

Ben
0 PRC column

Initiative Development

Title II

JB/Pete W./Andy

Needs: Flushed out--- Peer Review, School Leadership, Troops to Teachers, Homegrown teachers, *every city has, \$25 million*

High School Reform

Bethany/Ann/Kendra (test prep)

Needs: Small Schools, Test Prep

Title I Failing Schools

Andy/Ann/Kendra

Needs: Implementation plan, out-year funding, accountability language

After-School

JB/Andy/Ann

Needs: Percentage to CBO's, policy options (JB)

Rewards-Recognition

JB/Kendra

Done: First 3 years,

Needs: Academic performance goals for last 2 years

AP-Online

JB

→ ~~AP~~ ^{T&T} ~~AP~~ TO CHANGE THE LANGUAGE

Kendra
Wants
\$793

\$25?

\$40 ✓

\$100

\$25

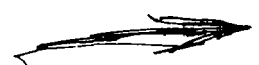
man sum \$15

TQ
SET
ASIDE

T&T, 12P

FIE

MAN →





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.

THE WHITE HOUSE
WASHINGTON

- 600 mil + AFR SUM

+ AFR? SAT

+ CHARGES + 5

+ TRUCK w/ MISE

+ H.S. INCOME

SUPER

MAN
O THEO
608-
1243

~~608-662-8922~~

~~608-662-8922~~

608-662-7950

608-662-9292

608-662-3100

Cross Size - 1.8

ARR Sum \$Billion \$900

ARR/PST PUP - 20 Million

TQ - Billion

↳ PAT FR PERFORMANCE?

↳ PEST LUMEN?

↳ SURVEY LUMEN?

REINFORCED FUND

CHARGES -

CLINTON LIBRARY PHOTOCOPY

DRAFT 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

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.

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.

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*]

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.

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 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.*

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.

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

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 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.

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.

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 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.

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.

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 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.

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.

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 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.

DRAFT

Performance-Based Pay

Background:

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. 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.

At the time of the education summit, Denver, Colorado was receiving considerable attention for its pay for performance pilot and Governor Ridge of Pennsylvania had set-aside \$1 million for school districts to establish pay-for-performance programs (which has sparked a pay-for-performance discussion in Philadelphia). The Denver program evaluates teacher performance on three-different measures with teachers electing which measure to use. The first is student performance on the Iowa Test of Basic Skills (ITBS) a nationally normed standardized test. The second is student performance on teacher-developed criterion-referenced measures. The final measure is net student progress after the teacher receives some sort of professional development related to their teaching.

12 elementary schools will participate in the first year of the Denver program. In order to participate, 85 percent of teachers at a school site had to affirmatively vote to participate. As a result, only 12 of the 82 elementary schools in Denver qualified to participate with a total participation of approximately 450 teachers. All teachers receive a \$500 bonus for participating and an additional \$1000 if they meet two (self-determined) goals for raising student achievement in one of the three categories.

During the DPC's discussions with local school officials this fall the issue of teacher salary structure was raised on two fronts. First, local officials complained that because teacher pay was not competitive, particularly in high need areas such as math and science, they were having trouble attracting qualified candidates. Second, local officials pointed out that because teachers compensation systems are so rigid and based on input measures rather than output measures they felt that it hurt motivation and incentive to

perform in the long run. They also highlighted the problems that they have dismissing poor performing teachers and acknowledged that often they simply assign these teachers where they can do the least damage rather than attempting to get them out of the school district.

England is now introducing pay for performance for teachers as well. This Spring the first component of the Blair proposal will be put in place. In the "Green Book" published in December of 1998 outlining school improvement strategies, the Blair Administration proposed rewarding teachers for high performance as a way to reward successful teachers.

While teachers' unions remain opposed to merit pay, they are open to the idea of rewards for effective teaching. One of the main complaints about merit pay schemes is that they are too subjective and based more on relationships with supervisors than performance. Conversely, even testing experts in favor of merit pay agree that basing teacher pay on student test scores alone is an unfair and unreliable base for compensation. This argues for a hybrid approach such as Denver's that incorporates multiple measures for evaluation.

A second complaint about performance rewards for teaching is that the resources for compensation rarely exist. For example, several New York school districts that experimented with merit pay had to suspend the program after it became fiscally impossible to reward all eligible teachers. A common complaint from teachers about reform efforts is a lack of sustainability. By providing sufficient funding for 10 pilots, our proposal addresses this concern.

Critics of performance pay also argue that teaching is a collegial profession and that efforts to reward individual performance detract from this atmosphere. There is little data upon which to judge this argument lending credence to the need to pilot such programs and evaluate them.

One area of agreement about pay for performance plans is that teachers should have a voice in the development of the performance indicators. The Denver plan includes this component. Teacher buy-in is essential for program success.

DPC proposal:

Our initiative is designed to support the commitment laid out in the Action Plan from the 1999 National Education Summit to pilot pay-for performance initiatives in 10 states or school districts and also to encourage districts to develop equitable and expeditious ways to evaluate teachers.

The initiative would support "Denver" style pay-for-performance initiatives in which all teachers receive an initial bonus for participating and additional rewards based on performance. As aforementioned, Denver set parameters for school participation; however, we recommend leaving details of this nature up to the local districts that

participate but require at least the participation of 250 teachers and cap participation at 500 per site. While large school districts are the obvious targets for grants of this type, partnerships of smaller school districts that meet the threshold should also be eligible.

Although there will be pressure from constituency groups and within the Administration to explicitly define every aspect of the program for local school districts, it would be a mistake to do so. First, by specifically defining programs we would stifle innovation and limit the value of data from this pilot. For example, the 1999 National Education Summit pledge was deliberately vague as to whether pay for performance plans had to have an individual teacher component or could be school-site-based. Second, entangling the federal government too much in the area of teacher pay raises numerous political problems that can be avoided with a more flexible program design. The proper federal role in supporting this type of initiative is to provide leadership and resources, broad parameters for participation, and to measure, compare, and disseminate results. The ideal initiative would provide resources to 10 sites within a context of broad discretion as to program design. Ideally, both individual teacher bonuses and school-based bonuses will be piloted.

However, to ensure both sound policy and political viability, any program funded under this initiative should have the following characteristics:

- No teacher should receive less compensation as a result of participating in the program;
- Teachers should be involved in the development of performance indicators;
- Performance should be based on more than a single indicator;
- Student performance must be an indicator.

In order to help states and school districts develop more effective teacher evaluation systems a second set of grants would be given to school districts that agree to 5-year teacher contracts with peer evaluation every five years and an fast but fair way to dismiss teachers who fail this evaluation and do not subsequently improve.

This Spring, California passed a statewide peer review program that could result in dismissals for low-performing teachers. Boston, Cincinnati, Columbus, Minneapolis, Rochester, and Toledo also have peer review programs in place; however, often these programs focus on professional development rather than tenure issues. Cincinnati is a noteworthy exception and reviews teachers every 5 years and is probably the best example of a successful program.

As with pay for performance plans we should allow local grantees flexibility in developing their specific programs; however we should require teachers to be evaluated no more than every 5 years and require that a fair and fast system is in place for consistently low-performing teachers as well as a support system for new teachers and teachers in need of help.

