



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF THE SECRETARY

TO: Bruce Reed
Barbara Chow

FROM: Terry K. Peterson
Mike Cohen

DATE: January 11, 2000

RE: Comments on the 'Home Grown' Teachers Proposal

We understand that you are continuing to make revisions with the 'Home Grown Teachers' Proposal. We wanted to share our comments on the latest draft we have seen, and we look forward to working with you over the next few days to continue to shape this proposal.

- I. The proposal needs to stress the importance of creating a sound pipeline to college and partnerships with colleges for the students in these economically stressed communities. No where is there mention of the partnership and work that must go on with the colleges themselves. We also need to make sure that we recognize that many of these students, particularly in middle and early high school, and their families need help with preparing their child for college (e.g. financial aid, taking rigorous courses like math and science, a second language, advanced placement, and visiting college campuses). Parents are also a key partner in this pipeline and their participation is needed, as they must realize that teaching is a rewarding profession.
- II. A key component of successful teacher recruitment efforts is to partner the young prospective teachers with master teachers as mentors and team leaders both in middle and high school. No where is the critical role of the master teacher discussed and they are central to "growing teachers" and helping the prospective teachers tutor elementary school students and organizing teacher cadet programs in high school, and learning about teaching as a career.

A note from a former student of one of our National Teachers of the Year provides a key on how to organize the program:

"In order to get more people into teaching, we need to increase the exposure to teaching. So many of us are teachers at heart and we never truly realize it because the opportunity to teach has never been presented to us. We need to increase peer-tutoring programs. Students need opportunities to teach each other. Allow kids to see how teaching impacts lives. Two girls in my fifth grade class go every morning to help a first grader learn to read. They love it!"

- III. In current form, this proposal is far less flexible than we would normally make a competitive program and is constructed to be a one size fits all approach. This proposal should provide greater flexibility for the school district to identify its needs and design its own approach providing us with a variety of recruiting ideas. We should also be sure to provide sufficient flexibility for the student and families, to be able to choose from a variety of college programs, not just one neighboring college. A school district should not steer a student into a major even if that is the shortage of the school district at the time.
- IV. Any long-term teacher recruitment proposal should give extra support and attention to the pivotal freshman and sophomore years in college. The prospective young teachers can easily get lost in college or the university and often have little contact with the teacher preparation program, especially in immediate years following high school. So, this proposal needs to build in assistance such as team meetings, contact with the master teachers back home during the entire period they are in college but with special emphasis on these first two years.
- V. This proposal should reflect the expectation that kids who accept college scholarships will commit to teach in the district exchange that is established by the district. Perhaps we should consider including a clause in this proposal that suggests asking the student who has accepted this scholarship to teach in the district for some specified number of years, or the scholarship converts to a loan. In its current form, the proposal seems a bit one-sided. We should not pay signing bonuses to students who already receive scholarships and summer jobs.
- VI. A major ingredient in helping minorities and disadvantaged students to prepare for college, go into teaching, and succeed in college is building team spirit. A group or team effort (e.g. study sessions or seminars) reinforces the efforts of these students and should be included in this proposal to ensure success. The master teacher can help organize and motivate such an effort.
- VII. Build on new state and district teacher recruitment proposals. A number of states and school districts are now crafting loan forgiveness programs, scholarships, etc. to recruit teachers. These are the costly item but they start later in the career path. What our proposal offers is building the pipeline to teaching and college entry in middle and high school. In our proposal, we might consider giving funding priority to high need school districts in states that have put in place the scholarship incentives in the college years. That would maximize our federal investment and increase the likelihood of success.

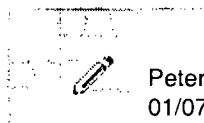
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For example, the South Carolina teacher recruitment effort has invested in individual high need urban and rural middle and high schools by buying 1-2 periods of 1-2 master teachers time, building linkages to colleges, and developing high quality curriculum and materials for the master teachers to use. All these strategies are more powerful if in the last years of high school and into college the prospective teacher has access to scholarships, forgiveness of loans, summer employment, etc. Our federal money could be used for these purposes but only to fill in the gaps after a substantial match by the local districts, college or state.

We can make specific edits and revisions to your latest proposal, if you like. However, we wanted to be sure and provide you with our initial comments for your consideration.



Peter A. Weber
01/07/2000 05:55:04 PM

Record Type: Record

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Subject: Home Something Teachers

Attached is a two page summary of the Home Grown (?) teachers program. Please call 395-4687 if you have any questions.



Teacher Recruitment proposal.w

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Home-Grown Teachers Proposal

This program would provide competitive grants to high-poverty school districts to develop programs to "grow their own" teachers as a means of addressing their shortage of qualified teachers. Programs supported by this grant would begin to cultivate and recruit students as early as middle school and would intensify the recruitment and cultivation efforts as participants move through high school. Upon high school graduation, participants would attend universities to gain expertise and teacher certification in a high-need field. After college, the students would return to high-poverty districts to guaranteed teaching positions. Throughout the program, students would receive exposure and training experiences at summer camps and as teaching assistants. "Home grown" teachers would also receive salaries for work during high school and college, scholarships for tuition, recruitment signing bonuses, and high quality professional development. Finally, even before the first cohort of "home grown" teachers enters the classroom, a program will have been established that helps high-poverty school districts address general community needs, offer summer activities for students, and helps steer students from high-poverty districts toward college and a career.

Program Structure: Competitive grants for the "home grown" teacher program would be made to high-poverty school districts with shortages of qualified teachers. During the first year of the program, \$100 million would fund summer training camps, community service activities, and participant salaries for prospective teachers in 100 school districts. When the first cohort of teachers reaches college, in year three, \$200 million of federal funding plus a 25% local match will fund college scholarships for a select group of 100 participants per school district, and summer salaries, at the entry level, for 500 participants per school district. When the first cohort graduates from college, six years after the start of the program, \$400 million of federal money along with a 25% local match will fund signing bonuses and national certification for an average of 250 new teachers per school district.

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The program would have four stages.

Middle School: This stage entails exposing middle school students to the teaching profession. In middle school, "home grown" teachers would serve as teachers' aides or help tutor elementary school students. Middle school students might also participate in activities such as a special student advisory board to the principal, or a school improvement committee. Participants would be offered special opportunities such as field trips to elementary schools to offer them more opportunities to learn the skills needed for teaching.

In order to retain student's interest over the summer and build students' connection to their community, districts would sponsor summer camps during which middle school students, under the guidance of older students and teachers, could participate in activities that identify and solve a particular challenge to their community. These camps would not only help build skills needed to be a successful teacher, such as teamwork and problem solving, they would also help to build a bond between the "home grown" teachers and their community.

Throughout this phase, districts would be responsible for creating programs that help them

identify promising "home grown" teachers through activities that also serve the current needs of the district. Students would be held accountable for their performance in these activities, with the most promising students progressively receiving additional responsibilities.

High School: As students progress to high school, the program will provide increased incentives and opportunities as well as an intensification of the cultivation and selection process of "home grown" teachers. High school students would compete for positions as teacher assistants and as tutors, earning them course credit and pay. Students would also be offered summer employment to work at the same summer camps that they attended as middle school students.

While students continue to gain experience as teachers, school districts would help them select an appropriate college and study emphasis. This would allow schools to guide students toward high-need subject areas and provide students guidance in selecting a college. At the end of high school, the most promising students would receive college scholarships. At this point, districts will also make arrangements with students to offer summer employment while the student is in college and to offer a position on the faculty once the student completes college.

College: During this stage, "home grown" teachers would be accountable for majoring in a specified subject area, maintaining a minimum grade point average, and earning a teaching certificate. Districts would offer participants guaranteed summer employment, and if possible, part-time jobs in after school programs during the school year. During the summers students would earn entry level salaries as teaching assistants to summer school teachers or as counselors for the district's summer camps. During the summer before graduation participants would work as summer school teachers.

Post-College: After participants successfully complete college they would be guaranteed a job in their own or another high-poverty school district. Districts would be required to develop employment packages that would be used to encourage the "home grown" teachers to accept teaching positions. These packages would include signing bonuses in exchange for a service commitment, pay-for-performance, and increased salaries for increased responsibilities. These increased responsibilities might include gaining national certification or serving as the school's professional development coordinator or lead teacher.

In addition, "home grown" teachers would serve as role models for their students in high-poverty districts. They would coordinate activities such as the summer camp for the next generation of "home grown" teachers.

PREPARER/EXT: Pete Weber/5-4687.

disruptive students while allowing them to continue academic work toward state academic standards. This initiative would cost \$50 million in the first year.

Small Schools – This proposal would build on an initiative in the FY00 appropriations bill supported by Congressman Obey to establish smaller learning communities in America's high schools. The program would offer competitive grants to school districts that submit a plan to create smaller learning environments for students by opening smaller schools (including charter schools), or by breaking up larger schools using strategies such as creating schools-within-schools, establishing career academies, or restructuring the school day. Allowable uses of federal funds could include planning and implementation costs, professional development, team building, minor facility renovation, additional planning time, legal and accounting consulting, supplies and other relevant costs. These funds could also be used to seed small charter high schools in the district. The Obey initiative is funded at \$45 million in the FY 2000 appropriations bill and we recommend expanding funding to \$200 million for FY01.

SAT and ACT Test Preparation – Historically poor and minority students have not scored well on college entrance exams such as the SAT and ACT. At a time when these scores are a very influential factor in college admissions and when backlash against affirmative action is decreasing minority enrollment in some top institutions, it is appropriate and necessary to offer low income students the same college test prep courses that boost the scores of their more privileged classmates. This program would be modeled after California's College Preparation Partnership Program, which the NAACP has recently recommended replicating across the country. The program would support partnerships of high schools, proven providers of college test prep courses (such as Kaplan and Princeton Review), and community based organizations that would offer high-need students college test preparation and other services related to college admissions. Funding for these partnerships would be distributed by competitive grant. \$30 million would serve approximately 50,000 students.

Teacher Recruitment -- This program would provide competitive grants to high-poverty school districts to develop programs to "grow their own" teachers as a means of addressing their shortage of qualified teachers. Programs supported by this grant would begin to cultivate and recruit students as they move through high school. Upon high school graduation, participants would attend universities to gain expertise and teacher certification in a high-need field. After college, the students would return to high-poverty districts to guaranteed teaching positions. Throughout the program, students would receive exposure and training experiences at summer camps and as teaching assistants. "Home grown" teachers would also receive salaries for work during high school and college, scholarships for tuition, recruitment signing bonuses, and high quality professional development. This program could be started in 100 school districts with \$100 million in FY 2001.

manner in which consumer education information was provided to parents and the number of parents that received such information.

The statute previously specified the type of consumer education information that the Lead Agency had to provide: ``licensing and regulatory requirements, complaint procedures, and policies and practices relative to child care services within the State.'' The statute now is less prescriptive. Consumer education information is defined as that which ``will promote informed child care choices.'' Thus, the statute leaves it up to the Lead Agency to determine the type of information that will help the public and parents make informed child care choices.

In the comments to the proposed rule, however, we received numerous comments advising us to strengthen the consumer education requirement. Two themes arose from the comments. One frequently voiced comment was that parents need to be informed that the full range of providers is available to them, especially when they receive certificates. Included in the full range of providers are sectarian and religious providers, and we take this opportunity to remind Lead Agencies that such providers must be available to parents. The second theme we heard was that parents need to be aware of the importance of health and safety standards, and the extent to which various categories of care or types of providers provide health and safety protections for children.

Additionally, in a report issued in February 1998 by the Office of Inspector General of the Department of Health and Human Services, it was noted, ``Good consumer education is critical to making the child care market function properly. If parents are not able to make informed choices, their access to the market is limited. Further, if parents demand safe and quality care, providers are more likely to supply it.'' The study report, ``States' Child Care Certificate Programs: an Early Assessment of Vulnerabilities and Barriers'' (OEI-05-97-00320), which makes note of Congress' strengthening of the consumer education requirements in the CCDBG Act, has recommended that ACF take steps to

MEMO ON EDUCATION INITIATIVES:

Elementary and Secondary Education

The ongoing reauthorization of the Elementary and Secondary Education Act coupled with the need to provide increases to several elementary and secondary base programs has led us to develop initiatives that complement these efforts while supporting innovation, high standards, and efforts to fix failing schools.

Significant Existing Programs

FF ✓ **Title I** – We recommend increasing funding for the Title I accountability set-aside to \$250 million for FY01 and increasing the funding for the basic Title I grants by at least an equal amount.

FF **After-School** – We are analyzing options and developing a proposal that will make after-school programs universal for students in schools identified as failing under Title I. We also recommend allowing 30 percent of funds for after-school and other extended learning programs to be granted directly to non-profit community-based organizations (CBOs)—including faith-based organizations. These programs would be run in partnership with public schools at the school site. This change would allow local organizations that have proven track records in after-school and can offer innovative educational strategies and often better connections to parents and the broader community to get involved the program. At present, no funds can be granted to CBOs, although the ESEA reauthorization proposal would allow up to 10% of funds in a given year to be awarded to nonprofit CBOs.

PE ✓ **Class Size** – We recommend a significant increase to stay on track toward hiring 100,000 teachers. The program is now funded at \$1.3 billion and we recommend increasing funding to at least [Eric: check with Bruce and get his latest thinking here, this has been a moving target]

PE **Charter Schools** – With an increase of approximately \$120 million the charter schools program will support the President's goal of 3000 charter schools. We recommend funding the program at this level.

Elementary and Secondary Education Act Proposals

The President's ESEA reauthorization proposal contains items that we recommend including in the budget for FY01.

PE/TJ **Teaching to High Standards:** The President's ESEA reauthorization proposal would consolidate Goals 2000, the Eisenhower Professional Development Program, and Title VI into a standards-based-reform grant program. We recommend that the FY01 budget

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we expect Lead Agencies to consider family and community circumstances carefully before limiting its availability. For that reason, CCDF Plans must specify any limitations placed on in-home care and the reasons for those limitations.

ACF recognizes that giving Lead Agencies complete latitude to impose conditions and restrictions on in-home care may affect parents' ability to make satisfactory child care arrangements and thus their ability to participate in work, education or training. We also recognize the challenges of implementing health and safety requirements in the child's own home, monitoring in-home providers, and complying with Federal wage and tax laws governing domestic workers.

Comment: Several commenters thought we were interpreting the FLSA and, therefore, wanted the discussion about it deleted. Others wanted us to say that in-home child care providers were independent business contractors and not domestic employees.

Response: We have not interpreted the FLSA: we have simply restated the FLSA's characterization of in-home child care providers as domestic service workers. ACF cannot determine that in-home child care providers are to be considered independent business contractors.

Interpreting the FLSA, and other wage and tax laws, is the responsibility of other Federal agencies, such as the Department of Labor, the Department of the Treasury and the Social Security Administration, as noted by several of the commenters. While we have not regulated that the minimum wage must be paid to in-home providers, as some commenters thought, we would be extremely remiss in not alerting Lead Agencies to the existence and possible applicability of other laws. Nor can we ignore violations of those laws simply because their enforcement is the purview of another Federal agency.

We continue to work with the responsible Federal agencies to help clarify issues around the use of in-home child care providers and will work with the other appropriate Federal agencies to provide guidance to Lead Agencies. We also recognize that there have been instances where the Federal or State agency responsible for determining the

request reflect this proposal. At their FY00 enacted levels the Eisenhower program and Goals 2000 are a combined \$ 830 million. Although the Administration does not recommend funding the Title VI program in its budget request, the Teaching to High Standards initiative should reflect an inclusion of current Title VI funding (\$380 million FY00) and be funded at a minimum of \$1.21 billion. In order to reach this level while funding our new initiatives, we recommend including five earmarks in the Teaching to High Standards funding: Teacher Academies (OMB proposal for \$100 million), Troops to Teachers – Transition to Teaching (\$50 million), Pay for Performance Demonstration Program (\$50 million), Dual Accredited Teachers (\$30 million), and School Leadership (\$40). *These earmarks are described in more detail in this memo.*

PE

Public School Choice OPTIONS Proposal –The OPTIONS initiative would create a grant program that would fund the demonstration, development, implementation, evaluation and dissemination of information of innovative public school choice projects. Funded projects would focus on areas such as new choice options for students within districts, partnering choice schools with other schools to disseminate information and stimulate improvement, and overcome barriers to choice. The \$30 million request covers \$28 million for approximately 40 new grants \$1.3 million for evaluation, and \$200,000 for peer review.

KG

Troops to Teachers – The Troops to Teachers program was created in 1994 to help improve public school education by injecting the talent, skills, and experience of military service members and other federal civilian personnel into high-poverty schools. Recent studies have found that a significant number of mid-career professionals who possess strong subject matter skills are interested in beginning a teaching career-this program taps this valuable resource. The new proposal will continue the recruiting, preparing and supporting retired military personnel as teachers in high-need subject areas and school districts. It will also support similar programs for other mid-career professionals by awarding grants to public agencies, institutions of higher education, and nonprofit organizations to recruit, prepare, and support career-changing professionals from diverse fields whose knowledge and experience could help them become successful teachers. \$50 million for FY01.

New Initiatives

PE

Fund for Future Schools – During our discussions with educators and education leaders this fall, a common theme was the lack of funding available for large-scale innovation. Our proposal would establish an independent and bipartisan fund to support innovative regional, state, and local ideas that require up-front infusions of funding. As opposed to school-based only reforms these resources would support structural changes at the school district, state, and/or regional level. For example, a recent Education Commission of the States called for changes in school governance, especially in large school districts. The report recommended that school districts either move toward complete site-based management or a portfolio approach where different schools are accountable to the school board for performance but operate independently essentially as charter schools. Hugh

applicability of the FLSA and the minimum wage requirements have reached very different conclusions in seemingly similar cases. Therefore, we encourage Lead Agencies to work with the appropriate local representatives of the other Federal agencies to resolve or clarify the State-specific questions they may have regarding the applicability of other laws and regulations.

Comment: One tribe wanted us to exempt tribes from paying the minimum wage to in-home providers.

Response: As discussed above, ACF does not determine the applicability of the FLSA and cannot make exceptions to it.

Comment: One commenter wanted us to define in-home child care providers as any legally-exempt provider who is otherwise not regulated but who is specially authorized to provide care in the child's home or in the provider's home.

Response: It is unclear why it would be useful to define in-home care in this way. As discussed above, the unique characteristic of in-home is its location, not the regulatory status of the care.

Comment: One commenter wanted us to require that in-home providers meet health and safety requirements. Another commenter wanted us to state that Federal law does not require that CCDF subsidies be given to parents or providers known to be operating inconsistently with applicable laws and regulations. In this vein, the commenter suggested that we encourage Lead Agencies to require provider documentation of compliance with applicable laws, such as worker compensation, unemployment compensation, income tax withholding for employees.

Response: In-home care must meet the requirements established by the Lead Agency for protecting the health and safety of children pursuant to Sec. 98.41. In-home care, as a category of care, is not exempt from health and safety standards. And, relatives who provide in-home care are not exempt from health and safety requirements unless the Lead Agency specifically chooses to exempt them, as provided for at Sec. 98.41(a)(1)(ii)(A).

Price, President of the Urban League recently called for a similar change in an editorial in Education Week and a few school districts are moving in this direction. For example Seattle has implemented site-based management and Cincinnati is slowly moving toward the portfolio model. However, changes of this nature require both fiscal and political will. By providing funding we would help school districts that are struggling to maintain services with current funding adopt changes that would otherwise be out of their reach and also help generate political will by making funds available for changes of this nature. Of course, this funding could also support school based or other changes that the board deemed worthy of support. A local matching requirement would encourage local support and investment. Prime Minister Blair has started a similar fund in England and British officials report that in its second year their Education Action Zone initiative is showing positive results however they believe that the independence of the fund is a key characteristic. \$50 million would be distributed by competitive grants in the first year of this program.

PS

Performance-Based Pay and Peer Review – As part of the 1999 National Education Summit in Palisades, New York, the governors and assembled business leaders pledged to sponsor “pay for performance” initiatives for teacher salary in 10 locations as a strategy to make teacher pay more competitive with other professions. Denver Colorado had adopted such a measure just prior to the summit. Despite considerable attention to the issue of teacher quality, teacher pay still remains far below other professions with the national average starting salary only approximately \$25,000, average teacher salary overall only approximately \$38,000, and the average maximum teacher salary in any state only about \$51,000. In addition, the Vice President and others have called for developing more equitable and expeditious ways to reward good teachers and get low-performing teachers out of the classroom. Specifically, in his May 16th speech at Graceland College, the Vice President called for teacher evaluations by experienced peers and administrators every 5 years to ensure, “faster but fair ways to identify, improve, and when necessary remove low performing teachers. California in addition to several large school districts have programs similar to what the Vice President proposed. Our proposal would fund 10 pilot pay for performance plans similar to what Denver has developed. While details would be left up to the local school districts and their teachers, the pilots could support performance awards that are either individual or school based. We would also provide grants for 10 pilots of “peer review” programs where teachers are evaluated by their peers every 5 years and low-performing teachers are given support to improve or ultimately removed from the system in a fair but fast manner. 10 pilots for each strategy could be funded for \$50 million in the first year.

PS

Rewarding Leaders and High Performance –The federal government’s role in education has evolved to one that expects all students to achieve, holds schools accountable for performance, supports improvement, refuses to tolerate persistent failure, and rewards success. However, we have not yet put into place a viable rewards program. This proposal calls for a Rewards Fund for Leaders and High Performance that would award funding to states that met federal performance criteria and would support teacher performance pay demonstration

The regulations at Sec. 98.54(a)(2) require that CCDF funds ``shall be expended in accordance with applicable State and local laws.'' Payments made to parents or providers who are not in compliance with applicable laws are subject to disallowance in accordance with Sec. 98.66.

Comment: Several commenters stated that the Lead Agency should have the ability to define limits and regulate the use of in-home care as they see fit and that no further requirements, beyond the description of the limits, should be imposed.

Response: This comment mirrors our policy. The Lead Agency has complete flexibility to define the limits and regulate the use of in-home care. As a point of clarification, while the Lead Agency may impose limits on the use of in-home care, it cannot flatly prohibit the use of in-home care. In-home care remains an option that must be offered to parents, pursuant to Sec. 98.30(e), subject to the limits established by the Lead Agency.

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Parental Access (Section 98.31)

We have amended the regulations at Secs. 98.31 and 98.16(n) to reflect the new statutory requirement at section 658E(c)(2)(B) that Lead Agencies have in effect procedures to ensure unlimited parental access and to provide a detailed description of those procedures. We have also amended Sec. 98.15(b)(1) to reflect the statutory change to certify, rather than assure, that procedures are in effect to ensure unlimited access.

Comment: One commenter asked that we clarify this requirement as it relates to parents who have limited contact or custody rights as a result of a court order. The commenter suggested that Lead Agency procedures may restrict access to only those persons identified in the provider's records as authorized to remove the child(ren) from the facility.

Response: We agree that the Lead Agency should address these situations and should establish their procedures in light of court

projects (*described above*). From FY2001-2003, states would receive awards for developing accountability systems, including high school exit exams, meeting teacher quality requirements, and developing and disseminating report cards ahead of the timetable the President is calling for in his ESEA proposal. After 2003, the Reward Fund would move to a system based on actual student performance measures.

Initially, this fund would also provide seed money to states to help them develop school report cards including the guidelines that the President specified in his Education Accountability Act. This would help undermine Republican criticism of our ESEA requirements as unfunded mandates to the states. Beginning with \$125 million in FY01 and including our peer review and pay for performance proposals, we would be on a track to spend \$1 billion rewarding performance over five years.

RJ

Leadership for 21st Century Schools –Without quality school leaders, school reform is destined to fail. To address this, our initiative would fund independent School Leadership Centers. The Centers would focus on leadership development opportunities for existing schools leaders (principals, superintendents, etc) in areas such as effective management, school design, technology, and district governance. In addition, recruiting and training nontraditional candidates for school and district leadership would also be part of the Center's mission. Centers would be run by independent nonprofits or public-private partnerships on a state or regional basis and they would be required to partner with leadership from the public and private sector. Just as Presidential leadership has increased the national focus on improving teacher quality, federal leadership is needed to push states to make greater investments in developing quality school leaders prepared for accountability, the devolution of decision making, and the focus on school-based reform. At present, there is no federal program focused solely on school leadership and only a handful of programs allow funds to be used for it. There is broad political support for a focus on improving school leadership, as evidenced by the inclusion of a smaller provision in the House-passed ESEA bill. We recommend \$40 million in competitive grants to fund approximately 20 state-level or regional centers.

PK

Schools without Walls: Ensuring Access through Distance Technology –This initiative aims to ensure challenging coursework for all students by providing access to high-quality on-line academic courses to students in under-served areas. While this Administration has shaped a federal education role that holds all students to high standards and expects they can achieve, the reality of school finance in America prevents all students from having access to challenging educational opportunities. Small and poor schools often lack the resources and teachers needed to offer challenging courses, including Advanced Placement courses at the high school level. Today, less than 60% of US high schools offer AP courses to their students. A lack of qualified teachers in these areas, also mean that students don't have access to challenging math and science courses or classes in English as Second Language.

This proposal complements existing federal efforts in technology to fund internet

ordered restricted parental contact or custody. However, we do not believe that it is necessary to revise the wording of the regulation nor do we believe that Congress intended that we create such a detailed Federal requirement on the Lead Agency.

Parental Complaints (Section 98.32)

We have added paragraph (c) to the regulations at Sec. 98.32 and amended Sec. 98.16 by adding paragraph (m) to reflect the new statutory requirements at 658E(c)(2)(C) on parental complaints. Under the changes, Lead Agencies must provide a detailed description of how a record of substantiated parental complaints is maintained and made available to the public on request. We have also amended the regulation at Sec. 98.15(b)(2) to reflect the requirement of the statute at 658E(c)(2)(C) that a Lead Agency ``certify`` rather than ``assure`` that it will maintain a record of substantiated parental complaints.

Comment: Some commenters questioned whether the Lead Agency had to maintain the record of substantiated complaints, since this function may occur at another part of State government.

Response: We corrected the language of this section to reflect that it is the State, but not necessarily the Lead Agency, that must maintain the record of substantiated complaints and make information regarding such parental complaints available to the public on request. However, in the Plan, the Lead Agency must, nevertheless, provide the detailed description of how such a record is maintained and made available.

