

# Archived Information

## Fiscal Year 1999 Budget Summary and Background Information

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**For further information on the Department of Education and its activities, visit the Department’s site on the World Wide Web at [www.ed.gov](http://www.ed.gov), or call 1-800-USA-LEARN.**

*We must continue to invest in the education and training of our people and we must succeed in our push for high national standards and tests to make sure students, our schools, and our teachers are doing the job.*

*William J. Clinton  
August 1997*

## I. SUMMARY OF THE 1999 BUDGET

Five years ago President Clinton set the Nation on a course to achieve a balanced budget. At the same time, he has engaged all Americans in a national effort to raise standards and improve the quality of American education to ensure America's long-term competitiveness and prosperity. In his first budget request, the President promised a 25 percent increase in Department of Education discretionary spending by fiscal year 1998.

Last summer the President signed the Balanced Budget Act of 1997, which was designed to eliminate the Federal budget deficit by 2002. Three months later he delivered on his promise to invest in education by signing a 1998 appropriations bill that included \$29.4 billion in discretionary budget authority for the Department of Education, a 25 percent increase over the 1993 level of \$23.5 billion.

The President's 1999 budget request continues to combine fiscal responsibility with the investments needed to help America prepare for the challenges of the next century. This budget seeks to reduce class size, modernize schools, improve teacher quality, and support growing efforts in our Nation's urban schools to raise standards to make sure that every child has mastered the basics. In addition, this budget reflects continuing efforts to get technology into the classroom and give all Americans the financial support they need to go on to college or other post-secondary educational opportunities.

**For the Department of Education, the President is requesting \$31.2 billion in discretionary budget authority for fiscal year 1999, an increase of \$1.7 billion or 5.9 percent over the 1998 level.**

The Department's 1999 discretionary request is complemented by a significant investment of new mandatory program funding and tax benefits for education. These combined resources will make an immediate impact on the quality of education in the following key areas:

### **Reducing Class Size and Modernizing the Nation's Schools**

America's classrooms are brimming with students even as they are in desperate need of repair and modernization. A record 52.2 million children are enrolled in our elementary and secondary schools during the 1997-98 academic year, but more important is the fact that we will break that record each year for the next ten years. Building more schools and reducing class size can raise standards, improve discipline, and give every student the individual attention they need to excel. The following initiatives will help address these problems and create safe, modern schools that promote learning:

- \$1.1 billion for a Class Size Reduction Initiative, a new mandatory program that would recruit and train 100,000 new teachers over the next 7 years in order to help reduce class sizes to an average of 18 in grades 1-3, when children need the most attention in learning to read proficiently and mastering the basics.
- Over \$20 billion in interest-free bonds for School Construction, to help school districts pay for the construction of new academic facilities to serve booming elementary and secondary enrollments or for the renovation of the estimated one-third of all schools that need extensive repairs.
- \$200 million for 21<sup>st</sup> Century Community Learning Centers, an increase of \$160 million, to support approximately 4,000 before- and after-school programs that will keep schools open as safe havens while providing extended learning activities to improve student achievement and prevent juvenile violence and substance abuse.
- \$50 million for Safe and Drug-Free Schools Coordinators, who would work with middle schools to assess drug and violence problems, identify effective, research-based strategies for addressing those problems, assist teachers and other staff with program implementation, and build links between school- and community-based prevention programs.
- \$50 million for an Interagency Research Initiative to support research and development on instructional strategies, including the use of technology, to advance learning in mathematics and reading at the elementary and middle school levels.

In addition to these budget initiatives, the Administration will build on its continuing efforts to give States and local school districts increased flexibility by reducing Federal regulations. Since 1995, the Department has eliminated one-third of all regulations and two-thirds of the regulations governing elementary and secondary education programs. The ED-FLEX demonstration currently empowers 12 States to waive Federal rules and encourages them to waive their own regulations as well. The Administration remains committed to giving school principals and teachers maximum flexibility to raise standards, and will make a vigorous effort in the coming year to expand the ED-FLEX authority to additional States, encourage greater use of the Title I schoolwide program authority, and eliminate any other regulations that hinder efforts to raise standards or turn around low-performing schools.

### **Mastering the Basics to Prepare for the Future**

Learning to read well and independently by the end of the 3<sup>rd</sup> grade is essential for all further learning, and demonstrating an understanding of challenging mathematics—including elements of algebra and geometry—by the end of 8<sup>th</sup> grade is crucial for college preparation and productive employment. All students must gain mastery of these basic subjects, but they are particularly important for educationally disadvantaged and limited English proficient students, who often fall behind early and find it difficult to catch up in the later grades.

For 1999, the Department of Education budget provides significant resources to help ensure that all students master the basics of reading and mathematics:

- \$260 million for the America Reads Challenge, including \$50 million in new funds and a \$210 million “advance” appropriated in 1998 that becomes available in 1999, to (1) support locally based recruitment and training of coordinators and tutors for after-school, weekend, and summer programs that are linked to in-school instruction, (2) help ensure that teachers are well-trained to teach reading, and (3) help families develop their children’s literacy skills.
- \$32 million in new funding to support the Education/NSF Action Strategy to improve mathematics instruction and achievement, including \$22 million to develop technology-based materials and training models that emphasize teaching for conceptual understanding of mathematics while at the same time ensuring mastery of the basics, \$10 million to significantly expand technical assistance in mathematics and science education, and \$1.7 million to expand the dissemination of professional development and mathematics materials.
- \$50 million for Bilingual Education Professional Development, an increase of \$25 million, to help meet the critical need for fully certified bilingual education and English-as-a-second-language teachers.
- \$115 million for the Even Start program, which supports local projects that blend early childhood education, parenting instruction, and adult education into a unified family literacy program.
- \$35 million for new Title I “Transition to School” grants, to test promising approaches for ensuring that the educational gains children make in Head Start and other preschool programs are sustained once those children enter the elementary grades.

### **Closing the Gap: Support for Urban Education**

The schools and teachers facing the most difficult challenges in helping their students reach world-class academic standards are found in America’s cities. Nevertheless, promising efforts to turn around low-performing schools are starting to take hold as urban school superintendents adopt a “no excuses” approach of raising standards, improving discipline, and ending social promotion. The Department of Education’s 1999 budget seeks to support these efforts in the following ways:

- \$7.8 billion for Title I Grants to Local Educational Agencies, an increase of \$392 million—all of which would be targeted to schools with high concentrations of poor children—to help more than 10.5 million low-achieving disadvantaged students master challenging curricula and reach high academic standards.

- \$200 million for Education Opportunity Zones, a new program that will make approximately 50 grants to poor urban and rural districts to improve accountability, turn around failing schools, improve the quality of teaching, and expand public school choice.
- \$175 million for Demonstrations of Comprehensive School Reform, an increase of \$30 million to support awards helping some 3,500 urban and rural schools serving primarily low-income populations to carry out comprehensive, research-based educational reforms.
- \$67 million for a new Teacher Recruitment and Preparation program, which would recruit new teachers for the high-poverty urban and rural areas that have the most difficulty in attracting and retaining a high-quality teaching force.
- A new College-School Partnerships initiative to encourage academic achievement and college enrollment among low-income students.

### **Educational Technology**

All students must learn to use computers and other tools of the information age if they are to succeed in the workplace of the 21<sup>st</sup> century. Just as important, technology promises new ways of reaching and teaching all students to challenging academic standards. The 1999 request will help make this promise a reality by providing:

- \$475 million for the Technology Literacy Challenge Fund, an increase of \$50 million or 12 percent, to support larger grants to States that are used to buy hardware, connect schools to the Internet, train teachers to use technology, and develop and buy software.
- \$106 million for Technology Innovation Challenge Grants, which will support 24 new awards to local partnerships among educators, business, and industry aimed at developing or adapting technology to improve the quality of teaching.
- \$75 million for a Teacher Training in Technology initiative, which will make grants to States, teacher colleges, and other organizations to help ensure that all new teachers can use technology effectively in the classroom.
- \$10 million for Community-Based Technology Centers, a new program to establish computer centers in low-income communities to provide families with access that they may not otherwise have to these resources.

In addition to these budget items, schools will be able to greatly expand their use of technology through the *E-Rate*, or universal service program, created under the Telecommunications Act of 1996. Under the *E-Rate* program, schools and libraries may receive discounts of up to 90 percent on Internet services and networking hardware and software. In 1998, these discounts are expected to total approximately \$1.7 billion.

## Helping Students Prepare and Pay for College

More and more jobs—particularly those involving technology—require at least some postsecondary education, making the opportunity to go to college more important than ever for American families and their children. President Clinton has worked hard to help students and families pay the costs of postsecondary education.

For example, the maximum Pell Grant award has climbed from \$2,300 when President Clinton first took office to the current level of \$3,000, an increase of 30 percent. The President's HOPE Scholarship and Lifetime Learning tax credits will provide an estimated \$6.7 billion to more than 12 million students and families in 1999. And Federal student loan programs now charge lower interest rates and fees while offering more flexible repayment plans.

The 1999 request continues to help students and families pay for college, while emphasizing programs aimed at encouraging young people and their families—particularly those from minority and low-income backgrounds—to begin thinking about and preparing for college early in middle school:

- \$7.6 billion for the Pell Grant program, an increase of \$249.1 million, to raise the maximum Pell award from \$3,000 to \$3,100 and provide Pell Grants to over 3.9 million low-income students.
- \$900 million for Work-Study, up \$70 million, to reach the President's goal of giving 1 million recipients the opportunity to work their way through college. The request also would encourage additional institutions and students to participate in America Reads.
- Cutting student loan origination fees from 4 percent to 3 percent for all borrowers in 1999, as the first step toward eliminating fees on subsidized loans by 2003. Student interest rates will also drop beginning July 1, 1998, as a result of legislation enacted in 1993.
- \$583 million for the TRIO programs, an increase of \$53 million, to expand the number of Upward Bound projects—especially in underserved areas—in support of the President's Hispanic Education Initiative, and raise the number of students served by TRIO to over 743,000.
- \$15 million for the new Early Awareness Information program to inform middle and high school students and their families about the value of postsecondary education, the steps that need to be taken to attend college, and the availability of student aid. In addition, this program will encourage many adult learners to take advantage of the new tax credits for postsecondary education and go back to school to learn new skills.

- \$30 million for new Learning Anytime Anywhere Partnerships to expand distance learning and other nontraditional education opportunities for all adult learners by funding partnerships that would develop new methods of assessing and delivering nontraditional education. An additional \$10 million from the Department of Labor would provide information on skills needed for various jobs and how to obtain those skills.

Totals in the Budget

The President's budget for the Department of Education provides a total of \$31.2 billion in discretionary budget authority, an increase of \$1.7 billion, or 5.9 percent, over the 1998 level of \$29.4 billion. Funding for mandatory programs would increase from an estimated \$5.3 billion in 1998 to an estimated \$6.6 billion in 1999, primarily due to the \$1.1 billion Class Size Reduction Initiative. Total Department budget authority would rise from \$34.7 billion in 1998 to \$37.8 billion in 1999. In addition, at the Treasury Department, the HOPE Scholarship and Lifetime Learning tax credits would save students and families \$6.7 billion in postsecondary education expenses in 1999. The more than \$20 billion in interest-free school construction bonds will generate approximately \$10 billion in tax expenditures over ten years.

Totals for the Department are:

	(Budget Authority in Millions)		
	1997 <u>Actual</u>	1998 <u>Appropriation</u>	1999 <u>Request</u>
Discretionary .....	\$26,312	\$29,409	\$31,155
Mandatory .....	<u>7,269</u>	<u>5,312</u>	<u>6,640</u>
Total .....	33,581	34,721	37,795

Within these totals, the 1999 budget request is aligned with the three programmatic goals of the Department's Strategic Plan: (1) helping all students reach challenging academic standards, (2) building a solid foundation for learning for all children, and (3) ensuring access to postsecondary education and lifelong learning. This alignment reflects Department compliance with the Government Performance and Results Act, which, in addition to the development of a long-term strategic plan, requires the submission of annual performance plans beginning with fiscal year 1999. The Department's first annual performance plan, which will be submitted to Congress shortly after the release of the President's 1999 budget request, will include program goals and performance indicators that will help to measure the Department's progress in implementing its Strategic Plan. More detailed program performance information also is included in the budget justifications prepared for the Congressional appropriations committees.

## HIGH STANDARDS FOR ALL STUDENTS

The need to raise academic standards for all students has been the driving force behind every elementary and secondary education initiative proposed by the Clinton Administration. Congress has largely agreed with this emphasis, and challenging academic standards are the unifying theme of the Goals 2000: Educate America Act, the School-to-Work Opportunities Act, the Improving America's Schools Act, and the Individuals with Disabilities Education Act Amendments of 1997. High standards are at the core of the changes States and communities are making to prepare their children for the challenges of the 21st century. For these reasons, helping all students reach challenging standards is Goal 1 of the Department's Strategic Plan, and the 1999 request puts the following resources behind this goal:

- \$476 million for Goals 2000 State Grants, a \$10 million increase, to enhance State and local efforts to implement standards-based educational reforms and improve the education of all children.
- \$250 million for School-to-Work Opportunities—\$125 million each from the Departments of Education and Labor—to continue support for State and local efforts to bring together educators, businesses, and other members of the community to design new educational programs that connect what goes on in the classroom to future careers and real-work situations, while also preparing secondary school students for a broad range of postsecondary education and advanced training opportunities.
- \$556 million for Safe and Drug-Free Schools and Communities, to continue helping make our Nation's schools safe and drug-free by supporting comprehensive, integrated approaches to drug and violence prevention. For 1999, the Department proposes to earmark \$125 million for competitive grants to school districts with severe drug and safety problems that have developed promising, research-based proposals for addressing those problems.
- \$50 million for a Safe and Drug-Free Schools "School Coordinators" initiative, to train and place in middle schools professional staff who are knowledgeable about effective drug and school violence prevention strategies and can assist teachers and administrators in selecting and implementing programs most appropriate for the individual school setting.
- \$475 million for the Technology Literacy Challenge Fund, a \$50 million increase, to help States and districts pay for computers, connections, training, and software needed to fully integrate technology into schools.

- \$75 million for a new Teacher Training in Technology program to help ensure that all new teachers are prepared to use technology effectively in the classroom. This initiative would provide competitive grants to consortia of State and local educational agencies, institutions of higher education, and other public and private entities for projects providing intensive training and support to new teachers.
- \$335 million for Eisenhower Professional Development State Grants, the same as the 1998 level, to continue State and local efforts to ensure that there is a talented and dedicated teacher in every American classroom.
- \$67 million for a new Teacher Recruitment and Preparation program under the reauthorized Higher Education Act that would help recruit new teachers for high-poverty urban and rural areas that have the most difficulty in attracting and retaining a qualified teaching force.
- \$200 million for a new Education Opportunity Zones program to strengthen reform efforts by urban and rural school districts that enroll large concentrations of students from poor families and that demonstrate both a commitment to and a track record in improving educational achievement. The proposal emphasizes reforms to improve accountability for educational performance, turn around failing schools, raise the quality of teaching by recognizing outstanding teachers and dealing with ineffective ones, and expand public school choice.
- \$175 million for the Comprehensive School Reform Demonstrations initiative, a \$30 million increase, to support a second round of grants and help about 3,500 schools serving low-income populations to implement comprehensive, research-based educational reforms. The request would provide \$150 million under Title I and \$25 million under the Fund for the Improvement of Education.
- \$100 million for Charter Schools, an increase of \$20 million or 25 percent, to support the start-up of up to 1,400 new or redesigned schools that offer enhanced public school choice and have the flexibility to offer innovative educational programs, in exchange for greater accountability for student achievement.

### **A SOLID FOUNDATION FOR LEARNING**

To reach the challenging academic standards called for in Goal 1 of the Department's Strategic Plan, children must be given appropriate developmental opportunities at an early age and start school prepared to learn. They also must master the basics of reading and mathematics in the early grades; these subjects are the gateway to academic success in high school and beyond. Finally, **all** children need this foundation to succeed in school; America will not prosper if disadvantaged students, limited-English-proficient students, or students with disabilities are left behind. That's why the Department's 1999 budget includes significant increases for activities related to Goal 2 of the Strategic Plan—ensuring that all students receive the support necessary to build a solid foundation for a lifetime of learning:

- \$7.8 billion for Title I Grants to Local Educational Agencies, an increase of almost \$392 million, to strengthen efforts to improve education for low-achieving students, particularly those in schools with concentrations of children from low-income families. The Department's request would serve more than 10.5 million educationally disadvantaged children. The Administration also proposes to direct a greater share of Title I funding to school districts with high concentrations of poor children, by distributing the entire increase through the Concentration Grants and Targeted Grants formulas.
- Authorization of over \$20 billion in interest-free school construction bonds. This program would be modeled after the "Qualified Academy Zone Bonds" program enacted by Congress in the Taxpayer Relief Act of 1997, which provides tax credits that eliminate the interest on certain bonds used for school repairs.
- \$3.8 billion for Special Education Grants to States, the same as the 1998 level, to help States and school districts pay the extra costs involved in educating children with disabilities. The request reflects a Federal contribution of about 9 percent of the excess costs of educating children with disabilities.
- \$1.1 billion in mandatory funding for a Class Size Reduction Initiative aimed at bringing class sizes in grades 1-3 down to an average of 18 students over the next seven years and at improving the quality of instruction. Funding would total \$7.3 billion during the first five years of the initiative, with school districts contributing matching funds based on district poverty level, and would be used to recruit, train, and pay the salaries of the additional teachers needed to reduce class sizes.
- \$260 million for the America Reads Challenge, including \$50 million in new funds and a \$210 million "advance" appropriated in 1998 that becomes available in 1999, to fund local literacy efforts aimed at ensuring that every child can read well and independently by the end of the 3rd grade.
- \$355 million for Migrant Education, an increase of \$49.2 million or 16 percent, to expand educational services to primarily Hispanic, highly mobile migratory workers and their children at sites convenient to work or to migrant housing.
- \$232 million for Bilingual Education, up \$33 million or 17 percent as part of the Administration's strategy to increase support for education programs that will help Hispanic Americans and other limited English proficient children and adults complete school and make their way into the economic mainstream. In particular, funding for Bilingual Professional Development would be doubled to \$50 million to help meet the critical need for fully certified bilingual education and English-as-a-second-language teachers.

- \$374 million for IDEA Grants for Infants and Families, an increase of \$20 million, to expand the numbers of children served, improve the scope and quality of services, and meet the rising costs of administering statewide systems of early intervention services.
- \$115 million for the Even Start program for local projects that provide early childhood education, adult literacy, and parenting instruction to low-income families with children from birth through age 7.
- \$35 million for new Title I “Transition to School” grants, to test promising approaches for ensuring that the educational gains children make in Head Start and other preschool programs are sustained once those children enter the elementary grades.
- \$66 million for Indian Education, up \$6.3 million or 11 percent, to help school districts meet the special needs of Indian students, demonstrate new approaches to meeting those needs, support the preparation of Native American educators, and improve the research base on the educational status and needs of the Indian people.

### **POSTSECONDARY EDUCATION AND LIFELONG LEARNING**

President Clinton has had a single, consistent message on postsecondary education: ***everyone who works hard can go to college***. The best example of this is the HOPE Scholarship tax credits, which, in the President’s words, “make two years of college as universal tomorrow as a high school education is today.” In addition, the doors of learning and higher education must be kept open for a lifetime, whether for dropouts returning to get a GED, recent immigrants learning English, workers forced to re-skill by changing technology, or individuals with disabilities seeking self-sufficiency through employment. The Department’s 1999 request supports postsecondary education and lifelong learning—Goal 3 of the Strategic Plan—through the following:

- \$51 billion in total student financial aid available, up \$2 billion over 1998, to provide grant, loan, and work-study opportunities to over 8.8 million students.
- \$6.7 billion in HOPE Scholarship and Lifetime Learning tax credits for more than 12 million postsecondary students and their families in 1999. An estimated 5.5 million students would receive \$4.2 billion in HOPE Scholarship credits, while an additional 7.1 million students would benefit from \$2.5 billion in Lifetime Learning credits.
- A \$3,100 maximum Pell Grant award, up \$100 from the 1998 level, to improve access to postsecondary education for over 3.9 million low-income students.

- \$900 million for Work-Study, an increase of \$70 million, to give 1 million undergraduate and graduate students the opportunity to work their way through college. The request is also aimed at increasing the number of Work-Study students working as reading tutors as part of the President's "America Reads" initiative.
- Reducing student loan origination fees, beginning with a reduction from 4 percent to 3 percent for all borrowers in 1999 and phasing out all fees for needy students by 2003. Student interest rates will also drop beginning July 1, 1998, as a result of legislation enacted in 1993.
- \$583 million for the TRIO programs, up \$53 million or 10 percent, to increase the number of Upward Bound projects—especially in underserved areas—in support of the President's Hispanic Initiative, while also funding new Innovative and Experimental projects to encourage grantees to pursue new approaches to better serve TRIO participants.
- \$260 million for Title III Aid for Institutional Development, a \$44 million or 20 percent increase, to provide greater support to institutions of higher education that serve high percentages of students from low-income backgrounds. Funding for Hispanic-Serving Institutions would more than double to \$28 million, while Historically Black Colleges and Universities would receive a \$16 million increase.
- \$15 million for a new Early Awareness Information program to bring the message to middle and high school students and their families about the importance of higher education, the steps needed to obtain that education, and the availability of Federal student financial assistance.
- \$30 million for new Learning Anytime Anywhere Partnerships that would support pilot projects using distance learning technology and other innovations to enhance the delivery of postsecondary education and lifelong learning to adult learners.
- \$1.2 billion for Vocational Education, including \$1 billion for Vocational Education Basic Grants which support the improvement of secondary and postsecondary vocational education programs while helping to ensure that individuals with special needs have full access to those programs, and \$106 million for Tech-Prep Education, which funds programs linking secondary and postsecondary, and vocational and academic instruction to prepare individuals for high-tech careers.
- \$394 million for Adult Education, including a \$15.7 million or 4.5 percent increase, for a reauthorized State grant program supporting State efforts to help adults become literate and complete high school, so that they can succeed as workers, parents, and citizens.
- \$2.3 billion for Vocational Rehabilitation State Grants, an increase of \$57.5 million, to help over 1 million individuals with disabilities receive the services they need to become employed.