Research indicates that one of the reasons that many teachers leave the profession during the first several years is that there is little to no support in place for them during this critical time. In short, new teachers are often “thrown to the wolves” and because of seniority provisions in many collective bargaining agreements new teachers often end up with the most challenging students.

Requiring districts that participate to move to a 5-year renewable contract will be a big give for both teachers unions; however, by requiring districts that participate to provide support for both new teachers and teachers that are identified as struggling through this system we meet one of their largest member issues.

Cost:

Including a substantial evaluation component, 10 sites for pay for performance could be funded adequately for \$25 million annually including independent evaluation. With guaranteed bonuses of \$500 for participation and assuming that all 10 sites enroll the maximum of 500 teachers, the bonus component will cost \$2.5 million. For an additional \$12.5 million we can support pay incentives for performance of up to \$2500 per participation teachers for a total program cost of \$15 million for the actual bonus component. Each local site will need additional resources for development and implementation including legal and administrative expenses. At least an additional \$2 million should be included for national activities to attract potential grantees and to conduct rigorous evaluation of programs.

The peer review component will also cost approximately \$25 million. Most districts that have implemented a peer review system have taken experienced classroom teachers out of the classroom to help develop it. Therefore, funding for the participating sites must be sufficient to allow for this reallocation of staff (essentially hiring teachers in their place), design and implementation of the plan and ongoing efforts. The Cincinnati public schools spend approximately \$2.5 million annually on their model system and estimate that it took about \$2.5 million to develop it initially. With approximately 50,000 students Cincinnati is one of the nation's largest school districts. Smaller districts could develop proposals that are less costly and so \$25 million annually could adequately fund 10 sites and evaluation.

Second-Chance Schools

One prominent legislative and policy measure to ensure a safe school environment has been to require removal of disruptive and dangerous students through expulsions and long-term suspensions. For example, the Federal Gun-Free Schools Act of 1994 requires a minimum 1-year expulsion for any student found to have carried a firearm on school grounds, which resulted in the expulsion of 6,000 students in a single school year. Most of these students were not offered alternative education, counseling or other services to help modify their behavior and continue their learning. Without such services, students generally return to school no better disciplined, behind in their studies and more likely to drop out of school.

School systems across the country are turning to “second-chance schools” to deliver educational and other services to expelled students, often in collaboration with social agencies or nonprofit service organizations. The programs typically differ from the expelled students' regular schools in these dimensions: the ratio of students to teachers, the way academic subject matter is presented, the setting of the program, the linkage of the school to the community or workplaces, the emphasis on behavior modification, the emphasis on counseling for conflict resolution and anger management, and the availability of comprehensive support services. Some seek to prepare students to return to their regular schools, and others prepare students to graduate and enter the workforce or postsecondary education directly from the alternative program.

The Administration could support the creation of more of these effective second-chance schools through an infusion of additional funds to the Department of Education's Charter Schools program earmarked for the development of second-chance schools. The initiative would build on the existing charter schools program, maintaining its priority for funding states with well-designed charter school laws that hold schools accountable for results. Governance and staffing for the schools would remain subject to state charter laws, although minimum criteria for a grant might include:

- Low student-to-staff ratio.
- Highly trained and carefully selected staff.
- Intensive counseling and monitoring.
- A vision and set of objectives for the program that are shared by all staff and integrated into an engaging and challenging curriculum with an emphasis on real-life learning.
- Collaboration with the school system and other agencies that provide critical services to youth.

There is some consensus that creating a second-chance school is generally more expensive than a typical elementary or secondary charter school. Currently the average charter school grant is about \$100,000 a year for three years. An effective program would probably have to offer more money to ensure that schools are well designed and implemented. This second-chance schools initiative could probably expect to make grants averaging \$250,000 a year for three years, with the possibility of smaller continuing grants for services not funded by the state or district (such as additional counselors and teachers). Allowable uses of federal funds could include professional development, team building, minimal facility renovation, additional planning time, extended learning time, additional counselors and teachers, legal and accounting consulting, supplies and other start-up costs. \$50 million in FY '01 would provide seed money for about 150 schools.



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 Apprn.	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)								
Office, Account, Program and Activity		D \ M	1999 Appropriation	2000 Appropriation	2001 Request	Passback	Appeal	Appeal Change from FY 2000 Appropriation
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	1999	2000	2001			Appeal Change from
Office, Account, Program and Activity	M	Appropriation	Appropriation	Request	Passback	Appeal	FY 2000 Appropriation
<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 ¹	0 ¹	(55,000)
Total.....		1,023,100 ²	1,277,370 ²	1,963,000	1,452,160	1,601,500	324,130
Outlays.....		1,226,828	1,295,068	1,753,318	0	0	(1,295,068)

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						
Office, Account, Program and Activity			\	1999	2000	2001			Appeal Change from
			M	Appropriation	Appropriation	Request	Passback	Appeal	FY 2000 Appropriation
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)	-100.0%
(2) Accountability grants (section 1116(c)).....	D		0	134,000	0	0	0	(134,000)	-100.0%
(3) Census poverty updates.....	D		3,500	3,500	0	0	0	(3,500)	-100.0%
Subtotal, Basic grants.....			6,574,000	6,783,000	6,028,521	0	0	(6,783,000)	-100.0%
(b) Concentration grants (section 1124A).....	D		1,158,397	1,158,397	669,835	0	0	(1,158,397)	-100.0%
(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	7.1%
Annual appropriation.....	D		1,527,634	1,736,634	2,595,237	1,936,634	2,302,637	566,003	32.6%
Advance for succeeding fiscal year	D		6,204,763	6,204,763	6,204,763	6,204,763	6,204,763	0	0.0%
2. Capital expenses for private school children (ESEA I section 1120(e)).....									
	D		24,000	12,000	0	0	0	(12,000)	-100.0%
3. Even start (ESEA I-B).....									
	D		135,000	150,000	160,000	150,000	150,000	0	0.0%
4. State agency programs:									
(a) Migrant (ESEA I-C).....	D		354,689	354,689	400,000	354,689	354,689	0	0.0%
(b) Neglected and delinquent (ESEA I-D).....	D		40,311	42,000	45,000	42,000	42,000	0	0.0%
Subtotal.....			395,000	396,689	445,000	396,689	396,689	0	0.0%
5. Evaluation (ESEA I-E section 1501).....									
	D		7,500	8,900	0	0	0	(8,900)	-100.0%
6. Demonstrations of comprehensive school reform (ESEA section 1502).....									
	D		120,000	170,000	200,000	170,000	170,000	0	0.0%
Subtotal, ESEA I.....			8,413,897	8,678,986	9,605,000	8,858,086	9,224,089	545,103	6.3%
7. Migrant education (HEA IV-A-5):									
(a) High school equivalency program.....	D		9,000	15,000	15,000	15,000	15,000	0	0.0%
(b) College assistance migrant program.....	D		4,000	7,000	9,000	7,000	7,000	0	0.0%
Subtotal.....			13,000	22,000	24,000	22,000	22,000	0	0.0%
Total, Appropriation.....			8,426,897	8,700,986	9,629,000	8,880,086	9,246,089	545,103	6.3%
Total, Budget authority.....			3,670,520	8,700,986	9,629,000	8,880,086	9,246,089	545,103	6.3%
Current.....		1	2,222,134	2,496,223	3,424,237	2,675,323	3,041,326	545,103	21.8%
Prior year's advance.....		2	1,448,386	6,204,763	6,204,763	6,204,763	6,204,763	0	0.0%
Outlays, Total.....			6,762,146	7,996,605	8,706,917	0	0	(7,996,605)	-100.0%
Outlays, current.....			4,772,649	3,226,894	2,739,973	0	0	(3,226,894)	-100.0%
Outlays, advance.....			1,989,497	4,769,711	5,966,944	0	0	(4,769,711)	-100.0%

