

Fiscal Year 2008 U.S. Department of Education

Budget Summary and Background Information

Fiscal Year 2008 Budget  
Summary and Background Information

**TABLE OF CONTENTS**

	<b>Page</b>
I. SUMMARY OF THE 2008 BUDGET .....	1
Budget and Performance Integration .....	7
II. THE 2008 EDUCATION BUDGET BY PROGRAM AREA .....	9
A. ELEMENTARY AND SECONDARY EDUCATION .....	9
Overview .....	9
Title I Grants to Local Educational Agencies .....	11
NCLB Reauthorization .....	13
Title I Evaluation.....	15
School Improvement Grants .....	15
Promise Scholarships .....	17
Opportunity Scholarships.....	18
State Assessment Grants .....	19
Reading First.....	20
Reading First State Grants.....	20
Early Reading First.....	20
Striving Readers .....	21
Math Now for Elementary School Students .....	21
Math Now for Middle School Students.....	22
Advanced Placement .....	22
Adjunct Teacher Corps .....	23
Improving Teacher Quality State Grants.....	23
Teacher Incentive Fund .....	24
Mathematics and Science Partnerships.....	24
Troops-to-Teachers .....	25
Transition to Teaching .....	25
Teaching American History .....	26
Literacy Through School Libraries .....	26
Reading Is Fundamental/Inexpensive Book Distribution.....	26
Charter Schools Grants .....	27
Credit Enhancement for Charter School Facilities .....	27
Magnet Schools Assistance .....	28
Voluntary Public School Choice .....	28
Fund for the Improvement of Education.....	28
Language Teacher Corps .....	29
Foreign Language Teacher-to-Teacher Initiative .....	29
Foreign Language Assistance .....	29
21 <sup>st</sup> Century Community Learning Centers.....	29
Comprehensive Centers .....	30
Rural Education .....	30
Safe and Drug-Free Schools and Communities .....	31

# ELEMENTARY AND SECONDARY EDUCATION, continued:

	<b>Page</b>
Ready-to-Learn Television .....	32
English Language Acquisition .....	32
Title I State Agency Programs .....	33
Migrant Education .....	33
Neglected and Delinquent .....	34
High School Equivalency Program (HEP) .....	34
College Assistance Migrant Program (CAMP) .....	34
Indian Education .....	34
Supplemental Education Grants (Compact of Free Association Amendments Act) .....	35
Education for Homeless Children and Youths .....	36
Impact Aid .....	36
Training and Advisory Services (Title IV of the Civil Rights Act) .....	37
<b>B. SPECIAL EDUCATION AND REHABILITATIVE SERVICES .....</b>	<b>39</b>
Overview .....	39
Special Education State Grants .....	40
Grants to States .....	40
Preschool Grants .....	41
Grants for Infants and Families .....	41
Special Education National Activities .....	41
State Personnel Development .....	42
Technical Assistance and Dissemination .....	42
Personnel Preparation .....	42
Parent Information Centers .....	43
Technology and Media Services .....	43
Rehabilitation Services and Disability Research .....	44
Vocational Rehabilitation (VR) State Grants .....	44
Client Assistance State Grants .....	44
Training .....	44
Demonstration and Training Programs .....	45
Protection and Advocacy of Individual Rights .....	45
Independent Living .....	46
Program Improvement .....	46
Evaluation .....	46
Helen Keller National Center for Deaf-Blind Youths and Adults .....	47
National Institute on Disability and Rehabilitation Research .....	47
Assistive Technology .....	48
Special Institutions for Persons with Disabilities .....	48
American Printing House for the Blind .....	48
National Technical Institute for the Deaf .....	48
Gallaudet University .....	49

	<b>Page</b>
C. CAREER, TECHNICAL, AND ADULT EDUCATION.....	50
Overview .....	50
Career and Technical Education.....	50
Adult Education (Adult Basic and Literacy Education).....	51
D. STUDENT FINANCIAL ASSISTANCE .....	52
Overview .....	52
Student Aid Summary Tables .....	53
Tax Benefits for Postsecondary Students.....	55
Pell Grants .....	55
Work-Study .....	56
Academic Competitiveness Grants/SMART Grants.....	57
Federal Family Education Loans and Direct Loans .....	58
E. HIGHER EDUCATION PROGRAMS.....	61
Overview .....	61
Title III: Aid for Institutional Development .....	62
Developing Hispanic-serving Institutions .....	62
International Education and Foreign Language Studies .....	63
Advancing America Through Foreign Language Partnerships .....	63
Fund for the Improvement of Postsecondary Education (FIPSE) .....	64
Federal TRIO Programs.....	64
Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) .....	65
Scholarships and Fellowships.....	65
Child Care Access Means Parents in School .....	66
GPRA Data/HEA Program Evaluation .....	66
Academic Facilities .....	66
Howard University.....	67
F. INSTITUTE OF EDUCATION SCIENCES.....	68
Overview .....	68
Research, Development, and Dissemination.....	68
Statistics.....	68
Regional Educational Laboratories .....	69
Assessment .....	69
Research in Special Education .....	70
Statewide Data Systems.....	70
Special Education Studies and Evaluations.....	70
III. PROGRAMS PROPOSED FOR ELIMINATION.....	71

	<b>Page</b>
IV. DEPARTMENTAL MANAGEMENT .....	78
Overview .....	79
Department Employment .....	80
Program Administration.....	82
Student Aid Administration .....	82
Management Improvement .....	83
Office for Civil Rights.....	86
Office of the Inspector General .....	87
APPENDICES.....	88
Summary of Discretionary Funds, Fiscal Years 2001-2008	
PART Rating of ED Programs	
Total Expenditures for Elementary and Secondary Education in the United States	
Detailed Budget Table by Program	

**For further information on the Department and its activities,  
visit us at [www.ed.gov](http://www.ed.gov), or call 1-800-USA-LEARN**

*Five years ago we rose above partisan differences to pass the No Child Left Behind Act, preserving local control, raising standards, and holding schools accountable for results. And because we acted, students are performing better in reading and math. Minority students are closing the achievement gap. Now, the task is to build on the success without watering down standards, without taking control from local communities and without back sliding and calling it reform.*

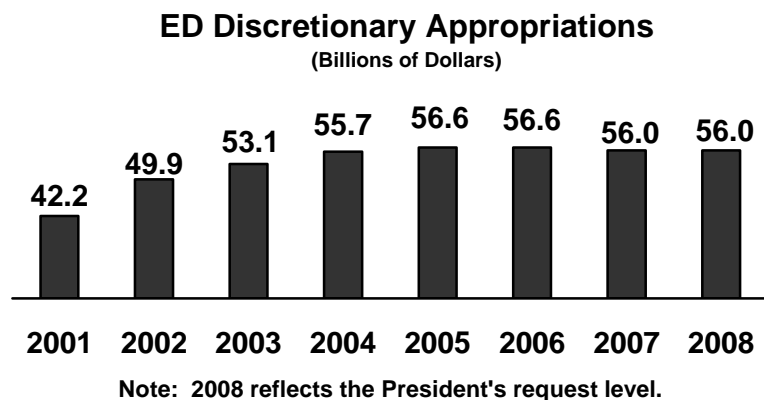
*President George W. Bush  
January 23, 2007*

## I. SUMMARY OF THE 2008 BUDGET

Five years ago the *No Child Left Behind Act* (NCLB) launched a revolution in our education system by insisting that all students should be proficient in reading and math by 2014 and demanding comprehensive reforms to reach this national goal, including strong assessment and accountability systems, a highly qualified teacher in every classroom, more choices for students and parents, a new emphasis on school improvement, and the use of research-based instructional practices.

Under NCLB, States and local school districts have made enormous strides in putting these reforms in place, and the first returns are promising. The latest results from the National Assessment of Educational Progress show that we have reversed a decade of stagnation in student achievement, with scores rising significantly in both reading and math in the early grades and achievement gaps between African-American and Hispanic students and their white peers falling to all-time lows.

Now it is time to work again with a bipartisan Congress on a reauthorization of NCLB that will preserve and strengthen its core principles. The Administration has developed a reauthorization proposal that would continue efforts to close achievement gaps through high State standards and strong accountability, encourage more rigorous coursework in our middle and high schools to prepare students for postsecondary education and the workforce, give States and school districts new tools and resources to help turn around low-performing schools, and provide more options to parents with students in such schools.



In particular, both the Administration's NCLB reauthorization proposal and its 2008 budget request would focus on providing additional resources and reforms at the high school level, where too many of our schools graduate students who are not prepared for either postsecondary education or employment in the global economy, and where more than 1 million students annually leave school without graduating at all.

The 2008 request would address this basic challenge to American competitiveness and individual success by providing substantial new resources both to strengthen our high schools and to increase incentives, particularly for students from low-income families, to stay in school, work hard, and go to college.

**For 2008, the President is requesting \$56.0 billion in discretionary appropriations for the Department of Education, the same as the 2007 level.** Discretionary appropriations for the Department have grown by \$13.8 billion, or 33 percent, since fiscal year 2001.

Key increases in the 2008 budget include the following:

- \$1.2 billion for a reauthorized Title I Grants to Local Educational Agencies program that would more fairly distribute Title I resources to the high school level, strengthen assessment and accountability in our high schools, provide more choices to students and parents, and encourage more effective restructuring of chronically low-performing schools.
- \$500 million for a reauthorized Title I School Improvement Grants program that, along with the existing 4-percent reservation of Title I Grants to LEAs funds for school improvement, would double the investment in turning around low-performing schools while ensuring that States have the resources they need to play their essential role in LEA and school improvement.
- \$365 million in new funding to improve math and science instruction in K-12 schools, requested as part of the President's American Competitiveness Initiative.
- \$300 million to expand private school choice and supplemental educational services options for the parents of students in Title I schools that have been identified for improvement, corrective action, and restructuring.
- A \$550 increase in the maximum Pell Grant award to \$4,600, a 14 percent increase that would represent the largest growth in the maximum grant in over 30 years. The request includes an additional \$800 increase in the maximum Pell Grant over the next 5 years, to \$5,400 in fiscal year 2012, that would enable more low-income students to attend college.
- A 50 percent increase in Academic Competitiveness Grants awarded to Pell Grant recipients in the first 2 years of college who completed a rigorous high school curriculum, from \$750 to \$1,125 for first-year students and from \$1,300 to \$1,950 for second-year students.
- \$35 million for the Department's portion of the President's multi-agency National Security Language Initiative, which in addition to contributing to national security would help US citizens compete in the global marketplace.

The 2008 request for the Department of Education provides these significant increases in key areas while helping to keep overall Federal spending on track to meet the President's goal of eliminating the deficit by 2012. In addition to these increases and continued commitment to other priorities like Reading First, State Assessment Grants, and Special Education Grants to States, the overall request proposes significant discretionary and mandatory savings. For example, the discretionary request includes the proposed elimination or consolidation of 44

programs for a total savings of almost \$2.2 billion. On the mandatory side, the request would save nearly \$19 billion over 5 years by reducing excessive subsidies in the student loan programs.

Discretionary and mandatory components of the request are shown below.

**Total Department of Education Appropriations**

(in billions of dollars)

	<u>2006</u>	<u>2007</u>	<u>2008</u> <u>Request</u>
<b>Discretionary</b>	<b>\$56.6</b>	<b>\$56.0</b>	<b>\$56.0</b>
<b>Mandatory</b>	<b><u>41.6</u></b>	<b><u>9.7</u></b>	<b><u>6.6</u></b>
<b>Total</b>	<b>98.2</b>	<b>65.7</b>	<b>62.6</b>

The 2007 discretionary level assumes enactment of a full-year continuing resolution. Also, the discretionary spending totals exclude \$1.9 billion in education assistance to areas affected by hurricanes Katrina and Rita in fiscal year 2006, and \$0.2 billion in similar assistance in fiscal year 2007.

Mandatory costs, primarily for the postsecondary student aid programs, fluctuate from year to year due to changes in interest rates and other factors. The \$31.9 billion reduction in mandatory costs from 2006 to 2007 largely reflects a one-time downward re-estimate of student loan costs because of changes in interest rate and consolidation loan assumptions, along with the one-time \$4.3 billion appropriation in 2006 to eliminate the cumulative Pell Grant funding shortfall.

Federal funding makes up about 8.9 percent of the estimated \$584 billion that America is spending on elementary and secondary education during the 2006-07 school year. The relatively small size of the Federal investment in education dictates an emphasis on promising, research-based programs that have the potential to leverage more effectively the much larger State and local share of national education spending to bring about real improvement in student achievement. This is the primary goal, for example, of the strong State accountability systems required by No Child Left Behind. Under the President's request, funding for NCLB programs would rise by \$1.2 billion in fiscal year 2008, from \$23.3 billion to almost \$24.5 billion, an increase of \$7.1 billion, or 41 percent, since NCLB was enacted.

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

**SUPPORTING NO CHILD LEFT BEHIND REAUTHORIZATION**

The request would provide \$24.5 billion to support the Administration's reauthorization proposal for the Elementary and Secondary Education Act. This proposal would provide additional resources at the high school level, encourage more rigorous instruction and coursework in our middle and high schools, make available more meaningful choice options to students in low-performing schools, and significantly increase the resources available to States and LEAs to support school improvement efforts, particularly through a stronger emphasis on fundamental staffing and governance changes in schools undergoing restructuring. These and other reauthorization changes are discussed in more detail in the section on Elementary and Secondary Education. Key parts of the request that support the reauthorization include:



- \$13.9 billion for Title I Grants to Local Educational Agencies, an increase of \$1.2 billion, or 9.4 percent, primarily to drive more Title I funding to high schools so that they have the resources to implement the reforms and interventions that are working to improve achievement at the elementary level.
- \$500 million in first-time funding for Title I School Improvement Grants to support strong and effective State leadership in helping to turn around low-performing schools and school districts. Funds would be evenly split between building State capacity to lead LEA and school improvement efforts and additional resources for LEAs working to turn around low-performing schools.
- \$411.6 million for State Assessment Grants to maintain support for strong State assessment systems and support the development and implementation of 2 years of high school assessments that would be required by the Administration's reauthorization proposal for Title I.
- \$300 million to expand private school choice and tutoring options for America's students and families, including \$250 million for Promise Scholarships, a new formula program to give low-income students in restructuring schools the opportunity to transfer to private schools or public schools in other districts, or to obtain intensive tutoring; and \$50 million for Opportunity Scholarships, which would award competitive grants to a broad range of entities, including municipalities, non-profit organizations, and other entities, to carry out innovative programs that give students in low-performing schools the opportunity to transfer to another public or private school or obtain intensive supplemental services.
- A \$365 million increase to support the American Competitiveness Initiative by strengthening the capacity of our schools to improve instruction in mathematics and science:
  - \$125 million for the Math Now for Elementary School Students initiative, modeled after Reading First, to implement proven practices in math instruction, including those that will be recommended by the National Math Panel, that focus on preparing K-6 students for more rigorous math courses in middle and high school.
  - \$125 million for a new Math Now for Middle School Students initiative, based on the principles of the Striving Readers program, to support research-based math interventions in middle schools.
  - A \$90 million increase for Advanced Placement to provide a new emphasis on training teachers and expanding opportunities for students, particularly in high-poverty schools, to take high-level Advanced Placement and International Baccalaureate courses in math, science, and critical foreign languages.
  - \$25 million for the Adjunct Teacher Corps to create opportunities for qualified professionals from outside the K-12 educational system to teach secondary-school courses in the core academic subjects, with an emphasis on mathematics and the sciences.

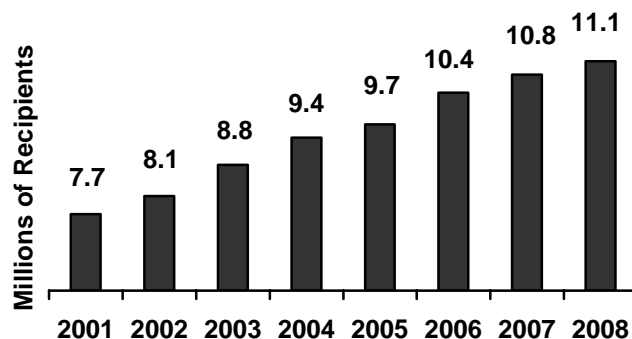
- A \$68.4 million increase for the Striving Readers program, funded for the first time in fiscal year 2005, to significantly expand the development and implementation of research-based interventions to improve the skills of teenage students who are reading below grade level.
- \$1.0 billion for Reading First State Grants and \$117.7 million for Early Reading First to maintain support for comprehensive reading instruction, grounded in scientifically based reading research, that enables all young children to read well by the end of third grade. The request for Early Reading First, which consolidates this program with the Early Childhood Educator Professional Development program, would also help strengthen partnerships between preschool providers and institutions of higher education that provide professional development to early childhood educators.
- \$2.8 billion for Improving Teacher Quality State Grants to help States ensure that all teachers of core academic subjects are highly qualified and to strengthen teachers' subject-matter knowledge and teaching skills.
- \$199 million for the Teacher Incentive Fund to expand support for State and local efforts to develop and implement performance-based financial incentives for teachers and principals. This program helps close the equity gap in access to the best teachers and principals by rewarding those who raise student achievement, close achievement gaps, and work in hard-to-staff schools.

## POSTSECONDARY STUDENT FINANCIAL ASSISTANCE

In 2008 the Department of Education will administer over \$90 billion in new grants, loans, and work-study assistance to help over 11 million students and their families pay for college. The total includes more than \$15 billion in Pell Grants to nearly 5.5 million students, or 200,000 more than the 2007 level, and increases the maximum award by \$550—the largest increase in over 30 years—to \$4,600.

Most Federal postsecondary student aid is delivered through guaranteed and direct student loans, which are expected to total \$73 billion in 2008. These grant and loan programs will help millions of Americans obtain the benefits of postsecondary education and play a vital role in strengthening our Nation by providing advanced training for today's global economy.

**Growth in Student Aid Recipients**



Note: 2008 reflects President's request level.

A key finding by the Secretary's bipartisan Commission on the Future of Higher Education, which issued its final report in September 2006, was the disproportionate impact of rising college costs on low-income families. Over the past 15 years, the amount needed to attend a public 4-year college has grown to nearly half of the annual income of families in the bottom quartile of earnings.

In response, the 2008 request includes substantial new investments in need-based grants to postsecondary students from low-income families. In addition, the Administration is developing

administrative and other proposals to make students and their families more aware of their eligibility for financial aid, and how best to prepare academically and financially for college. Key components of this financial aid are the Pell Grants and Academic Competitiveness Grants/SMART Grants programs, for which the request includes significant increases in 2008:

- A \$550 increase in the Pell Grant maximum award to \$4,600 in 2008. This level would pay 100 percent of tuition and fees at an average public community or technical college, and 75 percent of the tuition at an average 4-year public institution. In addition, the Administration is proposing to raise the maximum Pell Grant by \$200 annually from 2009 through 2012, to \$5,400. All increases over the 2006 maximum award of \$4,050 would be paid for with savings from the mandatory student loan programs.
- A 50 percent increase in Academic Competitiveness Grants (ACG) awarded to Pell Grant recipients in the first 2 years of college for strong academic preparation and achievement. This proposal would complement the Administration's ESEA reauthorization proposal, which calls for more rigorous coursework in the Nation's high schools, because Academic Competitiveness Grants are awarded to students from low-income families who complete a rigorous high school curriculum. ACG awards would rise from \$750 to \$1,125 for first-year students and from \$1,300 to \$1,950 for second-year students.

## **HIGHER EDUCATION PROGRAMS**

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

- \$402.8 million for the Aid for Institutional Development (HEA Title III) programs to maintain support for institutions that help close achievement and attainment gaps between minority students and their non-minority peers, including Historically Black Colleges and Universities and Historically Black Graduate Institutions.
- \$94.9 million for Developing Hispanic-serving Institutions to maintain support for postsecondary education institutions that serve large percentages of Hispanic students. This program is a key part of the Administration's effort to increase academic achievement, high school graduation, postsecondary participation, and life-long learning among Hispanic-Americans.
- \$105.8 million for the International Education and Foreign Language Studies (IEFLS) programs, to help meet the Nation's security and economic needs through the development of expertise in foreign languages and area and international studies. The request includes \$1 million as part of the President's National Security Language Initiative to establish a nationwide e-Learning Clearinghouse to deliver foreign language education resources to teachers and students across the country.
- \$828.2 million for the Federal TRIO Programs and \$303.4 million for Gaining Early Awareness and Readiness for Undergraduate Education Programs (GEAR UP), which provide educational outreach and support services to help an estimated 1.6 million disadvantaged students to enter and complete college.

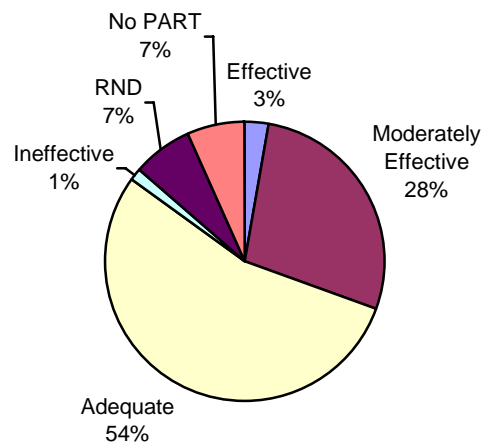
## BUDGET AND PERFORMANCE INTEGRATION

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

In 2006, the Department assessed 15 programs, bringing the number of programs assessed using the PART since 2002 to 89. Of these, the Administration rated 4 programs Effective, 7 programs Moderately Effective, 26 programs Adequate, 4 programs Ineffective, and 48 programs RND. Key results of the 2006 PART process included Effective ratings for the Reading First State Grants and Adult Education State Grants programs, and a Moderately Effective rating for the Title I Grants to Local Educational Agencies program—the cornerstone of No Child Left Behind.

A rating of RND typically identifies a lack of long-term goals, annual performance measures, or reliable data—management issues that often can be addressed by ED internally, though program statutes sometimes contribute to the problem because they do not include clear and measurable objectives, results-based accountability mechanisms, or authority to gather reliable data on program outcomes. The Department works to improve the effectiveness of its programs to the extent possible under current law, and also works with the Congress on accountability and data quality issues when statutes are reauthorized. One recent advance was the full implementation of ED*Facts*, a centralized information management system for K-12 education programs. ED*Facts* will streamline the collection of timely, accurate program performance and student achievement data and facilitate its analysis and use to improve program management.

### 2008 ED Request by PART Rating



**Note: 85 percent of 2008 funding is for programs rated Effective, Moderately Effective, or Adequate.**

The PART is a particularly useful tool in the effort to meet the President's goal of eliminating the deficit by 2012, and the Administration is using the PART to ensure that limited resources, in the Department of Education and other Federal agencies, are targeted toward those programs and activities most likely to achieve positive results.

In general, this means investments will continue to be made in programs receiving a PART rating of Effective, Moderately Effective, or Adequate, while most programs rated Ineffective will be proposed for elimination or reform. For programs rated RND, the Administration will generally support continued funding if the programs are likely to demonstrate results in the future. However, the Administration will propose the termination of RND programs that

unnecessarily duplicate other activities or suffer from such major flaws in design or execution that they are unlikely to demonstrate improved performance in the future.

For the quarter ending on September 30, 2006, the Department achieved its first “green” rating for budget and performance integration on the President’s Management Scorecard by establishing efficiency measures for all programs that have undergone a PART assessment and conducting marginal cost analyses of three programs. With the publication of the President’s Budget, 94 percent of the Department’s budget will have been reviewed using the PART. This includes \$400 million associated with small programs for which the Department was not required to conduct a PART assessment.

## II. THE 2008 EDUCATION BUDGET BY PROGRAM AREA

### A. ELEMENTARY AND SECONDARY EDUCATION

#### Overview

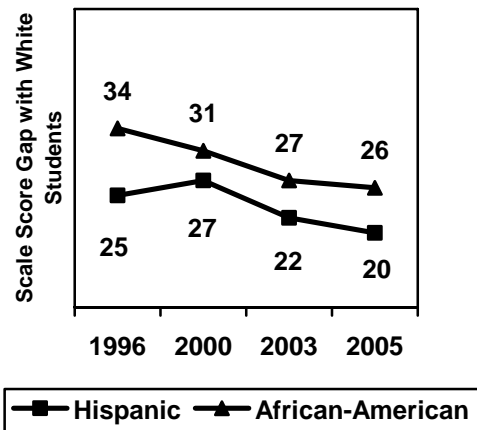
The No Child Left Behind Act of 2001 (NCLB), which was signed into law by President Bush on January 8, 2002, reauthorized Federal elementary and secondary education programs to incorporate stronger accountability, more choices for students and families, greater flexibility for States and school districts, and the use of research-based instructional practices.

Before NCLB, less than half of the States measured the achievement of their students against clear academic standards. Only 20 States produced public report cards that included assessment data disaggregated by race/ethnicity, family income, and disability and limited English proficiency status. Student achievement in core subjects like reading and mathematics had changed little over the previous decade, and achievement gaps between student groups—which could be ignored if they were not reported—were widening.

Five years later, every State has clear academic standards and has implemented reading and math assessments in grades 3-8 and once in high school that are used to hold school districts and schools accountable for student academic achievement. Every State not only reports assessment results annually on a disaggregated basis, but also has put into place definitions of adequate yearly progress (AYP) that require strong subgroup accountability, so that schools earn high marks only if all student groups (not just students in general) are making good progress toward the NCLB goal of 100 percent proficiency by 2014.

The early results of these changes are promising. Individual States, school districts, and schools have made good progress in moving all students toward proficiency in reading and mathematics, and nationwide data from the National Assessment of Educational Progress (NAEP) show rising student achievement and narrowing achievement gaps. For example, in 4<sup>th</sup>-grade and 8<sup>th</sup>-grade math scores rose to all-time highs in 2005, while achievement gaps between African-American and Hispanic 9-year-olds and their white peers fell to all-time lows in both reading and math from 1999 to 2004.

**Shrinking Achievement Gap**  
4th-Grade NAEP Math



Now the Administration and the Congress must work together to build on this progress during the upcoming reauthorization of the Elementary and Secondary Education Act (ESEA), the underlying authority for most Federal elementary and secondary education programs that was reauthorized by NCLB.

The Administration has put forward an ESEA reauthorization proposal that, drawing on the data and experience gathered during the implementation of NCLB, focuses on (1) turning around low-performing schools and (2) improving the academic achievement of students in our high

schools. To reach these goals, the Administration's reauthorization proposal, supported by the 2008 budget request, includes three broad themes:

- A stronger effort to close achievement gaps through high State standards and accountability.
- More rigorous coursework for middle and high school students to better prepare graduates for postsecondary education and the workforce.
- New flexibility and tools for States and school districts to turn around low-performing schools, while giving students and parents more options during the improvement process.

The 2008 request would support these goals with significant new resources in key areas, including a \$13.9 billion request for Title I Grants to Local Educational Agencies (LEAs) that would both support a comprehensive Title I reauthorization proposal and greatly expand the role of Title I at the high school level, a \$500 million request for a reauthorized School Improvement Grants program that would strengthen State capacity to support LEA and school improvement while also providing additional resources to school districts and schools, a \$365 million increase for the President's American Competitiveness Initiative, and \$300 million for new efforts to expand educational choice options for parents of low-income students.

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

- \$13.9 billion for Title I Grants to Local Educational Agencies, an increase of \$1.2 billion, or 9.4 percent, primarily to deliver greater resources to high-poverty high schools to support more rigorous instruction and coursework that will improve graduation rates and prepare all graduates for either postsecondary education or the workforce.
- \$500 million in first-time funding for Title I School Improvement Grants to support strong and effective State leadership in helping to turn around low-performing schools and school districts. Funds would be evenly split between building State capacity to lead LEA and school improvement efforts and additional resources for LEAs working to turn around low-performing schools.
- \$411.6 million for State Assessment Grants to fund strong State assessment systems and support the development and implementation of 2 years of high school assessments that would be required by the Administration's reauthorization proposal for Title I.
- \$300 million to expand school choice and tutoring options, including \$250 million for Promise Scholarships, a new formula program to provide give low-income students in persistently low-performing schools the opportunity to transfer to private schools, public schools in other districts, or to obtain intensive tutoring; and \$50 million for Opportunity Scholarships, which would award competitive grants to a broad range of entities, including municipalities, non-profit organizations, and other entities, to carry out innovative programs that give students in low-performing schools the opportunity to transfer to another public or private school or obtain intensive supplemental services.

- A \$365 million increase to support the American Competitiveness Initiative by strengthening the capacity of our schools to improve instruction in mathematics and science:
  - \$125 million for the Math Now for Elementary School Students initiative, modeled after Reading First, to implement proven practices in math instruction, including those that will be recommended by the National Math Panel, that focus on preparing K-6 students for more rigorous math courses in middle and high school.
  - \$125 million for a new Math Now for Middle School Students initiative, based on the principles of the Striving Readers program, to support research-based math interventions in middle schools.
  - A \$90 million increase for Advanced Placement to expand the training of teachers and increase opportunities for students, particularly in high-poverty schools, to take high-level Advanced Placement and International Baccalaureate courses in math, science, and critical foreign languages.
  - \$25 million for the Adjunct Teacher Corps to create opportunities for qualified professionals from outside the K-12 educational system to teach secondary-school courses in the core academic subjects in high-poverty schools, with an emphasis on mathematics and the sciences.
- A \$68.4 million increase for the Striving Readers program, funded for the first time in fiscal year 2005, to expand the development and implementation of research-based interventions to improve the skills of teenage students who are reading below grade level.
- \$1.0 billion for Reading First State Grants and \$117.7 million for Early Reading First to maintain support for comprehensive reading instruction, grounded in scientifically based reading research, that enables all young children to read well by the end of third grade. The request for Early Reading First, which consolidates this program with the Early Childhood Educator Professional Development program, would also help strengthen partnerships between preschool providers and institutions of higher education that provide professional development to early childhood educators.
- \$2.8 billion for Improving Teacher Quality State Grants to help States ensure that all teachers of core academic subjects are highly qualified and to strengthen teachers' subject-matter knowledge and teaching skills. The request also includes \$199 million to increase support for the Teacher Incentive Fund to encourage States and school districts to develop and implement performance-based financial incentives for teachers and principals. This program helps close the equity gap in access to the best teachers and principals by rewarding those who raise student achievement, close achievement gaps, and work in hard-to-staff schools.