Comment: One commenter, in supporting the requirement, recommended that any substantiated complaint, whether submitted by a parent or by someone else, be included.

Response: We agree that informed parental decisions would be enhanced by making all complaints, irrespective of their source, available to the public. And, we encourage the Lead Agency to make all substantiated complaints available to the public on request. However, the Act requires only that a record of substantiated parental

connections, equipment acquisition and teacher training, by funding a competitive grant program to districts that will allow schools to purchase on-line curriculum, train teachers to use on-line curriculum, or purchase course materials. Although many states are developing virtual school capacities to offer courses to students throughout their state, the quality of on-line courses has yet to match the capacity of technology. In order to ensure high-quality content, the proposal also calls for a partnership with leading course software developers like APEX (run by Microsoft co-founder, Paul Allen), which would subsidize the cost of high quality Web-based course development in return for cut-rate prices for high poverty school districts. The proposal also calls for increases in the Technology Literacy Challenge Fund, which allows computer equipment purchases, and the Technology Teacher Training Program, and continued commitment to E-Rate. The initiative should win broad support as Republicans and Democrats have supported AP fee assistance and Senate Democrats and Republicans have consistently supported Star Schools, a distance learning initiative. Total funding for the initiative would be \$225 million, including \$50 million for grants, \$25 million for course development, and \$125 million in increases in existing programs.

PK **The Backyard Teacher Recruitment Initiative** –The problems of teacher recruitment and out-of-field teaching are issues that loom large for public education. For schools and districts in rural areas and inner cities across the country they are especially difficult. Despite federal and state efforts, these areas continue to have great difficulty finding qualified candidates in areas such as math, science and special education. This proposal aims to help high-need poor school districts with large percentages of out-of-field teaching by paying for high-quality teachers in non-shortage field to be trained and certified in shortage areas. This program would focus on teachers who have already made the decision to teach in high-need areas. Recognizing that they already have teaching expertise, the program would provide bonuses and tuition assistance for content training in a high-need subject area for 10,000 teachers across the country. In return, they would commit to teach for at least three years in their district.

While this can certainly not be considered a fix for teacher recruitment, it can provide some immediate relief for districts with chronic teacher shortages in critical subject areas. And by focusing on a population already in schools, it adds a needed dimension to a federal recruitment effort that focuses largely on efforts to bring new people into the profession. Teacher recruitment is a key issue in states across the nation and could attract bipartisan support. The initiative would cost \$30 million.

PK **Second-Chance Schools** – This proposal would create new second-chance schools through an infusion of additional funds to the Department of Education's Charter Schools program earmarked for this purpose. The initiative would build on the existing charter schools program, maintaining priority for states with well-designed charter school laws that hold schools accountable for results. Second-chance schools would be intended to serve students who have been removed from their previous schools because of discipline problems. This funding would support schools that provide alternative settings for

complaints must be maintained. Parental complaints may include substantiated complaints which originate with persons acting in loco parentis, for example a foster parent or other guardian, not just a biological or adoptive parent.

Comment: Another commenter was concerned about the release of confidential, libelous and/or inappropriate material in the fulfillment of this requirement. The commenter voiced the expectation that we would ensure that the State created very structured procedures for maintaining and guaranteeing that only substantiated complaints are released to the public.

Response: The requirement clearly states that only substantiated complaints are to be released. As we stated above, we do not believe that Congress intended for us to create detailed Federal requirements here. States have the flexibility to create their own procedures in this area, provided the required statutory outcome is achieved.

Consumer Education (Section 98.33)

We have amended the regulation at Secs. 98.33 and 98.15(b)(3) to reflect the statutory requirement at section 658E(c)(2)(D) that the Lead Agency ``certify`` that it ``will collect and disseminate to parents of eligible children and the general public, consumer education information that will promote informed child care choices.`` It is important to emphasize that the use of the words ``collect and disseminate`` is more proactive and forceful than the former requirement that consumer education ``be made available`` to parents and the public. We also believe that by changing the wording, Congress wished to emphasize the importance of consumer education as a service to be provided by Lead Agencies. This emphasis is also stressed by the third goal of the CCDF, listed at section 658A(b) of the amended CCDBG statute, ``to encourage States to provide consumer education information to help parents make informed choices about child care.`` Moreover, the amendment to the reporting requirements at section 658K(a)(2)(D)--reflected in the revised regulations at Sec. 98.71(b)(3)--requires Lead Agencies to report annually on the

December 3, 1999

MEMORANDUM FOR HILLARY RODHAM CLINTON

**FROM: MELANNE VERVEER
NICOLE RABNER
ANN O'LEARY
ELLEN LOVELL**

SUBJECT: FY 2001 BUDGET PRIORITIES

On Monday afternoon, we are scheduled to meet with OMB to discuss FY 2001 budget priorities of the First Lady's office. As you know, the White House staff is currently developing a variety of policy proposals for the President's consideration for the budget and the State of the Union. Your staff is involved in this process and we will shortly forward a memo to you on the big picture items under discussion.

We also wanted to ensure that, as in past years, this budget reflects your discrete policy priorities, building on the work of the past seven years. The purpose of this memo is to outline budget ideas that we could recommend to OMB in the areas of domestic policy, international policy, and culture. We have placed an asterisk before those items that may become priority items for the DPC/NEC, and therefore might make sense as distinct initiatives for our office to advance. Some of these ideas build on victories achieved in prior years, others represent items that were not successful but should be re-proposed, and some are new initiatives. Please let us know how you would like us to proceed – what proposals you would like us to lobby for on this list and/or what items we might be missing.

I. DOMESTIC POLICY

Child Care: Maintain strong Administration commitment to child care, focusing on securing new dollars for subsidies for low-income families (shifting our request to the discretionary side of the budget ledger). Additionally, we should maintain our commitment to child care quality, greater tax relief for parents and businesses, early childhood professional development grants and campus-based care.

Head Start: Maintain Administration commitment to serving one million children by 2002, by boosting spending significantly in FY 2001.

After-School Care: Significantly increase funding for after-school programs, taking steps to

move toward making the program universal.

*** Paid Leave:** Create a new competitive grant program to fund state and sub-state experiments providing paid leave benefits to new parents (approximately \$200 million).

*** Children's Hospitals – Graduate Medical Education:** Build on recent victory and dramatically expand current \$40 million mark to provide children's hospitals with Federal financing for graduate medical education commensurate with that received by other teaching hospitals (increase by \$100 million).

CHIP Expansion: Allow states to cover parents of children in Medicaid and Children's Health Insurance Program (CHIP). This option, which was included in the Gore health proposal, would allow states to use their enhanced Federal match rate from their CHIP allotments to cover parents of eligible children. This has the benefit not only of efficiently enrolling uninsured adults (since most parents of uninsured children are also uninsured) but could increase enrollment of children since there is a greater incentive for the family to enroll them. (Cost: about \$4 billion per year)

CHIP: Expand outreach to enroll uninsured children in Medicaid and CHIP, with emphasis on schools. A number of proposals could decrease the number of uninsured children including allowing: (1) school lunch application information to be shared with Medicaid and CHIP for outreach; (2) states to let school lunch workers (and others) give "presumptive eligibility" to children while their formal applications are being processed; and (3) deemed or adjunctive eligibility, meaning that a child enrolled in school lunch (or Food Stamps or WIC) is automatically enrolled in Medicaid or CHIP; (4) states to draw from their CHIP allotments the same, enhanced match rate for any newly enrolled child over a base-year number; and (5) a new grant program to help states find and enroll uninsured, homeless children.

*** Children's Asthma:** Build on FY 2000 victory of funding for EPA asthma surveillance activities and re-propose initiative to create demonstration program to develop appropriate disease treatment protocols and beneficiary and provider outreach and education programs for the treatment of asthma in children enrolled in the Medicaid program (\$50 million for FY 01).

Lead Poisoning: Build on Administration efforts and provide states with the option to receive Medicaid reimbursement for all costs associated with performing the environmental tests necessary to conclusively identify the presence of lead based paint in households with Medicaid enrolled children under the age of six. If lead based paint is present, state Medicaid agencies will be required to conduct comprehensive lead screening for all children in the household. Children do not have to be diagnosed with elevated blood lead levels in order to have their homes tested. (Cost: being estimated)

Youth Programs: Demonstrate an across the board increased investment in young people from small high schools to national service to family support to healthy adolescent development. The package could be focused on four components (drawn from research): Family, School, Health, and Communities. The package would allow the President to highlight his accomplishments in these areas and demonstrate a continued commitment to young people.

National Service: Increase funding for AmeriCorps to work toward the President's goal of supporting 100,000 AmeriCorps members each year. Currently, AmeriCorps funding supports nearly 50,000 members per year and was flat-funded from FY99 to FY00. Also, create new AmeriCorps Reserves, modeled on the Army reserves as a way to tap former AmeriCorps members for service. Reserve members would agree to serve an allotted time per year over weekends, after work, or on-leave from work. Like the Army reserves, members could be called to serve in times of national crisis.

Youth Empowerment Fellowships: Reward and support creativity by providing fellowships to young people who have developed innovative youth driven ideas ranging from engaging their peers in civic action to increasing academic achievement to improving their communities. The awards would be selective (e.g. 100 per year), prestigious, and would represent a diverse set of young people and set of ideas for youth empowerment.

*** Reforming the American High School (Small Schools):** New initiative to reinvent the high school as a smaller more personalized learning environment where students receive greater personal attention, feel challenged and motivated, and are prepared for further learning and work beyond high school.

Principals Academies: Provide funding for principal academies to address the shortage of quality principals in high need areas and the need to train principals to be both administrators and instructional leaders. Principal academies could be modeled on the military's National War College that serves as a training ground for military leaders.

Hispanic Education: Continue to provide additional funding and support for the Administration's Hispanic Education Action Plan. The FY00 budget includes \$436 million in increases for a number of education programs that help to improve the educational outcomes of Latinos and limited English proficient students, including Title I Grants to LEAs, Adult Education, Bilingual Education, and TRIO.

Housing/Homeownership: Support HUD's overall request for \$983 million for 172,000 new Section 8 vouchers, with the caveat that 50,000, rather than the 25,000 HUD proposed, be used for welfare to work; and propose designating approximately 1,000 vouchers for family reunification awarded on a competitive basis for responsible fatherhood demonstration projects that encourage non-custodial parents to re-unite with their families.

Food Stamp Outreach: Propose at least \$10 million for FY 2001 for on-going food stamp outreach efforts, including campaign materials and an enhanced 1-800 number; examine currently funded programs for their use as outreach programs.

*** Widow Benefit:** Lower poverty among elderly women by expanding the widow benefit for Social Security to 75 percent of the couples' benefit and providing a credit for up to five years spent raising children.

EITC: Eliminate the marriage penalty for all, including EITC marriage tax relief.

Philanthropy: We are considering a range of tax incentives to encourage more giving. Options include: (1) allowing non-itemizers to claim a deduction (or tax credit) for charitable contributions above a certain floor; (2) allowing charitable giving until April 15th; (3) eliminate or modify excise tax on investment income of private foundations.

*** Family Planning:** Build on FY 2000 victory and propose another sizeable increase in Title X family planning budget (\$30-\$35 million increase) and an increase in the UNFPA budget (we promised the advocacy groups after the international family planning compromise that we would fight for increased resources).

*** Legal Services:** Maintain FY 2000 budget request of \$340 million (LSC was funded at \$305 million in the final FY 2000 budget).

II. INTERNATIONAL POLICY

*** Microenterprise:** Propose a \$150 million earmark in the USAID budget for microenterprise projects.

*** UNICEF:** Promote budget increase.

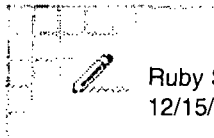
III. CULTURE

*** National Endowment for the Arts:** Re-propose unsuccessful FY 2000 budget request of \$150 million (NEA was funded at \$98 million in the final FY 2000 budget).

*** National Endowment for the Humanities:** Re-propose unsuccessful FY 2000 budget request of \$150 million (NEH was funded at \$116 million in the final FY 2000 budget).

*** Institute of Museum and Library Services.** Maintain commitment to IMLS (\$ to come).

*** Save America's Treasures.** Re-propose \$30 million for Save America's Treasures, either through the existing program or through an increase for the National Historic Preservation Fund (NHPF) of the Interior Department's National Park Service (the former option is preferable, as the NHPF can only support federal sites and structures). (Note that Chairman Regula recently communicated his willingness to entertain SAT in the FY 01 budget.)



Ruby Shamir
12/15/99 06:43:29 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP@EOP, Eric P. Liu/OPD/EOP@EOP, Jeanne Lambrew/OPD/EOP@EOP
cc: Nicole R. Rabner/WHO/EOP@EOP, Ann O'Leary/OPD/EOP@EOP
Subject: Fed Temps

Bruce and Eric -

You asked for further detail on policies that would extend benefits to temporary employees who work for the Federal government. OPM is very interested in pursuing some such policy. Attached is a memo that further fleshes out costs of providing health and retirement benefits to Federal temps, and an idea for encouraging coverage for contractors. I understand that Jeanne has been working on this issue as well, so this may be useful.

Please let me know if you need any more information, and how we should proceed. Thanks.

- Ruby



FEDERAL TEMPS more.c

FEDERAL TEMPS

Temporary workers are used in the Federal workforce and in the private sector to fill the needs of special, shorter-duration projects or to cut costs, since they usually do not receive benefits. There are a number of categories of temps that are employed by the Federal government, and each category has different access to benefits.

- Term Appointment: The term appointment is an appointment for up-to four years. These employees receive access to full benefits: health benefits, retirement benefits and life insurance.
- Temporary Appointment: These employees are employed by the government for a year, during which time they receive no benefits. If the contract for the temporary appointment is extended, these employees may receive access to health benefits, but must pay both shares (employee and employer). OPM is interested in giving these employees access to benefits paying only one share. These employees receive no access to pension benefits.
- Contractor with Temporary Service Firm: The government does not provide benefits to contractors with temporary service firms (presumably, these employees should receive benefits from the temporary service firm).
- Straight Contractor: The government does not provide benefits to straight contractors (presumably, this person is self-employed).
- Part-Time Permanent Employee: This employee receives health and retirement benefits and life insurance on a pro-rated basis.

I. Extension of Benefits to Temporary Appointments

The Office of Personnel Management (OPM) analyzed the cost of providing benefits to temporary appointments and providing full, not only pro-rated, benefits to part-time workers.

As the chart below indicates, the cost of extending full benefits to the over 100,000 temporary appointments who work for the federal government would be about \$930 million in FY 01.

However, OPM is considering variables that could reduce cost and at the same time increase coverage. Some options include extending only health benefits to temporary appointments (which would cost approximately \$330 million), or extending the opportunity to enroll in health insurance for the first year of employment, however requiring the temp to pay both the employee and employer share during that first year.

With regard to retirement benefits, OPM has been considering different scenarios that would most benefit temporary workers (since retirement benefits are most useful after considerable vesting, it is important to consider what would make the most sense for temporary workers).

Estimated FY 2001 Costs for Immediate Coverage of Temporary Employees

Source: OPM-and OWI

Note: These numbers only reflect costs to agencies and do not consider effects on mandatory accounts

Benefit	Average Govt. Cost per Employee	Participation Rate	Cost (in millions)
FEHBP	\$3,798.96	85.00%	\$331.31
FEGLI	\$90.07	90.00%	\$8.32
FERS	\$4,191.62	100.00%	\$430.06
TSP	\$1,566.96	100.00%	\$160.77
TOTAL			\$930.46

-Assumes 102,600 temporary employees, based FY 1998 average on-board by quarter

-Assumptions based on FY 1998 salaries increased according to OMB economic assumptions

-FEHBP average cost assumes payment of full government contribution for part-time temporaries

II. Extension of Full Benefits to Part-Time Employees

Currently, part-time employees receive pro-rated health benefits. In the chart below, OPM calculated that extending full health benefits to the almost 50,000 part-time employees would cost over \$178 million in FY 01 (this does not include part-time temporary employees who are analyzed in the previous chart).

Estimated FY 2001 Cost for Expanding the Full FEHB Government Contribution to all Part-Time Employees

Source: OPM- RIS and OWI

Note: These numbers only reflect costs to agencies and do not consider effects on mandatory accounts

FEHBP	Average Govt. Cost Per Employee	Participation Rate	Cost (in millions)
Current Costs	\$2,469.32	85.00%	\$122.39
Increased Costs	\$1,329.64	85.00%	\$56.02
Total Costs	\$3,798.96	85.00%	\$178.40

-Assumes 49,563 part-time employees who currently have access to FEHBP benefits (includes 39,752 part-time permanent and 9,811 part-time term and other nonpermanent employees).

-Does not include part-time temporary employees, who are included in the proposal to extend benefits to temporary employees.

-Assumes average tour of duty of 26 hours, based on comprising 4% of workforce, but contributing only 2.6% of work years.

III. Contracting with Progressive Companies

Providing federal benefits to independent contractors and to contractors with temporary service firms presents a number of challenges. Because each agency is independently responsible for its contractors, there is currently no compilation of these numbers, so we do not, at this point, have a sense of how large this population is. However, given the cost of covering temporary appointments (listed above), we can assume that covering contractors would be would be expensive. An additional challenge is that this policy would create a disincentive for private contracting companies to provide reasonable benefits to their employees, and force the federal government to subsidize the cost of benefits for companies that do not provide such coverage. We should consider developing a policy that encourages the federal government to contract with temporary and other contracting firms that provide reasonably priced benefits to their employees (often, temp companies provide access to coverage, but it is generally prohibitively expensive for the average temp).



UNITED STATES DEPARTMENT OF EDUCATION

PUBLIC AFFAIRS

OFFICE OF THE DIRECTOR

FAX TRANSMITTAL

TO:

Ann O'Leary
First Lady / DEC

PHONE:

FAX:

FROM:

OFFICE OF PUBLIC AFFAIRS

R. Sullivan

PHONE:

202-401-3026

FAX: (202) 260-7753

PAGE(S) TO FOLLOW:

2

MESSAGE:

FYI -

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400 MARYLAND AVE., S.W. WASHINGTON, D.C. 20202-0150
(202) 401-3026

Our mission is to ensure equal access to education and to promote educational excellence throughout the Nation.

December 14, 1999

**To: Secretary Richard Riley
Deputy Secretary Mike Smith**

Fr: Kevin Sullivan & David Frank

Re: Small Passback Opportunities

Next year's budget gives us an opportunity to advance a few programs that can boost the Administration's message without a large investment of funds. Listed below are the suggestions for increase.

1. **Character Education:** has hovered around \$9 million in FIE and character education is already getting new attention in the aftermath of Littleton. One of the major presidential candidates has already announced that he will double funding for character education. An increase in the range from \$12 to \$18 million would probably get strong congressional support.
2. **Fulbright Scholarships:** It would seem fitting that the President, a former Fulbright Scholar, would add to this program as part of his legacy. Funding for Fulbrights has been static for some time holding at around \$6.6 million. We asked for \$10 million this year but the passback came in at \$6.8 million. You will be attending several important international conferences next year and a new commitment to this program would be a positive message to bring to other nations. A \$1 million increase in our international civic program would also send a message as well.
3. **Learning Foreign Languages:** you have talked repeatedly about the need for students to learn foreign languages. Unfortunately, our budget does not provide needed support. We would urge some attention to this in the budget even as a pilot program. Linking increased funding for immigrant children to learn English with new funding for American students to learn a foreign language allows us to link several constituencies together, from immigrants to suburban parents.
4. **National Writing Project:** we took a beating in the press on the recent NAEP writing scores results. This project got a \$2 million increase from \$7 million to \$9 million. We asked for \$10 last year. We are currently holding at \$9 million. We could at least ask for \$10 million this year and possibly push for \$12 million. Our message needs to focus in on reading and writing.

5. **Schools as Centers of Community:** currently budgeted for \$10 million in FIE. Unfortunately there is little hope that this will be funded given the congressional interest in using FIE for earmarked projects. This small program also has strong support in the Vice-President's office as part of his Livability Agenda. We suggest that you make this part of the new \$500 million discretionary program for school construction now under development and raise it to \$25 million.
6. **Arts in Education Millennium Project:** we have never fully pushed for increase in funding for Arts in education even though it always gets enormous applause when you or the President talk about the importance of the arts. Funding has always hovered at \$10 million. We asked for and got in the passback an increase to \$11.5 million. Increasing funding by \$5 million or even \$10 million would be a significant boost. You could make this a special **Millennium Project** and work with National Endowment for the Humanities and the Library of Congress. Here we have in mind the Montana Heritage Project that you visited last summer. Part of the increase in funding could be used to create a similar type program in every state of the Union.

c.c. **Terry Peterson, Counselor**
Susan Frost, Senior Advisor
Tom Skelly, Budget Director
Scott Fleming, Ass't Secretary for
Congressional Affairs

MEMORANDUM FOR BRUCE REED

From: Andrew Rotherham

Date: December 13, 1999

Subject: TITLE I SURPLUS PROPOSAL

This memo describes four options to substantially increase investment in Title I while increasing the focus on accountability and fixing failing schools within the program. In addition, these options would allow the President to make a challenge to the nation that by 2005 all failing schools would either be becoming high performance schools or being shut down.

Politically, a Presidential challenge of this nature would shift the emphasis from "Florida style" voucher plans and Governor George Bush's Title I proposal which focus on choice rather than improvement, to a Democratic agenda of fixing failing schools by investing more and demanding more. A focus on Title I and accountability would ensure that more schools get the help they need to turn around or are closed down—currently only 47 percent of schools identified for school improvement receive assistance. The most modest option of the four would result in an average of \$197,000 for each of the approximately 7,000 schools identified for school improvement and the most aggressive would result in an average of \$250,000 per school over the next five years.

Unfortunately, there is not data on the exact costs associated with turning around failing schools because it is a relatively new process. However, considering that schools receiving this funding would also already be receiving other Title I money it is reasonable to assume that investments of this magnitude would enable these schools to undertake more effective reform.

From a policy perspective, a focus on failing schools and accountability would allow us to give more structure to the accountability fund by highlighting activities in addition to technical assistance that school districts and states can undertake with the accountability funding. Mary Cassell at OMB has been developing a draft implementation plan for the Department of Education to help focus different resources there on the task of assisting failing schools. Ann O'Leary and I plan to work with Mary and Mike Cohen to broaden this implementation plan to ensure that the funding provided under the guise of "accountability" actually leverages effective practices at the school district level (for example curtailing the use of unqualified aides by promoting career ladders and high quality professional development). The plan we develop would serve as the policy supporting the President's goal and would link the different investments in the budget that are aimed at failing schools into a comprehensive strategy.

In addition, by substantially increasing the focus on failing schools and revenue targeted at that issue we would have more leverage to ensure that the dollars being provided for accountability are being used for effective strategies rather than simply reinforcing

practices we know to be ineffective.

Senator Lieberman's ESEA bill sets the Title I authorization at \$12 billion. This is currently the high water mark for ESEA proposals. The four options below are differentiated by two key questions:

- How aggressively to increase investment in Title I during the next 5 years;
- How closely to track the proposed 2.5 – 3.5 percent growth curve for the accountability set-aside.

Option 1: Moving beyond the 2.5 percent set-aside:

Fiscal Year	Total LEA Grants (Basic and Concentration)	Set-Aside
2000 Enacted	\$7.94 Billion	\$134 million*
2001	\$8.64 Billion (+700)	\$250*
2002	\$9.34 Billion (+700)	\$300*
2003	\$10.04 Billion (+700)	\$350*
2004	\$10.74 Billion (+700)	\$400*
2005	\$12 Billion (+1.26)	\$500*

*Not on a percentage basis.

Under this model, Title I would be increased \$4.06 billion over 5 years and the set-aside for accountability would be increased from a current level of \$134 million to \$500 million over five years. Total investment in accountability from FY01-FY05 would be \$1.8 billion and in FY05 the set-aside would equal 4.1 percent of the total appropriation.

Option 2: Growing into the 2.5 – 3.5 percent set-aside:

Fiscal Year	Total LEA Grants (Basic and Concentration)	Set-Aside
2000 Enacted	\$7.94 Billion	\$134 million*
2001	\$8.64 Billion (+700)	\$250*
2002	\$9.34 Billion (+700)	\$292*
2003	\$10.04 Billion (+700)	\$334*
2004	\$10.74 Billion (+700)	\$376 (3.5 percent)
2005	\$12 Billion (+1.26)	\$420 (3.5 percent)

*Not on a percentage basis.

In the appropriations end game for FY00, the final deal included \$134 million for accountability. This funding was not based on any percentage of the underlying Title I appropriation. Under this model the set-aside would continue to be set on this basis until the Title I funding “grew into” the set-aside. Again, total investment in Title I would be

\$4.06 billion but the set-aside would account for \$1.67 billion. In FY04 the set-aside of \$376 million would be 3.5 percent of the total appropriation and would continue to grow on this basis.

Option 3: Stay the course on 2.5 – 3.5 percent with aggressive investment:

Fiscal Year	Total LEA Grants (Basic and Concentration)	Set-Aside
2000 Enacted	\$7.94 Billion	\$134 million*
2001	\$8.64 Billion (+700)	\$216 (2.5 percent)
2002	\$9.34 Billion (+700)	\$234 (2.5 percent)
2003	\$10.04 Billion (+700)	\$251 (2.5 percent)
2004	\$10.74 Billion (+700)	\$376 (3.5 percent)
2005	\$12 Billion (+1.26)	\$420 (3.5 percent)

*Not on a percentage basis.

Under this model, total Title I investment increases \$4.06 billion and accountability grows from \$216 million to \$420 million over 5 years. Total investment in accountability over the 5-year period would be \$1.5 billion.

Option 4: Stay the course on 2.5- 3.5 percent and more modest investment.

Fiscal Year	Total LEA Grants (Basic and Concentration)	Set-Aside
2000 Enacted	\$7.94 Billion	\$134 million*
2001	\$8.44 Billion (+500)	\$211 (2.5 percent)
2002	\$8.94 Billion (+500)	\$224 (2.5 percent)
2003	\$9.44 Billion (+500)	\$236 (2.5 percent)
2004	\$9.94 Billion (+500)	\$347 (3.5 percent)
2005	\$10.44 Billion (+500)	\$365 (3.5 percent)

*Not on a percentage basis

Under this model total investment in Title I would increase \$2.5 billion over the next five years with the set-aside growing from \$211 million to \$365 million. Total investment in accountability over 5 years would be \$1.38 billion.



