghouse on women's educational equity and the active dissemination of information about the tested materials and programs of previously funded Women's Educational Equity Act projects. The small grant program will be enlarged to support the use of these disseminated products. General grants will be awarded to address the most pressing needs not met in the first two years of the program.

OFFICE OF EDUCATION

Special Projects and Training

Program Purpose and Accomplishments

Activity: Special projects:
(g) Arts in education (Education Amendments of 1974, part IV, Sec. 402 and 409)

1977 Appropriation	1978 Authorization	1978 Budget Estimate
$1,750,000	Not less than $750,000	$1,750,000 1/

1/ Includes $1,000,000 of Commissioner's discretionary funds.

Purpose: To encourage and assist State and local education agencies to establish and conduct programs in which the arts are an integral part of elementary and secondary school education.

Explanation: With the assistance of the John F. Kennedy Center for the Performing Arts, grants are made to State and local education agencies.

Accomplishments in 1977: The $750,000 provided small grants to each of the 50 States for state-wide arts education projects and to an average of one local education agency per State for local pilot arts education projects. Congress provided an additional $1 million in 1977 -- $750,000 for the Alliance for Arts Education at the Kennedy Center (for a variety of activities including technical assistance to the grants program), and $250,000 for the National Committee/Arts for the Handicapped.

Objectives for 1978: To assist State and local education agencies in developing and executing comprehensive plans and projects for arts education. About $500,000 will be granted to State education agencies to continue State-wide technical assistance efforts. About $250,000 will support pilot arts education projects in local education agencies. An amount of $750,000 will continue to provide funding for the Alliance for Arts Education at the Kennedy Center and $250,000 will continue funding the National Committee/Arts for the Handicapped.

OFFICE OF EDUCATION

Special Projects and Training

Program Purpose and Accomplishments

Activity: Special projects:
(h) Packaging and dissemination

1977 Appropriation	1978 Authorization	1978 Budget Estimate
$10,000,000	1/	$10,000,000

1/ $7,000,000 for the National Diffusion Network is being requested under the General Education Provisions Act, Section 422(a), which has indefinite authority. The balance is requested under the Special Projects Act Commissioner's discretionary fund which has an authorization of $100,000,000.

Purpose: In order to promote and accelerate the cost effective dissemination and replication of exemplary educational practices and products developed in the Office of Education's State and discretionary grant programs, contracts are awarded.

Explanation: Awards are made to public and private agencies to develop, field test, and produce concise and comprehensive descriptions of exemplary projects in an easily usable format or "Project Information Package". Eligible organizations and agencies are funded as components of the National Diffusion Network to assist school personnel in adopting approved projects. In addition, contracts are awarded for technical support units and for program studies and evaluations.

Accomplishments in FY 1977: From the $10,000,000 appropriated, $1,600,000 will fund the Packaging effort and dissemination studies. A second set of 10 Project Information Packages will be completed and the four packages related to bilingual education will be field-tested. The first set of six packages will be widely disseminated and are expected to be installed in about 150 school districts. A study to identify effective dissemination strategies and to measure the extent to which the packages promote student achievement in new settings will be completed. A study will be initiated to determine the academic subjects or study areas for which States and localities require proven projects they can implement, and to search for such projects to package. With a support level of $7,500,000, the number of States participating in the National Diffusion Network with dissemination agents will increase from 36 to 44. In addition, 30 proven projects will enter the Network pool for a total of 95 demonstration sites funded to provide training nationally to school personnel adopting one of the projects. About 25,000 personnel will receive such training. Contracts totalling $900,000 for a regional support unit and for dissemination-related materials development and technical assistance will also be let.

Objectives for 1978: From the $10,000,000 requested, $1,800,000 is planned for the Packaging effort to: (a) revise the four bilingual packages; (b) field test the six new compensatory education packages; and (c) develop a third set of packages. The National Diffusion Network will be funded at $7,000,000 to continue Federal support to about 40 dissemination agents (Facilitators) and to 65 demonstration sites. Eighteen new sites will also be funded for outreach. An amount of $700,000 for studies will (a) permit the completion of the SEA and LEA needs assessment and the identification of effective projects to meet those needs; (b) initiate a study of State dissemination activities; and (c) initiate a dissemination policy study. The balance of $500,000 will provide reduced support to the field based units staffed with experts in all facets of the dissemination/diffusion process.

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OFFICE OF EDUCATION

Special Projects and Training

Program Purpose and Accomplishments

Activity: Special projects:
(1) Educational TV programming (Education Amendments of 1974, Title IV, Section 402)

1976 Appropriation	1977 Authorization	1977 Budget Estimate
$7,000,000	$100,000,000 1/	$7,000,000

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 demonstrates 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 1977: Funds provided ongoing support for "Sesame Street" and "The Electric Company," for production of television and radio component for a parenting series, and for 3 feasibility studies and television/radio pilot contracts.

Objectives for 1978: Funds will provide the continuation of support of "Sesame Street" ($2.5 million) and further expansion of the "Parenting Series" ($2.5 million) and 2 new series predicated on fiscal year 1977 feasibility pilot projects not presently identified.

OFFICE OF EDUCATION

Special Projects and Training

Program Purpose and Accomplishments

Activity: Education personnel training:
(a) Teacher corps (HEA, Title V, Part A)

1977 Appropriation	1978 Authorization	1978 Budget Estimate
$37,500,000	$75,000,000[1/]	$37,500,000

1/ Authorized by Education Amendments of 1976.

Purpose: To strengthen educational opportunities for children of low income families and to improve the quality of programs of teacher education for certified teachers, inexperienced teacher interns, and other educational personnel.

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 concentration 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 1977: In fiscal year 1977, approximately 248 institutions of higher education and local education agencies will receive Federal support. New projects awarded in fiscal year 1977 represent the third year of Teacher Corps' broadened focus to include demonstration projects designed to both train teacher interns and retrain experienced teachers and teacher aides within a cooperating school. New focuses are directed toward strategies for (1) training in the school as a formal organization, (2) bilingual/bicultural training, and (3) training for individualized instruction for children with learning and behavioral problems in the regular classroom. New technical assistance designs to enhance the capacity for project development at the local level have been successfully instituted.

Objectives for 1978: The Teacher Corps request for fiscal year 1978 is based in part on the continuation costs for projects in approximately 111 institutions of higher education and local education agencies. Approximately 135 new awards will focus on strategies for documenting and demonstrating over a five-year period more realistic and effective training and retraining involving the whole school environment. Additional legislative provisions authorized by the Education Amendments of 1976 will be incorporated into new projects.

OFFICE OF EDUCATION

Special Projects and Training

Program Purpose and Accomplishments

Activity: Educational personnel training
(b) Teacher centers

1977 Appropriation	1978 Authorization	1978 Budget Estimate
$---	$75,000,000	$5,000,000

Purpose: To provide teachers an increased role in their own professional development and to more closely relate that development to the current learning problems, grants are awarded to establish and operate teacher centers.

Explanation: Grants are awarded to local education agencies and to institutions of higher education to operate teacher centers for one year. Grantees may reapply competively for a second year of funding. Local education agencies shall submit their plans thru the State education agencies and institutions of higher education apply directly to the Office of Education.

Accomplishments in 1977: No funds were requested for this program in FY 1977.

Objectives for 1978: The request of $5 million will support approximately 30 teacher centers which will form a training network that will service about 18,000 teachers. Approximately $250,000 will provide for planning grants.

OFFICE OF EDUCATION

Special Projects and Training

Program Purpose and Accomplishments

Activity: Planning and evaluation

1977 Appropriation	1978 Authorization	1978 Budget Estimate
$7,085,000	$25,000,000	$7,200,000

Purpose: To inform the Congress, the President, the managers of Federal programs in education, and the interested public, about the characteristics and needs of Office of Education programs and suggest improvements; to inform the same audiences about the effects of those programs upon participating students, parents, institutions, and public and private agencies involved in education; to provide technical assistance to the field with regard to evaluation requirements, models and procedures; and to identify the most effective projects, products, practices and procedures developed under Federally funded programs and provide appropriate information to educators for adoption or adaptation elsewhere.

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 12 months to complete.

Accomplishments for 1977: Activities supported by Planning and evaluation funds for fiscal year 1977 included 20 studies and projects. Three of these studies had continuation funding to implement mandates in P.L. 93-380 and 7 of these studies resulted from new mandates in P.L. 94-482. In addition, 11 studies funded in previous years with Planning and evaluation funds were still active during fiscal year 1977, although funds from that year were not needed for their support.

Studies were completed in such areas as Bilingual education, Compensatory reading programs, change-agent programs, the Civil Rights Act of 1964, the National diffusion network, Cooperative education, State oversight in postsecondary education, State student incentive grants, Guaranteed student loan program, Postsecondary student expenditures, the Upward bound program, Federal eligibility and consumer-protection strategies, Area vocational education facilities, Resources for severely handicapped children, the Right-to-read program, and Vocational programs for disadvantaged children.

Objectives for 1978: To continue or complete Congressionally mandated studies and other evaluations. To begin studies requested by Office of Education program managers in fiscal year 1977 but deferred to fiscal year 1978 because of limited resources. To expand distribution of Executive Summaries for completed studies, and preparation and distribution of Policy Implications Memoranda for completed studies. To prepare the 1977 Evaluation Report on Office of Education programs, as mandated by Section 417 of the General Education Provisions Act (P.L. 93-380).

OFFICE OF EDUCATION

Special Projects and Training

Program Purpose and Accomplishments

Activity: General program dissemination: Dissemination (GEPA, Section 422)

1977 Appropriation	1978 Authorization	1978 Budget Estimate
$500,000	Indefinite	$500,000

Purpose: Inform the general public of their educational opportunities through programs administered by the Office of Education and from Congressionally mandated new directions in the delivery of these programs.

Explanation: Projects are performed under contract with public or private organizations, groups or individuals. Responses to request for proposals or invitations for bid are reviewed by Office of Education staff.

Accomplishments in 1977: The fiscal year 1977 appropriation will permit continued response to Agency priorities to support specific programs. It will close out the distribution on two major documentary films produced by the Office of Public Affairs--one on environmental education and the other on new opportunities for women in education; close out the technical education campaign, which has been co-sponsored by the Advertising Council since 1969; produce a series of articles and a publication on new initiatives in education; and prepare response material for a Metric education radio/TV campaign

Objectives in 1977: In FY '78 an amount of $500,000 will provide for the continuation of: 1) the distribution of a major documentary film produced by the Office of Education on new opportunities for women in education, and 2) the highly successful technical education campaign, which has been cosponsored by the Advertising Council since 1969. New projects will include: 1) production and distribution of a film on the Indian Education program, 2) production of radio/TV spots on consumers' education, and 3) production of response literature in Spanish and English to accompany the consumers' project.

OFFICE OF EDUCATION

Special Projects and Training

Program Purpose and Accomplishments

Activity: Information clearinghouses (Education Amendments of 1974)

1977 Appropriation	1978 Authorization	1978 Budget Estimate
$333,000	Indefinite	$400,000

1/ $100,000 was reprogrammed from this activity to the National advisory councils at the request of Congress.

Purpose: To operate clearinghouses to collect, analyze and disseminate information about adult 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 1977: The clearinghouses on adult and community education will be in operation for the last half of fiscal year 1977. These clearinghouses will collect and disseminate information to aid teachers, counselors and other interested users in their respective subjects.

Objectives for 1978: The two clearinghouses will become fully operational in fiscal year 1978. There will be substantial increases in the volume of information added to the data bases as well as increased dissemination networks and users.

SALARIES AND EXPENSES

WITNESSES

DR. WILLIAM F. PIERCE, ACTING COMMISSIONER OF EDUCATION
DR. HERMAN R. GOLDBERG, ACTING DEPUTY COMMISSIONER FOR SCHOOL SYSTEMS
DR. EDWIN W. MARTIN, ACTING DEPUTY COMMISSIONER FOR EDUCATION OF THE HANDICAPPED
DR. CHARLES H. BUZZELL, ACTING DEPUTY COMMISSIONER FOR OCCUPATIONAL AND ADULT EDUCATION
DR. JOHN W. EVANS, ASSISTANT COMMISSIONER, OFFICE OF PLANNING, BUDGETING, AND EVALUATION
CORA P. BEEBE, DIRECTOR, DIVISION OF PLANNING AND BUDGETING
WILFORD FORBUSH, DEPUTY ASSISTANT SECRETARY, BUDGET

Mr. FLOOD. The next presentation is on salaries and expenses.

Dr. EVANS. I do not think that we are ready to proceed.

We thought that the hearing would be this afternoon, not all the appropriate persons are here.

Mrs. BEEBE. Why don't we hear your questions, and we will give it a try.

Mr. FLOOD. Fine. If we have any that you cannot answer, you can place the answers in the record.

The statement will be made a part of the record at this point.

[The statement follows:]

STATEMENT BY DEPUTY COMMISSIONER FOR MANAGEMENT

Mr. Chairman and members of the committee: I am pleased to appear before you today to discuss our fiscal year 1978 request under "salaries and expenses" for the Office of Education. This appropriation includes our request for funds to support the costs of operating the agency which appears under program administration and for costs of the several Advisory Committees which serve the agency.

PROGRAM ADMINISTRATION

The program administration request for fiscal year 1978 is $127,059,000 and 3,443 permanent positions. This request represents an increase of $13,802,000 and 39 positions above the fiscal year 1977 level, including the supplemental appropriations request for 225 positions now before the Congress.

Over half of this increase of $14 million is for annualization of personnel costs for unfilled 1977 positions including the 225 fraud and abuse positions, and costs of 68 additional positions for vocational education. Increases for essentially uncontrollable costs such as rent, mail and other housekeeping costs account for $2.8 million of the increase.

Our ADP request accounts for about $2 million of the increase over fiscal year 1977 with $1.3 million of this for major systems enhancements for the guaranteed student loan program to incorporate changes in operations mandated by the education amendments of 1976.

Under the education amendments of 1976 we were directed to increase the staff administering the Vocational Education Act of 1963, by 50 percent by the end of fiscal year 1978. The 39 new positions along with 29 positions resulting from a reduction throughout the Agency in overhead positions will allow sixty-eight (68) positions to fulfill the 50 percent increase required. Forty-eight (48) positions will be assigned to vocational and technical education, occupational planning, and research and demonstration in the central office. The remaining 20 positions will be assigned to activities in the regions.

The new positions will assist in accomplishing the extra workload created by new provisions in the law. Massive planning and policy-development efforts must

be undertaken to prepare new regulations and guidelines, and direction on the provisions will have to be given to State and local school districts. The number of management evaluation reviews will be increased in compliance with the new legal mandate for them. Additional attention also can be given to vocational bilingual education, the new national center for vocational education research, and the national vocational data reporting and accounting system.

ADVISORY COMMITTEES

We have also included in this salaries and expenses a request of $2,041,000 to support the advisory committees which advise the office on the administration and effectiveness of certain educational programs.

In conclusion, Mr. Chairman, we believe our total salaries and expenses request of $129,059 000 is necessary to enable us to continue our efforts to improve the administration and integrity of education programs and to prevent fraud and abuse.

Thank you for this opportunity to appear before the committee. My colleagues and I will be pleased to answer your questions.

Mr. FLOOD. Now, the request for salaries and expenses is $129 million, about a 12-percent increase in the overhead account.

Mrs. BEEBE. That is correct.

Mr. FLOOD. Was this estimate developed using the technique of the zero-based budgeting?

Mrs. BEEBE. No, sir.

Mr. FLOOD. Do you think this entire request could be supported if you applied the zero-based budgeting?

Mrs. BEEBE. Indeed.

STUDENT AID PROGRAM ADMINISTRATION

Mr. FLOOD. Now, on March 8th, as you know, Secretary Califano announced a reorganization of HEW.

One of the changes was a consolidation of student aid program administration.

How will that affect the budget for your shop?

Dr. PIERCE. That will undoubtedly cause an adverse effect on our budget.

We did not budget for the people that will have to be added.

We did not budget for the consolidation of the facilities, and there are other activities that we did not budget for.

Now, the positions, in the new functions that was provided, are as I understand it, in the other agencies' budget, and that will not cause us to have any adverse effect, but overall there will be some adverse effect.

Mr. FLOOD. I understand.

Mr. FORBUSH. We were just here a few weeks ago requesting 50 positions to start that program.

These positions would be transferred to the Office of Education. All other programs affected by the reorganization are within the Office of Education. We are hoping the reorganization will produce some efficiencies rather than additional costs.

Dr. PIERCE. But there will be some additional expenses, if we try to put all of the programs together in one facility, unbudgeted expenses will be incurred in moving them.

It should not be too much.

Mr. FLOOD. You are asking for 68 new positions to administer the vocational education program. You say these new positions were mandated by the education amendments of 1976.

Dr. PIERCE. Yes ,sir.

Mr. FLOOD. We certainly want more justification than that.

What new or additional duties will they handle?

Dr. BUZZELL. I think what one has to understand is that the new piece of legislation in the 1976 amendments, requires considerable new or increased activity in both the central office and the regional offices. Being sensitive to the requirements of these new activities, Congress mandated that appropriate staff be put in place to insure that those activities are indeed undertaken.

Let me run down some of the new activities, and then try to describe a few of the expanded activities. We have new responsibilities in dealing with the Indian population; we have sex discrimination, residential school; energy, and new and expanded responsibilities in the handicapped area brought on by the recent rehabilitation and handicapped laws.

The new legislation also considerably expands our responsibilities in planning, evaluation, data collection, and research—for example the new National Center for Research. When you lay out the requirements of each of these responsibilities either new, or expanded you will easily justify the need for the 68 positions.

Mr. FLOOD. Will you be violating the basic law if you did not request these additional positions?

Dr. PIERCE. Yes. we would.

Let me add to Dr. Buzzell's testimony, Mr. Chairman, by saying that Congress in its oversight hearings for the new legislation, heard time and time again that the Office of Education had not done its job in vocational education and that the positions that had been assigned to vocational education, had been reduced over the past 10 years. In an effort to bring that program back to a level where it not only could carry out the new responsibilities, but would allow it to carry out the responsibilities in a manner that we should have been carrying them out all along, Congress added those 68 positions.

Mr. FLOOD. Eight of these new positions are for the immediate Office of the Deputy Commissioner, that is almost twice as many as you have now down there.

Why that kind of increase?

Has that workload doubled?

Dr. BUZZELL. There is an increase in responsibility to the central organization in terms of budget, planning and monitoring, management, and evaluation which justify those positions.

Mr. FLOOD. How did you arrive at the need for 10 new positions for administering vocational education research?

Dr. BUZZELL. We have some significant added discretionary responsibilities, for example the Indians, and we have added to that the required shift from grants to contracts. This shift requires a sizeable increase in responsibility and staff time. Fifty-five staff days for monitoring a contract versus about 5 days for a grant.

Dr. PIERCE. That will be a considerable addition to the workload in this unit.

Mr. FLOOD. When you calculated the cost for the 68 positions, what date did you assume for filling those spots?

Mrs. BEEBE. Ten months for the new ones.

ADMINISTRATION OF STATE PLAN VERSUS DISCRETIONARY PROGRAMS

Mr. FLOOD. In taking a look at your budget, you have 72 people to administer title I of the Elementary and Secondary Education Act.

Now, that is a multibillion dollar program. Then at the same time, you ask for 56 people administering the consolidated program for innovation and support.

That is certainly a much smaller and very flexible program.

When we take a look at these things, somehow the number of people seems to have little relationship to the size and complexity of the program.

What is your system for determining the number of staff people assigned to programs?

Dr. PIERCE. Let me respond in two ways. When looking at budget figures one has to bear in mind the difference in the kind of programs.

Some programs are what we call State grant programs, the money goes to the States on a formula basis. Once the State plan is written and provided to the Office of Education, the program becomes more mechanical in the distribution of funds. In back of that, people must go out and monitor the programs, to determine if they are being run effectively, and also to determine if they are being run in accordance with the rules and regulations.

Other programs are discretionary in nature, the money resides in the Office of Education. For example we may have to read and evaluate 1,600 proposals for one program and perhaps 150 for another and so you cannot look at a program and assume that the dollars and the people are a straight line correlation between the two.

WORK MEASUREMENT SYSTEM

That is one point I would like to make. The other point I would like to make is that we have initiated now a work measurement system, that we are now in the process of perfecting, which includes in it eight different functions that cut across most program units in the Office of Education.

We measure the amount of activity a unit, by that particular function, and you can cost out what each of the units in the Office of Education needs on the basis of that new model. We think that for the first time, we have an opportunity to not only look at the need for new positions, but also look at the current existing positions, and to historically trace staffing allocations for each program, and if those were appropriate decisions.

GUARANTEED STUDENT LOAN PROGRAM

Mr. FLOOD. You have 625 positions assigned to the guaranteed student loan program.

What benefits have been derived from such a substantial increase in the staff over the last several years?

Dr. PIERCE. Well, you are referring to the guaranteed student loan program specifically?

Mr. FLOOD. Yes.

Dr. PIERCE. As you know, Mr. Chairman, the incidence of fraud and abuse in that program has grown as the program grew.

We started with almost no program 6 years ago. We now have a mammoth program to monitor, and to watch.

We have to look at the schools, we have to look at the individuals, we have to look at default rates, and we have to look at whether or not the banks are servicing the paper properly.

There are just a great many ways for the incidence of fraud and abuse in that program to increase.

We have been trying for the last 3 years to get enough staff to guard the Government's investment, if you will, in that program.

We think we are now to the point where we can indeed guard the Government's investment, but you have to recognize that the last 72 positions were just given to us in the regular 1977 appropriation and 64 are requested in the supplemental. Many of those 72 positions are not yet on board. Once they and the 64 from the supplemental are on board, and once they are placed, then we will be in good shape, and we are not asking for any new positions in that program in the 1978 budget.

DEFAULTED LOANS

Mr. FLOOD. One of the reasons for the 1977 supplemental budget for the student loan insurance fund was the collection of defaulted loans.

Dr. PIERCE. Yes.

Mr. FLOOD. You said it was way below expectations.

Dr. PIERCE. It was because the level of new defaults has increased over the original estimates.

Mr. FLOOD. Why have the additional positions we allowed you not resulted in improved collection of defaulted loans?

Dr. PIERCE. There has been improvement in collections but not in substantially reducing new defaults. We have not gotten all the positions in place yet, but the evidence, and what the return on the dollar invested during fiscal year 1976 was $4.50 in collections; so for every dollar we are investing in staff, and that includes collectors, collector correspondents, clerical support, and overhead costs, those staff are netting $4.50.

Mr. FLOOD. Is that good?

Dr. PIERCE. Yes; that is very good. I will take that kind of interest on my money anytime.

HANDICAPPED CHILDREN

Mr. FLOOD. The program for handicapped children has increased pretty rapidly in the past years. The regulations for the education for all handicapped children law are soon going to be issued. The law and those regulations are certainly mighty complex. In view of all of that, the budget actually cuts the staff of this program by two people.

That makes no sense.

How did you reach that conclusion?

Dr. MARTIN. It really happened out of the context that Dr. Buzzell and Dr. Pierce were talking about before. That is, as the authorizing committee required the transfer of positions in the vocational education area, a certain number of those positions were moved by tapping, in a sense, the other programs, and some of them are asked for in the request, but we just took a sense of prorata share of the office's attempt to meet that requirement without asking for all new people.

NDSL PROGRAM

Mr. FLOOD. The higher education budget proposes to cut the national direct student loan program in half by eliminating new Federal capital contributions to that program. But this budget we have proposes the same staff level of 38 people.

Why cannot you cut the staff in half too?

Dr. PIERCE. Well, in the first place, I think we have to remember that even though there will be no capital contributions to that program, that program will continue with $250 million of money that will be reinvested, and $50 million carryover that will be invested. So the level of the program will remain substantial, even though there is no new Federal contribution.

In addition, we have backlogs of abuse and fraudulent activities in that program that we must catch up with, and these positions will continue their stewardship of the Government's money. Recognizing that the program will go on, and I think we have not made that clear enough, I think it is the intention of the administration that should it become apparent that there needs to be additional capital contribution, in subsequent years that the administration will consider further funding at that time.

TRAVEL

Mr. FLOOD. In this budget, you want a $929,000 increase in travel. That is 23 percent over last year. Now, you must have made a mistake some place. What in the world could you do with an increase like that?

Mrs. BEEBE. Mr. Chairman, we are requesting an increase of $929,000 over 1977, but we expect 1977 to be about $180,000 less than 1976. There was very little money, about $100,000, in the budget in travel associated with the 68 new vocational positions.

The 1978 budget increase assumes the 225 in the 1977 supplemental and the regular 1977 new positions are on board. The bulk of these dollars, about $340,000, are associated with those new positions. If you will recall, many of these fraud and abuse positions are regionalized positions that have to do with the student financial aid programs and so there will be a considerable amount of travel associated with those positions. We are also planning to increase direct operations travel for existing positions particularly in the fraud and abuse area. Finally, about $110,000 is to cover per diem rate increases.

CONFERENCE TRAVEL

Mr. FLOOD. How much of that travel budget is for meetings and conferences not directly related to administering programs?

Mrs. BEEBE. We can supply that for the record.

[The information follows:]

The travel priorities for the Office of Education are for site visits, monitoring, and technical assistance. Less than 1 percent of the travel expenditures has been for meetings. Well over 98 percent of the travel is for operations and is directly related to carrying out the agency's specific programs and responsibilities.

Mr. FLOOD. What steps have you taken to reduce unnecessary travel by the employees?

Dr. MARTIN. The proportional travel we are doing now, Mr. Flood, is less than it used to be.

I will explain to you from one perspective, how we have done that.

We have each travel justified against the purpose of the trip, and we do not approve the same number of travel to conferences as we used to years ago.

We have a site visit travel as the first priority, and after that, only comes a limited number of people to go to meetings, and another step we have taken is to reduce multiple travelers to the same meeting, so that at one time, let us say could we have two or three people from the Bureau come to the meeting of the Association for Retarded Citizens, and we now attempt to have only one or two at the most go to those big meetings, and they work at those meetings, in terms of meeting with grantees and answering questions.

Dr. PIERCE. That is a policy of the office, Mr. Chairman.

Commissioner Bell was very concerned about this. He made that mandate to all of the deputy commissioners.

In addition, it oftentimes appears as if there is multiple travel to a conference that on its face could appear to be just a junket, but for example, we sent 22 people to the National Indian Education Conference. Those people went to that conference and conducted inservice workshops for the grantees, while they were at the conference, because we could not afford to send them out to site visits, so that the people were coming to the conference anyway. We took advantage of their presence and sent our people there to do the work you might otherwise expect us to do onsite. We are very careful about that, but when we do send people away on a multiple basis, it is with knowledge and forethought.

HOUSEKEEPING COSTS

Mr. FLOOD. You are asking for an increase of $2.1 million for mail, rent, printing, and all kinds of administrative services. That is a 13-percent increase over last year. That is a pretty high inflation rate.

How did you come to that?

Dr. EVANS. We can supply that for the record.

Mr. FLOOD. Do that.

[The information follows:]

RISE IN HOUSEKEEPING COSTS

We expect our printing costs to increase from $1.3 million to about $1.7 million, but this increase is largely attributed to estimates from the Government Printing Office and other sources of about a 30-percent increase in rates.

On the other housekeeping costs, a history table and brief explanation of how we arrived at our estimates follows:

RISE IN "HOUSEKEEPING" COSTS SINCE 1976

	1976	1977 estimate	1978 estimate	Net change 1976–78	Net change 1977–78
Rent (S.L.U.C. space)	4,360.6	5,061.0	5,818.4	1,457.8	757.4
Data equipment	8.5	10.0	4.5	−4.0	−5.5
Photocopier	784.1	837.5	882.3	98.2	44.8
Other rentals	596.4	666.4	751.8	155.4	85.4
Mail	1,947.0	2,300.0	2,800.0	853.0	500.0
Telecommunications	1,805.3	2,107.7	2,440.2	634.9	332.5
Other utilities	.4	4.5	3.7	3.3	−.8
Working capital fund	1,901.0	3,148.9	3,704.3	1,803.3	555.4
Other reimbursables	1,673.3	1,526.4	1,716.9	43.6	190.5
SLUC-recurring	55.8	68.4	114.4	58.6	46.0
SLUC-nonrecurring	447.0	537.9	836.6	389.6	298.7
Total	13,579.4	16,268.7	19,073.1	5,493.7	2,804.4

O.C. 23.1 Rent (SLUC-Space) — Fixed charge determined by Department based on GSA formula which allocates space by number of positions. Increase caused by GSA conversion to new FAR (fair annual rate) pricing method (for example, $7.78 per square foot in 1977 and $9.02 per square foot in 1978).

O.C. 23.3 Data equipment — Rental payment for use of ADP equipment that is not purchased. Decrease caused by end of renting in headquarters.

O.C. 23.3 photocopier — Costs are estimated to rise because of increased rates and higher volume of use.

O.C. 23.4 Other rentals — Largely fixed cost will increase as rates increase for post office boxes, package meters, various automatic typewriters, et cetera.

O.C. 23.5 Mail — Postal Service sets rate after receiving OE estimate of use. GAO has criticized OE for underestimating use. Increase is necessary to cover anticipated higher charges.

O.C. 23.6 Telecommunications — Costs includes bills from GSA for FTS (flat charge) and commercial calls (bills vary by month). Need increases with rates and usage.

O.C. 25.11 Working capital fund — Department assesses OE for its share of pooled resources (for example, the regional accounting and personnel data systems). Estimates are based on use, number of positions, grants issued, et cetera. OE does not control cost.

O.C. 25.13 Other reimbursables — Department "taps" OE share of costs for reimbursable items, such as health unit charges or special projects, reimbursable agency agreements, employee compensation fund. Additional taps can occur at any time.

O.C. 25.1 SLUC-recurring — GSA charge for normal building operation, for example, guard service. Increase is needed for four additional guards in FOB No. 6.

O.C. 25.72 SLUC-nonrecurring — Costs for renovations of office space are reviewed by Office of Facilities Engineering and Property Management in HEW. Adaptations permit efficient use of existing space.

ADVISORY COMMITTEES

Mr. FLOOD. You are proposing a cut of $240,000 in your budget for advisory committees.

Now, what effect will that have upon what they are supposed to do, and how will they carry out their responsibilities?

Dr. EVANS. As you may or may not know, Mr. Chairman, the President has recently issued an order to all departments to examine very closely all advisory committees and try to reduce them. There is just no escaping the fact that advisory committees have proliferated, and this reflects a general effort on our part to reexamine them, and reduce where possible.

We have advisory committees that are legislated by the law, others initiated by the President, and still others initiated by our own program ourselves. All committees are undergoing reexamination.

Dr. PIERCE. We had a staff assigned to the educational personnel advisory committee no longer authorized, that resulted in a decrease, and we have taken a look at the other committees expenditures, as against what their budgets were, and where it showed they could indeed operate, and did indeed operate for less than they had been budgeted for, the budget request was reduced.

PLANNING AND EVALUATION

Mr. FLOOD. Why are you transferring planning and evaluation from this account to the special projects appropriations?

Was that just to confuse us or what?

Dr. EVANS. To deconfuse you, we hoped.

Mr. FLOOD. That is a new one.

Dr. EVANS. Not that you were confused before.

The reason is, Mr. Chairman, that the salary and expenses account was growing in terms of activities, mixing up a lot of heterogeneous activities. We moved this and some other accounts into the special projects appropriation, because they seemed to belong more programmatically together. The planning and evaluation seems more to be akin to the other activities we have in the special project appropriation. tion.

Mr. FLOOD. Who is administering the planning and evaluation program?

Dr. EVANS. I do, sir.

Mr. FLOOD. Thank you very much.

That completes the hearings for the Office of Education.

[The following questions were submitted by members of the subcommittee with the request that they be answered for the record.]

MR. CONTE

AUTOMATED DATA PROCESSING

Mr. CONTE. What changes in operations of the guaranteed student loan program were mandated in the Education Amendments of 1976 that require an extra $1.3 million for automated data processing?

ANSWER. We have completed an analysis of the ADP mandates and estimated costs required by the Education Amendments of 1976 which we would like to submit for the record. This report gives the requirement by section, the estimated costs and the adverse affects if not implemented. It is available to anyone who wants it.

Mr. CONTE. In 1977 you are funding the Advisory Council on Extension and Continuing Education at a level of $247,400. How does this compare to 1976?

ANSWER. This Council was funded at the same level, $247,400, in 1976. Because

of a reprograming action and the termination of one of the Councils, we are funding this Council at $253,100 in 1977. However, our request for 1978 is less than our 1977 level so all the advisory councils will be funded at a lower level in 1978.

Mr. CONTE. Would you explain the effect the Education Amendments of 1976 had on your vocational education programs, and what the additional positions in that program will be used for?

ANSWER. The Education Amendments of 1976 mandates several major changes in program structure as well as providing for the expansion or initiation of numerous program activities. For example, in October, new emphasis will be placed on program improvement and supportive services under the basic grant activity; consolidation of previously categorical programs will provide more flexibility to the States; and a shift will be made from a grant mode to primarily a contract mode under the national discretionary R. & D. moneys. In addition, new or increased emphasis will be placed on planning and evaluation efforts, elimination of sex stereotyping, data collection and analysis, Indians, energy, disadvantaged, handicapped and guidance and counseling activities among others.

All of these mandated changes or initiatives require additional positions to ensure that the intent of the legislation is fully carried out. Twenty positions are requested for the central office for the basic grant program, including secretarial assistance. These positions would include specialists in program areas as well as in special populations, such as energy, incarcerated, handicapped, etc. These positions would provide basic technical assistance to the regions, conduct quality evaluations and provide policy guidance in their fields. The 20 positions requested for the regions reflect the increased workload associated with the State plans as provided under the new legislation. They would also provide technical assistance to the States on the new legislation. Ten positions are requested for our research division. These positions are necessary to cover the increased workload resulting from the shift from a primarily grant R. & D. program to a primarily contract program. Almost seven times the amount of staff days is required under the contract structure. In addition, new emphasis on planning, especially increased data collection, coordination and analysis activities, require another 10 slots. The remaining eight positions are associated with increased central planning, evaluation, budgeting and coordination efforts. As the new regulations for the program are finalized, the precise delineation of responsibilities and efforts will further assist us in apportioning these positions.

Mr. CONTE. What will be the effect of your proposed reductions in funding of advisory committees?

ANSWER. We plan to achieve economies in operation by taking some reductions in personnel, travel, printing, contracting and so, and by improving the management of existing resources.

Mr. CONTE. What can be done to increase the efficiency of loan collection operations?

ANSWER. Beginning in fiscal year 1977, the guaranteed student loan program has two new avenues available for improving the collection operation. The Education Amendments of 1976 authorized a Federal collection contract which is estimated to be operational in the fourth quarter of 1977. The contract will be provided with 4,000 unworked accounts monthly in 1978 until such time as the program determines that the contractor can handle a larger monthly quota. The contract is estimated to yield a recovery of $12 million in 1978. In addition the program has developed a collection module with standardized collection procedures to be implemented in the regional office in fiscal year 1977. The program estimates an increase minimum collection of 10 to 20 percent in collection recovery beginning in 1978.

MR. MICHEL

ADVISORY COMMITTEES

Mr. MICHEL. President Carter has made a big deal about reducing the number of advisory committees, but I don't see any of your committees proposed for elimination in 1978. Why not?

ANSWER. Two committees have been discontinued in 1977 and will not be reinstituted in 1978. These are the National Advisory Council on Education Professions Development (NACEPD) and the National Council on Quality in Education (NCQE). Both of these were recommended for reduction in the 1976 annual comprehensive review and the Commissioner's annual report,

and both have been legislatively discontinued. All other OE advisory committees have been legislatively continued and provided funding for fiscal year 1977

OE is now in the process of conducting the 1977 annual comprehensive review of advisory committees. The results will be forwarded to the President by the Secretary of HEW by April 15, 1977. Further review will be included in the Commissioner's annual report due on June 30, 1977. Elimination of a committee requires a gradual phasing out of costs over time. Consequently it is not possible to forecast the significance of the impact on the fiscal year 1978 budget at this time. However, should some committees be recommended for elimination or merging in 1978, there will be economies reflected in 1978.

Mr. MICHEL. Your justifications list all the advisory committees, but they don't list the cost of each, nor the number of positions allocated for each. Would you provide such information for the record?

ANSWER. The 1978 budget request, 1977 and 1976 estimates, for each of the councils are provided in attachment 1, summary fact sheet. Only councils appointed by the President are allocated permanent staff positions. Current 1977 allocations for these are:

Council	*Position*
National Advisory Council on Adult Education	5
National Advisory Council on the Education of Disadvantaged Children	7
National Advisory Council on Education Professions Development (terminated)	0
National Advisory Council on Equality of Educational Opportunity	5
National Advisory Council on Extension and Continuing Education	4
National Advisory Council on Vocational Education	11
National Advisory Council on Women's Educational Programs	4
Total	34

The Department of Health, Education, and Welfare is currently operating under a hiring freeze pending notification by OMB of a revised end of year ceiling. Receipt of this new ceiling may require adjustment to the current position allocation.

