

Fiscal Year 2007 Budget  
Summary and Background Information

**TABLE OF CONTENTS**

	<b>Page</b>
I. SUMMARY OF THE 2007 BUDGET .....	1
Budget and Performance Integration .....	11
II. THE 2007 EDUCATION BUDGET BY PROGRAM AREA .....	13
A. ELEMENTARY AND SECONDARY EDUCATION .....	13
Overview .....	13
Title I Grants to Local Educational Agencies .....	16
Title I Evaluation.....	17
School Improvement Grants .....	18
Comprehensive Centers .....	19
State Assessment Grants .....	19
High School Reform.....	20
Striving Readers .....	21
Math Now for Elementary School Students .....	21
Math Now for Middle School Students.....	22
National Mathematics Panel .....	22
Evaluation of Mathematics and Science Programs .....	22
Advanced Placement.....	22
Adjunct Teacher Corps .....	23
Mathematics and Science Partnerships.....	24
Improving Teacher Quality State Grants.....	24
Teacher Incentive Fund .....	25
Troops-to-Teachers .....	25
Transition to Teaching .....	25
Teaching American History.....	26
Advanced Credentialing.....	26
Early Childhood Educator Professional Development Grants .....	26
Reading First.....	27
Reading First State Grants.....	27
Early Reading First.....	27
Literacy Through School Libraries .....	28
Reading Is Fundamental/Inexpensive Book Distribution.....	28
America’s Opportunity Scholarships for Kids.....	28
Voluntary Public School Choice .....	29
Charter Schools Grants .....	29
Credit Enhancement for Charter School Facilities .....	30
Magnet Schools Assistance.....	30

ELEMENTARY AND SECONDARY EDUCATION, continued:

	<b>Page</b>
Fund for the Improvement of Education.....	30
Language Teacher Corps .....	30
Foreign Language Teacher-to-Teacher Initiative .....	31
Foreign Language Assistance .....	31
21 <sup>st</sup> Century Community Learning Centers.....	31
State Grants for Innovative Programs.....	32
Rural Education .....	32
Safe and Drug-Free Schools and Communities National Programs.....	32
Character Education .....	33
Physical Education Program.....	33
Ready-to-Learn Television .....	33
English Language Acquisition.....	34
Title I State Agency Programs .....	35
Migrant Education .....	35
Neglected and Delinquent.....	35
High School Equivalency Program (HEP).....	35
College Assistance Migrant Program (CAMP).....	35
Indian Education .....	36
Education for Native Hawaiians .....	36
Alaska Native Education Equity .....	37
Supplemental Education Grants (Compact of Free Association Amendments Act) .....	37
Education for Homeless Children and Youth .....	37
Impact Aid .....	38
Training and Advisory Services (Title IV of the Civil Rights Act).....	39
<b>B. SPECIAL EDUCATION AND REHABILITATIVE SERVICES.....</b>	<b>40</b>
Overview .....	40
Special Education State Grants .....	41
Preschool Grants .....	42
Grants for Infants and Families.....	42
Special Education National Activities .....	43
State Personnel Development .....	43
Technical Assistance and Dissemination.....	43
Personnel Preparation .....	44
Parent Information Centers.....	44
Technology and Media Services.....	44
Special Education-Vocational Rehabilitation Transition Initiative .....	45
Rehabilitation Services and Disability Research.....	45
Vocational Rehabilitation State Grants .....	45
Client Assistance State Grants .....	46
Training.....	46
Demonstration and Training Programs .....	46
Protection and Advocacy of Individual Rights.....	47
Independent Living.....	47
Program Improvement .....	47

SPECIAL EDUCATION AND REHABILITATIVE SERVICES, continued:

	<b>Page</b>
Evaluation .....	48
Helen Keller National Center for Deaf-Blind Youths and Adults .....	48
National Institute on Disability and Rehabilitation Research.....	48
Assistive Technology .....	49
Special Institutions for Persons with Disabilities .....	49
American Printing House for the Blind .....	49
National Technical Institute for the Deaf .....	50
Gallaudet University .....	50
<b>C. VOCATIONAL AND ADULT EDUCATION.....</b>	<b>51</b>
Overview .....	51
Vocational and Technical Education.....	51
Adult Education (Adult Basic and Literacy Education).....	52
<b>D. STUDENT FINANCIAL ASSISTANCE .....</b>	<b>53</b>
Overview .....	53
Student Aid Summary Tables .....	55
Tax Benefits for Postsecondary Students.....	57
Pell Grants .....	57
Supplemental Educational Opportunity Grants .....	58
Work-Study .....	59
Perkins Loans Revolving Funds .....	59
Academic Competitiveness Grants/SMART Grants.....	59
Federal Family Education Loans and Direct Loans .....	60
Changes in Higher Education Reconciliation Act (HERA) .....	62
Student Aid Program Management.....	65
<b>E. HIGHER EDUCATION PROGRAMS.....</b>	<b>66</b>
Overview .....	66
Title III: Aid for Institutional Development .....	67
Developing Hispanic-serving Institutions .....	68
International Education and Foreign Language Studies .....	68
Advancing America Through Foreign Language Partnerships .....	69
Fund for the Improvement of Postsecondary Education (FIPSE) .....	69
Tribally Controlled Postsecondary Vocational and Technical Institutions .....	69
Federal TRIO Programs.....	70
Scholarships and Fellowships.....	71
Child Care Access Means Parents in School .....	71
GPR Data/HEA Program Evaluation .....	71
Academic Facilities .....	72
Howard University.....	72

	<b>Page</b>
F. INSTITUTE OF EDUCATION SCIENCES .....	73
Overview .....	73
Research, Development, and Dissemination .....	73
Statistics.....	74
Regional Educational Laboratories .....	74
Assessment .....	74
Research in Special Education .....	75
Statewide Data Systems .....	75
Special Education Studies and Evaluations.....	75
III. PROGRAMS PROPOSED FOR ELIMINATION .....	77
IV. DEPARTMENTAL MANAGEMENT .....	85
Overview .....	86
Department Employment .....	87
Program Administration.....	88
Student Aid Administration .....	89
Office for Civil Rights.....	89
Office of the Inspector General .....	89
Management Improvement .....	90
APPENDICES.....	93
Summary of Discretionary Funds, Fiscal Years 2001-2007	
PART Rating of ED Programs	
Total Expenditures for Elementary and Secondary Education in the United States	
Detailed Budget Table by Program	

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You've got to know math if you're going to compete in this 21st-century world.

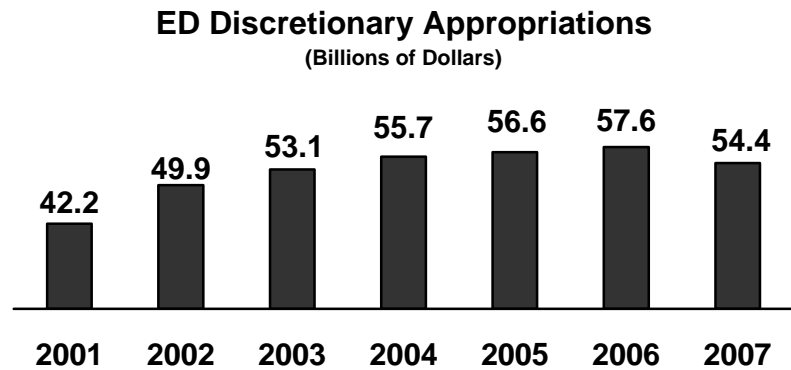
President George W. Bush  
January 9, 2006

## I. SUMMARY OF THE 2007 BUDGET

Four years after the enactment of the *No Child Left Behind Act (NCLB)*, the revolutionary changes to our education system called for by President Bush are almost implemented. States have put in place rigorous new accountability systems and will implement reading and math assessments covering all students in grades 3-8 by the end of the current 2005-06 school year. Improved data collection and reporting on teacher qualifications are helping States to ensure that all teachers are highly qualified. School districts are providing new support and assistance to low-performing schools, while making available public school choice and supplemental educational service options to millions of students who attend those schools.

The latest results of the National Assessment of Educational Progress (NAEP), better known as "The Nation's Report Card," show that these changes are paying off in the only way that counts: improved student achievement. Long-term NAEP trends show that America's 9-year-olds have made more progress in reading over the past five years than in the previous two decades, and the achievement gaps between African-American and Hispanic 9-year-olds and their white peers are at an all-time low. Importantly, NAEP also shows that students in large urban school districts—those most likely to be served by NCLB programs—have made larger achievement gains than the national average.

Despite this progress in the early grades, NAEP results for older students provide a reminder of the need to hold fast on the "bright line" principles of NCLB—annual assessments in grades 3-8, disaggregation of data for key subgroups, and proficiency for all students in reading and math by 2014—and the challenge of ensuring continued US prosperity in a globally competitive, technology-based economy. The 2005 NAEP math results for 8<sup>th</sup>-graders, for example, are both illustrative and alarming: less than one-third of 8<sup>th</sup>-graders, and just 13 percent of low-income 8<sup>th</sup>-graders, scored at the proficient level or above. If, as the President says, "you've got to know math if you're going to compete in this 21<sup>st</sup> century world," US math instruction clearly needs to kick into a higher gear, and this is a key goal of the President's 2007 Budget for Education.



Note: 2007 reflects the President's request level.

**For 2007, the President is requesting \$54.4 billion in discretionary appropriations for the Department of Education, a decrease of \$3.1 billion, or 5.5 percent, from the 2006 level.** Even with the proposed decrease, discretionary appropriations for the Department will have grown by almost \$12.2 billion, or 29 percent, since fiscal year 2001.

Key increases in the 2007 budget include the following:

- \$380 million in new funding to improve math and science instruction in K-12 schools, requested as part of the President's American Competitiveness Initiative.
- Nearly \$1.5 billion for a renewed High School Reform proposal designed to more thoroughly extend NCLB principles to the high school level and ensure that all students, including low-achieving students most at risk of dropping out, graduate with the knowledge and skills needed to succeed in postsecondary education or the globally competitive workplace.
- \$35 million in new funds for the Department's portion of the President's multi-agency National Security Language Initiative, which in addition to contributing to national security would help US citizens compete in the global marketplace.
- \$100 million for a new program of America's Opportunity Scholarships for Kids, which would provide new educational options for low-income students attending schools identified for restructuring under NCLB.
- \$200 million in new Title I School Improvement Grants to build State capacity to turn around schools and LEAs identified for improvement, corrective action, or restructuring under the Title I Grants to Local Educational Agencies program.

In addition to competitiveness, a driving theme of the 2007 request is to continue to restrain Federal spending and stay on track to meet the President's goal of cutting the deficit in half by 2009. The overall 2007 request including both discretionary and mandatory funds combines fiscal discipline with strong, continued commitment to longstanding priorities such as Title I Grants to Local Educational Agencies, Special Education Grants to States, and Pell Grants for postsecondary students. At the same time, the budget proposes to eliminate 42 duplicative or unnecessary programs, for a total savings of \$3.5 billion. While many of these proposals are repeated from prior years, Congress showed in the fiscal year 2006 appropriations process that it was willing to work with the President to achieve meaningful decreases in programs that are lower priority or do not work well in achieving their objectives. For example, the 2006 appropriations bill contained \$1.4 billion in program reductions, including the elimination of five programs.

Discretionary and mandatory components of the request are shown below:

**Total Department of Education Appropriations**  
(in billions of dollars)

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
Discretionary	\$56.6	\$57.6	\$54.4
Mandatory	<u>17.4</u>	<u>31.3</u>	<u>9.0</u>
Total	74.0	88.9	63.4

Department discretionary spending in fiscal year 2006 included \$1.6 billion in education assistance to areas affected by hurricanes Katrina and Rita, and the Reconciliation bill would change the funding of student aid administrative costs from mandatory to discretionary in 2007. Taking into account these one-time changes, the President's 2007 discretionary request for education would be a decline of \$2.1 billion, or 3.8 percent, from the comparable 2006 level.

Mandatory costs for the student loan programs and Vocational Rehabilitation State Grants fluctuate from year to year due to changes in inflation, interest rates, and other factors. The \$22 billion reduction in mandatory costs from 2006 to 2007 reflects \$17 billion in lower estimated student loan costs because of changes in interest rate and consolidation loan assumptions, the one-time \$4.3 billion appropriation in 2006 to eliminate the cumulative Pell Grant funding shortfall, and \$1 billion in student loan savings from changes in the pending Higher Education Reconciliation Act.

Federal funding makes up about 8.2 percent of the estimated \$555 billion that America is spending on elementary and secondary education during the 2005-06 school year. The relatively small size of the Federal investment in education dictates an emphasis on promising, research-based programs that have the potential to leverage more effectively the much larger State and local share of national education spending to bring about real improvement in student achievement. This is the primary goal, for example, of the strong State accountability systems required by No Child Left Behind. Under the President's request, funding for NCLB programs would rise by more than \$1 billion in fiscal year 2007, from \$23.3 billion to almost \$24.4 billion, an increase of \$7 billion, or 40 percent, since NCLB was enacted.

The combination of discretionary and non-discretionary resources in the President's budget is focused on the following areas.

### **PREPARING AMERICA'S STUDENTS FOR GLOBAL COMPETITION**

Despite the great promise and progress of No Child Left Behind, gaps remain in the Federal effort to improve the performance of America's public schools, gaps that increasingly are exposed by the rapid pace of technological change and increasing global economic competition. To ensure a strong and prosperous America in the 21<sup>st</sup> century, our students must possess the mathematics knowledge that is the foundation of our Nation's long dominance in science, technology, and innovation; graduate from high school prepared to enter college or the globally competitive workforce; and master critical foreign languages needed both for success in the global business arena and to ensure our national security in the war on terrorism. The 2007 request addresses each of these challenges:

- \$380 million, as part of the American Competitiveness Initiative, for proposals to strengthen the capacity of our schools to improve elementary and secondary instruction in mathematics and science while complementing High School Reform efforts:

\$125 million for the Math Now for Elementary School Students initiative, modeled after Reading First, to implement proven practices in math instruction including those recommended by the National Math Panel that focus on preparing K-7 students for more rigorous mathematics courses in middle and high school.

\$125 million for a new Math Now for Middle School Students initiative, based on the principles of the Striving Readers program, to support research-based math interventions in middle schools.

\$10 million for a National Mathematics Panel, which will be formed in fiscal year 2006 to identify key mathematics content and instructional principles to guide the implementation of the Math Now programs. The request for 2007 would be used to carry out the panel's recommendations, including research and dissemination of promising practices in mathematics education.

\$5 million for an Evaluation of Mathematics and Science Programs proposal that would conduct activities to improve the quality of evaluations of Federal elementary and secondary mathematics and science programs, as well as to evaluate such programs, with a focus on examining whether they are consistent with the principles of NCLB.

A \$90 million increase for Advanced Placement to bring a new emphasis on training teachers and expanding opportunities for students, particularly in high-poverty schools, to take high-level Advanced Placement and International Baccalaureate courses in math, science, and critical foreign languages.

\$25 million for the Adjunct Teacher Corps to create opportunities for qualified professionals from outside the K-12 educational system to teach secondary-school courses in the core academic subjects, with an emphasis on mathematics and the sciences.

- \$1.475 billion for the President's High School Reform initiative to support interventions and expanded high school assessment aimed at improving the academic achievement of students at greatest risk of not meeting challenging State academic standards and not completing high school. Related increases include:

\$70.3 million for the Striving Readers program, for a total of \$100 million to significantly expand the development and implementation of research-based interventions to improve the skills of teenage students who are reading below grade level.

\$8 million for State Scholars Capacity Building under the Fund for the Improvement of Education to increase the number of States implementing State Scholars programs, which encourage high school students to complete a rigorous four-year course of study.

\$60 million for Academic Competitiveness and National SMART Grants, for a total of \$850 million to provide grants of up to \$4,000 to an estimated 600,000 low-income, high-achieving postsecondary students who have completed a rigorous high school curriculum or are majoring in mathematics, science, technology, engineering, or critical foreign languages.

- \$35 million for the Department's portion of the President's multi-agency National Security Language Initiative, to significantly increase the number of American students learning foreign languages critical for our national security and global competitiveness:

\$24 million for a new Advancing America Through Foreign Language Partnerships program, which would establish fully articulated language programs of study in languages critical to US national security through grants to institutions of higher education for partnerships with school districts for language learning from kindergarten through high school and advanced language learning at the postsecondary level.

A \$2 million increase for Foreign Language Assistance, for a total of almost \$24 million for this existing program, to provide new incentives to school districts and States to offer instruction in critical foreign languages, such as Arabic, Chinese, Farsi, Japanese, Korean, Russian, and Urdu, in elementary and secondary schools.

\$5 million for the Language Teacher Corps, which would provide training to college graduates with critical language skills who are interested in becoming foreign language teachers.

\$3 million for a Teacher-to-Teacher Initiative that would provide intensive summer training sessions and online professional development for foreign language teachers.

\$1 million for a nationwide E-Learning Language Clearinghouse to help deliver foreign language education resources to schools, teachers, and students across the country.

### **A NEW FOCUS ON IMPROVEMENT IN NO CHILD LEFT BEHIND**

The 2007 request will fund the sixth year of No Child Left Behind implementation. With all the key elements of the law in place including assessments in grades 3-8, strong State accountability systems, new choices for students and parents, and highly qualified teachers States and school districts will increasingly focus on making the substantial annual improvement in student achievement needed to reach the 100-percent proficiency goal by 2014. In particular, States will need comprehensive, statewide systems of support to help school districts turn around low-performing schools that have been identified for improvement, corrective action, and restructuring. This challenge of continuous improvement will only grow as more school districts themselves are identified for improvement and corrective action. For this reason, the request includes critical proposals for strengthening Title I school improvement, while maintaining strong support for other key NCLB programs:

- \$12.7 billion for Title I Grants to Local Educational Agencies, the same as the 2006 level, to maintain support for State and local efforts to meet the rigorous accountability and teacher quality requirements of the No Child Left Behind Act. The request also proposes to give States greater flexibility to reserve the full 4 percent of their Title I allocations required for LEA school improvement. Title I funding has grown by nearly \$4 billion, or 45 percent, since enactment of NCLB.
- \$200 million in first-time funding for Title I School Improvement Grants to support strong and effective State leadership in helping to turn around low-performing schools and school districts. States would have flexibility in using formula grants to establish or expand comprehensive, statewide systems of support for the continuous LEA and school improvement needed to meet NCLB proficiency goals.

- \$408 million for State Assessment Grants to maintain statutorily required levels of support for development and implementation of the annual State assessments required by NCLB, including the science assessments that States will implement by 2007-2008. The total includes \$7.6 million for competitive grants to improve the quality and reliability of State assessments, especially for students with disabilities and limited English proficiency.
- \$55 million for Statewide Data Systems, an increase of \$30 million, to expand support for State efforts to implement longitudinal data systems to monitor individual student performance to improve instruction and close achievement gaps, to increase State capacity for accurate reporting and use of high school graduation rates and dropout data, and to increase the capability of States to efficiently satisfy Federal reporting requirements through systems like the Education Data Exchange Network.
- \$2.9 billion for Improving Teacher Quality State Grants to help States ensure that all teachers of core academic subjects are highly qualified and to strengthen teachers' subject-matter knowledge and teaching skills.
- \$99 million for the Teacher Incentive Fund, first funded in 2006, to encourage States and school districts to develop and implement innovative ways to provide financial incentives for teachers and principals. This program will help close the equity gap in access to the best teachers and principals by rewarding those that raise student achievement, help to close the gap in achievement, and work in hard-to-staff schools, subjects, or rural areas.
- \$1.0 billion for Reading First State Grants and \$103 million for Early Reading First to maintain support for comprehensive reading instruction, grounded in scientifically based reading research, that enables all young children to read well by the end of third grade.
- \$669 million for English Language Acquisition to support flexible, performance-based formula grants to help ensure that limited English proficient (LEP) students learn English and meet the same high academic standards as all other students. States must use a portion of their awards to increase the size of grants to districts that have experienced a significant increase in the percentage or number of recent immigrant students over the preceding two years.
- \$163 million for Research, Development, and Dissemination to maintain support for ongoing initiatives critical to the success of the NCLB Act, including research on reading comprehension, mathematics and science education, teacher quality, and cognition and learning in the classroom, as well as a new program of field-initiated evaluations of promising education products and approaches to find out what works in the classroom.

### **MORE OPTIONS FOR PARENTS**

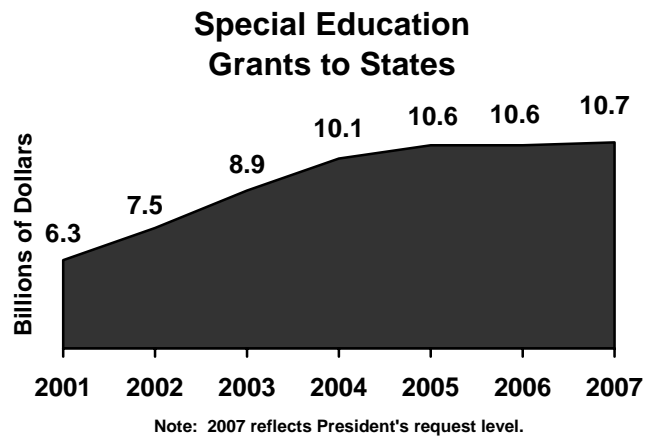
The 2007 request would build on the expansion of parental choice in No Child Left Behind, which requires public school choice and supplemental educational services options for students attending schools identified for improvement, corrective action, or restructuring. While nearly all States and most school districts have made good-faith efforts to implement NCLB choice options, the reality is that there are too few alternatives in many districts for parents seeking a quality education for their children. The 2007 request would help increase the range of these alternatives through the following proposals:

- \$100 million for a new America's Opportunity Scholarships for Kids program, which would provide the parents of students enrolled in schools identified for restructuring under NCLB a school that has not met State progress goals for 6 or more years with expanded opportunities to transfer their children to a private school or to obtain intensive supplemental services. This proposal would complement nearly \$15 million in the 2007 request for the District of Columbia to continue funding opportunity scholarships for low-income students in DC schools.
- \$26 million for Voluntary Public School Choice grants to give families better education options by encouraging States and school districts to establish or expand public school choice programs, including those providing choice across a State or across districts. The request would support a new competition focused specifically on increasing school capacity through inter-district choice strategies. Few districts have created inter-district choice arrangements under NCLB, limiting the effectiveness of the Title I choice provisions in many areas.
- \$215 million for Charter Schools Grants, which would support approximately 1,200 new and existing charter schools. The request includes \$15 million for the State Charter School Facilities Incentive Grants program, which assists charter schools in obtaining facilities by matching funds from State programs that make payments, on a per-pupil basis, to finance charter schools facilities.
- \$37 million for the Credit Enhancement for Charter School Facilities program to maintain assistance for charter schools in acquiring, leasing, and renovating school facilities by encouraging public and nonprofit entities to provide financing through such means as providing loan guarantees, insuring debt, and other activities to encourage private lending.

## SPECIAL EDUCATION AND VOCATIONAL REHABILITATION

The Individuals with Disabilities Education Act (IDEA) was reauthorized in late 2004 to improve educational results for students with disabilities by more closely aligning IDEA with NCLB in areas such as accountability for results, flexibility and reduced paperwork, enhancing the role of parents, and research-based instruction. By demanding greater accountability for the achievement of students with disabilities, NCLB is helping to complete the work launched by the IDEA 30 years ago, and is producing meaningful gains for these students in terms of reading and math performance, lower dropout rates, and higher enrollment in postsecondary education. The 2007 request would help build on these gains.

The request also maintains support for comprehensive and coordinated vocational rehabilitation and independent living services for individuals with disabilities through



research, training, demonstration, technical assistance, evaluation, and direct service programs. Consistent with the Administration's multi-year initiative to reform the Federal government's overlapping training and employment programs, funds are not requested for 3 vocational rehabilitation programs in this account: Supported Employment State Grants, Projects with Industry, and the Migrant and Seasonal Farmworkers program. These programs provide services to individuals with disabilities that can be funded by the larger VR State Grants program.

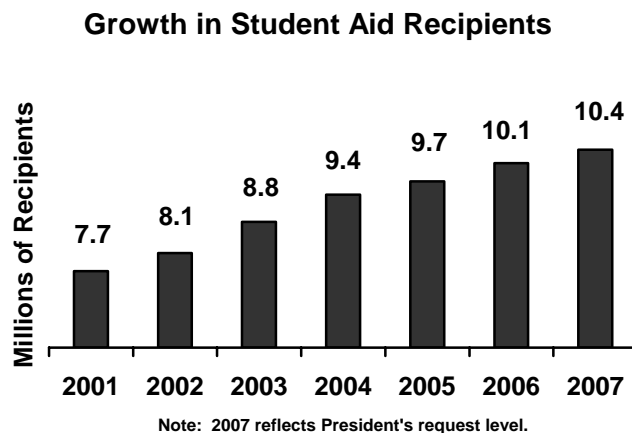
The 2007 request for these activities includes the following:

- \$10.7 billion for Special Education Grants to States, an increase of \$100 million over 2006, and a total increase of \$4.3 billion, or 69 percent, since fiscal year 2001. The request would provide an estimated \$1,535 per student for more than 6.9 million individuals with disabilities ages 3-21.
- \$2.8 billion for Vocational Rehabilitation State Grants, an increase of \$117 million or 4.3 percent, which represents the amount necessary to satisfy the requirement to increase funding for the program by at least the percentage change in the CPIU for the 12-month period completed in October 2005.

## POSTSECONDARY STUDENT FINANCIAL ASSISTANCE

In 2007 the Department of Education will administer over \$82 billion in new grants, loans, and work-study assistance to help over 10 million students and their families parents pay for college. The request would provide nearly \$13 billion for Pell Grants to more than 5.2 million students, or 60,000 more than the 2006 level. The budget also supports \$66 billion in guaranteed and direct student loans. The 2007 request for student aid builds on a number of significant accomplishments in 2006, including the provision of \$4.3 billion in mandatory funding to eliminate the multi-year funding shortfall in the Pell Grant program and put the Pell Grant program on a firm financial footing after years of growing fiscal instability.

The 2007 Budget also assumes enactment of the Higher Education Reconciliation Act (HERA), which is expected in early 2006, and which makes significant changes to the student aid programs, including several proposed in the 2006 President's Budget. These changes include:



- New, need-based Academic Competitiveness Grants and National SMART Grants. A new program would award Academic Competitiveness Grants of up to \$1,300 to high-achieving first- and second-year undergraduate students who have completed a rigorous high school curriculum. Third- and fourth-year students majoring in physical, life, or computer sciences, mathematics, technology, engineering, or a critical foreign language could receive National Science and Mathematics Access to Retain Talent (SMART) Grants of \$4,000 annually. Funded through mandatory appropriations, the program would provide \$850 million in grants to 600,000 low-income postsecondary students in 2007, and an estimated total of \$4.5 billion over five years.
- Eliminating origination fees on most student loans. These fees charged to students, currently as high as 3 percent, would be phased out beginning with a 1 percent reduction on July 1, 2006. By July 1, 2010, fees would be eliminated in the FFEL program and reduced to 1 percent in Direct Loans, with FFEL borrowers paying a 1 percent insurance premium after that date.
- Raising annual loan limits, beginning July 1, 2006, from \$2,625 to \$3,500 for first-year students, from \$3,500 to \$4,500 for second-year students, and from \$10,000 to \$12,000 for graduate students.
- Permanently expanding teacher loan forgiveness. The HERA permanently expands loan forgiveness for highly qualified math, science, and special education teachers serving low-income communities, while broadening the availability of this benefit for private school teachers.
- Adding a new, 3-year deferment for active military duty for FFEL, Direct Loans, and Federal Perkins Loans disbursed on or after July 1, 2001. During the deferment period, the government would pay the interest on such loans for borrowers serving on active duty, or performing qualifying National Guard duty, during a war or other military operation or national emergency.
- Capping special allowances when student interest rate exceeds guaranteed rate. Under current law, FFEL lenders receive the higher of the student interest rate or a statutorily guaranteed rate of return, called the special allowance rate. If the student rate is lower than the guaranteed rate, the government makes up the difference. Under HERA, for new loans made on or after April 1, 2006, when the student rate is higher than the guaranteed rate, lenders would be required to rebate the difference to the government.
- Restricting excessive lender subsidies by permanently limiting the ability of loan holders to retain higher-than-standard subsidy payments of up to 9.5 percent on loans funded with the proceeds of tax-exempt securities originally issued before October 1, 1993, while ending the practice of "recycling" loans for most loan holders.

## HIGHER EDUCATION PROGRAMS

In addition to student financial assistance, the request provides continuing support for institutional development at colleges and universities serving large percentages of minority students, and funds opportunities for postsecondary students to gain international expertise and training as language and area specialists. Highlights include the following:

- \$417 million for the Aid for Institutional Development (HEA Title III) programs to maintain support for institutions that help close achievement and attainment gaps between minority students and their non-minority peers, including Historically Black Colleges and Universities and Historically Black Graduate Institutions.
- \$94.9 million for Developing Hispanic-serving Institutions to maintain support for postsecondary education institutions that serve large percentages of Hispanic students. This program is a key part of the Administration's effort to increase academic achievement, high school graduation, postsecondary participation, and life-long learning among Hispanic Americans.
- \$106.8 million for the International Education and Foreign Language Studies (IEFLS) programs, an increase of \$1 million to help meet the Nation's security and economic needs through the development of expertise in foreign languages and area and international studies. The additional \$1 million is requested as part of the President's National Security Language Initiative to establish a nationwide E-Learning Clearinghouse to deliver foreign language education resources to teachers and students across the country.

## ASSISTANCE TO AREAS AFFECTED BY HURRICANES KATRINA AND RITA

On December 30, 2005, President Bush signed into law the Hurricane Education Recovery Act, which provided \$1.4 billion to assist school districts and schools in meeting the educational needs of students displaced by Hurricanes Katrina and Rita and in helping schools that were closed as a result of the hurricanes to reopen as quickly and effectively as possible. The Act also provided \$200 million to help institutions of higher education that were directly impacted by hurricanes as well as other colleges and universities around the country that enrolled displaced students. In addition, the Department has made available \$30 million in unspent Federal student financial assistance to help hurricane-affected institutions. Assistance under the Hurricane Education Recovery Act includes:

- \$750 million for Immediate Aid to Restart School Operations, under which the Department is awarding funds to State educational agencies (SEAs) in Louisiana, Mississippi, Texas, and Alabama, which in turn are providing assistance to local school districts and non-public schools to help schools resume operation in areas affected by the hurricanes. The Department announced on the day the law was signed that it would immediately release \$254 million of these funds to the eligible SEAs as a "first installment" of the Restart program.

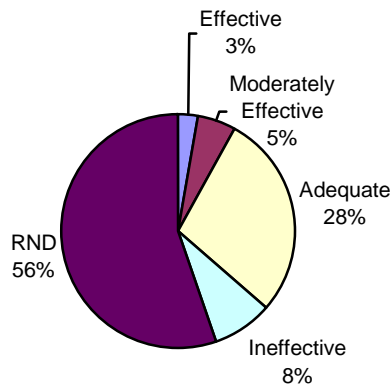
- \$645 million in Emergency Impact Aid for Displaced Students, which will make awards to SEAs to cover the costs of educating students enrolled in public and non-public schools who were displaced by hurricanes Katrina and Rita during the 2005-06 school year. The Department will use these funds to make four quarterly payments to SEAs based on counts of displaced students enrolled in public and non-public schools.
- \$5 million in Assistance for Homeless Youth to provide a separate source of funding to SEAs to address the needs of homeless students displaced by Hurricanes Katrina or Rita. SEAs will subgrant funds to LEAs on the basis of demonstrated need, and LEAs must use their grants for activities authorized under the McKinney-Vento Homeless Assistance Act.
- \$190 million to help rebuild institutions of higher education and assist displaced postsecondary students in Louisiana and Mississippi. Congress directed \$95 million each to the Louisiana Board of Regents and the Mississippi Institutes of Higher Learning.
- \$10 million for the 99 postsecondary institutions around the country that enrolled displaced students following the hurricanes.

**BUDGET AND PERFORMANCE INTEGRATION**

As part of the President’s Management Agenda, the Administration developed the Program Assessment Rating Tool (PART) to assess and improve program performance and achieve better results. Each program receives scores for program purpose and design, strategic planning, program management, and program results, as well as an overall rating of Effective, Moderately Effective, Adequate, Ineffective, or Results Not Demonstrated.

Of the 74 programs in the Department assessed since 2002 using the PART, the Administration rated 2 programs Effective, 4 programs Moderately Effective, 21 programs Adequate, 6 programs Ineffective, and 41 programs Results Not Demonstrated (RND).

**PART Ratings For ED Programs  
2002-2005**



A rating of RND often indicates that a program has management issues because it typically identifies a lack of long-term goals, annual performance measures, or reliable data. However, program statutes often contribute by failing to give ED the necessary tools to demonstrate success: clear and measurable objectives; strong accountability mechanisms or other means of ensuring participants focus on achieving results; and mechanisms for gathering high-quality, reliable data on program outcomes. Outside of the annual budget process, to the extent possible under current law, the Department is working to improve the effectiveness of its programs. In addition, the Department hopes to work with Congress to

improve program statutes by clarifying program objectives and measures and by strengthening accountability and data quality. In particular, full implementation of *EDFacts*, a centralized information management tool based on the Education Data Exchange Network (EDEN), will streamline the collection of timely, accurate program performance and student achievement data.

The President is continuing to focus taxpayer dollars on winning the War on Terror and protecting the homeland, and enforcing additional spending restraint elsewhere across the Federal Government. Given this spending restraint, the Administration is using the PART to ensure that limited resources, in the Department of Education and other federal agencies, are targeted toward those programs and activities most likely to achieve positive results.