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)		D	1999	2000	2001			Appeal Change from	
Office, Account, Program and Activity		M	Appropriation	Appropriation	Request	Passback	Appeal	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						
Office, Account, Program and Activity		\	1999	2000	2001			Appeal Change from
		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		M	1999	2000	2001			Appeal Change from	
			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	0.0%
5. Arts in education (ESEA X-D-1).....	D		10,500	11,500	10,500	11,500	11,500	0	0.0%
6. Magnet schools assistance (ESEA V-A).....	D		104,000	110,000	120,000	110,000	116,500	6,500	5.9%
7. Education for homeless children and youth (SBMHAA Title VII-B).....	D		28,800	28,800	35,000	28,800	35,000	6,200	21.5%
8. Women's educational equity (ESEA V-B).....	D		3,000	3,000	3,000	3,000	3,000	0	0.0%
9. Training and advisory services (CRA IV).....	D		7,334	7,334	10,000	7,334	10,000	2,666	36.4%
10. Ellender fellowships (ESEA X-G).....	D		1,500	1,500	0	0	0	(1,500)	-100.0%
11. Education for Native Hawaiians (ESEA IX-B).....	D		20,000	23,000	20,000	23,000	23,000	0	0.0%
12. Alaska Native education equity (ESEA IX-C).....	D		10,000	13,000	10,000	13,000	13,000	0	0.0%
13. Charter schools (ESEA X-C).....	D		100,000	145,000	150,000	145,000	145,000	0	0.0%
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	143.3%
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)	-100.0%
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 ¹	33,000 ¹	0	0	0	(33,000)	-100.0%
Total, Appropriation.....			3,302,134	3,517,884	4,713,500	3,096,384	4,193,300	675,416	19.2%
Total, Budget authority.....			3,302,134	2,002,884	4,713,500	1,866,384	2,963,300	960,416	48.0%
Current.....			3,302,134	2,002,884	4,713,500	1,866,384	2,963,300	960,416	48.0%
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)	-100.0%

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 FY 2000 Appropriation	
		Appropriation	Appropriation	Request				
<u>Reading Excellence</u>								
1. Reading and literacy grants (ESEA II-C):								
(1) Annual appropriation.....	D	260,000 ¹	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%
TOTAL APPROPRIATION, OESE.....		12,919,031	13,466,370	15,675,235	13,069,470	14,672,124	1,205,754	9.0%
TOTAL BUDGET AUTHORITY, OESE.....		8,162,654 ²	11,756,370 ³	15,675,235 ⁴	11,644,470 ⁴	13,247,124 ⁴	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)

Office, Account, Program and Activity	D \ M	1999 Appropriation	2000 Appropriation	2001 Request	Passback	Appeal	Appeal Change from FY 2000 Appropriation
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	1999	2000	2001			Appeal Change from
Office, Account, Program and Activity		M	Appropriation	Appropriation	Request	Passback	Appeal	FY 2000 Appropriation
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	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 ¹	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 ²	4,751,325 ³	2,293,146 ²	2,896,411 ²	(3,140,235) 26.2%
Prior year's advance.....			210,000 ⁴	0	1,925,000 ⁴	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.

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>Rehabilitation Services and Disability Research</u>								
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 2.6%
(b) Grants for Indians (RA I-C)	M		17,283	23,390	25,500	23,998	23,998	608 2.6%
Subtotal			2,304,411	2,338,977	2,550,000	2,399,790	2,399,790	60,813 2.6%
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 2.6%
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 2.1%
4. Training (RA section 302)	D		39,629	39,629	44,629	39,629	44,629	5,000 12.6%
5. Demonstration and training programs (RA section 303)	D		14,942	22,092	19,000	22,092	28,092	6,000 27.2%
6. Migrant and seasonal farmworkers (RA section 304)	D		2,350	2,350	2,850	2,350	2,850	500 21.3%
7. Recreational programs (RA section 305)	D		2,596	3,596	2,596	3,596	2,596	(1,000) -27.8%
8. Protection and advocacy of individual rights (RA section 509)	D		10,894	11,894	11,123	11,894	12,144	250 2.1%
9. Projects with industry (RA VI-A)	D		22,071	22,071	22,071	22,071	22,071	0 0.0%
10. Supported employment State grants (RA VI-B)	D		38,152	38,152	38,152	38,152	38,152	0 0.0%
11. Independent living (RA VII):								
(a) State grants (Chapter 1, Part B)	D		22,296	22,296	22,296	22,296	22,296	0 0.0%
(b) Centers (Chapter 1, Part C)	D		46,109	48,000	80,000	48,000	60,000	12,000 25.0%
(c) Services for older blind individuals (Chapter 2)	D		11,169	15,000	13,000	15,000	15,000	0 0.0%
12. Program improvement (RA section 12(a))	D		1,900	1,900	1,900	1,900	1,900	0 0.0%
13. Evaluation (RA section 14)	D		1,587	1,587	1,587	1,587	1,587	0 0.0%
14. Helen Keller National Center for Deaf-Blind Youths and Adults (HKNCA)	D		8,550	8,550	8,725	8,550	8,725	175 2.0%
15. National Institute on Disability and Rehabilitation Research (RA II)	D		81,000	86,500	100,000	86,500	91,500	5,000 5.8%
16. Assistive technology (ATA)	D		34,000	34,000	41,000	34,000	41,000	7,000 20.6%
Subtotal			348,173	368,545	490,086	368,545	423,699	55,154 15.0%
Total			2,652,584	2,707,522	3,040,086	2,768,335	2,823,489	115,967 4.3%
Total, discretionary	D		348,173	368,545	647,313	368,545	423,699	55,154 15.0%
Total, mandatory	M		2,304,411	2,338,977	2,392,773	2,399,790	2,399,790	60,813 2.6%
Outlays, discretionary			379,576	362,312	565,661	0	0	(362,312) -100.0%
Outlays, mandatory			2,498,510	2,326,881	2,375,597	0	0	(2,326,881) -100.0%