Mr. MICHEL. Frankly, most of these advisory committees do not strike me as high priority items. Would you rank them for us in the order of priority which you view them?

ANSWER. As part of the annual comprehensive review the Commissioner of Education will rank all OE advisory committees in order of priority and provide his recommendations to the Secretary of HEW. We will be happy to provide this information as soon as it is available.

Mr. MICHEL. Would you also provide for the record a short summary of the purpose for each one, the number of members, and how often they meet?

ANSWER. The number of committee members for each committee is provided in attachment 1, summary fact sheet. Attachment 2 includes a copy of the 1976 annual report for each OE advisory committee. Item 12, brief statement of functions states the purpose of each committee. Item 14, meetings, lists the number of meetings held in 1976.

COMMISSIONER'S OFFICE

Mr. MICHEL. According to your justifications, the Office of the Commissioner directly administers bilingual education, right to read, teacher corps, career education, women's educational equity, and arts in education. Does he do this by choice, or because it is required by law?

ANSWER. The office of bilingual education, the office of career education, and teachers corps are required by statute to report directly to the Commissioner. Right to read, women's educational equity and arts in education were established in the Office of the Commissioner by choice. The right to read program was so established to provide visibility to a program which would eradicate illiteracy. Women's educational equity and arts in education were absorbed by exisitng staffs.

Mr. MICHEL. The Commissioner's Office of Public Affairs has 46 people. Why does it need a staff that large?

ANSWER. The Office of Public Affairs (OPA) has undergone a reduction in the past 2 years. The staff is responsible for communication support and information and editorial services, which involves liaison with news media and profes-

sional organizations. In addition, all publications written by the office of education staff on OE programs are edited and cleared for policy content by OPA. Increased activities under the Freedom of Information Act have resulted in deficiencies elsewhere in the Office. The staff currently is able to provide services only on a crisis basis for high priority items.

GSL REGIONAL STAFF

Mr. MICHEL. Of the 390 positions you have allocated to the regional offices for guaranteed student loans, how are these broken down between fraud and abuse activities, field examinations, and so forth?

ANSWER. All the guaranteed student loan (GSL) positions are involved with fraud and abuse activities. The 390 includes 52 field examiners, who have a role of prevention and identification of fraud and abuse; 10 compliance investigators who investigate known cases of fraud and abuse; 22 claims examiners who prevent improper filing of claims by lenders; and 23 clerical staff to support these functions.

Collections staff are needed to counter abuse by borrowers in the form of defaults. They include 106 collectors, 29 collector-correspondents, and 116 clerical and data support staff. Thirty positions are assigned to program management, which includes the 10 regional directors, their secretaries, and assistants.

Mr. MICHEL. Are these fraud and abuse activities involving people in the regional offices orchestrated by the regional commissioners or by people in Washington?

ANSWER. Policy direction for the regional guaranteed student loan activities is the responsibility of OGSL headquarters. Administrative direction and control falls under the regional commissioners.

FRAUD AND ABUSE

Mr. MICHEL. What is the status of some of these fraud and abuse cases you were pursuing last year regarding guaranteed loans, such as west coast schools, advance schools, Dallas trade schools, Bell & Howell, et cetera?

ANSWER. West coast trade schools.—The following are the results of the trial in Los Angeles as it relates to the individuals involved with this school. Charges included: 15 U.S.C., Fraud in the sale of securities, section 77 (GSL); 18 U.S.C., Bribery of a Government official, section 201; 18 U.S.C., Conspiracy, section 371; 18 U.S.C., False statements, section 1001; 18 U.S.C., Interstate transportation of money, section 3314 fraud.

Convictions included:

William Fred Peters

Count and sentence:
1—5 years-$5,000 fine.
2—$10,000 fine.
5—2 years-$5,000 fine.
6—2 years-$5,000 fine.
9—2 years-$5,000 fine.
10—2 years-$5,000 fine.
12—2 years-$5,000 fine.

These are concurrent terms. The sum of $40,000 must be paid prior to any negotiation for parole or early release. Peters was remanded back to the custody of the U.S. Marshall.

David Mansfield Carmon

Count and sentence:
1—1 year-$2,000 fine.
2—$5,000 fine.
5—3 years-$1,000 fine.
12—3 years-$1,000 fine.

Three years sentence suspended for probation to be set later. Fine still must be paid.

James Hoffe (OE employee)

Count and sentence:
1—1 year—$2,000 fine.

This was on the bribery charge.

Franklin Peter Fisher

Count and sentence:
1—9 months.

O. A. Dameron

Count and sentence:

1—2 years—$2,000 fine.

Recommendation of U.S. Attorney due to his cooperation: his 2 years suspended in lieu of 3 years' probation.

Advance Schools, Inc.—This was never assigned to Compliance. It was handled through the regional office by the Office of the Secretary, HEW, with periodic input from OGSL.

Dallas Trade Schools.—A task force in Dallas has been established by the Office of Education and the Department of Justice. The Guaranteed Student Loan Program Compliance Branch has been requested to provide the programmatic assistance to the Department of Justice in their investigation of program fraud and abuse in that geographic area. An 18-month contract for $886,802 was let with CPI Associates. This provides 28 data clerks for the review of various documents. Current close coordination with the Department of Justice is continuing as Compliance reviews students' records of the educational and lending institutions involved with the investigation.

Bell & Howell.—Due to the magnitude of the case, current personnel constraints and heavy demand of presently open cases, Compliance action on Bell & Howell now involves the categorization of thousands of complaint letters which will provide valuable information. As soon as the reprogramming of the budget is approved, Compliance will immediately set up a full-scale operation in Chicago for the review of records.

Mr. MICHEL. When criminal activity is discovered by the GSL fraud and abuse investigators, do they refer it directly to the Justice Department, or are they required to clear it through HEW's Office of General Counsel?

ANSWER. When a Compliance investigator detects criminal activity, the program portion of the activity is documented. At the point where the criminal activity begins, information is referred directly to the HEW Office of Investigations (HEW-OI). In a number of cases where the FBI was already involved, OGSL Compliance staff was requested to prepare documentation for them related to the criminal activity.

All cases involving criminal activity ultimately involve civil problems due to the insurable interest of OGSL as the guarantor. In some of these civil cases complete recovery can be accomplished by OGSL Compliance. In those cases where complete recovery cannot be accomplished, the case is referred through the HEW Office of General Counsel, to the Civil Division, Department of Justice (CDDJ).

Civil cases we are currently working in cooperation with the Civil Division, Department of Justice are: Alverson-Draughon Business College of Huntsville, Community College of Commerce in Birmingham, and Frontier Life Insurance Co. of Jefferson City.

Mr. MICHEL. Will the GSL fraud and abuse staff come under the authority of the new Inspector General?

ANSWER. We know of no decision to move in that direction. Further, any such move of Program Compliance staff would transfer responsibility from Program Fraud and Abuse Operations outside the jurisdiction of program operations. This does not seem feasible.

EVALUATIONS

Mr. MICHEL. How much are you requesting for evaluations and how many are you proposing to undertake?

ANSWER. We are requesting $7.2 million to conduct 35 evaluation studies in fiscal year 1978; $3,880,000 will go to continuation studies, including $1,600,000 to fund 5 studies required by the Congress. The remaining $3,320,000 will be used to fund 22 new studies.

Among the continuation studies planned for fiscal year 1978 are the following: ESEA title I program in State institutions for neglected or delinquent children; study of State requirements for forming State guarantee agencies in the GSLP; impact of student financial aid programs; phase III; evaluation of demonstration models for the special programs for students from disadvantaged backgrounds; development of a system to report State and local uses of Federal education funds; impact of bilingual vocational training programs.

Among the new studies planned for fiscal year 1978 are the following: Compensatory education; library services; assessing the functional competence of the adult population; impact aid for compensatory education and handicapped children; the national diffusion network; bilingual education; analysis of data

from the second followup of graduates of the class of 1972; evaluation opportunity centers program; higher education title III program.

Mr. MICHEL. How many of these evaluations are going to be done in-house, and how many through outside contractors?

ANSWER. Because of the size and complexity of most evaluation studies and the fact that they usually require considerable amounts of data collection in the field, all these studies will be done under contract after a competitive procurement procedure. Office of Planning's professional staff designs the studies, closely monitors the contractor's activities in the field during data collection and data analysis, and produces the executive summary for each study as well as the policy implications memorandum and staff/congressional briefings when appropriate.

Office of Planning and Evaluation and the Assistant Secretary for Planning and Evaluation of DHEW staffs do a number of in-house analyses each year, but the costs for these activities are not taken from planning and evaluation moneys.

INDIRECT COSTS

Mr. MICHEL. Do you have any figure this year as to how much of the Office of Education funds go to the payment of indirect costs?

ANSWER. About 40 percent of the total dollars expended annually by the Office of Education go toward the payment of indirect costs. Indirect costs account for 25 percent of the dollars expended on contracts and 15 percent of the dollars expended on both discretionary and formula grants.

ZERO BASED BUDGETING

Mr. MICHEL. Are you undertaking any efforts to move ahead with the zero based budgeting concept?

ANSWER. Yes. Our administrative and budget personnel are currently developing guidelines for fiscal year 1979 planning based on zero based budgeting (ZBB). OE will participate in and agrees with the concept and methods of zero based budgeting. For the past 2 years, our budget justifications for positions and salaries and expenses have been justified by a work measurement system—WMS—which can be integrated into a ZBB system.

JUSTIFICATION OF THE BUDGET ESTIMATES

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,][1/] including rental of conference rooms in the District of Columbia, [$115,784,000] *$129,059,000*

Explanation of Language Changes

1/ The Education Amendments of 1974 authorized the Information clearinghouses for which funds are requested in the Special projects and training and the Elementary and secondary education accounts.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

Salaries and Expenses

Amounts Available for Obligation 1/

	1977	1978
Appropriation	$115,784,000	$129,059,000
Proposed supplemental 2/	3,457,000	---
Proposed supplemental 3/	4,145,000	---
Subtotal, appropriations	123,386,000	129,059,000
Comparative transfer to:		
"Departmental management," OS	-44,000	---
"Special projects and training," OE	-7,918,000	---
"Elementary and secondary education," OE	-167,000	---
Total, obligations	115,257,000	129,059,000

1/ Excludes the following amounts for reimbursable activities carried out by this account: 1977 - $425,000; 1978 - $425,000

2/ For October 1976 payraise

3/ Includes $3,560,000 for Program administration to detect and control fraud and abuse and $585,000 for Planning and evaluation.

Summary of Changes

1977 Estimated Obligations	$115,257,000
1978 Estimated Obligations	129,059,000
Net change	+ 13,802,000

	1977 Base Pos.	1977 Base Amt.	Change from Base Pos.	Change from Base Amt.
Increases:				
A. Built-in:				
1. Annualization of 142 new base fiscal year 1977 positions filled for only part of the fiscal year	---	$ 72,174,000	---	+$ 2,237,500
2. Annualization of 225 positions contained in supplemental request	---	3,560,000	---	+ 4,250,500
3. Annualization of 1976 pay raise	---	3,457,000	---	+ 80,800
4. Within-grade increases and promotions	---	68,683,000	---	+ 1,372,700
5. Increased rates for mail, rent, printing and other administrative services	---	18,319,000	---	+ 2,141,200
Subtotal			---	+ 10,082,700
B. Program:				
1. Costs of ADP initiative for the Guaranteed student loan program required by 1976 Education Amendments	---	---	---	+ 1,300,000
2. Costs of 68 new positions for Vocational Education mandated by the 1976 Education Amendments	---	---	+ 68	+ 1,215,800
3. Increased operating expenses for such items as overtime, travel, printing, field readers, and existing ADP contracts	---	27,321,400	---	+ 2,283,600
Subtotal			+ 68	+ 4,799,400
Total increases			+ 68	+ 14,882,100
Decreases:				
A. Built-in:				
1. One less paid day in fiscal year 1978	---	---	---	- 259,600
2. Savings from reducing fiscal year 1977 authorized base position level by the end of fiscal year 1978	3,217	111,741,000	- 33	- 107,500
Subtotal			- 33	- 367,100

	1977 Base		Change from Base	
	Pos.	Amt.	Pos.	Amt.
B. Program:				
1. Decreased contractual services	---	$ 1,682,600	---	-$ 511,700
2. Overhead savings	---	11,755,000	---	- 201,300
Subtotal				- 713,000
Total decreases			- 33	- 1,080,100
Total, net change			+ 35	+ 13,802,000

Obligations by Activity

Page Ref.		1977 Estimate Pos.	1977 Estimate Amount	1978 Estimate Pos.	1978 Estimate Amount	Increase or Decrease Pos.	Increase or Decrease Amount
219	Advisory committees.....	38	$ 2,281,000 1/	34	$ 2,041,000	- 4	-$ 240,000
220	Program administration.....	3,404	107,915,000 2/	3,443	121,199,600	+ 39	+13,284,600
218	Standard level user charge.....	---	5,061,000 3/	---	5,818,400	---	+757,400
	Total obligations...	3,442	115,257,000	3,477	129,059,000	+ 35	13,802,000

1/ Includes reprogramming of $103,000 from Program administration and $100,000 from Information clearinghouses. Also includes $37,000 for the proposed pay raise supplemental.

2/ Includes $3,420,000 for proposed pay raise supplemental. Also includes $3,452,000 from proposed supplemental to detect and control fraud and abuse.

3/ Includes $108,000 from proposed supplemental to detect and control fraud and abuse.

Obligations by Object

	1977 Estimate	1978 Estimate	Increase or Decrease
Total number of permanent positions	3,442	3,477	+ 35
Full-time equivalent of all other positions	271	200	- 71
Average number of all employees	3,406	3,616	+ 210
Personnel compensation:			
Permanent positions	$62,798,000	$68,275,000	+$5,477,000
Positions other than permanent	2,229,000	3,142,000	+ 913,000
Other personnel compensation	1,262,000	1,373,000	+ 111,000
Subtotal, personnel compensation	66,289,000	72,790,000	+ 6,501,000
Personnel benefits	5,885,000	6,752,000	+ 867,000
Travel and transportation of persons	3,999,000	4,928,000	+ 929,000
Transportation of things	148,000	86,000	- 62,000
Rent, communications and utilities	11,122,000	12,835,000	+ 1,713,000
Printing and reproduction	1,312,000	1,912,000	+ 600,000
Other services:			
ADP contracts	14,465,000	16,447,900	+ 1,982,900
Other services	10,812,000	11,906,100	+ 1,094,100
Subtotal, other services	25,277,000	28,354,000	+ 3,077,000
Supplies and materials	740,000	955,000	+ 215,000
Equipment	485,000	447,000	- 38,000
Total obligations by object	115,257,000	129,059,000	+13,802,000

Significant Items in House and Senate
Appropriation Committee Reports

Item	Action taken or to be taken
1977 House and Senate Report	
Salaries and expenses	
1. The Committee directed further funding of the Advisory Council on Extension and Continuing Education. (page 68;94)	1. $247,400 from Program administration and Advisory committees has been used to fund the Council in fiscal year 1977.
1977 Senate Report	
Salaries and expenses	
1. The Committee directed the Commissioner to submit a plan to achieve additional position reductions for approval by the Appropriations Committee. (page 93)	1. The Commissioner's plan for additional reductions includes 20 positions to be allocated to Bilingual Education (14 positions), Asian and Pacific American Concerns (3 positions), and Privacy and Information Rights (3 positions). The twenty additional position reductions were reallocated from Support and Innovation programs, Regional Office Staff, management staff services, and Elementary and Secondary Education executive direction.
2. The Committee directed the Commissioner to increase the staff of the Office of Bilingual Education by 14 positions. (page 93)	2. The Commissioner increased staff for the Office of Bilingual Education in fiscal year 1977 by reallocating 9 existing authorized positions to headquarters and 5 existing authorized positions to the regions for bilingual activities.

Authorizing Legislation

	Amount Authorized	1978 Budget Estimate
Salaries and expenses:		
1. Advisory committees (General Education Provisions Act, Part D).....	Indefinite	$ 2,041,000
2. Program administration (GEPA, Sec. 400(c)).....	Indefinite	127,018,000

Salaries and Expenses

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
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	102,725,000	100,041,000	97,924,000	101,784,000
1977	107,334,000	107,334,000	107,834,000	108,240,000
Supplemental	7,017,000			
1978	129,059,000			

NOTE: In order to reflect comparability with the 1978 estimate, this table excludes the following activities transferred to the Special projects and training appropriation for the years 1976 and 1977: Planning and evaluation; General program dissemination; Information clearinghouses. The figure for the Appropriation in 1976 includes $2,083,000 for the pay raise supplemental.

Justification

Salaries and Expenses

	1977 Appropriation	1978 Estimate	Increase or Decrease
Salaries and expenses:			
1. Advisory committees.....	$ 2,281,000	$ 2,041,000	- 240,000
2. Program administration.....	112,976,000	127,018,000	+14,042,000
Total.....	115,257,000	129,059,000	+13,802,000
Positions:			
1. Advisory committees.....	38	34	- 4
2. Program administration.....	3,404	3,443	+ 39
Total.....	3,442	3,477	+ 35

General Statement

The Salaries and expenses account provides funds for the operation and administration of the Office of Education and the Advisory committees. The staff of the Office of Education, under the direction of the Commissioner, administers more than 100 programs assisting State departments of education, local school districts, colleges and universities, and other institutions and individuals. Staff resources are needed for adequate monitoring and controls, expert technical assistance, and efficient administration. The continuing objectives of the administrative efforts are to improve program integrity and to prevent fraud and abuse. In addition, other new initiatives mandated by the Education Amendments of 1976 which require administrative expenses must be implemented in the Guaranteed Student Loan and Vocational Education programs.

The primary increases over comparable fiscal year 1977 levels in the Program administration request are associated with annualization of the 225 positions contained in the supplemental to control fraud and abuse ($4,250,500) and with the 142 new permanent positions obtained in the fiscal year 1977 appropriation ($2,237,500). Increased costs are also associated with the 68 new positions for Vocational Education ($1,215,800). The ADP initiatives in the Guaranteed Student Loan program associated with implementing the Education Amendments of 1976 account for $1,300,000 of the increase. Another large increase results from higher rates for operating expenses, such as mailing, employee benefits, and space rental charges ($2,505,200).

	1977 Appropriation		1978 Estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
1. Advisory committees						
Presidential.....	38	$1,713,000	34	$1,538,700	- 4	-$174,300
Other	---	568,000	---	502,300	---	- 65,700
Total	38	$2,281,000 1/	34	$2,041,000	- 4	-$240,000

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 overall level of activity in the advisory councils will be reduced during fiscal year 1978. Funds are required 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.

Presidential Advisory Committees:

Adult education
Education of disadvantaged children
Education professions development *
Equality of educational opportunity
Extension and continuing education
Vocational education
Women's educational programs

Other Advisory Committees:

Accreditation and institutional eligibility
Black higher education
Career education
Community education
Developing institutions
Environmental education
Ethnic heritage studies
Financial aid to students
Handicapped children

* Closed out in fiscal year 1977.

1/ Amount includes $203,000 reprogrammed within the Salaries and Expenses appropriation and $37,000 from the October 1976 pay raise supplemental.

	1977 Appropriation	1978 Estimate	Increase or Decrease
2. Program administration.....	$112,976,000	$127,018,000	+$14,042,000
Positions.....	3,404	3,443	+39

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 State and local education agencies, to administer and monitor Federal education programs, and to promote the cause of education throughout the country.

Budget policy

The Office of Education's request for FY 1978 for program administration is $127,018,000 and 3,443 permanent positions; the request reflects a net increase of $14,042,000 and 39 positions over the comparable FY 1977 level of $112,976,000 and 3,404 positions. To comply with the Education Amendments of 1976, which direct the Commissioner of Education to assign at least 50 percent additional staff in FY 1978 to administer the Vocational Education Act of 1963, the Office of Education has identified a requirement for 68 new positions. The Office of Education also proposes to reduce a total of 29 positions from areas where increased productivity is projected for FY 1978. The requested increase of $14,042,000 is primarily for costs of the 68 new positions, built-in increases to provide full year costs for authorized activities funded for only part of FY 1977, including the 225 positions requested in a supplemental to detect and control fraud and abuse, and rate increases for such items as mail, rent and printing.

SUMMARY OF POSITIONS

	1977 Estimate No. of Pos.	1978 Estimate No. of Pos.	Increase or Decrease No. of Pos.
Office of the commissioner.....	278	276	- 2
Regional offices.....	1,001*	1,012	+11
Office of management.....	730*	724	- 6
Office of planning.....	116	115	- 1
Bureau of elementary and secondary education.....	410*	407	- 3
Bureau of education for the handicapped.....	183	181	- 2
Bureau of occupational and adult education.....	145	192	+47
Bureau of postsecondary education...	541*	536	- 5
TOTAL	3,404 *	3,443	+39

* Includes 225 proposed supplemental positions contained in the President's Budget: 61 for the Regional Offices, 49 for the Office of Management, 6 for the Bureau of Elementary and Secondary Education, and 109 for the Bureau of Postsecondary Education.

OFFICE OF THE COMMISSIONER

	1977 Estimate No. of Pos.	1978 Estimate No. of Pos.	Increase or Decrease
Program direction & coordination	57	55	-2
Immediate office of the commissioner	17	17	--
Executive deputy commissioner	28	26	-2
Non-public school coordination	2	2	--
External relations	3	3	--
Audit liaison	7	7	--
Equal employment opportunity	22	22	--
Immediate staff	7	7	--
Black concerns staff	4	4	--
16-Point Spanish-speaking staff	5	5	--
Women's program staff	3	3	--
Asian and Pacific-American concerns staff	3	3	--
Office of public affairs	46	46	--
Elementary and secondary education	85	85	--
Bilingual education	59	59	--
Right to read	26	26	--
Special projects & training program	68	68	--
Mandated programs			
Career education	19	19	--
Women's educational equity	7	7	--
Arts in education	3	3	--
Educational personnel			
Teacher corps	39	39	--
Total	278	276	-2

Narrative

The Office of the Commissioner is requesting 276 positions in FY 1978. The two position decrease under the FY 1977 level is associated with greater productivity rates in FY 1978 in program direction and coordination.

The Commissioner of Education is the nation's primary spokesman for educational concerns. By law, he is delegated the responsibility for the administration of programs of financial assistance to educational agencies, institutions, and organizations. Because of the highly visible nature of some of these programs, the Office of the Commissioner directly administers: Bilingual Education, Right to Read, Teacher Corps, Career Education, Women's Educational Equity, and Arts in Education. The Office of the Commissioner also provides support to enable the Commissioner to carry out the policies, responsibilities, and authorities vested in him by law or by delegation.

REGIONAL OFFICES

	1977 Estimate No. of Pos.	1978 Estimate No. of Pos.	Increase or Decrease
Regional commissioners' offices	149	140	- 9
(General administration, contracts and grants and executive offices)			
Bilingual education	5	5	--
Elementary & secondary education	205	205	--
School assistance in federally affected areas	50*	50	--
Emergency school assistance	115	115	--
All other elementary and secondary activity (includes ARC office)	40	40	--
Postsecondary education	179	179	--
Higher education construction	12	12	--
Special programs for disadvantaged	34	34	--
Student financial aid	109*	109	--
Veterans cost of instruction	3	3	--
All other postsecondary activity (includes ARC office)	21	21	--
Occupational and adult education	78	98	+20
Adult education	14	14	--
Vocational education (includes ARC office)	64	84	+20
Guaranteed student loans	390*	390	--
TOTAL	1001*	1012	+11

*Includes 61 supplemental positions requested in the President's Budget: 11 for School Assistance in Federally Affected Areas, 10 for Basic Opportunity Grants, and 40 for the Guaranteed Student Loan program.

Narrative

The Regional Offices request 1012 positions in FY 1978. This level reflects a net increase of 11 positions over FY 1977. Twenty new positions will be assigned to the Regional Office elements for vocational education programs as a result of the Education Amendments of 1976. A decrease of 9 positions associated with greater productivity rates for FY 1978 has been identified in administrative elements reporting to the Regional Commissioners.

The ten Regional Offices are responsible for administering decentralized programs organized into four major elements: Elementary and Secondary Education, Occupational and Adult Education, Postsecondary Education, and Guaranteed Student Loans. The responsibilities associated with the overall management and direction of each Regional Office are within the immediate Office of the Regional Commissioner. In addition to decentralized program administration, P.L. 93-380 establishes the Regional Offices as centers for technical assistance and dissemination for all programs administered by the Education Division.

The Regional Offices will require no additional positions in FY 1978 to combat fraud and abuse in the Guaranteed Student Loan (GSL), Impact Aid and College Based Programs. A portion of the backlog of GSL defaulted loans awaiting collection action can now be contracted out as authorized in the 1976 Education Amendments. GSL activities in FY 1978 will focus on fraud and abuse through investigation of serious cases and through field examination of high-priority lenders, and on establishing efficient collection operations.

OFFICE OF MANAGEMENT

	1977 Estimate No. of Pos.	1978 Estimate No. of Pos.	Increase or Decrease
Office direction & coordination	35	29	- 6
Office of the deputy commissioner	7	5	- 2
Executive staff	6	4	- 2
Management interns	1	1	—
Committee management	4	3	- 1
Regulation staff	10	9	- 1
Reports & analysis	4	4	—
Information rights	3	3	—
Personnel & training division	56	56	—
Management systems & analysis	92	92	—
Administrative services division	85	85	—
Finance division	107*	107	—
Grant and procurement management division	120*	120	—
Guaranteed student loan program	235*	235	—
Total	730*	724	- 6

* Includes 49 supplemental positions contained in the President's Budget: 21 for the Finance Division, 4 for Grants and Procurement Management, and 24 for the Guaranteed Student Loan program - central office.

Narrative

The Office of Management is requesting 724 positions in FY 1978.

The Office of Management provides a broad range of management support services to all Office of Education program activities in the areas of personnel management, administrative services, automatic data processing, management systems, financial management, and grant and contract administration.

No additional positions are requested for the Grants and Procurement Management Division and the Finance Division in FY 1978. It is anticipated that sufficient new positions will be authorized in the FY 1977 Supplemental to enable the divisions to alleviate the backlog and continuous overtime situations which were experienced in FY 1976. In FY 1978 the Administrative Services, Personnel and Training and Management Systems and Analysis Division will continue to provide their present level of services.

The Office of Guaranteed Student Loans, located within the Office of Management, administers a program providing loan insurance and interest subsidies for the benefit of postsecondary students.

The authorized positions contained in the FY 1977 Budget and requested in the Supplemental will be sufficient to handle workload in FY 1978 without further position increases. Management control will be increased through continued development of data processing and reporting capabilities.

OFFICE OF PLANNING

	1977 Estimate No. of Pos.	1978 Estimate No. of Pos.	Increase or Decrease
Immediate office of the deputy commissioner	4	4	--
Office of legislation	19	19	--
Office of planning, budgeting, and evaluation	93	92	- 1
Immediate office	12	11	- 1
Elementary and secondary programs	24	24	--
Postsecondary and international programs	12	12	--
Occupational, handicapped, and development	13	13	--
Division of planning and budgeting	32	32	--
TOTAL	116	115	- 1

Narrative

The Office of Planning is requesting 115 positions in FY 1978.

This Office conducts planning and evaluation studies for programs administered by the Office of Education, conducts technical-assistance activities in the area of program evaluation, and conducts a developmental program in the packaging of dissemination materials based on effective education projects. The staff is responsible for long-range planning for all of the approximately 120 current educational programs; for preparing proposed budgets, requests and justifications for all OE programs; preparing proposed new authorizing legislation or amendments to existing laws; coordinating responses to Congressional inquiries; and coordinating and monitoring the setting and implementation of operational objectives for the Office.

The conducting of evaluation studies and preparation of reports mandated by the Congress, together with the conducting of studies requested as priorities by OE program managers, within the constraints of staff and funds available, results in an average of 40 to 45 studies per fiscal year. In addition, developmental and technical-assistance activities in evaluation have expanded sharply in recent years because of the mandates in Section 151 of Title I of P.L. 93-380 (Education Amendments of 1974). The staff also is responsible for design and monitoring or production of evaluation workshops, technical-assistance centers, publications, surveys of eligible children, and the development of evaluation models for use at the State and local levels.

BUREAU OF ELEMENTARY & SECONDARY EDUCATION

	1977 Estimate No. of Pos.	1978 Estimate No. of Pos.	Increase or Decrease
Program direction and coordination	53	50	- 3
Immediate office of the deputy	29	28	- 1
Executive staff	24	22	- 2
Elementary and secondary education	181	181	--
Grants for disadvantaged	72	72	--
Support and innovation grants	56	56	--
Drug abuse	6	6	--
Environmental education	10	10	--
Follow through	26	26	--
Educational broadcasting facilities	11	11	--
School assistance in federally affected areas	68*	68	--
Maintenance and operations	61*	61	--
Construction	7	7	--
Emergency school aid	50	50	--
National competition projects			
Bilingual education projects	1	1	--
Educational television	2	2	--
Special programs and projects	4	4	--
State apportioned projects			
Pilot programs	2	2	--
Grants to non-profit organizations	7	7	--
General grants to LEA's	16	16	--
Training and advisory services	18	18	--
Library resources	35	35	--
Public libraries	11	11	--
Libraries and instructional resources	11	11	--
College library resources	5	5	--
Training and demonstrations	6	6	--
Undergraduate instructional equipment	2	2	--
Special projects & training programs	23	23	--
Discretionary programs			
Packaging and dissemination	13	13	--
School finance	7	7	--
Educational television	3	3	--
Total	410*	407	- 3

*Includes 6 supplemental positions requested in the President's Budget for School Assistance in Federally Affected Areas.

Narrative

The Bureau is requesting 407 positions in FY 1978. There have been evidences of program abuse documented in the Impact Aid Program; 6 additional positions are included in the President's Supplemental Budget for FY 1977 for the program.

The Bureau of Elementary and Secondary Education (BESE) is responsible for 43 elementary and secondary programs which effectively reach 50 million school children in public and private schools and libraries in 16,000 school districts of the 57 States and outlying areas. Grants are made to State and local education agencies and non-profit organizations. The most diverse cluster of programs (from Impact Aid to Drug Abuse Prevention) and the largest single Federal education program in OE (Title I) are included in this Bureau.

In FY 1978 the program funding request for this Bureau is over $4 billion - representing 44 percent of the total OE program budget. Better than 76 percent of the funds are for programs which support education for disadvantaged students and emergency school aid; when impact aid funds are added, the three program areas comprise 94 percent of the Bureau's program funding request.

BUREAU OF EDUCATION FOR THE HANDICAPPED

	1977 Estimate No. of Pos.	1978 Estimate No. of Pos.	Increase or Decrease
Program direction & coordination	23	21	-2
Immediate office of the deputy commissioner	12	10	-2
Executive staff	6	6	--
Planning staff	5	5	--
National advisory committee on the handicapped	3	3	--
Education for the handicapped	49	49	--
State assistance			
State grant program	45	45	--
Deaf-blind centers	4	4	--
Special population programs	18	18	--
Severely handicapped projects	4	4	--
Specific learning disabilities	3	3	--
Early childhood education	11	11	--
Regional vocational, adult, and postsecondary programs	1	1	--
Innovation and development	36	36	--
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	28	28	--
Special projects & training programs			
Mandated programs			
Gifted and talented	6	6	--
Total	183	181	-2

Narrative

The Bureau of Education for the Handicapped is requesting 181 positions for FY 1978.

The Bureau administers 13 separate programs of financial support for education of the handicapped to State and local educational agencies and institutions of post-secondary education. The Bureau provides Federal leadership in support of educational areas concerned with the education of handicapped children. Programs administered range from handicapped education research and demonstration to State plan formula grant programs.

The budget for FY 1978 for programs administered by the bureau is $519.9 million. The total FY 1977 level was $469.4 million for the Bureau. The majority of these funds are associated with the State grant formula portion of the P.L. 94-142 Education for All Handicapped Children Act of 1975 and other mandated program requirements in that Act.

BUREAU OF OCCUPATIONAL & ADULT EDUCATION

	1977 Estimate No. of Pos.	1978 Estimate No. of Pos.	Increase or Decrease
Program direction & coordination	20	27	+7
Immediate office of the deputy commissioner	9	17	+8
Executive staff	7	6	-1
Planning staff	4	4	--
Occupational planning	10	20	+10
CETA activities	5	5	--
Occupational, vocational, and technical education	32	52	+20
Vocational education			
Grants to states for vocational education			
Consumer and homemaking			
Occupational Information			
Bilingual vocational education	2	2	--
Education personnel development programs	7	7	--
Other education personnel development programs			
Vocational research	28	38	+10
Personnel development	6	6	--
Research	22	32	+10
Research			
Work and education			
Research center			
Adult education	22	22	--
Adult education grants to states			
Adult education special projects			
Innovative and experimental programs	19	19	--
Mandated programs			
Metric	6	6	--
Community schools	7	7	--
Consumer education	6	6	--
Total	145	192	+47

Narrative

The Bureau of Occupational and Adult Education is requesting 192 positions in FY 1978. A total of 68 new positions are requested to administer the Vocational Education Act of 1963, 48 new positions will be assigned to headquarters and 20 new positions will be assigned to the regions. The Office of Education has determined that these new positions will fulfill the requirements of the Education Amendments of 1976, which direct the Commissioner to assign to the Bureau of Occupational and Adult Education by the end of FY 1978 at least 50 percent more persons to directly administer the Act than were assigned in FY 1976. The one position decrease is associated with productivity increases in activities other than the administration of the Vocational Education Act of 1963.

The Bureau of Occupational and Adult Education administers programs of basic grants to States, discretionary programs, and fellowship programs. The Bureau provides the leadership in Federal support for vocational, occupational, and adult education as well as for special thrusts in the areas of metric, consumer, and community education.

Twenty additional positions are requested to augment the staff of the vocational education program. These positions will assist in finalizing regulations, preparing guidelines, forms and other materials for the States and local school districts on the new provisions; initiate liaison and transfer agreements with the Bureau of Indian Affairs; increase the number of Management Evaluation Reviews being conducted to comply with the new legal mandate for them; provide training and technical assistance to the Regions and to State Departments as the new State planning requirements are developed; and initiate policy and issue studies of the new substantive areas the Bureau is responsible for such as sex discrimination and prisons.

Ten additional positions for Vocational Education Research and Demonstration programs are required to plan the transition from administering funding in a grant mode under specific categorical requirements to a contracts mode but with greater flexibility. Positions will be allocated to develop plans and guidelines for the new National Center for Vocational Education Research. Planning and liaison activities will be initiated for the National Advisory Committee associated with the Center and for the curriculum coordination and dissemination activities required with the Department of Defense. Vocational research also will carry on its full-scale applied research and demonstration program during this period.

Ten additional positions required for Occupational Planning will concentrate on initiating liaison activities with the National Occupational Information Coordinating Committee and the State Committees and with developing criteria for the accountability reports. The Division will initiate development of uniform definitions for the national vocational data reporting and accounting system with the National Center for Educational Statistics.

BUREAU OF POSTSECONDARY EDUCATION

	1977 Estimate No. of Pos.	1978 Estimate No. of Pos.	Increase or Decrease
Program direction & coordination	42	37	-5
Immediate office of the deputy commissioner	16	14	-2
Executive staff	18	15	-3
Planning staff	8	8	--
College and university staff	5	5	--
Community college staff	5	5	--
Accreditation and institutional eligibility	35*	35	--
International activities	14	14	--
Educational activities overseas	3	3	--
Ethnic heritage studies	5	5	--
Higher education student assistance	322	322	--
Basic opportunity grants	202*	202	--
Supplemental opportunity grants	19*	19	--
Work-study	32*	32	--
Direct loans	38*	38	--
Incentive grants for State scholarships	10	10	--
Special programs for the disadvantaged	21	21	--
Institutional assistance	50	50	--
Strengthening developing institutions	40	40	--
Construction	10	10	--
Higher education assistance	50	50	--
Language training and area studies	14	14	--
Fulbright - Hays fellowships	8	8	--
University community services	9	9	--
Aid to land grant colleges	1	1	--
State postsecondary education commissions	3	3	--
Veterans cost of instruction	8	8	--
Cooperative education	7	7	--
Personnel development	10	10	--
College teacher fellowships	3	3	--
Public service fellowships	3	3	--
Mining fellowships	3	3	--
Educational personnel development, Part E	1	1	--
Total	541*	536	-5

*Includes 110 proposed supplemental positions contained in the President's Budget: 5 for Accreditation and Institutional Eligibility, 100 for Basic Opportunity Grants, 1 for Supplemental Opportunity Grants, 2 for Work-Study, and 2 for Direct Loans.