#### Title I Grants to Local Educational Agencies

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
BA in millions .....	\$12,713.1	\$12,713.2	\$13,909.9



Title I, Part A of the ESEA provides supplemental education funding, especially in high-poverty areas, for locally designed programs that offer extra academic support to help raise the achievement of students at risk of educational failure or, in the case of schoolwide programs, to help all students in high-poverty schools meet challenging State academic standards. This formula-based program serves more than 18 million students in nearly all school districts and more than 54,000 public schools—including two-thirds of the Nation's elementary schools.

Title I schools help students reach challenging State standards through one of two models: “targeted assistance” that supplements the regular education program of individual children deemed most in need of special assistance; or a “schoolwide” approach that allows schools to use Title I funds—in combination with other Federal, State, and local funds—to improve the overall instructional program for all children in a school. More than 30,000 schools participating in Title I use the schoolwide approach.

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

Participating schools must make adequate yearly progress (AYP) toward annual, State-established proficiency goals aimed at ensuring that all students are proficient in reading and math by the 2013-14 school year. Schools that do not make AYP for at least 2 consecutive years must develop and implement improvement plans, and school districts must permit students attending such schools to transfer to a better-performing public school, with transportation provided by the district.

Schools that do not improve are subject to increasingly tough corrective actions—such as replacing school staff or significantly decreasing management authority at the school level—and can ultimately face restructuring, which involves a fundamental change in governance, such as a State takeover or placement under private management. Students attending schools that have not made AYP for 3 or more years may obtain supplemental educational services (SES)—paid for by the district—from the public- or private-sector provider selected by their parents from a State-approved list.

States must reserve 4 percent of the Title I funds allocated to their LEAs for school improvement activities, and must subgrant 95 percent of these funds to LEAs with schools identified for improvement, corrective action, or restructuring. Under the 2008 request, the amount for this set-aside would approximately \$550 million.

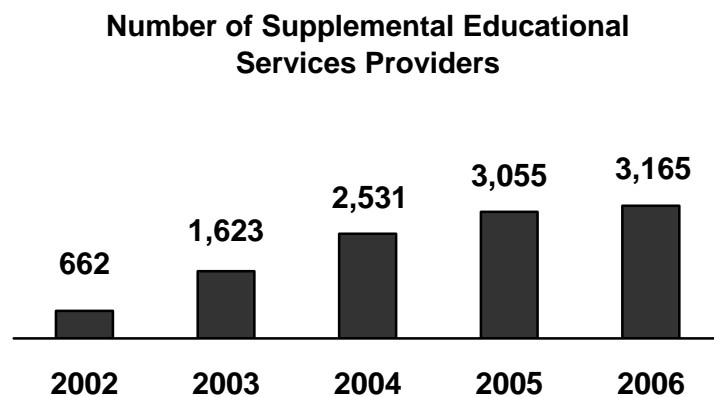
### **NCLB Accountability Successfully Implemented**

After 5 years of hard work, the Department and its State and local partners have largely succeeded in implementing the strong accountability, expanded choice, and focus on improvement envisioned by No Child Left Behind.

- Every State has established academic standards and implemented reading and math assessments in grades 3-8 and one high school grade.

- Every State has established annual achievement objectives aimed at ensuring that all students are proficient in reading and math by 2014.
- Every State is identifying schools for improvement and providing additional resources and technical assistance to help those schools make AYP.
- Every State is working to ensure that all new and veteran teachers are highly qualified, and highly qualified teachers now teach more than 90 percent of classes.
- Every State has established lists of approved SES providers, with nearly 3,200 operating nationwide.

The results of these efforts are equally impressive. Parents now have more information than ever before about the achievement of their children and the performance of their schools. Thanks to NCLB, nearly 450,000 eligible students in low-performing have taken advantage of the opportunity to obtain free supplemental educational services or exercise a public school choice option. Reading and math scores for 9-year-olds and fourth-graders on the National Assessment of Educational Progress have increased, and achievement gaps between 9-year-old African-American and Hispanic students and their white peers have narrowed.



Results like these and strong evidence that the program is well implemented helped Title I Grants to LEAs earn a Moderately Effective rating from the Administration's Program Assessment Rating Tool (PART) in 2006. The PART found that the program is well structured to meet its goals, is effectively and efficiently implemented, has established meaningful long-term performance measures and annual targets, and is making progress in increasing achievement among the students served by the program.

### **NCLB Reauthorization**

The 2008 request for \$13.9 billion would support a comprehensive reauthorization proposal for Title I Grants to LEAs that would expand the impact of Title I at the high school level, strengthen adequate yearly progress determinations while giving States greater flexibility in defining AYP, make available more meaningful choice options to students in low-performing schools, and encourage adoption of fundamental staffing and governance changes in schools undergoing restructuring.

### **A New Focus on High School**

Nearly all of the \$1.2 billion, or 9.4 percent, increase proposed for 2008 would be used to realign Title I funding so that local allocations to high schools more closely reflect their enrollment of students from low-income families. Districts and schools have made solid achievement gains in recent years in the early grades, where LEAs currently target the large majority of their Title I allocations. The Administration believes that ensuring that high schools receive their fair share of Title I resources will help extend those achievement gains to the high school level and contribute to the preparation of all high school students for postsecondary education or competitive employment in the global economy. The increase, along with State Assessment Grants funding, also would support new assessments in reading and math at two additional high school years, including an 11<sup>th</sup>-grade assessment of college readiness in each subject. To help focus attention on and bring down the unacceptably high dropout rate, the Administration's proposal also would insist on continuous improvement in the graduation rate as a condition of making AYP at the high school level.

### **Strengthening AYP**

In addition to requiring improvement in the graduation rate for high schools to make AYP, the Administration's reauthorization proposal includes three other changes intended to strengthen measurement of adequate yearly progress.

First, States would be required to include the results of science assessments in their AYP determinations beginning with the 2008-09 school year, with the goal of ensuring that all students are proficient in science by 2020.

Second, States would be permitted to incorporate student academic growth into their AYP definitions so long as they adhere to key No Child Left Behind accountability principles such as the inclusion of all students, subgroup accountability, and ensuring that all students are proficient in reading and mathematics by 2014.

Third, States would be allowed to incorporate into their AYP definitions for limited English proficient students (LEP) the progress of those students in attaining English language proficiency. This measure recognizes the well-established connection between improving English language proficiency and rising content assessment scores, and would provide an incentive for schools to accelerate English language acquisition for their LEP students.

### **Ensuring Meaningful Choice for Parents and Students**

The revolutionary expansion of choice options under the No Child Left Behind Act has been limited by both weak implementation and limited capacity. In too many districts, there are few or no higher-performing schools to which students in schools identified for improvement may transfer, and LEA efforts to promote supplemental educational services (SES) options is not always consistent with the spirit of the law.

To help address these concerns, the Administration's reauthorization proposal would require LEAs to offer SES in the first year of improvement, permit LEAs to use up to 1 percent of their 20-percent reservation for public school choice and SES for parent outreach activities, generally require that the entire 20-percent reservation be used only for choice and SES, increase the per-student cap on SES expenditures for students with disabilities, LEP students, and rural students, and ensure a more level playing field for non-LEA SES providers.

The Administration's proposal also would recognize that not all schools identified for improvement are the same. First, schools that have been identified for improvement due to one or more subgroups missing AYP, but that are making AYP for the "all students" group, would be allowed to offer SES and public school choice options only to students who are not proficient in at least one tested subject. Second, schools that have been identified for improvement or corrective action only because of the achievement of one subgroup would be permitted to serve as receiving schools under the public school choice transfer option. Only LEAs that notify parents of their choice and SES options no later than 30 days prior to the beginning of the school year will be permitted to take advantage of this new flexibility.

The Administration also is proposing to require LEAs to offer private school choice to students from low-income families in grades 3-12 who are attending schools that are in restructuring status. The rapidly growing number of schools identified for restructuring means that an estimated 2.5 million students will be attending such chronically low-performing schools by the 2008-09 school year. Most of these students attend schools in urban or rural areas with few available public school choice options within their districts, sharply limiting the effectiveness of current choice options. The proposed amendment would require LEAs serving such schools to offer eligible students from low-income families a scholarship that could be used to transfer to a better-performing private or out-of-district public school.

These scholarships would consist of (1) the LEA's per-student Title I allocation, (2) any funds provided to the LEA attributable to that student under the Individuals with Disabilities Education Act, and (3) allocations from a new, separately funded \$250 million Promise Scholarships program. In most cases, the total scholarship would be approximately \$4,000 per student. Scholarship recipients would be required to take State assessments or a nationally normed test in each grade and subject required by the ESEA.

In addition to expanding choices for students in schools undergoing restructuring, the Administration's ESEA reauthorization proposal would strengthen the restructuring process by limiting the use of the "any other major restructuring option" to those schools that enter restructuring due to the performance of a single subgroup. This change would help ensure that the worst performing schools (those that have missed AYP for multiple subgroups for 6 or more years) undertake fundamental, structural reforms that have the greatest likelihood of bringing about real improvement.

The 2008 budget also includes a separate \$9.3 million request for Title I Evaluation, primarily to support studies designed to produce rigorous scientific evidence on the effectiveness of education programs and practices, including practices critical to the effective use of Title I, Part A funds.

#### School Improvement Grants

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
BA in millions .....	—	—	\$500.0

Section 1003(g) of the Elementary and Secondary Education Act (ESEA) authorizes a separate State formula grant program making awards to States to provide assistance for local school improvement activities required by section 1116(b) of the ESEA for Title I schools that do not

make adequate yearly progress for at least 2 consecutive years. Authorized activities include the development and implementation of school improvement plans, professional development for teachers and staff, corrective actions such as instituting a new curriculum, development and implementation of restructuring plans, and the provision of public school choice and supplemental educational service options for students enrolled in schools that have been identified for improvement, corrective action, or restructuring.

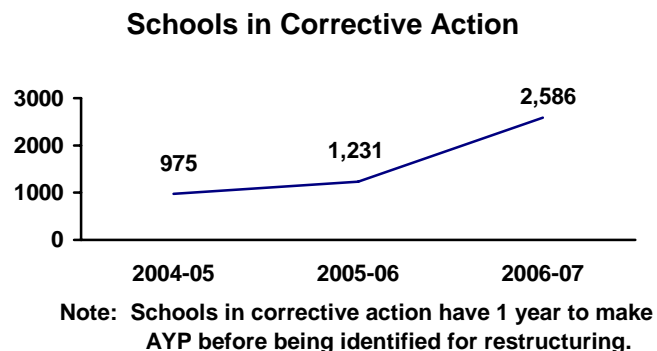
The Administration is proposing to reauthorize the section 1003(g) School Improvement Grants authority to (1) build State capacity to lead LEA and school improvement and (2) provide additional resources to LEAs to support school improvement activities, including the development and implementation of effective restructuring plans. Under this proposal, States would be permitted to retain up to 50 percent of their allocations to carry out their responsibilities under sections 1116 and 1117 to establish statewide systems of support for LEA and school improvement. Remaining funds would be used to make competitive awards to LEAs.

The reauthorization proposal also would require States to develop plans to ensure that activities supported by School Improvement Grants are (1) integrated with local awards under the section 1003(a) reservation for school improvement, and (2) grounded in scientifically based research on improving student achievement. The Department would support the latter requirement by reserving up to 1 percent of School Improvement Grant funding for the identification and dissemination of promising school improvement practices.

The ESEA, as reauthorized by the NCLB Act, requires a strong State role in developing and delivering comprehensive leadership and technical assistance in the area of LEA and school improvement. States must establish a statewide system of intensive and sustained support and improvement for local educational agencies and schools receiving funds under Part A of Title I, including the creation of school support teams to provide expert advice and other assistance to help LEAs and schools develop and implement improvement plans.

However, States are required to subgrant 95 percent of existing school improvement funding [the 4 percent reservation under section 1003(a)] to LEAs, leaving few resources at the State level to operate effective, comprehensive statewide improvement systems. This lack of funding helps explain why the National Assessment of Title I Interim Report found that the school support teams required by NCLB were operating in just two-thirds of the States during the 2004-05 school year, and that just 13 States fielded school support teams that were able to serve all schools identified for improvement, while 21 States provided support to only a subset of identified schools.

Rising numbers of schools identified for improvement will place even more pressure on the limited State-level resources currently available for school improvement. For example, preliminary Department data show that the number of schools identified for improvement nationwide grew from 9,071 in the 2005-2006 school year to 10,214 in the 2006-2007 school year. This 13 percent increase does not include data for 9 States, and thus will likely be considerably higher once all States have reported.



Those same data also highlight the growing demand for the more comprehensive improvement measures required under corrective action and restructuring. While the number of schools identified for restructuring grew only modestly, from roughly 1,700 to 2,000 schools, the number of schools in corrective action more than doubled, from 1,231 to 2,586. Since schools in corrective action have only 1 year to make AYP before being identified for restructuring, the data suggest that the 2007-2008 school year may well bring an increase of 50 percent or more in the number of schools so identified. Individual States may face even greater challenges. For example, in the 2005-2006 school year, Illinois reported a tenfold increase in the number of schools in restructuring, from 21 schools to 238 schools.

The Department expects these improvement trends to continue, and estimates that the number of schools identified for restructuring will more than double by fiscal year 2008 to 5,000 schools. While this estimate may seem high, it would represent less than 10 percent of the 54,000 schools participating in Title I and subject to NCLB accountability requirements.

The reauthorized School Improvement Grants program would help ensure that States are able to carry out their statutory improvement responsibilities while providing significant new support for LEA efforts to fundamentally restructure chronically low-performing schools.

#### Promise Scholarships

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
BA in millions .....	—	—	\$250.0

The Promise Scholarships program would provide students from low-income families who are enrolled in persistently low-performing schools with scholarships that they can use to pay tuition, fees, and other costs (including transportation expenses) to attend private or out-of-district public schools, or to purchase intensive supplemental educational services (SES). As discussed under Title I Grants to LEAs, these scholarships would complement funds made available through the Title I program and the Individuals with Disabilities Education Act (IDEA).

Students attending persistently low-performing schools must have the opportunity to pursue other educational opportunities while those schools are being restructured. While current law requires LEAs to provide students who attend such schools the option of attending a higher-performing public school, many LEAs, particularly urban LEAs, have few such options available and thus few meaningful choices for parents.

Under the Administration's reauthorization proposal for Title I, low-income students attending schools in restructuring status (schools that have failed to make adequate yearly progress for at least 5 years) would use a combination of Promise Scholarships, the per-child LEA allocation under Title I, Part A of the ESEA, and any applicable per-child IDEA allocation, to transfer to another public or private school.

Parents who choose to send their child to a private school or an out-of-district public school would receive a \$2,500 Promise Scholarship, the LEA's Title I per-student allocation and, for a student with a disability, the LEA's per-child IDEA allocation. In most cases, the total scholarship would equal at least \$4,000 per student. These funds could be used to pay tuition, fees, and other costs (including transportation expenses) of attending the new school.

Scholarship recipients would be required to take State assessments or a nationally normed test in each grade and subject required under Title I.

Scholarship recipients could choose instead to obtain intensive, sustained supplemental educational services. Under the regular SES program, services often are of limited duration. The Department's 2004 *Early Implementation of the Supplemental Educational Services Provisions of the No Child Left Behind Act: Year One Report* found that the median number of hours of tutoring services purchased per student was about 40 hours. Promise Scholarships would permit eligible students to obtain more intensive, sustained services with a greater likelihood of improving academic achievement.

Parents who choose to obtain intensive SES for their child would receive a Promise Scholarship of up to \$3,000 for tutoring assistance provided by eligible entities. Students who receive supplemental educational services under this program would not be able to receive similar services under the regular SES program.

Program funds would be allocated to States through a formula based on their relative shares of low-income students enrolled in schools in restructuring status in the most recent year for which counts of those students are available. States, in turn, would allocate these funds to LEAs, based on the same formula or using another methodology approved by the Department.

#### Opportunity Scholarships

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
BA in millions .....	—	—	\$50.0

This initiative would provide competitive grants to support local efforts to enable students from low-income households who attend a school identified for school improvement, corrective action, or restructuring under Title I of the Elementary and Secondary Education Act (ESEA) to attend a private or out-of-district public school or to receive intensive, sustained tutoring assistance. Unlike Promise Scholarships, which would work in tandem with the Title I Grants to LEAs program, the Opportunity Scholarships proposal would create a stand-alone program intended to promote a broad range of innovative State and local choice initiatives.

A growing body of evidence shows that providing parents and students with expanded choice options can improve the academic performance of the students exercising choice and the performance of schools at risk of losing students. For example, the GAO identified three studies for its September 2002 report, *School Vouchers: Characteristics of Privately Funded Programs*, that "provide some evidence that African-American students who used vouchers to attend private schools showed greater improvements in math and reading than students in the comparison group." Further, the studies also found "that parents of voucher users of all racial and ethnic groups were consistently more satisfied with their children's education than parents of comparison group students."

The Department would make competitive awards to States, local educational agencies (LEAs), and public or private nonprofit organizations (including community- and faith-based organizations and mayor's offices). In making awards, priority would be given to applicants that propose to serve students in LEAs that operate large numbers or percentages of schools that have been identified for school improvement, corrective action, or restructuring.

Parents who choose to send their child to a private school would receive a scholarship equal to the sum of tuition, fees, and costs, including necessary transportation expenses for the new school, or the average per-pupil expenditure of public schools in the State where the recipient resides, whichever is less. The Department would give priority to applications that propose to augment the Federal scholarships with additional funds in order to ensure that parents can pay the tuition and fees at the school of their choice.

Parents who choose to obtain SES would receive up to \$3,000 and would use those funds for supplemental educational services from private providers. Students who receive supplemental educational services under this program would not be able to receive similar services under the regular SES program.

The Administration believes that the ESEA reauthorization should include both Promise Scholarships and Opportunity Scholarships because the two initiatives complement one another and, taken together, would markedly expand the options available to eligible students.

#### State Assessment Grants

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
BA in millions .....	\$407.6	\$411.6	\$411.6

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

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

The 2008 request would provide \$400 million to support, as part of the Administration's ESEA reauthorization proposal, development of 2 years of high school assessments in reading and mathematics, including a mandatory 11<sup>th</sup> grade college readiness test in both subjects. These new high school assessments would give students, parents, and teachers the achievement data they need to help ensure that all students graduate from high school prepared for either postsecondary education or the workplace.

A 2004 PART analysis of State Assessment Grants produced a rating of Adequate, finding that the program has a clear purpose, is operated well, and meets an important need.



Reading First  
(BA in millions)

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
Reading First State Grants .....	\$1,029.2	\$1,018.7	\$1,018.7
Early Reading First .....	<u>103.1</u>	<u>103.1</u>	<u>117.7</u>
Total .....	1,132.4	1,121.8	1,136.4

The Reading First initiative remains a strong priority for 2008 because the program's early performance data show clear early reading gains (across all grades and targeted populations) after only a few years of implementation. In addition, nationwide data show a continuing need for the program, as too many young children do not master reading—the most basic and essential skill required for more advanced learning—during their early elementary school years. For example, 61 percent of all fourth graders in high-poverty schools scored below the "basic" reading level on the 2005 National Assessment of Educational Progress. Research shows that students who cannot read well by fourth grade have a greater likelihood of dropping out and facing a lifetime of diminished success. Reading First activities help increase reading gains, reduce the number of children who fall behind in reading, provide additional help to children who need it, and lower the number of children referred to special education due to low reading scores.

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

The Reading First State Grants program received a PART rating of Effective in 2006, reflecting in large part the clear early reading gains documented by performance data. Those early results—achieved after just a few years of program implementation—provide substantial justification for the 2008 request.

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

In addition, as required by statute, the Department would reserve \$5 million for the National Institute for Literacy and \$2.5 million for Targeted Assistance Grants, which are competitive grants to States that demonstrate exemplary progress in reading achievement.

The Administration is proposing to reauthorize Reading First State Grants with only minor amendments to increase accountability in large LEAs, improve targeting of program funds to the schools most in need of support, and expand flexibility in the Targeted Assistance Grants program.

Early Reading First complements Reading First State Grants by providing competitive grants to school districts and non-profit organizations to support activities in preschool programs designed to enhance the verbal skills, phonological awareness, letter knowledge, and pre-

reading skills of children from birth through age 5. Funds are targeted to communities with high numbers of low-income families. The 2006 PART rated Early Reading First Moderately Effective. The 2008 request would support up to 36 new Early Reading First projects.

The Administration's reauthorization proposal for Early Reading First would strengthen partnerships between preschool providers and institutions of higher education that provide professional development to early childhood educators, consolidating funding for the Early Childhood Educator Professional Development program into Early Reading First, and requiring all Early Reading First projects to have a strong educator professional development component. This consolidation would promote more efficient administration of ESEA early childhood discretionary grants and ensure that such activities include an appropriate focus on scientifically based reading readiness and high-quality professional development.

#### Striving Readers

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
BA in millions .....	\$29.7	\$31.6	\$100.0

The request includes a \$68 million expansion for this program, first funded in 2005, which supports research-based interventions to help improve the skills of secondary school students who are reading below grade level. Such students often are at risk of dropping out of school because of their poor reading skills, which can affect their performance in all subject areas.

The request would fund competitive awards for: (1) the development, implementation, and testing of research-based reading interventions designed to improve the reading skills of students reading significantly below grade level; (2) rigorous evaluations, including evaluations that use experimental research designs, of reading interventions being implemented in the Nation's secondary schools to determine their efficacy; and (3) activities to improve the quality of literacy instruction across the curriculum in schools receiving program funds. The Administration's ESEA reauthorization proposal would create a separate authority for the Striving Readers program, which is currently funded under the Title I Demonstration authority.

#### Math Now for Elementary School Students

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
BA in millions .....	—	—	\$125.0

This proposal, which is part of the American Competitiveness Initiative, would help prepare students for rigorous high school mathematics courses by providing competitive grants to partnerships to improve instruction in mathematics for students in kindergarten through 6<sup>th</sup> grade. Grantees would use the funds to expand the use of proven practices in math instruction, including those that will be recommended by the National Mathematics Panel, to help teachers prepare all students in algebraic concepts so that every student can take and pass Algebra in secondary school.

Math Now for Middle School Students

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
BA in millions .....	—	—	\$125.0

This request would support the American Competitiveness Initiative by making competitive grants to partnerships to improve mathematics instruction for middle-school students whose achievement is significantly below grade level. Funds would support comprehensive mathematics initiatives that are based on the best available evidence on mathematics instruction for middle-school students, including forthcoming recommendations from the National Mathematics Panel, and that improve the quality of mathematics instruction, provide intensive interventions to middle-school students whose achievement is significantly below grade level, and help build a strong, scientific research base for identifying and replicating strategies that improve adolescent mathematics skills.

Advanced Placement

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
BA in millions .....	\$32.2	\$32.2	\$122.2

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

The \$90 million increase requested for 2008 would fund new competitive awards to expand AP and IB offerings in mathematics, science, and critical foreign languages. Funded projects would include incentives for teachers to become qualified to teach AP/IB courses in these subjects and rewards for teachers whose students pass AP/IB tests in those subjects. The request reflects the Administration's confidence in a proven model that produces results backed by data and that is immediately scalable on a national basis. The request also would require grantees to match program funds, with two State, local, or private dollars for every Federal dollar.

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

### Adjunct Teacher Corps

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
BA in millions .....	—	—	\$25.0

This new initiative would create an Adjunct Teacher Corps that would draw on the skills of well-qualified individuals outside of the public education system to meet specialized teaching needs in secondary schools. Instead of the usual focus on certification or licensure of such individuals, the initiative would concentrate on helping schools find experienced professionals who can bring real-world experience to their explanation of abstract mathematical concepts or scientific principles in hard-to-fill teaching positions.

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

### Improving Teacher Quality State Grants

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
BA in millions .....	\$2,887.4	\$2,887.5	\$2,787.5

NCLB required States and school districts to ensure that all teachers were highly qualified—as defined by individual States according to statutory requirements—by the end of the 2005-2006 school year. While all States have not yet met this requirement, more than 90 percent of teachers nationwide are now highly qualified, and nearly all States have put in place comprehensive plans for meeting the 100 percent target. The Improving Teacher Quality State Grants program is a major source of flexible Federal funding to help States and school districts strengthen the skills of the teaching force and meet the highly qualified teacher (HQT) requirements. Program funds support high-quality professional development as a central and indispensable element of the larger effort to help all students achieve. Research indicates that such professional development can contribute to improvement in teaching skills that raises student achievement.

State-level activities may include changes to teacher certification or licensure requirements, alternative certification, tenure reform, merit-based teacher performance systems, and differential and bonus pay for teachers in high-need subject areas. School districts may use funds for professional development, recruitment and retraining of teachers and principals, merit pay, mentoring, and other activities.

The proposed \$100 million reduction reflects a decision to increase investment in the Teacher Incentive Fund to expand support for State and local initiatives to introduce performance-based teacher and principal compensation systems and provide incentives for the most effective

teachers to serve in the most challenging schools. Because most teachers are now considered to be highly qualified, it is appropriate to shift a portion of funds to the Teacher Incentive Fund in order to encourage these important reforms in compensation practices.

The Department also would continue developing the knowledge base on teacher effectiveness by reserving up to \$13.9 million (one-half of 1 percent) of the fiscal year 2008 appropriation for evaluation and related activities.

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

The Administration's reauthorization proposal generally would eliminate the "high objective uniform State standard of evaluation" (HOUSSE) option for determining a veteran teacher's highly qualified status because this option, in practice, has allowed States to apply less rigorous HQT standards in rating veteran teachers. In place of HOUSSE, experienced elementary school teachers would be considered highly qualified if they hold a bachelor's degree, are certified, and pass a subject knowledge and teaching skills test. Experienced secondary school teachers would meet HQT standards if they hold a bachelor's degree, are certified, and either pass an academic subject test or complete coursework in the subjects taught.

In addition, the reauthorization proposal would add a priority for States and school districts to use their Improving Teacher Quality State Grants for activities that will strengthen teacher quality in mathematics, science, or critical foreign languages.

#### Teacher Incentive Fund

	<u>2006</u>	<u>2007</u>	<u>2008</u> <u>Request</u>
BA in millions .....	\$99.0	\$3.9	\$199.0

This program provides grants to encourage school districts and States to develop and implement innovative performance-based compensation systems that reward teachers and principals for raising student achievement and for taking positions in high-need schools. States and LEAs, either alone or in partnership with non-profit organizations, may apply for competitive grants to develop and implement performance-based compensation systems for public school teachers and principals. These compensation systems must be based primarily on measures related to student achievement.

#### Mathematics and Science Partnerships

	<u>2006</u>	<u>2007</u>	<u>2008</u> <u>Request</u>
BA in millions .....	\$182.2	\$182.1	\$182.1

This program provides State formula grants to help States and localities improve academic achievement in mathematics and science. It promotes development of strong teaching skills by

elementary and secondary school teachers, including skill in integrating teaching methods based on scientifically based research and technology into the curriculum. Partnerships focus on developing rigorous mathematics and science curricula, distance learning programs, and incentives to recruit college graduates with degrees in math and science into the teaching profession.

A 2006 PART review of this program produced a Results Not Demonstrated rating due to limited performance and evaluation data. In response, the Department has revised the program's performance measures and expects baseline data to be available later in 2007.

#### Troops-to-Teachers

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
BA in millions .....	\$14.6	\$14.6	\$14.6

This program supports the Department of Defense's Troops-to-Teachers program, which helps to improve public school education by recruiting, preparing, and supporting members of the military service as teachers in high-poverty public schools. A 2006 report by the Government Accountability Office found that the program contributes significantly to the diversity of the population of new teachers, with high percentages of men and minorities as participants. Teachers recruited through the Troops-to-Teachers program also teach math, science, and special education in significantly higher proportions than traditional public school teachers.

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

The Administration's ESEA reauthorization proposal for this program will include amendments to target more effectively high-need school districts and high-need secondary schools while supporting the placement of participants in States and communities across the country.

#### Transition to Teaching

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
BA in millions .....	\$44.5	\$44.5	\$44.5

This program supports alternative routes to teacher certification and other innovative approaches for recruiting, training, and placing mid-career professionals, recent college graduates, and educational paraprofessionals in high-need schools and supporting them during their first years in the classroom. The request would support more than 180 grants to help States and communities recruit and retain capable and qualified teachers in our Nation's public schools.

The program received a PART rating of Adequate in 2005, based on high scores for purpose, measurable goals, and progress in making performance data available to the public. In

response to PART findings, the Department has improved the reliability and comparability of performance data and implemented program efficiency measures.

The Administration's reauthorization proposal for Transition to Teaching would expand the pool of LEAs eligible to participate, permit the participation, in some circumstances, of veteran teachers seeking additional credentials, and better align the authorized activities with participating LEAs' plans for recruiting and retaining teachers in high-need schools.

#### Teaching American History

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
BA in millions .....	\$119.8	\$119.8	\$50.0

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

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

#### Literacy Through School Libraries

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
BA in millions .....	\$19.5	\$19.5	\$19.5

This program helps school districts improve literacy skills by providing students with increased access to up-to-date school library materials and professionally certified school library media specialists. The 2008 request would fund an estimated 75-85 competitive grants that would support the efforts of libraries to help children to read well by making information available to all students, training students and teachers about how to obtain and make use of information, and increasing access to technology and information for students in low-income schools.

#### Reading Is Fundamental/Inexpensive Book Distribution

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
BA in millions .....	\$25.0	\$25.0	\$25.0

This program is administered through a contract with Reading is Fundamental, Inc. (RIF), a nonprofit organization affiliated with the Smithsonian Institution. RIF allocates funds to local community associations that select and distribute inexpensive books to children free of charge. RIF currently reaches about 4.4 million children through 20,000 projects. By increasing preschool children's access to books, and involving parents as their child's first teachers, this program supports the goal of ensuring that all children read well by the 3<sup>rd</sup> grade.

RIF also has developed several intervention programs, including "Running Start," which challenges first-grade students to read 21 books in an 8-to-10-week time period; "Shared Beginnings," which helps young parents develop the skills and self-confidence necessary to take an active role in developing their young children's reading readiness; and "Care to Read," which supports children's emerging literacy skills by providing training and resources to early child-care staff in centers and home-based child-care programs.

#### Charter Schools Grants

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
BA in millions .....	\$214.8	\$214.8	\$214.8

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

The 2008 request for this program is supported by a 2005 PART analysis that gave the program an Adequate rating and high scores for purpose, program management, and demonstrated results, while identifying weaknesses related to data collection and public availability of results. The Department is taking steps to eliminate those weaknesses.

