

# Archived Information

## Fiscal Year 2001 Budget Summary and Background Information

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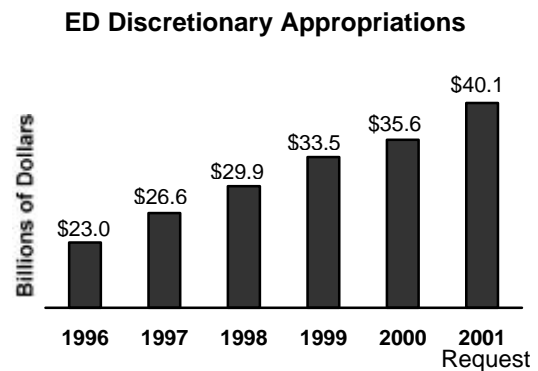
*First and foremost, we need a 21st century revolution in education,  
guided by our faith that every single child can learn.  
Because education is more than ever the key to our children's future,  
we must make sure all our children have that key.*

*William J. Clinton  
January 27, 2000*

## I. SUMMARY OF THE 2001 BUDGET

Under the leadership of President Clinton, the American people have made education one of their top priorities. Across the Nation, parents, teachers, principals, superintendents, State legislators, and Governors are committed to raising the educational achievement of all students. Over the past seven years, the Clinton Administration has worked with Congress to support their efforts through such new programs as Goals 2000, Educational Technology, Class Size Reduction, 21<sup>st</sup> Century Community Learning Centers, GEAR UP, and Hope Scholarship tax credits. At the same time, the Federal investment in education has grown substantially: Department of Education discretionary spending rose from \$23.0 billion in fiscal year 1996 to \$35.6 billion in fiscal year 2000, an increase of \$12.6 billion or 55 percent in just four years.

This investment has been coupled with a growing and unprecedented emphasis on accountability in our education system. Nearly all States have put in place their own challenging academic standards for students and are now implementing assessments linked to those standards. Many States and school districts are requiring students to pass achievement tests before graduating from high school, and educators are taking a hard look at ways to end the traditional practices of social promotion and retention in grade.



Now the focus is on the changes needed to ensure that all students are able to meet the new State standards. States and school districts must align curricula, textbooks, instructional methods, and professional development with the standards. Extended learning opportunities must be provided to students who are failing or at risk of failing to meet the standards. And the need for these changes and improvements comes as school systems already are struggling with booming enrollments and obsolete facilities. Nearly a half million additional students crowded into America's schools last fall, for a record total of some 53 million—and new records will be set annually for the next several years. The public schools enrolling these new students average 42 years of age, with an estimated one-third needing extensive repair or replacement.

President Clinton's fiscal year 2001 budget for education would provide significant new resources to help States and communities implement new standards in their schools while coping with booming enrollments and the need to modernize academic facilities. The request also provides substantial new support to help prepare disadvantaged students for postsecondary education and make college more affordable for all Americans.

**The President is requesting \$40.1 billion in discretionary appropriations for the Department of Education in fiscal year 2001, an increase of \$4.5 billion or 12.6 percent over the 2000 level.**

Major increases in the 2001 request include \$1.3 billion for School Renovation, \$716 million to raise the Pell Grant maximum award to \$3,500, \$547 million for after school enrichment activities under the 21<sup>st</sup> Century Community Learning Centers program, \$450 million to hire more teachers in the Class Size Reduction program, \$416 million to bring new accountability and turn around low-performing schools in the Title I program, \$333 million for Special Education programs to improve services for children with disabilities, \$125 million to provide new pathways to college for disadvantaged students through the GEAR UP initiative, and \$120 million for an expanded Small, Safe, and Successful High Schools program.

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

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
Discretionary	\$33.5	\$35.6	\$40.1
Mandatory	<u>6.2</u>	<u>7.5</u>	<u>4.6</u>
Total	39.7	43.1	44.7

Mandatory programs include Vocational Rehabilitation State Grants and the student loan programs. Mandatory costs fluctuate from year to year due to changes in interest rates and other factors affecting the costs of operating the student loan programs.

The Department's 2001 request is complemented by significant non-discretionary investments in education, including the School Modernization Bonds proposal, the HOPE Scholarship and Lifetime Learning tax benefits, and the e-rate subsidies for educational technology. School Modernization Bonds, for example, would support nearly \$25 billion in tax credit bonds to modernize up to 6,000 schools, while the e-rate provides nearly \$2 billion annually to help schools and libraries connect to the Internet. For 2001, the Administration would build on the Lifetime Learning tax credit with a new College Opportunity Tax Cut proposal that, when fully phased in, would give up to 5 million families the option of taking a tax deduction or claiming a 28 percent tax credit on up to \$10,000 in postsecondary education expenses.

The combination of discretionary and non-discretionary resources in the President's budget is targeted to the following areas:

**ACCELERATING CHANGE**

President Clinton shares the impatience of many parents with the pace of improvement at too many schools that are failing to improve student achievement, particularly in high-poverty urban and rural areas. We know the ingredients of effective education: high standards, well-qualified teachers, smaller classes, an emphasis on early reading, extended learning time, and instructional practices based on solid research. And expanded public school choice options can help ensure that no student is trapped in a failing school. To support these strategies, the 2001 request includes:

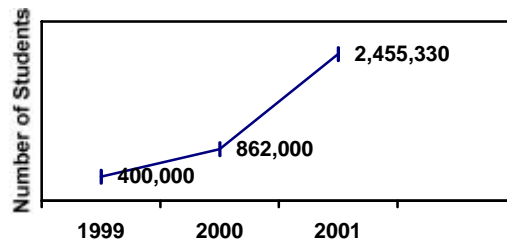
- \$250 million for Title I Accountability Grants, an increase of \$116 million, to accelerate efforts by States and school districts to improve accountability and turn around failing schools. In 1999, less than half of Title I schools identified for improvement due to low student achievement reported receiving additional professional development or other

assistance. The request would help States and districts provide extra help to at least 80 percent of schools identified for improvement.

- \$1.75 billion, a \$450 million increase, for the third year of the Class Size Reduction initiative, which helps improve educational results by reducing class sizes with well-qualified teachers in the early grades. The 2001 request will bring the total number of teachers hired under the initiative's first three years to about 49,000, or nearly halfway toward the President's goal of hiring 100,000 teachers over seven years to reduce class sizes in the early grades to 18 students per class.

- \$1 billion for 21<sup>st</sup> Century Community Learning Centers, a \$547 million or 121 percent increase, to provide more high-quality extended learning opportunities for children and to help ensure that every child attending a failing school will have the opportunity to participate in quality after-school or summer-school programs.

**21st Century Community Learning Centers**



- \$190 million for Comprehensive School Reform Demonstrations, a \$20 million increase, to allow more schools serving high concentrations of poor children to implement comprehensive, research-based educational reforms.
- \$120 million for a Small, Safe and Successful High Schools program to help create smaller and more supportive learning environments in approximately 700 of the Nation's largest high schools through such innovations as schools-within-schools or career academies that assign students to groups of a few hundred. This program would expand on the Smaller Learning Communities initiative that Congress created through the Department's 2000 Appropriations Act.
- \$175 million for Charter Schools, an increase of \$30 million, to support the start-up of some 1,700 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.
- \$20 million for Opportunities to Improve our Nation's Schools (OPTIONS), a flexible new authority that would support 40 grants to States and school districts to implement and test new approaches to public school choice, including interdistrict programs and public schools at work sites and on college campuses.
- \$198.6 million for Research, Development and Dissemination, an increase of \$30 million, would double Department of Education support for two major interagency efforts aimed at building a knowledge base to improve student achievement in reading, mathematics, and science and schooling for language-minority students.
- \$50 million for a new Recognition and Reward program to reward States for improving student achievement and for reducing the achievement gap between high- and low-performing students, as measured by State results in mathematics on the National Assessment of Educational Progress.

## IMPROVING TEACHER QUALITY

Better-prepared teachers are the key to bringing the new State standards into the classroom. The Nation as a whole faces a shortage of an estimated 2 million teachers over the next 10 years, and high-poverty urban and rural districts already face great difficulty in recruiting and retaining qualified teachers. The 2001 budget would provide a total of \$1 billion specifically targeted to improving teaching, including:

- \$690 million for Teaching to High Standards State Grants, a new formula grants program (replacing Eisenhower Professional Development State Grants) to promote professional development and school and classroom-based improvements linked to State standards and assessments.
- \$75 million for a new Hometown Teachers initiative to support comprehensive approaches to teacher recruitment and retention, including pipeline-style methods of addressing longstanding teacher shortages in high-need districts.
- \$50 million for new Teacher Quality Incentives to reward districts showing the largest increases in the number of teachers certified and teaching in the fields in which they are trained.
- \$50 million for a Higher Standards, Higher Pay proposal to help high-poverty school districts implement peer review systems to raise teacher standards while attracting and retaining high-quality teachers and principals through better pay.
- \$25 million for Transition to Teaching: Troops to Teachers, which would expand a Department of Defense model to recruit teachers from the ranks of engineering and the sciences, corporations, and other career-changing professionals.
- \$30 million for a new Early Childhood Educator Professional Development program to train 15,000 early childhood educators and caregivers in furthering children's language and literacy skills to help prevent later difficulties in learning to read.

## MODERNIZING OUR SCHOOLS

With the General Accounting Office estimating the total repair bill for the Nation's aging schools at more than \$100 billion, millions of our children are attending schools that are literally falling apart. Growing enrollments also create a need to build new schools, not just to renovate old ones. And the increasing role of technology in education requires upgraded electrical systems and extensive wiring at thousands of schools. To help meet these needs, the 2001 budget includes:

- \$1.3 billion for a new School Renovation program would help local educational agencies (LEAs) repair or renovate their schools. The total includes \$50 million in grants to approximately 119 LEAs with at least 50 percent of their children residing on Indian lands, \$125 million in grants to other high-need local educational agencies, and \$1.125 billion that would subsidize an estimated \$6.5 billion in 7-year, no-interest loans.

- School Modernization Bonds would provide nearly \$25 billion in tax credit bonds over two years to modernize up to 6,000 schools. Tax credit bonds would provide interest-free financing to help State and local governments pay for school construction and renovation.
- \$450 million for the Technology Literacy Challenge Fund, a \$25 million increase to help schools integrate technology into the curriculum and, in particular, to ensure that teachers in high-poverty communities are prepared to use educational technology effectively.
- Preparing Tomorrow's Teachers to Use Technology would double to \$150 million to support the development and implementation of teacher training programs that prepare prospective teachers to use technology to improve instructional practices and enhance student learning in the classroom.

### **CLOSING ACHIEVEMENT GAPS**

Mastering the basics in the early years is the key to ensuring educational success and achievement later in life. Extra help is particularly important for students with special needs, such as economically disadvantaged students, children with disabilities, and limited English proficient students. The budget request includes significant resources to help States and school districts meet the needs of these students.

- \$8.4 billion for Title I Grants to Local Educational Agencies, an increase of \$416 million, with \$250 million of the increase focused on efforts to hold schools accountable for results. The requested funds will give States and school districts additional resources to turn around failing schools, provide incentives for greater school success, and ensure that all students achieve to challenging State standards.
- \$5.3 billion for Special Education Grants to States, an increase of \$290 million, to provide additional resources to school districts that could be used to address problems found through Federal and State monitoring and to help districts meet State performance goals for children with disabilities.
- \$650 million for Safe and Drug-Free Schools programs, an increase of \$50 million to fund \$40 million in new Safe Schools/Healthy Students grants and provide \$10 million for Project SERV, which would assist communities affected by violence or other traumatic incidents.
- \$286 million for Reading Literacy Grants, an increase of \$26 million, to support local efforts to ensure that every child can read well and independently by the end of the 3rd grade.
- \$296 million for Bilingual Education, an increase of \$48 million or 19 percent, to support bilingual programs serving 1.3 million limited English proficient students, with an emphasis on assistance to school districts with little experience in serving such students. The request also includes a significant increase for efforts to reduce the continuing shortage of bilingual and English as a second language teachers.
- \$116 million for Indian Education, a \$38.5 million or 50 percent increase, to provide larger formula grants to school districts for Indian Education programs and launch a new \$5 million American Indian Administrator Corps that would train American Indian teachers and professionals to become school administrators.

## REACHING AND COMPLETING COLLEGE

Despite the availability of record amounts of grant, loan, and work-study funding to help pay for postsecondary education, too many disadvantaged students do not believe that college is a real option. Many other students are not adequately prepared for the rigors of a college education and drop out after encountering difficulties. The 2001 budget includes significant funding for programs aimed at increasing college-going and completion rates among such students.

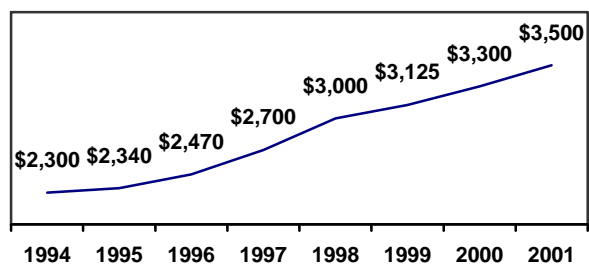
- A \$125 million or 62.5 percent increase for GEAR UP would help raise the educational expectations of approximately 1.4 million low-income elementary and secondary school students and give them the skills and encouragement they need to enter and succeed in college.
- An \$80 million increase for TRIO would support improvements designed to increase the effectiveness of TRIO college outreach and support services, while expanding the number of students served to more than 760,000 disadvantaged students. The request also includes \$35 million for a new College Completion Challenge Grants program within TRIO that would help reduce the college drop-out rate, particularly among poor and minority students. This initiative would support comprehensive efforts to improve college retention and completion, including summer enrichment programs for first- and second-year students, support services, and increased grant aid.
- A new \$40 million Dual Degree for Minority-Serving Institutions program would help students at Hispanic-Serving Institutions, Historically Black Colleges and Universities, Tribally Controlled Colleges and Universities, and Alaska Native- and Native Hawaiian-serving institutions to earn dual degrees in five years. Participants would earn one degree from their home institution and the other from a partner institution in a field in which minorities are underrepresented.

## MAKING COLLEGE AFFORDABLE

Postsecondary education is essential for success and career advancement in today's information-intensive, technology-based economy. Yet college costs continue to rise faster than inflation, and many families struggle to pay postsecondary education expenses. The 2001 request would expand Federal support for paying college costs.

- Total student financial aid available through Department of Education programs would expand to \$54.2 billion, a 5.5 percent increase over the 2000 level. The total number of recipients of grant, loan, and work-study assistance would grow by 217,000 to more than 8.6 million students.
- The Pell Grant maximum award would increase by \$200 to \$3,500, the highest ever, to improve access to postsecondary education for students from the neediest families. Nearly 3.9 million students would receive Pell grants.

Pell Grant Maximum Award



- A new College Opportunities Tax Cut would build on the Lifetime Learning Tax Credit to provide up to 5 million families the option of taking a tax deduction or claiming a 28 percent tax credit on up to \$5,000 in annual postsecondary education tuition and fees, with the limit rising to \$10,000 in 2003. The Treasury Department estimates this proposal would provide a tax cut of some \$30 billion over 10 years.
- A \$60 million increase for Supplemental Educational Opportunity Grants would provide a total of \$875 million in grant assistance to an estimated 1.2 million undergraduate students, or 64,000 more than in 2000.
- A \$77 million increase for Work-Study would continue the President's commitment to give 1 million students the opportunity to work their way through college and would bolster the President's "America Reads" and "America Counts" initiatives, under which Work-Study recipients serve as reading and math tutors.
- A three-fold increase to \$15 million for the Childcare Access Means Parents in School program would allow the Department to make 150 additional awards while maintaining support to 87 existing institutions. These awards would increase access to postsecondary education for low-income students who are parents.

### **HISPANIC EDUCATION ACTION PLAN**

Latinos are the Nation's fastest-growing minority population, and one whose educational achievement continues to require special attention. For the past two years, the Administration's Hispanic Education Action Plan has targeted additional resources to improving educational outcomes, lowering dropout rates, increasing college enrollment and retention, and enhancing the lifelong learning potential of Latino students. The Department's 2001 request continues this policy by providing more than \$800 million in increases for the following programs.

- The \$416 million increase for Title Grants to Local Educational Agencies will improve educational outcomes for the one-third of Title I students who are Hispanic.
- \$100 million for Bilingual Education Professional Development, an increase of \$28.5 million or nearly 40 percent, would address the continuing shortage of bilingual education and English as a second language teachers needed to serve limited English proficient (LEP) students.
- \$180 million for Bilingual Education Instructional Services, an increase of \$17.5 million that would help school districts build their capacity to operate high-quality instructional programs for LEP students. The increase would be targeted to districts with rapidly growing LEP populations and little prior experience in serving such students.
- \$380 million for the Title I Migrant State Grant program, a \$25 million or 7 percent increase, to meet the unique needs of the children of highly mobile migrant agricultural and fishery workers and bring about better coordination of the resources available for serving migrant students.
- \$30 million for the High School Equivalency Program (HEP) and College Assistance Migrant Program (CAMP), an increase of \$8 million or 36.4 percent, to support 20 new projects serving more than 2,600 additional students.

- \$555.5 million for Adult Education, an increase of \$85.5 million or 18 percent, most of which would be used to triple funding for Common Ground Partnership Grants, an English literacy and civics initiative launched in fiscal year 2000. These grants support demonstration programs that provide immigrants and other participants with English literacy skills, coupled with key skills that are necessary to effectively navigate life and work in America.
- \$725 million for TRIO, an increase of \$80 million or more than 12 percent, to expand and improve postsecondary outreach and student support programs for some 760,000 minority and disadvantaged students, including Hispanic Americans.
- \$325 million for Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP), an increase of \$125 million or 63 percent, to give more than 600,000 additional students the skills and encouragement they need to prepare for and complete a postsecondary education. In 1999, GEAR UP funded 31 partnerships involving Hispanic-Serving Institutions.
- \$62.5 million for Developing Hispanic-Serving Institutions, an increase of \$20.3 million or 48 percent, to expand and enhance support to postsecondary education institutions that serve large percentages of Latino students. The program would make awards to 166 of the 195 existing HSIs, up from 120 in 2000.
- \$10 million to continue an interagency research effort to improve learning for language-minority students. The Department is working with the National Institute for Child Health and Human Development to identify critical factors that influence the development of English-language literacy (reading and writing) competencies among children whose first language is Spanish.