## II. THE 1999 EDUCATION BUDGET BY PROGRAM AREA

### A. ELEMENTARY AND SECONDARY EDUCATION

#### Overview

The 1999 budget for elementary and secondary education includes both significant increases for current programs and start-up funding for new initiatives. Combined with tax “expenditures” and mandatory funding for the President’s school construction and class-size reduction proposals, the request presents a clear statement on the importance the Administration attaches to assisting in the national effort to ensure that all children have the opportunity to learn to challenging standards. The total request for discretionary elementary and secondary education programs is \$19.5 billion, an increase of almost \$1.1 billion or 5.9 percent over the 1998 level. Highlights of the requests for existing programs include:

- \$7.8 billion for Title I Grants to Local Educational Agencies, an increase of almost \$392 million, to strengthen efforts to improve education for low-achieving students, particularly those in schools with concentrations of children from low-income families. The Department’s request would serve more than 10.5 million educationally disadvantaged children. The Administration also proposes to direct a greater share of Title I funding to school districts with high concentrations of poor children, by distributing the entire increase through the Concentration Grants and Targeted Grants formulas.
- \$475 million for the Technology Literacy Challenge Fund, a \$50 million increase, to help schools integrate technology into the curriculum and, in particular, to ensure that teachers are trained to use educational technology effectively. (Major increases for technology and teacher training are discussed in other sections.)
- \$370 million, a 17 percent increase, for three programs that serve the children of migrant agricultural workers (and, in some cases, migrant workers themselves) to improve the education of one of America’s most disadvantaged populations. The budget includes increases for the Title I Migrant program, the High School Equivalency program, and the College Assistance Migrant program as part of the Administration’s overall policy of focusing budget resources on programs that can help Hispanic Americans and other limited English proficient individuals succeed educationally and enter the economic mainstream.
- \$50 million in new funding for the America Reads Challenge, which, combined with funds already provided (on an “advance-funded” basis) through the 1998 appropriation, will make available \$260 million for local literacy efforts aimed at ensuring that every child can read well and independently by the end of the 3rd grade.

- \$476 million for Goals 2000 State Grants, a \$10 million increase, to enhance State and local efforts to implement standards-based educational reforms and improve the education of all children.
- \$175 million for the Comprehensive School Reform Demonstrations initiative, a \$30 million increase, to support a second round of grants and allow more schools serving low-income populations to implement comprehensive, research-based educational reforms. Funding for this program, which received an initial appropriation in 1998, is provided under Title I (\$150 million) and in the Fund for the Improvement of Education (\$25 million). In addition, the 1999 request includes \$4 million, the same as the 1998 level, for the Department's Regional Education Laboratories to provide technical assistance in support of these demonstrations.
- \$100 million for Charter Schools, an increase of \$20 million, to support the start-up of up to 1,400 new or redesigned schools that offer enhanced public school choice and have the flexibility to offer innovative educational programs, in exchange for greater accountability for student achievement.
- \$66 million for Indian Education, an 11 percent increase, to help school districts meet the special needs of Indian students, demonstrate new approaches to meeting those needs, support the preparation of Native American educators, and improve the research base on the educational status and needs of the Indian people.
- \$40 million for Comprehensive Regional Assistance Centers, a \$13 million or 48 percent increase, to strengthen and expand the network of 15 centers that provide assistance to States and school districts on the implementation of elementary and secondary programs, focusing on such areas as schoolwide Title I programs, creating safe and drug-free school environments, and meeting the needs of students with special needs.

In addition to these increases for programs currently operated by the Department, the 1999 budget includes funding for three new elementary and secondary education initiatives:

- \$200 million for Education Opportunity Zones, which will bolster reform efforts by urban and rural school districts that enroll large concentrations of students from poor families and that demonstrate both a commitment to, and a proven track record in, improving educational achievement. Funds would be used to hold schools accountable for educational performance, turn around failing schools, improve teaching by recognizing outstanding teachers and dealing with ineffective ones, strengthen district management, and broaden public school choice.
- \$35 million for Title I "Transition to School" grants, to test promising approaches for ensuring that the educational gains children make in Head Start and other preschool programs are sustained once those children enter the elementary grades.

- \$50 million for a Safe and Drug-Free Schools “School Coordinators” initiative, to train and place in middle schools professional staff who are knowledgeable about effective drug and school violence prevention strategies and who can assist teachers and administrators in selecting and implementing programs most appropriate for the individual school setting.

## **Mandatory Funding and Tax Expenditure Proposals**

The President’s 1999 budget and legislative program also proposes mandatory spending and tax-credit initiatives that will benefit elementary and secondary education. These proposals, which would not require funding through the regular appropriations process, will also meet urgent needs of local schools.

### School Construction Initiative

In response to the urgent need for school renovations and additional classrooms in communities across the Nation, the President is proposing a program of Federal subsidies for school construction bonds used to pay for new construction and for repair and renovation of existing facilities. This program would provide tax credits to eliminate the interest costs of such bonds. The Federal Government would subsidize the issuance of \$19.4 billion in special 15-year bonds over the next two years—\$9.7 billion in 1999 and \$9.7 billion in 2000.

This new initiative would be modeled after the “Qualified Academy Zone Bonds” program enacted by Congress in the Taxpayer Relief Act of 1997. That program will subsidize bonds issued by school districts for the purpose of school renovations and repairs, as well as equipment purchases and both curriculum and professional development. The bonds will be used for schools that are in Empowerment Zones and Enterprise Communities, or in which at least 35 percent of students are eligible to participate in the school lunch program. The total amount of bonds issued under the Qualified Academy Zone program is currently capped at \$400 million in each of calendar years 1998 and 1999. The Administration is proposing to increase the amount of Qualified Academy Zone bonds available in 1999 from \$400 million to \$1.4 billion and an additional \$1.4 billion in 2000. Both the Qualified Academy Zone program and the new School Construction initiative will be administered by the Treasury Department.

### Class Size Reduction Initiative

The President will also propose an initiative to reduce class sizes in grades 1-3, the grades in which children need the most attention in learning to read proficiently and learning the basics in mathematics and other subjects. This initiative responds to research in Tennessee and Indiana showing that reducing class size to 15-18 students in the early grades improves student achievement, particularly among low-income and minority students in inner cities. The program would be funded at \$1.1 billion in 1999 and \$7.34 billion over an initial five-year period. By the year 2005, it would enable schools to hire over 100,000 additional teachers.

Over a period of seven years, funding from the initiative would help schools bring class sizes down to an average of 18 children per class in grades 1-3. School districts would

contribute matching funds, with the amount of the match dependent on the poverty level in the district. They would use the funds to recruit, train, and pay the salaries of the additional teachers needed to reduce class sizes. Districts would receive additional funding, beyond the amount needed to reduce class sizes, to ensure that all teachers are prepared to employ the appropriate instructional strategies needed to produce educational gains in smaller classes. Over time, districts would also have to demonstrate how reduced class sizes are resulting in increased student reading achievement.

Goals 2000: Educate America  
(BA in millions)

	<u>1997</u>	<u>1998</u>	<u>1999 Request</u>
State and Local Education			
Systemic Improvement .....	\$476.0	\$466.0	\$476.0
Parental Assistance .....	<u>15.0</u>	<u>25.0</u>	<u>25.0</u>
Total .....	491.0	491.0	501.0

Goals 2000 helps schools, communities, and States develop and implement their own strategies—based on standards of excellence—for improving elementary and secondary education. These strategies center on the creation and implementation of high standards and challenging assessments in core academic subjects that define what all students should know and be able to do at various grade levels.

With the help of Goals 2000, States are establishing academic standards and coordinating their curriculum frameworks, student assessment programs, teacher preparation and licensure requirements, parental and community involvement activities, and other aspects of their education systems to achieve the State standards. In this way, schools can measure progress through the new assessments, and parents and the public can get information about how well schools assist all children in reaching the standards.

Goals 2000 has been welcomed as an important source of support for State and local school improvement efforts, and States have found it to be a “user-friendly” program, both because of the regulation-free administration of the initiative and because of the flexibility to build upon pre-existing reform efforts. According to surveys, requests from local school districts for Goals 2000 support in several States exceed available dollars by 200 to 600 percent.

With 1997 funds, Goals 2000 is helping an estimated 12,000 schools across the Nation mobilize to design common-sense approaches to improve teaching and learning. To sustain this growing nationwide reform effort, the 1999 budget includes \$476 million for State grants, a \$10 million increase over the 1998 level.

In addition, the request includes level funding of \$25 million for the separately authorized Goals 2000 Parental Assistance program. This program supports centers that provide parents with training, information, and support they need to help their children achieve to high standards. In 1998, the program received a \$10 million increase, which will allow the Department to establish centers in the 12 States not currently served. Those centers would continue to operate in 1999.

Technology Literacy Challenge Fund

	<u>1997</u>	<u>1998</u>	<u>1999</u> <u>Request</u>
BA in millions . . . . .	\$200.0	\$425.0	\$475.0

The Technology Literacy Challenge Fund helps States put into practice strategies to enable all schools to integrate technology into school curricula, so that students can become more technologically literate and master the communication, math, science, and other core subjects needed to succeed in the Information Age. The Challenge Fund program is intended to achieve the following four goals by 2001:

- All teachers in the Nation will have the training and support they need to help all students learn through computers and through the information superhighway;
- All teachers and students will have access to modern multimedia computers in their classrooms;
- Every classroom will be connected to the information superhighway; and
- Effective and engaging software and on-line learning resources will be an integral part of every school curriculum.

The program provides formula grants to States based on their share of ESEA Title I allocations; States then award competitive grants to local school districts. States have a great deal of flexibility in determining how to accomplish program goals.

The request is designed to catalyze and leverage State, local, and private-sector efforts to provide our children with greater opportunities to acquire the knowledge and skills they will need to thrive in the next century. The \$475 million request is the third installment of the President's plan to provide States and school districts with \$2 billion over five years. For 1999, the Administration will encourage States to focus at least 30 percent of their allocations on educator professional development in the use of technology. Since there are a growing number of computers connected to the Internet in classrooms, experts have emphasized the importance of ensuring that teachers are well trained to use technology to improve instruction. The requested \$50 million increase will help States and school districts respond more quickly to this need for technology-related professional development.

Title I: Education for the Disadvantaged  
(BA in millions)

	<u>1997</u>	<u>1998</u>	<u>1999</u> <u>Request</u>
Grants to LEAs . . . . .	\$7,295.2	\$7,375.2	\$7,767.0
Capital Expenses for Private School Children . . . . .	41.1	41.1	10.0
Even Start . . . . .	102.0	124.0	115.0
State Agency Programs:			
Migrant . . . . .	305.5	305.5	354.7
Neglected and Delinquent . . . . .	<u>39.3</u>	<u>39.3</u>	<u>40.3</u>
Subtotal . . . . .	344.8	344.8	395.0
Evaluation . . . . .	7.0	7.0	8.9
Transition to School . . . . .	<u>—</u>	<u>—</u>	<u>35.0</u>
 Total . . . . .	 7,790.1	 7,892.1 <sup>1</sup>	 8,330.9 <sup>1</sup>

<sup>1</sup> Total does not include funding for the Comprehensive School Reform Demonstrations program.

Title I provides supplemental programs to enable educationally disadvantaged children, particularly those attending schools in high-poverty areas, to learn the core subjects to high standards. With Title I, low-achieving children have the benefit of more individualized instruction, fundamental changes in the school to improve teaching and learning, and preschool education. Children of migrant agricultural workers, and students in State institutions for neglected and delinquent children and youth, also benefit from Title I services.

The 1999 request includes \$7.8 billion, a \$392 million increase, for Grants to Local Educational Agencies. The number of children served by this program has increased rapidly in recent years, as more schools have elected to establish "schoolwide" Title I programs. The Department estimates that in 1999 these grants will serve over 10.5 million students in more than 50,000 schools. The budget will help these schools continue to implement the major reforms enacted in 1994, including alignment of Title I programs with broader State and local reforms, expansion of Title I schoolwide programs (which allow greater flexibility in high-poverty schools), and greater involvement of parents in their children's education.

In order to channel funds to the schools and communities where those funds are most needed, the Department is proposing to allocate the 1999 increase through the "Concentration Grants" and "Targeted Grants" formulas. Concentration Grants flow to counties that have at least 6,500 children living in poverty or in which the poverty rate exceeds 15 percent; Targeted Grants provide more funding per child to counties with higher numbers or percentages of children living in poverty.

Under the ESEA statute, in 1999 the Department will begin allocating Title I funds directly to school districts, rather than counties, if the Census Bureau can develop district-level child poverty data that the Secretaries of Education and Commerce (acting on the advice of the National Academy of Sciences) believe to be suitable for that purpose. The Department expects to receive the National Academy's recommendations before the end of calendar 1998.

In addition to Grants to Local Educational Agencies, Title I includes several other programs:

The Department's request for Capital Expenses for Private School Children is \$10 million, a \$31 million reduction from the 1998 level. This program has helped school districts meet the extra costs of including private school children in Title I programs, under the terms mandated by the original (1985) Aguilar v. Felton decision, which prohibited provision of services at religious schools. Capital Expenses thus helped districts pay for portable vans, leasing of neutral sites, and other costs of off-site services. In 1997, however, the Supreme Court reversed its original decision, and districts are now allowed to provide on-site instruction at religious schools. The 1999 request, which permits districts to meet the remaining costs of off-site services (such as long-term leases of vans or neutral sites), would be the final year of funding for this activity.

Even Start supports local projects that blend early childhood education, parenting instruction, and adult education into a unified family literacy program. In 1998 Even Start received a one-time \$16 million supplement to pay for reading activities in advance of enactment of the President's America Reads initiative. The \$115 million requested for 1999 is \$9 million below the 1998 total but \$7 million above the level provided prior to the 1998 supplement.

The Administration is requesting a \$49 million (16 percent) increase for Migrant Education, to meet the unique needs of the children of highly mobile migrant agricultural workers and bring about better coordination of the resources available for serving migrant students. In particular, the increase will help States expand their efforts to identify migrant children, pay the higher costs often associated with serving those children, and employ methods, such as distance learning, to reach migrant farmworker communities. The Title I Neglected and Delinquent program would also receive a small increase to improve services to children and youth in State-operated institutions.

The Department is proposing a \$1.9 million increase for Title I Evaluations, which measure the impact of the \$8 billion Federal investment in improving the education of disadvantaged children. The additional funds will enable the Department to examine such issues as the implementation of new Title I assessments in major urban districts and the results of State and local efforts to hold schools accountable for the educational outcomes of disadvantaged children.

Finally, the Department is requesting \$35 million for a new program of Title I Transition to School Demonstrations. These funds will enable local educational agencies, in collaboration with early childhood education providers and other agencies, to experiment

with and document promising models for providing continuity between preschool programs, kindergarten, and the early primary grades. These models would be designed to ensure that the educational benefits of Head Start and other early childhood education programs are sustained after children enter elementary schools.

Demonstrations of Comprehensive School Reform

(BA in millions)

	<u>1997</u>	<u>1998</u>	<u>1999</u> <u>Request</u>
Title I Demonstrations . . . . .	—	\$120.0	\$150.0
Fund for the Improvement of Education . . . . .	<u>—</u>	<u>25.0</u>	<u>25.0</u>
Total . . . . .	—	145.0	175.0

This program, first funded in 1998, will enable schools to develop, or adapt, and implement comprehensive school reform programs that are based on reliable research and effective practices.

In launching this program, the Congress recognized that a limited number of schools across the country are achieving impressive gains in student achievement by using new, comprehensive models for schoolwide change, rather than a piecemeal, fragmented approach to reform. The initiative is intended to give more schools the opportunity to examine successful models of reform and adapt them to their own needs. Projects in individual schools must: (1) employ innovative strategies and proven methods for student learning, teaching, and school management that are based on reliable research and effective practices, and have been replicated successfully in schools with diverse characteristics; (2) have measurable goals for student performance and benchmarks for meeting those goals; and (3) utilize high-quality technical assistance from those with expertise in schoolwide reform and improvement.

Funds appropriated under Title I will be allocated by formula to States on the basis of each State's share of prior-year Title I Basic Grants. The States will then make three-year competitive subgrants to schools participating in Title I programs. States are encouraged to give a priority to low-achieving schools that are in Title I "school improvement" status. Funding provided through the Fund for the Improvement of Education will be used for additional State allocations based on each State's share of school-aged children. States may subgrant their FIE allocations to any school in the State.

The \$30 million increase requested under Title I for 1999 will expand the program to an additional 600 schools while continuing awards to the 2,900 expected to be funded in 1998.

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

	<u>1997</u>	<u>1998</u>	<u>1999 Request</u>
High School Equivalency Program . . . . .	\$7.4	\$7.6	\$10.0
College Assistance Migrant Program . . .	<u>2.0</u>	<u>2.1</u>	<u>5.0</u>
Total . . . . .	9.5	9.7	15.0

The High School Equivalency Program (HEP) funds projects to help low-income migrant and seasonal farm workers gain high school diplomas or equivalency certificates. The College Assistance Migrant Program (CAMP) provides stipends and special services such as tutoring and counseling to migrant students who are in their first year of college. Both programs have demonstrated high success rates. In 1993-94, approximately 70 percent of HEP participants completed their GED and 96 percent of CAMP students completed their first year of college in good standing; almost 74 percent of CAMP participants eventually graduate from college.

In light of these successes, the Department proposes a \$5.3 million, or 54 percent, increase for the HEP and CAMP programs. The request would enable the Department to fund 25 HEP projects, instead of 20, and allow each project to serve more students. The \$5 million for CAMP would more than double the number of projects from 6 to 13.

America Reads Challenge  
(BA in millions)

	<u>1997</u>	<u>1998</u>	<u>1999 Request</u>
1999 request . . . . .	—	—	\$50.0
1998 advance appropriation for 1999 . .	<u>—</u>	<u>—</u>	<u>210.0</u>
Total . . . . .	—	—	260.0

The America Reads Challenge is a multi-faceted effort to help States and communities ensure that all children can read well and independently by the end of the third grade. The program will support recruitment and training of coordinators and tutors for after-school, weekend, and summer programs that are linked to in-school instruction, help ensure that teachers are well-trained to teach reading, and help families develop their children's literacy skills.

President Clinton submitted the proposed "America Reads Challenge Act" to Congress in April of 1997. The House responded by passing its version of the proposal, and the Senate

is expected to begin work on the initiative in early 1998. The 1998 appropriation included \$210 million in “advance funding” for a literacy initiative that will become available on the first day of fiscal year 1999, provided that the initiative is authorized by July 1, 1998. The 1999 request would add \$50 million to this advance appropriation to ensure that sufficient funds are available to meet the various purposes of the legislation. In addition, the President’s budget for the Corporation for National and Community Service includes \$153 million, an increase of \$89 million over the 1998 level, to support the recruitment of America Reads tutors through its AmeriCorps and related programs. Finally, about 840 postsecondary institutions have responded to the President’s call and pledged to use thousands of federally financed work-study positions for tutoring programs that are part of the overall America Reads effort.

Education Opportunity Zones

	<u>1997</u>	<u>1998</u>	<u>1999 Request</u>
BA in millions . . . . .	—	—	\$200.0

School districts whose students have the farthest to go in achieving to challenging standards are generally those in poor urban and rural communities. This new initiative would provide a total of \$1.5 billion over a five-year period for competitive grants to urban and rural districts that serve high concentrations of students from low-income families. To receive grants, districts must show a commitment to and a track record in improving educational achievement, and commit to instituting management reforms, turning around failing schools, holding students, teachers, and administrators accountable for performance, and offering broader educational choices to students and parents. Continuation grants will be contingent on further learning gains.

The 1999 budget would begin this program at \$200 million, a level sufficient to provide approximately 50 grants. School districts would use grant funds for such activities as: (1) boosting student achievement through extended learning programs; (2) providing technical assistance and professional development to improve low-performing schools; (3) expanding educational choices by creating open enrollment plans, charter and magnet schools, schools-within-schools, or opportunities for high school students to take courses at postsecondary institutions; and (4) improving teaching by encouraging teachers to gain National Board for Professional Teaching Standards certification, recognizing outstanding teachers, and developing new approaches for dealing with ineffective teachers.

Eisenhower Professional Development State Grants

	<u>1997</u>	<u>1998</u>	<u>1999 Request</u>
BA in millions . . . . .	\$310.0	\$335.0	\$335.0

Eisenhower Professional Development State Grants is the largest Federal effort dedicated to helping ensure that there is a talented and dedicated teacher in every American classroom. The program is designed to provide the high-quality, intensive professional development needed to give educators the knowledge and skills necessary to teach children to standards of excellence. The program emphasizes improvement of instruction in mathematics and science—the first \$250 million of each year’s appropriation must be used in that area—but also allows States and districts to use Federal funds to improve teaching in all of the core academic subjects. The emphasis is on sustained and intensive high-quality development experiences that are tied to the everyday life of a school and that support continuous improvement in teaching and learning. The program gives schools the flexibility to set their own staff training and development priorities.

Level funding in 1999 would enable States, school districts, and institutions of higher education to continue their current efforts to upgrade the quality of instruction in the American classroom. A one-time earmark of \$25 million for professional development in reading, included in the 1998 appropriation, would no longer apply because those activities would be supported with America Reads funds.

Innovative Education Program Strategies State Grants

	<u>1997</u>	<u>1998</u>	<u>1999</u> <u>Request</u>
BA in millions . . . . .	\$310.0	\$350.0	—

The request includes no funding for the Title VI block grants because the program is not well designed to support the kinds of State and local efforts most likely to result in real improvements in teaching and learning. The evaluations of the antecedent Chapter 2 program concluded that the overall purpose of the program—supporting school reform—was not achieved because of the broad, vague, and overlapping nature of the activities eligible for funding. Fewer than half of the States, and very few districts, used Chapter 2 funds for such reform activities as developing or revising educational standards, developing improved student assessments, or entering into public-private partnerships. These evaluations also determined that the majority of the activities supported by Chapter 2 received only a small percentage of their funding from the program and thus would be likely to continue in its absence. The Department therefore believes that these funds would be better spent on programs that are truly focused on comprehensive educational improvement and reform.

Safe and Drug-Free Schools and Communities  
(BA in millions)

	<u>1997</u>	<u>1998</u>	<u>1999</u> <u>Request</u>
Safe and Drug-Free Schools			
State Grants . . . . .	\$531.0	\$531.0	\$526.0
National Programs . . . . .	25.0	25.0	30.0
Coordinator Initiative . . . . .	<u>—</u>	<u>—</u>	<u>50.0</u>
Total . . . . .	556.0	556.0	606.0

America’s students cannot be expected to learn in schools where they are threatened by drug abuse and violence. The Safe and Drug-Free Schools and Communities program is designed to help make our Nation’s schools safe and drug-free by supporting comprehensive, integrated approaches to drug and violence prevention. The program provides significant resources to motivate America’s youth to reject illegal drugs as well as the use of alcohol and tobacco, which is Goal Number 1 of the National Drug Control Strategy. Toward this end, the request would provide \$606 million for this program, a \$50 million increase over the 1998 level.

The request includes \$526 million for State Grants, a reduction of \$5 million from the 1998 level in order to provide additional resources for high-priority activities in Safe and Drug-Free Schools National Programs. Within the request for State Grants, the Department proposes to earmark \$125 million for competitive grants to school districts based on the severity of their schools’ drug or safety problems and the quality of their proposed prevention activities. Under the current program many LEAs receive very small formula grants that are inadequate for supporting comprehensive, effective projects. The \$125 million earmark would allow the Department to target significant funding to a limited number of high-need districts, while also providing an incentive for districts to seek out the most effective prevention strategies.