#### Credit Enhancement for Charter School Facilities

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
BA in millions .....	\$36.6	\$36.6	\$36.6

Expanding the number of charter schools is a key Administration strategy for increasing the options available to parents seeking the best educational opportunities for their children. A major obstacle to the creation of charter schools in many communities is limited access to suitable academic facilities. The Credit Enhancement for Charter School Facilities program



provides competitive grants to public and nonprofit entities that help charter schools secure the financing needed to purchase, construct, renovate, or lease academic facilities. For example, a grantee might provide guarantees and insurance on bonds and leases. The request would leverage an estimated \$333 million and support more than 200 charter schools over the course of the grants.

#### Magnet Schools Assistance

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
BA in millions .....	\$106.7	\$106.7	\$106.7

The request would support continuation of fiscal year 2007 awards to some 40 local educational agencies to operate magnet schools that are part of a court-ordered or approved desegregation plan to eliminate, reduce, or prevent minority group isolation in elementary and secondary schools. Magnet schools address their desegregation goals by providing a distinctive educational program that attracts a diverse student population. The Department would use about \$1.2 million for evaluation and dissemination activities.

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

#### Voluntary Public School Choice

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
BA in millions .....	\$26.3	\$26.3	\$26.3

This program supports efforts to establish intradistrict and interdistrict public school choice programs to provide parents, particularly parents whose children attend low-performing public schools, with greater choice for their children's education. Competitive grants support planning and implementation costs associated with new programs, tuition transfer payments to public schools that students choose to attend, and efforts to expand the capacity of schools to meet the demand for choice. The Department will make new awards in 2007, and the notice inviting applications gives priority to plans that would provide interdistrict choice. The 2008 request would provide the second year of funding for these new awards.

#### Fund for the Improvement of Education

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
(BA in millions) .....	\$11.7	\$11.7	\$33.1

The Fund for the Improvement of Education (FIE) supports nationally significant programs, administered through a combination of discretionary grants and contracts, to improve the quality of elementary and secondary education at the State and local levels and help all students meet

challenging State academic achievement standards. The budget would provide funding for several ongoing activities and two components of the National Security Language Initiative: \$5 million for the Language Teacher Corps, which would provide training to college graduates with critical language skills who are interested in becoming foreign language teachers, and \$3 million for a Teacher-to-Teacher Initiative that would fund intensive summer training sessions for foreign language teachers, especially teachers of critical need languages.

The request also would provide \$10 million for Reach Out and Read, a program that promotes early literacy for infants and preschool children; \$10 million for Teach for America, which recruits and trains recent college graduates to teach in high-need communities; and \$2 million to continue a Data Quality Initiative launched in fiscal year 2006 that is intended to improve the quality of Department evaluations and data collections for its elementary and secondary education programs.

#### Foreign Language Assistance

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
BA in millions .....	\$21.8	\$21.8	\$23.8

This program provides 3-year competitive grants to State educational agencies to support systemic approaches to improving foreign language learning in States, and to local educational agencies to establish, improve, and expand foreign language instruction. As part of the President's National Security Language Initiative, the Department will continue to give priority to State and local proposals to provide instruction in critical foreign languages, such as Arabic, Chinese, Japanese, Korean, and Russian, as well as languages in the Indic, Iranian, and Turkic families.

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

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
BA in millions .....	\$981.2	\$981.2	\$981.2

This program helps communities establish or expand centers that provide extended learning opportunities for students and related services to their families. From their formula grants, States make competitive awards of at least \$50,000 to school districts, community-based organizations, faith-based organizations, and other public or private entities for projects that primarily serve students attending high-poverty schools. States give priority to projects serving students who attend schools identified for improvement or corrective action under Title I, and projects emphasize activities that prepare students to meet State and local achievement standards in core academic subjects. The request would enable districts to provide after-school learning opportunities—particularly for children who attend high-poverty or low-performing schools—to 1.3 million students in 9,600 after-school centers.

A 2003 PART analysis gave this program an Adequate rating and high scores for purpose, planning, and management, while identifying weaknesses related to accountability. The program has taken steps to improve its data collection system and to use data and program evaluations to improve program management.

### Comprehensive Centers

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
BA in millions .....	\$56.3	\$56.3	\$56.3

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

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

The antecedent comprehensive centers program received a PART rating in 2004 of Results Not Demonstrated. The Department responded to the initial recommendations by embedding new common measures for technical assistance programs into the new program. Those measures determine the quality, relevance, and usefulness of the centers' products and services. The Department will establish long-term performance goals, targets, and time frames for the measures in 2008, once baseline data become available.

### Rural Education

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
BA in millions .....	\$168.9	\$168.9	\$168.9

The Rural Education Achievement Program authorizes two programs to assist rural school districts in carrying out activities to help improve the quality of teaching and learning in their schools. The Small, Rural School Achievement program provides formula funds to rural school districts that serve small numbers of students, and the Rural and Low-Income School program provides funds to rural school districts that serve concentrations of poor students, regardless of the district's size. Funds appropriated for the Rural Education program are divided equally between these two programs. The request would maintain support for small, often geographically isolated rural districts that face significant challenges in implementing NCLB accountability requirements. The Administration's ESEA reauthorization would create a more equitable distribution of funds and improve efficiency in administration of the Small, Rural School Achievement program, while providing additional flexibility to LEAs receiving funds under the Rural and Low-Income School program.

The 2006 PART analysis of the Rural Education program produced a Results Not Demonstrated rating, primarily due to the absence of student achievement data for the program's annual and long-term performance measures at the time of the initial review. In response, the Department is currently collecting performance data and developing a strategy for making the data available to the public.

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

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
State grants.....	\$346.5	\$351.6	\$100.0
National activities .....	<u>141.1</u>	<u>172.8</u> <sup>1</sup>	<u>224.2</u>
Total .....	487.6 <sup>2</sup>	525.4 <sup>2</sup>	324.2 <sup>2</sup>

<sup>1</sup> Adjusted for comparability. Includes \$4.832 million available for Project SERV in the School Improvement Programs account under the FY 2007 Continuing Resolution, P.L. 109-289.

<sup>2</sup> Excludes amounts for the Alcohol Abuse Reduction and Mentoring Program funded under Safe and Drug-Free Schools and Communities National Programs in 2006 and 2007, which are proposed for termination in 2008.

SDFSC State Grants

The Safe and Drug-Free Schools and Communities (SDFSC) program supports research-based approaches to drug and violence prevention. PART reviews conducted in 2002 and 2006 found that the structure of the program is flawed, spreading funding too broadly to support quality interventions and failing to target schools and communities in greatest need of assistance. Accordingly, the Administration's ESEA reauthorization would significantly change the structure of the program by requiring State educational agencies to support local implementation of effective models for the creation of safe, healthy, drug-free, and secure schools. Such activities could include, for example, provision of training, technical and financial assistance, and local capacity building to school districts to support their efforts to deter student drug use, and to prepare for, prevent, mitigate, respond to, and recover from crises arising from violent or traumatic events or natural disasters, and to restore the learning environment in the event of a crisis or emergency.

SDFSC National Programs

Also as part of the ESEA reauthorization, the Administration proposes to consolidate SDFSC National Programs into a single, flexible discretionary program focused on four priority areas: (1) emergency management planning; (2) preventing violence and drug use, including student drug testing; (3) school culture and climate, including character education; and (4) other needs related to improving students' learning environment to enable those students to learn to high academic standards. Grantees would be required, to the extent possible, to implement interventions that reflect scientifically based research. The 2008 request includes \$59 million for drug prevention or school safety programs informed by scientifically based research or that will use such research to demonstrate their effectiveness, and \$79.2 million for grants to school districts for comprehensive, community-wide "Safe Schools/Healthy Students" drug and violence prevention projects. Other activities include \$15 million for initiatives to address school emergency preparedness conducted in coordination with the Department of Homeland Security, \$17.9 million for school-based drug testing for students, \$24.2 million for character education

programs in elementary and secondary schools, and \$10 million to provide emergency response services to LEAs under Project SERV (School Emergency Response to Violence).

#### Ready-to-Learn Television

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
BA in millions .....	\$24.3	\$24.3	\$24.3

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

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

#### English Language Acquisition (BA in millions)

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
Language Acquisition State grants .....	\$620.5	\$622.2	\$622.2
National Activities.....	43.5	43.6	43.6
Native American grants.....	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>
Total .....	669.0	670.8	670.8

Title III of the Elementary and Secondary Education Act (ESEA) authorizes formula grants to States based on each State's share of the Nation's limited English proficient (LEP) and recent immigrant student population. Grants help States design and implement statewide activities meeting the educational needs of their LEP students. The statute also provides a 0.5 percent set-aside for the Outlying Areas and a \$5 million set-aside for elementary, secondary, and postsecondary schools operated predominantly for Native American children.

States must use at least 95 percent of formula funds for subgrants to school districts, based primarily on each district's share of the State's LEP students. In addition, States must use up to 15 percent of the 95 percent to increase the size of grants to districts that have experienced a significant increase in the percentage or number of recent immigrant students over the preceding 2 years.

States must develop annual measurable achievement objectives for LEP students that measure their success in achieving English language proficiency and meeting challenging State academic content and achievement standards. If a school district does not make progress toward meeting these objectives for 2 consecutive years, the State must require the district to develop and implement an improvement plan. If the district still is not meeting the State's annual achievement objectives after 4 consecutive years, the State must require the district to take corrective action by adopting approaches more likely to bring about meaningful change, such as comprehensive implementation of a new instructional method or replacing educational personnel responsible for the LEA's inability to meet the objectives. The State also may terminate assistance to the district.

Title III also requires the Department to set aside 6.5 percent of the appropriation for National Activities, including the National Professional Development Project, a National Clearinghouse for English Language Acquisition and Language Instructional Programs, and evaluation. Under the National Professional Development Project, the Department makes 5-year competitive grants to institutions of higher education that have entered into consortium arrangements with State or local educational agencies. The purpose of these grants is to increase the pool of teachers prepared to serve limited English proficient students and increase the skills of teachers already in classrooms. The purpose of the National Clearinghouse contract is to collect and disseminate information about instructional programs for LEP students.

The Administration's reauthorization proposal for Title III would make minor changes to the program, including strengthening the standards applicable to teachers and paraprofessionals who educate LEP students.

The program received a PART rating of Results Not Demonstrated in 2006. The rating is largely due to the lack of data to document the program's success in improving student outcomes. The Department also does not yet have the results of three evaluations being conducted by the Institute for Education Sciences (IES) on the most prevalent English language acquisition instructional approaches. IES expects to complete these studies in 2008.

Title I State Agency Programs  
(BA in millions)

	<u>2006</u>	<u>2007</u>	<u>2008</u> <u>Request</u>
Migrant Education .....	\$386.5	\$380.3	\$380.3
Neglected and Delinquent.....	<u>49.8</u>	<u>49.8</u>	<u>49.8</u>
Total .....	436.3	430.1	430.1

Migrant Education State Grants provide formula-based assistance in meeting the special educational needs of nearly 730,000 children of migrant agricultural workers by helping States identify and pay the higher costs often associated with serving such children. The Department also uses a portion of funding to improve inter- and intra-state coordination of migrant education activities.

For reauthorization, the Administration will propose a plan to improve and simplify the State allocation formula and to improve targeting of funds with formula changes that would respond to shifts in State counts of migrant students, as well as changes to improve targeting of services to migrant students.

The Migrant Education State Grants program received a PART rating of Adequate. While the review found that the program is on track to meet its long-term performance objectives, it also noted inaccuracies in State identification and counting of eligible students. In response, the Department is also developing a plan to review the reliability and validity of States' reported error rates and is providing States with technical assistance and support in ensuring accurate and timely student identification. In addition, in 2007 the Department expects to open the new Migrant Student Record Exchange System (MSIX), which will enable States to exchange migrant student data records efficiently and expeditiously and provide an accurate, unduplicated count of the number of migrant students on a national and Statewide basis.

The Title I Neglected and Delinquent program makes State formula grants to support educational services for an estimated 110,000 children and youth in State-operated institutions.

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

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

	<u>2006</u>	<u>2007</u>	<u>2008</u> <u>Request</u>
High School Equivalency Program .....	\$18.6	\$18.6	\$18.6
College Assistance Migrant Program.....	<u>15.4</u>	<u>15.4</u>	<u>15.4</u>
Total .....	34.0	34.0	34.0

The High School Equivalency Program (HEP) funds competitively selected projects to help low-income migrant and seasonal farm workers gain high school diplomas or equivalency certificates. The College Assistance Migrant Program (CAMP) makes competitive grants to provide stipends and special services, such as tutoring and counseling, to migrant students who are in their first year of college. The 2008 request would support approximately 90 HEP and CAMP projects.

The Department completed a PART analysis of these programs in 2004. Both programs were rated Results Not Demonstrated due to weaknesses related to data collection and accountability. In response, the Department has established procedures to help ensure the collection of comparable performance data across grantees.

Indian Education  
(BA in millions)

	<u>2006</u>	<u>2007</u>	<u>2008</u> <u>Request</u>
Grants to Local Educational Agencies .....	\$95.3	\$95.3	\$95.3
Special Programs for Indian Children .....	19.4	19.4	19.4
National Activities.....	<u>4.0</u>	<u>4.0</u>	<u>4.0</u>
Total .....	118.7	118.7	118.7

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

Grants to Local Educational Agencies provide formula grants to public and BIA-supported schools for activities to improve the educational achievement of Indian students. Special Programs for Indian Children includes \$11.5 million in competitive grants for the American Indian Teacher Corps and the American Indian Administrator Corps, to support training for Indian teachers and administrators to take positions in schools that serve concentrations of Indian children, and \$7.7 million for competitive demonstration grants to improve educational opportunities for Indian children in areas such as early childhood education and college preparation.

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

The 2006 PART analysis of the Indian Education Grants to Local Educational Agencies program produced a Results Not Demonstrated rating. In response, the Department has established several new long-term and annual performance measures to complement the existing national-level data on Indian students' performance on the NAEP. Further, the Department has taken steps to improve management of the program by developing a web-based Performance Measures Tracking System, which will maintain grant application and performance data within the *EDFacts* system. The impact of these changes will be assessed during a new PART review in 2007.

Supplemental Education Grants (Compact of Free Association Amendments Act)

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
BA in millions .....	\$18.0	\$18.0	\$18.0

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

P.L. 108-188 eliminated RMI and FSM participation in most domestic formula grant programs funded by the Departments of Education, Health and Human Services, and Labor, and created this program to supplement separate education support programs under the Compact. The request would allow the RMI and FSM to support programs that focus on improving the educational achievement of students in the two Freely Associated States.



### Education for Homeless Children and Youths

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
BA in millions .....	\$61.9	\$61.9	\$61.9

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

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

This program received an Adequate rating following a 2006 PART review indicating that the program is generally well managed and has a good performance data collection system in place. However, the review also identified weaknesses in the areas of evaluation and efficiency data. The Department should have baseline data for the program's efficiency measure later in 2007 and will establish targets for the measure once baseline data are available.

### Impact Aid (BA in millions)

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
Payments for Federally Connected Children:			
Basic Support Payments.....	\$1,091.9	\$1,091.9	\$1,091.9
Payments for Children with Disabilities.....	49.5	49.5	49.5
Facilities Maintenance .....	5.0	4.6	4.6
Construction.....	17.8	46.6	17.8
Payments for Federal Property .....	<u>64.4</u>	<u>64.4</u>	<u>64.4</u>
Total .....	1,228.5	1,257.0	1,228.1

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

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

The \$49.5 million request for Payments for Children with Disabilities would provide formula grants to help eligible districts meet their obligations under the Individuals with Disabilities

Education Act to provide a free appropriate public education for federally connected children with disabilities.

The Department of Education owns and maintains 33 school facilities that serve large numbers of military dependents. The \$4.6 million request for Facilities Maintenance would fund essential repair and maintenance of these facilities and allow the Department to continue to transfer schools to local school districts.

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

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

For reauthorization, Administration proposals would improve the Impact Aid funding formulas, achieving greater equity in allocations, particularly in Basic Support Payments.

PART assessments have produced mixed results for Impact Aid programs. A 2005 PART analysis of Impact Aid Basic Support Payments and Payments for Children with Disabilities resulted in a Results Not Demonstrated rating, based on the lack of data on how well program funds are targeted, while also acknowledging the Department's efficiencies in managing payments. In response, the Department has contracted for a study that will examine the effectiveness of the program formulas in delivering assistance to Federally affected school districts.

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

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

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
BA in millions .....	\$7.1	\$7.1	\$7.1

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

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

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

### **Overview**

The Administration is committed to working to ensure that all Americans have the opportunity to learn and develop skills, engage in productive work, choose where to live, and participate in community life. Funds are requested in fiscal year 2008 for programs that can improve educational, employment, and independent living outcomes for people with disabilities.

The \$11.5 billion request for Special Education programs includes support for programs to improve educational and early intervention outcomes for children with disabilities. The Administration is requesting \$10.5 billion for the Grants to States program, \$423.1 million for the Grants for Infants and Families program, and \$380.8 million for the Preschool Grants program, the same as the 2007 level for all three programs. For the Grants to States program, the request would provide an estimated average of \$1,528 per student for about 6.9 million children ages 3 through 21.

The \$189.4 million request for Special Education National Activities would support a variety of technical assistance, dissemination, training, and other activities that assist States, local educational agencies, parents, and others in improving results for children with disabilities. Technical Assistance and Dissemination, Personnel Preparation, and Parent Information Centers would be funded at their 2007 levels. No funds are requested for the State Personnel Grants program because all of the fiscal year 2007 funds will be available for making awards in fiscal year 2008. The Technology and Media Services program would be reduced from \$38.4 million to \$25.1 million, to reflect the fact that funding is not needed to support previously earmarked awards.

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

Consistent with the Administration's multi-year initiative to reform the Federal Government's overlapping training and employment programs, funds are not requested for three vocational rehabilitation programs in this account: Supported Employment State Grants, Projects with Industry, and the Migrant and Seasonal Farmworkers program. These programs provide services to individuals with disabilities that can be provided by the larger VR State Grants program. The 2008 request would also eliminate funding for Recreational programs.

The request includes \$26.1 million for the Assistive Technology (AT) State grant program and National Activities. These programs enable individuals to acquire technology they might not otherwise be able to obtain—technology that improves their quality of life, and in many cases, enables them to work or participate in other productive activities. No funds are requested for the Protection and Advocacy (P&A) for Assistive Technology program, which provides services that are authorized and can be provided by other P&A programs.

The request includes \$106.7 million for the National Institute on Disability and Rehabilitation Research, which supports research, demonstration projects, and related activities designed to improve the lives of persons of all ages with disabilities. This level would fund a comprehensive

program of research and related activities designed to generate new knowledge and promote its effective use to improve the ability of people with disabilities to perform activities of their choice in the community, and also to expand society's capacity to provide full opportunities and accommodations for its citizens with disabilities. The request also includes \$17.6 million for the American Printing House for the Blind, \$56.3 million for the National Technical Institute for the Deaf, and \$107.0 million for Gallaudet University.

### Special Education State Grants

#### Grants to States

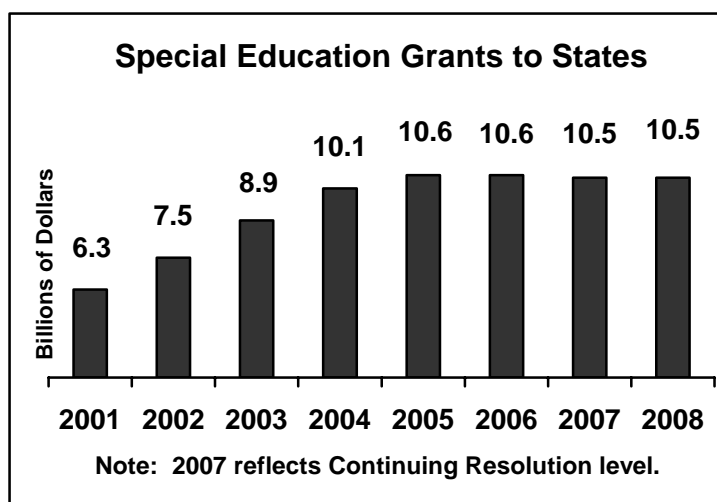
	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
BA in millions .....	\$10,583.0	\$10,491.9	\$10,491.9
Children ages 3 through 21 Number served (thousands) .....	6,814	6,834	6,855

The Grants to States program, which is authorized under the Individuals with Disabilities Education Act (IDEA), makes formula grants that help States pay the additional costs of providing special education and related services to children with disabilities aged 3 through 21 years. The request would provide an average of \$1,528 for an estimated 6,855,000 children with disabilities.

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

The request also includes \$15.0 million that would be reserved for technical assistance to improve the capacity of States to meet the data collection requirements of the IDEA. Authority for this activity was included in the Individuals with Disabilities Education Improvement Act of 2004.

PART assessments of the program were conducted in 2002



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

#### Preschool Grants

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
BA in millions .....	\$380.8	\$380.8	\$380.8

This program provides formula grants to help States make a free appropriate public education available to all children with disabilities ages 3 through 5. The Preschool Grants program supplements funds provided under the Grants to States program and helps to ensure that young children with disabilities are ready to learn when they enter school. The request would provide an estimated \$510 per child for approximately 747,000 children.

A 2002 PART analysis of this program produced a Results Not Demonstrated rating, primarily due to the absence of performance goals and data. In response, the Department has developed goals and measures and has undertaken a multifaceted approach to collecting data on child outcomes, and initial data on the status of children entering the program is expected in fiscal year 2007.

#### Grants for Infants and Families

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
BA in millions .....	\$436.4	\$423.1	\$423.1

This program makes formula grants to help States implement statewide systems of early intervention services for all eligible children with disabilities from birth through age 2 and their families. The Grants for Infants and Families program helps State and local agencies identify and serve children with disabilities early in life when interventions can be most effective in improving educational outcomes. The budget request will provide support to 57 State agencies serving approximately 328,700 infants and toddlers with disabilities and their families.

A PART analysis of this program in 2002 produced a Results Not Demonstrated rating. In response, the Department implemented a multifaceted approach to promote the development of State data systems and collect child outcome data. Initial data on the status of children entering the program is expected in fiscal year 2007.

### **Special Education National Activities**

Special Education National Activities programs support State efforts to improve early intervention and educational results for children with disabilities. The total request for National Activities is \$189.4 million.

State Personnel Development

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
BA in millions .....	\$50.1	\$50.7	—

This program provides competitive grants to help States reform and improve their systems for personnel preparation and professional development in the areas of early intervention, educational, and transition services to improve results for children with disabilities. At least 90 percent of the funds must be spent on professional development activities and no more than 10 percent on State activities, such as reforming special education and regular education teacher certification (including recertification) or licensing requirements and carrying out programs that establish, expand, or improve alternative routes for State certification of special education teachers. No funds are requested for this program in fiscal year 2008 because the 2007 funds available under the continuing resolution remain available for obligation through September 30, 2008, and will be used to support 45 continuation awards and 6 new awards in fiscal year 2008.

Technical Assistance and Dissemination

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
BA in millions .....	\$48.9	\$48.9	\$48.9

This program funds competitive grants for technical assistance and dissemination of materials based on knowledge gained through research and practice. This request is in addition to the separate \$15.0 million to be set-aside under the Grants to States program to help States meet data collection requirements.

A PART review of this program in 2004 produced a Results Not Demonstrated rating primarily because of the lack of meaningful performance measures. In response, the Department has (1) developed and implemented three annual measures as part of an agency-wide effort on common measures for technical assistance programs, (2) developed and begun implementation of two long-term measures and one efficiency measure, and (3) begun planning for an evaluation of the program.

Personnel Preparation

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
BA in millions .....	\$89.7	\$89.7	\$89.7

This program helps ensure that there are adequate numbers of personnel with the skills and knowledge necessary to help children with disabilities succeed educationally. Program activities focus on both meeting the demand for personnel to serve children with disabilities and improving the qualifications of these personnel, with particular emphasis on incorporating knowledge gained from research and practice into training programs. The Department is required to support training for leadership personnel and personnel who work with children with low incidence disabilities. Funds must also be used to support at least one activity in the

broadly defined area of personnel development, along with providing enhanced support for beginning special educators. The request would provide \$18.1 million for new competitive grants and \$71.6 million for continuation awards.

A PART analysis completed in 2003 produced a Results Not Demonstrated rating for this program, leading the Department to develop new program measures that focus on outcomes and to undertake a new data collection. In addition, the Department is planning a 4-year independent evaluation of the program, which is scheduled to begin in fiscal year 2007.

#### Parent Information Centers

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
BA in millions .....	\$25.7	\$25.7	\$25.7

Parent Information Centers provide parents with the training and information they need to work with professionals in meeting the early intervention and special education needs of their children with disabilities. The request would support new competitive grants and continuation awards for about 102 centers as well as awards to provide technical assistance to the centers.

A PART review of this program in 2004 produced a Results Not Demonstrated rating, primarily due to the lack of meaningful performance measures. In response, the Department has developed and implemented three annual measures as part of an agency-wide effort on common measures for technical assistance programs. The Department also has developed and begun implementation of two long-term measures and one efficiency measure for the program.

#### Technology and Media Services

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
BA in millions .....	\$38.4	\$38.4	\$25.1

This program supports competitive awards for research, development, and other activities that promote the use of technologies in providing special education and early intervention services. Funds are also used for media-related activities, such as providing video description and captioning of films and television appropriate for use in classrooms for individuals with visual and hearing impairments and improving accessibility to textbooks for individuals with visual impairments. The proposed reduction reflects the fact that funding is not needed to support previously earmarked awards.

A PART review of this program in 2006 produced a Results Not Demonstrated rating due to a lack of performance measures or data to evaluate program outcomes. In response, the Department has established several measures and is collecting performance data that will be available in 2007 and 2008. The Department also is planning an evaluation of the program.



## Rehabilitation Services and Disability Research

### Vocational Rehabilitation (VR) State Grants

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
BA in millions .....	\$2,720.2	\$2,837.2	\$2,837.2

This program provides formula grants to State vocational rehabilitation agencies to help individuals with disabilities become gainfully employed. A wide range of services are provided each year to over 1 million individuals with disabilities, including vocational evaluation, counseling and guidance, work adjustment, diagnosis and treatment of physical and mental impairments, education and vocational training, job placement, and post-employment services. States that are unable to serve all eligible individuals with disabilities who apply must give priority to individuals with the most significant disabilities. Services are provided according to an individualized plan for employment. In 2006, the VR program helped over 200,000 individuals with disabilities—92 percent of whom have significant disabilities—achieve employment outcomes.

The \$2.8 billion request, the same as the 2007 level, would help State VR agencies increase the participation of individuals with disabilities in the labor force. The request also includes \$34.4 million for grants to Indian tribes. The request does not include the inflation adjustment specified in the authorizing statute, which would increase the total by \$36.9 million over the 2007 level. In the past 2 years, funding for this program increased by \$201.3 million, or 7.6 percent, while funding for other major formula grant programs, such as Title I Grants to Local Educational Agencies and Special Education Grants to States, saw declines in funding.

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

### Client Assistance State Grants

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
BA in millions .....	\$11.8	\$11.8	\$11.8

This program makes formula grants to States for activities to inform and advise clients of benefits available to them under the Rehabilitation Act, to assist them in their relationships with service providers, and to ensure the protection of their rights under the Act. The request would provide advocacy services to approximately 65,490 individuals with disabilities.

### Training

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
BA in millions .....	\$38.4	\$38.4	\$38.4

This program makes competitive grants to State and other public or nonprofit agencies and organizations, including institutions of higher education, to help ensure that personnel with adequate skills are available to provide rehabilitation services to persons with disabilities. A 2006 PART assessment, which produced a rating of Adequate, found that most of the scholarship recipients fulfilled the “payback” requirement to work in the public sector, but looming retirements, escalating tuition, and problems with grantee data present challenges to program effectiveness. The 2008 request will support \$29 million for 204 ongoing awards that began in previous fiscal years and \$8.8 million for 57 new awards.

#### Demonstration and Training Programs

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
BA in millions .....	\$6.5	\$6.5	\$6.8

Demonstration and Training Programs support competitive grants for projects that expand and improve the provision of rehabilitation and other services authorized under the Rehabilitation Act, including related research and evaluation activities. The \$6.8 million request, an increase of \$329,000 over the 2007 level, would cover continuation costs of grants awarded in previous fiscal years. The request also includes \$1.4 million to continue four State grants expected to be funded in fiscal year 2007 that will help States use promising practices in collaborative transition planning and service delivery to improve the postsecondary education and employment outcomes of students with disabilities. A 2005 PART assessment of this program produced a rating of Results Not Demonstrated and found that program management could be improved by long-range planning designed to direct resources to identified needs.

#### Protection and Advocacy of Individual Rights

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
BA in millions .....	\$16.5	\$16.5	\$16.5

This formula grant program supports systems in each State to protect and advocate for the legal and human rights of individuals with disabilities. These systems pursue legal and administrative remedies to ensure the protection of the rights of individuals with disabilities under Federal law and provide information on, and referrals to, programs and services for individuals with disabilities. The request will provide protection and advocacy services to approximately 76,560 individuals with disabilities.

Independent Living  
(BA in millions)

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
Independent Living State Grants .....	\$22.6	\$22.6	\$22.6
Centers for Independent Living .....	74.6	74.6	74.6
Services for Older Blind Individuals .....	<u>32.9</u>	<u>32.9</u>	<u>32.9</u>
Total .....	130.1	130.1	130.1

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

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

Program Improvement

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
BA in millions .....	\$0.8	\$0.8	\$0.6

These funds, awarded through competitive grants and contracts, support activities that increase program effectiveness, improve accountability, and enhance the Department's ability to address critical areas of national significance in achieving the purposes of the Rehabilitation Act. The request would continue support for technical assistance activities and other activities focused on improving program performance.

Evaluation

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
BA in millions .....	\$1.5	\$1.5	\$2.0

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

to initiate an independent, comprehensive evaluation of the Helen Keller National Center for Deaf-Blind Youths and Adults.

Helen Keller National Center for Deaf-Blind Youths and Adults

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
BA in millions .....	\$ 8.5	\$8.5	\$8.0

This program serves individuals who are deaf-blind, their families, and service providers through a national headquarters center with a residential training and rehabilitation facility and a network of 10 regional offices that provide referral, counseling, training, and technical assistance. At the request level, the Center would provide direct services for approximately 122 clients at its residential training and rehabilitation program, and serve an estimated 1,600 individuals, 450 families, and 1,050 agencies through its regional offices. In addition to the \$8 million for operations, the Administration is seeking \$500,000 under the Rehabilitation Evaluation program for a comprehensive evaluation of HKNC.