THE SECRETARY OF EDUCATION
WASHINGTON, D.C. 20202

December 21, 1999

The Honorable William Jefferson Clinton
President of the United States
The White House
Washington, D. C. 20500

Dear Mr. President:

My entire Department and I appreciate the opportunity of meeting with you regarding several unresolved education issues.

Enclosed are three memos regarding matters on which you requested additional information. The fourth is on a subject we did not discuss but that we think is of critical and timely importance – the matter of school leadership, or “the principal.”

Memo 1 suggests options regarding school construction.

Memo 2 explains SEOGs, the Supplemental Educational Opportunity Grants, which higher education leaders put at a very high priority of \$100 million funding, along with Pell increases.

Memo 3 describes an initiative regarding a national emphasis on physical education. (A recommendation similar to this is in our proposed ESEA reauthorization.)

Memo 4 describes a new proposal regarding principals, which I understand is being strongly considered by your White House staff. With the pressure now building regarding high-stakes testing on the state level and the advance of the standards movement, it is our belief that “school leadership” must be addressed by you in this budget and in your State of the Union message.

Thanks for your strong support of education in America.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Dick", is written over the typed name.

Richard W. Riley

Cc: Bruce Reed

Spending-Side School Construction Proposal, FY 2001

A new 2001 proposal should be based on the spending-side bill that you proposed in 1997 and be complementary to a tax-side proposal. That bill embodied principles that the Administration continues to embrace: leveraging limited federal resources to help states and localities get the job done; targeting funds to areas with the most need, particularly cities; incorporating enough flexibility to mesh with the different ways in which states and localities finance construction; providing incentives that are consistent with current appropriations for small schools and technology and in areas like energy efficiency, safety, lighting, environmental benefit, and schools as the centers of communities.

Key features:

- In order to continue to address the over \$100 billion of documented need for school renovation and new construction, the proposal should allocate at least \$1 to \$1.5 billion a year to states and localities. With these resources, the federal government can become a significant partner and further stimulate the efforts of states and local governments to address the urgent needs of their schools.
- As a way of bringing the states along, we should require a state match. Given current state surpluses, this match could be as high as a 1:1 match or 100 percent.
- The 1997 bill included a 50 percent set-aside for the 100 school districts that had the largest numbers of children living in poverty. We would recommend lowering this to 35 percent, approximately the same amount that these districts would get using the Title I formula and similar to what the Senate Democrats have included in their bills.
- In order to address the various ways that states and localities finance school construction, we need to develop a proposal that is flexible enough to fit within the states' current efforts, either through bonding, pay-as-you go systems or direct appropriations. But, at the same time, the proposal has to address a particular national purpose and respond to greatest need. A targeted grant with matching funds could be directed toward a particular focus, like environmental quality or health and safety, or could be directed to communities that do not have the ability to pass the necessary referenda or float bonds.
- The bill should provide incentives for states and school districts to address smaller learning environments, schools as centers of communities, helping close the digital divide, and improving infrastructure to encourage energy efficiency, environmental quality, air quality, or health and safety. These incentives could be included in any of the options that follow.

Options:

1. The first option would focus on what we think of as well-designed schools. We could use, as a starting point, the FIE Schools as Centers of Community proposal that we put forward for FY2000 for \$10 million. However, we would need to create a much larger "incentive" grant program where the federal government would act as a partner with states and localities to encourage school districts to design, build, and renovate schools that are smaller, healthier, more energy efficient, environmentally friendly, and open later and longer as family learning and community technology centers. Schools that serve the entire community need to be multi-purpose and multi-generational -- built so that they help all parts of the community overcome the digital divide.
2. The second option would target funds to communities that are unlikely to be able to make use of the tax-side assistance. A proposal could target communities with low credit ratings but this could penalize communities that have improved their financial practices and improved their bond ratings. We should instead target funds on communities that have the very highest rates of child poverty. These would be, for starters, the types of "forgotten communities" that you visited last summer -- Mississippi Delta, Indian reservations, Rio Grande Valley, Appalachia, etc.
3. A third option would capitalize a State revolving loan funds for school construction. This is a concept that the Federal Government has pursued in other areas such as transportation and water quality. Basically, the Department would make grants to states for them to set up loan banks. We would probably want to require the states to provide a match. The states would then make loans to LEAs and later make more loans from the repayments.

Supplemental Educational Opportunity Grants

The Federal Supplemental Educational Opportunity Grants (SEOG) program provides need-based grant aid, in addition to Pell grants, to eligible undergraduate students to help reduce financial barriers to a college education.

Funding is awarded to qualifying post-secondary institutions under a statutory formula. Nearly 3,800 post-secondary institutions receive funds under the SEOG program. Participating institutions are required by statute to contribute at least 25 percent of SEOG award amounts. In other words, the institution provides one dollar for every three Federal dollars.

Currently, more than 1 million students are served by this program. Students qualify for grants of up to \$4,000 by demonstrating financial need. First priority is given to students with "exceptional need" who are Pell grant recipients when a Pell grant does not cover the cost of college.

An additional \$100 million will serve 140,000 more students through this program.

An Initiative to Promote Healthy Habits And Physical Fitness

Findings

- The major health problems facing the United States today are preventable and attributable to a few types of behaviors, including those that lead to injuries (accidents and violence), drug and alcohol abuse (including tobacco use), poor nutrition, and insufficient physical activity. These interrelated behaviors contribute to poor health, as well as poor educational and social outcomes.

Purposes

- A national awareness program to help children and youth, including those with disabilities, understand what they can do to be fit and stay healthy (with very visible co-spokespersons – for example, Michael Jordan and Mia Hamm, and popular disabled athlete, Bill Demby).
- Grant program to support demonstration projects promoting lifelong physical activity and health awareness for students through school – community and business partnerships.
- Identifying and showcasing exemplary physical education and fitness programs that promote lifelong healthy habits, provide opportunities for students to connect to school and after-school and summer programs.

A \$40 Million Program

The Secretary would be authorized to make grants or enter into contracts or agreements with national, state and local school-community-business partnerships, state and local educational agencies, other federal agencies, institutions of higher education, and public and private nonprofit agencies or organizations for the purpose of:

- Developing and conducting a national campaign, including advertisements, to promote physical fitness and healthy habits for children and youth. (\$5 million)
- Establishing demonstration sites (200-400 sites), including the training of school personnel, on how to provide quality programs to promote lifelong physical activity and healthy habits among children and adolescents. (\$20 million)
- Evaluating and highlighting best practices to expand existing state and local coordinated school health programs to promote health habits among children and adolescents. (\$3 million)
- Providing technical assistance and materials to all interested school-community-business partnership to organize, expand and develop physical fitness and health awareness programs in schools throughout America. (\$12 million)

Principals for the 21st Century Proposal

The nation faces a growing and critical shortage of principals that has largely gone unnoticed. Over 80% of practicing principals have 20 or more years of experience. Many of these seasoned principals will begin leaving the profession in large numbers in the next five years creating a “leadership void,” precisely at a time when the standards movement is just beginning to take hold in the classroom. This comes at a time when 50% of all school districts are already reporting a shortage of “qualified” candidates. Women and minority members also remain under-represented in this demanding profession.

Our efforts to increase “accountability” and raise student achievement will flounder or even fail unless we recruit, encourage, and support a new generation of principals who are deeply committed to raising standards. Research shows that what principals do on a daily basis makes a difference in how much and how well students learn. The success of the standards movement is largely dependent upon good teaching and the principals who are willing to encourage and support teachers in the effort to raise achievement levels. Developing the leadership skills of this small, highly-skilled group of professionals (60,000) can leverage and have high impact on the 2 million teachers who will be entering our nation’s classrooms in the next ten years.

\$50 million program

This is why we propose a \$10 million competitive grant incentive program to encourage districts or states to design principal “leadership” academies that would recruit, prepare, induct, and provide ongoing support for principals as instructional leaders. We propose that \$40 million be used for the implementation of effective models of leadership academies.

Violence Prevention

**The California
Wellness
Foundation**

Winter 1998-99



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Oakland Youth Join Public Dialogue About Violence Prevention

It is common for adults to study problems such as youth violence and to design potential solutions without much, if any, participation by young people themselves.

But it is extraordinary for young people to express their views on such problems and to be a part of the process of deciding what issues deserve the most attention and how to spend public resources to address those problems.

The latter approach has received funding through TCWF's Violence Prevention priority area as one way of dealing with the widespread and traumatic effects violence has had on the health and wellness of California's young people.

"As the leading cause of death among youth in California, violence is a serious public health problem," said Frank Acosta, TCWF senior program officer.

"It is important to prepare young people to get involved in community change today as a long-term investment in creating safe and healthy communities tomorrow."

TCWF awarded a one-year, \$50,000 grant to a coalition of six organizations in Oakland to organize and train 25 young people on a youth violence prevention project. The six organizations include Youth of Oakland United, a project of the People United for a Better Oakland (Pueblo); the East Bay Asian Youth Center; Centro de Juventud; the West Oakland Violence Prevention Program; Teens On Target; and Centro Legal. Together, they are known as the "Kids First Coalition," because they had successfully organized an Oakland ballot initiative in 1996, referred to as the Kids First initiative, to set aside 2.5 percent of the city's general fund budget for youth-oriented programs.

With funds from TCWF, the Coalition's project trained young people to use video, still photography and their writing skills to analyze the root causes of violence at schools and to come up with alternatives to the conventional suspensions used by school administrators to resolve those problems, said Daniel HoSang, lead organizer of Pueblo and co-project director. The young people then made presentations in 30 different Oakland classrooms to disseminate their findings.



Young people in Oakland have successfully advocated for local violence prevention policies and continue to make their voices heard concerning policy decisions that affect their health.

HoSang said the youth influenced how the city and school district began handling truancy problems. Instead of picking up truants and taking them to processing centers, the city and district are funding a full-time case manager at one Oakland high school. The case manager works with students who have attendance problems to provide prevention services.



Most recently, the young people met with Oakland City Manager Robert Bobb to give their views on a proposed youth curfew. They also held a youth-oriented forum for Oakland mayoral candidates, including Jerry Brown, who recently became mayor.

HoSang said TCWF's grant was "critical seed money to move forward our violence prevention project. The project wouldn't have had access to other resources without the grant."

A second grant of \$10,000 from TCWF to the Urban Strategies Council supported its work in implementing the Oakland Fund for Children and Youth, the measure that passed at the urging of the Kids First Coalition. This Oakland youth fund is overseen by a committee made up of nine young people (21 years of age and younger) and 10 adults. Urban Strategies Council staff members provided research on youth programs in other cities and served as a sounding board for the ideas from the committee of young people and adults.❖

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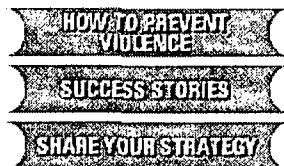
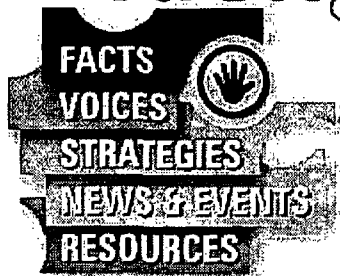


(mi.)



With a large and growing membership, PUEBLO has defined grassroots activism in the East Bay since it arrived on the scene eight years ago. Made up of low-income community members, the group has developed a lead-poisoning awareness program, secured more affordable school meal programs and ensured the measles vaccinations of 30,000 children in Oakland. In its most audacious act, PUEBLO and its youth wing, Youth of Oakland United (YOU), secured \$72 million dollars from asset forfeitures for use over a 12-year period in violence prevention programs and arts, music, and sports programs for kids. PUEBLO is also deeply involved with police-community relations. Since 1993, with the founding of its police watchdog organization, PUEBLO has pushed for full police accountability to the people of Oakland, and has already succeeded in combating irresponsibility and brutality on the part of law enforcement by forcing the Oakland police department to pay for the plaintiffs' legal fees in police misconduct cases. It has also organized and strengthened the Oakland Citizen Police Review Board. PUEBLO belongs to an umbrella organization, the Center for Third World Organizing. You can visit its website at www.ctwo.org. --Erik Sass, L.L.

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ABOUT THIS SITE



Resources for Youth is a public education campaign funded by a grant to Martin & Glantz LLC from The California Wellness Foundation.

Kids First!



In 1994, youth in Oakland came together to find solutions to prevent violence. They surveyed more than 1,000 youth to discover what was needed in their communities and examined the city budget to see how much funding was allocated to youth programs.

Based on their research, the youth concluded that there was not adequate funding for activities and opportunities for young people. As a result of these findings, a coalition of more than forty community-based organizations formed.

In 1996, the Kids First! Coalition introduced and, with support from more than 75% of Oakland voters, passed a local ballot initiative that dedicates 2.5% of the City of Oakland's General Fund to youth development programs. In addition, the initiative requires that funds are distributed by a board comprised of both youth and adults.

This victory not only commits nearly \$6 million per year to youth programs, but also ensures that youth themselves are part of the decision-making process. As part of its strategic plan to maximize the impact of these funds, the Oakland Fund for Children and Youth (the agency that governs these funds) encourages collaboration among community organizations to address the needs of all kids in Oakland, particularly through comprehensive after-school programs.

Since their victory in 1996, the Kids First! Coalition has continued to train youth as advocates and organizers. These youth have been important leaders in local efforts to fight punitive measures against youth, sponsor candidate forums and prepare a plan for local school reform.

For more information about the Kids First! Coalition, contact People United for a Better Oakland at (510) 452 2010.

preventviolence.org

6000

FY 01 Budget Ideas: Children and Families

CHILD CARE

- (1) *Propose Universal Pre-K.* Build on or consolidate Head Start, Title I Pre-K, the Child Care and Development Block Grant and Early Learning Fund to propose first steps toward Universal Pre-K. (This would be an alternative to the child care proposals below.)
- (2) *Maintain Commitment to Boosting Child Care Subsidies:* The President's FY 99 and FY 00 budget requests have included \$7.5 billion over five years in mandatory funds for the Child Care and Development Block Grant (CCDBG). We recommend moving our CCDBG increase request to the discretionary side of the budget (the CCDBG has mandatory and discretionary titles). The discretionary title is currently funded at \$1.182 billion. The CCDBG is a forward-funded program, but we recommend adding \$818 million for FY 01 to the title, reaching \$2 billion to the title overall and serving an additional 200,000 low-income children with subsidies, and adding \$1 billion to the title for FY 02. The combined increased investment would \$2 billion over 2 years.
- (3) *Support Significant Head Start Increase:* Boost Head Start funding on course to meet the President's goal of serving 1 million children by 2002 (OMB is currently costing this and examining whether to invest in FY 01 ½ or 1/3 of the balance to meet the goal, as each slot is more expensive in FY 01 than FY 02 due to the quality/slots statutory requirements for expansion dollars).
- (4) *Maintain Commitment to Improving Child Care Quality:* The President's FY 99 and FY 00 budget included \$3 billion over five years in mandatory funds to create a new Early Learning Fund to provide assistance to local communities in improving child care quality, through a variety of allowable activities including licensing, accreditation, parent education, etc. We recommend maintaining a request for new child care quality dollars, by either: (1) moving our request to the discretionary side and building on our FY 99 achievement of \$173 million in CCDBG quality dollars (perhaps doubling that mark); or (2) scaling back and targeting our current mandatory proposal, tying the program to specific benchmarks for states and localities to meet, such as numbers of child care facilities licensed, accredited, etc.
- (5) *Create Early Childhood Professional Development Grants:* Fund this new proposal (currently in our ESEA proposal) at \$40 million to provide grants to partnerships between universities, child care providers, and school districts to offer training and professional development to child care providers around language and literacy.
- (6) *Support Campus-Based Child Care.* The FY 00 budget included \$10 million to support campus-based child care. According to estimates by colleges and universities, currently only 10-25 percent of the students who need this benefit are being served. We propose doubling this request to \$20 million for FY 01.

- (7) *Support Child Care in Non-Traditional Hours.* Create a new set-aside within the Child and Development Block Grant to help build supply of non-traditional hour child care (e.g. for parents on night shifts, etc.). According to studies, there is a growing need for this care. (Cost TK).
- (8) *Maintain Child Care Tax Credit Expansion Proposal.* Expand Child and Dependent Care Tax Credit (CDCTC) to provide greater tax relief to three million low- and middle-income working families afford child care.
- (9) *Maintain Child Care Tax Credit for Businesses:* Maintain tax credit proposal from FYs 99 and 00 to provide tax relief to companies that offer child care services to their workers. (Cost: \$500 million over five years).

ALTERNATIVE/CONTINGENT WORKERS

- (1) *Support Benefits for Alternative/Contingent Workers:* Alternative workers, including agency temps, part-time workers, and independent contractors, are less much likely than traditional workers to receive or be eligible for health insurance coverage and pension benefits from their employers. For example, seven percent of agency temporaries receive health insurance coverage from their employers, and only 24 percent are eligible and only four percent of agency temporaries participate in an employer retirement plan and only 10 percent are eligible to do so. We may consider developing tax credits that encourage non-profit organizations and unions to offer (health insurance and) pension/401-k benefits. We are meeting with Treasury to discuss tax vehicles to provide organizations with incentives to offer these benefits. According to the Bureau of Labor Statistics, the category of workers that includes independent contractors, on-call workers, temporary workers, and contract workers comprises 12.5 percent. In addition to the 18.3 percent of the workforce that is employed part-time, approximately 30 percent of the workforce is employed by some alternative arrangement. It has been difficult, however, to collect accurate data (which would inform policy decisions) on this class of workers, as well as telecommuters and other alternative workers. We may consider requiring the Census CPS to develop more concrete measures.

PAID LEAVE

- (1) *Create a New Paid Leave Demonstration Program.* Propose a new fund to support innovative state efforts to provide partial wage replacement to workers on some form of family leave. States could use the Unemployment Insurance system (subject to final DOL rule-making), Temporary Disability Insurance programs, or some other vehicle.
- (2) *Offer a Tax Credit for Businesses to Provide Paid Leave:* Provide a tax incentive for employers to provide paid leave benefits to workers (NEC is exploring this idea).

DOMESTIC PARTNERS

- (1) *Support Domestic Partners:* Recognize the changing nature of the American family and empower non-traditional families by calling for the inclusion of domestic partners in the Family and Medical Leave Act. Take leadership in the drive to include domestic partners as health care beneficiaries by putting forward an Executive Order calling for the inclusion of domestic partners in the Federal Employee Health Care Benefit plan.

YOUTH

- (1) *Advance an Across the Board Budget Agenda for Youth:* Demonstrate an across the board increase and investment in young people from small high schools to national service to family support to healthy adolescent development. The package could be focused on four components (drawn from research): Family, School, Health, and Communities. The package would allow the President to highlight his accomplishments in these areas and demonstrate a continued commitment to young people.
- (2) *Youth Empowerment Fellowships:* Reward and support creativity by proving fellowships to young people that have developed innovative youth driven ideas ranging from engaging their peers in civic action to increasing academic achievement to improving their communities. The Fellowships could be modeled on programs such as the Echoing Green Fellowships which are targeted to post-college graduates to develop and implement their ideas. The awards would be selective (e.g. 100 per year), prestigious, and would represent a diverse set of young people and set of ideas for youth empowerment. The awardees would begin to develop a web of communication among each other and other young people on empowerment and action in their various communities.
- (3) *Caring Community Grants:* Many community-based organization feel dis-empowered and unrecognized by the Federal government due to the fact that many funding streams require that they receive their funds through a school district or other entity. These grants could be dedicated directly to community based organizations that demonstrated accountability for healthy and academic development of teenagers by engaging the entire community and holding the community accountable for its actions. CBOs could be provided with funding through the 21st Century After-School program or through a separate grant program that offered seed money or "social venture capital" funds for innovative community-driven responses to young people.
- (4) *Rewarding Youth Achievement:* Re-invigorate the Rewarding Youth Achievement (RYA) proposal that was floated in the FY2000 budget. The goal of RYA is to increase the rate at which academically achieving, economically disadvantaged students graduate from high school and continue on to higher levels of education or training. RYA would provide longer term summer employment to youth who meet academic achievement and attendance standards. RYA participants would also be eligible to receive an end of the summer bonus if they perform well in their summer job. In addition, RYA would

provide career assessment and counseling, mentoring, tutoring and strive to place participants in career related employment.

AMERICORPS

- (1) ***AmeriCorps Reserves program.*** This program would be modeled on the Military reserves program where young professionals would serve in the Reserve Corps on weekends and/or after work in exchange for funds that could be used toward: repaying student loans, financing further education for self or children, start-up costs for non-profits and charter schools, down payment on a first home, etc. The mission of the Reserve Corps would be to address national problems and crises, including natural disasters and domestic social problems while, at the same time, working to renew and reinvigorate civic life by committing to service, responsibility, and citizenship. Reserve Corps members would be given flexibility in terms of how much time they were willing/able to serve each year and would be awarded correspondingly.
- (2) ***Community Coaches.*** Provide seed money to school districts to fund point people in the public schools who "coach" community service for kids and who act as liaisons to the surrounding business and civic leaders [TK – place holder needs to be further developed]

OTHER

- (1) ***Children's Savings Accounts:*** Set up an asset-building program that would fund accounts for children as they are born. Children could be provided with \$1,000 "start in life" deposits for the roughly four million babies born each year, followed by \$500 yearly deposits until age five. CSAs would be available for higher education, first-home purchase, and small-business capitalization. The accounts would be funded through a combination of direct government deposits and tax deductions, and contributions would be encouraged through tax incentives for relatives, employers, corporations, churches, and others. Cost estimate: Approximately \$40 billion over the next five years. (We are working the NEC and other DPC teams to develop this proposal.)

Bruce N. Reed
12/03/99 01:03:49 PM

Record Type: Record

To: Andy Rotherham/OPD/EOP@EOP
cc: See the distribution list at the bottom of this message
Subject: Education Budget ideas

Thanks for the very thorough briefing book y'all put together on budget proposals. You put a lot of good stuff together in a hurry.

Here are my thoughts on next steps:

1. After-school:

A. Failing Schools: I asked Ann to figure out how we can pledge to make after-school universal for any kid in a failing school. She's going to get numbers on how many kids are in failing elementary and middle schools, and run cost estimates. We should work out a couple of design issues: I assume we give an absolute priority to programs for failing schools, but what definition should we use for failing school? Ann suggested that we say any elementary or middle school that is failing either by Title I measures or by the state's own accountability system.

B. Faith-based/CBO: I'm all for allowing faith-based groups to compete for the 10% of funds set aside for CBOs, and I'd be open to raising that % to 15 or 20. But I don't think we can just open up all the money to CBOs. OK policy, but hopeless turf battle, and besides, it's somewhat inconsistent with our message that we want after-school to reinforce our standards focus. You should focus your efforts on figuring out how much of a lift it will be to open the door to faith-based groups (consistent with Justice's admonition that they can't be pervasively sectarian, of course). Eric Liu and Cynthia have plenty of battle scars on this issue; you should check with them.

Handwritten note: Faith based > clergy?

2. Teachers

You've got a \$380 million increase to bring Title II up to current levels, which is sensible, but that's a lot of money for an initiative we never really say much about because it's just a block grant whether it's funded at 800m or 1.2b. I'd rather spend that \$380m on our new teaching initiatives -- recruitment, performance pay, etc. Is there a way we could make these new initiatives earmarks within Title II, either at the state or federal level?

For example, I don't know the full details of OMB's teacher academies proposal, but perhaps we could earmark 50m or more of the Title II total for every state to try it. Pay for performance is more complicated, because we've envisioned that as a 10-city demo and it might rattle folks to make it a 50-state deal. But if we were sufficiently tight on the rules and limited the amount of money, it would be a more powerful proposal. Or we could make it a federal earmark, which may not make much sense but we might get away with in this limited circumstance. We could do the same with Troops to Teachers.

So a revised Title II proposal might look like this:

Teacher Academies: 50m (or whatever) set-aside to states

Troops to Teachers: 10m set-aside to feds

Pay for Performance: 80m (not 20m) set-aside to feds. You need to spend more \$ on this than 20m to be credible. Also, you may want to make these 3-year grants, since gains in performance

won't be immediate.

2001 Performance Bonus for Qualified Teachers: 60m (5%) set-aside to feds to give to states that meet certain goals for certification and teaching-out-of-field by the beginning of the 2001-02 school year.

Increase in combined Eisenhower/Goals number: 170m (to bring that total to 1 billion).

TOTAL for TITLE II: \$1.2 billion

Can you explore whether this construction would work? (And flesh out some of the details, like how the 5% set-aside for performance might work.)

3. Performance/Report Cards

Your proposal is very detailed on report cards, but we need to flesh out the other components. I envision an incentives pot for 2001 that includes:

- * the 5% set-aside for teacher quality (60m). The \$ would be appropriated in fall 2000, but awarded to states based on the qualifications of their teachers at the beginning of the 01-02 school year.

2 measures: % qualified by state stds; and % teaching in-field.

- * \$ for high-quality report cards (50m). The way you describe -- funds to carry out the new ESEA rqmt.

- * \$ for adopting 2 other accountability measures (50m): (1) a high school exit exam (which serves as a proxy for social promotion, and is harder for Repubs to oppose; and (2) a statewide failing schools program that identifies and intervenes in failing schools.

This regime would stay in place for FY2001 and FY2002, to be replaced in 2003 by actual student performance measures based on NAEP or comparable state stds. The size of the bonus fund would grow from 110m in FY2001 to 150m in 02, 200m in 03, 250m in 04, and 300m in 05, for a 5-year total of \$1 billion.

4. Schools for the Future

This needs better definition in order to survive the budget process. It might be better cast as a high school reform initiative. That's what we talked about in ESEA, that's what the Secy wants, and it will reinforce what we're pushing on HS exit exams.

Can you also look at the pay-for-performance element of our HS reform proposal in ESEA, which gave teachers the prospect of a \$3000 bonus?