## II. THE 2001 EDUCATION BUDGET BY PROGRAM AREA

### A. ELEMENTARY AND SECONDARY EDUCATION

#### Overview

The 2001 budget for elementary and secondary education includes significant increases to support key priorities in the Educational Excellence for All Children Act of 1999—the President's proposal for reauthorizing the Elementary and Secondary Education Act. Combined with “tax expenditures” for the President’s School Modernization Bonds proposal, the request demonstrates the continued Administration commitment to school reform and improvement by helping States and localities to reduce class sizes, build and renovate schools, ensure that every student is taught by a well-qualified teacher, and enable every child to learn to challenging academic standards. The total request for discretionary elementary and secondary education programs is \$17.2 billion, an increase of \$2.8 billion or 19.5 percent over the 2000 level. Highlights of the request for elementary and secondary programs include:

- \$1.3 billion for a new School Renovation program that would make available nearly \$6.7 billion to help local educational agencies repair or renovate their schools. The total includes \$50 million in grants to 119 LEAs with at least 50 percent of their children residing on Indian lands, \$125 million in grants to other high-need local educational agencies, and \$1.125 billion that would subsidize an estimated \$6.5 billion in 7-year, no-interest loans.
- \$8.4 billion for Title I Grants to Local Educational Agencies, an increase of \$416 million, with \$250 million of the increase focused on efforts to hold schools accountable for results. The requested funds will give States and school districts additional resources to turn around failing schools, improve teacher quality, and ensure that all students achieve to the standards at their grade levels before advancing to the next level. The request also would direct a greater share of Title I funding to school districts with high concentrations of poor children by distributing almost \$1.7 billion through the Targeted Grants formula.
- \$1.75 billion, a \$450 million increase, for the third year of the Class Size Reduction initiative, which helps improve educational results by reducing class sizes with well-qualified teachers in the early grades. The 2001 request will bring the total number of teachers hired under the initiative's first three years to about 49,000, or nearly halfway toward the President's goal of hiring 100,000 teachers over seven years to reduce class sizes in grades 1-3 to 18 students per class. To sustain momentum for this initiative and to ensure that class size reduction is a joint Federal, State, and local effort, the Department will propose that a portion of 2001 funds be matched by States and localities.
- \$1 billion for 21<sup>st</sup> Century Community Learning Centers, a \$547 million or 121 percent increase, to provide more high-quality extended learning opportunities for children and to help ensure that every child attending a failing school will have the opportunity to participate in quality after-school or summer-school programs.
- \$1 billion to improve teaching in our Nation's schools, including \$690 million for Teaching to High Standards State Grants, a new formula grants program (replacing Eisenhower Professional Development State Grants) to promote professional development and school and classroom based improvements linked to State standards and assessments. Other teacher initiatives include:

- \$30 million for Early Childhood Educator Professional Development to train 15,000 early childhood educators and caregivers in furthering children's language and literacy skills, to help prevent later difficulties in learning to read;
  - \$25 million for Transition to Teaching: Troops to Teachers, to continue and expand on a Department of Defense model to recruit teachers from the ranks of engineering and sciences, corporations, and other career-changing professionals;
  - \$50 million for Higher Standards, Higher Pay to help high-poverty school districts implement peer review systems to raise teacher standards while attracting and retaining high-quality teachers through better pay;
  - \$50 million for Teacher Quality Incentives to reward districts showing the largest increases in the percentage of teachers certified and teaching in the fields in which they are trained; and
  - \$75 million for Hometown Teachers to develop comprehensive approaches to teacher recruitment and retention, including efforts to create pipeline-style methods of recruitment and retention to address longstanding teacher shortages in high-need districts.
- \$650 million for Safe and Drug-Free Schools programs, an increase of \$50 million to fund \$40 million in new Safe Schools/Healthy Students grants and provide \$10 million for Project SERV, which would assist communities affected by violence or other traumatic incidents.
  - \$450 million for the Technology Literacy Challenge Fund, a \$25 million increase to help schools integrate technology into the curriculum and, in particular, to ensure that teachers in high-poverty communities are prepared to use educational technology effectively.
  - \$410 million, a \$33 million increase, for three programs that serve the children of migrant agricultural workers: the Title I Migrant program, the High School Equivalency program, and the College Assistance Migrant program. This request is 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.
  - \$286 million, a \$26 million increase, for Reading Literacy Grants to support local literacy efforts aimed at ensuring that every child can read well and independently by the end of the 3rd grade.
  - \$190 million for Comprehensive School Reform Demonstrations, a \$20 million increase, to allow more schools serving high concentrations of poor children to implement comprehensive, research-based educational reforms.

- \$175 million for Charter Schools, an increase of \$30 million, to support the start-up of some 1,700 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.
- \$20 million for Opportunities to Improve our Nation's Schools (OPTIONS), a flexible new authority that would support 40 grants to States and school districts to implement and test new approaches to public school choice, including interdistrict programs and public schools at work sites and on college campuses.
- \$120 million for a Small, Safe and Successful High Schools program to help create smaller and more supportive learning environments in the Nation's largest high schools through such innovations as schools-within-schools or career academies that assign students to groups of a few hundred. This program would expand and build on the Smaller Learning Communities established by Congress in fiscal year 2000.
- \$116 million for Indian Education, a \$38.5 million or 50 percent increase that would (1) fund significantly larger formula grants to school districts for Indian Education programs, (2) expand special programs for Indian children, including continuation of the \$10 million "American Indian Teacher Corps" initiative to train 1,000 new Indian teachers over the next five years, and (3) fund a new \$5 million "American Indian Administrator Corps" that would train American Indian teachers and professionals to become school administrators.
- \$50 million for a new Recognition and Reward program to reward States for improving student achievement and for reducing the achievement gap between high- and low-performing students, as measured by State results on the National Assessment of Educational Progress.
- \$38 million for Strengthening Technical Assistance Capacity Grants, which would replace the current network of 15 Comprehensive Regional Assistance Centers with direct formula grants to all States and 100 large, high-poverty school districts for use in providing and purchasing technical assistance that best meets their needs for improving teaching and learning.
- \$23 million for Arts in Education, a 100 percent increase for two initiatives: a \$2.5 million grant program to prevent youth violence by helping at-risk youth interpret media images, and a new \$10 million competition—in collaboration with the National Endowment for the Arts—focusing on the arts as an integral part of the education of students in high-need schools, including schools with high rates of poverty and youth violence.

### **School Construction and Renovation**

In response to the urgent need for school renovations and additional classrooms in communities across the Nation, the President's budget includes School Renovation and School Modernization Bond proposals to repair existing facilities and build new ones. The Administration also encourages local communities to use Federal school construction funds to support livability and community partnership efforts.

The request includes \$1.3 billion in discretionary budget authority for a School Renovation program that would support a total of almost \$6.7 billion to help local educational agencies

repair and renovate their schools. The \$1.3 billion total includes \$50 million in grants to 119 LEAs with at least 50 percent of their children residing on Indian lands, \$125 million in grants to other high-need local educational agencies, and \$1.125 billion that would subsidize an estimated \$6.5 billion in 7-year, no-interest loans. The program would fund renovations such as roof or plumbing repairs and upgrade of climate-control systems.

The President is again seeking approval for his School Modernization Bonds proposal, which would provide tax credits to eliminate the interest costs of construction bonds. The Federal Government would subsidize the issuance of \$22 billion in special 15-year bonds over the next two years—\$11 billion in 2001 and \$11 billion in 2002. One-half of this bond authority would be allocated by formula to the States and one-half to the 100-125 local educational agencies with the largest number of poor children. In addition, the Secretary of the Interior would allocate \$200 million in bond authority each year to tribes for renovations and repairs to Indian schools.

School Modernization Bonds would be modeled after the Qualified Zone Academy Bonds program enacted by Congress in the Taxpayer Relief Act of 1997. That program subsidizes 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 can 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 Zone Academy program is currently capped at \$400 million in each of calendar years 2000 and 2001. The Administration is proposing to extend the Qualified Academy Zone Bonds by authorizing an additional \$1 billion in bonding authority in 2001 and \$1.4 billion in 2002.

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

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$200.0	\$453.4	\$1,000

The request more than doubles funding for this program to significantly expand Federal support for extended learning opportunities for nearly 2.5 million children. This request, along with a proposed 50 percent matching requirement, will support approximately 1,360 new awards to help districts create or expand some 6,400 school-based centers that provide academic and recreational services to students and other members of the community. Including continuation grants for the centers funded in the 1999 and 2000 competitions, the program would support a total of 10,000 centers.

In 2001, the Administration plans to give priority to schools serving students most in need of extended learning opportunities—those that have been identified as failing or in need of improvement. The request provides sufficient funds to give students in all low-performing schools the opportunity to attend after- or summer school programs to help improve their academic achievement.

Class Size Reduction

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$1,200.0	\$1,300.0	\$1,750.0

The Class Size Reduction program helps school districts improve education in the early elementary grades by providing funds to hire highly qualified teachers and reduce class sizes. The initiative responds to research documenting the learning gains produced by smaller classes in the early grades. For example, in the most extensive research, students in smaller classes in Tennessee outperformed their peers on every achievement measure in every year of the study. These gains were particularly strong for minority and inner-city students (although all types of students in all types of communities benefited).

Class Size Reduction was first funded in 1999 under Title VI of the Elementary and Secondary Education Act. Each State receives a formula allocation and, in turn, distributes the money to local educational agencies (LEAs) by formula. LEAs use the funds to recruit, hire, and train new teachers, and may also use up to 25 percent of their allocations to test and provide professional development to teachers. An LEA that has reduced class size to no more than 18 students per class in the early grades may use its funds to make further reductions in those grades, to reduce class sizes in other grades, or to carry out additional testing and professional development activities.

The President has set a goal of hiring 100,000 new teachers by fiscal year 2005. The 2000 appropriation will pay for more than 29,000 teachers. The 2001 request would sustain momentum toward the 100,000 goal with a \$450 million increase and by requiring—through language in the Administration's reauthorization bill—that school districts provide a 35 percent match for any funds they receive in excess of their 1999 allocations. The funding increase and the match would combine to pay for hiring about 49,000 teachers. Districts with large concentrations of poor children would be exempt from the matching requirement.

Technology Literacy Challenge Fund

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$425.0	\$425.0	\$450.0

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 develop the math, science, and high-order thinking skills needed to succeed in the Information Age. Since a growing number of classrooms now have computers connected to the Internet, experts have emphasized the importance of ensuring that teachers are well trained to integrate technology into instruction.

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 \$25 million increase requested for 2001 would support the Administration's proposal to refocus the Challenge Fund on increasing the capacity of teachers in high-poverty, low-performing schools to use technology effectively in their classrooms. Under this proposal, States would give priority to partnerships that include at least one high-poverty, high-need district. An example of a partnership would be a "technology-poor" district working with a "technology-rich" district that provides mentoring and other assistance. There is substantial evidence to justify Federal support to upgrade educational technology in high-poverty, low-performing schools. For example, students in high-poverty schools are less likely to have access to multimedia computers and the Internet in their classrooms and at home than are students in low-poverty schools. In addition, poor urban and rural students are less likely to be exposed to higher-order uses of computers, which are positively related to academic achievement in mathematics, than are non-poor and suburban students.

The Technology Literacy Challenge Fund has supported recent advances in access to technology in schools. For example, between 1994 and 1998, the percentage of schools connected to the Internet rose from 35 percent to 89 percent, and the proportion of classrooms connected rose from 3 percent to 51 percent. The 2001 request would help sustain these advances.

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

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
Grants to LEAs .....	\$7,732.4	\$7,941.4	\$8,357.5
Capital Expenses for Private School Children.....	24.0	12.0	—
Even Start .....	135.0	150.0	150.0
State Agency Programs:			
Migrant.....	354.7	354.7	380.0
Neglected and Delinquent.....	<u>40.3</u>	<u>42.0</u>	<u>42.0</u>
Subtotal.....	395.0	396.7	422.0
Evaluation .....	7.5	8.9	—
<u>Total.....</u>	8,293.9 <sup>1</sup>	8,509.0 <sup>1</sup>	8,929.5 <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.

The 2001 request includes \$8.4 billion, a \$416 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 2001 these grants will serve more than 13 million students in 46,500 schools. The budget will help these schools continue to implement major reforms intended to help reduce

the gap between the educational achievement of disadvantaged children and that of their more advantaged peers.

Reflecting the Administration's commitment to helping States and local educational agencies turn around low-performing schools, the 2001 request for Title I puts a special emphasis on educational accountability. The budget would provide States with \$250 million in accountability funds, a \$116 million increase over the 2000 level, for identifying and improving weak schools through actions that range from intensive teacher training to required implementation of proven reforms to school takeovers. All schools in corrective action would be required to provide their students the opportunity to transfer to better schools.

The Department also is proposing to channel Title I funds to the schools where those funds are most needed by allocating almost \$1.7 billion through the Targeted Grants formula. This formula provides more funding per child than the Basic Grants formula to school districts that have higher percentages or numbers of children from low-income families.

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

Even Start supports local projects that blend early childhood education, parenting instruction, and adult education into a unified family literacy program. The request includes \$150 million, the same level as 2000, to support more than 900 projects nationwide—including nearly 200 new awards—that make these services available to eligible families.

The budget provides a \$25.3 million 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 budget also supports inter-State coordination activities, including grants to consortiums of States to reduce administrative costs and increase the amount of funds available for direct services. The request will enable States to identify and serve more than 760,000 students, up from 718,00 in 1999 and 2000. The Title I Neglected and Delinquent (N&D) program would receive level funding to maintain services to children and youth in State-operated institutions.

The Administration's reauthorization proposal would replace the separate authorization of appropriations for Title I evaluation activities with a provision that permits the Secretary to reserve for evaluation, data collection, and other national activities up to .3 percent from funds appropriated for Title I programs. The 2001 request assumes that the Secretary will reserve approximately \$22.5 million.

Finally, the request would not fund Capital Expenses for Private School Children. 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 Aquilar v. Felton decision in 1985, which prohibited provision of services at religious schools. Funds have been used to pay for portable vans, leasing of neutral sites, and other costs of off-site services. However, in a 1997 decision supported by the Administration, the Supreme Court reversed its original ruling, and districts are now allowed to provide on-site instruction at religious schools. Subsequent appropriations then helped districts and private schools make the transition back to on-site services, for instance by funding the remaining costs of long-term leases. This transition is now largely completed, and the Administration's reauthorization bill would repeal the Capital Expenses program.

Demonstrations of Comprehensive School Reform  
(BA in millions)

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
Title I Demonstrations .....	\$120.0	\$170.0	\$190.0
Fund for the Improvement of Education .....	<u>25.0</u>	<u>50.0</u>	<u>50.0</u>
Total.....	145.0	220.0	240.0

This program helps schools develop, or adapt, and implement comprehensive school reform programs that are based on reliable research and effective practices. The \$20 million increase, combined with funds available after the completion of the first round of three-year awards made in 1998, would support grants to approximately 1,900 new schools. In addition, the budget would continue support for an estimated 675 schools expected to receive awards in 2000.

In 1998, Congress recognized that a number of schools across the country were achieving impressive gains in student achievement by using new, comprehensive models for schoolwide change, rather than a piecemeal, fragmented approach to reform. The resulting Comprehensive School Reform Demonstrations (CSR D) initiative gives more schools the opportunity to examine successful models of reform and adapt them to their own needs.

The program requires participating schools to structure reforms around nine elements that, among other things, call for a design employing innovative strategies and methods for student learning, teaching, and school management that are based on reliable research and effective practices. Reforms must be aligned with the regular school program and with a school needs assessment. Grantees must also utilize outside expertise on schoolwide reform and improvement.

Title I CSR D funds are allocated by formula to States on the basis of each State's share of prior-year Title I Basic Grants. The States 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. Additional funds appropriated through the Fund for the Improvement of Education (FIE), which are allocated to States according to their respective shares of school-aged children, may be subgranted to non-Title I schools.

Recognition and Reward

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	—	—	\$50.0

This new program would give financial rewards to States that demonstrate significant statewide gains in student achievement. In 2001, funds would be used to reward States that (1) demonstrate significant statewide gains in student achievement, and (2) reduce the achievement gap between high- and low-performing students as measured by the National Assessment of Educational Progress.

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

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
High School Equivalency Program.....	\$9.0	\$15.0	\$20.0
College Assistance Migrant Program.....	<u>4.0</u>	<u>7.0</u>	<u>10.0</u>
Total.....	13.0	22.0	30.0

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 1997-98, approximately 72 percent of HEP participants completed their GED and 88 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 an \$8 million or 36 percent increase for the HEP and CAMP programs. The request would enable HEP to serve an additional 2,100 students for a total of almost 8,500, while the number of CAMP participants would grow by nearly 500 to 1,660.

Reading and Literacy Grants

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$260.0	\$260.0	\$286.0

This program helps to ensure that all children can read well and independently by the end of the third grade by making competitive grants to States that have established statewide literacy partnerships and have strategies in place for improving reading instruction. States then make subgrants to communities for activities such as extra support in reading to children in the early elementary grades and improving reading instruction in elementary schools. The States also may use up to 15 percent of their grant funds to make "Tutorial Assistance Grants" that support after-school tutorial programs for children in need of assistance in reading.

The authorizing legislation for this program permits a State to receive a single, three-year competitive grant. The Department made 17 State grants in 1999 and expects to make 12 in 2000. The 2001 request would support grants to an additional 27 States and raise the estimated number of children served to approximately 3 million.

Teaching to High Standards State Grants  
(BA in millions)

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
Teaching to High Standards State Grants....	—	—	\$690.0
Eisenhower Professional Development State Grants .....	\$335.0	\$335.0	—
Goals 2000 State Grants .....	461.0	458.0	—

The request supports the Administration's ESEA proposal to create a new standards-based reform grant program, Teaching to High Standards State Grants, that would build on the former Eisenhower Professional Development State Grants program and Title III of Goals 2000. The program will help educators improve classroom-based teaching and learning by supporting local efforts to align instruction, curricula, assessments, and professional development with challenging academic standards. Resources will be focused on sustained, intensive, content-based, and collaborative professional development in core content areas. Both research and reports from teachers show that this kind of professional development has the greatest impact in improving the quality of teaching.

School districts are just beginning the challenging process of reforming curricula and professional development for teachers in order to bring standards-based reform to the classroom. This program would support those efforts, and also help States to improve the standards and assessments that help shape those reforms. High-quality professional development is a central and indispensable element of the larger effort to help all students meet challenging standards. Research indicates that high-quality professional development, especially when it is focused on academic content, can contribute to improvements in teachers' skills and practice and thereby raise student achievement.

States would use up to 10 percent of their awards to continue to develop or revise academic standards, develop assessments, and support other State reforms, and \$60 million will be allocated to State agencies for higher education for competitive grants. The remaining funds would be distributed to local districts, 50 percent by formula and 50 percent through a grant competition.

School Leadership Initiative

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	—	—	\$40.0

The capacity of a school or district to improve teaching and learning is dependent to a great extent upon the quality of the leadership exercised by its principal or superintendent. The School Leadership program would provide current and prospective superintendents and principals—particularly individuals who serve in high-poverty, low-performing districts and schools—with sustained and intensive training to improve their capacity to serve as effective leaders and successfully implement standards-based reforms in their schools and classrooms.

As proposed in the Administration's ESEA reauthorization bill, this program would establish 20 State or regional leadership development centers that would provide professional development

opportunities for approximately 10,000 current or prospective school administrators a year. Professional development activities offered by each center would vary according to the needs of the areas served by each grant, but would be geared to helping sitting and prospective superintendent and principals meet the new demands of the job. Centers would be operated by consortia involving school districts (including at least one high-poverty district), State educational agencies, higher education institutions, businesses, and other organizations with the expertise to provide professional development to school administrators.

Teacher Quality Initiatives  
(BA in millions)

	<u>1999</u>	<u>2000</u>	<u>2001</u> <u>Request</u>
Hometown Teachers.....	—	—	\$75.0
Higher Standards, Higher Pay .....	—	—	50.0
Teacher Quality Incentives .....	—	—	50.0

These three new initiatives, which would be authorized under the Administration's ESEA reauthorization proposal, would help expand the supply of teachers and build a strong teaching force, especially in high-poverty areas.

The Hometown Teachers initiative would make competitive grants to approximately 100 high-poverty school districts to develop comprehensive approaches to teacher recruitment and retention, including efforts to create pipeline-style methods of recruitment and retention to address longstanding teacher shortages. The program could, for example, fund college scholarships for graduating high school students, incentives to major in high-need subject areas, and strategies to retain new teachers recruited through the program, including mentoring programs and bonuses.

The Higher Standards, Higher Pay initiative would award competitive grants to help 10-12 high-poverty school districts attract and retain high-quality teachers and principals through better pay. In order to be eligible for funding, partnerships involving school districts, local businesses, and teachers' unions would be required to develop and implement reforms to raise teacher performance. Such reforms would include regular, rigorous peer evaluations of every teacher using student performance as one measure; professional development and intensive support to help all teachers and principals succeed; and streamlined but fair systems to improve or remove teachers identified as low-performing by their peer evaluation. Participating partnerships would have to agree on steps to recruit talented new teachers, evaluate new teachers, reward good teaching, provide mentors for new teachers and principals, and adopt better ways to identify and to improve or remove low performing teachers.