In addition, both the formula portion and the new competitive grants will be governed by “principles of effectiveness” that the Department will promulgate for fiscal year 1998. These principles will require that all Safe and Drug-Free Schools projects include a thorough assessment of school districts’ needs, establish measurable goals and objectives, be based on research or evaluation evidence on what works, and be evaluated periodically to assess effectiveness and determine if any changes are needed.

National Programs provide discretionary funds for national leadership to create safe and drug-free learning environments. These funds support development of model programs, evaluation of State and local safe and drug-free schools programs, cooperative activities with other Federal agencies, direct grants to communities with particularly severe drug and violence problems, and campus drug prevention grants to institutions of higher education. The \$30 million requested for National Programs, a \$5 million increase, would support

additional leadership activities to improve the quality and effectiveness of drug and violence prevention.

Finally, the budget includes \$50 million for a new Safe and Drug-Free Schools Coordinator Initiative, which would fund the recruitment, training, and employment of drug and school safety program coordinators in middle schools. Each coordinator would serve about five schools and would be responsible for assessing drug and violence problems, identifying effective, research-based strategies for addressing those problems, assisting teachers and other staff with program implementation, and building links between school- and community-based prevention activities. The request would support approximately 1,300 coordinators serving an estimated 6,500 middle schools, or almost one-half of all middle schools nationwide.

Charter Schools

	<u>1997</u>	<u>1998</u>	<u>1999</u> <u>Request</u>
BA in millions . . . . .	\$51.0	\$80.0	\$100.0

The Charter Schools program stimulates comprehensive education reform and public school choice by supporting the planning, development, and initial implementation of public charter schools. Charter schools are public schools that are exempted from most education rules and regulations so as to permit more flexible and innovative methods of achieving educational excellence. In exchange for this greater independence, charter schools are held accountable for improving student performance. Twenty-nine States, the District of Columbia, and Puerto Rico now have charter schools laws, and the number of charter schools has increased from 250 to over 700 in the past two years alone.

The President's request of \$100 million for Charter Schools would assist the continued growth of this promising educational reform by stimulating the creation of additional charter schools, while at the same time providing large enough grants to support the development of quality schools. The budget would support new and continuing awards for up to 1,400 charter schools, serving some 400,000 students, with a target of 3,000 schools by 2001.

The Department also would reserve approximately \$5 million in 1999 for such activities as enhancement of a charter schools site on the World Wide Web, workshops for potential charter schools developers and chartering authorities, and development of model charters and guidebooks.

Comprehensive Regional Assistance Centers

	<u>1997</u>	<u>1998</u>	<u>1999</u> <u>Request</u>
BA in millions . . . . .	\$25.6	\$27.1	\$40.0

Under this program, a network of 15 university-based or non-profit centers offers comprehensive technical assistance that cuts across programs and addresses the needs of schools and school districts for help in integrating the various ESEA programs in support of State and local education reforms. Each center provides support, training, and assistance—in areas identified by the States and LEAs in their regions as most critical—on such topics as curriculum, instruction, assessments, professional development, program evaluation, meeting the needs of at-risk populations, creation of a safe and drug-free school environment, and implementing educational technologies.

The \$40 million request—an increase of almost 50 percent over 1998—will enable the centers to meet a higher proportion of the requests they receive from clients and, in particular, to offer more intensive, on-site services to individual districts and schools.

Magnet Schools Assistance

	<u>1997</u>	<u>1998</u>	<u>1999 Request</u>
Magnet schools programs . . . . .	\$92.0	\$98.0	\$98.0
Innovative programs . . . . .	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>
Total . . . . .	95.0	101.0	101.0

The Magnet Schools Assistance program makes grants to local educational agencies to operate magnet schools that are part of a court-ordered or federally approved desegregation plan to eliminate, reduce, or prevent minority group isolation in elementary and secondary schools. Magnet schools are highly popular with students, parents, and school districts. About 1.2 million students participated in magnet programs in 1991-92 (the last year for which such data are available), more than three times the number enrolled in such programs a decade earlier. Federal assistance has contributed significantly to the growth of magnet programs.

The request would support the second year of approximately 60 three-year projects that the Department will award in 1998, while also continuing a comprehensive evaluation of the program. In addition, the Department would fund a second round of Innovative Program grants, which involve desegregation strategies other than magnet schools and in which the educational programs are organized around a special theme or concept.

Education for Homeless Children and Youth

	<u>1997</u>	<u>1998</u>	<u>1999 Request</u>
BA in millions . . . . .	\$25.0	\$28.8	\$30.0

This program provides formula grants to States to carry out activities to ensure that all homeless children have access to a free, appropriate public education. States also make subgrants to local educational agencies for tutoring, transportation, and other services that help homeless children to enroll in, attend, and succeed in school.

Since this program began in 1988, nearly all States have revised their laws, regulations, and policies to improve educational access for homeless students. States have typically eased residency requirements, and some have made great strides in changing transportation and immunization policies to ensure greater access for the homeless. Nevertheless, homeless children and youth continue to be a population at significant risk of educational failure and, because of their mobility, are often underserved by programs like Head Start, special education, and bilingual education that are designed to prevent that failure. The \$30 million request for this program would allow States to focus both on improving services to homeless children and on increasing the number of students served.

Inexpensive Book Distribution

	<u>1997</u>	<u>1998</u>	<u>1999 Request</u>
BA in millions . . . . .	\$10.3	\$12.0	\$13.0

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 more than 2.2 million children through 4,000 local projects. Since 1994, legislation has required RIF, in selecting new local projects, to give priority to those that will serve children who are low-income, disabled, homeless, or have other special needs.

The \$1 million increase would allow RIF to serve at least 100,000 more children than in 1998 and may help the organization and its local affiliates to generate more private contributions for their efforts.

Arts in Education

	<u>1997</u>	<u>1998</u>	<u>1999 Request</u>
BA in millions . . . . .	\$9.0	\$10.5	\$10.5

This program supports student competency in the arts, a component of the National Education Goals, by encouraging the integration of arts education into elementary and secondary school curricula. The Department awards funds to the Very Special Arts (VSA) organization, which develops programs that integrate the arts into the general education of children with disabilities and the lives of adults with disabilities, and to the John F. Kennedy

Center for the Performing Arts education program, which supports a variety of State arts education activities. In addition, the program statute authorizes Federal support for research, development of standards and assessments, professional development, and collaborative activities with other agencies.

The 1998 appropriation included \$9.5 million for the continuing activities of VSA and the Kennedy Center, and one-time funding for the International Very Special Arts Festival, which will take place in Los Angeles in May, 1999. The 1999 request would continue the current funding level, providing level funding for the Kennedy Center and VSA and \$1 million for a community partnerships initiative undertaken by the Department.

Women's Educational Equity

	<u>1997</u>	<u>1998</u>	<u>1999</u> <u>Request</u>
BA in millions . . . . .	\$2.0	\$3.0	\$3.0

The Women's Educational Equity program promotes educational equity for girls and women through grants to public agencies, private nonprofit organizations, and individuals. By law, at least two-thirds of funds support local implementation of gender-equity policies and practices through such activities as teacher training to ensure gender equity in the classroom and guidance and counseling to increase opportunities for women in fields in which they are traditionally underrepresented. The remaining funds support dissemination through a national resource center and research and development grants. Level funding in 1999 would make available about \$568,000 for new awards.

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

	<u>1997</u>	<u>1998</u>	<u>1999</u> <u>Request</u>
BA in millions . . . . .	\$7.3	\$7.3	\$8.3

This program supports 10 regional desegregation assistance centers that provide services to school districts on issues related to desegregation 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. The request will allow the centers to expand their activities and serve more districts.

Education for Native Hawaiians

(BA in millions)

	<u>1997</u>	<u>1998</u>	<u>1999 Request</u>
Family-Based Education Centers . . . . .	\$6.1	\$6.0	\$6.0
Higher Education . . . . .	2.0	2.7	2.7
Gifted and Talented . . . . .	1.5	2.0	2.0
Special Education . . . . .	1.6	2.0	2.0
Curriculum Development, Teacher Training, and Recruitment . . . . .	2.5	4.0	4.0
Community-Based Centers . . . . .	1.0	1.0	1.0
Native Hawaiian Education Councils . . .	<u>0.3</u>	<u>0.3</u>	<u>0.3</u>
 Total . . . . .	 15.0	 18.0	 18.0

These programs provide educational services for Hawaiian Natives, many of whom continue to perform below national norms on achievement tests of basic skills in reading, science, math, and social science. Hawaiian Natives also experience higher than average rates of absenteeism and grade retention, are disproportionately identified as disabled, and have a low rate of postsecondary participation. The Education for Native Hawaiians programs address each of these issues, and have demonstrated significant progress in such areas as early childhood education and higher education.

Alaska Native Education Equity

(BA in millions)

	<u>1997</u>	<u>1998</u>	<u>1999 Request</u>
Educational Planning, Curriculum Development, Teacher Training, and Recruitment . . . . .	\$4.0	\$4.0	\$4.0
Home-based Education for Pre-School Children . . . . .	3.2	3.2	3.2
School Enrichment . . . . .	<u>0.8</u>	<u>0.8</u>	<u>0.8</u>
 Total . . . . .	 8.0	 8.0	 8.0

These programs provide educational services to meet the special needs of Native Alaskan children. Recent studies have shown that 60 percent of Alaska Natives entering high school in urban areas do not graduate. Test scores of Alaska Native students are, on average, 40 percent lower than those of other students. The 1999 request includes level funding for continuation of projects that address the barriers preventing Alaska Native children from achieving to higher academic standards.

Advanced Placement Test Fees

	<u>1997</u>	<u>1998</u>	<u>1999</u> <u>Request</u>
BA in millions . . . . .	—	\$3.0	\$3.0

This program awards grants to States to enable them to cover part or all of the cost of advanced placement test fees of low-income students who are enrolled in an advanced placement course and intend to take an advanced placement test. The program thus provides an incentive for districts serving low-income students to offer advanced placement courses and for students to take those courses. Passing the AP tests can then result in students earning college credits and reduce their postsecondary education costs. Level funding would subsidize test fees for some 68,000 low-income students.

Ellender Fellowships

	<u>1997</u>	<u>1998</u>	<u>1999</u> <u>Request</u>
BA in millions . . . . .	\$1.5	\$1.5	—

The Ellender Fellowships program, administered by the Close Up Foundation of Washington, D.C., provides financial aid to enable low-income students and their teachers to participate in week-long seminars on government in Washington. A separate program is designed to increase understanding of the Federal Government among older Americans, recent immigrants, and children of migrant parents.

A 1992 study of the Ellender Fellowship program found that, despite a pattern of increasing Federal funding for the program and significant increases in private-sector support for the Close Up Foundation, the number of fellowships had steadily declined. In 1996, at the request of Congress, the Department and Close Up developed a plan for the Foundation to continue its activities without Federal support. Under this plan, the Foundation pledged to expand its private development activities, including, for the first time, reaching out to the nearly 500,000 Close Up alumni. The Department believes that these activities make further Federal funding unnecessary.

Indian Education  
(BA in millions)

	<u>1997</u>	<u>1998</u>	<u>1999 Request</u>
Grants to LEAs . . . . .	\$58.1	\$59.8	\$62.0
Special Programs for Indian Children . . .	—	—	3.3
National Activities . . . . .	—	—	<u>0.7</u>
 Total . . . . .	 58.1 <sup>1</sup>	 59.8 <sup>1</sup>	 66.0

<sup>1</sup> Excludes \$2.9 million in 1997 and \$2.8 million in 1998 for administrative costs, which are included in the Program Administration account in 1999.

The Department's 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.

Census, NCES, and other data document that American Indians continue to be disproportionately affected by poverty and low educational achievement, although this population has made significant gains in recent years. For example, in 1990, 66 percent of Indians 25 years of age and older were high school graduates, a 10 percent gain from the 1980 level but still well below the 75 percent level for the general population. In the 1994 National Assessment of Educational Progress 4<sup>th</sup> grade reading assessment, only 48 percent of Indians scored at or above the basic level, compared to 60 percent for all students. The Department's Indian Education programs support locally designed activities that address the particular education needs of Indians within the context of overall educational reforms.

The total 1999 request for Indian Education programs is \$66 million, a 10.5 percent increase over the 1998 level. Included within the request are the following:

- An increase of \$2.3 million, to \$62 million, for Grants to Local Educational Agencies, the Department's primary program for improvement of the education of Indian children. This program provides formula grants to public and BIA-supported schools for activities that address the educational needs of Indian students. These activities must be linked to student performance goals based on challenging State or local standards, and the districts must report periodically to their communities on progress they are making toward those goals.
- \$3.3 million to reinstate the Special Programs for Indian Children in order to carry out initiatives in two areas: (1) demonstration grants for early childhood and

preschool education; and (2) preparation of Indians to take positions in teaching and school administration.

- \$735,000 for National Activities, to augment the 2000 NCES Schools and Staffing Survey (SASS) in order to collect data on a sufficient number of schools serving concentrations of Indian students. The Department pursued this strategy with the 1993 SASS, which resulted in development of an unprecedented data base on the educational status and needs of Indian children. Replicating this effort with the next SASS will enable the Department to measure changes since 1993, and to produce current comparisons of Indians' educational progress compared to the progress of other ethnic and racial groups.

The request for Indian Education programs is one component of a comprehensive Administration effort in the 1999 budget to address the educational needs of American Indians and Alaska Natives. After a review of Indian needs and programs, the Administration determined that the most critical single need is to improve facilities at BIA-supported schools, which the General Accounting Office has found to be in poor condition and lacking in facilities required for effective educational reform. In response, the President's 1999 budget would increase funding for Bureau of Indian Affairs Construction activities by 50 percent to almost \$103 million. Other components of the overall initiative include an increase in the BIA set-aside under the HHS Child Care Block Grant and inclusion of strong provisions for Indian participation in the new Education Opportunity Zones and School-College Partnerships programs.

Impact Aid  
(BA in millions)

	<u>1997</u>	<u>1998</u>	<u>1999 Request</u>
Payments for Federally Connected Children:			
Basic Support Payments . . . . .	615.5	\$662.0	\$626.0
Payments for Children with Disabilities . . . . .	40.0	50.0	40.0
Payments for Heavily Impacted Districts . . . . .	52.0	62.0	20.0
Facilities Maintenance . . . . .	—	3.0	10.0
Construction . . . . .	5.0	7.0	—
Payments for Federal Property . . . . .	<u>\$17.5</u>	<u>24.0</u>	<u>—</u>
Total . . . . .	730.0	808.0	696.0

The Impact Aid program provides support to school districts affected by Federal activities. The 1999 budget request would place priority on children for whom the Federal Government has primary responsibility, namely children living on Indian lands and children who live on Federal property and who have a parent on active duty in the uniformed services.

For Basic Support Payments, the request of \$626 million, although \$36 million less than the 1998 amount, would provide payments on behalf of children living on Indian lands and

children who have parents in the armed forces and who live on Federal property. The average per-child payment for these two categories of children would increase 6 percent under the Administration's budget and funding formula proposals. No payments would be made for the other categories of currently eligible children, including the so-called "b" children (those who live on or have a parent working on Federal property, but not both).

Payments for Children with Disabilities provide additional support for certain federally connected children who are eligible for services under the Individuals with Disabilities Education Act. The budget would continue these payments at \$40 million, \$10 million less than the 1998 amount but the same as the 1997 level. Because the Department would make payments only on behalf of children living on Indian lands and those who both live on Federal property and have a parent on active military duty, the average per-child payment would increase 7 percent for the eligible categories of children.

The request also would provide Payments to Heavily Impacted Districts to help these districts raise their per-pupil expenditures to levels comparable to other districts in their States. The request of \$20 million should meet the needs of this small group of 10 to 20 districts.

The Department of Education owns and must maintain 56 school facilities that serve large numbers of military dependents. The \$10 million requested for Facilities Maintenance will fund essential repair and maintenance of these facilities and allow the Department to continue to upgrade and transfer school facilities to local educational agencies (LEAs).

The Department is not requesting any funds for the Construction authority, which authorizes payments to certain LEAs for school construction and repairs. Although many districts that enroll federally connected children need funding for construction, both Basic Support Payments and Payments for Heavily Impacted Districts may be used for that purpose. In addition, the Administration's school construction tax credit initiative would take effect in 1999.

No funds are requested for Payments for Federal Property, which are made to school districts without regard to the presence of federally connected children. The majority of the districts funded under this program have had sufficient time (approximately 50 years) to adjust to the removal of Federal property from the tax base, and they should be able to compensate for the termination of separate funding for this program.

## B. BILINGUAL AND IMMIGRANT EDUCATION

(BA in millions)

	<u>1997</u>	<u>1998</u>	<u>1999 Request</u>
Instructional Services .....	\$141.7	\$160.0	\$168.0
Support Services .....	10.0	14.0	14.0
Professional Development .....	5.0	25.0	50.0
Foreign Language Assistance .....	5.1	5.0	5.0
Immigrant Education .....	<u>100.0</u>	<u>150.0</u>	<u>150.0</u>
Total .....	261.7	354.0	387.0

The 1999 request includes \$387 million for bilingual, foreign language, and immigrant education programs, an increase of \$33 million or 9 percent over 1998. These programs assist local school districts in building their capacity to operate high-quality instructional programs for recently arrived immigrants and other limited English proficient (LEP) students, and to improve foreign language instruction.

Primarily because of immigration, the number of LEP children attending American schools has grown dramatically in the last twenty years. According to the Census Bureau, the population of school-aged LEP children grew by more than half a million during the 1980s. More recently, State educational agencies have reported to the Department that the number of LEP students rose from 2.1 million in the 1990-91 academic year to 3.1 million in 1994-95. As the number of LEP children has grown, the needs of school districts for programs to serve those children—and trained staff to work in those programs—have grown accordingly. The Federal bilingual and immigrant education programs give school districts broad latitude in designing programs that best fit the needs of the students they serve.

The budget request for bilingual and immigrant programs is part of the overall strategy of targeting funding increases on education programs that will help Hispanic Americans and other LEP children and adults complete school and make their way into the economic mainstream. In particular, the Administration proposes to double funding for Professional Development programs in order to meet the critical need in school districts across the country for teachers who are skilled in educating limited English proficient children.

The Bilingual Education Instructional Services authority includes 4 funding categories reflecting the different needs of applicant school districts: (1) Program Development and Implementation Grants to assist districts in implementing new programs for LEP students; (2) Program Enhancement Grants to enhance or expand existing programs; (3) Comprehensive School Grants to support bilingual programs serving all LEP students in a school; and (4) Systemwide Improvement Grants to support reforms benefitting the entire LEP population of a school district. Under all four categories, activities supported by

Federal grants must be consistent with State education reform plans and integrated with the overall educational program in a school.

The \$168 million request for Instructional Services will support approximately 670 grants serving almost 1.4 million students.

The budget also includes \$14 million for the Support Services program, which funds grants to States, research and evaluation activities, the operation of a national clearinghouse on bilingual education, and the Academic Excellence dissemination program. During 1999, the Department will devote the research money available under this program to collecting the program performance data needed to meet the requirements of the Government Performance and Results Act.

As noted above, the request would double funding, to \$50 million, for Professional Development, which funds activities intended to help meet the critical need for additional, fully certified bilingual education and English-as-a-second-language teachers, and to strengthen the skills of teachers currently providing instruction to LEP children. The request recognizes the importance of professional development for achieving education reform, and the need of many school districts for qualified bilingual teachers.

For Foreign Language Assistance, the request includes \$5 million, the same as the 1998 amount, for an estimated 48 new discretionary grants to improve foreign language instruction, particularly at the elementary level. The program is intended to spur States and school districts to create high-quality foreign language programs needed to help the Nation compete effectively in international markets.

Finally, in recognition of the additional costs faced by school districts that serve large numbers of recently arrived immigrant students, the Administration is requesting \$150 million for Immigrant Education. This program provides grants to States according to a formula based on the number of recent immigrants in their schools; most funds flow to the States that bear the brunt of the educational burdens created by immigration. The Department is proposing continuation of appropriations language that permits States to direct these funds, on a discretionary basis, to the school districts where they are most needed. The request will assist LEAs in meeting the expense of educating some 886,000 recent immigrant students.

## **C. SPECIAL EDUCATION AND REHABILITATIVE SERVICES**

### Overview

The Administration is committed to promoting the empowerment and independence of Americans with disabilities. The 1999 budget request continues to support programs that expand opportunities for persons with disabilities and improve education and employment outcomes. These include programs providing direct services and those supporting systems change, research, demonstration, technical assistance, and training activities.

The budget request of \$4.8 billion for Special Education programs includes an increase of \$35 million over the 1998 level. The request would maintain funding at the 1998 level for the Grants to States program, which received significant increases in both 1997 and 1998. A \$20 million increase is proposed for Grants for Infants and Families to assist States in carrying out their responsibility to provide early intervention services to infants and toddlers with disabilities and their families. The request also would provide a \$10 million increase for the State Improvement program, which helps States to reform their systems for providing educational, early intervention, and transitional services to improve results for children with disabilities, and a \$2 million increase for Parent Information Centers.

For Rehabilitation Services and Disability Research, the budget includes \$2.6 billion, an increase of \$54 million or 2.1 percent over the 1998 level. The budget provides \$2.3 billion for Vocational Rehabilitation State Grants, an increase of \$57.5 million or 2.6 percent over 1998, to help over 1 million individuals with disabilities receive the services they need to become employed. To complement this request, an increase of \$3 million is proposed for Special Demonstration programs, which includes funding for a 1998 Program Improvement initiative to reduce the unemployment of individuals with disabilities. This proposal represents a significant interagency effort to address barriers to the employment of individuals with disabilities.

The 1999 request also includes a \$4.2 million increase for the National Institute on Disability and Rehabilitation Research (NIDRR) to expand its program of applied research that enables persons with disabilities to function better at work, in the family, and in the community. NIDRR will expand certain existing research centers and will also implement recommendations from its long-range planning process, such as increasing the number of Field-Initiated Research projects. Other account increases support direct services to assist individuals with disabilities in obtaining employment and pursuing independent living goals. All of the programs in this account, except for Assistive Technology, are currently funded under the GEPA extension which expires September 30, 1998. New authorizing legislation is pending. For the Assistive Technology program, authorized under the Technology-Related Assistance for Individuals with Disabilities Act, the GEPA extension applies through September 30, 1999. New authorizing legislation will be proposed.