In general, this means investments will continue to be made in programs receiving a PART rating of Effective, Moderately Effective, or Adequate, while most programs rated Ineffective will be proposed for elimination. For programs rated RND, the Administration is taking a careful look to determine whether the programs are likely to demonstrate results in the future. If so, the Administration will generally support continued funding along with management or legislative improvements. However, the Administration will propose the termination of RND programs that unnecessarily duplicate other activities or suffer from such major flaws in design or execution that they are unlikely to demonstrate improved performance in the future.

## II. THE 2007 EDUCATION BUDGET BY PROGRAM AREA

### A. ELEMENTARY AND SECONDARY EDUCATION

#### Overview

Four years after the enactment of the No Child Left Behind Act (NCLB), States continue to make substantial progress in fully implementing the law and its principles of greater accountability for student achievement, more choices for students and parents, new flexibility for States and school districts, and the use of proven instructional methods. By the end of the current 2005-06 school year, nearly all States are expected to meet two major milestones under NCLB: full implementation of reading and math assessments for all students in grades 3-8; and ensuring that there is a highly qualified teacher in every classroom.

States also continue to identify schools and school districts for improvement, and are working hard to provide the technical assistance and other resources needed to turn around low-performing schools. They also are taking advantage of the “new flexibility” provided under the law to increase educational options for students, like the pilot project in four Virginia districts to offer supplemental educational services in the first year of improvement, and to explore new ways to measure student and school progress, like tracking the year-to-year progress of students and schools under a “growth model” of adequate yearly progress.

And there is evidence that NCLB reforms are beginning to take hold and produce better results in America’s public schools. For example, the latest long-term trend results of the National Assessment of Educational Progress (NAEP), released in July 2005, showed gains in key areas, with achievement reaching all-time highs for 9-year-olds in reading and math and for 13-year-olds in math. African-American and Hispanic students shared in these gains, with the achievement gaps between these groups and their white peers reaching all-time lows.

Similarly, the NAEP Trial Urban District Assessment results, released in December 2005, showed that students in selected urban districts improved their academic achievement faster than their peers nationwide over the past two years. These results are important because the key driver of NCLB reforms, the Title I Grants to Local Educational Agencies (LEAs) program, focuses on high-poverty schools in such districts.

The 2007 request would maintain the positive momentum generated by NCLB through a \$12.9 billion request for the Title I program, including a \$200 million increase that would provide first-time funding for School Improvement Grants to help States expand their support for LEAs and schools that have been identified for improvement, and \$12.7 billion for Title I Grants to Local Educational Agencies (LEAs). In addition, a \$100 million request for America’s Opportunity Scholarships for Kids would provide new choices for students attending schools identified for restructuring under NCLB, including the option of transferring to a private school.

#### American Competitiveness Initiative

Despite the great promise and progress of No Child Left Behind, gaps remain in the Federal effort to improve the performance of America’s public schools. This is particularly true in the areas of mathematics and science, which are so critical for our Nation’s economic competitiveness, and in our high schools, which allow too many students to drop out and prepare too few for the rigors of college or the challenges of the workplace.

For example, just 35 percent of our 4<sup>th</sup>-graders, and 29 percent of 8<sup>th</sup>-graders, scored at the proficient level or above on the 2005 NAEP math assessment. As for the low-income students who are the focus of most NCLB programs, just one-fifth of 4<sup>th</sup>-graders and only 13 percent of 8<sup>th</sup>-graders scored at the proficient level or above.

The potential impact of this subpar performance in mathematics on our competitiveness in the modern global economy is suggested by the latest results of the Program for International Student Assessment (PISA). In 2003, US 15-year-olds outscored their peers in just 11 of 39 participating countries in mathematical literacy. In a PISA test of problem-solving skills, 15-year-olds from 25 other countries, including 22 out of 29 member nations of the Organization for Economic Cooperation and Development, scored better than US 15-year-olds.

In response, President Bush's 2007 Budget includes a multi-agency American Competitiveness Initiative that focuses on improving America's long-term economic competitiveness through a wide range of proposals to promote math and science education, basic research, workforce development, and immigration policies. The President's 2007 request for the Department of Education would provide a \$380 million increase, primarily related to improving teaching and learning in mathematics, to support this Initiative.

In addition to math and science education, a key to ensuring America's economic competitiveness is improving the performance of our high schools. At a time when young Americans need more education and training than ever to be prepared for the jobs of the 21<sup>st</sup> century, 1 million students drop out of high school each year, and less than half of those who do graduate are ready for college-level math and science. To help increase accountability in our high schools, particularly for low-income and minority students who are most likely to drop out, President Bush is renewing his request for a \$1.5 billion High School Reform initiative.

Highlights of the budget for elementary and secondary education programs include:

- \$12.7 billion for Title I Grants to Local Educational Agencies, the same as the 2006 level, to maintain support for State and local efforts to meet the rigorous accountability and teacher quality requirements of the No Child Left Behind Act. The request also proposes to give States greater flexibility to reserve the full 4 percent of their Title I allocations required for LEA school improvement. Title I funding has grown by nearly \$4 billion, or 45 percent, since enactment of NCLB.
- \$200 million in first-time funding for Title I School Improvement Grants to support strong and effective State leadership in helping to turn around low-performing schools and school districts. States would have flexibility in using requested funds to establish or expand comprehensive, statewide systems of support for the continuous LEA and school improvement needed to meet NCLB proficiency goals.
- \$2.9 billion for Improving Teacher Quality State Grants to help States ensure that all teachers of core academic subjects are highly qualified and to strengthen teachers' subject-matter knowledge and teaching skills. The request also includes \$99 million to maintain support for the Teacher Incentive Fund to encourage States and school districts to develop and implement financial incentives for teachers and principals. This program will help close the equity gap in access to the best teachers and principals by rewarding those who raise student achievement, close achievement gaps, and work in hard-to-staff schools.

- \$1.475 billion for the President's High School Reform Initiative to support interventions and expanded high school assessment aimed at improving the academic achievement of students at greatest risk of not meeting challenging State academic standards and not completing high school. The request includes additional increases for related programs that support high-quality high school instruction:

A \$70.3 million increase for the Striving Readers program, funded for the first time in fiscal year 2005, to significantly expand the development and implementation of research-based interventions to improve the skills of teenage students who are reading below grade level.

\$8 million for State Scholars Capacity Building under the Fund for the Improvement of Education to increase the number of States implementing State Scholars programs, which encourage high school students to complete a rigorous four-year course of study.

- \$1.0 billion for Reading First State Grants and \$103 million for Early Reading First to maintain support for comprehensive reading instruction, grounded in scientifically based reading research, that enables all young children to read well by the end of third grade.
- A \$380 million increase, as part of the American Competitiveness Initiative, for proposals to strengthen the capacity of our schools to improve secondary instruction in mathematics and science while complementing High School Reform efforts:

\$125 million for the Math Now for Elementary School Students initiative, modeled after Reading First, to implement proven practices in math instruction including those recommended by the National Math Panel that focus on preparing K-7 students for more rigorous math courses in middle and high school.

\$125 million for a new Math Now for Middle School Students initiative, based on the principles of the Striving Readers program, to support research-based math interventions in middle schools.

\$10 million for a National Mathematics Panel, which will be formed in fiscal year 2006 to identify key mathematics content and instructional principles to guide the implementation of the Math Now programs. The request for 2007 would be used to carry out the panel's recommendations, including research and dissemination of promising practices in mathematics education.

- \$5 million for an Evaluation of Mathematics and Science Programs proposal that would conduct activities to improve the quality of evaluations of Federal elementary and secondary mathematics and science programs, as well as to evaluate such programs, with a focus on examining whether they are consistent with the principles of NCLB.

A \$90 million increase for Advanced Placement to bring a new emphasis on training teachers and expanding opportunities for students, particularly in high-poverty schools, to take high-level Advanced Placement and International Baccalaureate courses in math, science, and critical foreign languages.

\$25 million for the Adjunct Teacher Corps to create opportunities for qualified professionals from outside the K-12 educational system to teach secondary-school courses in the core academic subjects, with an emphasis on mathematics and the sciences.

- \$484 million to expand educational choices for America’s students and families, including \$100 million for a new America’s Opportunity Scholarships for Kids program, which would provide the parents of students enrolled in schools identified for restructuring under NCLB with expanded opportunities to transfer their children to a private school or to obtain intensive supplemental services, \$251 million to maintain strong support for the Nation’s growing charter school movement, \$107 million for Magnet Schools Assistance, and \$26 million for Voluntary Public School Choice grants to promote public school choice across district boundaries.

Title I Grants to Local Educational Agencies

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	\$12,739.6	\$12,713.1	\$12,713.1

Title I, Part A of the ESEA provides supplemental education funding, especially in high-poverty areas, for locally designed programs that offer extra academic support to help raise the achievement of students at risk of educational failure or, in the case of schoolwide programs, to help all students in high-poverty schools to meet challenging State academic standards. The formula-based program serves more than 16 million students in nearly all school districts and more than half of all public schools—including two-thirds of the Nation’s elementary schools.

Title I schools help students reach challenging State standards through one of two models: “targeted assistance” that supplements the regular education program of individual children deemed most in need of special assistance, or a “schoolwide” approach that allows schools to use Title I funds—in combination with other Federal, State, and local funds—to improve the overall instructional program for all children in a school. More than 28,000 schools participating in Title I use the schoolwide approach.

Both schoolwide and targeted assistance programs must employ effective methods and instructional strategies grounded in scientifically based research, including activities that supplement regular instruction, such as after-school, weekend, and summer programs. Schools also must provide ongoing professional development for staff working with disadvantaged students and implement programs and activities designed to increase parental involvement.

The request would mainly fund activities carried out in school year 2007-2008, two years after States are expected to have fully implemented the No Child Left Behind Act, including assessment of all students in grades 3-8 in reading and mathematics and ensuring that there is a highly qualified teacher in every classroom. Funding for Grants to LEAs has grown substantially since the enactment of NCLB, rising from \$8.8 billion in fiscal year 2001 to \$12.7 billion in fiscal year 2006, an increase of 45 percent.

Under NCLB, schools must make adequate yearly progress (AYP) toward annual, State-established proficiency goals aimed at ensuring that all students are proficient in reading and

math by the 2013-14 school year. Schools that do not make AYP for at least two consecutive years must develop and implement improvement plans, and school districts must permit students attending such schools to transfer to a better-performing public school, with transportation provided by the district.

Schools that do not improve are subject to increasingly tough corrective actions—such as replacing school staff or significantly decreasing management authority at the school level—and can ultimately face restructuring, which involves a fundamental change in governance, such as a State takeover or placement under private management. Students attending schools that have not made AYP for three or more years may obtain supplemental educational services—paid for by the district—from the public- or private-sector provider selected by their parents from a State-approved list.

### **School Improvement is Key Challenge**

With NCLB implementation largely completed, States and school districts will increasingly focus on providing the resources and expertise needed to help turn around low-performing schools that have been identified for improvement, corrective action, and restructuring. The statute requires States to reserve 4 percent of LEA allocations—an amount that would total an estimated \$508 million in fiscal year 2007—and subgrant 95 percent of these funds to LEAs to support local school improvement activities. However, many States are unable to withhold the full 4 percent because of a “hold-harmless” provision prohibiting a State from reducing any LEA’s Part A allocation below the prior-year level when reserving school improvement funds.

The hold-harmless provision also forces States to reserve school improvement funding only from LEAs that receive higher allocations under the need-based Title I funding formulas, thus partially undermining the statutory purpose of those formulas, which is to direct more resources to those districts educating the greatest numbers or higher percentages of poor students.

To help ensure that all States have the resources needed to provide the school improvement support required for the long-term success of No Child Left Behind, and to ensure that all LEAs contribute equitably to these efforts, the 2007 request would override the current hold-harmless provision, thus permitting States to reserve the full 4 percent on a proportional basis from all Title I districts.

In combination with the \$200 million School Improvement Grants request discussed below, this request would enable States and school districts to implement and sustain the kind of continuous improvement activities envisioned by NCLB.

The 2007 budget also includes a separate \$9.3 million request for Title I Evaluation, primarily to support studies designed to produce rigorous scientific evidence on the effectiveness of education programs and practices, including practices critical to the effective use of Title I, Part A funds.



States during the 2004-05 school year. Of these States, just 13 served all schools identified for improvement, while 21 provided support only to some identified schools.

The request would respond to these issues by providing substantial new support for State-led LEA and school improvement efforts. The \$200 million request, along with the proposed flexibility for State use of these funds, would help build State capacity to carry out statutory improvement responsibilities. The request also would help States better leverage, through expanded leadership and technical assistance, the existing \$500 million provided to LEAs through the 4-percent reservation for school improvement.

Comprehensive Centers

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	\$56.8 <sup>1</sup>	\$56.3	\$56.3

<sup>1</sup> A portion of the fiscal year 2005 appropriation supported costs associated with the phase-out of the antecedent Comprehensive Regional Assistance Centers program.

The request would support the third year of the new Comprehensive Centers program. The new centers, selected competitively in 2005, are structured to provide intensive technical assistance to increase the capacity of State educational agencies (SEAs) to help districts and schools meet the key goals of *No Child Left Behind*, including 100-percent proficiency in reading and math by the 2013-14 school year, highly qualified teachers in every classroom, the use of research-based instructional methods and curricula, and increased choices for students and parents.

The system includes 16 regional centers that work with SEAs within specified geographic regions to help them implement NCLB school improvement measures and objectives. In addition, 5 content centers provide in-depth, specialized support in key areas, with separate centers focusing on (1) assessment and accountability; (2) instruction; (3) teacher quality; (4) innovation and improvement; and (5) high schools. Each content center pulls together resources and expertise to provide analyses, information, and materials in its focus area for use by the network of regional centers, SEAs, and other clients.

State Assessment Grants

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	\$411.7	\$407.6	\$407.6

This program provides formula grants to States to pay the cost of developing the additional standards and assessments required by NCLB and, if a State has put in place such standards and assessments, to pay for the administration of those assessments or other related activities. Funds also may be used to develop standards and assessments in subjects other than those required by NCLB and to improve the reliability and validity of assessment systems. Other allowable uses include paying the costs of working in voluntary partnership with other States to develop standards and assessments, professional development aligned with State standards

and assessments, and support for data reporting and other components of the State accountability systems required under NCLB.

Under NCLB, States select and design their own assessments aligned with State academic achievement standards. Annual assessments in reading and mathematics must be in place in grades 3-8 by the end of the 2005-2006 school year. States also must implement science assessments in three grade spans (3-5, 6-9, 10-12) by the 2007-2008 school year.

The 2007 request would provide \$400 million for Grants for State Assessments, the amount required under the statute to ensure that States remain on track toward meeting the 2007-2008 deadline for science assessments. The remaining \$7.6 million would fund a new round of competitive Grants for Enhanced Assessment Instruments to support State efforts to improve the quality and reliability of State assessments, especially assessments for students with disabilities and limited English proficiency.

The 2007 request is supported by the results of a recent PART analysis, which gave State Assessment Grants an Adequate rating. The PART review identified some areas where the Department will need to improve data collection and reporting mechanisms but, overall, found that the program has a clear purpose, is operated well, and meets an important need.

#### High School Reform

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	—	—	\$1,475.0

The President's High School Reform initiative would help educators implement strategies designed to meet the needs of at-risk high school students and hold high schools accountable for providing high-quality education to their students. The proposed program would make formula grants to States to support: (1) the development, implementation, and evaluation of targeted interventions designed to improve the academic performance of students most at risk of failing to meet State academic standards; and (2) expanded high school assessments that would both assist educators in developing strategies to meet the needs of at-risk high school students and increase accountability at the high school level.

Interventions would be designed to increase the achievement of high school students, eliminate gaps in achievement between students from different ethnic and racial groups and between disadvantaged students and their more advantaged peers, and help ensure that students graduate with the education, skills, and knowledge necessary to succeed in postsecondary education and in a technology-based, globally competitive economy. A key strategy would be the use of 8<sup>th</sup>-grade assessment data, in consultation with parents, teachers, and counselors, to develop individual performance plans for students entering high school.

Specific interventions could include programs that combine rigorous academic courses with vocational and technical training, research-based dropout prevention programs, the use of technology-based assessment systems to closely monitor student progress, and programs that identify at-risk middle school students for assistance that will prepare them to succeed in high school and enter postsecondary education, including college preparation and awareness activities for students from low-income families.

The proposal also would require all States to develop and implement reading and mathematics assessments at two additional grades in high school, building on the current NCLB requirement for annual testing once in grades 10-12. The new assessments, which must be in place by the 2009-10 school year, would inform strategies to meet the needs of at-risk high school students and strengthen school accountability at the secondary level.

Striving Readers

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	\$24.8	\$29.7	\$100.0

The request includes a \$70 million expansion for this new program, first funded in 2005, which would support research-based interventions to help improve the skills of secondary school students who are reading below grade level. Such students often are at risk of dropping out of school because of their poor reading skills, which can affect their performance in all subject areas.

The request would fund competitive awards for: (1) the development, implementation, and testing of research-based reading interventions designed to improve the reading skills of students reading significantly below grade level; (2) rigorous evaluations, including evaluations that use experimental research designs, of interventions being implemented in the Nation’s secondary schools to determine their efficacy; and (3) activities to improve the quality of literacy instruction across the curriculum in schools receiving program funds.

Math Now for Elementary School Students

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	—	—	\$125.0

This proposal, which is part of the American Competitiveness Initiative, would help prepare students for rigorous high school mathematics courses by providing competitive grants to partnerships to improve instruction in mathematics for students in kindergarten through 7<sup>th</sup> grade. Grantees would use funds to expand the use of proven practices in math instruction, including those recommended by the National Mathematics Panel, to help teachers to prepare all students in algebraic concepts so that every student can take and pass Algebra in middle school.

Math Now for Middle School Students

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	—	—	\$125.0

This request would support the American Competitiveness Initiative by making competitive grants to partnerships to improve mathematics instruction for middle-school students whose achievement is significantly below grade level. Partnerships would use funds to, among other things, implement scientifically based research interventions that involve intensive and systematic instruction and provide professional development for teachers and other staff that targets important mathematics content knowledge and effective practices.

National Mathematics Panel

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....			\$10.0

The National Mathematics Panel (NMP) will be created in 2006, under the FIE authority, as part of the President's American Competitiveness Initiative to identify important mathematics content and to develop principles that will guide the implementation of the Math Now proposals, which are intended to ensure that every student is prepared to take and pass algebra. The \$10 million request for 2007 would be used to carry out the panel's recommendations, including research and dissemination of promising practices in mathematics education.

Evaluation of Mathematics and Science Programs

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....			\$5.0

The Administration is requesting \$5 million under the FIE authority in 2007 to conduct activities to improve the quality of evaluations of Federal elementary and secondary mathematics and science programs across the government, as well as to evaluate such programs. Funds will be used to assess the quality of program evaluations, design and carry out evaluations of Federal programs that have not been evaluated, and develop guidelines for future program evaluations. The overall goal is to optimize the Federal investment in elementary and secondary math and science programs by applying the principles of No Child Left Behind.

Advanced Placement

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	\$29.8	\$32.2	\$122.2

This program helps teachers in high-poverty high schools receive the training needed to teach Advanced Placement (AP) and International Baccalaureate (IB) courses. Program funds also support competitive grants to State educational agencies to pay AP and IB test fees for low-income students, as well as State and local efforts to make pre-advanced placement and advanced placement courses more widely available to low-income students. AP and IB programs increase the rigor of high school curricula and offer a proven avenue to postsecondary success for low-income students.

Consistent with the American Competitiveness Initiative, the \$90 million increase requested for 2007 would fund new competitive awards to expand AP and IB offerings in mathematics, science, and foreign languages. Funded projects would include incentives for teachers to become qualified to teach AP/IB courses in these subjects and rewards for teachers whose students pass AP/IB tests in those subjects. The priority given to this program is based upon a proven model of results backed by data and the fact that the program is immediately scalable on a national basis.

The request also would require grantees to match program funds, with two State, local, or private dollars for every Federal dollar. In combination with public and private matching funds, the Department estimates that the program could train 70,000 new AP/IB math and science teachers over the next five years, while helping an additional 700,000 students pass the AP/IB exams in these subjects.

A PART analysis of the Advanced Placement program completed in 2005 produced a Moderately Effective rating, primarily based on high scores in program purpose and design, strategic planning, and program management.

#### Adjunct Teacher Corps

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	—	—	\$25.0

This new initiative would create an Adjunct Teacher Corps that would draw on the skills of well-qualified individuals outside of the public education system to meet specialized teaching needs in secondary schools. Instead of the usual focus on certification or licensure of such individuals, the initiative would concentrate on helping schools find experienced professionals who would be able to provide real-world applications for some of the abstract mathematical concepts being taught in the classroom and, in some cases, provide individuals to teach temporarily in hard-to-fill positions.

Funds would be used to make competitive grants to partnerships of school districts and States (or of school districts and appropriate public or private institutions) to create opportunities for professionals with subject-matter expertise to teach secondary-school courses in the core academic subjects, particularly in mathematics and science. Adjunct teachers might teach one or more courses on the school site on a part-time basis, teach full-time in secondary schools while on leave from their jobs, or teach courses that would be available online or through other distance learning arrangements.

Mathematics and Science Partnerships

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	\$178.6	\$182.2	\$182.2

This program provides State formula grants to help States and localities improve students' academic achievement in mathematics and science. The program promotes strong teaching skills for elementary and secondary school teachers, including integrating teaching methods based on scientifically based research and technology into the curriculum. Partnerships focus on developing rigorous mathematics and science curricula, distance learning programs, and incentives to recruit college graduates with degrees in math and science into the teaching profession.

Improving Teacher Quality State Grants

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	\$2,916.6	\$2,887.4	\$2,887.4

NCLB requires States and school districts to ensure that all teachers are highly qualified—as defined by individual States according to statutory requirements—by the end of the 2005-2006 school year. Improving Teacher Quality State Grants provides flexible formula grants to help States and school districts meet this requirement and to strengthen the content knowledge and pedagogical skills of the teaching force. State-level activities may include changes to teacher certification or licensure requirements, alternative certification, tenure reform, merit-based teacher performance systems, and differential and bonus pay for teachers in high-need subject areas. School districts may use funds for professional development, recruitment and retraining of teachers and principals, merit pay, mentoring, and other activities.

Program funds support high-quality professional development as a central and indispensable element of the larger effort to help all students achieve. Research indicates that such professional development can contribute to improvements in teachers' skills and practice and thereby raise student achievement. The Department also would continue developing the knowledge base on teacher effectiveness by reserving up to \$14.4 million (one-half of 1 percent) of the fiscal year 2007 appropriation for evaluation and related activities.

The initial PART review of this program, in 2003, rated it Results Not Demonstrated. A second review in 2005 gave the program a Moderately Effective rating, based on documented progress in reaching performance targets and evidence that the Department has initiated rigorous program evaluations and improved its technical assistance to help States and districts meet program requirements.

Teacher Incentive Fund

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	—	\$99.0	\$99.0

This newly funded program will provide grants to encourage school districts and States to develop and implement innovative ways to provide financial incentives for teachers and principals who raise student achievement and close the achievement gap in some of our Nation’s highest-need schools. States and LEAs, either alone or in partnership with non-profit organizations, may apply for competitive grants to develop and implement performance-based compensation systems for public school teachers and principals in high-need areas. These compensation systems must be based primarily on measures related to student achievement.

Troops-to-Teachers

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	\$14.8	\$14.6	\$14.6

This program supports the Department of Defense Troops-to-Teachers program, which encourages and helps train retiring military personnel to teach in high-poverty school districts. A 2001 survey by the Government Accountability Office showed that almost 4,000 former military personnel had been hired as teachers nationwide since the program was established in 1994. Teachers recruited through Troops-to-Teachers have been twice as likely as traditional public school teachers to teach in such high-need subject areas as mathematics, science, and special education.

Troops-to-Teachers received an Adequate rating following a 2003 PART analysis concluding that while the program is accomplishing its objectives, it would benefit from short- and long-term performance measures and more transparent reporting of results. The Department has responded to these findings by establishing performance measures and improving reporting.

Transition to Teaching

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	\$44.9	\$44.5	\$44.5

This program will help meet the demand for an estimated 2 million new teachers over the next decade by supporting alternative routes to teacher certification and other approaches enabling mid-career professionals and recent college graduates to transition to careers in teaching. The request would finance more than 100 5-year competitive grants that would train, place, and support candidates as teachers in high-need schools.

A 2005 PART analysis for the program produced an Adequate rating and high scores for purpose, measurable goals, and progress in making performance data available to the public.

In response to PART findings, the program is working to improve the reliability and comparability of performance data.

Teaching American History

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	\$119.0	\$119.8	\$50.0

This program makes competitive grants to school districts for professional development to strengthen the teaching of traditional American history as a separate subject in elementary and secondary schools. The Administration recognizes the importance of American history in preparing future generations of students to become responsible citizens and to fully participate in our democracy. However, the number of quality applications for assistance under this program in recent years does not justify the current level of funding. The reduced request reflects the anticipated number of high-scoring applicants in fiscal year 2007, and would fund up to 52 new awards.

A PART analysis completed in 2004 for the program produced a Results Not Demonstrated rating, primarily due to the absence of long-term and annual performance targets and data unavailability. In response, the program is collecting data for targets and measures, and developing a strategy for making the data available to the public.

Advanced Credentialing

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	\$16.9	\$16.7	\$8.0

This program supports the development of advanced credentials based on the content expertise of master teachers. Funds also support related activities to encourage and support teachers seeking advanced credentials. The 2007 request would support the American Board for the Certification of Teacher Excellence’s development of an Initial Certification and a Master Certification to give States and districts more options for improving teacher quality and, most importantly, raising student achievement.

Early Childhood Educator Professional Development Grants

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	\$14.7	\$14.5	\$14.5

This program focuses on professional development, especially in teaching pre-reading skills to young children, for early childhood educators and caregivers working in high-poverty communities. The request would fund a new round of competitive grants to support training for preschool and other early childhood educators to help ensure that young children enter school ready to learn to read.

Reading First  
(BA in millions)

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
Reading First State Grants .....	\$1,041.6	\$1,029.2	\$1,029.2
Early Reading First .....	<u>104.2</u>	<u>103.1</u>	<u>103.1</u>
Total .....	1,145.8	1,132.4	1,132.4

The Reading First initiative remains a strong priority in the President's 2007 Budget because data continue to show that too many young children do not master reading—the most basic and essential skill required for more advanced learning—during their early elementary school years. On the 2005 National Assessment of Educational Progress, 61 percent of all fourth graders in high-poverty schools scored below the "basic" reading level. Research shows that students who cannot read well by fourth grade have a greater likelihood of dropping out and facing a lifetime of diminished success. Reading First activities help increase reading gains, reduce the number of children who fall behind in reading, provide additional help to children who need it, and lower the number of children referred to special education due to low reading scores.

The request includes more than \$1.1 billion for the two components of Reading First. The Reading First State Grants program is a comprehensive, nationwide effort to implement high-quality, research-based reading instruction to help reach the President's goal of ensuring that every child can read at grade level or above by the end of 3<sup>rd</sup> grade.

State formula grant funds are used to help school districts and schools provide professional development in reading instruction for teachers and administrators, adopt and use diagnostic reading assessments for students in kindergarten through third grade to determine where they need help, implement reading curricula that are based on recent research, and provide reading interventions for young grade-school children.

In addition, as required by statute, the Department would reserve \$5 million for the National Institute for Literacy and \$3.8 million for Targeted Assistance Grants, which are competitive grants to States that demonstrate progress in reading achievement.

Early Reading First complements Reading First State Grants by providing competitive grants to school districts and non-profit organizations to support activities in preschool programs designed to enhance the verbal skills, phonological awareness, letter knowledge, and pre-reading skills of children from birth through age 5. Funds are targeted to communities with high numbers of low-income families.

The 2007 request level will support up to 36 new Early Reading First projects, which focus on providing cognitive learning opportunities for young children to ensure that they are well prepared for kindergarten. These grants improve the instruction and environment provided by programs primarily serving young children living in poverty, including preschool programs supported by the Title I program, Head Start, and publicly funded or subsidized child care.

Literacy Through School Libraries

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	\$19.7	\$19.5	\$19.5

This program helps school districts improve literacy skills by providing students with increased access to up-to-date school library materials and professionally certified school library media specialists. The 2007 request would fund an estimated 80-90 competitive grants that would support the efforts of libraries to help children to read well by making information available to all students, training students and teachers about how to obtain and make use of information, and increasing access to technology and information for students in low-income schools.

Reading Is Fundamental/Inexpensive Book Distribution

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	\$25.3	\$25.0	\$25.0

This program is administered through a contract with Reading is Fundamental, Inc. (RIF), a nonprofit organization affiliated with the Smithsonian Institution. RIF allocates funds to local community associations that select and distribute inexpensive books to children free of charge. RIF currently reaches about 4.5 million children through 20,000 projects. By increasing preschool children’s access to books, and involving their parents as their child’s first teachers, this program supports the President’s goal that all children will be able to read well by 3<sup>rd</sup> grade.

America’s Opportunity Scholarships for Kids

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	—	—	\$100.0

This proposal would encourage local efforts to enable students from low-income households who attend schools identified for restructuring under Title I of the ESEA to attend a private school or to receive intensive, sustained tutoring assistance, which may include after-school and summer programs. The program would make competitive awards to States, local educational agencies (LEAs), and public or private nonprofit organizations (including community-and faith-based organizations), with a priority given to applicants proposing to serve students in LEAs that operate large numbers or percentages of schools that have been identified for restructuring (schools that have not met State progress targets for 6 or more years). The request builds on the successful Opportunity Scholarships program implemented in the District of Columbia since fiscal year 2005, which is designed to give low-income parents more options for the education of their children, and for which almost \$15 million is included in the 2007 request for the District of Columbia.

A significant body of evidence shows that providing parents and students with expanded choice options can improve both the academic performance of the students exercising choice and the performance of schools at risk of losing students. For example, the September 2002 Government Accountability Office report, *School Vouchers: Characteristics of Privately Funded Programs*, found that rigorous evaluations of private school choice programs in New York City,

Washington, D.C., and Dayton, Ohio, “provide some evidence that African American students who used vouchers to attend private schools showed greater improvements in math and reading than students in the comparison group.” Other studies have found that public schools improved their performance and responsiveness to parent and student needs when exposed to competition.

#### Voluntary Public School Choice

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	\$26.5	\$26.3	\$26.3

This program supports efforts to establish intradistrict and interdistrict public school choice programs to provide parents, particularly parents whose children attend low-performing public schools, with greater choice for their children’s education. Competitive grants support planning and implementation costs associated with new programs, tuition transfer payments to public schools that students choose to attend, and efforts to expand the capacity of schools to meet the demand for choice. The first cohort of grantees will end in 2006; the request would support the first year of a new cohort of grants that will specifically focus on increasing school capacity through interdistrict choice strategies. Few districts have created interdistrict choice arrangements under NCLB, and examinations of NCLB implementation have concluded that the low level of activity in this area has limited the effectiveness of the Title I choice provisions.

#### Charter Schools Grants

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	\$217.0	\$214.8	\$214.8

This program increases public school choice options by supporting the planning, development, and initial implementation of public charter schools. States also may use a portion of their funds for dissemination of information on successful charter school practices. Forty States and the District of Columbia have charter school laws that offer regulatory flexibility in exchange for greater accountability for improving student performance. Over the last decade, the number of charter schools nationwide has grown from only a handful to approximately 3,600. The first \$200 million of each year’s appropriation is used for competitive grants to States and to individual charter schools in States that elect not to apply, and for national activities. Funding above \$200 million maintains support for State Charter School Facilities Incentive Grants, which provide competitively awarded matching funds to States that offer per-pupil financial assistance to charter schools to obtain facilities.

The 2007 request for this program is supported by a 2005 PART analysis that gave the program an Adequate rating and high scores for purpose, program management, and demonstrated results, while identifying weaknesses related to data collection and public availability of results. The Department is taking steps to eliminate those weaknesses.

Credit Enhancement for Charter School Facilities

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	\$37.0	\$36.6	\$36.6

Expanding the number of charter schools is a key Administration strategy for increasing the options available to parents seeking the best educational opportunities for their children. A major obstacle to the creation of charter schools in many communities is limited access to suitable academic facilities. The Credit Enhancement for Charter School Facilities program provides competitive grants to public and nonprofit entities that help charter schools secure the financing needed to purchase, construct, renovate, or lease academic facilities. For example, a grantee might provide guarantees and insurance on bonds and leases.

Magnet Schools Assistance

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	\$107.8	\$106.7	\$106.7

The request would support a competition to select 50 local educational agencies to operate magnet schools that are part of a court-ordered or approved desegregation plan to eliminate, reduce, or prevent minority group isolation in elementary and secondary schools. Magnet schools address their desegregation goals by providing a distinctive educational program that attracts a diverse student population. The budget also supports the continuation of 2 projects initiated in earlier years. The Department would use about \$1.2 million for evaluation and dissemination activities.

A 2004 PART analysis of this program produced an Adequate rating and high scores for purpose, management, and evaluation strategy, while also noting weaknesses in the collection and public dissemination of performance data. The Department is working to improve data collection and to develop a plan for publicizing performance data.

Fund for the Improvement of Education

(BA in millions)

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
Programs of National Significance .....	\$12.1	\$11.7	\$39.0
One-time Projects .....	<u>245.0</u>	<u>—</u>	<u>—</u>
Total .....	257.1	11.7	39.0

The Fund for the Improvement of Education (FIE) supports nationally significant programs, administered through a combination of discretionary grants and contracts, to improve the quality of elementary and secondary education at the State and local levels and help all students meet challenging State academic achievement standards. The budget provides a \$27.3 million increase to support several new and consolidated activities, including two components of the National Security Language Initiative: \$5 million for the Language Teacher Corps, which would

provide training to college graduates with critical language skills who are interested in becoming foreign language teachers, and \$3 million for a Teacher-to-Teacher Initiative that would fund intensive summer training sessions for foreign language teachers, especially teachers of critical need languages.