National Institute on Disability and Rehabilitation Research

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
BA in millions .....	\$106.7	\$106.7	\$106.7

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

The request would allow NIDRR to continue to support programs integral to the President's *New Freedom Initiative*, including the Rehabilitation Engineering Research Centers (RERC) program, the Rehabilitation Research Training Centers (RRTC) program, and the Model Systems projects for Spinal Cord Injury (SCI), Traumatic Brain Injury (TBI), and Burn Injury. In recent years, the RERCs have sponsored innovative assistive technology research that has helped individuals with disabilities to achieve greater independence. The RRTCs conduct research, training, and information dissemination in identified problem areas. SCI awards support innovative projects for the delivery, demonstration, and evaluation of comprehensive medical, vocational, and other rehabilitation services for individuals with spinal cord injury, including multi-center research on therapies and interventions.

NIDRR, which initially received a Results Not Demonstrated rating following a 2003 PART analysis, was re-assessed in 2005 and earned an Adequate rating. Recommended follow-up actions include collecting baseline performance data for long-term performance goals; taking steps to ensure that complete, timely, and accurate performance information is available for

funded activities; and establishing a regular schedule for announcing grant competitions and competition results to allow applicants to better schedule their workload.

#### Assistive Technology

(BA in millions)

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
Assistive Technology programs .....	\$26.7	\$30.5	\$26.1
Alternative Financing .....	<u>3.7</u>	—	—
Total .....	30.5	30.5	26.1

The Assistive Technology Act (AT Act) supports grants to States to increase access to and funding for assistive technology devices and services for individuals with disabilities of all ages. The request includes \$26.1 million for Assistive Technology programs, of which \$25.1 million would support the AT State grant program and \$1.0 million would support technical assistance required under the AT Act's National Activities authority. No funds are requested for the Protection and Advocacy (P&A) for Assistive Technology program, which provides services that are authorized and can be provided by other P&A programs. In addition, no funds are requested for the separate Alternative Financing program (AFP), which is no longer authorized. State plans submitted to RSA during 2006 for the AT State grant program indicate that the vast majority of States have an AFP in place and the majority of those AFPs are being supported with funds from the AT State grant program.

#### Special Institutions for Persons with Disabilities

(BA in millions)

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
American Printing House for the Blind (APH) .....	\$17.6	\$17.6	\$17.6
National Technical Institute for the Deaf (NTID).....	56.1	56.1	56.3
Gallaudet University .....	<u>107.0</u>	<u>107.0</u>	<u>107.0</u>
Total .....	180.7	180.7	180.8

The American Printing House for the Blind provides special education materials for students who are visually impaired, offers advisory services for consumers, and conducts applied research. At the request level, APH would provide free educational materials to approximately 58,500 persons with visual impairments at an average per student allotment of \$237.06, continue funding for a number of initiatives to improve its technical assistance and outreach services, and support a wide variety of continuing and new research projects.

The Printing House received a PART rating of Results Not Demonstrated in 2005, primarily due to inadequate performance measures. In response, APH is implementing five new performance measures in fiscal year 2007.

The National Technical Institute for the Deaf provides postsecondary technical education and training for students who are deaf, and graduate education and interpreter training for persons

who are deaf or hearing. NTID also conducts research and provides training related to the education and employment of individuals who are deaf. The request would support education and training for approximately 1,052 undergraduate and technical students, 122 graduate students, and 120 interpreters for persons who are deaf, and includes \$913,000 for the second installment of a \$1.7 million construction project to replace and update major equipment necessary to maintain the infrastructure of campus buildings. NTID will receive the first installment of \$792,000 for this project in fiscal year 2007.

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

Gallaudet University offers undergraduate and continuing education programs for persons who are deaf, and graduate programs for persons who are deaf or hearing. Gallaudet also maintains and operates the Kendall Demonstration Elementary School and Model Secondary School for the Deaf. The request provides \$106.4 million for operations, including funds for the Endowment Grant program, and \$600,000 for the Department to conduct a study to identify barriers to and strategies for improving Gallaudet's performance. The University would serve approximately 1,900 undergraduate and graduate students and 365 elementary and secondary education students with these funds in 2008.

A 2005 PART analysis rated Gallaudet as Ineffective, primarily due to inadequate progress in achieving its annual and long-term performance goals in the key areas of persistence, graduation, and post-school outcomes. The University was reassessed in 2006 and received a rating of Adequate based on information provided by the University and actions taken by the Department to improve its oversight of Gallaudet. The Department plans to continue to work with Gallaudet on ways to improve program outcomes.

## C. CAREER, TECHNICAL, AND ADULT EDUCATION

### Overview

Programs in the Career, Technical, and Adult Education account, as they are currently configured, provide formula grants to States to further State and community efforts to improve career and technical education programs, adult education and literacy systems, and programs for incarcerated youth, and to establish smaller learning communities in high schools. The Adult Education programs, the Smaller Learning Communities program, and the State Grants for Incarcerated Youth Offenders program (authorized under the Workforce Investment Act, the Elementary and Secondary Education Act of 1965, and the Higher Education Act, respectively), are subject to reauthorization this year.

#### Career and Technical Education

(BA in millions)

	<u>2006</u>	<u>2007</u>	<u>2008</u> <u>Request</u>
Career and Technical Education			
State Grants .....	\$1,182.4	\$1,182.4	\$600.0
Tech-Prep Education State Grants .....	104.8	104.8	—
National Programs .....	9.2	17.4	10.0
Tribally Controlled Postsecondary Career and Technical Institutions.....	<u>7.4</u>	<u>7.4</u>	<u>7.4</u>
Total .....	1,303.7	1,311.9	617.4

The Administration requests \$617.4 million for activities under the newly reauthorized Carl D. Perkins Career and Technical Education Act of 2006 to improve the quality of career and technical education (CTE) programs so that CTE students can acquire the rigorous academic and technical skills they need to succeed. State grants under the new Perkins Act, which strengthened the program's accountability provisions, will support local programs that focus on improving the academic achievement of career and technical education students. The \$10 million request for National Programs will support a new national research center on career and technical education, assist States in improving their data collection practices, and fund activities geared to improving career and technical education programs in high schools and community colleges. The request also includes \$7.4 million for Tribally Controlled Postsecondary Career and Technical Institutions. No funds are requested for Tech Prep Education State Grants because the program duplicates activities allowed under the Career and Technical Education State Grants program.

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

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
Adult Basic and Literacy Education			
State Grants .....	\$564.0	\$564.1	\$564.1
National Institute for Literacy .....	6.6	6.6	6.6
National Leadership Activities .....	9.0	9.1	9.1
Smaller Learning Communities .....	93.5	90.4	—
State Grants for Incarcerated Youth Offenders	<u>22.8</u>	<u>22.8</u>	<u>—</u>
Total .....	695.9	693.0	579.8

The Administration requests \$564.1 million for Adult Education formula grants to States, \$9.1 million for National Leadership Activities, and \$6.6 million for the National Institute for Literacy. The request for Adult Basic and Literacy Education State grants will assist States in meeting a significant and ongoing need for adult education services. The request includes continuation of a \$68 million set-aside for English Literacy/Civics Education State Grants to help States and communities provide limited English proficient adults with expanded access to high-quality English literacy programs linked to civics education.

The Adult Basic and Literacy Education State Grants program received an Effective rating in 2006 on the Program Assessment Rating Tool (PART), reflecting achievements in the areas of data quality, student outcomes, and program evaluation.



## D. STUDENT FINANCIAL ASSISTANCE

### Overview

In 2008 the Department of Education will administer over \$90 billion in new grants, loans, and work-study assistance to help over 11 million students and their families pay for college. The request includes more than \$15 billion in Pell Grants to nearly 5.5 million students, or 200,000 more than the 2007 level, and increases the maximum award by a record \$550, to \$4,600. The budget also includes \$73 billion in guaranteed and direct student loans. Federal student aid funds will help millions of Americans obtain the benefits of postsecondary education and play a vital role in strengthening our Nation by providing advanced training for today's global economy.

The September 2006 report of the Secretary's bipartisan Commission on the Future of Higher Education emphasized the need for improved access, affordability, and accountability in American higher education. In particular, the Commission's report highlighted the impact of rising college costs on the ability of low-income families to pay for postsecondary education. For the poorest quarter of the population—those families earning \$19,000 annually—the percent of a family's income needed to attend a public 4-year college increased to 47 percent in 2004 from 41 percent in 1992. By contrast, families earning \$75,000 a year in 2004 would have needed to spend 18 percent of their annual income to send a child to college.

The 2008 President's Budget addresses these concerns by proposing substantial new investments in need-based grants that would target limited Federal resources to students most affected by the tuition increases of the last 15 years. The request is based on a three-pronged strategy:

- Increased Federal investment in the Pell Grant program. The President proposes the largest funding increase ever in the Pell Grant program, raising the maximum grant by \$550 to \$4,600 in 2008. The maximum Pell Grant would increase by \$200 annually from 2009 through 2012, to \$5,400. The 2008 maximum would allow needy students—including part-time and older students—to pay all tuition and fees at an average public community or technical college, and 75 percent of the tuition at an average public 4-year institution.
- More valuable Academic Competitiveness Grants (ACG). To complement the Administration's No Child Left Behind reauthorization package, which includes proposals to increase the rigor of high schools, the President proposes to increase grant levels by 50 percent for students completing a challenging course of study in high school. These substantially higher awards will encourage States and local school districts to raise their standards and improve the quality of their course offerings. They will also encourage students to graduate on time and complete the challenging classes necessary to ensure success in postsecondary education.

*In 2008, a combination of increased ACG awards and the higher maximum Pell Grant would cover all tuition and fees and provide up to \$4,000 in living expenses for community college students, while sophomores at an average 4-year public institution would receive enough grant assistance to pay all tuition and fees.*

- Early notification efforts. More valuable Pell Grant and ACG awards give all States and institutions the opportunity to inform low- and moderate-income students that if they complete high school and work hard, they will have access to substantial resources to pay for college. The Administration is developing administrative and other proposals to make students and their families more aware of their eligibility for financial aid and how best to prepare academically and financially for college.

These three prongs complement one another: students and families who are convinced that college is within reach financially will work hard to prepare academically, and will demand more rigorous instruction from their secondary schools; such students will then have the skills to take full advantage of higher grant assistance to succeed in postsecondary education without incurring excessive debt. In addition, for these proposals to be effective, institutions must do their part to keep tuition increases moderate.

The request would help pay for these new investments by reducing subsidies to lenders and eliminating duplicative programs, consistent with the Commission's call for greater simplicity and efficiency in the student aid programs.

### Student Aid Summary Tables

<u>Budget Authority (\$ in millions)</u>	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
<b>Pell Grants</b>			
Discretionary funding .....	\$13,045.2	\$12,606.7 <sup>1</sup>	\$13,223.0 <sup>1</sup>
Mandatory funding .....	<u>4,300.0</u>	<u>—</u>	<u>2,216.0</u>
Subtotal, Pell Grants .....	17,345.2	12,606.7	15,439.0
Supplemental Educational Opportunity Grants...	770.9	770.6	—
Work-Study .....	980.4	980.5	980.5
Leveraging Educational Assistance			
Partnerships .....	65.0 <sup>2</sup>	64.5 <sup>2</sup>	—
Academic Competitiveness Grants/SMART Grants	790.0	850.0	1,180.0
Federal Family Education Loans .....	28,067.7 <sup>3</sup>	2,700.7 <sup>3</sup>	1,057.0 <sup>3</sup>
Federal Direct Loans.....	6,191.3 <sup>4</sup>	4,191.8 <sup>4</sup>	509.2 <sup>4</sup>
Perkins Loans Cancellations.....	<u>65.5</u>	<u>65.5</u>	<u>—</u>
Total .....	54,276.0	22,230.2	19,165.7

<sup>1</sup> Discretionary amount for 2007 assumes use of \$138.6 million in surplus funds originally appropriated in 2006 to support grants in award year 2007-2008 under the scoring rule included in the 2006 Congressional Budget Resolution. Discretionary amount for 2008 assumes use of \$235.4 million to fund shortfall from previous year.

<sup>2</sup> Includes \$35.0 million in 2006 and \$34.5 million in 2007 for Special LEAP.

<sup>3</sup> Budget authority requested for FFEL does not include the Liquidating account. The 2006 amount includes a net upward re-estimate of \$9.1 billion primarily related to revised interest rates. The 2006 amount also includes a \$1.7 billion upward modification to reflect the effect of the Higher Education Reconciliation Act on existing loans. The 2007 amount includes a net downward re-estimate of \$3.2 billion primarily related to revised assumptions for interest rates, loan volume, and default collection costs. The 2008 amount includes a net downward modification of \$2.8 billion related to proposed policies.

<sup>4</sup> For 2006, the amount includes a net upward re-estimate of \$4.4 billion primarily related to interest rates and increased use of loan deferments, as well as a \$7 million upward modification to reflect the effect of the Higher Education Reconciliation Act on existing loans. The 2007 amount includes a net upward re-estimate of \$3.7 billion primarily related to revised assumptions related to interest rates and collections on defaulted loans.

Aid Available to Students (\$ in millions)

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
Pell Grants .....	\$12,881	\$12,954	\$15,176
Supplemental Educational Opportunity Grants...	976	975	—
Work-Study .....	1,175	1,175	1,175
Leveraging Educational Assistance			
Partnerships .....	165 <sup>1</sup>	165 <sup>1</sup>	—
Academic Competitiveness Grants ... ..	340	420	830
SMART Grants.....	310	310	350
New Student Loans:			
Federal Family Education Loans.....	47,307	52,402	57,845
Federal Direct Loans.....	12,677	13,596	15,050
Perkins Loans .....	<u>1,135</u>	<u>1,105</u>	<u>—</u>
Subtotal, New Student Loans .....	<u>61,118</u> <sup>2</sup>	<u>67,103</u> <sup>2</sup>	<u>72,895</u> <sup>2</sup>
Total .....	76,965 <sup>3</sup>	83,103 <sup>3</sup>	90,426 <sup>3</sup>

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

<sup>2</sup> In addition, consolidation loans for existing borrowers will total \$91 billion in 2006, \$31 billion in 2007, and \$37 billion in 2008.

<sup>3</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.

Number of Student Aid Awards  
(in thousands)

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
Pell Grants .....	5,165	5,274	5,478
Supplemental Educational Opportunity Grants...	1,291	1,290	—
Work-Study .....	880	880	880
Leveraging Educational Assistance			
Partnerships .....	165 <sup>1</sup>	165 <sup>1</sup>	—
Academic Competitiveness Grants ... ..	400	497	662
SMART Grants.....	80	82	93
New Student Loans: <sup>2</sup>			
Federal Family Education Loans.....	10,982	11,496	11,906
Federal Direct Loans.....	2,841	2,839	2,935
Perkins Loans .....	<u>514</u>	<u>501</u>	<u>—</u>
Total awards.....	22,318	23,024	21,954

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

<sup>2</sup> In addition, consolidation loans for existing borrowers will total 3,377 in 2006, 1,192 in 2007, and 1,337 in 2008.

Number of Postsecondary Students Aided by Department Programs

Unduplicated Count (in thousands) .....	10,409	10,766	11,076
---	--------	--------	--------

### Tax Benefits for Postsecondary Students and Their Families

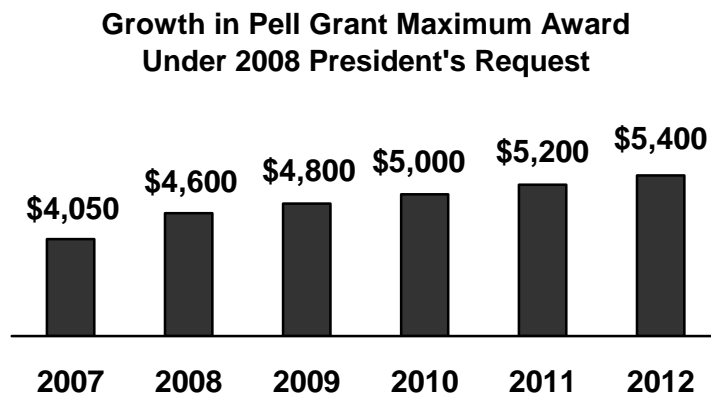
In addition to the Department of Education's grant, loan, and work-study programs, significant support for postsecondary students and their families is available through tax credits and deductions for higher education expenses, including tuition and fees. For example, in 2008, students and families will save an estimated \$3.4 billion under the HOPE tax credit, which allows a credit of up to \$1,500 for tuition and fees during the first 2 years of postsecondary education; \$2.2 billion under the Lifetime Learning tax credit, which allows a credit of up to \$2,000 for undergraduate and graduate tuition and fees; and \$820 million in above-the-line deductions for interest paid on postsecondary student loans.

#### Pell Grants

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
BA in millions			
Discretionary .....	\$13,045	\$12,607	\$13,223
Mandatory (proposed policy).....	—	—	2,216
Mandatory (retirement of prior-year shortfall) .....	<u>4,300</u>	<u>—</u>	<u>—</u>
Total .....	17,345	12,607	15,439
Program costs (\$ in millions).....	12,907	12,981	15,203
Aid available (\$ in millions) .....	12,881	12,954	15,176
Recipients (in thousands) .....	5,165	5,274	5,478
Maximum grant .....	\$4,050	\$4,050	\$4,600
Average grant .....	\$2,494	\$2,456	\$2,770

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

The President proposes to increase the maximum Federal Pell Grant to \$4,600 in 2008 and to \$5,400 by 2012, dedicating \$19.8 billion over 5 years to increase the maximum Pell Grant by \$550 in 2008 and \$200 annually through 2012. Under the request, the \$4,600 maximum grant awarded to the poorest students would cover nearly 75 percent of tuition and fees at a typical public 4-year college, while the average award of \$2,770 would pay for 42 percent of tuition and fees.



To emphasize the Federal commitment to ensuring that funds will be available to pay for higher Pell Grant awards—a key to promoting awareness of Federal student financial assistance to low-income families, the Administration is proposing to fund the grant increase with savings from the mandatory student loan programs. The 2008 request would provide \$13.2 billion in discretionary “foundation” funding for the current \$4,050 maximum grant and \$2.2 billion in mandatory funds for the \$550 grant increase.

While Pell Grants have been very successful in expanding access to postsecondary education for low-income students, the Administration plans to work with Congress to increase the program’s effectiveness and improve its overall operation. Accordingly, the 2008 Budget includes the following proposals:

- Pell Grants would be made available year-round at eligible 2- and 4-year degree granting institutions, giving students a more convenient option for accelerating their studies and promptly completing their education.
- As a further incentive for timely completion, and to eliminate an area of potential abuse, Pell Grant eligibility would be limited to the equivalent of 16 semesters.
- The Administration proposes to eliminate the Pell Grant award rule related to tuition sensitivity. This rule limits the amount of support that students with greatest need receive while attending low-cost institutions.
- To encourage families to save for college, the Administration proposes to exclude amounts held by students and parents in Section 529 savings and investment accounts from the statutory need analysis methodology used to determine financial need.
- To ensure Federal Pell Grant funds are properly used, the Department and the Internal Revenue Service intend to implement a consent-based approach to matching applicant data reported on the Free Application for Federal Student Aid with Federal tax data.

#### Work-Study

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
BA in millions .....	\$980	\$980	\$980
Aid available (\$ in millions) .....	1,175	1,175	1,175
Recipients (in thousands) .....	880	880	880
Average award.....	\$1,335	\$1,335	\$1,335

The Work-Study program provides grants to participating institutions to pay up to 75 percent of the wages of needy undergraduate and graduate students working part-time to help pay their college costs. The school or other eligible employer provides the balance of the student’s wages. At the request level, over 880,000 students would receive more than \$1 billion in award year 2008-09. Funds are allocated to institutions according to a statutory formula, and individual award amounts to students are determined at the discretion of institutional financial aid administrators.

Academic Competitiveness Grants/SMART Grants

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
BA in millions .....	\$790.0	\$850.0	\$1,180.0
<b>Academic Competitiveness Grants</b>			
Recipients .....	400,000	497,000	662,000
Aid available to students (in 000s) .....	\$340,000	\$420,000	\$830,000
Maximum grant (in whole \$)			
First-year student .....	\$750	\$750	\$1,125
Second-year student .....	\$1,300	\$1,300	\$1,950
Average grant (in whole \$) .....	\$850	\$845	\$1,254
<b>SMART Grants</b>			
Recipients .....	80,000	82,000	93,000
Aid available to students (in 000s) .....	\$310,000	\$310,000	\$350,000
Maximum grant (in whole \$) .....	\$4,000	\$4,000	\$4,000
Average grant (in whole \$) .....	\$3,875	\$3,780	\$3,763

These programs started in 2006 and award need-based Academic Competitiveness Grants (ACG) to first- and second-year undergraduates who complete a rigorous high school curriculum, and National Science and Mathematics Access to Retain Talent (SMART) Grants to third- and fourth-year undergraduates majoring in physical, life, or computer sciences, mathematics, technology, engineering, or a critical foreign language. All funding is mandatory so annual discretionary appropriations are not required.

In order to be eligible for either grant, a student must be a United States citizen and eligible for a Federal Pell Grant. A first-year recipient is also required to be a first-time undergraduate, enrolled or accepted for enrollment in a 2- or 4-year degree granting institution, and have completed a rigorous secondary school program. Second-year undergraduates are required to have completed such a rigorous program and to maintain a cumulative grade point average of at least 3.0 during their first year as an undergraduate. The Secretary of Education recognizes at least one rigorous program of study in each State.

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

Grants of \$750 are awarded to first-year undergraduate students, \$1,300 for a second-year undergraduate, and \$4,000 for third- and fourth-year undergraduates, except that these grants, in combination with the Federal Pell Grant and other student financial assistance, cannot exceed the student's cost of attendance.

The 2008 request would invest an additional \$1.0 billion over 5 years to increase first- and second-year ACG awards by 50 percent, to \$1,125 and \$1,950, respectively, to provide a more significant incentive to needy students to take a rigorous high school curriculum and work hard in college. Combined with the maximum Pell Grant, the higher ACG awards would cover 86 percent of tuition and fees for freshmen and all tuition and fees for sophomores at the average public 4-year college. At a public 2-year institution, the combination would cover tuition and fees and provide living expenses of \$3,000 for freshmen and nearly \$4,000 for sophomores.

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

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
Federal Family Education Loans			
New Loan Subsidies (BA) .....	\$17,273.8 <sup>1</sup>	\$5,860.3 <sup>1</sup>	\$3,861.4 <sup>1</sup>
Modification of Existing Loans .....	1,709.5 <sup>2</sup>	—	-2,804.4 <sup>2</sup>
Net Re-estimate of Prior Loans .....	<u>9,084.3<sup>3</sup></u>	<u>-3,159.6<sup>3</sup></u>	<u>—</u>
Total, FFEL Program BA .....	28,067.7	2,700.7	1,057.0
Direct Loans			
New Loan Subsidy (BA) .....	1,806.6 <sup>4</sup>	474.2 <sup>4</sup>	509.2 <sup>4</sup>
Modification of Existing Loans .....	7.3 <sup>2</sup>	—	—
Net Re-estimate of Prior Loans .....	<u>4,377.5<sup>3</sup></u>	<u>3,717.6<sup>3</sup></u>	<u>—</u>
Total, New Budget Authority .....	6,191.3	4,191.8	509.2
Total, Student Loans (BA) .....	34,259.0	6,892.4	1,566.2

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

<sup>2</sup> Under Credit Reform, costs or savings related to the impact of policy changes on existing loans are reflected in the current year. Amounts for 2006 reflect the impact of the Higher Education Reconciliation Act on existing loans. The amount for 2008 reflects proposed policies.

<sup>3</sup> Under Credit Reform, the subsidy amounts needed for active loan cohorts are re-estimated annually in both Direct Loans and FFEL to account for changes in long-term projections. In 2006 and 2007, the Direct Loans re-estimates primarily reflect revised interest rate assumptions, and in 2007, revised default collection estimates. The FFEL re-estimates are driven primarily by updated interest rate, loan volume, and default collection cost assumptions.

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

#### New loan volume (in millions)

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
Federal Family Education Loans .....	\$47,307	\$52,402	\$57,845
Direct Loans .....	<u>12,677</u>	<u>13,596</u>	<u>15,050</u>
Total .....	59,984 <sup>1</sup>	65,998 <sup>1</sup>	72,895 <sup>1</sup>

#### Number of new loans (in thousands)

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
Federal Family Education Loans .....	10,982	11,496	11,906
Direct Loans .....	<u>2,841</u>	<u>2,839</u>	<u>2,935</u>
Total .....	13,823 <sup>1</sup>	14,335 <sup>1</sup>	14,841 <sup>1</sup>

<sup>1</sup> In addition, Consolidation Loans for existing borrowers will total \$91 billion and 3.4 million loans in 2006, \$31 billion and 1.2 million loans in 2007, and \$37 billion and 1.4 million loans in 2008.

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

The FFEL program makes loan capital available to students and their families through some 3,200 private lenders. There are 35 active State and private nonprofit guaranty agencies which administer the Federal guarantee protecting FFEL lenders against losses related to borrower default. These agencies also collect on defaulted loans and provide other services to lenders. The FFEL program accounts for about 79 percent of new student loan volume.

Under the Direct Loan program, the Federal Government uses Treasury funds to provide loan capital directly to schools, which then disburse loan funds to students. The Direct Loan program began operation in academic year 1994-95 and now accounts for about 21 percent of new student loan volume.

### Basic Loan Program Components

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

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

The 2008 Budget proposes a range of policies to increase aid to students, increase program efficiency, and reduce unnecessary or excessive subsidies in order to focus limited Federal resources on aid to needy students. These proposals would:



- Increase the annual amount of student loans juniors and seniors can borrow by \$2,000, to \$7,500. This proposal will help students fund the increasing cost of higher education, which over the past decade has grown at more than twice the general national inflation rate. The HERA increased the maximum loan amounts for freshmen, sophomores, and graduate students but did not make similar changes for juniors and seniors, limits for whom have not increased since 1992. The proposal also increases aggregate loan limits for all students. The 5-year cost of this investment is \$1.1 billion.
- Reduce interest subsidies to lenders by ½ percent. FFEL private lenders are guaranteed a specified interest rate by law, regardless of what the student borrower pays. Currently, private lenders are guaranteed an interest rate equal to the commercial paper rate plus 2.34 percent on student and parent loans (the current rate on most student loans is 7.72 percent). Reducing this subsidy above the commercial paper rate from 2.34 percent to 1.84 percent would save an estimated \$12.4 billion over 5 years that would be redirected to the Pell Grant program, thus targeting public investments more effectively.
- Reduce default insurance from 97 percent to 95 percent. FFEL lenders currently receive 97 percent of students' loan balances when filing for Federal insurance. Given that the Government compensates private lenders for interest unpaid by students—accruing 6.8 percent a year on new loans—the current 3 percent “risk-sharing” is illusory. Reducing the default guarantee (including a 2 percentage point reduction for lenders deemed “exceptional performers”) would reduce this disincentive and save \$1.6 billion in Federal funds over the next 5 years that would be redirected to need-based grant assistance.
- Reduce guaranty agency default collection payments. The Department of Education pays its collection contractors roughly 16 cents on each defaulted dollar collected. For similar collections—those not made through consolidation or rehabilitation—FFEL guaranty agencies retain 23 cents from each defaulted dollar they collect. The Administration proposes to reduce the amount guaranty agencies may retain from collections on defaulted loans beginning in 2008 to the average paid to the Department's private collection agents, releasing \$2.3 billion over 5 years for reinvestment in aid to needy students.
- Move guaranty agency account maintenance fees to a unit cost basis. Agencies currently are paid an administrative fee based on the original principal amount of active loans they have guaranteed. To encourage agencies to operate more efficiently, the Administration proposes to shift the basis for this fee to a unit cost payment tied to the number of accounts each agency manages, thus reducing program costs by \$1.6 billion over 5 years.
- Increase consolidation lender fee to 1 percent. Lenders making Consolidation Loans currently pay the Department a one-time fee of 0.5 percent of the loan balance. Because consolidations tend to be high-dollar, low-risk loans, they have the potential to be significantly more profitable for private lenders than other student loans. Increasing this fee to 1 percent would reduce Federal costs by \$850 million over 5 years.

In addition to these proposals affecting the FFEL and Direct Loan programs, the Administration is proposing to recall the Federal portion of the Perkins Loans revolving fund currently held by participating institutions. The Administration believes these balances, which will total \$3.2 billion over fiscal years 2008-2012, would be better used to support increases in need-based grants.

## **E. HIGHER EDUCATION PROGRAMS**

### **Overview**

The Administration's request for fiscal year 2008 includes \$1.8 billion for Higher Education Programs. This request complements the Administration's proposals for elementary and secondary education by helping to ensure the availability of quality postsecondary educational opportunities.

The request includes \$402.8 million for the Aid for Institutional Development programs, which strengthen institutions of higher education that serve high proportions of minority and disadvantaged students, including Historically Black Colleges and Universities (HBCUs) and Historically Black Graduate Institutions (HBGIs). The budget also provides \$94.9 million for the Developing Hispanic-serving Institutions program.

In his 2007 budget request, President Bush proposed a National Security Language Initiative (NSLI) to address the need for skilled professionals with competency in languages critical to U.S. national security. Under the NSLI, the Departments of Education, Defense, and State and the Office of the Director of National Intelligence have proposed to implement a comprehensive national plan to expand foreign language education beginning in early childhood and continuing throughout formal schooling and into the workforce. The 2008 request provided renewed support for this initiative, including \$24 million for a new Advancing America Through Foreign Language Partnerships program to establish fully articulated language programs of study in languages critical to U.S. national security. The new program would make grants to institutions of higher education for partnerships with school districts for language learning from kindergarten through high school and into advanced language learning at the postsecondary level.

The budget also provides \$105.8 million for the International Education and Foreign Language Studies (IEFLS) programs to help meet the Nation's security and economic needs through the development of expertise in foreign languages and area and international studies. This request includes \$1 million to establish a nationwide e-Learning Clearinghouse to deliver foreign language education resources to teachers and students across the country. The increased complexity of the post-Cold War world, the events surrounding the September 11 terrorist attacks on the United States, and the war on terrorism underscore the importance of maintaining and expanding American understanding of other peoples and their languages.

In addition, the request for Higher Education Programs would provide \$828.2 million for the Federal TRIO Programs and \$303.4 million for the Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP), the same as the 2007 level for these programs. The request for the TRIO programs includes funding for Student Support Services, Upward Bound, Upward Bound Math and Science, Talent Search, Educational Opportunity Centers, and McNair Postbaccalaureate Achievement. Under the 2008 request, TRIO would serve approximately 830,000 middle school, high school, and college students and adults, and GEAR UP would serve approximately 740,000 middle and high school students.