Narrative

The Bureau of Postsecondary Education requests 536 positions for FY 1978.

The Bureau of Postsecondary Education administers programs of financial support for postsecondary education students, postsecondary educational institutions, State and local educational agencies and international educational organizations. The Bureau also determines the eligibility of institutions to participate in Federal educational programs, as well as evaluates institutional accrediting agencies. More than three-fourths of the Bureau's FY 1978 budget will be for student assistance programs.

Over the past few years a number of the student assistance programs administered by the Bureau have been plagued by documented evidence of program fraud and abuse, either on the part of students or institutions. Therefore,110 positions to combat fraud and abuse were requested in the FY 1977 Supplemental.

With the aid of the positions requested in FY 1977, emphasis can be placed on eliminating the potential for fraud and abuse in FY 1978 through increased monitoring of institutions and accrediting agencies and improved eligibility and accrediting procedures. In addition, the Basic Educational Opportunity Grants program will continue efforts to provide better information and training and to improve overall management through program planning, coordination and the development of automated systems; and the campus-based programs will concentrate on reducing backlogs in audit review and close-outs, as these backlogs increase the possibility of fraud and abuse.

OFFICE OF EDUCATION

Salaries and Expenses

Program Purpose and Accomplishments

Activity: Advisory committees (General Education Provisions Act, Part D)

1977 Appropriation			1978	
			Budget Estimate	
Pos.	Amount	Authorization	Pos.	Amount
38	$2,281,000	Indefinite	34	$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 1977: The administrative and 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.

Objectives for 1978: The Presidential and 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: Program Administration (General Education Provisions Act, Sec. 400(c))

1977 Appropriation		1978		
			Budget Estimate	
Pos.	Amount	Authorization	Pos.	Amount
3,404	$112,976,000	Indefinite	3,443	$127,018,000

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 as a separate appropriation.

Accomplishments in 1977: To enhance fiscal and program integrity. To detect, control, and prevent fraud and abuse of Federal education programs.

Objectives for 1978: To continue effective administration of the Office of Education and the management of more than 100 Federal education programs. To implement provisions of the Education Amendments of 1976 concerning Vocational education. To expand data collection and processing activities related to efficient management of the Guaranteed Student Loan program. To ensure fair and technically proficient review of grant proposals by funding an increased number of field readers. To decrease the use of contractual services and to effect other savings in overhead costs.

New Positions Requested

	1978		
	Grade	Number	Annual Salary
Vocational Education:			
Education Program Specialist	GS-15	2	67,578
Education Program Specialist	GS-14	4	114,900
Education Program Specialist	GS-13	4	97,232
Program Analyst	GS-13	2	48,616
Research and Program Specialist	GS-13	2	48,616
Education Program Specialist	GS-12	18	367,956
Economist	GS-12	2	40,884
Education Evaluation Specialist	GS-11	4	68,224
Research and Program Specialist	GS-11	4	68,224
Program Analyst	GS-9	2	28,194
Statistician	GS-9	2	28,194
Research and Program Specialist	GS-9	2	28,194
Education Program Specialist	GS-7	2	23,046
Research and Program Specialist	GS-7	2	23,046
Secretary-Typist	GS-3	14	103,712
Clerk-Typist	GS-2	2	13,144
Total new positions		68	1,169,760

FRIDAY, MARCH 25, 1977.

NATIONAL INSTITUTE OF EDUCATION

WITNESSES

HAROLD L. HODGKINSON, DIRECTOR
CHARLES NELSON, MEMBER, NATIONAL COUNCIL ON EDUCATIONAL RESEARCH
EMERSON J. ELLIOTT, DEPUTY DIRECTOR
JOHN W. CHRISTENSEN, BUDGET OFFICER
WILFORD FORBUSH, DEPUTY ASSISTANT SECRETARY, BUDGET

Mr. FLOOD. The committee will come to order.

This morning we have the National Institute of Education.

The presentation will be made by Harold L. Hodgkinson, the Director of the National Institute of Education.

We have your biographical sketch, Mr. Hodgkinson, which we will place in the record at this point as well as your statement and a statement by Mr. Charles Nelson, member of the National Council on Educational Research for NIE.

These statements will be placed in the record at this point.

[The statement and biographical sketch follow:]

BIOGRAPHICAL SKETCH

Name: Harold L. Hodgkinson.
Position: Director.
Birthplace and date: Minneapolis, Minn., 1931.
Education: University of Minnesota, bachelor of science, 1953. Wesleyan University, master of arts, 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, Calif.
1962–68: Dean of the College, Bard College, New York.
1958–61: Director, School of Education, Simmons College, Boston, Mass.
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 Nontraditional, Federation of Regional Accrediting Associations of Higher Education.

NATIONAL INSTITUTE OF EDUCATION, STATEMENT BY DIRECTOR

Mr. Chairman and members of the subcommittee, I am pleased to appear today on behalf of the National Institute of Education to request a fiscal year 1978 budget of $109 million. This figure is an increase of $19 million over the fiscal year 1977 requested appropriation of $90 million.

For much of our history as a nation, the model associated with American education was that of the "self-made" individual. Today we are undergoing a return to many of the old values of this country including a reemphasis on the basics in education. This is a time for consolidation, reflection, and planning. In the words of history's foremost example of the self-made man, Abraham Lincoln: "If we could first know where we are and whither we are tending, we could better judge what to do and how to do it." [1]

[1] The first sentence of Lincoln's "House Divided" speech accepting nomination to the Senate of the United States, 1858.

Mr. Chairman, I see the role of educational research and development, and hence the role of the National Institute of Education, as helping us to understand where we are in education today and how we might make better choices about where we are going.

The program before you today reflects NIE's effort, now 2 years old, to focus on a manageably small number of serious problems and to develop a solid foundation of knowledge and products from which to build. Only last month, I appeared before you to present and justify NIE's "supplemental" budget for fiscal year 1977. I referred then to our five program priorities codified in the Education Amendments of 1976 which reauthorized the institute. These priorities are to improve the following things:

Education in basic skills;

Finance, productivity, and management of educational institutions;

Equal educational opportunity;

The relationship between education and work; and

The dissemination and use of new knowledge.

Working within these areas of emphasis, we have tried to lay a foundation of cumulative work while attempting to respond simultaneously to the immediate needs of many and varied clienteles. If an analogy is appropriate, we seek to advance the science of forestry without neglecting brush fires. To this end, the institute has published a databook, the first comprehensive summary of basic information on education research and development, which will be of lasting value to students of the subject and will contribute to planning the R. & D. system. At the same time, however, we are attacking the problem of unsafe schools at the urgent request of Congress. Our work in the area of human information processing is developing new answers to the age-old question of how people learn. This same work may help us to solve finally the serious contemporary problems of persisting illiteracy and declining test scores. We study abstractions such as "resegregation tendencies," "residential mobility patterns," and "unequal student treatment," but we have also developed new text materials for the Northwest Plains Indians, published catalogs of bilingual curriculum materials, and developed a self-teaching kit to help counselors identify and eliminate sex stereotyping from their career guidance materials. As one part of NIE assists State legislatures and education agencies in the painstaking process of revising their education finance laws, another part is supporting telecommunications satellite projects designed to improve immediately the access to education of people in rural and isolated areas. Thus, the institute has tried to maintain a balance between the long-term effort and the short, between theory and application, between continued refinement of established ideas and new initiatives. That is where we are. Wither are we tending?

Roughly 75 percent, or $81,750,000, of our requested fiscal year 1978 budget covers the continuation of programs already begun and the salaries and support cost of institute staff. The remaining 25 percent, or $27,250,000, will provide for some expansion of activities within the current program priority areas as well as for increased support to the laboratories and centers under the 1976 legislation. The new initiatives we are planning for fiscal year 1978 include:

A concerted effort to improve student achievement;

Strong measures to increase the participation of minorities and women in education research, development, and dissemination;

Funding meritorious R. & D. proposals in an effort to tap the vast education expertise outside of NIE; and

Helping State legislators, local and State education agencies, and school committees to deal with court-mandated school finance reforms.

Established efforts we hope to buttress with increased resources next year include the education satellite experiment, basic research, the dissemination of information and products to students and practitioners of education, and the improvement and continuation of laboratories and centers following recommendations of the legislatively authorized Panel for Review of Laboratory and Center Operations.

In summary, Mr. Chairman, the NIE fiscal year 1978 budget request is responsive to the short- and long-range concerns of parents, teachers, school officials, and the Congress. The programs and initiatives which I have discussed today address the major educational problems facing these groups. By continuing to emphasize crosscutting themes such as equal opportunity, broad participation, and openmindedness to educational alternatives, NIE hopes to provide the leadership necessary to find prompt and lasting solutions to these problems.

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At this time, I would like to introduce Mr. Charles Nelson, who is a member of the National Council on Educational Research. Mr. Nelson, the staff, and I are ready to respond to your questions.

BIOGRAPHICAL SKETCH

Name: Charles A. Nelson.

Position: Member, National Council on Educational Research, principal, Peat, Marwick, Mitchell & Co., New York, N.Y.

Birthplace, and date: Berwyn, Ill., 1922.

Education: St. John's College, Annapolis, Md., bachelor of arts, 1947.

Experience:

1958–68: President, Nelson Associates, Inc., management consultants, New York, N.Y.

1956–58: Consultant, Cresap, McCormick & Paget, Inc., New York, N.Y.

1952–56: Executive director, American Foundation for Political Education, Chicago, Ill.

1947–52: Director, seminars in world politics, University College, University of Chicago. Director, basic program of liberal education, University College, University of Chicago.

Publications: Coeditor of "Toward the Liberally Educated Executive," prepared for the Fund for Adult Education and published as a mentor book by the New American Library, "The University, the Citizen and World Affairs," prepared for the Carnegie Endowment for International Peace and published by the American Council on Education; "Developing Responsible Public Leaders," prepared for the Fund for Adult Education and published by Oceana Publications, Inc.

Memberships: Vice chairman, board of visitors and governors, St. John's College, Annapolis, Md., and Santa Fe, N. Mex., Charter member of Society of Professional Management Consultants.

NATIONAL INSTITUTE OF EDUCATION

NATIONAL COUNCIL ON EDUCATIONAL RESEARCH, STATEMENT BY MEMBER, EXECUTIVE COMMITTEE, MR. CHARLES A. NELSON

Mr. Chairman and members of the subcommittee, I am here on behalf of the National Council on Educational Research to endorse the fiscal year 1978 request of NIE for $109 million. We are convinced that the requested level is urgently required. We are equally convinced that it will be well spent if provided.

As a member of the Council and as a management consultant, I can appreciate the concern expressed by this committee in its report on the fiscal year 1977 supplemental that, among other uncertainties, the pending change in NIE leadership may "produce a change in priorities for launching new educational research." This argument, we believe, should not be extended to unduly limit funding for fiscal year 1978.

We believe there are three important reasons why the Institute's present momentum and direction can be maintained if funding is provided at the requested level. The first is that the National Council on Educational Research, established explicitly by Congress as a policymaking board—not an advisory body—does in fact set policies and priorities for NIE. We completed a lengthy policy review last Friday concerning curriculum development and established policy and priorities in this important area through fiscal year 1981. Under the guidance expressed by Congress during the recent reauthorization process, we are asserting our position as a policy body in a vigorous and much more thorough fashion. We have no doubt that the senior staff of NIE is obtaining, and will continue to obtain from our Council and from the administration, policy guidance for the 1978 fiscal year.

Second, the strength of the senior staff below the Director and the Deputy Director level should not be underestimated. The senior program officer positions are filled by research personnel who, with our encouragement, have been developing detailed program plans for fiscal year 1978 and beyond. This senior staff group was prepared to carry forward a $90 million program during the current year and has the capacity to conduct the proposed $109 million program next year.

Third, and finally, the NIE has succeeded in establishing a solid base of relationships with educators and educational agencies and has developed its program in consultation with them over the past 2 years. The proposed funding for fiscal year 1978 will simply bring NIE back to the level of its original budget for 1973. The NIE needs a signal now from Congress that you recognize the progress that is being made and are prepared to provide the funds necessary for another forward step in fiscal year 1978. The educational needs are pressing, our policies have established the priorities, and the NIE programs are in place.

I respectfully urge you to approve the $109 million request.

Thank you.

Mr. FLOOD. Do you have some people you would like us to meet?

Mr. HODGKINSON. On the far left is Emerson Elliott, Deputy Director. Next to him, John Christensen, Budget Officer, Charles Nelson, member, National Council on Educational Research, and Bill Forbush from the Budget Office of HEW.

We would like to briefly summarize the written remarks, if that is agreeable. If not, we can simply proceed with questions.

SUPPORT FOR THE INSTITUTE

Mr. FLOOD. Well, under the circumstances let's go to the questions, because you have been onboard 2 years now, Doctor.

We would like to know, as you look back—and I am sure you have over these 2 years—what do you consider the most noteworthy achievement of the Institute? What is No. 1?

Mr. HODGKINSON. That is singular, right, No. 1?

Mr. FLOOD. That is right, exhibit A.

Mr. HODGKINSON. It is rather difficult to define, but I think if there were a single point that is important about the agency today compared to what it was like 2 years ago, it is the fact that there is increased support in the field, both in terms of the associations and in terms of practitioners for educational research and its usefulness to practitioners of education.

Mr. FLOOD. You sound as though you expected me to ask you that question, almost.

Mr. HODGKINSON. It had occurred to me, sir.

EDUCATIONAL VOUCHERS

Mr. FLOOD. That was a very good answer.

Would you consider those education voucher experiments one of your poorest investments?

Mr. HODGKINSON. It is difficult for me to answer that because I was not here when that investment was initiated. I can say we carried it through to completion, and out of the voucher experiments as with others there came two or three consequences that were not anticipated.

One was the development of a sophisticated notion of pupil transportation systems. We discovered some ways of increasing cost effectiveness of pupil transportation systems by up to 25 percnt. That publication is now such a hot item that it is very hard to keep in stock because every school board in the country wants to know how they can do the same thing.

The voucher itself, did not prove to be uniformly applicable across the country. But there are still a large number of pupil choice systems

now in operation whereby a student may choose from a variety of courses. Magnet schools are much more common these days, in which a school has a particular excellence and draws students to it.

So it is important to continue experimentation on the issue of pupil choice, even though the concept of using a piece of paper to represent an investment did not prove to be successful.

PROPOSED BUDGET INCREASES

Mr. FLOOD. It was the latter part I was addressing.

Final action has not been taken on the 1977 appropriation for the Institute. But it appears the amount will be $70 million.

Now in the 1978 budget you want $109 million. That is an increase of $39 million and obviously an increase of over 50 percent.

What assurance can you give us that there is a real need to expand educational research that much in just 1 year?

Mr. HODGKINSON. I think the best way to do that would be to indicate what the $39 million would accomplish, and if that is permissible I would like to submit it for the record.

Mr. FLOOD. By all means. We are concerned about the real need to that extent in 1 year.

Mr. HODGKINSON. There are four major things we would like to do in 1978.

First is to try to improve the quality of student achievement in the United States.

Second is to increase the participation of women and minorities in educational research and development.

Third is to emphasize field-initiated studies. That is proposals that come from researchers in colleges, universities, and public schools to tap their ideas of what needs to be done.

Fourth, to help decisionmakers with issues of school finance reform at the local and State level.

None of these found can be accomplished at the existing budget level. All will require additional support. The allocation of the additional money we are requesting is carefully specified in this chart I have just given you.

If you have questions about the allocation of funds, we would be happy to talk about that.

[The information follows:]

The additional $39 million will permit the following work:

$11.0 million for research into such basic skills issues as the design of tests, literacy skills needed to function in everyday life in America and competency-based teacher licensing requirements and such education-to-work issues as how schools can prepare students to adapt to various kinds of work during their employment lifetime.

$4.0 million to take the results of education R. & D. to the schools through State education agency information exchanges (another 6 to 10 Sttaes would participate), and continued training and technical assistance (primarily to improve reading, other basic skills, and teacher effectiveness).

$3.5 million to find better ways to educate children with limited English-speaking ability and cultural differences and better knowledge about how schools and parents can solve problems associated with school desegregation.

$5.8 million to labs and centers, especially to improve their ability to provide technical assistance and information based on research and development to the schools.

$3.6 million for expansion of the ATS–6 satellite demonstration, particularly in Alaskan and Appalachian communities and studies to help to learn how big city schools can improve their programs through better management and organization.

$2.3 million for studies of access to and financing of post-secondary education, particularly for students beyond the traditional 18 to 24 age group.

$1.8 assisting State and local officials in dealing with issues of school finance.

$4.0 responding to the declining student achievement problem by consolidating information on effective educational practices such as parent training, tutoring, and the use of computer technology, and making it available to teachers.

$3.0 increasing participation of minorities and women in educational research, development, and dissemination through training, technical assistance, and fellowship programs.

Mr. FLOOD. We are concerned primarily not so much about the presentation you have made in this memo but all of this in 1 year for an educational research proposal. That is over 50 percent.

Mr. HODGKINSON. Yes, sir. I believe there is an urgency in the need for the Federal role to be quickly expanded in education research and development and that urgency can be illustrated by pointing out that education is the major occupation of 62 million people—over one-fourth of our population—yet only one-half of 1 percent of what we spend on education goes into research and development as compared to 3.6 percent in health and 3.2 percent in agriculture.

Although our final fiscal year 1977 allocation may indeed be $70 million, we have already written RFP's and grant announcements in anticipation of a $90 million budget. Since these mechanisms are already in place, we could proceed in fiscal year 1978 with funding these programs that we consider vital to the improvement of education.

The fact that in 1976 we were able to spend the allocated funds almost to the dollar by the end of the fiscal year indicates responsibility and efficiency on the part of the Institute in carrying out its budget.

MEASUREMENT METHODOLOGIES

Mr. FLOOD. What are some of the big gaps in education research? In other words, what is it you want to find out about improving education that you don't know this morning?

Mr. HODGKINSON. We don't really know at the present time the best strategies for improving education because there are problems with measuring educational attainment. One of our priority programs is getting some better tests and some better measures of student performance that will help teachers to improve their quality.

At the present time, many of the nationally standardized tests simply give you a single score. The single score does not help you as a teacher to figure out what that particular student needs in order to improve his or her performance. That is one very big area. It is in an area that has not been covered adequately and it is an area where we think we can make a contribution.

WOMEN AND MINORITIES IN EDUCATION R. & D.

Mr. FLOOD. That is the big one?

Mr. HODGKINSON. There are several, but that is certainly one.

Another major problem area of immediate concern is the lack of adequate opportunities for women and minorities to enter the field of educational research and development.

EDUCATIONAL SATELLITE

Mr. FLOOD. I don't think you will be surprised if I ask you this one: The educational satellite experiment which you are supporting; You have heard of this?

Mr. HODGKINSON. Yes, sir.

Mr. FLOOD. Now we want to know how much the Institute spent in 1976.

Mr. HODGKINSON. The 1976 figure is $600,000.

Mr. FLOOD. How much do you plan to spend in 1977?

Mr. HODGKINSON. The plans at the $70 million level provided $1 million for the satellite projects.

However, there is a motion on the part of the Senate to ask us to spend $3.6 million for satellites. If that is the final intent of Congress we will obviously comply.

Mr. FLOOD. How much do you have in the budget request for 1978?

Mr. HODGKINSON. $3.25 million.

Mr. FLOOD. This satellite experiment was first funded back in 1971. We understand that $34 million has been spent so far on the project. Now, of course, that includes funds from various sources, the Federation of Rocky Mountain States, the Appalachian Regional Commission and some different State funding.

What benefits have been derived from the project?

Mr. HODGKINSON. There are two main parts of the program we have supported. One is the increased need for teachers in isolated areas to upgrade their skills in teaching reading. The other is the increased interest that many teachers in rural areas have in career education.

Mr. FLOOD. That is what you want the program to achieve?

Mr. HODGKINSON. The two programs we have already completed——

Mr. FLOOD. What benefits have been derived from the $34 million.

Mr. HODGKINSON. There are about 1,200 elementary and secondary schoolteachers who have been able to receive accredited in-service courses from the NIE satellite program. These were teachers in geographically remote areas and they would not have been able to receive this credit without the program. Their skills in terms of teaching reading and in career education have been improved.

In addition, large numbers of students have had an experience with career education that they would not otherwise have been able to have. This enables them to make better decisions about their future.

Mr. FLOOD. That is what you say.

Now as you know, an independent evaluation was made by the Syracuse Research Corp. It was very recently concluded. They say, "Payoffs in terms of educational experimentation was trivial when considered in the terms of the total cost."

That evaluation report indicates that on every conceivable measure —cost, flexibility, usefulness—there are three of them, the project has been a failure. What about that?

Mr. HODGKINSON. That is one of two evaluation studies.

Mr. FLOOD. Well, let's talk about that one.

Mr. HODGKINSON. The Syracuse evaluation has a problem in terms of the data limitations. The sampling was limited.

Mr. FLOOD. You are familiar with the report?

Mr. HODGKINSON. Yes; I am familiar with both reports. There are two studies we have to think of.

Mr. FLOOD. You are familiar with the Syracuse report?

Mr. HODGKINSON. Yes, sir.

Mr. FLOOD. Is the report accurate?

Mr. HODGKINSON. It is accurate on a very limited sample of respondents.

One of the difficulties with the satellite experiment is that because these people are so geographically isolated, it is often very difficult to find out who has been watching and what the results have been on these people.

There are 16 Alaskan villages you can only reach by dogsled and how can you find out what happened from that experience of watching a broadcast? We know that some of the Public Health information delivered through the satellite has resulted in lower infant mortality rates in those Alaskan villages.

So the evaluation problems in dealing with geographically isolated populations are very, very large.

For the same reason you cannot teach isolated populations, it is difficult to evaluate programs relating to them.

Mr. FLOOD. I can see where you might want to develop an answer to that Syracuse report for the record perhaps a little further than you have, I would think.

Mr. HODGKINNSON. Would it be permissible to include references to the other report?

Mr. FLOOD. Yes.

[The information follows:]

The Syracuse report is a comparative analysis of satellite and other delivery systems for distributing instructional television. It summarizes an earlier case study report on the demonstrations themselves. Several isues must be understood in reviewing the findings. The Educational Satellite Communications demonstration was the application of a technology already known to educators in regions where this technology was not readily available. As is typical in such demonstration activity, the goal was to provide experience and spark interest in the possible benefits of the technology. The cost-effectiveness of the specific implementation is not necessarily the principle focus—this was certainly the case with the ESCD where the Federal Government provided satellite services and support to regions at no cost or at lower costs than would have been otherwise possible. Syracuse was asked to review instructional television only and not other telecommunications applications of the satellite. Thus, the cost analysis is limited to that application. And the cost analysis was constructed to provide a model for assessing cost trade-offs among competing instructional television delivery systems in providing the same service. In analyzing the three demonstrations, Syracuse study found that the instructional television distribution via satellite satisfied the criteria for cost-effectiveness only in the Alaska region. In the other demonstration sites, other delivery systems may show cost advantages for instructional television distribution. Syracuse Research Corporation advises that sites be assessed in terms of the cost-effectiveness of the application since the program will become operational only where it is likely to be economically feasible.

NATIONAL COUNCIL ON EDUCATIONAL RESEARCH

Mr. FLOOD. What has been your experience with the National Council on Educational Research? Does that Council dictate to you the kind of research projects that your Institute is going to support?

Mr. HODGKINSON. I would like to ask Mr. Nelson to speak to that after I respond, if that is appropriate.

From my experience in the 2-year period, the Council has improved enormously. There is now a very effective Executive Committee of the Council which establishes agendas in advance; thus, it is quite clear whether items are to be handled for decisionmaking or advice. We know the kinds of decisions the Council is going to make. We feel the staff work now is much more appropriate given the Council's needs and, because of the action of the Congress in thet last session, we now have some sense of continuity because members stay in place even if new replacements are not nominated for them.

There have been no attempts to dictate programmatic decisions to me since I have been at the Institute. That has not occurred.

Mr. Nelson may want to comment.

Mr. NELSON. Mr. Chairman, the Council has solely a policymaking function. During the period that I have been on the Council, which has been just about a year now, we have been spending a considerable amount of time trying to define and develop that policy role. I think one of the effects of it has been that we have delineated more clearly the distinction between administrative action and policymaking. We think we know now where the policymaking role is and that is what we are sticking to.

Just last Friday the Council had a meeting at which we adopted a policy on curriculum development which set the priorities and direction through fiscal 1981 in this area. With the assistance of the staff, a number of policy options were presented to the Council.

Now the effect of that kind of approach was that we really were able to concentrate on basic policy issues.

Mr. FLOOD. What staff?

Mr. NELSON. The NIE staff. We had advice from the Director as to which options he would choose. We had a good debate on the issue. The committee reviewed it and then when adopted, the policies will guide the Institute.

Mr. FLOOD. As you know, the education amendments of 1976 made several changes regarding the National Council. One of the changes provided that the Council shall be broadly representative of the general public and of the education professions. Why was this specified in the legislation? Isn't the Council broadly representative now?

Mr. NELSON. I think it is fairly broadly representative. We have one excellent junior high school teacher. We have an instructor of a community college. We have the president of the University of Illinois and the president of a private college. We have a dean of a school of education. We have a lawyer from Chicago. We have a professor of higher education at Stanford. We have a leading businessman from New York. We have the State superintendent of public instruction of California.

I am the last of those. I am a management consultant from New York. I think it is quite broadly represented.

Mr. FLOOD. Who is the present Chairman of the Council?

Mr. NELSON. Jack Corbally, the president of the University of Illinois.

PANEL TO REVIEW LABORATORY AND CENTER OPERATIONS

Mr. FLOOD. The 1976 education amendments mandated the establishment of a panel for the review of the laboratory and center operations. When do you expect that panel to begin working?

Mr. HODGKINSON. As of last Tuesday, I had completed the selection of 18 members of a panel from 428 nominations. It was a very involved process. It included reading each of the folders with three independent readers with rankings established.

I presented this to the nominee for Assistant Secretary, Dr. Berry. She conveyed to me the impression that the Secretary had decided to hold up on appointing this panel and signing the charter because of an OMB circular which made a review necessary of all existing Federal advisory committees.

As a consequence, although the panel was ready to be in operation as of last Tuesday, it was not possible to appoint the panel. I don't know the when the panel will be appointed. It is ready to go at any time we receive clearance.

Mr. FLOOD. What will it cost?

Mr. HODGKINSON. The costs will not be terribly high. I think about $200,000 will cover the studies the panel will need to do. It may be higher than that, but I think we can move the panel fairly quickly in its first year. The second-year costs are going to be higher because they will be traveling to sites and they will be wanting to get in on quite a few projects that will involve the evaluation of the laboratory and center plans.

Mr. FLOOD. Is it going to help solve the management problems of the laboratories and centers or are you just going to add one more layer of bureaucracy on top of another one?

Mr. HODGKINSON. No, sir. I have been very concerned about the laboratories and centers since I have been here in Washington because I came from the Center for Research and Development in Higher Education at the University of California in Berkeley and I know about the center's experience. There is a lack of trust on both sides.

I think there have been significant improvements in the past 2-year period. I heard from the leadership of the group of labs and centers yesterday that this is indeed their view of the situation, too. We both believe we need the panel because there needs to be some kind of relatively neutral group that is experienced professionally and broadly representative of the education profession to make recommendations on the lab and center 3- to 5-year plans.

So the panel is important to us and to the Council for Educational Development and Research (CEDAR), a collective body of lab and center leaders.

Mr. FLOOD. Is it going to help you weed out the ineffective labs and centers?

Mr. HODGKINSON. Yes; I believe that will be the case. The legislation expressed the fact that the panel has the responsibility of making recommendations about plans that it does not think are satisfactory. Those recommendations will have to be addressed.

FEDERAL COUNCIL ON EDUCATIONAL RESEARCH AND DEVELOPMENT

Mr. FLOOD. Again, referring to the 1976 Educational Amendments which go on like Tennyson's brook, that mandated the establishment, again, of a Federal Council on Educational Research and Development with members to be appointed by the President.

Well, when do you expect that Council to begin its work?

Mr. HODGKINSON. I have made a decision on that one, Mr. Flood, which is a personal decision on my part. We have already completed the first two studies of the use in the Federal Government of educational research and development. It lists about $511 million of the Federal operations in educational research and development across about 20 different agencies.

Given the fact that this background material is already available and given the fact that a new Director of NIE, who will chair this Federal Council, may have his or her own ideas on how such a Council ought to proceed, I thought my job was to get this information completed and get it out so that we will have it by the end of Marc... We will publish a third report which will go into much greater detail about each agency in terms of how they spend educational R. & D. money.

Mr. FLOOD. What will it cost?

Mr. HODGKINSON. This third report will be more expensive because of the fact that there will be a need for some kind of data processing to get into each agency's intentions for educational R. & D. My estimate is that it will be between $1½ and $2 million.

Mr. FLOOD. Are you talking about hardware?

Mr. HODGKINSON. No, sir; software primarily.

Mr. FLOOD. How will disputes between the National Council on Education Research that you talked about, the NIE Director, and the Federal Council be resolved? Will you have to hire some kind of an administrative law judge to settle disputes?

Mr. HODGKINSON. I don't think so. There is no statement in the legislation that says that the Federal Council should have a policymaking role vis-a-vis NIE. The role of the Federal Council is to gather information and coordinate information dealing with the Federal Government's investigations in educational R. & D. The National Council has the policymaking role for the Institute. I see no problem there at all.

Mr. FLOOD. All right.

Mr. HODGKINSON. Just for your information, Mr. Flood, I have been chairing a subcommittee of this Federal Interagency Committee on Education known as FICE which deals with education R. & D. Thus, the people who will probably be on the new Federal Council have already been working on those issues for about 1½ years and it was with their support that we produced these documents so there is a group in place already.

Mr. FLOOD. As you indicate, there are a number of Federal agencies that do educational research and development in addition to the Institute. We would like you to do this for the record.

Provide a table with the latest possible data showing which agencies are engaged in these activities, the amount of funding, and the type of programs that are involved.

[The information follows:]

FEDERAL PROGRAMS IN EDUCATION KPU continued

Department and Agency	NIE's Estimate Obligations
I. Department of HEW *(Continued)*	
C. Office Human Development	15,364
1. Off. Child Development	14,167
2. Administration on Aging	720
3. Off. Youth Development	440
4. Rehabilitation Services Adm.	37
D. Ass't Secretary Planning & Eval.	1,325
E. Social Rehabilitation Service	181
II. Department of Agriculture	778
A. Extension Service	0
B. Coop. State Research Service	578
C. Farmer Cooperative Service	0
D. Food & Nutrition Service	200
III. Department of Commerce	0
Nat'l Fire Prev/Control Adm.	0
IV. Department of Defense	21,451
A. Navy	8,721
B. Army	5,070
C. Advanced Research Proj. Agency	4,069
D. Air Force	3,591
V. Department of Interior	1,178
A. Bur. of Indian Affairs	1,128
B. National Park Service	50
C. Bur. of Land Management	0
VI. Department of Justice	0
Law Enforcement Ass't Agency	0
VII. Department of Labor	951
VIII. Department of State	1,447
AID	1,447
IX. Department of Treasury	0
Federal Law Enforc. Train Ctr.	0
Independent Agencies	
I. ACTION	12
II. Appalachain Regional Com.	1,300
III. Community Service Adm.	2,500
IV. Nat'l Endowment for the Arts	450
V. Nat'l Endowment Human.	17,061
VI. National Science Foundation	39,875
VII. Smithsonian Institution	3,187

TABLE ON FEDERAL PROGRAMS IN EDUCATION KNOWLEDGE PRODUCTION AND UTILIZATION FOR FISCAL YEAR 1975

Department and Agency	NIE's Estimate (Obligations
Total	513,044
Departments	
I. Department of HEW	422,854
A. Education	358,833
1. Office of Education	264,458
a. Bur. of School Systems	70,312
(1) Supplementary Ctrs.	10,000
(2) Equal Opportunity	640
(3) Follow Through	52,464
(4) Environmental Ed.	6,773
(5) Drug Education	435
b. Bur. Occ./Adult Ed.	43,086
c. Bur. Ed. for Handicapped	33,722
d. Off. of the Commissioner	84,235
(1) Off. of Bilingual Ed.	68,555
(2) Right to Read	5,257
(3) Off. of Career Ed.	10,423
e. Off. Plan/Budget/Eval.	17,103
f. Bureau Post-Secondary Ed.	3,800
g. Office of Indian Education	12,200
h. Other	—
(1) Ed. Development	—
(2) Library	—
(3) Salaries & Expenses	—
2. National Institute of Ed.	73,820
a. Basic Skills	20,798
b. Finance and Productivity	19,543
c. Education & Work	15,478
d. Educational Equity	8,465
e. Diss. & Resources	6,933
f. School Capacity Prob/Solve	2,603
3. Ass't Secretary for Education	20,555
a. NCES (Statistics)	8,293
b. FIPSE (Post-Secondary)	11,300
c. Immediate Office	962
B. Public Health Service	47,151
1. ADAMHA	16,807
a. NIMH (Mental Health)	10,864
b. NIAA&A (Alcoholism)	3,135
c. NIDA (Drug Abuse)	2,808
2. Health Resources Adm.	14,775
a. Bur. Health Manpower	10,862
b. Health Services Research	3,414
c. Off. Planning & Legis.	499
3. National Institute of Health	12,962
a.NICHD (Child Health)	7,030
b.NHLI (Heart & Lung)	4,265
c. NINCDS (Neurological)	1,167
d. Nat'l Library Medicine	500
4. Center for Disease Control	1,956
Bureau of Health Education	1,956
5. Health Services Administration	651
Bur. Community Health Serv.	651

Federal Programs Involved in Education Knowledge, Production and Utilization

I. DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

A. Education

1. OFFICE OF EDUCATION

Research activities within programs for Education for the Handicapped and for Vocational Education have been retained at the express direction of the Congress. Other activities within OE that are more developmental in nature are as follows:

. Bilingual Education

Support includes grants for the development and demonstration of bilingual education programs in local school districts and support for the development of bilingual instructional materials.

. Right to Read

Funds are awarded to State and local education agencies, institutions of higher education, and other public and private non-profit agencies to demonstrate effective reading programs. Up to 1% of appropriated funds will be used for evaluation.

. Follow Through

This is an experimental program designed to test the effectiveness of various models of early primary education programs being developed to increase the achievement of disadvantaged children. A National evaluation of these models will be conducted.

. Environmental Education

Funds support pilot and demonstration projects.

. Indian Education

Funds support pilot, developmental, or demonstration projects.

. Education for the Handicapped

Several handicapped projects - Projects demonstrate practices designed to meet the educational and training needs of severely handicapped children and youth. Funds also support media outreach activities, an information clearinghouse, and efforts to recruit educators and students to the field.

- Innovation and Development

Program components are designed to improve the effectiveness and efficiency of the educational system and its provisions for handicapped children through the development and validation of new service models and their diffusion and adoption.

- Media Services

Of the total funds available for this activity about 30% supports the development of educational media services.

. Occupational, Vocational, and Adult Education - Innovation

Projects funded must be exemplary and innovative programs designed to serve as models for broadening the occupational aspirations and opportunities of youth.

- Curriculum Development

The emphasis is on supporting innovative projects in order to improve the efficiency and effectiveness of vocational education.

. Higher Education

- Language Training and Area Studies

The research done in this program is directed toward the language learning process, the methodology of foreign language teaching, preparation of instructional materials on uncommonly taught languages, and the development of baseline studies and curriculum materials for international/intercultural education.

- Ethnic Heritage

Funds provide assistance in the planning, development, establishment and operation of programs in ethnic heritage.

. Educational Activities Overseas

The research and development activities undertaken in this program focus on foreign languages, area studies, world affairs, and intercultural understanding through production of new knowledge and development of improved curricula and instructional materials, such as research reference materials.

. Innovative and Experimental Programs

The Special Projects Act of 1974 authorizes activities to address special educational needs. Of the funds appropriated, 50% must be allocated to the following program areas; (1) Education for the Use of the Metric System of Measurement; (2) Gifted and Talented, Children; (3) Community Schools; (4) Career Education; (5) Consumers' Education; (6) Women's Equity in Education; and (7) Arts in Education Programs. Of the second set of activities, two programs, Education Television Programming and Career Education are demonstrations addressing priorities set by the Commissioner.

. Information Clearinghouses

As required by the Education Amendments of 1974, support is provided for the collection, analysis and dissemination of information about adult, bilingual and community education.

In addition, in response to the demands from the field for OE approved

educational programs addressing specific problems, e.g., compensatory education, a OE/NIE Joint Dissemination Review Panel was established to assess the validity of the success of OE supported projects prior to dissemination.