The request also would provide \$10 million for Reach Out and Read, a program that promotes early literacy for infants and preschool children; \$8 million for State Scholars (previously funded under Vocational Education National Programs), which encourages high school students to complete a rigorous curriculum in the core academic subjects; \$4 million for Teach for America, which recruits and trains recent college graduates to teach in high-need communities; and \$2 million to continue a Data Quality Initiative launched in fiscal year 2006 that is intended to improve the quality of Department evaluations and data collections for its elementary and secondary education programs.

#### Foreign Language Assistance

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	\$17.9	\$21.8	\$23.8

This program provides 3-year competitive grants to State educational agencies to support systemic approaches to improving foreign language learning in States, and to local educational agencies to establish, improve, and expand foreign language instruction. The request would support the President's National Security Language Initiative by providing incentives to school districts and States to provide instruction in critical foreign languages, such as Arabic, Chinese Farsi, Japanese, Korean, Russian, and Urdu. The request also would promote innovative approaches to teaching such languages, especially those involving the use of technology to provide intensive instruction.

#### 21<sup>st</sup> Century Community Learning Centers

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	\$991.1	\$981.2	\$981.2

This program helps communities establish or expand centers that provide extended learning opportunities for students and related services to their families. From their formula grants, States make competitive awards of at least \$50,000 to school districts, community-based organizations, faith-based organizations, and other public or private entities for projects that primarily serve students attending high-poverty schools. States give priority to projects serving students who attend schools identified for improvement or corrective action under Title I, and projects emphasize activities that prepare students to meet State and local student performance standards in core academic subjects. The request would enable districts to provide after-school learning opportunities—particularly for children who attend high-poverty or low-performing schools—to more than 1.3 million students in 2,900 after-school programs.

The 2007 request for this program is supported by a 2003 PART analysis that gave the program an Adequate rating and high scores for purpose, planning, and management, while identifying

weaknesses related to accountability. The program has taken steps to improve its data collection system and to use data and program evaluations to improve program management.

State Grants for Innovative Programs

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	\$198.4	\$99.0	\$99.0

This program provides flexible formula grants to State and local educational agencies for a wide range of authorized activities serving all students. Examples include educator professional development, acquisition of classroom and school library materials and equipment, and funding Title I supplemental educational services.

In 2005, the program received a rating of Results Not Demonstrated on the PART, mostly because of the lack of performance data. To respond to these concerns, the Department has added two additional performance measures to determine program quality, will begin formal monitoring visits to States to ensure that the program is being implemented correctly, and has developed two interim efficiency measures for the program.

Rural Education

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	\$170.6	\$168.9	\$168.9

The Rural Education Achievement authority funds two separate programs that help rural school districts improve the quality of teaching and learning in their schools. The Small, Rural School Achievement program provides formula funds to rural school districts serving small numbers of students, and the Rural and Low-Income School program provides formula grants to States, which have the option of sub-allocating funds to high-poverty rural districts competitively or by formula. Each program receives one-half of the appropriation. The request would maintain support for small, often geographically isolated rural districts that face special challenges in implementing NCLB.

Safe and Drug-Free Schools and Communities National Programs

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	\$234.6	\$222.3	\$216.0

Safe and Drug-Free Schools and Communities (SDFSC) National Programs fund several activities, primarily through competitive awards, to help promote safe and drug-free learning environments for students and address the needs of at-risk youth. The request includes \$79 million for grants to school districts for comprehensive, community-wide "Safe Schools/Healthy Students" drug and violence prevention projects, and \$52 million for drug prevention or school safety programs informed by scientifically based research or that will use such research to demonstrate their effectiveness. Other activities include \$26 million for the

school emergency preparedness initiative conducted in coordination with the Department of Homeland Security, \$15 million for school-based drug testing programs for students, \$5 million to provide emergency response services to LEAs under Project SERV (School Emergency Response to Violence), and \$19 million to pay continuation costs for Mentoring grants as the final year of a 2-year phase-out of this activity, which will have achieved its objectives.

Character Education

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	\$24.5	\$24.2	\$24.2

This program makes competitive awards to States and school districts for such activities as developing character education curricula, implementing model character education programs that involve parents and community members, including private and nonprofit organizations, and training teachers to incorporate character-building lessons and activities into the classroom. Programs must be integrated into classroom instruction, consistent with State academic content standards, and coordinated with other State education reforms. Elements of character include such qualities as caring, civic virtue and citizenship, justice, respect, responsibility, trustworthiness, and giving. The request would provide \$20.2 million for continuation awards, \$2.8 million for new grants, and \$1.2 million for national activities.

Physical Education Program

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	\$73.4	\$72.7	\$26.4

This program provides competitive grants to local educational agencies and community-based organizations to pay the Federal share of the costs of initiating, expanding, and improving physical education programs (including after-school programs) for students in kindergarten through 12<sup>th</sup> grade. Funds may be used to provide equipment and other support enabling students to participate in physical education activities and for training teachers and staff. The 2007 request would pay for continuation costs only as part of a two-year plan to phase out the program to redirect resources to higher-priority activities. A 2005 PART analysis rated this program Results Not Demonstrated because of weaknesses and deficiencies with regard to demonstrating positive outcomes. In response, the Department is establishing new mechanisms for collecting accurate and reliable performance data from grantees.

Ready-to-Learn Television

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	\$23.3	\$24.3	\$24.3

This program supports the development and distribution of educational video and related materials for preschool children, elementary school children, and their parents that are intended to improve school readiness and academic achievement.

A 2004 PART analysis of this program produced a Results Not Demonstrated rating, primarily due to a lack of consistent or reliable data on program results, and a recommendation that the Department take additional steps to better understand the impact of the program. In response, the Department has made three key changes. First, the Department is requiring that all new children’s television programming content be informed by scientifically based research in reading and early literacy. Second, programming grantees must conduct rigorous evaluations using experimental or quasi-experimental designs. And third, instead of a single, large award, the Department has made three smaller competitive awards (two programming and one outreach award) to different grantees. The request would continue support for these three awards.

English Language Acquisition  
(BA in millions)

	<u>2005</u>	<u>2006</u>	<u>2007</u> <u>Request</u>
Language Acquisition State grants .....	\$582.5	\$620.5	\$620.5
National Activities.....	44.0	43.5	43.5
Native American grants.....	5.0	5.0	5.0
Competitive Grant Continuations .....	<u>44.3</u>	<u>    </u>	<u>    </u>
 Total .....	 675.8	 669.0	 669.0

Title III of the Elementary and Secondary Education Act (ESEA) authorizes formula grants to States based on each State’s share of the Nation’s limited English proficient (LEP) and recent immigrant student population. Grants help States design and implement statewide activities meeting the educational needs of their LEP students. The statute also provides a .5 percent set-aside for the Outlying Areas and a \$5 million set-aside for elementary, secondary, and postsecondary schools operated predominantly for Native American children.

States must use at least 95 percent of formula funds for subgrants to school districts, based primarily on each district’s share of the State’s LEP students. In addition, States must use up to 15 percent of the 95 percent to increase the size of grants to districts that have experienced a significant increase in the percentage or number of recent immigrant students over the preceding two years.

States must develop annual measurable achievement objectives for LEP students that measure their success in achieving English language proficiency and meeting challenging State academic content and achievement standards. If a school district does not make progress toward meeting these objectives for two consecutive years, the State must require the district to develop and implement an improvement plan. If the district still is not meeting the State’s annual achievement objectives after four consecutive years, the State must require the district to take corrective action by adopting approaches more likely to bring about meaningful change, such as comprehensive implementation of a new instructional method or replacing educational personnel responsible for the LEA’s inability to meet the objectives. The State also may terminate assistance to the district.

Title III also requires the Department to set aside 6.5 percent of the appropriation for National Activities, including the National Professional Development Project, a National Clearinghouse

for English Language Acquisition and Language Instructional Programs, and evaluation. Under the National Professional Development Project, the Department makes 5-year competitive grants to institutions of higher education that have entered into consortium arrangements with State or local educational agencies. The purpose of these grants is to increase the pool of teachers prepared to serve limited English proficient students and increase the skills of teachers already in classrooms. The purpose of the National Clearinghouse contract is to collect and disseminate information about instructional programs for LEP students.

Title I State Agency Programs  
(BA in millions)

	<u>2005</u>	<u>2006</u>	<u>2007</u> <u>Request</u>
Migrant Education .....	\$390.4	\$386.5	\$386.5
Neglected and Delinquent.....	<u>49.6</u>	<u>49.8</u>	<u>49.8</u>
Total .....	440.0	436.3	436.3

Migrant Education State Grants provide formula-based assistance in meeting the special educational needs of nearly 750,000 children of migrant agricultural workers by helping States identify and pay the higher costs often associated with serving such children. The Department also uses a portion of funding to improve inter- and intra-state coordination of migrant education activities. The Title I Neglected and Delinquent program makes State formula grants to support educational services for an estimated 171,000 children and youth in State-operated institutions.

The Title I Neglected and Delinquent program received a PART rating of Results Not Demonstrated, primarily due to the absence of performance targets and data. In response, the Department currently is improving data collection procedures as a basis for setting targets.

High School Equivalency Program and College Assistance Migrant Program  
(BA in millions)

	<u>2005</u>	<u>2006</u>	<u>2007</u> <u>Request</u>
High School Equivalency Program .....	\$18.7	\$18.6	\$18.6
College Assistance Migrant Program.....	<u>15.5</u>	<u>15.4</u>	<u>15.4</u>
Total .....	34.3	34.0	34.0

The High School Equivalency Program (HEP) funds competitively selected projects to help low-income migrant and seasonal farm workers gain high school diplomas or equivalency certificates. The College Assistance Migrant Program (CAMP) makes competitive grants to provide stipends and special services, such as tutoring and counseling, to migrant students who are in their first year of college. The 2007 request would support approximately 73 HEP and CAMP continuation grants as well as 5 new HEP projects and 12 new CAMP projects.

The Department completed a PART analysis of these programs in 2004. Both programs were rated Results Not Demonstrated, with the analysis highlighting strengths but also flagging weaknesses related to data collection and accountability. In response, the Department has improved procedures to promote the collection of comparable performance data across grantees.

Indian Education  
(BA in millions)

	<u>2005</u>	<u>2006</u>	<u>2007</u> <u>Request</u>
Grants to Local Educational Agencies .....	\$95.2	\$95.3	\$95.3
Special Programs for Indian Children .....	19.6	19.4	19.4
National Activities.....	<u>5.1</u>	<u>4.0</u>	<u>4.0</u>
Total .....	119.9	118.7	118.7

Indian Education programs supplement the efforts of State and local educational agencies and Indian tribes to improve educational opportunities for Indian children. The programs link these efforts to broader educational reforms underway in States and localities to ensure that Indian students benefit from those reforms and achieve to the same challenging academic standards as other students.

Grants to Local Educational Agencies provide formula grants to public and BIA-supported schools for activities to improve the educational achievement of Indian students. Special Programs for Indian Children includes \$13.5 million in competitive grants for the American Indian Teacher Corps and the American Indian Administrator Corps, to support training for Indian teachers and administrators to take positions in schools that serve concentrations of Indian children, and \$5.7 million for competitive demonstration grants to improve educational opportunities for Indian children in areas such as early childhood education and college preparation.

Finally, the request provides \$4.0 million for National Activities, which funds research, evaluation, and data collection designed to fill gaps in our understanding of the educational status and needs of Indians and to identify educational practices that are effective with Indian students. The program also provides technical assistance to school districts and other entities receiving Indian Education formula and discretionary grants.

Education for Native Hawaiians  
(BA in millions)

	<u>2005</u>	<u>2006</u>	<u>2007</u> <u>Request</u>
Mandated awards .....	\$2.1	\$3.0	\$0.5
New activities .....	14.8	9.8	1.5
Continuation awards .....	<u>17.3</u>	<u>21.1</u>	<u>29.4</u>
Total .....	34.2	33.9	31.4

The Education for Native Hawaiians program funds competitive grants for supplemental education services and activities for Native Hawaiians, many of whom perform below national norms on achievement tests of basic skills in reading, science, and math. Grants support a variety of authorized activities, including early childhood education services, after-school programs, special education, and educator professional development. The proposed \$2.5 million reduction in funding reflects the elimination of two one-time grants included in the 2006 appropriation.

Alaska Native Education Equity  
(BA in millions)

	<u>2005</u>	<u>2006</u>	<u>2007</u> <u>Request</u>
Mandated Awards .....	\$10.0	\$7.0	\$7.0
New Activities.....	7.6	16.0	2.4
Continuation Awards.....	<u>16.6</u>	<u>10.9</u>	<u>24.5</u>
Total .....	34.2	33.9	33.9

The Alaska Native Education Equity program provides educational services to meet the special needs of Native Alaskan children. By statute, a portion of funds must be awarded annually to specific entities (Mandated Awards), and the remainder is awarded competitively. Grants support a variety of authorized activities, such as curriculum development, teacher recruitment, and student enrichment programs in math and science.

Supplemental Education Grants (Compact of Free Association Amendments Act)

	<u>2005</u>	<u>2006</u>	<u>2007</u> <u>Request</u>
BA in millions .....	\$18.2	\$18.0	\$18.0

The \$18.0 million request would maintain support for Supplemental Education Grants to the Federated States of Micronesia (FSM) and the Republic of the Marshall Islands (RMI), as authorized by the Compact of Free Association Amendments Act of 2003 (P.L. 108-188). Under the program, the Department transfers funds and provides recommendations on funding to the Department of the Interior, which makes grants to the FSM and RMI for educational services that augment the general operations of the educational systems of the two entities.

The Act eliminated RMI and FSM participation in most domestic formula grant programs funded by the Departments of Education, Health and Human Services, and Labor, and created this program to supplement a separate education support programs under the Compact. The request would allow the RMI and FSM to support programs that focus on improving the educational achievement of students in the two Freely Associated States.

Education for Homeless Children and Youth

	<u>2005</u>	<u>2006</u>	<u>2007</u> <u>Request</u>
BA in millions .....	\$62.5	\$61.9	\$61.9

This program provides formula grants to States, which subgrant most funds to LEAs for tutoring, transportation, and other services that help homeless children to enroll in, attend, and succeed in school. In addition to academic instruction, the program helps ensure access for these children to preschool programs, special education, and gifted and talented programs.

While nearly all States have eased residency requirements and improved transportation and immunization policies to ensure greater access for homeless students over the past decade, those students continue to be at significant risk of educational failure. The request would maintain support for State and local activities designed to reduce that risk.

Impact Aid

(BA in millions)

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
Payments for Federally Connected Children:			
Basic Support Payments.....	\$1,075.0	\$1,091.9	\$1,091.9
Payments for Children with Disabilities.....	50.0	49.5	49.5
Facilities Maintenance .....	7.8	5.0	5.0
Construction.....	48.5	17.8	17.8
Payments for Federal Property .....	<u>62.5</u>	<u>64.4</u>	<u>64.4</u>
Total .....	1,243.9	1,228.5	1,228.5

The Impact Aid program provides financial support to school districts affected by Federal activities. The property on which certain children live is exempt from local property taxes, denying districts access to the primary source of revenue used by most communities to finance education. Impact Aid helps to replace the lost local revenue that would otherwise be available to districts to pay for the education of these children.

The \$1.1 billion request for Basic Support Payments would provide formula grants for both regular Basic Support Payments and Basic Support Payments for Heavily Impacted LEAs.

The \$49.5 million request for Payments for Children with Disabilities would provide formula grants to help eligible districts meet their obligations under the Individuals with Disabilities Education Act to provide a free appropriate public education for federally connected children with disabilities.

The Department of Education owns and maintains 33 school facilities that serve large numbers of military dependents. The \$5.0 million request for Facilities Maintenance would fund essential repair and maintenance of these facilities and allow the Department to continue to transfer schools to local school districts.

School districts also generally pay for most of their school construction costs using their own resources and rely on property taxes to finance these costs. Districts affected by Federal operations have limited access to those sources of funding. The entire \$17.8 million proposed for Construction would be used for competitive grants, rather than the formula grants that are also authorized under the program (and that received the entire 2006 appropriation). Unlike the formula grants, the competitive grants are targeted to the LEAs with the greatest need and provide sufficient assistance to enable those LEAs to make major repairs and renovations.

The \$64.4 million request for Payments for Federal Property would provide formula-based payments to districts that generally have lost 10 percent or more of their taxable property to the Federal Government.

PART assessments have produced mixed results for Impact Aid programs. A 2005 PART analysis of Impact Aid Basic Support Payments and Payments for Children with Disabilities produced a Results Not Demonstrated rating, based on the lack of data on the targeting of funds to districts without regard to financial need, while also acknowledging the Department's increased efficiencies in managing payments. In response, the Department is working to develop a model for estimating the effectiveness of the program in delivering assistance to Federally affected school districts.

A 2005 PART analysis of Impact Aid Construction produced an Adequate rating and high scores for purpose, program management, and results that show improvement in the grantees ability to improve the condition of their school buildings. A 2004 PART analysis of Payments for Federal Property produced a Results Not Demonstrated rating based on the lack of annual and long-term performance measures for the program. In response, the Department created two new performance measures to track the efficiency of the Payments for Federal Property program.

Training and Advisory Services (Title IV of the Civil Rights Act)

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	\$7.2	\$7.1	\$7.1

This program supports 10 regional Equity Assistance Centers, selected competitively, that provide services to school districts on issues related to discrimination based on race, gender, and national origin. Typical activities include disseminating information on successful practices and legal requirements related to nondiscrimination, providing training to educators to develop their skills in specific areas, such as identification of bias in instructional materials, and technical assistance on selection of instructional materials.

A PART analysis of this program conducted in 2005 produced a Results Not Demonstrated rating, primarily due to the absence of performance targets and data. In response, the Department is working to measure the quality, relevance, and usefulness of the services provided by the program and to collect data to allow the comparison of this program to other technical assistance programs.

## B. SPECIAL EDUCATION AND REHABILITATIVE SERVICES

### Overview

The Administration is committed to working to ensure that all Americans have the opportunity to learn and develop skills, engage in productive work, choose where to live, and participate in community life. The 2007 budget supports the President's *New Freedom Initiative* to help people with disabilities lead independent lives. Funds are requested for programs that can improve educational, employment, and independent living outcomes for people with disabilities.

The \$11.7 billion request for Special Education programs includes support for programs to improve educational and early intervention outcomes for children with disabilities. For the Grants to States program, the President is requesting an increase of \$100 million for a total of \$10.7 billion. This level of funding would provide an estimated average of \$1,535 per student for about 6.947 million children ages 3 through 21, 69,000 more children than estimated to be served in 2006. The budget also includes \$436.4 million for the Grants for Infants and Families program and \$380.8 million for the Preschool Grants program, both of which would be maintained at their 2006 levels.

The \$197.4 million request for Special Education National Activities would support a variety of technical assistance, dissemination, training, and other activities that assist States, local educational agencies, parents, and others in improving results for children with disabilities. This amount includes \$2.0 million (which would be combined with funds from Rehabilitation Demonstration and Training) to support a new Special Education – Vocational Rehabilitation Transition Initiative that would help States improve high school graduation rates and post-school outcomes for students with disabilities through the implementation of research-based educational, transition, and employment practices, along with collection and analysis of student data. Technical Assistance and Dissemination, Personnel Preparation, and Parent Information Centers would be funded at their 2006 levels. No funds are requested for the State Personnel Grants program, for which fiscal year 2006 funds are still available for obligation. The Technology and Media Services program would be reduced from \$38.4 million to \$31.1 million, based on the elimination of support for projects earmarked in the 2006 appropriations act.

For Rehabilitation Services and Disability Research, the budget provides \$3.2 billion to support comprehensive and coordinated vocational rehabilitation and independent living services for individuals with disabilities through research, training, demonstration, technical assistance, evaluation, and direct service programs. The request includes \$2.8 billion for Vocational Rehabilitation (VR) State Grants to help over 200,000 individuals with disabilities obtain or maintain employment.

Consistent with the Administration's multi-year initiative to reform the Federal government's overlapping training and employment programs, funds are not requested for three vocational rehabilitation programs in this account: Supported Employment State Grants, Projects with Industry, and the Migrant and Seasonal Farmworkers program. These programs provide services to individuals with disabilities that can be provided by the larger VR State Grants program. The 2007 request would also eliminate funding for Recreational programs. Funding for all other discretionary rehabilitation programs would be maintained at the 2006 level.

The request includes \$22.4 million for the Assistive Technology (AT) State grant program and National Activities. The budget does not include funding for the Alternative Financing program (AFP), which was not reauthorized in the Assistive Technology Act of 2004. Under the new law, States are now required to provide alternative financing activities as part of their State-level activities under their AT State grant. In addition, the request does not fund the Protection and Advocacy (P&A) for Assistive Technology program, which provides services that are authorized and can be provided by other P&A programs.

The request includes \$106.7 million for the National Institute on Disability and Rehabilitation Research, which supports research, demonstration projects, and related activities designed to improve the lives of persons of all ages with disabilities. The 2007 request includes funding to continue a comprehensive program of research and related activities designed to generate new knowledge and promote its effective use to improve the ability of people with disabilities to perform activities of their choice in the community, and also to expand society's capacity to provide full opportunities and accommodations for its citizens with disabilities. The request also includes \$17.6 million for the American Printing House for the Blind, \$55.3 million for the National Technical Institute for the Deaf, and \$107.6 million for Gallaudet University.

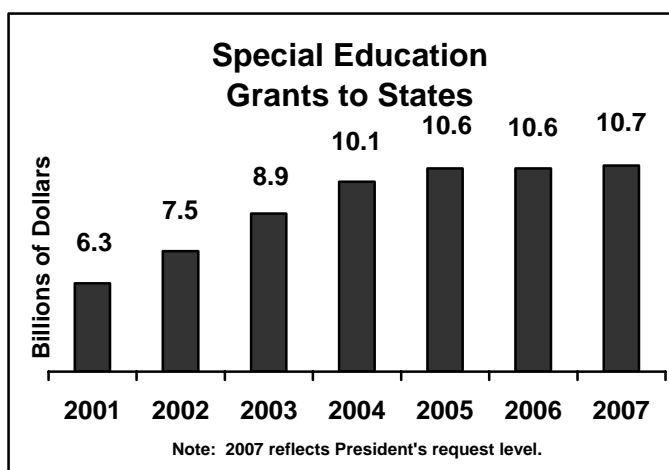
### Special Education State Grants

#### Grants to States

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	\$10,589.7	\$10,583.0	\$10,683.0
Children ages 3 through 21 Number served (thousands) .....	6,803	6,878	6,947

The Grants to States program, which is authorized under the Individuals with Disabilities Education Act (IDEA), makes formula grants that help States pay the additional costs of providing special education and related services to children with disabilities aged 3 through 21 years. The request would provide an average of \$1,535 for an estimated 6.947 million children with disabilities, 69,000 more children than estimated for 2006.

Under IDEA, States are required to provide a free appropriate public education (FAPE) to all children with disabilities. Services are provided in accordance with



individualized education programs (IEPs) that are developed by teams that include: the child’s parents; a special educator; a representative of the local educational agency; a regular educator, if appropriate; and others. In addition, services must be provided—to the maximum extent appropriate—in the least restrictive environment, which for most children means in classes with children who are not disabled. Under IDEA, children with disabilities must be included in general State and district-wide assessments, including the assessments required under NCLB. States must provide appropriate accommodations, where necessary, to enable children with disabilities to participate in these assessments, or alternate assessments for those children who cannot participate in regular assessments.

The request also includes \$20.0 million that would be reserved for technical assistance to improve the capacity of States to meet the data collection requirements of the IDEA. Authority for this activity was included in the Individuals with Disabilities Education Improvement Act of 2004.

PART assessments of the program were conducted in 2002 and 2005. In 2002 the program was rated as Results Not Demonstrated. The Department has addressed most of the concerns raised in the 2002 analysis, which led to an Adequate rating in the 2005 assessment.

Preschool Grants

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	\$384.6	\$380.8	\$380.8

This program provides formula grants to help States make a free appropriate public education available to all children with disabilities ages 3 through 5. The Preschool Grants program supplements funds provided under the Grants to States program and helps to ensure that young children with disabilities are ready to learn when they enter school. The request would provide an estimated \$502 per child for approximately 759,000 children.

A 2002 PART analysis of this program produced a Results Not Demonstrated rating, primarily due to the absence of performance goals and data. In response, the Department has developed goals and indicators and has undertaken a multifaceted approach to collecting data on child outcomes.

Grants for Infants and Families

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	\$440.8	\$436.4	\$436.4

This program makes formula grants to help States implement statewide systems of early intervention services for all eligible children with disabilities from birth through age 2 and their families. The Grants for Infants and Families program helps State and local agencies identify and serve children with disabilities early in life when interventions can be most effective in improving educational outcomes. The budget request will provide support to 57 State agencies serving approximately 315,400 infants and toddlers with disabilities and their families.

A PART analysis of this program in 2002 produced a Results Not Demonstrated rating. The Department’s response included a plan to promote the development of State systems for collecting child outcome data that should help produce meaningful performance data for this program.

**Special Education National Activities**

Special Education National Activities programs support State efforts to improve early intervention and educational results for children with disabilities. The total request for National Activities is \$197.4 million.

State Personnel Development

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	\$50.7	\$50.1	—

This program provides competitive grants to help States reform and improve their systems for personnel preparation and professional development in the areas of early intervention, educational, and transition services to improve results for children with disabilities. At least 90 percent of the funds must be spent on professional development activities and no more than 10 percent on State activities, such as reforming special education and regular education teacher certification (including recertification) or licensing requirements and carrying out programs that establish, expand, or improve alternative routes for State certification of special education teachers. No funds are requested for this program in fiscal year 2007 because the entire fiscal year 2006 appropriation remains available for obligation through September 30, 2007, and will be used to support 24 continuation awards and 26 new awards in fiscal year 2007.

Technical Assistance and Dissemination

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	\$52.4	\$48.9	\$48.9

This program funds competitive grants for technical assistance and dissemination of materials based on knowledge gained through research and practice. This request is in addition to the separate \$2.0 million request for a new Special Education-Vocational Rehabilitation Transition Initiative and \$20.0 million to be set-aside under the Grants to States program under the newly authorized technical assistance authority to help States meet data collection requirements.

A PART review of this program in 2004 produced a Results Not Demonstrated rating because of inadequate planning and the lack of meaningful long-term goals and measures. In response, the Department has developed indicators as part of an agency-wide effort on common measures for technical assistance programs and is now developing and implementing methodologies for collecting data on these indicators.

Personnel Preparation

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	\$90.6	\$89.7	\$89.7

This program helps ensure that there are adequate numbers of personnel with the skills and knowledge necessary to help children with disabilities succeed educationally. Program activities focus on both meeting the demand for personnel to serve children with disabilities and improving the qualifications of these personnel, with particular emphasis on incorporating knowledge gained from research and practice into training programs. The Secretary is required to support training for leadership personnel and personnel who work with children with low incidence disabilities. Funds must also be used to support at least one activity in the broadly defined area of personnel development, along with providing enhanced support for beginning special educators. The request would provide \$21.7 million for new competitive grants and \$67.6 million for continuation awards.

A PART analysis completed in 2003 produced a Results Not Demonstrated rating for this program, leading the Department to develop new program measures that focus on outcomes and to undertake a new data collection.

Parent Information Centers

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	\$26.0	\$25.7	\$25.7

Parent Information Centers provide parents with the training and information they need to work with professionals in meeting the early intervention and special education needs of their children with disabilities. The request would support new competitive grants and continuation awards for about 97 centers as well as awards to provide technical assistance to the centers.

A PART review of this program in 2004 produced a Results Not Demonstrated rating, primarily due to the lack of meaningful long-term performance measures or credible external evaluations that demonstrate concrete program outcomes or effectiveness. In response, the Department has developed indicators as part of an agency-wide effort on common measures for technical assistance programs and is now developing and implementing methodologies for collecting data on these indicators.

Technology and Media Services

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	\$38.8	\$38.4	\$31.1

This program supports competitive awards for research, development, and other activities that promote the use of technologies in providing special education and early intervention services. Funds are also used for media-related activities, such as providing video description and captioning of films and television appropriate for use in classrooms for individuals with visual

and hearing impairments and improving accessibility to textbooks for individuals with visual impairments. The proposed reduction reflects the elimination of appropriation earmarks included in the 2006 appropriations act.

Special Education-Vocational Rehabilitation Transition Initiative

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	—	—	\$2.0

The Special Education-Vocational Rehabilitation Transition Initiative would fund competitive awards to help States improve high school graduation rates and post-school outcomes for students with disabilities through the implementation of research-based education, transition, and employment practices, along with the collection and analysis of student data. Additional funds from Demonstration and Training programs under the Rehabilitation Services and Disability Research account will be used to support this initiative. The program would be carried out under the technical assistance authority in section 663 of the Individuals with Disabilities Education Act. Approximately 4 competitive grants would be made to States to design, develop, and implement programs to improve post-school outcomes.

This initiative responds to PART findings for the Grants to States program regarding poor coordination between education and vocational rehabilitation at the State level and insufficient focus on educational outcomes, such as post-school outcomes.

**Rehabilitation Services and Disability Research**

Vocational Rehabilitation State Grants

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	\$2,635.8	\$2,720.2	\$2,837.2

Vocational Rehabilitation (VR) State Grants provide formula grants to State vocational rehabilitation agencies to help individuals with disabilities become gainfully employed. A wide range of services are provided each year to over 1 million individuals with disabilities, including vocational evaluation, counseling and guidance, work adjustment, diagnosis and treatment of physical and mental impairments, education and vocational training, job placement, and post-employment services. If States are unable to serve all eligible individuals with disabilities who apply, they must give priority to individuals with the most significant disabilities. Services are provided according to an individualized plan for employment. In 2005, the VR program helped over 200,000 individuals with disabilities achieve employment outcomes, with over 94 percent entering the competitive labor market or becoming self-employed. Approximately 91 percent of the individuals who achieved employment have significant disabilities.

The \$2.8 billion request, an increase of \$117.0 million, would help State VR agencies increase the participation of individuals with disabilities in the labor force. The 4.3 percent increase is the amount necessary to satisfy the requirement to increase funding for the program by at least the percentage change in the CPIU for the 12-month period completed in October 2005. The request also includes \$34.4 million for grants to Indian tribes.

Both the State Grants and the Grants to Indians programs, which were assessed in 2002 and 2004, respectively, received an Adequate PART rating. The Department is addressing PART findings by improving the quality, timeliness, and accessibility of program performance data, as well as the extent to which such data are used for program management and improvement.

Client Assistance State Grants

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	\$11.9	\$11.8	\$11.8

This program makes formula grants to States for activities to inform and advise clients of benefits available to them under the Rehabilitation Act, to assist them in their relationships with service providers, and to ensure the protection of their rights under the Act. The request would provide advocacy services to approximately 65,700 individuals with disabilities.

Training

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	\$38.8	\$38.4	\$38.4

This program makes competitive grants to State and other public or nonprofit agencies and organizations, including institutions of higher education, to help ensure that personnel with adequate skills are available to provide rehabilitation services to persons with disabilities. The majority of the funds requested, \$35.9 million, would support ongoing grants that began in previous fiscal years and \$1.9 million would support 10 new awards.

Demonstration and Training Programs

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	\$25.6	\$6.5	\$6.5

Demonstration and Training Programs support competitive grants for projects that expand and improve the provision of rehabilitation and other services authorized under the Rehabilitation Act, including related research and evaluation activities. A 2005 PART assessment, which produced a rating of Results Not Demonstrated, found that program management could be improved by long-range planning designed to direct resources to identified needs. In response to this, the request would direct all funds available for new awards, \$3.5 million, toward the OSERS' Special Education – Vocational Rehabilitation (VR) Transition Initiative, which is aimed at assisting States to improve high school graduation rates and post-school outcomes for students with disabilities.

Protection and Advocacy of Individual Rights

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	\$16.7	\$16.5	\$16.5

This formula grant program supports systems in each State to protect and advocate for the legal and human rights of individuals with disabilities. These systems pursue legal and administrative remedies to ensure the protection of the rights of individuals with disabilities under Federal law and provide information on, and referrals to, programs and services for individuals with disabilities. The request will provide protection and advocacy services to approximately 87,300 individuals with disabilities.

Independent Living  
(BA in millions)

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
Independent Living State Grants .....	\$22.8	\$22.6	\$22.6
Centers for Independent Living.....	75.4	74.6	74.6
Services for Older Blind Individuals .....	<u>33.2</u>	<u>32.9</u>	<u>32.9</u>
Total .....	131.4	130.1	130.1

These programs provide services to individuals with disabilities to maximize their independence and productivity and to help them integrate into the mainstream of American society. The State Grants program awards formula grants to States to expand and improve independent living services and to support the operation of centers for independent living. The Centers for Independent Living program makes competitive grants to support a network of consumer-controlled, nonresidential, community-based centers that provide a broad range of independent living services. The formula-based Services for Older Blind Individuals program assists individuals aged 55 or older whose severe visual impairments make competitive employment difficult to obtain, but for whom independent living goals are feasible. At the requested level, program funds would directly support 340 Centers for Independent Living, 78 designated State units under the State Grants program, and 56 grantees under the Services for Older Blind Individuals program.

A 2003 PART analysis produced a Results Not Demonstrated rating for both the State Grants and the Centers programs, and the Department is working to develop evidence of program effectiveness, either through performance data or evaluation findings.

Program Improvement

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	\$0.8	\$0.8	\$0.8

These funds, awarded through competitive grants and contracts, support activities that increase program effectiveness, improve accountability, and enhance the Department's ability to address critical areas of national significance in achieving the purposes of the Rehabilitation Act. The

request would continue support for technical assistance activities and other activities focused on improving program performance, including performance measurement.