Finally, the budget would provide \$39.9 million for need-based scholarships and fellowships to postsecondary students under the Javits Fellowships and Graduate Assistance in Areas of National Need (GAANN) programs, as well as \$22 million for the Fund for the Improvement of Postsecondary Education (FIPSE) to support a wide-range of projects to reform and improve postsecondary education, and \$15.8 million for campus-based childcare services under the Child Care Access Means Parents in School program.

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

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
Strengthening Institutions (Part A) .....	\$79.5	\$79.5	\$79.5
Strengthening Tribally Controlled Colleges and Universities (Part A) .....	23.6	23.6	18.6
Strengthening Alaska Native and Native Hawaiian-serving Institutions (Part A) .....	11.8	11.8	—
Strengthening Historically Black Colleges and Universities (Part B) .....	238.1	238.1	238.1
Strengthening Historically Black Graduate Institutions (Part B) .....	57.9	57.9	57.9
Minority Science and Engineering Improvement (Part E) .....	<u>8.7</u>	<u>8.7</u>	<u>8.7</u>
Total .....	419.6	419.6	402.8

The request for Title III demonstrates the Administration's strong commitment to ensuring access to high quality postsecondary education for the Nation's minority and disadvantaged students. Title III funding, which is awarded both competitively and by a formula that directs aid to specified institutions, would help provide equal educational opportunity and strong academic programs for these students and help achieve greater financial stability for the institutions that serve them. The 2008 request would maintain current funding levels for all Title III programs except the Strengthening Tribally Controlled Colleges and Universities program and the Strengthening Alaska Native and Native Hawaiian-serving Institutions program. The \$18.6 million request for the Strengthening Tribally Controlled Colleges and Universities program would provide sufficient funding for new development and construction awards, while the request does not provide separate funding for Strengthening Alaska Native and Native Hawaiian-serving Institutions because the types of activities supported by this program may be carried out under the Title III Strengthening Institutions program. Institutions whose projects would be discontinued would be eligible to seek funds under the Strengthening Institutions program.

Separate PART analyses for the Strengthening Institutions, Strengthening HBCUs, and Strengthening HBGLs programs produced ratings of Results Not Demonstrated due to insufficient data demonstrating program effectiveness against newly established performance targets.

Developing Hispanic-serving Institutions

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
BA in millions .....	\$94.9	\$94.9	\$94.9

This program funds competitive grants to expand and enhance the academic quality, institutional management, fiscal stability, and self-sufficiency of colleges and universities that enroll large percentages of Hispanic students. Hispanic-Americans are the Nation's largest minority population, yet they lag behind their non-Hispanic peers in overall educational

achievement. This request demonstrates the Administration's commitment to ensuring that Hispanic students have access to high quality postsecondary education and to closing the gaps between Hispanic and majority students in academic achievement, high school graduation, postsecondary enrollment, and life-long learning.

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

International Education and Foreign Language Studies  
(BA in millions)

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
Domestic programs .....	\$91.5	\$91.5	\$91.5
Overseas programs .....	12.6	12.6	12.6
Institute for International Public Policy .....	<u>1.6</u>	<u>1.6</u>	<u>1.6</u>
Total .....	105.8	105.8	105.8

The 14 International Education and Foreign Language Studies programs 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, opportunities for American scholars to study abroad, and activities to increase the number of underrepresented minorities in international service. In addition to promoting general understanding of the peoples of other countries, the Department's international programs also serve important economic, diplomatic, defense, and other national security interests. The 2008 request would fund approximately 458 grants to institutions of higher education, directly support over 994 individuals through fellowships and projects, and support the international service programs of more than 100 underrepresented minorities. In addition, the request for Domestic Programs includes \$1 million to develop the National Security Language Initiative's nationwide e-Learning Clearinghouse of online materials and resources to be carried out under the Language Resource Centers program.

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

Advancing America Through Foreign Language Partnerships

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
BA in millions .....	—	—	\$24.0

This proposal would help establish fully articulated language programs of study in languages critical to U.S. national security. The new program would make competitive grants to institutions of higher education for partnerships with school districts for language learning from kindergarten through high school and into advanced language learning at the postsecondary level. These language programs, coupled with directed and targeted fellowships for individual students, would produce significant numbers of graduates with advanced levels of proficiency in languages critical to national security, many of whom would be candidates for employment with

agencies and offices of the Federal Government across a broad range of disciplines. The 2008 request would support 24 awards focusing on critical languages such as Arabic, Chinese, Japanese, Korean, and Russian, as well as the Indic, Iranian, and Turkic language families.

Fund for the Improvement of Postsecondary Education (FIPSE)  
(BA in millions)

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
Comprehensive Program .....	\$16.4	\$19.8	\$15.2
International Consortia.....	5.3	5.4	6.4
Other .....	<u>0.3</u>	<u>0.9</u>	<u>0.4</u>
Total .....	22.0	26.1	22.0

FIPSE awards competitive grants to support exemplary, locally developed projects that are models for innovative reform and improvement in postsecondary education. The 2008 request represents a \$4.1 million decrease from the 2007 level due to the completion of one-time activities funded in 2007. The 2008 request maintains program funding at the amount appropriated in 2006 and does not include the one-time increase in funding provided to FIPSE under the 2007 CR.

Funding for the Comprehensive Program would support projects that target areas of higher education deemed to be a top priority, such as improving the preparation of science and math teachers and aligning curricula between high schools and postsecondary institutions to help students prepare for and succeed in higher education. Funding for the International Consortia programs would support partnerships between U.S. institutions of higher education and institutions in Canada, Mexico, the European Community, and Brazil to provide students with increased opportunities to study abroad and increase cooperation and collaboration between institutions in these countries.

Federal TRIO Programs  
(BA in millions)

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
Talent Search.....	\$149.6	\$144.4	\$142.8
Upward Bound .....	310.4	313.6	313.6
Educational Opportunity Centers .....	47.7	47.1	47.1
Student Support Services .....	271.4	272.0	272.0
McNair Postbaccalaureate Achievement .....	41.7	44.2	44.2
Staff Training.....	3.3	3.3	4.0
Evaluation .....	1.3	1.8	1.5
Administration/Peer Review.....	<u>2.8</u>	<u>1.8</u>	<u>3.0</u>
Total .....	828.2	828.2	828.2

The request for 2008 would provide continued support for the TRIO programs, which are the Department's oldest college preparation and student support programs, which would serve an estimated 830,000 middle school, high school, and college students and adults. Four of the TRIO programs have received PART reviews, and, overall, results have been positive: Student

Support Services, Talent Search, and McNair received Moderately Effective ratings. The Upward Bound program received an Ineffective rating, but has implemented changes that address program deficiencies by better targeting funds to higher-risk students. The request also includes funding for Staff Training grants, evaluation, and administrative support for the TRIO programs.

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

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
State Grants.....	\$115.0	\$117.4	\$122.1
Partnership Grants.....	186.0	184.9	179.2
21st Century Scholar Certificates .....	0.1	0.0	0.1
Other .....	<u>2.3</u>	<u>1.1</u>	<u>2.0</u>
Total .....	303.4	303.4	303.4

GEAR UP provides funds to States and partnerships for early college preparation and awareness activities to help low-income elementary and secondary school students prepare for and pursue postsecondary education. The request maintains funding at the 2007 level and would serve approximately 740,000 middle and high school students in fiscal year 2008.

The GEAR UP program received a PART rating of Adequate in 2003 based on evidence that the program employs a number of strategies that hold significant promise for success in college preparation. An evaluation on the early effects of the GEAR UP program, which is due to be released this year, highlights the positive impact of the program on participants attending middle schools, their parents, and middle schools housing GEAR UP programs.

Scholarships and Fellowships  
(BA in millions)

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
Javits Fellowships .....	\$9.7	\$9.8	\$9.8
Graduate Assistance in Areas of National Need (GAANN) .....	30.1	30.1	30.1

Javits Fellowships provide up to 4 years of competitively awarded support to students of superior ability and high financial need who are pursuing doctoral degrees, or the highest terminal degree, in the arts, humanities, and social sciences. The 2008 request would support 226 fellowships in academic year 2009-2010, including 72 new fellows. The program received a PART rating of Adequate in 2004 based on data showing that its performance exceeded targets and that the program is on track to achieve program goals related to time-to-degree completion and graduation rates.

GAANN provides fellowships, through competitive grants to postsecondary institutions, to graduate students with superior ability and financial need studying in areas of national need. Participating graduate schools must provide assurances that they will seek talented students from traditionally underrepresented backgrounds. The 2008 request would support 702 fellowships. The GAANN program was assessed using the PART in 2004 and received an

initial rating of Results Not Demonstrated, based on the inconclusive data that was available at the time. A 2006 reassessment highlighted improvements in program management and performance and upgraded GAANN's PART rating to Adequate.

#### Child Care Access Means Parents in School

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
BA in millions .....	\$15.8	\$15.8	\$15.8

This competitive grant program supports the participation of low-income parents in postsecondary education through campus-based childcare services. Grants made to institutions of higher education must be used to supplement childcare services or start a new program, not to supplant funds for current childcare services. The program gives priority to institutions that leverage local or institutional resources and employ a sliding fee scale. The 2008 request would fund 175 existing projects.

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

#### GPRA Data/HEA Program Evaluation

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
BA in millions .....	\$1.0	\$1.0	\$1.0

The request would fund the continuation of contracts for program evaluations, data collections to measure the performance of Higher Education Act programs, and data collection for the State teacher quality accountability reports. Data and information from these activities are used to comply with the reporting requirements of GPRA and the PART process, assess program effectiveness, make program improvements, and inform budgetary decisions.

#### Academic Facilities (BA in millions)

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
CHAFL Federal Administration .....	\$0.6	\$0.6	\$0.5
HBCU Capital Financing Federal Administration .....	0.2	0.2	0.2

These programs support the construction, reconstruction, and renovation of academic facilities at institutions of higher education. Funding for CHAFL Federal Administration is used solely to manage and service existing portfolios of facilities loans and grants made in prior years. The request for HBCU Capital Financing Federal Administration would support the management and servicing of loan guarantees on previously issued loans. The Administration does not expect to make any new loans under this program in fiscal year 2008.

Howard University  
(BA in millions)

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
Howard University Hospital .....	\$29.5	\$29.5	\$29.5
General Support.....	<u>207.9</u>	<u>204.4</u>	<u>204.4</u>
Total .....	237.4	233.9	233.9

The 2008 request would maintain support for Howard University's academic programs, research programs, construction activities, and the Howard University Hospital. The request reflects the importance of maintaining and improving the quality and financial strength of an institution that has played a historic role in providing access to postsecondary educational opportunities for students from traditionally underrepresented backgrounds, especially African-Americans. The request does not include additional funding for Howard University's endowment, as the University has not yet drawn down funds set aside for the endowment in fiscal years 2004, 2005, and 2006. The direct Federal appropriation accounts for approximately 49 percent of Howard University's operating costs.

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



## F. INSTITUTE OF EDUCATION SCIENCES

### Overview

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

For 2008, the Administration is seeking \$594.3 million for IES activities. This request would continue to support programs of research, development, and dissemination in areas where our knowledge of learning and instruction is inadequate. The request also would maintain the Administration's commitment to supporting high quality statistics and assessment programs, provide funding for a pilot study on the development of a postsecondary student level data system, provide support for a new longitudinal study of high school students scheduled to begin in 2007, support the implementation of 2009 State-level 12<sup>th</sup> grade assessments in reading and mathematics under the National Assessment of Educational Progress, and provide funding to States to improve the quality of longitudinal data systems.

#### Research, Development, and Dissemination

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
BA in millions .....	\$162.6	\$162.5	\$162.5

The request would support education research, development, and dissemination sponsored by IES, including new awards under ongoing initiatives in academic subject areas, teacher quality, cognition and learning, early childhood education, social and behavioral interventions, and financial and management reforms in education. Research in these areas is critical to the successful implementation of NCLB. IES funds a diverse portfolio of discretionary grants and contracts that support directed and field-initiated research, including eight national research and development centers.

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

#### Statistics

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
BA in millions .....	\$90.0	\$90.0	\$119.0

This request would support the collection, analysis, and dissemination of education-related statistics in response both to legislative requirements and to the particular needs of data providers, data users, and educational researchers. The Department's statistics programs—operated primarily through competitively awarded contracts administered by the National Center for Education Statistics (NCES)—provide general statistics about trends in education, collect data to monitor reform and measure educational progress, and inform the IES research agenda.

The requested increase would provide \$25 million to allow NCES to conduct a pilot study on the development of a postsecondary student level data system that is essential for computing postsecondary completion rates and measuring the true costs of higher education. Funds also would support a new secondary school longitudinal study, scheduled to begin in 2007, which will follow a ninth grade cohort through high school and college. The study would provide detailed information about the educational experiences of high school students, their parents, teachers, and schools, and would follow students as they make major transitions to high school and to postsecondary education or work.

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

#### Regional Educational Laboratories

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
BA in millions .....	\$65.5	\$65.5	\$65.5

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

#### Assessment

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
BA in millions .....	\$93.1	\$93.1	\$116.6

The request would fund the ongoing National Assessment of Educational Progress (NAEP) and the National Assessment Governing Board. NAEP measures and reports on the status of and trends in student learning over time, on a subject-by-subject basis, and makes objective information on student performance available to policymakers, educators, parents, and others. NAEP is the only nationally representative and continuing assessment of what American students know and can do, and has become a key measure of our Nation's educational performance. NAEP activities are conducted through competitively awarded contracts.

The \$23.5 million increase requested for 2008 would allow the Department to complete preparations for implementing State-level assessments at the 12<sup>th</sup> grade level in 2009, as called

for by the President. A 2003 PART analysis rated the Assessment program Effective, primarily because of overall customer satisfaction. In response to a PART recommendation, NCES worked to release NAEP results in support of NCLB within 6 months of data collection, a goal that was met in 2005.

#### Research in Special Education

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
BA in millions .....	\$71.8	\$71.8	\$71.8

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

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

#### Statewide Data Systems

	<u>2006</u>	<u>2007</u>	<u>2008 Request</u>
BA in millions .....	\$24.6	\$49.2	\$49.2

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

#### Special Education Studies and Evaluations

	<u>2006</u>	<u>2007</u>	<u>2009 Request</u>
BA in millions .....	\$9.9	\$9.6	\$9.6

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

### III. PROGRAMS PROPOSED FOR ELIMINATION

The 2008 request continues the Administration's commitment to eliminating or consolidating funding for programs that have achieved their original purpose, duplicate other programs, are narrowly focused, or unable to demonstrate effectiveness.

The government-wide Program Assessment Rating Tool, or PART, helps focus funding on Department of Education programs that generate positive results for students and that meet strong accountability standards. For 2008, PART findings were used to redirect funds from ineffective programs to more effective activities, as well as to identify reforms to help address program weaknesses.

The following table shows the programs proposed for elimination or consolidation in the President's 2008 budget request. Termination of these 44 programs frees up approximately \$2.2 billion—based on 2007 levels—for priority education programs that have a demonstrated record of success or that hold significant promise for increasing accountability and improving student achievement. Following the table is a brief summary of each program and the rationale for its elimination.

#### Program Eliminations

Program (2007 BA in millions)

Academies for American History and Civics .....	\$2.0
Advanced Credentialing.....	16.7
Alaska Native Education Equity .....	33.9
Alcohol Abuse Reduction.....	32.4
Arts in Education.....	35.3
Byrd Honors Scholarships .....	40.6
Civic Education .....	29.1
Close Up Fellowships .....	1.5
Comprehensive School Reform .....	10.1
Demonstration Projects for Students with Disabilities.....	6.9
Education for Native Hawaiians .....	33.9
Educational Technology State Grants .....	273.1
Elementary and Secondary School Counseling.....	34.7
Even Start .....	111.6
Excellence in Economic Education .....	1.5
Exchanges with Historic Whaling and Trading Partners .....	8.9
Federal Perkins Loans Cancellations .....	65.5
Federal Supplemental Educational Opportunity Grants.....	770.6
Foundations for Learning.....	1.0
Javits Gifted and Talented Education .....	9.6
Leveraging Educational Assistance Partnerships.....	64.5
Mental Health Integration in Schools .....	4.9
Mentoring .....	19.0
Migrant and Seasonal Farmworkers .....	2.3

**Program Eliminations, continued** (2007 BA in millions):

National Writing Project .....	\$21.5
Other Higher Education Programs .....	2.9
Parental Information and Resource Centers .....	39.6
Physical Education .....	72.7
Projects With Industry .....	19.5
Ready to Teach .....	10.9
Recreational Programs .....	2.5
School Dropout Prevention .....	4.9
School Leadership .....	14.7
Smaller Learning Communities .....	90.4
Star Schools .....	14.9
State Grants for Incarcerated Youth Offenders .....	22.8
State Grants for Innovative Programs .....	99.2
Strengthening Alaska Native and Native Hawaiian-Serving Institutions .....	11.8
Supported Employment State Grants .....	29.7
Teacher Quality Enhancement .....	59.9
Tech-Prep Education State Grants .....	104.8
Thurgood Marshall Legal Educational Opportunity Program .....	2.9
Women's Educational Equity .....	<u>2.9</u>
 Total .....	 \$2,237.8

**Program Descriptions**

(Figures reflect 2007 BA in millions)

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

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

Advanced Credentialing .....	\$16.7
------------------------------	--------

Supports the development of advanced credentials based on the content experience of master teachers and related activities to encourage and support teachers seeking advanced credentials. This program is no longer needed because the development and implementation of advanced credentialing systems through the National Board for Professional Teaching Standards and the American Board for the Certification of Teacher Excellence is complete.

Alaska Native Education Equity .....	\$33.9
--------------------------------------	--------

Funds supplemental educational programs and services to Alaska Native children. School districts that seek to implement programs and services tailored to the educational and cultural needs of Alaska Native students are able to use funds provided under other Federal programs, such as Title I Grants to Local Educational Agencies, Special Education State Grants, and Indian Education programs. In addition, a portion of the grantees receive earmarks not subject to a competitive process or other normal accountability requirements.

Alcohol Abuse Reduction .....	\$32.4
-------------------------------	--------

Supports programs to reduce alcohol abuse in secondary schools. These programs may be funded through other Safe and Drug-Free Schools and Communities National Activities as well as State and local resources.

**Program Eliminations, continued** (2007 BA in millions)

Arts in Education ..... \$35.3

Makes non-competitive awards to VSA Arts and the John F. Kennedy Center for the Performing Arts as well as competitive awards for national demonstrations and Federal leadership activities to encourage the integration of the arts into the school curriculum. The Kennedy Center and VSA Arts have a long history of obtaining financial support from the private sector, individual donors, and other non-Federal sources, which can be expected to continue. By increasing their outreach to those sources, the two entities should be able to adjust for the ending of the earmarked Federal support. School districts desiring to implement arts education activities can use funds provided under other programs, such as the Improving Teacher Quality State Grants program.

Byrd Honors Scholarships ..... \$40.6

Promotes academic excellence and achievement by awarding merit-based scholarships to high school students, through formula grants to State educational agencies, who have demonstrated outstanding academic achievement and who show promise of continued academic excellence. This program duplicates other State, local and private efforts that provide merit-based resources for postsecondary education.

Civic Education ..... \$29.1

Provides a single non-competitive award to the Center for Civic Education to conduct We the People, a program to improve the quality of civics and government education. Also makes non-competitive and competitive awards for the Cooperative Education Exchange, a program to improve civic and economic education through exchange programs. The program's contribution to the Department's mission is marginal, and the Administration does not believe that additional funding is necessary for the successful operation of this program.

Close Up Fellowships ..... \$1.5

Provides a non-competitive award to the Close Up Foundation to support fellowships to low-income students and teachers participating in Close Up visits to Washington, DC and other activities. Peer organizations provide scholarships to participants without Federal assistance, and the organization's successful private fundraising indicates that it can continue its activities without a Federal appropriation.

Comprehensive School Reform ..... \$10.1

Largely duplicates activities that are carried out under the Title I Grants to LEAs program, and Congress began phasing out the program in fiscal year 2006. The 2008 request would complete the process.

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

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

Education for Native Hawaiians ..... \$33.9

Program provides competitive grants for supplemental education services and activities for Native Hawaiians. Public and private entities that seek to implement programs and services to meet educational needs of Native Hawaiian students are eligible for funding under other Federal programs, such as Title I Grants to Local Educational Agencies, Special Education State Grants, and the TRIO programs.

**Program Eliminations, continued** (2007 BA in millions)

Educational Technology State Grants ..... \$273.1

Provides funding to States and school districts to support the deployment and integration of educational technology into classroom instruction. Schools today offer a greater level of technology infrastructure than just a few years ago, and there is no longer a significant need for a State formula grant program targeted specifically on (and limited to) the effective integration of technology into schools and classrooms. Districts seeking funds to integrate technology into teaching and learning can use other Federal program funds such as Improving Teacher Quality State Grants and Title I Grants to Local Educational Agencies.

Elementary and Secondary School Counseling..... \$34.7

Provides grants to LEAs to establish or expand elementary school and secondary school counseling programs. School counselors are primarily supported with State and local funds and this Federal program, by making a small number of grants, does little to increase the availability of school counseling services or the quality of those services. Such activities also may be funded under Safe and Drug-Free Schools and Communities National Programs as part of a comprehensive, research-based focus on the school environment.

Even Start ..... \$111.6

Supports projects to improve educational opportunities for children and their parents in low-income areas by integrating early childhood education, adult education, and parenting education into "family literacy" programs. However, three separate national evaluations of the program reached the same conclusion: children and adults participating in Even Start generally made no greater literacy gains than non-participants, a finding that contributed to an Ineffective PART rating. Other programs such as Reading First and Early Reading First are better structured to implement proven research and to achieve the Nation's literacy goals.

Excellence in Economic Education ..... \$1.5

Supports a grant to a single national nonprofit educational organization to promote economic and financial literacy for K-12 students. Economic and financial literacy education can be supported under other programs, such as Improving Teacher Quality State Grants. In addition, the current grantee receives grants and contributions from private sector firms and foundations to support its economic education activities. It should be able to continue its activities at the current operating level through an increase in outreach to the private sector.

Exchanges with Historic Whaling and Trading Partners ..... \$8.9

Supports culturally based educational activities, internships, apprenticeship programs and exchanges for Alaska Natives, Native Hawaiians, children and families of Massachusetts, and any federally recognized Indian tribe in Mississippi. All of the funding provided for the program is for statutory earmarks, and the Administration has consistently opposed the funding of earmarks because they support activities that have not gone through the rigor of a competitive process and have negligible accountability for results. Other Federal and non-Federal sources are available to support the activities carried out under this program.

Federal Perkins Loans Cancellations ..... \$65.5

Reimburses institutional revolving funds for borrowers whose loan repayments are canceled in exchange for undertaking public service employment, such as teaching in Head Start programs, full-time law enforcement, or nursing. These reimbursements are no longer needed as the Administration will work with Congress to phase out the Perkins Loan program, which is inefficient and duplicative of other, larger, Federal student loan programs.

Federal Supplemental Educational Opportunity Grants..... \$770.6

Program provides need-based grant aid to eligible undergraduate students to help reduce financial barriers to postsecondary education. Because Federal funding allocations for this purpose are awarded to qualifying postsecondary institutions under an outdated statutory formula, and because individual SEOG awards are not optimally allocated based on a student's financial need, funds would be redirected to the larger, more broadly available, and more need-focused Pell Grant program.

**Program Eliminations, continued** (2007 BA in millions)

Foundations for Learning ..... \$1.0

Funds services to children and their families to enhance young children's development and school readiness. The request includes funding for other, larger programs that support early childhood education and development, such as Early Reading First, Special Education Preschool Grants, and Special Education Grants for Infants and Families.

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

Supports research, demonstration projects, and other activities designed to help elementary and secondary schools meet the needs of gifted and talented students. Most gifted and talented education programs in the U.S. are implemented without Federal support, and the program, by making a handful of grants a year, does little to increase the availability of gifted and talented programs in schools, increase the quality of those programs, or advance the field of gifted and talented education nationally.

Leveraging Educational Assistance Partnerships ..... \$64.5

Has accomplished its objective of stimulating all States to establish need-based postsecondary student grant programs. State grant levels have expanded greatly over the years, and most States significantly exceed the statutory matching requirements. State matching funds in academic year 1999-2000, for example, totaled nearly \$1 billion, or more than \$950 million over the level generated by a dollar-for-dollar match.

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

Makes competitive grants to increase student access to mental health care by linking school systems with the mental health system. School districts may use funds from other Federal programs to support mental health services. For example, the 2008 President's budget includes a total of \$155 million for the Safe Schools/Healthy Students initiative that the Department of Education (under Safe and Drug-Free Schools and Communities National Activities) funds jointly with the Substance Abuse and Mental Health Services Administration in the Department of Health and Human Services. Each Safe Schools/Healthy Students grant must support school and community mental health preventive and treatment services as part of a comprehensive approach to healthy childhood development.

Mentoring Program ..... \$19.0

Makes grants to LEAs and nonprofit community-based organizations to establish and support mentoring programs and activities for children who are at risk of educational failure. The Department and the Congress began phasing out this program in 2006, and the phase-out will be completed in 2007.

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

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

National Writing Project ..... \$21.5

Supports a nationwide, nonprofit educational organization that promotes the effective teaching of writing in grades K-16. States may support such activities through flexible programs like Improving Teacher Quality State Grants.

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

Provides training, information, and support to SEAs, LEAs, and other organizations that carry out parent education and family involvement activities. Parent education and family involvement activities are required and funded under other ESEA programs, such as Title I Grants to Local Educational Agencies. In addition, all States now have access to a comprehensive technical assistance system that includes assistance in the areas addressed by PIRCs.



**Program Eliminations, continued** (2007 BA in millions)

Physical Education Program..... \$72.7

Provides grants to local educational agencies and community-based organizations to pay for the Federal share of the costs of initiating, expanding, and improving physical education programs for students in kindergarten through 12<sup>th</sup> grade. The President's 2008 budget request for the Department of Health and Human Services includes funding for a more promising approach to school wellness.

Projects With Industry (PWI)..... \$19.5

PWI administers a grant competition for projects to help individuals with disabilities obtain employment in the competitive labor market. This program is duplicative of the much larger VR State Grants program, which is authorized to provide the same services to the same target population.

Ready to Teach..... \$10.9

Supports competitive grants to nonprofit telecommunications entities for programs to improve teaching in core curriculum areas, and to develop, produce, and distribute innovative educational and instructional video programming. The \$2.8 billion Improving Teacher Quality State Grants program provides ample resources for such activities.

Recreational Programs ..... \$2.5

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

School Dropout Prevention ..... \$4.9

Supports implementation of school dropout prevention and reentry programs, activities that may be more readily and widely funded by school districts through the request for Title I Grants to Local Educational Agencies, which includes a \$1.2 billion increase in the 2008 request, nearly all of which is targeted to high schools.

School Leadership ..... \$14.7

Provides grants to assist high-need LEAs in the recruitment, training, and retention of principals and assistant principals. These activities are specifically authorized under other Federal programs, such as Improving Teacher Quality State Grants.

Smaller Learning Communities..... \$90.4

Provides competitive awards to LEAs to support the creation of smaller, more personalized learning environments in large high schools. The relatively low demand for smaller learning communities, the effectiveness of which has not been proven through research, has been met both by funding in earlier years and through private efforts. The Administration is addressing the need for high school reform through its 2008 requests for the Title I Grants to Local Educational Agencies, Striving Readers, and Advanced Placement programs. Also, schools identified for improvement under Title I may use Title I school improvement funds (totaling more than \$1 billion in the 2008 request) to create smaller learning communities as part of an overall school improvement plan.

Star Schools..... \$14.9

Supports competitive grants for distance education projects to improve instruction in a variety of curricular areas. The Internet has obviated the need for "distance learning" projects involving construction, maintenance, and operation of telecommunications audio and visual facilities, and programs such as Improving Teacher Quality State Grants provide ample resources for the development and distribution of educational content.

**Program Eliminations, continued** (2007 BA in millions)

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

Provides formula grants to State correctional agencies to assist and encourage incarcerated youth to acquire functional literacy skills and life and job skills. State appropriations and prisoner self-funding can support these activities in the absence of Federal funds. In addition, the President's 2008 budget request for the Department of Labor includes \$39.6 million for the Reintegration of Ex-Offenders Program, along with \$25 million in the request for the Department of Housing and Urban Development, for more coordinated activities to address the problems faced by ex-offenders.

State Grants for Innovative Programs..... \$99.2

Awards grants to State and LEAs for projects designed to support the reform of elementary and secondary education. This broad program is somewhat duplicative of many other Federal, State, and local education programs and is not sufficiently targeted to the needs of disadvantaged students in high-poverty schools or to addressing national priorities in education. In addition, the wide range of allowable uses of funding under this authority makes it virtually impossible to measure program performance or hold grantees accountable for effective use of taxpayer dollars.

Strengthening Alaska Native and Native Hawaiian-Serving Institutions ..... \$11.8

Helps Alaska Native and Native Hawaiian-serving Institutions improve their capacity to serve Alaska Native and Native Hawaiian students, activities may be carried out under the HEA Title III Strengthening Institutions program.

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

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

Teacher Quality Enhancement ..... \$59.9

This program provides competitive grants to States and partnerships to improve recruitment, preparation, licensure, and support for teachers by providing incentives, encouraging reforms, and leveraging local and State resources to ensure that current and future teachers have the necessary teaching skills and academic content knowledge to teach effectively. All of these activities can be carried out under other existing Federal programs.

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

Provides support for developing structural links between secondary and postsecondary institutions that integrate academic and career and technical education. No separate authority is needed for such activities, which may be funded through the Career and Technical Education State Grants program.

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

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

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

Promotes educational equity for girls and women. There is no longer a need for a program focused on eliminating the educational gap for girls and women, as women have made educational gains that match or exceed those of their male peers.