5. Distance Learning

I really like this idea. It needs a better name, like schoolsofthefuture.com or something. (If you're interested in going into business, the domain name "www.aponline.com" appears to be unclaimed, but most variations of school.com and .org are taken.)

But you need to make sure that what's new here (AP, course content, etc.) is getting enough money. Big increases in teacher training and the tech literacy challenge are all well and good, but if we're going to make a lot out of our new proposal, it shouldn't just be some underfunded pilot. Also, it's important to be able to say this will be universal, or at least universal for kids trapped in poor schools. I'm not sure just posting an AP course on the Web makes it universal -- you need to be able to get online, and you may need access to a warm body (or at least an 800 number) to help you through it.

Also, is there a way to make college test prep part of this proposal? It's not imperative, but it seems like that idea would be on a stronger footing in the digital divide context than as a stand-alone affirmative action idea.

6. School Leadership

This, too, seems like a well-designed orphan in need of a champion. We might be able to get it as a little stand-alone program, because Barbara's open to it, the Dept's open to it, and it's not much money. But you should make sure it's consistent with what we proposed in ESEA, so it has a chance of being authorized.

[As a general matter, can you make sure we've looked at every sensible authorization in the House-passed Title I bill?]

7. Small schools

I don't know if our money should go for building new schools. That's what we have a school construction tax proposal for. I want to fund this at \$200m, it's a good issue, but we need more clarity on what the \$ COULD be used for. Also, is there some link to charters here?

Sorry for all the questions. We need to sort out these issues by COB Monday. I'm happy to meet if necessary. Thanks!

Message Copied To:

John B. Buxton/OPD/EOP@EOP
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December 8, 1999



The Honorable Jacob J. Lew
Director
Office of Management and Budget
Washington, DC 20503

Dear Jack,

This provides the Corporation's appeal of the OMB mark for the 2001 budget.

This budget is likely to constitute the Administration's concluding major policy statement on national service. As such, it needs to be a forward-looking view of where the country should be going, recognizing the legacy the President has developed. No president has done what President Clinton has done for national service, already enabling more than 150,000 Americans through AmeriCorps to take responsibility for their communities in exchange for funds to attend college, and assisting a half million seniors and more than a million students in service-learning programs to help solve problems of their communities.

If the OMB mark at the 2000 enacted level becomes Administration policy for 2001, it will be a major step backward with respect to the President's signature program and national service in general. Despite the constraints under which it is being developed, the 2001 budget needs to build upon that record and continue the momentum toward the President's goals for national service, not signal that the forward movement has been stopped.

Every year since 1993 this Administration has proposed a significantly expanding budget for national service, seeking not only to enable AmeriCorps to grow but to expand opportunities for the two biggest and most available resources of citizen power in the country -- 60 million older Americans who no longer work but who have a wealth of skills and experience, and the 60 million young people in schools and colleges, who should learn the joy and duty of serving and have a chance to see themselves—and be seen—not as problems but as resources and leaders. Although Congress' final budget actions each year allowed for more modest expansions than originally proposed, the Administration's strong support has resulted in important, real growth each year since 1996. This same support is essential for the coming dialogue with the Congress and the country about the future of national service.

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Getting Things Done.
AmeriCorps, National Service
Learn and Serve America
National Senior Service Corps

This message of greater service opportunities has been Administration policy over the last year. Indeed, in the last 45 days alone, in several separate public occasions the President reaffirmed his support for the goal of 100,000 AmeriCorps members annually. This includes an Administration statement released upon the signing of the 2000 appropriations bill for HUD, VA, and Independent Agencies, where the President accepted level funding for AmeriCorps while reasserting his commitment to growth in the future. Excerpts of these remarks are attached in Enclosure A.

To continue this record of accomplishment, the Corporation appeals for an additional \$117.5 million above the OMB mark, bringing the total 2001 budget to \$851.7 million, an increase of \$117.5 million above the prior year but \$213 million less than our original proposal and approximately the same as the President's 2000 request. Enclosure B summarizes these amounts.

The specific items in the appeal are as follows.

AmeriCorps (+\$82 million above 2000); (+\$77.4 million above OMB mark)

To maintain the policy of reaching 100,000 members over the next several years, we propose a strategy that would take us from approximately 50,000 members in 2000 to 100,000 members by 2004. In 2001, we would support just over 62,000 AmeriCorps members. || *

AmeriCorps' record, as you know, is truly astounding. It is just five years ago, as AmeriCorps was launched, that many questioned how well such a program would work. Would nonprofits and faith-based organizations be able to use and support AmeriCorps members effectively? Could a system as devolved and decentralized as the one negotiated under the National and Community Service Act work? Would young people respond to a new call to service? And what would they accomplish?

After five years, these questions have been answered. AmeriCorps has taken its place as part of America's proud tradition of service. The 150,000 people who have joined AmeriCorps, and the additional 100,000 that will be supported in 2000 and 2001 with budgets endorsed by this Administration, demonstrate the idealism and love of country America continues to need. We have proven that true partnerships with nonprofit and faith-based groups can be formed, and that these alliances get things done that vitally need doing. We have truly affirmed the President's 1993 announced belief in national service as "more important than so many of the other things that all of us do in public life."

Continuing the growth strategy in AmeriCorps announced by the President requires the following amounts by activity above 2000 enacted levels and the OMB mark:

- +\$10 million for the National Service Trust to support additional members and maintain a prudent reserve based on historical usage patterns. This amount would grow in the outyears in order to support 100,000 members.

- +\$55 million for AmeriCorps grants to fund 9,000 new members, of which 5,000 would be involved in summer programs.
- +\$3 million for AmeriCorps*National Civilian Community Corps (the same amount as the OMB mark), bringing the total to approximately 1,100 in the existing five campuses.
- +\$5 million to support about 500 new members in AmeriCorps*VISTA.
- +\$8 million to support 500 more AmeriCorps*Promise Fellows, bringing the total to 1,000 members. The President announced this initiative in Cleveland in June 1998, and it has been remarkably successful.
- +\$1 million for the Education Award Only program to support 2,000 more members. This effort was announced by the President at the Presidents' Summit in Philadelphia. This program, and the AmeriCorps*Promise Fellows, are funded under Innovation and Assistance because of certain legislative restrictions under AmeriCorps grants.

Learn and Serve America (+\$3 million above 2000; +\$16 million above passback)

Cutting this program by 30 percent, as proposed in the passback, cannot be justified on substantive or political grounds.

Learn and Serve America provides young people with opportunities to serve by connecting community service with academic learning, personal growth, and civic responsibility. Just last year we conducted and issued the most comprehensive evaluation of service-learning to date. Overall, the evaluation data corroborated what teachers have long known: that service-learning correlates positively with both academic gains and community benefits and returns value to the taxpayer. Service-learning has thus proven itself as a viable educational strategy and process for developing genuine academic skills by addressing real-world problems and creating concrete results that command respect in the community. Further, service-learning has proven to be an effective form of education for citizenship, an issue recognized by many as requiring greater attention for the long-term preservation of our democratic ideals and institutions. The President repeatedly speaks of his strong support for service-learning going back to his participation on a Carnegie Commission in the 1980s.

Just this week Secretary Riley and I are reaffirming Administration support for service-learning by reissuing a set of principles that are intended to guide programs and activities in institutions across the country. Further, this is the very time that significant support is being generated from the educational and nonprofit community. The Education Commission of the States, the Kellogg Foundation, and presidents of higher education institutions under Campus Compact are launching major efforts this year to support the growth of service-learning in schools and colleges. Several major states have adopted, or

are considering, policy changes that would provide for greater service-learning programs in communities across the country.

Reducing federal support by 30 percent, as proposed in the OMB passback, at this time would drastically undermine the leadership role of the Corporation in this area. The Administration would find itself in the unacceptable position of explaining to the Congress why this popular program has been cut at the expense of other service activities, reversing a longstanding trend of Administration-requested increases and in opposition to the positive direction being adopted by states and local communities. Further, programs involving more than 300,000 students would be terminated.

Our original budget, as you know, called for almost doubling the size of federal support in light of the overwhelmingly positive evaluation data. While we continue to hold this view of the priority that ought to be given to service-learning, in recognition of the budgetary constraints we propose more modest growth in line with prior year requests. Specifically, we propose a budget of \$46 million, an increase of \$3 million above prior year levels. This growth will support significant capacity-building activities in the areas of training and forging school-community partnerships. These capacity-building areas will have significant impact on the quality of service-learning programs being offered.

Drake ~~*~~ Senior Service (+\$10 million above 2000; +\$12 million above OMB mark)

Our original budget request called for a \$50 million budget increase to tap America's growing older population as a new resource to meet serious social needs. Challenging members of our older population to rededicate themselves to community participation and creating a legacy for future generations builds upon this Administration's commitment to citizen service.

Over the last several years, we have been strengthening and reforming our senior corps. In 1996, we embarked on an outcome-based approach to focus resources and attention on how seniors can have a greater impact on the communities they serve. We targeted modest funding increases to these efforts. We've also been testing new models for senior service, and have demonstrated the effectiveness of new approaches that have the potential to engage millions of seniors in meeting community needs across our nation.

A major new study by Civic Ventures, released just several months ago and featured on the front page of the *New York Times*, supports our efforts:

"Older Americans' attitudes toward volunteering and community service reflect their general approach to retirement and later life. While these adults express a strong desire and willingness to be involved in volunteer activities, they are seeking meaningful opportunities that take advantage of their special traits, rather than activities that merely fill time. In fact, the findings suggest that this generation of older adults may flood our nation's civic institutions early in the next century in the same way in which they overwhelmed institutions of higher education in the 1950s and 1960s."

Cutting funding for senior service, as proposed in the OMB mark, contradicts the directions being taken by the nonprofit sector, and would place the Administration in the position of having to explain a reversal of longstanding policy and cuts at the expense of other national service activity. It is our experience that these organizations are vocal, and even modest cuts would be potentially used as a vehicle for attacking the Administration's support for these highly popular efforts.

While the expansion we requested to establish the Corporation's leadership role in senior service remains justifiable, our appeal seeks more modest growth. Specifically, we are requesting \$10 million above the prior year levels. We would continue the strategy of targeting these increases to maximize the impact of our existing senior programs and to demonstrate new approaches that will be incorporated into federal, state, and local efforts to use seniors in service.

Innovation, Evaluation, and Other Activities (+\$2 million above 2000; +\$6.4 million above mark)

As noted above under AmeriCorps, we are appealing for above the 2000 enacted levels in this activity to support the growth in the AmeriCorps*Promise Fellows program and the Education Award Only effort as part of the strategy of reaching 62,000 members in 2001. Those dollar amounts are in this activity, but are shown above under the AmeriCorps appeal.

In addition, however, we note that the OMB mark reduces this category of funding by \$4.4 million below prior year levels. We cannot absorb a reduction of this magnitude under existing funding levels. These funds support a range of Corporation activities in addition to the direct support of AmeriCorps members, including recruitment, training and technical assistance, programs for individuals with disabilities, and the President's announced leader schools and high school scholarship programs. Our appeal therefore would restore these activities to the prior year level.

ABX
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X We are also appealing for an additional \$2 million for the Continuing Service Initiative, announced by the President at the Fifth Anniversary of AmeriCorps. OMB sought these funds in discussions on the 2000 budget, but were unsuccessful in obtaining them from the Congress. These monies are essential to involving former AmeriCorps members in service in partnership with national nonprofit organizations.

Program Administration (+\$12.1 million above prior year; +\$8.1 million above passback)

As in prior years, OMB has been very supportive of the administrative needs of the Corporation. We are appealing for additional amounts for two purposes: state commissions and systems development.

Of the \$8.1 million above the passback level, \$5 million is for state commissions. We depend on state commissions for the administration of most of AmeriCorps. We have concluded that the present method of financing state commission activities should be

changed to improve the quality and uniformity of the financial and program oversight provided by these commissions. These additional funds will provide the resources necessary for commissions to carry out the significant responsibilities placed upon them under the devolution called for in the National and Community Service Act. As well, given the Inspector General's new work in this area, we strongly expect that state commissions will have an even greater workload in 2001 to address Inspector General survey and audit findings.

The additional \$3 million for the Corporation is targeted at the systems improvements we identified in our original request, many of which are follow-ons to the new accounting system we installed this year. The Corporation's growing workload, at appropriated levels, also justifies additional funds for basic operations. These operational needs and systems, and a justification for them, are detailed in our original budget submission.

We have made good progress this past year on the management front, including receiving an unqualified opinion on our Statement of Financial Position. We know that we have a number of improvements still to accomplish, and appreciate OMB's continued support of these efforts.

Inspector General (+\$1 million above 2000; +\$1 million above OMB mark)

The Inspector General is appealing for an additional \$1 million, the same as the original request. The Inspector General provides the following justification for these funds:

The Office of Inspector General is appealing the reduction of \$1 million from the requested \$5 million level for FY 2001. The OIG requested additional funding specifically to perform reviews and audits of state commissions, a high risk area. This is important because state commission funding is not subject to direct review and testing in single audits. Further, there is no other independent monitoring of the state commissions. OIG's reviews and audits will provide information on the state commissions' fiscal operations and related internal controls, AmeriCorps member oversight and service hour reporting, commission grant-award procedures, and their use of training and technical assistance funds. OIG will use the information for recommendations for improvement and reductions in vulnerabilities in state commission operations as well as to plan subsequent audits of the commissions and their programs. Preliminary results as of December 7, 1999, from OIG reviews of 12 state commissions indicate that 11 are not effectively monitoring subrecipients – further underscoring the need for this work.

At the current (FY 2000) funding level, OIG estimates that the resources available for this project will require extending the work through FY 2008. Funding at the \$5 million level will double the resources available for this initiative and cut the time for its performance in half. The state commissions are a high risk area. It is important that OIG identify

vulnerabilities and make recommendations for improvements to mitigate risk in a timely manner. OIG, therefore, requests that its FY 2001 funding request be restored to the \$5 million level.

America's Promise (+\$7.5 million above 2000 Corporation Budget)

We concur with OMB's inclusion of this line item in the Corporation's budget. America's Promise has stated that any funds provided must not be at the expense of other Corporation programs.

The above list of appeals may appear to be long. However, a number of them result from the fact that OMB chose to make reductions below prior year levels in order to accommodate new priorities within the base. We do not think that such budget restructuring can be done without significant negative impact on program delivery and support. Hence, our list includes many items with only modest dollar adjustments.

Central to our appeal, as you will note, is our strong conviction that the President should ask Congress to enable the Corporation over the next four years to continue growth of AmeriCorps to the 100,000 member goal, a goal he boldly proclaimed last year and has repeatedly acclaimed.

In summary, the President and this Administration, thanks in large part to leadership by OMB, has stayed the course with AmeriCorps and the Corporation for National Service with extraordinary results. Uniquely, this budget will make a statement about the Administration's commitments and the extent to which it views its accomplishments as just past successes or as enduring elements of America's future. I urge your support of this moderate appeal.

Sincerely,



Harris Wofford
Chief Executive Officer

Enclosures

Enclosure A

Recent Public Statements by President Clinton Concerning
AmeriCorps and The Goal of 100,000 Members Per Year

"Now we're trying to take AmeriCorps up to 100,000 a year. Think what we could do — just think about everything you've done in this last year. Think how we could change the face and future of America if there were 100,000 of you out there every single year from now on doing what you have done. Think how many more young people would also be able to use the AmeriCorps scholarship to go on to college. Think how that would change the face and future of America, the range of opportunities available, the lives that people would live. I think this is a very important moment for America." August 9, 1999 at AmeriCorps NCCC Graduation*

"Like returned Peace Corps volunteers and military veterans, those of you who are AmeriCorps members and alums represent an enormous national pool of know-how and can-do. You are already 150,000 strong and growing stronger. I hope soon we'll be adding 100,000 new members to your ranks every single year. (Applause.) There is no question that you are now an indispensable force for change in America. After years of fights over funding and purpose in AmeriCorps, peace is breaking out all over in Washington. (Laughter.) A major factor lifting AmeriCorps out of the realm of partisan politics here is the support of people and leaders and especially governors of both parties, like Governor Leavitt, out in the country who have seen firsthand how AmeriCorps members are setting off chain reactions of civic involvement, civic progress and civic pride." October 20, 1999 at White House Ceremony on the Fifth Anniversary of AmeriCorps

"The bill includes \$438.5 million for AmeriCorps, funding that will support nearly 50,000 AmeriCorps members in their community service projects across the country. This funding level is roughly at the last year's level; the President will continue to push for an expansion of AmeriCorps so that 100,000 members can serve every year and so that more of our young people can give back to their communities through service." October 20, 1999, Fact Sheet on VA-HUD-Independent Agencies Appropriations Bill for fiscal year 2000 distributed at the White House Ceremony on the Fifth Anniversary of AmeriCorps

"So AmeriCorps is changing America for the better. I believe it has broad bipartisan support and, therefore, I think future administrations will be able to continue to support it. I would like to see us get up to where we had at least 250,000 people a year in it, because I think you could get that many people who want to serve. But at least insofar as funding become available, I'd like to see it continue to expand. It's a wonderful, wonderful thing." November 8, 1999 Remarks at On-Line Town Hall Meeting George Washington University Washington, D.C.

CORPORATION FOR NATIONAL SERVICE
FISCAL YEAR 2001 BUDGET
OMB Passback 12/9/1999
(dollars in thousands)

Activity	1999 Enacted	2000 President's Request	2000 Enacted 1/	2001 Request to OMB	2001 OMB Passback	OMB Passback to 2000 Approp.	Appeal of OMB Passback	Appeal to Passback	Appeal to 2000 Approp.
National and Community Service Act (NCSA): (funded by HUDVA appropriations)									
National Service Trust	\$70,000	\$93,000	\$70,000	\$80,000	\$70,000	\$0	\$80,000 ✓	\$10,000	\$10,000
AmeriCorps Grants									
State Funds	\$197,000	\$202,000	\$189,000	\$350,000	\$189,000	\$0	\$238,000	\$49,000	\$49,000
National Direct Funds	\$40,000	\$100,000	\$45,000	\$50,000	\$51,000	\$8,000	\$51,000	\$0	\$6,000
	=====	=====	=====	=====	=====	=====	=====	=====	=====
Subtotal, AmeriCorps Grants	\$237,000	\$302,000	\$234,000	\$400,000	\$240,000	\$8,000	\$289,000 ✓	\$49,000	\$55,000
Innovation, Assistance, and Other Activities	\$28,500	\$35,500	\$28,500	\$53,000	\$24,100	(\$4,400)	\$39,500 ✓	\$15,400	\$11,000
Evaluations	\$5,000	\$5,500	\$5,000	\$7,000	\$4,000	(\$1,000)	\$5,000 ✓	\$1,000	\$0
National Civilian Community Corps	\$18,000	\$21,000	\$18,000	\$28,000	\$21,000	\$3,000	\$21,000 ✓	\$0	\$3,000
Learn and Serve America: K-12 and Higher Ed	\$43,000	\$50,000	\$43,000	\$80,000	\$30,000	(\$13,000)	\$48,000 ✓	\$18,000	\$3,000
Program Administration/State Commissions 2/									
Program Administration	\$18,300	\$19,800	\$17,100	\$23,500	\$20,200	\$3,100	\$21,200	\$1,000	\$4,100
State Commissions	10,200	13,200	11,400	\$22,500	\$10,200	(\$11,400)	\$18,400	\$8,200	\$5,000
	=====	=====	=====	=====	=====	=====	=====	=====	=====
Subtotal Prog. Admin/State Commissions	\$28,500	\$33,000	\$28,500	\$46,000	\$30,400	\$1,900	\$39,600	\$9,200	\$9,100
Points of Light Foundation	\$5,500	\$5,500	\$7,500	\$7,500	\$7,500	\$0	\$7,500	\$0	\$0
America's Promise					\$7,500	\$7,500	\$7,500	\$0	\$7,500
	=====	=====	=====	=====	=====	=====	=====	=====	=====
Subtotal, NCSA	\$435,500	\$545,500	\$434,500	\$609,500	\$434,500	\$0	\$533,100	\$78,600	\$96,600
Inspector General	\$3,000	\$3,000	\$4,000	\$5,000	\$4,000	\$0	\$5,000	\$1,000	\$1,000
	=====	=====	=====	=====	=====	=====	=====	=====	=====
Subtotal, NCSA and OIG	\$438,500	\$548,500	\$438,500	\$704,500	\$438,500	\$0	\$538,100	\$99,600	\$99,600
Domestic Volunteer Service Act (DVSA): (funded by Labor/HESS appropriations)									
AmeriCorps Volunteers in Service to America	\$73,000	\$81,000	\$81,000	\$100,300	\$81,000	\$0	\$88,000 ✓	\$5,000	\$5,000
National Senior Service Corps									
Retired and Senior Volunteer Program	\$43,001	\$48,001	\$48,503	\$57,498	\$48,001	(\$564)	\$50,503 ✓	\$4,504	\$4,000
Foster Grandparent Program	\$93,258	\$95,000	\$93,782	\$101,403	\$95,000	(\$782)	\$97,782 ✓	\$2,782	\$2,000
Senior Companion Program	\$38,573	\$39,031	\$39,869	\$59,680	\$39,000	(\$669)	\$41,669	\$2,669	\$2,000
Senior Demonstration Program	\$1,080	\$5,000	\$1,500	\$5,407	\$1,500	\$0	\$3,500	\$2,000	\$2,000
	=====	=====	=====	=====	=====	=====	=====	=====	=====
Subtotal, Senior Programs	173,910	\$185,032	\$183,518	\$223,968	\$181,501	(2,015)	193,516	12,015	10,000
Program Administration	29,129	\$33,500	\$31,179	\$38,000	\$33,100	\$1,971	\$34,100	\$1,000	\$2,971
	=====	=====	=====	=====	=====	=====	=====	=====	=====
Subtotal, DVSA	\$278,039	\$299,532	\$295,845	\$360,268	\$295,801	(\$64)	\$317,616	\$18,015	\$17,971
TOTAL CORPORATION	\$714,539	\$848,032	\$734,145	\$1,064,768	\$734,101	(\$64)	\$851,716	\$117,615	\$117,571

1/ The 2000 appropriations bill also rescinded \$80 million in prior year appropriations for the Trust; this amount is not reflected in this table.

2/ The authorizing statute requires at least 40 percent of the program administration funding be directed to State Commissions. The Corporation's FY 2001 proposal would change that mix. This proposal needs further discussion with OMB.

Head Start Option: Expand Head Start

The analysis below assumes all children in Head Start are below poverty. Funding is provided under Option C pay for poor 4 year olds crowded out by the 10 percent of Head Start children assumed to be above poverty.

	Number of children	Cost Estimate (millions)	Increase over FY00 (dollars)	Increase over FY00 (slots)
FY00 enacted	880,000	\$ 5,267	--	--
Head Start Option A: FY01 Passback	920,000	\$	\$	40,000
FY01 HHS Appeal	940,000	5,905	635	60,000
Head Start Option B: FY01 funding necessary to reach 1 million goal in FY01	1,000,000	6,150	885	120,000
		6,835	1,568	
Head Start Option C: FY01 funding necessary to reach 1 million goal in FY01 and allow for full participation for 4 year olds*	1,110,000	\$ 7,541	\$ 2,274	230,000

* Assumes 80 percent take-up rate if sufficient funds were provided for all eligibles to participate. Also, funding for the additional 4 year olds above the 1 million slot level does not assume funding for the quality, Early Head Start and T&TA set-asides.

arrangements.

The TANF penalty exception underscores the pivotal role of child care in supporting work and also recognizes that the unavailability of appropriate, affordable child care can create unacceptable hardships on children and families. Since Congress provided that the new Mandatory and Matching child care funding be transferred to the Lead Agency under the CCDF and also provided that at least 70 percent of the new funding must be spent on families receiving temporary assistance, in transition from public assistance, or at risk of becoming eligible for public assistance, the Lead Agencies will be playing a critical role in providing the child care necessary to support the strong work provisions found in TANF. It is therefore critical that CCDF Lead Agencies help disseminate information about the TANF exception. Knowledge of this exception, at least on the part of parents who receive TANF, will be very important in promoting informed child care choices.

Therefore, we require that Lead Agencies include information about it in the consumer education information they provide to TANF recipients. This responsibility entails informing parents that: (1) TANF benefits cannot be reduced or terminated for parents who meet the conditions as specified in the statute and as defined by the TANF agency; and (2) assistance received during the time an eligible parent receives the exception will count toward the time limit on Federal benefits stipulated by the statute at section 408(a)(7).

In order for a Lead Agency to comply with this requirement, it will need to understand how the TANF agency defines and applies the terms of the statute to determine that the parent has a demonstrated inability to obtain needed child care. The elements that require definition consist of: ``appropriate child care,`` ``reasonable distance,`` ``unsuitability of informal care,`` and ``affordable child care arrangements.``

In our pre-regulatory consultations, some groups urged us not only to ensure that the CCDF agency disseminates information about the TANF

Presented below are three mutually exclusive options to universally reach low-income 4 year-olds through pre-kindergarten programs. These options could be combined to complement each other.

The Census Bureau projects there will be 3.85 million four year old children in the year 2001. Assuming the 1998 poverty rate of 20.3 percent for 4-year olds to hold steady over the next few years, we can expect some 782,000 in this age cohort to be below the poverty line in 2001. In 1998, the Head Start program reached 484,000 4-year children, slightly over 60 percent of all 4-year olds in that year. Given funding increases in the program, we project slightly over 500,000 4-year olds to be in Head Start in FY00. Note, however, that Head Start allows for and assumes that approximately 10 percent of slots go to children above poverty.

School-based Option: Expand Title I Preschool Programs

A school-based approach would help focus preschool on academics and ensure links to kindergarten so that participating children build the literacy and numeracy skills they need to enter school ready to learn. One school-based option for universal preschool is to create a set-aside in Title I (Education for the Disadvantaged). The most targeted of all the Federal elementary and secondary education programs, Title I provides funds to low-income school districts to help low-achieving students catch up with their peers. School districts may use Title I funds for preschool programs, however it is estimated that no more than 3 percent of this \$8 billion program is used for that purpose. Nonetheless, some infrastructure exists for preschool programs in high poverty schools. Over 60 percent of the highest poverty elementary schools (75+% poverty rate) have preschool programs, and 35 percent of all Title I elementary schools have them. However, these programs serve only about one-quarter to one-third of the four-year-olds in their school attendance area.