Evaluation

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	\$1.5	\$1.5	\$1.5

These funds are used to evaluate the impact and effectiveness of programs authorized by the Rehabilitation Act. The request would enable the Department to continue support for a multi-year study of the post-program experiences of former VR State Grants program consumers and an evaluation of literacy projects being conducted under Demonstration and Training programs.

Helen Keller National Center for Deaf-Blind Youths and Adults

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	\$ 10.6	\$8.5	\$8.5

This program serves individuals who are deaf-blind, their families, and service providers through a national headquarters Center with a residential training and rehabilitation facility and a network of 10 regional offices that provide referral, counseling, and technical assistance. At the request level, the Center would provide direct services for approximately 95 adult clients, 12 high school students, and 10 senior citizens at its residential training and rehabilitation program and serve 1,900 individuals, 500 families, and 1,050 agencies through its regional offices.

National Institute on Disability and Rehabilitation Research

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	\$107.8	\$106.7	\$106.7

NIDRR helps improve the lives of persons of all ages with disabilities through a comprehensive and coordinated program of research, demonstration projects, and related activities, including training of persons who provide rehabilitation services or who conduct rehabilitation research. NIDRR awards discretionary grants that support rehabilitation research and training centers, rehabilitation engineering research centers, and directed and field-initiated research and development projects that address diverse issues in rehabilitation, including ways to improve educational, employment, and independent living opportunities for persons with disabilities.

The request would allow NIDRR to continue to support programs integral to the President's *New Freedom Initiative*, including the Rehabilitation Engineering Research Centers (RERC) program, the Rehabilitation Research Training Centers (RRTC) program, and the Model Systems projects for Spinal Cord Injury (SCI), Traumatic Brain Injury (TBI), and Burn Injury. In recent years, the RERCs have sponsored innovative assistive technology research that has helped individuals with disabilities to achieve greater independence. The RRTCs conduct research, training, and information dissemination in identified problem areas. SCI awards support innovative projects

for the delivery, demonstration, and evaluation of comprehensive medical, vocational, and other rehabilitation services for individuals with spinal cord injury, including multi-center research on therapies and interventions.

NIDRR, which was rated Results Not Demonstrated by a 2003 PART analysis, was re-assessed in 2005 and rated Adequate. Recommended follow-up actions include collecting baseline performance data for long-term performance goals; taking steps to ensure that complete, timely, and accurate performance information is available for funded activities; and establishing a regular schedule for announcing grant competitions and competition results to allow applicants to better schedule their workload.

#### Assistive Technology

(BA in millions)

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
Assistive Technology programs .....	\$25.7	\$26.7	\$22.4
Alternative Financing .....	<u>4.0</u>	<u>3.7</u>	<u>—</u>
Total .....	29.8	30.4	22.4

The request includes \$22.4 million for Assistive Technology programs, of which \$21.3 would support the AT State grant program and \$1.0 million would support technical assistance required under the AT Act's National Activities. Review of the State plans submitted to the Department under the AT State grant program for fiscal year 2005 found that the majority of States will use their formula grant funds to administer and/or operate alternative financing activities that were initiated with funding from previous fiscal years under Titles I and III of the AT Act. Therefore, continued support for a separate alternative financing program, which would require appropriations language to authorize in fiscal year 2007, is not necessary.

Funds are not requested for the Protection and Advocacy (P&A) for Assistive Technology program, which provides services that are authorized and can be provided by other P&A programs.

#### Special Institutions for Persons with Disabilities

(BA in millions)

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
American Printing House for the Blind (APH) .....	\$16.9	\$17.6	\$17.6
National Technical Institute for the Deaf (NTID).....	55.3	56.1	55.3
Gallaudet University.....	<u>104.6</u>	<u>107.0</u>	<u>107.6</u>
Total .....	176.8	180.7	180.5

The American Printing House for the Blind provides special education materials for students who are visually impaired, offers advisory services for consumers, and conducts applied research. At the request level, APH would provide free educational materials to approximately 58,400 persons with visual impairments at an average per student allotment of \$236.22,

continue funding for a number of initiatives to improve its technical assistance and outreach services, and support a wide variety of continuing and new research projects.

The Printing House was assessed using the PART in 2005 and received a rating of Results Not Demonstrated, primarily due to inadequate performance measures. The Department is working with the Printing House to make improvements in this area.

The National Technical Institute for the Deaf provides postsecondary technical education and training for students who are deaf, and graduate education and interpreter training for persons who are deaf or hearing. NTID also conducts research and provides training related to the education and employment of individuals who are deaf. The request, which primarily funds operations but also finances an Endowment Grant program, represents a decrease of \$792,000 below the 2006 appropriation due to completion of a one-time construction project. The request would support education and training for approximately 1,080 undergraduate and technical students, 120 graduate students, and 100 interpreters for persons who are deaf.

NTID was rated Adequate by a 2005 PART analysis. The Department plans to work with NTID to identify strategies to further improve student outcomes.

Gallaudet University offers undergraduate and continuing education programs for persons who are deaf, and graduate programs for persons who are deaf or hearing. Gallaudet also maintains and operates the Kendall Demonstration Elementary School and Model Secondary School for the Deaf. The request provides \$107 million for operations, including funds for the Endowment Grant program, and \$600,000 for the Secretary of Education to conduct a study to identify barriers to and strategies for improving Gallaudet's performance.

A 2005 PART analysis rated Gallaudet as Ineffective, primarily due to inadequate progress in achieving its annual and long-term performance goals in the key areas of persistence, graduation, and post-school outcomes. The Department plans to work with Gallaudet to improve program outcomes.

## C. VOCATIONAL AND ADULT EDUCATION

### Overview

Programs in the Vocational and Adult Education account, as they are currently configured, provide formula grants to States to further State and community efforts to improve vocational education programs and adult education and literacy systems. All programs in this account (except for the Smaller Learning Communities program, authorized under the Elementary and Secondary Education Act of 1965) are subject to reauthorization this year.

#### Vocational and Technical Education (BA in millions)

	<u>2005</u>	<u>2006</u>	<u>2007</u> <u>Request</u>
Vocational Education State Grants .....	\$1,194.3	\$1,182.4	
Tech-Prep Education State Grants .....	105.8	104.8	
Tech-Prep Demonstration .....	4.9		
National Programs .....	11.8	9.2	
Occupational and Employment Information ..	<u>9.3</u>	<u>      </u>	<u>      </u>
Total .....	1,326.1	1,296.3	

The Administration is requesting no funding for current Vocational Education programs. The Administration's Program Assessment Rating Tool (PART) process rated Vocational Education State Grants as Ineffective because the program has produced little or no evidence of improved outcomes for students despite decades of Federal investment. In particular, the latest full-scale evaluation of the program, the National Assessment of Vocational Education published in June 2004, found no evidence that high school vocational courses themselves contribute to academic achievement or college enrollment.

The High School Reform initiative (described under Elementary and Secondary Education) would expand the application of No Child Left Behind principles to the high-school grades by providing States with a flexible resource that can be used for efforts to improve high school education and raise achievement, particularly the achievement of students most at risk of failure. States and school districts would be able to use the funds for vocational education, tech-prep programs, mentoring and counseling programs, and other purposes, depending on State and local needs and priorities. The new initiative would give States and districts more flexibility than they have under the categorical programs it would replace, and would also have stronger accountability mechanisms. In addition, the budget request includes major increases for other programs to strengthen secondary education for all students, including career and technical education students. These include the State Scholars initiative, Striving Readers, and the Advanced Placement program.

Tribally Controlled Postsecondary Vocational and Technical Institutions is currently authorized under the Perkins Act. The Administration is requesting funding for the program in the Higher Education account because the Administration believes this activity should be authorized under the Higher Education Act, along with other programs that provide institutional support for postsecondary institutions.

Adult Education (Adult Basic and Literacy Education)  
(BA in millions)

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
Adult Basic and Literacy Education			
State Grants .....	\$569.7	\$564.0	\$564.0
National Institute for Literacy .....	6.6	6.6	6.6
National Leadership Activities .....	<u>9.1</u>	<u>9.0</u>	<u>9.0</u>
Total .....	585.4	579.6	579.6

The Administration requests \$564 million for Adult Education formula grants to States, \$9 million for National Leadership Activities, and \$6.6 million for the National Institute for Literacy. The request for Adult and Literacy Education State grants will assist States in meeting a significant and ongoing need for adult education services. The continued high rate of high school dropouts and the growing numbers of adult immigrants generate high demand for adult education services. The request includes continuation of a \$68 million set-aside for English Literacy/Civics Education State Grants to help States and communities provide limited English proficient adults with expanded access to high-quality English literacy programs linked to civics education.

## D. STUDENT FINANCIAL ASSISTANCE

### Overview

In 2007 the Department of Education will administer over \$82 billion in new grants, loans, and work-study assistance to help over 10 million students and their families parents pay for college. The request would provide nearly \$13 billion for Pell Grants to more than 5.2 million students, or 60,000 more than the 2006 level. The budget also supports \$66 billion in guaranteed and direct student loans. Federal student aid funds will help millions of Americans obtain the benefits of postsecondary education and play a vital role in strengthening our Nation by providing advanced training for today's global economy.

The President's 2007 Budget for student aid builds on a number of significant accomplishments in 2006. Adopting a proposal from the 2006 President's Budget, Congress appropriated \$4.3 billion in mandatory funding in 2006 to eliminate a long-standing funding shortfall in the Pell Grant program, putting this vital program—the foundation of Federal need-based aid—on a firm financial footing after years of growing fiscal instability. Congress also adopted new budget rules proposed by the President to prevent shortfalls from occurring in the future.

The 2007 Budget also assumes enactment of the Higher Education Reconciliation Act (HERA) in early February. This important legislation significantly changes the student aid programs, including a number of key provisions roughly based on Administration reform proposals from the 2006 Budget. Major provisions include:

- The creation of Academic Competitiveness Grants and National SMART Grants, a new need-based mandatory program that would award annual grants of up to \$750 for first-year Pell Grant recipients and \$4,000 to high-achieving students who are majoring in the sciences, mathematics, technology, engineering, or critical foreign languages. First- and second-year students must have completed a rigorous high school curriculum. The older students must maintain a 3.0 grade point average to receive National Science and Mathematics Access to Retain Talent (SMART) Grants. In 2007, the program would provide \$850 million in grants to 600,000 low-income postsecondary students, with awards totaling more than \$4.5 billion over five years.
- The phased elimination of origination fees on most student loans. Student fees, currently as much as 3 percent for most loans, would be reduced by 1 percentage point as of July 1, 2006, and further reduced each year until, as of July 1, 2010, fees would be eliminated in the FFEL program and reduced to 1 percent in Direct Loans. (FFEL borrowers would pay a 1 percent insurance premium after July 1, 2010.)
- Increased loan limits. Beginning July 1, 2006, annual limits on borrowing would rise from \$2,625 to \$3,500 for first-year students, from \$3,500 to \$4,500 for second-year students, and from \$10,000 to \$12,000 for graduate students.

- Expanded Teacher Loan Forgiveness. The HERA permanently expands loan forgiveness for highly qualified math, science, and special education teachers serving low-income communities. The Taxpayer-Teacher Protection Act of 2004 temporarily expanded this forgiveness from \$5,000 to \$17,500 for loans made between October 1, 1998, and September 30, 2005. The HERA would also broaden the benefit's availability for private school teachers.
- Active Duty Military Deferment. A new deferment of up to 3 years, during which the government would pay the interest on a student loan, would be created in the FFEL, Direct Loan, and Federal Perkins Loan programs for borrowers serving on active duty, or performing qualifying National Guard duty, during a war or other military operation or national emergency. The new deferment would apply to loans for which the first disbursement was made on or after July 1, 2001.
- Capping special allowances when student interest rate exceeds guaranteed rate. Under current law, FFEL lenders receive the higher of the student interest rate or a statutorily guaranteed rate of return, called the special allowance rate. If the student rate is lower than the guaranteed rate, the government makes up the difference. Under HERA, for new loans made on or after April 1, 2006, when the student rate is higher than the guaranteed rate, lenders would be required to rebate the difference to the government.
- Restrict Excessive Lender Subsidies. The HERA permanently limits the ability of loan holders to retain higher-than-standard subsidy payments on loans funded with the proceeds of tax-exempt securities originally issued before October 1, 1993. The Taxpayer-Teacher Protection Act of 2004 had temporarily restricted loan holders from maintaining their high-subsidy portfolio indefinitely by refinancing the underlying securities. The HERA makes this change permanent and also eliminates the practice of "recycling" loans for most loan holders.

### Student Aid Summary Tables

<u>Budget Authority (\$ in millions)</u>	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
Pell Grants <sup>1</sup>			
Discretionary funding .....	\$12,365.0	\$13,045.2	\$12,738.7
Mandatory funding .....	<u>—</u>	<u>4,300.0</u>	<u>—</u>
Subtotal, Pell Grants .....	12,365.0	17,345.2	12,738.7
Supplemental Educational Opportunity Grants...	778.7	770.9	770.9
Work-Study .....	990.3	980.4	980.4
Leveraging Educational Assistance			
Partnerships <sup>2</sup> .....	65.6	65.0	—
Academic Competitiveness Grants .....	—	790.0	850.0
Federal Family Education Loans <sup>3</sup> .....	12,321.0	18,846.8	6,125.3
Federal Direct Loans <sup>4</sup> .....	2,349.1	4,753.4	40.9
Perkins Loans Cancellations.....	<u>66.1</u>	<u>65.5</u>	<u>—</u>
Total .....	28,935.9	43,617.2	21,779.4

<sup>1</sup> Discretionary amount for 2007 assumes use of \$273.2 million in surplus funds originally appropriated in 2006 to support grants in award year 2007-2008 under the scoring rule included in the 2006 congressional budget resolution.

<sup>2</sup> Includes \$35.6 million in 2005 and \$35.0 million in 2006 for Special LEAP.

<sup>3</sup> Budget authority requested for FFEL does not include the liquidating account. The 2005 amount includes an upward re-estimate of \$1.2 billion, largely attributable to revised interest rates and other assumptions for loans made in 1994-2005. The 2006 amount includes an upward re-estimate of \$7.2 billion primarily related to revised interest rates, particularly for the nearly \$54 billion in FY 2005 loan consolidations; this re-estimate reflects the expanded use of in-school consolidation and an unprecedented volume of consolidations driven by a large increase in variable student loan interest rates on July 1, 2005. The 2006 amount also includes a \$1.7 billion upward modification to reflect the effect of the Higher Education Reconciliation Act on existing loans.

<sup>4</sup> For 2005, the amount includes an upward re-estimate of \$1.0 billion, largely attributable to revised interest rates and other assumptions for loans made in 1994-2005. For 2006, the amount includes upward re-estimate of \$4.1 billion primarily related to interest rates and increased use of loan deferments, as well as a \$7 million upward modification to reflect the effect of the Higher Education Reconciliation Act on existing loans.

Aid Available to Students (\$ in millions)<sup>1</sup>

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
Pell Grants .....	\$12,594	\$12,746	\$12,986
Supplemental Educational Opportunity Grants...	986	976	976
Work-Study .....	1,184	1,172	1,172
Leveraging Educational Assistance Partnerships <sup>2</sup> .....	167	165	—
Academic Competitiveness Grants ... ..	—	790	850
New Student Loans:			
Federal Family Education Loans.....	43,284	46,703	50,924
Federal Direct Loans.....	12,930	13,874	15,158
Perkins Loans .....	<u>1,135</u>	<u>1,135</u>	<u>133</u>
Subtotal, New Student Loans <sup>3</sup> .....	<u>57,349</u>	<u>61,711</u>	<u>66,214</u>
 Total .....	 72,281	 77,560	 82,198

<sup>1</sup> Shows total aid generated by Department programs, including Federal Family Education Loan capital, Perkins Loan capital from institutional revolving funds, and institutional and State matching funds.

<sup>2</sup> Reflects only the LEAP program's statutory State matching requirements.

<sup>3</sup> In addition, consolidation loans for existing borrowers will total \$70 billion in 2005, \$59 billion in 2006, and \$33 billion in 2007.

Number of Student Aid Awards

(in thousands)

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
Pell Grants .....	5,129	5,213	5,272
Supplemental Educational Opportunity Grants...	1,287	1,274	1,274
Work-Study .....	818	810	810
Leveraging Educational Assistance Partnerships <sup>1</sup> .....	167	165	—
Academic Competitiveness Grants ... ..	—	535	600
New Student Loans: <sup>2</sup>			
Federal Family Education Loans.....	10,323	10,932	11,410
Federal Direct Loans.....	2,971	3,092	3,222
Perkins Loans .....	<u>524</u>	<u>524</u>	<u>61</u>
 Total awards.....	 21,219	 22,545	 22,649

<sup>1</sup> Reflects only the LEAP program's statutory State matching requirements.

<sup>2</sup> In addition, consolidation loans for existing borrowers will total 2,626 in 2005, 2,199 in 2006, and 1,211 in 2007.

Number of Postsecondary Students Aided by Department Programs

Unduplicated Count (in thousands) .....	9,707	10,120	10,420
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## Tax Benefits for Postsecondary Students and Their Families

In addition to the Department of Education's grant, loan, and work-study programs, significant support for postsecondary students and their families is available through tax credits and deductions for higher education expenses, including tuition and fees. For example, in 2007, students and families will save an estimated \$3.1 billion under the HOPE tax credit, which allows a credit of up to \$1,500 for tuition and fees during the first 2 years of postsecondary education; \$2.0 billion under the Lifetime Learning tax credit, which allows a credit of up to \$2,000 for undergraduate and graduate tuition and fees; and \$810 million in above-the-line deductions for interest paid on postsecondary student loans.

### Pell Grants

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions			
Discretionary .....	\$12,365.0	\$13,045.2	\$12,738.8
Retire funding shortfall (mandatory) .....	<u>—</u>	<u>4,300.0</u>	<u>—</u>
Total .....	12,365.0	17,345.2	12,738.8
Program costs (\$ in millions).....	12,620.0	12,772.0	13,012.0
Aid available (\$ in millions) .....	12,594.4	12,745.9	12,986.0
Recipients (in thousands) .....	5,129	5,213	5,272
Maximum grant .....	\$4,050	\$4,050	\$4,050
Average grant .....	\$2,456	\$2,445	\$2,463

The Pell Grant program helps ensure financial access to postsecondary education by providing grant aid to low- and middle-income undergraduate students. The program is the most need-focused of the Department's student aid programs, with individual awards varying according to the financial circumstances of students and their families.

For a number of years prior to 2006, Pell Grant appropriations had not kept pace with program costs, which grew dramatically as the number of participating students increased. This unprecedented growth led to a funding shortfall of more than \$4 billion. To address this problem, which threatened the financial stability of the Pell Grant program, the Administration's 2006 Budget included \$4.3 billion in mandatory funding to retire the shortfall. The 2006 appropriation act included these funds, eliminating this longstanding issue.

To avoid future shortfalls, the Administration proposed and Congress adopted a new rule under which appropriations for the Pell Grant program in a given year are scored at the amount needed to fully fund the award level set in appropriations acts, beginning with the 2006-2007 school year. Under this rule, the amount scored would be increased to cover any cumulative funding shortfalls from previous years and reduced by any surpluses carried over from previous years, beginning with any shortfalls or surpluses from the 2006-2007 school year.

The Administration requests \$12.7 billion to support Pell Grants in 2007. This amount assumes that \$273.2 million will be available from the FY 2006 appropriation to support 2007 program costs under the budget resolution scoring rule discussed above.

While Pell Grants have been very successful in expanding access to postsecondary education for low-income students, the Administration plans to work with Congress during the reauthorization of the Higher Education Act to increase the program's effectiveness and improve its overall operation. Accordingly, the 2007 Budget includes the following proposals:

- Pell Grants would be made available year-round at eligible 2- and 4-year degree granting institutions, giving students a more convenient option for accelerating their studies and promptly completing their education.
- As a further incentive for timely completion, and to eliminate an area of potential abuse, Pell Grant eligibility would be limited to the equivalent of 18 semesters.
- The Administration proposes to eliminate the Pell Grant award rule related to tuition sensitivity. This rule limits the amount of support that students with greatest need receive while attending low-cost institutions.

### **Campus-Based Programs**

The Supplemental Educational Opportunity Grant, Work-Study, and Perkins Loan programs are collectively referred to as the "campus-based" programs; grants in these programs are made directly to participating institutions, which have considerable flexibility to package awards to best meet the needs of their students.

#### Supplemental Educational Opportunity Grants

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	\$778.7	\$770.9	\$770.9
Aid available (\$ in millions) .....	985.7	975.9	975.9
Recipients (in thousands) .....	1,287	1,274	1,274
Average award.....	\$766	\$766	\$766

This program provides grant assistance of up to \$4,000 per academic year to undergraduate students with demonstrated financial need. The \$771 million request would leverage \$205 million in institutional matching funds to make available a total of approximately \$976 million in grants to an estimated 1.3 million recipients.

Program funds are allocated to institutions according to a statutory formula and require a 25 percent institutional match. Awards are determined at the discretion of institutional financial aid administrators, although schools are required to give priority to Pell Grant recipients and students with the lowest expected family contributions.

Work-Study

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	\$990.3	\$980.4	\$980.4
Aid available (\$ in millions) .....	1,184.2	1,172.0	1,172.0
Recipients (in thousands) .....	818	810	810
Average award.....	\$1,447	\$1,447	\$1,447

The Work-Study program provides grants to participating institutions to pay up to 75 percent of the wages of needy undergraduate and graduate students working part-time to help pay their college costs. The school or other eligible employer provides the balance of the student's wages. At the request level, over 800,000 students would receive \$1 billion in award year 2007-08.

Funds are allocated to institutions according to a statutory formula, and individual award amounts to students are determined at the discretion of institutional financial aid administrators.

Perkins Loans Revolving Funds

A 2003 PART assessment found the Perkins Loan program to be Ineffective and duplicative of the larger guaranteed and direct student loan programs. While working with Congress to determine the future of the Perkins Loan program, the Administration proposes recalling the Federal portion of 2007 collections to revolving funds held by participating institutions. The Administration estimates this recall would total \$664 million in fiscal year 2007.

Academic Competitiveness Grants/SMART Grants

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	—	\$790.0	\$850.0
Aid available (\$ in millions) .....	—	790.0	850.0
Recipients (in thousands) .....	—	535.0	600.0
Average award.....	—	\$1,477	\$1,417

This new program—created by the HERA—would award need-based Academic Competitiveness Grants to first- and second-year undergraduates who complete a rigorous high school curriculum, and National Science and Mathematics Access to Retain Talent (SMART) Grants to third- and fourth-year undergraduates majoring in physical, life, or computer sciences, mathematics, technology, engineering, or a critical foreign language. All funding is mandatory so that annual discretionary appropriations are not required.

In order to be eligible for either grant, a student must be a United States citizen and eligible for a Federal Pell Grant. A first-year recipient would also be required to be a first-time undergraduate, enrolled or accepted for enrollment in a 2- or 4-year degree granting institution, and have completed, after January 1, 2006, a rigorous secondary school program. Second-year undergraduates at such an institution would be required to have completed such a rigorous program after January 1, 2005, and to have maintained a cumulative grade point average of at

least 3.0 during their first year as an undergraduate. The Secretary of Education would be required to recognize at least one rigorous program of study in each State.

Third- and fourth-year undergraduates would be required to pursue a major in physical, life, or computer sciences, mathematics, technology, engineering or a critical foreign language, and obtain a cumulative GPA of at least 3.0 in the coursework required for the major being pursued. Critical foreign languages would be determined by the Secretary of Education in consultation with the Director of National Intelligence.

Grants of \$750 would be awarded to first-year undergraduate students, \$1,300 for a second-year undergraduate, and \$4,000 for third- and fourth-year undergraduates, except that these grants, in combination with the Federal Pell Grant and other student financial assistance, could not exceed the student's cost of attendance. A student may only receive one grant for each of the first through fourth years of undergraduate education, and only for a year for which the student received credit after the date of enactment.

#### Federal Family Education Loans and Direct Loans

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
<b>Federal Family Education Loans</b>			
New Loan Subsidies (BA) <sup>1</sup> .....	\$11,130.0	\$9,839.2	\$6,125.3
Modification of Existing Loans <sup>2</sup> .....	147.5	1,709.5	
Re-estimate of Prior Loans <sup>3</sup> .....	<u>1,043.5</u>	<u>7,298.1</u>	<u>—</u>
<b>Total, FFEL Program BA</b> .....	12,321.0	18,846.8	6,125.3
<b>Direct Loans</b>			
New Loan Subsidy (BA) <sup>4</sup> .....	1,071.0	598.9	40.9
Modification of Existing Loans <sup>2</sup> .....	49.2	7.3	
Re-estimate of Prior Loans <sup>3</sup> .....	<u>1,228.9</u>	<u>4,147.2</u>	<u>—</u>
<b>Total, New Budget Authority</b> .....	2,349.1	4,753.4	40.9
<b>Total, Student Loans (BA)</b> .....	14,670.1	23,600.2	6,166.2

<sup>1</sup> Total includes amount for Consolidation Loans, but does not include the Liquidating Account, which deals with costs associated with loans made prior to 1992.

<sup>2</sup> Under Credit Reform, costs or savings related to the impact of policy changes on existing loans are reflected in the current year. Amounts for 2006 reflect the impact of the Higher Education Reconciliation Act on existing loans.

<sup>3</sup> Under Credit Reform, the subsidy amounts needed for active loan cohorts are re-estimated annually in both Direct Loans and FFEL to account for changes in long-term projections. In 2005 and 2006, the Direct Loans re-estimates primarily reflect lower interest rates and, in 2006, higher borrower deferment projections leading to lower repayment estimates. The FFEL re-estimate in 2005 is largely attributable to revised default collection estimates in prior cohorts reflecting actual trends in default recoveries that exceed earlier experience, while the 2006 re-estimate reflects the expanded use of in-school consolidation and an unprecedented volume of consolidations—nearly \$54 billion—driven by a large increase in variable student loan interest rates on July 1, 2005.

<sup>4</sup> Total includes amount for Consolidation Loans.

New loan volume (in millions)

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
Federal Family Education Loans			
New loans.....	\$43,284	\$46,703	\$50,924
Direct Loans			
New loans .....	<u>12,930</u>	<u>13,874</u>	<u>15,158</u>
Total <sup>1</sup> .....	56,214	60,577	66,082

Number of loans (in thousands)

Federal Family Education Loans			
New loans.....	10,323	10,932	11,410
Direct Loans			
New loans. ....	<u>2,971</u>	<u>3,092</u>	<u>3,222</u>
Total <sup>1</sup> .....	13,294	14,024	14,632

<sup>1</sup> In addition, Consolidation Loans for existing borrowers will total \$70 billion and 2,626 loans in 2005, \$59 billion and 2,199 loans in 2006, and \$33 billion and 1,211 loans in 2007.

The Department of Education operates two major student loan programs: the Federal Family Education Loan (FFEL) program and the William D. Ford Federal Direct Loan (Direct Loan) program. These two programs meet an important Department goal by helping ensure student access to and completion of high-quality postsecondary education. Competition between the two programs and among FFEL lenders has led to a greater emphasis on borrower satisfaction and resulted in better customer service to students and institutions.

The FFEL program makes loan capital available to students and their families through some 3,500 private lenders. There are 35 active State and private nonprofit guaranty agencies which administer the Federal guarantee protecting FFEL lenders against losses related to borrower default. These agencies also collect on defaulted loans and provide other services to lenders. The FFEL program accounts for about 77 percent of new student loan volume.

Under the Direct Loan program, the Federal government uses Treasury funds to provide loan capital directly to schools, which then disburse loan funds to students. The Direct Loan program began operation in academic year 1994-95 and now accounts for about 23 percent of new student loan volume.

Basic Loan Program Components

Both FFEL and Direct Loans feature four types of loans with similar fees and maximum borrowing amounts:

- Stafford Loans are subsidized, low-interest loans based on financial need. The Federal government pays the interest while the student is in school and during certain grace and deferment periods. The interest rate on Stafford loans made before July 1, 2006, is adjusted annually based on the 91-day Treasury bill rate, with a cap of 8.25 percent. For loans made on or after July 1, 2006, interest rates will be fixed at 6.8 percent.
- Unsubsidized Stafford Loans are offered at the same rate as subsidized Stafford Loans, but the Federal government does not pay interest for the student during in-school, grace, and deferment periods.
- PLUS Loans are available to parents of dependent undergraduate students at slightly higher rates than Stafford or Unsubsidized Stafford Loans and the Federal government does not pay interest during in-school, grace, and deferment periods. The HERA would expand eligibility for PLUS loans to graduate and professional students.
- Consolidation Loans allow borrowers with multiple student loans who meet certain criteria to combine their obligations and extend their repayment schedules. The rate for both FFEL and Direct Consolidation Loans is based on the weighted average of loans consolidated rounded up to the nearest 1/8<sup>th</sup> of a percent. The resulting rate for the consolidated loan is then fixed for the life of the loan.

In recent years, a combination of historically low interest rates and aggressive marketing have resulted in dramatic increases in Consolidation Loan volume, which grew from \$12 billion in fiscal year 2000 to \$70 billion in fiscal year 2005.

### **Changes in Higher Education Reconciliation Act (HERA)**

In addition to those discussed above, the HERA contains many changes to the student loan programs, a number of which, such as increased loan limits, expanded loan forgiveness, and increased lender and guaranty agency risk-sharing, were included in the Administration's FY 2006 Budget. These changes would make the student loan programs more efficient, cost-effective vehicles for helping students finance postsecondary education.

#### **For Students: Higher Loan Limits, Reduced Fees, Expanded Benefits**

Increased Loan Limits. Limits on student borrowing have remained essentially unchanged since the mid-1970s, even as college costs have more than tripled. To help students meet rising college costs, the HERA would increase annual subsidized loan limits to \$3,500 for first-year students, \$4,500 for second-year students, and annual unsubsidized loan limits to \$12,000 for graduate and professional students.

Reduced Borrower Fees. Origination fees on loans would be reduced in annual increments over the next five years:

In FFEL:

- 2.0% between July 1, 2006 and July 1, 2007;
- 1.5% between July 1, 2007 and July 1, 2008;
- 1.0% between July 1, 2008 and July 1, 2009;
- 0.5% between July 1, 2009 and July 1, 2010; and

- 0.0% on or after July 1, 2010.

In Direct Loans:

- 3.0% between July 1, 2006 and July 1, 2007;
- 2.5% between July 1, 2007 and July 1, 2008;
- 2.0% between July 1, 2008 and July 1, 2009;
- 1.5% between July 1, 2009 and July 1, 2010; and
- 1.0% on or after July 1, 2010.

The HERA would require FFEL borrowers to pay a currently optional 1 percent guaranty agency insurance premium, which would continue to be in effect after July 1, 2010.

Expanded Loan Forgiveness. The Taxpayer-Teacher Protection Act of 2004 expanded loan forgiveness for highly qualified math, science, and special education teachers serving low-income communities from \$5,000 to \$17,500 for loans made between October 1, 1998, and September 30, 2005. (Borrowers who have already received forgiveness benefits are not affected by this provision.) Schools in these communities often are forced to hire uncertified teachers or assign teachers to “out-of-field” subjects. The HERA would make the increased loan forgiveness permanent, helping such schools recruit and retain highly qualified math, science, and special education teachers.

New Deferment for Active-Duty Military. A new Stafford Loan deferment of up to 3 years would be created in the FFEL, Direct Loan, and Federal Perkins Loan programs for borrowers serving on active duty, or performing qualifying National Guard duty, during a war or other military operation or national emergency. The new deferment would apply to loans for which the first disbursement was made on or after July 1, 2001.

**For Lenders and Guaranty Agencies: Expanded Risk-Sharing, Increased Program Efficiency**

Negative Special Allowance. Under current law, FFEL lenders receive the higher of the student interest rate or a statutorily guaranteed rate of return, called the special allowance rate. If the student rate is lower than the guaranteed rate, the government makes up the difference. Under HERA, for new loans made on or after April 1, 2006, when the student rate is higher than the guaranteed rate, lenders would be required to rebate the difference to the government.

As in prior years, budget estimates for the FFEL and Direct Loans programs were developed using forecasts of future interest rates included in the OMB government-wide economic assumptions. Under these projections, no negative special allowance would be paid on most loans during the next 10 years. The Congressional Budget Office uses an alternative estimating method, called probabilistic scoring, which recognizes the probability that future interest rates may differ from current projections. Under this approach, the negative special allowance would generate substantial savings over the same period. The Administration is exploring alternative student loan estimation methodologies to better reflect interest rate variability in future budgets.

Reduce Lender Insurance to 97 Percent. Lender insurance rates—the amount of a loan’s outstanding principal and accrued interest repaid by the government when a loan defaults—would be reduced from 98 percent to 97 percent for loans made after July 1, 2006,

except that exempt claims (due to false or erroneous borrower information or borrower actions that resulted in the borrower's ineligibility for the loan) would be insured at 100 percent.

Reduce Guaranty Agency Collection Retention. Guaranty agencies currently retain 18.5 percent of collections on defaulted loans made through loan consolidation (Agencies retain 23 percent of most other default collections.). Under HERA, effective October 1, 2006, 8.5 percent of this retained 18.5 percent would be remitted to the Department of Education. Effective October 1, 2009, for collections through consolidation in excess of 45 percent of the agency's total collections, the agency would be required to remit the entire 18.5 percent to the Department.

Restrict Excessive Lender Subsidies. The HERA permanently limits the ability of loan holders to retain higher-than-standard subsidy payments of up to 9.5 percent on loans funded with the proceeds of tax-exempt securities originally issued before October 1, 1993. The Taxpayer-Teacher Protection Act of 2004 had temporarily restricted loan holders from maintaining their high-subsidy portfolio indefinitely by refinancing the underlying securities. The HERA makes this change permanent and also eliminates the practice of "recycling" loans for most loan holders.