## SPECIAL EDUCATION

### Grants to States

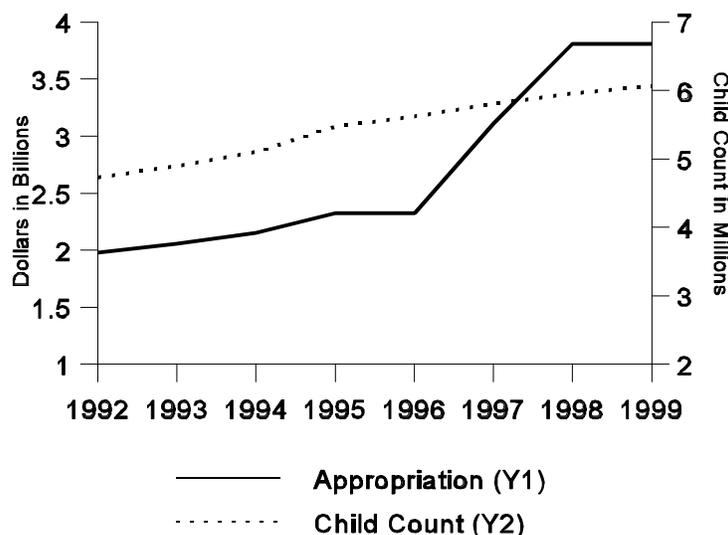
	<u>1997</u>	<u>1998</u>	<u>1999 Request</u>
BA in millions . . . . .	\$3,109.4	\$3,807.7	\$3,810.7
Children ages 3 through 21 Number served (thousands) . . . . .	5,806	5,951	6,070

The Grants to States program makes formula grants that help States pay the excess costs of providing special education and related services to children with disabilities aged 3 through 21 years. On June 4, 1997, the President signed into law the Individuals with Disabilities Education Act (IDEA) Amendments of 1997, which strengthen the access of children with disabilities to the general curriculum, promote accountability for educational results, and better focus resources on teaching and learning. During the past two years, Congress has increased funding for the IDEA Grants to States program by almost \$1.5 billion or 64 percent. These funds provide significant new resources to help States implement the IDEA Amendments. The 1999 request would maintain funding for States at the 1998 level, which represents a Federal contribution of about 9 percent of the excess costs of educating children with disabilities.

The request also includes an increase of \$3 million for studies to carry out the National Assessment of the Act required by the IDEA Amendments.

### Special Education Grants to States

FY 1992 to FY 1999



### Preschool Grants

	<u>1997</u>	<u>1998</u>	<u>1999</u> <u>Request</u>
BA in millions . . . . .	\$360.4	\$374.0	\$374.0
Children ages 3 through 5 Number served (thousands) . . . . .	562	576	590

The Preschool Grants program provides formula grants to States as an incentive to make a free, appropriate public education available to all children with disabilities ages 3 through 5 and to provide a minimum level of funding to serve these children. The program helps to ensure that young children with disabilities are ready to learn when they enter school. All States currently are serving children with disabilities in this age group.

Grants for Infants and Families

	<u>1997</u>	<u>1998</u>	<u>1999</u> <u>Request</u>
BA in millions . . . . .	\$315.8	\$350.0	\$370.0

The Grants for Infants and Families program makes formula grants to States to help them implement statewide systems to make available early intervention services to all eligible children with disabilities—including, at State discretion, children at risk of developmental delay—from birth through age 2, and their families. The request would provide an increase of \$20 million or 5.7 percent to assist States to expand the numbers of children served, improve the scope and quality of services, and meet the rising costs of administering their statewide systems of early intervention services. This increase reflects the Administration’s priority on early intervention, which plays a major role in improving the school readiness of young children with disabilities. This is the only Federal program focused exclusively on children with disabilities from birth through age 2. States served 187,348 children in 1997, an increase of 5.4 percent over the number served in 1996.

National Activities  
(BA in millions)

	<u>1997</u>	<u>1998</u>	<u>1999</u> <u>Request</u>
State Improvement . . . . .	\$27.0	\$35.2	\$45.2
Research and Innovation . . . . .	62.8	64.5	64.5
Technical Assistance and Dissemination . . . . .	34.3	44.6	44.6
Personnel Preparation . . . . .	80.7	82.1	82.1
Parent Information Centers . . . . .	15.5	18.5	20.5
Technology and Media Services . . . . .	<u>30.0</u>	<u>34.0</u>	<u>34.0</u>
Total . . . . .	250.4	279.0	291.0

These programs provide a streamlined and coherent structure of essential support to the States in their efforts to provide early intervention services and equal educational opportunity to children with disabilities. The total request for National Activities is \$291 million, an increase of \$12.0 million over the 1998 level. Priorities for National Activities will be established through a comprehensive planning process involving a wide range of participants, including individuals with disabilities; parents of children with disabilities; appropriate professionals; and representatives of State and local educational agencies, private schools, institutions of higher education, and other agencies and organizations.

The State Improvement program provides competitive grants to assist State educational agencies, in partnership with others, to reform and improve their systems for providing educational, early intervention, and transitional services to improve results for children with disabilities. This includes their systems for professional development, technical assistance, and dissemination.

At least 75 percent of the funds provided to each State would be reserved for professional development. The remaining funds are used to carry out the State's strategies for improving educational results, including strategies for holding school districts and schools accountable for the educational progress of children with disabilities, providing high-quality technical assistance to school districts and schools, and changing State policies and procedures to address systemic barriers to improving results for students with disabilities.

In 1998, the Department will make the first awards under this new authority to approximately 25 States. In 1999, the \$45.2 million request includes about \$13.5 million for awards to an additional 15 States, \$22.4 million to continue the 1998 awards, and about \$9.3 million to continue projects funded under expired authorities.

The budget includes \$64.5 million for Research and Innovation activities that develop new knowledge through research, apply knowledge to create useful practices through demonstrations, and make knowledge available through outreach and other activities. This

is the same level as appropriated for 1998. About \$47.6 million would be used to cover continuation costs and about \$16.9 million would be available for new activities.

Activities in 1999 will focus on improving literacy, identifying model practices to help children with disabilities meet high standards in the general education curriculum, and developing methods for assessing the educational progress of children with disabilities.

The budget includes level funding of \$44.6 million for the Technical Assistance and Dissemination program, which provides technical assistance and disseminates materials based on knowledge gained through research and practice. The \$44.6 million requested for this program includes about \$36.7 million for continuation projects and about \$7.9 million for new activities.

This level includes \$10.0 million for the second year of support for a five-year initiative to inform educators, administrators, parents, and others of the impact of the IDEA Amendments of 1997. This initiative will be carried out through awards to a wide range of advocate and interest groups as well as through clearinghouses, regional resource centers, and other technical assistance providers.

The Personnel Preparation program makes awards to prepare personnel to serve children with low- and high-incidence disabilities and leadership personnel, as well as for projects of national significance such as developing models for teacher preparation. The overall goal of the program is to help ensure that there are adequate numbers of personnel with the skills and knowledge of the best practices to help children with disabilities achieve high quality results. For this reason the program focuses on both meeting the demand for personnel to serve children with disabilities and improving the quality of these personnel. A particular emphasis will be placed on incorporating research and practice knowledge into training programs. Level funding of \$82.1 million in 1999 includes \$27.2 million for new awards and \$54.9 million for continuation awards.

The \$20.5 million request for Parent Information Centers is an increase of \$2.0 million over the 1998 level. At least one center is supported in each State to provide about 200,000 parents each year with the training and information they need to participate effectively with professionals in meeting the early intervention and special education needs of their children with disabilities.

The \$34 million requested for Technology and Media Services will be used for a variety of media-related purposes, such as captioning films and television for individuals with hearing impairments and video description and recording activities for individuals with visual impairments. Funds also will be used for research, development, and other activities to advance the application of new and emerging technologies in providing special education and early intervention services. The request includes about \$24.8 million for continuation projects and \$9.2 million for new activities.

**REHABILITATION SERVICES AND DISABILITY RESEARCH**

Vocational Rehabilitation (VR) State Grants

	<u>1997</u>	<u>1998</u>	<u>1999 Request</u>
BA in millions . . . . .	\$2,176.0	\$2,246.9	\$2,304.4
Inservice Training Set-Aside (non-add) .	—	—	5.9

The \$2.3 billion request, an increase of \$57.5 million or 2.6 percent, would assist State VR agencies in reducing the unemployment rate of people with disabilities. The requested increase is \$10.3 million more than necessary to satisfy the statutory requirement to increase funding by at least the percentage change in the Consumer Price Index. The request also includes \$5.9 million, reflecting a proposed legislative amendment to support the training of State agency personnel previously funded under the Training program.

Vocational Rehabilitation State Grants provide funds to State vocational rehabilitation agencies to help individuals with disabilities become gainfully employed. Funds are distributed on the basis of a formula that takes into account population and per capita income. The request includes \$17.3 million for grants to Indian tribes, an increase of \$1.9 million over the 1998 level and \$5.8 million more than the minimum statutory set-aside under current law.

A wide range of services is 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. In the event that services cannot be provided to all eligible individuals with disabilities who apply, States must give priority to applicants with the most severe disabilities. Services are provided according to an individualized written rehabilitation program, which must be developed jointly by the counselor and the individual. Each year, the VR program successfully rehabilitates over 200,000 individuals with disabilities, of which about 87 percent enter the competitive labor market or become self-employed. Approximately 78 percent of the individuals served have severe disabilities.

Client Assistance State Grants

	<u>1997</u>	<u>1998</u>	<u>1999 Request</u>
BA in millions . . . . .	\$10.4	\$10.7	\$10.9

This program makes formula grants to States for activities to inform and advise clients of benefits available to them under the Rehabilitation Act and to assist them in their relationships with service providers, including remedies to ensure the protection of their

rights under the Act. The 1999 request includes a 2 percent increase to help States maintain their current level of services.

Training

	<u>1997</u>	<u>1998</u>	<u>1999 Request</u>
BA in millions . . . . .	\$39.6	\$39.6	\$33.7

This program makes grants to State and public or other nonprofit agencies and organizations, including institutions of higher education, to help ensure that adequate skilled personnel are available to provide rehabilitation services to persons with disabilities.

The proposed reduction of 15 percent for this program reflects a proposal to amend the Act to convert the in-service training program from a separate discretionary grant program conducted under the Title III Training program to a set-aside under the Title I State Grants program. This change would eliminate the need to develop and review separate grant applications for in-service training by State VR agencies. The funds used in 1998 under the Training program for this purpose are requested in 1999 under the VR State Grants program.

Special Demonstration Programs

	<u>1997</u>	<u>1998</u>	<u>1999 Request</u>
BA in millions . . . . .	\$18.9	\$15.9	\$18.9

Special Demonstration programs develop innovative methods and comprehensive service programs to help individuals with disabilities achieve vocational outcomes. The program awards competitive grants to public and nonprofit community rehabilitation programs, designated State units, and public or private organizations.

The request includes a \$3 million increase to continue funding for an initiative that will begin in 1998 under the Program Improvement authority to raise the employment rate of individuals with disabilities who receive public support. Awards will be made for model systems change projects that will identify and reduce systemic barriers to the employment of individuals with disabilities. Pending legislation would replace the current Section 311 demonstration authority with an expanded special projects and demonstration authority that would allow for the support of such an activity.

Migratory Workers

	<u>1997</u>	<u>1998</u>	<u>1999</u> <u>Request</u>
BA in millions . . . . .	\$1.8	\$2.4	\$2.4

This program awards competitive grants to State vocational rehabilitation agencies and nonprofit organizations to provide rehabilitation services to migratory workers with disabilities. States that receive funding under this program are consistently more aggressive in serving this population than those that do not. Level funding would provide continued support for 14 ongoing projects.

Recreational Programs

	<u>1997</u>	<u>1998</u>	<u>1999</u> <u>Request</u>
BA in millions . . . . .	\$2.6	\$2.6	\$2.6

This program supports projects that provide recreation and related activities for individuals with disabilities to aid in their employment, mobility, independence, socialization, and community integration. The \$2.6 million request would support 10 new projects and 16 continuations. Because the Federal contribution to each program declines over the project period, the Department is able to initiate new recreational programs each year with no increase in Federal funds.

Protection and Advocacy of Individual Rights

	<u>1997</u>	<u>1998</u>	<u>1999</u> <u>Request</u>
BA in millions . . . . .	\$7.7	\$9.9	\$9.9

The \$9.9 million request would support systems in each State to protect and advocate for the legal and human rights of individuals with disabilities. These protection and advocacy 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.

Projects with Industry

	<u>1997</u>	<u>1998</u>	<u>1999</u> <u>Request</u>
BA in millions . . . . .	\$22.1	\$22.1	\$22.1

These projects provide training and experience for individuals with disabilities in realistic work settings to prepare them for employment and advancement in the competitive labor

market. PWI promotes the involvement of business through Business Advisory Councils that participate in project policymaking and provide advice on available jobs and training requirements. PWI places over 12,000 individuals with disabilities in competitive employment each year. Most of the individuals served through this program are considered difficult to place due to severe disability or extended unemployment (at least 6 months at time of project entry). The 1999 request would support approximately 103 continuation awards.

Supported Employment State Grants

	<u>1997</u>	<u>1998</u>	<u>1999 Request</u>
BA in millions . . . . .	\$38.2	\$38.2	\$38.2

This program makes formula grants to assist States in developing collaborative programs with appropriate public and private nonprofit organizations to offer supported employment services for individuals with the most severe disabilities who have a goal of supported employment under the Vocational Rehabilitation State Grants program. Supported employment placements are achieved by augmenting short-term vocational rehabilitation services with ongoing support provided by other public or non-profit organizations.

Independent Living

BA in millions

	<u>1997</u>	<u>1998</u>	<u>1999 Request</u>
State Grants . . . . .	\$21.9	\$21.9	\$22.3
Centers for Independent Living . . . . .	42.9	45.2	46.1
Services for Older Blind Individuals . . . . .	<u>10.0</u>	<u>11.0</u>	<u>11.2</u>
Total . . . . .	74.8	78.1	79.6

The three independent living programs provide services to individuals with disabilities to maximize their independence and productivity. The State Grants program awards formula grants to States to provide 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 Services for Older Blind Individuals program assists individuals aged 55 or older whose severe visual impairment makes competitive employment difficult to obtain, but for whom independent living goals are feasible.

The 1999 request would provide an increase of 2 percent for each of the three programs. Under pending legislation, this would trigger an increase in the minimum State allotment for both the State grants and Centers programs, allowing a cost of living increase for centers in many States and supporting the funding of one new center.

Program Improvement

	<u>1997</u>	<u>1998</u>	<u>1999 Request</u>
BA in millions . . . . .	\$2.4	\$2.9	\$1.9

The 1999 request would provide sufficient funds to continue support for technical assistance efforts to improve the efficiency and effectiveness of the VR program and for other program improvement and accountability efforts, including support for a national conference on the findings of the longitudinal study of the VR program. The model systems change projects to increase the employment rate of persons with disabilities who receive public support would be continued in 1999 under the Special Demonstrations program.

Evaluation

	<u>1997</u>	<u>1998</u>	<u>1999 Request</u>
BA in millions . . . . .	\$1.6	\$1.6	\$1.6

These funds are used to evaluate the impact and effectiveness of programs authorized by the Rehabilitation Act of 1973. The request would support three new program evaluation studies and dissemination and utilization of the longitudinal study of the VR State Grants program findings and database.

Helen Keller National Center

	<u>1997</u>	<u>1998</u>	<u>1999 Request</u>
BA in millions . . . . .	\$7.3	\$7.5	\$8.2

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; a network of 10 regional field offices which provide referral, counseling, and technical assistance; and an incentive grant program for public and private agencies that serve individuals with deaf-blindness. Federal funds are used to help enhance the ability of individuals with deaf-blindness to live independently in their home communities and increase the ability of professionals and allied personnel to work with these individuals.

The request includes an additional \$151,000 to enable the Center to keep pace with the increased cost of providing services for individuals with deaf-blindness, and \$476,000 for one-time construction projects to establish a state-of-the-art technology center, remove and replace two underground oil tanks, and install an emergency power line to the vocational building.

National Institute on Disability and Rehabilitation Research

	<u>1997</u>	<u>1998</u>	<u>1999 Request</u>
BA in millions . . . . .	\$70.0	\$76.8	\$81.0

The National Institute on Disability and Rehabilitation Research (NIDRR) provides a comprehensive and coordinated approach to the administration and conduct of research, demonstration projects, and related activities dealing with the rehabilitation of persons of all ages with disabilities, including training of persons who provide rehabilitation services or who conduct rehabilitation research.

NIDRR awards discretionary grants for support of rehabilitation research and training centers, rehabilitation engineering research centers, and research and demonstration projects that address diverse issues in rehabilitation, including the causes and consequences of disability and ways to improve educational, employment, and independent living opportunities for persons with disabilities. Grants or contracts are also awarded for utilization and dissemination of research results and for training.

The 1999 request would provide approximately \$64 million for continuations, including 44 research centers. Approximately \$1 million of the funds requested would be used to increase funding to existing Rehabilitation Research and Training Centers. These funds would be used to support collaborative research activities, interdisciplinary and longitudinal studies, the transfer of technology into manufacture and distribution, and more responsive research on emerging issues and new technological developments. Another \$13 million would be used for new activities, including 7 new research centers and 30 new Field-Initiated Research projects.

Assistive Technology

	<u>1997</u>	<u>1998</u>	<u>1999 Request</u>
BA in millions . . . . .	\$36.1	\$36.1	\$30.0

This program assists States in improving the access of individuals with disabilities to assistive technology (AT) devices and services. The \$30 million request will enable the Department to support AT programs in 43 States and 4 outlying areas. Funding for 22 programs will be reduced in fiscal year 1999 in accordance with the Technology-Related

Assistance for Individuals with Disabilities Act. Funding for 14 AT programs in their 10<sup>th</sup> year would be reduced by 50 percent and 8 AT programs in their 9<sup>th</sup> year would be reduced by 25 percent. Nine States receive their last year of funding in fiscal year 1998. The GEPA extension for this program applies through September 30, 1999; however, new authorizing legislation will be proposed.

Special Institutions for Individuals with Disabilities  
(BA in millions)

	<u>1997</u>	<u>1998</u>	<u>1999</u> <u>Request</u>
American Printing House for the Blind . . . . .	\$6.7	\$8.2	\$8.3
National Technical Institute for the Deaf . . . . .	43.0	44.1	44.8
Gallaudet University . . . . .	<u>79.2</u>	<u>81.0</u>	<u>83.5</u>
Total . . . . .	128.9	133.3	136.6

The Louisville, Kentucky-based American Printing House for the Blind provides special education materials for students who are blind, offers advisory services for consumers, and conducts research. Each State receives an allotment that can be used to purchase materials from the Printing House. The request includes an increase of \$70,000 for a project to develop guidelines for computer-administered testing of visually impaired students. In 1997, the Federal appropriation represented approximately 34 percent of APH's total budget.

The National Technical Institute for the Deaf provides postsecondary technical education and training for students who are deaf, conducts research, and provides training related to the education and employment of individuals who are deaf. The 1999 request provides an increase of \$650,000 for costs associated with developing detailed architectural, engineering, interior design, and construction plans for a renovation of the NTID dormitories. In 1997, the Federal appropriation accounted for about 82 percent of the budget for the Institute, which is based in Rochester, New York.

Gallaudet University is a private, nonprofit liberal arts institution in Washington, D.C., offering 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 1999 request includes a \$2.5 million increase to complete upgrades of electronic mail and management information systems begun with 1998 funds. In 1997, the Federal appropriation provided approximately 72 percent of the University's total funding.

## D. VOCATIONAL AND ADULT EDUCATION

(Including the School-to-Work Opportunities Act)

In response to rapid changes in the economy and society, schools and colleges must adopt educational approaches that ensure that every student achieves rigorous academic knowledge, computer and other technical proficiency, and problem-solving, communications, and teamwork skills. The current shortage of information technology workers provides one example of the need for American students to receive this type of education if they, and the country, are to thrive in the global economy. The Department's School-to-Work Opportunities, Vocational Education, and Adult Education programs help Americans of all ages attain this needed combination of skills and abilities.

### School-to-Work Opportunities

	<u>1997</u>	<u>1998</u>	<u>1999</u> <u>Request</u>
BA in millions . . . . .	\$200.0	\$200.0	\$125.0

The Administration is requesting a total of \$250 million—\$125 million each for the Department of Education and the Department of Labor—for School-to-Work Opportunities—to continue support for the development of State systems that connect what goes on in the classroom to future careers and real-work situations and that prepare secondary school students for a broad range of postsecondary education and advanced training opportunities. Fiscal year 1999 would begin the planned phase-out of funding for this program, in accordance with the October 2001 “sunset” in its authorizing statute. As Federal support winds down, States will continue their school-to-work activities with funding from other Federal programs, such as Vocational Education, and with State and local dollars.

By the end of fiscal year 1998, the two Departments expect to have provided school-to-work implementation grants to all 50 States, the District of Columbia, and Puerto Rico. The program also supports separate grants to high-poverty urban and rural areas, and to Indian tribes and the Outlying Areas. Limited funds reserved at the national level support training, technical assistance, and evaluation activities.

The school-to-work concept is the product of a broad-based consensus among policy-makers, teachers, researchers, and others about the need to improve career planning and workforce preparation among youth, and the kinds of learning experiences that schools need to provide. States' early experiences in developing school-to-work systems indicate that the concept can bring together educators, businesses, and other members of the community in designing new educational programs. States like Kentucky and Oregon have made school-to-work reforms a central part of their broader education reform strategies.

Vocational Education  
(BA in millions)

	<u>1997</u>	<u>1998</u>	<u>1999</u> <u>Request</u>
State Grants . . . . .	\$1,015.6	\$1,027.6	\$1,030.7
Tech-Prep Education . . . . .	100.0	103.0	106.0
National Programs . . . . .	13.5	13.5	13.5
Tribally Controlled Postsecondary Vocational Institutions . . . . .	<u>2.9</u>	<u>3.1</u>	<u>—<sup>1</sup></u>
Subtotal . . . . .	1,132.0	1,147.1	1,150.1
Permanent Appropriation (Smith- Hughes Act) . . . . .	<u>7.1</u>	<u>—<sup>2</sup></u>	<u>—<sup>2</sup></u>
Total . . . . .	1,139.1	1,147.1	1,150.1

<sup>1</sup> Under the reauthorization legislation the Administration has submitted to Congress, tribally controlled postsecondary institutions would receive funding under the Basic Grants set-aside for Indian and Native Hawaiian programs. The 1999 budget would continue funding for those institutions at \$3.1 million.

<sup>2</sup> The Smith-Hughes Act permanent appropriation was repealed in August 1997.

The 1999 budget includes nearly \$1.2 billion for vocational education programs, a \$3 million increase from the 1998 level. The request is based on the “Carl D. Perkins Career Preparation Education Act,” the Department’s reauthorization bill that is currently pending in Congress. This proposal would assist in the transformation of State and local vocational education programs into components of career preparation systems linked to challenging academic and industry skill standards and capable of meeting the needs of all youth. It would also streamline the current legislation by consolidating most program authorities, enhance State and local flexibility by eliminating many administrative and governance requirements, strengthen the Perkins Act’s focus on accountability and program results, and target funds more effectively on the neediest communities and educational institutions.