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	
American Printing House for the Blind (20 U.S.C. 101 et seq.)	D	8,661	10,100	9,453	10,100	10,541	441	4.4%
Outlays		10,396	10,014	9,424	0	0	(10,014)	-100.0%
National Technical Institute for the Deaf (EDA I-B and section 207):								
1. Operations	D	45,500	45,500	46,366	45,500	46,456	956	2.1%
2. Construction	D	0	2,651	5,376	2,651	5,376	2,725	102.8%
Total	D	45,500	48,151	51,742	48,151	51,832	3,681	7.6%
Outlays		43,295	45,765	49,651	0	0	(45,765)	-100.0%
Gallaudet University (EDA I-A and section 207):								
1. Operations	D	83,480	83,480	88,015	85,980	87,733	4,253	5.1%
2. Construction	D	0	2,500	0	0	0	(2,500)	-100.0%
Total	D	83,480	85,980	88,015	85,980	87,733	1,753	2.0%
Outlays		80,033	83,730	88,316	0	0	(83,730)	-100.0%
TOTAL APPROPRIATION, OSERS		8,124,371	8,888,399	9,865,621	8,947,712	9,612,006	723,607	8.1%
Total, discretionary	D	5,819,960	6,549,422	7,472,848	6,547,922	7,212,216	662,794	10.1%
Total, mandatory	M	2,304,411	2,338,977	2,392,773	2,399,790	2,399,790	60,813	2.6%
TOTAL BUDGET AUTHORITY, OSERS		8,124,371	5,146,399	9,865,621	5,205,712	5,870,006	723,607	14.1%
Total, discretionary	D	5,819,960	2,807,422	7,472,848	2,805,922	3,470,216	662,794	23.6%
Total, mandatory	M	2,304,411	2,338,977	2,392,773	2,399,790	2,399,790	60,813	2.6%

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
(2) Territorial set-aside (section 115).....	D		2,061	2,111	2,400	1,765	2,242	131
(3) Indian and Hawaiian Natives set-aside (section 116).....	D		15,460	15,835	18,000	13,240	16,818	983
Subtotal.....			1,030,650	1,055,650	1,200,000	882,683	1,121,200	65,550
Annual appropriation.....	D		1,030,650	264,650	1,200,000	91,683	330,200	65,550
Advance for succeeding fiscal year.....	D		0	791,000	0	791,000	791,000	0
(b) National programs (section 114).....	D		13,497	17,500	33,000	17,500	25,000	7,500
(c) Occupational and employment information (section 118).....	D		0 ¹	9,000	9,000	0	9,000	0
(d) Tribally controlled postsecondary vocational and technical institutions (section 117).....	D		4,100	4,600	4,100	4,600	4,600	0
(e) Tech-prep education (Title II).....	D		106,000	106,000	125,000	106,000	106,000	0
Subtotal, vocational education.....			1,154,247	1,192,750	1,371,100	1,010,783	1,265,800	73,050
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
(b) National Institute for Literacy (section 242).....	D		6,000	6,000	6,500	6,000	6,000	0
(c) National leadership activities (section 243).....	D		14,000	14,000	101,000	39,000	42,000	28,000
Subtotal, Adult education..... ²			385,000	470,000	622,500	495,000	573,000	103,000
3. State grants for incarcerated youth offenders (HEA VIII-D).....								
	D		16,723 ²	19,000	12,000	12,000	12,000	(7,000)
Total, Appropriation.....			1,555,970	1,681,750	2,005,600	1,517,783	1,850,800	169,050
Total, Budget authority.....			1,555,970	890,750 ⁴	2,005,600	726,783 ⁴	1,059,800 ⁴	169,050
Current.....			1,555,970	890,750	2,005,600	726,783	1,059,800	169,050
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
TOTAL BUDGET AUTHORITY, OVAE.....			1,555,970	890,750 ⁴	2,005,600	726,783 ⁴	1,059,800 ⁴	169,050
Outlays, Total.....			1,320,020	1,482,547	1,807,289	0	0	(1,482,547)
Outlays, discretionary.....			1,318,261	1,482,190	1,807,289	0	0	(1,482,190)
Outlays, mandatory.....			1,759	357	0	0	0	(357)

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						
Office, Account, Program and Activity	M		1999	2000	2001			Appeal Change from
			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 ¹	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 ²	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 ¹	35,000	40,000 ³	40,000 ³	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)	(728,569)	(638,020)	(638,020)	(638,020)	90,549	-12.4%
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	-100.0%
<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	5.3%
(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	5.3%
2. Federal administration (FCRA section 505(e)).....									
	D		47,276	48,000	48,000	48,000	48,000	0	0.0%
Total, FFEL Program.....			3,379,529	3,694,472	3,887,494	3,887,494	3,887,494	193,022	5.2%
Total, discretionary.....	D		47,276	48,000	48,000	48,000	48,000	0	0.0%
Total, mandatory.....	M		3,332,253	3,646,472	3,839,494	3,839,494	3,839,494	193,022	5.3%
Outlays, Total.....			2,800,347	3,209,489	3,383,500	0	0	(3,209,489)	-100.0%
Outlays, discretionary.....			47,107	51,169	50,897	0	0	(51,169)	-100.0%
Outlays, mandatory.....			2,753,240	3,158,320	3,332,603	0	0	(3,158,320)	-100.0%

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)		D	1999	2000	2001			Appeal Change from
Office, Account, Program and Activity		M	Appropriation	Appropriation	Request	Passback	Appeal	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	20,000	8,432	20,000	10,240	(9,760) -48.8%
(3) Graduate assistance in areas of national need (HEA VII-A-2).....	D		23,954	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	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	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 V M	1999 Appropriation	2000 Appropriation	2001 Request	Passback	Appeal	Appeal Change from 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						
Office, Account, Program and Activity		\	1999	2000	2001			Appeal Change from
		M	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.....	M		345	0	0	0	0	0
Outlays.....			445	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 ³	41,488,838 ⁴	29,778,235 ⁵	33,536,718 ⁶	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.

After School Part I: Making After-School Universal for Students in Failing Schools

Summary

This proposal calls for the President to pledge that all children in failing school will have access to after-school and summer school. This can be accomplished by targeting the 21st Century Community Learning Centers grants to all Title I schools that have been identified as “in need of improvement.” This recognizes the critical need of failing schools to provide children with more time to reach challenging academic standards and to do so through innovative and extended curricular activities. This initiative would be part of our Turning Around Failing Schools package and would undermine criticism that we aren’t doing enough for students in these schools. While Republicans will likely criticize it as a “Washington knows best” initiative, it fits well in our education budget themes of “accountability and investment” and “strategic investments.” Together with current commitments to the 21st century grantees, the estimate for the cost of such a pledge in FY2001 is \$1.27 billion (\$913 million for only after-school).

Background

At present, 7,000 Title I schools have been identified for “school improvement.” These schools and their students need support to reach high academic standards and performance goals. Research shows that over the summer disadvantaged students often lose the gains they have made during the school year in academic skills and knowledge. In addition, numerous studies have found that after-school programs help increase achievement in areas such as math and reading.

The 21st Century Community Learning Centers grant program provides grants to public schools for after school, summer school and other extended learning programs. In FY2001, the program will provide \$453 million in grants. Under the ESEA reauthorization proposal, the program intends to provide a competitive priority in the 2000-01 grant cycle for Title I schools identified as in need of corrective action.

DPC Proposal and Cost Estimates

The redesigned 21st Century Community Learning Centers grant program would provide grants to all Title I schools identified as in need of improvement for both after-school and summer school programs. It would also continue to fund its current commitments to after school and other extended learning programs at other schools.