The Teacher Quality Incentives competitive grant program would reward high-poverty school districts that demonstrate the largest improvements in both increasing the percentage of certified teachers and decreasing the percentage of secondary teachers who are teaching out-of-field. Districts would compete against other districts of similar size, and those districts in each of three size categories that had made the most progress over a specified time period would receive grants.

Transition to Teaching: Troops to Teachers

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	—	—	\$25.0

This proposal would continue and expand on the Troops to Teachers model that, since 1994, has recruited former members of the military services and placed them as teachers in high-need subject areas and school districts. Since 1994, more than 3,300 former military personnel have been hired as teachers in 48 States and the District of Columbia, and more than 83 percent of the participants are still in the classroom today. Teachers recruited through Troops to Teachers are twice as likely as traditional public school teachers to teach in such high-need subject areas as mathematics, science, and special education. Also, the program has been successful in placing high-quality teachers in high-need geographic areas.

The Administration's proposal builds on the success of the Troops to Teachers program by expanding it to recruit individuals from civilian fields whose knowledge and experience can help them become successful teachers in the Nation's neediest schools. For example, in addition to retired military personnel, the program would recruit career-changing engineering and science professionals from the corporate world.

The program would make awards to institutions of higher education, public agencies, and nonprofit organizations to recruit, prepare, place, and support mid-career professionals for teaching positions in high-poverty school districts. Program participants would be eligible for up to \$5,000 in training stipends and other incentives.

Early Childhood Educator Professional Development

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	—	—	\$30.0

This program would help improve the school readiness of children, especially in high-poverty communities, by creating high-quality professional development opportunities to improve the knowledge and skills of early childhood educators and caregivers, including staff working in Title I preschools, Head Start, Even Start, and public day care programs.

Considerable research shows that early childcare experiences have a significant impact on later educational achievement. In particular, high-quality childcare can help prevent reading and other problems often seen in children from poor families with little education.

The proposal calls for grants to partnerships of higher education institutions or other organizations, with a priority to consortia including local educational agencies that operate early childhood education programs in "high-need" communities. High-need would be defined as communities where at least 50 percent of children live in poverty or the 10 percent of communities with the greatest number of poor children in a State.

Grant funds would be used for such activities as familiarizing early childhood educators and caregivers with research on language and literacy development, training them to work with

children with special needs and to work with parents to reinforce early learning, and supporting early childhood educators during their first three years in the field.

Goals 2000 State and Local Education Systemic Improvement

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$461.0	\$458.0	—

The request includes no funding for Goals 2000 because States and school districts will continue Goals 2000 activities under the Administration's reauthorization proposal for Title II Teaching to High Standards State Grants. Goals 2000 has been an important factor in promoting State and local reform efforts and helping all 50 States, the District of Columbia, and Puerto Rico to make significant progress in establishing high standards in the core academic subjects. The Administration's reauthorization proposal would build on and expand these efforts to help advance the implementation of standards-based reforms in every classroom, through intensive professional development and other improvements to align curriculum with State standards.

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

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
Safe and Drug-Free Schools			
State Grants.....	\$441.0	\$439.2	\$439.2
National Programs .....	125.0	160.8	200.8
Project SERV .....	—	—	<u>10.0</u>
Total.....	566.0	600.0	650.0

America's students cannot be expected to learn in schools threatened by drug abuse and violence. The Safe and Drug-Free Schools and Communities program is designed to help make our schools safe and drug-free by supporting comprehensive, integrated approaches to drug and violence prevention. The program provides significant resources to motivate our 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 budget would provide \$650 million for this program, a \$50 million increase over the 2000 level.

The request includes level funding of \$439 million for State Grants, which are distributed by formula to State educational agencies (SEAs) and Governors and then subgranted to local educational agencies (LEAs) and other entities. To improve the effectiveness of this program, under the President's reauthorization proposal SEAs would be required to award at least 70 percent of their funds competitively to LEAs on the basis of district need and program quality, in amounts sufficient to support effective programs. This proposal reflects findings that funds are spread too thinly under current law to make a real difference. The reauthorization proposal also incorporates "principles of effectiveness" governing program expenditures that, in combination with the change to competitive grants, should have a significant positive impact on program results.

The request for National Programs would provide \$122 million, a \$40 million increase, for the Safe Schools/Healthy Students initiative, a joint effort of the Departments of Education, Justice, Health and Human Services, and Labor. This initiative helps school districts and communities develop and implement comprehensive, community-wide strategies for creating safe and drug-free schools and for promoting healthy childhood development. The Education request, combined with the budgets of other participating agencies, would invest a total of \$247 million in Safe Schools/Healthy Students, an increase of more than \$100 million over the 2000 level. The request would fund new projects in approximately 40 communities while supporting ongoing projects in roughly 70 communities across the Nation. A portion of the increase also would support a new interagency research initiative on youth violence.

National Programs also includes \$50 million for continuation awards under the Middle School Coordinator Initiative, which supports drug and violence prevention coordinators in middle schools with significant drug and violence problems. Coordinators help schools analyze their crime and drug problems, select and implement the most appropriate and effective interventions to address those problems, and work with the outside community to ensure that school programs are linked with all available community resources. The 2001 request would bring the total number of coordinators hired under this program to more than 800 assisting more than 1,300 middle schools.

Finally, the budget includes \$10 million for Project SERV (School Emergency Response to Violence). Under this initiative, the Department would partner with other Federal agencies in providing emergency assistance to schools affected by serious violence or other traumatic incidents.

Small, Safe and Successful High Schools

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	—	\$45.0	\$120.0

This new initiative—an expansion of activities funded by the Fund for the Improvement of Education in fiscal year 2000 under the Smaller Learning Communities program—would help high schools implement smaller, safer learning environments.

In 1997, almost half of the Nation's high school students attended schools that enrolled more than 1,500 students, and three-fourths of urban high school students attended schools of that size. Students often feel disconnected and alienated from adults and from each other in such large schools—an environment that can prevent progress toward the National Education Goals on raising graduation rates and helping all students attain world-class standards.

The request would support the restructuring—through such strategies as schools-within-schools, career academies, and magnet schools—of approximately 700 high schools to create learning environments of no more than 600 students. Grantees would be expected to demonstrate improvement in student achievement, graduation rates, postsecondary enrollment rates, safety, and dropout and retention rates.

Charter Schools

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$100.0	\$145.0	\$175.0

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. A total of 36 States, the District of Columbia, and Puerto Rico now have charter schools laws, and the number of charter schools has increased from 250 to almost 1,700 in the past four years. The Administration's goal is to provide Federal support for the creation of some 3,000 charter schools across the Nation. The \$175 million request would support the Administration's objective of expanding public school choice options by funding an estimated 700 new charter schools and some 1,000 existing charter schools.

Magnet Schools Assistance

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$104.0	\$110.0	\$110.0

The budget includes level funding to make approximately 62 new and continuation 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 address their desegregation goals by providing a distinctive educational program that attracts a diverse student population.

Opportunities to Improve Our Nation's Schools (OPTIONS)

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	—	—	\$20.0

The budget includes funding to initiate this flexible new public school choice authority proposed under the Administration's ESEA bill to complement the Magnet and Charter Schools programs. The OPTIONS program would support the Administration's policy that public school choice, in coordination with other school reform efforts, can be an effective way to respond to the need for change and innovation in the public school system. Public school choice also can help promote high standards and continuous improvement for all children, especially children who have traditionally been the least well-served.

The request would support about 40 grants to States and local school districts to implement new approaches to public school choice, including interdistrict programs and public schools at work sites and on college campuses.

Strengthening Technical Assistance Capacity  
(BA in millions)

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
Strengthening technical assistance capacity grants.....	—	—	\$38.0
Comprehensive regional assistance centers.....	\$28.0	\$28.0	—

The request supports a new technical assistance strategy, proposed in the Administration's ESEA reauthorization bill, that would replace the current network of Comprehensive Regional Assistance Centers with a demand-based system. Under the new system, States and large school districts would receive direct formula grants to purchase technical assistance that best fits their needs and to strengthen their capacity to acquire and use technical assistance to improve teaching and learning. The proposal would direct about one-third of funding to the 100 school districts with the largest numbers of poor children, and two-thirds to States based on their relative shares of Title I Basic Grants. The Secretary would also reserve funds to provide information on the quality and effectiveness of technical assistance to help States and districts make informed choices in selecting technical assistance activities and providers.

Parent Information Resource Centers

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$30.0	\$33.0	\$33.0

The request includes level funding for these Centers, which would be reauthorized to focus on providing technical assistance and support to States, districts, and schools to help them remove barriers to parent involvement in their children's education.

Education for Homeless Children and Youth

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$28.8	\$28.8	\$31.7

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 that are designed to prevent that

failure, such as Head Start, special education, and bilingual education. The \$31.7 million request for this program, a \$2.9 million increase, would help States improve services to homeless children and increase the number of students served.

Inexpensive Book Distribution

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$18.0	\$20.0	\$20.0

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 3.4 million children through 5,600 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.

Arts in Education

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$10.5	\$11.5	\$23.0

This program supports student competency in the arts by encouraging the integration of arts education into elementary and secondary school curricula. The Department awards funds to the VSA arts 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 arts education activities with States and schools.

The request would expand funding from \$1 million to \$2.5 million for a program launched in fiscal year 2000 to help at-risk youth interpret media images as a way of preventing youth violence, delinquency, and substance abuse. In addition, the request would provide \$10 million for a new grant competition—in collaboration with the National Endowment for the Arts—that focuses on the arts, including the visual arts, music, dance, and theater, as part of the education of students in high-need schools, including those with high rates of poverty and youth violence.

Women's Educational Equity

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$3.0	\$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. The Administration's reauthorization proposal would make the program more flexible, with the amount of funds for local implementation projects and research and development projects based on national and local needs and priorities. Under current 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 2001 would provide sufficient funds for both new and continuing awards.

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

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$7.3	\$7.3	\$7.3

This program supports 10 regional Equity 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.

Education for Native Hawaiians  
(BA in millions)

	<u>1999</u>	<u>2000</u>	<u>2001 Request<sup>1</sup></u>
Family-Based Education Centers.....	\$7.2	\$8.9	\$8.9
Higher Education .....	2.7	2.7	— <sup>1</sup>
Gifted and Talented .....	2.0	2.2	2.2
Special Education .....	2.0	2.2	2.2
Curriculum Development, Teacher Training, and Recruitment.....	4.8	5.5	4.1
Community-Based Centers.....	1.0	1.1	1.1
Native Hawaiian Education Councils.....	0.3	0.4	0.4
Consolidated program grants.....	<u>0</u>	<u>0</u>	<u>4.1</u>
<u>Total.....</u>	20.0	23.0	23.0 <sup>1</sup>

<sup>1</sup> Under the Administration's reauthorization proposal, new awards could be made in areas authorized by the current statute. The request assumes that grants made in previous years under the seven programs would be continued, and these are shown on the table above; new awards would be made under the Administration's proposed consolidated program authority.

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. In recent years, at the instruction of Congress, the Department has funded new projects in such areas as aquaculture education, Hawaiian language revitalization, and prisoner education.

The Administration's reauthorization proposal would consolidate the seven programs into one comprehensive authority that would permit projects funded under the program areas currently authorized by the statute or in additional areas identified by the Secretary or the Congress. The requested level assumes that grants made in previous years under the separate programs would be continued. Because many projects conclude their funding in 2000, level funding would support new awards under the consolidated authority.

Alaska Native Education Equity  
(BA in millions)

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
Educational Planning, Curriculum Development, Teacher Training, and Recruitment .....	\$4.1	\$5.4	\$5.4
Home-based Education for Pre-School Children.....	4.4	5.7	5.7
School Enrichment.....	<u>1.5</u>	<u>1.9</u>	<u>1.9</u>
Total.....	10.0	13.0	13.0

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, and Alaska Natives trail other students on tests of educational proficiency. In 2000, funding for these programs increased by 30 percent. The 2001 request includes level funding for continuation of projects that address the barriers preventing Alaska Native children from achieving to higher academic standards.

The Administration's reauthorization proposal for this program would consolidate the three programs into one comprehensive program, while allowing continuation of the full array of current program activities and retaining most current emphases and priorities. However, consolidated awards would not be made until 2002, when current grants expire.

Advanced Placement Incentives

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$4.0	\$15.0	\$20.0

This program awards grants to States to enable them to cover part or all of the cost of advanced placement (AP) 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 reducing their postsecondary education costs.

As reauthorized in 1998, the program also supports other activities to make advanced placement and other challenging courses available to students from low-income families and, thus, upgrade the high school curriculum available to those students. States in which low-income students pay no more than a nominal fee to take AP tests can use program funds for

such activities as development of curriculum for advanced placement courses and training of teachers to teach in those courses.

The 33 percent increase requested for 2001 would help bring challenging courses to high schools serving concentrations of low-income students. New funds would support State efforts to make high-level, challenging courses more widely available. For example, States could use the Internet or other technologies to establish advanced placement distance learning programs in small or isolated high-poverty schools that cannot currently provide access for their students to such classes. The request would also pay test fees for low-income students taking approximately 75,000 Advanced Placement tests.

Indian Education

(BA in millions)

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
Grants to LEAs .....	\$62.0	\$62.0	\$92.8
Special Programs for Indian Children.....	3.3	13.2	20.0
National Activities .....	<u>0.7</u>	<u>1.7</u>	<u>2.7</u>
Total.....	66.0	77.0	115.5

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.

American Indians continue to be disproportionately affected by poverty and low educational achievement. The request provides a \$38.5 million increase for Indian Education, including a \$30.8 million or 50 percent increase for Grants to Local Educational Agencies, which provide funds to public and BIA-supported schools for activities to improve the educational achievement 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 toward these goals.

The request also provides a \$6.7 million increase for Special Programs for Indian Children, including \$5 million to fund new awards for school readiness demonstrations and educator professional development projects.

In addition, the request responds to President's 1998 Executive Order on Indian Education, which commits the Federal Government to developing a comprehensive response to the national need for better education of Indians. Efforts are focused on improving reading, mathematics, science, postsecondary attendance and completion rates, and ensuring that Indian students have access to strong, safe, and drug-free school environments. Initiatives in the 2001 budget supporting the Executive Order include (1) continuation of the \$10 million Indian Teacher Corps, which will train 1,000 Indian teachers over a five-year period to take positions in schools that serve concentrations of Indian children; (2) a new \$5 million American Indian Administrator Corps proposal, which would recruit, train, and provide in-service professional development to American Indians to become effective school administrators in

schools with high concentrations of American Indian students; and (3) \$2.7 million to support a comprehensive Federal research agenda on Indian education.

Impact Aid  
(BA in millions)

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
Payments for Federally Connected Children:			
Basic Support Payments.....	\$704.0	\$737.2	\$720.0
Payments for Children with Disabilities .....	50.0	50.0	40.0
Payments for Heavily Impacted Districts.....	70.0	72.2	—
Facilities Maintenance .....	5.0	5.0	5.0
Construction .....	7.0	10.1	5.0
Payments for Federal Property .....	<u>28.0</u>	<u>32.0</u>	<u>—</u>
Total.....	864.0	906.5	770.0

The Impact Aid program provides financial support to school districts affected by Federal activities. The 2001 request would target funds to those school districts most genuinely burdened by the presence of federally connected children. Categories of eligible children would include (1) children living on Indian lands and (2) children who live on Federal property and who have a parent on active duty in the uniformed services, in civilian Federal employment, or in the employ of a foreign military service. The Administration believes that other federally connected children, the so-called “b” children who generally live on or have a parent working on Federal property (but not both), do not create a significant financial burden on school districts.

The \$720 million request for Basic Support Payments, although \$17.2 million less than the 2000 amount, would increase the average per-child payments on behalf of eligible children by 7 percent. No payments would be made for “b” children.

The \$40 million request for Payments for Children with Disabilities, while a \$10 million reduction, would increase the average per-child payment for the categories of children proposed for eligibility by 4 percent. These funds provide additional support for certain federally connected children who are eligible for services under the Individuals with Disabilities Education Act. As under Basic Support Payments, no payments would be made on behalf of “b” children.

The request would provide no funding for Payments to Heavily Impacted Districts. While this authority was originally designed to assist school districts that have large concentrations of federally connected children and limited fiscal capacity to educate those children, the funding rules recently adopted by Congress do not target funds effectively to such districts.

The Department of Education owns and must maintain 50 school facilities that serve large numbers of military dependents. The budget includes \$5 million for Facilities Maintenance to pay for essential repairs to these facilities and allow the Department to continue to upgrade and transfer school facilities to local educational agencies.

The \$5 million request for Impact Aid Construction, although \$5.1 million less than the 2000 amount, would provide an 8 percent increase in per-child payments distributed by formula to

meet the school construction needs of local educational agencies with large proportions of federally connected children living on Indian lands.

No funds are requested for Payments for Federal Property, which are made to school districts without regard to the presence of federally connected children. Approximately one-third of currently participating districts receives funds based on exceptions to the basic eligibility criteria under the authorizing statute. That is, one-third of those districts have not had a loss of tax base of at least 10 percent of assessed value due to the acquisition, since 1938, of real property by the United States Government.

Innovative Education Program Strategies State Grants

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$375.0	\$365.8	—

The request includes no funding for this program, also known as Title VI block grants, because it would be repealed under the Administration's ESEA reauthorization proposal. The program is not well designed to support real improvements in teaching and learning, and the Department believes that these funds are better spent on comprehensive, standards-based educational improvement and reform.

Ellender Fellowships

	<u>1999</u>	<u>2000</u>	<u>2001 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. The Administration's ESEA reauthorization bill would repeal the program and instead support the expansion of civics education through the Fund for Improvement of Education and the Civic Education program (See Educational Research and Improvement).

**B. BILINGUAL AND IMMIGRANT EDUCATION**

(BA in millions)

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
Instructional Services .....	\$160.0	\$162.5	\$180.0
Support Services .....	14.0	14.0	16.0
Professional Development .....	50.0	71.5	100.0
Foreign Language Assistance.....	6.0	8.0	14.0
Immigrant Education.....	<u>150.0</u>	<u>150.0</u>	<u>150.0</u>
 Total.....	 380.0	 406.0	 460.0

The 2001 request includes \$460 million for bilingual, foreign language, and immigrant education programs, an increase of \$54 million or 13.3 percent over 2000. 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. The 2001 request assumes enactment of the Educational Excellence for All Children Act, the Administration’s proposal to reauthorize the Elementary and Secondary Education Act (ESEA), which includes the bilingual and immigrant programs.

The number of LEP children attending American schools has grown dramatically—primarily because of immigration—with State educational agencies reporting that LEP enrollment rose from 2.1 million in the 1990-91 academic year to 3.5 million in 1996-97. Much of this growth is in States and school districts that previously enrolled only a handful of these students. As the number of LEP children has grown, the needs of school districts for programs to serve those children—and for trained staff to work in those programs—have grown accordingly. In 2001 the Department will emphasize awards to districts that have experienced a recent influx of LEP students and have little prior experience in serving them.

Federal bilingual education projects have demonstrated effectiveness in teaching English. Recent grantee evaluation reports showed that for 91 percent of projects, at least 75 percent of participating LEP students achieved gains in oral English proficiency.

The budget request for bilingual and immigrant programs is part of the Administration’s overall strategy—the Hispanic Education Action Plan—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 request increases funding for professional development by 40 percent to address the critical shortage of teachers prepared to serve LEP students. The Administration also proposes additional funding for instructional services, with the increase targeted to schools that have little prior experience in serving LEP students.