Since the Title I funding formula is based on poverty levels, a Title I-based program would automatically be targeted on children who are likely to be in poverty. In addition, the program could be expanded or contracted to serve all low-income districts, or only the highest poverty districts depending on available funds. Below are preliminary and very rough estimates of the cost to serve children not currently in preschool for both all Title I schools and for the highest poverty schools, and for half-day preschool as well as full-day for all four-year-olds in the targeted districts. We also provide costs net of the children who are already served under Head Start. We assume that a school-based program would cover only the academic school year and not include summer school.

Options A, B and C below would provide funds to Title I schools to provide preschool to all the children in their school district, including those with incomes above the poverty line. Option A would provide the broadest program. Option B would narrow the proposal to the poorest Title I schools. Option C revises option A to assume that children funded through Head Start would not participate in this program. Option D would offer all Title I schools sufficient funds to provide preschool to those children under the poverty line in their school districts. Schools would be expected to identify State or local resources or create sliding scale fees to provide services to children above the poverty line. Cost estimates for option D assume resources would be

help States improve their consumer education efforts.

We weighed these comments and the new Inspector General report against comments we received which generally opposed any regulations at all on any of the provisions we proposed and those

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that wanted consumer education provisions in addition to the two addressed above. We believe that informed parental choice--which is the reason for the consumer education provisions--is supported by the information suggested by these two comments. We have, therefore, reworded the regulation at Sec. 98.33(a). That section now specifies that Lead Agencies must certify that consumer education information given to parents so they can exercise their right to choose the type of care that best meets their needs must, at a minimum, include information about the full range of providers available and on health and safety requirements. States have discretion in developing the content of the consumer information materials in these two areas; the regulations only require that they be addressed.

While Lead Agencies have flexibility in providing consumer education, ACF strongly encourages Lead Agencies to promote informed child care choices by offering information about: the various categories of care; the Lead Agency's certificate system; the rates for the various categories of care; the sliding fee scale; a checklist of what to look for in choosing quality care; providers with whom the Lead Agency has contracts for care; the licensing regulations that some providers must meet; the State's policy regarding substantiated complaints by parents that is available upon request as required by Sec. 98.32; and local resource and referral agencies that can assist parents in choosing appropriate child care.

The best child care arrangements are developed in one-on-one consultation with trained or experienced counselors. Professional help with locating child care is time- and cost-efficient for both families and Lead Agencies. Thus, it may be in the Lead Agency's interest to invest in strategies such as co-location of child care resource and

provided to cover the costs of all poor 4 year olds not provided services though Head Start. The following are annual costs when the program is at full capacity. The program could be ramped up over several years, therefore first year costs could be much lower.

	# of 4-year-olds	Half Day	Full Day
Option A. All Title I Schools	2,749,000	\$11.0 - 13.7 billion	\$16.0 - 19.2 billion
Option B. 75+% Poverty Schools	587,000	\$2.3 - 2.9 billion	\$3.5 - 4.1 billion
Option C. All Title I school 4-year-olds minus Head Start 4-year-olds	2,264,000	\$9.1 - 11.3 billion	\$13.6 - \$15.7 billion
Option D. Provide funds only for children below poverty not served by Head Start	270,000		\$1.6 billion

Assumptions for Options A, B, and C: Average cost per pupil is \$4,000-\$5,000 for half-day and \$6,000-\$7,000 for full day. 65% of Title I schools do not provide preschool, and in those that do, 70% of the eligible students are not being served. 40% of high poverty schools do not offer preschool and, in those that do, 60% of the eligible students are not served. There are 40,652 Title I elementary schools and 10,349 high poverty Title I elementary schools.

referral counselors in work development offices or agencies. Economists make the argument that good consumer information is critical to making the child care market function more like other markets. Moreover, experience has shown that printed materials alone may not always be a sufficient information source, particularly if parents have low literacy skills.

Comment: Several commenters wanted us to require that consumer education specifically include information about the availability of sectarian providers and that parents may use certificates with religious providers.

Response: It was partly in response to these comments that we expanded the requirement for consumer education to now include information about the full range of providers available to parents. As the ``full range of providers`` includes sectarian and religious providers, we do not believe it is necessary to specify them--or other types of providers--in regulation. Since certificates, by definition, may be used with any provider, including sectarian providers, it seems unnecessary to be more prescriptive.

Exception to individual penalties in the TANF work requirement.

Title I of the PRWORA amends Title IV-A of the Social Security Act and replaces the Aid to Dependent Children (AFDC) with a new block grant program entitled Temporary Assistance for Needy Families, or TANF. The new section 407(e)(2) addresses an exception to the work requirement in the TANF program and provides that a State may not reduce or terminate TANF assistance to a single custodial parent who refuses to work when she demonstrates an inability to obtain needed child care for a child under six, because of one or more of the following reasons:

- (1) Unavailability of appropriate child care within a reasonable distance from the individual's home or work site;
- (2) Unavailability or unsuitability of informal child care by a relative or under other arrangements;
- (3) Unavailability of appropriate and affordable formal child care

Fixing Failing Schools

Key programs that relate to fixing failing schools

	<u>2000</u>		<u>2001</u>		
			<u>Agency</u>		
	<u>Proposed</u>	<u>Enacted</u>	<u>Request</u>	<u>Passback</u>	<u>Appeal</u>
Title I	7,996	7,941	8,800	8,194	8,507
Title II	1,206	1,206	1,700	503	1,473
After-School	600	454	1,000	525	700
Class Size	1,400	1,300	1,700	1,500	----
CSRD	150	170	200	170	----
Reading Excell.	286	260	386	286	----
S&E	386	383	427	383	427

Proposal: Work with ED to implement an action strategy to ensure that Federal funds are used effectively by States and districts to turn around failing schools. Programs related to fixing failing schools would receive additional program funds, above the passback level, if ED agrees to implement a feasible but aggressive school improvement plan.

Background: A number of ED programs support the goal of improving achievement of disadvantaged students, specifically Title I, Reading Excellence, Class Size Reduction, after-school programs, special education, bilingual education, and Comprehensive School Reform Demonstrations. ED's "strategy" for turning around failing schools has been to produce an idea book and provide additional funds for accountability efforts, without developing ways of improving program quality and integration. By focusing on a clear goal, in particular one that is the foundation for most other learning, the Administration can leave a legacy that is defined in results, not dollars, while also developing better methods of improving program effectiveness through a more strategic use of ED's resources.

A great deal of groundwork on accountability issues has been laid, but much more needs to be done. All States are required to develop systems for identifying schools in need of improvement, and are supposed to provide assistance to help them turn around. The \$134 million accountability set-aside in Title I supports these efforts. However, most schools currently identified for school improvement report that they have not received assistance, and many States will have difficulty meeting the FY 2000 deadline for having final student assessment tied to high standards in place.

Action Components

Any implementation initiative would need to be developed collegially with ED. However possibilities for action might include the following components. Unless otherwise noted, these actions could be taken without amending statutory language.

For All States:

- Negotiate State-by-State **goals for turning around failing schools** so that by a date certain, all schools in school improvement will either improve or be closed. These goals must include achievement goals for population subgroups, and State plans must address how each of the targeted programs will contribute to meeting these goals. By seeking to improve failing schools, the initiative would support the work of the Hispanic Education Action Plan and its goal of improving educational outcomes for Hispanic students. The State goals should be benchmarked against the top performing States on NAEP reading and math tests, based on both State averages and scores of subpopulations. This could be accomplished by either amending the consolidated application provision in ESEA, or by issuing guidance on the program application provisions.
- Work with every State on establishing its **data collection system** and on using data to implement policy. A great deal of groundwork has already been laid in this area and it is an area in which ED has expertise. ED has identified data collection and the use of data to improve schools as a high priority. ED is developing a system to access State data if State systems are compatible. Connecticut, the State with the highest NAEP reading scores and a conscious strategy for improving them, has used data to inform policy decisions as a key strategy in its dramatic reading improvement over the past six years. In addition, 36 States already produce report cards, one of the key forms of using data to monitor performance and improve instruction, and all States would be required to produce them under the Administration's ESEA proposal.
- Set high-visibility, **national goals for turning around failing schools** and issue public statements when key milestones are met. Or, implement a **national report card**, similar to the one required of States in Title XI of the ESEA proposal, but include factors addressing accountability systems.

For Low-Performing States:

If in any year a State does not meet its negotiated targets, ED would play a more intensive role in program improvement. In particular, ED would address how the States uses its proposed 2.5% Title I accountability set-aside, and possibly take away some State discretion in its choice of improvement strategies. The trigger for Federal involvement would be based on objective data and be somewhat automatic to shield ED from accusations of unnecessary intervention at the State level. Currently, there

are eight States with a very high portion of Title I schools that are low performing (over 30%); these might be the type of States that require increased attention.

If identified as needing improvement, States could receive assistance or interventions in several ways:

- States making little progress in turning around failing schools could be partnered with high-performing States, which would receive a small grant to provide on-going technical assistance on policies and strategies for school improvement.
- ED could provide a peer review team to re-evaluate State accountability plans, goals and timelines, and help low-performing States work with districts to develop a strategy for implementing programs that research shows work.
- If after one to two years satisfactory improvement is not made, ED could make a portion of State administrative funds contingent upon the State adopting strategies for improving low-performing schools from one of the high-performing States, or other research-based strategies.

ED's Internal Systems

ED could take a number of actions internally to improve implementation:

- Link ED's data systems to State data systems. ED is currently working on a data collection system to improve GRPA reporting. ED should work with States to ensure that it can be linked to State systems.
- Develop an analysis of where each State stands on its establishment of the components of an accountability system including standards, tests, and support for research-based programs, in order to tailor technical assistance to the needs of each State.
- Increase integrated monitoring for low-performing States. ED has instituted a monitoring system in which teams comprised of representatives from each major program office work with regional groupings of 6-8 States and complete site visits to each of those States every three years. The site visits could be redesigned so that low-performing States are visited every year; with ED and the partner States alternating in conducting the reviews.
- Identify specialists within each regional team to work on a more consistent basis with low-performing States and their partner States. Train those specialists in utilizing data to improve performance.
- Develop a strategy for training and enhancing State Title I school support teams. Each State has established a team of distinguished educators that provides technical assistance to low-performing schools. These teams provide a crucial network of practitioners whose work will

be supported by the State accountability set-aside. ED should play a role in training these teams, and possibly expanding their membership, to ensure the teams are capable of helping low-achieving schools use data for program improvement and implement proven reading strategies.

Dissemination

- Produce practical, analytical profiles of the most effective State strategies for turning around low-performing schools. The National Education Goals Panel recently released such a report on the impressive reading gains in Connecticut, including the State and district policies and approaches that led to improvements, which could easily be used by other States to replicate effective practices.
- The technical assistance provisions in the ESEA reauthorization proposal provide States and districts with the most students in poverty the ability to purchase technical assistance from providers of their choosing. ED should play an aggressive role in identifying high quality technical assistance services and providers for turning around low-achieving schools, possibly providing States and districts an accepted menu of providers who meet a high standard of effectiveness.

Enforcement

- ED would include the details of its strategy in its GPRA plan to be made public in March and, in general, be held accountable for implementing the components of its fixing failing schools plan through reports to Congress, the White House, and the public.

Budget Implications

Option 1: Tie increases in base programs to an aggressive ED implementation plan

At the settlement level, provide additional funds to key base programs if ED agrees to an aggressive and comprehensive accountability implementation strategy that is at least as strong as the components described in this paper. If ED devises and commits to such a plan, then the Budget would provide the following above the guidance level:

Base Program Increases:

- **+\$XXX increase for Title I**
- **+\$XXX increase for Title II**

- **\$XXX increase for 21st Century Community Learning Centers**, and set competitive priorities in this program so that funds help turn around failing schools.
- **\$XXX small increase in S&E** for 1) grants to high performance States for partnering efforts; 2) implementation of ED's integrated performance and benchmarking data bank and its work with States on their data systems; and 3) a slight increase for other staffing needs to implement this plan.

Option 2: Create an incentive program for the States

The implementation proposal could be strengthened further if there were a financial incentive for States to set and achieve accountability and school improvement goals. One type of incentive would be to make some portion of new funds in Title I (and possibly Title II) above the prior appropriations year, or all of the State's portion of the Title I accountability set-aside (30% of the total), contingent upon a State implementing its accountability system and meeting its goals for turning around failing schools.

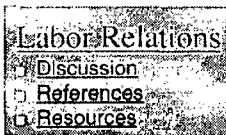


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Teacher Compensation

Efforts to introduce merit pay, career ladders, and other incentive plans can be traced back for several decades. None of these reforms has succeeded in altering the traditional system of teacher compensation, which pays teachers according to a single state or district salary schedule. Now teacher pay is getting a second look in state houses and school districts, and there are increasing signs that this seniority-based system may be in for its first major change.

In 1996 the National Commission on Teaching and America's Future recommended that teachers who demonstrate specified knowledge and skills be rewarded with salary incentives. And recently the National Board for Professional Teaching Standards launched its system to certify outstanding teachers. These two private initiatives dovetail with policy-maker's efforts to hold teachers and schools accountable for performance. In January 1998 Governor Pete Wilson of California called "for a \$1 million pilot program to link teachers' salary increases to learning specific skills needed to improve student achievement" (Bradley 1998).

The Teacher Compensation Project

Another sign--and a major stimulus--of change is sponsored by the federally funded Consortium for Policy Research in Education. Directed by Alan Odden and Carolyn Kelley, the project has been studying reform initiatives that would base teacher pay on knowledge, skill, and performance.

In districts where both union and management want to work together on reform of teacher pay, the project provides technical assistance. For example, in twenty districts whose union leaders make up the membership of the Teacher Union Reform Network (TURN), Odden is helping school officials and unions explore such alternatives as school incentive awards (Cincinnati), skill-based pay (Minneapolis), and rewards for specific knowledge and duties (Rochester, New York) (Bradley 1998).

In Cincinnati, members of the local AFT affiliate in May 1998 voted 1,160 to 804 against a plan that would have given full-time teachers a bonus of \$1,400 a year if their school met specified improvement targets. Improvement was to be measured by progress in student-achievement scores on statewide tests, student dropout and attendance rates, and staff attendance. Union leaders and the district's administrators planned to query teachers in an effort to develop an acceptable plan (Archer 1998).

Optus

target

"highly distressed"
"highly stressed"

"highly stressed"

data are available at the time such determination is made; and

(2) Determined every two years.

(B) Per capita income determined, pursuant to paragraph

(b)(1)(ii)(A) of this section, will be applied in establishing the allotment for the fiscal year for which it is determined and for the following fiscal year.

(C) If the Allotment Proportion factor determined at paragraph

(b)(1)(ii) of this section:

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(1) Exceeds 1.2, then the Allotment Proportion factor of the Territory shall be considered to be 1.2; or

(2) Is less than 0.8, then the Allotment Proportion factor of the Territory shall be considered to be 0.8.

(2) The formula used in calculating a Territory's allotment is as follows:

[GRAPHIC] [TIFF OMITTED] TR24JY98.000

(ii) For purposes of the formula specified at paragraph (b)(2)(i) of this section, the term ``YCF<INF>t</INF>'' means the Territory's Young Child factor as defined at paragraph (b)(1)(i) of this section.

(iii) For purposes of the formula specified at paragraph (b)(2)(i) of this section, the term ``APF<INF>t</INF>'' means the Territory's Allotment Proportion factor as defined at paragraph (b)(1)(ii) of this section.

(c) For Indian Tribes and tribal organizations, including any Alaskan Native Village or regional or village corporation as defined in or established pursuant to the Alaska Native Claims Settlement Act (43 U.S.C. 1601 et seq) an amount up to two percent of the amount appropriated for the Child Care and Development Block Grant shall be reserved.

(1) Except as specified in paragraph (c)(2) of this section, grants to individual tribal grantees will be equal to the sum of:

(i) A base amount as set by the Secretary; and

The Newark (New York) Central School District instituted a pay-for-performance system in the 1996-97 school year. Negotiators for the district and union used the "mutual gains" process to reach agreement on this breakthrough compensation system (Spitz and Battaglia 1997).

CPRE's research "suggests three alternative forms of teacher compensation that could be used to supplement or replace aspects of the current single salary schedule: knowledge and skill-based pay, contingency pay, and group-based performance awards." The researchers state that "these pay plans need to be designed carefully to reflect local organizational contexts and to support and reinforce educational reform efforts" (<http://www.wcer.wisc.edu/cpre/teachercomp>).

Compiled by Stuart Smith, associate director.

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(ii) An additional amount per Indian child under age 13 (or such similar age as determined by the Secretary from the best available data), which is determined by dividing the amount of funds available, less amounts set aside for eligible Tribes, pursuant to paragraph (c)(1)(i) of this section, by the number of all Indian children living on or near tribal reservations or other appropriate area served by the tribal grantee, pursuant to Sec. 98.80(e).

(2) Grants to Tribes with fewer than 50 Indian children that apply as part of a consortium, pursuant to Sec. 98.80(b)(1), are equal to the sum of:

(i) A portion of the base amount, pursuant to paragraph (c)(1)(i) of this section, that bears the same ratio as the number of Indian children in the Tribe living on or near the reservation, or other appropriate area served by the tribal grantee, pursuant to Sec. 98.80(e), does to 50; and

(ii) An additional amount per Indian child, pursuant to paragraph (c)(1)(ii) of this section.

(3) Tribal consortia will receive grants that are equal to the sum of the individual grants of their members.

(d) All funds reserved for Territories at paragraph (b) of this section will be allotted to Territories, and all funds reserved for Tribes at paragraph (c) of this section will be allotted to tribal grantees. Any funds that are returned by the Territories after they have been allotted will revert to the Federal government.

(e) For other organizations, up to \$2,000,000 may be reserved from the tribal funds reserved at paragraph (c) of this section. From this amount the Secretary may award a grant to a Native Hawaiian Organization, as defined in section 4009(4) of the Augustus F. Hawkins-Robert T. Stafford Elementary and Secondary School Improvement Amendments of 1988 (20 U.S.C. 4909(4)) and to a private non-profit organization established for the purpose of serving youth who are Indians or Native Hawaiians. The Secretary will establish selection criteria and procedures for the award of grants under this subsection

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History of Teacher Pay

The history of teacher compensation provides a rich source of information on how change can "stick" when it is aligned with the strategic needs of schools and existing organizational forms (Protsik 1995). There have been three major shifts in the way teachers are paid in the U.S.; each was accompanied by changes in the needs of schools and the society. The history of teacher compensation in the U.S. leads us to the conclusion that the time may be ripe for a fourth shift in teacher pay systems.

In the latter half of the 1800s, local communities designed schools to provide basic academic skills and moral education for children. Teacher compensation consisted primarily of room and board provided by the local community. The "Boarding Round" pay system was a strong incentive for teachers to maintain positive relations with community members and to maintain a high moral character. It also reflected the barter economy of the time.

In the early 1900s, teacher preparation became more uniform; requiring higher levels of education, and schools began to reflect the bureaucratic organizational structures of the developing industrial cash economy. The Boarding Round system was replaced by a position-based salary system that reflected the new form of teacher work, the cash basis of the economy, and increased preservice education requirements. This system also paid elementary teachers less than secondary teachers (which in part reflected differences in education required for these positions), and unfortunately, paid women and minority teachers less than non-minority males, reflecting societal biases of the time. Nevertheless, the position-based salary schedule was a salary system aligned with the strategic aspects of the economy and school systems.

The single-salary schedule emerged early in the 20th century in response to further changes in the social and educational context. Opposition to overt discrimination and demand for greater teacher skills led to the system which paid the same salary to teachers with the same qualifications regardless of grade level taught, gender or race.)

The single-salary schedule did not, however, pay every teacher the same amount. Differentials were provided based on the objective measures of years of experience, educational units, and educational degrees. It paid teachers salary supplements for coaching sports, advising clubs, and coordinating activities. The bases for paying differential salary amounts were objective, measurable and not subject to administrative whim.

The single-salary schedule was appropriate for the bureaucratic, hierarchically organized school of the first half of this century. Administrators were responsible for goals, objectives and school success, and teachers were responsible mainly for delivering a basic skills-focused, standardized curriculum. Teachers needed a beginning set of skills that were assessed in the process of licensure. Once in the system, they were paid more for each year of experience, a practice typical of bureaucracies and the way most workers were paid in the broader economy.

In the 1990s, changes in education have led to increased skill requirements for teachers. Public demands for high standards and

by notice in the Federal Register.

Sec. 98.62 Allotments from the Mandatory Fund.

(a) Each of the 50 States and the District of Columbia will be allocated from the funds appropriated under section 418(a)(3) of the Social Security Act, less the amounts reserved for technical assistance pursuant to Sec. 98.60(b)(1) and the amount reserved for Tribes pursuant to paragraph (b) of this section, an amount of funds equal to the greater of:

(1) the Federal share of its child care expenditures under subsections (g) and (i) of section 402 of the Social Security Act (as in effect before October 1, 1995) for fiscal year 1994 or 1995 (whichever is greater); or

(2) the average of the Federal share of its child care expenditures under the subsections referred to in subparagraph (a)(1) of this section for fiscal years 1992 through 1994.

(b) For Indian Tribes and tribal organizations up to 2 percent of the amount appropriated under section 418(a)(3) of the Social Security Act shall be allocated according to the formula at paragraph (c) of this section. In Alaska, only the following 13 entities shall receive allocations under this subpart, in accordance with the formula at paragraph (c) of this section:

- (1) The Metlakatla Indian Community of the Annette Islands Reserve;
- (2) Arctic Slope Native Association;
- (3) Kawerak, Inc.;
- (4) Maniilaq Association;
- (5) Association of Village Council Presidents;
- (6) Tanana Chiefs Conference;
- (7) Cook Inlet Tribal Council;
- (8) Bristol Bay Native Association;
- (9) Aleutian and Pribilof Islands Association;
- (10) Chugachmuit;

accountability, demands for employee involvement to facilitate improved organizational performance, and an increasingly diverse student population require teachers to develop and maintain high levels of professional instructional skills, as well as management and leadership roles within schools. Despite its advantages (fairness, equity, and ease of administration), the single salary schedule does not focus on results and does not provide incentives for long term career development of employees, linked to the knowledge and skills needed for today's schools. ||/k

These changes in schools and society suggest the potential for another wave of teacher compensation reform, with a focus on accountability and professional development. The Teacher Compensation Project is exploring ways in which knowledge and skill-based pay and school-based performance awards may be used to augment the single salary schedule to better serve these needs.

An expanded version of this information can be found in Allan Odden & Carolyn Kelley's Paying Teachers for What They Know and Do: New and Smarter Compensation Strategies to Improve Schools

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- (11) Tlingit and Haida Central Council;
- (12) Kodiak Area Native Association; and
- (13) Copper River Native Association.

(c)(1) Grants to individual Tribes with 50 or more Indian children, and to Tribes with fewer than 50 Indian children that apply as part of a consortium pursuant to Sec. 98.80(b)(1), will be equal to an amount per Indian child under age 13 (or such similar age as determined by the Secretary from the best available data), which is determined by dividing the amount of funds available, by the number of Indian children in each Tribe's service area pursuant to Sec. 98.80(e).

(2) Tribal consortia will receive grants that are equal to the sum of the individual grants of their members.

Sec. 98.63 Allotments from the Matching Fund.

(a) To each of the 50 States and the District of Columbia there is allocated an amount equal to its share of the total available under section 418(a)(3) of the Social Security Act. That amount is based on the same ratio as the number of children under age 13 residing in the State bears to the national total of children under age 13. The number of children under 13 is derived from the best data available to the Secretary for the second preceding fiscal year.

(b) For purposes of this subsection, the amounts available under section 418(a)(3) of the Social Security Act excludes the amounts reserved and allocated under Sec. 98.60(b)(1) for technical assistance and under Sec. 98.62(a) and (b) for the Mandatory Fund.

(c) Amounts under this subsection are available pursuant to the requirements at Sec. 98.53(c).

Sec. 98.64 Reallotment and redistribution of funds.

(a) According to the provisions of this section State and Tribal Discretionary Funds are subject to reallotment, and State Matching Funds are subject to redistribution. State funds are reallotted or redistributed only to States as defined for the original allocation.

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The Current Single Salary Teacher Pay Schedule

In general, today's teachers are paid according to a single salary schedule that provides salary increments according to a teacher's years of experience and number of college/university units and degrees. This teacher salary schedule, first implemented in several big city districts in the late 1920s and early 1930s, has not changed much over the course of the twentieth century. Over the past several decades, moreover, teacher salaries have not changed dramatically relative to other occupations.

The Single Salary Schedule

Most teachers across the country are paid according to a single salary schedule. This does not mean that all teachers earn the same salary. Individual teacher salaries vary, and they vary according to the attributes of individual teachers. Teachers with more years of experience have larger salaries. Teachers with more education units have larger salaries. Teachers with Master's Degrees earn higher salaries. The structure even pays more for additional jobs; coaches earn a salary supplement, advisors of clubs and other co-curricular activities often earn a salary increment. But critical to the success of the single salary schedule is that the basis for paying teachers different amounts -- years of experience, education units and different jobs -- are objective, measurable, and not subject to administrative whim.

Figure 1 displays the major features of a salary schedule for a typical school district in 1994-95. The data show that the beginning salary in this district was \$24,820. Nationally, that was about 90 percent of the beginning salary for all college graduates entering the workforce in that year with a liberal arts degree.

The maximum salary was \$51,430, about 107 percent above the beginning salary. Assuming this type of salary structure would remain, which it has for nearly three-fourths of a century, the most a teacher in this district could expect financially over the course of their career would be to double their beginning salary. But this salary doubling would occur only after working 30 years and investing in substantial graduate training.

For the first fourteen years, the teacher would automatically receive a salary increment of \$945 each year without earning any additional credits. These increases typically are called *seniority* or *years of experience* increases. But after fourteen years, automatic annual salary increments would stop and be replaced by "longevity" increments that take more than a year to earn. Indeed, the longevity increases for each of steps 15 through 18 require an additional four years of teaching. In short, to earn the step 18 salary level would require 30 years of teaching experience, pretty much the full career of most teachers.