. Innovative and Experimental Programs

Packaging and Dissemination - funds support the National Diffusion Network and its dissemination of information about effective projects, products, and practices developed in programs administrated by OE and NIE. Funds also support the development of Project Information Packages (PIP's) to give educators the necessary information, materials and guidance to copy the essential features of selected effective projects, and to develop dissemination strategies for the PIP's.

. Emergency School Aid

Activities include a longitudinal study of ESAA Basic Grant and ESAA pilot projects as well as studies of ESAA awards to non-profit organizations and for Educational Television.

2. NATIONAL INSTITUTE OF EDUCATION

a. 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.

b. Finance and Productivity

Program supports R&D projects designed to assist State and local education institutions in providing high quality education in an era when enrollments are changing rapidly in distribution and character, costs are continuing to rise, and courts and other public bodies and requiring new distributions of educational funds.

c. Education and Work

Program supports R&D to improve the contribution education makes to individuals' abilities to learn and progress in their careers.

d. Educational Equity

Program helps schools to meet their responsibilities to provide equal educational opportunities for students of limited English-speaking ability, women, and students who are socially, economically, or educationally disadvantaged.

e. Dissemination and Resources

Program is designed to make research and development knowledge available directly to school officials as well as to assist them in applying that knowledge to the solution of educational problems.

f. School Capacity for Problem Solving

Program supports R&D projects designed to assist people in local schools, as well as the people they serve, in developing the skills they need to successfully manage school improvement efforts.

3. Assistant Secretary for Education

a. National Center for Education Statistics. NCES is the primary source of educational statistical data for Federal policy-makers. NCES has several responsibilities beyond collection of periodic statics (such as coordiantion of all data collection within the Education Division through the Education Data Acquisition council). The activities are: statistical research data; general purpose statistics; and development of statistical programs.

b. Fund for the Improvement of Post-Secondary Education. The authorizing legislation of FIPSE gives it the mandate to encourage "the reform, innovation, and improvement of post-secondary education."

c. Education Policy Research Centers (immediate Office of the Secretary). The immediate Office of the Secretary support three centers which conduct research in three areas: education of special needs groups; school finance and education delivery systems; and post-secondary education and society.

B. Public Health Service

1. Alcohol, Drug Abuse and Mental Health Administration

a. National Institute of Mental Health. Funds support research relevant to education (e.g., the cognitive or socio-emotion development of children).

b. National Institute on Alcohol Abuse and Alcoholism. Funds are expended on educationally related research and on alcohol education curriculum for schools.

c. National Institute on Drug Abuse. Funds are used for the development and demonstration of drug abuse curricula for schools, as well as studing adolescent development.

2. Health Resources Administration

a. Bureau of Health Manpower. Programs are for the development and evaluation of new health training programs.

b. National Center for Health Services Research. This center conducts research in health education.

c. Office of Planning, Evaluation and Legislation. Funds are supportive of evaluations of Health Education programs.

3. National Institutes of Health

a. National Institute of Child Health and Human Development. Research in child health education.

b. National Heart and Lung Institute. Research is in the health education area.

c. National Institute of Neurological and Communicative Disorders and Stroke. Projects focus on the cognitive development of children.

d. National Library of Medicine. Development and support of medical libraries and training of medical librarians and other health information specialists.

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4. Center for Disease Control

One bureau of this agency, Bureau of Health Education is involved in activity for development of health related curricula for schools.

5. Health Services Administration

The Bureau of Community Health Services conducts activities involving research on the cognitive development of children.

C. Office of Human Development

1. Office of Child Development

Programs deal with early childhood education and basic research on the cognitive and socio-emotional development of children.

2. Administration on Aging

Demonstration projects that deal with classroom instruction for the elderly.

3. Office of Youth Development

Projects are concerned with curriculum development and teaching techniques.

D. Assistant Secretary for Planning and Evaluation

Funding includes both education and health education programs in policy research and evaluation.

E. Social and Rehabilitative Services

Portions of projects deal with day care demonstration.

II. Department of Agriculture

A. Cooperative State Research Service

Basic research on the socio-emotional and cognitive functioning of children.

B. Food and Nutrition Service

Child Nutrition Program that develops materials that are distributed through the schools and are part of the curricula on nutrition.

III. Department of Defense

The Department of Navy; Army; Air Force; and the Advanced Research Projects Agency are conducting KPU activities in their employment, manpower and training policy area.

A. Department of the Navy

These programs involve research, development, and evaluation of computer assisted and managed instruction, and research in the assessment of individual differences in information processing.

B. Department of the Army

Research on the occupational decision-making of high school students and learning of complex tasks; the development of IQ test; and research, development and evaluation of computer assisted and managed instruction.

C. Advanced Research Projects Agency

Basic research on cognitive processes and research, development and evaluation of computer assisted instruction.

D. Department of the Air Force

Programs involve the development of vocational aptitude tests; and research and development and evaluation of computer managed individual instruction.

IV. Department of the Interior

A. Bureau of Indian Affairs

Funds support the development and evalution of curricula for early childhood education of Indian children.

B. National Park Service

The development of curriculum materials in environmental education and dissemination of archeological findings.

V. Department of Labor

Projects deal with the development of curricula, the investigation of teaching techniques and studies of secondary and post-secondary educational institutions.

VI. Department of State

These funds are expended overseas in the areas of educational technology, higher education, and health education; it also supports document and reference information services.

Independent Agencies

I. Action

Evaluation of ACTION's programs in which youth are the volunteers. These evalutions are concerned with the occupational impact on the volunteers. The programs emphasize career education.

II. Appalacian Regional Commission

The funds support demonstration projects in school systems in the Appalacian region.

III. Community Services Administration

Programs involve policy implementation demonstration in education.

IV. National Endowment for the Arts

Evaluation activity in the cultural affairs policy area.

V. National Endowment for the Humanities

Development of curriculum materials, with other funds for dissemination activities.

VI. National Science Foundation

Research, dissemination and policy demonstrations in the area of science education.

VII. Smithsonian Institutions

School oriented programs dealing directly with schools.

COMPENSATORY EDUCATION STUDY

Mr. FLOOD. The Institute has been spending $5 million a year for the past several years studying compensatory education programs. Will the result of these studies be of any assistance in judging the merits and the effectiveness of the programs?

Mr. HODGKINSON. We have already completed one interim report and have a letter back from Congressman Carl Perkins. May I read a paragraph of that letter?

Mr. FLOOD. Yes.

Mr. HODGKINSON [reading]:

'After reading through your summary of compensatory education, I would like to commend you and your staff for doing a fine job on the first phase of this intensive study of title I. The data you presented from your first district survey will especially be helpful to the committee as we begin to form the issues which we will address during our hearings this year.

[The letter follows:]

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
COMMITTEE ON EDUCATION AND LABOR,
Washington, D.C., January 6, 1977.

DR. HAROLD L. HODGKINSON,
Director, National Institute of Education,
Washington, D.C.

DEAR DR. HODGKINSON: Last week I received a copy of the interim report on the compensatory education study which is being conducted by the National Institute of Education.

After reading through it, I would like to commend you and your staff for doing such a fine job on the first phase of this intensive study of title I. The data you presented from your first district survey will especially be helpful to the committee as we begin to form the issues which we will address during our hearings later this year.

From what I know of your work to date I am sure that your study will provide us with the most comprehensive review of the title I program that we have ever had, and I hope that that will enable us to come forth with the best legislation possible to revise and extend that program.

Thank you again.

Sincerely,

CARL D. PERKINS,
Chairman.

Mr. HODGKINSON. I think there is some evidence that, from the congressional point of view, the first report on how moneys have been spent nationally will be of help to the Congress when it develops its thinking on reauthorization.

The second report will be due September 1977, and the final report September 1978.

Mr. FLOOD. Are you going to be able to shed any light on other major elementary and secondary education programs such as impact aid? Do you have any plans to study impact aid?

Mr. HODGKINSON. We would like to continue the kind of work that Congress allowed us to begin in looking at a number of Federal strategies regarding the improvement of education and the equalization of educational opportunity; that is, after all, one of our mandates. We would also like to continue work in identifying which programs seem to have the greatest effectiveness in helping to equalize the background problems that make education difficult for many young people today.

Mr. FLOOD. How about impact aid?

Mr. HODGKINSON. We will be studying that. Indeed even the title I results will have some background utility when you think about impact aid.

EDUCATIONAL EXTENSION AGENTS

Mr. FLOOD. We think a lot about it all the time here.

Last year, again, the education amendments authorized the use of what are known as educational extension agents for the dissemination of educational information. How much do you propose to spend on these agents?

Mr. HODGKINSON. We currently have 60 people who have been trained through the State capacity building program to serve a linkage role between practitioners and research. Thus, we already have in the field some people who are doing some of the functions that have been attributed to extension agents, but we don't label them as such.

The label "education extension agent" is more an art than it is a job description because nobody really knows what they would look like if you had them.

The analogy to agriculture is useful but limited. I think as we get into the complexities of how to deal with extension agents in big cities, for example, and we have talked with the Council of Great City Schools about that, the concept is of limited utility. There are clearly people who need to translate research into terms teachers and administrators can understand.

Mr. FLOOD. But how much do you intend to spend on this?

Mr. HODGKINSON. We will spend about $1 million on programs which will directly train and educate people to become linkers across research and practice.

Mr. FLOOD. How are these agents going to improve the dissemination activities over at NIE?

Mr. HODGKINSON. Well, one of the big problems we have is getting out to 2 million teachers in the K–12 level information about what seems to be working now. We know a great deal about what kinds of education work and what kinds of education don't. It is very difficult to get that information into the hands of the 2 million teachers in this country who teach kids.

It is our hope that through the use of a variety of sources and our strategy includes putting together publishers, the intermediate service agencies which exist between the local and State level, the chief State school officers particularly and some new kind of linkage people to try to create this sort of system whereby people will be able to get good information quickly about programs that work.

Mr. FLOOD. What advantages do they provide over other methods?

Mr. HODGKINSON. I can just mention one comparison, if I may, and that is the National Diffusion Network which is the Office of Education work in this area. That is limited to a system for distributing information about the Office of Education products. That is, if the Office of Education does a particular project in curriculum, it is then distributed to the field through the National Dissemination Network. Only 40 States are involved whereas NIE involves 57 States and territories.

The program at NIE is much more comprehensive. We are not trying to push any set of products. We are trying to develop at the State level a capacity to disseminate anything that is good to all the teachers and administrators in that State. That is our strategy and it involves working wih publishers and a lot of other people.

Mr. FLOOD. Thank you very much.

[The following questions were submitted by members of the subcommittee with the request they be answered for the record.]

MR. MICHEL

CONTINUATION COSTS

MR. MICHEL. Your statement indicates that nearly $82 million of your budget request "covers the continuation of programs already begun and the salaries and support cost of institute staff." Since your current budget is only $70 million, how do you account for an increase of $12 million to simply cover continuations?

Answer. The $82 million continuation level was based on a fiscal 1977 budget of $90 million. Continuation costs related to a $70 million budget would be $70 million or a reduction of approximately $12 million. This is based on a program by program analysis of the effect of the $70 million budget in fiscal 1977.

Mr. MICHEL. Is funding being discontinued for any of your old efforts in order to provide funds for the new activities you are proposing to undertake?

Answer. Yes; as a matter of fact several major programs have been completed such as the alum rock education voucher program, the experimental schools project, the D.C. schools project, and the local problem solving grants to nine urban sites Although some evaluation and documentation activities remain, the programs themselves have been completed.

EFFECT OF REDUCED BUDGET

MR. MICHEL. If we were to fund you at say a $90 million level, rather than the $109 million you are requesting, what programs would be eliminated or reduced for which you are proposing funding?

Answer. The major student achievement initiative would have to be postponed as well as new activities aimed at school finance reform issues. We would have to postpone the planned increase of approximately $4 million to the educational laboratories and R. & D. centers. Planned support for the educational satellite programs would have to be reduced. Our responsiveness to the field in terms of unsolicited proposals would also be reduced.

STUDY ON HOW PEOPLE LEARN

Mr. MICHEL. What is the status of this study on how people learn? Have you come up with anything yet?

Answer. I believe you are referring to the center for the study of reading at the University of Illinois. This $3.4 million contract was begun last September and has just completed the first major stage of its carefully planned, 3-year effort.

In its short life, the center has earned a reputation for being at the forefront of knowledge where learning to read is concerned. The center's staff has summarized available knowledge about the improvement of reading tests, about the thinking processes that enable people to understand the material they read, and about the normal development of reading skills. New research, based upon all

of this background study, is beginning to focus upon study skills, teaching techniques, and better testing procedures.

It is also worth pointing out that the center will try to move new ideas directly into teacher training, rather than pursuing the more expensive strategy of developing new materials for children. To put it another way, there are many, many books but not enough creative teaching techniques to help children learn how to understand and enjoy more fully the books they read.

SAFE SCHOOL STUDY

Mr. MICHEL. What about your efforts regarding the problem of unsafe schools. What specifically are you doing in this regard, and what is the timetable?

Answer. The safe school study is in the final stages and a report will be completed by August 31 of this year. NIE has initiated a number of other research and development efforts intended to produce information and methods for reducing violence in schools.

One is an evaluation of various means teachers and administrators can use to reduce student conflict. Another is a study of alternative schools for disruptive students. A third direction is to look at the effect of the student's experience in the family and school as they may affect later behavior in school.

These projects are beginning this year in a new research effort concerned with finding ways to improve the school social environment. We anticipate having preliminary conclusions in 1 to 3 years which would be made available to the education community.

RESEGREGATION TENDENCIES

Mr. MICHEL. Have you developed any conclusions as yet from your study on resegregation tendencies.

Answer. The significant evidence has led us to conclude that the U.S. Commission on Civil Rights is right when it states that where leadership visibly supports desegregation, desegregation efforts are successful. Where leadership support is absent, successful desegregation is much more difficult to achieve and resegregation is much more likely to take place.

We have also reached a couple of very important conclusions based upon our research findings. First, there is no clear evidence that the process of school desegregation as such causes "white flight" in any significant measure; the phenomenon of city to suburb mobility has been going on for over 70 years and its remedies lie in areas of job, housing, and transportation. Second, is that resegregation which occurs within schools is largely due to so-called ability grouping or steering. Research is now under way to explain some of the effects of such school policies.

DISSEMINATION ACTIVITIES

Mr. MICHEL. During our supplemental hearings, I asked for a comparison of your dissemination efforts with those of the Office of Education. The response basically was that you disseminate all types of research, both public and private, while OE limits itself to its own products. Does this mean that you may also disseminate some OE products, thus overlapping OE's dissemination program?

Answer. NIE's dissemination program is designed to improve the dissemination and use of knowledge for solving educational problems. Our programs are designed to provide the consumer with information about a wide range of alternative R. & D. products and practices from which selection can be made at the local level. We do not believe that we should artificially limit the range of products we make accessible. Clients of our programs should have the opportunity to select OE products or information about those products from our programs.

Mr. MICHEL. Do you work at all with the Office of Education in coordinating your dissemination programs?

Answer. We are working both formally and informally with the Office of Education to coordinate our dissemination efforts. The Office of the Assistant Secretary for Education has been particularly concerned with coordination of NIE and OE dissemination efforts over the past several months. For example, a Dissemination Policy Council was established last year to facilitate coordination across elements of the Education Division. Activities of that Council are still developing and formal coordination has, to this point, largely focused on exchanging in-

formation and establishing policy for the Joint Dissemination Review Board. At the informal level, staff members responsible for various dissemination programs, are increasingly working together to coordinate their activities.

Mr. MICHEL. It concerns me that schools may see so many different materials disseminated from a number of different sources that they may feel innundated and not really know where to turn. Is this a problem?

Answer. Yes, we agree that this is a growing problem. We are planning a June dissemination conference with OE, ASE, and NIE to enhance coordination efforts and minimize the problem.

Mr. MICHEL. Do you make an effort to weed out materials you disseminate, in order that only proven products are made available?

Answer. Careful selection is made of those products for which dissemination support is provided by the Institute. However, when possible, we do make available information about all products, materials, techniques, et cetera, resulting from education R. & D. We place as much emphasis as possible on taking steps which would enable the information consumer to select those products which would be most valuable to him. We believe that the consumer or user of the information is in the best position to select that information which is most suited to his/her needs.

Mr. MICHEL. What about the cost-effectiveness of the materials you disseminate? Do you try to give local educators an idea of what the new approaches would cost to implement or do you ignore this factor?

Answer. We do not ignore information about the cost-effectiveness of materials. Such information is a major feature in the recently published catalog of NIE education products.

EDUCATION AND WORK ACTIVITIES

Mr. MICHEL. Is the alternative high school for dropouts and high risk youth, which you funded as an experiment, an approach which you would recommend to communities around the country?

Answer. The career intern program was tested in Philadelphia under intensive supervision. Results indicate that participating youth were more likely to complete high school and to enter postsecondary education than young men and women who did not participate. In addition, the participating young men and women showed greater improvements in career decision making skills and information, and on their attainments in basic skills.

However, the program has been tried out in only one site and under fairly expensive conditions, with regard to supervision and oversight. We would heartily encourage a much larger scale experiment before recommending the program on a nationwide basis.

NATIONAL COUNCIL ON EDUCATIONAL RESEARCH

Mr. MICHEL. How much in the way of funding are you proposing to allocate to the National Council on Educational Research?

Answer. Approximately $100,000 for consultant fees, travel and per diem, and other costs such as printing and special studies.

Mr. MICHEL. How many meetings do you expect it to have, and how much will you be allocating for travel and per diem? During the supplemental hearings, you said there would be higher expenses for conferences and meetings.

Answer. The NCER is currently planning to meet six times during fiscal 1978 and we have allocated $45,000 for travel and per diem. The higher expenses for conferences and meetings pertain to the increased participation of NCER members in site visits and external reviews of the NIE program and the increase in the per diem rates by the General Services Administration in fiscal 1977.

INDIRECT COSTS

Mr. MICHEL. In the supplemental hearing, you indicated that some $15 million of your proposed budget would go to indirect costs. What would the amount be under your new budget?

Answer. I am not familiar with the $15 million figure. However, I believe that the current rates are about 30 percent for educational labortaories and R. & D. centers and average around 25 percent for the remaining NIE contracts.

EDUCATION AND WORK ACTIVITIES

Mr. MICHEL. During those supplemental hearings, you also stated that the District of Columbia education and work project is drawing to a close. What have we learned from that project?

Answer. We have learned that the onsite teacher training approach is extremely effective and popular with teachers, principals, parents and the community. That is very important, and we don't always find this with an educational innovation. We are also looking at how the program affects the teachers' approaches in the classroom, at the costs of the program, and at whether it has been an influence or model for other changes in the District. A report on these studies will be available by winter 1977.

During the coming year, NIE will be supporting efforts to help other schools in Anacostia and in DCPS learn from the more than 5 years of the Anacostia program.

Mr. MICHEL. Do you have any other findings from the various education and work projects which you can report to us?

Answer. I am pleased to provide you with a few summaries of education and work research and development projects, which show how 4 years of work is beginning to pay very important dividends.

EDUCATIONAL SATELLITE

Mr. MICHEL. What is this telecommunications satellite project all about, and how would it work?

Answer. The Institute's program to explore, demonstrate and apply satellites to education consists of several projects, some of which are in existence and others that we plan to support. In Appalachia, the Institute is working with the Appalachian Regional Commission to test the delivery of education to the rural parts of that 13-State region. Presently, several college-level courses are transmitted from Lexington, Ky., up some 36,000 kilometers to the satellite ATS–6, operated by the National Aeronautics and Space Administration. They are then retransmitted from the satellite in a searchlight-like beam to cover a large part of Appalachia, where they can be received with special terminals located at a number of schools and educational centers. There currently are four courses being offered that are being taken by teachers who come to 16 sites in the region, and who upon successful completion of the courses will receive graduate-level credit from a number of participating universities. The number of receiving sites will soon be increased to 60 which will allow significantly more teachers to benefit from these courses.

In Alaska, the Institute is working with the State department of education to use a commerially available satellite to provide, for the first time, a reliable communications system which will connect all 52 school districts with the State department, and to provide educational services to schools in over 100 rural villages. This system will be used to transmit administrative notices in a timely manner; provide teleconferences among persons at the State, regional and local levels; enhance the State's recordkeeping and data gathering systems; and provide computer-based education for students and inservice training for teachers.

In addition, the Institute expects to work with other orgaizations to explore imaginative approaches utlizing satellites in cost-effective ways to meet the specific needs of their constituencies.

EDUCATION AND WORK PROJECT

Occupational exploration program

Getting serious about a job in the seventh and eighth grade is probably too soon. But the fact is, junior high-aged students are eager to try on career roles for size. And they prefer to use games and easy-to-read, action-packed materials in the process.

To capture this natural energy and channel it creatively, classroom materials that allow students to explore and try out career fields and work roles while they are studying almost any subject area at the middle-school level have been developed.

The hope is that young people will use these materials and keep all their options open. In the process, they should understand themselves better, see how academic skills are applied in the real world, get a feel for work responsibilities and learn how to investigate career choices.

Teachers call the shots in using the activities. Each stimulation involves 6–10 students in sessions lasting 1–3 days each. Games, booklets, cassettes and other audiovisual devices are provided—some for independent student use as well. Real problems requiring real solutions are stimulated—like taking on the roles of educators in school year 2085 to understand the kinds of jobs and responsibilities that educators tomorrow may face.

Career decisionmaking program

Sorting out the information that goes into making career choices can be a confusing process for young people and adults. To make that process a little easier, the career decisionmaking program is showing staff and students how they relate personal characteristics and school subjects to the wider world of work.

For students, the key to the program is a career information system based on the widely used "Dictionary of Occupational Titles." For school staff trying to build a comprehensive career education program, it has developed 15 career guidance units for the secondary level that will help all students explore career options and practice decisionmaking skills. Students are taught the process of gathering, evaluating and using information about themselves and the world of work—how to respond to new information as they and their enivronment change.

Field testing of the program—which has been under development since 1971—included preliminary testing of the program at the college level where it was determined the materials could be used for career exploration and decisionmaking. During 1976–77, program development will continue at the college level.

Learning kit for counselors to aid in the delivery of sex-fair counseling

Now that legislation has paved the way for equal opportunity for women and men, counselors must share responsibility for making the laws work. Nowhere is this more crucial than in career guidance.

Abt Associates, Inc., has prepared "Sex Fairness in Career Guidance: A Learning Kit," to help staff become sensitized to sex bias and learn to eliminate it in career guidance activities with students. The multimedia package can be used for teacher or counselor inservice training or may be self-administered. Since one must be aware of something in order to combat it, chapter 1 introduces the "dual role system which limits career and other life choices for both men and women in our society."

Traditional family and work roles for both sexes are discussed. Chapter 2 sets out a sex-fair guidance program, recommending specific activities and materials counselors can use to help persons examine attitudes and values with respect to sexual stereotypes and how those influence career options. Group and individual counseling sessions are suggested as well as supplemental resource material.

Since sex bias in career interest inventories is hard to recognize, chapter 3 trains counselors to identify and combat it in administering, reporting and interpreting interest measurements. This section also interprets NIE's guidelines for assessing career interest inventories. An annotated listing and resource guide comprises chapter 4. Agencies and organizations which can help counselors on the firing line are identified. Scenario cards for role playing, a tape cassette of simulated counseling situations, spirit masters for use with clients and transcripts of counselor-client interactions round out this valuable kit.

School counselors, adult educators and private industry personnel people will find this kit useful on a day-to-day basis.

The role of women in American society

How do girls learn that it is more important to get married than to be bright and successful, or boys learn that to be a man you need to be tough and competitive?

These are the messages, subtle but potentially devastating, that parents, friends, and teachers impose on children—messages that often keep young women and men trapped in roles that may be both inappropriate and unfulfilling.

How can we help young girls and boys overcome the negative effects of this kind of sex-role stereotyping? One way is to present classroom materials that give them opportunities to think through the issues that will affect their life choices. The curriculum units titled "The Role of Women in American Society" do precisely that.

Two of a planned 10 units are now available. Both are built around a half-hour original documentary fi'm and include supplementary resource guides which can either stand alone or be incorporated into existing courses.

The first unit uses the film "Girls at 12," a blue-ribbon winner in the 1975 American Film Festival, to help students examine the everyday lives of three young friends. The girls confront the subtle and complex problems of sex stereotyping, social pressures and role modeling. The film portrays real-life situations and, together with the supporting materials, addresses such issues as the differing expectations for boys and girls in our society, what it means to be feminine or masculine, and whether being a "happy" woman allows room for having a career. A teacher's guide and a student resource book, containing a variety of activities, substantial bibliography and filmography, are also available.

The second unit has as its focus the film "Clorae and Albie," which deals with the lives of two young black women—one divorced, one single—who are facing the responsibilities of living alone, getting an education and finding some sense of purpose for their lives. The resource book that accompanies the film provides activities and references to help adolescents examine their own lives, capabilities and futures. All materials urge that life choices be made carefully and purposefully and that alternative role and career models be provided to help young men and women achieve their fullest potential.

In production is a third film whose subject is a woman in midcareer. The film's theme will attempt to answer the question how far can a woman really go in our society toward a comfortable solution to the problem of family versus career? Distribution of this film is expected in early 1978.

STUDENT ACHIEVEMENT

Mr. MICHEL. One of your proposed new initiatives is a "concerted effort to improve student achievement." How exactly do you plan to go about this?

ANSWER. A lot of research over the last decade has produced results which show that a wide range of students can learn basic skills if they are given direct instructions in these skills. What happens is that, in many cases, children are in classrooms where teaching is going on, but much of this teaching is not reaching many children.

What we plan to do in our student achievement initiative is to make widely known the results of research which shows how to develop management and teaching procedures for getting children actively engaged in learning, how to develop and use tests in a constructive manner for insuring that teachers detect children who are not learning well and, once these children are detected, what should be done to improve their performance.

The student achievement initiative is a large-scale education effort to make available what is known through the use of the mass media, educational forums, easy to read pamphlets, and services to State educational agencies and local education agencies.

WOMEN AND MINORITIES IN EDUCATIONAL R. & D.

Mr. MICHEL. You also make mention of "strong measures to increase the participation of minorities and women in education research, development, and dissemination." What kind of "strong measures" are you talking about?

ANSWER. Two strategies will be supported for increasing participation of women and minorities in the education R. & D. system. The first is personnel development to improve access of women and minorities to the kinds of training and experiences needed to perform research, development, evaluation, and dissemination in education. The second is the personnel utilization to improve employment and utilization of the capability that exists among women and minority group members who have received advanced training. About 2,000 persons will be directly affected by the fiscal year 1978 program.

SCHOOL FINANCE REFORM ACTIVITIES

Mr. MICHEL. In what ways do you assist the States and localities in dealing with court-mandated school finance reforms?

ANSWER. The Institute supports two major projects to help States deal with court-mandated school finance reform.

First, we sponsor jointly with the Ford Foundation, the legislators' education action project (LEAP) of the National Conference of State Legislators (NCSL). This project produces targeted research on specific questions of special interest to State legislators. The first product of this project was the "Legislator's Hand-

book," a copy of which has gone to every State legislator in the Nation with school fianance reform responsibilities.

The LEAP also provides technical assistance to State legislators interested in reforming their school finance systems by working directly with them and overseeing policy studies programs that make NIE funds available on a matching basis to State legislatures to conduct their own school finance studies. To date, Connecticut has enacted a comprehensive school finance reform law as an outgrowth of LEAP's technical assistance, and several other States are moving forward in the same way. South Carolina's lower house, for example, has recently passed a school finance reform law by a vote of 98 to 11.

You will be interested to know that the Illinois Legislature has just been awarded $20,000 (on a matching basis) to begin a school finance reform effort.

Our second major activiity in this area is support of the Education Commission of the State's Education Finance Center.

The Commission conducts targeted research for State Legislatures, Governor's offices and State departments of education. It also publishes a quarterly school finance newsletter and an annual tabular display of the status of the 50 States. Together, these activities assure a national linkage of the legislative, judicial, education and research communities interested in school finance reform.

Mr. MICHEL. Is the Carter administration planning a change in the leadership of NIE?

ANSWER. Yes, the new administration is naming a new Director and Deputy Director of the Institute. The names are not available at this time.

Mr. MICHEL. Is the Carter administration planning on changing any of the research priorities you have outlined to us today and in your budget?

ANSWER. No, in fact the Carter administration reviewed the fiscal 1978 budget request and endorsed the proposed $109 level and program.

PANEL TO REVIEW LABORATORY AND CENTER OPERATIONS

Mr. MICHEL. What is the time span the Panel for Review of Laboratories and Centers has to accomplish its objective?

ANSWER. The panel has been ordered by Congress to submit, "* * * not later than January 1, 1979, a final report to the Director and the Congress containing such recommendations as the panel considers appropriate." The charter establishing that panel and proposed panel members are now before the Secretary of HEW for approval.

Mr. MICHEL. Are you budgeting increased funding for labs and centers in 1978, and if so, how much?

ANSWER. We are budgeting almost $32 million for our laboratory and center program for fiscal year 1978 at an NIE appropriation level of $109 million. This is an increase of $6 million above the current support level of $26 million for fiscal 1977.

BASIC SKILLS ACTIVITIES

Mr. MICHEL. One of the activities you are proposing to fund is "identifying ways to influence legislative, judicial, and administrative decisions affecting educational policy." This sounds like a project to develop better lobbying skills. Is it?

ANSWER. In recent years judicial and legislative bodies have become deeply involved in the specification of content and procedures of public education. The public, through its elected and appointed officials, has demanded that all students be educated to a level and capability necessary to cope with the basic requirements of social and occupational survival. In response to these public pressures, many governmental bodies have issued directives which require the development of standards and criteria of educated competence which shall characterize all graduates of public schools. There is little agreement as to the content or quality of the education to be achieved by all children, nor is there a clear understanding of the relationship between educated competence at the secondary level and adult performance.

The educational adequacy program is a response to these urgent realities which will study and facilitate the process whereby educationally meaningful and legally enforceable standards and criteria of competency are established, and provide the lawmakers with educationally valid information upon which to base their assumptions about educational need and the probable effects of their decisions or policies.

This program thus intends to "influence" legal, legislative and administrative decisions only in the sense that NIH influences similar decisions about health

care and standards, that is, as an impartial and objective provider of information upon which to base sound educational policy free of bias.

STUDY ON EDUCATIONAL INNOVATIONS

Mr. MICHEL. The American Institutes for Research recently completed a $1.8 million study for the Office of Education, and let me read the lead newspaper paragraph describing it: "A 3-year study of many education innovations of the past 20 years—including team teaching, open classrooms, paraprofessional aides and ways to individualize instruction—has found that they make little difference in student achievement." Do you have any opinion in this regard?

ANSWER. I do not feel that this study suggests that innovative programs are not useful. In the AIR study comparisons were generally made among innovative efforts serving average and above-average students. Since all the programs were in some ways special I don't find it surprising that no one method emerged as the best.

Mr. MICHEL. Are you funding some of these experimental approaches that the study found have had little impact?

ANSWER. To my knowledge none of the specific programs studied by AIR are currently being funded by NIE. However, NIE and OE funds undoubtedly have been involved in the development of some of these efforts as such a wide range of educational practices were in use in the classrooms studied.

Mr. MICHEL. Should we be concentrating more on basic skills rather than pursuing more unusual approaches?

ANSWER. Our programs currently are concentrating on teaching basic skills. We need to continue to pursue both traditional and innovative techniques for delivering this basic skills instruction.

NATIONAL COUNCIL ON EDUCATIONAL RESEARCH

Mr. CONTE. What policy guidance did you receive from the National Council on Educational Research in the preparation of your budget request? To what extent does your budet reflect that guidance?

ANSWER. The NCER has provided policy guidance to assist the Institute in preparing it's budget request. For example, the NCER passed a resolution that calls for 10 to 15 percent of the Institute's budget to support fundamental research. In another resolution the NCER called for 3 to 5 percent of the NIE budget to be reserved for unsolicited proposals. The NCER has issued policy guidance on educational laboratories and R. & D. centers, increasing the participation of minorities and women in educational R. & D., coordination with other Federal agencies, and educational satellites. The fiscal 1978 budget request reflects these policy resolutions completely.

PANEL FOR REVIEW OF LABORATORY AND CENTER OPERATIONS

Mr. CONTE. When will the Panel for Review of Laboratories and Centers be appointed and operating?

Answer. We have completed the selection of 18 members of the Panel from 428 nominations. It was a very involved process that included reviewing each nominee with three independent readers with rankings established. We presented this to the nominee for Assistant Secretary for Education, Dr. Berry. She conveyed to us the impression that the Secretary had decided to hold up on appointing this Panel and signing the charter because of an O.M. & B. circular which made a review necessary of all existing Federal advisory committees.

As a consequence, although the Panel was ready to be in operation last Tuesday, it was not possible to appoint the Panel. We don't know the date the Panel will be appointed. It is ready to go at any time we receive clearance.

CONTINGENCY FUND

Mr. CONTE. I can understand your desire to have certain amounts of funds available for contingencies, but one of our congressional obligations is to maintain reasonably close control over these appropriations—in ther words, to know for which we are appropriating this money. Can you outline the kinds of purposes to which contingency funds might be applied? And what sorts of NCER studies might be funded through this fund?

ANSWER. Certainly. The reserve would provide for changes in negotiated indirect cost rates and contributions to newly formed interagency panels dealing with educational issues such as adult education or early childhood education as well as a contribution to an Education Division study of lifelong learning. The Institute recently presented to the NCER the curriculum development study from which the Council adopted a policy which set the priorities and direction on this issue through fiscal 1981. Another policy study is the funding of the National Academy of Science study of basic research.

Mr. CONTE. What do you propose to do in terms of notifying the Appropriations Committee of anticipated obligations from the contingency fund?

ANSWER. Due to the scope and size of the contingency fund and since we have outlined the purposes for which the funds are planned to be used, we would expect to report to the committee on the use of all funds each year as part of our regular budget justification.

DISSEMINATION ACTIVITIES

Mr. CONTE. Your justification says (p. 10) that you will be working to improve the educational research and development system so that it better serves education. What sorts of improvements do you anticipate making?

ANSWER. A large number of diverse institutions make up education and its research and development system. The Institute aims to foster their capacity to cooperate creatively so that research and development results can benefit educational practice. To that end, we are building upon existing efforts, starting new ones, and undertaking a major planning effort in response to congressional interest in an education extension system.

Our State capacity building program is designed to assist State education departments to develop fully their dissemination capacities. The R. & D. exchange, a cooperative venture involving States, R. & D. laboratories and centers, intermediate service agencies, and local districts, attempts to strengthen regional as well as national dissemination channels.

Mr. CONTE. This year you are making five awards to educational organizations to synthesize research and exemplary practice in reading and career education. Why are you proposing to make no awards in this area next year?

ANSWER. When those knowledge synthesis activities were initiated in 1976 and 1977, each was indicated in our budget as an individual activity. In 1978 some of that work will be completed. However, some synthesis products will be revised and expanded and new synthesis work will be initiated. In 1978 that synthesis work will be performed as part of two larger programs—the R. & D. exchange and the R. & D. utilization program. Thus, they do not appear separately in the budget. We do expect to expend about the same level of funds in five to eight educational organizations in 1978 to carry out synthesis activities.

Mr. CONTE. Why have large city school systems traditionally been cut off from access to information needed to improve education practices?

ANSWER. Large city school systems were cited as only one example of organizations cut off from information needed to improve education practices. Certainly there are other groups including parents and students to whom information flows unevenly at best. With respect to large cities, there has been a tendency historically for them to be isolated from the mainstream within their own States. Part of this probably has stemmed from the suspicion of rurally dominated legislatures toward urban areas and carried over to State departments of education which have not had the human resources to deal with the large urban systems.

A high priority next step for the Institute is to encourage and support projects in large cities that will assist school systems in establishing and maintaining relationships with State and national dissemination programs. We anticipate, too, the need for additional support to provide effective concentrated services for groups within cities that show particular need for support in using information resources.

Mr. CONTE. You are proposing no new funds for special purpose grants for dissemination, just as there were none this year. If this program were funded, what types of projects would fit into the special purpose category?

ANSWER. We have proposed funds for special purpose grants in each year of the State dissemination grants program. Ten special purpose grants have been awarded so far: five grants in each of the first two funding cycles. We expect to fund some grants of this type this year. No continuation funds are requested

for any of those projects, however, because the nature of the special purpose grant limits activity to 1 year.

The programs that are funded under the special purpose category are, by regulation, short-term, relatively low in cost, and committed to alleviate a particular problem.

Mr. CONTE. Would you tell me what "ERIC" stands for? And what is it?

ANSWER. ERIC is an acronym for Educational Resources Information Center, a nationwide information system with 16 clearinghouses designed to provide educators—from the first grade teacher to the university professor—easy access to material that will help them keep abreast of what's happening in their fields or that can be used in developing more effective educational programs and practices.