The Administration’s ESEA reauthorization proposal would consolidate certain bilingual education grants and increase the ability of the Department to hold grantees accountable for the effectiveness of these services in teaching English to LEP students and assisting them in meeting challenging State academic standards. The legislative proposal would also shift the Foreign Language Assistance program to Title X of the Elementary and Secondary Education Act, and increase its emphasis on improving and expanding foreign language instruction at the elementary school level.

Under the proposed legislation, the Instructional Services authority would include three funding categories reflecting the different needs of applicant school districts: (1) Program Development and Enhancement Grants to assist districts in implementing new programs for LEP students; (2) Comprehensive School Grants to support bilingual programs serving all LEP students in a school; and (3) Systemwide Improvement Grants to support reforms benefiting the entire LEP population of a school district. Prior to making fourth- and fifth-year continuation awards for Comprehensive and Systemwide projects, the Department would determine if a program is making continuous and substantial progress in assisting children to learn English and achieve to challenging State content and performance standards. If the Department determined that these grantees were not making such progress, it would require the grantee to develop and submit a program improvement plan. If the Department determined that these grantees were not making substantial progress after the next year, it would deny the grantee its fifth-year continuation award. The \$180 million request for Instructional Services would support an estimated 803 grants serving almost 1.3 million students.

The budget also includes \$16 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 proposed Academic Excellence State recognition program. During fiscal year 2001, the Department will devote the research money to collecting program performance data needed to meet the requirements of the Government Performance and Results Act.

The request provides \$100 million, an increase of \$28.5 million or 40 percent, for Professional Development. This program 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.

The Administration's reauthorization proposal for the Foreign Language Assistance Program would authorize three-year grants to State educational agencies to promote systemic improvement of foreign language instruction and to local educational agencies (LEAs) for model programs of instruction that exhibit the capability of continuing beyond the grant period. The 2001 request includes \$14 million, a \$6 million increase over 2000, for an estimated 114 discretionary grants to improve foreign language instruction, particularly at the elementary level. At the request level, the program could greatly expedite the rate at which States establish foreign language standards for elementary schools, significantly increase the pool of teachers prepared to provide elementary level foreign language instruction, and greatly expand the number of elementary schools that offer high-quality foreign language programs.

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. Under the Administration's reauthorization proposal, States could 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 more than 808,400 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 2001 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 request includes \$6.4 billion for Special Education programs, an increase of \$333 million or 5.5 percent over the 2000 level. A \$290 million increase for Grants to States would raise the Federal contribution toward meeting the excess cost of serving the nearly 6.4 million children with disabilities to \$827 per child, an increase of 4 percent over the 2000 level of \$795. The budget also includes an increase of \$8.6 million for Grants for Infants and Families.

In addition, the Special Education request provides significant increases for National Activities that support States in providing services to children with disabilities. For example, an additional \$10 million for the State Improvement program would expand efforts to reform and improve State systems for providing educational, early intervention, and transitional services to improve results for children with disabilities.

Other increases include \$10 million to demonstrate how research-based interventions, coupled with early identification, can improve results for children ages 5 through 9 with developmental delays in the areas of reading and behavior; \$8 million to help meet State technical assistance needs; and \$7.5 million to expand support for Parent Information Centers.

For Rehabilitation Services and Disability Research, the budget provides \$2.8 billion, an increase of \$91.7 million or 3.4 percent over the 2000 level. This total includes \$2.4 billion for Vocational Rehabilitation State Grants, an increase of \$60.8 million to help over 1.2 million individuals with disabilities receive the services they need to become employed. A \$10 million increase for Centers for Independent Living would expand the network of centers by funding up to 56 new centers in 23 States.

A \$13.5 million increase for the National Institute on Disability and Rehabilitation Research (NIDRR) would support two key technology initiatives: a \$5 million Educational Technology Initiative to provide technical assistance and training on accessible information technology to elementary and secondary schools, and \$8.5 million for a Technology for Independence Initiative aimed at helping people with disabilities live, learn, and work in an increasingly technological age.

Finally, a \$41.1 million request for Assistive Technology, an increase of \$7.1 million or 21 percent, would provide \$15 million to help States establish or maintain alternative loan financing programs authorized under Title III of the Assistive Technology Act of 1998. These programs offer individuals with disabilities attractive options that significantly enhance their ability to purchase assistive technology devices and services.

**SPECIAL EDUCATION**

**State Grant Programs**

Grants to States

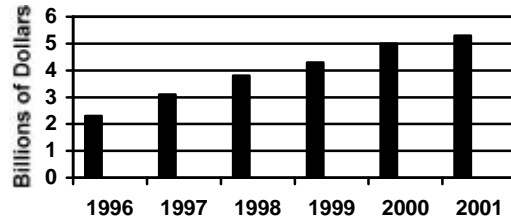
	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
Dollars in millions.....	\$4,310.7	\$4,989.7	\$5,279.7
Children ages 3 through 21 Number served (thousands) .....	6,133	6,262	6,368

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. The requested increase of \$290 million would maintain the Federal contribution toward meeting the excess cost at 13 percent of the national average per pupil expenditure by providing more than sufficient funds to offset the impact of inflation and the additional cost expected to result from serving more children.

These additional funds could be used by States for a variety of purposes, including services to help children with disabilities reach State established goals under the Individuals with Disabilities Education Act and to correct deficiencies found through State and Federal monitoring.

Included in the request is \$16 million, an increase of \$3 million over the 2000 level, for studies to carry out the required National Assessment of the Act and other studies.

**Special Education Grants to States**



Preschool Grants

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$374.0	\$390.0	\$390.0

The Preschool Grants program provides formula grants to help States make a free, appropriate public education available to all children with disabilities ages 3 through 5 and to ensure that a minimum level of funding is available to serve these children. The request would maintain support for this program at the fiscal year 2000 level. Funding under the Preschool Grants program supplements funds provided to States under the Grants to States program and helps to ensure that young children with disabilities are ready to learn when they enter school. The request would provide approximately \$672 per child for approximately 580,500 children.

Grants for Infants and Families

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$370.0	\$375.0	\$383.6

The Grants for Infants and Families program makes formula grants to States to help them implement statewide systems of early intervention services for all eligible children with disabilities from birth through age 2, and their families. These systems help States and local agencies identify and serve children with disabilities early in life when interventions can be most effective in improving educational outcomes. This program plays a major role in improving the school readiness of young children with disabilities and is the only Federal program focused exclusively on children with disabilities from birth through age 2. The request would provide an increase of \$8.6 million or 2.3 percent to help offset the effect of inflation.

**National Activities**

Special Education National Activities 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 \$315.6 million, an increase of \$34.1 million, or 12.1 percent, over the 2000 level.

State Improvement

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$35.2	\$35.2	\$45.2

This program provides competitive grants to help State educational agencies 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 are reserved for professional development. The remaining funds are used to carry out State strategies for improving educational results, including efforts to hold 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.

The request includes \$15.7 million for new awards to an estimated 15 additional States, as well as roughly \$29.4 million to continue some 28 awards made in prior years.

Research and Innovation

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$64.5	\$64.4	\$74.4

Research and Innovation activities develop new knowledge through research, apply knowledge to create useful practices through demonstrations, and make knowledge available through outreach and other dissemination activities. The request includes a \$10 million increase for new projects to demonstrate how recent research findings can be applied to improve results for children ages 5 through 9 with developmental delays in the areas of reading and behavior. The request also includes \$25.7 million for new projects in other areas and \$37.9 million for continuation projects.

Technical Assistance and Dissemination

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$44.6	\$45.5	\$53.5

This program provides technical assistance and disseminates materials based on knowledge gained through research and practice. The request includes an increase of \$8 million to provide grants to help States address their technical assistance needs, including those related to correcting deficiencies in IDEA compliance found through State and Federal monitoring. About \$5.9 million would be available for other new projects. Continuation costs of \$39.4 million include \$10 million for the fourth year of a five-year initiative to inform educators, administrators, parents, and others of the impact of the IDEA Amendments of 1997.

Personnel Preparation

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$82.1	\$82.0	\$82.0

This program makes awards to prepare personnel to serve children with low- and high-incidence disabilities, to train leadership personnel, and to fund 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 succeed educationally. 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 is placed on incorporating knowledge gained from research and practice into training programs. The request would provide \$25.6 million for new awards and \$55.7 million for continuation awards.

Parent Information Centers

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$18.5	\$18.5	\$26.0

Parent Information centers provide parents with the training and information they need to work with professionals in meeting the early intervention and special education needs of their children with disabilities. The request includes a \$7.5 million or 40 percent increase that would be used to increase the size of the awards to State parent centers, establish 4 new centers for a total of 103, and provide additional technical assistance to centers. Three of the new centers would be community centers that are operated by local parent organizations and focus on meeting the needs of underserved parents, including low-income parents, parents of children with limited English proficiency, and parents with disabilities.

Technology and Media Services

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$34.5	\$36.0	\$34.5

This program supports research, development, and other activities to advance the application of new and emerging technologies in providing special education and early intervention services. Funds are also used for media-related activities such as captioning films and television for individuals with hearing impairments and video description and recording activities for individuals with visual impairments. The \$1.4 million reduction proposed for 2001 reflects the completion of a project to demonstrate the use of publicly-funded telecommunications systems in providing information to parents and teachers. The request includes about \$18.3 million for continuation projects and \$16 million for new activities.

**REHABILITATION SERVICES AND DISABILITY RESEARCH**

Vocational Rehabilitation (VR) State Grants

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$2,304.4	\$2,339.0	\$2,399.8

The \$2.4 billion request, an increase of \$60.8 million or 2.6 percent, would assist State VR agencies in reducing the unemployment rate of people with disabilities and improve the quality of employment outcomes by strengthening the education and employment skills of VR consumers. The request would satisfy the statutory requirement to increase funding by at least the percentage change in the Consumer Price Index. The total includes the minimum statutory set-aside of \$24 million for grants to Indian tribes.

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.

A wide range of services is provided each year to about 1.2 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 individuals with the most significant disabilities. Services are provided according to an individualized plan for employment. In 1998, the VR program helped over 223,000 individuals with disabilities achieve employment outcomes, with over 88 percent entering the competitive labor market or becoming self-employed. Approximately 83 percent of the individuals who achieved employment have significant disabilities.

Client Assistance State Grants

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$10.9	\$10.9	\$11.1

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 request includes an inflation increase to help State Client Assistance Programs maintain the current level of services.

Training

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$39.6	\$39.6	\$39.6

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. Approximately \$1.6 million would be available for new projects.

Demonstration and Training Programs

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$14.9	\$21.7	\$21.7

Demonstration and Training programs develop innovative methods and comprehensive service programs to help individuals with disabilities achieve vocational outcomes. The program awards competitive grants or contracts to State vocational rehabilitation agencies, community rehabilitation programs, Indian tribes or tribal organizations, or other public or nonprofit agencies or organizations, and for-profit organizations. At the request level, approximately \$4.9 million will be available for new awards.

Migrant and Seasonal Farmworkers

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$2.4	\$2.4	\$2.9

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. The \$500,000 or 21 percent increase proposed for 2001 would fund 5 new projects.

Recreational Programs

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$2.6	\$3.5	\$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, a reduction reflecting the completion of a one-time \$925,000 grant award in 2000, would support 6 new projects and 18 continuations.

Protection and Advocacy of Individual Rights

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$10.9	\$11.9	\$12.1

The request would support systems in each State to protect and advocate for the legal and human rights of individuals with disabilities. These systems pursue legal and administrative remedies to ensure the protection of the rights of individuals with disabilities under Federal law and provide information on and referrals to programs and services for individuals with disabilities. The proposed increase would cover the cost of inflation.

Projects with Industry (PWI)

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$22.1	\$22.1	\$22.1

This program funds projects that help individuals with disabilities obtain employment and advance their careers 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 11,000 individuals with disabilities in competitive employment each year. Most of the individuals served through this program are considered difficult to place due to significant disability or extended unemployment (at least 6 months at time of project entry). The request would be used to pay continuation costs for about 100 grantees.

Supported Employment State Grants

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$38.2	\$38.2	\$38.2

This program makes formula grants to assist States in providing supported employment services for individuals with the most significant disabilities who have a goal of supported employment under the Vocational Rehabilitation (VR) State Grants program. Supported employment placements are achieved by augmenting short-term VR services with ongoing support provided by other public or non-profit organizations. This program substantially supplements supported employment activities funded through VR State Grants. In 1998, for example, VR State Grants provided supported employment services to approximately 48,000 individuals, while Supported Employment State Grants extended such services to an additional 37,000 individuals.

Independent Living  
(BA in millions)

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
Independent Living State Grants.....	\$22.3	\$22.3	\$22.3
Centers for Independent Living .....	46.1	48.0	58.0
Services for Older Blind Individuals.....	<u>11.2</u>	<u>15.0</u>	<u>15.0</u>
Total.....	79.6	85.3	95.3

These programs provide services to individuals with disabilities to maximize their independence and productivity and to help integrate these individuals into the mainstream of American society. The State Grants program awards formula grants to States to expand and improve independent living services and to support the operation of centers for independent living. The Centers for Independent Living program makes competitive grants to support a network of consumer-controlled, nonresidential, community-based centers that provide a broad range of independent living services. Services for Older Blind Individuals 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 request includes a \$10 million or 21 percent increase for the Centers for Independent Living program, primarily to fund up to 56 new Centers in 23 States, with a focus on providing coverage in unserved or underserved areas.

Program Improvement

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$1.9	\$1.9	\$1.9

The 2001 request would provide sufficient funds to continue support for technical assistance 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. Most of the funds are used to support the National Vocational Rehabilitation Technical Assistance Center.

Evaluation

	<u>1999</u>	<u>2000</u>	<u>2001 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: (1) extended follow-up of individuals in the longitudinal study of the vocational rehabilitation (VR) program, (2) evaluations of the Projects with Industry and the Training program launched in 2000, (3) dissemination and utilization activities in connection with the longitudinal study, and (4) one major new evaluation study.

Helen Keller National Center

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$8.6	\$8.6	\$8.7

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. The requested increase of \$167,000, combined with \$220,000 available after completion of one-time construction projects in 2000, would permit the Center to increase staffing in its regional offices and help to offset the effect of inflation.

National Institute on Disability and Rehabilitation Research (NIDRR)

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$81.0	\$86.5	\$100.0

NIDRR supports a comprehensive and coordinated program 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 disability and rehabilitation research 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 request includes a \$13.5 million increase for technology initiatives, including a \$5 million Educational Technology Initiative that would provide technical assistance and training to elementary and secondary schools regarding accessible information technology, statutory requirements and technology standards, and resources available. A Technology for Independence initiative would provide \$3.4 million for employment projects to carry out research, training, and technical assistance to enhance employment opportunities for individuals with disabilities through improved access to and use of technology, and \$5.1 million for community independence projects to explore ways to use information and assistive technology to enhance community integration and participation by individuals with disabilities.

Assistive Technology

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$34.0	\$34.0	\$41.1

This program helps States improve the access of individuals with disabilities to assistive technology devices and services. The request would provide \$41.1 million for Assistive Technology, an increase of \$7.1 million or 21 percent. Approximately \$26.1 million would be used for activities in Title I of the Assistive Technology Act, including the Assistive Technology State Grant program, protection and advocacy services related to assistive technology, and technical assistance activities. The remaining \$15 million would support grants to States, authorized under Title III of the Act, to establish or maintain alternative loan financing programs. Currently, major service programs such as Medicaid, Medicare, special education, and vocational rehabilitation cannot meet the growing demand for assistive technology. Loan programs offer individuals with disabilities attractive options that significantly enhance their ability to purchase assistive technology devices and services.

Special Institutions for Individuals with Disabilities  
(BA in millions)

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
American Printing House for the Blind (APH) .....	\$8.7	\$10.1	\$10.3
National Technical Institute for the Deaf (NTID) .....	45.5	48.2	51.8
Gallaudet University.....	<u>83.5</u>	<u>86.0</u>	<u>87.7</u>
Total.....	137.7	144.3	149.8

The American Printing House for the Blind provides special education materials for students who are visually impaired, offers advisory services for consumers, and conducts research. The proposed increase of \$165,000, combined with \$350,000 available after completion of one-time initiatives in 2000, would provide a 2 percent increase for education materials to help offset the effect of inflation, support the APH request level for advisory services and research operations, and fund a variety of special projects.

The National Technical Institute for the Deaf provides postsecondary technical education and training for students who are deaf. NTID also conducts research and provides training related to the education and employment of individuals who are deaf. The \$51.8 million request includes an increase of \$910,000 to help offset the effect of inflation as well as \$5.4 million for the second phase of a major project to renovate dormitories.

Gallaudet University offers undergraduate and continuing education programs for persons who are deaf, and graduate programs for persons who are deaf or hearing. Gallaudet also maintains and operates the Kendall Demonstration Elementary School and Model Secondary School for the Deaf. The proposed \$1.7 million increase, combined with \$2.5 million available after the completion of construction activities in 2000, would increase funding for deferred maintenance activities and help offset higher operating costs due to inflation.

**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 skills in problem-solving, communications, and teamwork. The Department's Vocational and Adult Education programs help Americans of all ages attain this needed combination of skills and abilities.

Vocational Education  
(BA in millions)

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
State Grants .....	\$1,030.6	\$1,055.6	\$855.7
Tech-Prep Education .....	106.0	106.0	306.0
National Programs .....	13.5	17.5	17.5
Occupational and Employment Information..	0	9.0	0
Tribally Controlled Postsecondary Vocational Institutions .....	<u>4.1</u>	<u>4.6</u>	<u>4.6</u>
 Total.....	 1,154.2	 1,192.7	 1,183.8

Vocational Education programs develop the academic, vocational, and technical skills of students in high schools and community colleges. The 1998 Carl D. Perkins Vocational and Technical Education Act helps States achieve this goal by focusing on the integration of academic and vocational instruction; student attainment of challenging academic, vocational, and technical standards; and development of stronger linkages between education and employers. The Act also greatly increases accountability for results: State and local recipients are using program funds to track and measure the educational and workplace outcomes for participating students, and States that exceed their performance goals will be eligible to receive "incentive awards" from the Federal Government.

The request for Vocational Education is \$1.183 billion, a \$9 million (0.8 percent) decrease from the 2000 level. The total includes funding of about \$856 billion for State Grants to support State, high school, and community college activities to improve the quality of vocational education and develop systems to track and report post-program education and employment outcomes of vocational students. The Department proposes to decrease funding for State Grants by \$200 million in order to place greater emphasis on Tech-Prep Education, with its focus on preparing students for postsecondary education and high-skills careers.

Tech-Prep Education funds State formula grants for programs that link secondary and postsecondary, and vocational and academic instruction to prepare individuals for high-tech careers. Tech-Prep programs emphasize the development of (and teacher training in) applied instructional methods for academic classes; more successful entry into postsecondary education; and an increased emphasis on academics, especially math, science, and technology. The \$200 million increase proposed for Tech-Prep will help meet the growing demand for Tech-Prep education across the Nation. The additional funds will support efforts by Tech-Prep consortia to improve connections to 4-year postsecondary institutions and courses of study, make effective use of technology and distance learning, and integrate work-based learning opportunities into local programs.

The Vocational Education National Programs support applied research and development activities aimed at assessing and improving vocational education programs nationally. Funds support the National Centers for Research and Dissemination in Career and Technical Education, data collections needed to fulfill the requirements of the Government Performance and Results Act, and special initiatives in such areas as high school reform, educator professional development, and the development of high-tech “career clusters” that provide curriculum in a broad occupational area. The \$17.5 million request will sustain these activities and fund completion of the national assessment of vocational education begun in 1999.

Finally, the 2001 request includes \$4.6 million for Tribally Controlled Postsecondary Vocational Institutions, a program of competitive grants to institutions that provide postsecondary vocational training to Native American students.