At present, about 7% of all Title I students are served by after-school programs. If we assume those numbers apply to Title I schools in need of improvement, then roughly 1.6 million kids are not served by after-school programs. Assuming that, at most, 80% of those students will participate and that programs receive \$700 per student, the additional outlay in FY2001 to cover students in failing schools is \$460 million (with a 50% match). Together with current commitments of \$453 million, the total outlay for universal after-school in FY2001 would be \$913 million.

To extend the investment to “universal summer school” would increase the cost per student by \$350 - \$700, according to the Department of Education. Assuming that 80% of kids in high-poverty schools participate in summer school at an additional cost to the government (given a 50% match) of \$250 per student, the additional outlay for summer school is \$352 million. Together with current commitments (\$453) and after-school (\$460), the total package would run \$1.27 billion dollars.

December 12, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Eric Liu

SUBJECT: State of the Union/Budget Ideas

*2/11/2000 for?
Social Reconstruction*

This memorandum provides summaries of all the budget proposals we are developing for the State of the Union, organized by issue area. A separate memo lays out overarching themes and highlights the most compelling ideas.

EDUCATION

A. Smaller Classes, Smaller Schools

1. **A Comprehensive Effort to Modernize and Revolutionize Schools.** As you have often said, the trouble with America's schools as we enter the 21st Century isn't that they aren't what they used to be; it's that they still *are* what they used to be. We need to change that, in two significant ways:
 - **A New Initiative to Repair Existing Schools.** To complement our existing school construction tax credit, which will primarily help fund new construction, we have worked with OMB on a discretionary initiative for FY2001 that would provide funds for immediate repairs. As part of the discretionary budget, this plan will make it more difficult for Congress to ignore school construction in the budget debate next fall.
 - **A Small Schools Initiative to Reform the American High School.** Since Littleton, a movement has emerged to make America's high schools smaller, not only for reasons of safety, but as an engine of reform. This initiative would offer competitive grants to school districts for opening smaller schools (including charter schools), or for breaking up larger schools and such using strategies as schools-within-schools, career academics, or restructured school days. The funds could be used for 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 initiative received \$45 million in the FY2000 omnibus; we recommended expanding funding to at least \$125 million for FY2001.

2. **Class Size.** The Education Department is prepared to settle for \$1.5 billion for class size, only a modest increase from the \$1.3 billion we got this year. If we want a defining fight on 100,000 teachers next fall – and if we want to say credibly that we're on a path to 100,000 over 6 years – we'll have to request a bigger increase than that. Funding class size at \$1.7 –1.8 billion would make more sense.

B. Turning Around Failing Schools

1. **Universal After-School.** By doubling after-school funding in the FY 2001 budget (from \$453 million in FY 2000 to at least \$900 million in FY 2001), you can meet an urgent goal, which is to provide after-school and summer school to every student in a failing school. You called on states and districts to end social promotion in this past year's State of the Union; this initiative will enable you to say we're giving them the resources to end social promotion the right way, and give every student in our worst schools the extra help they need. Over a ten year period, we can make after-school and summer school universal for every Title I school – and with a sliding scale for students above 200% of poverty, we could eventually make after-school available to every student. (Cost: \$20-30 billion over 10 years).
2. **Reward High Performance.** This proposal calls for a Rewards Fund that would award funding to states meeting federal performance criteria and would support teacher performance pay demonstration projects described above. From FY 2001-2003, states would receive awards for adopting statewide accountability systems, including high school exit exams, meeting teacher quality requirements, and developing and disseminating report cards ahead of the timetable you are calling for in your ESEA proposal. After 2003, the Reward Fund would incorporate student performance measures as well. (Cost: \$150 million).
3. **Expanding Charter Schools, Second-Chance Schools, and Public School Choice.** With a decent increase in the FY01 budget, you can reach your goal of 3,000 charter schools by the time you leave office. We could also propose using charter funds to create new second-chance schools to serve students who have been removed from their previous schools because of discipline problems. Finally, we should provide seed money for innovative public school choice projects, and continue to support universal public school choice for students in failing schools. (Cost: \$50-100 million).
4. **Education Opportunity Zones.** To encourage innovation and reward districts that end social promotion the right way, we could once again propose Education Opportunity Zones, which we left out of the FY00 budget, but which could attract bipartisan support from Jeffords, Rangel and Clay.

C. Teacher Quality And Performance

1. **Teacher Quality Fund.** Our ESEA proposal includes a Teaching to High Standards block grant that combines Eisenhower Goals 2000, and Title VI. At the passback level of \$1 billion, that block grant can include set-asides for:

- A pay-for-performance and peer review demo (still under development this week in consultation with the Vice President).
- Troops to Teachers (Cost: \$25 million).
- Teacher Recruitment: a down payment on the Vice President's 21st Century Teachers Corps (modeled after Teach for America), and an OMB initiative to recruit future teachers while they're still in high school. (Cost: \$100 million).
- Principals: Without quality school leaders, school reform is destined to fail. Our initiative would fund independent School Leadership Centers to recruit nontraditional candidates and to focus on effective management, school design, technology, and district governance. 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. (Cost: \$25 million).

D. Distance Learning, Higher Standards

1. **AP Online.** Small and poor schools often lack the resources and teachers to offer challenging courses. Indeed, less than 60 percent of high schools today offer AP courses. This distance learning initiative aims to ensure that students in underserved areas get access to high-quality academic courses and ESL programs online. 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. 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.
2. **SAT and ACT Test Prep.** Historically, poor and minority students have not scored well on college entrance exams such as the SAT and ACT. This program would be modeled after California's College Preparation Partnership Program, which the NAACP has recently endorsed. It would support partnerships among high schools, proven providers of college test prep courses (such as Kaplan and Princeton Review), and community-based organizations to offer high-need students college test preparation and other services related to college admissions. Competitive grants of \$30 million would serve approximately 50,000 students.

CHILD CARE

1. **Child Care Subsidies.** Our 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 million. 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.

2. 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 help local communities improve 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 moving our request to the discretionary side and building on our FY 99 achievement of \$173 million in CCDBG quality dollars. (Cost: \$350 million).

3. Create Early Childhood Professional Development Grants. Fund this new proposal (currently in our ESEA bill) 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. (Cost: \$40 million).

4. Campus-Based Child Care. The FY '00 budget included \$10 million to support campus-based child care. According to estimates by universities, only 10-25 percent of the students who need this benefit are being served. We propose doubling this request. (Cost: \$20 million).

5. Child Care in Non-Traditional Hours. We could 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.

6. 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 families who are struggling to afford child care. We are also exploring the possibility and cost of making this tax credit refundable. (Cost: \$4-4.5 billion over five years for refundability).

7. Child Care Tax Credit for Businesses. Maintain proposal from last two years to provide tax relief to companies offering child care to their workers. (Cost: \$500 million over five years).

CRIME

1. Federal Firearms Enforcement. To complement our legislative proposals on gun control – and to blunt the rhetoric of the gun lobby – we propose a comprehensive initiative on enforcement and prosecution. This initiative puts an unprecedented level of resources into firearms enforcement. It includes: 1) 500 new ATF agents, to investigate more gun trafficking cases and to bring the successful Youth Crime Gun Interdiction Initiative to more cities; 2) new ATF inspectors to crack down on unscrupulous dealers, manufacturers and distributors; 3) a comprehensive crime gun tracing package; 4) 1,000 new federal gun prosecutors and additional funds to help cities create community gun prosecutors; 5) a major expansion of existing ballistics testing systems; 6) funding for better Brady background checks; and 7) a new national notification system tied to NICS that speeds certain Brady denials (felons and other restricted persons) to local authorities. (Cost: \$309 million).