The program was established 10 years ago to acquire, select, abstract, index and disseminate the journal and rapidly increasing literature in the field of education—research findings, conference proceedings, project reports, papers presented at professional meetings, curriculum guides, et cetera. Over the years these files have grown to approximately 250,000 citations with an annual increase of 35,000.

STUDENT ACHIEVEMENT

Mr. CONTE. What accounts for the decline in elementary and secondary school students' literacy rates mentioned in your justifications?

ANSWER. A year ago last summer, NIE had a conference on this question, inviting leaders in educational research, test publishers and others involved in the educational system to discuss the issues. Our NIE report has led to a continuing examination of test score trends and we are keeping track of currently emerging patterns from several major tests across the country and in selected States. But the net result is that we do not believe that one or two reasons alone can account for the complex trends we observe.

The solution to the problem of declining scores lies in research focused on achievement. We have several initiatives in this area which we expect to significantly affect achievement patterns in the future.

BASIC SKILLS ACTIVITIES

Mr. CONTE. One of the activities listed under your basic skills program is identifying ways to influence legislative, judicial, and administrative decisions affecting educational policy. That sounds like lobbying; is it? Is it appropriate for the Federal Government to be engaged in that type of endeavor?

ANSWER. In recent years judicial and legislative bodies have become deeply involved in the specification of content and procedures of public education. The public, through its elected and appointed officials, has demanded that all students be educated to a level and capability necessary to cope with the basic requirements of social and occupational survival. In response to these public pressures, many governmental bodies have issued directives which require the development of standards and criteria of educated competence which shall characterize all graduates of public schools. There is little agreement as to the content or quality of the education to be achieved by all children, nor is there a clear understanding of the relationship between educated competence at the secondary level and adult performance.

The educational adequacy program is a response to these urgent realities which will study and facilitate the process whereby educationally meaningful and legally enforceable standards and criteria of competency are established, and provide the lawmakers with educationally valid information upon which to base their assumptions about educational need and the probable effects of their decisions or policies.

This program thus intends to influence legal, legislative, and administrative decisions only in the sense that NIH influences similar decisions about health care and standards, that is, as an impartial and objective provider of information upon which to base sound educational policy free of bias.

Mr. CONTE. I see that you commissioned a national metric assessment study involving State departments of education. Is nothing being done along these lines through the Office of Education's special projects program?

ANSWER. The Office of Education, through it's metric grants program, provides funds primarily to State and local departments of education to help support planning, implementation, and demonstration of metric programs.

The NIE's national metric needs analysis program will survey all 50 State departments of education, and representative samples of teacher preparatory institutions and local school systems to determine present and anticipated levels of activity and problem areas that have been encountered or anticipated. In particu'ar, this survey is aimed at providing a comprehensive national data base in areas that are relevant to policymaking decisions. With this information, educational policymakers can better prepare effective metric education programs for use throughout the Nation.

EDUCATIONAL EQUITY ACTIVITIES

Mr. CONTE. What is the nature of the relationship between your education equity program and the emergency school assistance program as far as dealing with the educational aspects of desegregation are concerned? To what extent are your research findings implemented in the emergency assistance program?

ANSWER. There is no direct relationship between the ESAA program and NIE. However, we work in close collaboration and coordination with ESAA and a host of other Federal agencies and programs which deal with desegregation questions; we meet from time to time in informal work sessions sponsored by NIE. Our research findings are communicated to ESAA and other policymakers and operating staffs at these meetings. Our conclusions turn upon our findings that advanced, continuous planning for desegregation settings is vital, and that community participation and educational leader advocacy are critical elements for succesful desegregation experiences.

SAFE SCHOOL STUDY

Mr. CONTE. Would you summarize the conclusions of your study on school violence and methods of preventing it?

ANSWER. Since the safe school study is still in process, we have no conclusions at this time. Ananlysis of the survey data has begun, and the report will be completed by August 31 of this year.

NIE has initiated a number of other research and development efforts intended to produce information and methods for reducing violence in schools. One is an evaluation of various means teachers and administrators can use to reduce student conflict. Another is a study of alternative schools for disruptive students. A third direction is to look at the effects of the student's experience in the family and school as they may affect later behavior in school.

PROPOSED BUDGET INCREASE

Mr. CONTE. You appear to be funding fewer new initiatives next year than this year. Is that indeed the case, and if so, why?

ANSWER. That is really not the case. In fact we are requesting approximately $5½ million more in new initiatives in fiscal 1978 than we did in fiscal 1977. The increase is even more dramatic considering the proposed fiscal 1977 reduction to $70 million, which effectively wipes out new starts in fiscal 1977.

EDUCATIONAL EQUITY ACTIVITIES

Mr. CONTE. What have you concluded from your evaluations of women's study programs? Have you noticed any decline in the number of such programs in recent months, or any other changes?

ANSWER. The project designed to evaluate women's studies will begin in October of this year. At that time ,a conference of women's studies directors will be held to discuss the issues they perceive as important and to engage their help in a comprehensvie evaluation effort.

At the present time, over 200 women's studies programs exist at the university level. They represent a broad range of models differing in structure as well as goals.

There is currently much debate about the present and future status of women's studies programs, but little resolution to this debate. Future work will involve identifying and duplicating several different models of women's studies that may serve as lighthouse centers for other higher education institutions desiring to develop such programs.

EDUCATION AND WORK ACTIVITIES

Mr. CONTE. Would you tell me more about your experience-based career education project? How is this different from other career education programs funded through the Office of Education?

ANSWER. The experience-based career education project was designed to respond to the weaknesses found in existing career exploration programs by various national commissions one of which was that students often learn little in a school room about what work is really like. EBCE was explicitly designed as an academically oriented, community-based individualized career exploration program, which enables the student to explore many community jobs and professions during the school year. Neither the students nor the job source receive payment and the students receive academic credit for their job experiences.

Mr. CONTE. Your justification proposes the initiation of basic research on adolescent development and of a center for the study of education and youth (p. 23). Exactly what sort of research is this?

ANSWER. Two types of studies are proposed. First, we will undertake studies of what young people know about work, how they learn it, and how the learning process can be improved. For example, we will test the assumption that experiental learning increases the length of time that young people retain information. A second type of study will involve analyses intended to anticipate and inform rational career decisions. One area of inquiry, for example, will examine the possible effects of the energy crisis and related public policies upon future educational needs.

Mr. CONTE. How would your adolescent research mesh with that being conducted at such places as the National Institute for Child Health and Human development and at the National Institute for Mental Health?

ANSWER. NIE's research on adolescent development will focus upon the transition from school to work, a significant component of the transition from youth to adulthood. NICHD and NIMH differ in that their focus is primarily upon mental health, and deals with such topics as the physically, emotionally, or intellectually handicapped; deviant behavior, and socioemotional, and physical development.

Mr. CONTE. What requirements were actually imposed by the Griggs decision?

ANSWER. In *Griggs* v. *Duke Power Co.*, the Supreme Court interpreted title VII and gave judicial support to the Equal Employment Opportunity Commission guidelines on title VII. Chief Justice Berger, speaking for the Court, said, "The facts of this case demonstrate the inadequacy of broad and general testing devices as well as the infirmity of using diplomas or degrees as fixed measures of capability. History is filled with examples of men and women who rendered highly effective performance without the conventional badges of accomplishment in terms of certificates, diplomas, or degrees. Diplomas and tests are useful servants, but Congress has mandate dthe common sense proposition that they are not to be the masters of reality." In summary, these guidelines state that in the presence of adverse effect on protected groups, employers must show evidence that their employment selection procedures, including such items as employment interviews, required education credentials and selection tests, are job related, and validly and reliably assess the ability of the person to perform the job.

SCHOOL FINANCE REFORM ACTIVITIES

Mr. CONTE. Could you provide an example or two of successful efforts to reform school financing?

ANSWER. The Institute support two major projects to help States deal with court-mandated school finance reform.

First, we sponsor jointly with the Ford Foundation, the legislators' education action project, LEAP, of the National Conference of State Legislators, NCSL. The project produces targeted research on specific questions of special interest to State legislators. The first product of this project was the legislator's handbook, a copy of which has gone to every State legislator in the Nation with school finance reform responsibilities.

The LEAP also provides technical assistance to State legislatures interested in reforming their school finance systems by working directly with them and overseeing policy studies programs that makes NIE funds available on a matching basis to State legislatures to conduct their own school finance studies. To date, Connecticut has enacted a comprehensive school finance reform law as an outgrowth of LEAP's technical assistance, and several other States are moving for-

ward in the same way. South Carolina's lower house, for example, has recently passed a school finance reform law by a vote of 98 to 11.

Our second major activity in this area is support of the education commission of the State's education finance center.

The Commission conducts targeted research for State legislatures, Governor's offices and State departments of education. It also publishes a quarterly school finance newsletter and an annual tabular display of the status of the 50 States. Together, these activities assure a national linkage of the legislative, judicial, education, and research communities interested in school finance reform.

FINANCE AND PRODUCTIVITY ACTIVITIES

Mr. CONTE. What is the ro'e of computers in improving the management of elementary and secondary school systems?

ANSWER. Over the past few years, an increasing investment has been made by local school districts, States, and the Federal Government in instructional and management applications of computers in education. Unfortunately, questions of improving school efficiency and productivity remain unanswered because of a lack of sufficient evidence. The Institute is now conducting a study in an attempt to expand the data base on the effects of educational computing for both potential adoptors and researchers of school efficiency and productivity.

SCHOOL CAPACITY FOR PROBLEM SOLVING ACTIVITIES

Mr. CONTE. What is the nature of the interaction between various agencies and urban schoo's to help solve those schools' problems? I am particularly interested in your justification's mention of community mental health centers in this context. What is the CMHC-urban school relationship? (p. 28)

ANSWER. In 1974, our school capacity for problem solving group made nine grants to local education agencies in big cities. Most of these grants were made to organizations interested in working in close partnership with a few schools over a period of several years or more, helping people in the schools to address problems that these people thmselves decided were important. In each case the interest was in learning how such partnerships could help urban schools to do a better job of defining and addressing the problems they face. The grant to the central city community mental health center was made in recognition of the fact that in many inner-city areas the conflict between the cultural background of the school staff on the one hand, and that of the students and their families on the other, is so vast that it virtually prevents effective education from taking place in the school. Community mental health techniques are a potentially powerful resource for establishing first communications and then mutual understanding among staff, students and parents in such situations. The project provides training workshops and training sessions for administrators, parents, and teachers to improve their understanding of the children's home and school environments so that they can better meet the children's social, psychological and academic needs in the area.

JUSTIFICATION OF THE BUDGET ESTIMATES

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, $109,000,000.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

NATIONAL INSTITUTE OF EDUCATION

Amounts Available for Obligation

	1977	1978
Appropriation	--	$109,000,000
Proposed Supplemental	$90,385,000	--
Total, Obligations	$90,385,000	$109,000,000

Summary of Changes

1977 Estimated Obligations	$ 90,385,000
1978 Estimated Obligations	$109,000,000
Net Change	+$ 18,615,000

	1977 Base Pos.	1977 Base Amount	Change from Base Pos.	Change from Base Amount
Increases:				
A. Built-in:				
1. FTS rate increase	--	--	--	$ 10,000
2. Departmental Services	--	--	--	5,000
Subtotal	--	--	--	$ 15,000
B. Program:				
1. Dissemination - increase participation of women and minorities in educational R&D.	--	$19,000,000	--	+$4,100,000
2. Basic Skills - student achievement initiative, new directed research grants, expanded efforts in math and functional illiteracy	--	19,200,000	--	+ 8,700,000
3. Educational Equity - studies in compensatory education and pilot research on education of low income children	--	10,800,000	--	+ 500,000
4. Education & Work - studies on the changing nature of adolescense	--	9,400,000	--	+ 1,000,000
5. Finance & Productivity - assist States and localities to reform school finance laws	--	12,600,000	--	+ 1,900,000
6. School Capacity for Problem Solving - expand field initiated research activities	--	7,300,000	--	+ 1,000,000
7. Program Direction and Administration - administrative costs incidental to program increases	340	12,085,000	--	+ 1,400,000
Subtotal	--	--	--	$18,600,000
Total, Increases	--	--	--	$18,615,000

Obligations by Activity

	1977 Estimate		1978 Estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Research and Development:						
a. Dissemination and Resources	-	$19,000,000	-	$ 23,100,000	-	+$ 4,100,000
b. Basic Skills	-	19,200,000	-	27,900,000	-	+ 8,700,000
c. Educational Equity	-	10,800,000	-	11,300,000	-	+ 500,000
d. Education & Work	-	9,400,000	-	10,400,000	-	+ 1,000,000
e. Finance & Productivity	-	12,600,000	-	14,500,000	-	+ 1,900,000
f. School Capacity for Problem Solving	-	7,300,000	-	8,300,000	-	+ 1,000,000
Program Direction and Administration	340	12,085,000	340	13,500,000	-	+ 1,415,000
Total, Obligations	340	$90,385,000	340	$109,000,000	-	+$18,615,000

Obligations by Object

	1977 Estimate	1978 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	367	367	--
Personnel Compensation:			
Permanent positions	$7,181,000	$7,681,000	+$ 500,000
Positions other than permanent	911,000	897,000	- 14,000
Other personnel compensation	60,000	60,000	--
Subtotal, Personnel Compensation	8,152,000	8,638,000	+ 486,000
Personnel Benefits	690,000	738,000	+ 48,000
Travel and Transportation of Persons	450,000	495,000	+ 45,000
Transportation of Things	52,000	57,000	+ 5,000
Rent, Communication and Utilities	1,080,000	1,061,000	- 19,000
Printing and Reproduction	250,000	265,000	+ 15,000
Other Services	1,263,000	2,030,000	+ 767,000
Project Contracts	70,290,000	84,520,000	+ 14,230,000
Supplies and Materials	97,000	138,000	+ 41,000
Equipment	51,000	78,000	+ 27,000
Grants, Subsidies and Contributions	8,010,000	10,980,000	+ 2,970,000
Total Obligations by Object	$90,385,000	$109,000,000	+$18,615,000

Authorizing Legislation

	Amount Authorized	1978 Budget Request
National Institute of Education (Section 405 of the General Education Provisions Act)		
1. Research and Development.....	(	$ 95,500,000
2. Program Direction and Administration.....	($200,000,000 (	13,500,000
	$200,000,000	$109,000,000

NATIONAL INSTITUTE OF EDUCATION

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	90,385,000			
1978	109,000,000			

JUSTIFICATION

National Institute of Education

	1977 Estimate		1978 Estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
A. Dissemination	--	$19,000,000	--	$ 23,100,000	--	+$4,100,000
B. Basic Skills	--	19,200,000	--	27,900,000	--	+ 8,700,000
C. Educational Equity	--	10,800,000	--	11,300,000	--	+ 500,000
D. Education and Work	--	9,400,000	--	10,400,000	--	+ 1,000,000
E. Finance and Productivity	--	12,600,000	--	14,500,000	--	+ 1,900,000
F. School Capacity for Problem Solving	--	7,300,000	--	8,300,000	--	+ 1,000,000
G. Program Direction and Administration	340	12,085,000	340	13,500,000	--	+ 1,415,000
TOTAL	340	$90,385,000	340	$109,000,000	--	+$18,600,000

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 research and development could be useful in answering questions and solving problems of policy makers, administrators and teachers in the field of education, and that new knowledge ought to be disseminated to assist them in educating children. Much, indeed most, of the Institute's work addresses the statutory mandate to provide an equal opportunity for all individuals to receive an education of high quality.

The Congress recently reauthorized the NIE and stated that the Institute shall seek to improve education in the U.S. by concentrating its resources on the following priority research and development needs.

(A) "improvement in student achievement in the basic educational skills, including reading and mathematics; (Basic Skills Program)

(B) overcoming problems of finance, productivity and management in educational institutions; (Finance and Productivity Program and the School Capacity for Problem Solving Program)

(C) improving the ability of schools to meet their responsibilities to provide equal educational opportunities for students of limited English-speaking ability, women, and students who are socially, economically, or educationally disadvantaged; (Educational Equity Program)

(D) preparation of youths and adults for entering and progressing in careers; and (Education and Work Program)

(E) improved dissemination of the results of, and knowledge gained from, educational research and development, including assistance to educational agencies and institutions in the application of such results and knowledge." (Dissemination Program)

The reauthorization legislation also continued NIE's general policy-making body, the National Council on Educational Research (NCER). The Council is composed of 15 members of the public, appointed by the President and confirmed by the Senate. The proposed FY 1978 budget program reflects their policy guidance and has received their concurrence.

The general characterization of the FY 1976 and 1977 budgets 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 1978 program is one which builds on FY 1976 and FY 1977 and on the planning activities conducted over the past three years involving many hundreds of educators, researchers and other thoughtful citizens from across the nation. It could be described as being more coherent, meaning that projects interrelate with each other to form a more cohesive program.

The Institute's recent reauthorization legislation creates a Panel for Review of Laboratories and Centers. Solicitation of nominees to this Panel composed of 10-20 individuals outside the government, is currently underway according to provisions contained in the statute. Nearly thirty percent of NIE's FY 1978 budget will be available for the Director to support meritorious programs after he receives the Panel's recommendations.

Institute staff, the R&D community and the National Council on Educational Research, strongly believe that at least 3% of the Institute's resources should be set aside to respond to unsolicited proposals. Therefore, the FY 1978 budget contains $3.3 million for unsolicited proposals -- the same percentage as provided in the FY 1977 proposed budget.

Additionally, the NCER and Institute staff believe the Director should have resources available for contingencies and National Council studies. The FY 1978 budget contains $1.7 million for such purposes.

Nearly all those resources are set aside: (1) to carry out recommendations of the Panel for Review of Laboratories and Centers; (2) to respond to unsolicited proposals; and (3) for unforeseen contingencies and NCER studies respond to educational priorities as outlined by Congress. An estimate of how much each program will receive is contained in the budget.

DISSEMINATION

	1977 Estimate		1978 Estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Dissemination (Grants & Contracts)	-	$19,000,000	-	$22,700,000	-	+$3,700,000

Problem Statement and Program Purpose:

-- Schools and students have not derived the maximum benefit from research and development findings.

The Institute makes research and development knowledge available to teachers and school administrators and helps them to use it. The Dissemination program emphasizes person-to-person services to staff in State agencies, intermediate units, and professional associations.

Budget Policy for 1978: 1978 Budget for Dissemination pursues three major objectives:

1. To bridge the gap between research findings and education practice.

Activities Include:

-- assisting school officials to identify solutions to high priority educational problems.

-- translating research findings into forms usable by school officials.

-- training existing State-designated personnel, e.g. staff members in intermediate educational agencies such as county offices and educational service centers, in the use of research findings.

-- collecting data on the types of information needed by practitioners, how they obtain such information, and how it is used.

-- encouraging and facilitating interaction between producers of R&D products and users of these products in order to obtain information on user's reactions to products and to identify educational needs for which new products are desired.

-- understanding and improving the R&D system so that it better serves education.

	1977	1978
o Estimated number of local agencies receiving assistance in the application of research, development and innovations	225	300 - 400
o Estimated number of R&D and State Education agencies receiving awards to assist states and localities in using R&D to address locally-defined problems	42	50
o Awards to educational organizations (e.g., R&D agencies, Universities) to synthesize research and exemplary practice in reading and career education	5	0
o Awards to R&D agencies to participate in a regionally based extension system and to fulfill national functions related to improving communications between R&D producers and schools	9	9
o Awards to organizations to serve needs of groups (i.e., large city school systems) who have traditionally been cut off from access to information needed to improve education practice	0	5
o Proposed funding level	$6,805,000	$6,500,000

2. To strengthen the dissemination element of the education system.

Activities Include:

-- helping 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.

	1977	1978
o Expected number of States to receive Grants		
- Comprehensive Capacity Building	30	35
- Special Purpose	5	5
o Proposed funding level		
- Continuations		
o Comprehensive Capacity Building	$3,926,000	$4,100,000
o Other Capacity Building Projects	$414,000	$375,000
o Special Purpose Grants	--	--
o ERIC	$4,700,000	$5,000,000
o Evaluation of State Dissemination Program	$55,000	$125,000
o Experimental approaches by professional organizations, big-city school systems and institutions of higher education	$1,300,000	$1,600,000
o Information System Improvements	$550,000	$500,000
o Number of ERIC Clearinghouse	16	16

ERIC has been in operation several years; user statistics as of September 30, 1976 are provided below:

o Subscription to total ERIC collection	624	650
o Subscription to ERIC journals		
- Research in Education (RIE)	5,000	5,250
- Current Index to Journals in Education (CIJE)	2,300	2,500
o Professional organizations working with ERIC (representing membership of 4.1 million)	283	283
o Questions answered by ERIC Clearinghouse from practitioners and decisionmakers; from students and others; from information service centers; from R&D personnel	100,000	100,000
o Estimated annual uses of ERIC resources	10,000,000	12,000,000

3. To increase the participation of minorities and women in the production and utilization of education knowledge.

Activities Include:

-- increasing training and experience opportunities for minorities and women in research, development, dissemination and evaluation.

-- providing technical assistance to minorities and women who are presently performing research and development.

-- supporting the efforts of research units in institutions of higher education or similar institutions to provide training and experience in the conduct of basic research.

-- collaborating with the National Institute of Mental Health to support the ASA Minority Fellowship Program.

	1977	1978
o Estimated number of minorities and women participating in all the program activities	125	620
o Estimated number of R&D agencies planning and operating training programs related to ongoing R&D activities	6	13
o Estimated number of local and state education agencies serving as field placement sites	8	18
o Estimated number of program participants enrolled in programs being conducted by institutions of higher education	35	140
o Proposed funding level	$950,000	$4,000,000

Additionally, the Institute will monitor the research, development, and dissemination system in education and develop programs to strengthen that system. The estimate for FY 1978 is $500,000.

Accomplishments in FY 1977: The following represents the accomplishments of the 1977 dissemination program.

-- Seven awards have been made to four State Departments of Education and three interstate consortia to support and study ways to increase the use by schools of materials and practices resulting from research and development.

-- the Databook, a useful summary of available basic information on education R&D, has been published and represents part of a larger NIE effort to monitor trends in education R&D. It is designed for use by NIE staff, Federal, State, and local governments, members of Congress, researchers and developers, trainers and the general public. Descriptions of R&D activities and products, tables, and an extensive bibliography are contained in the Databook.

-- nine awards were made to R&D agencies to develop and operate a system using Regional Information Exchanges to facilitate communication between the R&D community and the education practice community, and to influence future education R&D by informing the R&D community of the needs and problems of the practice community.

-- up to 24 States have received grants to support the development of comprehensive dissemination programs over the next 3-5 years. 5 States have received funds to carry out specific improvements in their dissemination programs or the plan for future programs.

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BASIC SKILLS

	1977 Estimate		1978 Estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Basic Skills (Grants & Contracts)	--	$19,200,000	--	$27,900,000	--	+$ 8,700,000

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 significant declines in literacy levels of elementary and secondary school students.

Thus the goal of NIE's Basic Skills program is to provide American education with the tool necessary to make further progress in helping all individuals to acquire those literacy skills and other skills necessary for effective participation in society.

The focus of the Basic Skills program is on the teaching and assessment of reading, writing 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 1978: 1978 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 to translate existing knowledge about literacy skills into usable classroom practice.

   — efforts to eliminate the most probable cause of test score decline, i.e. children's inability to comprehend what they read.

— support for a Center for the Study of Reading to provide educators with a national focus in reading comprehension.

— major curriculum development and school organization projects which improve the teaching of reading and mathematical skills.

2. To identify effective teaching methods for children to acquire reading and mathematical skills. Activities include:

— studies to identify those teaching methods related to higher achievement in reading and mathematics.

— ways to use computer technology to improve teachers' abilities to diagnose and treat reading problems.

— studies to identify ways in which effective teachers diagnose problems and prescribe solutions when teaching children to read.

— studies on classroom management to maximize learning time.

— 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 to measure their individual level of achievement.

— development of achievement tests which are free from bias.

— development of better methods for basic skills research.

— procedures to make the results of evaluation more useful to decision makers and to improve the evaluation capabilities of local school districts.

4. To assist lawmakers and educators in making decisions about the basic skills needed in providing a quality education. Activities include:

— identifying ways to influence legislative, judicial, and administrative decisions affecting educational policy.

— provide information on how current R&D knowledge in reading and math can be used to influence legal decisions and policy directives affecting basic education skills.

— studies of State initiated educational reforms in the basic skills. Several case studies are expected to yield practical recommendations about ways in which courts and social scientists can work together more effectively in the development of standards of educational accomplishment and functional criteria of pupil performance which are educationally meaningful and legally enforceable.

	1977	1978
o Expected number of awards		
— Grants	25	95
— Contracts	32	45
o Estimated average dollar per award:		
— Grants	$100,000	$ 50,000
— Contracts	523,000	525,000
o Proposed funding level:		
— Continuations	$16,895,000	$16,750,000
— New initiatives	2,305,000	11,150,000

Accomplishments in FY 1977:

The following are illustrative of past accomplishments:

— establishment of a Center for the Study of Reading to assist educators, researchers and education policy makers as they deal with problems related to reading and reading instruction.

— establishment of an Institute for Research on Teaching which will study ways in which successful reading teachers diagnose reading problems and prescribe solutions.

— establishment of interagency technical advisory activities with the Community Services Administration for their Basic Skills Learning Centers Program and with the USOE for their Right-to-Read Office.

— sponsored a national conference on writing which produced a research agenda for problems in writing and writing instruction. Conference also produced a multidisciplinary book entitled The Nature and Acquisition of Writing Competency.

— BSG and the National Science Foundation jointly sponsored a conference on uses of hand-held calculators in school mathematics. Participating were parents, teachers, mathematics educators and mathematicians. The conference report recommends specific activities in research, long- and short-range curriculum development, and information collection and dissemination. The report will be available in early 1977.

— as a follow-up to 1975's Conference on Basic Mathematical Skills and Learning, NIE supported a small meeting of members of the National Council of Supervisors of Mathematics. A major position statement on basic mathematical skills was produced and disseminated in the Spring of 1976.

— development of an alternative system for organizing and providing instruction in elementary grades to 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.

— The fall of 1976 marked the completion of a full elementary school mathematics program supported by NIE. The program, Developing Mathematical Processes, was developed at the Wisconsin Research and Development Center for Cognitive Learning, and is now commercially published by Rand McNally & Company.

— 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.

— grant competition producing 40 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) legal/educational reform of standards for basic skills.

-- commissioned a national metric needs assessment study involving all 50 State departments of education and a representative sampling of teacher preparation institutions and local education associations. Results of this study were made available to the National Metric Coordinating Council.

EDUCATIONAL EQUITY

	1977 Estimate		1978 Estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Education Equity (Grants & Contracts)	--	$10,800,000	--	$11,500,000	--	+ $700,000

Problem Statement and Program Purpose:

-- Many students are unfairly treated because of their home language; cultural, racial, ethnic background; sex; or socio-economic status.

-- Many students are not profiting from their school environments.

The Institute is charged with "improving the ability of schools to meet their responsibilities to provide equal educational opportunities for students of limited English-speaking ability, women, and students who are socially, economically, or educationally disadvantaged." The ultimate goal is to promote changes in the educational system which will enable it to function equitably for all citizens.

Budget Policy for 1978: FY 1978 budget pursues five major objectives:

1. To provide research information needed to help resolve educational achievement problems in desegregated settings.

   Activities include:

   -- studying resegregation tendencies, residential mobility patterns, unequal student treatment, and their interrelationships in order to assist school administrators and teachers in dealing with these problems.

   -- review and improve the use of social science data in adjudicating desegregation cases.

   -- analyzing desegregation processes and preparing teachers and administrators for desegregation.

   -- developing innovative approaches to potential problems during the early stages of school desegregation.

2. To understand better and seek solutions to the educational inequities faced by females.

Activities include:

-- assessing educational and occupational needs of Black, Hispanic, Asian-Pacific, Native American and White-Ethnic women.

-- studying female and male achievement patterns and developing training programs to improve them.

-- examining women's underrepresentation in educational leadership.

3. To help administrators and teachers provide greater educational opportunity for students by improving school social relations.

Activities include:

-- developing and testing ways to restructure school environments in order to minimize conditions that produce disruptive behavior.

-- studying the influence of community, family, academic performance, and student grievance procedures on school behavior.

-- assessing alternative educational strategies to improve school social relations.

4. To assist educators in providing appropriate and enriching bilingual/multicultural education.

Activities include:

-- studies on curricula, assessment instruments, and educational materials, keeping in mind learning style preferences and cultural differences of students.

-- research on the teaching and learning patterns of bilingual/multicultural populations.

-- disseminating information on existing bilingual/multicultural programs.

-- finding better ways to teach language skills to students of limited English-speaking ability.

5. To improve compensatory education.

Activities include:

-- completing and following up on a Congressionally-mandated study of compensatory education.

-- initiating research and evaluation efforts on selected models of compensatory education and encouraging secondary analyses of collected data.

	1977	1978
o Expected number of awards:		
-- Grants	20	60
-- Contracts	30	45
o Estimated average amount per award:		
-- Grants	$100,000	$80,000
-- Contracts	247,000	250,000
o Proposed funding level:		
-- Continuations	$7,205,000	$9,200,000
-- New Initiatives	3,595,000	2,300,000

Accomplishments in FY 1977

-- published catalogues of bilingual education materials and bilingual assessment instruments.

-- developed new text materials for the Northwest Plains Indians and a social science curriculum for early elementary grade Hispanic students.

-- report on school violence and methods of preventing it.

-- Interim report to the Congress on the Compensatory Education Study.

-- testing of models of sex role learning, and sex discrimination.

-- evaluations of more than 200 Women's Study programs.

-- completion of a three-year study that examines the effects of school desegregation in classrooms.

-- plans were initiated to train teachers/administors to be sensitive to the problems of minorities in the classroom in order to prepare them better to deal with barriers to equal educational opportunities.

EDUCATION AND WORK

	1977 Estimate		1978 Estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Education & Work (Grants & Contracts)	-	$9,400,000	-	$10,400,000	-	+ $1,000,000

Problem Statement and Program Purpose:

Many students find the transition between school and work difficult. Adults increasingly need to move from work to school in order to compete in the labor market. Sex and ethnic occupational stereotyping are limiting many from full participation in our economy and our society. The Education and Work program seeks to (1) improve understanding of the relationship between education and work and, (2) to develop, test and disseminate educational strategies to bridge the gap between education and work.

Budget Policy for FY 1978: The FY 1978 budget for Education and Work pursues four major objectives:

1. To expand the occupational interests, choices and preparation of women and minorities. Specific activities include:

   -- continuing development of a career awareness program aimed at expanding career information and interests of children from 4th through 6th grades. The program involves parents, teachers, and the media, and focuses on girls and minority children.

   -- supporting research and research utilization on career decision-making through grants to researchers and a center for studies of career development.

   -- continuing research to identify reasons for low interest and achievement among women and minorities in mathematics, science and technological occupations, and developing materials or testing programs which could improve interest and preparation in these areas.

   -- supporting research on problems of minority women in career development including studies contrasting the impact of educational (upward mobility programs) and non-educational (EEO) approaches.

   -- continuing research and development to improve evaluation of career education and career development programs.

2. To strengthen the ability of communities and regions to provide learning and work experiences that keep pace with the changing nature of youth and of the transition between full-time school and full-time work. Specific activities include:

   -- completing the Experience Based Career Education field testing and dissemination project jointly funded with USOE

   -- completing the research utilization project to expand and upgrade the supply of learning site coordinators essential for experiential learning programs

   -- initiation of experimental tests of how to move from "quality" to "quantity" in providing alternative learning experiences in an entire state and an urban area to serve all youth who need and want such experiences

   -- initiation of basic research on adolescent development and of a center for the study of education and youth. These studies can help take stock of the extent to which changes recommended in many reports on youth and secondary schools are taking place and with what effect; and assist educational planners in being more pro-active in anticipating the educational consequences of changes in the nature of the adolescent experience in the next decades.

3. To assist educational institutions, brokering institutions and employing institutions to offer education that enhances career preparation for occupational mobility, and to certify occupational competencies in a manner consistent with recent court decisions such as Griggs. Specific activities include:

   -- continuation of research on occupational mobility and transferrable skills, including the testing and dissemination of prototype applications such as new college catalogues, new models of secondary school curricula, and new employee application forms

   -- continuation of research and research utilization on occupational certification including an experimental test of separating certification and educational functions.

4. Achieving a better understanding of how to provide greater access from work to school, and from school to work, with particular emphasis on lifelong education for career development. Specific activities include:

   -- completion of research and experimentation to find out why participation rates in employee tuition aid plans financed through the private sector are much lower among workers than among management, and what might increase utilization of these private sector funds

   -- evaluation and natural variation studies of adult entitlement programs funded through the public sector, examining who participates, for what purposes, and with what effect under different levels and conditions of eligibility

   -- initiation of studies on retention and completion rates in adult education for career development; why is retention apparently so low, and what changes might increase completion rates among adult learners?

   -- studies of new transition, brokering, and linkage services: should new services be created? should present services be improved and expanded? or both? There is considerable debate about who should assume functions such as counseling out-of-school youth and adults, placement after completion of education, brokering information about educational opportunities, etc: the educational institutions? employment services and employing institutions? or new brokering groups?

	1977	1978
o Expected number of awards		
-- Grants	40	50
-- Contracts	40	25
o Estimated average dollars		
-- Grants	$ 50,000	$ 50,000
-- Contracts	223,500	234,000
o Proposed funding level		
-- Continuations	$3,545,000	$6,240,000
-- New Intiatives	5,222,000	3,400,000

Accomplishments in FY 77:

The following are illustrative of past accomplishments:

-- The Institute has field-tested and disseminated an alternative approach to completing the final years of high school called Experience Based Career Education (EBCE) in which businesses, labor unions and public agencies in 100 school districts in 42 states are participating. Four states are involved in a special test of wide-spread application of EBCE.

-- The Career Decision Making Program developed by the Appalachian Educational Laboratory has provided 10,000 high school students and 1,500 community, junior college and university students with both exploratory experiences and extensive career information to better prepare themselves to make career choices.

-- Three pilot programs aimed at reducing sex role restrictions on interests and aspirations were broadcast over public television in four areas across the nation representing over 100 school districts involving upper elementary school children, their teachers and parents.

-- Materials to help schools teach skills that prepare students for occupational mobility in the changing work world and for changes in personal interests and circumstances were developed and tested. Workers in approximately 100 large industries with negotiated employee tuition refund helped test new approaches to increase worker utilization of these life-long learning plans.

FINANCE AND PRODUCTIVITY

	1977 Estimate		1978 Estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Finance and Productivity (Grants and Contracts)	--	$12,600,000	--	$14,500,000	--	+$1,900,000

Problem Statement and Program Purpose:

The Finance and Productivity program of NIE supports research and development projects designed to assist State and local educational institutions in providing high quality education. Such R&D support is necessary in an era when enrollments are changing rapidly in distribution and character, costs are continuing to rise, courts and other public bodies are requiring new distributions of educational funds, and education must compete increasingly with other services for available funds.

Budget Policy for 1978: 1978 budget for Finance and Productivity pursues two major objectives:

1. To support states and educational institutions in their efforts to reform school financing. Activities include:

   -- assisting state legislatures and education departments engaged in revising their finance laws by providing information about similar efforts in other parts of the country and by providing technical assistance.

   -- assessing the impact of new education legislation on the organization and finances of local school districts.

   -- examining decentralized school site budgets to assess the impact of school finance reforms on the organization of schooling at the building level.

2. To improve the productivity of education. Activities include:

   -- undertaking studies of issues which public systems and private institutions now face as they enact or debate "competency-based" education in which credits or diplomas are based on skills or knowledge attained.

-- supporting a regional post-secondary open learning system with a potential student population of eight million adults reached through television, audio cassettes, etc.

-- supporting the application of management information systems to post-secondary institutions.

-- assisting communities with the problem of enrollment shifts.

-- supporting telecommunications satellite projects to demonstrate improved access to education for isolated areas.

	1977	1978
o Expected number of awards		
-- Grants	3	3
-- Contracts	65	55
o Estimated average award		
-- Grants	$ 50,000	$ 50,000
-- Contracts	245,000	260,000
o Proposed funding level		
-- Continuations	$10,504,000	$11,400,000
-- New Initiatives	2,096,000	3,100,000

Accomplishments in FY 1977: 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. The Institute is learning how attempts to change schooling outputs affect the ways in which schools operate and the achievements of their students.

-- supported the National Conference of State Legislatures' research and technical assistance for state legislatures on the nature and consequences of recent school finance reforms.

-- initiated evaluations to assess the effectiveness of:

1) alternative management systems in improving the cost-effectiveness of delivering post-secondary education

2) computers in improving the management of elementary and secondary school systems

3) post-secondary programs in meeting the needs of non-traditional post-secondary education populations.