Not indicated on the schedule is the placement of an experienced teacher who is new to the district. Although the procedure is changing, common practice has been to limit a teacher to a maximum of 4-6 years of experience, which would mean teachers who did not stay in one district for their entire career -- the most common behavior -- might never reach the highest salary step (step 18 for this district) regardless of their professional expertise.

Tribal funds are reallocated only to Tribes. Funds granted to the Territories are not subject to reallocation. Any funds granted to the Territories that are returned after they

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have been allotted will revert to the Federal government.

(b) Any portion of a State's Discretionary Fund allotment that is not required to carry out its Plan, in the period for which the allotment is made available, shall be reallocated to other States in proportion to the original allotments. For purposes of this paragraph the term ``State'' means the 50 States, the District of Columbia, and the Commonwealth of Puerto Rico. The other Territories and the Tribes may not receive reallocated State Discretionary Funds.

(1) Each year, the State shall report to the Secretary either the dollar amount from the previous year's grant that it will be unable to obligate by the end of the obligation period or that all funds will be obligated during such time. Such report shall be postmarked by April 1st.

(2) Based upon the reallocation reports submitted by States, the Secretary will reallocate funds.

(i) If the total amount available for reallocation is \$25,000 or more, funds will be reallocated to States in proportion to each State's allotment for the applicable fiscal year's funds, pursuant to Sec. 98.61(a).

(ii) If the amount available for reallocation is less than \$25,000, the Secretary will not reallocate any funds, and such funds will revert to the Federal government.

(iii) If an individual reallocation amount to a State is less than \$500, the Secretary will not issue the award, and such funds will revert to the Federal government.

(3) If a State does not submit a reallocation report by the deadline for report submittal, either:

(i) The Secretary will determine that the State does not have any

Figure 1 shows that earning advanced credits and degrees also produces salary increases. Both the dollar amount and the percentage increase for these education credits rises with the years of experience. So for example, a teacher with a Master's Degree at step one would earn a 10.6 percent or \$2625 salary increase, while at step six that would represent a 12 percent or \$3550 increase, and at step 18 a 13.5 percent or \$5030 increase. These increases would be added to a teacher's base salary and thus would be earned for every year after the Master's Degree was earned.

For an average teacher who earned a Master's Degree by their fourteenth year of teaching, their salary would have risen about 70 percent above their starting salary. If the teacher did not earn any more degrees or take any more education credits, they would then earn just 10 percent more (the longevity increases) over the next 16 years, which would put their salary 85 percent above their beginning salary.

A doctorate pushes these maximum earning numbers a bit higher. A doctorate within the first fourteen years of teaching would have produced a salary of \$47,230, or 90 percent above the beginning salary, and that again could rise by just another \$4200 over the next fourteen years of experience to a maximum of \$51,430.

These data do not include extra salary increments for additional jobs such as coaching a sport, or advising a team or other extra curricular activity.

Certainly, salary schedules around the country vary from the one shown in Figure 1, with both lower and higher salaries at different points in the steps and lanes matrix, as well as greater or fewer steps and lanes. Nevertheless, the data in Figure 1 are a good overall indicator of how teachers are paid. Teachers tend to start with a salary close to that of college graduates with liberal arts degrees and below that of all college graduates. They can at most double their salary over a long time period and only with substantial graduate training and after a long time period -- often their entire teaching career. They pretty much "top out" on annual increments within the first 15 years of teaching (in their mid-30s if they begin teaching in their early 20s). And their extra pay for more years of experience is limited. In short, the typical teacher has modest earning power.

Finally, larger salaries are available to teachers but only for those leaving teaching and entering administrative jobs -- assistant principal, principal, central office supervisor, or numerous other out-of-classroom jobs. Except for recent salary increases for earning certification from the National Board for Professional Teaching Practice, teachers with a greater array of professional expertise do not earn more than those with less skills and competencies, and only in rare circumstances are teachers, who provide the most crucial direct service to students -- instruction -- able to earn more than individuals who do not work in the classroom.

An expanded version of this information can be found in Allan Odden & Carolyn Kelley's Paying Teachers for What They Know and Do: New and Smarter Compensation Strategies to Improve Schools

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funds available for reallocation; or

(ii) In the case of a report postmarked after April 1st, any funds reported to be available for reallocation shall revert to the Federal government.

(4) States receiving reallocated funds shall obligate and expend these funds in accordance with Sec. 98.60. The reallocation of funds does not extend the obligation period or the program period for expenditure of such funds.

(c)(1) Any portion of the Matching Fund granted to a State that is not obligated in the period for which the grant is made shall be redistributed. Funds, if any, will be redistributed on the request of, and only to, those other States that have met the requirements of Sec. 98.53(c) in the period for which the grant was first made. For purposes of this paragraph the term "State" means the 50 States and the District of Columbia. Territorial and tribal grantees may not receive redistributed Matching Funds.

(2) Matching Funds allotted to a State under Sec. 98.63(a), but not granted, shall also be redistributed in the manner described in paragraph (1) of this section.

(3) The amount of Matching Funds granted to a State that will be made available for redistribution will be based on the State's financial report to ACF for the Child Care and Development Fund (ACF-696) and is subject to the monetary limits at paragraph (b)(2) of this section.

(4) A State eligible to receive redistributed Matching Funds shall also use the ACF-696 to request its share of the redistributed funds, if any.

(5) A State's share of redistributed Matching Funds is based on the same ratio as the number of children under 13 residing in the State to the number of children residing in all States eligible to receive and that request the redistributed Matching Funds.

(6) Redistributed funds are considered part of the grant for the fiscal year in which the redistribution occurs.

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Elements of New Compensation Systems

Restructuring a school district's compensation system can be an arduous task. It involves many important decisions about education philosophy, financing, fairness and equity, and administration. These decisions usually occur at the school, district and state level, and have effects across these levels. The interests of all parties affected by the changes must be heard, particularly those of teachers.

Many strategies can be considered for redesigning teacher compensation. Two of the most prominent styles are:

[Knowledge- or skill-based pay](#)
[Group-based performance awards](#)

Models for Alternative Salary Schedules

Researchers from the CPRE teacher compensation project have developed four alternative models for structuring teacher salary systems. These models are for illustrative purposes only, but give a flavor for the types of approaches that might be taken to incorporate new compensation approaches into the existing salary schedule. The models range from a small add-on to the existing schedule (Model 1), to a complete reconfiguring of the schedule (Model 2-4).

Model 1: Current Step and Column Salary Schedule with Skill-Based Pay Additions.

Model 2: Performance Reviews for Annual Increments Combined with Skill-based Pay Elements.

Model 3: A Skill-Based Teacher Compensation Schedule for Board Certification and Retention.

Model 4: A Comprehensive Skill-Based Teacher Compensation Schedule - High School Version.

(Source: Odden & Kelley, 1997, Paying Teachers for What They Know and Do)

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(d) Any portion of a Tribe's allotment of Discretionary Funds that is not required to carry out its Plan, in the period for which the allotment is made available, shall be reallotted to other tribal grantees in proportion to their original allotments. States and Territories may not receive reallotted tribal funds.

(1) Each year, the Tribe shall report to the Secretary either the dollar amount from the previous year's grant that it will be unable to obligate by the end of the obligation period or that all funds will be obligated during such time. Such report shall be postmarked by a deadline established by the Secretary.

(2) Based upon the reallotment reports submitted by Tribes, the Secretary will reallot Tribal Discretionary Funds among the other Tribes.

(i) If the total amount available for reallotment is \$25,000 or more, funds will be reallotted to other tribal grantees in proportion to each Tribe's original allotment for the applicable fiscal year pursuant to Sec. 98.62(c).

(ii) If the total amount available for reallotment is less than \$25,000, the Secretary will not reallot any funds, and such funds will revert to the Federal government.

(iii) If an individual reallotment amount to an applicant Tribe is less than \$500, the Secretary will not issue the award, and such funds will revert to the Federal government.

(3) If a Tribe does not submit a reallotment report by the deadline for report submittal, either:

(i) The Secretary will determine that Tribe does not have any funds available for reallotment; or

(ii) In the case of a report received after the deadline established by the Secretary, any funds reported to be available for reallotment shall revert to the Federal government.

(4) Tribes receiving reallotted funds shall obligate and expend these funds in accordance with Sec. 98.60. The reallotment of funds



THE SECRETARY OF EDUCATION
WASHINGTON, D.C. 20202

December 8, 1999

Honorable Jacob J. Lew
Director
Office of Management and Budget
Washington, DC 20503

Dear Jack:

Less than three weeks ago I watched President Clinton, surrounded by teachers, proclaim a victory for America's students as he signed into law a fiscal year 2000 appropriations act that provided significant new resources for critical education priorities. "We value education," said the President, "and this budget truly puts education first."

I was surprised, therefore, and not a little dismayed, to receive a passback on the Department's 2001 request that threatens to fatally compromise that victory. OMB's initial decision to provide no increase for education in 2001 ignores the long-term challenges faced by the Nation in improving the quality of education for all of its citizens, undermines one of the President's strongest legacies and proudest achievements as he embarks on his final year in office, and hands a powerful weapon to our political opponents as we head into next year's Presidential and Congressional elections.

The need for investment in education has never been greater. America's schools face growing demands to prepare all students for the high-tech, knowledge-intensive careers that will ensure the Nation's competitiveness and prosperity in the next century. That's a tall order under the best of circumstances, but our education system also faces ballooning enrollments and the need to recruit, hire, and train some two million new teachers over the next 10 years. We also must turn around thousands of failing schools, and make sure that millions of poor and limited English proficient students and students with disabilities meet the same high standards as other students. And after years of deferred maintenance on buildings that average more than 40 years of age, States and school districts face the massive task of renovating and constructing facilities to accommodate growing enrollments, smaller class sizes, and the integration of technology into teaching and learning.

To help meet these challenges and fulfill the President's commitment to keep education our number one priority, I am appealing for a \$3.8 billion or 10.6 percent increase in discretionary spending over the 2000 level. I know you face a difficult task in balancing competing agency demands within the constraints of current budget caps, but it would be a cruel irony if an Administration that fought so hard and so successfully against disinvestment in education during years of massive Federal budget deficits chose to voluntarily disinvest in education in an era of surpluses. Reducing support for education would be especially counterproductive because we are just beginning to make real progress in such areas as raising standards, improving the quality of teaching, expanding after school programs, and turning around failing schools.

Moreover, after years of emphasizing the importance of the Federal role in improving our schools and helping to make education the number one priority of American voters, it does not make sense to signal a weakening of our commitment to education with a wholly inadequate budget request. In particular, a decision to “go low” on education carries the risk that Republicans will significantly outbid the Administration on education during next year’s appropriations process and claim the mantle of education leadership just weeks before the general election.

My appeal is based on the strong belief that now—with key reforms just beginning to show promising results, the American people focused on improving education, and surpluses in the Federal budget—is the time to invest in education. The appeal emphasizes continuing support and expansion of programs and initiatives that make up the core of President Clinton’s education agenda, including class size reduction and after-school programs, getting higher standards into the classroom and helping students meet those standards. We also would put new resources and greater accountability into Title I Grants to Local Educational Agencies and move toward full funding of Special Education Grants to States—two long-standing programs that provide a crucial foundation for successful education reform. The appeal also supports the Educational Excellence for All Children Act of 1999, the Administration’s proposal for reauthorizing the Elementary and Secondary Education Act of 1965 (ESEA). In particular, my appeal would restore funding for our Teaching to High Standards proposal, the successor to the Goals 2000 program that would help States and school districts give teachers the tools and training they need to bring high standards into the classroom. And in the area of postsecondary education, I am appealing for major increases in the Pell Grant and GEAR UP programs.

It is also my understanding that the President’s School Modernization Bond proposal, which would subsidize almost \$25 billion in construction bonds over two years to modernize up to 6,000 schools, will once again be included as part of the President’s package of tax proposals in the Department of the Treasury request. In addition, a new discretionary grant program that would support school renovation and construction is under consideration by the Administration. I fully support both of these proposals.

The remainder of this letter describes the highlights of my appeal. The details are provided in the attached budget table.

IMPROVING TEACHING

We know that the single most important factor in improving student achievement is a well-trained teacher in the classroom. We also know that nearly two-thirds of teachers feel unprepared to teach to high standards, and that this is why we are seeing some softening of higher standards in some States. Part of the answer to this problem is the new Teaching to High Standards State Grants program included in the Administration’s ESEA reauthorization plan. This proposal would build on the success of the Goals 2000 program—which helped put in place for the first time high standards in all States—by helping States and school districts continue their efforts to develop and implement standards-based reforms, primarily through expanded and improved teacher training efforts. The programs consolidated under this new authority received

nearly \$1.2 billion in fiscal year 2000, yet passback inexplicably slashed my \$1.7 billion initial request to \$503 million. I am appealing for \$1.5 billion, an increase of \$300 million over the 2000 level.

The appeal would restore the original \$200 million request for Teacher Quality Enhancement grants, an increase of \$102 million over passback, to help recruit new teachers for high-poverty urban and rural areas. This program also strengthens partnerships between schools and universities to give new teachers the best preparation possible, and encourages States to improve teacher quality by reforming licensing and certification.

My appeal also would support improved teaching and learning by providing an additional \$50 million over the passback for Research, Development, and Dissemination and a \$20 million increase for Statistics. The appeal would support proposed authorizing legislation aimed at creating a high-quality, tightly focused research and development agenda that would support new projects that promise to have a significant impact on teaching and learning. The increase for Statistics is needed to avoid severe reductions in the frequency and scope of critical data collections and associated analyses and reporting.

MASTERING THE BASICS

Our goal of helping all students reach high standards starts with ensuring that they master the basics. This is particularly important for poor and disadvantaged students, who too often fall behind early on and never catch up. The Title I Grants to Local Educational Agencies (LEAs) program is designed to help these students both master the basics and reach high standards. Our Title I reauthorization proposal would encourage the use of research-based strategies, expand professional development activities, and increase accountability for improving student achievement. These improvements require additional resources, yet passback provides only \$200 million or 2.5 percent over the 2000 appropriation. This increase would not permit school districts to carry out new activities, such as using at least 5 percent of their Title I allocations for professional development, without reductions in current services. Additional funds also are needed to expand the new accountability set-aside under Title I, which was initiated under the 2000 appropriation but at a lower level than called for in the Administration's reauthorization proposal. My appeal would provide \$8.5 billion for Title I Grants to LEAs, an increase of \$566 million or 7.1 percent over the 2000 level and \$366 million more than the passback.

One of the best strategies for helping students who are struggling to master the basics as well as meet challenging new standards is extended learning time. This is why my original request would have rapidly expanded the 21st Century Community Learning Centers program by providing \$1 billion for before- and after-school and summer programs in safe, drug-free learning environments. Passback provided barely half of my request, an amount wholly inadequate to both the importance and great demand for after school programs. I am appealing for \$700 million, a \$175 million increase over the passback level, to help an additional 1,900 schools provide extended learning time to an estimated 330,000 more students.

My appeal also would support efforts to help individuals with disabilities to master the basics by providing \$5.5 billion for Special Education Grants to States, an increase of \$500 million or

10 percent over the 2000 level and the passback. This increase supports the goal of full funding for this program by raising the Federal contribution toward meeting the excess cost of serving 6.4 million children with disabilities. President Clinton has agreed to substantial increases in funding for this program in recent years, as reflected in his observation that "one of the things that we've had almost complete agreement on in the last six years since I've been President, is every year putting more money into education for Americans with disabilities." The straightlining of Grants to States funding in passback is inconsistent with this political consensus.

REACHING AND COMPLETING COLLEGE

President Clinton can claim considerable success in helping Americans of all ages pay for the postsecondary education they need to advance their careers. Programs like Direct Loans and Hope Scholarships are providing billions of dollars to help millions of postsecondary students and their families pay college costs. Still, too few disadvantaged and minority students are entering and completing college.

To help raise awareness of college opportunities and prepare students for the challenges of postsecondary education, my appeal includes \$300 million for the GEAR UP program, an increase of \$100 million over the 2000 level and \$60 million over the passback. Demand for this program remains very high, as evidenced by the more than 670 applications received in 1999 representing all 50 States, more than 4,500 organizations, and an estimated 1 out of 5 colleges in the nation. In addition to continuation funding for 27 States and 237 Partnerships, the appeal level would fund 13 new States and 95 new Partnerships, while raising the number of students served from 643,000 to nearly 800,000.

My appeal also would help students pay the rising costs of a postsecondary education by raising the Pell Grant maximum to \$3,500, an increase of \$150 over the passback level. The appeal is \$286 million more than the passback amount, and would use \$130 million of the projected surplus. This amount would demonstrate the Administration's continuing commitment to reversing the decline in Pell Grant purchasing power and to ensuring access to higher education for financially needy students.

DEPARTMENT MANAGEMENT

The Department also needs additional funds to pay for built in administrative cost increases and to continue making the improvements required to effectively manage Administration priorities and initiatives and improve customer service. My appeal includes a \$55 million or 9 percent increase over the passback for discretionary administrative accounts. This increase would support scheduled pay raises as well as staff, contract, and printing support for national education priorities such as the America Reads Challenge, 21st Century Community Learning Centers, High School Reform, Transition to Teaching, and other efforts to disseminate educational information and provide technical assistance to schools and families. Other activities supported with these funds include contracts for the administration of the student financial aid programs, investments in technology to streamline jobs and to transform the way we carry out essential functions, the legislatively mandated audit of the Department's financial statements, and the growing workload of increasingly complex educational civil rights issues.

CONCLUSION

In my letter transmitting the initial 2001 Department budget request, I emphasized how my back-to-school trip through five southern States had impressed upon me (1) the growing consensus on the importance of education, (2) the universal commitment to improving our schools, and (3) the tremendous amount of work we have to do to reach our education goals. Throughout his Presidency—indeed throughout his career in public service—Bill Clinton has displayed an extraordinary commitment to improving public education, a task he recently described as one of the “big, long-term challenges of America.” I cannot imagine the President's presenting as his final education budget—what should be the capstone on one of his strongest legacies—a request that backtracks on that commitment by effectively disinvesting in education.

I urge you to reconsider your initial decisions on the Department's request and to restore funding to the levels described in this appeal. I have instructed my staff to look at a variety of possible offsets for increased funding, and I would be happy to discuss these with you once we have worked out some realistic alternatives.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Dick", written in a cursive, stylized script.

Richard W. Riley

Attachment

SUMMARY OF DEPARTMENT OF EDUCATION FY 2001 DISCRETIONARY BUDGET PASSBACK & APPEAL

	2000 Appropriation	2001 Request	2001 Passback	2001 Appeal	Change from 2000 Appo.	Percentage Change
DISCRETIONARY FUNDS:						
ESEA NEW INITIATIVES:						
High School Reform	0.0	125.0	125.0	125.0	125.0	-
Recognition and Reward	0.0	5.0	0.0	0.0	0.0	-
Principal Leadership Initiative	0.0	40.0	0.0	0.0	0.0	-
Early Childhood Education Professional Development	0.0	20.0	20.0	20.0	20.0	-
OPTIONS	0.0	30.0	20.0	20.0	20.0	-
Special Needs Technical Assistance Centers	0.0	8.0	0.0	8.0	8.0	-
Web-based Information Dissemination	0.0	6.0	0.0	6.0	6.0	-
ESEA PROGRAM CONSOLIDATIONS:						
Next Generation Technology Innovation (Technology Challenge Grants and Star Schools)	199.7	170.0	148.7	170.0	(29.7)	-14.9%
Teaching to High Standards (Goals, Eisenhower State Grants, and Innovative Strategies State Grants)	1,173.0	1,700.0	503.0	1,473.0	300.0	25.6%
OTHER DISCRETIONARY PROGRAMS						
Technology Literacy Challenge Fund	425.0	450.0	525.0	450.0	25.0	5.9%
Other Educational Technology	144.0	213.0	128.5	156.5	12.5	8.7%
21st Century Community Learning Centers	453.7	1,000.0	525.0	700.0	246.3	54.3%
School-to-Work	55.0	0.0	0.0	0.0	(55.0)	-100.0%
Title I Grants to LEAs	7,941.4	8,800.0	8,141.4	8,507.4	566.0	7.1%
Comprehensive School Reform (Title I & FIE funds) -- non-add	220.0	225.0	220.0	250.0	30.0	13.6%
Other Education for the Disadvantaged (Title I)	759.6	829.0	738.7	738.7	(20.9)	-2.8%
Impact Aid	910.5	855.0	730.0	855.0	(55.5)	-6.1%
Class Size Reduction	1,300.0	1,700.0	1,500.0	1,500.0	200.0	15.4%
Safe and Drug-Free Schools	605.8	691.0	605.8	655.8	50.0	8.3%
Charter Schools	145.0	150.0	145.0	145.0	0.0	0.0%
Troops to Teachers	0.0	18.0	10.0	10.0	10.0	-
Other School Improvement	294.1	356.5	292.6	361.5	67.4	22.9%
Reading Excellence	260.0	386.0	286.0	286.0	26.0	10.0%
Indian Education	77.0	91.7	77.0	91.7	14.7	19.1%
Bilingual and Immigrant Education	406.0	454.5	409.5	441.0	35.0	8.6%
Special Education	6,036.6	6,676.3	6,035.1	6,638.4	601.8	10.0%
Rehabilitation Services discretionary	368.5	647.3	368.5	423.7	55.2	15.0%
Special Institutions	144.2	149.2	144.2	150.1	5.9	4.1%
Vocational and Adult Education	1,675.8	1,999.1	1,511.8	1,844.8	169.1	10.1%
Adult Education/Literacy (non-add)	470.0	622.5	495.0	573.0	103.0	21.9%
Pell Grants (maximum award from \$3,300 (2000) to \$3,500)	7,700.0	8,715.0	8,180.0	8,466.0	766.0	9.9%
Work-Study, SEOG, & LEAP	1,605.0	1,709.0	1,682.0	1,782.0	177.0	11.0%
Perkins Loans	130.0	130.0	130.0	196.0	66.0	50.8%
TRIO	645.0	690.0	645.0	745.0	100.0	15.5%
GEAR UP	200.0	360.0	240.0	300.0	100.0	50.0%
Teacher Quality Enhancement	98.0	200.0	98.0	200.0	102.0	104.1%
College completion grants	0.0	35.0	0.0	0.0	0.0	-
Other Higher Education	590.7	619.6	532.3	608.0	17.3	2.9%
Howard University	219.4	227.0	219.4	227.0	7.6	3.5%
FIE	249.5	135.0	128.0	145.0	(104.5)	-41.9%
America's Tests	0.0	15.0	0.0	3.0	3.0	-
Other Research, Statistics, & Improvement	343.4	479.5	343.4	442.6	99.2	28.9%
Federal Administration	547.3	603.1	547.3	602.5	55.2	10.1%
TOTAL, DISCRETIONARY	35,703.2	41,488.8	35,736.2	39,494.7	3,791.5	10.6%
<i>Total, Discretionary Outlays</i>	<i>31,938.0</i>	<i>36,393.6</i>				

DEPARTMENT OF EDUCATION FISCAL YEAR 2001 PASSBACK AND APPEAL

(in thousands of dollars)		D	1999	2000	2001			Appeal Change from	
Office, Account, Program and Activity		\	Appropriation	Appropriation	Request	Passback	Appeal	FY 2000 Appropriation	
		M							
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION (OESE)									
<u>Education Reform</u>									
1.	21st Century community learning centers (ESEA X-I).....	D	200,000	453,710	1,000,000	525,000	700,000	246,290	54.3%
2.	High school reform (proposed legislation).....	D	0	0	125,000	125,000	125,000	125,000	---
3.	Educational technology (ESEA III):								
(a)	Technology literacy challenge fund (section 3132)....	D	425,000	425,000	450,000	525,000	450,000	25,000	5.9%
(b)	Next generation technology innovation:								
(1)	Next generation technology innovation (proposed legislation).....	D	0	0	170,000	148,660	170,000	170,000	---
(2)	Technology innovation challenge grants (section 3136).....	D	115,100	148,660	0	0	0	(148,660)	-100.0%
(3)	Star schools (Part B).....	D	45,000	51,000	0	0	0	(51,000)	-100.0%
	Subtotal.....		160,100	199,660	170,000	148,660	170,000	(29,660)	-14.9%
(c)	Regional technology in education consortia (section 3141).....	D	10,000	10,000	12,000	10,000	10,000	0	0.0%
(d)	National activities (section 3122):								
(1)	Technology leadership activities.....	D	2,000	2,000	3,000	2,000	2,000	0	0.0%
(2)	Middle school teacher training.....	D	0	0	30,000	0	0	0	---
(3)	Software development initiative.....	D	0	0	5,000	0	0	0	---
(4)	Educational applications for Internet II.....	D	0	0	0	0	0	0	---
	Subtotal.....		2,000	2,000	38,000	2,000	2,000	0	0.0%
(e)	Ready to learn television (Part C).....	D	11,000	16,000	10,000	7,000	16,000	0	0.0%
(f)	Telecommunications program for professional development:								
(1)	Telecommunications program for professional development (proposed legislation).....	D	0	0	3,000	2,000	8,500	8,500	---
(2)	Telecommunications demonstration project for mathematics (Part D).....	D	5,000	8,500	0	0	0	(8,500)	-100.0%
(g)	Community technology centers (section 3122).....	D	10,000	32,500	65,000	32,500	35,000	2,500	7.7%
(h)	Preparing tomorrow's teachers to use technology:								
(1)	Preparing tomorrow's teachers to use technology (proposed legislation).....	D	0	0	85,000	75,000	85,000	85,000	---
(2)	Teacher training in technology (ESEA III, section 3122).....	D	75,000	75,000	0	0	0	(75,000)	-100.0%
	Subtotal, educational technology		698,100	768,660	833,000	802,160	776,500	7,840	1.0%

DEPARTMENT OF EDUCATION FISCAL YEAR 2001 PASSBACK AND APPEAL

(in thousands of dollars)	D M	1999 Appropriation	2000 Appropriation	2001 Request	Passback	Appeal	Appeal Change from FY 2000 Appropriation
<u>Office, Account, Program and Activity</u>							
<u>Education Reform (continued)</u>							
4. Recognition and reward (proposed legislation).....	D	0	0	5,000	0	0	0
5. School-to-work opportunities (STW Opportunities Act, Titles II, III and IV).....	D	125,000 ¹	55,000 ¹	0	0 ²	0 ²	(55,000) -100.0%
Total.....		1,023,100 ²	1,277,370 ²	1,963,000	1,452,160	1,601,500	324,130 25.4%
Outlays.....		1,226,828	1,295,068	1,753,318	0	0	(1,295,068) -100.0%

¹ An identical amount is included in the budget for the Department of Labor.