Require Collection of Insurance Premium. In 2005, 14 guaranty agencies did not charge the statutory 1 percent insurance premium, reducing revenue for the Federal Reserve Fund and weakening the financial stability of the guaranty agency system. The HERA includes the Administration's FY 2006 proposal to require agencies to collect the 1 percent insurance premium, paid by either the borrower or the lender, on all loans guaranteed or disbursed after July 1, 2006.

### Consolidation Loans

The HERA would limit the circumstances under which FFEL borrowers may consolidate their loans into a Federal Direct Consolidation Loan. First, obtaining either a FFEL Consolidation Loan or a Federal Direct Consolidation Loan would generally terminate a borrower's eligibility to obtain either type of loan, unless the borrower:

- obtains a new non-consolidation loan;
- adds a pre-existing non-consolidation loan not included in the consolidation;
- adds loans received before or after the date of consolidation within 180 days of the making of the consolidation; or
- wishes to obtain income-contingent repayment terms through a Direct Consolidation Loan, but only in cases where the initial consolidation has been submitted to a guaranty agency for default aversion.

In addition, eligibility for FFEL borrowers to obtain a Federal Direct Consolidation Loan would be limited to borrowers in default and borrowers who have had a lender deny their FFEL Consolidation Loan application. Lastly, effective July 1, 2006, borrowers in either FFEL or Direct Loans would no longer be able to enter repayment prior to 6 months after the date the borrower ceased to be enrolled at least half-time, eliminating one current avenue to consolidation.

### Other Provisions

The HERA would reinstate two expired student loan provisions affecting institutions with cohort default rates of less than 10 percent for the 3 most recent fiscal years. These institutions would be exempt from requirements that loans to first-year students not be disbursed until 30 days after enrollment, and that all loans be disbursed in at least two separate installments. The Act would also eliminate a provision restricting institutional eligibility for Federal student aid programs to programs that offer at least 50 percent of their courses on campus, which limits distance education. To clarify a current provision under which applicants convicted of a drug-related offense are ineligible for Federal student aid, the HERA would restrict the provision's effect to students who commit a drug-related offense while enrolled in higher education. Lastly, military personnel on active duty would automatically be considered as independent for the purpose of determining eligibility for Federal student aid.

### Student Aid Program Management

Prior to the Higher Education Reconciliation Act (HERA), funding to support student aid administrative activities was provided through two main sources: 1) mandatory funds appropriated under Section 458 of the Higher Education Act (HEA); and 2) a discretionary Student Aid Administration appropriation. The HERA would merge these two sources into a single discretionary account beginning in FY 2007. Also beginning in 2007, the HERA would reclassify account maintenance fees to FFEL guaranty agencies, previously paid through the mandatory Section 458 account, as FFEL subsidy costs.

The Administration requests \$733.7 million to administer the Federal student aid programs in FY 2007, \$14.9 million—or 2.1 percent—over the comparable 2006 funding level. This request assumes the unified discretionary Student Aid Administration account included in the HERA. The increase would support the completion of major, multi-year, contracted system implementation efforts—primarily Common Services for Borrowers and ADvance, which integrate and streamline loan servicing and aid application and disbursement systems, respectively—that will allow the Department to better control future costs in the face of expected workload increases. The increase would also support expanded outreach to and technical assistance for student and schools.

Primary responsibility for administering the student aid programs lies with the Office of Postsecondary Education and the performance-based Federal Student Aid (FSA). FSA was created by Congress in 1998 with a mandate to modernize student aid delivery and management systems, improve service to students and other student aid program participants, reduce the cost of student aid administration, and improve accountability and program integrity. Most student aid administrative funding supports private contractors that process student loan applications; originate and service Direct Loans; disburse and account for student aid awards to students, parents, and schools; and payments to guaranty agencies.

## E. HIGHER EDUCATION PROGRAMS

### Overview

The Administration's request for fiscal year 2007 includes \$1.1 billion for Higher Education Programs. This request complements the Administration's proposals for elementary and secondary education by helping to ensure the availability of quality postsecondary educational opportunities.

The request includes \$417 million for the Aid for Institutional Development programs, which would maintain President Bush's commitment to strengthen institutions of higher education that serve high proportions of minority and disadvantaged students, including Historically Black Colleges and Universities (HBCUs) and Historically Black Graduate Institutions (HBGIs). The budget also provides \$94.9 million for the Developing Hispanic-serving Institutions program.

To address the need for skilled professionals with competency in languages critical to US national security, the President has announced a National Security Language Initiative (NSLI), for which \$114 million is requested for fiscal year 2007. Under the direction of the President, the Departments of Education, Defense, and State and the Office of the Director of National Intelligence will undertake a comprehensive national plan to expand foreign language education beginning in early childhood and continuing throughout formal schooling and into the workforce. The NSLI will be built around three broad goals to address weaknesses in our teaching and learning of foreign languages, especially critical need languages such as Arabic, Chinese, Russian, Hindi, Farsi, and others. The NSLI goals are to:

- Expand the number of Americans mastering critical need languages and start at a younger age.
- Increase the number of advanced-level speakers of foreign languages, with an emphasis on critical need languages.
- Increase the number of critical need language teachers and the resources available to them.

As part of this initiative, the request includes \$24 million for a new Advancing America Through Foreign Language Partnerships program to establish fully articulated language programs of study in languages critical to U.S. national security through grants to institutions of higher education for partnerships with school districts for language learning from kindergarten through high school and into advanced language learning at the postsecondary level.

The budget also provides \$106.8 million for the International Education and Foreign Language Studies (IEFLS) programs, an increase of \$1 million over the 2006 level, to help meet the Nation's security and economic needs through the development of expertise in foreign languages and area and international studies. The increased complexity of the post-Cold War world, the events surrounding the September 11 terrorist attacks on the United States, and the war on terrorism underscore the importance of expanding American understanding of other peoples and their languages. The \$1 million increase is requested as part of the President's NSLI to establish a nationwide distance education E-Learning Language Clearinghouse to deliver foreign language education resources to teachers and students across the country.

As part of the Administration's comprehensive High School Reform initiative, described under Elementary and Secondary Education, the request would eliminate separate funding for high

schools currently provided under the Higher Education account, including funding for Upward Bound, Upward Bound Math/Science, Talent Search, and the Gaining Early Awareness and Readiness for Undergraduate Programs. The request for the High School Reform initiative would include funds to cover the continuation costs of existing grants funded under these programs. The request for Higher Education Programs includes \$380.1 million to maintain support for those Federal TRIO Programs focused on serving 428,000 low-income, first-generation and disabled college students, adults, and veterans. These programs include Student Support Services, Educational Opportunity Centers, and McNair Postbaccalaureate Achievement.

Finally, the budget would provide \$39.8 million for need-based scholarships and fellowships to postsecondary students under the Javits Fellowships and Graduate Assistance in Areas of National Need (GAANN) programs, as well as \$22 million for the Fund for the Improvement of Postsecondary Education (FIPSE) to support a wide-range of projects to reform and improve postsecondary education.

Title III: Aid for Institutional Development  
(BA in millions)

	<u>2005</u>	<u>2006</u>	<u>2007</u> <u>Request</u>
Strengthening Institutions (Part A) .....	\$80.3	\$79.5	\$79.5
Strengthening Tribally Controlled Colleges and Universities (Part A) .....	23.8	23.6	23.6
Strengthening Alaska Native and Native Hawaiian-serving Institutions (Part A) .....	11.9	11.8	9.2
Strengthening Historically Black Colleges and Universities (Part B) .....	238.6	238.1	238.1
Strengthening Historically Black Graduate Institutions (Part B).....	58.0	57.9	57.9
Minority Science and Engineering Improvement (Part E).....	<u>8.8</u>	<u>8.7</u>	<u>8.7</u>
Total .....	421.5	419.6	417.0

The request for Title III demonstrates the Administration's strong commitment to ensuring access to high quality postsecondary education for the Nation's minority and disadvantaged students. Title III funding, which is awarded both competitively and by a formula that directs aid to specified institutions, would help provide equal educational opportunity and strong academic programs for these students and help achieve greater financial stability for the institutions that serve them. The 2007 request would maintain current funding levels for all Title III programs except the Strengthening Alaska Native and Native Hawaiian-serving Institutions program, where funds have been reduced to support only the continuation of existing projects. No funds are requested for new awards in this program because of the limited number of potential grantees and the low number of applicants. Any unfunded institutions would be eligible to seek funds under the Strengthening Institutions program.

A 2005 PART analysis rated both the Strengthening Historically Black Colleges and Universities program and the Strengthening Historically Black Graduate Institutions program as Results Not Demonstrated due to insufficient data demonstrating program effectiveness against newly established performance targets.

Developing Hispanic-serving Institutions

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	\$95.1	\$94.9	\$94.9

This program funds competitive grants to expand and enhance the academic quality, institutional management, fiscal stability, and self-sufficiency of colleges and universities that enroll large percentages of Hispanic students. Hispanic-Americans are the Nation's largest minority population, yet they continue to lag behind their non-Hispanic peers in overall educational achievement. This request demonstrates the Administration's commitment to ensuring that Hispanic students have access to high quality postsecondary education and to closing the gaps between Hispanic and majority students in academic achievement, high school graduation, postsecondary enrollment, and life-long learning.

In 2005, a PART analysis of the Developing Hispanic-serving Institutions program resulted in a Results Not Demonstrated rating because of insufficient data demonstrating program effectiveness against newly established performance targets.

International Education and Foreign Language Studies

(BA in millions)

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
Domestic programs .....	\$92.5	\$91.5	\$92.5
Overseas programs .....	12.7	12.6	12.6
Institute for International Public Policy .....	<u>1.6</u>	<u>1.6</u>	<u>1.6</u>
Total .....	106.8	105.8	106.8

The request for the International Education and Foreign Language Studies (IEFLS) programs includes an increase of \$1 million, or 0.9 percent, over the 2006 level, to establish a nationwide distance education E-Learning Clearinghouse to deliver foreign language education resources to teachers and students across the country. The 14 IEFLS programs provide competitive grants to strengthen the American education system in the areas of foreign languages and international studies. These programs support comprehensive language and area study centers within the United States, research and curriculum development, opportunities for American scholars to study abroad, and activities to increase the number of underrepresented minorities in international service. In addition to promoting general understanding of the peoples of other countries, the Department's international programs also serve important economic, diplomatic, defense, and other security interests of the United States. The 2007 request would fund approximately 463 grants to institutions of higher education, directly support over 1,151 individuals through fellowships and projects, and support the international service programs of more than 100 underrepresented minorities.

In 2004, the Domestic programs were rated Results Not Demonstrated by the PART due to insufficient data demonstrating program effectiveness against newly established performance targets.

Advancing America Through Foreign Language Partnerships

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	—	—	\$24.0

This proposal would award competitive grants to establish fully articulated language programs of study in languages critical to US national security through grants to institutions of higher education for partnerships with school districts for language learning from kindergarten through high school and into advanced language learning at the postsecondary level. These language programs, coupled with directed and targeted fellowships for individual students, would produce significant numbers of graduates with advanced levels of proficiency in languages critical to national security, many of whom would be candidates for employment with agencies and offices of the Federal Government across a broad range of disciplines. The 2007 request would support 24 new awards focusing on critical languages such as Arabic, Urdu, Farsi, Russian, Chinese, Japanese, and Korean.

Fund for the Improvement of Postsecondary Education (FIPSE)

(BA in millions)

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
Comprehensive Program .....	\$11.8	\$17.2	\$17.0
International Consortia .....	5.4	4.4	4.6
One-time Projects .....	144.7	—	—
Contracts .....	0.1	0.2	0.2
Peer Review .....	<u>0.1</u>	<u>0.2</u>	<u>0.2</u>
Total .....	162.1	22.0	22.0

FIPSE awards competitive grants to support exemplary, locally developed projects that are models for innovative reform and improvement in postsecondary education. The 2007 request would maintain current funding levels for the Comprehensive Program and the International Consortia programs, allowing new competitions to be held under each program. Funding for the Comprehensive Program would support projects that target areas of higher education deemed to be a top priority, such as improving the preparation of science and math teachers and aligning curricula between high schools and postsecondary institutions to help students prepare for and succeed in higher education.

Tribally Controlled Postsecondary Vocational and Technical Institutions

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	\$7.4	\$7.4	\$7.4

This program, which is currently authorized under the Perkins Act, supports competitive grants to institutions that provide postsecondary vocational and technical education to Native American students. The Administration is requesting funding for the program in the Higher Education account because the Administration believes this activity should be authorized under the Higher

Education Act along with other programs that provide institutional support for postsecondary institutions.

A 2002 PART analysis of this program produced a Results Not Demonstrated rating, based on findings that while the program has a clear purpose and addresses a real need, it lacks performance objectives and thus cannot demonstrate positive results. The Department is taking steps to correct these weaknesses.

Federal TRIO Programs  
(BA in millions)

	<u>2005</u>	<u>2006</u>	<u>2007</u> <u>Request</u>
Student Support Services .....	\$277.8	\$272.8	\$272.3
Upward Bound .....	277.3	278.2	— <sup>1</sup>
Upward Bound Math/Science .....	32.6	32.8	— <sup>1</sup>
Talent Search.....	144.6	145.3	— <sup>1</sup>
Educational Opportunity Centers .....	49.0	49.6	61.0
McNair Postbaccalaureate Achievement .....	42.0	42.0	42.0
Staff Training.....	5.3	4.0	2.5
Dissemination Partnership Projects .....	4.3	—	—
Evaluation .....	0.6	1.0	1.0
Administration/Peer Review.....	<u>3.0</u>	<u>2.5</u>	<u>1.3</u>
Total .....	836.5	828.2	380.1

<sup>1</sup> Funds for continuing projects are provided under the request for the High School Reform initiative in the Education for the Disadvantaged account.

The reduced request for 2007 reflects the decision to shift high-school-related TRIO resources to the proposed High School Reform initiative, which would provide a more flexible, comprehensive, and accountable approach to addressing the college preparation needs of high school students. The new initiative would help ensure that the types of services currently provided under programs like Upward Bound, Talent Search, and GEAR UP are part of a broader effort to provide students, especially those most at-risk, with the full range of services they need in order to succeed.

The remaining Federal TRIO Programs would receive \$380.1 million to maintain services for 428,000 low-income, first-generation (or disabled) college students and adults. The majority of funds would maintain support for the Student Support Services program, which received a Moderately Effective PART rating when it was re-assessed in 2005 due to demonstrated success in achieving its performance goals. Funding for Educational Opportunity Centers would increase by \$11.4 million for a new grant competition to provide college preparation assistance to approximately 5,000 veterans (similar services for veterans are currently provided under Upward Bound). Funding for McNair Postbaccalaureate Achievement also would support a new competition.

Scholarships and Fellowships  
(BA in millions)

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
Javits Fellowships .....	\$9.8	\$9.7	\$9.7
Graduate Assistance in Areas of National Need (GAANN) .....	30.4	30.1	30.1

Javits Fellowships provide up to 4 years of competitively awarded support to students of superior ability and high financial need who are pursuing doctoral degrees, or the highest terminal degree, in the arts, humanities, and social sciences. The 2007 request would support 224 fellowships in academic year 2006-2007, including 64 new fellows. The program received an Adequate PART rating in 2004 based on data showing that its performance exceeded targets and that the program is on track to achieve program goals related to time-to-degree completion and graduation rates.

GAANN provides fellowships, through competitive grants to postsecondary institutions, to graduate students with superior ability and financial need studying in areas of national need. Participating graduate schools must provide assurances that they will seek talented students from traditionally underrepresented backgrounds. The 2007 request would support 704 fellowships, including 221 new fellows. This program was rated Results Not Demonstrated by a 2004 PART analysis, but more recent and complete performance data show that the program is on track to achieve its goals.

Child Care Access Means Parents in School

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	\$16.0	\$15.8	\$15.8

This competitive grant program supports the participation of low-income parents in postsecondary education through campus-based childcare services. Grants made to institutions of higher education must be used to supplement childcare services or start a new program, not to supplant funds for current childcare services. The program gives priority to institutions that leverage local or institutional resources and employ a sliding fee scale. The 2007 request would fund 181 existing projects.

A PART analysis of this program produced a Results Not Demonstrated rating in 2004 due to lack of performance data and evaluation information. The Department has established long-term goals and is taking steps to collect needed data.

GPRA Data/HEA Program Evaluation

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	\$1.0	\$1.0	\$1.0

The request would fund the continuation of contracts for program evaluations and data collections to measure the performance of Higher Education Act programs. Data and

information from these activities are used to comply with GPRA reporting requirements and to inform budgetary decisions.

Academic Facilities

(BA in millions)

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
CHAFL Federal Administration .....	\$0.6	\$0.6	\$0.5
HBCU Capital Financing Federal Administration .....	0.2	0.2	0.2

These programs support the construction, reconstruction, and renovation of academic facilities at institutions of higher education. Funding for CHAFL Federal Administration is used solely to manage and service existing portfolios of facilities loans and grants made in prior years. The request for HBCU Capital Financing Federal Administration would support the management and servicing of loan guarantees on both previously issued and new loans.

Howard University

(BA in millions)

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
Howard University Hospital.....	\$29.8	\$29.5	\$29.5
General Support.....	<u>209.0</u>	<u>207.9</u>	<u>207.9</u>
Total .....	238.8	237.4	237.4

The 2007 request would maintain support for Howard University's academic programs, research programs, endowment program, construction activities, and the Howard University Hospital. The request reflects continued support for maintaining and improving the quality and financial strength of an institution that has played a historic role in providing access to postsecondary educational opportunities for students from traditionally underrepresented backgrounds, especially African-Americans. The direct Federal appropriation accounts for approximately 53 percent of Howard University's operating costs.

A PART review in 2005 produced an Adequate rating based on data showing that Howard's performance exceeded targets and that the program is on track to achieve program goals related to graduation rates, persistence, and enrollment.

## F. INSTITUTE OF EDUCATION SCIENCES

### Overview

The Institute of Education Sciences (IES) supports sustained programs of research, evaluation, and data collection to provide solutions to the problems and challenges faced by schools and learners. A cornerstone of NCLB is investment in research to identify effective instructional and program practices, as well as in data collection needed to track student achievement and measure educational reform. Through its four centers—the National Center for Education Research, the National Center for Education Statistics, the National Center for Education Evaluation and Regional Assistance, and the National Center for Special Education Research—IES ensures that the Federal investment in education research and data collection is well-managed and relevant to the needs of educators and policymakers.

For 2007, the Administration is seeking \$554.5 million for IES activities. This request would continue to support programs of research, development, and dissemination in areas where our knowledge of learning and instruction is inadequate. The request also would maintain the Administration's commitment to supporting high quality statistics and assessment programs, and would provide funding to begin a new longitudinal study of high school students, initiate implementation of State-level 12<sup>th</sup> grade assessments in reading and mathematics under the National Assessment of Educational Progress, and provide funding to States to improve the quality of longitudinal data systems, especially in the reporting of high school graduation and dropout data.

#### Research, Development, and Dissemination

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	\$164.2	\$162.6	\$162.6

The request would support education research, development, and dissemination sponsored by IES, including the expansion of the research program on high school and the launch of a new research program on postsecondary education. The request also would fund new awards under ongoing initiatives in reading comprehension, mathematics and science education, teacher quality, and cognition and learning in the classroom. Research in these areas is critical to the successful implementation of the NCLB Act. IES funds a diverse portfolio of discretionary grants and contracts that support directed and field-initiated research, including eight national research and development centers.

The request for dissemination includes funds for the *What Works Clearinghouse*, which provides evidence-based information for policymakers, researchers, and educators on promising approaches and interventions, the National Library of Education, and the Education Research Information Clearinghouse (ERIC).

Statistics

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	\$90.9	\$90.0	\$93.0

This request would support the collection, analysis, and dissemination of education-related statistics in response both to legislative requirements and to the particular needs of data providers, data users, and educational researchers. The Department's statistics programs—operated primarily through competitively awarded contracts administered by the National Center for Education Statistics (NCES)—provide general statistics about trends in education, collect data to monitor reform and measure educational progress, and inform the IES research agenda. The request also supports NCES efforts to meet the statistical needs of the future through new technologies, training, data development and analysis, and methodological studies that will enable more efficient data collection and produce information that is more useful for parents, teachers, administrators, and policymakers. The requested increase would allow NCES to begin a new secondary longitudinal study, beginning with an eighth grade cohort and following those students through the year following timely high school completion. The study would provide ongoing, detailed information about the educational experiences of middle and high school students, their parents, teachers, and schools, and would follow students as they make major transitions from middle to high school and later to postsecondary education or work.

A 2003 PART review rated the Statistics program Effective, thanks primarily to customer survey data showing that customers are satisfied overall with NCES products and services. In response to the PART recommendation that it focus on the timeliness of its products and services, NCES is pursuing initiatives such as on-line data collection and release of products and data via the Internet.

Regional Educational Laboratories

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	\$66.1	\$65.5	\$65.5

The request would support a network of 10 regional laboratories that provide expert advice, including training and technical assistance, to help States and districts apply proven research findings in their school improvement efforts. Funds would be used for the second year of 5-year contracts for the laboratories.

Assessment

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	\$94.1	\$93.1	\$97.1

The request would fund the on-going National Assessment of Educational Progress (NAEP) and the National Assessment Governing Board. NAEP measures and reports on the status of and trends in student learning over time, on a subject-by-subject basis, and makes objective

information on student performance available to policymakers, educators, parents, and others. NAEP is the only nationally representative and continuing assessment of what American students know and can do, and has become a key measure of our Nation's educational performance. NAEP's activities are conducted through competitively awarded contracts.

The \$4 million increase would allow the Department to begin work on essential activities for implementing State-level assessments at the 12<sup>th</sup> grade level in 2009, as called for by the President. A 2003 PART analysis rated the Assessment program Effective, primarily because of overall customer satisfaction. In response to a PART recommendation, NCES worked to release NAEP results in support of NCLB within 6 months of data collection, a goal that was met in 2005.

#### Research in Special Education

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	\$83.1	\$71.8	\$71.8

This program supports discretionary grants and contracts for research to address gaps in scientific knowledge in order to improve special education and early intervention services and results for infants, toddlers, and children with disabilities. The request would support ongoing programs of research as well as new investments to advance our understanding of the education needs of children with autism and infants and toddlers with disabilities.

A 2003 PART review rated this program Results Not Demonstrated. The National Center for Special Education Research within IES, in consultation with the Office of Special Education and Rehabilitative Services, is developing a plan for carrying out research on special education with measurable indicators of progress and results.

#### Statewide Data Systems

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	\$24.8	\$24.6	\$54.6

This program supports competitive awards to State educational agencies to foster the design, development, and implementation of longitudinal data systems that would enable States to use individual student data to enhance the provision of education and close achievement gaps. The request includes a \$30.0 million increase to make awards to additional States, enhance State capacity for accurate reporting of high school graduation rates and dropout data, and to increase the capability of States to efficiently satisfy Federal reporting requirements through systems like the Education Data Exchange Network.

#### Special Education Studies and Evaluations

	<u>2005</u>	<u>2006</u>	<u>2007 Request</u>
BA in millions .....	—	\$9.9	\$9.9

This program, which was transferred to IES as part of the 2004 IDEA reauthorization, supports competitive grants, contracts, and cooperative agreements to assess the implementation of IDEA and the effectiveness of State and local efforts to provide special education and early intervention programs and services to infants, toddlers, and children with disabilities. The request would support the required national assessment of activities supported with Federal special education funds as well as ongoing studies.

### III. PROGRAMS PROPOSED FOR ELIMINATION

The 2007 request continues the practice of the Bush Administration—also consistent with previous administrations over the past 25 years—of proposing to eliminate or consolidate funding for programs that have achieved their original purpose, that duplicate other programs, that may be carried out with flexible State formula grant funds, or that involve activities that are better or more appropriately supported through State, local, or private resources. Congress agreed to several of the Administration’s recommended terminations last year, eliminating 5 programs totaling \$25.6 million.

The government-wide Program Assessment Rating Tool, or PART, helps focus funding on Department of Education programs that generate positive results for students and that meet strong accountability standards. For 2007, PART findings were used to redirect funds from ineffective programs to more effective activities, as well as to identify reforms to help address program weaknesses.

The following table shows the programs proposed for elimination in the President’s 2007 budget request. Termination of these 42 programs frees up almost \$3.5 billion—based on 2006 levels—for reallocation to more effective, higher-priority activities. Following the table is a brief summary of each program and the rationale for its elimination.

#### Program Terminations

##### Program (2006 BA in millions)

Academies for American History and Civics .....	\$2.0
Alcohol Abuse Reduction .....	32.4
Arts in Education .....	35.3
B.J. Stupak Olympic Scholarships .....	1.0
Byrd Honors Scholarships .....	40.6
Civic Education .....	29.1
Close Up Fellowships .....	1.5
Comprehensive School Reform .....	7.9
Demonstration Projects for Students with Disabilities.....	6.9
Educational Technology State Grants .....	272.3
Elementary and Secondary School Counseling.....	34.7
Even Start .....	99.0
Excellence in Economic Education .....	1.5
Exchanges with Historic Whaling and Trading Partners .....	8.9
Federal Perkins Loans Cancellations .....	65.5
Foundations for Learning .....	1.0
Gaining Early Awareness and Readiness for Undergraduate Programs ....	303.4
Javits Gifted and Talented Education .....	9.6
Leveraging Educational Assistance Partnerships.....	65.0
Mental Health Integration in Schools .....	4.9
Migrant and Seasonal Farmworkers .....	2.3
National Writing Project .....	21.5
Parental Information and Resource Centers.....	39.6

**Program Terminations, continued** (2006 BA in millions):

Projects With Industry .....	\$19.5
Ready to Teach.....	10.9
Recreational Programs .....	2.5
Safe and Drug-Free Schools and Communities State Grants .....	346.5
School Dropout Prevention .....	4.9
School Leadership .....	14.7
Smaller Learning Communities .....	93.5
Star Schools.....	14.9
State Grants for Incarcerated Youth Offenders .....	22.8
Supported Employment State Grants .....	29.7
Teacher Quality Enhancement .....	59.9
Tech-Prep Education State Grants .....	104.8
Thurgood Marshall Legal Educational Opportunity Program .....	2.9
TRIO Talent Search .....	145.3
TRIO Upward Bound.....	311.0
Underground Railroad Program.....	2.0
Vocational Education National Programs .....	9.2
Vocational Education State Grants .....	1,182.4
Women's Educational Equity .....	<u>2.9</u>
 Total .....	 \$3,466.0

**Program Descriptions**  
(figures reflect 2006 BA in millions)

Academies for American History and Civics ..... \$2.0

Supports intensive workshops for teachers and students in the areas of history and civics. Eliminating funding for the program is consistent with Administration policy of terminating small categorical programs with limited impact in order to fund higher priorities. Academies for American history and civics can be funded under other authorities, such as the Teaching American History and the Teacher Quality State Grants programs.

Alcohol Abuse Reduction..... \$32.4

Supports programs to reduce alcohol abuse in secondary schools. These programs may be funded through other Safe and Drug-Free Schools and Communities National Programs and State Grants for Innovative Programs.

Arts in Education..... \$35.3

Makes non-competitive awards to VSA arts and the John F. Kennedy Center for the Performing Arts as well as competitive awards for national demonstrations and Federal leadership activities to encourage the integration of the arts into the school curriculum. Eliminating funding for the program is consistent with Administration policy of terminating small categorical programs with limited impact in order to fund higher priorities. Arts education programs may be funded under other authorities.

B.J. Stupak Olympic Scholarships ..... \$1.0

Provides financial assistance, through a non-competitive award to the US Olympic Committee, to athletes who are training at the United States Olympic Education Center or one of the United States Olympic Training centers and who are pursuing a postsecondary education. Athletes can receive grant, work-study, and loan assistance through the Department's postsecondary student aid programs. Rated Results Not Demonstrated by the PART, due to lack of performance data and program design deficiencies, including its duplication of other Federal student aid programs.

**Program Eliminations, continued** (2006 BA in millions)

Byrd Honors Scholarships ..... \$40.6

Promotes academic excellence and achievement by awarding merit-based scholarships to high school students, through formula grants to State educational agencies, who have demonstrated outstanding academic achievement and who show promise of continued academic excellence. This program duplicates existing Federal student financial assistance programs, as well as State, local and private efforts that provide merit-based resources for postsecondary education. Rated Results Not Demonstrated by the PART due to lack of performance data and program design deficiencies.

Civic Education ..... \$29.1

Provides a single non-competitive award to the Center for Civic Education to conduct We the People, a program to improve the quality of civics and government education. Also makes non-competitive and competitive awards for the Cooperative Education Exchange, a program to improve civic and economic education through exchange programs. Request is consistent with the Administration's policy of terminating small categorical programs that have limited impact, and for which there is little or no evidence of effectiveness, to fund higher priority programs.

Close Up Fellowships ..... \$1.5

Non-competitive award to Close Up Foundation supports fellowships to low-income students and teachers participating in Close Up visits to Washington, DC and other activities. Peer organizations provide scholarships to participants without Federal assistance, and the organization's successful private fundraising indicates that there is no need for the program.

Comprehensive School Reform ..... \$7.9

This program has largely duplicated activities that are readily carried out under the Title I Grants to LEAs program. In the 2000-01 school year, about 30,000 Title I schools (62 percent) were implementing research-based reform models and, beginning with 2002, the NCLB Act made statutory changes to further encourage schools to carry out the types of whole-school reforms supported by the Comprehensive School Reform program. For example, comprehensive reform is encouraged as part of school improvement efforts undertaken by Title I schools that do not make adequate yearly progress toward State standards for at least 2 consecutive years. Congress phased out most of the program in 2006. The 2007 request would complete the process.

Demonstration Projects to Ensure Quality Higher Education  
for Students with Disabilities ..... \$6.9

Funds competitive grants for technical assistance and professional development activities for faculty and administrators in institutions of higher education in order to improve the quality of education for students with disabilities. This program has achieved its primary goal of funding model demonstration projects. New projects can and do receive funding under FIPSE.

Educational Technology State Grants ..... \$272.3

This program provides funding to States and school districts to support the integration of educational technology into classroom instruction, technology deployment, and a host of other activities designed to utilize technology to improve instruction and student learning. Schools today offer a greater level of technology infrastructure than just a few years ago, and there is no longer a significant need for a State formula grant program targeted specifically on (and limited to) the effective integration of technology into schools and classrooms. Districts seeking funds to integrate technology into teaching and learning can use other Federal program funds such as Improving Teacher Quality State Grants and Title I Grants to Local Educational Agencies. The Congress eliminated much of the program in 2006; the request would complete the process.

**Program Eliminations, continued** (2006 BA in millions)

Elementary and Secondary School Counseling.....	\$34.7
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Elementary school and secondary school counseling may be funded through other larger and more flexible Federal programs, such as ESEA Title V-A State Grants for Innovative Programs.

Even Start .....	\$99.0
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This program aims to improve educational opportunities for children and their parents in low-income areas by integrating early childhood education, adult education, and parenting education into "family literacy" programs. However, three separate national evaluations of the program reached the same conclusion: children and adults participating in Even Start generally made gains in literacy skills, but these gains were not significantly greater than those of non-participants. Also, the program received an Ineffective PART rating. Other high priority programs such as Reading First and Early Reading First are better structured to implement proven research and to achieve the President's literacy goals. The Congress eliminated much of the program in 2006; the 2007 request would complete the process.

Excellence in Economic Education .....	\$1.5
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Supports a grant to a single national non-profit educational organization to promote economic and financial literacy for K-12 students. Elimination is consistent with Administration policy of terminating small categorical programs with limited impact in order to fund higher priorities. Economic Education activities may be funded under other authorities such as State Grants for Innovative Programs.

Exchanges with Historic Whaling and Trading Partners .....	\$8.9
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Supports culturally based educational activities, internships, apprenticeship programs and exchanges for Alaska Natives, Native Hawaiians, children and families of Massachusetts, and (as amended by Public Law 109-149) any federally recognized Indian tribe in Mississippi. Elimination is consistent with Administration policy of terminating small categorical programs with limited impact in order to fund higher priorities.

Federal Perkins Loans Cancellations .....	\$65.5
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Reimburses institutional revolving funds for borrowers whose loan repayments are canceled in exchange for undertaking public service employment, such as teaching in Head Start programs, full-time law enforcement, or nursing. These reimbursements are no longer needed as the Administration is proposing to eliminate the Perkins Loan program, which duplicates other student loan programs and serves a limited number of institutions.

Foundations for Learning .....	\$1.0
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Competitive grants provide services to children and their families to enhance young children's development so that they become ready for school. The request is consistent with the Administration's effort to increase resources for high-priority programs by eliminating small, narrow categorical programs that duplicate other programs, have limited impact, or for which there is little or no evidence of effect. The budget request includes funding for other, larger programs that support early childhood education and development.

Gaining Early Awareness and Readiness for Undergraduate Programs .....	\$303.4
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Provides competitive grants to States and partnerships to support early college preparation and awareness activities at the State and local levels to ensure low-income elementary and secondary school students are prepared for and pursue postsecondary education. GEAR UP received an Adequate PART rating because it employs a number of strategies that other studies have found to be effective, but no data are available to measure progress toward long-term program goals. The proposed new High School Reform initiative would provide a more comprehensive approach to improving high school education and increasing student achievement, especially the achievement of those most at-risk of educational failure and dropping out.

**Program Eliminations, continued** (2006 BA in millions)

Javits Gifted and Talented Education ..... \$9.6

Primarily supports research and demonstration grants that could be funded as part of research conducted by the Department's Institute of Education Sciences. Current grants are not structured to assess program effectiveness and identify successful intervention strategies that could have broad national impact.

