

Department of Education

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS PROGRAM ACCOUNT

Fiscal Year 2008 Budget Request

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COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS PROGRAM ACCOUNT

For Federal administrative expenses to carry out activities related to existing facility loans pursuant to section 121 of the Higher Education Act of 1965, as amended \$481,000.¹

NOTES

A regular 2007 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 109-289, as amended). The amounts included for 2007 in this budget reflect the levels provided by the continuing resolution.

Each language provision that is followed by a footnote reference is explained in the Analysis of Language Provisions and Changes document which follows the appropriation language.

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS PROGRAM ACCOUNT

Analysis of Language Provisions and Changes

Language Provision	Explanation
<p>¹ <u>For Federal administrative expenses to carry out activities related to existing facility loans pursuant to section 121 of the Higher Education Act of 1965, as amended \$481,000.</u></p>	<p>In accordance with the Federal Credit Reform Act of 1990, this language appropriates funds to service existing facilities loans obligations. Section 121 of the Higher Education Act extends the legal requirements of the program authorities, which are no longer authorized.</p>

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS PROGRAM ACCOUNT

**Amounts Available for Obligation
(\$000s)**

	2006	2007	2008
Discretionary appropriation:			
Appropriation	\$573	0	\$481
Across-the-board reduction	-6	0	0
CR annual rate	<u>0</u>	<u>\$564</u>	<u>0</u>
Subtotal, appropriation	567	564	481
Mandatory appropriation	<u>144</u>	<u>37</u>	<u>0</u>
Subtotal, comparable discretionary and mandatory appropriation	711	601	481
Unobligated balance expiring	<u>-3</u>	<u>0</u>	<u>0</u>
Total, direct obligations	708	601	481

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**Obligations by Object Classification
(\$000s)**

	2006	2007	2008
11.10 Full-time permanent	\$356	\$268	\$297
11.51 Overtime.....	1	0	0
11.52 Awards	4	4	4
12.00 Benefits	69	61	69
13.00 Benefits for former personnel	<u>8</u>	<u>0</u>	<u>0</u>
Subtotal, personnel	438	333	370
21.00 Travel and transportation	4	4	5
23.10 Rent to GSA	26	16	17
23.31 Communications	0	8	0
25.21 Other Services	91	83	26
25.30 Goods/Services from Government.....	0	85	53
25.72 Information Technology Services/Contracts	4	33	8
26.00 Supplies	1	2	2
41.02 Subsidies for credit programs	<u>144</u>	<u>37</u>	<u>0</u>
Total	708	601	481

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS PROGRAM ACCOUNT

Summary of Changes
(\$000s)

2007	\$601
2008	<u>481</u>
Net change.....	-120

	<u>2007 base</u>	<u>Change from base</u>
Increases:		
<u>Built in:</u>		
Increase in personnel compensation due to a proposed 3.0 percent FY 2008 pay raise and annualization of the predicted 2.2 percent FY 2007 pay raise.		
	\$333	+\$37
Increases:		
<u>Program:</u>		
Increase in travel.	4	+1
Increase in rent.	16	<u>+1</u>
Subtotal, increases		+39
Decreases:		
<u>Built in:</u>		
Decrease in credit subsidy because the reestimate for the FY 2008 budget is executed at the end of FY 2007.		
	37	-37
<u>Program:</u>		
Decrease in communications and information technology costs due to reallocation of central support contract costs among programs.		
	41	-33
Decrease in other services costs and purchases from other Government agencies due to lower anticipated costs of servicing and administering this program based on its declining loan volume.		
	168	<u>-89</u>
Subtotal, decreases		-159
Net change		-120

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS PROGRAM ACCOUNT

**Authorizing Legislation
(\$000s)**

Activity	2007 Authorized	2007 Appropriation	2008 Authorized	2008 Request
Federal administration (<i>Federal Credit Reform Act of 1990, section 505(e) and Higher Education Act, section 212</i>)	<u>Indefinite</u>	<u>\$564</u>	<u>Indefinite</u>	<u>\$481</u>
Total definite authorization				
Total appropriation		564		481

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS PROGRAM ACCOUNT

Appropriations History (\$000s)

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1999	\$698	\$698	\$698	\$698
2000	737	698	737	737
2001	737	737	737	762
2002	762	762	762	762
2003	787	762	762	757
2004	774	774	774	769
2005	578	578	578	573
2006	573	573	573	567
2007	486			564 ¹
2008	481			

¹ A regular 2007 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 109-289, Division B, as amended). The amounts included for 2007 in this budget reflect the levels provided by the continuing resolution.

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS PROGRAM ACCOUNT

Federal administration

(Federal Credit Reform Act of 1990, section 505(e) and Higher Education Act, section 121)

FY 2008 Authorization (\$000s): Indefinite

Budget Authority (\$000s):

	<u>2007</u>	<u>2008</u>	<u>Change</u>
Personnel costs	\$333	\$370	+\$37
Non-personnel costs	<u>231</u>	<u>111</u>	<u>-120</u>
Total	564	481	-83
Full-time equivalent	3	3	0

FY 2008 BUDGET REQUEST

For fiscal year 2008, the Administration requests \$481,000, a decrease of \$83,000 for Federal Administration of the facilities loans programs. Between 1950 and 1993, the College Housing Loans (CHL), Higher Education Facilities Loans (HEFL), and College Housing and Academic Facilities Loans (CHAFL) programs helped to ensure that postsecondary institutions were able to make the capital improvements they needed to maintain and increase their ability to provide a high-quality education. Since 1994, no new loans have been made, and the Department's role has been to manage the outstanding loans.

The fiscal year 2008 budget request reflects cost reductions that are made possible by the decreasing number of outstanding facilities loans and the software application used to track loan activity, process billings, and provide for other servicing functions. Since fiscal year 2001, when the software upgrade was initiated, funding for this account has remained flat or decreased every year despite annual salary increases. By reducing the number of funded full-time equivalent (FTE) employees from 4 to 3 in fiscal year 2007, the Department will be able to support a 3 percent pay increase while requesting decreased funding for this program in 2008. The Department believes that 3 FTE are sufficient to effectively manage the outstanding facilities loans, which continue decreasing at a rate of approximately 8 percent a year.

For presentation purposes, the FTE and administrative costs associated with this account are also included under the justification materials in the Salaries and Expenses Overview.

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS PROGRAM ACCOUNT

Federal administration

PROGRAM OUTPUT MEASURES (\$000s)

	<u>2006</u>	<u>2007</u>	<u>2008</u>
College Housing and Academic Facilities Loans:			
Number of outstanding loans	66	65	65
Outstanding principal	\$95,909	\$92,736	\$89,479
College Housing Loans:			
Number of outstanding loans	262	242	230
Outstanding principal	\$162,602	\$146,342	\$131,991
Higher Education Facilities Loans:			
Number of outstanding loans	28	25	22
Outstanding principal	<u>\$15,225</u>	<u>\$13,687</u>	<u>\$12,197</u>
Total number of outstanding loans	356	332	317
Total outstanding principal	\$273,736	\$252,765	\$233,667

PROGRAM PERFORMANCE INFORMATION

The software application used for tracking loan activity provides the Department with access to real-time data for administering the facilities loan programs. It also provides more data than were previously available for managing loan delinquencies and defaults, and for projecting future collection totals and outstanding balances. This has resulted in greater program efficiencies and more accurate budgetary projections. Continued efforts will be made to increase program efficiencies and reduce loan delinquencies and defaults.