2. 21st Century Policing Initiative. This is the next generation of COPS, and will put us on the path to reach 50,000 officers by FY 2005. It also funds law enforcement technology, community prosecutors and community crime prevention. (Cost: \$1.475 billion)

3. Police Gun Buybacks. This initiative would encourage state and local police departments to end the practice of re-selling used police guns and confiscated crime guns on the civilian market. The program would purchase used police guns on a one-time basis from departments on the condition that they permanently agree to halt re-sales or trade-ups in the future and destroy all seized firearms. (Cost: \$10 million).

4. Kids and Gun Safety. We have two initiatives in mind: a Treasury proposal to fund gun safety technology experts and expand public education to help prevent children's access to guns and accidental deaths; and a plan to support local media campaigns to highlight proper storage of guns as well as other messages to prevent child access, accidents, and other forms of gun violence. Localities could also use media campaigns to publicize gun penalties to maximize deterrence. (Cost: \$12 million).

5. Community Supervision of Released Offenders. With nearly 500,000 inmates expected to leave prison this year – and with data showing that two-thirds of all released prisoners are re-arrested for new offenses within three years – we plan a broad initiative to address community safety concerns, reduce recidivism rates, and provide support for ex-offenders. The initiative – targeted to areas with the most returning offenders – would be comprised of three elements: 1) community reentry partnerships, through which police and corrections agencies would team up with community providers to monitor and provide targeted social services to offenders; 2) reentry courts modeled on drug courts; and 3) the hiring of more probation and parole officers. The Labor Department is also developing a complementary proposal to help ex-offenders become better fathers and prepare for employment. (Cost: \$125 million).

6. Zero Tolerance Drug Supervision. This initiative combines key programs to promote coerced abstinence from drugs for offenders under criminal justice supervision. The initiative provides (1) \$100 million to help states and localities to drug-test, treat, and punish prisoners, parolees and probationers; (2) \$50 million for drug courts; and (3) \$65 million for the Residential Substance Abuse Treatment program to provide intensive drug treatment to hardcore drug users before and after they are released from prison. (Cost: \$300 million).

WELFARE AND WORK

1. Responsible Fatherhood Initiative. Promoting responsible fatherhood is the critical next stage of welfare reform and one of the most important things we can do to reduce child poverty. We can put forward a package of proposals to 1) ensure every unemployed father who owes child support goes to work and supports his children; 2) collect more child support from parents who can afford to pay; 3) revise outdated rules to ensure mothers and children receive more of the support the father pays; and 4) promote efforts to ensure fathers returning from prison become responsible fathers and responsible members of society. (Cost: \$100 million in

discretionary costs in FY 2001 plus mandatory costs of \$1.2 billion over 5 years and \$2.6 billion over 10 years).

2. Welfare-to-Work Grants. These grants could fund projects in three areas key to sustaining the success of welfare reform: 1) to help every low income father work, pay child support, and reconnect with his children; 2) to help the hardest to employ move from welfare to work and succeed in the workforce; and 3) to increase job retention, skills upgrading and supports (including outreach on food stamps, Medicaid, child care, and EITC) for low-income working families, including those who have left welfare, through local one-stop employment centers. (Cost: \$1 billion over 5 years and \$2.4 billion over 10 – \$200 of which would be FY 2001 discretionary, the rest mandatory).

3. Affordable Housing for Working Families. This proposal would provide housing vouchers to working families with children who need housing the most. This group of families could be defined in several ways: currently between 500,000 and 1 million working poor families get no housing assistance and pay more than 50 percent of their income in rent and/or live in substandard housing, while about 600,000 families with poor children live in public housing. Adding 100,000 vouchers a year for five years (reaching 500,000 in the fifth year) would cost about \$3 billion dollars, and reaching a million families within 10 years would cost twice as much. This ignores the cost of renewing vouchers in the years after they are put in place, which OMB does not normally include in cost estimates but would create large ongoing obligations (\$20 billion or more if a million families are served). (Cost: \$3 to \$6 billion over 5 years).

4. Employment for People with Disabilities. By enabling people with disabilities to work and keep their health care, the Ticket to Work and Work Incentives Improvement Act of 1999 will give individuals with disabilities a greater opportunity to participate in our nation's workforce. To build on this progress, we have a package of proposals. Among them would be a program to improve local One-Stop employment and training offices to better serve people with disabilities, as well as technical assistance, tax credits and assistive technology. (Cost: \$113 million in discretionary funds in FY 2001, and \$700 million in mandatory funds over 5 years).

5. Food Stamps. There are several proposals we could make to help ensure access to food stamps for working families. Unlike the executive actions we took last July, these require legislative changes. One is to raise the vehicle asset limit for TANF. This proposal would give states the option to conform this food stamp vehicle limit to the vehicle limit used in their TANF or Medicaid program, ensuring families that work their way off welfare do not suddenly face the loss of their food stamps if they buy a reliable car. Another is to provide at least \$15 million for FY 2001 for on-going food stamp outreach efforts, including campaign materials and an enhanced 1-800 number. To improve nutrition among the elderly, we could offer a pilot program to make it easier for this population to access food stamps. Less than 30 percent of the elderly who are eligible for food stamps actually participate. (Cost: \$80 million discretionary, \$700 million - \$1.7 billion mandatory).

6. Legal Immigrant Benefits. At a minimum we should repeat the proposals we made last year, and there are compelling reasons to go further in several areas. Our FY2000 proposal would have provided a state option to cover children and pregnant women under CHIP and

Medicaid, regardless of when they entered the U.S. (Under current law, states have this option only for immigrants who arrived in the U.S. before 8/22/96.) This proposal has bipartisan support. We could also allow legal immigrants who are qualified under the Violence Against Women Act due to domestic violence to be eligible for all federal public benefits, including SSI, food stamps, TANF, Medicaid, and CHIP, regardless of the date of entry. In addition, we could eliminate the 7 year limitation on the exemption from all benefits for refugees and asylees, propose making all legal immigrants eligible for food stamps, and restore SSI eligibility to more legal immigrants. (Cost: \$2 to \$6 billion).

7. Cars to Work. There are several ways we could help low income families get the transportation they need to get to work. In addition to providing full funding for the Access to Jobs Transportation program (\$150 million), we could launch a program providing one-time seed funding of \$10 million to one or more national organizations to provide loans to low-income families to repair or purchase cars.

8. Individual Development Accounts. We support \$25 million for the Assets for Independence IDA demonstration program, which is the full authorized level and more than double the \$10 million appropriated for the last two years. We also recommend a legislative change to allow low-income families to use IDAs to save for a car that will allow them to get a job, keep a job, or take advantage of job opportunities they couldn't otherwise access. Currently IDAs can be used to purchase a home, pay for higher education, or start a small business. (Cost: \$25 million).