#### IV. DEPARTMENTAL MANAGEMENT

(BA in millions)

	<u>2006</u>	<u>2007</u>	<u>2008</u> <u>Request</u>
Program Administration.....	\$411.2	\$410.6	\$446.9 <sup>1</sup>
Office for Civil Rights.....	90.6	90.3	93.8
Office of the Inspector General .....	48.5	48.4	53.2
Student Aid Administration .....	718.8 <sup>2</sup>	718.5	708.2
Other .....	<u>13.3<sup>3</sup></u>	<u>13.4<sup>3</sup></u>	<u>14.3<sup>3</sup></u>
Total.....	1,282.4	1,281.2	1,316.4

#### Full-time equivalent employment (FTE)

Program Administration.....	2,120	2,102	2,112
Office for Civil Rights.....	630	629	629
Office of the Inspector General .....	288	279	293
Student Aid Administration .....	1,083 <sup>4</sup>	1,132 <sup>4</sup>	1,132 <sup>4</sup>
Other .....	<u>32<sup>3</sup></u>	<u>35<sup>3</sup></u>	<u>35<sup>3</sup></u>
Total .....	4,153 <sup>5</sup>	4,177 <sup>5</sup>	4,201 <sup>5</sup>

<sup>1</sup> Includes \$17.3 million for the Building Modernization activity.

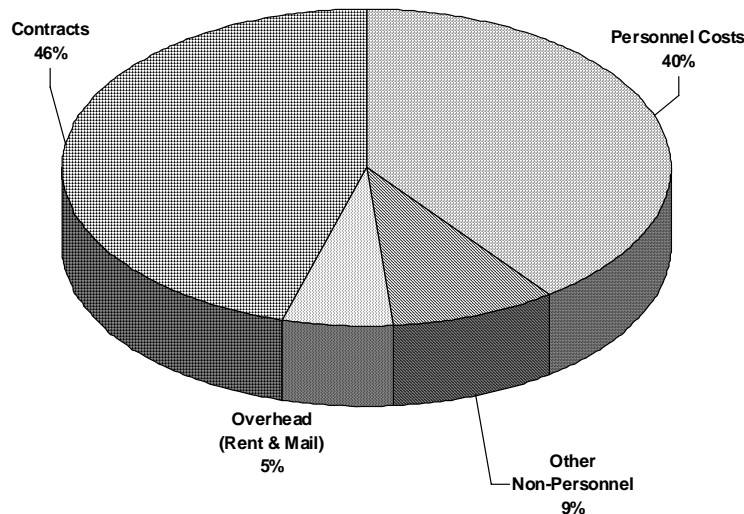
<sup>2</sup> Adjusted for comparability. Includes \$600 million in mandatory funds in 2006 for the Federal Direct Student Loans Program account under section 458 of the Higher Education Act.

<sup>3</sup> Includes small Federal Credit Administration accounts and S&E activities in program accounts.

<sup>4</sup> Adjusted for comparability. Includes 579 FTE in 2006 funded by the Federal Direct Student Loans Program account.

<sup>5</sup> Actual FTE usage in 2006; target for 2007 and 2008.

### Department of Education FY 2008 Salaries and Expenses Costs by Category



#### Overview

The 2008 budget request for Salaries and Expenses (S&E) will pay the costs of staff, overhead, contracts, and other activities needed to administer and monitor the Department's educational assistance programs and provide more than \$90 billion in grants and loans to more than 11 million postsecondary students and parents.

The Department is requesting \$1.32 billion for its discretionary S&E budget in 2008, an increase of \$35 million over the 2007 level. This includes \$522 million for payroll costs, which reflects the 3 percent proposed Governmentwide pay raise in 2008 as well as employee benefit increases. The total payroll increase accounts for approximately \$23.9 million of the total increase requested.

The non-personnel costs for the administrative accounts cover such items as travel, rent, mail, telephones, utilities, printing, information technology (IT), contractual services, equipment, supplies, and other Departmental services. The total request for non-personnel activities in 2008 is \$794 million.

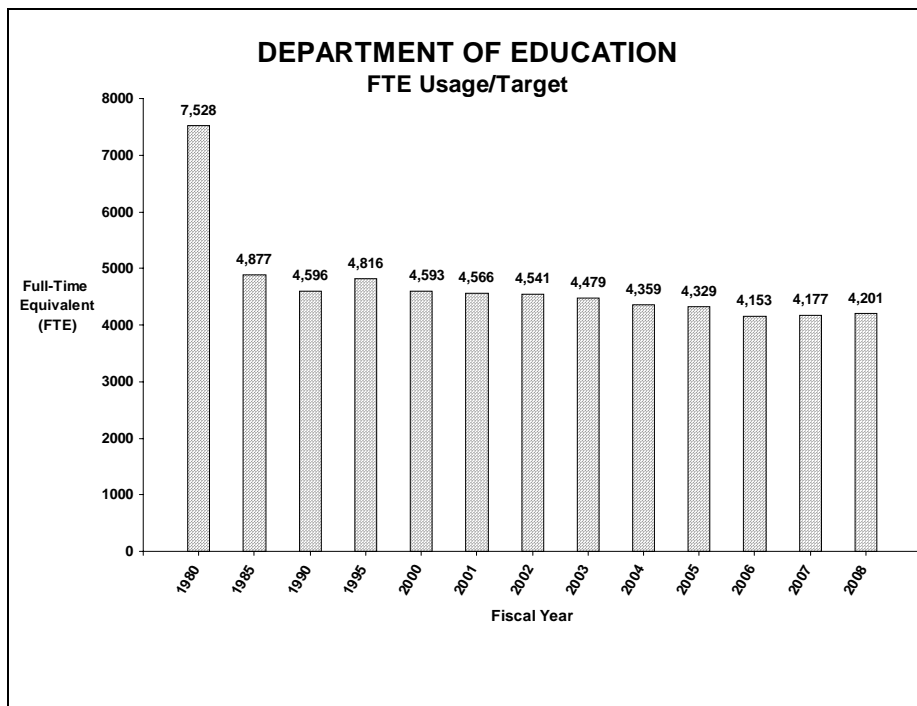
Department administrative costs continue to constitute a small fraction of the total education budget. For example, even with the increase requested for 2008, the discretionary administrative budget would be approximately 2 percent of the Department's total discretionary appropriation and less than 1 percent of all grants and loans made by the Department last year.

The 2008 budget request for salaries and expenses supports Department initiatives designed to improve Government performance through the successful implementation of the No Child Left Behind Act, the American Competitiveness Initiative, and the goals outlined in the President's Management Agenda.

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

- Improving financial performance.
- Expanding strategies for using human capital.
- Identifying opportunities for competitive sourcing.
- Eliminating fraud and error in the student financial assistance programs, and reducing deficiencies in their financial management.
- Expanding the use of E-Government systems to improve business and communications processes.
- Focusing on accountability and results, including the integration of program performance and budgeting.

### Department Employment



The 2008 staffing request of 4,201 FTE, an increase of 24 FTE from the planned 2007 level, is 44 percent below the level of 7,528 FTE when the Department was created in 1980. The additional 24 FTE in 2008 are for the following activities:

Office of Elementary and Secondary Education — An increase of 6 FTE is requested in 2008. The additional FTE are for two primary purposes: 1) to administer high priority programs and initiatives related to the No Child Left Behind Act and the American Competitiveness Initiative; and 2) to enhance grant monitoring.

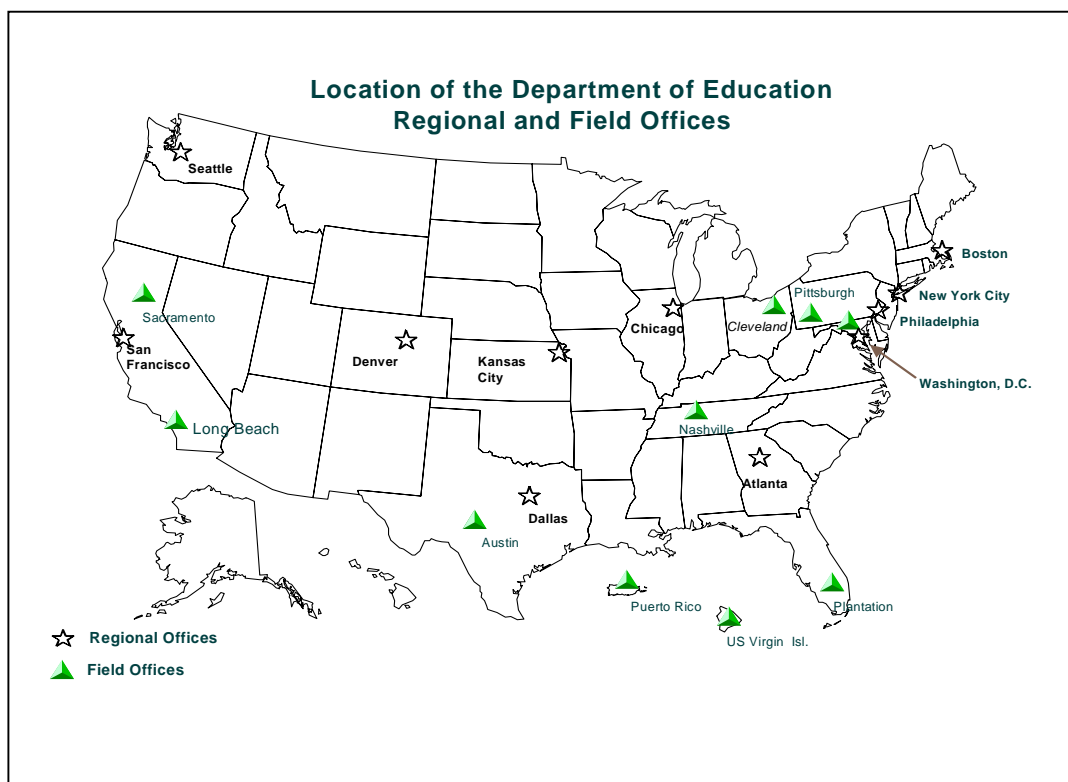
Institute of Education Sciences — An increase of 3 FTE is requested in 2008 to 1) conduct a new National Center for Education Statistics longitudinal study designed to provide detailed, ongoing information about the educational experiences of middle and high school students and 2) to assist with essential National Assessment of Educational Progress activities related to assessments at the 12<sup>th</sup> grade level in reading and mathematics.

Office of Planning, Evaluation and Policy Development — An increase of 1 FTE is requested in 2008 to enable the Budget Service to devote additional time to Department staff workload and administrative contract analysis. The Budget Service will also serve as the Managing Partner for the Budget Execution and Formulation Governmentwide Line of Business exercise.

Office of the Inspector General — An increase of 14 FTE to conduct audits of Department programs, high-risk grantees, and Departmental contracts; and to perform oversight of non-Federal audits.

Despite steadily reducing its workforce, the Department has maintained and even improved its operational performance, in part by relying heavily on automation and private contractors to handle such functions as awarding grants, processing student aid applications, and providing grants and loans to more than 11 million college students. Already the smallest of the Cabinet agencies, the Department streamlines administrative tasks and privatizes functions that can be handled more efficiently by outside contractors. A prime example of this management approach is the effective use of contracts to operate the Federal Direct Student Loan program.

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



## Program Administration

The Program Administration account provides administrative support for most programs and offices in the Department. The 2008 request totals \$446.9 million, an increase of \$36.4 million from the 2007 level. The budget request includes \$268.2 million for personnel compensation and benefits to support 2,112 FTE, an increase of \$12.4 million from the 2007 level.

Non-personnel costs cover such items as travel, rent, mail, telephones, utilities, printing, information technology (IT), contractual services, equipment, supplies, and other Departmental services. The total request for non-personnel activities in 2008 is \$178.7 million, an increase of \$24 million from 2007. The increase is primarily for the renovation of the Mary E. Switzer building in Washington, D.C., as directed by the General Services Administration, and IT upgrades to enhance financial management, telecommunications, and data collection capabilities.

## Student Aid Administration

In fiscal year 2008, the Department of Education will administer over \$90 billion in new Federal student aid grants and loans to more than 11 million students and parents, and consolidate an estimated \$37 billion in loans made in earlier years. In awarding this aid, the Department and its contractors will interact on a daily basis with over 6,000 schools; 3,200 lenders; 35 guaranty agencies; and dozens of accrediting agencies, participants in the secondary market for student loans, and other organizations. Ensuring the smooth operation of the complex array of financial transactions and participants involved in the student financial aid programs—and safeguarding the interests of both students and Federal taxpayers—is perennially the Department's greatest management challenge and one of its highest administrative priorities. Primary responsibility for

administering the Federal student financial assistance programs rests with Federal Student Aid (FSA) and the Office of Postsecondary Education (OPE).

In total, the account represents 54 percent of the Department's total administrative budget. The request provides \$708.2 million to administer student aid programs in 2008, a decrease of \$10.3 million from the 2007 level. Of the total request, \$139.3 million is for staff pay and benefits for 1,132 FTE and \$480.7 million is for information technology contracts, primarily for the processing of student aid grant and loan applications; payments to students, schools, guaranty agencies, and lenders; and to collect defaulted loans.

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

To carry out the President's Management Agenda and to achieve its commitment to excellent management practices, the Department is focusing on the following high priority items:

<b><i>Priority: Financial Performance</i></b>	
<b>Goal</b>	<b>Accomplishments</b>
<p>Improved financial performance means that the Department will be assured of accurate and relevant financial reporting systems and processes in order to provide policymakers and managers with timely and accurate financial information; that revenues and expenditures are properly accounted for and reported on; and that reports and data produced by financial management systems will aid managers when making program and asset-related decisions.</p> <p>Management and internal controls will be adopted and enhanced to reduce the risk of errors and permit effective monitoring of programs and processes. Management controls will ensure that the Department's organizational structure, policies, and procedures support its programs so that the programs achieve their intended results; that resources are used in a manner consistent with the Department's mission; and that programs are protected from waste, fraud, and mismanagement. Internal controls will provide reasonable assurance that the Department's operations will be effective and efficient, and that financial reporting will be reliable.</p>	<ul style="list-style-type: none"> <li>● Achieved clean opinions on the audit of the Department's 2002, 2003, 2004, 2005, and 2006 financial statements.</li> <li>● Implemented Oracle 11i software for the Financial Management Support System to reduce risk and improve management of costs.</li> <li>● Developed eGrant initiatives to streamline and automate grants business processes to ease electronic submission of grant applications.</li> <li>● Since September 2004, submitted to OMB all FACTS II reports within the first 2 days of the open period.</li> </ul>



<b><i>Priority: Credit Management</i></b>	
<b>Goal</b>	<b>Accomplishments</b>
<p>The Department will improve its financial and management information to manage student aid programs effectively. The Department will continue to strengthen financial management and internal controls so that relevant and timely information is available to manage day-to-day operations and provide accountability.</p>	<ul style="list-style-type: none"> <li>● Received a clean audit opinion on the FY 2006 financial statements, with no material internal control weaknesses.</li> <li>● Awarded a contract for the Integrated Partner Management strategic initiative that will consolidate business process and systems supporting partner eligibility management. (Perot Systems Government Solutions; Fairfax, Virginia)</li> <li>● Integrated three new systems into the security architecture infrastructure, that will be used to control access to student aid systems and data, and to provide "single sign-on" to its partners. It will also be the foundation for the E-Gov E-Authentication initiative, eventually reaching 75 million past and present aid recipients.</li> <li>● Awarded a contract for the Virtual Data Center, that provides a single computing environment for hosting Title IV systems. Implementation will result in continued high quality technical and operational support of the infrastructure and systems where the Title IV delivery applications reside. (Perot Systems Government Solutions; Fairfax, Virginia)</li> <li>● Utilized activity-based costing to measure the success of cost reduction strategies. For example, the unit cost related to the Common Services for Borrowers business functions have shown a decrease since the implementation of the contract. (ACS Education Solutions; Washington, D.C.)</li> <li>● Developed a multi-year strategic communications plan to improve customer service by reducing the complexity of services, increasing customer awareness, and promoting customer self-service.</li> </ul>
<b><i>Priority: Using Human Capital</i></b>	
<b>Goal</b>	<b>Accomplishments</b>
<p>The Department's human capital strategy is designed to ensure that all human capital management activities are strategically aligned to support our critical mission and human capital challenges.</p>	<ul style="list-style-type: none"> <li>● Completed training to address leadership competency gaps.</li> <li>● Identified and set competency targets for Department employees.</li> <li>● Provided access to over 2,000 e-learning courses through the on-line training system GoLearn.</li> <li>● Implemented a new employee awards policy that links cash awards to performance appraisals.</li> <li>● Provided training to Department supervisors on the employee rating policy in order to improve standards and accountability.</li> </ul>

<b><i>Priority: Competitive Sourcing</i></b>	
<b>Goal</b>	<b>Accomplishments</b>
The Department will identify new opportunities for competitive sourcing in order to augment its capabilities and promote innovation and greater efficiency.	<ul style="list-style-type: none"> <li>● Convened competition team and completed preliminary planning for the K-12 Data Collection activity.</li> <li>● Convened competition team for Information Resource Management Investment Activities competition.</li> <li>● Completed staff training in conducting A-76 competitions.</li> </ul>
<b><i>Priority: E-Government</i></b>	
<b>Goal</b>	<b>Accomplishments</b>
To expand electronic Government, the Department will improve the management of its IT investments, protect the integrity and confidentiality of data, improve data management, and increase the use of technology in serving customers.	<ul style="list-style-type: none"> <li>● Continued to process grant applications through increased usage of both the e-reader and the Grants.gov system (Grants.gov used for 78 percent of all grant competitions in 2006).</li> <li>● Received OMB approval for the Department's Earned Value Management policy.</li> <li>● Developed and implemented online IT security awareness training and other specialized IT training for Department employees.</li> <li>● Continued to implement E-Travel, including the implementation of the Online Booking Engine.</li> <li>● Ranked eighth of 61 Federal agencies in an August 2006 study by Brown University of the overall quality of E-Government services.</li> </ul>
<b><i>Priority: Integration of Program Performance and Budgeting</i></b>	
<b>Goal</b>	<b>Accomplishments</b>
The Department does an excellent job in integrating performance results and budget materials. The primary purposes are to invest limited funds in programs that work and to improve program management.	<ul style="list-style-type: none"> <li>● Won the 2006 President's Award for Management Excellence for innovative and exemplary practices under the Integration of Program Performance and Budgeting initiative.</li> <li>● Received citations as an exemplar for congressional budget justifications in at least 4 appropriation bills and reports. In addition, Congress directed other agencies in appropriations acts and committee reports to use ED's justifications as a model.</li> <li>● Completed 15 new assessments using the Program Assessment Rating Tool (PART) and 4 reassessments in 2006.</li> <li>● Completed PART updates on 89 programs through December 2006.</li> <li>● Submitted to OMB information on which paperwork collections are currently covered by ED<i>Facts</i>, the tool through which data collected by the Education Data Exchange Network (EDEN) is accessed.</li> <li>● Awarded a \$2 million contract for technical assistance on evaluations of small programs.</li> </ul>

<b><i>Priority: Faith-Based and Community Initiative</i></b>	
<b>Goal</b>	<b>Accomplishments</b>
The Department will leverage the contributions of community- and faith-based organizations to increase the effectiveness of its programs.	<ul style="list-style-type: none"> <li>● Held multiple technical assistance workshops with leaders of community- and faith-based organizations to encourage collaboration with the Department.</li> <li>● Identified programs that can be made more competitive for faith-based organizations.</li> <li>● Trained State administrators on “equal treatment” regulations which enable faith-based organizations to compete on an equal footing with other organizations for funding by the Department.</li> </ul>
<b><i>Priority: Improper Payments</i></b>	
<b>Goal</b>	<b>Accomplishments</b>
The Department will identify and reduce potential improper payments and recover confirmed improper payments where appropriate.	<ul style="list-style-type: none"> <li>● Implemented an improper payment corrective action plan with OMB-approved reduction targets in place.</li> <li>● Instituted risk assessment plans that identify all susceptible programs.</li> <li>● Instituted a measurement plan for risk susceptible programs.</li> <li>● Developed a schedule for 2007 activities to reduce the risk of improper payments throughout the Federal Family Education Loan program.</li> </ul>

### 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 2008 request for OCR is \$93.8 million, an increase of \$3.5 million over the 2007 level. About \$73 million of the OCR budget is for staff pay and benefits for its 629 FTE; the remaining \$20.8 million covers overhead costs as well as computer equipment, data analysis and reporting activities, travel, staff training, and other contractual services.

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

### **Office of the Inspector General**

The Office of the Inspector General (OIG) conducts audits and investigations of the Department's programs and activities to help ensure accountability for taxpayer-provided funds and to identify management improvements. The 2008 request for the OIG is \$53.2 million, an increase of \$4.8 million over the 2007 level. Approximately 70 percent of this amount, or \$37.1 million, is for personnel compensation and benefits to support a staffing level of 293 FTE.

The non-personnel request of \$16.1 million includes \$2 million to contract for the mandated annual audit of the Department's financial statements. The scope of the audit will include the examination and analysis of account balances, review of applicable financial systems, and evaluation of internal controls and compliance with significant laws and regulations.

## **APPENDICES**

### **Tables:**

- Summary of Discretionary Funds, Fiscal Years 2001-2008
- PART Ratings of ED Programs
- Total Expenditures for Elementary and Secondary Education in the United States
- Detailed Budget Table by Program

**DEPARTMENT OF EDUCATION**  
**Summary of Discretionary Funds, Fiscal Years 2001-2008**

(dollars in thousands)										
Program	Fiscal Year 2001	Fiscal Year 2002	Fiscal Year 2003	Fiscal Year 2004	Fiscal Year 2005	Fiscal Year 2006	2007 CR Level	2008 Request	Change from FY 2001 - FY 2008 Request	
									Amount	Percent
<b>Elementary/Secondary Education (K-12)</b>										
<u>No Child Left Behind (NCLB)</u>										
Title I Grants to Local Educational Agencies	8,762,721	10,350,000	11,688,664	12,342,309	12,739,571	12,713,125	12,713,233	12,713,233	3,950,512	45.1%
School Improvement Grants	0	0	0	0	0	0	0	0	0	---
Reading First State Grants	286,000	900,000	993,500	1,023,923	1,041,600	1,029,234	1,018,692	1,018,692	732,692	256.2%
Math Now for Elementary School Students	0	0	0	0	0	0	0	0	0	---
Math Now for Middle School Students	0	0	0	0	0	0	0	0	0	---
Promise Scholarships	0	0	0	0	0	0	0	0	0	---
Opportunity Scholarships	0	0	0	0	0	0	0	0	0	---
Impact Aid	993,302	1,143,500	1,188,226	1,229,527	1,243,862	1,228,453	1,256,917	1,256,917	263,615	26.5%
Improving Teacher Quality State Grants	0	2,850,000	2,930,825	2,930,126	2,916,605	2,887,439	2,887,488	2,887,488	2,887,488	---
Education Technology State Grants	450,000	700,500	695,947	691,841	496,000	272,250	273,062	273,062	(176,938)	-39.3%
21st Century Community Learning Centers	845,614	1,000,000	993,500	999,070	991,077	981,166	981,180	981,180	135,566	16.0%
State Assessments	0	387,000	384,484	390,000	411,680	407,563	411,630	411,630	411,630	---
Advanced Placement	0 <sup>1</sup>	22,000	23,347	23,534	29,760	32,175	32,175	32,175	32,175	---
Safe and Drug-Free Schools and Communities	644,250	696,750	666,353	674,203	671,961	568,835	575,809	575,809	(68,441)	-10.6%
English Language Acquisition	446,000	664,269	683,747	681,215	675,765	669,007	670,819	670,819	224,819	50.4%
Other NCLB	4,954,577	3,298,657	3,376,639	3,323,529	3,132,373	2,543,929	2,456,163	1,898,008	(3,056,569)	-61.7%
Subtotal, NCLB	17,382,464	22,012,676	23,625,232	24,309,277	24,350,254	23,333,176	23,277,168	22,719,013	5,336,549	30.7%
<u>Special Education (IDEA)</u>										
Grants to States (Part B)	6,339,685	7,528,533	8,874,398	10,068,106	10,589,746	10,582,961	10,491,941	10,491,941	4,152,256	65.5%
Other IDEA	1,022,910	1,065,891	1,082,309	1,092,601	1,083,860	1,070,052	1,057,224	1,057,224	34,314	3.4%
Subtotal, IDEA	7,362,595	8,594,424	9,956,707	11,160,707	11,673,606	11,653,013	11,549,165	11,549,165	4,186,570	56.9%
Subtotal, NCLB and IDEA	24,745,059	30,607,100	33,581,939	35,469,984	36,023,860	34,986,189	34,826,333	34,268,178	9,523,119	38.5%
<u>Other K-12</u>	2,571,834	1,471,334	1,531,314	1,472,494	1,506,397	1,477,651	1,485,895	142,594	(2,429,240)	-94.5%
Subtotal, Elementary/Secondary Education	27,316,893	32,078,434	35,113,253	36,942,478	37,530,257	36,463,840	36,312,228	34,410,772	7,093,879	26.0%
<b>Postsecondary Education</b>										
Federal Pell Grants	8,756,000	11,314,000	11,364,646	12,006,738	12,364,997	13,045,230	12,606,713	12,606,713	3,850,713	44.0%
Other Student Financial Aid	1,918,000	1,971,500	1,998,426	2,000,558	1,900,752	1,881,745	1,881,022	1,881,022	(36,978)	-1.9%
Other Postsecondary Education	2,295,560	2,439,336	2,498,791	2,499,957	2,530,921	2,366,961	2,367,613	0	(2,295,560)	-100.0%
Subtotal, Postsecondary Education	12,969,560	15,724,836	15,861,863	16,507,253	16,796,670	17,293,936	16,855,348	14,487,735	1,518,175	11.7%
<b>Other Programs and Activities</b>	1,944,368	2,132,329	2,138,593	2,211,942	2,250,001	2,794,988	2,818,114	2,818,114	873,746	44.9%
TOTAL, ED Discretionary Funds	42,230,821	49,935,599	53,113,709	55,661,673	56,576,928	56,552,764 <sup>2</sup>	55,985,690 <sup>2</sup>	51,716,621	9,485,800	22.5%

<sup>1</sup> In 2001, Advanced Placement was authorized by the Higher Education Amendments of 1998. Funds are included in Other K-12.

<sup>2</sup> Excludes emergency supplemental appropriations for hurricane education recovery in FY2006 and FY2007 (Pub. Laws 109-148 and 109-234).

# **PART Ratings for ED Programs Assessed To Date**

(Dollars in thousands)

<b>Program</b>	<b>Year Assessed</b>	<b>Rating *</b>	<b>FY 2007 Current Estimate</b>	<b>FY 2008 Request</b>	<b>Change from 2007</b>
National Center on Education Statistics	2002/2003	Effective	89,952	119,022	29,070
National Assessment	2002/2003	Effective	88,086	110,595	22,509
Adult Basic and Literacy Education State Grants	2002/2006	Effective	564,074	564,074	0
Reading First State Grants	2006	Effective	1,018,692	1,018,692	0
<b>Subtotal, 4 Programs Effective</b>			<b>1,760,804</b>	<b>1,812,383</b>	<b>51,579</b>
TRIO Student Support Services	2002/2005	Mod. Effec.	271,970	271,970	0
Improving Teacher Quality State Grants	2003/2005	Mod. Effec.	2,887,488	2,787,488	-100,000
TRIO Talent Search	2003/2005	Mod. Effec.	144,374	142,769	-1,605
Advanced Placement	2005	Mod. Effec.	32,175	122,175	90,000
TRIO McNair Postbaccalaureate Achievement	2006	Mod. Effec.	44,240	44,240	0
Early Reading First	2006	Mod. Effec.	103,118	117,666	14,548
Title I Grants to Local Educational Agencies	2006	Mod. Effec.	12,713,233	13,909,900	1,196,667
<b>Subtotal, 7 Programs Moderately Effective</b>			<b>16,196,598</b>	<b>17,396,208</b>	<b>1,199,610</b>
Comprehensive School Reform	2002	Adequate	10,133	0	-10,133
Vocational Rehabilitation State Grants	2002	Adequate	2,802,716	2,802,716	0
Student Aid Administration	2002	Adequate	718,483	708,216	-10,267
Federal Pell Grants	2002/2003	Adequate	12,606,713	15,439,000	2,832,287
IDEA Grants to States	2002/2005	Adequate	10,491,941	10,491,941	0
21st Century Community Learning Centers	2003	Adequate	981,180	981,180	0
Troops to Teachers	2003	Adequate	14,645	14,645	0
GEAR UP	2003	Adequate	303,423	303,423	0
National Institute on Disability & Rehabilitation Services (NIDRR)	2003/2005	Adequate	106,705	106,705	0
Federal Direct Student Loans	2003/2004	Adequate	4,191,785	509,249	-3,682,536
Federal Family Education Loans	2003/2004	Adequate	2,700,651	1,056,951	-1,643,700
State Assessments	2004	Adequate	411,630	411,630	0
Magnet Schools Assistance	2004	Adequate	106,685	106,685	0
Vocational Rehabilitation Grants for Indians	2004	Adequate	34,444	34,444	0
Projects with Industry	2004	Adequate	19,538	0	-19,538
Javits Fellowships	2004	Adequate	9,797	9,797	0
Impact Aid Construction	2005	Adequate	46,637	17,820	-28,817
Transition to Teaching	2005	Adequate	44,482	44,482	0
Charter Schools Grants	2005	Adequate	214,782	214,782	0
National Technical Institute for the Deaf	2005	Adequate	56,141	56,262	121

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

<u>Source of Funds</u>	<u>2005-2006<sup>2</sup></u>		<u>2006-2007<sup>2</sup></u>	
	<u>Dollars</u>	<u>Percent</u>	<u>Dollars</u>	<u>Percent</u>
Federal <sup>3</sup> .....	\$50.0	8.9%	\$52.0	8.9%
State.....	241.0	43.2	253.0	43.4
Local .....	213.0	38.1	223.0	38.2
All Other .....	<u>55.0</u>	<u>9.8</u>	<u>57.0</u>	<u>9.8</u>
Total .....	558.0	100.0	584.0	100.0

---

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

<sup>2</sup> Projected.

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

NOTES: Data above may vary from data reported in other surveys of education funding. Differences can be accounted for primarily by differences among the reports in any of the following: measures of funding used, e.g., budget authority vs. expenditures; the definition of education used; agencies and institutions reporting the data; and basis of dollars reported, e.g., current vs. constant dollars. (Table prepared January 2007.)

Because of rounding, detail does not add to totals.