² Adjusted for comparability. Excludes a total of \$491,000 thousand in 1999 and 2000 for the Goals 2000 State and Local Education Systemic Improvement and Parental Assistance programs, which are consolidated in 2001 under proposed activities in the School Improvement Programs account.

NOTE: All activities in this account for which funds are proposed in fiscal year 2001 are requested under proposed legislation.

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

DEPARTMENT OF EDUCATION FISCAL YEAR 2001 PASSBACK AND APPEAL

(in thousands of dollars)		D	1999	2000	2001			Appeal Change from
Office, Account, Program and Activity		\	Appropriation	Appropriation	Request	Passback	Appeal	FY 2000 Appropriation
		M						
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION (OESE)								
<u>Education for the Disadvantaged</u>								
1. Grants to local educational agencies (ESEA I-A):								
(a) Basic grants:								
(1) Basic grants (section 1124).....	D		6,570,500	6,645,500	6,028,521	0	0	(6,645,500)
(2) Accountability grants (section 1116(c)).....	D		0	134,000	0	0	0	(134,000)
(3) Census poverty updates.....	D		3,500	3,500	0	0	0	(3,500)
Subtotal, Basic grants.....			6,574,000	6,783,000	6,028,521	0	0	(6,783,000)
(b) Concentration grants (section 1124A).....	D		1,158,397	1,158,397	669,835	0	0	(1,158,397)
(c) Targeted grants (section 1125).....	D		0	0	2,101,644	0	0	0
Subtotal.....			7,732,397	7,941,397	8,800,000	8,141,397	8,507,400	566,003
Annual appropriation.....	D		1,527,634	1,736,634	2,595,237	1,936,634	2,302,637	566,003
Advance for succeeding fiscal year	D		6,204,763	6,204,763	6,204,763	6,204,763	6,204,763	0
2. Capital expenses for private school children (ESEA I section 1120(e)).....								
	D		24,000	12,000	0	0	0	(12,000)
3. Even start (ESEA I-B).....								
	D		135,000	150,000	160,000	150,000	150,000	0
4. State agency programs:								
(a) Migrant (ESEA I-C).....	D		354,689	354,689	400,000	354,689	354,689	0
(b) Neglected and delinquent (ESEA I-D).....	D		40,311	42,000	45,000	42,000	42,000	0
Subtotal.....			395,000	396,689	445,000	396,689	396,689	0
5. Evaluation (ESEA I-E section 1501).....								
	D		7,500	8,900	0	0	0	(8,900)
6. Demonstrations of comprehensive school reform (ESEA section 1502).....								
	D		120,000	170,000	200,000	170,000	170,000	0
Subtotal, ESEA I.....			8,413,897	8,678,986	9,605,000	8,858,086	9,224,089	545,103
7. Migrant education (HEA IV-A-5):								
(a) High school equivalency program.....	D		9,000	15,000	15,000	15,000	15,000	0
(b) College assistance migrant program.....	D		4,000	7,000	9,000	7,000	7,000	0
Subtotal.....			13,000	22,000	24,000	22,000	22,000	0
Total, Appropriation.....			8,426,897	8,700,986	9,629,000	8,880,086	9,246,089	545,103
Total, Budget authority.....			3,670,520	8,700,986	9,629,000	8,880,086	9,246,089	545,103
Current.....			2,222,134	2,496,223	3,424,237	2,675,323	3,041,326	545,103
Prior year's advance.....			1,448,386	6,204,763	6,204,763	6,204,763	6,204,763	0
Outlays, Total.....			6,762,146	7,996,605	8,706,917	0	0	(7,996,605)
Outlays, current.....			4,772,649	3,226,894	2,739,973	0	0	(3,226,894)
Outlays, advance.....			1,989,497	4,769,711	5,966,944	0	0	(4,769,711)

¹ Excludes an advance appropriation of \$6,204,763 thousand that becomes available on October 1 of the following fiscal year.

² Reflects an advance appropriation that was included in the prior year's appropriations act, to become available on October 1 of the fiscal year shown.

NOTE: All activities in this account authorized under the Elementary and Secondary Education Act, and for which funds are proposed in fiscal year 2001, are requested under proposed legislation.

DEPARTMENT OF EDUCATION FISCAL YEAR 2001 PASSBACK AND APPEAL

(in thousands of dollars)

Office, Account, Program and Activity	D M	1999 Appropriation	2000 Appropriation	2001 Request	Passback	Appeal	Appeal Change from FY 2000 Appropriation	
<u>Impact Aid (ESEA VIII)</u>								
1. Payments for federally connected children (section 8003):								
(a) Basic support payments (section 8003(b)).....	D	704,000	737,200	740,000	684,000	740,000	2,800	0.4%
(b) Payments for children with disabilities (section 8003(d)).....	D	50,000	50,000	40,000	34,000	40,000	(10,000)	-20.0%
(c) Payments for heavily impacted districts (section 8003(f)).....	D	70,000	76,000	20,000	0	20,000	(56,000)	-73.7%
Subtotal.....		824,000	863,200	800,000	718,000	800,000	(63,200)	-7.3%
2. Facilities maintenance (section 8008).....	D	5,000	5,000	5,000	5,000	5,000	0	0.0%
3. Construction (section 8007).....	D	7,000	10,300	30,000	7,000	30,000	19,700	191.3%
4. Payments for Federal property (section 8002).....	D	28,000	32,000	20,000	0	20,000	(12,000)	-37.5%
Total.....		864,000	910,500	855,000	730,000	855,000	(55,500)	-6.1%
Outlays.....		984,785	990,391	914,171	0	0	(990,391)	-100.0%

NOTE: All activities in this account for which funds are proposed in fiscal year 2001 are requested under proposed legislation.

DEPARTMENT OF EDUCATION FISCAL YEAR 2001 PASSBACK AND APPEAL

(in thousands of dollars)		D	1999	2000	2001			Appeal Change from
Office, Account, Program and Activity		M	Appropriation	Appropriation	Request	Passback	Appeal	FY 2000 Appropriation
<u>School Improvement Programs</u>								
1. Professional development and program innovation:								
(a) Teaching to high standards:								
(1) Teaching to high standards State grants (proposed legislation).....	D		0	0	1,700,000	503,000	1,473,000	1,473,000 ---
(2) Eisenhower professional development State grants (ESEA II-B).....	D		335,000	335,000	0	0	0	(335,000) -100.0%
(3) Innovative education program strategies State grants (ESEA VI-A):								
(1) Annual appropriation.....	D		375,000	95,000	0	0	0	(95,000) -100.0%
(2) Advance for succeeding fiscal year.....	D		0	285,000	0	0	0	(285,000) -100.0%
Subtotal, ESEA VI-A.....			375,000	380,000	0	0	0	(380,000) -100.0%
(4) Goals 2000 State and local education systemic improvement (Goals 2000 EAA-III).....	D		461,000 ¹	458,000 ¹	0	0	0	(458,000) -100.0%
Subtotal.....			1,171,000	1,173,000	1,700,000	503,000	1,473,000	300,000 25.6%
(b) Principal leadership initiative (proposed legislation).....	D		0	0	40,000	0	0	0 ---
(c) Transition to teaching: Troops to teachers (proposed legislation).....	D		0	0 ²	18,000	10,000	10,000	10,000 ---
(d) Early childhood educator professional development (proposed legislation).....	D		0	0	20,000	20,000	20,000	20,000 ---
2. Class size reduction (Department of Education Appropriations Act, 2000, section 310):								
(1) Annual appropriation.....	D		1,200,000	400,000	1,700,000 ³	600,000	600,000	200,000 50.0%
(2) Advance for succeeding fiscal year.....	D		0	900,000	0	900,000	900,000	0 0.0%
Subtotal.....			1,200,000	1,300,000	1,700,000	1,500,000	1,500,000	200,000 15.4%
3. Safe and drug-free schools and communities:								
(a) State grants (ESEA IV-A, Subpart 1):								
(1) Annual appropriation.....	D		441,000	115,000	483,000	115,000	135,400	20,400 17.7%
(2) Advance for succeeding fiscal year.....	D		0	330,000	0	330,000	330,000	0 0.0%
Subtotal, State grants.....			441,000	445,000	483,000	445,000	465,400	20,400 4.6%
(b) National programs (ESEA IV-A, Subpart 2).....	D		125,000 ⁴	160,750 ⁴	196,000	160,750	178,400	17,650 11.0%
(c) Project SERV (ESEA IV-A, Subpart 2).....	D		0	0	12,000	0	12,000	12,000 ---
Subtotal.....			566,000	605,750	691,000	605,750	655,800	50,050 8.3%

¹ Adjusted for comparability. Funds were provided under the Education Reform account.

² A total of \$18,000 thousand is allocated for Troops to teachers under the Fund for the Improvement of Education in the Education Research, Statistics, and Improvement account.

³ The Administration's ESEA proposal for the Class Size Reduction program requires local districts, except those in which at least 50 percent of the children come from low-income households, to provide a 35 percent match on any funds they receive in excess of their first year allocation. The match would add \$214,000 thousand in resources for the program.

⁴ Adjusted for comparability. Includes funds for the Coordinator Initiative: \$35,000 thousand in 1999 and \$50,000 thousand in 2000.

DEPARTMENT OF EDUCATION FISCAL YEAR 2001 PASSBACK AND APPEAL

(in thousands of dollars)		D						
Office, Account, Program and Activity		\	1999	2000	2001			Appeal Change from
		M	Appropriation	Appropriation	Request	Passback	Appeal	FY 2000 Appropriation
<u>School Improvement Programs (continued)</u>								
4. Inexpensive book distribution (ESEA X-E).....	D		18,000	20,000	18,000	20,000	20,000	0
5. Arts in education (ESEA X-D-1).....	D		10,500	11,500	10,500	11,500	11,500	0
6. Magnet schools assistance (ESEA V-A).....	D		104,000	110,000	120,000	110,000	116,500	6,500
7. Education for homeless children and youth (SBMHAA Title VII-B).....	D		28,800	28,800	35,000	28,800	35,000	6,200
8. Women's educational equity (ESEA V-B).....	D		3,000	3,000	3,000	3,000	3,000	0
9. Training and advisory services (CRA IV).....	D		7,334	7,334	10,000	7,334	10,000	2,666
10. Ellender fellowships (ESEA X-G).....	D		1,500	1,500	0	0	0	(1,500)
11. Education for Native Hawaiians (ESEA IX-B).....	D		20,000	23,000	20,000	23,000	23,000	0
12. Alaska Native education equity (ESEA IX-C).....	D		10,000	13,000	10,000	13,000	13,000	0
13. Charter schools (ESEA X-C).....	D		100,000	145,000	150,000	145,000	145,000	0
14. Opportunities to improve our Nation's schools (OPTIONS) (proposed legislation).....	D		0	0	30,000	20,000	20,000	20,000
15. Advanced placement incentives (HEA VIII-B).....	D		4,000	15,000	40,000	15,000	36,500	21,500
16. Strengthening technical assistance capacity:								
(a) Strengthening technical assistance capacity grants (proposed legislation).....	D		0	0	60,000	28,000	60,000	60,000
(b) Comprehensive regional assistance centers (ESEA XIII-A).....	D		28,000	28,000	0	0	0	(28,000)
17. Technical assistance centers serving special needs:								
(a) Special needs technical assistance centers (proposed legislation).....	D		0	0	8,000	0	8,000	8,000
(b) Parental information resource centers (proposed legislation).....	D		0	0	30,000	33,000	33,000	33,000
(c) Parental assistance (Goals 2000 EAA-IV).....	D		30,000	33,000	0	0	0	(33,000)
Total, Appropriation.....			3,302,134	3,517,884	4,713,500	3,096,384	4,193,300	675,416
Total, Budget authority.....			3,302,134	2,002,884	4,713,500	1,866,384	2,963,300	960,416
Current.....			3,302,134	2,002,884	4,713,500	1,866,384	2,963,300	960,416
Prior year's advance.....			0	0	0	0	0	0
Outlays.....			1,437,056	2,190,821	2,869,540	0	0	(2,190,821)

¹ Adjusted for comparability. Funds were provided under the Education Reform account.

NOTE: All activities in this account authorized under the Elementary and Secondary Education Act, and for which funds are proposed in fiscal year 2001, are requested under proposed legislation.

DEPARTMENT OF EDUCATION FISCAL YEAR 2001 PASSBACK AND APPEAL

(in thousands of dollars)		D						
Office, Account, Program and Activity	M	1999	2000	2001	Passback	Appeal	Appeal Change from	
		Appropriation	Appropriation	Request			FY 2000 Appropriation	
<u>Reading Excellence</u>								
1. Reading and literacy grants (ESEA II-C):								
(1) Annual appropriation.....	D	260,000	65,000	386,000	91,000	91,000	26,000	40.0%
(2) Advance for succeeding fiscal year.....	D	0	195,000	0	195,000	195,000	0	0.0%
		-----	-----	-----	-----	-----	-----	-----
Total, Appropriation.....		260,000	260,000	386,000	286,000	286,000	26,000	10.0%
Total, Budget authority.....		260,000	65,000	386,000	91,000	91,000	26,000	40.0%
Current.....		260,000	65,000	386,000	91,000	91,000	26,000	40.0%
Prior year's advance.....		0	0	0	195,000	195,000	195,000	---
Outlays.....		13,000	104,000	239,000	0	0	(104,000)	-100.0%
<u>Indian Education</u>								
1. Grants to local educational agencies (ESEA IX-A-1).....								
	D	62,000	62,000	70,000	62,000	70,000	8,000	12.9%
2. Special programs for Indian children (ESEA IX-A-2, sections 9121 and 9122).....								
	D	3,265	13,265	20,000	13,265	20,000	6,735	50.8%
3. National activities (ESEA IX-A-4).....								
	D	735	1,735	1,735	1,735	1,735	0	0.0%
		-----	-----	-----	-----	-----	-----	-----
Total.....		66,000	77,000	91,735	77,000	91,735	14,735	19.1%
Outlays.....		64,754	68,595	81,177	0	0	(68,595)	-100.0%
<u>TOTAL APPROPRIATION, OESE.....</u>								
		12,919,031	13,466,370	15,675,235	13,069,470	14,672,124	1,205,754	9.0%
<u>TOTAL BUDGET AUTHORITY, OESE.....</u>								
		8,162,654	11,756,370	15,675,235	11,644,470	13,247,124	1,490,754	12.7%

¹ Excludes an advance appropriation of \$210,000 thousand transferred to the Special Education account in fiscal year 1999, pursuant to the Department of Education Appropriations Act of 1998.

² Excludes an advance appropriation of \$6,204,763 thousand that becomes available on October 1 of the following fiscal year.

³ Excludes an advance appropriation totalling \$7,914,763 thousand that becomes available on October 1 of fiscal year 2001.

⁴ Excludes an advance appropriation totalling \$7,629,763 thousand that becomes available on October 1 of fiscal year 2002.

NOTE: All activities in the Reading Excellence and Indian Education accounts for which funds are proposed in fiscal year 2001 are requested under proposed legislation.

DEPARTMENT OF EDUCATION FISCAL YEAR 2001 PASSBACK AND APPEAL

(in thousands of dollars)	D M	1999 Appropriation	2000 Appropriation	2001 Request	Passback	Appeal	Appeal Change from FY 2000 Appropriation
<u>Office, Account, Program and Activity</u>							
OFFICE OF BILINGUAL EDUCATION AND MINORITY LANGUAGES AFFAIRS (OBEMLA)							
<u>Bilingual and Immigrant Education (ESEA VII)</u>							
1. Bilingual education (Part A):							
(a) Instructional services (subpart 1).....	D	160,000	162,500	180,000	162,500	171,500	9,000 5.5%
(b) Support services (subpart 2).....	D	14,000	14,000	16,500	14,000	16,500	2,500 17.9%
(c) Professional development (subpart 3).....	D	50,000	71,500	90,000	75,000	85,000	13,500 18.9%
Subtotal.....		224,000	248,000	286,500	251,500	273,000	25,000 10.1%
2. Foreign language assistance (Part B section 7203).....	D	6,000	8,000	18,000	8,000	18,000	10,000 125.0%
3. Immigrant education (Part C).....	D	150,000	150,000	150,000	150,000	150,000	0 0.0%
Total.....		380,000	406,000	454,500	409,500	441,000	35,000 8.6%
Outlays.....		385,164	414,857	422,671	0	0	(414,857) -100.0%
TOTAL, OBEMLA.....		380,000	406,000	454,500	409,500	441,000	35,000 8.6%

NOTE: All activities in this account for which funds are proposed in fiscal year 2001 are requested under proposed legislation.

DEPARTMENT OF EDUCATION FISCAL YEAR 2001 PASSBACK AND APPEAL

(in thousands of dollars)	D M	1999 Appropriation	2000 Appropriation	2001 Request	Passback	Appeal	Appeal Change from FY 2000 Appropriation	
Office, Account, Program and Activity								
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES (OSERS)								
<u>Special Education (IDEA)</u>								
1. State grants:								
(a) Grants to States (Part B-611 and Part D-674):								
(1) Annual appropriation.....	D	4,310,700	1,247,685	3,385,700	1,247,685	1,747,685	500,000	40.1%
(2) Advance for succeeding fiscal year.....	D	0	3,742,000	1,925,000	3,742,000	3,742,000	0	0.0%
Subtotal.....		4,310,700	4,989,685	5,310,700	4,989,685	5,489,685	500,000	10.0%
(b) Preschool grants (Part B-619).....	D	373,985	390,000	415,807	390,000	390,000	0	0.0%
(c) Grants for infants and families (Part C).....	D	370,000	375,000	410,000	375,000	395,000	20,000	5.3%
Subtotal, State grants.....		5,054,685	5,754,685	6,136,507	5,754,685	6,274,685	520,000	9.0%
2. National activities (Part D):								
(a) State improvement (Subpart 1).....	D	35,200	35,200	135,600	35,200	60,000	24,800	70.5%
(b) Research and innovation (section 672).....	D	64,508	64,508	100,000	64,508	114,508	50,000	77.5%
(c) Technical assistance and dissemination (section 685).....	D	44,556	45,556	60,556	45,556	45,556	0	0.0%
(d) Personnel preparation (section 673).....	D	82,139	82,139	82,139	82,139	82,139	0	0.0%
(e) Parent information centers (sections 682-684).....	D	18,535	18,535	27,000	18,535	27,000	8,465	45.7%
(f) Technology and media services (section 687).....	D	34,523	36,023	34,523	34,523	34,523	(1,500)	-4.2%
(g) Primary education intervention (section 672).....	D	0	0	100,000	0	0	0	---
Subtotal.....		279,461	281,961	539,818	280,461	363,726	81,765	29.0%
Total, Appropriation.....		5,334,146	6,036,646	6,676,325	6,035,146	6,638,411	601,765	10.0%
Total, Budget authority.....		5,334,146	2,294,646	6,676,325	2,293,146	2,896,411	601,765	26.2%
Current.....		5,124,146	2,294,646	4,751,325	2,293,146	2,896,411	(3,140,235)	26.2%
Prior year's advance.....		210,000	0	1,925,000	3,742,000	3,742,000	3,742,000	---
Outlays, Total.....		4,263,753	5,158,029	6,138,636	0	0	(5,158,029)	-100.0%
Outlays, current.....		4,253,253	5,021,529	4,738,636	0	0	(5,021,529)	-100.0%
Outlays, advance.....		10,500	136,500	1,400,000	0	0	(136,500)	-100.0%

¹ Includes an advance appropriation of \$210,000 thousand transferred from the Reading Excellence account in fiscal year 1999, pursuant to instructions in the Department of Education Appropriations Act of 1998.

² Excludes an advance appropriation of \$3,742,000 thousand that becomes available on October 1 of the following fiscal year.

³ Excludes an advance appropriation of \$1,925,000 thousand that becomes available on October 1 of the following fiscal year.

⁴ Reflects an advance appropriation that was included in the prior year's appropriations act, to become available in the fiscal year shown.

(in thousands of dollars)

Office, Account, Program and Activity	D \ M	1999 Appropriation	2000 Appropriation	2001 Request	Passback	Appeal	Appeal Change from FY 2000 Appropriation
Rehabilitation Services and Disability Research							
1. Vocational rehabilitation State grants:							
(a) Grants to States (RA I-A and sections 110 and 111)	M	2,287,128	2,315,587	2,524,500	2,375,792	2,375,792	60,205
(b) Grants for Indians (RA I-C)	M	17,283	23,390	25,500	23,998	23,998	608
Subtotal		2,304,411	2,338,977	2,550,000	2,399,790	2,399,790	60,813
Discretionary	D	0	0	157,227	0	0	0
Mandatory baseline	M	2,304,411	2,338,977	2,392,773	2,399,790	2,399,790	60,813
2. Higher education for individuals with disabilities	D	0	0	50,000	0	20,000	20,000
3. Client assistance State grants (RA section 112)	D	10,928	10,928	11,157	10,928	11,157	229
4. Training (RA section 302)	D	39,629	39,629	44,629	39,629	44,629	5,000
5. Demonstration and training programs (RA section 303)	D	14,942	22,092	39,000	22,092	28,092	6,000
6. Migrant and seasonal farmworkers (RA section 304)	D	2,350	2,350	2,850	2,350	2,850	500
7. Recreational programs (RA section 305)	D	2,596	3,596	2,596	3,596	2,596	(1,000)
8. Protection and advocacy of individual rights (RA section 509)	D	10,894	11,894	11,123	11,894	12,144	250
9. Projects with industry (RA VI-A)	D	22,071	22,071	22,071	22,071	22,071	0
10. Supported employment State grants (RA VI-B)	D	38,152	38,152	38,152	38,152	38,152	0
11. Independent living (RA VII):							
(a) State grants (Chapter 1, Part B)	D	22,296	22,296	22,296	22,296	22,296	0
(b) Centers (Chapter 1, Part C)	D	46,109	48,000	80,000	48,000	60,000	12,000
(c) Services for older blind individuals (Chapter 2)	D	11,169	15,000	13,000	15,000	15,000	0
12. Program improvement (RA section 12(a))	D	1,900	1,900	1,900	1,900	1,900	0
13. Evaluation (RA section 14)	D	1,587	1,587	1,587	1,587	1,587	0
14. Helen Keller National Center for Deaf-Blind Youths and Adults (HKNCA)	D	8,550	8,550	8,725	8,550	8,725	175
15. National Institute on Disability and Rehabilitation Research (RA II)	D	81,000	86,500	100,000	86,500	91,500	5,000
16. Assistive technology (ATA)	D	34,000	34,000	41,000	34,000	41,000	7,000
Subtotal		348,173	368,545	490,086	368,545	423,699	55,154
Total		2,652,584	2,707,522	3,040,086	2,768,335	2,823,489	115,967
Total, discretionary	D	348,173	368,545	647,313	368,545	423,699	55,154
Total, mandatory	M	2,304,411	2,338,977	2,392,773	2,399,790	2,399,790	60,813
Outlays, discretionary		379,576	362,312	565,661	0	0	(362,312)
Outlays, mandatory		2,498,510	2,326,881	2,375,597	0	0	(2,326,881)

DEPARTMENT OF EDUCATION FISCAL YEAR 2001 PASSBACK AND APPEAL

(in thousands of dollars)							
<u>Office, Account, Program and Activity</u>		D 1999 M Appropriation	2000 Appropriation	2001 Request	Passback	Appeal	Appeal Change from FY 2000 Appropriation
<u>American Printing House for the Blind</u> <u>(20 U.S.C. 101 et seq.)</u>							
	D	8,661	10,100	9,453	10,100	10,541	441
Outlays		10,396	10,014	9,424	0	0	(10,014)
<u>National Technical Institute for the Deaf</u> <u>(EDA I-B and section 2071)</u>							
1. Operations	D	45,500	45,500	46,366	45,500	46,456	956
2. Construction	D	0	2,651	5,376	2,651	5,376	2,725
Total	D	45,500	48,151	51,742	48,151	51,832	3,681
Outlays		43,295	45,765	49,651	0	0	(45,765)
<u>Gallaudet University (EDA I-A and section 2071)</u>							
1. Operations	D	83,480	83,480	88,015	85,980	87,733	4,253
2. Construction	D	0	2,500	0	0	0	(2,500)
Total	D	83,480	85,980	88,015	85,980	87,733	1,753
Outlays		80,033	83,730	88,316	0	0	(83,730)
TOTAL APPROPRIATION, OSERS		8,124,371	8,888,399	9,865,621	8,947,712	9,612,006	723,607
Total, discretionary	D	5,819,960	6,549,422	7,472,848	6,547,922	7,212,216	662,794
Total, mandatory	M	2,304,411	2,338,977	2,392,773	2,399,790	2,399,790	60,813
TOTAL BUDGET AUTHORITY, OSERS		8,124,371	5,146,399	9,865,621	5,205,712	5,870,006	723,607
Total, discretionary	D	5,819,960	2,807,422 ¹	7,472,848 ²	2,805,922 ¹	3,470,216 ¹	662,794
Total, mandatory	M	2,304,411	2,338,977	2,392,773	2,399,790	2,399,790	60,813

¹ Excludes an advance appropriation of \$3,742,000 thousand that becomes available on October 1 of the following fiscal year.² Excludes an advance appropriation of \$1,925,000 thousand that becomes available on October 1 of the following fiscal year.