SCHOOL CAPACITY FOR PROBLEM SOLVING

	1977 Estimate		1978 Estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
School Capacity for Problem Solving (Grants & Contracts)	-	$7,300,000	-	$8,300,000	-	+ $1,300,000

Problem Statement and Program Purpose:

The School Capacity for Problem Solving Program of NIE supports research and development projects designed to help people acquire the skills they need to successfully manage local school improvement efforts. Research on educational reforms shows that attempts by central agencies to change the instructional practices of local school officials and staff are generally ineffective. Also, it is increasingly clear--from research, media, and evidence at the polls-that educational institutions encounter grave difficulties when they lose the confidence of their clienteles. The program develops and disseminates strategies that will help parents, students, teachers, and school administrators participate effectively in the design, implementation, and management of education programs appropriate for their communities.

Budget Policy for 1978: 1978 budget for School Capacity for Problem Solving pursues three major objectives:

1. To develop ways of organizing and managing education that both improve services and increase citizens', students', and educators' satisfaction with their schools.

   Activities include:

   -- studying efforts by a range of agencies (e.g., teachers' associations, community mental health centers, universities, businessmen's alliances) to help urban schools solve the problems they face.

   -- assisting selected school districts to plan and implement decentralized management experiments; providing them with technical assistance; studying the process; and helping them to share the results with other districts.

   -- describing and analyzing the ways in which a variety of citizen groups influence the schools that serve them and their children.

   -- studying different forms of teachers' centers -- a new type of organization in which teachers can develop curricula, work on common problems, and improve their professional skills -- and helping people develop centers that meet their local needs.

2. To help citizens, students, and educators use the new ways of organizing and managing schools. Activities include:

   -- supporting interchanges among teachers' centers across the country and providing resources to enable established centers to make their experience available to new centers.

   -- facilitating exchanges among citizens, educators, and resource agencies (e.g., community colleges, intermediate service agencies, universities) in small clusters of rural communities.

   -- experimenting with combinations of materials, training, and consultation to help people in schools improve their problem-solving capabilities.

3. To improve our understanding of organizational processes in education through basic research. Activities include:

   -- studying and improving the planning process in school districts.

   -- studying large scale changes in organization and programming in urban school systems to identify effective management techniques.

   -- studying the informal and formal ways in which "networks" of educators communicate experiences, ideas, and innovations.

	1977	1978
o Expected number of awards		
-- Grants	33	40
-- Contracts	26	27
o Estimated average dollars per award		
-- Grants	$ 50,000	$ 75,000
-- Contracts	180,000	250,000
o Proposed funding level		
-- Continuations	$2,705,000	$6,400,000
-- New Initiatives	4,595,000	1,900,000

PROGRAM DIRECTION AND ADMINISTRATION

	1977 Estimate		1978 Estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel Compensation and Benefits	340	$8,842,000	340	$9,376,000	--	+$ 534,000
Other Expenses	--	3,243,000	--	4,124,000	--	+ 881,000
TOTAL	340	$12,085,000	340	$13,500,000	--	+$1,415,000

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 1978: Major management objectives of NIE planned for FY 1977 center around the 6 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 Education Equity -- Removing barriers to education for traditionally excluded populations.
- o Education and Work -- Student preparation for life-time careers.
- o Finance and Productivity -- A quality system of education the nation can afford.
- o School Capacity for Problem Solving -- Assist local schools develop skills necessary to manage school improvement efforts.

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The Institute is requesting funds to support 340 full time permanent positions which will be distributed generally in the same pattern as exists in FY-77, which is as follows:

Program Group/Office	Positions
Dissemination	50
Basic Skills	45
Finance & Productivity	38
School Capacity for Problem Solving	15
Education and Work	29
Educational Equity	42
Central Management Support	121
TOTAL	340

The Institute has recently developed a manpower planning system, which is currently generating data for analysis of work output and methods. Institute management is concerned that the proposed FY-78 staffing level may not adequately support increases in program level funding, which in turn will provide for new extramural research and development activities. These are likely to require additional planning, monitoring, evaluation and administrative support staff. However, no increases in staff will be requested until an analysis of workload requirements has been completed.

Accomplishments in FY-77:

During FY '77 the Institute has accomplished the following:

1. Joined the Ohio Library Center (OCLC) which is the national on-line cataloging network.

2. Established a dial-up on-line computer searching service in the Office of Education Branch Library.

3. Increased research services through the expansion of new and existing computerized searching systems.

4. Completed a review and reclassification project to assure that Institute staff are assigned to appropriate positions.

5. Developed competitive levels for all positions in the Institute.

6. Established the Institute's first formal Upward Mobility Program, providing advancement opportunity to professional status for 10 staff.

7. Developed work units and a systematic approach towards measuring productivity and determining manpower requirements.

Program Purpose and Accomplishments

Activity: Dissemination

1977		1978 Budget Estimate	
Pos.	Amount	Pos.	Amount
--	$19,000,000	--	$23,100,000

Purpose: Past dissemination programs have not succeeded in assuring that educational research and development innovations are utilized by teachers and administrators. The proposed dissemination program is designed to make research and development knowledge available directly to school officials as well as to assist them in applying that knowledge to the solution of educational problems.

Explanation: Applications for grant and contract awards are submitted by State Education Agencies, professional associations, education laboratories and R&D Centers, and profit and non-profit organizations in response to program announcements. Dissemination efforts will be carried out through continuations and competitive selections with some awards limited to existing education laboratories and R&D centers. Programs will be developed and reviewed by program staff with the assistance of outside consultants and experts including State education agency personnel.

Accomplishments in FY 1977: Four SEAs and three interstate consortia have received increased support to operate and evaluate problems to increase the use by schools of materials and practices resulting from education R&D. Nine awards were made to R&D agencies to develop and operate a system using Regional Information Exchanges to facilitate interaction between R&D professionals and the education practice community. Awards have been made to education laboratories, R&D centers, and institutions of higher education to increase opportunities for participation of minorities and women in education R&D. The DATA-BOOK, a major status report on the field of education R&D, was completed and is available in published form. Grants were made to SEAs to develop or improve their capacity to disseminate and implement the results of education R&D. The 16 ERIC Clearinghouses which locate, acquire, abstract, index, and make available educational materials were maintained.

Objectives for FY 1978: Funds requested will: a) assist school officials in local education agencies in identifying and applying R&D solutions to local education problems; b) serve the information needs of groups who have been traditionally cut off from access to information (e.g., large city school systems) on improved education practice; c) support a major effort to increase opportunities for participation of minorities and women in education R&D; d) assess, improve, and maintain the current Educational Resoures Information Center system; e) continue to support the development of dissemination capacity in State education agencies, and professional associations; f) initiate dissemination capacity building efforts in teacher training institutions; and g) continue to monitor the education R&D system.

Program Purpose and Accomplishments

Activity: Basic Skills

1977		1978 Budget Estimate	
Pos.	Amount	Pos.	Amount
-	$19,200,000	-	$27,900,000

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 grant awards will be made after review by program staff and outside experts.

Accomplishments in FY 1977: (1) Developed a curriculum for teachers and school administrators to aid them in assessing and meeting children's educational needs; (2) established a Reading Research Center which conducts interdisciplinary research and development on reading comprehension; (3) issued reports on the problems of test score decline and test bias; (4) published and disseminated a comprehensive, cross-indexed compilation of education related laws and regulations in the fifty states.

Objectives in FY 1978: Activities in FY 1978 will focus on the attainment of basic skills. The program will try to determine why some children fail to learn reading and mathematics; to identify and develop instructional strategies; and to provide the methodology for assessing progress. The program will develop sound and enforceable education standards.

Program Purpose and Accomplishments

Activity: Education and Work

1977		1978 Budget Estimate	
Pos.	Amount	Pos.	Amount
--	$9,400,000	--	$10,400,000

Purpose: The Education and Work program supports research and development to improve the contribution education makes to individuals' abilities to learn and progress in their careers. Reducing sex and ethnic occupational stereotyping which limit many from full participation in the economy and society is a special focus.

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 77: The Institute has field-tested and disseminated an alternative approach to completing the final years of high school called Experience Based Career Education (EBCE) in which businesses, labor unions and public agencies in 100 school districts in 42 states are participating. Four states are involved in a special test of wide-spread application of EBCE. Additionally, the Career Decision Making Program developed by the Appalachian Educational Laboratory has provided 10,000 high school students and 1,500 community, junior college and university students with both exploratory experiences and extensive career information to better prepare themselves to make career choices. Three pilot programs aimed at reducing sex role restrictions on interests and aspirations were broadcast over public television in four areas across the nation representing over 100 school districts involving upper elementary school children, their teachers and parents. Materials to help schools teach skills that prepare students for occupational mobility in the changing work world and for changes in personal interests and circumstances were developed and tested. Workers in approximately 100 large industries with negotiated employee tuition refund helped test new approaches to increase worker utilization of these life-long learning plans.

Objectives in FY 78: 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 also focus on assisting women and minorities to prepare for occupations requiring mathematics and mechanical skills; determining what educational programs can best facilitate upward mobility for minorities and women; examining how to provide educationally valuable alternatives for very large numbers of youth without overloading community or school resources; examining how to assess occupational competencies in ways that are valid, predictive, and non-discriminatory; and providing people with life-long access to education for career development.

Program Purposes and Accomplishments

Activity: Educational Equity

1977		1978	
Pos.	Amount	Pos.	Amount
-	$10,800,000	-	$11,300,000

Purpose: The Educational Equity Program helps schools to meet their responsibilities to provide equal educational opportunities for students of limited English-speaking ability, women, and students who are socially, economically, or educationally disadvantaged. The program's ultimate goal is to promote changes in the educational system which will enable it to function with fairness and equity for all citizens.

Explanation: This program 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 1977: The work in this program was primarily directed to completing several initiatives begun in FY 1976 and earlier in the areas of multicultural/bilingual education, in desegregation studies, in disruptive behavior and in certain aspects of women's research. Additionally, new initiatives were developed in research strategies for studying problems associated with school social relations and in extending already existing studies of compensatory education efforts in the country.

Efforts have led to the publication of (1) catalogues of bilingual education materials and of bilingual assessment instruments, (2) criterion-referenced tests for young Spanish-speaking students, (3) new text materials for Northwest Plains Indians, and (4) new curriculum materials for Spanish-speaking students - all of which are of direct use to educators. Interim reports have also been prepared on major studies of compensatory education. Several studies on teacher/administrator needs, on Women's Studies programs at postsecondary institutions, on sex role models of learning and on the effectiveness of affirmative action programs were also completed. Several studies on desegregated settings, residential mobility patterns, and exemplary preparation for desegregation were disseminated for use by educators and other decision-makers.

Objectives in FY 1978: Activities in FY 1978 will focus on:

1. Doing research to help resolve educational achievement problems in desegregated settings;
2. understanding and seeking solutions to the educational problems faced by women;
3. promoting improved student social environments in schools;
4. assisting educators to provide better bilingual/multicultural education; and
5. improving compensatory education.

Program Purpose and Accomplishments

Activity: Finance and Productivity

1977		1978 Budget Estimate	
Pos.	Amount	Pos.	Amount
--	$12,600,000	--	$14,500,000

Purpose: The Finance and Productivity program of NIE supports research and development projects designed to assist State and local educational institutions in providing high quality education in an era when enrollments are changing rapidly in distribution and character, 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 1977: The FY 1977 program has addressed the area of how schools can make better use of their resources. The program assisted the State of Oregon in implementing a system of competency-based education in its public school system by supporting training and development of materials that will help schools understand and operate under the new State objectives. Additionally, the program initiated evaluations to assess the effectiveness of post-secondary programs in meeting the needs of non-traditional post-secondary education populations, of alternative management systems, and of management applications of computers.

Objectives in FY 1978: Activities in FY 1978 for the Finance and Productivity 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 in improving their performance through better organization and management.

Program Purpose and Accomplishments

Activity: School Capacity for Problem Solving

1977		1978 Budget Estimate	
Pos.	Amount	Pos.	Amount
--	$7,300,000	--	$8,300,000

Purpose: The School Capacity for Problem Solving Program of NIE supports research and development projects designed to assist people in local schools, as well as the people they serve, in developing the skills they need to successfully manage school improvement efforts. Organizational strategies are developed and disseminated to help parents, students, teachers, and school administrators participate effectively in the design, implementation and management of education programs appropriate for their communities.

Explanation: This effort will be carried out primarily through continuations and competitive selection with some awards limited to existing laboratories and R&D centers. Contract and grant awards will be made after review by program staff and outside experts.

Accomplishments in FY 1977: The FY 1977 program expanded a Teachers' Center Exchange established in FY 1976 to help existing teachers' centers to share information about improved methods of staff development and ideas about curricula they have developed. New forms of teachers' centers were developed and a multi-year program of research on different approaches to the management of centers was initiated. The program initiated a three-year study of citizen participation in education designed to identify for policy-makers, school staffs and citizen groups some of the more effective means of involving citizens in educational decision-making. Work relating to the needs of school administrators included one project that developed handbooks, simulations, and other materials for planners of new schools. Another project, based on a survey of over 200 schools, produced guidelines for reorganizing schools and is now being used by the Association of California School Administrators in workshops throughout the state.

Objectives in FY 1978: The Program on School Capacity for Problem Solving plans to continue to focus on the organization and management problems of schools serving the urban and rural poor. Issues of citizen participation, urban school district decentralization, resource utilization in rural education, and teachers' roles in staff and curriculum development will continue to guide the work of the program.

Program Purpose and Accomplishments

Activity: Program Direction and Administration

1977		1978 Budget Estimate	
Pos.	Amount	Pos.	Amount
--	$12,085,000	--	$13,500,000

Purpose:

Program Direction and Administration request provides funds 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.

Explanation:

The Institute is requesting funds to support 340 full time permanent positions to implement the programs planned for FY 1978.

Accomplishments in FY 1977:

1. Joined the Ohio Library Center (OCLC) which is the national on-line cataloging network.

2. Established a dial-up on-line computer searching service in the Office of Education Branch Library.

3. Increased research services through the expansion of new and existing computerized searching systems.

4. Completed a review and reclassification project to assure that Institute staff are assigned to appropriate positions.

5. Developed competitive levels for all positions in the Institute.

6. Established the Institute's first formal Upward Mobility Program, providing advancement opportunity to professional status for 10 staff.

7. Developed work units and a systematic approach towards measuring productivity and determining manpower requirements.

Objectives for FY 1978:

The major management objectives for FY 1978 center around carrying out the six main program areas. These program areas are Dissemination, Basic Skills, Finance and Productivity, Education and Work, Education Equity, and School Capacity for Problem Solving. Institute staff will be responsible for such functions as monitoring and evaluating projects, conducting planning studies, and analyzing and synthesizing researcher and practitioner findings in order to identify issues and problems the Institute should address.

FRIDAY, MARCH 25, 1977.

OFFICE OF THE ASSISTANT SECRETARY FOR EDUCATION

WITNESSES

PHILIP E. AUSTIN, ACTING ASSISTANT SECRETARY FOR EDUCATION

VIRGINIA B. SMITH, DIRECTOR, FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION

MARIE D. ELDRIDGE, ADMINISTRATOR, NATIONAL CENTER FOR EDUCATION STATISTICS

CHARLES E. HANSEN, DIRECTOR OF ADMINISTRATION AND MANAGEMENT, OFFICE OF THE ASSISTANT SECRETARY FOR EDUCATION

WILFORD FORBUSH, DEPUTY ASSISTANT SECRETARY, BUDGET

Mr. FLOOD. All right, the Assistant Secretary for Education. This presentation will be made by Dr. Philip Austin, the Acting Assistant Secretary for Education.

We have your biographical sketch, which we will insert in the record at this point as well as your statement.

[The statement and biographical sketch follow:]

STATEMENT BY THE ASSISTANT SECRETARY FOR EDUCATION-DESIGNATE

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 1978.

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 1978, we are requesting a budget of $40,599,000, an increase of $6,667,000 over the comparable fiscal year 1977 level, with an increase of 12 positions. This budget request will increase program operations in both the Fund and the National Center, and will also increase the number of authorized staff positions in the Office of the Assistant Secretary to 259, with all of the additional 12 positions assigned to the National Center.

In order to support the Fund for the Improvement of Postsecondary Education we are requesting $14,500,000, an increase of $3 million over the 1977 level. We estimate that the amount requested will support approximately 165 projects.

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.

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 position to know what specific improvements ought to be tried and how they should be carried out.

Of the amount requested, $9.500,000 is for the continuation of existing projects. Among the new starts, $2,000,000 will be allocated to priority areas which have been previously established. These include educating students about the range of postsecondary opportunities available to them; individualizing student services in mass educational settings; and reaching and holding populations traditionally excluded from postsecondary education opportunities. An amount of $3.000,000 will enable the Fund to pursue a major new initiative to increase cost effectiveness in postsecondary education. While increased cost effectiveness has been an active concern of the Fund since its inception, the trends toward re-

duced enrollment growth rates, spiraling costs, and tighter budgets have highlighted the need to develop, implement, and disseminate effective ways to stretch the education dollar to do the same job at lower cost or to get more results at the same cost. Taken together these initiatives represent continuation of the Fund's mission to support practical, realistic steps toward improving education designed not in Washington but in the field.

For the National Center for Education Statistics we are requesting $15,940,000. an increase of $2,820,000 over the revised 1977 level of $13,120,000. The Center, which was transferred to the Office of the Assistant Secretary for Education by the Education Amendments of 1974, is designated as the basic resource for providing statistical information about the condition of education in the United States and abroad. In addition, the Center is authorized to conduct policy-relevant statistical analysis and to provide a continuing program of technical assistance to organizations providing us with data—primarily State and local agencies to improve and automate their statistical and data collection activities.

In fiscal year 1978, NCES is initiating a comprehensive program of statistical services to users of education data. Almost all of the requested budget increase is for statistical services in the areas of assistance, analysis, and dissemination. An increase of over $1,000,000 is being requested for the assistance program in order to help States in their efforts to build compatible statistical systems and to use standard definitions for reporting. Another $1,000,000 of the requested increase will be targeted on analysis and methodology. NCES will analyze existing data bases and develop the methodological tools which will contribute to subsequent analyses. New data analysis promises to provide insights into the performance of target groups such as the bilingual, the handicapped, and poverty populations. Other analyses will cover the impact of vocational training, college curriculum, and other postsecondary education on occupational career patterns. Finally, an increase of $750,000 will be directed toward improving the Center's dissemination program to permit more timely publication and distribution of the types of data requested by users. This goal means that staff will concentrate more on the production of analytic monographs and other forms of data presentation useful to policymakers.

The planned expansion of statistical services will occur simultaneously with a change in emphases in data collection on both individuals and institutions. A total of $9,838,000 is requested for data-collection activities. These will respond to persistent Federal concerns about the match between student needs and educational services, student achievement levels, and the transition of persons from education to work. Activities in 1978 will also move toward insuring a core of data on institutions that is compatible with data describing individuals. Existing data-collection activities on institutional trends will be continued, but altered to eliminate elements which are less useful and difficult to collect.

The 1978 budget request for program direction and support services is for $10,159,000 and 259 positions, an increase of $847,000 and 12 positions over the 1977 level. One of the objectives of this budget is to make the work of the National Center more relevant to the needs of education policymakers. The Center's program budget that I described to you is directed toward this goal, but requires the addition of 12 staff positions in order to achieve its purposes. Ten of these positions requested will directly support analysis and methodology activities, one will be assigned to the publications program and one to the program support staff. The 12 positions will also enable the Center to successfully carry out the mandated statistical activities assigned to it in the Education Amendments of 1976.

The Office of the Assistant Secretary for Education was established 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 sector, and facilitation of two-way communication between the public and the department on educational policy. In carrying out this role, the office will continue to fund, at the same level as in fiscal year 1977, three education policy research centers which fulfill a unique role as a resource for indepth and sustained policy analysis. The centers' 1977 activities, resulting in reports on; for example, the cost and financing of special education, new techniques for measuring desegregation, and financing of higher education will be useful in helping shape the Federal response to national education issues. In 1978, one of the important areas of study will be alternatives for the simplification of Federal elementary and secondary assistance.

At this point I would be glad to answer any questions you may have.

BIOGRAPHICAL SKETCH

Name: Philip Edward Austin.
Position: Acting Assistant Secretary for Education.
Birthplace and date: Fargo, N. Dak., March 25, 1942.
Education: Ph. D., Michigan State University, 1969; M.A., Michigan State University, 1968; M.S., North Dakota State University, 1966; B.S., North Dakota State University, 1964.
Experience:
1973–present—Deputy Assistant Secretary for Education (policy development).
1971–73—Senior economist, Office of Management and Budget.
1969–71—Operations research analyst, U.S. Army.
1967–69—Research associate, Michigan State University.

Mr. FLOOD. For the record, we would like to meet the people with you.

Dr. AUSTIN. Yes, sir.

To my right is Dr. Virginia Smith, the director of the fund for the improvement of postsecondary education. You have met Mr. Forbush and Mrs. Marie Eldridge, the director of the National Center for Education Statistics.

ROLE OF THE OFFICE OF THE ASSISTANT SECRETARY

Mr. FLOOD. The development, analysis, and communication of educational policy seems to be a very common theme all throughout the budget for the Assistant Secretary for Education. As a matter of fact, you mentioned it several times in your statement which we just placed in the record.

But give us some examples of the policies that have been developed.

Dr. AUSTIN. There have been several examples, Mr. Chairman.

The primary responsibility of the Office, for the future, as the Assistant Secretary-designate, Dr. Berry, perceives it is to be the coordination and supervision authority for all the elements of the education division. She feels that she has been appointed to this position to be the principal line officer in education in HEW, but not the singular policymaker.

So, for example, in the case of NIE compensatory education studies, it is an ASE responsibility to insure that the dollars spent to study compensatory education activities provide results that can be used by USOE elementary and secondary education program managers.

This is particularly relevant now as we are entering a 6 to 12 month phase of study prior to reauthorizing the Elementary and Secondary Education Act of 1965.

As you know, Mr. Chairman, for the past several years we have received an appropriation of $962,000 to support the activities of three education policy research centers.

One of them directs its attention primarily to postsecondary education and adult education analysis activities. That particular center provided many analytic documents for the Assistant Secretary's Office which were used as a basis by our staff to prepare decision papers for the Secretary, the Assistant Secretary and the Commissioner for Education in the process leading to the education amendments of 1976.

Moreover, that particular center was able to respond to some requests of Chairman Perkins' committee regarding the impact of changes in the SEOG distributional formula.

So there are several ways in which the Assistant Secretary for Education Office impacts on policy.

Mr. FLOOD. Do you think any of these policies have any relevance now to the appropriations for these education programs?

Dr. AUSTIN. Yes, sir.

From my own point of view, the two can't be separated. Clearly before you appropriate money you want to know what the impact of the several programatic authorities are and how changes in appropriations among programs would affect the recipients of Federal programs differently.

We feel one of our responsibilities is to provide you with that information, how changed appropriations in the Elementary and Secondary Act and postsecondary education research will affect and change education.

LIFELONG LEARNING

Mr. FLOOD. How much is in the 1978 budget for the lifelong learning program?

Dr. AUSTIN. Our budget request includes $60,000 for lifelong learning activities, which will be administered by Virginia Smith and a small staff, Mr. Chairman.

Mr. FLOOD. What responsibility does your office have for the projects that are related to this lifelong learning?

Dr. AUSTIN. Some of the work is being done by the policy center that I referred to a moment ago.

Certainly, much of the NIE work in the education and work division that has been carried out over several years would be useful to the lifelong learning work group.

Mr. FLOOD. This is the responsibility of your office?

Dr. AUSTIN. The policy center work would be the responsibility of my office. Since the Assistant Secretary for Education supervises FIPSE, OE, NCES, and NIE, analytical work conducted there would be Dr. Berry's responsibility.

FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION

Mr. FLOOD. You have a request for the fund for postsecondary education of $14.5 million. That is an increase of $3 million over 1977. How much of that $14.5 million is for new projects?

Dr. AUSTIN. If I could respond very generally to that, Mr. Chairman, and then defer to Dr. Smith. Of the $14½ million, $9½ million would be for continuation of existing projects, $2 million would be for new projects, but in three existing priority areas: First, the education of students regarding the range of postsecondary education experiences available to them; second, individualizing student services in mass educational settings, and, finally, reaching and holding nontraditional student populations; and $3 million out of that $14½ million will be used to support a new initiative area of cost-effectiveness studies in postsecondary education.

Dr. Smith might give some specifics.

Mr. FLOOD. All right, Doctor.

Dr. SMITH. As Phil said, about $3 million would be used for the new initiative in the cost-effectiveness area. That is actually for the purpose of making more use of cost-effectiveness approaches in more institutions. It is not for studies, however. We think we know a lot of types of activities which can improve the use of resources in postsecondary education. The opportunity here is to make those possibilities useful in more settings.

Mr. FLOOD. The budget request would allow you to double the number of new projects compared to last year, wouldn't it?

Dr. SMITH. Just about. It depends, of course, on how much we put in each project. We have had the practice in the past of making relatively small average grants.

Our grants are made directly to people who are in the field doing projects, that is, the practitioners themselves, the teachers, the deans and so on.

As a result, our projects tend to be rather small, about $70,000 to $80,000 average. So it would just about double the number if we continue that practice.

Mr. FLOOD. On what basis was it decided to double the number of new projects? It just seems to be quite an expansion for 1 year.

Dr. SMITH. We probably could have undertaken this initiative last year, too, but it took about 3 years for us to begin to see which kinds of projects had the real possibility for use in many more settings. I think we now have that information. We are now getting proposals of quality that we can't fund. We think that with additional money, we could fund many more proposals that really have substantial quality.

We turn away probably as many proposals every year that could be funded very effectively as the ones we do fund. We have a ratio of about 1 to 20.

FUNDING PRIORITIES

Mr. FLOOD. Will you describe the process that is used for determining priorities for the projects that you plan to support? Who actually decides the priority areas?

Dr. SMITH. The priority areas are decided by a consultation process that includes our board of advisers. It includes discussion with people in various parts of the executive branch. It also includes going back to the original legislation.

For instance, the cost-effectiveness area was an area mentioned in the original legislation and one that we have not felt until now we really knew how to move out and do much more work on.

Also, we consult with people in the field. We look at the kinds of proposals we are getting and whether or not they appear to be ready for funding. We think that this area is now quite ripe for funding.

Mr. FLOOD. Suppose you describe the role of the board of advisers. Does the membership of that board stay the same year after year after year?

Dr. SMITH. No. Five new members are appointed each year. I have for the record the list of board members with brief biographical statements about them.

The board consists of eight lay people, not educators by profession, and seven who are educators. It is a very broadly representative board. It is also a board that is advisory in its nature.

They consult on general policy directions, but in addition to that they look at some of our bigger proposals and give us advice on whether those proposals are projects that should be funded. They talk with us about what we should expect to get out of the projects, about techniques for evaluating their success. They actually make priority recommendations not only on policy fields but on some individual projects.

[The information follows:]

BOARD OF ADVISERS TO THE FUND

THE FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION

JANUARY 1977

BIOGRAPHIES

BOARD OF ADVISORS TO THE FUND

ALVIREZ, DAVID

Associate Professor of Sociology and Head of the Department of Behavioral Sciences at Pan American University, Edinburg, Texas. Previously he taught at the University of New Mexico and the University of Texas at Austin. Since 1973 he has served on the Advisory Committee on Population Statistics to the U.S. Bureau of the Census. He has been and is actively involved in research involving the Mexican Americans. He received a Master of Theology from Southern Methodist University in 1960, and a Master of Arts and a Doctor of Philosophy from the University of Texas at Austin in 1970 and 1971, respectively. He has been active in professional, educational, and religious organizations.

ANDERSON, ROBERT

A partner in the law firm of Anderson, Byrd & Richeson. He is currently serving as a member of the Board of Trustees of Ottawa University, Ottawa, Kansas. He is Vice-Chairman of the Board of Directors of The Villages, Inc., Topeka, Kansas. He is a Director of the National Conference on Social Welfare. Mr. Anderson is a member of the American Association of College and University Attorneys. He is a former Chairman of the Kansas State Board of Social Welfare, Regional Medical Programs Board, and Kansas Health Planning Council. He served as Chairman of the Ways and Means Committee of the Kansas House of Representatives, on the Legislative Council and on the State Finance Council while he was a member of the Kansas Legislature for eight years.

BOGGS, DANNY

A graduate of Harvard College and the University of Chicago Law School. He was for three years a member of the National Supervisory Board of the National Student Association, and was Administrative Assistant for Education to Governor Louie B. Nunn of Kentucky. He was Assistant to the Solicitor General of the United States from 1973 to 1975, and is presently Assistant to the Chairman of the Federal Power Commission.

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BURSLEY, GILBERT

A Michigan State Senator. He serves as Associate President Pro-Tem of the Senate, Chairman of the Michigan Education Council and is on Senate Committees on Education, Colleges and Universities, Health, Social Services and Retirement, and Intergovernmental Relations. He is a Commission and Steering Committee Member of the Education Commission of the States. He is Vice-Chairman of the Education Task Force of the National Conference of State Legislatures. He has chaired numerous special committees and has served as Assistant Majority Leader during 16 years of legislative service. He is a graduate of the University of Michigan and of Harvard Business School (MBA). From 1957-1965, he was on staff at the University of Michigan. He was a Lieutenant Colonel during World War II and Korea. He served in Military-Diplomatic Posts in Turkey, Greece and Equatorial Africa until 1957. In 1954 he served with the United Nations in Palestine and for the past six years was named by the Governor as United Nations Day Chairman in Michigan.

BUTLER, LEWIS (Chairman)

An attorney and Adjunct Professor of Health Policy at the University of California, San Francisco. He served from 1969 to 1971 as Assistant Secretary of H.E.W. for Planning and Evaluation. He has been a Regents Professor at the University of California, and a member of the Technical Advisory Committee to the Carnegie Commission on Higher Education. He established and served as director of the Peace Corps Program in Malaysia from 1961 to 1964 and is a member of the recently appointed San Francisco Public Schools Commission.

CHURCH, MARTHA

Has been President of Hood College since 1975. From 1971-1975, she served as Associate Executive Secretary for the Commission on Higher Education of the Middle States Association. She is a graduate of Wellesley College and has an M.A. from the University of Pittsburgh and a Ph.D. from the University of Chicago. Currently, she is a member of the Board of Directors of the American Council on Education, the Segmental Advisory Committee to the Maryland State Board for Higher Education, the Education Commission of the States Task Force on Private Higher Education and State Policy, the SREB Task Force on Faculty Evaluation and Teaching Effectiveness, and a public member of the Accrediting Commission of the Association of Theological Schools. She is also on the Executive Committees of the Women's College Coalition and the Maryland Independent College and University Association, Inc. She has served on Advisory Boards for the Serviceman's Opportunity College Project and the Project on Noncollegiate Sponsored Instruction.

COOK, MATTIE

Has served for the past seven years as the Administrative Director of Malcolm-King: Harlem College Extension, a school which she also helped to found. She received a B.S. from Virginia State College, and an M.A. from Teacher's College, Columbia University. Serving as a teacher, supervisor, consultant and lecturer for many years in the field of early childhood education and the education of the emotionally disturbed has earned her many community service awards. She presently serves on many local and statewide committees, some of which are the New York State Regents External Degree Committee, the Task Force on the Status of Equal Education Opportunity in Higher Education, the Harlem Addiction and Rehabilitation Training Program, and the New York City Council President's Executive Committee on Adult Education.

FURMAN, JAMES

Executive Director of the Illinois Board of Higher Education. He is a graduate of the Ohio State University, and has served as the Director of the Council on Higher Education for the State of Washington and as Executive Officer for the Ohio Board of Regents. Mr. Furman has served as a Commission of the Education Commission of the States and of the Western Interstate Commission on Higher Education. He recently completed a two year term as Chairman of the Board of Directors, for the National Center for Higher Education Management Systems.

JOHNSON, ELIZABETH

Commissioner and Alternate Vice Chairman of the seven-member Oregon Educational Coordinating Commission, created by the 1975 Oregon Legislature. She is a member of the Committee on Program Review. To accept the Governor's appointment to the Commission, Mrs. Johnson resigned from the Oregon State Board of Trustees, Pacific University. Mrs. Johnson currently is national Chairman and a member of the Board of Directors of the Association of Governing Boards of Colleges and Universities. She serves as Chairman of the Advisory Council to the Planning Committee of the State Higher Education Executive Officers' Project, Inservice Education Program, under the Education Commission of the States. Mrs. Johnson holds a B.A. from Miami University(Ohio), and M.A. from Wellesley College and has done graduate work at the University of Chicago. During World War II, she served as a naval officer. She is active in local, State and national educational, civic and philanthropic organizations.

JONES, DOUGLAS

Professor of Geology and Dean, College of Arts and Sciences at the University of Alabama. Dean Jones has been a member of the faculty of the University of Alabama since 1958, and has served as a teaching and research faculty member. With a full time faculty of 300 and student enrollments of over 4,000, the College of Arts and Sciences

is the instructional nucleus of the University of Alabama. Dean Jones is a member of numerous professional and honorary societies including the Geological Society of America, the Society of the Sigma XI, and Society of Economic Paleontologists and Mineralogists. He received his B.S. and M.S. in Geology from the University of Alabama, and his Ph.D. (Geology and Paleontology) from Louisiana State University.

LEVIN, GAIL

Director of Community Relations, WHIO Television, Dayton, Ohio. She attended Bennington College, Ohio State University and UCLA. She is a former City Commissioner. She also served as President of the Dayton Area League of Women Voters, as a member of the Ohio Commission on Public School Personnel Policies and Public Opinion Center. She is presently on the Board of Trustees of the Business School of Wright State University, and is active in many local civic and educational organizations.

MITAU, G. THEODORE

Distinguished Service Professor in Public Policy and Administration for the State University System. From 1968 to September 1976, he served as Chancellor of the Minnesota State University System. Dr. Mitau received a Doctor of Philosophy degree from the University of Minnesota in 1948. He has also served as Chairman of the Political Science Department at Macalester College, as consultant to various Federal and State commissions, and is the author of many works in political science and public.

NEWMAN, FRANK

President of the University of Rhode Island, Kingston, Rhode Island. He holds a Masters degree in Science from Columbia University. From 1969 to 1973, he was Chairman of two HEW Task Forces on Higher Education which issued two reports that have strongly influenced innovation in higher education. Mr. Newman is also trustee of New College in Sarasota, Florida; a member of the College for Human Services National Policy Task Force; and a member of ACE's Commission on Women in Higher Education.

ROBICHAUD, BERYL

Senior Vice-President for Corporate Management Information Services, McGraw-Hill Company. She received a B.A. from Mt. Holyoke in 1940, and a Ph.D. from Rutgers in 1971, where she now serves as an Associate Professor of the Graduate Faculty and a research associate in the Institute for Environmental Studies. She is a Trustee of Mt. Holyoke and Rider Colleges and currently serves as a member of several corporate boards of directors, commissions of the New Jersey Department of Higher Education as well as on a National Institute of Health Science Information Advisory Board.

She has also authored three books in the fields of environmental science, computers and business management.

SAVAGE, DENNIS

Graduate of Cheney State College, receiving a B.S. Degree in Education in 1966. Mr. Savage taught in Franklin Elementary School in Chester, Pennsylvania for three years while concurrently working as a Basic Education Teacher with the Greater Chester Movement. In 1970 Mr. Savage became program Manager of the Wilmington, Delaware (DECA 70001 Program (which served as a model for the current 70001 LTD network of 19 programs in 17 cities and 8 states serving disadvantaged youth between the ages of 16-22). Mr. Savage has worked with Neighborhood Youth Corps as a Counselor and as a City Recreation Playground Director. His interest have centered on the welfare and education of young people throughout his career. Mr. Savage left his position as Director of Special Projects for the Distributive Education Clubs of America in 1976 to serve as Vice President of 70001 Ltd., overseeing the Administrative Services to the large network of 70001 programs.

NONTRADITIONAL LEARNERS

Mr. FLOOD. Now, one of the priority areas for 1978, and I quote: "Reaching and holding persons who traditionally are excluded from postsecondary opportunities."

That doesn't appear to be very unique. Why is that one of your priorities?

Dr. SMITH. It is not unique. It has been a long-term interest. It was one of the interests mentioned in the 1972 act which established the fund. It is a priority that, as a Nation, we have not been too successful with. There are still many community colleges in the country which have an 80-percent attrition rate with Spanish-speaking students. We have been able in some of our projects to get that attrition rate down to 20 percent. Because of that, we feel that this is an area that needs further work. We think we are getting some successful results in that area and want to pursue it further.

We are finding that, for a second example, women drop out very quickly from science programs, yet they have the ability to do the science work. We need more science people, well trained, in the country. It is important to hold those women in those programs.