Adult Education  
(BA in millions)

	<u>1999</u>	<u>2000</u>	<u>2001</u> <u>Request</u>
State Grants .....	\$365.0	\$450.0	\$460.0
National Leadership Activities .....	14.0	14.0	89.0
National Institute for Literacy.....	<u>6.0</u>	<u>6.0</u>	<u>6.5</u>
 Total.....	 385.0	 470.0	 555.5

Many Americans lack the basic literacy skills needed to be successful citizens and workers in our increasingly technology-based 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 State and local activities that enable adults to become literate and complete high school, so that they can succeed as workers, parents, and citizens. Access to Adult Education programs is particularly important for recent immigrants and other limited English proficient adults who wish to learn English in a predominantly English-speaking society and further their education to obtain a GED, attend college, or improve their lifelong learning potential. One-third of recent immigrants do not have a high school diploma or its equivalent, and this population has a significantly lower average income and a higher unemployment rate than native-born Americans.

The Adult Education and Family Literacy Act of 1998 put a priority on the delivery of adult education services that make effective use of technology, are of sufficient intensity to bring about substantial learning gains, have measurable goals for client outcomes, and are based on research. Also, the Adult Education State Grants authority now includes a strengthened emphasis on program accountability. States, in cooperation with the Department, are required to set annual performance goals in such areas as making improvements in participants’ literacy skills, receipt of high school diplomas or equivalent credentials, and placement in and

completion of postsecondary education and training programs. States that exceed their goals will be eligible for performance bonuses.

The request includes a \$10 million increase for the State Grants program that would build on last year's 23 percent increase to further the goals of the President's adult literacy initiative. This initiative aims to close the Nation's skills gap by 2005 by increasing the number of full-time instructors by 20 percent, doubling the number of instructional hours per student, tripling the number of computer stations, and more than doubling the amount of child care and counseling services available in adult education programs.

In addition, the budget proposes a \$75 million increase for National Leadership Activities, which support research, demonstration, and evaluation. In particular, the increase would expand Common Ground Partnership Grants, an English literacy and civics initiative that received \$25.5 million in 2000 as a set-aside from Adult Education State Grants. This initiative helps States meet the increased need for adult education services, particularly among recent immigrants, but also among other adults who need to strengthen their literacy skills or obtain a high school diploma or its equivalent. Common Ground grants support demonstration programs that provide immigrants and other participants with English literacy skills coupled with other key skills that are necessary to effectively navigate life and work in American society.

Other National Leadership funds would be used for State and local evaluation activities, technical assistance to States on program accountability and effectiveness, and development and dissemination of staff development and training models to improve teacher effectiveness. The request would continue support for the High Skills Communities Campaign to help States and local communities promote lifelong learning and literacy and measure their progress in meeting their literacy and lifelong learning goals.

The \$6.5 million request for the National Institute for Literacy supports communication, capacity-building, and policy analysis activities in support of the national goal that all Americans will be literate and able to compete in the workforce. Institute activities have included developing a Web-based literacy information and communication system, supporting the development of content standards for adult education programs, and funding activities that focus on education of adults with learning disabilities.

Community Technology Centers

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$10.0	\$32.5	\$100.0

This program makes grants to public housing facilities, community centers, libraries, and other community facilities to make educational technology available to residents of low-income urban and rural communities. The \$67.5 million increase proposed for 2001 would support 280 new grants, up from 120 in 2000. The request would fund up to 1,000 Centers that would help address a "digital divide" in the use of computer and other communications technologies that threatens to widen the socioeconomic gap between poor and minority groups and other more affluent populations.

Research shows that lack of access by residents of such communities to computers and other information technology limits their ability to obtain job information, educational resources, and

other benefits of the Internet. Grantees establish community learning centers that provide area residents access to preschool and family education programs, after-school activities, adult basic and English-as-a-second-language instruction, and online job databases.

State Grants for Incarcerated Youth Offenders

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$12.0	\$14.0	\$12.0

This program provides formula grants to State correctional agencies to assist and encourage incarcerated youths to acquire functional literacy, life, and job skills through postsecondary education, employment counseling, and related services. At the requested level, States would be able to serve approximately 6,700 youth offenders.

Literacy Programs for Prisoners

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$4.7	\$5.0	—

The budget includes no funding for this program, which provided discretionary grants to State and local correctional agencies to establish and operate programs that reduce recidivism through the improvement of life skills. The program was repealed in 1998 by the Adult Education and Family Literacy Act and replaced by a requirement that States set aside up to 10 percent of Adult Education State Grants for the education of prisoners and other institutionalized individuals.

School-to-Work Opportunities

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$125.0	\$55.0	—

No funds are requested for the School-to-Work Opportunities program, which supported 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. The School-to-Work Opportunities Act "sunset" on October 1, 2001. After Federal support winds down, States will continue their school-to-work activities with funding from other Federal programs, such as Vocational Education and the Workforce Investment Act, and with State and local dollars.

## E. POSTSECONDARY EDUCATION

### Overview

The 2001 budget reflects President Clinton's steadfast support for higher education and continues his commitment to ensure equal access to a quality postsecondary education for all Americans. The request includes significant increases in student financial assistance, especially in grant aid and work-study funding, as well as in outreach and support services such as provided by the TRIO programs. The budget also provides substantial increases for distance learning, key programs that support minority-serving institutions, and an innovative new program that would promote dual degrees for students attending certain Title III and Title V institutions.

Following are the highlights of the Administration's 2001 budget:

- Total student financial aid available would expand to \$54.2 billion, a 5.5 percent increase over the 2000 level. The total number of recipients of grant, loan, and work-study assistance would grow by 217,000 to more than 8.6 million students.
- The Pell Grant maximum award would increase by \$200 to \$3,500, the highest ever, to improve access to postsecondary education for students from the neediest families. Nearly 3.9 million students would receive Pell grants.
- A new College Opportunity Tax Cut would build on the Lifetime Learning Tax Credit by giving up to 5 million families the option of either taking a tax deduction or claiming a 28 percent tax credit on up to \$5,000 in postsecondary tuition and fees. The annual limit on educational expenses would rise to \$10,000 in 2003, providing up to \$2,800 in tax relief to help American families pay for college.
- A \$125 million or 62.5 percent increase for GEAR UP would help raise the educational expectations of approximately 1.4 million low-income elementary and secondary school students and give them the skills and encouragement they need to enter and succeed in college.
- A new \$40 million Dual Degree Programs for Minority-Serving Institutions would help students at Hispanic-Serving Institutions, Historically Black Colleges and Universities, and Tribally Controlled Colleges and Universities to earn dual degrees in five years. Participants would earn one degree from their home institution, and the other from a partner institution. Funds would help establish consortia, provide scholarships to students, and compensate the minority-serving institutions for tuition revenue losses.
- A \$20 million increase for Developing Hispanic-Serving Institutions would expand and enhance support to postsecondary education institutions that serve large percentages of Hispanic students. This program is part of the Department's overall Hispanic Education Action Plan to increase academic achievement, high school graduation, post-secondary participation, and life-long learning of Hispanic Americans.

- An \$80 million increase for TRIO would support a new \$35 million College Completion Challenge Grants initiative aimed at reducing the high dropout rate among disadvantaged and minority college students. The new program would support a comprehensive approach to increasing minority retention and completion rates through such activities as pre-freshman summer programs, support services, and increased grant aid to students. Other new TRIO funds would support efforts to improve the effectiveness of the Student Support Services and Upward Bound programs.
- Preparing Tomorrow's Teachers to Use Technology would double to \$150 million to support the development and implementation of teacher training programs that prepare prospective teachers to use technology to improve instructional practices and enhance student learning in the classroom.
- A \$60 million increase for Supplemental Educational Opportunity Grants would provide a total of \$875 million in grant assistance to an estimated 1.2 million undergraduate students, or 64,000 more than in 2000.
- A \$77 million increase for Work-Study would continue the President's commitment to give 1 million students the opportunity to work their way through college and would bolster the President's "America Reads" and "America Counts" initiatives, under which Work-Study recipients serve as reading and math tutors.
- Tripling funding to \$15 million for the Childcare Access Means Parents in School program would allow the Department to award 150 additional awards while maintaining support to 87 existing institutions. These awards would increase access to postsecondary education for low-income students who are parents.
- A \$36 million increase for the Aid for Institutional Development (Title III) programs would bolster the Administration's long-term commitment to assisting institutions that enroll a large proportion of minority and disadvantaged students by providing funds to improve academic programs and administrative and fundraising capabilities at these institutions.
- Perkins Cancellations funding would double to \$60 million in 2001 to address the growing number of cancellation entitlements resulting from expanded eligibility provisions in the Higher Education Amendments of 1992 and 1998.

### Student Aid Summary Tables

The following tables show estimated Federal student aid funding, aid available, and recipients under the Department of Education 2001 budget.

<u>Budget Authority (\$ in millions)</u>	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
Pell Grants.....	\$7,704	\$7,640	\$8,356
Federal Family Education Loans <sup>1</sup> .....	3,380	4,555	2,808
Federal Direct Loans <sup>2</sup> .....	618	735	770
Work-Study.....	870	934	1,011
Supplemental Grants .....	619	631 <sup>3</sup>	691
Perkins Loans.....	130	130	160
Leveraging Educational Assistance Partnerships.....	<u>25</u>	<u>40</u> <sup>4</sup>	<u>40</u> <sup>4</sup>
<b>Total</b> .....	<b>13,345</b>	<b>14,665</b>	<b>13,836</b>

<sup>1</sup> Budget authority requested for FFEL does not include the liquidating account.

<sup>2</sup> Costs reflect Federal administrative funding for Direct Loans and FFEL program management, including administrative payments to guaranty agencies. For Direct Loans made in fiscal years 1999, 2000, and 2001, the value of future repayments of interest and collections on defaults will exceed default costs and in-school interest subsidies. Therefore, no new BA is required.

<sup>3</sup> Fiscal Year 2000 includes \$10 million in emergency funds reserved for disaster relief.

<sup>4</sup> Includes \$10 million in fiscal year 2000 and 2001 for Special LEAP, pursuant to HEA section 415A(b)(2).

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

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
Pell Grants.....	\$7,326	\$7,940	\$8,469
Federal Family Education Loans.....	20,107	20,959	22,157
Federal Direct Loans .....	9,953	10,605	11,211
Consolidation Loans <sup>2</sup> .....	12,726	8,831	9,148
Campus-based Programs:			
Work-Study .....	1,044	1,123	1,216
Supplemental Grants .....	784	799	875
Perkins Loans .....	<u>1,058</u>	<u>1,058</u>	<u>1,058</u>
Subtotal, Campus-based programs.....	2,886	2,980	3,149
Leveraging Educational Assistance Partnerships <sup>3</sup> .....	<u>50</u>	<u>90</u>	<u>90</u>
<b>Total</b> .....	<b>53,048</b>	<b>51,405</b>	<b>54,224</b>

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

<sup>3</sup> Reflects only the LEAP program's statutory dollar-for-dollar State matching requirement for BA up to \$30 million and the two-to-one State matching requirement under Special LEAP for BA in excess of \$30 million. Discretionary State contributions above the required match, which are not reflected, significantly increase the number of grant recipients, the amount of available aid, and the average award.

Number of Student Aid Awards  
(in thousands)

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
Pell Grants.....	3,810	3,849	3,885
Federal Family Education Loans.....	5,354	5,667	5,899
Federal Direct Loans .....	2,891	2,872	2,990
Consolidation Loans .....	678	468	481
Campus-based programs:			
Work-Study .....	930	1,000	1,000
Supplemental Grants .....	1,118	1,139	1,203
Perkins Loans .....	<u>698</u>	<u>698</u>	<u>676</u>
Subtotal, Campus-based programs.....	2,746	2,837	2,879
Leveraging Educational Assistance Partnerships <sup>1</sup> .....	<u>83</u>	<u>120</u>	<u>120</u>
<u>Total awards .....</u>	<u>15,562</u>	<u>15,813</u>	<u>16,254</u>

<sup>1</sup> Reflects only the LEAP program's statutory dollar-for-dollar State matching requirement for BA up to \$30 million and the two-to-one State matching requirement under Special LEAP for BA in excess of \$30 million.

Number of Students Aided by Department Programs

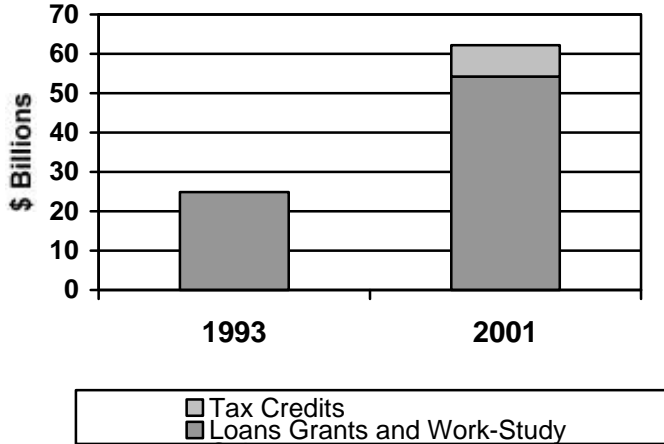
Unduplicated count .....	8,162	8,406	8,623
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**Student Aid Overview**

Since 1993, the Administration has worked to expand postsecondary education opportunities for qualified students of all ages. By championing education as the Nation's number one priority, the Administration has garnered unparalleled support for the Nation's postsecondary students through significant increases in the core student aid programs, more affordable student loans, and higher education tax credits and education IRAs. For example, the Hope Scholarship tax credit is helping to make 2 years of college as universal as high school.

The Administration's 2001 proposals for postsecondary education build upon the successes of the Balanced Budget Act of 1997 and the Higher Education Amendments of 1998 and support major Departmental objectives of ensuring postsecondary education access and completion while maintaining efficiently run, cost-effective delivery systems.

**Growth in Student Aid Available and Tax Credits**



As reflected in the chart above, total student aid available expanded dramatically under the Clinton Administration, more than doubling from approximately \$25 billion in 1993 to over \$60 billion in 2001, including the HOPE Scholarship and Lifetime Learning tax credits. Much of this growth is attributable to student loan borrowing at four-year institutions, accounting for over 80 percent of all borrowing in the student loan programs.

Overall, the 2001 request demonstrates the President's commitment to postsecondary education by providing \$54.2 billion in grant, loan and work-study assistance to over 8.6 million students, an increase of some 217,000 over 2000. In addition, the Administration is proposing a College Opportunity Tax Cut which builds upon the Lifetime Learning tax credit and would expand tax relief for millions of families struggling to pay for college. When fully phased in, the President's proposal would give families the option to claim a tax deduction or a tax credit worth up to \$2,800 for any postsecondary education including college, graduate study, or training courses. This significant investment would help ensure that the doors of college remain open to all Americans in the 21<sup>st</sup> Century.

Pell Grants

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$7,704	\$7,640	\$8,356
Program costs (\$ in millions).....	7,345	7,959	8,488
Aid available (\$ in millions) .....	7,326	7,940	8,469
Recipients (in thousands) .....	3,810	3,849	3,885
Maximum grant.....	\$3,125	\$3,300	\$3,500
Average grant .....	\$1,923	\$2,063	\$2,180

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 Administration is proposing to increase the Pell Grant maximum award to \$3,500 in 2001, up from \$3,300 in 2000. This \$200 increase would expand access to postsecondary education for an estimated 3.9 million disadvantaged students.

The 2001 request includes the use of \$132 million from the cumulative prior-year surplus resulting from appropriations that exceeded the amount needed to finance the Pell Grant program.

### **Campus-Based Programs**

The Supplemental Educational Opportunity Grant, Work-Study, 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 allow financial aid administrators considerable flexibility in the packaging of financial aid awards to best meet the needs of their students.

#### Supplemental Educational Opportunity Grants

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$619	\$631 <sup>1</sup>	\$691
Aid available (in millions) .....	784	799	875
Recipients (in thousands) .....	1,118	1,139	1,203
Average award .....	\$701	\$701	\$727

<sup>1</sup> Includes \$10 million in emergency funds reserved for disaster relief.

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 \$691 million request is an increase of \$60 million or 9.5 percent over the 2000 level. Along with institutional matching funds, the request would provide approximately \$875 million in grant aid to more than 1.2 million financially needy students, an increase of some 64,000 students.

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

Work-Study

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$870	\$934	\$1,011
Aid available (\$ in millions) .....	1,044	1,123	1,216
Recipients (in thousands) .....	930	1,000	1,000
Average award .....	\$1,123	\$1,123	\$1,215

The 2001 proposal for Work-Study is \$1.0 billion, an increase of \$77 million or 8.2 percent over the 2000 level, to sustain the President's commitment to give 1 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 school or other eligible employer provides the remaining 25 percent of the student's wages. 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.

Institutions must use at least 7 percent of their Work-Study allocations to support students working in community service jobs. The Administration has strongly encouraged institutions to use Work-Study funds to promote community service activities, particularly in the areas of tutoring children in mathematics and reading and serving in family literacy programs. An institution's community service activities must include at least one reading tutor or family literacy project.

Through the America Reads Challenge, tens of thousands of Work-Study students at more than 1,300 colleges and universities are earning money for college while helping others learn to read. The Department waives the 25 percent employer-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.

To promote improvement in the math skills of American children, the President extended the America Counts Challenge to colleges and universities, which is aimed at helping all students master challenging mathematics, including the foundations of algebra and geometry, by the end of the 8<sup>th</sup> grade. The Department waives the 25 percent employer-matching requirement for Work-Study students employed as math tutors to enable college students with an affinity for mathematics and science to gain valuable work experience as tutors while taking an active role in helping students master advanced skills in mathematics. Since July 1999, almost 400 institutions have signed on.

Perkins Loans  
(BA in millions)

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
Federal Capital Contributions.....	\$100	\$100	\$100
Loan Cancellation Payments .....	30	30	60
Loan volume (\$ in millions) .....	1,058	1,058	1,058
Number of borrowers (in thousands).....	698	698	676
Average loan .....	\$1,516	\$1,516	\$1,565

The request includes level funding for Perkins Federal Capital Contributions. As in past years, most funding for new loans will come from the repayment of outstanding loans to the program's institutional revolving funds. These repayments are expected to total \$959 million in 2001 before subtracting administrative expenses.

The Perkins Loan program provides long-term, low-interest loans to undergraduate and graduate students with demonstrated financial need at 2,000 institutions. Total assets of \$7.2 billion represent nearly 40 years of Federal capital contributions, institutional matching funds, repayments on previous loans, and reimbursements for cancellations.

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. Annual borrowing limits are \$4,000 for undergraduate students and \$6,000 for graduate and professional students.

The request would double funding for Perkins Loan Cancellations. This program reimburses institutional revolving funds for borrowers whose loan repayments are canceled in exchange for undertaking certain public service employment, such as teaching in Head Start programs, full-time law enforcement, or nursing. Cancellations have increased significantly in recent years due to the expansion of eligibility by the Higher Education Amendments of 1992 and 1998.

Leveraging Educational Assistance Partnerships

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$25.0	\$40.0	\$40.0
Aid available in millions <sup>1</sup> .....	50.0	90.0	90.0
Maximum grant.....	\$5,000	\$5,000	\$5,000
Recipients (in thousands) .....	83	120	120
Average Grant .....	\$600	\$750	\$750

<sup>1</sup> Reflects only the LEAP program's statutory dollar-for-dollar State matching requirement for BA up to \$30 million and the two-to-one State matching requirement under Special LEAP for BA in excess of \$30 million. Discretionary State contributions above the required match, which are not reflected, significantly increase the number of grant recipients, the amount of available aid, and the average award.