## DEPARTMENT OF EDUCATION FISCAL YEAR 2008 PRESIDENT'S BUDGET

January 24, 2007

(in thousands of dollars)		Category Code	2006 Appropriation	2007 Current Estimate	2008 President's Request	2008 President's Request Compared to 2007 Current Level	
Office, Account, Program and Activity						Amount	Percent
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION (OESE)							
Education for the Disadvantaged							
1. Grants to local educational agencies (ESEA I-A):							
(a) LEA grants formulas:							
(1) Basic grants (section 1124)							
Annual appropriation		D	5,329,824	5,329,932	5,329,824	(108)	0.0%
Advance for succeeding fiscal year		D	1,478,584	1,478,584 <sup>†</sup>	1,478,584	0	0.0%
Subtotal			6,808,408	6,808,516	6,808,408	(108)	0.0%
(2) Concentration grants (section 1124A)							
Annual appropriation		D	0	0	0	0	---
Advance for succeeding fiscal year		D	1,365,031	1,365,031 <sup>†</sup>	1,365,031	0	0.0%
Subtotal			1,365,031	1,365,031	1,365,031	0	0.0%
(3) Targeted grants (section 1125)							
Annual appropriation		D	0	0	1,196,775	1,196,775	---
Advance for succeeding fiscal year		D	2,269,843	2,269,843 <sup>†</sup>	2,269,843	0	0.0%
Subtotal			2,269,843	2,269,843	3,466,618	1,196,775	52.7%
(4) Education finance incentive grants formula (section 1125A)							
Annual appropriation		D	0	0	0	0	---
Advance for succeeding fiscal year		D	2,269,843	2,269,843 <sup>†</sup>	2,269,843	0	0.0%
Subtotal			2,269,843	2,269,843	2,269,843	0	0.0%
Subtotal, LEA grants formulas			12,713,125	12,713,233	13,909,900	1,196,667	9.4%
Subtotal, Grants to LEAs			12,713,125	12,713,233	13,909,900	1,196,667	9.4%
Annual appropriation		D	5,329,824	5,329,932	6,526,599	1,196,667	22.5%
Advance for succeeding fiscal year		D	7,383,301	7,383,301 <sup>†</sup>	7,383,301	0	0.0%
2. School improvement grants (ESEA section 1003(g))							
		D	0	0	500,000	500,000	---
3. Reading first:							
(a) Reading first State grants (ESEA I-B-1)							
		D	1,029,234	1,018,692	1,018,692	0	0.0%
(b) Early reading first (ESEA I-B-2)							
		D	103,118	103,118	117,666	14,548	14.1%
Subtotal, Reading first			1,132,352	1,121,810	1,136,358	14,548	1.3%
4. Striving readers (ESEA I-E section 1502)		D	29,700	31,596	100,000	68,404	216.5%
5. Math now for elementary school students (proposed legislation)		D	0	0	125,000	125,000	---
6. Math now for middle school students (proposed legislation)		D	0	0	125,000	125,000	---
7. Even start (ESEA I-B-3)		D	99,000	111,584	0	(111,584)	-100.0%
8. Literacy through school libraries (ESEA I-B-4)		D	19,486	19,486	19,486	0	0.0%

<sup>†</sup> The FY 2008 President's budget assumes that statutory language will be included in a full year 2007 Continuing Resolution to make advance appropriations available in 2008 at the same level as provided in the 2006 Department of Education Appropriations Act for use in 2007.

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

## DEPARTMENT OF EDUCATION FISCAL YEAR 2008 PRESIDENT'S BUDGET

January 24, 2007

(in thousands of dollars)			2007	2008	2008 President's Request	
Office, Account, Program and Activity	Category	2006	Current	President's	Compared to 2007 Current Level	
	Code	Appropriation	Estimate	Request	Amount	Percent
Education for the Disadvantaged (continued)						
9. Choice opportunities:						
(a) Promise scholarships (proposed legislation)	D	0	0	250,000	250,000	---
(b) Opportunity scholarships (proposed legislation)	D	0	0	50,000	50,000	---
Subtotal	D	0	0	300,000	300,000	---
10. State agency programs:						
(a) Migrant (ESEA I-C)	D	386,524	380,295	380,295	0	0.0%
(b) Neglected and delinquent (ESEA I-D)	D	49,797	49,797	49,797	0	0.0%
Subtotal		436,321	430,092	430,092	0	0.0%
11. Comprehensive school reform (ESEA I-F)	D	7,920	10,133	0	(10,133)	-100.0%
12. Evaluation (ESEA sections 1501 and 1503)	D	9,330	9,327	9,327	0	0.0%
13. Migrant education (HEA IV-A-5):						
(a) High school equivalency program	D	18,550	18,550	18,550	0	0.0%
(b) College assistance migrant program	D	15,377	15,377	15,377	0	0.0%
Subtotal		33,927	33,927	33,927	0	0.0%
Total, Appropriation	D	14,481,161	14,481,188 <sup>2</sup>	16,689,090	2,207,902	15.2%
Total, Budget authority	D	14,481,161	14,481,188	16,689,090	2,207,902	15.2%
Current		7,097,860 <sup>1</sup>	7,097,887 <sup>1</sup>	9,305,789 <sup>1</sup>	2,207,902	31.1%
Prior year's advance		7,383,301	7,383,301	7,383,301 <sup>2</sup>	0	0.0%
Outlays	D	14,695,815	14,837,982	14,534,129	(303,853)	-2.0%

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

<sup>2</sup> The FY 2008 President's budget assumes that statutory language will be included in a full year 2007 Continuing Resolution to make advance appropriations available in 2008 at the same level as provided in the 2006 Department of Education Appropriations Act for use in 2007.

## DEPARTMENT OF EDUCATION FISCAL YEAR 2008 PRESIDENT'S BUDGET

January 24, 2007

(in thousands of dollars)	Category	2006	2007	2008	2008 President's Request	
Office, Account, Program and Activity	Code	Appropriation	Current Estimate	President's Request	Compared to 2007 Current Level	
					Amount	Percent
Impact Aid (ESEA VIII)						
1. Payments for federally connected children (section 8003):						
(a) Basic support payments (section 8003(b))	D	1,091,867	1,091,867	1,091,867	0	0.0%
(b) Payments for children with disabilities (section 8003(d))	D	49,466	49,466	49,466	0	0.0%
Subtotal		1,141,333	1,141,333	1,141,333	0	0.0%
2. Facilities maintenance (section 8008)	D	4,950	4,597	4,597	0	0.0%
3. Construction (section 8007)	D	17,820	46,637	17,820	(28,817)	-61.8%
4. Payments for Federal property (section 8002)	D	64,350	64,350	64,350	0	0.0%
Total	D	1,228,453	1,256,917	1,228,100	(28,817)	-2.3%
Outlays	D	1,141,455	1,471,808	1,227,758	(244,050)	-16.6%

## DEPARTMENT OF EDUCATION FISCAL YEAR 2008 PRESIDENT'S BUDGET

January 24, 2007

(in thousands of dollars)		Category Code	2006 Appropriation	2007 Current Estimate	2008 President's Request	2008 President's Request	
Office, Account, Program and Activity						Compared to 2007 Current Level	
						Amount	Percent
School Improvement Programs							
1. Improving teacher quality (ESEA II):							
(a) Improving teacher quality State grants (Part A)							
Annual appropriation	D	1,452,439	1,452,488	1,352,488	(100,000)	-6.9%	
Advance for succeeding fiscal year	D	1,435,000	1,435,000 <sup>1</sup>	1,435,000	0	0.0%	
Subtotal		2,887,439	2,887,488	2,787,488	(100,000)	-3.5%	
(b) Early childhood educator professional development (Part A-5, section 2151(e))							
(c) Mathematics and science partnerships (Part B)	D	182,160	182,124	182,124	0	0.0%	
2. Educational technology State grants (ESEA II-D-1 and 2)							
3. 21st Century community learning centers (ESEA IV-B)	D	272,250	273,062	0	(273,062)	-100.0%	
4. State grants for innovative programs (ESEA V Part A)	D	981,166	981,180	981,180	0	0.0%	
5. Javits gifted and talented education (ESEA V-D, subpart 6)	D	99,000	99,183	0	(99,183)	-100.0%	
6. Foreign language assistance (ESEA V-D, subpart 9)	D	9,596	9,596	0	(9,596)	-100.0%	
7. State assessments (ESEA VI-A-1)	D	21,780	21,755	23,755	2,000	9.2%	
8. Education for homeless children and youths (MVHAA Title VII-B)	D	407,563	411,630	411,630	0	0.0%	
9. Education for Native Hawaiians (ESEA VII-B)	D	61,871	61,878	61,878	0	0.0%	
10. Alaska Native education equity (ESEA VII-C)	D	33,908	33,908	0	(33,908)	-100.0%	
11. Training and advisory services (CRA IV)	D	33,908	33,908	0	(33,908)	-100.0%	
12. Rural education (ESEA VI-B)	D	7,113	7,113	7,113	0	0.0%	
13. Supplemental education grants (Compact of Free Association Act)	D	168,918	168,851	168,851	0	0.0%	
14. Comprehensive centers (ETAA section 203)	D	18,001	18,001	18,001	0	0.0%	
	D	56,257	56,256	56,256	0	0.0%	
Total, Appropriation	D	5,255,479	5,260,481 <sup>1, 2</sup>	4,698,276	(562,205)	-10.7%	
Total, Budget authority	D	5,255,479	5,260,481	4,698,276	(562,205)	-10.7%	
Current		3,820,479 <sup>3</sup>	3,825,481 <sup>2, 3</sup>	3,263,276 <sup>3</sup>	(562,205)	-14.7%	
Prior year's advance		1,435,000	1,435,000	1,435,000 <sup>1</sup>	0	0.0%	
Outlays	D	5,797,083	5,629,992	5,251,802	(378,190)	-6.7%	

<sup>1</sup> The FY 2008 President's budget assumes that statutory language will be included in a full year 2007 Continuing Resolution to make advance appropriations available in 2008 at the same level as provided in the 2006 Department of Education Appropriations Act for use in 2007.

<sup>2</sup> Adjusted for comparability. Excludes \$4,832 thousand available under the FY 2007 Continuing Resolution, P.L. 109-289, for Project SERV, shown in the Safe Schools and Citizenship Education account, where funds were appropriated in FY 2006 and requested in FY 2007 and FY 2008.

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

## DEPARTMENT OF EDUCATION FISCAL YEAR 2008 PRESIDENT'S BUDGET

January 24, 2007

(in thousands of dollars)	Category	2006	2007	2008	2008 President's Request	
Office, Account, Program and Activity	Code	Appropriation	Current Estimate	President's Request	Compared to 2007 Current Level	
					Amount	Percent
Indian Education (ESEA VII)						
1. Grants to local educational agencies (Part A-1)	D	95,331	95,331	95,331	0	0.0%
2. Special programs for Indian children (Part A-2)	D	19,399	19,399	19,399	0	0.0%
3. National activities (Part A-3)	D	3,960	3,953	3,953	0	0.0%
Total	D	118,690	118,683	118,683	0	0.0%
Outlays	D	120,360	120,874	117,370	(3,504)	-2.9%
Education Reform Outlays	D	16,540	4,765	0	(4,765)	-100.0%
Reading Excellence Outlays	D	602	5,817	0	(5,817)	-100.0%
Chicago Litigation Settlement Outlays	D	210	33	0	(33)	-100.0%
TOTAL APPROPRIATION, OESE		21,083,783	21,117,269	22,734,149	1,616,880	7.7%
TOTAL BUDGET AUTHORITY, OESE		21,083,783 <sup>1</sup>	21,117,269 <sup>1</sup>	22,734,149 <sup>1</sup>	1,616,880	7.7%

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

## DEPARTMENT OF EDUCATION FISCAL YEAR 2008 PRESIDENT'S BUDGET

January 24, 2007

(in thousands of dollars)		Category Code	2006 Appropriation	2007 Current Estimate	2008 President's Request	2008 President's Request Compared to 2007 Current Level	
Office, Account, Program and Activity						Amount	Percent
OFFICE OF INNOVATION AND IMPROVEMENT (OII)							
Innovation and Improvement							
1. Recruiting and training high quality teachers and principals:							
(a) Teacher incentive fund (ESEA V-D-1)		D	99,000	3,899	199,000	195,101	5003.9%
(b) Troops-to-teachers (ESEA II-C-1-A)		D	14,645	14,645	14,645	0	0.0%
(c) Transition to teaching (ESEA II-C-1-B)		D	44,484	44,482	44,482	0	0.0%
(d) National writing project (ESEA II-C-2)		D	21,533	21,533	0	(21,533)	-100.0%
(e) Teaching American history (ESEA II-C-4)		D	119,790	119,790	50,000	(69,790)	-58.3%
(f) Academies for American history and civics (American History and Civics Education Act)		D	1,980	1,980	0	(1,980)	-100.0%
(g) School leadership (ESEA section 2151(b))		D	14,731	14,731	0	(14,731)	-100.0%
(h) Advanced credentialing (ESEA section 2151(c))		D	16,695	16,695	0	(16,695)	-100.0%
(i) Adjunct teacher corps (proposed legislation)		D	0	0	25,000	25,000	---
2. School choice and flexibility (ESEA Title V):							
(a) Charter schools grants (Part B-1)		D	214,782	214,782	214,782	0	0.0%
(b) Credit enhancement for charter school facilities (Part B-2)		D	36,611	36,611	36,611	0	0.0%
(c) Voluntary public school choice (Part B-3)		D	26,278	26,276	26,275	(1)	0.0%
(d) Magnet schools assistance (Part C)		D	106,693	106,685	106,685	0	0.0%
3. Advanced placement (ESEA I-G)		D	32,175	32,175	122,175	90,000	279.7%
4. School dropout prevention (ESEA I-H)		D	4,851	4,851	0	(4,851)	-100.0%
5. Close Up fellowships (ESEA section 1504)		D	1,454	1,454	0	(1,454)	-100.0%
6. Ready-to-learn television (ESEA II-D-3)		D	24,255	24,255	24,255	0	0.0%
7. FIE programs of national significance (ESEA V-D, subpart 1)		D	11,668	11,668	33,065	21,397	183.4%
8. Reading is fundamental/Inexpensive book distribution (ESEA V-D, subpart 5)		D	25,043	25,043	25,043	0	0.0%
9. Star schools (ESEA V-D, subpart 7)		D	14,850	14,850	0	(14,850)	-100.0%
10. Ready to teach (ESEA V-D, subpart 8)		D	10,890	10,890	0	(10,890)	-100.0%
11. Exchanges with historic whaling and trading partners (ESEA V-D, subpart 12)		D	8,910	8,910	0	(8,910)	-100.0%
12. Excellence in economic education (ESEA V-D, subpart 13)		D	1,473	1,473	0	(1,473)	-100.0%
13. Mental health integration in schools (ESEA V-D, subpart 14, section 5541)		D	4,910	4,910	0	(4,910)	-100.0%
14. Foundations for learning (ESEA V-D, subpart 14, section 5542)		D	982	982	0	(982)	-100.0%
15. Arts in education (ESEA V-D, subpart 15)		D	35,277	35,277	0	(35,277)	-100.0%
16. Parental information and resource centers (ESEA V-D, subpart 16)		D	39,600	39,600	0	(39,600)	-100.0%
17. Women's educational equity (ESEA V-D, subpart 21)		D	2,926	2,926	0	(2,926)	-100.0%
Total		D	936,486	841,373	922,018	80,645	9.6%
Outlays		D	899,859	1,274,450	923,166	(351,284)	-27.6%
TOTAL, OII			936,486	841,373	922,018	80,645	9.6%

## DEPARTMENT OF EDUCATION FISCAL YEAR 2008 PRESIDENT'S BUDGET

January 24, 2007

(in thousands of dollars)		Category Code	2006 Appropriation	2007 Current Estimate	2008 President's Request	2008 President's Request Compared to 2007 Current Level	
Office, Account, Program and Activity						Amount	Percent
OFFICE OF SAFE AND DRUG-FREE SCHOOLS (OSDFS)							
Safe Schools and Citizenship Education							
1. Safe and drug-free schools and communities (ESEA IV-A):							
(a) State grants (Subpart 1)		D	346,500	351,642	100,000	(251,642)	-71.6%
(b) National programs (Subpart 2):							
(1) National activities (sections 4121 and 4122)		D	141,112	172,758 <sup>1</sup>	224,248	51,490	29.8%
(2) Alcohol abuse reduction (section 4129)		D	32,409	32,409	0	(32,409)	-100.0%
(3) Mentoring program (section 4130)		D	48,814	19,000	0	(19,000)	-100.0%
Subtotal, National programs			222,335	224,167	224,248	81	0.0%
Subtotal			568,835	575,809	324,248	(251,561)	-43.7%
2. Character education (ESEA V-D, subpart 3)		D	24,248	24,248	0	(24,248)	-100.0%
3. Elementary and secondary school counseling (ESEA V-D, subpart 2)		D	34,650	34,650	0	(34,650)	-100.0%
4. Physical education program (ESEA V-D, subpart 10)		D	72,674	72,674	0	(72,674)	-100.0%
5. Civic education (ESEA II, Part C-3):							
(a) We the People (section 2344)		D	17,039	17,039	0	(17,039)	-100.0%
(b) Cooperative education exchange (section 2345)		D	12,072	12,072	0	(12,072)	-100.0%
Subtotal			29,111	29,111	0	(29,111)	-100.0%
Total			729,518	736,492	324,248	(412,244)	-56.0%
Outlays		D	765,714	792,184	739,685	(52,499)	-6.6%
TOTAL, OSDFS			729,518	736,492	324,248	(412,244)	-56.0%

<sup>1</sup> Adjusted for comparability. Includes \$4,832 thousand available for Project SERV in the School Improvement Programs account under the FY2007 Continuing Resolution, P.L. 109-289.

## DEPARTMENT OF EDUCATION FISCAL YEAR 2008 PRESIDENT'S BUDGET

January 24, 2007

(in thousands of dollars)						
	Category	2006	2007	2008	2008 President's Request	
Office, Account, Program and Activity	Code	Appropriation	Current Estimate	President's Request	Compared to 2007 Current Level	
					Amount	Percent
OFFICE OF ENGLISH LANGUAGE ACQUISITION						
English Language Acquisition (ESEA III)						
1. Language acquisition State grants (Part A)	D	669,007	670,819	670,819	0	0.0%
Outlays	D	616,075	855,847	623,315	(232,532)	-27.2%
TOTAL, OELA		669,007	670,819	670,819	0	0.0%



## DEPARTMENT OF EDUCATION FISCAL YEAR 2008 PRESIDENT'S BUDGET

January 24, 2007

(in thousands of dollars)			2007	2008	2008 President's Request		
Office, Account, Program and Activity		Category Code	2006 Appropriation	Current Estimate	President's Request	Compared to 2007 Current Level	
					Amount	Percent	
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES (OSERS)							
Special Education (IDEA)							
1. State grants:							
(a) Grants to States (Part B-611):							
Annual appropriation		D	5,158,761	5,067,741	4,276,741	(791,000)	-15.6%
Advance for succeeding fiscal year		D	5,424,200	5,424,200 <sup>1</sup>	6,215,200	791,000	14.6%
Subtotal			10,582,961	10,491,941	10,491,941	0	0.0%
(b) Preschool grants (Part B-619)		D	380,751	380,751	380,751	0	0.0%
(c) Grants for infants and families (Part C)		D	436,400	423,067	423,067	0	0.0%
Subtotal, State grants			11,400,112	11,295,759	11,295,759	0	0.0%
2. National activities (Part D):							
(a) State personnel development (Subpart 1)		D	50,146	50,653	0	(50,653)	-100.0%
(b) Technical assistance and dissemination (section 663)		D	48,903	48,902	48,902	0	0.0%
(c) Personnel preparation (section 662)		D	89,720	89,719	89,719	0	0.0%
(d) Parent information centers (sections 671-673)		D	25,704	25,704	25,704	0	0.0%
(e) Technology and media services (section 674)		D	38,428	38,428	25,063	(13,365)	-34.8%
Subtotal			252,901	253,406	189,388	(64,018)	-25.3%
Total, Appropriation		D	11,653,013	11,549,165 <sup>1</sup>	11,485,147	(64,018)	-0.6%
Total, Budget authority		D	11,641,813	11,549,165	10,694,147	(855,018)	-7.4%
Current			6,228,813 <sup>2</sup>	6,124,965 <sup>2</sup>	5,269,947 <sup>3</sup>	(855,018)	-14.0%
Prior year's advance			5,413,000	5,424,200	5,424,200 <sup>1</sup>	0	0.0%
Outlays		D	11,836,477	11,537,895	10,771,178	(766,717)	-6.6%

<sup>1</sup> The FY 2008 President's budget assumes that statutory language will be included in a full year 2007 Continuing Resolution to make advance appropriations available in 2008 at the same level as provided in the 2006 Department of Education Appropriations Act for use in 2007.

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

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

## DEPARTMENT OF EDUCATION FISCAL YEAR 2008 PRESIDENT'S BUDGET

January 24, 2007

(in thousands of dollars)			2007	2008	2008 President's Request	
Office, Account, Program and Activity		Category Code	2006 Appropriation	Current Estimate	President's Request	Compared to 2007 Current Level
					Amount	Percent
Rehabilitation Services and Disability Research						
1. Vocational rehabilitation State grants:						
(a) Grants to States (RA I Part A, sections 110 and 111)	M	2,687,168	2,802,716	2,802,716	0	0.0%
(b) Grants to Indians (RA I-C)	M	33,024	34,444	34,444	0	0
Subtotal		2,720,192	2,837,160	2,837,160	0	0.0%
Discretionary	D	0	0	(36,883)	(36,883)	---
Mandatory baseline	M	2,720,192	2,837,160	2,874,043	36,883	1.3%
2. Client assistance State grants (RA section 112)						
3. Training (RA section 302)	D	11,782	11,782	11,782	0	0.0%
4. Demonstration and training programs (RA section 303)	D	38,438	38,438	38,438	0	0.0%
5. Migrant and seasonal farmworkers (RA section 304)	D	6,511	6,511	6,840	329	5.1%
6. Recreational programs (RA section 305)	D	2,279	2,279	0	(2,279)	-100.0%
7. Protection and advocacy of individual rights (RA section 509)	D	2,518	2,518	0	(2,518)	-100.0%
8. Projects with industry (RA VI-A)	D	16,489	16,489	16,489	0	0.0%
9. Supported employment State grants (RA VI-B)	D	19,538	19,538	0	(19,538)	-100.0%
	D	29,700	29,700	0	(29,700)	-100.0%
10. Independent living (RA VII):						
(a) State grants (Chapter 1, Part B)	D	22,588	22,588	22,588	0	0.0%
(b) Centers (Chapter 1, Part C)	D	74,638	74,638	74,638	0	0.0%
(c) Services for older blind individuals (Chapter 2)	D	32,895	32,895	32,895	0	0.0%
Subtotal		130,121	130,121	130,121	0	0.0%
11. Program improvement (RA section 12(a))						
12. Evaluation (RA section 14)	D	835	833	633	(200)	-24.0%
13. Helen Keller National Center for Deaf-Blind Youths and Adults (HKNCA)	D	1,473	1,473	1,973	500	33.9%
14. National Institute on Disability and Rehabilitation Research (RA II)	D	8,511	8,511	8,011	(500)	-5.9%
	D	106,705	106,705	106,705	0	0.0%
15. Assistive technology (ATA):						
(a) Assistive technology programs (sections 4, 5 and 6)	D	26,730	30,452	26,111	(4,341)	-14.3%
(b) Alternative financing (section 4(b)(2)(D))	D	3,722	0	0	0	---
Subtotal		30,452	30,452	26,111	(4,341)	-14.3%
Subtotal		405,352	405,350	347,103	(58,247)	-14.4%
Total		3,125,544	3,242,510	3,184,263	(58,247)	-1.8%
Discretionary	D	405,352	405,350	310,220	(95,130)	-23.5%
Mandatory	M	2,720,192	2,837,160	2,874,043	36,883	1.3%
Outlays, Total		3,115,842	3,553,019	3,216,816	(336,203)	356.2%
Discretionary	D	436,949	705,105	358,972	(346,133)	-87.4%
Mandatory	M	2,678,893	2,847,914	2,857,844	9,930	-37.0%

2007 BASED ON CONTINUING RESOLUTION (P.L. 109-289) THROUGH 02-15-07

## DEPARTMENT OF EDUCATION FISCAL YEAR 2008 PRESIDENT'S BUDGET

January 24, 2007

(in thousands of dollars)						
Office, Account, Program and Activity	Category Code	2006 Appropriation	2007 Current Estimate	2008 President's Request	2008 President's Request Compared to 2007 Current Level	
					Amount	Percent
<b>American Printing House for the Blind (20 U.S.C. 101 et seq.)</b>	D	17,573	17,573	17,573	0	0.0%
Outlays	D	18,901	20,266	17,573	(2,693)	-13.3%
<b>National Technical Institute for the Deaf (EDA I-B and section 207)</b>						
1. Operations	D	55,349	55,349	55,349	0	0.0%
2. Construction	D	792	792	913	121	15.3%
<b>Total</b>	D	56,141	56,141	56,262	121	0.2%
Outlays	D	56,670	54,023	55,654	1,631	3.0%
<b>Gallaudet University (EDA I-A and section 207)</b>						
1. Operations	D	106,998	106,998	106,398	(600)	-0.6%
2. Evaluation	D	0	0	600	600	---
<b>Total</b>	D	106,998	106,998	106,998	0	0.0%
Outlays	D	106,798	100,578	106,998	6,420	6.4%
Total, Special Institutions for Persons with Disabilities		180,712	180,712	180,833	121	0.1%
TOTAL APPROPRIATION, OSERS		14,959,269	14,972,387	14,850,243	(122,144)	-0.8%
Discretionary	D	12,239,077	12,135,227	11,976,200	(159,027)	-1.3%
Mandatory	M	2,720,192	2,837,160	2,874,043	36,883	1.3%
TOTAL BUDGET AUTHORITY, OSERS		14,948,069	14,972,387	14,059,243	(913,144)	-6.1%
Discretionary	D	12,227,877 <sup>1</sup>	12,135,227 <sup>1</sup>	11,185,200 <sup>2</sup>	(950,027)	-7.8%
Mandatory	M	2,720,192	2,837,160	2,874,043	36,883	1.3%

<sup>1</sup> Excludes an advance appropriation of \$5,424,200 thousand that becomes available on October 1 of the following fiscal year.<sup>2</sup> Excludes an advance appropriation of \$6,215,200 thousand that becomes available on October 1 of the following fiscal year.

## DEPARTMENT OF EDUCATION FISCAL YEAR 2008 PRESIDENT'S BUDGET

January 24, 2007

(in thousands of dollars)		Category Code	2006 Appropriation	2007 Current Estimate	2008 President's Request	2008 President's Request Compared to 2007 Current Level	
Office, Account, Program and Activity						Amount	Percent
OFFICE OF VOCATIONAL AND ADULT EDUCATION (OVAE)							
Career, Technical, and Adult Education							
1. Career and technical education (Carl D. Perkins CTEA):							
(a) State grants (CTEA Title I)							
Annual appropriation		D	391,388	391,420	600,000	208,580	53.3%
Advance for succeeding fiscal year		D	791,000	791,000 <sup>1</sup>	0	(791,000)	-100.0%
Subtotal			1,182,388	1,182,420	600,000	(582,420)	-49.3%
(b) National programs (section 114)		D	9,164	17,369 <sup>2</sup>	10,000	(7,369)	-42.4%
(c) Tribally controlled postsecondary career and technical institutions (CTEA section 117)		D	7,366 <sup>3</sup>	7,366 <sup>3</sup>	7,366	0	-100.0%
(d) Tech prep education State grants (Title II)		D	104,754	104,755	0	(104,755)	0.0%
Subtotal, Career and technical education			1,303,672	1,311,910	617,366	(694,544)	-52.9%
2. Adult education (Adult Education and Family Literacy Act):							
(a) Adult basic and literacy education State grants (AEFLA and WIA section 503)		D	563,975	564,074	564,074	0	0.0%
(b) National leadership activities (AEFLA section 243)		D	9,005	9,096	9,096	0	0.0%
(c) National Institute for Literacy (AEFLA section 242)		D	6,572	6,638	6,638	0	0.0%
Subtotal, Adult education			579,552	579,808	579,808	0	0.0%
3. Smaller learning communities (ESEA V-D, subpart 4)		D	93,531	90,371	0	(90,371)	-100.0%
4. State grants for incarcerated youth offenders (HE Amendments of 1998, VIII-D)		D	22,770	22,770	0	(22,770)	-100.0%
Total, Appropriation		D	1,999,525	2,004,859 <sup>1</sup>	1,197,174	(807,685)	-40.3%
Total, Budget authority		D	1,999,525	2,004,859	1,988,174	(16,685)	-0.8%
Current			1,208,525 <sup>4</sup>	1,213,859 <sup>4</sup>	1,197,174	(16,685)	-1.4%
Prior year's advance			791,000	791,000	791,000 <sup>1</sup>	0	0.0%
Outlays		D	1,987,455	2,091,831	1,938,602	(153,229)	-7.3%
TOTAL APPROPRIATION, OVAE			1,999,525	2,004,859	1,197,174	(807,685)	-40.3%
TOTAL BUDGET AUTHORITY, OVAE			1,999,525	2,004,859	1,988,174	(16,685)	-0.8%

<sup>1</sup> The FY 2008 President's budget assumes that statutory language will be included in a full year 2007 Continuing Resolution to make advance appropriations available in 2008 at the same level as provided in the 2006 Department of Education Appropriations Act for use in 2007.

<sup>2</sup> Includes \$6,217 thousand reallocated from programs that are no longer funded (\$4,899 thousand from Tech-prep demonstrations and \$1,318 thousand from Occupational Employment Information); funds were available under the FY2007 Continuing Resolution, P.L. 109-289.

<sup>3</sup> Adjusted for comparability. Funds were appropriated in the Higher Education account in 2006 and 2007.

<sup>4</sup> Excludes an advance appropriation of \$791,000 thousand that becomes available on October 1 of the following fiscal year.