We have had some projects that have shown substantial success in reducing the attrition rate for women in science programs, below what the rate is in those same institutions now for men.

Dr. AUSTIN. Mr. Chairman, I would like to add to what Dr. Smith has said.

This is an example of how these programs interrelate. We are requesting in excess of $3 billion for student assistance this year in the Office of Education budget.

The hearings that preceded those programs being authorized suggested that it was the intent of Congress as well as the administration at that time and the current administration, too, that those programs should not just provide access to people who are in nontraditional groups, but also provide the individuals with some choices as to type of institutions and opportunity which is defined as staying in the school and completing the program once having matriculated.

It seems to me that this type of project that the fund is now supporting will allow educators, once they have these youngsters in school supported by the basic grants, guaranteed loans, and college work study program, to use those dollars more efficiently also.

COST EFFECTIVENESS

Mr. FLOOD. The budget indicates that $3 million will be used for new initiatives designed to increase the cost effectiveness of postsecondary education programs.

Well, have any studies been done to determine if these programs are actually providing better services and, of course, at reduced costs?

Dr. SMITH. Some of the projects are very simple. For instance, we have found that one way to be more cost effective in some of the new educational enterprises is to use already existing capital facilities. We were able through a demonstration in New Jersey to make it clear that you actually could have community college services given to students in an area using existing facilities without building new, large

campuses. The result was that they saved very substantial money in capital costs by that kind of technique.

That technique is now being used in several other places in the country, involving the State 2-year system in Vermont. They find that they can pretty much limit the cost per student in that kind of institution to operating costs and not get into big capital costs.

There are several other ways in which we have clear evidence that there can be greater effectiveness. Retention is one area. Another area is simply in the year-round use of facilities, using facilities that are otherwise not used in the summer, sometimes for other purposes and sometimes for other kinds of student bodies.

In addition, we found that some liberal arts colleges have wanted to add a vocational option to that college for their students so that when the students graduate, they will not only have a good liberal arts education but also a marketable skill. If they tried to create that vocational program within their own institution, it would be exceedingly expensive.

Instead, there have been several demonstrations now of the possibility of contracting with a private trade and technical school or a community college which has vocational programs to permit the students to take both programs simultaneously.

Mr. FLOOD. How many applications for funding did you receive last year?

Dr. SMITH. 2,000 in 1976.

Mr. FLOOD. What kinds of technical assistance does your office provide to prospective applicants?

Dr. SMITH. All applicants that are both rejected and accepted at the preliminary stage have a right to get feedback or comments from the staff about the weak points and strengths of their proposals and the possibilities of resubmitting at a subsequent time, clearing up some of those weaknesses.

We spend probably as much time in our office talking to rejected applicants as we do to applicants that are accepted. Once accepted, we work with the applicants in a variety of ways over the period for the purpose of making certain that their projects are going to provide information that will be useful to other people in the field.

In fact, we often get rejected applicants which have similar purposes in mind together with the applicants that have been accepted so that they can learn from the projects as they proceed.

Mr. FLOOD. Now this point has been touched upon by you here and by the NIE people earlier. Do small, isolated institutions have adequate opportunity to compete for funding in these programs?

Dr. SMITH. Certainly in the fund there is no question. If you look at a list of our grants, you will find that there are many small, private institutions—many of which, when we get the applications, we didn't even know existed. They can compete and they do compete successfully.

Mr. FLOOD. Do you make a special effort to attract certain institutions to conduct a particular project that you want to support?

Dr. SMITH. Not really, no. In the first year we found we received very few applications from community colleges and we wanted to be sure that they knew we existed, that they had a right to apply to us. So we did make special efforts to get the information about the program out

to community colleges. Now we are getting more applications from those institutions.

If we have particular kinds of activities that we think should be started that have not had any applications coming in on them, we may talk about this activity in public forums, in conferences and speeches. But we don't solicit proposals from particular institutions on particular topics.

NATIONAL CENTER FOR EDUCATION STATISTICS

Mr. FLOOD. The budget for the National Center for Educational Statistics is $15,940,000. That is an increase of 20 percent over 1977.

How much of that increase is due to studies that are mandated by the basic law?

Mrs. ELDRIDGE. The increase for the 1976 mandates is $940,000. The majority of the rest of the increase which we asked for is primarily for the dissemination assistance and analysis program which we are attempting to augment.

Mr. FLOOD. How much of the increase is due to mandates in the basic law?

Mrs. ELDRIDGE. I can provide that for the record.

[The information follows:]

BUDGET INCREASES FOR MANDATED ACTIVITIES

In addition to the $940,000 for the 1976 mandates, the costs associated with studies and activities in the 1974 amendments total $500,000. This includes support for the consortium of Federal Agencies, funds to prepare and publish the condition of education and support of the bilingual study.

Mr. FLOOD. You also want 12 new positions.

Mrs. ELDRIDGE. That is correct.

Mr. FLOOD. How many does the National Center have now?

Mrs. ELDRIDGE. The National Center has a ceiling of 179 positions. The ceiling for fiscal year 1977 is 179. We are asking for that to be increased by 12 in fiscal year 1978. Those positions again, are primarily in the area of analysis and dissemination. There is one position for program support.

Mr. FLOOD. How many vacant positions do you have at the present time?

Mrs. ELDRIDGE. As of March 21, 1977, we currently have 14 positions in recruitment and/or staffing.

STATE ASSISTANCE

Mr. FLOOD. All right.

Part of this increase is for services to support and assist the States in collecting their own data.

Mrs. ELDRIDGE. Yes.

Mr. FLOOD. Well, why don't the States pay for their own data collection rather than relying on the Federal Government?

Mrs. ELDRIDGE. They don't rely entirely on the Federal Government. We recognize that this should appropriately be a shared activity. That is by and large the direction in which we have gone.

I might elaborate on two aspects of our State assistance program.

We have a training program whereby we attempt to expose the State analysts to the available data bases so that they can make better

use of the data bases. However, the utilization of those data bases is a cost that they themselves incur. We will provide training and opportunity for interaction among the States.

This year we have instituted a very effective personnel information exchange program with the States. Through this program the States are able to tap the expertise available in other States, in order to improve their information systems.

Now the Federal contribution to that program is the per diem and the travel. The State provides the manpower and the actual time.

COMMON CORE OF DATA

Mr. FLOOD. How much is in the budget for the so-called common core of data projects?

Mrs. ELDRIDGE. This year we have revised our budget line items, Mr. Flood, and have eliminated what was previously called the common core. I would be very pleased to explain to you exactly how that has been developed. I am submitting a copy of this chart for the record.

Mr. FLOOD. All right.

[The information follows:]

NCES BUDGET LINE ITEMS

OLD

A. Surveys and special studies:
   1. Data collection.
   2. Statistical policy development.
   3. Dissemination.
B. Common core of data (CCD):
   1. Data base design.
   2. Assistance.
C. National assessment of educational progress (NAEP):
   1. Data collection.
   2. Analysis, assistance, dissemination.

NEW

1. Statistical services:
   Assistance B2.C2.
   Analysis A2.C2.
   Dissemination A3.C2.
II. Education statistics:
   Design B1.
   Data collection A1.C1.

CHANGE IN BUDGET LINE ITEMS

Mrs. ELDRIDGE. Basically we have developed two new line items which are: "Statistical services" and "Education statistics" to align our functions with the congressional mandates of 1974. We have taken the common core of data which included data base design and assistance and put those functions where they logically belong. Data base design is now in "Education statistics," and "Assistance" is a subline item under "Statistical services."

Now the budget request for assistance this year is $2 million.

Mr. FLOOD. What results do you have so far on these projects?

Mrs. ELDRIDGE. The assistance program is going smashingly. We are receiving many favorable responses from the States, the Council of Chief State School Officers, and local school districts.

The assistance program is being expanded in the area of postsecondary education. We are also expanding the assistance program in relation to the national assessment project.

Mr. FLOOD. What are your future plans for the common core of data project?

Mrs. ELDRIDGE. The common core of data for elementary and secondary education, which I presume you are referring to as the replacement for ELSEGIS, is currently being developed. This year a feasibility study is in process. Depending upon the success of the feasibility study and its implementation, we will hopefully phase out the ELSEGIS program.

EDUCATIONAL ANALYSIS

Mr. FLOOD. You indicated in the budget that you support programs involving educational analysis. Have you made any analyses of large Federal programs such as title I of the Elementary and Secondary Education Act or the impact-aid program? If you have, what do they reveal?

Dr. AUSTIN. Are you referring to the NCES budget or ASE?

Mr. FLOOD. The budget for the National Center.

Mrs. ELDRIDGE. The program in the Center heretofore has been very, very meager. In answer to your specific question on impact aid, we did prepare two reports on impact aid and submitted those to the Congress in August of 1975. We developed an econometric model and are waiting for some response to that in terms of whether the Congress wishes to have us do further work on that.

So we are not at this point doing anything further on impact aid over and above the two studies which we have already submitted.

The primary emphasis on our analysis efforts are going to deal primarily with the target groups, and analysis of the national longitudinal study. I might mention that this year I instituted in the Center a program which we are calling the Administrative Fellows Program which permits the internal staff to submit what I call an internal request for proposal for analysis programs.

Mr. FLOOD. Did you make a study on title I of the Elementary and Secondary Act?

Mrs. ELDRIDGE. No, we did not.

DISSEMINATION

Mr. FLOOD. You also indicate that the National Center is involved in dissemination. Well, how does that differ from the dissemination activities of the National Institute of Education?

Mrs. ELDRIDGE. When the National Center speaks of dissemination, we are speaking of dissemination of our own products. We have been criticized in the past, as you are well aware, for the publications program both in terms of content and the circulation given to those publications.

In the last year we have substantially revamped that program and we are placing more and more emphasis on putting the basic data onto an online data system for two reasons:

One, it makes the data available far sooner than it ever was before and, second, it is far more useful. We are reducing the number of pub-

lications and the number of copies of each publication. We are also being far more critical in terms of what we are specifically reporting and the emphasis is going to be on substantive analysis and summary reports.

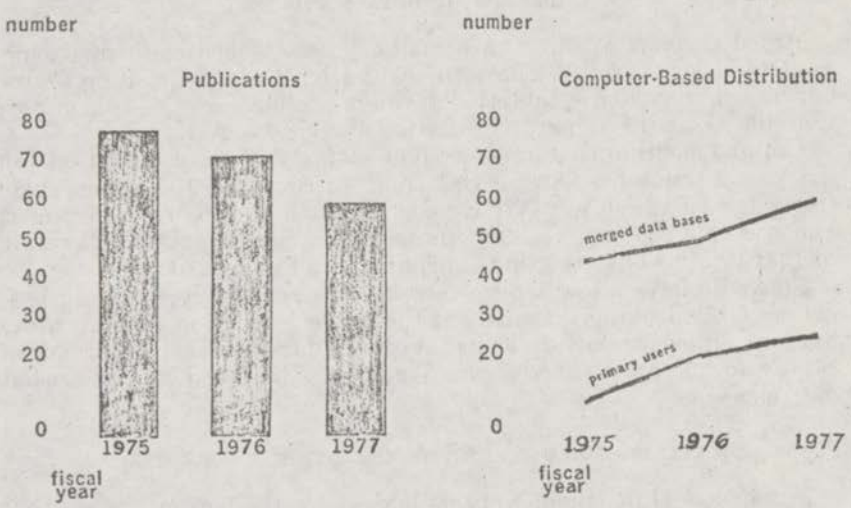
Again, I have a chart which shows the progress which has been made in the dissemination program. This covers the years 1975 through 1977. I can submit this also for the record.

Mr. FLOOD. Yes.

[The information follows:]

NATIONAL CENTER FOR EDUCATION STATISTICS

DISSEMINATION



Mrs. ELDRIDGE. You will see the number of the publications roughly has been reduced by about 10 percent each year. This may be a figure that we will have to hold to, if we are successful in getting out analytical monographs in lieu of the more detailed institutional listings which the Center has heretofore used.

In place of detailed institutional listings we are making the data available to our constituencies through computer tapes and through our online computer system, which we call EDSTAT. The number of publications is going down by about 10 percent. The primary users and the availability of data bases on EDSTAT, our online data system, is increasing by about 25 percent a year.

If I were to make a projection to 1978, I would estimate that the number of merged data bases would be about 80, which is the level we think we would like to handle. This has been an extremely well received program. We are not only mounting NCES data bases but OE data bases so they can be interrelated.

In addition, we are standardizing data bases from surveys from prior years which previously had not been able to be interrelated.

REDUCTION OF PAPERWORK

Mr. FLOOD. The National Center has a new responsibility for the reduction of educational paperwork?

Mrs. ELDRIDGE. Yes, sir.

Mr. FLOOD. One of the things you plan to do is to eliminate or shorten your survey forms. Well, that is all right, but why were these forms so lengthy and so complicated in the first place? They were your forms, weren't they?

Mrs. ELDRIDGE. To put that in perspective, the National Center generates 8 percent of the total number of forms of the entire Education Division.

Mr. FLOOD. Why were they so lengthy and complicated in the first place? They were your babies.

REVIEW OF DATA FORMS

Mrs. ELDRIDGE. Well, we are in the procss of critically reviewing each and every form. We have the Education Data Acquisition Council, a review system established through Public Law 94–482, in section 406–G of the General Education Provisions Act.

I might mention that we have had such a system in operation for the past 10 months. During this time we reviewed 106 forms, relatively few of which were NCES forms. Of those 106, 6 were rejected and were not sent out and 9 of those were actually revised as a result of that review. That revision is primarily in the area of reduction.

So we do have a mechanism now and we personally, as the satistical office, are looking primarily at the higher education general information survey and the elementary/secondary general information survey forms to see exactly what constitutes the hard core of needed data elements.

NATIONAL ASSESSMENT OF EDUCATIONAL PROGRESS

Mr. FLOOD. How much is in this budget for the national assessment of education progress?

Mrs. ELDRIDGE. The national assessment is broken up into four components in this new budget line.

Mr. FLOOD. How much is in the budget?

Mrs. ELDRIDGE. The budget is $51½ million this year.

Mr. FLOOD. Is that more or less than fiscal year 1977?

Mrs. ELDRIDGE. It is approximately $1 million more. I can put the exact figures in the record.

[The information follows:]

NATIONAL CENTER FOR EDUCATION STATISTICS

CROSSWALK TABLE BETWEEN OLD AND NEW LINE ITEMS

Proposed Budget Line Items	FY 1976 Actual	FY 1977 Estimate	FY 1978 Request
Total	$10,485,000 a/	$13,120,000	$15,940,000
I. Statistical Services	3,342,000	3,293,000	6,102,000
A. Assistance	931,000	1,022,000	2,040,000
B. Analysis and Methodology	1,020,000	863,000	1,900,000
C. Dissemination	1,391,000	1,408,000	2,162,000
II. Education Statistics	7,143,000	9,827,000	9,838,000

Old Budget Line Items			
Total	$10,485,000	$13,120,000	$15,940,000
I. Surveys and Special Studies	4,694,000	7,361,000	8,135,000
A. Data Collection	3,300,000	5,251,000	3,950,000
B. Statistical Policy Development	702,000	905,000	1,850,000
C. Dissemination	692,000	1,205,000	2,335,000
II. Common Core of Data	891,000	1,159,000	2,305,000
III. National Assessment of Educational Progress	4,900,000	4,600,000	5,500,000

a/ An additional $2,515,000 of FY 1976 funds will be obligated in the transitional quarter

Mr. FLOOD. This was formerly a line item?

Mrs. ELDRIDGE. That is correct.

Mr. FLOOD. But now you have it buried in the budget. Why is that?

Mrs. ELDRIDGE. We feel that the national assessment should be integrated into the operations of the Center. As a line item in the prior organization of the Center, it was administered out of the Office of the Administrator. I did not think that was appropriate. I did not think that any project should be specifically highlighted as a single line item but rather that it should be looked at in terms of the total mission of the Center.

For example, there are dollars spent in assistance—which is one of our mandates—assistance to the States in the utilization of NAEP. There are dollars spent in dissemination. There are dollars spent in analysis. I felt it more appropriate to indicate and assess that project in terms of those mandates.

This reconfiguration permits me to do that.

Mr. FLOOD. Thank you very much.

[The following questions were submitted by members of the subcommittee with the request that they be answered for the record:]

MR. MICHEL

Mr. MICHEL. How do you justify a budget increase that is over 20 percent above the current year level? In most other areas, the budget more or less seeks to hold the line, but you get a major increase. Why?

ANSWER. The increase in this budget is found primarily in two activities—the Fund for the Improvement of Postsecondary Education and the National Center for Education Statistics. We feel that a modest increase of $3 million for the fund is an appropriate investment when compared with the overall costs for postsecondary education. With the fund, we are attempting to improve the educational offerings available to the students who now, because of our student aid package, have access to postsecondary education. As for the Center, we are increasingly aware of the need for additional and more timely statistical information. The requested increase will enable the Center to become even more responsive to the needs of the Education Division and other Federal clients including the Congress.

Mr. MICHEL. The Fund for the Improvement of Postsecondary Education would get $3 million of the increase. What specific activities will this increase be used for?

ANSWER. The $3 million would be allocated for new start activities in two areas—new grants in the comprehensive program, to be continued largely as is, and new grants under the cost-effectiveness initiative.

Mr. MICHEL. The fund is projecting a doubling of new awards over the current level. Why can't we move at a little slower pace and provide for a more gradual increase in new awards?

ANSWER. The largest part of our budget, $9.5 million, is tied up in continuation costs—so, there realy aren't that many new awards to start with. We have been at the $11.5 million level for 3 years, and continue to be unable to support many of the high-quality proposals we receive. This spring, for example, we will support no more than 70 of the 2,000 proposals submitted to the fund.

Mr. MICHEL. There is one initiative under the fund entitled "strengthening institutional responsiveness in the face of increased regulations and rigidification." What is this all about?

ANSWER. That is one of the eight problem areas, discussed under the comprehensive program, intended to help attract quality proposals for improvement from the field. Under this heading, we receive proposals to improve faculty performance and responsiveness in a time of very high tenure rates—often 80 percent of faculties—at colleges. One possible strategy is the shifting of faculty resources from low-demand to high-demand areas and programs. An example of this is our project at the Tennessee Higher Education Commission, which is developing ways of allocating State funds to institutions as incentives to improve programs and learning. We have not received as many proposals under this

heading as some others, but it seeks to find ways of improving and continuing to be flexible, despite the reduced growth of enrollment and fiscal stringencies in higher education.

Mr. MICHEL. Can you give us some examples of cost-effective approaches in the field of higher education you have developed, and the amounts of money they may end up saving?

ANSWER. One approach we have supported is the joint appointment of faculty among several colleges, appointments which none of the colleges could afford if they were to act alone. At the Five Colleges Consortium in Massachusetts, these new appointments cost each college one-fifth the full-time salary of a faculty member, while at the same time broadening the curriculum into new areas. Other projects have greatly reduced attrition rates, for example from 75 percent to 20 percent for certain groups, thus getting a better payoff from funds invested in college, particularly Federal funds providing student assistance. We don't have exact figures on savings from all of these approaches, but hope to get better data in part through these proposed activities.

Mr. MICHEL. How does your dissemination of these cost-effective approaches take place?

ANSWER. Currently, we are unable to do much more than provide people and institutions with information on projects. Under our proposed initiative, we would spend some funds to help people with a need for certain improvements learn from institutions with proven approaches. Also we would support efforts to better identify those aspects of currently successful projects which have really been the key to their success. Most important, we would continue our practice of relying on practitioners, not researchers or analysts, to communicate to other practitioners—deans, counselors, and faculty.

Mr. MICHEL. How many schools thus far have expressed interest in these approaches?

ANSWER. This concept is a little unfamiliar to educators, but we are finding increasing numbers of colleges quite interested—and for good reason. They are finding it very difficult to continue to be responsive and to improve in the face of curtailed enrollments and revenues, and rising costs.

Mr. MICHEL. Has any evaluation of the fund been undertaken to determine how effective it has been?

ANSWER. Two kinds of reviews have been undertaken. First, over the past 3 years, both the Appropriations Committee in the House, and the General Accounting Office have undertaken general reviews—which, in my opinion, have been generally favorable. Second, the fund has been beginning to collect data on its impact—for example, the figures mentioned earlier, that at least 69 percent of the projects have continued beyond the period of Federal support. We are now 4 years old, and plan to continue to collect this kind of data. Also, we would certainly welcome any broader evaluations of effectiveness.

Mr. MICHEL. Pertaining to your Center for Education Statistics, what kind of efforts are you making to develop cost-sharing and cost-reimbursement for the information you make available?

ANSWER. The Center has already in place a policy and a mechanism for receiving reimbursement from public and private organizations and individuals for the sale of data tapes, microfiche, and special tabulations. In fiscal year 1977, we expect to receive approximately $40,000 through such sales of data and anticipate that such sales will increase to $60,000 to $80,000 in fiscal year 1978. We have also developed a policy for reimbursement from agencies and organizations which may request special surveys or which request that additional data cells be added to planned NCES surveys. We are at present negotiating with several Federal and private agencies for this type of cost reimbursement. In addition, our current personnel exchange program with the States is based on a cost-sharing approach with the States providing the manpower and technical expertise and NCES providing funds for travel and travel-related costs.

Mr. MICHEL. Does the 1978 budget for the Center contain any receipts projected under cost reimbursement arrangements?

ANSWER. The current budget request for $15.9 million which you have before you does not contain funds that NCES would receive under cost reimbursement arrangements. Public Law 93-380 requires that any such funds received for services performed by NCES for public or private organizations or individuals be deposited in a special trust fund account. These funds are used to either reimburse NCES directly for the cost of such services or to reimburse our appropriations which may have initially borne the cost of such services. We anticipate that in fiscal year 1978 NCES will receive approximately $60,000 to $80,000 for such services.

Mr. MICHEL. You are doubling your budget for statistical services. Why such a large increase?

ANSWER. Last year when I became Administrator I found that three activities—assistance, analysis, and dissemination were clearly underfunded. In order to address the 1974 congressional mandates that deal with each of these activities, it was necessary to provide additional funds. The approximate dollars by activity are: $1 million for assistance to work with States in improving their data collection and reporting systems; $1 million for analysis to examine new data from the survey of education and income and the national longitudinal survey; and $500,000 for dissemination to increase availability of data through EDSTAT, our online computer system.

Mr. MICHEL. Your statement refers to reports during the current year on new techniques for measuring desegregation and financing higher education. Have those reports been issued, and if so, can you give us a synopsis of their findings?

ANSWER. The report on measuring desegregation will be issued in about 2 months. It reviews the current measures of desegregation and describes distortions and inconsistencies that arise from their use. It also sets out a new measure of desegregation based on the premise that certain school districts with high levels of residential segregaton must exert far greater effort—in terms of pupil transfers and transportation—to achieve the same amount of school desegregation as would a school district without extensive residential segregation. The "effort index" proposed in the report would assess the desegregation achieved by a district in light of the level of effort required to compensate for any residential segregation existing in the district.

"A Review of Financial Developments in Higher Education" was completed in February 1977 and is available from this office. The report describes and cites reasons for the overall financial status of our colleges and universities. Enrollment levels and faculty salaries were among the most significant predictors of the financial health (or lack of it) of these institutions. The report concludes with a few modest recommendations for Federal policy in higher education: (1) to split the basic education opportunity grant between tuition and living costs, or to pull a relatively high limit on the level of tuition included in the calculation of need; (2) to encourage private institutions to enroll more part-time students; and (3) to adopt measures to protect the financial well-being of the faculty (for example, Federal participation in retirement funds or special health insurance plans).

Mr. MICHEL. One of your projected studies in 1978 will be "Alternatives for the Simplification of Federal Elementary and Secondary Assistance." What kind of guidelines do you plan to establish for this study?

ANSWER. The Rand educational policy reserch center (EPRC) focuses on the areas of educational governance and school finance. Within the educational governance area we have asked Rand to analyze several alternative strategies including: grants simplification, strengthening of existing categorical "strings," and grants consolidation. The following studies deal directly or indirectly with the grants simplification issue:

1. "An Assessment of the 'Strings' Attached to Categorical Grants in Education" (work in progress).
2. "Fiscal and Disruptive Effects of Education Grant Consolidation" (work in progress).
3. "Federal-State Relationships in the Administration of Federal Education Programs" (work in progress).

Mr. MICHEL. Can you give us a synopsis on what the findings are of the first phase of the safe school study?

ANSWER. Yes, the National Center for Education Statistics conducted a sample survey of approximately 8,000 schools and 4,000 school districts to collect data during the period from September 1, 1974 through January 31, 1975, on the number of offenses committed on school premises that had been reported to police and on the value of property damaged and destroyed as the result of unlawful activity. State and national estimates were generated based on data reported by respondents included in the sample. Certain caveats regarding the data must be noted.

The survey requested data on only those offenses committed on school premises that had been reported to the police. It is believed, therefore, that the estimates tend to underestimate the seriousness of the problem. Three factors support this premise: first, data from victimization studies when compared to sources such as the FBI's Uniform Crime Report show that victims perceive substantially higher crime rates against persons than are reflected in UCR; second, State and school district policies vary greatly with regard to what must be reported

to police and what may be handled within internal disciplinary procedures; and, finally, the legislation provided no immunity against disclosure of data reported by respondents. Fear of disclosure may have contributed to underreporting.

Due to the short leadtime for reporting required by the legislation, the period of coverage did not include the summer vacation. It is expected that the rate of offenses against persons is lower during this period and that the rate of property losses is higher.

The survey was retrospective in nature. No uniform recordkeeping system had been adopted by the schools. Therefore, some of the reports were memory-based. The proportion between memory-based and record-based data is not known.

The following highlights are based on the NCES study:

1. Almost three-fourths of the Nations secondary schools (16,100 and better than 4 out of 10 elementary schools (30,200) reported at least one offense to the police during the 5-month survey period from September 1, 1974 through January 31, 1975.

2. The overall crime rate for the survey period in terms of number of offenses per 1,000 pupils was 11.08 for secondary schools and 3.60 for elementary schools.

3. The crime rate varied considerably by location of school. Central city schools, those located within a central city of a standard metropolitan statistical area (SMSA), had the highest rates; 13.06 secondary and 4.85 elementary. Suburban schools, those located within a SMSA but outside the central city had the second highest rates; 11.80 secondary and 3.39 elementary. Nonmetropolitan schools, those located outside a SMSA, had the lowest rates: 8.23 secondary and 2.84 elementary.

4. The offense rate patterns by location varied considerably by type of offense. In general the rates for offenses against persons and offenses involving weapons were considerably higher in central city than in suburban schools which, in turn, were higher than those of nonmetropolitan schools. For crimes against property, these differences still exist but are less extreme. For drug and alcohol abuse offenses, the rates are highest in suburban schools.

5. The estimated cost of repairing and/or replacing property lost as a result of unlawful activity on school property is $89,722,372 for the United States from September 1, 1974 to January 31, 1975.

Mr. MICHEL. What is the overall intended purpose of this study?

ANSWER. The Education Amendments of 1974 directed the Secretary of Health, Education, and Welfare to conduct a study to determine the incidence of crime in the Nation's schools, the value of property damaged and destroyed as the result of unlawful activity, and effective means of controlling and reducing crime in the schools. Responsibility for the study was assigned to the Education Division.

The survey of crime and property damage has been completed by the National Center for Education Statistics and preliminary information has been made available to United Press International under the Freedom of Information Act. A complementary research study is being carried out by the Congress in August 1977. It will be a consolidated report, delineating the extent and seriousness of crime in the schools and containing legislative recommendations based on the findings.

Mr. MICHEL. What is the justification for your request of 12 additional positions?

ANSWER. The Education Amendments of 1974 and 1976 expanded the mission of the National Center for Education Statistics and also mandated a number of specific studies and activities. This expansion of responsibilities has not been accompanied by complementary growth in positions to carry out the required tasks. The request for fiscal year 1978 represents continuing effort to respond adequately to the 1974 and 1976 Amendments. The staffing history of the National Center is shown below:

NCES STAFFING HISTORY

	Authorized positions	Program budget (thousands)
Fiscal year:		
1974	169	$8,750
1975	171	10,565
1976	191	13,000
1977	179	13,120
1978 (requested)	191	15,940

The Education Amendments of 1974 established NCES as a separate agency reporting to the Assistant Secretary for Education, with responsibilities to provide the general purpose data base for education and to offer services to make such data readily available. At the time, the personnel ceiling for NCES was 169. Subsequently, positions were increased to 191 in fiscal year 1976 and decreased to 179 in fiscal year 1977.

The requested positions will be utilized to address the mandate to analyze the meaning and significance of education statistics. NCES has not been able to respond to this task in more than a cursory way because of the lack of trained analytical staff. The EDSTAT program also lacks sufficient personnel to quickly incorporate table-ready data onto the center's remote access and computer-tape systems. Availability of these data through EDSTAT will reduce the need for publications of tabular listings (the dissemination mode commonly used in the past) and will permit preparation of more analytical reports that focus on concerns of the Federal Government and the education community.

MR. CONTE

Mr. CONTE. You mentioned that you are requesting $3 million for the fund for the improvement of postsecondary education to pursue a major new initiative to increase postsecondary cost effectiveness. Would you elaborate? How can education be made more cost-effective? What kinds of things will you be looking at with this $3 million?

ANSWER. As I indicated earlier, we view cost effectiveness as involving both cost and quality of service. We are talking about colleges doing the same quality job for less, or providing better service at the same cost. We feel that many fund supported projects have demonstrated cost effectiveness in the past and feel that we are ready to pursue this topic more aggressively. Major examples could include saving costs and expanding program options for students through collaborations, as we have supported Five Colleges, Inc., in Massachusetts. Other examples include year round and evening use of facilities and reducing attrition rates among students.

Mr. CONTE. What is the relationship between the Assistant Secretary for Education and the Commissioner of Education in terms of the overall administration of education programs and policy? What are the particular responsibilities of each office?

ANSWER. The Assistant Secretary for Education has been assigned responsibility for general direction and supervision of the Education Division of which the Office of Education is a part. The Commissioner is responsible for day-to-day operations of the Office of Education and provides advice to the Secretary regarding operational activities of that unit. Policies affecting the division, particularly those that affect more than one part of it, fall within the purview of the Assistant Secretary.

Mr. CONTE. As the Assistant Secretary for Education, you chair the Federal Interagency Committee on Education. What other offices are represented on that Committee? Could you tell me, or provide for the record, a breakdown of all education programs which are for or applicable to veterans?

ANSWER. The following agencies presently constitute the Federal Interagency Committee on Education:

Commissioner of Education.[1]
Director, National Institute of Education.[1]
Department of State.[1]
Department of Defense.[1]
Department of Agriculture.[1]
Department of Labor.[1]
National Science Foundation.[1]
Energy Research and Development Administration.[1]
National Aeronautics and Space Administration.[1]
ACTION.
Alcohol, Drug Abuse, and Mental Health Administration.
Civil Service Commission.
Department of Commerce.
Department of Housing and Urban Development.
Department of the Interior.
Department of Justice.
Community Services Administration.

National Endowment for the Arts.
National Endowment for the Humanities.
National Institutes of Health.
Office of the Assistant Secretary of Health.
Office of Child Development.
Social and Rehabilitation Service.
Veterans' Administration.
Administration on Aging.
Environmental Protection Agency.
Federal Communications Commission.
Small Business Administration.
Tennessee Valley Authority.

OBSERVERS

Office of Management and Budget.[1]
National Academy of Sciences.
Council on Environmental Quality.[1]
Council on Economic Advisers.
Smithsonian Institution.

Pertaining to the question on veterans, as a general proposition, veterans are eligible to participate in all programs which are appropriate to their academic preparation and socioeconomic circumstances. No comprehensive statistical survey has ever been made to determine the exact participation of veterans in these programs of student assistance, however.

Mr. CONTE. Would you outline the particular responsibilities assigned to your office by Public Law 94-482, and what you are doing to meet those responsibilities?

ANSWER. The following list shows responsibilities of the Office of the Assistant Secretary for Education as assigned by Public Law 94-482 and the status of implementation for each:

1. *Assignment.*—Report to Congress on studies of lifelong learning (sec. 134 of Higher Education Act, as amended).

2. *Assignment.*—Design and operation by National Center for Education Statistics (with Office of Education) of vocational education data system using State data (sec. 161(a) and sec. 112 of the Vocational Education Act, as amended).

Status.—Design of survey has been completed, and definitions are currently being refined.

3. *Assignment.*—Design and operation by national center for education statistics (with Office of Education and Department of Labor) of occupational information system (sec. 161(b) of Vocational Education Act, as amended).

Status.—Interagency agreement between DHEW and DOL has been signed, and implementation of agreement is underway.

4. *Assignment.*—Establishment by Funds for the Improvement of Postsecondary Education, Office of Education, and National Institute of Education of a coordinating committee on research in vocational education (section 171(b)(4) of the Vocational Education Act, as amended).

Status.—Committee has been established and has met.

5. *Assignment.*—Administration and analysis by national center for education statistics of a survey of teacher demand and supply (section 406 of General Education Provisions Act, as amended).

Status.—Survey is being conducted.

6. *Assignment.*—Coordination by national center for education statistics of education division and office for civil rights data collections (section 406 of the General Education Provisions Act, as amended).

Status.—Standards have been agreed to and OCR elementary and secondary survey will be reviewed prior to administration next year.

Mr. CONTE. How do you measure the cost-effectiveness of an educational program? What kinds of terms are used to evaluate what often may be relatively intangible improvements in learning?

ANSWER. As your question implies, it is not yet possible to obtain a clear measurement of educational outcomes or benefits in many situations. A Fund-supported project, however, at Empire State College in New York has perhaps brought us further toward good measures of costs and outcomes than before. But more often,

[1] Agencies authorized in the Executive order.

other indicators must be relied upon, such as reducing attrition at the institution, or indeed, increasing income, as some of our projects have done for small, private colleges. Also, we look at factors such as increasing job placement rates and even the satisfaction of graduates a few years later.

Mr. CONTE. Your justification, page 56, refers to the redesign of courses using new technologies within multicampus systems. Would you explain what that involves? What kind of technologies? And would this apply only to multi-campus systems or could it be applicable to smaller systems as well?

ANSWER. We have thought that the chances for initial success might be greater within systems of all kinds, because there is a history of joint use of materials and techniques, whereas individual campuses are generally less accustomed to working cooperatively with others. But the main point would be that courses would be developed and materials prepared for use across many campuses, rather than solely for an individual institution. If this were done, and we thought the most likely place to start would be within multicampus systems, then educators could finally demonstrate real economies resulting from developmental activities.

Mr. CONTE. Would you provide some information about several of the Fund's initial project investments which have now reached fruition? Are those projects being applied in general practice now? How effective is the transition from demonstration to practice?

ANSWER. Last summer, we started looking systematically at the results of earlier investment. We checked into projects which had terminated support from the Federal Government at least 12 months earlier, and which had expected to continue. From this prelimniary review, 69 percent had continued without Federal support. Another 14 percent had not, and in 17 percent of the cases we didn't have sufficient information to make a determination. Also, several projects have had clear impact nationally. We are very encouraged by this early data, and will be conducting further analyses this summer.

Mr. CONTE. Why are you proposing to make nine fewer new awards for education statistics in 1978 than were made in 1977? How many continuations are you supporting next year compared to this year?

ANSWER. The center is proposing to make 12 new awards in education statistics in fiscal year 1978 in contrast to 21 new awards in this category in fiscal year 1977. The reason for this reduction in new awards is based on two factors. One is that in fiscal year 1977 a series of development projects were initiated, especially in the area of establishing a new common core of data for elementary and secondary education, which resulted in multiple new starts this year which will converge to a single new start in fiscal year 1978. The other factor deals with the shift to and increased emphasis on statistical services such as assistance analyses, and dissemination.

We propose to support the same number of continuations, 16, in both fiscal years 1977 and 1978.

Mr. CONTE. Are your continuations for education statistics competitive or automatic? How many multiyear funding commitments do you generally make?

ANSWER. The majority of our contracts are let initially through competitive procedures. Where such contracts will run over a year in length, the policy has been to split the contract into phases with the option being given to the Government to fund the succeeding phase or phases upon successful completion of the previous phase by the contractor. If continuation is approved in such cases, it is done noncompetitively. The Center generally makes from 3 to 5 multiyear funding commitments each fiscal year.

Mr. CONTE. When will the study of lifelong learning be completed? Have you any preliminary data you can share at this point?

ANSWER. The report will be submitted to the President and Congress by January 1, 1978, as stipulated in the enabling legislation. Because we have had to pull people and resources from existing agencies to get going, we are only now getting substantive work done. However, a major impact of our early work will be the examination of existing programs and regulations to get a better understanding of how the entire Federal Government actually supports—or should support—education and training of our citizenry.

Mr. CONTE. You are slated to do major evaluations of the effectiveness of a variety of major Federal education programs. When will those studies be complete?