9. Boosting Homeownership. We are working on a number of options to promote homeownership among low-income families and think this, along with other proposals, could be part of a proposal to reduce the "asset gap" among racial and ethnic minorities. We understand Treasury is developing a proposal to encourage homeownership through a tax credit that reduces monthly costs for low-income homebuyers. PPI has proposed "no interest second mortgage tax credits" to lending institutions that are willing to make small no-interest 25 year loans to qualified low-income families to use as down payments. Incentives could also be provided to employers to help their low-income employees buy homes, such as Bank of America's Associate Home Ownership Program which was highlighted in the President's August 3rd welfare town hall. This approach has the advantage of connecting employment and home ownership, and enlisting employer participation, but on balance, it probably makes more sense to subsidize individuals than businesses. We could certainly highlight leading-edge companies such as Bank of America, whose efforts would complement a tax credit for families, in any announcement. We are also exploring ways to highlight existing authority to use Section 8 vouchers toward homeownership, through publication of housing regulations and other administrative actions.

10. Increasing Targeted Substance Abuse Treatment. We could build on our success in the FY 2000 budget process by requesting an additional increase for SAMHSA's Targeted Capacity Expansion Grant program. In FY 2000 we succeeded in getting \$114 million, slightly above our request of \$110 million and more than double FY 99 levels. These funds are provided on a competitive basis to communities to meet emerging substance abuse problems and unmet treatment needs. In past years, a significant number of grants have focused on women moving from welfare to work, Native Americans, youth offenders, and HIV/AIDS. We could also designate a portion of these resources for treatment in communities who participate in the re-

entry initiative. These grants are a high priority for Mayors and for the Congressional Black Caucus, and HHS proposed a substantial increase in its budget submission. (Cost: \$139 million).

PHILANTHROPY, FAITH AND SERVICE

1. Faith-Based Involvement in Substance Abuse Treatment, Juvenile Justice, and After-School Programs. Propose to allow federal substance abuse treatment, juvenile justice, and after-school funds to be used by faith-based organizations. The substance abuse treatment idea is included in the Frist-sponsored Senate SAMSHA reauthorization bill. A House bill, by Representatives Watts and Talent, allows faith-based groups to receive funded through both SAMSHA and Medicaid. (Currently, faith-based groups can be Medicaid providers only if they are actually health care providers or are involved in certain outreach activities). The Juvenile Justice bill in conference included provisions allowing faith-based groups to provide certain services. Faith-based groups are not currently eligible for direct funding through the 21st Century Community Learning Centers program, but the Department of Education has made clear that faith-based groups can be partner with programs that receive direct funds. (Cost: none).

2. Deductibility of Charitable Contributions for Nonitemizers. One broad change that could effect both the level and composition of individual gifts would be to allow non-itemizers to claim a deduction (or tax credit) for charitable contributions above a certain floor. In addition to affecting the total amount of charitable contributions, allowing non-itemizers to take such a deduction could also affect the proportion of gifts going to different types of recipients since non-itemizers gifts disproportionately benefit religious organizations and social service groups as opposed to educational institutions and private foundations. (Cost: \$2 to \$6 billion a year).

3. Allowing Charitable Giving Until April 15. If the charitable deduction is meant to provide incentives for charitable giving, the program should encourage such activity to the fullest extent. The cost of this proposal is negligible.

4. Excise Tax on Investment Income of Private Foundations. Private foundations pay an excise tax on their net investment income, with a complicated formula requiring some to pay 1 percent tax and others to pay a 2 percent tax. While the intent of the distinction between a 1 and 2 percent rate of tax on investment income was to prevent foundation disbursements from falling, the mechanism is unduly complicated and may even dampen foundation giving. This excise tax should be eliminated or modified. In 1997, foundations paid \$486 million in federal excise taxes. (Cost: to be determined, probably about \$500 million).

5. Nonprofits Capacity Building Program (NCBP). In order to create a stronger and more effective nonprofit sector, capacity and technical assistance could be provided to train and manage assistance for nonprofit and community-based organizations through development centers nationwide. This could be accomplished either through a new and dedicated program or through existing agencies such as the SBA. (Cost: \$50 million).

6. Social Venture Capital Formation. We are exploring the idea of stimulating "venture philanthropy" by allowing a tax credit (greater than the current deduction for charitable gifts) to

individuals and corporations that contribute to neighborhood organizations engaged in educational, social and economic services for the poor. To be eligible for the credit, obligors would have to make a contribution over a certain floor and submit a joint proposal with a tax-exempt non-profit. The initiative encourages businesses to form more committed partnerships with grantees in order to achieve the long-term goals of the nonprofit organization.

7. Improving Disclosure by Charitable Organizations. By far the most important source of public information about charitable organizations is the IRS Form 990 annual information returns. Over the years, the amount of information to be included on these returns by charitable organizations has increased, as have the penalties for failure to file and accurately completing these returns. Despite the evolution, the Forms 990 are frequently criticized both by charities who have difficulty completing them and by the public that has difficulty reading them. Requiring electronic filing of Forms 990 would make it easier for the public to access this information and reduce fraud. (Cost: minimal to none).

8. Second Chance Homes. Provide funding through HHS for second chance homes, including homes funded by faith-based organizations, to teen parents to help them and their children succeed. Perhaps these funds could fall under the rubric of preventing child neglect, and could be funded through IVB or IVE programs (will coordinate with our children and families team). States can use TANF funds for these purposes.

9. Assistance to Children of Prisoners. Propose new funding in the HHS Community Services Block Grant programs to fund community and faith-based organizations to assist children of prisoners (current CSBG funding is about \$500 million per year). This could be coupled with other ex-offender proposals, including possible faith-based ministries in re-entry programs.

10. AmeriCorps Reserves Program. This program would be modeled on the military Reserves program. Young people 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. (Cost: \$4 million).

11. 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. (Cost: \$5 million).

WORK, FAMILY AND CHILDREN

1. 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 are considering tax credits that encourage non-profit organizations and unions to offer (health insurance and) pension/401-k benefits. We are also looking into requiring Census CPS to develop better measures of this fast-growing but vaguely-defined sector of the workforce. 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.

2. Support Domestic Partners. You could 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. We could support Representative Maloney's bill to amend the Family and Medical Leave Act (FMLA) to permit leave to care for a domestic partner, parent-in-law, adult child, sibling, or grandparent if the family member has a serious health condition. We could also 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.

3. New Paid Leave Demonstration Program. We are exploring a proposal through which states could use the Unemployment Insurance system to create a federally funded, state-administered paid parental leave program. The cost estimate would grow significantly if we cover all workers regardless of income and/or if we cover both parents in a household, and would decrease significantly if we introduce a state match requirement.

4. Youth Empowerment Fellowships. We would reward social entrepreneurship by providing fellowships to young people who have developed innovative community initiatives. The Fellowships could be modeled on programs like the Echoing Green Fellowships, which are targeted to young social entrepreneurs who can catalyze positive social change. Alternatively, grants could be modeled on youth-driven grant programs such as the Oakland Fund for Children and Youth which dedicates 2.5% of the City of Oakland General Fund to youth development projects. 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. (Cost: \$20 million).