Leveraging Educational Assistance Partnerships ..... \$65.0

Program has accomplished its objective of stimulating all States to establish need-based postsecondary student grant programs, and Federal incentives for such aid are no longer required. State grant levels have expanded greatly over the years, and most States significantly exceed the statutory matching requirements. State matching funds in academic year 1999-2000, for example, totaled nearly \$1 billion or more than \$950 million over the level generated by a dollar-for-dollar match.

Mental Health Integration in Schools ..... \$4.9

Makes competitive grants to increase student access to mental health care by linking school systems with the mental health system. The request is consistent with the Administration's effort to increase resources for high-priority programs by eliminating small, narrow categorical programs that duplicate other programs, have limited impact, or for which there is little or no evidence of effect.

Migrant and Seasonal Farmworkers ..... \$2.3

This program makes competitive awards to support rehabilitation services to migratory workers with disabilities, duplicating activities that may be funded through the VR State Grants program.

National Writing Project ..... \$21.5

Supports a nationwide nonprofit educational organization that promotes K-16 teacher training programs in the effective teaching of writing. States may support such activities through flexible programs like Improving Teacher Quality State Grants. Rated Results Not Demonstrated by the PART review due to lack of reliable performance or evaluation data on the effectiveness of supported interventions.

Parental Information and Resource Centers ..... \$39.6

Parent education and family involvement activities are required and funded under other ESEA programs, such as Title I Grants to Local Educational Agencies, and are a specifically authorized use of funds under ESEA Title V-A State Grants for Innovative Programs. The PART review of this program rated it Results Not Demonstrated, partly because of its unclear statutory purposes.

Projects With Industry ..... \$19.5

PWI administers a grant competition for projects to help individuals with disabilities obtain employment in the competitive labor market. VR State Grants serves the same target populations and may provide the same services. Rated Adequate by the PART process but also determined to be duplicative of the much larger VR State Grants program. In addition, data reliability problems undermine accurate assessment of program performance.

Ready to Teach ..... \$10.9

Supports competitive grants to nonprofit telecommunications entities to carry out programs to improve teaching in core curriculum areas, and to develop, produce, and distribute innovative educational and instructional video programming. State Grants for Innovative Programs and Improving Teacher Quality State grants provide ample resources for the types of activities supported by this program.

**Program Eliminations, continued** (2006 BA in millions)

Recreational Programs ..... \$2.5

Supports competitively awarded projects that provide recreation and related activities for individuals with disabilities to aid in their employment, mobility, independence, socialization, and community integration. The program has limited impact, and such activities are more appropriately financed by State and local agencies and the private sector.

Safe and Drug-Free Schools and Communities State Grants ..... \$346.5

Provides formula grants to States to help create and maintain drug-free, safe, and orderly environments for learning in and around schools. The program has not demonstrated effectiveness, and grant funds are spread too thinly to support quality interventions. The Administration proposes to redirect some of the program's funds to provide an increase for Safe and Drug-Free Schools National Programs, which is better structured to support quality interventions, and to permit grantees and independent evaluators to measure progress, hold projects accountable, and determine which interventions are most effective. A PART analysis rated this program as Ineffective.

School Dropout Prevention ..... \$4.9

Significantly higher funding for dropout prevention and re-entry programs available through Title I Grants to LEAs, Title I Migrant State Grants, and State Grants for Innovative Programs makes this program unnecessary. Also, at the 2006 request level, States are required to reserve approximately \$110 million from their Title I allocation for purposes of helping students stay in school and make the transition to public schools from local corrections facilities and community day programs.

School Leadership ..... \$14.7

Program supports recruiting, training, and retaining principals and assistant principals—activities that are specifically authorized under other, much larger programs such as Improving Teacher Quality State Grants and State Grants for Innovative Programs. The request is consistent with the Administration's policy of terminating small categorical programs that have limited impact.

Smaller Learning Communities ..... \$93.5

A separate program is not needed for the purpose of creating smaller learning communities. In the past 5 years, funds available from this program and from private sources have met the demand. Under the most recent competition, conducted in 2005, school districts in two States received about half of the total funds available for grants, and a third of applicants and grantees had received previous grants. Many of the eligible schools have not chosen to create smaller learning communities because of the lack of compelling evidence on the effectiveness of the smaller learning communities strategy in strengthening high school education and raising achievement. The remaining need for assistance in creating smaller learning communities can be adequately supported with formula grant funds from Title I Grants to Local Educational Agencies or State Grants for Innovative Programs—the latter of which specifically authorizes the creation of smaller learning communities. Also, the President's proposed new High School Reform initiative will give educators greater flexibility to design and implement approaches for improving the achievement of high-school students. The PART rated this program Results Not Demonstrated.

Star Schools ..... \$14.9

Supports competitive grants for distance education projects to improve instruction in a variety of curricular areas. Programs such as State Grants for Innovative Programs and Improving Teacher Quality State grants provide ample resources for these activities.

State Grants for Incarcerated Youth Offenders ..... \$22.8

Formula grants to State correctional agencies assist and encourage incarcerated youth to acquire functional literacy skills and life and job skills. Request is consistent with the Administration's effort to eliminate small programs that have only indirect or limited effect on improving student outcomes.

**Program Eliminations, continued** (2006 BA in millions)

Supported Employment State Grants ..... \$29.7

This formula grant program has accomplished its goal of developing collaborative programs with appropriate public and private nonprofit organizations to provide supported employment services for individuals with the most significant disabilities. Supported employment services are also provided by the VR State Grants program.

Teacher Quality Enhancement ..... \$59.9

Program provides competitive grants to States and partnerships to improve recruitment, preparation, licensure, and support for teachers by providing incentives, encouraging reforms, and leveraging local and State resources to ensure that current and future teachers have the necessary teaching skills and academic content knowledge to teach effectively. All of the activities allowable under the Teacher Quality Enhancement program can be carried out under other existing Federal programs. Rated Results Not Demonstrated by the PART process due to lack of performance data and program design deficiencies.

Tech-Prep Education State Grants ..... \$104.8

A separate State grant program to support State efforts to develop structural links between secondary and postsecondary institutions that integrate academic and vocational education is unnecessary. The Administration's proposed \$1.5 billion High School Reform initiative will give educators greater flexibility to design and implement programs that best meet the needs to their students. States could use funds to support vocational education, mentoring and counseling programs, partnerships between high schools and colleges, or other approaches.

Thurgood Marshall Legal Educational Opportunity Program ..... \$2.9

Funds a non-competitive award to provide minority, low-income or disadvantaged college students with the information, preparation, and financial assistance needed to gain access to and complete law school study. Disadvantaged individuals can receive assistance through the Department's student financial assistance programs.

TRIO Talent Search ..... \$145.3

Provides competitive grants to colleges to encourage disadvantaged youth to graduate from high school and enroll in a postsecondary education program. Talent Search received a Moderately Effective rating in 2005 due to demonstrated success in achieving its goals. However, the proposed new High School Reform initiative would provide a more comprehensive approach to improving high school education and increasing student achievement, especially the achievement of those most at-risk of educational failure and dropping out.

TRIO Upward Bound..... \$311.0

Provides competitive grants to colleges to support intensive academic instruction for disadvantaged high school students to generate the skills and motivation needed to pursue and complete a postsecondary education. Upward Bound Math/Science focuses specifically on preparing students for careers in mathematics and the sciences. The proposed new High School Reform initiative would provide a more comprehensive approach to improving high school education and increasing student achievement, especially the achievement of those most at-risk of educational failure and dropping out. Upward Bound received an Ineffective PART rating due to a lack of data on key performance measures and evaluation results that found the program has limited overall impact because services are not sufficiently well targeted to higher-risk students. Veterans currently served under Upward Bound would continue to receive services under TRIO's Educational Opportunity Centers program.

Underground Railroad Program..... \$2.0

Provides competitive grants to non-profit educational organizations to establish facilities that house, display, and interpret artifacts relating to the history of the Underground Railroad, as well as to make the interpretive efforts available to institutions of higher education. The program has largely achieved its original purpose.

**Program Eliminations, continued** (2006 BA in millions)

Vocational Education National Programs ..... \$9.2

The program's activities, which include research, assessment, evaluation, dissemination, and technical assistance, would be addressed as part of the Administration's High School Reform initiative for ensuring that secondary students improve their academic achievement and graduation rates.

Vocational Education State Grants ..... \$1,182.4

Funds would be redirected to support a new comprehensive strategy for improving the effectiveness of Federal investments at the high school level and for a community college access initiative. The High School Reform initiative will give educators greater flexibility (coupled with enhanced accountability) to design and implement programs that best meet the needs of their students. States could use funds to support vocational education, mentoring and counseling programs, partnerships between high schools and colleges, or other approaches.

Women's Educational Equity ..... \$2.9

Activities promoting educational equity for girls and women may be supported through larger, more flexible programs like ESEA Title V-A State Grants for Innovative Programs.

## IV. DEPARTMENTAL MANAGEMENT

(BA in millions)

	<u>2005</u>	<u>2006</u>	<u>2007</u> <u>Request</u>
Program Administration.....	\$419.3	\$411.1	\$426.0 <sup>1</sup>
Office for Civil Rights.....	89.4	90.6	92.9
Office of the Inspector General .....	47.3	48.5	53.1
Student Aid Administration .....	719.1 <sup>2,3</sup>	718.8 <sup>2,3,4</sup>	733.7
Other <sup>5</sup> .....	<u>13.1</u>	<u>13.4</u>	<u>13.2</u>
Total.....	1,288.2	1,282.4	1,318.9

### Full-time equivalent employment (FTE) <sup>6</sup>

Program Administration.....	2,245	2,207	2,212
Office for Civil Rights.....	640	638	638
Office of the Inspector General .....	299	296	298
Student Aid Administration .....	1,114 <sup>2,7</sup>	1,159 <sup>2,7</sup>	1,159
Other <sup>5</sup> .....	<u>31</u>	<u>40</u>	<u>41</u>
Total .....	4,329	4,340	4,348

<sup>1</sup> Includes \$4.6 million for the Building Modernization activity.

<sup>2</sup> Adjusted for comparability. Includes \$795 million in mandatory funds in 2005 and \$820 million in 2006 for the Federal Direct Student Loans Program account under section 458 of the Higher Education Act.

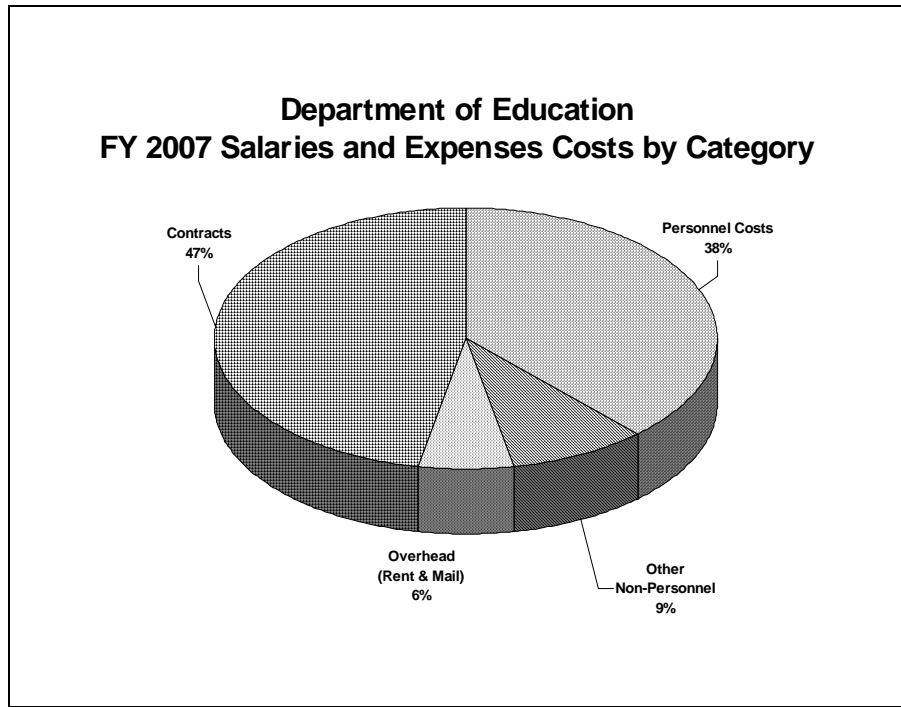
<sup>3</sup> Excludes \$195 million in mandatory funds in 2005 and 2006 for payments to guaranty agencies, provided in the Federal Direct Student Loans Program account.

<sup>4</sup> Excludes \$25 million in 2006 for funds in object class 33, Investments.

<sup>5</sup> Includes small Federal Credit Administration accounts and S&E activities in program accounts.

<sup>6</sup> Actual FTE usage in 2005; maximum target for 2006 and 2007.

<sup>7</sup> Adjusted for comparability. Includes 593 FTE in 2005 and 616 FTE in 2006 funded by the Federal Direct Student Loans Program account.



### Overview

The 2007 budget request for Salaries and Expenses (S&E) will pay the costs of staff, overhead, contracts, and other activities needed to administer and monitor the Department's educational assistance programs and provide more than \$82 billion in grants and loans each year to nearly 10 million postsecondary students.

The Department is requesting \$1.32 billion for its discretionary S&E budget in 2007, an increase of \$36 million over the 2006 level. This includes \$506 million for payroll costs, which reflects the 2.2 percent proposed government-wide pay raise in 2007 as well as employee benefit increases. The proposed pay increase accounts for approximately \$7.6 million of the total increase requested.

The non-personnel costs for the administrative accounts cover such items as travel, rent, mail, telephones, utilities, printing, information technology (IT), contractual services, equipment, supplies, and other Departmental services. The total request for non-personnel activities in 2007 is \$812 million.

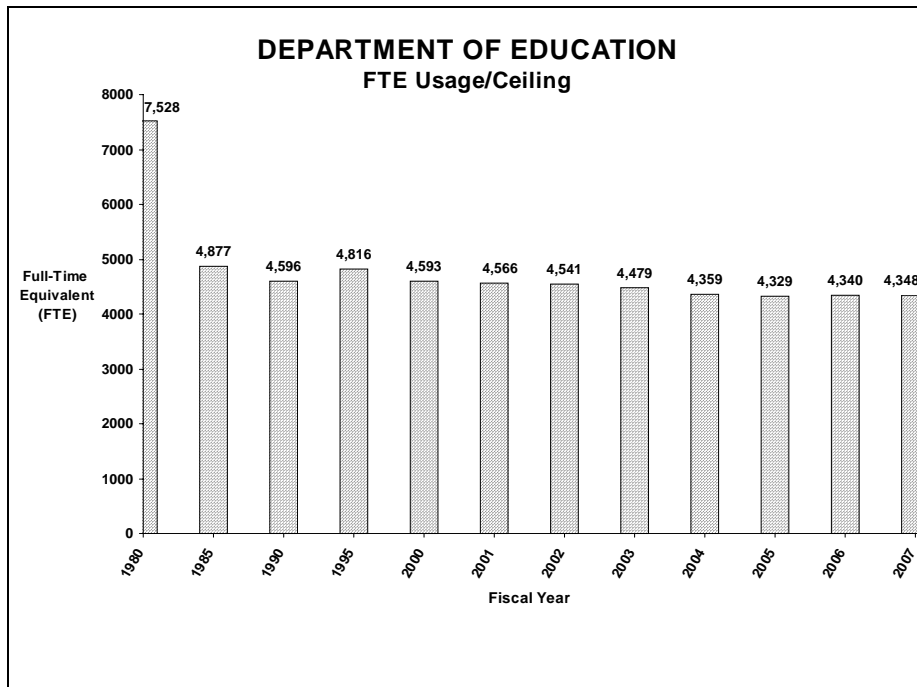
Department administrative costs continue to constitute a small fraction of the total education budget. For example, even with the increase requested for 2007, the discretionary administrative budget would be approximately 2 percent of the Department's total discretionary appropriation and less than 1 percent of all grants and loans made by the Department last year.

The 2007 budget request for salaries and expenses supports Department initiatives designed to improve government performance through the successful implementation of the No Child Left Behind Act and the goals outlined in the President's Management Agenda.

To carry out the President's Management Agenda, the Department's S&E budget request places a heavy emphasis on the following high priority items:

- Developing and maintaining financial integrity and management and internal controls;
- Modernizing the student financial assistance programs;
- Expanding strategies for using human capital;
- Identifying opportunities for competitive sourcing;
- Achieving an accountability of results culture, including the integration of program performance and budgeting; and
- Leveraging the contributions of faith-based and community organizations.

### Department Employment

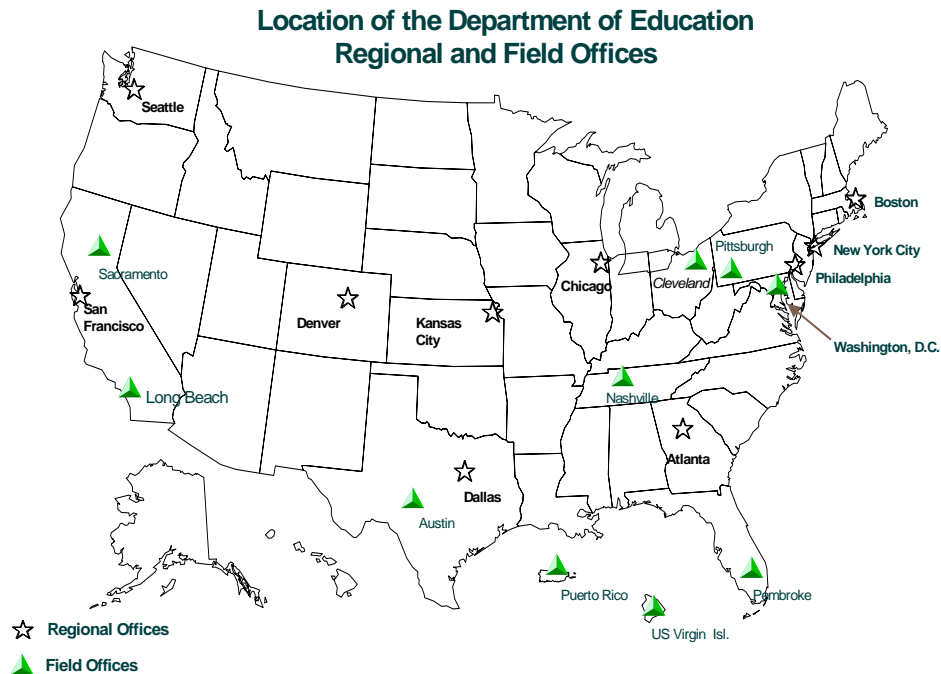


The 2007 staffing request of 4,348 FTE, a slight increase of 8 FTE from the planned 2006 level, is 42 percent below the level of 7,528 FTE when the Department was created in 1980. The increase includes 2 FTE in the Office of the Inspector General to conduct audits of Department programs and high-risk grantees, and 5 FTE in the Office of Elementary and Secondary Education to administer programs related to the No Child Left Behind Act and enhance grant monitoring.

Despite steadily reducing its workforce, the Department has maintained and even improved its operational performance, in part by relying heavily on automation and private contractors to handle such functions as awarding grants, processing student aid applications, and providing

grants and loans to almost 10 million college students. Already the smallest of the Cabinet agencies, the Department streamlines administrative tasks and privatizes functions that can be handled more efficiently by outside contractors. A prime example of this management approach is the effective use of contracts to operate the Federal Direct Student Loan program.

As shown in the following chart, staff is divided among the Washington, D.C. headquarters, 10 regional offices, and 10 field offices. Approximately 75 percent of the employees are assigned to headquarters, and 25 percent are assigned to the regional and field offices. Most regional and field office employees are in the Federal Student Aid office, the Office of the Inspector General, and the Office for Civil Rights. Regional and field office activities include review of lenders, institutions, and guaranty agencies participating in the student financial aid programs, as well as collections on defaulted student loans; audits and investigations of Department programs and operations; and civil rights complaint investigations and compliance reviews.



### Program Administration

The 2006 request includes \$426 million, an increase of \$14.9 million from the 2006 level, for the Program Administration account, which funds administrative support for most programs and offices in the Department. The request includes \$262.9 million for payroll costs and \$163 million for non-pay costs. The non-pay request includes \$6.4 million to continue implementation of the ED*Facts* initiative, which will collect timely data from States and local school districts on student achievement and educational outcomes. Other non-pay costs include rent, travel, data collection, evaluations, computer hardware and software support for the staff, and other administrative activities.

## **Student Aid Administration**

In fiscal year 2007 the Department of Education will administer over \$82 billion in new Federal student aid grants and loans to nearly 10 million students and parents, and consolidate an estimated \$33 billion in loans made in earlier years. In awarding this aid, the Department and its contractors will interact on a daily basis with over 6,000 schools; 3,300 lenders; 35 guaranty agencies; and dozens of accrediting agencies, participants in the secondary market for student loans, and other organizations. Ensuring the smooth operation of the complex array of financial transactions and participants involved in the student financial aid programs—and safeguarding the interests of both students and Federal taxpayers—is perennially the Department's greatest management challenge and one of its highest administrative priorities. Primary responsibility for administering the Federal student financial assistance programs rests with the Office of Federal Student Aid and the Office of Postsecondary Education.

Funding for student aid management has been provided in previous years through 2 separate accounts: the discretionary Student Aid Administration account and the mandatory Federal Direct Student Loan Program (HEA Section 458). The 2006 Reconciliation Act would eliminate mandatory administrative funding, necessitating an increase of \$615 million in the discretionary request for Student Aid Administration comparable to the mandatory and discretionary amounts from previous years. In total, the account would represent more than 55 percent of the Department's total administrative budget. The request would provide \$733.7 million to administer student aid programs in 2007. The request is an increase of \$14.9 million from the 2006 level, for an increase in funding for contracts.

## **Office for Civil Rights**

The Department's Office for Civil Rights (OCR) investigates discrimination complaints, conducts compliance reviews, monitors corrective action plans, and provides technical assistance on civil rights issues. The 2007 request for OCR is \$92.9 million, an increase of \$2.3 million over the 2006 level. About \$69.3 million of the OCR budget is for staff pay and benefits for its 638 FTE; the remaining \$23.6 million covers overhead costs as well as computer equipment, data analysis and reporting activities, travel, staff training, and other contractual services.

The requested funds will ensure essential program support to resolve complaints of discrimination filed by the public and to ensure that institutions receiving Federal financial assistance are in compliance with the civil rights laws enforced by OCR. The request also will provide resources for technical assistance to recipients, parents, and students to informally address civil rights concerns and to prevent problems from arising in the future. OCR provides extensive information on its Internet site, including self-assessment materials for recipients, data on school characteristics, brochures, and other information for the public.

## **Office of the Inspector General**

The Office of the Inspector General (OIG) conducts audits and investigations of the Department's programs and activities to help ensure accountability for taxpayer-provided funds and to identify management improvements. The 2007 request for the OIG is \$53.1 million, an increase of \$3.7 million over the 2006 level. Approximately two-thirds of this amount, or \$34.9 million, is for personnel compensation and benefits to support a staffing level of 298 FTE.

The non-personnel request of \$18.2 million includes \$2.6 million to contract for the mandated annual audit of the Department's financial statements. The scope of the audit will include the examination and analysis of account balances, review of applicable financial systems, and evaluation of internal controls and compliance with significant laws and regulations.

### **Management Improvement and Government Reform**

To carry out the President's Management Agenda and to achieve its Strategic Plan goal of achieving management excellence, the Department is focusing on the following high priority items:

<b><i>Priority: Financial Integrity/Management and Internal Controls</i></b>	
<b>Goal</b>	<b>Accomplishments</b>
<p>Financial integrity requires accurate and relevant reporting systems and processes in order to provide policy makers and managers with timely and accurate financial information. In addition, revenues and expenditures must be properly accounted for and reported on so that that reports and data produced by financial management systems will provide reliable information to managers making program and asset-related decisions.</p> <p>Management and internal controls will be adopted and enhanced to reduce the risk of errors and permit effective monitoring of programs and processes. Management controls will ensure that programs achieve their intended results and are protected from waste, fraud, and mismanagement. Internal controls will help ensure effective and efficient Department operations as well as reliable financial reporting.</p>	<ul style="list-style-type: none"> <li>● Achieved clean opinions on the audit of the Department's 2002, 2003, 2004, and 2005 financial statements.</li> <li>● Generated the monthly "Executive Fast Fact Sheet," which assists offices in managing programs based on available financial data, by combining timely financial information with reporting on program performance.</li> <li>● Received the 2004 President's Quality Award for accomplishments in improved financial reporting.</li> <li>● Implemented new reporting capabilities in the financial management system to improve the accuracy and timeliness of reconciling and verifying all accounting balances.</li> </ul>
<b><i>Priority: Management of Student Aid Programs</i></b>	
<b>Goal</b>	<b>Accomplishments</b>
<p>The Department will improve its financial and management information to manage student aid programs effectively. The Department will continue to strengthen financial management and internal controls so that relevant and timely information is available to manage day-to-day operations and provide accountability.</p>	<ul style="list-style-type: none"> <li>● Initiated the ADvance initiative, designed to consolidate front-end application business functions so that customer services, data quality, and overall program integrity are improved.</li> <li>● Received a clean audit opinion on the most recent (FY 2005) financial statements and exited the GAO High Risk list.</li> <li>● Utilized the "Federal Student Aid Executive Dashboard" to provide managers with current data on student aid applications, program disbursements, default collections, and system performance in order to track progress and determine if specific actions are required.</li> <li>● Continued to pursue legislation that would allow the Department to match FAFSA data with the Internal Revenue Service in order to reduce fraud and error in the Pell Grant program.</li> </ul>

<b><i>Priority: Using Human Capital</i></b>	
<b>Goal</b>	<b>Accomplishments</b>
<p>The Department's human capital strategy is designed to ensure that all human capital management activities are strategically aligned to support our critical mission and human capital challenges.</p>	<ul style="list-style-type: none"> <li>● Completed an initial reorganization of the Department of Education in order to streamline functions and integrate policy development, program implementation and communication.</li> <li>● Improved the efficiency of the Department's Rehabilitation Services Administration in providing technical assistance and conducting performance and compliance reviews by closing its regional offices and consolidating manpower in the Department's headquarters.</li> <li>● Implemented the SES Performance Management System, which emphasizes the need for high performance, and revised the SES Performance Appraisal System.</li> <li>● Participated in the Partnership for Public Service's Extreme Hiring Makeover initiative and as a result, streamlined the hiring process in Federal Student Aid by nearly 50 percent.</li> </ul>
<b><i>Priority: Competitive Sourcing</i></b>	
<b>Goal</b>	<b>Accomplishments</b>
<p>The Department will identify new opportunities for competitive sourcing in order to augment its capabilities and promote innovation and greater efficiency.</p>	<ul style="list-style-type: none"> <li>● Implemented the Payment Processing and Human Resources competitions resulting in improved operations while utilizing fewer employees in those functions.</li> <li>● Received a "Green" (highest) rating from OMB for implementing its competitive sourcing initiatives.</li> </ul>
<b><i>Priority: E-Government</i></b>	
<b>Goal</b>	<b>Accomplishments</b>
<p>To expand electronic government, the Department will improve the management of its IT investments, protect the integrity and confidentiality of data, improve data management, and increase the use of technology in serving customers.</p>	<ul style="list-style-type: none"> <li>● Continued to process grant applications through increased usage of both the e-reader and the Grants.gov system.</li> <li>● Awarded a performance-based contract for network operations to Computer Sciences Corporation to achieve long-term savings.</li> <li>● Developed, under the Enterprise Architecture project, a new "Future State Vision and Sequencing Plan" to guide the Department's IT investments.</li> </ul>

<b>Priority: Integration of Program Performance and Budgeting</b>	
<b>Goal</b>	<b>Accomplishments</b>
<p>The Department will target funding requests to programs that work, and will seek to reform or eliminate programs that do not. Administrative allocations will be linked to the Department's Strategic Plan to ensure that high priority activities are funded. The Department will have standard, integrated budgeting, performance, and accounting information systems at the program level that will provide timely feedback for management.</p>	<ul style="list-style-type: none"> <li>● Completed PART assessments of 18 programs and re-assessed 5 programs to move them out of the Results Not Demonstrated category.</li> <li>● Established efficiency measures with data strategies for 30 programs PARTed programs.</li> <li>● Began several evaluations of small programs and identified others to be initiated in 2006.</li> <li>● Created a new Office of Planning, Evaluation, and Policy Development headed by an Assistant Secretary, to better coordinate policy development and the application of data in decision-making.</li> <li>● Revised the contracts for the ED<i>Facts</i> /EDEN initiative to gather State and Local Education Agency data on school and student achievement.</li> </ul>
<b>Priority: Faith-Based and Community Initiative</b>	
<b>Goal</b>	<b>Accomplishments</b>
<p>The Department will leverage the contributions of community- and faith-based organizations to increase the effectiveness of its programs.</p>	<ul style="list-style-type: none"> <li>● Held technical assistance workshops in Phoenix, Chicago, Los Angeles, New York, Atlantic City, Washington, D.C., and New Orleans with leaders of community- and faith-based organizations to encourage collaboration with the Department.</li> <li>● Completed a pilot evaluation interim report on the impact of student achievement through supplemental services provided by private schools.</li> <li>● Instituted compliance procedures to ensure consistent implementation by program offices.</li> </ul>

## APPENDICES

### Tables:

- Summary of Discretionary Funds, Fiscal Years 2001-2007
- PART Ratings of ED Programs
- Total Expenditures for Elementary and Secondary Education in the United States
- Detailed Budget Table by Program

DEPARTMENT OF EDUCATION  
Summary of Discretionary Funds, Fiscal Years 2001-2007

(dollars in thousands)								Change from 2001 to 2007	
Program	Fiscal Year 2001	Fiscal Year 2002	Fiscal Year 2003	Fiscal Year 2004	Fiscal Year 2005	Fiscal Year 2006	Fiscal Year 2007	Amount	Percent
<b>Elementary/Secondary Education (K-12)</b>									
<u>No Child Left Behind (NCLB)</u>									
Title I Grants to Local Educational Agencies	8,762,721	10,350,000	11,688,664	12,342,309	12,739,571	12,713,125	12,713,125	3,950,404	45.1%
School Improvement Grants	0	0	0	0	0	0	200,000	200,000	---
Reading First	286,000	975,000	1,068,012	1,118,362	1,145,760	1,029,234	1,029,234	743,234	259.9%
Math Now for Elementary School Students	0	0	0	0	0	0	125,000	125,000	---
Math Now for Middle School Students	0	0	0	0	0	0	125,000	125,000	---
High School Reform	0	0	0	0	0	0	1,475,000	1,475,000	---
America's Opportunity Scholarships for Kids	0	0	0	0	0	0	100,000	100,000	---
Impact Aid	993,302	1,143,500	1,188,226	1,229,527	1,243,862	1,228,453	1,228,453	235,151	23.7%
Improving Teacher Quality State Grants	0	2,850,000	2,930,825	2,930,126	2,916,605	2,887,439	2,887,439	2,887,439	---
21st Century Community Learning Centers	845,614	1,000,000	993,500	999,070	991,077	981,166	981,166	135,552	16.0%
State Assessments	0	387,000	384,484	390,000	411,680	407,563	407,563	407,563	---
Safe and Drug-Free Schools and Communities	644,250	696,750	666,353	674,203	671,961	568,835	215,992	-428,258	-66.5%
English Language Acquisition	446,000	664,269	683,747	681,215	675,765	669,007	669,007	223,007	50.0%
Other NCLB	5,404,577	3,946,157	4,021,421	3,944,465	3,553,973	2,848,354	2,242,294	-3,162,283	-58.5%
Subtotal, NCLB	17,382,464	22,012,676	23,625,232	24,309,277	24,350,254	23,333,176	24,399,273	7,016,809	40.4%
<u>Special Education (IDEA)</u>									
Grants to States (Part B)	6,339,685	7,528,533	8,874,398	10,068,106	10,589,746	10,582,961	10,682,961	4,343,276	68.5%
Other IDEA	1,022,910	1,065,891	1,082,309	1,092,601	1,083,860	1,070,052	1,014,541	-8,369	-0.8%
Subtotal, IDEA	7,362,595	8,594,424	9,956,707	11,160,707	11,673,606	11,653,013	11,697,502	4,334,907	58.9%
Subtotal, NCLB and IDEA	24,745,059	30,607,100	33,581,939	35,469,984	36,023,860	34,986,189	36,096,775	11,351,716	45.9%
<u>Other K-12</u>	2,571,834	1,471,334	1,531,314	1,472,494	1,506,397	2,877,651	179,365	-2,392,469	-93.0%
Subtotal, Elementary/Secondary Education	27,316,893	32,078,434	35,113,253	36,942,478	37,530,257	37,863,840	36,276,140	8,959,247	32.8%
<b>Postsecondary Education</b>									
Federal Pell Grants	8,756,000	11,314,000	11,364,646	12,006,738	12,364,997	13,045,230	12,738,770	3,982,770	45.5%
Other Student Financial Aid	1,918,000	1,971,500	1,998,426	2,000,558	1,900,752	1,881,745	1,751,287	-166,713	-8.7%
Other Postsecondary Education	2,295,560	2,439,336	2,498,791	2,499,957	2,530,921	2,566,961	860,427	-1,435,133	-62.5%
Subtotal, Postsecondary Education	12,969,560	15,724,836	15,861,863	16,507,253	16,796,670	17,493,936	15,350,484	2,380,924	18.4%
<b>Other Programs and Activities</b>	1,944,368	2,132,329	2,138,593	2,211,942	2,250,001	2,194,988	2,783,647	839,279	43.2%
TOTAL, ED Discretionary Funds	42,230,821	49,935,599	53,113,709	55,661,673	56,576,928	57,552,764 <sup>1</sup>	54,410,271	12,179,450	28.8%

<sup>1</sup> Includes \$1,600,000 thousand in emergency supplemental appropriations for hurricane education recovery (Pub. Law 109-148).