For State Grants, which provide formula grants that States, local educational agencies, and postsecondary institutions use to improve vocational education programs and to ensure that individuals with special needs have full access to those programs, the request is approximately \$1.0 billion. The Act concentrates Federal resources on schools and colleges with high concentrations of low-income and other special-needs students. The State Grants appropriation also funds a statutory set-aside for Indian and Native Hawaiian programs. The budget would maintain the 1998 funding level for State Grants (assuming the consolidation of funding for tribally controlled postsecondary vocational institutions into the Indian set-aside, as proposed in the Department’s reauthorization bill.)

The budget includes a \$3 million increase, to \$106 million, for Tech-Prep Education, which supports State formula grants for programs that link secondary and postsecondary, and

vocational and academic instruction to prepare individuals for high-tech careers. Tech-Prep has laid the foundation, in many States, for the introduction of school-to-work systems, and the additional funds will assist States' efforts to extend tech-prep programs to more schools and students.

The National Programs support applied research and development activities designed to improve and assess vocational education programs nationally. Recently, the Department has begun using these resources to help States develop the data collection and program accountability systems needed to improve program management and supply the performance information needed under the Government Performance and Results Act. The budget request of \$13.5 million for National Programs would also support continuation of the National Center for Research on Vocational Education, initiation of a new national assessment of vocational education programs, activities to improve the professional development of vocational educators, and continuing efforts to document and disseminate information on high schools that have achieved outstanding outcomes with curricula that integrate academic and vocational study.

Adult Education  
(BA in millions)

	<u>1997</u>	<u>1998</u>	<u>1999</u> <u>Request</u>
Adult Education State Grants . . . . .	\$340.3	\$345.3	\$361.0
Evaluation and Technical Assistance . . . . .	5.0	5.0	27.0
National Institute for Literacy . . . . .	4.5	5.5	6.0
Literacy Programs for Prisoners . . . . .	<u>4.7</u>	<u>4.7</u>	<u>—</u>
 Total . . . . .	 354.6	 360.6	 394.0

Many Americans lack the basic literacy and language skills to succeed in today's economy. The 1994 National Adult Literacy Survey found that between 23 and 27 million adults performed at or below the fifth-grade level in reading and math. Adults who function at the lowest levels of literacy tend to live in poverty, drop out of school, and, if employed, have low-paying jobs. Poor literacy skills affect not only these adults, but their children as well; numerous studies have shown that the educational level of the parent, especially the mother, is the most influential factor in children's success in school. The Department's Adult Education programs fund programs in the States that enable adults to become literate and complete high school, so that they can succeed as workers, parents, and citizens.

The 1999 budget is based on the "Adult Basic Education and Literacy for the 21st Century Act" that the Department submitted to Congress in 1997. This proposal would simplify the current adult education programs by eliminating unnecessary set-asides and requirements, strengthen accountability for results, and target funds more effectively on States and local areas with the greatest needs. The proposal also would improve program quality by

funding activities that are (1) built on a strong research foundation, (2) employ advances in technology, (3) establish measurable goals for client outcomes, and (4) are of sufficient intensity and duration for participants to achieve substantial learning gains.

The 1999 budget includes \$361 million for a reauthorized Adult Education State Grants program, up \$15.7 million or 4.5 percent to help states to increase the number of adults served and allow them to focus on improved program quality and student achievement.

The \$27 million request for Evaluation and Technical Assistance is a \$22 million increase over the 1998 level. Most of the proposed increase is for a \$20 million initiative to develop model English as a second language programs. This new activity would fund demonstrations involving different instructional approaches, delivery methods, teacher qualifications, and resource levels for providing English instruction to Hispanic and other adults who lack proficiency in English. Up to 40,000 adults would be served through the demonstrations. The remaining Evaluation and Technical Assistance funds would provide continued support for major evaluations and technical assistance activities, including a national study of adult education instruction and outcomes instruction, as well as efforts to help States develop results-based performance information systems.

For the National Institute for Literacy, the Department's \$6 million request would continue efforts to identify, promote, and demonstrate approaches that effectively respond to the diverse needs of adult learners, build adult literacy providers' capacity to meet client needs with high-quality services tied to rigorous content standards, and increase national awareness of the importance of literacy and public support for literacy programs.

Because all States use a portion of their Adult Education State Grant funds to provide literacy services to incarcerated and other institutionalized individuals, the Department is not proposing to reauthorize or fund the separate Literacy Program for Prisoners activity for 1999.

## E. POSTSECONDARY EDUCATION

### Overview

The 1999 budget request for postsecondary education supports the Administration's proposals for reauthorization of the Higher Education Act and builds upon the successes achieved in 1998 for postsecondary education. Last year, the maximum Pell Grant was raised by \$300 to \$3,000 for students from the neediest families and the Taxpayer Relief Act of 1997 brought an historic level of tax support to low- and middle-income families paying the costs of postsecondary education.

The 1999 proposals reflect President Clinton's continued strong support for higher education and take important steps toward ensuring equal access to a quality postsecondary education for all Americans. The request would significantly increase grant aid and work-study assistance while reducing student borrowing costs. And it would fund critical new programs that would improve teacher training, promote early awareness of the importance of higher education and the financial aid available to pay for it, and provide support services to help prepare disadvantaged students for higher education.

Following are the highlights of the Department's 1999 request:

- Total student financial aid available would be expanded to \$51 billion, a 4 percent increase over the 1998 level. Grants, loans, and work-study opportunities would be provided to over 8.8 million students, over a quarter million more than in 1998.
- The Pell Grant maximum award would increase by \$100 to \$3,100, the highest ever, to improve access to postsecondary education for students from the neediest families. Over 3.9 million students would receive grants under the program.
- A \$70 million increase for Work-Study would achieve the President's commitment to giving 1 million recipients the opportunity to work their way through college and would bolster the President's "America Reads" initiative under which Work-Study recipients serve as reading tutors.
- In 1999, the new HOPE tax credit will provide \$4.2 billion to an estimated 5.5 million students and their families to help pay postsecondary educational expenses. In addition, Lifetime Learning tax credits will total \$2.5 billion for 7.1 million students and the Education IRA will promote savings for future educational expenses.
- Student loan fees for all borrowers would be reduced from 4 to 3 percent in 1999. Origination fees for need-based loans would be phased out entirely by 2003.
- The FFEL guaranty agency system would move toward a fee-for-service model. The Department would pay 100 percent of lender default claims and all guaranty agency reserves would be recalled—because they would not be necessary. Guaranty agencies would operate under performance-based agreements and would receive

payments from the Department and the lenders they serve based upon services performed.

- A \$53 million or 10 percent increase for the TRIO programs would increase the number of Upward Bound projects—especially in underserved areas—in support of the President’s Hispanic Initiative, and would support new Innovative and Experimental projects to encourage grantees to pursue new approaches to better serve TRIO participants. The total number of students served by the TRIO programs would increase to over 743,000.
- A \$15 million Early Awareness Information proposal would bring the message to middle school students and their families about the importance of higher education and the steps needed to attain that education.
- A College-School Partnership initiative would encourage academic achievement and subsequent college enrollment among students in high-poverty schools.
- A \$43.8 million or 20 percent increase for the Title III programs would provide greater help to Historically Black Colleges and Universities and other institutions that serve high percentages of students from low-income backgrounds. Funding for the Hispanic-Serving Institutions program would more than double to \$28 million and a proposed Strengthening Tribal Colleges and Universities program would be funded at \$5 million.
- A \$67 million Teacher Recruitment and Preparation initiative would help recruit new teachers for high-poverty urban and rural areas that have the most difficulty in recruiting and retaining a qualified teaching force.
- A new \$30 million Learning Anytime Anywhere Partnerships program would support pilot projects using distance learning technology and other innovations to enhance the delivery of postsecondary education and lifelong learning opportunities.

### Student Aid Summary Tables

The following tables show estimated Federal student aid funding, aid available, and recipients under the Education Department's 1999 budget request.

<u>Budget Authority (\$ in millions)</u>	<u>1997</u>	<u>1998</u>	<u>1999 Request</u>
Pell Grants . . . . .	\$5,919	\$7,345	\$7,594 <sup>1</sup>
Federal Family Education Loans <sup>2</sup> . . . . .	3,336	1,892	1,813
Federal Direct Loans <sup>3</sup> . . . . .	763	920	1,135
Work-Study . . . . .	830	830	900
Supplemental Grants . . . . .	583	614	619
Perkins Loans . . . . .	178	165	90
State Student Incentive Grants . . . . .	<u>50</u>	<u>25</u>	<u>—</u>
 Total . . . . .	 11,660	 11,791	 12,151

<sup>1</sup> Reflects proposed changes in duration of student eligibility, and institutional loss of eligibility due to high default rates.

<sup>2</sup> Budget authority requested for FFEL does not include the liquidating account.

<sup>3</sup> Includes subsidy costs plus Federal administration funding for Direct Loans, which includes funds used for student aid management and support for guaranty agencies.

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

	<u>1997</u>	<u>1998</u>	<u>1999 Request</u>
Pell Grants . . . . .	\$6,256	\$7,404	\$7,574 <sup>2</sup>
Federal Family Education Loans . . . . .	19,163	20,461	21,932
Federal Direct Loans . . . . .	9,838	11,204	12,002
Consolidation Loans <sup>3</sup> . . . . .	5,169	6,574	6,116
Campus-based Programs:			
Work-Study . . . . .	1,007	1,003	1,083
Supplemental Grants . . . . .	738	777	784
Perkins Loans . . . . .	<u>1,058</u>	<u>1,058</u>	<u>1,058</u>
Subtotal, Campus-based programs . . . . .	2,803	2,838	2,923
State Student Incentive Grants <sup>4</sup> . . . . .	<u>100</u>	<u>50</u>	<u>—</u>
 Total . . . . .	 43,329	 48,531	 50,549

<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 proposed changes in duration of student eligibility, and institutional loss of eligibility due to high default rates.

<sup>3</sup> New FFEL and Direct Loans issued to consolidate existing loans.

<sup>4</sup> Reflects the SSIG program's statutory dollar-for-dollar State matching requirement.

Number of Student Aid Awards  
(in thousands)

	<u>1997</u>	<u>1998</u>	<u>1999</u> <u>Request</u>
Pell Grants . . . . .	3,683	3,909	3,913 <sup>1</sup>
Federal Family Education Loans . . . . .	5,225	5,559	5,843
Federal Direct Loans . . . . .	2,864	3,093	3,251
Consolidation Loans . . . . .	280	325	307
Campus-based programs:			
Work-Study . . . . .	945	942	1,017
Supplemental Grants . . . . .	991	1,043	1,052
Perkins Loans . . . . .	<u>788</u>	<u>788</u>	<u>788</u>
Subtotal, Campus-based programs . . . . .	2,724	2,733	2,857
State Student Incentive Grants <sup>2</sup> . . . . .	<u>167</u>	<u>83</u>	<u>—</u>
 Total awards . . . . .	 14,943	 15,742	 16,171

Number of Students Aided by Department Programs

Unduplicated count . . . . .	8,065	8,524	8,825
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<sup>1</sup> Reflects proposed changes in duration of student eligibility, and institutional loss of eligibility due to high default rates.

<sup>2</sup> Reflects only the SSIG program's statutory dollar-for-dollar State matching requirement.

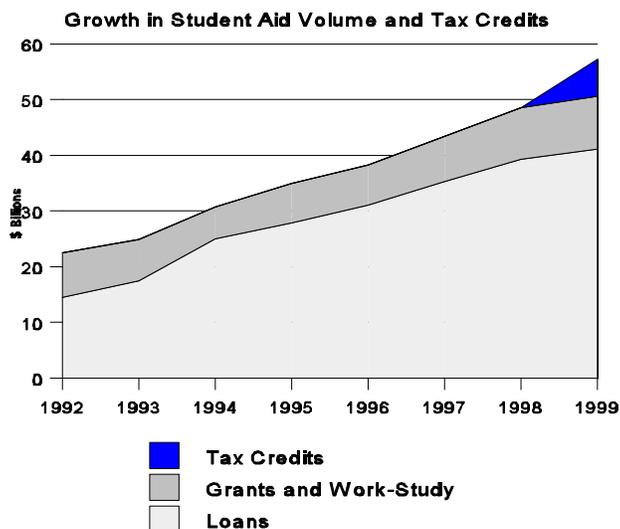
Student Aid Overview

Over the last 5 years, the Administration has made great strides in opening the doors of college to everyone who has the desire and preparation to go. The President's college opportunity agenda represents the largest Federal investment in helping people go to college since the original GI Bill.

The tax benefits for postsecondary education enacted last year will make college more affordable for many American families. An estimated 5.5 million students will receive \$4.2 billion in HOPE tax credits in 1999, while an estimated 7.1 million students will receive \$2.5 billion in Lifetime Learning tax credits (see details below).

As important as tax breaks are, America's neediest families need additional help in paying college costs. Through the reauthorization of the Higher Education Act, the Administration will be working to (1) ensure access to, and encourage persistence in postsecondary education; (2) modernize and simplify the Federal student aid delivery system; (3) support and improve student loan systems with enhanced repayment flexibility; and (4) assure accountability of Federal funds. Together with proposed program improvements, the

Administration's 1999 budget would provide a total of nearly \$51 billion in grant, loan and work-study assistance to America's students and families. This significant investment will ensure that the doors of college remain open to all Americans into the 21st century.



The dramatic growth in Education Department student financial assistance programs since 1992 is a result of several factors. The Higher Education Amendments of 1992 raised annual and lifetime borrowing limits and created a new Unsubsidized Stafford Loan program. Between 1993 and 1996, Unsubsidized Stafford Loan volume increased from 7.5 percent to over 33 percent of total volume, while total student loan volume doubled from about \$15 billion to over \$30 billion per year.

The Student Loan Reform Act of 1993 helped ease the burden of this additional borrowing on students by reducing loan origination fees and interest rates while at the same time creating a new Direct Loan program with streamlined loan delivery and flexible, longer-term repayment options. The 1999 budget request and the Administration's proposal to reauthorize the Higher Education Act include additional fee reductions in the student loan programs.

Partly in response to increased borrowing, the Administration began to encourage and support increased appropriations for Pell Grants and Work-Study. This led to an increase in the Pell maximum award from \$2,300 in 1994 to \$3,000 in 1998 and a 35-percent increase in Work-Study in 1997. Additional increases proposed for these programs in 1999—along with the multibillion-dollar tax benefits from the HOPE Scholarship and Lifetime Learning tax credits—will further reduce financial barriers to postsecondary education in 1999 and future years.

Pell Grants

	<u>1997</u>	<u>1998</u>	<u>1999</u> <u>Request</u>
BA in millions . . . . .	\$5,919.0	\$7,345.0	\$7,594.0
Aid available (\$ in millions) . . . . .	6,256.0	7,404.0	7,574.0
Recipients (in thousands) . . . . .	3,683	3,909	3,913
Maximum grant . . . . .	\$2,700	\$3,000	\$3,100
Average grant . . . . .	\$1,699	\$1,894	\$1,936

The Administration is proposing to increase the Pell Grant maximum award to \$3,100 in 1999 from the 1998 level of \$3,000. This \$100 increase would expand access to postsecondary education for millions of disadvantaged students while also increasing opportunities for working Americans to upgrade their knowledge and skills.

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

The 1999 budget request for the Pell Grant program reflects several changes included in the Administration's HEA reauthorization proposal. First, the Administration proposes to continue the higher income protection allowances authorized in the 1998 appropriations act for dependent students and independent students without dependents other than a spouse: \$2,200 for dependent students; \$4,250 for single independent students; \$4,250 for married independent students without dependents when both are in college; and \$7,250 for married independent students without dependents with one in college.

Second, the 1999 request includes a proposal to limit the duration of a student's eligibility for Pell Grant assistance to the full-time-equivalent of 150 percent of the period normally required for the student to complete his or her program of study, with the equivalent of 8 years as an absolute maximum.

Finally, the Administration is proposing to reduce waste and abuse in the student financial assistance programs by terminating the eligibility of those institutions with high student loan default rates to participate in the Pell Grant program, as well as the other title IV programs. Under current law, institutions with high default rates are only precluded from participation in the student loan programs.

Campus-based Programs

The Work-Study, Supplemental Educational Opportunity Grants, and Perkins Loan programs are collectively referred to as the "campus-based" programs because participating institutions are provided with funding that they are responsible for

administering on their own campuses. These programs provide financial aid administrators with considerable flexibility in the packaging of financial aid awards in order to best meet the needs of their students.

Work-Study

	<u>1997</u>	<u>1998</u>	<u>1999 Request</u>
BA in millions . . . . .	\$830.0	\$830.0	\$900.0
Aid available (\$ in millions) . . . . .	1,007.0	1,003.0	1,083.0
Recipients (in thousands) . . . . .	945	942	1,017
Average award . . . . .	\$1,065	\$1,065	\$1,065

The 1999 request for Work-Study is \$900 million, an increase of \$70 million or 8 percent over the 1998 level, to give over one million students the opportunity to work their way through college.

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 remaining 25 percent of the student's wages are provided by the school or other eligible employer. Funds are allocated to institutions on the basis of a statutory formula, and individual award amounts to students are determined at the discretion of institutional financial aid administrators.

Students may earn their Work-Study awards by working in community service jobs. The statute requires institutions to use at least 5 percent of their Work-Study allocations to support students working in community service jobs. The President encourages institutions to continue using Work-Study funds to promote community service activities, particularly in the areas of tutoring children in reading and serving in family literacy programs.

Through the America Reads Challenge, tens of thousands of Work-Study students at more than 800 colleges and universities are earning money for college while they are helping others to learn to read. The Department waives the 25 percent institutional matching requirement for students who work as reading tutors in literacy programs that provide services to preschool age children, children in elementary school, and their families. The Administration estimates that 100,000 students will be working as reading tutors in support of the President's America Reads Challenge in 1999.

Supplemental Educational Opportunity Grants

	<u>1997</u>	<u>1998</u>	<u>1999</u> <u>Request</u>
BA in millions . . . . .	\$583.4	\$614.0	\$619.0
Aid available (in millions) . . . . .	738.0	777.0	784.0
Recipients (in thousands) . . . . .	991	1,043	1,052
Average award . . . . .	\$745	\$745	\$745

The Supplemental Educational Opportunity Grant (SEOG) program provides grant assistance of up to \$4,000 per academic year to undergraduate students with demonstrated financial need. The 1999 request includes \$619 million and, with institutional matching funds, would provide \$784 million in grant aid to more than 1 million students.

SEOG funds are allocated to institutions on the basis of a statutory formula, and a 25 percent institutional match is required. Awards to students who meet general need criteria are determined at the discretion of institutional financial aid administrators, although schools are required to give priority to students with "exceptional need" and to Pell Grant recipients.

Perkins Loans  
(BA in millions)

	<u>1997</u>	<u>1998</u>	<u>1999</u> <u>Request</u>
Federal Capital Contributions . . . . .	\$158.0	\$135.0	\$60.0
Allocations from Revolving Fund . . . . .	<u>—</u>	<u>—</u>	<u>40.0</u>
Total Institutional Allocations . . . . .	158.0	135.0	100.0
Loan Cancellation Payments . . . . .	20.0	30.0	30.0
Loan volume (\$ in millions) . . . . .	1,058	1,058	1,058
Number of borrowers (in thousands) . . .	788	788	788
Average loan . . . . .	\$1,342	\$1,342	\$1,342

In 1999, \$1.1 billion will be available for new Perkins Loans to some 788,000 recipients. The Administration is requesting \$60 million in new budget authority for Federal Capital Contributions to supplement the resources from repayments on outstanding loans and from the newly established Federal Perkins Loan Revolving Fund. As in past years, the majority of the funding for new loans made under the Perkins Loans program will come from the repayment of outstanding loans to the program's institutional revolving funds. The Department estimates that nearly \$930 million from these repayments will be available in 1999 before subtracting administrative expenses.

The Perkins Loan program provides long-term, low-interest loans to undergraduate and graduate students with demonstrated financial need. Loans are made from institutional revolving funds. Approximately 2,100 participating institutions currently administer Perkins Loans institutional revolving funds, with total assets of about \$7.3 billion representing nearly 40 years of Federal capital contributions, institutional matching funds, repayments on previous loans, and reimbursements for cancellations. Institutions provide one dollar for every three dollars of new Federal capital.

Perkins Loan borrowers pay no interest during in-school, grace, and deferment periods, and are currently charged 5 percent interest during the principal repayment period. Undergraduate students can borrow up to \$3,000 and graduate and professional students can borrow up to \$5,000 each year. The cumulative maximum is \$30,000 for combined undergraduate and graduate or professional study.

In addition to the funds available from repayments of outstanding Perkins Loans at the institutional level, the Higher Education Amendments of 1992 established a new source of Federal capital contributions to institutions. Collections from defaulted loans assigned to the Department, funds received as the result of audit findings, and other Perkins Loan funds returned to the Department will be deposited into a new Perkins Loan Revolving Fund and redistributed to institutions starting in 1999. These funds formerly were deposited to a Treasury receipt account. The Department estimates that \$40 million from this new Department revolving fund will be available for distribution to institutions as new Federal Capital Contributions in 1999.

The \$30 million request for Perkins Loan Cancellations for 1999 reflects the borrowers entering repayment who are expected to seek cancellation of their Perkins loans under the expanded statutory entitlements enacted as part of the Higher Education Amendments of 1992. Eligible borrowers include those who undertake certain public service employment such as teaching in Head Start programs, full-time law enforcement, or nursing.

#### State Student Incentive Grants

	<u>1997</u>	<u>1998</u>	<u>1999 Request</u>
BA in millions . . . . .	\$50.0	\$25.0	—
Aid available in millions . . . . .	100.0	50.0	—
Maximum grant . . . . .	\$5,000	\$5,000	—
Recipients (in thousands) <sup>1</sup> . . . . .	167	83	—
Average grant . . . . .	\$600	\$600	—

<sup>1</sup> Reflects the program's statutory dollar-for-dollar State matching requirement.

The State Student Incentive Grant (SSIG) program provides dollar-for-dollar Federal matching funds as an incentive for State support of need-based postsecondary student

grant assistance. When the program was first authorized in 1972, 28 States had undergraduate grant programs. Now all States have established need-based student grant programs.

Because the program has clearly achieved its original purpose, the Department is once again proposing to eliminate funding for the SSIG program in 1999. Federal support is no longer needed to provide incentives to States to develop and maintain need-based grant programs. Despite decreases in Federal funding for the SSIG program over the last few years, States have increased expenditures for grants to nearly \$2 billion. In 1997, States overmatched their Federal SSIG allocations by about 20 to 1.