The Leveraging Educational Assistance Partnership (LEAP) program provides Federal matching funds to encourage States to retain and expand need-based State grant programs, and to establish community service programs to help financially needy students pay for college.

Appropriations in excess of \$30 million are reserved for a separate program, Special LEAP, which requires a two-to-one match (rather than the dollar-for-dollar requirement of the regular program) and supports a variety of allowable activities including expanded LEAP awards, scholarships, and early intervention programs.

Direct Loans and Federal Family Education Loans

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
<b>Direct Loans</b>			
New Loan Subsidy (BA) <sup>1</sup> .....	0	0	0
New Loan Subsidy (Program Costs) <sup>2</sup> .....	-\$378.2	-\$1,312.8	-\$516.2
Re-estimate of Prior Loans <sup>3</sup> .....	-\$360.9	-\$2,442.3	—
Federal Administration <sup>4</sup> .....	<u>617.6</u>	<u>735.0</u>	<u>770.0</u>
Total, New Budget Authority .....	617.6	735.0	770.0
Total, Program Costs .....	-121.5	-3,020.0	253.8
<b>Federal Family Education Loans</b>			
New Loan Subsidies (BA) .....	\$3,485.4	\$3,731.2	\$2,760.3
Re-estimate of Prior Loans <sup>3</sup> .....	-153.1	776.0	—
Federal Administration .....	<u>47.3</u>	<u>48.0</u>	<u>48.0</u>
Total, FFEL Program BA .....	3,379.5	4,555.2	2,808.3
<b>FFEL Liquidating Account</b>			
New Budget Authority <sup>5</sup> .....	0	0	0
Program Costs .....	-550.0	-691.2	-599.9
Total, Student Loans (BA) .....	3,997.1	5,290.2	3,578.3
Total, Student Loans (Prog. Cost)	2,708.0	843.9	2,462.2

<sup>1</sup> For Direct Loans made in FY 1999, 2000, and 2001, the value of future repayments of interest and collections on defaults will exceed default costs and in-school interest subsidies. Therefore no new BA is required.

<sup>2</sup> Program Cost reflects negative subsidy estimates.

<sup>3</sup> Under Credit Reform, the subsidy amounts needed for active loan cohorts are re-estimated annually in both Direct Loans and FFEL to account for changes in actual data compared to projections. Direct Loans re-estimate for 1999 primarily reflects technical adjustments in interest rate assumptions and repayment plan distribution data. Direct Loans re-estimate for 2000 primarily reflects higher interest rate projections leading to larger repayment estimates. FFEL re-estimate for 1999 primarily results from technical adjustments in repayments and defaults. FFEL re-estimate for 2000 reflects higher interest rate costs.

<sup>4</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 FY 2000, about 25 percent of these costs reflect estimated payments to FFEL guaranty agencies.

<sup>5</sup> This account reflects costs associated with loans made prior to 1992. In fiscal years 1999, 2000, and 2001, collections will exceed default and in-school interest costs. Therefore, program costs are negative.

**New loan volume**

Direct Loans.....	9,953	10,605	11,211
Federal Family Education Loans .....	20,107	20,959	22,157
Direct Consolidation Loans .....	8,006	4,250	4,403
FFEL Consolidation Loans .....	<u>4,720</u>	<u>4,581</u>	<u>4,745</u>
Total .....	42,786	40,395	42,516

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
Number of loans (in thousands)			
Direct Loans.....	2,891	2,872	2,990
Federal Family Education Loans .....	5,354	5,667	5,899
Direct Consolidation Loans .....	412	207	213
FFEL Consolidation Loans.....	<u>266</u>	<u>261</u>	<u>268</u>
Total .....	8,923	9,007	9,370

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 4,100 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. The FFEL program accounts for about two-thirds of student loan volume.

In order to reduce complexity, improve efficiency for both borrowers and schools, expand borrower repayment options, and lower taxpayer costs, the Student Loan Reform Act (SLRA) of 1993 established a simpler Direct Loan program. 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. Direct Loans also offers income-contingent repayment, which permits borrowers to start with small monthly payments and increase the size of their payments as their income grows.

The Direct Loan program began operation in academic year 1994-95 and now accounts for about one third of student loan volume, a level it is projected to sustain over the next few years. By the end of the fifth year of operation (1998-99) approximately 1,260 schools—representing about one-fourth 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. For July 1, 1999 through June 30, 2000, the rate for borrowers in repayment has been set at 6.92 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. The 1999-2000 rate is 7.72 percent.
- Consolidation Loans allow borrowers with multiple student loans who meet certain criteria to combine their obligations and extend their repayment schedules. The rate for both FFEL and Direct Consolidation Loans is based on the weighted average of loans consolidated rounded up to the nearest 1/8<sup>th</sup> of a percent.

### Lender Interest Subsidy

An HEA provision changing the lender special allowance interest rate index from the 91-day Treasury bill to the 3-month commercial paper rate was recently inserted as an amendment to the Ticket to Work and Work Incentives Improvement Act of 1999. For new loans disbursed on or after January 1, 2000 through June 30, 2003, FFEL lenders will be paid interest based on a 3-month commercial paper rate plus 2.34 percent for Stafford loans in repayment. This provision was sought by the lending industry to facilitate borrowing in the private sector.

### **The 2001 Request**

The Administration proposes a number of reforms to the FFEL program designed to ensure equitable financial returns among lenders, improve default recovery efficiency by cutting costs, and return excess Federal funds held by guaranty agencies to the Federal Treasury. The 2001 budget includes a combination of student loan proposals that would save an estimated \$2.3 billion in outlays in 2001 and \$3.8 billion over five years. If these proposals are enacted, the savings would be available as an offset to fund discretionary activities.

### Proposals Affecting Lenders

The change to the 3-month commercial paper rate increases lender yields in two ways: (1) under current economic forecasts, lender yields will be an estimated 11 basis points higher than under the prior T-bill-based formula; and (2) the elimination of the need to hedge—insure against future interest rate changes—will reduce lender costs by about 20 basis points. In order to reestablish the cost-neutrality of the commercial paper rate change, the Administration proposes to:

- Reduce lender interest subsidies by 11 basis points, saving some \$83 million in 2001 and \$326 million over 5 years.
- Lower lender subsidies by another 20 basis points to save \$152 million in 2001 and almost \$600 million over 5 years.

In effect, the 31 basis point reduction in the proposed lender special allowance formula (during repayment periods) would change the current “3-month commercial paper plus 2.34 percent” to “3-month commercial paper plus 2.03 percent.”

In addition, the Administration proposes to:

- Eliminate interest subsidies on certain loans funded through tax-exempt securities. This change would save an estimated \$94 million in 2001 and nearly \$800 million over 5 years.

Lenders with access to tax-exempt financing have a lower cost of funds than competitors that do not have access to tax-exempt funds and thus do not require the same special allowance subsidies provided to other lenders. To correct this inequitable advantage, the Administration proposes to remove the Federal special allowance subsidy on loans made with tax-exempt financing that are eligible for a 9 ½ percent interest rate floor.

#### Proposals Affecting Guaranty Agencies

In order to maximize default collections and bring greater uniformity to the collections process, the Administration proposes to:

- reduce the percentage that guaranty agencies currently may retain from 24 percent to 18.5 percent—in line with what the Department pays on average to its private collection contractors. This change would save \$236 million in 2001 and \$352 million over 5 years.
- Reduce guaranty agency retention to 12 percent on defaulted loans that are converted to Consolidation Loans, in recognition of the lower cost associated with such collections. This proposal would generate \$412 million in savings for 2001 and an estimated \$657 million over 5 years.

The Higher Education Amendments of 1998 expanded availability of voluntary flexible agreements to all guaranty agencies beginning in 2001. The greater regulatory flexibility afforded under these agreements is reducing the need for guaranty agencies to hold Federal funds in reserve. In recognition of this fact, the Administration proposes the following measures to save a total of \$1.3 billion in 2001:

- Accelerate into 2001 the recall of \$194 million in Federal reserve funds already due to be returned to the Treasury in 2002 based on the Balanced Budget Act of 1997.
- Accelerate into 2001 another \$165 million due to be recalled in 2006 and 2007 under the Higher Education Amendments of 1998.
- Recover excess Federal Fund reserves of \$950 million in 2001.

#### **Student Aid Program Management**

The Department would spend \$900 million in 2001 to administer the Federal postsecondary education programs and pay account maintenance fees to FFEL guaranty agencies, an increase of \$37 million over the 2000 level. Of these funds, \$730 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 (85.5 percent of

total funds available), the discretionary Program Administration account (9.1 percent), a discretionary appropriation covering a portion of administrative costs for the FFEL program (5.3 percent), and discretionary appropriations for the administration of the College Housing and Academic Facilities and HBCU Capital Financing programs (0.1 percent). For more details, see Section G on Departmental Management.

In recognition of the importance of these management responsibilities, in 1998 Congress and the Department established the Office of Student Financial Assistance (OSFA) as the Federal government's first performance-based organization. Under Chief Operating Officer Greg Woods, OSFA has developed a five-year performance plan with three principal goals: to improve customer satisfaction, reduce costs, and improve employee satisfaction. OSFA has also developed, and is in the initial stages of implementing, a comprehensive modernization blueprint to create an integrated, streamlined system that delivers student aid more quickly and efficiently and eliminates costly, outmoded paper processes.

The Office of Postsecondary Education (OPE) maintains primary responsibility for helping develop student aid and higher education policy, drafting regulations and conducting negotiated rulemaking, while at the same time providing national leadership and fostering strategic innovations to ensure access to postsecondary education, promote high standards and achievement for all postsecondary students, and expand linkages with other areas of national interest.

### **Higher Education Tax Benefits**

The President's College Opportunity Tax Cut will make college more affordable for millions of American Families.

The Administration is proposing \$30 billion in tax relief over 10 years for millions of families struggling to pay for college. The College Opportunity Tax Cut builds on the Lifetime Learning tax credit that the President signed into law as part of the historic Balanced Budget Act of 1997. Under the new proposal, families could choose between taking a tax deduction or claiming a 28 percent tax credit for tuition and fees to pay for postsecondary education.

The proposal would cover up to \$5,000 of educational expenses in 2001 and 2002 and up to \$10,000 in 2003 and beyond. When fully phased in, the President's proposal would give families up to \$2,800 in tax relief annually for college, graduate school or job training. The tax cut would phase out at incomes between \$50,000 and \$60,000 for individuals (up from \$40,000-\$50,000); and between \$100,000 and \$120,000 for joint filers (up from \$80,000-\$100,000) under the current Lifetime Learning tax credit.

In addition, students in the first two years of college or vocational school can still receive a 100% tax credit for the first \$1,000 of tuition and required fees and a 50% credit on the second \$1,000 under the HOPE Scholarship. This credit is available for tuition and required fees less grants, scholarships, and other tax-free educational assistance.

Families also are now permitted to withdraw funds from their Individual Retirement Accounts without penalty and use the earnings tax-free to pay postsecondary education costs.

Other proposed tax benefits include the following:

Elimination of 60-month limit on student loan interest deduction. Taxpayers currently may take 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 is \$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. The Administration is proposing to eliminate the 60-month limit beginning January 1, 2000.

Reinstate exclusion of employer-provided education benefits for graduate education. Subsection (d) of 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 December 31, 2001 by a provision in the Ticket to Work and Work Incentives Improvement Act of 1999. The Administration is proposing to reinstate the exclusion for graduate education as well, for coursework beginning after June 30, 2000 and ending before January 1, 2002.

### **Higher Education Programs Overview**

Despite the availability of significant need-based student financial aid, minority, low-income and other disadvantaged students continue to lag behind their more affluent peers in enrolling in and graduating from postsecondary education institutions. To overcome this divide, the Administration's budget provides substantial funding for programs that help minority and other disadvantaged students prepare for and succeed in college. The Administration's budget also supports programs for teacher training and preparation.

The 2001 request would increase funding for GEAR UP by \$125 million to provide comprehensive mentoring, tutoring, counseling, and other services for low-income elementary and secondary school students who must overcome many barriers to obtain a postsecondary education. The Federal TRIO Programs would receive an \$80 million increase to strengthen outreach and support services in order to improve the participation and completion rates of disadvantaged students in college and doctoral studies. This includes \$35 million to support a College Completion Challenge Grants initiative that would provide scholarship assistance and intensive summer programs for students in their first and second year of college, as well as funds to respond to evaluation findings in Student Support Services and Upward Bound. In addition, low-income parents would benefit from tripling the funding for the Child Care Access Means Parents in School program, which provides campus-based childcare services.

The budget also provides a \$36 million increase in the Aid for Institutional Development programs to support institutions that serve minority and disadvantaged students. This includes large increases for Historically Black Colleges and Universities, Historically Black Graduate Institutions, Tribally Controlled Colleges and Universities, and the Minority Science and Engineering Improvement Program. An additional \$20 million for Developing Hispanic-serving Institutions programs would expand support for postsecondary education institutions that serve large percentages of Hispanic students. And a new \$40 million Dual Degree Programs for Minority-Serving Institutions proposal would help students at these institutions earn two degrees in five years. Participating students could earn one degree from their home institution and one from a partner institution in a field in which the home institution does not offer a program and in which minorities are underrepresented.

Funding for Preparing Tomorrow's Teachers to use Technology would double to \$150 million to help public and private entities develop and implement teacher training programs that prepare

prospective teachers to use technology for improved instructional practices and student learning in the classroom. In addition, funding for Learning Anytime Anywhere Partnerships would increase to \$30 million to broaden support for projects that use technology, lift barriers to technology improvements, and expand choice of institutions and programs to citizens. Finally, the request includes a \$3.3 million increase for the International Education Overseas Programs to expand opportunities for students to gain international expertise, first-hand exposure to cultures and languages of other countries, and training as language and area specialists.

Federal TRIO Programs  
(BA in millions)

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
Student Support Services .....	\$178.9	\$182.5	\$218.4
College Completion Challenge Grants ...	—	—	35.0
Upward Bound .....	220.5	239.9	249.0
Upward Bound Math/Science.....	29.3	30.2	30.8
Talent Search .....	98.4	100.4	102.4
Educational Opportunity Centers .....	29.8	30.4	31.0
McNair Postbaccalaureate Achievement .....	32.1	34.5	35.2
Staff Training .....	4.8	5.8	5.8
Dissemination Partnership Projects .....	1.9	7.0	7.0
Technology Supplements .....	—	10.0	5.9
Evaluation .....	1.5	1.5	1.5
Administration/Peer Review .....	<u>2.8</u>	<u>2.8</u>	<u>3.0</u>
 Total .....	 600.0	 645.0	 725.0

The Federal TRIO Programs fund critical postsecondary education outreach and student support services for disadvantaged individuals to help them enter and complete postsecondary education programs. The request would provide \$36 million to strengthen the Student Support Services program by increasing the intensity of services and another \$35 million for a new College Completion Challenge Grants initiative to provide scholarship assistance and intensive summer programs for students in their first or second year of college. The budget also includes support for improvements suggested by recent evaluations of the TRIO programs, such as providing work-study opportunities in the Upward Bound program. The request would continue support for a technology initiative to help bridge the digital divide and would maintain the current level of services in the remaining TRIO programs. The total number served by the TRIO programs would increase to more than 760,000 disadvantaged students.

Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP)

(BA in millions)

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
State Grants .....	\$41.9	\$66.7	\$108.4
Partnership Grants.....	75.5	130.8	212.7
NEISP <sup>1</sup> .....	1.0	—	—
21 <sup>st</sup> Century Scholar Certificates.....	0.2	0.2	0.6
Evaluation .....	0.9	1.5	1.8
Peer Review .....	<u>0.5</u>	<u>0.8</u>	<u>1.5</u>
 Total .....	 120.0	 200.0	 325.0

<sup>1</sup> \$1.0 million was used to fund the last year of NEISP continuation awards.

GEAR UP supports a combination of early college preparation and awareness activities—including mentoring, tutoring, academic and career counseling, and parental involvement—designed to raise the educational expectations of low-income elementary and secondary school students and give them the skills and encouragement they need to successfully pursue postsecondary education. The program also provides scholarship assistance to students when they reach college. GEAR UP provides grants to States and partnerships of low-income middle and high schools, institutions of higher education, and community organizations to target entire grades of students in the early grades and put them on a path to college. The 2001 request would provide funds for at least one State or partnership grant in every eligible State and Territory. It would leverage the resources of more than 2,400 community organizations and businesses as partners, and would provide services to some 1.4 million low-income students.

Title III: Aid for Institutional Development

(BA in millions)

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
Strengthening Institutions (Part A) .....	\$60.3	\$60.3	\$63.0
Strengthening Historically Black Colleges and Universities (Part B) .....	136.0	148.8	169.0
Strengthening Historically Black Graduate Institutions (Part B).....	30.0	31.0	40.0
Strengthening Tribally Controlled Colleges And Universities (Part A).....	3.0	6.0	9.0
Strengthening Alaska Native and Native Hawaiian-serving Institutions (Part A) ....	3.0	5.0	5.0
Minority Science and Engineering Improvement (Part E).....	<u>7.5</u>	<u>7.5</u>	<u>8.5</u>
 Total .....	 \$239.8	 \$258.5	 \$294.5

The 2001 request for Title III supports the Administration's strong commitment to ensuring access to high quality postsecondary education for the Nation's minority and disadvantaged students. A \$36 million or 13.9 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.

Dual Degree for Minority-Serving Institutions

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	—	—	\$40.0

This newly proposed program would provide grants to minority-serving institutions and research universities to enable students at Hispanic-Serving Institutions, Historically Black Colleges and Universities, Tribally Controlled Colleges and Universities, and Alaska Native- and Native Hawaiian-serving institutions to earn dual degrees. Participants would spend three years as undergraduates earning a bachelor’s degree at their home institution and two years at a partner institution, such as a major research university, earning a bachelor’s or master’s degree in a field in which the student’s racial or ethnic group is underrepresented. Funds would (1) establish dual-degree program articulation agreements, (2) provide scholarships to students to bridge tuition and cost of attendance differences between the minority-serving institution and the partner institution; and (3) compensate the minority-serving institution for revenue losses associated with the participants’ accelerated matriculation.

Developing Hispanic-serving Institutions

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$28.0	\$42.3	\$62.5

A \$20.3 million increase would expand and enhance the academic quality, institutional management, fiscal stability and self-sufficiency of the colleges and universities that enroll large percentages of Hispanic students. This request demonstrates the Administration’s commitment—as part of its Hispanic Education Action Plan—to ensuring that Hispanic students have access to high quality postsecondary education and to closing the gaps between Hispanic and majority students with respect to academic achievement, high school graduation, postsecondary enrollment and life-long learning.

Teacher Quality Enhancement Grants  
(BA in millions)

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
State Grants .....	\$33.4	\$43.7	\$43.8
Partnership Grants.....	33.4	43.7	43.8
Recruitment Grants.....	9.6	9.7	9.7
Peer Review and Evaluation.....	<u>0.8</u>	<u>0.9</u>	<u>0.7</u>
Total .....	77.2	98.0	98.0

The Teacher Quality Enhancement Grants program helps improve the ways our nation recruits, prepares, licenses and supports teachers. The program has three components: a State grants

program, a Partnership grants program, and a Recruitment grants program. The State Grants program is designed to help States improve the quality of their teaching force through better teacher licensing and certification, greater accountability for high quality teacher preparation and professional development, expansion of alternative pathways into teaching, and increased support for new teachers.

The Partnership Grants program strengthens the role of K-12 educators in designing and implementing effective teacher education programs by increasing collaboration among these practitioners and departments of arts and sciences and schools of education at institutions of higher education. The Recruitment Grants program supports efforts to reduce shortages of qualified teachers in high-need school districts through high-quality teacher preparation and induction programs tailored to meet these locally-identified needs. States or partnerships may apply to receive Recruitment Grants.