## DEPARTMENT OF EDUCATION FISCAL YEAR 2008 PRESIDENT'S BUDGET

January 24, 2007

(in thousands of dollars)			2007	2008	2008 President's Request	
Office, Account, Program and Activity		Category Code	2006 Appropriation	Current Estimate	President's Request	Compared to 2007 Current Level
						Amount Percent
FEDERAL STUDENT AID (FSA)						
Student Financial Assistance						
1. Federal Pell grants (HEA IV-A-1):						
(a) Pell grants	D	13,045,230	12,606,713	13,223,000	616,287	4.9%
(b) Incremental increase in Pell Grant maximum award to \$4,600 (proposed legislation)	M	0	0	2,216,000	2,216,000	---
(c) Retirement of prior-year shortfall	M	4,300,000	0	0	0	---
Appropriation		17,345,230	12,606,713	15,439,000	2,832,287	22.5%
Discretionary	D	13,045,230	12,606,713	13,223,000	616,287	4.9%
Mandatory	M	4,300,000	0	2,216,000	2,216,000	---
Prior year funding surplus (shortfall)	D	0	138,616	(235,438)	(374,054)	-269.8%
Total, resources available		17,345,230	12,745,329	15,203,562	2,458,233	19.3%
Discretionary program costs related to maintaining a \$4,050 maximum award	D	12,906,614	12,980,767	12,987,377	6,610	0.1%
Mandatory program costs related to increasing maximum award to \$4,600	M	0	0	2,216,000	2,216,000	---
Mandatory program costs related to retirement of prior-year shortfall	M	4,300,000	0	0	0	---
Subtotal, program costs		17,206,614	12,980,767	15,203,377	2,222,610	17.1%
Maximum award (in whole dollars)		\$4,050	\$4,050	\$4,600	\$550	13.6%
Recipients (in thousands)		5,165	5,274	5,478	204	3.9%
2. Campus-based programs:						
(a) Federal supplemental educational opportunity grants (HEA IV-A-3)	D	770,933	770,591	0	(770,591)	-100.0%
(b) Federal work-study (HEA IV-C)	D	980,354	980,492	980,492	0	0.0%
(c) Federal Perkins loan cancellations (HEA IV-E):	D	65,471	65,471	0	(65,471)	-100.0%
(d) Reappropriation of funds in response to Hurricanes Katrina and Rita (non-add)	M	28,429 <sup>1</sup>	0	0	0	---
Subtotal, Campus-based programs		1,816,758	1,816,554	980,492	(836,062)	-46.0%
3. Leveraging educational assistance partnerships (HEA IV-A-4)	D	64,987 <sup>2</sup>	64,468	0	(64,468)	-100.0%
Total	D	19,226,975	14,487,735	16,419,492	1,931,757	13.3%
Discretionary	D	14,926,975	14,487,735	14,203,492	(284,243)	-2.0%
Mandatory	M	4,300,000	0	2,216,000	2,216,000	---
Outlays		14,709,764	14,200,229	14,777,224	576,995	4.1%
Discretionary	D	14,689,764	14,191,969	14,245,215	53,246	0.4%
Mandatory	M	20,000	8,260	532,009	523,749	6340.8%

<sup>1</sup> A reappropriation of amounts that expired at the end of fiscal year 2005: \$4,529 thousand for Federal Supplemental Educational Opportunity Grants, \$19,169 thousand for Federal Work Study, and \$4,731 thousand for Federal Perkins Loan Capital Contributions. Pursuant to Section 2(c) of the National Disaster Student Aid Fairness Act (P.L. 109-86), such funds were made available for an additional fiscal year ending September 30, 2006.

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

## DEPARTMENT OF EDUCATION FISCAL YEAR 2008 PRESIDENT'S BUDGET

January 24, 2007

(in thousands of dollars)		Category Code	2006 Appropriation	2007 Current Estimate	2008 President's Request	2008 President's Request	
Office, Account, Program and Activity						Compared to 2007 Current Level	
						Amount	Percent
Academic Competitiveness							
1. Academic competitiveness and SMART grants (HEA IV, subpart 1, section 401A)		M	790,000	850,000	920,000	70,000	8.2%
2. Modified academic competitiveness grants (proposed legislation)		M	0	0	260,000	260,000	---
Total		M	790,000	850,000	1,180,000	330,000	38.8%
Recipients (in thousands)			480	579	755	176	30.4%
Outlays		M	43,960	866,545	843,032	(23,513)	-2.7%
Federal Direct Student Loans Program Account (HEA IV-D)							
1. New loan subsidies (HEA IV-D)		M	1,806,576	474,222	509,249	35,027	7.4%
2. Upward reestimate of existing loans		M	4,900,232	4,702,101	0	(4,702,101)	-100.0%
3. Upward modification of existing loans		M	7,291	0	0	0	---
4. Downward reestimate of existing loans (non-add)		M	(522,779) <sup>1</sup>	(984,538) <sup>1</sup>	0	984,538	100.0%
5. Downward modification of existing loans (non-add)		M	0 <sup>1</sup>	0 <sup>1</sup>	0	0	---
6. Net reestimate of existing loans (non-add)		M	4,377,453	3,717,563	0	(3,717,563)	-100.0%
7. Net modification of existing loans (non-add)		M	7,291	0	0	0	---
Subtotal, loan subsidies			6,714,099 <sup>1</sup>	5,176,323	509,249	(4,667,074)	-90.2%
Subtotal, new loan subsidies and net reestimate/modification (non-add)			6,191,320	4,191,785	509,249	(3,682,536)	-87.9%
8. Federal administration (HEA IV-D section 458):							
(a) Federal administration		M	0 <sup>2</sup>	0	0	0	---
(b) Payments for services to guaranty agencies		M	220,000 <sup>3</sup>	0	0	0	---
Subtotal			220,000	0	0	0	---
Total		M	6,934,099	5,176,323	509,249	(4,667,074)	-90.2%
Outlays			6,842,092	5,528,412	531,728	(4,996,684)	-90.4%
Federal administration		D	583,165	234,075	65,340	(168,735)	-72.1%
Loan program--mandatory		M	6,258,927	5,294,337	466,388	(4,827,949)	-91.2%

<sup>1</sup> Beginning in 2007, portions of the reestimate and modification of existing loans reducing subsidy costs (downward reestimates), previously reflected in the program account, are recorded in a general fund receipt account. The display for 2006 has been adjusted for comparability.

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

<sup>3</sup> Mandatory funds for account maintenance fees paid to guaranty agencies. As directed by the Higher Education Reconciliation Act of 2005 (Title VII-A of the Deficit Reduction Act of 2005), beginning in FY 2007, these fees are included in the cost of new loan subsidies in Federal Family Education Loans.

## DEPARTMENT OF EDUCATION FISCAL YEAR 2008 PRESIDENT'S BUDGET

January 24, 2007

(in thousands of dollars)		2007	2008	2008 President's Request		
Office, Account, Program and Activity	Category	2006	Current	President's	Compared to 2007 Current Level	
	Code	Appropriation	Estimate	Request	Amount	Percent
Federal Family Education Loans Program Account (HEA IV-B)						
1. New loan subsidies (HEA IV-B)	M	17,273,789	5,860,262	3,861,384	(1,998,878)	-34.1%
2. Upward reestimate of existing loans	M	9,373,570	555,015	0	(555,015)	100.0%
3. Upward modification of existing loans	M	1,723,741	0	8,458	8,458	---
4. Downward reestimate of existing loans (non-add)	M	(289,237) <sup>1</sup>	(3,714,626) <sup>1</sup>	0	3,714,626	100.0%
5. Downward modification of existing loans (non-add)	M	(14,201) <sup>1</sup>	0 <sup>1</sup>	(2,812,891)	(2,812,891)	100.0%
6. Net reestimate of existing loans (non-add)	M	9,084,333	(3,159,611)	0	3,159,611	100.0%
7. Net modification of existing loans (non-add)	M	1,709,540	0	(2,804,433)	(2,804,433)	100.0%
Total, FFEL Program Account	M	28,371,100 <sup>1</sup>	6,415,277 <sup>1</sup>	3,869,842 <sup>1</sup>	(2,545,435)	-39.7%
Total, new loan subsidies and net reestimate/modification (non-add)		28,067,662	2,700,651	1,056,951	(1,643,700)	-60.9%
Outlays	M	27,131,975	5,861,478	3,281,788	(2,579,690)	-44.0%
Federal Family Education Loans Liquidating Account (HEA IV-B)						
1. Pre-1992 student loans	M	(553,562)	(747,495)	(690,939)	56,556	7.6%
Outlays	M	(825,314)	(747,495)	(690,939)	56,556	7.6%
Federal Student Loan Reserve Fund Outlays						
TOTAL, FSA		54,768,612	26,181,840	21,287,644	(4,894,196)	-18.7%
Total, Discretionary	D	14,926,975	14,487,735	14,203,492	(284,243)	-2.0%
Total, Mandatory	M	39,841,637	11,694,105	7,084,152	(4,609,953)	-39.4%

<sup>1</sup> Beginning in 2007, portions of the reestimate and modification of existing loans reducing subsidy costs (downward reestimates), previously reflected in the program account, are recorded in a general fund receipt account. The display for 2006 has been adjusted for comparability.

## DEPARTMENT OF EDUCATION FISCAL YEAR 2008 PRESIDENT'S BUDGET

January 24, 2007

(in thousands of dollars)			2007	2008	2008 President's Request	
Office, Account, Program and Activity	Category Code	2006 Appropriation	Current Estimate	President's Request	Compared to 2007 Current Level Amount	Current Level Percent
OFFICE OF POSTSECONDARY EDUCATION (OPE)						
Higher Education						
1. Aid for institutional development (HEA III):						
(a) Strengthening institutions (Part A, section 311)	D	79,535	79,535	79,535	0	0.0%
(b) Strengthening tribally controlled colleges and universities (Part A, section 316)	D	23,570	23,570	18,570	(5,000)	-21.2%
(c) Strengthening Alaska Native and Native Hawaiian-serving institutions (Part A, section 317)	D	11,785	11,779	0	(11,779)	-100.0%
(d) Strengthening HBCUs (Part B, section 323)	D	238,095	238,095	238,095	0	0.0%
(e) Strengthening historically Black graduate institutions (Part B, section 326)	D	57,915	57,915	57,915	0	0.0%
(f) Minority science and engineering improvement (Part E-1)	D	8,730	8,730	8,730	0	0.0%
Subtotal		419,630	419,624	402,845	(16,779)	-4.0%
2. Other aid for institutions:						
(a) Developing Hispanic-serving institutions (HEA V)	D	94,914	94,911	94,911	0	0.0%
(b) International education and foreign language studies:						
(1) Domestic programs (HEA VI-A and B)	D	91,541	91,541	91,541	0	0.0%
(2) Overseas programs (MECEA section 102(b)(6))	D	12,610	12,610	12,610	0	0.0%
(3) Institute for International Public Policy (HEA VI-C)	D	1,600	1,600	1,600	0	0.0%
Subtotal		105,751	105,751	105,751	0	0.0%
(c) Fund for the Improvement of Postsecondary Education (HEA VII-B)	D	21,989	26,085 <sup>1</sup>	21,988	(4,097)	-15.7%
(d) Demonstration projects to ensure quality higher education for students with disabilities (HEA VII-D)	D	6,875	6,875	0	(6,875)	-100.0%
3. Assistance for students:						
(a) Federal TRIO programs (HEA IV-A-2, Chapter 1)	D	828,178	828,178	828,178	0	0.0%
(b) Gaining early awareness and readiness for undergraduate programs (GEAR UP) (HEA IV-A-2, Chapter 2)	D	303,423	303,423	303,423	0	0.0%
(c) Scholarships and fellowships:						
(1) Byrd honors scholarships (HEA IV-A-6)	D	40,590	40,590	0	(40,590)	-100.0%
(2) Javits fellowships (HEA VII-A-1)	D	9,699	9,797	9,797	0	0.0%
(3) Graduate assistance in areas of national need (HEA VII-A-2)	D	30,067	30,064	30,064	0	0.0%
(4) Thurgood Marshall legal educational opportunity program (HEA VII-A-3)	D	2,946	2,946	0	(2,946)	-100.0%
(5) B.J. Stupak Olympic scholarships (HE Amendments of 1992, section 1543)	D	970	970	0	(970)	-100.0%
(d) Child care access means parents in school (HEA IV-A-7)	D	15,810	15,810	15,810	0	0.0%
4. Teacher quality enhancement (HEA II-A)	D	59,895	59,895	0	(59,895)	-100.0%
5. GPRA data/HEA program evaluation (Department of Education Appropriations Act)	D	970	970	970	0	0.0%
6. Underground railroad program (HE Amendments of 1998, VIII-H)	D	1,980	1,977	0	(1,977)	-100.0%
7. Advancing America through foreign language partnerships	D	0	0	24,000	24,000	---
Total	D	1,943,687 <sup>2</sup>	1,947,866 <sup>2</sup>	1,837,737	(110,129)	-5.7%
Outlays	D	2,058,920	2,098,823	2,002,699	(96,124)	-4.6%

<sup>1</sup> Includes \$4,097 thousand, which has been reallocated under the 2007 Continuing Resolution, P.L. 109-289, from Interest Subsidy Grants, for which no further annual appropriation is needed.

<sup>2</sup> Adjusted for comparability. Excludes \$7,366 thousand in 2006 and in 2007 for Tribally controlled postsecondary career and technical institutions, which is requested in 2008 in the Career, Technical, and Adult Education account.



## DEPARTMENT OF EDUCATION FISCAL YEAR 2008 PRESIDENT'S BUDGET

January 24, 2007

(in thousands of dollars)		Category Code	2006 Appropriation	2007 Current Estimate	2008 President's Request	2008 President's Request	
Office, Account, Program and Activity						Compared to 2007 Current Level	
						Amount	Percent
Howard University							
1. Howard University Hospital (20 U.S.C. 128)		D	29,461	29,461	29,461	0	0.0%
2. General support (20 U.S.C. 121 et seq.)		D	207,931	204,404	204,405	1	0.0%
Total		D	237,392	233,865	233,866	1	0.0%
Outlays		D	233,866	230,434	233,866	3,432	1.5%
College Housing and Academic Facilities Loans Program Account (HEA section 121)							
1. Federal administration (FCRA section 505(e))		D	567	564	481	(83)	-14.7%
2. Reestimate of existing loan subsidies		M	144	37	0	(37)	-100.0%
Total			711	601	481	(120)	-20.0%
Discretionary		D	567	564	481	(83)	-14.7%
Mandatory		M	144	37	0	(37)	-100.0%
Outlays			767	653	525	(128)	-19.6%
Discretionary		D	623	616	525	(91)	-14.8%
Mandatory		M	144	37	0	(37)	-100.0%
College Housing and Academic Facilities Loans Liquidating Account (HEA section 121)							
1. College housing and academic facilities loans		M	(4,414)	(733)	(933)	(200)	27.3%
Outlays		M	(4,428)	(733)	(933)	(200)	27.3%
Historically Black College and University Capital Financing Program Account (HEA III-D)							
1. Federal administration (FCRA section 505(e))		D	208	167	188	21	12.6%
2. Loan subsidies (non-add)		D	0	178,929	0	(178,929)	-100.0%
3. Reestimate of existing loan subsidies		M	0	14,154	0	(14,154)	-100.0%
Total			208	14,321	188	(14,133)	-98.7%
Discretionary		D	208	167	188	21	12.6%
Mandatory		M	0	14,154	0	(14,154)	-100.0%
Outlays			165	193,251	178	(193,073)	-99.9%
Discretionary		D	165	179,097	178	(178,919)	-99.9%
Mandatory		M	0	14,154	0	(14,154)	-100.0%
Higher Education Facilities Loans Liquidating Account (HEA section 121)		M	(1,234)	(1,356)	(1,333)	23	-1.7%
Outlays		M	(1,304)	(1,366)	(1,331)	35	-2.6%
College Housing Loans Liquidating Account (HEA section 121)		M	(23,543)	(20,703)	(18,333)	2,370	-11.4%
Outlays		M	(23,568)	(20,722)	(18,319)	2,403	-11.6%
TOTAL, OPE			2,152,807	2,173,861	2,051,673	(122,188)	-5.6%
Total, Discretionary		D	2,181,854	2,182,462	2,072,272	(110,190)	-5.0%
Total, Mandatory		M	(29,047)	(8,601)	(20,599)	(11,998)	139.5%

<sup>1</sup> Authority to make new loans provided in Title II, Chapter 6, of the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, 2006 (P.L. 109-234). These subsidies are only for loans made to HBCUs recovering from the effects of Hurricanes Katrina and Rita.

DEPARTMENT OF EDUCATION FISCAL YEAR 2008 PRESIDENT'S BUDGET

January 24, 2007

(in thousands of dollars)							
Office, Account, Program and Activity	Category	2006	2007	2008	2008 President's Request		
	Code	Appropriation	Current Estimate	President's Request	Compared to 2007 Current Level		
					Amount	Percent	

## DEPARTMENT OF EDUCATION FISCAL YEAR 2008 PRESIDENT'S BUDGET

January 24, 2007

(in thousands of dollars)		2007	2008	2008 President's Request		
Office, Account, Program and Activity	Category	2006	Current	President's	Compared to 2007 Current Level	
	Code	Appropriation	Estimate	Request	Amount	Percent
INSTITUTE OF EDUCATION SCIENCES (IES)						
Institute of Education Sciences						
1. Research and statistics:						
(a) Research, development, and dissemination (ESRA I-A, B and D)	D	162,552	162,535	162,535	0	0.0%
(b) Statistics (ESRA I-C)	D	90,022	89,952	119,022	29,070	32.3%
2. Regional educational laboratories (ESRA section 174)	D	65,470	65,464	65,464	0	0.0%
3. Assessment (NAEPAA):						
(a) National assessment (section 303)	D	88,095	88,086	110,595	22,509	25.6%
(b) National Assessment Governing Board (section 302)	D	5,037	5,031	6,037	1,006	20.0%
Subtotal		93,132	93,117	116,632	23,515	25.3%
4. Research in special education (ESRA, Part E)	D	71,840	71,829	71,829	0	0.0%
5. Statewide data systems (ETAA section 208)	D	24,552	49,152	49,152	0	0.0%
6. Special education studies and evaluations (IDEA, section 664)	D	9,900	9,628	9,628	0	0.0%
Total	D	517,468	541,677	594,262	52,585	9.7%
Outlays	D	390,548	780,487	562,226	(218,261)	-28.0%
TOTAL, IES		517,468	541,677	594,262	52,585	9.7%

## DEPARTMENT OF EDUCATION FISCAL YEAR 2008 PRESIDENT'S BUDGET

January 24, 2007

(in thousands of dollars)		2007	2008	2008 President's Request	
Office, Account, Program and Activity	Category Code	2006 Appropriation	Current Estimate	President's Request	Compared to 2007 Current Level
					Amount Percent
DEPARTMENTAL MANAGEMENT					
Program Administration (DEOA)					
1. Salaries and expenses	D	411,150	410,556	429,631	19,075 4.6%
2. Building modernization	D	0	0	17,303	17,303 ---
Total	D	411,150	410,556	446,934	36,378 8.9%
Outlays	D	419,585	391,251	429,098	37,847 9.7%
Student Aid Administration					
1. Student aid administration (HEA I-D and IV-D, section 458)	D	118,800	718,483 1	708,216 1	(10,267) -1.4%
2. Prior mandatory Federal administration (HEA IV-D section 458)	D	600,000 2	0	0	0 ---
Total		718,800	718,483	708,216	(10,267) -1.4%
Outlays	D	110,405 3	439,070 3	624,218 3	185,148 42.2%
Office for Civil Rights (DEOA, section 203)					
1. Salaries and expenses	D	90,611	90,311	93,771	3,460 3.8%
Outlays	D	90,588	93,507	93,467	(40) 0.0%
Office of the Inspector General (DEOA, section 212)					
1. Salaries and expenses	D	48,510	48,428	53,239	4,811 9.9%
Outlays	D	47,664	48,160	52,269	4,109 8.5%
TOTAL, DEPARTMENTAL MANAGEMENT		1,269,071	1,267,778	1,302,160	34,382 2.7%

<sup>1</sup> Reflects enactment of the Higher Education Reconciliation Act of 2005 (Title VIII-A of the Deficit Reduction Act of 2005), which reauthorizes HEA section 458 and requires the Congress, beginning in fiscal year 2007, to appropriate discretionary funds for Federal student aid administrative costs, which were formerly available as mandatory funds.

<sup>2</sup> Adjusted for comparability. Funds were provided in the Federal Direct Student Loans Program Account.

<sup>3</sup> Excludes outlays made under prior mandatory Federal Administration: \$524,974 thousand in fiscal year 2006, \$236,918 thousand in fiscal year 2007, and \$63,891 thousand in fiscal year 2008. These outlays are shown in the Federal Direct Student Loans Program account where the expenditures will occur.

## DEPARTMENT OF EDUCATION FISCAL YEAR 2008 PRESIDENT'S BUDGET

January 24, 2007

(in thousands of dollars)		Category Code	2006 Appropriation	2007 Current Estimate	2008 President's Request	2008 President's Request Compared to 2007 Current Level	
Office, Account, Program and Activity						Amount	Percent
HURRICANE EDUCATION RECOVERY							
Hurricane Education Recovery							
1. Aid for elementary and secondary education (HERA Subtitle A):							
(a) Programs to restart school operations (section 102)		D	750,000	0	0	0	---
(b) Assistance for homeless children and youth (section 106)		D	5,000	0	0	0	---
(c) Temporary emergency impact aid for displaced students (section 107)		D	880,000	0	0	0	---
Subtotal			1,635,000	0	0	0	---
2. Postsecondary institutional assistance:							
(a) Aid for institutions of higher education (Pub. Law 109-148 Title I, Chapter 6)		D	200,000	0	0	0	---
(b) Aid for recovering institutions (HEA, Title VII - B)		D	50,000	0	0	0	---
Subtotal			250,000	0	0	0	---
Total (non-add)		D	1,885,000 <sup>1</sup>	0	0	0	---
Outlays		D	1,139,650	743,779	0	(743,779)	-100.0%

<sup>1</sup> Includes \$1,600,000 thousand from P.L. 109-148; and \$285,000 thousand from P.L. 109-234.

## DEPARTMENT OF EDUCATION FISCAL YEAR 2008 PRESIDENT'S BUDGET

January 24, 2007

(in thousands of dollars)						
Office, Account, Program and Activity	Category Code	2006 Appropriation	2007 Current Estimate	2008 President's Request	2008 President's Request Compared to 2007 Current Level	
					Amount	Percent
<b>Contributions (DEOA, section 421)</b>	M	60,903	0	0	0	---
Outlays	M	350	60,553	0	(60,553)	-100.0%
<b>General Fund Receipts</b>						
1. Perkins loan repayments	M	(51,170)	(42,000)	(42,000)	0	0.0%
2. Perkins institutional fund recall (mandatory)	M	0	0	(419,000)	(419,000)	---
3. CHAFL downward reestimate of loan subsidies	M	(270)	0	0	0	---
4. FDSL downward reestimate of loan subsidies	M	(522,779) <sup>1</sup>	(984,538)	0	984,538	-100.0%
5. FFEL downward reestimate of loan subsidies	M	(289,237) <sup>1</sup>	(3,714,626)	0	3,714,626	-100.0%
6. FFEL downward modification of loan subsidies	M	(14,201) <sup>1</sup>	0	(2,812,891)	(2,812,891)	---
7. Proprietary receipts	M	(68,000)	(47,000)	(47,000)	0	0.0%
8. Net intergovernmental payments	M	(7,000)	(4,000)	(4,000)	0	0.0%
Total		(952,657) <sup>1</sup>	(4,792,164)	(3,324,891)	1,467,273	-30.6%
Outlays		(126,440)	(4,792,164)	(3,324,891)	1,467,273	-30.6%
APPROPRIATION TOTAL, EDUCATION DEPARTMENT		98,193,792	65,716,191	62,609,499	(3,106,692)	-4.7%
Discretionary funds	D	56,552,764 <sup>2</sup>	55,985,691 <sup>3</sup>	55,996,794	11,103	0.0%
Mandatory funds	M	41,641,028 <sup>4</sup>	9,730,500	6,612,705	(3,117,795)	-32.0%
BUDGET AUTHORITY TOTAL, EDUCATION DEPARTMENT		98,182,592	65,716,191	62,609,499	(3,106,692)	-4.7%
Discretionary funds	D	56,541,564 <sup>2, 5</sup>	55,985,691 <sup>3, 5</sup>	55,996,794 <sup>5</sup>	11,103	0.0%
Mandatory funds	M	41,641,028 <sup>4</sup>	9,730,500	6,612,705	(3,117,795)	-32.0%
OUTLAYS TOTAL, EDUCATION DEPARTMENT		93,445,101	68,062,516	58,632,951	(9,429,565)	-13.9%
Discretionary funds	D	58,261,906	58,934,718	54,975,303	(3,959,415)	-6.7%
Mandatory funds	M	35,183,195	9,127,798	3,657,648	(5,470,150)	-59.9%

<sup>1</sup> Budget authority adjusted for comparability. Downward loan reestimates and modifications are shown as General Fund Receipts starting in FY 2007.

<sup>2</sup> Excludes \$1,885,000 thousand in emergency supplemental appropriations for hurricane education recovery: \$1,600,000 thousand from P. L. 109-148; and \$285,000 thousand from P.L. 109-234.

<sup>3</sup> Excludes \$178,929 thousand in subsidies for loans to HBCUs recovering from the effects of Hurricanes Katrina and Rita, authorized in P.L. 109-234, an FY2006 emergency supplemental appropriations act.

<sup>4</sup> Excludes a reappropriation of \$28,429 thousand for Federal Supplemental Educational Opportunity grants, Federal Work Study, and Federal Perkins Capital Contributions, pursuant to section 2(c) of the National Disaster Student Aid Fairness Act (P.L. 109-86).

<sup>5</sup> Excludes advance appropriations of \$15,033,501 thousand that become available on October 1 of the following fiscal year.

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

# **PART Ratings for ED Programs Assessed To Date**

(Dollars in thousands)

Program	Year Assessed	Rating *	FY 2007 Current Estimate	FY 2008 Request	Change from 2007
Howard University	2005	Adequate	233,865	233,866	1
Graduate Assistance in Areas of National Need	2004/2006	Adequate	30,064	30,064	0
Gallaudet University	2005/2006	Adequate	106,998	106,998	0
Education for Homeless Children and Youth	2006	Adequate	61,878	61,878	0
Migrant State Agency Program	2006	Adequate	380,295	380,295	0
Vocational Rehabilitation Training	2006	Adequate	38,438	38,438	0
<b>Subtotal, 26 Programs Adequate</b>			<b>36,685,611</b>	<b>34,123,029</b>	<b>-2,562,582</b>
Even Start	2002	Ineffective	111,584	0	-111,584
Career and Technical Education State Grants	2002	Ineffective	1,182,420	600,000	-582,420
TRIO Upward Bound	2002	Ineffective	313,592	313,592	0
Federal Perkins Loans	2003	Ineffective	65,471	0	-65,471
<b>Subtotal, 4 Programs Ineffective</b>			<b>1,673,067</b>	<b>913,592</b>	<b>-759,475</b>
IDEA Preschool Grants	2002	RND	380,751	380,751	0
IDEA Grants for Infants and Families	2002	RND	423,067	423,067	0
Tech Prep State Grants	2002	RND	104,755	0	-104,755
Occupational and Employment Information	2002	RND	0	0	0
Tribally Controlled Postsecondary Career & Tech. Institutions	2002	RND	7,366	7,366	0
Safe and Drug-Free Schools State Grants	2002/2006	RND	351,642	100,000	-251,642
IDEA Personnel Preparation	2003	RND	89,719	89,719	0
Independent Living State Grants and Centers	2003	RND	97,226	97,226	0
Federal Supplemental Educational Opportunity Grants	2003	RND	770,591	0	-770,591
Federal Work-Study	2003	RND	980,492	980,492	0
Teacher Quality Enhancement	2003	RND	59,895	0	-59,895
Research in Special Education	2003	RND	71,829	71,829	0
High School Equivalency Program	2004	RND	18,550	18,550	0
College Assistance Migrant Program	2004	RND	15,377	15,377	0
Impact Aid Payments for Federal Property	2004	RND	64,350	64,350	0
Training and Advisory Services	2004	RND	7,113	7,113	0
Comprehensive Regional Assistance Centers	2004	RND	56,256	56,256	0
National Writing Project	2004	RND	21,533	0	-21,533
Teaching American History	2004	RND	119,790	50,000	-69,790
Ready to Learn Television	2004	RND	24,255	24,255	0
Parental Information and Resource Centers	2004	RND	39,600	0	-39,600

## PART Ratings for ED Programs Assessed To Date

(Dollars in thousands)

Program	Year Assessed	Rating *	FY 2007 Current Estimate	FY 2008 Request	Change from 2007
IDEA Technical Assistance and Dissemination	2004	RND	48,902	48,902	0
IDEA Parent Information Centers	2004	RND	25,704	25,704	0
Assistive Technology Alternative Financing	2004	RND	0	0	0
Leveraging Educational Assistance Partnership	2004	RND	64,468	0	-64,468
International Education--Domestic	2004	RND	91,541	91,541	0
Byrd Honors Scholarships	2004	RND	40,590	0	-40,590
B.J. Stupak Olympic Scholarships	2004	RND	970	0	-970
Child Care Access Means Parents in School	2004	RND	15,810	15,810	0
Neglected and Delinquent State Agency Program	2005	RND	49,797	49,797	0
Impact Aid Basic Support/Payments for Children with Disabilities	2005	RND	49,466	49,466	0
Educational Technology State Grants	2005	RND	273,062	0	-273,062
State Grants for Innovative Programs	2005	RND	99,183	0	-99,183
Physical Education Program	2005	RND	72,674	0	-72,674
Voc. Rehabilitation. Demonstration and Training Programs	2005	RND	6,511	6,840	329
American Printing House for the Blind	2005	RND	17,573	17,573	0
Smaller Learning Communities	2005	RND	90,371	0	-90,371
Strengthening Historically Black Colleges and Universities	2005	RND	238,095	238,095	0
Strengthening Historically Black Graduate Institutions	2005	RND	57,915	57,915	0
Developing Hispanic-Serving Institutions	2005	RND	94,911	94,911	0
Indian Education Grants to Local Educational Agencies	2006	RND	95,331	95,331	0
Mathematics and Science Partnerships	2006	RND	182,124	182,124	0
Mentoring Program	2006	RND	19,000	0	-19,000
Strengthening Institutions	2006	RND	79,535	79,535	0
Rural Education	2006	RND	168,851	168,851	0
Language Acquisition State Grants	2006	RND	670,819	670,819	0
Migrant and Seasonal Farmworkers	2006	RND	2,279	0	-2,279
Technology and Media Services	2006	RND	38,428	25,063	-13,365
<b>Subtotal, 48 Programs Results Not Demonstrated</b>			<b>6,298,067</b>	<b>4,304,628</b>	<b>-1,993,439</b>
<b>Total, 89 Programs Rated</b>			<b>62,614,147</b>	<b>58,549,840</b>	<b>-4,064,307</b>

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

NOTE: A total of 89 ED programs have been assessed since 2002 using the Program Assessment Rating Tool (PART); additional programs will be rated in the future.