Direct Loans and Federal Family Education Loans  
(BA in millions)

	<u>1997</u>	<u>1998</u>	<u>1999</u> <u>Request</u>
Direct Loans			
New Loan Subsidies . . . . .	\$354.2	\$264.9	\$525.5
Re-estimate of Prior Loans <sup>1</sup> . . . . .	-82.2	123.2	—
Federal Administration—Student Aid Management <sup>2</sup> . . . . .	<u>491.0</u>	<u>532.0</u>	<u>610.0</u>
Subtotal, Direct Loans . . . . .	763.0	920.1	1,135.5
Federal Family Education Loans			
New Loan Subsidies . . . . .	\$3,191.0	\$1,845.6	\$1,764.3
Re-estimate of Prior Loans <sup>1</sup> . . . . .	98.1	—	—
Federal Administration . . . . .	<u>46.5</u>	<u>46.5</u>	<u>48.5</u>
Subtotal, FFEL loans . . . . .	3,335.6	1,892.1	1,812.8
FFEL Liquidating Account <sup>3</sup> . . . . .	745.3	—	—
Total, Student Loans . . . . .	4,843.9	2,812.2	2,948.3
New loan volume			
Direct Loans . . . . .	9,838	11,204	12,002
Federal Family Education Loans . . . . .	19,163	20,461	21,932
Direct Consolidation Loans . . . . .	1,333	2,531	1,855
FFEL Consolidation Loans . . . . .	<u>3,836</u>	<u>4,043</u>	<u>4,261</u>
Total . . . . .	34,170	38,239	40,050

Number of loans (in thousands)			
Direct Loans . . . . .	2,864	3,093	3,251
Federal Family Education Loans . . .	5,225	5,559	5,843
Direct Consolidation Loans . . . . .	85	124	100
FFEL Consolidation Loans . . . . .	<u>195</u>	<u>201</u>	<u>207</u>
 Total . . . . .	 8,369	 8,977	 9,401

<sup>1</sup> Direct Loans re-estimate is upward in 1998 primarily reflecting technical adjustments in interest rate assumptions and repayment plan distribution data. 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 actual data compared to projections.

<sup>2</sup> These costs include loan servicing, collection, and other administrative costs associated with the Direct Student Loan program, and student aid management costs such as application processing as well as other ADP contracts, including the National Student Loan Data System. In 1999, about 30 percent of these costs reflect estimated payments to FFEL guaranty agencies. Total for 1998 includes \$25 million transfer from Higher Education Assistance Foundation Treasury account.

<sup>3</sup> This account reflects costs associated with loans made prior to 1992. In 1998 and 1999 default collections will exceed default and in-school interest costs. Therefore, no new Budget Authority is required in those years.

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. The Administration is committed to supporting two strong student loan delivery systems, allowing individual institutions to choose which best meets their needs and the needs of their students.

The FFEL program makes loan capital available to students and their families through some 4,800 participating private lenders. There are 36 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.

In order to reduce complexity, improve efficiency for both borrowers and schools, and lower taxpayer costs, a simpler Direct Loan program was established by the Student Loan Reform Act (SLRA) of 1993. Under this program, the Federal Government uses Treasury funds to provide loan capital directly to schools, which then disburse loan funds to students—greatly streamlining loan delivery for students, parents, and schools.

The Direct Loan program began operation in academic year 1994-95 and has now grown to about 35 percent of student loan volume, a level it is projected to sustain over the next few years. As of the third year of operation (1996-97) approximately 1,300 schools—representing about 25 percent of all schools in the Department’s student loan programs—were actively participating in the Direct Loan program.

### 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 varies annually and is capped at 8.25 percent.
- Unsubsidized Stafford Loans are offered at the same low rates 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 interest rate varies annually and is capped at 9 percent.
- Consolidation Loans allow borrowers with multiple student loans who meet certain criteria to combine their obligations and extend their repayment schedules. Under the recently enacted Emergency Consolidation Act of 1997—which is effective through September 30, 1998—borrowers may consolidate under either FFEL or Direct Loans regardless of the underlying loans.

### The 1999 Request

The Administration is proposing a series of statutory changes to reduce debt burden and to improve the effectiveness and efficiency of the student loan programs. This effort is part of the government-wide effort to make programs more results-driven, consistent with the Government Performance and Results Act (GPRA) of 1993. Proposed changes include reducing borrower fees, providing greater incentives for default reduction, creating greater comparability between FFEL and Direct Loan program benefits, and restructuring the guaranty agency system into a more performance-based operation.

### Borrower-Related Proposals

The Administration proposes to reduce student borrowing costs and increase student benefits by:

- Reducing loan origination fees for all borrowers in 1999 and completely eliminating these fees as of July 1, 2003 for subsidized borrowers, thus increasing the loan dollars available to meet college costs. Under the President's policy, beginning July 1, 1999:
  - Fees on all loans would be reduced from 4 to 3 percent;

- Fees on need-based Stafford loans would be further reduced to 2 percent as of July 1, 2001, 1 percent as of July 1, 2002, and would be eliminated completely as of July 1, 2003.
- Providing a federally-paid interest subsidy benefit for certain student borrowers who perform community service.
- Offering FFEL borrowers the additional flexible options of graduated and extended repayment available in the Direct Loan program under comparable terms.
- Clarifying that any Direct Loan balance remaining after 25 years, which is forgiven under income-contingent repayment, will not be treated as income for Federal tax purposes.
- Allowing borrowers who consolidate subsidized loans into a FFEL Consolidation Loan to maintain interest subsidy benefits associated with the subsidized portions of their Consolidation Loan, as currently provided in Direct Loan Consolidations.
- Reducing the frequency of interest capitalization (and thus the compounding of borrower interest) allowed in the FFEL program, thus standardizing the practice in the FFEL and Direct Loan programs.

Under current law, student loan interest rates will be reduced significantly on July 1, 1998. For the first time, interest rates will be tied to the Government's cost of borrowing, using a 10-year rate plus 1 percent. To date, loan rates have been tied to the 91-day Treasury bill. Many financial aid experts believe the change in rates will have an adverse impact on availability of loans. The Administration will work with Congress and various participants to consider the best means of coping with the scheduled change.

#### School-Related Proposals

The Administration proposes to reduce institutional burden and simplify program delivery by:

- Requiring a single loan proration formula instead of the multiple computations schools must now calculate. For some programs, proration requirements would be eliminated.
- Providing a multi-year promissory note in both FFEL and Direct Loans, helping to reduce school administrative burden and speed up loan processing time.

#### Lender and Guaranty Agency Proposals

The Administration is proposing a number of changes in the guaranty agency system to simplify the system. Currently, these State and private nonprofit entities use Federal funds they hold in reserve to pay a small portion of each lender default claim; the balance is

funded through Federal payments. Recognizing that the Federal Government is already the ultimate insurer of FFEL loans, the Department is proposing to pay 100 percent of each eligible lender default claim.

With this change, guaranty agencies would no longer need to hold Federal funds in reserve. Therefore, the Administration proposes to recall \$1.1 billion in unneeded Federal reserve funds held by guaranty agencies over the next five years—in addition to the \$1 billion already subject to recall through the Balanced Budget Act of 1997. Other proposed changes include:

- In place of the current Federal supplemental pre-claims assistance payment to guaranty agencies to help lenders collect delinquent loans, the Department proposes a performance-based lender payment to guaranty agencies tied to agency success in bringing delinquent loans current.
- Requiring periodic recertification of guaranty agency agreements. Department agreements would require public disclosure of specific performance information, annual audits, and submission of timely, accurate, and consistent data to the Department's National Student Loan Data System.
- Replacing the current administrative cost allowance paid to guaranty agencies with a performance-based fee for service payment.
- Reducing the percentage of default collections that guaranty agencies may retain from 27 percent to 18.5 percent.

#### Loan Programs Management Improvement Proposals

The Department proposes to better manage student loans by:

- Prohibiting the discharge of student loans in bankruptcy. Currently, borrowers may have their loans discharged when they file for bankruptcy. Given the increased availability of repayment options such as income contingent and income-sensitive plans, and the availability of deferments and forbearances, the Department proposes to eliminate the bankruptcy discharge provisions for new loans.
- Requiring schools to pay loan costs incurred during unsuccessful cohort default rate appeals. Under current law, schools remain eligible to participate in FFEL without any additional liability during the cohort default rate appeals process. In order to discourage frivolous appeals and protect taxpayer interests, schools would provide a letter of credit to remain eligible during the appeals process and pay all loan costs associated with loans made during an unsuccessful appeal.

### Postsecondary Education Program Management

The Department would spend almost \$738 million in 1999 to administer the Federal postsecondary education programs and make payments for services to FFEL guaranty agencies, an increase of \$82.1 million over the 1998 level. Of these funds, \$568.6 million would support Department administrative activities, primarily for the student financial assistance programs, and \$170 million would be paid to guaranty agencies. These funds, which make up more than 65 percent of the Department's overall administrative budget, are drawn from four sources: mandatory funding authorized under Section 458 of the Higher Education Act (83 percent of total funds available), the discretionary Program Administration account (11 percent), a discretionary appropriation covering a portion of administrative costs for the FFEL program (6 percent), and discretionary appropriations for administrative costs associated with facilities loan programs (less than 1 percent). For more details, see the section on Departmental Management.

### Higher Education Tax Benefits

The Taxpayer Relief Act of 1997 included several important postsecondary education tax benefits that will save students and families billions of dollars in fiscal year 1999.

- Tax Credits. The HOPE Scholarship tax credit will reimburse families for up to \$1,500 for each of the first two years of postsecondary education. An estimated 5.5 million students will receive \$4.2 billion in HOPE tax credits in 1999. Lifetime Learning tax credits, worth up to \$1,000 in 1999 and up to \$2,000 in 2000 and later years, will make postsecondary education more affordable for students beyond their first two years of study, as well as for those taking class part-time to upgrade their job skills. An estimated 7.1 million students will receive \$2.5 billion in Lifetime Learning tax credits in 1999. Eligibility for both new higher education tax credits phases out at incomes between \$80,000 and \$100,000 for joint filers, and at incomes between \$40,000 and \$50,000 for single filers.
- New Individual Retirement Account rules will promote savings for college by allowing families to withdraw funds from their IRA accounts without penalty and spend the earnings on postsecondary education costs on a tax-free basis.
- Student Loans interest deduction. A new Tax Code provision allows an "above the line" deduction (the taxpayer does not need to itemize in order to benefit) for interest paid in the first 60 months of repayment on private or Government-backed loans for postsecondary education. The maximum deduction will be \$1,500 in 1999, \$2,000 in 2000, and \$2,500 in 2001 and beyond. Eligibility for this deduction is phased out at incomes between \$60,000 and \$75,000 for joint filers and between \$40,000 and \$55,000 for single filers.
- Employer-provided education benefits. Section 127 of the Tax Code, which allows workers to exclude from their taxable income up to \$5,250 of employer-provided education benefits for undergraduate courses, was extended through June 1, 2000.

## Higher Education Programs Overview

The 1999 President's budget for Higher Education Programs contributes directly to the Department of Education's mission of promoting equal access to education and educational excellence throughout the Nation. This is accomplished through outreach and support services aimed at helping disadvantaged students enter and complete a postsecondary education, assisting institutions that serve such students, targeting Federal funds to areas of national need, efforts to improve the quality of postsecondary education.

The Department is requesting a significant increase for the TRIO programs to expand outreach and support services for disadvantaged students and to support new projects in underserved areas, while at the same time proposing a new College-School Partnerships program to encourage low-income students to complete high school and pursue postsecondary education. A new Early Awareness Information program would help middle school students—especially low-income students—begin to think about college, provide information on the academic preparation required to enter college, and help them identify sources of financial aid to help pay for postsecondary education.

To support institutions that serve disadvantaged students, the Department is requesting significant funding increases for the Strengthening Historically Black Colleges and Universities, Hispanic-serving Institutions, Strengthening Institutions, and Minority Science Improvement programs. A new Strengthening Tribal Colleges and Universities program would support institutions that serve Native American students.

The Higher Education Programs also help develop a skilled workforce and provide support in areas of critical national need. New Teacher Recruitment and Preparation programs would help recruit new teachers for high poverty areas that have the most difficulty recruiting and retaining a qualified teaching force. A new National Need Graduate Fellowship program would combine the purposes of the previously funded Graduate Assistance in Areas of National Need, Patricia Roberts Harris Fellowship, and Jacob K. Javits Fellowship programs. Increased funding is also sought for the International Education and Foreign Language Studies programs.

Continued support is also sought for the Fund for the Improvement of Postsecondary Education, which makes awards for small institutional projects aimed at improving the overall quality of postsecondary education. A new program called Learning Anytime Anywhere Partnerships would support pilot projects using distance learning technology and other innovations to enhance the delivery of postsecondary education and lifelong learning opportunities. The new Access and Retention Innovations program would assess the impact of alternative methods of packaging student financial assistance.

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

	<u>1997</u>	<u>1998</u>	<u>1999</u> <u>Request</u>
Strengthening Institutions (Part A) . . . . .	\$55.5	\$55.5	\$60.0
Strengthening Historically Black Colleges and Universities (Part B) . . . . .	109.0	118.5	134.5
Strengthening Historically Black Graduate Institutions (Part B) . . . . .	19.6	25.0	25.0
Strengthening Hispanic-serving Institutions . . . . .	10.8	12.0	28.0
Strengthening Tribal Colleges and Universities . . . . .	—	—	5.0
Minority Science Improvement . . . . .	<u>5.3</u>	<u>5.3</u>	<u>7.5</u>
 Total . . . . .	 200.1	 216.2	 260.0

The 1999 request for Title III supports the Administration's strong commitment to high quality education for the Nation's minority and disadvantaged students. A \$44 million or 20 percent overall increase in Title III funding would help provide equal educational opportunity and strong academic programs for such students and help achieve greater financial stability for the institutions that serve these students. The Department is requesting a \$16 million or 13.5 percent increase for Historically Black Colleges and Universities (HBCUs) and, as part of the President's Hispanic Initiative, more than doubling support for Hispanic-serving Institutions. In addition, a new Strengthening Tribal Colleges and Universities program would provide \$5 million to support institutions that serve Native Americans. Other institutions with limited resources enrolling a high percentage of needy students (Part A institutions) would receive an 8.2 percent increase over the 1998 level.

The request also provides a \$2.2 million or 43 percent increase for the Minority Science Improvement Program (MSIP), which under the Administration's HEA reauthorization proposal would move from Title X to Title III. MSIP helps improve science and engineering programs at postsecondary institutions with predominantly minority enrollments. The reauthorization also would incorporate the Historically Black College and University Capital Financing Program, which issues Federal guarantees on private sector funding to facilitate low-cost construction financing for HBCUs, into Title III.

Fund for the Improvement of Postsecondary Education

	<u>1997</u>	<u>1998</u>	<u>1999</u> <u>Request</u>
BA in millions . . . . .	\$18.0	\$25.2	\$22.5

The 1999 request for the Fund for the Improvement of Postsecondary Education (FIPSE) would provide continued support for innovative projects that enhance postsecondary education quality and cost effectiveness. The request would fund 236 new and continuing projects under the Comprehensive program in areas of postsecondary education access, retention and completion, workforce preparation, school-college partnerships, improvement of campus environments, curricula reform, and faculty development. In response to growing concern over the rising costs of higher education, the Department is proposing to increase FIPSE's support for restructuring projects that address issues of cost containment at postsecondary institutions. The request also would continue support for programs in areas of national need, including exchange programs with the European Community and the NAFTA countries, and for dissemination of FIPSE project results.

International Education and Foreign Language Studies

	<u>1997</u>	<u>1998</u>	<u>1999</u> <u>Request</u>
BA in millions . . . . .	\$58.8	\$59.4	\$60.1

The 1999 request would provide continued support for Domestic and Overseas programs designed to strengthen the American education system in the area of foreign languages and international studies. These programs support comprehensive language and area study centers within the United States, research and curriculum development, and opportunities for American scholars to study abroad. 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 request would fund approximately 334 projects and 1,050 fellowships.

Institute for International Public Policy

	<u>1997</u>	<u>1998</u>	<u>1999</u> <u>Request</u>
BA in millions . . . . .	\$1.0	\$1.0	\$1.0

The 1999 request maintains support for the Institute's efforts to encourage under-represented minorities to enter the Foreign Service of the United States and serve in private international voluntary organizations.

Minority Teacher Recruitment/Teacher Recruitment and Preparation  
(BA in millions)

	<u>1997</u>	<u>1998</u>	<u>1999</u> <u>Request</u>
Recruiting New Teachers for			
Underserved Areas .....	—	—	\$35.0
Lighthouse Partnerships .....	—	—	30.0
National Activities .....	—	—	2.0
Minority Teacher Recruitment (current law)	<u>\$2.2</u>	<u>\$2.2</u>	—
Total .....	2.2	2.2	67.0

The Administration’s proposal for the reauthorization of Title V of the Higher Education Act would replace numerous small, disconnected authorities with two programs focused on recruiting new teachers for the high-poverty urban and rural areas that have the most difficulty in recruiting and retaining a qualified teaching force, and preparing those teachers to teach all students to high standards. The request for these new programs in 1999 is \$67 million—the same as the proposed authorization level—and \$350 million over five years.

The Recruiting New Teachers for Underserved Areas program would award competitive grants to partnerships between institutions of higher education and schools districts that serve concentrations of children from low-income families. Collaboratively, the partners would conduct an analysis of the teaching needs in the districts and identify a pool of potential teachers who can be trained to fill those needs. The partners would then recruit individuals and prepare them to take teaching positions in the district.

The Lighthouse Partnerships program would provide competitive grants to partnerships among “lead” institutions that have an exemplary record in delivering high-quality preparation of teachers for urban and rural schools in poor areas and “partner” institutions that want to improve their teaching programs. The grants would support refinement and documentation of the lead institutions’ programs, technical assistance by the lead institution on improvement of the partners’ programs, implementation of improved practices by the partners, and joint activities with school districts participating in the partnership.

Both new authorities would permit the Department to reserve a small portion of the funding for national leadership activities and evaluation. In 1999 the Department would use \$2 million for this purpose.

Urban Community Service

	<u>1997</u>	<u>1998</u>	<u>1999 Request</u>
BA in millions . . . . .	\$9.2	\$4.9	—

This program helps institutions of higher education serve as a resource for urban communities attempting to solve urban problems. The program is proposed for elimination since efforts to solve the social and economic problems of urban areas are more appropriately addressed under other Department programs and initiatives as well as programs and budgets of other Federal and State agencies.

Mary McLeod Bethune Memorial Fine Arts Center

	<u>1997</u>	<u>1998</u>	<u>1999 Request</u>
BA in millions . . . . .	\$1.4	\$6.6	—

No additional funds are requested for the Mary McLeod Bethune Memorial Fine Arts Center in 1999. In fiscal year 1998, the project received the remaining balance of funding allowed by the authorizing statute. Since 1988, a total of \$21.9 million in Federal construction grants has been provided noncompetitively to Bethune-Cookman College for this project.

Federal TRIO Programs  
(BA in millions)

	<u>1997</u>	<u>1998</u>	<u>1999 Request</u>
Student Support Services . . . . .	\$166.0	\$171.8	\$178.6
Upward Bound . . . . .	198.6	202.5	242.9
Talent Search . . . . .	82.1	97.6	97.8
Educational Opportunity Centers . . . . .	26.8	29.7	30.6
McNair Postbaccalaureate Program . . . . .	20.4	20.8	23.6
Staff Training . . . . .	3.3	3.6	3.6
Innovative Projects . . . . .	0	0	1.5
Evaluation . . . . .	1.5	1.5	1.5
Administration/Peer Review . . . . .	<u>1.3</u>	<u>2.2</u>	<u>2.9</u>
Total . . . . .	500.0	529.7	583.0

The TRIO programs fund postsecondary education outreach and student support services that encourage individuals from disadvantaged backgrounds to enter and complete college. These services complement the Department's student financial aid programs by helping to

ensure postsecondary education access for disadvantaged students and by providing them with the support they need to successfully complete postsecondary programs. Nearly 744,000 students would benefit from these programs under the 1999 request.

The Administration is proposing increased TRIO funding in part to support its Hispanic Initiative and, through its HEA reauthorization proposal, is recommending that priority points be added to applicants proposing projects in underserved geographic areas. This priority reflects changing national demographics and is expected to increase the number of Hispanic students served by the TRIO programs.

New awards will be made in both the Upward Bound and McNair programs, while continuation awards will be made in the remaining TRIO programs. Student Support Services, which research shows to have a positive effect on college grade point average and retention, would provide remediation and more intensive support services to an estimated 179,478 disadvantaged undergraduate students. Talent Search would identify and encourage an estimated 332,245 students from disadvantaged backgrounds to graduate from high school and enroll in college. Educational Opportunity Centers would provide assistance and information to an estimated 169,640 adults seeking to pursue a program of postsecondary education. Upward Bound, which has been shown to improve the academic preparation of participants while in high school, would provide intensive academic support services to an estimated 56,462 disadvantaged high school students to generate the skills and motivation needed to pursue a program of education beyond high school. The McNair program would support scholarly activities and other assistance to help prepare an estimated 2,725 disadvantaged undergraduates who want to pursue graduate or doctoral study. A set-aside for Innovative and Experimental projects, proposed as part of the reauthorization of the HEA, would fund 6 short-term grants to encourage grantees to pursue new educational approaches that would lead to program improvements.

College-School Partnerships

	<u>1997</u>	<u>1998</u>	<u>1999 Request</u>
BA in millions . . . . .	—	—	\$140.0

This proposed new program would encourage academic achievement and college enrollment among students in low-income schools.

National Early Intervention Scholarships and Partnerships

	<u>1997</u>	<u>1998</u>	<u>1999 Request</u>
BA in millions . . . . .	\$3.6	\$3.6	—

The Department requests no funding for the National Early Intervention Scholarship and Partnership program. This program is overly complex and would require a much greater

Federal investment to have a national impact. Its purpose would be better served by the proposed College-School Partnership program.

Scholarships and Fellowships

(BA in millions)

	<u>1997</u>	<u>1998</u>	<u>1999 Request</u>
Byrd Honors Scholarships . . . . .	\$29.1	\$39.3	\$39.3
Graduate Assistance in Areas of National Need (GAANN) . . . . .	24.1 <sup>1</sup>	30.0 <sup>2</sup>	—
National Need Graduate Fellowships . . .	—	—	<u>37.5</u> <sup>3</sup>
<u>Total . . . . .</u>	<u>53.2</u>	<u>69.3</u>	<u>76.8</u>

<sup>1</sup> \$3.9 million of the 1997 GAANN appropriation was available for Harris Fellowship non-competing continuation awards.

<sup>2</sup> \$5.9 million of the 1998 GAANN appropriation is available for Javits Fellowship new and non-competing continuation awards.