Preparing Tomorrow's Teachers to Use Technology  
(BA in millions)

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
Preparing Tomorrow's Teachers to Use Technology .....	\$75.0	\$75.0	\$150.0

Under the Administration's ESEA reauthorization proposal, the current Teacher Training in Technology program would be reauthorized as Preparing Tomorrow's Teachers to Use Technology. The new program would continue to help public and private entities develop and implement teacher training programs that prepare prospective teachers to use technology to improve instructional practices and enhance student learning in the classroom. The program would make competitive grants to consortia of States, colleges of education, school districts, and others to help ensure that all new teachers can teach effectively with technology. Currently, most colleges of education do not adequately prepare teachers to use educational technology; the emphasis is on computer literacy rather than the application of technology to the classroom. The request would support 175 new Capacity Building awards to stimulate State and local initiatives for campus-wide teaching reform, 120 new Implementation and Catalyst grants, and 167 Implementation and Catalyst continuation grants.

Fund for the Improvement of Postsecondary Education (FIPSE)

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$50.0	\$74.2	\$31.2

FIPSE supports exemplary, locally developed projects that are models for innovative reform and improvement in postsecondary education. The 2001 request would fund 240 new and continuing projects under the Comprehensive program. Applications making more productive use of resources to improve teaching and learning, and those disseminating innovative reforms that have already been developed and evaluated, would continue to be highlighted in workshops and receive invitational priority. In addition, funding would be targeted on the following areas: improving educational access, retention and completion; creating safe campus environments; reforming curriculum; providing high quality professional development; and

enhancing student preparation through school-college partnerships. The request also would support new international student exchange efforts.

Scholarships and Fellowships  
(BA in millions)

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
Byrd Honors Scholarships .....	\$39.3	\$39.9	\$41.0
Javits Fellowships <sup>1,2</sup> .....	7.0	20.0	10.0
Graduate Assistance in Areas of National Need (GAANN) .....	24.0	31.0	31.0

<sup>1</sup> Funding for Javits Fellowships was included under GAANN in 1999 and 2000.

<sup>2</sup> The fiscal year 2000 appropriation provided \$10 million for Javits Fellowships for academic year 2000-2001 and \$10 million for academic year 2001-2002.

The Byrd Honors Scholarships program recognizes and rewards a high level of student achievement by providing merit-based awards to four cohorts of undergraduate college students each year. Increased funding for the program would maintain the Administration's policy of building toward the program's authorization level of \$45 million, and it would provide awards for over 27,000 scholars, including 7,310 new scholars. Scholarships would remain at the authorized level of \$1,500.

Javits Fellowships provide up to 4 years of support to students of superior ability who are pursuing doctoral degrees, or the highest terminal degree, in the arts, humanities, and social sciences. The 2000 appropriation provided \$10 million for Javits Fellowships for academic year 2000-2001 and \$10 million for academic year 2001-2002. The 2001 request would support 382 fellows for academic year 2002-2003.

GAANN provides fellowships, through grants to postsecondary institutions, to graduate students of superior ability and financial need studying in areas of national need. Participating graduate schools must ensure that they will seek talented students from traditionally under-represented backgrounds. The 2001 request would support 1,199 fellows.

International Education and Foreign Language Studies  
(BA in millions)

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
Domestic programs.....	\$60.0	\$62.0	\$62.0
Overseas programs .....	<u>6.5</u>	<u>6.7</u>	<u>10.0</u>
Total .....	66.5	68.7	72.0

The budget request provides continued support for Domestic programs and a substantial increase of \$3.3 million or 50 percent for Overseas programs that 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 437 grants to institutions of higher education and directly support 1,025 individuals through fellowships and projects.

Institute for International Public Policy

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$1.0	\$1.0	\$1.0

The 2001 request maintains support for the Institute's efforts to encourage African-American and other underrepresented minorities to enter the Foreign Service of the United States and serve in private international voluntary organizations.

Demonstration Projects to Ensure Quality Higher Education for Students with Disabilities

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$5.0	\$5.0	\$5.0

This program funds model demonstration projects that provide technical assistance and professional development activities for faculty and administrators in institutions of higher education in order to improve the quality of education for students with disabilities. Funds would be used to continue support for 22 grants to develop innovative and effective teaching methods, synthesize research and information, and conduct faculty-training sessions.

Child Care Access Means Parents in School

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$5.0	\$5.0	\$15.0

This program supports the participation of low-income parents in the postsecondary education system by providing campus-based childcare services. Grants made to institutions of higher education are used to supplement childcare services or start a new program, not to supplant funds for current childcare services. Participating institutions are encouraged to leverage local or institutional resources and to employ a sliding fee scale for students who use the childcare facilities and services. The \$15.0 million budget request would provide continued support to 87 institutions as well as new awards to an additional 150 institutions.

Learning Anytime Anywhere Partnerships

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$10.0	\$23.3	\$30.0

This program is intended to help postsecondary education institutions make the transition to a new generation of distance education that has been made possible by the explosive growth of the Internet and other new technologies. Instead of relying upon closed networks—such as broadcast satellites—to deliver courses on fixed schedules to students within limited geographic boundaries, postsecondary institutions now have the capacity to reach students regardless of where they are located, at any time of day. The program especially helps disabled individuals who face barriers in traditional education settings, dislocated workers who need to acquire new skills, individuals making the transition from welfare to work, and individuals interested in investing in their own futures by upgrading their academic or job skills who may be limited in their options because of family obligations or by other time and place constraints. The competition for the new funds would promote educational quality, resource sharing and coordination, and innovations in teaching and student support.

Underground Railroad Program

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$1.8	\$1.8	\$1.8

This program helps one or more non-profit educational organizations establish facilities to house, display, and interpret artifacts relating to the history of the Underground Railroad, and to make the interpretive efforts available to institutions of higher education. Funds are used to assist in the building of public-private partnerships and the creation of endowment funds to support ongoing museum operations.

GPRA Data/HEA Program Evaluation

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	—	\$3.0	\$3.0

The request would help the Department obtain the data needed to comply with the Government Performance and Results Act and to carry out evaluations required by the Higher Education Act. In particular, the budget would support continued development of baselines and targets for performance indicators.

Academic Facilities  
(BA in millions)

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
Interest Subsidy Grants .....	\$13.0	\$12.0	\$10.0
CHAFL Federal Administration .....	0.7	0.7	0.7
HBCU Capital Financing Federal Administration .....	.1	.2	.2

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

for Interest Subsidy Grants and CHAFL are requested solely to manage and service the existing portfolios of facilities loans and grants that were made in prior years. The budget for HBCU Capital Financing Federal Administration pays for the management and service of existing and future loans.

Howard University  
(BA in millions)

	<u>1999</u>	<u>2000</u>	<u>2001</u> <u>Request</u>
Howard University Hospital.....	\$29.5	\$30.3	\$30.4
General Support .....	<u>185.0</u>	<u>189.1</u>	<u>193.6</u>
Total .....	214.5	219.4	224.0

The 2001 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.

## **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 supports a wide range of research, development, and dissemination activities; the statistics and assessment programs of the National Center for Education Statistics; and a variety of grant programs to enhance teacher training and student learning, including programs that promote effective use of educational technology. The budget request for OERI activities in 2001 is \$745.6 million, a decrease of \$78.8 million from the fiscal year 2000 appropriation. Most of the proposed decrease reflects the large number of one-year projects earmarked in the fiscal year 2000 appropriations act that no longer require funding in 2001, and the request includes significant increases for activities that support the primary mission of OERI.

An increase of \$30 million for research, development, and dissemination would allow support for high priority research projects to bring considerably more knowledge from research to bear on education reform efforts and help large numbers of children meet new and challenging standards. An important component of the research strategy is the Interagency Education Research Initiative—a collaborative effort between the Department of Education, the National Science Foundation, and the National Institute of Child Health and Human Development. The 2001 request would double Department of Education funding to \$20 million for this Initiative, which is supporting research to better understand what works and to design more effective practices for schools and classrooms.

The 2001 budget for research also would double funding for a special initiative on improving schooling for language-minority students, provide resources to ensure that dissemination remains an integral part of all of OERI's activities, and support both the Educational Resources Information Center and the National Library of Education.

Complementing the research program, the statistics and assessment programs support systematic, regular data collection to provide the information needed to make decisions about education policy and measure the impact of State and local reforms that change what students study, how they are taught, and how their performance is measured. The 2001 request for statistics and assessment includes an increase of \$16 million to implement the redesign of the postsecondary education data systems, to support a national study of higher education expenditures, and carry out data collections that will provide longitudinal information on the cognitive development and educational experiences of young children and on high school students.

Research, Development, and Dissemination  
(BA in millions)

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
Research, development and dissemination..	—	—	\$198.6
National education research institutes .....	\$63.8	\$84.8	—
Regional educational laboratories .....	61.0	65.0	—
National dissemination activities .....	<u>18.8</u>	<u>18.8</u>	<u>—</u>
Total.....	143.6	168.6	198.6

The Department of Education proposes a fiscal year 2001 budget of \$198.6 million for education research, development, and dissemination sponsored by the Office of Educational Research and Improvement, an increase of \$30 million over the 2000 appropriation level. The request would support university-based centers that conduct long-term research and development on core issues and concerns, field-initiated studies in which the topics and methods of study are determined by the individual investigators, directed research and development projects, 10 regional educational laboratories, dissemination activities, and a variety of other research and related projects that address issues of national significance.

OERI proposes to continue its efforts to increase the quality of research in education through a variety of strategies: engaging in better research planning, strengthening peer review, and partnering with other agencies to tap new knowledge and research capacity. Activities include:

Improving Achievement in the Core Subject Areas. The Department is proposing a \$10 million increase for the Interagency Education Research Initiative—a collaborative effort between the Department of Education, the National Science Foundation (NSF), and the National Institute of Child Health and Human Development (NICHD). This Initiative is building a knowledge base for improving educational practice by fostering innovative research on basic learning, teaching, and organizational mechanisms and developing sustainable and scalable interventions in education. The goal of the Initiative is to improve pre-K through grade 12 student learning and achievement in reading, mathematics and science by supporting rigorous, interdisciplinary research on large-scale interventions of promising practices and technologies in complex and varied learning environments. The work is intended to benefit students who, early on, are deemed to be at risk of school failure and who fail to acquire the higher-level skills needed to compete in the technology-driven workplaces of the 21<sup>st</sup> century.

Improving Learning for Language-Minority Students. In fiscal year 2000, the Department announced a major interagency research effort, in conjunction with NICHD, aimed at identifying critical factors that influence the development of English-language literacy (reading and writing) competencies among children whose first language is Spanish. The 2001 request includes \$10 million to continue support for this project and to fund other related activities.

Comprehensive School Reform. OERI would continue to support the design, development, evaluation, and scaling-up of comprehensive school reform models for middle and high schools that incorporate the best research-based components and practices available. A new research program would take an objective look at existing school reform models and strategies. One goal is to understand the circumstances under which these models are most likely to contribute to sustained improvements in schools.

Regional Educational Laboratories. The regional laboratories promote knowledge-based school improvement to help all students meet high standards, with an emphasis on helping districts and schools serving high concentrations of low-income children. This mission is carried out through extensive programs of applied research and development designed to assist educators and policymakers in their efforts to implement effective school reforms. The laboratories test new approaches to teaching and learning; provide training and technical assistance to teachers, administrators, and policymakers; and disseminate research findings about what works with diverse student groups under a variety of conditions. In addition to providing services to meet regional needs, each laboratory conducts basic and applied research, dissemination, and technical assistance in a designated specialty area.

Dissemination Activities. These activities give educators across the Nation ready access to the best information and methods drawn from educational research and development. Funds support the Educational Resources Information Center (ERIC), which contains an extensive body of education-related literature and materials, and the National Library of Education, which provides comprehensive reference services. The request for dissemination also helps pay for the Department's award-winning INet and World Wide Web services (www.ed.gov), which provide quick and easy Internet access to Department programs, publications, and related resources.

Statistics

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$68.0	\$68.0	\$84.0

The 2001 request includes a \$16 million or 24 percent increase to support the regular data collection, analysis, and reporting activities of the National Center for Education Statistics (NCES), as well as to implement requirements of the Higher Education Act. NCES data are used by local, State, and Federal policymakers to gauge the effects of reforms, measure the return on investments in education, and 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 trends in education, collect data to monitor reform and progress toward the National Education Goals, and inform 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 support more efficient data collection and produce information that is more useful for parents, teachers, administrators, and policymakers.

The request supports the Congressionally mandated redesign of the Integrated Postsecondary Education Data System, including the addition of new elements such as student budgets; rates of receipt, and average amounts received for Federal, State, and institutional grants and loans; expenditures by institutions for salaries and benefits; and expenditures for academic support services and research. The increase also will support an HEA-mandated study of expenditures at institutions of higher education.

In addition, the increase will help fund the *Birth Cohort of the Early Childhood Longitudinal Study*, which will chronicle the physical, cognitive, and socio-emotional development of a sample of children born in 2000, following them from birth to age 6. Data from the survey will inform child development practices and policies regarding child-care and early learning programs. The request also increases funding for the *Education Longitudinal Study of 2002*, which will provide information on the cognitive growth, high school completion, and postsecondary education experience of high school students in the first decade of the new millennium.

Assessment

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$40.0	\$40.0	\$42.5

The 2001 request includes a \$2.5 million increase for the National Assessment of Educational Progress (NAEP), the only source of nationally representative data for assessing and reporting progress toward the National Education Goal of ensuring student competency over challenging subject matter.

The 2001 budget will help pay for reporting the results of NAEP 2000, which will produce critical decennial benchmarks in mathematics and science for participating States and the Nation. The request also will support NAEP 2001, which will include national assessments in U.S. history and geography.

In addition, the request will support continued State and local participation by providing additional support for States and schools in analyzing and using NAEP data for improving instructional programs, benchmarking NAEP with State assessments, and developing new products and services for schools using NAEP findings.

The budget provides additional funding for the operational, programmatic, and advisory functions of the National Assessment Governing Board.

America's Tests

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	—	—	\$5.0

The request, which is based on proposed legislation, includes \$5 million to continue development of voluntary national tests in reading and math. Most of the funds would be transferred to the National Assessment Governing Board to complete test item development and move forward with plans for pilot testing, field testing, and administration. In prior years, funding for America's Tests was provided through the Fund for the Improvement of Education.

Fund for the Improvement of Education

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$139.0	\$243.9	\$137.2

This program supports a wide variety of activities aimed at stimulating reform and improving teaching and learning. The request includes support for several on-going activities in 2001: the Comprehensive School Reform Demonstration program (see Elementary and Secondary Education); the Elementary School Counseling Program; Character Education Partnership Grants; and the District of Columbia Public Schools Initiative. Funds are also requested for a College Test Preparation initiative to provide funding for school districts and schools to pay the costs of rigorous preparation programs for poor students.

Javits Gifted and Talented Education

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$6.5	\$6.5	\$7.5

The request includes an increase of \$1 million for this program, which helps demonstrate effective strategies for developing and implementing academic programs for gifted and talented students that can be used to create rich and challenging curricula for all students. A small number of new grant awards in 2001 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. Funds will also support the National Center for Research and Development in the Education of Gifted and Talented Children and Youth. In 1999, 89 percent of participants in Center workshops reported that the information they received improved their understanding of high quality gifted and talented education for traditionally underserved populations of gifted students and 76 percent reported that the Center provided information useful in implementing educational methods for gifted students.

National Writing Project

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$7.0	\$9.0	\$10.0

The 2001 request will increase support for the National Writing Project, a nationwide program aimed at improving the teaching and learning of writing in the Nation's schools. Improving student writing through high-quality professional development is a priority for the Department as a complement to the Reading Excellence Act initiative. The National Writing Project is an effective "teachers-teaching-teachers" model for recognizing successful practices and promoting exemplary instruction of writing, regardless of subject area. The increase in 2001 will support efforts to provide teacher training in every State and geographic area and expand the use of technology to disseminate information on the National Writing Project.

Civic Education

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$7.5	\$9.85	\$9.85

The Civic Education program fosters good citizenship and civic responsibility for significant numbers of students while helping them develop an in-depth understanding of the U.S. Constitution. This purpose is accomplished primarily through the Center for Civic Education's program *We the People...The Citizen and the Constitution*. In addition to a course of instruction made available to public and private elementary and secondary schools, the program sponsors mock congressional hearings and a national competition of such hearings for secondary school students.

International Education Exchange

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$7.0	\$7.0	\$8.0

This program helps support democracy and free market economies in Eastern Europe, the Commonwealth of Independent States, other countries that formerly were part of the Soviet Union, Northern Ireland, the Republic of Ireland, and other developing countries. The program provides curricula and teacher training in civics and economics education to educators and other leaders from those countries, as well as the opportunity to exchange ideas and experiences with teachers in the U.S. and other participating countries. The 2001 request would expand support for these activities.

Next Generation Technology Innovation

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
Next generation technology innovation .....	—	—	\$170.0
Technology innovation challenge grants .....	\$115.1	\$146.3	—
Star Schools .....	<u>45.0</u>	<u>50.6</u>	<u>—</u>
Total.....	160.1	196.8	170.0

The Next Generation Technology Innovation program will expand knowledge about, and develop new applications of, educational technologies and telecommunications for teaching and learning. The program replaces the Technology Innovation Challenge Grants and the Star Schools programs and builds on the successes of these programs by developing and expanding cutting-edge technologies to improve education. The program will encourage the use of technology such as Web-based instruction to provide access to challenging content.

Three competitions for new awards are proposed for FY 2001: Advanced Technology Applications, the Mississippi Delta Initiative, and Challenging Coursework On-Line.

Advanced Technology Application awards will support research and development initiatives that advance state-of-the-art educational technology applications. The Mississippi Delta Initiative is a targeted demonstration project to provide training to middle school teachers in the Mississippi Delta region. The Challenging Coursework On-Line initiative will support the development of high quality, Web-based Advanced Placement, second language learning, and other challenging courses to help ensure that high school students in poor rural and inner-city schools have access to challenging coursework.

Regional Technology in Education Consortia

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$10.0	\$10.0	\$10.0

This program supports 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 and assistance in areas such as teacher training and effective instructional uses of technology.

Technology Leadership Activities

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$2.0	\$2.0	\$2.0

The 2001 request includes \$2 million to continue to promote leadership in the field of educational technology and to enhance the impact of the Department's technology programs. Leadership funds will be used to strengthen evaluation of the effectiveness of technology programs and to bring together public and private entities to help schools and communities effectively use all available resources in technology and education.

Ready to Learn Digital Television

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$11.0	\$16.0	\$16.0

The request would support the development of educational programming centered on school readiness, as well as local educational and community outreach activities such as workshops, distribution of children's books, and collaboration with local organizations.

Telecommunications Program for Professional Development

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$5.0	\$8.5	\$5.0

This program—proposed as part of the Administration’s ESEA reauthorization bill—would expand the currently funded Telecommunications Demonstration Project for Mathematics program to promote excellent teaching in all core subject areas. The program funds the use of telecommunications to support sustained professional development and teacher networks that train teachers to help all students achieve State content standards.

National Activities for the Improvement of Teaching and School Leadership

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
National activities for the improvement of teaching and school leadership.....	—	—	\$25.0
Eisenhower professional development Federal activities.....	\$23.3	\$23.3	—

This program—proposed as part of the Administration’s ESEA reauthorization bill—would support nationally significant activities that promote long-term improvement in professional development. The 2001 request includes an increase of \$1.7 million over the predecessor Eisenhower Federal Activities program to fund recommendations and activities resulting from the National Commission on Mathematics and Science Teaching for the 21<sup>st</sup> Century. The Commission, which is chaired by former U.S. Senator John Glenn, will report its findings in fall 2000, and the requested increase would permit the Department to respond quickly to improve the quality of mathematics and science teaching in all of the Nation’s classrooms.