## PART Ratings for ED Programs Assessed To Date

(Dollars in thousands)

Program	Year Assessed	Rating *	FY 2006 Appropriation	FY 2007 Request	Change from 2006
National Center on Education Statistics	2002/2003	Effective	90,022	93,022	3,000
National Assessment	2002/2003	Effective	88,095	92,095	4,000
<b>Subtotal, 2 Programs Effective</b>			<b>178,117</b>	<b>185,117</b>	<b>7,000</b>
TRIO Student Support Services	2002/2005	Mod. Effec.	272,762	272,357	-405
Improving Teacher Quality State Grants	2003/2005	Mod. Effec.	2,887,439	2,887,439	0
TRIO Talent Search	2003/2005	Mod. Effec.	145,330	0	-145,330
Advanced Placement	2005	Mod. Effec.	32,175	122,175	90,000
<b>Subtotal, 4 Programs Moderately Effective</b>			<b>3,337,706</b>	<b>3,281,971</b>	<b>-55,735</b>
Comprehensive School Reform	2002	Adequate	7,920	0	-7,920
Vocational Rehabilitation State Grants	2002	Adequate	2,687,168	2,802,716	115,548
Student Aid Administration	2002	Adequate	718,800	733,720	14,920
Federal Pell Grants	2002/2003	Adequate	17,345,230	12,738,770	-4,606,460
IDEA Grants to States	2002/2005	Adequate	10,582,961	10,682,961	100,000
21st Century Community Learning Centers	2003	Adequate	981,166	981,166	0
Troops to Teachers	2003	Adequate	14,645	14,645	0
GEAR UP	2003	Adequate	303,423	0	-303,423
National Institute on Disability & Rehabilitation Services (NIDRR)	2003/2005	Adequate	106,705	106,705	0
Federal Direct Student Loans	2003/2004	Adequate	4,973,359	40,855	-4,932,504
Federal Family Education Loans	2003/2004	Adequate	18,846,843	6,125,261	-12,721,582
State Assessments	2004	Adequate	407,563	407,563	0
Magnet Schools Assistance	2004	Adequate	106,693	106,693	0
Vocational Rehabilitation Grants for Indians	2004	Adequate	33,024	34,444	1,420
Projects with Industry	2004	Adequate	19,538	0	-19,538
Javits Fellowships	2004	Adequate	9,699	9,699	0
Impact Aid Construction	2005	Adequate	17,820	17,820	0
Transition to Teaching	2005	Adequate	44,484	44,484	0
Charter Schools Grants	2005	Adequate	214,782	214,782	0
National Technical Institute for the Deaf	2005	Adequate	56,141	55,349	-792
Howard University	2005	Adequate	237,392	237,392	0
<b>Subtotal, 21 Programs Adequate</b>			<b>57,715,356</b>	<b>35,355,025</b>	<b>-22,360,331</b>

## PART Ratings for ED Programs Assessed To Date

(Dollars in thousands)

Program	Year Assessed	Rating *	FY 2006 Appropriation	FY 2007 Request	Change from 2006
Even Start	2002	Ineffective	99,000	0	-99,000
Safe and Drug-Free Schools State Grants	2002	Ineffective	346,500	0	-346,500
Vocational Education State Grants	2002	Ineffective	1,182,388	0	-1,182,388
TRIO Upward Bound	2002	Ineffective	311,050	0	-311,050
Federal Perkins Loans Capital Contributions	2003	Ineffective	0	0	0
Gallaudet University	2005	Ineffective	106,998	107,598	600
<b>Subtotal, 6 Programs Ineffective</b>			<b>2,045,936</b>	<b>107,598</b>	<b>-1,938,338</b>
IDEA Preschool Grants	2002	RND	380,751	380,751	0
IDEA Grants for Infants and Families	2002	RND	436,400	436,400	0
Occupational and Employment Information	2002	RND	0	0	0
Tech-Prep State Grants	2002	RND	104,754	0	-104,754
Adult Basic and Literacy Education State Grants	2002	RND	563,975	563,975	0
Tribally Controlled Postsecondary Voc. & Tech. Institutions	2002	RND	7,366	7,366	0
IDEA Personnel Preparation	2003	RND	89,720	89,720	0
Independent Living State Grants and Centers	2003	RND	97,226	97,226	0
Federal Supplemental Educational Opportunity Grants	2003	RND	770,933	770,933	0
Federal Work-Study	2003	RND	980,354	980,354	0
Teacher Quality Enhancement	2003	RND	59,895	0	-59,895
Research in Special Education	2003	RND	71,840	71,840	0
High School Equivalency Program	2004	RND	18,550	18,550	0
College Assistance Migrant Program	2004	RND	15,377	15,377	0
Impact Aid Payments for Federal Property	2004	RND	64,350	64,350	0
Training and Advisory Services	2004	RND	7,113	7,113	0
Comprehensive Regional Assistance Centers	2004	RND	0	0	0
National Writing Project	2004	RND	21,533	0	-21,533
Teaching American History	2004	RND	119,790	50,000	-69,790
Ready to Learn Television	2004	RND	24,255	24,255	0
Parental Information and Resource Centers	2004	RND	39,600	0	-39,600
IDEA Technical Assistance and Dissemination	2004	RND	48,903	48,903	0
IDEA Parent Information Centers	2004	RND	25,704	25,704	0
Assistive Technology Alternative Financing	2004	RND	3,722	0	-3,722
Leveraging Educational Assistance Partnership	2004	RND	64,987	0	-64,987
International Education--Domestic	2004	RND	91,541	92,541	1,000

## PART Ratings for ED Programs Assessed To Date

(Dollars in thousands)

Program	Year Assessed	Rating *	FY 2006 Appropriation	FY 2007 Request	Change from 2006
Byrd Honors Scholarships	2004	RND	40,590	0	-40,590
Graduate Assistance in Areas of National Need	2004	RND	30,067	30,067	0
B.J. Stupak Olympic Scholarships	2004	RND	970	0	-970
Child Care Access Means Parents in School	2004	RND	15,810	15,810	0
Neglected and Delinquent State Agency Program	2005	RND	49,797	49,797	0
Impact Aid Basic Support/Payments for Children with Disabilities	2005	RND	1,141,333	1,141,333	0
Educational Technology State Grants	2005	RND	272,250	0	-272,250
State Grants for Innovative Programs	2005	RND	99,000	99,000	0
Physical Education Program	2005	RND	72,674	26,387	-46,287
Voc. Rehabilitation, Demonstration and Training Programs	2005	RND	6,511	6,511	0
American Printing House for the Blind	2005	RND	17,573	17,573	0
Smaller Learning Communities	2005	RND	93,531	0	-93,531
Strengthening Historically Black Colleges and Universities	2005	RND	238,095	238,095	0
Strengthening Historically Black Graduate Institutions	2005	RND	57,915	57,915	0
Developing Hispanic-Serving Institutions	2005	RND	94,914	94,914	0
<b>Subtotal, 41 Programs Results Not Demonstrated</b>			<b>6,339,669</b>	<b>5,522,760</b>	<b>-816,909</b>
<b>Total, 74 Programs Rated</b>			<b>69,616,784</b>	<b>44,452,471</b>	<b>-25,164,313</b>

\* Reflects the most recent rating for programs that were reassessed.

NOTE: A total of 74 ED programs have been assessed since 2002 using the Program Assessment Rating Tool (PART); additional programs will be rated in the future.

**TOTAL EXPENDITURES FOR  
ELEMENTARY AND SECONDARY EDUCATION IN THE U.S.<sup>1</sup>**  
(dollars in billions)

<u>Source of Funds by Level</u>	<u>2004-2005<sup>2</sup></u>		<u>2005-2006<sup>2</sup></u>	
	<u>Dollars</u>	<u>Percent</u>	<u>Dollars</u>	<u>Percent</u>
Federal <sup>3</sup> .....	\$44.3	8.3%	\$45.7	8.2%
State.....	242.0	45.4	252.8	45.5
Local .....	198.2	37.2	206.5	37.2
All Other .....	<u>48.3</u>	<u>9.1</u>	<u>50.3</u>	<u>9.1</u>
Total .....	532.7	100.0	555.3	100.0

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<sup>1</sup> Data revised from previously published figures.

<sup>2</sup> Projected.

<sup>3</sup> Includes expenditures of all Federal agencies.

NOTES: Data above may vary from data reported in other surveys of education funding. Differences can be accounted for primarily by differences among the reports in any of the following: measures of funding used, e.g., budget authority vs. expenditures; the definition of education used; agencies and institutions reporting the data; and basis of dollars reported, e.g., current vs. constant dollars. (Table prepared January 2006.)

Because of rounding, detail does not add to totals.

DEPARTMENT OF EDUCATION FISCAL YEAR 2007 PRESIDENT'S BUDGET

February 6, 2006

(in thousands of dollars)		D		2007	Change from 2006 Appropriation	
Office, Account, Program and Activity	\	2005	2006	President's	Amount	Percent
	M	Appropriation	Appropriation	Request		
<b>OFFICE OF ELEMENTARY AND SECONDARY EDUCATION (OESE)</b>						
<b>Education for the Disadvantaged</b>						
1. Grants to local educational agencies (ESEA I-A):						
(a) LEA grants formulas:						
(1) Basic grants (section 1124)						
Annual appropriation	D	5,551,270	5,329,824	5,329,824	0	0.0%
Advance for succeeding fiscal year	D	1,383,584	1,478,584	1,478,584	0	0.0%
Subtotal		6,934,854	6,808,408	6,808,408	0	0.0%
(2) Concentration grants (section 1124A)						
Annual appropriation	D	0	0	0	0	---
Advance for succeeding fiscal year	D	1,365,031	1,365,031	1,365,031	0	0.0%
Subtotal		1,365,031	1,365,031	1,365,031	0	0.0%
(3) Targeted grants (section 1125)						
Annual appropriation	D	0	0	0	0	---
Advance for succeeding fiscal year	D	2,219,843	2,269,843	2,269,843	0	0.0%
Subtotal		2,219,843	2,269,843	2,269,843	0	0.0%
(b) Education finance incentive grants formula (1125A)						
Annual appropriation	D	0	0	0	0	---
Advance for succeeding fiscal year	D	2,219,843	2,269,843	2,269,843	0	0.0%
Subtotal		2,219,843	2,269,843	2,269,843	0	0.0%
Subtotal, Grants to LEAs		12,739,571	12,713,125	12,713,125	0	0.0%
Annual appropriation	D	5,551,270	5,329,824	5,329,824	0	0.0%
Advance for succeeding fiscal year	D	7,188,301	7,383,301	7,383,301	0	0.0%
2. School improvement grants (ESEA section 1003(g))	D	0	0	200,000	200,000	---
3. Reading first:						
(a) Reading first State grants (ESEA I-B-1)						
Annual appropriation	D	846,600	1,029,234	1,029,234	0	0.0%
Advance for succeeding fiscal year	D	195,000	0	0	0	---
Subtotal		1,041,600	1,029,234	1,029,234	0	0.0%
(b) Early reading first (ESEA I-B-2)						
Subtotal, Reading first	D	104,160	103,118	103,118	0	0.0%
Subtotal, Reading first		1,145,760	1,132,352	1,132,352	0	0.0%
4. Striving readers (ESEA I-E section 1502)	D	24,800	29,700	100,000	70,300	236.7%
5. Math now for elementary school students (ESEA I-E section 1502)	D	0	0	125,000	125,000	---
6. Math now for middle school students (ESEA I-E section 1502)	D	0	0	125,000	125,000	---
7. Even start (ESEA I-B-3)	D	225,095	99,000	0	(99,000)	-100.0%
8. Literacy through school libraries (ESEA I-B-4)	D	19,683	19,486	19,486	0	0.0%

NOTE: Category Codes are as follows: D = discretionary program; M = mandatory program.

DEPARTMENT OF EDUCATION FISCAL YEAR 2007 PRESIDENT'S BUDGET

February 6, 2006

(in thousands of dollars)		D			2007	Change from 2006 Appropriation	
Office, Account, Program and Activity		\	2005	2006	President's	Amount	Percent
		M	Appropriation	Appropriation	Request		
<b>Education for the Disadvantaged (continued)</b>							
9. High school reform (ESEA V-D, Subpart 1)	D		0	0	1,475,000	1,475,000	---
10. America's opportunity scholarships for kids (ESEA I-E section 1502)	D		0	0	100,000	100,000	---
11. State agency programs:							
(a) Migrant (ESEA I-C)	D		390,428	386,524	386,524	0	0.0%
(b) Neglected and delinquent (ESEA I-D)	D		49,600	49,797	49,797	0	0.0%
Subtotal			440,028	436,321	436,321	0	0.0%
12. Comprehensive school reform (ESEA I-F)	D		205,344	7,920	0	(7,920)	-100.0%
13. Evaluation (ESEA sections 1501 and 1503)	D		9,424	9,330	9,330	0	0.0%
14. Migrant education (HEA IV-A-5):							
(a) High school equivalency program	D		18,737	18,550	18,550	0	0.0%
(b) College assistance migrant program	D		15,532	15,377	15,377	0	0.0%
Subtotal			34,269	33,927	33,927	0	0.0%
<b>Total, Appropriation</b>	D		14,843,974	14,481,161	16,469,541	1,988,380	13.7%
Total, Budget authority	D		14,843,974	14,481,161	16,469,541	1,988,380	13.7%
Current			7,460,673 <sup>1</sup>	7,097,860 <sup>1</sup>	9,086,240 <sup>1</sup>	1,988,380	28.0%
Prior year's advance			7,383,301	7,383,301	7,383,301	0	0.0%
<i>Outlays, Total</i>	D		14,635,566	14,955,315	15,708,141	752,826	5.0%

<sup>1</sup> Excludes an advance appropriation of \$7,383,301 thousand that becomes available on October 1 of the following fiscal year

DEPARTMENT OF EDUCATION FISCAL YEAR 2007 PRESIDENT'S BUDGET

February 6, 2006

(in thousands of dollars)		D		2007	Change from 2006 Appropriation	
Office, Account, Program and Activity	\	2005	2006	President's	Amount	Percent
	M	Appropriation	Appropriation	Request		
<b>Impact Aid (ESEA VIII)</b>						
1. Payments for federally connected children (section 8003):						
(a) Basic support payments (section 8003(b))	D	1,075,018	1,091,867	1,091,867	0	0.0%
(b) Payments for children with disabilities (section 8003(d))	D	49,966	49,466	49,466	0	0.0%
Subtotal		1,124,984	1,141,333	1,141,333	0	0.0%
2. Facilities maintenance (section 8008)	D	7,838	4,950	4,950	0	0.0%
3. Construction (section 8007)	D	48,544	17,820	17,820	0	0.0%
4. Payments for Federal property (section 8002)	D	62,496	64,350	64,350	0	0.0%
<b>Total</b>	<b>D</b>	<b>1,243,862</b>	<b>1,228,453</b>	<b>1,228,453</b>	<b>0</b>	<b>0.0%</b>
<i>Outlays</i>	<i>D</i>	<i>1,262,174</i>	<i>1,353,466</i>	<i>1,227,625</i>	<i>(125,841)</i>	<i>-9.3%</i>

DEPARTMENT OF EDUCATION FISCAL YEAR 2007 PRESIDENT'S BUDGET

February 6, 2006

(in thousands of dollars) Office, Account, Program and Activity	D \ M	2005	2006	2007	Change from 2006 Appropriation	
		Appropriation	Appropriation	President's Request	Amount	Percent
<b>School Improvement Programs</b>						
1. Improving teacher quality (ESEA II):						
(a) Improving teacher quality State grants (Part A)						
Annual appropriation	D	1,481,605	1,452,439	1,452,439	0	0.0%
Advance for succeeding fiscal year	D	1,435,000	1,435,000	1,435,000	0	0.0%
Subtotal		2,916,605	2,887,439	2,887,439	0	0.0%
(b) Early childhood educator professional development (Part A-5, section 2151(e))	D	14,696	14,549	14,549	0	0.0%
(c) Mathematics and science partnerships (Part B)	D	178,560	182,160	182,160	0	0.0%
2. Educational technology State grants (ESEA II-D-1 and 2)	D	496,000	272,250	0	(272,250)	-100.0%
3. 21st Century community learning centers (ESEA IV-B)	D	991,077	981,166	981,166	0	0.0%
4. State grants for innovative programs (ESEA V Part A)	D	198,400	99,000	99,000	0	0.0%
5. Javits gifted and talented education (ESEA V-D, subpart 6)	D	11,022	9,596	0	(9,596)	-100.0%
6. Foreign language assistance (ESEA V-D, subpart 9)	D	17,856	21,780	23,780	2,000	9.2%
7. State assessments (ESEA VI-A-1)	D	411,680	407,563	407,563	0	0.0%
8. Education for homeless children and youths (MVHAA Title VII-B)	D	62,496	61,871	61,871	0	0.0%
9. Education for Native Hawaiians (ESEA VII-B)	D	34,224	33,908	31,433	(2,475)	-7.3%
10. Alaska Native education equity (ESEA VII-C)	D	34,224	33,908	33,908	0	0.0%
11. Training and advisory services (CRA IV)	D	7,185	7,113	7,113	0	0.0%
12. Rural education (ESEA VI-B)	D	170,624	168,918	168,918	0	0.0%
13. Supplemental education grants (Compact of Free Association Act)	D	18,183	18,001	18,001	0	0.0%
14. Comprehensive centers (ETAA section 203)	D	56,825 <sup>1</sup>	56,257	56,257	0	0.0%
<b>Total, Appropriation</b>	<b>D</b>	<b>5,619,657</b>	<b>5,255,479 <sup>2</sup></b>	<b>4,973,158</b>	<b>(282,321)</b>	<b>-5.4%</b>
Total, Budget authority	D	5,619,657	5,255,479	4,973,158	(282,321)	-5.4%
Current		4,184,657 <sup>3</sup>	3,820,479 <sup>3</sup>	3,538,158 <sup>3</sup>	(282,321)	-7.4%
Prior year's advance		1,435,000	1,435,000	1,435,000	0	0.0%
<b>Outlays, Total</b>	<b>D</b>	<b>6,940,842</b>	<b>6,083,844</b>	<b>5,339,735</b>	<b>(744,109)</b>	<b>-12.2%</b>

<sup>1</sup> Adjusted for comparability. Includes \$3,698 thousand transferred to the Institute of Education Sciences account to cover obligations for Comprehensive Centers made under the Continuing Resolutions in effect prior to the enactment of the fiscal year 2005 appropriation on December 8, 2004.

<sup>2</sup> The FY 2006 total includes \$1 thousand due to the totaling of rounded 2006 program amounts. The FY 2006 actual total appropriation after the 1-percent across-the-board reduction is \$5,255,478 thousand.

<sup>3</sup> Excludes an advance appropriation of \$1,435,000 thousand that becomes available on October 1 of the succeeding fiscal year.

DEPARTMENT OF EDUCATION FISCAL YEAR 2007 PRESIDENT'S BUDGET

February 6, 2006

(in thousands of dollars)		D			2007	Change from 2006 Appropriation	
Office, Account, Program and Activity	\	2005	2006	2007			
	M	Appropriation	Appropriation	President's Request	Amount	Percent	
<b>Indian Education (ESEA VII)</b>							
1. Grants to local educational agencies (Part A-1)	D	95,165	95,331	95,331	0	0.0%	
2. Special programs for Indian children (Part A-2)	D	19,595	19,399	19,399	0	0.0%	
3. National activities (Part A-3)	D	5,129	3,960	3,960	0	0.0%	
<b>Total</b>	<b>D</b>	<b>119,889</b>	<b>118,690</b>	<b>118,690</b>	<b>0</b>	<b>0.0%</b>	
<b>Outlays</b>	<b>D</b>	<b>121,911</b>	<b>126,132</b>	<b>118,294</b>	<b>(7,838)</b>	<b>-6.2%</b>	
<b>Education Reform Outlays</b>							
	D	(35,031)	(64,194)	0	64,194	-100.0%	
<b>Reading Excellence Outlays</b>							
	D	41,513	19,599	0	(19,599)	-100.0%	
<b>Chicago Litigation Settlement Outlays</b>							
	D	578	121	121	0	0.0%	
TOTAL APPROPRIATION, OESE		21,827,382	21,083,783	22,789,842	1,706,059	8.1%	
TOTAL BUDGET AUTHORITY, OESE		21,827,382 <sup>1</sup>	21,083,783 <sup>1</sup>	22,789,842 <sup>1</sup>	1,706,059	8.1%	

<sup>1</sup> Excludes advance appropriations totalling \$8,818,301 thousand that become available on October 1 of the following fiscal year.

DEPARTMENT OF EDUCATION FISCAL YEAR 2007 PRESIDENT'S BUDGET

February 6, 2006

(in thousands of dollars) Office, Account, Program and Activity	D \ M	2006		2007	Change from 2006 Appropriation	
		2005 Appropriation	2006 Appropriation	2007 President's Request	Amount	Percent
<b>OFFICE OF INNOVATION AND IMPROVEMENT (OII)</b>						
<b><i>Innovation and Improvement</i></b>						
1. Recruiting and training high quality teachers and principals:						
(a) Teacher incentive fund (ESEA V-D-1)	D	0	99,000	99,000	0	0.0%
(b) Troops-to-teachers (ESEA II-C-1-A)	D	14,793	14,645	14,645	0	0.0%
(c) Transition to teaching (ESEA II-C-1-B)	D	44,933	44,484	44,484	0	0.0%
(d) National writing project (ESEA II-C-2)	D	20,336	21,533	0	(21,533)	-100.0%
(e) Teaching American history (ESEA II-C-4)	D	119,040	119,790	50,000	(69,790)	-58.3%
(f) School leadership (ESEA section 2151(b))	D	14,880	14,731	0	(14,731)	-100.0%
(g) Advanced credentialing (ESEA section 2151(c))	D	16,864	16,695	8,000	(8,695)	-52.1%
2. School choice and flexibility (ESEA Title V):						
(a) Charter schools grants (Part B-1)	D	216,952	214,782	214,782	0	0.0%
(b) Credit enhancement for charter school facilities (Part B-2)	D	36,981	36,611	36,611	0	0.0%
(c) Voluntary public school choice (Part B-3)	D	26,543	26,278	26,278	0	0.0%
(d) Magnet schools assistance (Part C)	D	107,771	106,693	106,693	0	0.0%
3. Advanced placement (ESEA I-G)	D	29,760	32,175	122,175	90,000	279.7%
4. School dropout prevention (ESEA I-H)	D	4,930	4,851	0	(4,851)	-100.0%
5. Close Up fellowships (ESEA section 1504)	D	1,469	1,454	0	(1,454)	-100.0%
6. Ready-to-learn television (ESEA II-D-3)	D	23,312	24,255	24,255	0	0.0%
7. Academies for American history and civics (American History and Civics Education Act)	D	0	1,980	0	(1,980)	-100.0%
8. FIE programs of national significance (ESEA V-D, subpart 1)	D	257,114	11,668	39,000	27,332	234.2%
9. National mathematics panel (ESEA V-D, subpart 1)	D	0	0	10,000	10,000	---
10. Evaluation of mathematics and science education (ESEA V-D, subpart 1)	D	0	0	5,000	5,000	---
11. Adjunct teacher corps (ESEA V-D, subpart 1)	D	0	0	25,000	25,000	---
12. Reading is fundamental/Inexpensive book distribution (ESEA V-D, subpart 5)	D	25,296	25,043	25,043	0	0.0%
13. Star schools (ESEA V-D, subpart 7)	D	20,832	14,850	0	(14,850)	-100.0%
14. Ready to teach (ESEA V-D, subpart 8)	D	14,291	10,890	0	(10,890)	-100.0%
15. Exchanges with historic whaling and trading partners (ESEA V-D, subpart 12)	D	8,630	8,910	0	(8,910)	-100.0%
16. Excellence in economic education (ESEA V-D, subpart 13)	D	1,488	1,473	0	(1,473)	-100.0%
17. Mental health integration in schools (ESEA V-D, subpart 14, section 5541)	D	4,960	4,910	0	(4,910)	-100.0%
18. Foundations for learning (ESEA V-D, subpart 14, section 5542)	D	992	982	0	(982)	-100.0%
19. Arts in education (ESEA V-D, subpart 15)	D	35,633	35,277	0	(35,277)	-100.0%
20. Parental information and resource centers (ESEA V-D, subpart 16)	D	41,886	39,600	0	(39,600)	-100.0%
21. Women's educational equity (ESEA V-D, subpart 21)	D	2,956	2,926	0	(2,926)	-100.0%
<b>Total</b>	<b>D</b>	<b>1,092,642</b>	<b>936,486 <sup>1</sup></b>	<b>850,966</b>	<b>(85,520)</b>	<b>-9.1%</b>
<i>Outlays</i>	<i>D</i>	<i>538,374</i>	<i>1,205,272</i>	<i>1,014,797</i>	<i>(190,475)</i>	<i>-15.8%</i>
<b>TOTAL, OII</b>		<b>1,092,642</b>	<b>936,486</b>	<b>850,966</b>	<b>(85,520)</b>	<b>-9.1%</b>

<sup>1</sup> The FY 2006 total excludes \$2 thousand due to the totaling of rounded 2006 program amounts. The FY 2006 actual total appropriation after the 1-percent across-the-board reduction is \$936,488 thousand.

DEPARTMENT OF EDUCATION FISCAL YEAR 2007 PRESIDENT'S BUDGET

February 6, 2006

(in thousands of dollars)		D			2007	Change from 2006 Appropriation	
Office, Account, Program and Activity	\	2005	2006	2007	Change from 2006	Appropriation	
	M	Appropriation	Appropriation	President's Request		Amount	Percent
<b>OFFICE OF SAFE AND DRUG-FREE SCHOOLS (OSDFS)</b>							
<b>Safe Schools and Citizenship Education</b>							
1. Safe and drug-free schools and communities (ESEA IV-A):							
(a) State grants (Subpart 1)	D	437,381	346,500	0	(346,500)	-100.0%	
(b) National programs (Subpart 2)							
(1) Alcohol abuse reduction (section 4129)	D	32,736	32,409	0	(32,409)	-100.0%	
(2) Mentoring program (section 4130)	D	48,219 <sup>1</sup>	48,814	19,000	(29,814)	-61.1%	
(3) Other national programs (sections 4121 and 4122)	D	153,625 <sup>1</sup>	141,112	196,992	55,880	39.6%	
Subtotal, National programs		234,580	222,335	215,992	(6,343)	-2.9%	
Subtotal		671,961	568,835	215,992	(352,843)	-62.0%	
2. Character education (ESEA V-D, subpart 3)							
3. Elementary and secondary school counseling (ESEA V-D, subpart 2)	D	24,493	24,248	24,248	0	0.0%	
4. Physical education program (ESEA V-D, subpart 10)	D	34,720	34,650	0	(34,650)	-100.0%	
5. Civic education (ESEA II, Part C-3):	D	73,408	72,674	26,387	(46,287)	-63.7%	
(1) We the People (section 2344)							
(2) Cooperative education exchange (section 2345)	D	17,211	17,039	0	(17,039)	-100.0%	
Subtotal	D	12,194	12,072	0	(12,072)	-100.0%	
Subtotal		29,405	29,111	0	(29,111)	-100.0%	
6. Literacy programs for prisoners (NLA, section 601)							
	D	4,960	0	0	0	---	
<b>Total, Appropriation</b>	<b>D</b>	<b>838,947 <sup>2</sup></b>	<b>729,518 <sup>3</sup></b>	<b>266,627</b>	<b>(462,891)</b>	<b>-63.5%</b>	
<i>Outlays, Total</i>	<i>D</i>	<i>396,784</i>	<i>845,629</i>	<i>803,757</i>	<i>(41,872)</i>	<i>-5.0%</i>	
<b>TOTAL, OSDFS</b>		<b>838,947</b>	<b>729,518</b>	<b>266,627</b>	<b>(462,891)</b>	<b>-63.5%</b>	

<sup>1</sup> Reflects a reprogramming of \$1,088 thousand from the Mentoring Program to Other National Programs.

<sup>2</sup> Adjusted for comparability. Excludes \$21,824 thousand for State Grants for Incarcerated Youth Offenders, which is funded in fiscal year 2006 in the Vocational and Adult Education account.

<sup>3</sup> The FY 2006 total includes \$1 thousand due to the totaling of rounded 2006 program amounts. The FY 2006 actual total appropriation after the 1-percent across-the-board reduction is \$729,517 thousand.

DEPARTMENT OF EDUCATION FISCAL YEAR 2007 PRESIDENT'S BUDGET

February 6, 2006

(in thousands of dollars)	D \ M	2005 Appropriation	2006 Appropriation	2007 President's Request	<u>Change from 2006 Appropriation</u>	
Office, Account, Program and Activity					<u>Amount</u>	<u>Percent</u>
<b>OFFICE OF ENGLISH LANGUAGE ACQUISITION</b>						
<b><i>English Language Acquisition (ESEA III)</i></b>						
1. Language acquisition State grants (Part A)	D	675,765	669,007	669,007	0	0.0%
Outlays	D	667,485	816,289	617,062	(199,227)	-24.4%
TOTAL, OELA		675,765	669,007	669,007	0	0.0%

DEPARTMENT OF EDUCATION FISCAL YEAR 2007 PRESIDENT'S BUDGET

February 6, 2006

(in thousands of dollars)	D \ M	2005 Appropriation	2006 Appropriation	2007 President's Request	Change from 2006 Appropriation	
Office, Account, Program and Activity					Amount	Percent
<b>OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES (OSERS)</b>						
<b>Special Education (IDEA)</b>						
1. State grants:						
(a) Grants to States (Part B-611):						
Annual appropriation	D	5,176,746	5,158,761	4,467,761	(691,000)	-13.4%
Advance for succeeding fiscal year	D	5,413,000	5,424,200	6,215,200	791,000	14.6%
Subtotal		10,589,746	10,582,961	10,682,961	100,000	0.9%
(b) Preschool grants (Part B-619)	D	384,597	380,751	380,751	0	0.0%
(c) Grants for infants and families (Part C)	D	440,808	436,400	436,400	0	0.0%
Subtotal, State grants		11,415,151	11,400,112	11,500,112	100,000	0.9%
2. National activities (Part D):						
(a) State personnel grants (Subpart 1)	D	50,653	50,146	0	(50,146)	-100.0%
(b) Technical assistance and dissemination (section 663)	D	52,396	48,903	48,903	0	0.0%
(c) Personnel preparation (section 662)	D	90,626	89,720	89,720	0	0.0%
(d) Parent information centers (sections 671-673)	D	25,964	25,704	25,704	0	0.0%
(e) Technology and media services (section 674)	D	38,816	38,428	31,063	(7,365)	-19.2%
(f) Special education-Vocational rehabilitation transition initiative (section 663)	D	0	0	2,000	2,000	---
Subtotal		258,455	252,901	197,390	(55,511)	-21.9%
<b>Total, Appropriation</b>	<b>D</b>	<b>11,673,606</b>	<b>11,653,013</b>	<b>11,697,502</b>	<b>44,489</b>	<b>0.4%</b>
Total, Budget authority	D	11,673,606	11,641,813	10,906,502	(735,311)	-6.3%
Current		6,260,606 <sup>1</sup>	6,228,813 <sup>2</sup>	5,482,302 <sup>3</sup>	(746,511)	-12.0%
Prior year's advance		5,413,000	5,413,000	5,424,200	11,200	0.2%
Outlays, Total	D	10,940,312	10,712,573	11,525,177	812,604	7.6%

<sup>1</sup> Excludes an advance appropriation of \$5,413,000 thousand that becomes available on October 1 of fiscal year 2006.

<sup>2</sup> Excludes an advance appropriation of \$5,424,200 thousand that becomes available on October 1 of fiscal year 2007.

<sup>3</sup> Excludes an advance appropriation of \$6,215,200 thousand that becomes available on October 1 of fiscal year 2008.