ANSWER. A number of evaluations are currently underway or have just been completed. The major evaluations and their scheduled completion dates are as follows:

Impact Evaluation of ESEA, Title VII Bilingual Program—November 1977.
Evaluation of ESEA Title I Program in State Institutions for Neglected and Dependent Children—August 1978.
Evaluation of Civil Rights Act, Title IV—Completed.
Evaluation of ESEA Title III National Diffusion Network—April 1977.
A Study of Compensatory Reading Programs—Completed.
Management and Process Study of Title IV, Consolidated Programs—June 1978.
Study of Sustaining Effects of Compensatory Education—August 1980.
Evaluation of Title I ESEA Migrant Education Program—July 1977.
Longitudinal Evaluation of the ESAA Pilot Program—November 1977.
Follow Through Evaluation—June 1977.
Study of the Impact of Student Financial Aid Programs, Phase II—June 1978.
Study of the Impact of Student Financial Aid Programs, Phase III—July 1979.
Study of State Student Incentive Grant and State Scholarship Programs—June 1977.
Assessment of Area Vocational Education Facilities and Construction Resources—October 1977.
Assessment of Programs under Indian Education Act, Part A—May 1978.
Assessment of State Agency Component of Right-to-Read—Completed.
Assessment of Sex Stereotyping in Vocational Education Programs—October 1978.

JUSTIFICATION OF THE BUDGET ESTIMATES

Appropriation Estimate

Salaries and Expenses

For necessary expenses to carry out sections 402, *404*, and 406 of the General Education Provisions Act, [$20,446,000] *$40,599,000*, of which not to exceed $1,500 may be for official reception and representation expenses. *(Departments of Labor and Health, Education, and Welfare Appropriation Act, 1977.)*

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 education affairs, the Assistant Secretary 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

EDUCATION DIVISION

Office of the Assistant Secretary for Education
Salaries and Expenses

Amounts Available for Obligation

	1977	1978
Appropriation.....	$20,446,000	$40,599,000
Proposed supplemental.....	13,486,000	---
Total obligations.....	33,932,000	40,599,000

Summary of Changes

1977 Estimated Obligations	$33,932,000
1978 Estimated Obligations	40,599,000
Net Change	+6,667,000

	1977 Base Pos.	1977 Base Amount	Change from Base Pos.	Change from Base Amount
Increases:				
A. Built-in:				
1. Annualization of increased pay costs	--	$306,000	--	$ +16,000
2. Within-grades	--	37,400	--	+38,000
3. Re-estimates of commitment base for authorized positions	--	500,000	--	+169,000
4. Funds to cover administrative costs formerly paid by the Office of Education (FTS, Mail, and Taps)	--	337,000	--	+98,000
5. First time contribution to Office of Federal Employee Compensation	--	---	--	+12,000
6. Rate increases for SLUC	--	356,000	--	+383,000
Subtotal	--	---	--	+716,000
B. Program:				
1. Costs associated with 12 new positions for NCES including compensation, benefits, SLUC, supplies and equipment.	--	---	+12	+213,000
2. Transportation charges associated with new positions and exhibits	--	---	--	+7,000
3. Increased contractual support for NCES for tape, tabulation, and microfiche for data base disseminations; and Division-wide dissemination activities; and Privacy Act System of Records	--	119,000	--	+68,000

	1977 Base		Change from Base	
	Pos.	Amount	Pos.	Amount
Increases (continued):				
B. Program:				
4. Additional funds required to support 35 new awards and 14 additional continuations in the Fund for the Improvement of Postsecondary Education...	--	$11,500,000	--	$+3,000,000
5. Net increase required to support increased number of continuations and decreased number of new starts in the National Center for Education Statistics.....	--	13,120,000	--	+2,820,000
Subtotal.....	--	---	+12	+6,108,000
Total, increases.....	--	---	+12	+6,824,000
Decreases:				
A. Built-in:				
1. One less paid day.....	--	---	--	-26,000
Subtotal.....	--	---	--	-26,000
B. Program:				
1. Net decrease for NCES printing transferred to program funds for better accountability.	--	235,000	--	-48,000
2. Net decrease for ADP..	--	240,000	--	-83,000
Subtotal.....	--	---	--	-131,000
Total, decreases.....	--	---	--	-157,000
Total, net change.....	--	---	+12	+6,667,000

Obligations by Activity

	1977 Estimate		1978 Estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Fund for the Improvement of Postsecondary Education	---	$11,500,000	---	$14,500,000	---	$+3,000,000
National Center for Education Statistics:						
(a) Statistical Services	---	3,253,000	---	6,177,000	---	+2,924,000
(b) Education Statistics	---	9,867,000	---	9,763,000	---	-104,000
Program Direction and Support Services	247	9,312,000	259	10,159,000	+12	+847,000
(Standard Level User Charge)	---	(356,000)	---	(766,000)	---	(+410,000)
Total obligations	247	$33,932,000	259	$40,599,000	+12	$+6,667,000

Obligations by Object

	1977 Estimate	1978 Estimate	Increase or Decrease
Total number of permanent positions	247	259	+12
Full-time equivalent of all other positions	13	13	---
Average number of all employees.	253	264	+11
Personnel compensation:			
Permanent positions	$ 5,511,000	$ 5,848,000	$ +337,000
Positions other than permanent	253,000	260,000	+7,000
Other personnel compensation	40,000	40,000	---
Special personnel services payments	105,000	111,000	+6,000
Subtotal, personnel compensation	5,909,000	6,259,000	+350,000
Personnel benefits	524,000	575,000	+51,000
Travel and transportation of persons	291,000	291,000	---
Transportation of things	3,000	10,000	+7,000
Rent, communications and utilities	789,000	1,287,000	+498,000
Printing and reproduction	235,000	187,000	-48,000
Other services	1,441,000	1,415,000	-26,000
Project contracts	13,120,000	15,940,000	+2,820,000
Supplies and materials	55,000	60,000	+5,000
Equipment	65,000	75,000	+10,000
Grants	11,500,000	14,500,000	+3,000,000
Total obligations by object	33,932,000	40,599,000	+6,667,000

Authorizing Legislation

	Amount Authorized	Appropriation requested
Office of the Assistant Secretary for Education:		
1. Fund for the Improvement of Post-secondary Education (General Education Provisions Act, (GEPA), Sec. 404).....	$75,000,000	$14,500,000
2. National Center for Education Statistics (GEPA, Sec. 406).....	30,000,000	15,940,000
3. Program Direction and Support Services (GEPA, Sec. 402).....	Indefinite	10,159,000

Office of the Assistant Secretary for Education

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	21,446,000	20,446,000	20,446,000
Supplemental	13,486,000 3/			
1978	40,599,000			

1/ Not considered by the House.

2/ Money 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.

3/ Includes $306,000 for civilian pay raises.

Justification

Salaries and Expenses

	1977 Estimate Amount/Pos.	1978 Estimate Amount/Pos.	Increase or Decrease Amount/Pos.
Fund for the Improvement of Postsecondary Education..	$11,500,000 (---)	$14,500,000 (---)	$+3,000,000 (---)
National Center for Education Statistics.....	13,120,000 (---)	15,940,000 (---)	+2,820,000 (---)
Program Direction and Support Services.....	9,312,000 (247)	10,159,000 (259)	+847,000 (+12)
Total.....	$33,932,000 (247)	$40,599,000 (259)	$+6,667,000 (+12)

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 co-ordination 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 co-ordinate 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 conducted by the Education Policy Research Centers, relevant to the Office's role of developing educational policy.

During fiscal year 1978, the Office of the Assistant Secretary for Education plans to implement the dissemination strategy developed in fiscal year 1977. In addition, the Office will coordinate and execute the responsibilities assigned to it by Public Law 94-482, the Education Amendments of 1976. The Fund for the Improvement of Postsecondary Education will continue to support projects which encourage innovation and change in postsecondary education, and the National Center for Education Statistics will continue to act as an inhouse resource, by providing necessary data for making informed policy decisions on education issues. Additionally, the Office will complete the study on lifelong learning through various assessments and analyses on the topic as mandated in the Amendments.

A. Fund for the Improvement of Postsecondary Education

	1977 Estimate		1978 Estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
(a) New awards...	--	$ 3,000,000	--	$ 5,000,000	--	$+2,000,000
Number...		(35)		(70)		
(b) Non-competing continuing awards.....	--	6,500,000	--	7,000,000	--	+500,000
Number...		(61)		(70)		
(c) Competing continuing awards.....	--	2,000,000	--	2,500,000	--	+500,000
Number...		(20)		(25)		
Total..	--	$11,500,000	--	$14,500,000	--	$+3,000,000

NARRATIVE

Program Purpose

The Fund, which was established by the Education Amendments of 1972 and reauthorized in 1976, 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 to improving postsecondary education. Proposals may be submitted under both general and targeted program competitions which are announced annually.

Budget Policy

The 1978 budget requests $14,500,000 for the Fund's program activities, an increase of $3,000,000 over the expected 1977 level. Of the amount requested, $9,500,000 is for the continuation of existing projects and $5,000,000 is for new start activities. $2,000,000 would be allocated for modest new start activities in priority areas which have been previously established through the mechanism of the highly successful Comprehensive Program, and $3,000,000 would be allocated for new initiatives designed to increase the cost-effectiveness of postsecondary practice.

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The Comprehensive Program has proven, over the years, to be an effective vehicle for identifying significant efforts directed toward the improvement of educational practice across a broad range of concerns. In fiscal year 1978, these concerns would continue to include as priorities:

-- allowing students to make more informed and effective choices as to whether to seek postsecondary education and what kind of institution and program to attend;

-- improving services for the individual student within mass educational settings;

-- reaching and holding populations traditionally excluded from postsecondary educational opportunities;

-- improving criteria and methods for assessing students and for determining the quality of educational programs; and,

-- strengthening institutional responsiveness in the face of increased regulations and rigidification.

As in the past, activities supported will continue to include both new approaches and the communication of proven approaches.

New Initiative for Fiscal Year 1978 -- Increased Cost-Effectiveness in Postsecondary Education:

Increased cost-effectiveness -- the provision of better services at the same cost or the same services at reduced cost -- has been an active concern of the Fund since its inception. Cost-effectiveness has been both a criterion utilized in reviewing all applications for support and, beginning in 1976, a program priority within the comprehensive competition. However, in view of the related trends toward reduced enrollment growth, increasingly stringent public financing, spiralling costs, and increased accountability in postsecondary education, this concern has attained much greater prominence and deserves the Fund's full attention. The proposed activities both build upon existing Fund-supported approaches and also include new departures.

The Fund's entire program emphasis has been, and will continue to be, on improved practices which benefit learners and strengthen the learning process. Thus, most of these proposed initiatives to encourage increased cost-effectiveness are distinctive in that they tackle aspects of the educational program process itself, rather than services or managerial arrangements which are only indirectly related to learning.

This initiative to increase cost-effectiveness in postsecondary education has three stages of activities determined by the extent of

development in the field: (1) Diffusion and dissemination activities for approacnes which are well-developed and ought to be communicated to other educators and expanded into additional settings; (2) Implementation of new practices designed to more effectively use educational resources; and, (3) Developmental efforts for ideas which need considerable design work but which have promise for giving significant long-term efficiencies.

-- Diffusion of cost-effective approaches ($900,000), including at least three program emphases. First, the expansion of program offerings and/or elimination of existing programs through collaborative and contractual arrangements among institutions. Second, the identification and preparation of useful case histories of institutions which have successfully overcome financial problems and threatened insolvency. Third, National Project competitions for institutions able to increase revenues through program improvements, particularly liberal arts colleges redirected to better serve adults and to offer increased career options to students. In all three areas, the Fund has past program experience which will be supportive of these diffusion efforts.

-- Implementation of cost-effective approaches ($2,000,000). Included are approaches which have been piloted on a limited basis but require further application before widespread diffusion. These approaches include: time-shortened degree programs; off-campus internships of six months to a year for work and service experience; reduction of course duplication within larger colleges and universities; redeployment of faculty from low-demand to high-demand areas; and the full use of campus facilities through year-round programs and alternative uses of facilities in off-peak periods. These approaches would be implemented through special focus competitions.

-- Development of cost-effective approaches ($100,000). These approaches are at a much earlier stage of development, and would initially require planning and design efforts, including full consideration by different elements of the field. Two promising approaches for consideration include: the redesign of courses using new technologies within multi-campus systems; and the creation of a revolving fund for the development of instructional software, which would utilize revenues from software distribution as investment for future development.

Accomplishments and Objectives 1976/1977:

The Comprehensive Program represented the Fund's sole competition for new awards in 1976. The Fund staff and Board of Advisors had revised the priorities of the Comprehensive Program in 1976, however, to include attention to topics and problems addressed by targeted competitions in prior years, as well as greater attention to issues of cost

and productivity in postsecondary education. In 1976, 2,100 proposals were submitted, and 147 were selected to receive new and continuing awards. In addition, 37 institutions participating in the Fund's low-cost National Projects (Better Information for Student Choice; Alternatives to the Revolving Door; and, Elevating the Importance of Teaching) entered their final year of activity.

During fiscal year 1977, the Fund will use approximately $3,000,000 of its total program budget of $11,500,000 to initiate new start activities within the Comprehensive Program, whose problem areas and priorities will remain unchanged from the previous year. The remaining funds will of necessity be allotted for continuing projects.

Also during 1977, the analysis and communication of Fund program accomplishments to date will be a priority activity for both Board and staff. Two series of reports are now underway which analyze, document, and communicate to the field useful project results from the Fund's first three years of operation. All three National Projects will issue final reports and convene national and regional conferences to share their results. The second edition of Resources for Change, a low-cost compilation of useful information about current projects, was made available to the field within three months after awards were finalized. And, as many of the Fund's initial project investments reached fruition after two or three years of operation in the field, coverage of Fund activities in both the education press and the popular press is markedly increasing in 1977.

B. National Center for Education Statistics

	1977 Estimate	1978 Estimate	Increase or Decrease
Activities:			
(a) Statistical Services	$3,293,000	$6,102,000	$+2,809,000
1. Assistance.....	(1,022,000)	(2,040,000)	(+1,018,000)
2. Analysis.....	(863,000)	(1,900,000)	(+1,037,000)
3. Dissemination...	(1,408,000)	(2,162,000)	(+754,000)
(b) Education Statistics	9,827,000	9,838,000	+11,000
Total	13,120,000	15,940,000	+2,820,000

NARRATIVE

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. In addition, a number of continuing activities are specifically mandated by law to provide information in support of policy determination.

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 moderately. Based on legislative authority, modest beginnings have been made to provide services on a cost reimbursable basis.

Budget Policy

The fiscal year 1978 budget requests $15,940,000 for the Center's program activities, an increase of $2,820,000 over the $13,120,000 for FY 1977. The budget reflects NCES' effort to provide the range of statistical services necessary to support and enhance the formulation of educational policy and to meet the legislative mandates in the Education Amendments of 1976. The Center assumes responsibility for coordinating a timely and accurate data base and for supplying the statistical services which ensure its utility and use. These services include stimulating the improvement of statistical systems to increase data comparability, developing the analytical tools through which data are translated into information for policy use and coordinating and disseminating the flow of information to many groups of users.

A supplemental request of $1,120,000 for the current fiscal year is included in the FY 1977 dollars. These monies will be used for implementation of the Education Amendments of 1976. The mandates are: the control of paperwork, vocational education data and occupational information data systems; and survey of availability of qualified teachers.

Major budget increases in statistical services will support a coordinated program of assistance, analysis and dissemination. NCES will assist States in their efforts to build compatible statistical systems and to use standard definitions for reporting so that comparable data can be speedily reported for national aggregation and for State management purposes. Also since the Center has a responsibility to use -- not simply collect -- data, NCES will both analyze existing data bases and develop the methodological tools which contribute to subsequent analyses. The dissemination system acknowledges the differing needs of users and tailors the extent and type of information delivered to meet these needs. It will supply data by means of computer tape, on-line computer access, special tabulations, microfiche and publications.

This planned major expansion of statistical services within the NCES program occurs simultaneously with careful and systematic scrutiny of existing program activities in the area of data collection. Needs for data will be balanced by requirements to reduce respondent burden. Concerted efforts will be made to reduce the length of survey forms, to use sampling and to decrease the frequency of selected surveys. NCES is developing a data base which will provide a consistent, highly selective core of data to delineate the essential features of the education enterprise and describe those who participate in it.

The program of data collection for FY 1978 includes some reductions in scope of effort as well as new initiatives. The major thrust for FY 1978 will address the needs for data on students and place greater emphasis on data describing student characteristics, backgrounds and outcomes.

A. Statistical Services

	1977 Estimate	1978 Estimate	Increase or Decrease
(a) New awards ..	$ 585,000	$ 1,630,000	$ + 1,045,000
Number	(8)	(12)	
(b) Continuing awards	2,708,000	4,472,000	+ 1,764,000
Number	(16)	(19)	
Total	$3,293,000	$ 6,102,000	+ 2,809,000

For FY 1978, $6,102,000 is requested, which represents an increase of $2,809,000 over the $3,293,000 assumption for FY 1977. NCES is initiating a comprehensive program of Statistical Services to users. The request for Statistical Services for FY 1978 reflects major increases in the areas of assistance, analysis, and dissemination.

Plans for Fiscal Year 1978:

1. Assistance --

In fiscal year 1978 an additional $1,018,000 is being requested for the assistance program. The program is designed to develop and implement comparable educational data systems at the State level. It encompasses efforts both to accelerate the development of compatible State systems and help States with their management and assessment efforts. The continuing effort to develop a common terminology will be enhanced by training programs which permit adaptation of terms to local data systems.

-- The Center will initiate a program to help State and local agencies improve their data collection and reporting systems. Assistance projects are designed to involve States in the development, building, and use of comprehensive data bases. Data utilization projects will relate the HEW Survey of Income and Education (SIE) data base to State policy needs. Projects to help States develop and install models of teacher supply/demand will be initiated. The objectives of other assistance projects are:

- development of data collection, editing, and reporting modules to meet requirements of the Education Division's Annual Data Acquisition Plan;
- implementation of data standards for recordkeeping and reporting;
- installation of data acquisition plans for local agency reporting; and
- installation of integrated State-local networks.

-- A network for postsecondary education is being planned with State Higher Education Executive Officers (SHEEO) and "1202" Commission members. Selected State postsecondary education officials, in cooperation with NCES, are working with a data base design to help States meet their management and planning requirements for postsecondary education. It will be coordinated with Federal data needs without increasing respondent burden.

-- Requests for assistance from the National Assessment of Educational Progress (NAEP) staff by State and local education agencies are growing. Responding to implications of data for a particular local administrative unit requires both working with agency personnel and developing additional means by which findings are presented for policy considerations.

2. Analysis and Methodology--

In fiscal year 1978 an additional $1,037,000 is requested for analysis. NCES will work to develop the capabilities implicit in the legislation and to take advantage of new data bases which promise to provide insights into the performance of target group populations and their background characteristics. Projects providing methodological support for analysis will be continued.

-- Beyond the analyses mandated by law, a variety of analyses will be conducted using the unique data on handicapped, poverty and bilingual populations collected for the HEW Survey of Income and Education (SIE). The data provide the basis for examining the interrelationships among low income, bilingual and handicapped children and young adults. The study also provides data for comparative State studies focused on variations in student characteristics and education settings.

-- Studies utilizing data from the National Longitudinal Study, Class of 1972, will analyze the impact of vocational training on job experiences and the significance of four/five year degree programs as they relate to the use of Federal aid, labor force participation, pursuit of graduate education, and the contribution of college curriculum to occupational career patterns. Other analyses will examine Current Population Survey data to determine the characteristics of those who do not attend postsecondary institutions in terms of individual variations in access, persistence and attainment by institutional characteristics.

-- Relationships between background variables describing individuals and their achievements are to be analysed in greater depth. Special studies of data from the National Assessment of Educational Progress determined, in part, by users, will examine policy issues and provide data useful to policy makers in the allocation of resources.

3. Dissemination--

In fiscal year 1978 an additional $754,000 is being requested for the dissemination program. The Center's dissemination program has been restructured to permit NCES to respond more directly to the need for timeliness of data. The new strategy will reduce emphasis on publication of listings of institutional data and accelerate the availability of the data in forms requested by users. This will be accomplished through preliminary and updated data tapes, microfiche and special tabulations.

Although publication of directories of education institutions and organizations will be continued, staff will be shifted toward analytic monographs and other forms of presentation highlighting data useful to policy makers. At the same time, the availability and access to complete data will be assured through a program of dissemination.

Publications will direct those users with needs for specific data to detailed statistics available in other forms. Data will be made available on computer tape, through the on-line computer access system and in microfiche products. The computerized education data access system (EDSTAT) will be further expanded in scope and capacity. Usage of the system will increase as NCES continues standardization of data tapes. Data processing will be expanded to accommodate new survey efforts. The data distribution system will use tape, tabulations, and microfiche plus traditional forms of publication.

Program Accomplishments - Fiscal Year 1977

The bringing together of assistance, analysis and dissemination under the concept of Statistical Services has permitted progress toward assuming the role implied by the Center's mandate. Improved timeliness and quality of data was made possible by the assistance program to major suppliers. This assistance, in conjunction with the beginning of an analytical report series interpreting the data base, and more rapid dissemination has resulted in greater use and utility of the more current data.

In the area of assistance to education agencies, the Federal-State cooperative network has been extended to the postsecondary level, regulations for the implementation of the State Capacity Building effort have been completed, training programs to facilitate use of standard terminology in the Common Core of Data (CCD) are underway, and two handbooks of standard terminology have been completed. The National Assessment of Educational Progress (NAEP) has continued to provide assistance to more than 30 States and a few selected school districts that are planning and conducting their own assessments.

Among the analytic reports completed during FY 1977 are studies of institutional trends and participants in the education process. The National Assessment has released an interpretative report on the changes in performance for citizenship/social studies and for reading performance. Policy-oriented studies of the National Longitudinal Study, Class of 1972, have been prepared

on: access and persistence in postsecondary education; the use and adequacy of student financial aid programs; and career patterns reflecting the transition from school to work. In addition to this rich data base from the National Longitudinal Study, a matching school characteristics file is also available to the research community. Other studies concerned with individual characteristics and designed to explore existing data bases have been initiated; plans are being developed for linking individual and institutional data bases.

Current data and projections for more than 50 data series were summarized in the annual "Digest" and "Projections" reports. These data were used by NCES to prepare estimates for the allocation of Federal funds including the newly authorized programs and continuations contained in the Education Amendments of 1976, and to produce the mandated report on "The Condition of Education". Data from the 50 surveys were made available through publication and tapes. Early releases of data from 12 surveys were distributed and four surveys were designed, conducted and reported through the Fast Response Survey System.

B. Education Statistics

	1977 Estimate	1978 Estimate	Increase or Decrease
(a) New awards....	$3,830,000	$2,595,000	$ - 1,235,000
Number.....	(21)	(12)	(-9)
(b) Continuing awards.....	5,997,000	7,243,000	+ 1,246,000
Number.....	(16)	(16)	(--)
Total.....	$9,827,000	$9,838,000	+11,000

The request for Education Statistics for fiscal year 1978 reflects changes in the emphases within the data collection program. For FY 1978, $9,838,000 is requested which represents an increase of $11,000 over the $9,827,000 for FY 1977. The program for FY 1978 represents a concerted effort to structure a comprehensive and flexible data base and to provide users with: (1) a consistent core of data which will delineate the essential features of the education enterprise in this country and describe those who participate in it; and (2) a varied, detailed flow of information which bears on changing policy issues.

NCES collects data both on institutions offering education services and on individuals participating in educational activities. The NCES request for Education Statistics for FY 1978 represents an emphasis on data describing students. The Center has traditionally maintained statistical series on institutional trends. While NCES will continue to maintain the cores of data which are indicators of the condition of educational institutions, it is streamlining those data bases to align more closely data elements to policy and program requirements.

In response to the Education Amendments of 1976, the vocational educational data system providing information on students, programs, program completers and leavers, staff, facilities and expenditures will have been developed. Results of surveys to determine supply and demand for education personnel will be reported and a study to measure teacher demand will be conducted. The Center will continue to work to eliminate excessive detail and redundant information requests through the review and coordination of data acquistion activities in the Education Division and the Office for Civil Rights.

1. Studies of Student Needs, Characteristics, Backgrounds and Outcomes--

Program increases in data collection for FY 1978 will reflect new initiatives in studies providing data describing individuals, their participation in education activities and the impact of those experiences. This emphasis responds to persistent Federal concerns about the match between student needs and educational services, meeting acceptable standards of performance, and the transition of persons from education to work. Data collection from individuals involves both methodological problems and costly collection techniques. Major activities are:

-- The Children's Needs Design Study effort will meet program and legislative needs for regular and recurrent data on the education needs and problems of the school-age population. The design effort planned for FY 1978 will specify the scope and methodology necessary to determine those factors affecting achievement and education needs across national population subgroups.

-- Data collection for the Education Target Groups of Postsecondary Age will provide estimates of need for and participation in education activities by young adults. This activity will place special emphasis on groups of students whose participation in postsecondary education has traditionally been limited. Students' backgrounds and characteristics will be compared with education and occupational outcomes.

-- Final preparation and field testing to initiate the new cohort for the National Longitudinal Study will be completed. Data on the new cohort will monitor relationships between participation in Federal programs, family income and individual characteristics. The third follow-up of the National Longitudinal Study, class of 1972, will become available to the general public in the form of computerized tapes.

-- National data on the achievement of selected groups of young Americans provide important baseline and change statistics. The National Assessment of Educational Progress reports data on groups in given subject areas, highlighting categories of students whose performance meets or falls short of national education expectations. The major new initiatives in data

collection for FY 1978 include the assessment of both adults and out-of-school 17-year-olds in the subject areas of mathematics and writing mechanics. These data will permit the estimation of changes over a five-year period and the analysis of these changes in performance levels for particular groups.

-- The continuing program of surveys on individuals includes data describing students in preprimary education, participants in adult education, the composition of the reserve supply of teachers, and the characteristics of recent college graduates.

2. Institution Data Collection--

The NCES program of ongoing, institution data collection is undergoing revision and redesign. In FY 1978, NCES will be moving toward a plan for data collecting which ensures a core of institution data compatible with data describing individuals. Data collection will be conducted at several levels (institution, district, State) and coordinated with information systems now being developed. In FY 1978, basic institution trend data on which users of education statistics depend will be continued, but these series are being altered to eliminate those data elements which are of lesser value and difficult to collect.

Major changes include:

-- Implementation of a major, restructured data collection program in elementary/secondary education which will provide information from the universe of school districts on racial enrollments, staff, finances and facilities of all public and nonpublic schools. This Common Core of Data (CCD) Survey, will ultimately replace the set of Elementary and Secondary General Information Survey (ELSEGIS) surveys, which will be continued until statistical continuity is assured.

-- Design of a postsecondary common core will provide an orderly specification of data elements that are needed on a recurring basis, with identification of the quantification, definition and likely aggregations and cross-tabulations of elements.

Program Accomplishments - Fiscal Year 1977

The NCES' Education Statistics survey program has updated trend series on enrollment, staff, finances and facilities of education institutions. Information about the characteristics and performance of those individuals who attend these institutions has also been acquired. The National Assessment of Educational Progress completed the third assessment of the performance of 9-, 13-, and 17-year olds in Science and a special probe to assess student competence in Basic Life Skills. The third followup survey of the National Longitudinal Study, Class of 1972, was completed and a merged computerized data tape was developed for analytical efforts. Data collection for the mandated report on bilingual education was completed.

Pretesting of the elementary/secondary Common Core of Data (CCD) was completed in preparation for the first year of implementation. Institution data series in elementary/secondary education were collected through the ELSEGIS series and will be continued until the CCD can serve as a replacement. Data collection in the Higher Education General Information Survey extended baseline data series. Adult/Vocational trend data were continued and the Vocation Education data system required by the Education Amendments of 1976 was designed. Studies of the supply and demand for education personnel were initiated, also in response to the Education Amendments of 1976. Public School Libraries were surveyed to inventory holdings and, in part, to have information in time for the White House Conference on Libraries scheduled for the summer of 1978.

C. Program Direction and Support Services

	1977 Estimate		1978 Estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Program Direction and Support Services....	247	$9,312,000	259	$10,159,000	+12	$+847,000

NARRATIVE

Program Purpose

The Office of the Assistant Secretary for Education is responsible for direction and supervision of the Education Division and for administration of the Fund for the Improvement of Postsecondary Education and the National Center for Education Statistics. As part of the function of the Office, the Assistant Secretary for Education provides leadership for the education activities of the Department; 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.

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.

In order to provide the Assistant Secretary for Education with a resource for in-depth and sustained policy analysis, the Office of the Assistant Secretary for Education supports three education policy research centers. The range of areas for policy analysis has been sharply defined and specific tasks with explicit deadlines have been assigned to each center. This type of management enables the centers to provide the Policy Development staff of the Office of the Assistant Secretary for Education with timely information on current National education problems. At present there are three Education Policy Centers which provide analytical support in the areas of postsecondary education; elementary and secondary education of the disadvantaged (including education of the handicapped, compensatory education, and desegregation); and school finance and educational delivery systems. Accomplishments in fiscal year 1977 will include reports on: (a) policy issues on the cost and finance of special education; (b) new techniques for measuring the amount of desegregation achieved by a school district or collectively by a group of school districts; and, (c) financial

developments and prospects for higher education. Objectives for fiscal year 1978 include analysis of alternatives for the simplification and possible deregulation of Federal elementary and secondary assistance.

Fund for the Improvement of Postsecondary Education. The Fund, which was established by the Education Amendments of 1972, has responsibility for improving postsecondary 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 education agencies in improving and automating their data collection activities and to report on education in foreign countries. In fiscal year 1977, the Center established a consortium of Federal agencies to develop a shared educational data base with joint access through automated data processing; it developed and enforced standards to protect confidentiality of persons; and, it prepared and submitted an annual report on the condition of education.

Budget Policy

For fiscal year 1978, 12 positions are being requested for the National Center for Education Statistics. The positions requested are critical to the Center's becoming more effective in the development of policy-relevant information. The positions will be allocated as follows: 10 positions will directly support analysis and methodology activities; one will be assigned to the publications program; and one to the program support staff.

These positions will enable the Center to improve and strengthen its capacity to analyze data and provide information to the Federal government and the education community on questions of major concern. Such questions include the effectiveness of major Federal programs in areas such as (1) distribution of financial aid to the States under the Elementary and Secondary Education Act; (2) student financial aid; (3) bilingual education; and (4) developing alternative simulation models to aid in deliberations on allocation of Federal funds in formula grant programs. Information on these and other significant questions require more extensive and sophisticated analysis than is possible with present staff levels.

The twelve positions will also enable the Center to carry out the tasks assigned to it in the Education Amendments of 1976. The Education Amendments of 1976 mandate the following new activities for the Center: development of

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a vocational education data system; development and implementation of an occupational information system; and, the execution of Title IV General Education Provisions of the Act.

The EDSTAT computerized information system will be strengthened to support analytic efforts. Increased numbers of data files as well as increasing the ease of accessibility to the data will be achieved with the addition of two technical personnel. One of the positions will be used to improve the efficiency of the Center's publication programs and to provide more timely dissemination of statistical studies and reports. In addition one of the positions will be added to the program support staff to assist in the development and implementation of improved procurement management practices. This will enable the Center to more effectively and economically administer an increasing number of contracts.

Included in the fiscal year 1977 column is a supplemental request in the amount of $866,000. $500,000 will fund the expected shortfall for personnel compensation and benefits and other costs associated with the National Center for Education Statistics, resulting from recalculations. $306,000 will cover fiscal year 1977 costs associated with the civilian pay raise of October, 1976. The additional $60,000 will aid in funding the study on lifelong learning, consisting of various assessments, analyses, planning and coordinating activities as set out in the Education Amendments of 1976.

EDUCATION DIVISION

Office of the Assistant Secretary for Education

Salaries and Expenses

Program Purpose and Accomplishments

Activity: Fund for the Improvement of Postsecondary Education (General Education Provisions Act, Section 404)

1977 Estimate		1978		
			Estimate	
Pos.	Amount	Authorization	Pos.	Amount
---	$11,500,000	$75,000,000	---	$14,500,000

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.

Accomplishments in 1977: During fiscal year 1977, the Fund will have awarded approximately 35 new grants and 80 continuation grants, all within the comprehensive program. All three National Projects will have issued final reports, and convened national and regional conferences to share their results. Additionally, the second edition of Resources for Change, a low-cost compilation of useful information about current projects was made available to the field within three months after awards were finalized.

Objectives for 1978: The Fund intends to award 70 new grants, 40% of which will come from the comprehensive program, and 60% of which will come from a new initiative designed to increase the cost effectiveness of postsecondary practice. In addition, the Fund intends to award approximately 95 continuation grants.

EDUCATION DIVISION

Office of the Assistant Secretary for Education

Salaries and Expenses

Program Purpose and Accomplishments

Activity: National Center for Education Statistics (General Education Provisions Act, Section 406)

1977 Estimate		1978		
			Budget Estimate	
Pos.	Amount	Authorization	Pos.	Amount
---	$13,120,000	$30,000,000	---	$15,940,000

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: The Center is the primary Federal agency responsible for the collection, processing, storage, interpretation, reporting and dissemination of statistics about education. It sets statistical standards and implements a program which provides users with convenient access to data and with a basic core of comparable data for monitoring trends.

Accomplishments in 1977: Current data and projections for more than 50 data series were summarized in the annual "Digest" and "Projections" reports. These data were used by NCES to prepare estimates for allocation of Federal funds, to produce the mandated report on the "Condition of Education," 65 publications and 50 new computer tapes. Early releases of data from 12 surveys were distributed; preliminary data from surveys became available on EDSTAT two to six months earlier than in previous surveys. Four surveys were designed, conducted and reported through the Fast Response Survey System. The Federal-State cooperative network has been extended to the postsecondary level. The CCD system was developed and studies initiated for ascertaining the supply and demand of education personnel.

Objectives for 1978: Continuity in recurring surveys which provide data on enrollments, staff, finances and facilities will be maintained. Implementation of the Common Core of Data will provide

improved data from the universe of school districts; a postsecondary common core design will be completed and tested. The National Assessment of Educational Progress will initiate assessment of adults and out-of-school 17-year-olds in mathematics and writing mechanics. The National Longitudinal Study will make baseline data available on computer tapes to the general public and will complete final preparation for a new cohort. Greater emphasis will be placed on providing a full range of statistical services to State and local education agencies and to Congress as well as to Federal agencies. Final implementation or continuation of mandates contained in the Education Amendments of 1976 will be completed. The mandates are: control of paperwork; vocational education data and occupational information data systems; and survey of availability of qualified teachers.

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)

1977 Estimate		1978		
			Estimate	
Pos.	Amount	Authorization	Pos.	Amount
247	$9,312,000	Indefinite 1/	259	$10,159,000

1/ The Salaries and Expenses portion of the National Center for Education Statistics is limited to $14,000,000 for fiscal year 1978.

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 1977: The Office of the Assistant Secretary for Education implemented an internal management system to achieve a reduction in the number of requests, and in the burden associated with the data acquisition activities of the Education Division. The Office also developed a strategy to organize the dissemination activities of the Education Division. In addition, several broad scale analyses will have been completed, the results of which will be the basis for the formulation of our ESEA legislative proposals.

Objectives for 1978: The major new component of the fiscal year 1978 budget request is an addition of 12 new positions to be assigned to the National Center for Education Statistics. These 12 positions will enable the Center to improve and strengthen its capacity to analyze

data and provide imformation to the Federal government and the education community on questions of major concern. The 12 positions will also enable the Center to respond to the new tasks assigned to it in the Education Amendments of 1976.

In addition, the Office of the Assistant Secretary for Education plans to implement the dissemination strategy developed in fiscal year 1977. The Office also plans to coordinate and execute the responsibilities assigned to it by the Education Amendments. This includes the completion of the study of lifelong learning begun in fiscal year 1977. This effort is included in this budget in both fiscal year 1977 and 1978 at $60,000.

New Positions Requested

	1978		
	Grade	Number	Annual Salary
Analysis			
Statistician	GS-14	1	$ 28,725
Statistician	GS-13	2	48,616
Statistician	GS-12	1	20,442
Statistician	GS-11	1	17,056
Computer Programmer	GS- 9	1	14,097
Secretary	GS- 4	1	8,316
		7	137,252
National assessment of educational progress			
Statistician	GS-11	1	17,056
EDSTAT			
Computer Systems Analyst	GS- 9	1	14,097
Computer Systems Analyst	GS- 7	1	11,523
		2	25,620
Publications			
Editorial Assistant	GS- 7	1	11,523
Program Support Staff			
Procurement Specialist	GS-11	1	17,056
Total new positions, all activities		12	208,507

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