<sup>3</sup> The amount for National Need Graduate Fellowships also would support continuing GAANN and Javits awards.

Level funding for Byrd Honors Scholarships would continue awards at the \$1,500 authorized level for four cohorts of undergraduate college students. Over 26,000 students would be served, including 6,500 new scholars.

Funding is not requested for new awards under the Graduate Assistance in Areas of National Need (GAANN) program. Continuing GAANN awards would be funded under the proposed National Need Graduate Fellowship program, which would incorporate the purposes of the GAANN program.

The Administration requests \$37.5 million for the proposed National Need Graduate Fellowships program, which would reward excellence and support financial opportunity through fellowships to outstanding students studying in areas of critical national need. Participating graduate schools would be required to recruit students from under-represented groups. The 1999 request would support an estimated 195 fellows while also funding 354 continuing GAANN and Javits fellows.

State Grants for Incarcerated Youth Offenders

	<u>1997</u>	<u>1998</u>	<u>1999 Request</u>
BA in millions . . . . .	—	\$12.0	—

This program makes formula grants to State correctional agencies to assist and encourage incarcerated youths to acquire functional literacy skills and life and job skills. While in

prison, participants will be provided an opportunity to pursue a postsecondary certificate or degree and to receive employment counseling. The Department is not requesting new funds for this program because incarcerated youths will be eligible to receive career preparation and literacy services under the pending vocational and adult education bills.

Early Awareness Information

	<u>1997</u>	<u>1998</u>	<u>1999 Request</u>
BA in millions . . . . .	—	—	\$15.0

This new program, initially authorized in 1992 but never funded, would provide information on preparation for college to over 10 million middle school students, with particular emphasis on students from high-poverty areas. Through pamphlets and videos, community events, and public service announcements, the program would educate students and their parents about the importance of higher education and the many steps necessary to attend college. It would inform families about the academic course work that is needed in middle school and high school to gain entrance into college and about the financial aid opportunities available to finance that education.

Learning Anytime Anywhere Partnerships

	<u>1997</u>	<u>1998</u>	<u>1999 Request</u>
BA in millions . . . . .	—	—	\$30.0

This new program would support pilot projects using distance learning technology and other innovations to enhance the delivery of postsecondary education and lifelong learning opportunities to students and adults. The program would encourage partnerships between educational institutions, community agencies, software and other technology developers, learning assessment specialists, and private industry employers.

Access and Retention Innovations

	<u>1997</u>	<u>1998</u>	<u>1999 Request</u>
BA in millions . . . . .	—	—	\$20.0

The Department requests \$20 million for a new research program aimed at assessing the effects of alternative packages of Federal student aid—in combination with institutional aid and other resources—on the postsecondary education access and retention of low-income students and students from under-represented groups. Projects would be conducted in

cooperation with postsecondary institutions, and funds would provide administrative support as well as additional student aid to selected students.

Academic Facilities

(BA in millions)

	<u>1997</u>	<u>1998</u>	<u>1999 Request</u>
Interest Subsidy Grants . . . . .	\$15.7	\$13.7	\$13.0
CHAFL Federal Administration . . . . .	<u>0.7</u>	<u>0.7</u>	<u>0.7</u>
 Total . . . . .	 16.4	 14.4	 13.7

The academic facilities programs were created to provide financial assistance to institutions of higher education for the construction, reconstruction, or renovation of academic facilities. Funds are requested in 1999 solely to manage and service the existing portfolios of facilities loans and grants that were made in prior years.

Howard University

(BA in millions)

	<u>1997</u>	<u>1998</u>	<u>1999 Request</u>
Howard University Hospital . . . . .	\$29.5	\$29.5	\$29.5
General Support . . . . .	<u>166.5</u>	<u>180.5</u>	<u>180.5</u>
 Total . . . . .	 196.0	 210.0	 210.0

The 1999 request would maintain support for Howard's academic operations, research, endowment, construction, and the Hospital, while giving the University broad flexibility to allocate funds to best meet its needs. The request reflects the Administration's support for maintaining and improving the quality and financial strength of an institution that provides a major avenue of postsecondary access and opportunity for African Americans.

Historically Black College and University Capital Financing Program

(BA in millions)

	<u>1997</u>	<u>1998</u>	<u>1999 Request</u>
Federal Administration . . . . .	\$0.1	\$0.1	\$0.1

The Historically Black College and University (HBCU) Capital Financing Program promotes diversity and equal opportunity in American higher education by providing a Federal guarantee for bond financing for the repair and construction of facilities at HBCUs. By

statute, the total amount of loan principal guaranteed plus accrued unpaid interest may not exceed \$375 million. Of the \$375 million, \$250 million is allocated for loans to public HBCUs and \$125 million for loans to private HBCUs. Since the subsidy costs of the program are estimated to be zero, the 1999 request includes only \$96,000—down from \$104,000 in 1998—to cover the Federal administrative costs of the program and to maintain the HBCU Capital Financing Advisory Board, which is appointed by the Secretary and advises the Secretary on the most effective means of implementing a construction financing program to address the needs of the Nation's HBCUs.

## **F. EDUCATIONAL RESEARCH AND IMPROVEMENT**

### Overview

The Office of Educational Research and Improvement (OERI) provides essential support for the improvement of American education by building knowledge about teaching and learning and by helping to stimulate improvements in education policy and practice. OERI-supported activities include the research and development programs of the five National Research Institutes; the applied research, development, and technical assistance activities of the 10 Regional Educational Laboratories; dissemination activities and the National Library of Education; and the statistics and assessment programs of the National Center for Education Statistics. OERI also supports a number of direct grant programs designed to advance or demonstrate nationally significant strategies for improving teaching and learning.

The budget request for OERI activities in 1999, including the 21st Century Community Learning Centers program and all of the education technology programs except the Technology Literacy Challenge Fund, is \$935.4 million, an increase of \$344.9 million over the 1998 appropriation. In fiscal year 1998, all of the education technology programs were moved from the Education Research, Statistics, and Improvement account to the Education Reform account.

The increase includes \$50 million for a major new interagency research initiative—involving the National Science Foundation, the National Institute of Child Health and Human Development, and other agencies—that would begin to provide the knowledge needed to create classrooms of the 21st century that lead to improved achievement for all students.

Complementing the research program, the statistics and assessment programs would provide the kinds of education-related information that will be needed as States, districts, and schools continue reforms that change what students study, how they are taught, and how their performance is measured.

Direct grant programs would support demonstrations and other activities that serve the OERI mission of building knowledge and sharing successful strategies. Most notable is the investment in educational technology, including support for challenge grants that would engage a variety of partners in designing and demonstrating powerful examples of the effective use of technologies to improve curriculum, teaching, and student learning.

A major expansion in support for after-school programs—part of the President's Child Care Initiative—would increase the supply of before- and after-school programs, offering a range of services including enhanced learning opportunities, growth and development activities, and recreational and art programs in safe, drug-free environments. New capacity-building efforts in professional development would focus on improving mathematics instruction, particularly in the middle grades, and on improving instruction in a variety of subjects by ensuring that teachers are prepared to use advanced technologies and integrate them effectively in instruction.

National Education Research Institutes

	<u>1997</u>	<u>1998</u>	<u>1999 Request</u>
BA in millions . . . . .	\$54.0	\$53.8	\$53.8

The 1999 request would continue at current levels the research and development activities of the five national research institutes: the National Institute on Student Achievement, Curriculum, and Assessment; the National Institute on the Education of At-Risk Students; the National Institute on Educational Governance, Finance, Policymaking, and Management; the National Institute on Early Childhood Development and Education; and the National Institute on Postsecondary Education, Libraries, and Lifelong Learning.

The institutes support university-based, national research and development centers to carry out sustained, long-term research and development to address important education problems; a field-initiated studies program in which the research topics and methods are determined by the investigators; and a limited number of other research and development projects. The 1999 request would support between 35 and 50 new field-initiated studies as well as ongoing studies and the ongoing work of 11 research and development centers.

OERI-supported research has resulted in dramatic gains in knowledge about how children learn and about more effective methods for teaching them. For example, research on the education of disadvantaged students has shown that students who fall behind in their studies should not be removed from the regular classroom and given low-level, remedial instruction, but instead should be provided with an enriched, high-quality program. Current and future OERI research will build upon past accomplishments to expand our knowledge of what works in education.

Interagency Education Research Initiative

	<u>1997</u>	<u>1998</u>	<u>1999 Request</u>
BA in millions . . . . .	—	—	\$50.0

The 1999 request includes \$50 million for the first year of a five-year interagency initiative centered on education research and involving a partnership between the Department of Education and the National Science Foundation that would bring together researchers from many disciplines. These funds—which respond to the recommendation of the President’s Committee of Advisors on Science and Technology for increased Federal investment in education research—would support rigorously designed and implemented large-scale research studies focused on classroom-based strategies for improving teaching and enhancing learning and student achievement.

Building on research from cognitive science, including research on how young children's brains develop, the research and education communities and the Office of Educational Research and Improvement, the National Science Foundation, and other agencies would work together over the next five years to create new frontiers for learning, exploiting advances in technology and tackling difficult problems in education.

The goal of the research would be to enhance learning in basic areas that continue to challenge our Nation's schools, such as reading, mathematics, and learning English as a second language. Leading experts agree that now is the time to invest in research and development aimed at accelerating learning to advance the performance of at-risk students and create new opportunities for all students. An initiative of this magnitude requires cooperative efforts from many disciplines and agencies.

Regional Educational Laboratories

	<u>1997</u>	<u>1998</u>	<u>1999</u> <u>Request</u>
BA in millions . . . . .	\$51.0	\$56.0	\$56.0

The 1999 request maintains current funding levels for the 10 regional educational laboratories. These laboratories help States, districts, and schools in their efforts to implement effective education reforms through applied research, development of materials and strategies, and training and technical assistance activities. To assist in carrying out its responsibilities, each regional laboratory is advised by a governing board of policymakers, including Chief State School Officers, researchers, and teachers who represent the concerns and interests across its region.

In addition to providing services to meet regional needs, each laboratory provides leadership, acts as an expert resource, and conducts basic and applied research, dissemination, and technical assistance in a designated specialty area. Specialty areas include curriculum, learning, and instruction; assessment and accountability; educational technology; rural education; urban education; language and cultural diversity; early childhood education; and school change process. In 1999, the laboratories would continue to provide assistance to schools in the identification and implementation of research-based, comprehensive school reform models.

National Dissemination Activities

	<u>1997</u>	<u>1998</u>	<u>1999</u> <u>Request</u>
BA in millions . . . . .	\$18.6	\$18.8	\$18.8

Level funding would provide continued support for the Educational Resources Information Center (ERIC) and the National Library of Education (NLE). ERIC offers ready access to

an extensive body of education-related literature and materials, while NLE serves as the central location within the Federal Government for information about education, provides comprehensive reference services on matters related to education, and promotes a greater sharing of resources among libraries and archives with significant education collections.

The request also would continue funding for the Department's award-winning INet and World Wide Web services, which provide quick and easy Internet access to Department programs, publications, statistics, and related resources (www.ed.gov), and for the National Research Policy and Priorities Board, which will assist OERI in designing and implementing the new interagency research initiative.

Statistics

	<u>1997</u>	<u>1998</u>	<u>1999</u> <u>Request</u>
BA in millions . . . . .	\$50.0	\$59.0	\$68.0

The 1999 request includes a \$9.0 million or 15 percent increase to support the data collection, analysis, and reporting activities of the National Center for Education Statistics (NCES). NCES data are used by local, State, and Federal policymakers to gauge the effects of reforms and the return of investments in education, and to make decisions about educational policy and planning. In addition, NCES databases and publications are widely used by educators, researchers, and others interested in education.

The request includes funds for a program of statistics that has evolved over the past 10 years in response to legislation, evaluation, and particular data needs and in consultation with education researchers, data providers, and data users. The statistics programs provide general statistics about the condition of, and trends in, education; collect data to monitor reform and progress toward the National Education Goals; and support the research agenda of OERI. NCES also is planning to meet the statistical needs of the future with new technologies, training, data development and analysis, and methodological studies that will make it an even more efficient organization and its data more useful for parents, teachers, administrators, and policymakers.

Increased funding in 1999 would support the addition of a birth cohort to the Early Childhood Longitudinal Study, the launching of a new National Adult Literacy Survey, the development of an on-going teacher quality survey, additional data collections in postsecondary and vocational education, and a one-time special analysis project leading to a Year 2000 report on education.

Assessment

	<u>1997</u>	<u>1998</u>	<u>1999 Request</u>
BA in millions . . . . .	\$32.6	\$35.5	\$40.0

The 1999 request includes a \$4.5 million or 13 percent increase for the National Assessment of Educational Progress (NAEP). Data on student achievement are essential for providing the public with reliable information about the condition of American education, and NAEP is the only source of nationally representative data. NAEP is used widely to judge the overall effectiveness of national education improvement efforts and is the primary source of information for assessing and reporting progress toward the National Education Goal of ensuring student competency over challenging subject matter.

In 1998, national assessments will be conducted in reading, writing, and civics at grades four, eight, and twelve, and State assessments will be conducted in reading at grades four and eight and writing at grade eight. In 2000, national assessments will be conducted in mathematics and science at grades four, eight, and twelve and in reading at grade four, and State assessments will be conducted in mathematics at grades four and eight and in reading at grade four.

Eisenhower Professional Development Federal Activities

	<u>1997</u>	<u>1998</u>	<u>1999 Request</u>
BA in millions . . . . .	\$13.3	\$23.3	\$50.0

This program supports nationally significant activities that promote long-term improvement in professional development. The 1999 request includes an increase to begin implementing the Education/NSF Action Strategy for mobilizing a national effort to improve mathematics instruction and achievement. The request will support grants to develop leadership at both the administrative and teaching levels, and to develop technology-based materials and training models that are designed to help teachers emphasize conceptual understanding of mathematics while at the same time ensuring mastery of the basics. The request includes a \$1.4 million increase for the Mathematics and Science Education Clearinghouse for dissemination activities related to the Action Strategy.

The budget includes funding for the Department's five-year plan to support the National Board for Professional Teaching Standards (NBPTS), which administers a voluntary assessment and certification process for teachers based on national standards of excellence. Teachers benefit from the opportunity to test and compare their skills against objective, peer-developed criteria for advanced practice, and many States and school districts provide monetary and employment rewards for certification. The request includes

\$16 million to speed the development of assessments in up to 30 specialty areas; only seven areas of certification are currently available. Support designed to enable more teachers to take the assessments would double to \$5 million in 1999, in order to help reach the target—set by the National Commission on Teaching and America’s Future—of certifying 105,000 teachers by the year 2006.

Technology Innovation Challenge Grants

	<u>1997</u>	<u>1998</u>	<u>1999 Request</u>
BA in millions . . . . .	\$57.0	\$106.0	\$106.0

The Department requests level funding for Technology Innovation Challenge Grants, which support the development of high-quality uses of technology for schools through local partnerships among educators, business, and industry. With recent gains in the number of computers per student and the number of classrooms with Internet access, professional development in technology has been recognized as a critical need. In 1998, approximately 20 new grants will be awarded to consortia that have developed or adopted innovative strategies to help teachers and administrators use advanced technology to improve teaching. The 1999 request will support a second competition for projects focusing on professional development and quality course content, while continuing the grants awarded in the previous four years.

Regional Technology in Education Consortia

	<u>1997</u>	<u>1998</u>	<u>1999 Request</u>
BA in millions . . . . .	\$10.0	\$10.0	\$10.0

The Department requests level funding for this program, which supports six regional consortia that help States, districts, and schools integrate technology with teaching and learning. Each consortium develops a program of professional development, technical assistance, and dissemination of information that addresses the particular needs of educators and learners in its service area. As more States and schools develop strategic plans and make substantial investments in technology, the consortia provide reliable information on long-term costs, compatibility among systems, hardware, and software, as well as on teacher needs and effective instructional uses of technology.

National Activities

	<u>1997</u>	<u>1998</u>	<u>1999</u> <u>Request</u>
Technology leadership activities .....	—	—	\$2.0
Teacher training in technology .....	—	—	75.0
Community-based technology .....	<u>—</u>	<u>—</u>	<u>10.0</u>
Total .....	—	—	87.0

The Department is requesting \$87 million for Educational Technology National Activities in 1999 for initiatives in three areas. First, a \$75 million Teacher Training in Technology program would help ensure that all new teachers are prepared to use technology effectively in the classroom. While many of today's college students are more technology-literate, incoming teachers require focused training on how to use new technologies to enhance student learning. These funds will provide competitive grants to consortia of State and local educational agencies, institutions of higher education, and other public and private entities for projects providing intensive training and support to new teachers.

Second, a \$10 million Community-Based Technology Centers program would establish computer learning centers in low-income communities that would provide access to technology for disadvantaged students and adults unable to purchase computers for use at home.

Finally, the request includes \$2 million for activities to promote leadership in the field of educational technology and to strengthen the network of the Department's technology initiatives. Such activities would include promoting the use of advanced technologies to improve teaching and learning; establishing a network that links federal technology programs through effective collaboration and dissemination strategies; and supporting evaluation efforts that contribute to the knowledge base about the role of technology in school reform, teaching practices, and student learning.

Star Schools

	<u>1997</u>	<u>1998</u>	<u>1999</u> <u>Request</u>
BA in millions .....	\$30.0	\$34.0	\$34.0

The Department requests level funding to continue demonstration projects that use technology and telecommunications equipment to provide instructional programs for students and professional development activities for teachers who otherwise would not have access to such programs and activities. The request will support a new grant competition and continuation of the 1997 general education awards, the adult learning and

high school completion awards made in 1996, and dissemination, leadership and evaluation activities.

Ready to Learn Television

	<u>1997</u>	<u>1998</u>	<u>1999 Request</u>
BA in millions . . . . .	\$7.0	\$7.0	\$7.0

The request includes level funding to continue support for the development of educational programming centered on school readiness, as well as grants for local educational and community outreach activities related to school readiness, such as materials, workshops, distribution of children’s books, and collaboration with local organizations. The four series scheduled to begin airing in 1999 and 2000 will help children attain the early literacy and other skills necessary for successful learning.

Telecommunications Demonstration Project for Mathematics

	<u>1997</u>	<u>1998</u>	<u>1999 Request</u>
BA in millions . . . . .	\$1.0	\$2.0	\$2.0

The budget maintains support for PBS Mathline, a year-long course of professional development in mathematics based on the standards developed by the National Council for Teachers of Mathematics. The findings of the Third International Mathematics and Science Study showed that U.S. teachers need assistance in developing instructional strategies that teach students challenging math content beyond basic skills. The project delivers professional development through videos and on-line communications, allowing teachers opportunities to learn at times and locations they find convenient and to share ideas and strategies for effective mathematics instruction. Since 1995, Mathline has served 5,500 K-8 math teachers in 41 States and the District of Columbia.

Fund for the Improvement of Education

	<u>1997</u>	<u>1998</u>	<u>1999 Request</u>
BA in millions . . . . .	\$40.0	\$108.1	\$105.0

The request supports a wide variety of activities aimed at stimulating reform and improving teaching and learning. FIE would continue to fund (through the States) a portion of the Title I Demonstrations of Comprehensive School Reform (see Elementary and Secondary Education), which provide resources and incentives to apply research findings and strategies help turn around failing schools.

Funds also are included for the further development and evaluation of tests in fourth grade reading and eighth grade mathematics that could be used in subsequent years by

States or districts to assess the achievement of students against challenging standards of performance. The National Assessment Governing Board would continue to oversee the use of these funds and set all policy and direction for the development and implementation of the tests.

Other activities include support for a reform initiative with the DC Public Schools, the continued expansion of character education programs, and the continuation of the Blue Ribbon Schools program, Christa McAuliffe Fellowships for excellence in teaching, and several demonstration programs aimed at improving teaching and learning.

Javits Gifted and Talented Education

	<u>1997</u>	<u>1998</u>	<u>1999 Request</u>
BA in millions . . . . .	\$5.0	\$6.5	\$6.5

The request includes level funding for this program, which helps demonstrate effective strategies for developing and implementing programs that both challenge gifted and talented students and can be used to create rich and challenging curricula for all students. A small number of new grant awards in 1999 will place priority on projects serving schools with high concentrations of low-income students and those students who may not be identified and served through traditional methods. A recent study of Javits projects reveals positive outcomes in student achievement and self-esteem, parental involvement, classroom practices, and identification of disadvantaged students as gifted. Funds will also support the National Center for Research and Development in the Education of Gifted and Talented Children and Youth.

Eisenhower Regional Mathematics and Science Education Consortia

	<u>1997</u>	<u>1998</u>	<u>1999 Request</u>
BA in millions . . . . .	\$15.0	\$15.0	\$25.0

The request would significantly expand support for the Eisenhower Regional Consortia as part of the Education/NSF Action Strategy to improve instruction in mathematics. Each consortium would receive additional funds to (1) expand the capacity of the consortia to provide technical assistance in mathematics and science education; (2) implement key strategies outlined in the Action Strategy, including support and technical assistance for recipients of Eisenhower Federal Activities grants; and (3) support collaborative efforts with the Eisenhower National Clearinghouse to disseminate information and resources on the Third International Mathematics and Science Study (TIMSS), including the results of the 12<sup>th</sup> grade assessment and the TIMSS Resource Kit.

21st Century Community Learning Centers

	<u>1997</u>	<u>1998</u>	<u>1999</u> <u>Request</u>
BA in millions . . . . .	\$1.0	\$40.0	\$200.0

The 1999 request would further expand this program—as part of the President’s Child Care Initiative—to support approximately 4,000 after-school programs that will expand learning opportunities for up to half a million children. These funds will help public schools to stay open before and after school hours and provide extended learning activities in safe and constructive environments, under adult supervision. To maximize the impact of this new investment, the Administration is proposing legislative amendments to target services to expand learning opportunities for youth, to require matching funds to help make sure programs become self-sustaining, and to reserve up to 10 percent of funds for community-based organizations working collaboratively with public schools.

Despite the growing numbers of school-aged children—an estimated 23.5 million in 1995—with parents in the workforce, most public elementary schools do not operate before- or after-school programs. In addition, the majority of extended-day programs are aimed at kindergarten and early elementary school students and focus on supervised care rather than academic instruction. This initiative will bring much-needed attention to the need for school-based academic services and enrichment opportunities for disadvantaged students.

National Writing Project

	<u>1997</u>	<u>1998</u>	<u>1999</u> <u>Request</u>
BA in millions . . . . .	\$3.1	\$5.0	\$5.0

This program supports a grant to the National Writing Project, a nonprofit educational organization that offers training programs in the effective teaching of writing. Workshops are provided for teachers in all disciplines, as the ability to write well is important for student achievement in many subject areas. Federal funding supports the development of teacher leaders through grants to local sites, ensures the consistency and quality of the NWP model across these sites, and leverages large amounts of State and local funding.