DEPARTMENT OF EDUCATION FISCAL YEAR 2001 PASSBACK AND APPEAL

(in thousands of dollars)		D	1999	2000	2001			Appeal Change from
Office, Account, Program and Activity		M	Appropriation	Appropriation	Request	Passback	Appeal	FY 2000 Appropriation
OFFICE OF VOCATIONAL AND ADULT EDUCATION (OVAE)								
<u>Vocational and Adult Education</u>								
1. Vocational education (Carl D. Perkins VATEA):								
(a) Basic grants:								
(1) Basic State grants (Title I-B and C).....	D		1,013,129	1,037,704	1,179,600	867,678	1,102,140	64,436 6.2%
(2) Territorial set-aside (section 115).....	D		2,061	2,111	2,400	1,765	2,242	131 6.2%
(3) Indian and Hawaiian Natives set-aside (section 116).....	D		15,460	15,835	18,000	13,240	16,818	983 6.2%
Subtotal.....			1,030,650	1,055,650	1,200,000	882,683	1,121,200	65,550 6.2%
Annual appropriation.....	D		1,030,650	264,650	1,200,000	91,683	330,200	65,550 24.8%
Advance for succeeding fiscal year	D		0	791,000	0	791,000	791,000	0 0.0%
(b) National programs (section 114).....	D		13,497	17,500	33,000	17,500	25,000	7,500 42.9%
(c) Occupational and employment information (section 118).....	D		0	9,000	9,000	0	9,000	0 0.0%
(d) Tribally controlled postsecondary vocational and technical institutions (section 117).....	D		4,100	4,600	4,100	4,600	4,600	0 0.0%
(e) Tech-prep education (Title II).....	D		106,000	106,000	125,000	106,000	106,000	0 0.0%
Subtotal, vocational education			1,154,247	1,192,750	1,371,100	1,010,783	1,265,800	73,050 6.1%
2. Adult Education (Adult Education and Family Literacy Act):								
(a) State grants (Chapter 2).....	D		365,000	450,000	515,000	450,000	525,000	75,000 16.7%
(b) National Institute for Literacy (section 242).....	D		6,000	6,000	6,500	6,000	6,000	0 0.0%
(c) National leadership activities (section 243).....	D		14,000	14,000	101,000	39,000	42,000	28,000 200.0%
Subtotal, Adult education.....			385,000	470,000	622,500	495,000	573,000	103,000 21.9%
3. State grants for incarcerated youth offenders (HEA VIII-D).....								
	D		16,723 ²	19,000	12,000	12,000	12,000	(7,000) -36.8%
Total, Appropriation.....			1,555,970	1,681,750	2,005,600	1,517,783	1,850,800	169,050 10.1%
Total, Budget authority.....			1,555,970	890,750	2,005,600	726,783	1,059,800	169,050 19.0%
Current.....			1,555,970	890,750	2,005,600	726,783	1,059,800	169,050 19.0%
Prior year's advance.....			0	0	0	791,000	791,000	791,000 ---
TOTAL APPROPRIATION, OVAE.....			1,555,970	1,681,750	2,005,600	1,517,783	1,850,800	169,050 10.1%
TOTAL BUDGET AUTHORITY, OVAE.....			1,555,970	890,750	2,005,600	726,783	1,059,800	169,050 19.0%
Outlays, Total.....			1,320,020	1,482,547	1,807,289	0	0	(1,482,547) -100.0%
Outlays, discretionary.....			1,318,261	1,482,190	1,807,289	0	0	(1,482,190) -100.0%
Outlays, mandatory.....			1,759	357	0	0	0	(357) -100.0%

¹ In 1999, \$9,000 thousand was appropriated under the Department of Labor for this activity.² An appropriation of \$4,723 thousand was provided for Literacy Programs for Prisoners under State Grants for Incarcerated Youth Offenders. The funds are to be used in accordance with section 601 of Public Law 102-73 as it was in effect prior to enactment of the Adult Education and Family Literacy Act.³ Adjusted for comparability. Funds were provided in the Higher Education account.⁴ Excludes an advance appropriation of \$791,000 thousand that becomes available on October 1 of fiscal year 2001.

DEPARTMENT OF EDUCATION FISCAL YEAR 2001 PASSBACK AND APPEAL

(in thousands of dollars)	D	1999	2000	2001			Appeal Change from	
Office, Account, Program and Activity	\	1999	2000	2001			Appeal Change from	
	M	Appropriation	Appropriation	Request	Passback	Appeal	FY 2000 Appropriation	
OFFICE OF STUDENT FINANCIAL ASSISTANCE PROGRAMS (OSFAP)								
<u>Student Financial Assistance</u>								
1. Federal Pell grants (HEA IV-A-1).....	D	7,704,000	7,700,000	8,715,000	8,180,000	8,466,000	766,000	9.9%
Funding surplus used (non-add).....	D	0	364,000	0	0	130,000	(234,000)	-64.3%
Funding surplus not used (non-add).....	D	(312,000)	0	0	0	0	0	---
Funding shortfall (non-add).....	D	0	3,000	0	0	0	(3,000)	-100.0%
Subtotal, program costs (non-add)		7,392,000	8,067,000	8,715,000	8,180,000	8,596,000	529,000	6.6%
Maximum award (in whole dollars)		3,125	3,300	3,525	3,350	3,500	200	6.1%
Subtotal, new appropriation.....		7,704,000	7,700,000	8,715,000	8,180,000	8,466,000	766,000	9.9%
2. Campus-based programs:								
(a) Federal supplemental educational opportunity grants								
(HEA IV-A-3).....	D	619,000	631,000	663,000	631,000	731,000	100,000	15.8%
(b) Federal work-study (HEA IV-C).....	D	870,000	934,000	1,011,000	1,011,000	1,011,000	77,000	8.2%
(c) Federal Perkins loans (HEA IV-E):								
(1) Capital contributions.....	D	100,000	100,000	100,000	100,000	100,000	0	0.0%
(2) Loan cancellations.....	D	30,000	30,000	30,000	30,000	96,000	66,000	220.0%
Subtotal, Perkins loans.....		130,000	130,000	130,000	130,000	196,000	66,000	50.8%
Subtotal, campus-based programs		1,619,000	1,695,000	1,804,000	1,772,000	1,938,000	243,000	14.3%
3. Leveraging educational assistance partnership								
(HEA IV-A-4).....	D	25,000	40,000	35,000	40,000	40,000	0	0.0%
Total.....		9,348,000	9,435,000	10,554,000	9,992,000	10,444,000	1,009,000	10.7%
Outlays, Total.....		9,351,838	9,178,440	9,794,500	0	0	(9,178,440)	-100.0%

¹ Includes \$10,000 thousand in emergency funds for victims of Hurricane Floyd.² Pending final analysis.³ Pursuant to HEA Section 415Ab2, when the appropriation for LEAP exceeds \$30 million, the excess is reserved to carry out Special LEAP, authorized under section 415E: \$10,000 thousand in fiscal year 2000 and \$5,000 thousand in fiscal year 2001.

DEPARTMENT OF EDUCATION FISCAL YEAR 2001 PASSBACK AND APPEAL

(in thousands of dollars)	D	1999	2000	2001			Appeal Change from
Office, Account, Program and Activity	M	Appropriation	Appropriation	Request	Passback	Appeal	FY 2000 Appropriation
<u>Federal Family Education Loans (Liquidating)</u>							
1. Family education loans (HEA IV-B):							
(a) New budget authority.....	M	0	0	0	0	0	0
(b) Program costs (non-add).....	M	(688,174) ¹	(728,569)	(638,020)	(638,020)	(638,020)	90,549
Total, FFEL (Liquidating).....		0	0	0	0	0	0
Outlays.....		0	0	0	0	0	0
Funds returned to Treasury (non-add).....		(22,880)	(692,564)	(622,167)	0	0	692,564
<u>Federal Family Education Loan Program Account</u>							
1. New loan subsidies (HEA IV-B):							
(a) New budget authority.....	M	3,485,387	3,646,472	3,839,494	3,839,494	3,839,494	193,022
(b) Reestimate of existing loans.....	M	(153,134)	0	0	0	0	0
Subtotal.....		3,332,253	3,646,472	3,839,494	3,839,494	3,839,494	193,022
2. Federal administration (FCRA section 505(e)).....	D	47,276 ²	48,000	48,000	48,000	48,000	0
Total, FFEL Program.....		3,379,529	3,694,472	3,887,494	3,887,494	3,887,494	193,022
Total, discretionary.....	D	47,276	48,000	48,000	48,000	48,000	0
Total, mandatory.....	M	3,332,253	3,646,472	3,839,494	3,839,494	3,839,494	193,022
Outlays, Total.....		2,800,347	3,209,489	3,383,500	0	0	(3,209,489)
Outlays, discretionary.....		47,107	51,169	50,897	0	0	(51,169)
Outlays, mandatory.....		2,753,240	3,158,320	3,332,603	0	0	(3,158,320)

¹ Reflects a rescission of \$1,808 thousand for the Department of Education's share of a rescission of \$270 million, pursuant to Sections 102 and 202 of the Emergency Steel Loan Guarantee and Emergency Oil and Gas Guaranteed Loan Act of 1999.

The rescission applies to nondefense funds available to Executive Branch agencies for administrative and travel expenses.

² Includes \$794 thousand transferred in fiscal year 1999 from the Y2K Contingent Fund for expenses related to year 2000 conversion of Federal information systems.

NOTE: When mandatory credit programs experience a program-wide negative subsidy, no new budget authority is required. Program costs, which reflect net cash flows into the Department, are shown for information purposes.

DEPARTMENT OF EDUCATION FISCAL YEAR 2001 PASSBACK AND APPEAL

(in thousands of dollars)								
Office, Account, Program and Activity	D M	1999	2000	2001	Passback	Appeal	Appeal Change from	
		Appropriation	Appropriation	Request			FY 2000 Appropriation	
<u>Federal Direct Student Loan Program Account</u>								
1. New loan subsidies (HEA IV-B):								
(a) New budget authority.....	M	0	0	0	0	0	0	---
(b) Program costs (non-add).....	M	(395,221)	(1,261,133)	(1,394,936)	(1,394,936)	(1,394,936)	(133,803)	10.6%
2. Reestimate of existing loans (non-add).....								
	M	(360,880)	0	0	0	0	0	---
Subtotal, new budget authority		0	0	0	0	0	0	---
Subtotal, program costs								
(non-add).....		(756,101)	(1,261,133)	(1,394,936)	(1,394,936)	(1,394,936)	(133,803)	10.6%
3. Federal administration (HEA IV-D section 458):								
(a) Federal administration.....	M	617,531	735,000	770,000	770,000	770,000	35,000	4.8%
(b) Payments for services to guaranty agencies (non-add)	M	177,000	180,000	170,000	170,000	170,000	(10,000)	-5.6%
Subtotal.....		617,531	735,000	770,000	770,000	770,000	35,000	4.8%
Total, new budget authority.....		617,531	735,000	770,000	770,000	770,000	35,000	4.8%
Total, program costs (non-add) ..		(138,570)	(526,133)	(624,936)	(624,936)	(624,936)	(98,803)	18.8%
Outlays, Total.....		642,912	681,257	721,729	0	0	(681,257)	-100.0%
Outlays, Federal admin.--mandatory.		559,353	681,257	721,729	0	0	(681,257)	-100.0%
Outlays, loan subsidies--mandatory.		83,559	0	0	0	0	0	---
Funds returned to Treasury								
(non-add).....		(618,482)	(956,342)	(1,230,763)	0	0	956,342	-100.0%
TOTAL, OSFAP.....		13,345,060	13,864,472	15,211,494	14,649,494	15,101,494	1,237,022	8.9%
Total, discretionary.....	D	9,395,276	9,483,000	10,602,000	10,040,000	10,492,000	1,009,000	10.6%
Total, mandatory.....	M	3,949,784	4,381,472	4,609,494	4,609,494	4,609,494	228,022	5.2%

NOTE: When mandatory credit programs experience a program-wide negative subsidy, no new budget authority is required. Program costs, which reflect net cash flows into the Department, are shown for information purposes.

DEPARTMENT OF EDUCATION FISCAL YEAR 2001 PASSBACK AND APPEAL

(in thousands of dollars)		D						
Office, Account, Program and Activity	M	1999 Appropriation	2000 Appropriation	2001 Request	Passback	Appeal	Appeal Change from	
							FY 2000 Appropriation	
OFFICE OF POSTSECONDARY EDUCATION (OPE)								
<u>Higher Education</u>								
1. Aid for institutional development (HEA III):								
(a) Strengthening institutions (Part A, section 311)....	D	60,250	60,250	70,000	60,250	70,000	9,750	16.2%
(b) Strengthening tribally controlled colleges and universities (Part A, section 316).....	D	3,000	6,000	9,000	6,000	9,000	3,000	50.0%
(c) Strengthening Alaska Native and Native Hawaiian-serving institutions (Part A, section 317).....	D	3,000	5,000	4,525	5,000	6,000	1,000	20.0%
(d) Strengthening HBCUs (Part B section 323).....	D	136,000	148,750	160,000	148,750	160,000	11,250	7.6%
(e) Strengthening historically black graduate institutions (Part B, section 326).....	D	30,000	31,000	32,768	31,000	33,000	2,000	6.5%
(f) Minority science and engineering improvement (Part E-1).....	D	7,500	7,500	9,500	7,500	9,500	2,000	26.7%
Subtotal.....		239,750	258,500	285,793	258,500	287,500	29,000	11.2%
2. Other aid for institutions:								
(a) Developing Hispanic-serving institutions (HEA V)....	D	28,000	42,250	50,000	42,250	50,000	7,750	18.3%
(b) International education and foreign language studies:								
(1) Domestic programs (HEA VI-A and B).....	D	60,000	62,000	64,000	62,000	64,680	2,680	4.3%
(2) Overseas programs (Fulbright-Hays Act section 102(b)(6)).....	D	6,536	6,680	10,000	6,680	10,000	3,320	49.7%
(3) Institute for International Public Policy (HEA VI-C).....	D	1,000	1,022	1,047	1,022	1,047	25	2.4%
Subtotal.....		67,536	69,702	75,047	69,702	75,727	6,025	8.6%
(c) Fund for the Improvement of Postsecondary Education (HEA VII-B).....								
(d) Urban community service (HEA VII-C).....	D	50,000	77,658	30,000	31,200	33,000	(44,658)	-57.5%
(e) Demonstration projects to ensure quality higher education for students with disabilities (HEA VII-D).....	D	4,637	0	0	0	0	0	---
(f) Interest subsidy grants (HEA section 121).....	D	5,000	5,000	8,000	5,000	8,000	3,000	60.0%
(g) Interest subsidy grants (HEA section 121).....	D	13,000	12,000	10,000	10,000	10,000	(2,000)	-16.7%

DEPARTMENT OF EDUCATION FISCAL YEAR 2001 PASSBACK AND APPEAL

(in thousands of dollars)		D	1999	2000	2001			Appeal Change from	
Office, Account, Program and Activity		M	Appropriation	Appropriation	Request	Passback	Appeal	FY 2000 Appropriation	
<u>Higher Education (continued)</u>									
3. Assistance for students:									
(a) Federal TRIO programs (HEA IV-A-2, Chapter 1).....	D		600,000	645,000	690,000	645,000	745,000	100,000	15.5%
(b) Gaining early awareness and readiness for undergraduate programs (GEAR UP) (HEA IV-A-2, Chapter 2).....	D		120,000	200,000	360,000	240,000	300,000	100,000	50.0%
(c) Scholarships and fellowships:									
(1) Byrd honors scholarships (HEA IV-A-6).....	D		39,288	39,859	41,001	39,859	41,001	1,142	2.9%
(2) Javits Fellowships (HEA VII-A-1).....	D		7,046 ¹	20,000 ²	8,432	20,000	10,240 ³	(9,760)	-48.8%
(3) Graduate assistance in areas of national need (HEA VII-A-2).....	D		23,954 ⁴	31,000	33,552	31,000	31,744	744	2.4%
(d) Child care access means parents in school (HEA IV-A-7).....	D		5,000	5,000	10,000	5,000	10,000	5,000	100.0%
(e) Learning anytime anywhere partnerships (HEA IV-A-8)	D		10,000	23,940	30,000	15,000	30,000	6,060	25.3%
(f) Preparing for college.....	D		0	0	15,000	0	15,000	15,000	---
(g) College completion challenge grants (proposed legislation).....	D		0	0	35,000	0	0	0	---
(h) D.C. resident tuition support (proposed legislation).....	D		0	0 ⁴	17,000	0	0	0	---
4. Teacher quality enhancement (HEA II).....	D		77,212	98,000	200,000	98,000	200,000	102,000	104.1%
5. Underground railroad program (HEA VIII-H).....	D		1,750	1,750	1,750	1,750	1,750	0	0.0%
6. Web-based Education Commission (HEA VIII-J).....	D		450	0	0	0	0	0	---
7. GPRA data/HEA program evaluation.....	D		0	3,000	4,000	3,000	4,000	1,000	33.3%
8. Community scholarship mobilization (HEA VIII-C).....	D		0	1,000	0	0	0	(1,000)	-100.0%
Total.....			1,292,623 ⁵	1,533,659	1,904,575	1,515,261	1,852,962	319,303	20.8%
Outlays.....			1,062,006	1,243,051	1,555,073	0	0	(1,243,051)	-100.0%

¹ A total of \$31,000 thousand was provided under Graduate Assistance in Areas of National Need, which included funding for Javits Fellowships.

² Includes \$10,000 thousand that remains available through fiscal year 2001 for academic year 2001-2002.

³ Funds would remain available through fiscal year 2002 for academic year 2002-2003.

⁴ Funds were provided in the District of Columbia appropriations bill.

⁵ Adjusted for comparability. Excludes \$16,723 thousand in 1999 for State Grants for Incarcerated Youth Offenders, which is requested in 2000 under the Vocational and Adult Education account.

DEPARTMENT OF EDUCATION FISCAL YEAR 2001 PASSBACK AND APPEAL

(in thousands of dollars)		D	1999	2000	2001			Appeal Change from	
Office, Account, Program and Activity		M	Appropriation	Appropriation	Request	Passback	Appeal	FY 2000 Appropriation	
<u>Howard University</u>									
1. Howard University Hospital (20 U.S.C. 128).....	D		29,489	30,374	31,326	30,374	31,326	952	3.1%
2. General support (20 U.S.C. 121 et seq. and Pub.L. 98-480).....	D		185,000	189,070	195,674	189,070	195,674	6,604	3.5%
Total.....			214,489	219,444	227,000	219,444	227,000	7,556	3.4%
Outlays.....			211,167	219,146	226,547	0	0	(219,146)	-100.0%
<u>Higher Education Facilities Loans (Liquidating) (HEA section 121) Outlays.....</u>									
	M		(3,048)	(1,644)	(3,048)	0	0	1,644	-100.0%
<u>College Housing and Academic Facilities Loans (Liquidating) (HEA section 121) Outlays.....</u>									
	M		2,920	2,417	2,920	0	0	(2,417)	-100.0%
<u>College Housing and Academic Facilities Loans Program Account (HEA section 121)</u>									
1. Federal administration (FCRA section 505(e)).....	D		698	737	767	737	737	0	0.0%
Outlays, Total.....			790	817	1,518	0	0	(817)	-100.0%
Outlays, Federal administration.....			696	733	758	0	0	(733)	-100.0%
Outlays, loan subsidies.....			94	84	760	0	0	(84)	-100.0%
<u>College Housing Loans (Liquidating) (HEA section 121) Outlays.....</u>									
	M		(30,726)	(30,057)	(30,726)	0	0	30,057	-100.0%
<u>Historically Black College and University Capital Financing Program Account (HEA III-D)</u>									
1. Federal administration (FCRA section 505(e)).....	D		96	207	208	207	207	0	0.0%
Outlays.....			145	161	189	0	0	(161)	-100.0%
TOTAL, OPE.....			1,507,906	1,754,047	2,132,550	1,735,649	2,080,906	326,859	18.6%

DEPARTMENT OF EDUCATION FISCAL YEAR 2001 PASSBACK AND APPEAL

(in thousands of dollars)		D	1999	2000	2001			Appeal Change from
Office, Account, Program and Activity		\	Appropriation	Appropriation	Request	Passback	Appeal	FY 2000 Appropriation
OFFICE OF EDUCATIONAL RESEARCH AND IMPROVEMENT (OERI)								
<u>Education Research, Statistics, and Improvement</u>								
1. Research, development and dissemination:								
(a) Research, development and dissemination (proposed legislation).....		D	0	0	250,000	0	0	---
(b) National education research institutes (ERDDIA Part C).....		D	63,782	84,782	0	84,782	0	(84,782) -100.0%
(c) Regional educational laboratories (ERDDIA section 941(h)).....		D	61,000	65,000	0	65,000	0	(65,000) -100.0%
(d) National dissemination activities (ERDDIA section 941(a)-(g) and Part E).....		D	18,785	18,785	0	18,785	0	(18,785) -100.0%
Subtotal.....			143,567	168,567	250,000	168,567	218,567	50,000 29.7%
2. Statistics (NESA).....		D	68,000	68,000	90,000	68,000	88,000	20,000 29.4%
3. Assessment:								
(a) National assessment (NESA section 411).....		D	36,000	36,000	46,000	36,000	46,000	10,000 27.8%
(b) National Assessment Governing Board (NESA section 412).....		D	4,000	4,000	5,000	4,000	5,000	1,000 25.0%
Subtotal.....			40,000	40,000	51,000	40,000	51,000	11,000 27.5%
4. America's Tests (proposed legislation).....		D	0	0	15,000	0	3,000	3,000 ---
5. Improvement of teaching and school leadership:								
(a) National activities for the improvement of teaching and school leadership (proposed legislation)...		D	0	0	40,000	23,300	40,000	40,000 ---
(b) Eisenhower professional development Federal activities (ESEA II-A).....		D	23,300	23,300	0	0	0	(23,300) -100.0%
6. Fund for the Improvement of Education (ESEA X-A).....		D	139,000	249,525	135,000	128,000	145,000	(104,525) -41.9%
7. Javits gifted and talented education (ESEA X-B).....		D	6,500	6,500	9,000	6,500	9,000	2,500 38.5%
8. Eisenhower regional mathematics and science education consortia (ESEA XIII-C).....		D	15,000	15,000	18,000	15,000	15,000	0 0.0%
9. National writing project (ESEA X-K).....		D	7,000	9,000	10,000	9,000	9,000	0 0.0%
10. Civic education (ESEA section 10601).....		D	7,500	10,000	9,500	10,000	10,000	0 0.0%
11. International education exchange (Goals 2000 EAA title VI).....		D	7,000	7,000	7,000	7,000	7,000	0 0.0%
12. Web-based information dissemination (proposed legislation).....		D	0	0	6,000	0	6,000	6,000 ---
Total.....			456,867 ¹	596,892	640,500	475,367	601,567	4,675 0.8%
Outlays.....			529,088	648,474	593,772	0	0	(648,474) -100.0%
TOTAL, OERI.....			456,867	596,892	640,500	475,367	601,567	4,675 0.8%

¹ Adjusted for comparability. Excludes \$200 thousand in 1999 for 21st Century Community Learning Centers, which is requested in the Education Reform account in fiscal year 2000.

NOTE: All activities in this account for which funds are proposed in fiscal year 2001 are requested under proposed legislation

DEPARTMENT OF EDUCATION FISCAL YEAR 2001 PASSBACK AND APPEAL

(in thousands of dollars)		D	1999	2000	2001			Appeal Change from
Office, Account, Program and Activity		M	Appropriation	Appropriation	Request	Passback	Appeal	FY 2000 Appropriation
DEPARTMENTAL MANAGEMENT								
Program Administration (DEOA, section 202).....	D		364,521 ¹	383,184	427,000	383,184	427,000	43,816
Outlays.....			372,749	378,569	411,497	0	0	(378,569)
Office for Civil Rights (DEOA, section 203).....	D		66,000	71,200	78,605	71,200	78,605	7,405
Outlays.....			70,796	69,007	77,199	0	0	(69,007)
Office of the Inspector General (DEOA, section 212).....	D		31,242	34,000	37,000	34,000	37,000	3,000
Outlays.....			35,951	32,764	35,789	0	0	(32,764)
Departmental Renovation (DEOA, section 202) outlays.....	D		1,958	300	0	0	0	(300)
Total, Departmental Management.....			461,763	488,384	542,605	488,384	542,605	54,221
Contributions								
Outlays.....	M		345	0	0	0	0	0
Receipts								
1. Perkins loan repayments.....	M		(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	0
2. FFEL guaranty agency reserve recoveries.....	M		0	0	0	0	0	0
Total.....			(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	0
Outlays.....			(50,000)	(50,000)	(50,000)	0	0	0
Chicago Litigation Settlement outlays.....	D		3,517	3,517	848	0	0	(3,517)
APPROPRIATION TOTAL, EDUCATION DEPARTMENT.....			39,724,413	42,373,684	48,441,105	42,695,519	46,454,002	4,080,318
Discretionary Funds.....	D		33,519,873	35,703,235	41,488,838	35,736,235	39,494,718	3,791,483
Mandatory Funds.....	M		6,204,540	6,670,449	6,952,267	6,959,284	6,959,284	288,835
BUDGET AUTHORITY TOTAL, EDUCATION DEPARTMENT.....			34,968,036	36,130,684	48,441,105	36,737,519	40,496,002	4,365,318
Budget Authority, Discretionary Funds.....	D		28,763,496 ²	29,460,235	41,488,838	29,778,235	33,536,718	4,076,483
Budget Authority, Mandatory Funds.....	M		6,204,540	6,670,449	6,952,267	6,959,284	6,959,284	288,835
OUTLAYS TOTAL, EDUCATION DEPARTMENT.....			34,472,171	38,115,323	42,742,675	0	0	(38,115,323)
Outlays, Discretionary Funds.....	D		28,656,159	32,027,792	36,393,600	0	0	(32,027,792)
Outlays, Mandatory Funds.....	M		5,816,012	6,087,531	6,349,075	0	0	(6,087,531)

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

¹ Includes \$2,521 thousand transferred in fiscal year 1999 from the Y2K Contingent Emergency Fund for expenses related to Year 2000 conversion of Federal information systems.

² Excludes an advance appropriation of \$6,204,763 thousand under the Education for the Disadvantaged account that becomes available on October 1 of fiscal years 2000.

³ Excludes \$12,447,763 thousand in advance appropriations that become available on October 1 of fiscal year 2001.

⁴ Excludes \$8,129,763 thousand in advance appropriations that become available on October 1 of fiscal year 2002.

⁵ Excludes \$12,162,763 thousand in advance appropriations that become available on October 1 of fiscal year 2002.