DEPARTMENT OF EDUCATION FISCAL YEAR 2007 PRESIDENT'S BUDGET

February 6, 2006

(in thousands of dollars)		D	2007		Change from 2006 Appropriation	
Office, Account, Program and Activity	\	2005	2006	President's	Amount	Percent
	M	Appropriation	Appropriation	Request		
<b>Rehabilitation Services and Disability Research</b>						
1. Vocational rehabilitation State grants:						
(a) Grants to States (RA I Part A, sections 110 and 111)	M	2,603,845	2,687,168	2,802,716	115,548	4.3%
(b) Grants to Indians (RA I-C)	M	32,000	33,024	34,444	1,420	4.3%
Subtotal		2,635,845	2,720,192	2,837,160	116,968	4.3%
Discretionary	D	0	0	0	0	--
Mandatory baseline	M	2,635,845	2,720,192	2,837,160	116,968	4.3%
2. Client assistance State grants (RA section 112)	D	11,901	11,782	11,782	0	0.0%
3. Training (RA section 302)	D	38,826	38,438	38,438	0	0.0%
4. Demonstration and training programs (RA section 303)	D	25,607	6,511	6,511	0	0.0%
5. Migrant and seasonal farmworkers (RA section 304)	D	2,302	2,279	0	(2,279)	-100.0%
6. Recreational programs (RA section 305)	D	2,543	2,518	0	(2,518)	-100.0%
7. Protection and advocacy of individual rights (RA section 509)	D	16,656	16,489	16,489	0	0.0%
8. Projects with industry (RA VI-A)	D	21,625	19,538	0	(19,538)	-100.0%
9. Supported employment State grants (RA VI-B)	D	37,379	29,700	0	(29,700)	-100.0%
10. Independent living (RA VII):						
(a) State grants (Chapter 1, Part B)	D	22,816	22,588	22,588	0	0.0%
(b) Centers (Chapter 1, Part C)	D	75,392	74,638	74,638	0	0.0%
(c) Services for older blind individuals (Chapter 2)	D	33,227	32,895	32,895	0	0.0%
11. Program improvement (RA section 12(a))	D	843	835	835	0	0.0%
12. Evaluation (RA section 14)	D	1,488	1,473	1,473	0	0.0%
13. Helen Keller National Center for Deaf-Blind Youths and Adults (HKNCA)	D	10,581	8,511	8,511	0	0.0%
14. National Institute on Disability and Rehabilitation Research (RA II)	D	107,783	106,705	106,705	0	0.0%
15. Assistive technology (ATA):						
(a) Assistive technology programs (sections 4, 5 and 6)	D	25,737	26,730	22,389	(4,341)	-16.2%
(b) Alternative financing (section 4(b)(2)(D))	D	4,023	3,722	0	(3,722)	-100.0%
Subtotal		29,760	30,452	22,389	(8,063)	-26.5%
Subtotal		438,729	405,352	343,254	(62,098)	-15.3%
<b>Total</b>		<b>3,074,574</b>	<b>3,125,544</b>	<b>3,180,414</b>	<b>54,870</b>	<b>1.8%</b>
Discretionary	D	438,729	405,352	343,254	(62,098)	-15.3%
Mandatory	M	2,635,845	2,720,192	2,837,160	116,968	4.3%
<i>Outlays, Total</i>		<i>2,973,346</i>	<i>3,468,675</i>	<i>3,182,123</i>	<i>(286,552)</i>	<i>-8.3%</i>
Discretionary	D	438,508	738,220	385,471	(352,749)	-47.8%
Mandatory	M	2,534,838	2,730,455	2,796,652	66,197	2.4%

DEPARTMENT OF EDUCATION FISCAL YEAR 2007 PRESIDENT'S BUDGET

February 6, 2006

(in thousands of dollars)		D			2007	Change from 2006 Appropriation	
Office, Account, Program and Activity		\	2005	2006	President's	Amount	Percent
		M	Appropriation	Appropriation	Request		
<b>American Printing House for the Blind (20 U.S.C. 101 et seq.)</b>		D	16,864	17,573	17,573	0	0.0%
Outlays		D	16,538	21,595	17,742	(3,853)	-17.8%
<b>National Technical Institute for the Deaf (EDA I-B and section 207)</b>							
1. Operations		D	53,672	55,349	55,349	0	0.0%
2. Construction		D	1,672	792	0	(792)	-100.0%
<b>Total</b>		D	55,344	56,141	55,349	(792)	-1.4%
Outlays		D	53,751	53,475	55,963	2,488	4.7%
<b>Gallaudet University (EDA I-A and section 207)</b>		D					
1. Operations		D	104,557	106,998	106,998	0	0.0%
2. Evaluation		D	0	0	600	600	---
<b>Total</b>		D	104,557	106,998	107,598	600	0.6%
Outlays		D	104,557	100,578	107,562	6,984	6.9%
Total, Special Institutions for Persons with Disabilities			176,765	180,712	180,520	(192)	-0.1%
TOTAL APPROPRIATION, OSERS			14,924,945	14,959,269	15,058,436	99,167	0.7%
Discretionary		D	12,289,100	12,239,077	12,221,276	(17,801)	-0.1%
Mandatory		M	2,635,845	2,720,192	2,837,160	116,968	4.3%
TOTAL BUDGET AUTHORITY, OSERS			14,924,945	14,948,069	14,267,436	(680,633)	-4.6%
Discretionary		D	12,289,100 <sup>1</sup>	12,227,877 <sup>2</sup>	11,430,276 <sup>3</sup>	(797,601)	-6.5%
Mandatory		M	2,635,845	2,720,192	2,837,160	116,968	4.3%

<sup>1</sup> Excludes an advance appropriation of \$5,413,000 thousand that becomes available on October 1 of fiscal year 2006.

<sup>2</sup> Excludes an advance appropriation of \$5,424,200 thousand that becomes available on October 1 of fiscal year 2007.

<sup>3</sup> Excludes an advance appropriation of \$6,215,200 thousand that becomes available on October 1 of fiscal year 2008.

DEPARTMENT OF EDUCATION FISCAL YEAR 2007 PRESIDENT'S BUDGET

February 6, 2006

(in thousands of dollars)		D			2007	Change from 2006 Appropriation	
Office, Account, Program and Activity		\	2005	2006	President's	Amount	Percent
		M	Appropriation	Appropriation	Request		
<b>OFFICE OF VOCATIONAL AND ADULT EDUCATION (OVAE)</b>							
<b>Vocational and Adult Education</b>							
1. Vocational education (Carl D. Perkins VTEA):							
(a) State grants (VTEA Title I and WIA section 503):							
Annual appropriation	D	403,331	391,388	0	(391,388)	-100.0%	
Advance for succeeding fiscal year	D	791,000	791,000	0	(791,000)	-100.0%	
Subtotal		1,194,331	1,182,388	0	(1,182,388)	-100.0%	
(b) National programs (section 114)	D	11,757	9,164	0	(9,164)	-100.0%	
(c) Occupational and employment information (section 118)	D	9,307	0	0	0	---	
(d) Tech-prep education State grants (Title II)	D	105,812	104,754	0	(104,754)	-100.0%	
(e) Tech-prep demonstration (section 207)	D	4,900	0	0	0	---	
Subtotal, Vocational and technical education		1,326,107	1,296,306	0	(1,296,306)	-100.0%	
2. Adult education (Adult Education and Family Literacy Act):							
(a) Adult basic and literacy education State grants (AEFLA and WIA section 503)	D	569,672	563,975	563,975	0	0.0%	
(b) National leadership activities (AEFLA section 243)	D	9,096	9,005	9,005	0	0.0%	
(c) National Institute for Literacy (AEFLA section 242)	D	6,638	6,572	6,572	0	0.0%	
Subtotal, Adult education		585,406	579,552	579,552	0	0.0%	
3. Smaller learning communities (ESEA V-D, subpart 4)	D	94,476	93,531	0	(93,531)	-100.0%	
4. Community technology centers (ESEA V-D, subpart 11)	D	4,960	0	0	0	---	
5. State grants for incarcerated youth offenders (HE Amendments of 1998, VIII-D)	D	21,824 <sup>1</sup>	22,770	0	(22,770)	-100.0%	
<b>Total, Appropriation</b>	D	<b>2,032,773</b>	<b>1,992,159</b>	<b>579,552</b>	<b>(1,412,607)</b>	<b>-70.9%</b>	
Total, Budget authority	D	2,032,773	1,992,159	1,370,552	(621,607)	-31.2%	
Current		1,241,773 <sup>2</sup>	1,201,159 <sup>2</sup>	579,552	(621,607)	-51.8%	
Prior year's advance		791,000	791,000	791,000	0	0.0%	
Outlays	D	1,967,086	2,069,929	1,936,526	(133,403)	-6.4%	
TOTAL APPROPRIATION, OVAE		2,032,773	1,992,159	579,552	(1,412,607)	-70.9%	
TOTAL BUDGET AUTHORITY, OVAE		2,032,773 <sup>2</sup>	1,992,159 <sup>2</sup>	1,370,552	(621,607)	-31.2%	

<sup>1</sup> Adjusted for comparability. Funds were appropriated in the Safe Schools and Citizenship Education account.

<sup>2</sup> Excludes an advance appropriation of \$791,000 thousand that becomes available on October 1 of the succeeding fiscal year.

DEPARTMENT OF EDUCATION FISCAL YEAR 2007 PRESIDENT'S BUDGET

February 6, 2006

(in thousands of dollars)		D			2007	Change from 2006 Appropriation	
Office, Account, Program and Activity		\	2005	2006	President's	Amount	Percent
		M	Appropriation	Appropriation	Request		
<b>FEDERAL STUDENT AID (FSA)</b>							
<b>Student Financial Assistance</b>							
1. Federal Pell grants (HEA IV-A-1):							
(a) Pell grants at \$4,050 maximum award	D	12,364,997	13,045,230	12,738,770	(306,460)	-2.3%	
(b) Retirement of current year shortfall (proposed legislation)	M	0	4,300,000	0	(4,300,000)	-100.0%	
Subtotal, Appropriation		12,364,997	17,345,230	12,738,770	(4,606,460)	-26.6%	
Subtotal, Discretionary	D	12,364,997	13,045,230	12,738,770	(306,460)	-2.3%	
Subtotal, Mandatory	M	0	4,300,000	0	(4,300,000)	-100.0%	
Prior-year funding surplus/shortfall (non-add)	D	(3,801,682)	(4,056,685)	273,230			
Current-year funding surplus/shortfall (non-add)	D	4,056,685	(273,230)	0			
Excess funds from shortfall retirement (non-add)	M	0	243,315	0	(243,315)	-100.0%	
Total, Program costs (non-add)		12,620,000	12,772,000	13,012,000	240,000	1.9%	
Maximum award (in whole dollars)		\$4,050	\$4,050	\$4,050	0	0.0%	
Recipients (in thousands)		5,129	5,213	5,272	59	1.1%	
2. Campus-based programs:							
(a) Federal supplemental educational opportunity grants (HEA IV-A-3)	D	778,720	770,933	770,933	0	0.0%	
(b) Federal work-study (HEA IV-C)	D	990,257	980,354	980,354	0	0.0%	
(c) Federal Perkins loan cancellations (HEA IV-E)	D	66,132	65,471	0	(65,471)	-100.0%	
Subtotal, Campus-based programs		1,835,109	1,816,758	1,751,287	(65,471)	-3.6%	
3. Leveraging educational assistance partnership (HEA IV-A-4)							
	D	65,643 <sup>1</sup>	64,987 <sup>1</sup>	0	(64,987)	-100.0%	
<b>Total</b>	<b>D</b>	<b>14,265,749</b>	<b>19,226,975 <sup>2</sup></b>	<b>14,490,057</b>	<b>(4,736,918)</b>	<b>-24.6%</b>	
Discretionary		14,265,749	14,926,975	14,490,057	(436,918)	-2.9%	
Mandatory		0	4,300,000	0	(4,300,000)	-100.0%	
Outlays, Total		15,090,172	13,979,751	14,472,677	492,926	3.5%	
Discretionary	D	15,090,172	13,979,751	14,472,677	492,926	3.5%	
Mandatory	M	0	0	0	0	---	

<sup>1</sup> Includes \$35,643 thousand in fiscal year 2005 and \$34,987 thousand in fiscal year 2006 for Special LEAP, pursuant to HEA Section 415A(b)(2) which states that when the appropriation for LEAP exceeds \$30,000 thousand, the excess shall be reserved to carry out Special LEAP, authorized under HEA Section 415E.

<sup>2</sup> The FY 2006 total includes \$1 thousand due to the totaling of rounded 2006 program accounts. The FY 2006 actual total appropriation after the 1-percent across-the-board reduction is \$19,226,974 thousand.

DEPARTMENT OF EDUCATION FISCAL YEAR 2007 PRESIDENT'S BUDGET

February 6, 2006

(in thousands of dollars)		D			2007	Change from 2006 Appropriation	
Office, Account, Program and Activity		\	2005	2006	President's	Amount	Percent
		M	Appropriation	Appropriation	Request		
<b>Academic Competitiveness</b>							
1. Academic competitiveness and SMART grants (HEA IV, subpart 1, section 401A)	M	0	790,000	850,000	60,000	7.6%	
Recipients (in thousands)		0	535	600	65	12.1%	
Outlays	M	0	189,600	788,600	599,000	315.9%	
<b>Student Aid Administration</b>							
1. Student aid administration (HEA I-D and IV-D, section 458):	D	119,084	118,800	733,720 <sup>2</sup>	614,920	517.6%	
2. Prior mandatory Federal administration (HEA IV-D section 458):							
(a) Federal administration	M	600,000 <sup>3</sup>	600,000 <sup>3</sup>	0	(600,000)	-100.0%	
<b>Total</b>		719,084	718,800	733,720	14,920	2.1%	
Discretionary	D	119,084	118,800	733,720	614,920	517.6%	
Mandatory	M	600,000	600,000	0	(600,000)	-100.0%	
Outlays	D	666,520	632,163	692,955	60,792	9.6%	

<sup>1</sup> Assumes enactment of the Higher Education Reconciliation Act of 2005 (Title VIII-A of the Deficit Reduction Act of 2005)

<sup>2</sup> Assumes enactment of the Higher Education Reconciliation Act of 2005 (Title VIII-A of the Deficit Reduction Act of 2005), which reauthorizes HEA section 458 and requires the Congress, beginning in fiscal year 2007, to appropriate discretionary funds for Federal administrative costs, which were formerly available as mandatory funds.

<sup>3</sup> Adjusted for comparability. Funds were provided in the Federal Direct Student Loans Program Account.

DEPARTMENT OF EDUCATION FISCAL YEAR 2007 PRESIDENT'S BUDGET

February 6, 2006

(in thousands of dollars)		D			2007	Change from 2006 Appropriation	
Office, Account, Program and Activity		\	2005	2006	President's	Amount	Percent
		M	Appropriation	Appropriation	Request		
<b>Federal Direct Student Loan Program Account</b>							
1. New loan subsidies (HEA IV-B)	M	1,071,040	598,897	40,855	(558,042)	93.2%	
2. Reestimate of existing loans	M	1,228,912	4,147,171	0	(4,147,171)	-100.0%	
3. Modification of existing loans	M	49,172	7,291	0	(7,291)	-100.0%	
Subtotal, loan subsidies		2,349,124 <sup>1</sup>	4,753,359 <sup>1</sup>	40,855 <sup>1</sup>	(4,712,504)	99.1%	
4. Federal administration (HEA IV-D section 458):							
(a) Federal administration	M	0 <sup>2</sup>	0 <sup>2</sup>	0	0	---	
(b) Payments for services to guaranty agencies	M	195,000 <sup>3</sup>	220,000 <sup>3</sup>	0	(220,000)	-100.0%	
Subtotal, Federal administration		195,000	220,000	0	(220,000)	-100.0%	
<b>Total</b>	<b>M</b>	<b>2,544,124</b>	<b>4,973,359</b>	<b>40,855</b>	<b>(4,932,504)</b>	<b>99.2%</b>	
<i>Outlays, Total</i>	<i>M</i>	<i>2,666,189</i>	<i>4,993,944</i>	<i>117,687</i>	<i>(4,876,257)</i>	<i>97.6%</i>	
<i>Federal administration</i>	<i>M</i>	<i>386,025</i>	<i>202,465</i>	<i>55,000</i>	<i>(147,465)</i>	<i>-72.8%</i>	
<i>Loan subsidies--mandatory</i>	<i>M</i>	<i>2,280,164</i>	<i>4,791,479</i>	<i>62,687</i>	<i>(4,728,792)</i>	<i>98.7%</i>	
<b>Federal Family Education Loan Program Account (HEA IV-B)</b>							
1. New loan subsidies	M	11,129,929	9,839,168	6,125,261 <sup>3</sup>	(3,713,907)	-37.7%	
2. Reestimate of existing loans	M	1,043,588	7,298,135	0	(7,298,135)	-100.0%	
3. Modification of existing loans	M	147,516	1,709,540	0	(1,709,540)	-100.0%	
<b>Total, FFEL Program Account</b>		<b>12,321,033 <sup>1</sup></b>	<b>18,846,843 <sup>1</sup></b>	<b>6,125,261 <sup>1</sup></b>	<b>(12,721,582)</b>	<b>-67.5%</b>	
<i>Outlays, Total</i>	<i>M</i>	<i>11,564,597</i>	<i>18,244,934</i>	<i>5,340,154</i>	<i>(12,904,780)</i>	<i>-70.7%</i>	
<b>Federal Family Education Loans Liquidating Account (HEA IV-B)</b>							
1. Pre-1992 student loans	M	(627,993)	(861,403)	(821,573)	39,830	4.6%	
<i>Outlays</i>	<i>M</i>	<i>(938,979)</i>	<i>(861,403)</i>	<i>(821,573)</i>	<i>39,830</i>	<i>4.6%</i>	

<sup>1</sup> Assumes enactment of the Higher Education Reconciliation Act of 2005 (Title VIII-A of the Deficit Reduction Act of 2005)

<sup>2</sup> Adjusted for comparability. Excludes mandatory funds of \$600,000 thousand in fiscal years 2005 and 2006 for Federal administration costs, which are requested in fiscal year 2007 as discretionary funds in the Student Aid Administration account.

<sup>3</sup> Assumes enactment of the Higher Education Reconciliation Act of 2005 (Title VIII-A of the Deficit Reduction Act of 2005), which reauthorizes HEA section 458 and continue mandatory funds for account maintenance fees for guaranty agencies.

DEPARTMENT OF EDUCATION FISCAL YEAR 2007 PRESIDENT'S BUDGET

February 6, 2006

(in thousands of dollars)		D			2007	Change from 2006 Appropriation	
Office, Account, Program and Activity		\	2005	2006	President's		
		M	Appropriation	Appropriation	Request	Amount	Percent
<b>Federal Student Loan Reserve Fund (HEA IV-B section 422A)</b>							
Outlays	M	151,852 <sup>1</sup>	26,536 <sup>1</sup>	(380,987) <sup>1</sup>	(407,523)	-1535.7%	
TOTAL, FSA		29,221,997	43,694,574	21,418,320	(22,276,254)	-51.0%	
Total, Discretionary	D	14,384,833	15,045,775	15,223,777	178,002	1.2%	
Total, Mandatory	M	14,837,164	28,648,799	6,194,543	(22,454,256)	-78.4%	

<sup>1</sup> Assumes enactment of the Higher Education Reconciliation Act of 2005 (Title VIII-A of the Deficit Reduction Act of 2005).

DEPARTMENT OF EDUCATION FISCAL YEAR 2007 PRESIDENT'S BUDGET

February 6, 2006

(in thousands of dollars) Office, Account, Program and Activity	D M	2006		2007	Change from 2006 Appropriation	
		2005 Appropriation	Appropriation	President's Request	Amount	Percent
<b>OFFICE OF POSTSECONDARY EDUCATION (OPE)</b>						
<b>Higher Education</b>						
1. Aid for institutional development (HEA III):						
(a) Strengthening institutions (Part A, section 311)	D	80,338	79,535	79,535	0	0.0%
(b) Strengthening tribally controlled colleges and universities (Part A, section 316)	D	23,808	23,570	23,570	0	0.0%
(c) Strengthening Alaska Native and Native Hawaiian-serving institutions (Part A, section 317)	D	11,904	11,785	9,200	(2,585)	-21.9%
(d) Strengthening HBCUs (Part B, section 323)	D	238,576	238,095	238,095	0	0.0%
(e) Strengthening historically black graduate institutions (Part B, section 326)	D	58,032	57,915	57,915	0	0.0%
(f) Minority science and engineering improvement (Part E-1)	D	8,818	8,730	8,730	0	0.0%
Subtotal		421,476	419,630	417,045	(2,585)	-0.6%
2. Other aid for institutions:						
(a) Developing Hispanic-serving institutions (HEA V)	D	95,106	94,914	94,914	0	0.0%
(b) International education and foreign language studies:						
(1) Domestic programs (HEA VI-A and B)	D	92,466	91,541	92,541	1,000	1.1%
(2) Overseas programs (MECEA section 102(b)(6))	D	12,737	12,610	12,610	0	0.0%
(3) Institute for International Public Policy (HEA VI-C)	D	1,616	1,600	1,600	0	0.0%
Subtotal		106,819	105,751	106,751	1,000	0.9%
(c) Fund for the Improvement of Postsecondary Education (HEA VII-B)	D	162,108 <sup>1</sup>	21,989	21,989	0	0.0%
(d) Demonstration projects to ensure quality higher education for students with disabilities (HEA VII-D)	D	6,944	6,875	0	(6,875)	-100.0%
(e) Interest subsidy grants (HEA section 121)	D	1,488	0	0	0	---
(f) Tribally controlled postsecondary vocational and technical institutions (VTEA section 117)	D	7,440	7,366	7,366	0	0.0%
3. Assistance for students:						
(a) Federal TRIO programs (HEA IV-A-2, Chapter 1)	D	836,543	828,178	380,100	(448,078)	-54.1%
(b) Gaining early awareness and readiness for undergraduate programs (GEAR UP) (HEA IV-A-2, Chapter 2)	D	306,488	303,423	0	(303,423)	-100.0%
(c) Scholarships and fellowships:						
(1) Byrd honors scholarships (HEA IV-A-6)	D	40,672	40,590	0	(40,590)	-100.0%
(2) Javits fellowships (HEA VII-A-1)	D	9,797	9,699	9,699	0	0.0%
(3) Graduate assistance in areas of national need (HEA VII-A-2)	D	30,371	30,067	30,067	0	0.0%
(4) Thurgood Marshall legal educational opportunity program (HEA VII-A-3)	D	2,976	2,946	0	(2,946)	-100.0%
(5) B.J. Stupak Olympic scholarships (HE Amendments of 1992, section 1543)	D	980	970	0	(970)	-100.0%
(d) Child care access means parents in school (HEA IV-A-7)	D	15,970	15,810	15,810	0	0.0%
4. Teacher quality enhancement (HEA II-A)	D	68,337	59,895	0	(59,895)	-100.0%
5. GPRA data/HEA program evaluation (Department of Education Appropriations Act)	D	980	970	970	0	0.0%
6. Underground railroad program (HE Amendments of 1998, VIII-H)	D	2,204	1,980	0	(1,980)	-100.0%
7. Advancing America through foreign language partnerships	D	0	0	24,000	24,000	---
<b>Total</b>	<b>D</b>	<b>2,116,699</b>	<b>1,951,053 <sup>2</sup></b>	<b>1,108,711</b>	<b>(842,342)</b>	<b>-43.2%</b>
<b>Outlays</b>	<b>D</b>	<b>2,053,288</b>	<b>2,191,870</b>	<b>1,983,290</b>	<b>(208,580)</b>	<b>-9.5%</b>

<sup>1</sup> Reflects a rescission of \$496 thousand in Department of Education funds pursuant to section 6047 of the Emergency Supplemental Appropriations Act for Defense the Global War on Terror, and Tsunami Relief, 2005.

<sup>2</sup> The FY 2006 total includes \$1 thousand due to the totaling of rounded 2006 program amounts. The FY 2006 actual total appropriation after the 1-percent across-the-board reduction is \$1,951,052.

DEPARTMENT OF EDUCATION FISCAL YEAR 2007 PRESIDENT'S BUDGET

February 6, 2006

(in thousands of dollars)		D			2007	Change from 2006 Appropriation	
Office, Account, Program and Activity	\	2005	2006	2007			
	M	Appropriation	Appropriation	President's Request	Amount	Percent	
<b>Howard University</b>							
1. Howard University Hospital (20 U.S.C. 128)	D	29,759	29,461	29,461	0	0.0%	
2. General support (20 U.S.C. 121 et seq.)	D	209,030	207,931	207,931	0	0.0%	
<b>Total</b>	<b>D</b>	<b>238,789</b>	<b>237,392</b>	<b>237,392</b>	<b>0</b>	<b>0.0%</b>	
<i>Outlays</i>	<i>D</i>	<i>235,266</i>	<i>229,799</i>	<i>237,816</i>	<i>8,017</i>	<i>3.5%</i>	
<b>College Housing and Academic Facilities Loans Program Account (HEA section 121)</b>							
1. Federal administration (FCRA section 505(e))	D	573	567	486	(81)	-14.3%	
2. Reestimate of existing loan subsidies	M	142	144	0	(144)	-100.0%	
<b>Total</b>		<b>715</b>	<b>711</b>	<b>486</b>	<b>(225)</b>	<b>-31.6%</b>	
Discretionary	D	573	567	486	(81)	-14.3%	
Mandatory	M	142	144	0	(144)	-100.0%	
<i>Outlays, Total</i>		<i>666</i>	<i>809</i>	<i>522</i>	<i>(287)</i>	<i>-35.5%</i>	
Discretionary	D	524	665	522	(143)	-21.5%	
Mandatory	M	142	144	0	(144)	-100.0%	
<b>College Housing and Academic Facilities Loans Liquidating Account (HEA section 121)</b>							
1. College housing and academic facilities loans	M	(7,065)	(386)	(733)	(347)	89.9%	
<i>Outlays</i>	<i>M</i>	<i>(7,248)</i>	<i>(386)</i>	<i>0</i>	<i>386</i>	<i>-100.0%</i>	
<b>Historically Black College and University Capital Financing Program Account (HEA III-D)</b>							
1. Federal administration (FCRA section 505(e))	D	210	208	190	(18)	-8.7%	
<i>Outlays</i>	<i>D</i>	<i>169</i>	<i>222</i>	<i>193</i>	<i>(29)</i>	<i>-13.1%</i>	
<b>Higher Education Facilities Loans Liquidating Account (HEA section 121)</b>							
1. Higher education facilities loans	M	(1,438)	(1,362)	(1,356)	6	-0.4%	
<i>Outlays</i>	<i>M</i>	<i>(1,464)</i>	<i>(1,360)</i>	<i>0</i>	<i>1,360</i>	<i>-100.0%</i>	
<b>College Housing Loans Liquidating Account (HEA section 121)</b>							
1. College housing loans	M	(26,577)	(22,230)	(20,703)	1,527	-6.9%	
<i>Outlays</i>	<i>M</i>	<i>(26,939)</i>	<i>(22,221)</i>	<i>0</i>	<i>22,221</i>	<i>-100.0%</i>	
TOTAL, OPE		2,321,333	2,165,386	1,323,987	(841,399)	-38.9%	
Total, Discretionary	D	2,356,271	2,189,220	1,346,779	(842,441)	-38.5%	
Total, Mandatory	M	(34,938)	(23,834)	(22,792)	1,042	-4.4%	

DEPARTMENT OF EDUCATION FISCAL YEAR 2007 PRESIDENT'S BUDGET

February 6, 2006

(in thousands of dollars)		D			2007	Change from 2006 Appropriation	
Office, Account, Program and Activity		\	2005	2006	President's	Amount	Percent
		M	Appropriation	Appropriation	Request		
<b>INSTITUTE OF EDUCATION SCIENCES (IES)</b>							
<b><i>Institute of Education Sciences</i></b>							
1. Research and statistics:							
(a) Research, development, and dissemination (ESRA I-A, B and D)		D	164,194	162,552	162,552	0	0.0%
(b) Statistics (ESRA I-C)		D	90,931	90,022	93,022	3,000	3.3%
2. Regional educational laboratories (ESRA section 174)							
		D	66,131	65,470	65,470	0	0.0%
3. Assessment (NAEPAA):							
(a) National assessment (section 303)		D	88,985	88,095	92,095	4,000	4.5%
(b) National Assessment Governing Board (section 302)		D	5,088	5,037	5,037	0	0.0%
Subtotal			94,073	93,132	97,132	4,000	4.3%
5. Research in special education (ESRA, Part E)							
		D	83,104	71,840	71,840	0	0.0%
6. Statewide data systems (ETAA section 208)							
		D	24,800	24,552	54,552	30,000	122.2%
7. Special education studies and evaluations (IDEA, section 664)							
		D	0	9,900	9,900	0	0.0%
<b>Total</b>		D	523,233 <sup>1</sup>	517,468	554,468	37,000	7.2%
<i>Outlays</i>		D	456,822	658,051	539,858	(118,193)	-18.0%
TOTAL, IES			523,233	517,468	554,468	37,000	7.2%

<sup>1</sup> Adjusted for comparability. Excludes \$3,698 thousand transferred from the School Improvement Programs account to cover obligations for Comprehensive Centers made under the Continuing Resolutions in effect prior to the enactment of the fiscal year 2005 appropriation on December 8, 2004.

DEPARTMENT OF EDUCATION FISCAL YEAR 2007 PRESIDENT'S BUDGET

February 6, 2006

(in thousands of dollars)		D			2007	Change from 2006 Appropriation	
Office, Account, Program and Activity		\	2005	2006	President's	Amount	Percent
		M	Appropriation	Appropriation	Request		
<b>DEPARTMENTAL MANAGEMENT</b>							
<b>Program Administration (DEOA)</b>							
1. Salaries and expenses	D	419,280	411,150	421,416	10,266	2.5%	
2. Building modernization	D	0	0	4,550	4,550	---	
<b>Total</b>	<b>D</b>	<b>419,280</b>	<b>411,150</b>	<b>425,966</b>	<b>14,816</b>	<b>3.6%</b>	
<i>Outlays</i>	<i>D</i>	<i>414,124</i>	<i>388,018</i>	<i>428,830</i>	<i>40,812</i>	<i>10.5%</i>	
<b>Office for Civil Rights (DEOA, section 203)</b>							
1. Salaries and expenses	D	89,375	90,611	92,866	2,255	2.5%	
<i>Outlays</i>	<i>D</i>	<i>85,928</i>	<i>92,687</i>	<i>92,815</i>	<i>128</i>	<i>0.1%</i>	
<b>Office of the Inspector General (DEOA, section 212)</b>							
1. Salaries and expenses	D	47,327	48,510	53,145	4,635	9.6%	
<i>Outlays</i>	<i>D</i>	<i>48,790</i>	<i>50,359</i>	<i>49,303</i>	<i>(1,056)</i>	<i>-2.1%</i>	
TOTAL, DEPARTMENTAL MANAGEMENT	D	555,982	550,271	571,977	21,706	3.9%	
<b>HURRICANE EDUCATION RECOVERY</b>							
<b>Hurricane Education Recovery</b>							
1. Aid for elementary and secondary education (HERA Subtitle A):							
(a) Programs to restart school operations (section 102)	D	0	750,000	0	(750,000)	-100.0%	
(b) Assistance for homeless children and youth (section 106)	D	0	5,000	0	(5,000)	-100.0%	
(c) Temporary emergency impact aid for displaced students (section 107)	D	0	645,000	0	(645,000)	-100.0%	
Subtotal		0	1,400,000	0	(1,400,000)	-100.0%	
2. Aid for institutions of higher education (Pub. Law 109-148 Title I, Chapter 6)	D	0	200,000	0	(200,000)	-100.0%	
<b>Total</b>	<b>D</b>	<b>0</b>	<b>1,600,000<sup>1</sup></b>	<b>0</b>	<b>(1,600,000)</b>	<b>-100.0%</b>	
<i>Outlays</i>	<i>D</i>	<i>0</i>	<i>1,460,000</i>	<i>140,000</i>	<i>(1,320,000)</i>	<i>-90.4%</i>	

<sup>1</sup> Appropriations provided in Title I, Chapter 6, of the Emergency Supplemental Appropriations Act to Address Hurricanes in the Gulf of Mexico and Pandemic Influenza, 2006 (Pub. Law 109-148)

DEPARTMENT OF EDUCATION FISCAL YEAR 2007 PRESIDENT'S BUDGET

February 6, 2006

(in thousands of dollars)		D	2007		Change from 2006 Appropriation	
Office, Account, Program and Activity	\	2005	2006	President's	Amount	Percent
	M	Appropriation	Appropriation	Request		
<b>Contributions (DEOA, section 421)</b>	M	126	0	0	0	---
Outlays	M	136	0	0	0	---
<b>General Fund Receipts:</b>						
1. Perkins loan repayments	M	(32,000)	(42,000)	(42,000)	0	0.0%
2. Perkins institutional fund recall	D	0	0	(664,000)	(664,000)	---
2. CHAFL downward reestimate of loan subsidies	M	(77)	(270)	0	270	-100.0%
<b>Total</b>		<b>(32,000)</b>	<b>(42,270)</b>	<b>(706,000)</b>	<b>0</b>	<b>1570.2%</b>
Discretionary	D	0	0	(664,000)	(664,000)	---
Mandatory	M	(32,077)	(42,270)	(42,000)	270	-0.6%
Outlays, Total		<b>(32,077)</b>	<b>(42,270)</b>	<b>(706,000)</b>	<b>(663,730)</b>	<b>1570.2%</b>
Discretionary	D	0	0	(664,000)	(664,000)	---
Mandatory	M	(32,077)	(42,270)	(42,000)	270	-0.6%
<b>APPROPRIATION TOTAL, EDUCATION DEPARTMENT</b>		<b>73,983,048</b>	<b>88,855,651</b> <sup>1</sup>	<b>63,377,182</b>	<b>(25,478,469)</b>	<b>-28.7%</b>
Discretionary funds	D	56,576,928	57,552,764	54,410,271	(3,142,493)	-5.5%
Mandatory funds	M	17,406,120	31,302,887	8,966,911	(22,335,976)	-71.4%
<b>BUDGET AUTHORITY TOTAL, EDUCATION DEPARTMENT</b>		<b>73,983,048</b>	<b>88,844,451</b>	<b>63,377,182</b>	<b>(25,467,269)</b>	<b>-28.7%</b>
Discretionary funds	D	56,576,928 <sup>2</sup>	57,541,564 <sup>1,3</sup>	54,410,271 <sup>3</sup>	(3,131,293)	-5.4%
Mandatory funds	M	17,406,120	31,302,887	8,966,911	(22,335,976)	-71.4%
<b>OUTLAYS TOTAL, EDUCATION DEPARTMENT</b>		<b>73,053,598</b>	<b>83,789,801</b>	<b>63,842,165</b>	<b>(19,947,636)</b>	<b>-23.8%</b>
Discretionary funds	D	57,142,551	58,721,428	56,832,232	(1,889,196)	-3.2%
Mandatory funds	M	15,911,047	25,068,373	7,009,933	(18,058,440)	-72.0%

<sup>1</sup> Includes \$1,600,000 thousand in emergency supplemental appropriations for hurricane education recovery (Pub. Law 109-148).

<sup>2</sup> Excludes a total of \$15,022,301 thousand in advance appropriations that becomes available on October 1 of fiscal year 2006

<sup>3</sup> Excludes a total of \$15,033,501 thousand in advance appropriations that becomes available on October 1 of the following fiscal year

NOTE: Appropriation totals displayed above reflect the total funds provided in the year of appropriation, including advance appropriation amounts that do not become available until the succeeding fiscal year. The total budget authority reflects funds that become available in the fiscal year shown, which includes new amounts provided for that fiscal year and amounts advanced from the prior year's appropriation.