Civic Education

	<u>1997</u>	<u>1998</u>	<u>1999</u> <u>Request</u>
BA in millions . . . . .	\$4.5	\$5.5	\$6.3

The request would provide an increase of \$800,000 or 15 percent for the Civic Education program, which fosters good citizenship and civic responsibility for significant numbers of students while helping them develop an in-depth understanding of the U.S. Constitution. In addition, the program supports activities that further the National Education Goals and promotes high standards for what students should know and be able to do in civics. The request will provide increased support for training teachers and State and district coordinators, and enable the program to reach greater numbers of students.

International Education Exchange

	<u>1997</u>	<u>1998</u>	<u>1999</u> <u>Request</u>
BA in millions . . . . .	\$5.0	\$5.0	\$5.0

This program helps support democracy and free market economies in Eastern Europe, the Commonwealth of Independent States, and other countries that formerly were part of the Soviet Union, by providing educators and other leaders from those countries curricula and teacher training programs in civics and economic education, as well as the opportunity to exchange ideas and experiences with teachers in the U.S. and other participating countries. The 1999 request would support continuation of grants awarded in 1997 to two independent non-profit organizations with significant expertise in civics education and economic education, respectively.

## G. DEPARTMENTAL MANAGEMENT

	<u>1997</u>	<u>1998</u>	<u>1999 Request</u>
<u>Discretionary Salaries and Expenses (S&amp;E)</u> (BA in millions)			
Program Administration <sup>1</sup> .....	\$328.9	\$343.9	\$362.0
Office for Civil Rights .....	54.9	61.5	68.0
Office of the Inspector General .....	29.9	30.2	31.2
Federal Family Education Loans. ....	46.5	46.5	48.5
Other <sup>2</sup> .....	<u>7.0</u>	<u>8.2</u>	<u>8.5</u>
Total, Discretionary S&E. ....	467.2	490.3	518.2
<u>Permanent mandatory authority</u> (BA in millions)			
HEA Section 458 .....	340.6	362.0	440.0
Payments for Services by Guaranty Agencies <sup>3</sup> .....	<u>150.4</u>	<u>170.0</u>	<u>170.0</u>
Total, Permanent mandatory authority .....	491.0	532.0 <sup>4</sup>	610.0
Total Federal Administration (excluding Guaranty Agency Payments) .....	807.8	852.3	958.2
<u>Full-time equivalent employment (FTE)</u>			
Program Administration .....	2,624	2,657	2,664
Office for Civil Rights .....	681	724	724
Office of the Inspector General .....	280	285	285
Federal Family Education Loans .....	357	368	368
HEA Section 458 .....	506	520	550
Other <sup>2</sup> .....	<u>31</u>	<u>32</u>	<u>32</u>
Total .....	4,479	4,586	4,623

<sup>1</sup> In 1997 and 1998, the Program Administration account has been adjusted for comparability to include Indian Education Federal administrative costs, which were provided under the Indian Education account.

<sup>2</sup> Includes small Federal credit accounts and S&E activities in program accounts. Excludes \$2.2 million in 1997, \$2.6 million in 1998, and \$3.3 million in 1999 for the National Institute for Literacy.

<sup>3</sup> For fiscal years 1997 and 1998, these payments reflect .85 percent of consummated loan volume guaranteed by each agency (with fiscal year 1998 capped at \$170 million), as specified in the Balanced Budget Act of 1997. In fiscal year 1999, fees will be based on the President's guaranty agency restructuring proposal.

<sup>4</sup> Includes \$25 million transfer from Higher Education Assistance Foundation account at Treasury.

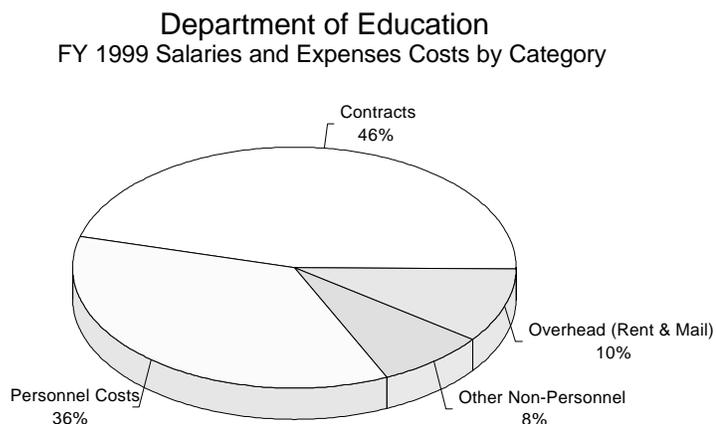
## Overview

The Department's 1999 budget request for Salaries and Expenses (S&E) will pay the Federal costs of the staff, overhead, contracts, and other activities and items needed to administer and monitor about

170 educational assistance programs and continue to improve management and service to schools and students. The Department is requesting \$518.2 million for its discretionary S&E budget in 1999, an increase of \$27.9 million over the 1998 level, but still just 1.7 percent of the Department's total discretionary request.

Mandatory Federal administrative costs—primarily associated with the

postsecondary student loan programs—will increase by \$78 million. The discretionary and mandatory increases are primarily for pay raises and benefits, technology improvements, and contracts—especially the data processing contracts required to provide over \$50 billion in grants and loans to 9 million postsecondary students. The major cost categories in the budget are shown in the accompanying chart.



Over 45 percent of the Department's S&E budget in 1999 is provided under a permanent mandatory appropriation that supports the operations of the student loan programs and other student financial aid management, with the largest single expense being the cost of the contractors that originate and service Direct Student Loans. In addition to paying for these contracts and the staff who manage the Direct Loan program, the permanent mandatory account supports all student aid programs through a variety of other contracts, such as the National Student Loan Data System, as well as payments to 36 non-Federal guaranty agencies that help administer the Federal Family Education Loan (FFEL) program. Both Direct Loan servicing costs and FFEL guaranty agency payments fluctuate with loan volume. Because student loan volume has grown—and is projected to continue to grow—significantly, loan-driven administrative costs will continue to increase.

## Department Employment

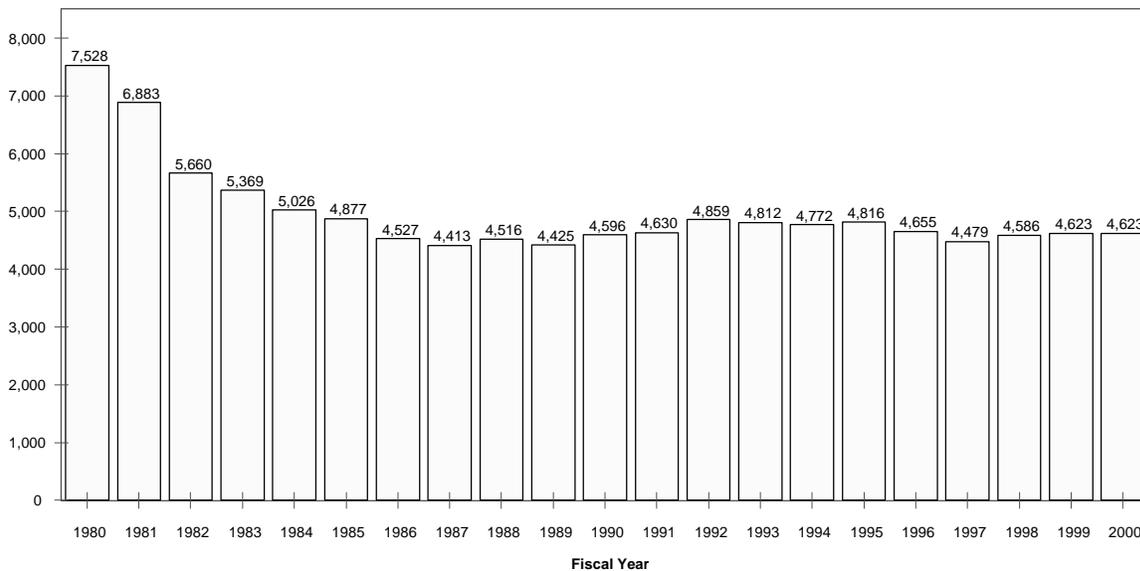
With a 1998 ceiling of 4,586 FTE, staffing levels are nearly 40 percent below the 1980 level of 7,528 FTE, when the Department was created. Staffing declined by 6 percent between 1992 and 1998. The Department's reinvention and restructuring efforts—combined with technology and financial management systems improvements, attrition, and retirements—have resulted in a Department that works better, costs less, and operates efficiently with a decreasing staff level. Retirements have been especially important, with over 200 employees taking advantage of the “buyout” program in fiscal years 1996 and 1997. Of total Department staff, 69 percent work in headquarters offices, with the remaining 31 percent in regional offices.

The 1999 staffing request for the Department is 4,623 FTE, an increase of 37 FTE from the 1998 level of 4,586 FTE. The increases are necessitated by the increasing responsibilities placed on the Department and the high priority currently being given to education. In addition to the overall increases, the Department plans to continue to shift current staff to high priority areas from activities where they are no longer needed due to ongoing streamlining efforts or the consolidation or elimination of programs. New staff are limited to a small number of high priority areas integral to the Department's Strategic Plan. The request includes:

- Thirty FTE in the Office of Postsecondary Education to support three major initiatives: the ongoing modernization of the student financial aid processing and delivery systems; implementation of the HOPE Scholarships and the Government Performance and Results Act; and the implementation of initiatives stemming from the pending reauthorization of the Higher Education Act.
- Four FTE in the Office of Elementary and Secondary Education to assist in the implementation of the America Reads Challenge and Demonstrations of Comprehensive School Reform.
- Three FTE in the Office of Bilingual Education and Minority Languages Affairs to see that the needs of Hispanic and limited English proficient (LEP) students are addressed through a variety of Department programs and activities.

DEPARTMENT OF EDUCATION  
FTE Usage/Ceiling

Full-Time Equivalent (FTE)



NOTE: Data for 1980 - 1997 are FTE usage; data from 1998 - 2000 are FTE ceilings.

The Department has maintained operations in spite of low staffing levels 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 some 9 million college students. Already the smallest of the 14 Cabinet agencies, the Department continually seeks ways to minimize administrative tasks and privatize functions that can be handled more efficiently by private contractors. A prime illustration is the use of contracts to operate the Direct Student Loan program. Finally, Congress has helped improve the balance between staff and workload by acting on many of the Administration's recommendations to eliminate or consolidate categorical programs that are duplicative, have outlived their usefulness, or have a limited Federal role.

### Program Administration

Administrative support for most programs and offices in the Department is provided by the Program Administration account. The 1999 request for this account is \$362 million, an increase of \$18.1 million over 1998, including \$202 million for staff pay and benefits and \$160 million for non-pay costs. Staffing paid for from this account would increase from 2,657 FTE in 1997 to 2,664 FTE in 1999. These figures have been adjusted for comparability for 1998, to include Indian Education Federal Administrative costs, which were provided under the Indian Education account.

The \$202 million request for salaries and benefits, which is 56 percent of the total, reflects average employee pay raises of about 2.5 percent in January 1998 and another 2.8 percent estimated for 1999, covering both national and locality pay raises. Other funds would provide for: (1) technology improvements to upgrade current information systems in order to communicate better with customers and prepare for Year 2000 conversion; (2) administrative support for activities such as the America Reads Challenge and the Partnership for Family Involvement in Education; and (3) contract support for the "One Pubs" initiative, which will provide customers with a "one-stop-shopping" service for the Department's publications (1-800-USA-LEARN).

### Postsecondary Education Management

The major focus of the Department's S&E budget continues to be improving management of student financial aid and other postsecondary education programs and continuing the successful implementation of Direct Loans. Excluding \$170 million in payments for services to FFEL guaranty agencies, student aid administration spending will total nearly \$568 million in 1999, almost 60 percent of the Department's total administrative budget. About 78 percent of this \$568 million reflects mandatory funding authorized under Section 458 of the Higher Education Act; the remaining funds are provided under the discretionary Program Administration account and smaller accounts supporting the administration of the FFEL, College Housing and Academic Facilities Loans, and HBCU Capital Financing programs. Major activities supported with these funds include:

Direct Loans. Origination and servicing costs for Direct Loans account for roughly 40 percent of Department administrative spending on postsecondary education. The Direct Loan program grew from 7 percent of total loan volume in academic year 1994-95 to 35 percent in 1997-98, and is expected to remain at that level for the next few years. As large numbers of loans have begun to enter repayment, servicing costs will continue to increase as Department contractors distribute increasing numbers of statements and coupon books, respond to more requests for account information, and collect and process

additional payments. As a result of these trends, costs for contracts to originate and service Direct Loans are expected to increase from \$177 million in 1998 to \$208 million in 1999.

Student Aid Delivery. The Department expects to provide nearly \$51 billion in grants and loans to almost 9 million students in 1999. In awarding this aid, the Department expects to spend over \$88 million on contracts with a number of private firms to process paper and electronic applications, determine student eligibility, and maintain information management systems required to transfer data and funds between the Department and the more than 6,000 schools participating in the Federal student aid programs.

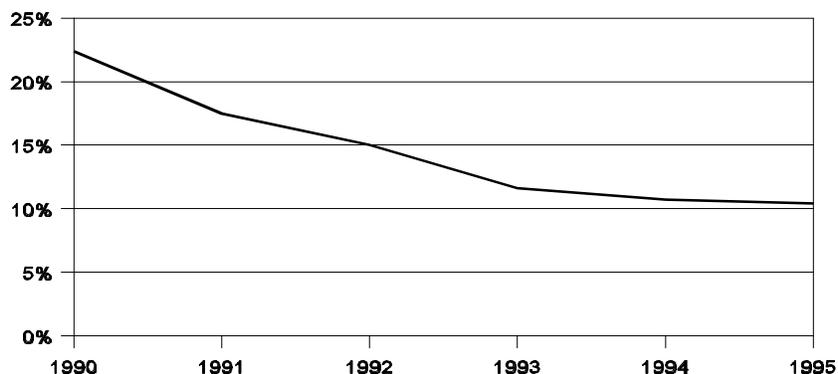
National Student Loan Data System. The budget includes \$27 million in 1999 for the National Student Loan Data System (NSLDS), a national database of loan-level account information. The system is used to screen financial aid applications to prevent loans to applicants who have defaulted on their student loans or who have reached maximum award levels, and to compute institutional default rates. Through the end of November 1997, the system had already prevented at least \$982 million in grants and loans from being made to ineligible students.

System Modernization. The Department is increasingly focusing on streamlining and modernizing the multi-million dollar computer systems that underlie the delivery and management of Federal student financial aid. A task order to establish a central processing site for all student aid systems was recently awarded under the General Services Administration's Virtual Data Center contract with Computer Sciences Corporation. Processing activities associated with NSLDS, the first system to be shifted to the new contract, will be moved onto the Virtual Data Center in early 1998, and other systems will be moved over time once NSLDS has been successfully relocated. The Department is working closely with the higher education community on Project EASI (Easy Access for Students and Institutions), a major development effort intended to streamline and simplify the Federal student aid application and delivery system through sophisticated electronic links between the Department and participating schools, guaranty agencies, lenders, and students.

Ensuring Program Integrity. The Department dedicates almost 370 FTE to ensure that institutions participating in Federal student aid programs—including schools, accrediting associations, lenders, private service contractors, and guaranty agencies—meet statutory eligibility requirements and operate in accordance with all statutory and regulatory guidelines. In 1997 alone, over 3,300 institutional recertification actions were completed; roughly 74 percent of the schools reviewed were fully approved, 21 percent were provisionally certified, and 2 percent were denied eligibility. In addition, an increasing number of problem schools are being removed from the student aid programs. Over the past three years, over 800 schools have left or been removed from the Title IV programs.

Default Rates. Schools are excluded from participation if their "cohort default rate" exceeds 25 percent. For loans entering repayment at the end of 1995, 10.4 percent had defaulted by the end of 1996. This rate is down from 10.7 percent the previous year and from 22.4 percent for loans that entered repayment in 1990.

## Student Loan Cohort Default Rate



Increasing Debt Collection. Collections on defaulted loans by the Federal Government and guaranty agencies more than doubled from \$1 billion in 1992 to \$2.2 billion in 1997, contributing to a steady decline in net default costs. The direct cost for Department data system contracts supporting these collection activities will total \$30 million in 1998.

Improving Customer Service. The Department is also committed to increasing access to information on Federal student aid, both through printed materials such as the *Student Guide*—which is also available on the World Wide Web at [www.ed.gov](http://www.ed.gov)—and through enhanced capacity to respond to specific requests. Spending on the Department's contract to maintain a toll-free information line (1-800-4FED-AID) and to respond to written requests for information will increase from \$11 million in 1998 to \$17 million in 1999. This increase reflects expected growth in the volume of requests—including additional calls stemming from the President's HOPE Scholarship program and the reauthorization of the Higher Education Act, which is expected to be completed in 1998—as well as improvements in the timeliness and accuracy of the Department's responses.

### Other Management Improvements

The Department continues to build on management improvement efforts to enhance overall customer service; to provide greater flexibility for States, communities, and institutions; and to focus on internal improvements that help the Department work better and save taxpayer dollars. Burdensome process-oriented structures have been replaced with results-oriented initiatives aimed at making the Department a streamlined, high-performance organization. A major example of this is a redesigned grants process implemented at the beginning of fiscal year 1997 which will continue the shift of resources to program areas and focus on successful project outcomes and customer service. The Department also eliminated nearly 40 percent of its regulations and reduced the paperwork burden for its customers by changing reporting requirements from an annual basis to every 2 or 3 years. In addition, we have greatly expanded waivers of regulatory and statutory requirements that stand in the way of innovative reforms, and through our ED-FLEX demonstration are giving State-level officials broad authority to waive Federal requirements that thwart innovation to improve student achievement. Special areas of emphasis in the budget include:

Information Technology for Improved Dissemination and Customer Service. The Department continues to improve both its management and customer service by expanding and making repairs to its computer network; upgrading and replacing its computers to handle new technology; and expanding its Internet and on-line services to teachers, parents and researchers. Of the total budget of \$156.2 million for Department overhead services, \$28.7 million is for centralized ADP services, including \$22 million for operation of the Department's local area network and \$6.7 million for related activities. These activities include (1) data conversion needed to comply with Year 2000 requirements; (2) Internet support which maintains the Department's Internet web site ([www.ed.gov](http://www.ed.gov)); and (3) software licensing which provides the appropriate licenses to Department staff for centrally purchased software. Another \$6.7 million is requested for ADP equipment.

Financial Management. The Department is continuing efforts to redesign its core financial systems through the Education Department Central Automated Processing System (EDCAPS) project, which, with the exception of the Grants and Payments (GAPS) module, is expected to be fully operational in 1998. The project is designed to enable grant applicants to communicate electronically with the Department, provide recipients with access to electronic payment drawdowns, improve overall financial management of the Department by integrating all financial systems, and provide Congress and other external parties more timely financial reports on the Department's programs. The 1999 request for this project is \$7.3 million, which will be used to complete the development of the GAPS module, integrate the various components of the entire system, and develop and incorporate enhancements to ensure that the system matches the needs of its users and the Department's customers.

Improved Customer Service for Department Publications. The Department continues to improve customer access to its programs and materials. The toll-free number, 1-800-USA-LEARN, provides information and accurate referrals to approximately 5,500 callers each week. The Department plans to expand its customer service to include access to well over 20,000 publications that provide a wealth of information for teachers, administrators, policymakers, researchers, parents, students, and others with a stake in education. The budget request includes \$6.4 million for the "One Pubs" contract, which in 1998 will begin to centralize the Department's publications process, as called for by the National Performance Review, and provide customers with "one-stop-shopping" for Department publications.

Examples of the publications available include *Guide to the U.S. Department of Education Programs*, *Student Guide to Financial Aid*, *Teacher's Guide to the U.S. Department of Education*, NCES statistical compilations, *Strong Families*, *Strong Schools*, the *Helping Your Child* series, *The National Long-Range Technology Plan*, and the *Thinking College Early*.

Documents will be available by calling an 800 number as the initial point of contact or, for those with access to the Internet, through the Department's World Wide Web home page (<http://www.ed.gov>). The contract will incorporate the planning, printing, mailing, distribution, and storage of all Department publications. Costs are anticipated to decrease over time due to elimination of duplicate contracts and mailing lists now in place.

Human Resources Management System. The request includes \$373,000 for a new project designed to decrease hiring time, improve accountability in the hiring process, reduce the number of processing errors and improve other management activities such as performance appraisal, health and safety, security, EEO, and training, all of which depend on human resources data or interface with human resources activities. The system will also provide the Department's offices with automated access to human resources management information for report query purposes.

#### Departmental Overhead Services

The budget includes \$105.8 million in discretionary, as well as \$50.4 million in permanent authority, for centralized support and administrative services within the Department. These services include computer network operations and maintenance, interagency agreements and contracts for telecommunications, mail operations and delivery, postage, and rent. Approximately 37 percent of the total is for services provided through contracts with other Federal agencies such as payroll processing (Interior), health unit and counseling services (HHS), regional support services, security investigations, training (OPM), building alterations and telecommunications services provided by the General Services Administration (GSA), and rental of space from GSA for Department staff. Because of its small size, the Department does not use staff to perform these services. Handling these arrangements on a centralized, contractual basis achieves savings in both dollars and staff resources.

#### 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 1999 request for OCR is \$68 million, an increase of \$6.5 million over the 1998 level. About \$51 million of the OCR budget is for staff pay and benefits for its 724 FTE; the remaining \$17 million covers overhead costs as well as computer equipment and services.

Almost 90 percent of OCR staff are assigned to 12 enforcement offices in four regional enforcement divisions. OCR plans to manage its increasing workload in 1999 by reliance on the redesigned complaint resolution process and Case Resolution Teams. OCR also will continue enforcement activities such as partnerships with State and local education agencies, empowerment of parents and educators through clarification and guidance in key civil rights areas, and increased staff training on civil rights issues. Over half of the complaints filed with OCR allege discrimination on the basis of disability, but OCR addresses all educational equity issues.

### 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 1999 request for the OIG is \$31.2 million, an increase of \$1 million over 1998. Approximately \$23 million of the total OIG budget is for the pay and benefits of its 285 FTE; most of the remaining \$8 million covers overhead costs and travel. Nearly 66 percent of the budget increase is for built-in costs, including pay adjustments and rental payments to GSA.

Three-quarters of OIG staff are assigned to 8 regional and 10 field offices (6 of which are flexiplace locations), where they investigate allegations of fraud on the part of recipients of program funds and conduct audits of the Department's programs and operations. In 1999, OIG will direct a majority of its efforts to program and operations improvement, with a focus on Student Financial Assistance (SFA) programs, Elementary and Secondary Education Act programs, and the audit of the Department's financial statements. Most compliance activities will continue to focus on the Student Financial Assistance programs.