The budget also provides for ongoing activities of the National Board for Professional Teaching Standards, which administers a voluntary assessment and certification process for teachers based on national standards of excellence. In addition to \$16 million for continued development of standards and assessments in up to 30 specialty areas, the budget includes \$2.5 million in teacher subsidies to help certify 105,000 teachers by the year 2006.

Funding will also support the Eisenhower National Mathematics and Science Education Clearinghouse, a vital resource of professional development materials for educators in mathematics and science education.

Eisenhower Regional Mathematics and Science Education Consortia

	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
BA in millions .....	\$15.0	\$15.0	\$15.0

The request includes level funding to permit regional math and science consortia to continue their ongoing assistance to States and high-need local educational agencies. The consortia will

continue collaborative efforts with the Eisenhower National Clearinghouse to disseminate information and resources, such as the Third International Mathematics and Science Study, NSF-developed curriculum materials, and programs identified by the Department's expert panel. Through these efforts, the consortia support key strategies outlined in the Action Strategy developed by the Department and the National Science Foundation (NSF), including the emphasis on high-quality, standards-based math in grades 5-8 and the strategic use of all resources to improve teaching and learning.

**G. DEPARTMENTAL MANAGEMENT**

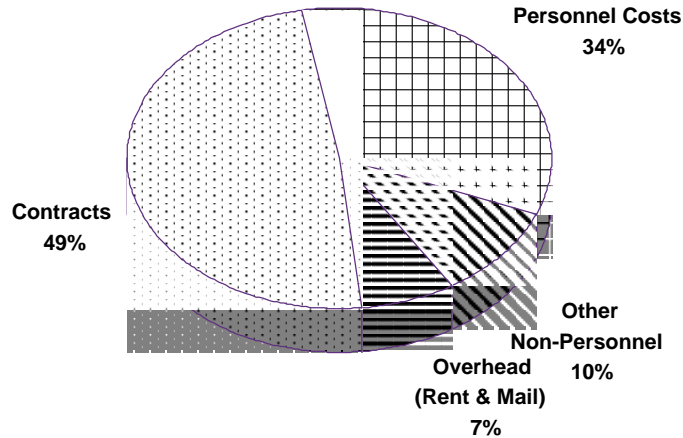
	<u>1999</u>	<u>2000</u>	<u>2001 Request</u>
<u>Discretionary Salaries and Expenses (S&amp;E)</u> (BA in millions)			
Program Administration <sup>1</sup> .....	\$365.9	\$382.9	\$413.2
Office for Civil Rights .....	66.0	71.2	76.0
Office of the Inspector General .....	31.2	34.0	36.5
Federal Family Education Loans <sup>1</sup> .....	47.3	48.0	48.0
Other <sup>3</sup> .....	<u>7.8</u>	<u>9.5</u>	<u>10.3</u>
Total, Discretionary S&E.....	518.2	545.6	584.0
<u>Permanent mandatory authority</u> (BA in millions)			
Student Loan Administration:			
HEA Section 458 <sup>1</sup> .....	440.6	555.0	600.0
Payments for Services by Guaranty Agencies .....	<u>177.0</u>	<u>180.0</u>	<u>170.0</u>
Total, Permanent mandatory authority .....	617.6	735.0	770.0
Total Federal Administration (excluding Guaranty Agency Payments).....	958.8	1,100.6	1,184.0
<u>Full-time equivalent employment (FTE) <sup>3</sup></u>			
Program Administration <sup>1</sup> .....	2,600	2,731	2,761
Office for Civil Rights .....	727	724	724
Office of the Inspector General .....	281	285	285
Federal Family Education Loans.....	356	368	368
Student Loan Administration.....	551	571	571
Other <sup>2</sup> .....	<u>34</u>	<u>38</u>	<u>40</u>
Total .....	4,549	4,717	4,749

<sup>1</sup> In 1999 includes real transfers from the Y2K Contingent Emergency Fund of \$3.913 million in Program Administration, \$794,000 in FFEL, and \$591,000 in the HEA Section 458.

<sup>2</sup> Includes small Federal Credit accounts and S&E activities in program accounts. Excludes National Institute for Literacy grants.

<sup>3</sup> Actual FTE usage in 1999; maximum target for 2000 and 2001.

### Department of Education FY 2001 Salaries and Expenses Costs by Category



The Department's 2001 budget request for Salaries and Expenses (S&E) will pay the costs of the staff, overhead, contracts, and other activities needed to administer and monitor about 170 educational assistance programs and provide over \$50 billion in grants and loans each year to nearly 9 million postsecondary students.

The Department is requesting \$584 million for its discretionary S&E budget in 2001, an increase of \$38.4 million over the 2000 level. Most of the increase is for the 2000 and 2001 pay raises announced by President Clinton. Even with the increase, the total administrative budget is less than two percent of the Department's total discretionary budget.

Mandatory Federal administrative costs—primarily associated with the postsecondary student loan programs—will increase by \$45 million. The mandatory increase is primarily required to originate, service, and collect student loans. The funding has contributed to the decline in the default rate, improvements in collections, and better services to students and families seeking aid for college expenses.

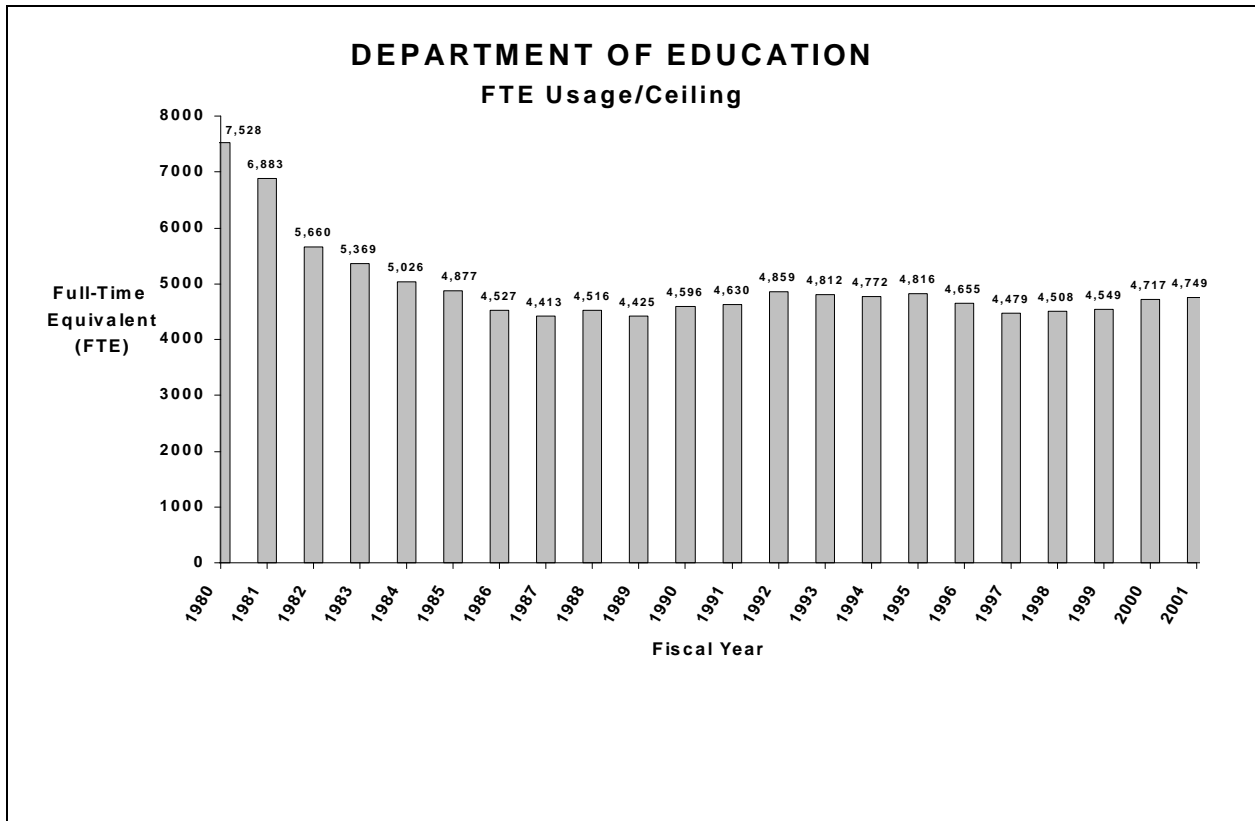
Over 50 percent of the Department's S&E budget is funded under a permanent mandatory appropriation that supports the operations of the student loan programs and other student financial aid management. The largest single expense under this appropriation is the cost of private sector contractors who originate and service Direct Student Loans. The permanent

mandatory account also 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 grew significantly in the last five years, administrative costs for servicing and collection will continue to increase.

### Department Employment

With a 2000 target of 4,717 FTE, staffing levels are nearly 40 percent below the 1980 level of 7,528 FTE when the Department was created, and 142 FTE below the 1992 level. The Department's reinvention and restructuring efforts over the last few years—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 reduced staff level.

The 2001 staffing request for the Department is 4,749 FTE, an increase of 32 FTE from the 2000 level of 4,717 FTE. The increase reflects the new programs and the additional responsibilities placed on the Department because of the high priority given to education by President Clinton. In addition to the overall increase, the Department plans to continue to shift current staff to high priority areas from activities where they are no longer needed due to streamlining efforts or the consolidation or elimination of programs.



The Department has maintained operations in spite of reduced 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 minimizes administrative tasks and privatizes functions that can be handled more efficiently by outside contractors. A prime illustration is the use of contracts to operate the Direct Student Loan program.

### **Program Administration**

Administrative support for most programs and offices in the Department is provided by the Program Administration account. The 2001 request for this account is \$413.2 million, an increase of \$30.3 million over 2000, including \$238.9 million for staff pay and benefits and \$174.3 million for non-pay costs. Staffing paid for from this account would increase from 2,731 FTE in 2000 to 2,761 FTE in 2001. The request for salaries and benefits, which is 58 percent of the total, reflects average employee pay raises of about 4.8 percent in January 2000 and another 3.7 percent estimated for 2001, covering both national and locality pay raises. The account also finances rent, travel, and computer support for the staff and some contract costs of the student aid programs.

### **Technology**

A key focus of the Salaries and Expenses funding is to increase the use of information technology to improve the efficiency and effectiveness of the Department's operations. Activities being requested include:

Internet and Intranet Development. A \$1.3 million request would support the continued expansion and operation of the Department's internet and intranet sites, an increase of more than \$300,000 from the 2000 level. These sites provide a critical communications link to both the Department's internal and external customers, including grantees, educational institutions, government agencies, and contractors.

Video Teleconferencing. Following pilot-testing of a video teleconferencing system in fiscal year 2000, the 2001 budget includes \$1.8 million for full-scale development and installation of video teleconferencing suites in all 12 major Department buildings.

Data Coordination Committee. The Data Coordination Committee assists the Chief Information Officer in promoting the efficient collection and use of education information among Federal agencies and throughout the education community. A \$1.9 million request in 2001 would support the development of a Department-wide Education Integrated Information Exchange and Management project, including data dictionary and assessment and development, business and data process improvement, and overall project development and implementation.

Information Technology Architecture. The Department is developing an Information Technology (IT) Architecture that will serve as a blueprint for information technology development and management and govern the IT investment decisions. Development of the IT Architecture is under way in fiscal year 2000, and the 2001 request includes \$1.5 million to complete and implement the plan.

Network Operations and Software Licensing. A total of \$26 million is requested for network maintenance, operations, and improvements, an increase of \$2.3 million from 2000. These

funds pay for end-user support as well as maintenance and operations for the local area network system, which includes headquarters and all of the regional offices.

### **Financial Management**

The Department will continue to work in fiscal year 2000 to improve financial management of its programs. The following initiatives are designed to provide accurate and timely financial data and increase financial integrity.

EDCAPS (Education Central Automated Processing System). The budget includes \$12.9 million for the maintenance and continuing operations of the EDCAPS system, a decrease of \$300,000 from the 2000 level. The request includes funds for contractor support for operations of the system as well as external and internal interfaces to the system.

General Ledger Improvements. This project, begun in fiscal year 2000 with \$2.4 million for software licensing and contractor support, will replace the Financial Management System Software component of EDCAPS. The 2001 budget includes \$4.8 million for completion of the installation and conversion to the new system.

Electronic Travel System. A \$966,000 request will permit the Department to implement a new travel system that will provide integrated accounting and budgeting support for business travel.

### **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 as well as the successful implementation of Direct Loans. The importance of these management responsibilities is reflected in the restructuring that created a performance-based organization (PBO) for student aid in late 1998.

Excluding \$170 million in payments for services to FFEL guaranty agencies, student aid administration spending will total \$730 million in 2001, or more than 60 percent of the Department's total administrative budget. About 82 percent of this \$730 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 over 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 33 percent in 1998-99, 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. Costs for this contract will increase by \$41.9 million over the 2000 level, as the number of Direct Loan borrowers on the servicing system grows to more than 6 million.

Student Aid Delivery. The Department expects to provide nearly \$54 billion in grants and loans to almost 9 million students in 2001. To award this aid, the Department expects to spend

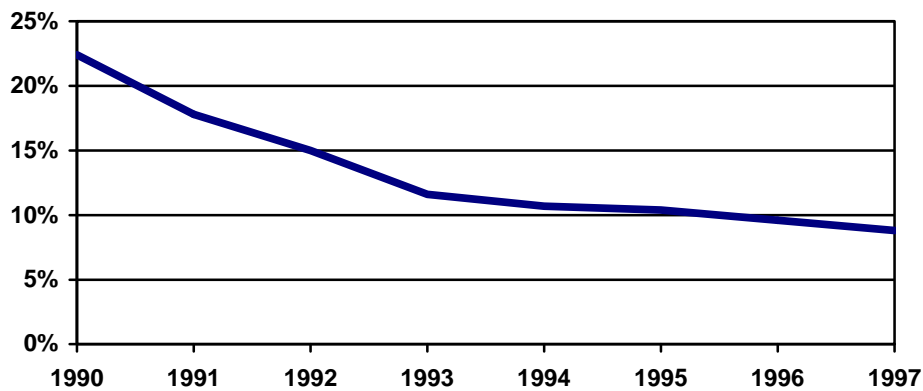
\$65.0 million on contracts with a number of private firms to process paper and electronic applications, determine student eligibility, and maintain information management systems required to transfer data and funds between the Department and the more than 6,000 schools participating in the Federal student aid programs.

National Student Loan Data System. The budget includes \$9.5 million in 2001 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. This system has already prevented more than \$1 billion in grants and loans from being made to ineligible students.

System Modernization. In order to streamline and modernize the multi-million dollar computer systems that support the delivery and management of Federal student financial aid, the Department is requesting \$58.7 million in 2001, a decrease of \$2.7 million from 2000. In consultation with its external partners, the Department developed a modernization blueprint to guide the re-engineering of OSFA systems. In August 1999, OSFA awarded a contract to Anderson Consulting to help implement this blueprint.

Ensuring Program Integrity. The Department dedicates almost 400 FTE to ensuring 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 addition, an increasing number of problem schools are being removed from the student aid programs. Since 1995, over 1,700 schools have been removed from the Title IV programs.

### Student Loan Cohort Default Rate



Default Rates. Schools are excluded from participation in the student aid programs if their cohort default rate exceeds 25 percent. For loans entering repayment during fiscal year 1997, 8.8 percent had defaulted by the end of fiscal year 1998. This rate is down from 9.6 percent the previous year and from 22.4 percent for loans that entered repayment in 1990.

Increasing Debt Collection. Collections on defaulted loans by the Federal Government and guaranty agencies more than tripled from \$1 billion in 1992 to over \$3.0 billion in 1999.

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* (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 total \$15.2 million in 2001, the same as the previous year.

### **Administrative and Management Accomplishments**

Development of a Strategic Plan for 1998–2002 in response to the Government Performance and Results Act (GPRA). The Strategic Plan, submitted to Congress on September 30, 1997, was rated as second among Federal agencies by the House leadership in terms of overall quality and responsiveness to GPRA. The Department's Annual Plan, which updates the Strategic Plan by presenting indicators of performance, received the third highest grade in the government.

Improvement and simplification of customer access to information by establishment of the toll-free number 1-800-USA-LEARN, which provides customers with "one-stop-shopping" about Department programs and initiatives and a similar number, 1-800-4FEDAID, which provides information on postsecondary college financial aid.

Completion of Y2K compliance activities for all 14 mission-critical and 161 noncritical systems to prevent potentially serious malfunctions in systems that handle student records, payroll and employee benefits, purchasing and class scheduling. In addition to internal activities, the Department implemented a broad outreach campaign to assist the education community in achieving Year 2000 compliance, including the testing of data exchanges between Department systems and external customers. The Department received an "A" on the Congressional "report card" for its Y2K readiness and has experienced no Y2K problems in the first month of the new millennium.

Development of ed.gov and related Web sites, which provide large numbers of customers high quality and timely information and the ability to communicate electronically with the Department. The Department's web site now offers about 1,600 publications and more than 30,000 files. In October 1999 the Department's web site had over 1.3 million unique visitors and received 11 million page views, roughly twice as many as the previous year.

Reinvention of the publications process by implementation of "ED Pubs," which provides customers a "one-stop-shopping" approach to the dissemination of materials produced by the Department. The initiative has enabled the Department to distribute materials in the most cost-effective manner for the government while meeting customer service requirements for delivery time. ED Pubs has been given top ratings by *Government Executive Magazine* and the recent University of Michigan Customer Service Survey, and the Department estimates that ED PUBS saves an estimated \$53,000 a month on postage.

Convening Department-wide listening and dialogue sessions for employees to discuss race-related concerns pursuant to the President's Race Initiative.

### **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 2001 request for OCR is \$76 million, an increase of \$4.8 million over the 2000 level. About \$55.7 million of the OCR budget is for staff pay and benefits for its 724 FTE; the remaining \$20.3 million covers overhead costs as well as computer equipment, data analysis and reporting activities, travel, staff training, and other contractual services.

About 88 percent of OCR staff are assigned to 12 enforcement offices in four regional enforcement divisions. OCR plans to manage its increasing workload in 2001 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. Although over half of the complaints filed with OCR allege discrimination on the basis of disability, OCR continues to address 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. In fiscal year 1999, the Department recovered over \$7 million as a result of OIG's audit findings and investigations.

The 2001 request for the OIG is \$36.5 million, and increase of \$2.5 million over 2000. Nearly 60 percent of the budget increase is for built-in costs, including pay adjustments and Department overhead costs.

Three-quarters of OIG staff are assigned to 8 regional and 11 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 2001, OIG will focus a majority of its program and operations improvement efforts on Student Financial Assistance programs, Elementary and Secondary Education Act programs, Department systems audits and the audit of the Department's financial statements. Most compliance activities will continue to focus on the Student Financial Assistance programs.

### **Technical Note on Advance Funding**

Appropriations acts in recent years have provided funds for Department of Education programs on an "advance" funded basis. For example, the 2000 appropriation provided \$7.941 billion for Title I Grants to Local Educational Agencies for school year 2000-2001. Of this total, \$1.737 billion is available on July 1, 2000 for grant obligation by the Department. The remaining \$6.205 billion becomes available for grant obligation on October 1, 2000. Because schools receiving Title I funds spread their use of the grant money throughout the school year, the timing for the availability of Federal grants should not affect schools. The Department merely issues two grants for each school year, and the only effect of the "advance" funding is to delay "budget authority" from one fiscal year to the next. As long as a similar amount is appropriated in subsequent years, there is no impact on recipients.

Congress extended the practice of advance funding to several other programs in the fiscal year 2000 appropriation, and the President's 2001 budget request assumes those programs will continue to be funded on a advance basis.