5. Rewarding Youth Achievement. We are considering reviving this proposal, which 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 summer employment to youth who meet academic achievement and attendance standards. Participants would also be eligible for an end-of-summer bonus if they perform well in their summer job. In addition, RYA would provide career counseling, mentoring, and tutoring to place participants in career related employment.

6. 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: \$40 billion over five years).

IMMIGRATION AND CIVIL RIGHTS

1. Making Naturalization Easier. Earlier this year, an independent auditor issued a report recommending numerous changes to streamline and improve the current citizenship test and naturalization process. This proposal would provide the resources and the technical expertise to implement the recommendations. (Cost: \$1.5 million).

2. ESL/Civics Initiative. This year we won partial funding for our proposal to provide funding for English as a Second Language programs that are linked to civics and life skills instruction. (Your request was \$70 million and we received \$25.5 million in the final budget agreement). In FY2001, we should request at least \$75 million.

3. AgNet Registry. This proposal would create an online job registry for growers and farmworkers alike, and thus help growers find an adequate labor supply in a predictable and timely manner. (Cost: \$10 million).

4. EEOC/Equal Pay Initiative. In FY 2000, we requested \$10 million for a new Equal Pay Initiative to increase compliance with equal pay laws. It would provide training to EEOC employees to identify and respond to wage discrimination, increase technical assistance to businesses on how to meet legal requirements, and launch an equal pay public announcement campaign to inform employers and employees alike of their rights and responsibilities. EEOC only received a slight increase in the final FY 2000 budget, which did not include \$10 million for this important initiative. We should repeat the request.

TOBACCO

1. Price Increase. There are several ways we could repackage tax proposals from FY2000. Option 1A: A 55 cents per-pack increase to be collected through tobacco excise taxes. This option should raise about \$6.4 billion a year. Option 1B: A per-pack excise tax triggered by youth smoking rates. An increase in the per-pack excise tax would be triggered by missing the target rates for each year. The determination of the excise tax increase would depend on the level that the target rate was missed. Option 1C: Combine elements of Options 1A and 1B so that a per-pack excise tax exists for the first two years and is thereafter determined by youth smoking rates. Option 2: Acceleration of the BBA's 15 cents excise tax. The 1997 Balanced Budget Agreement (BBA) raised the excise tax 10 cents per-pack effective January 1, 2000 and another 5 cents effective January 1, 2002, for a cumulative 15 cent increase. The FY 2001

budget could accelerate the effective date of the additional 5 cents, raising several hundred million dollars. We may wish to consider packaging a tax increase with a particular spending proposal, such as Medicare prescription drugs.

2. State Lookback. Although state officials said the purpose of the \$246 billion state settlements with the tobacco industry was to reduce youth smoking, few states are investing settlement funds in programs to prevent youth tobacco use. This proposal would ensure that if the provisions of the state settlement (45 cent price increase, some limitations on marketing and promotion of tobacco products, and funding for a national foundation to reduce youth smoking) do not actually reduce youth smoking, then states would be required to spend settlement funds on youth smoking prevention programs. The spending provisions would be triggered if certain youth smoking reduction targets were not met.

3. Preventing Youth Smoking. We should support continued funding of tobacco prevention programs at CDC and FDA, and include an increase if possible. CDC would provide technical assistance, strengthen tobacco use science for public health action and work with partners to create global tobacco programs. FDA funding would go to enforcement and evaluation and product regulation.

4. Department of Justice Tobacco Litigation. The Department of Justice has initiated litigation against the tobacco industry to recover certain federal health expenditures caused by tobacco use. We could either propose \$20 million for the Department of Justice to finance the litigation (the same unsuccessful strategy employed in the FY2000 budget) or include the shared costs of the litigation within the requests for HHS, Defense and VA, since the suit is intended to recover the smoking related costs incurred by the Federal government, of which these three departments experienced substantial costs. (Cost: \$20 million).

5. Expanding Cessation Coverage. Currently, smoking cessation prescription and non-prescription drugs are optional state Medicaid benefits that are matched by the federal government at the individual states FMAP rate (57 percent on average). Our understanding is that 27 States provide Medicaid coverage for FDA approved smoking cessation products. There are a number of options we could propose to expand the coverage of smoking cessation products for Medicaid and other federal programs. These include mandating coverage of prescription/nonprescription smoking cessation products, requiring Defense to provide effective cessation programs, or requiring the Federal Employees Health Benefits Program to provide a more generous cessation benefit.

6. Assisting Tobacco Farmers. These are two proposals that would allow us to maintain our commitment to ensure the well-being of tobacco farmers, their families and their communities. The first would directly compensate tobacco farmers. The Agricultural Appropriations bill for FY 2000 directs the Secretary of Agriculture to use \$328 million in funds from the Commodity Credit Corporation to provide payments to compensate flue-cured and burley tobacco farmers that had their quotas reduced in 1999. We could propose an additional \$328 million in FY 2001 for farmers facing quota reduction in 2000. The second approach would be to provide preferable tax treatment of payments to tobacco farmers. Proposals supported by Sen. Robb and Rep.

Boucher would exclude from gross income payments made by the tobacco industry to tobacco farmers as part of last year's settlement.

OTHER POLICY INITIATIVES

1. Closing the Digital Divide. We have been working with NEC to put together an initiative to address both the access gap and the skills gap that help create the "digital divide." We are considering a broad proposal that would subsidize home Internet access and computer leasing for low-income families, as well as efforts to ramp up Community Technology Centers and to draw private sector partnership commitments.

2. Native American Initiative. We have worked with Lynn Cutler to develop an ambitious, cross-agency package of proposals intended to benefit Native Americans. Included in the package are new initiatives on Indian health, dedicated monies for foster care and family caregiver programs, grants for tribal technology infrastructure, Native American small business development centers, 1000 new Native American professionals, a DOJ/BIA law enforcement initiative, a tribal youth mental health program and an array of other proposals. (Cost: \$681 million).

3. National Cardiac Arrest Emergency Plan. Each year, approximately 250,000 Americans suffer cardiac arrest. The American Heart Association estimates that a national plan in this area could save almost 50,000 lives. It seems likely that some form of the Cardiac Arrest Survival Act will pass this year, and it would be wise to supply funds to make its goals a reality. The Act provides for: (1) a plan for providing defibrillators in public buildings and (2) establishing protections from civil liability arising from the emergency use of the devices.

4. Enhancing the Nation's Food Safety System. CDC estimates that contaminated food kills up to 5,000 Americans and sickens 76 million more each year. This initiative will increase the number of imported and domestic food inspections by over 7,000, with a special emphasis on high-risk domestic foods such as eggs and unpasteurized juice. It will also place an additional 100 inspection agents in the field. The FDA expects that this new investment will prevent over 100,000 illnesses per year. (Cost: \$35 million).

5. Mainstream Homeless Initiative. This initiative would create, for the first time, a mechanism to help states ensure that so-called "mainstream" programs -- Medicaid, CHIP, TANF, and the Mental Health and Substance Abuse Block Grant -- are accessible to the homeless. States would look at areas such as: (1) how outreach is being done; (2) how intake questioning captures indicia of homelessness; (3) what outcome measures are in place to see whether homeless needs are being addressed. (Cost: \$10 million).

6. Violence Against Women Act (VAWA II). In 1994, Congress passed the Violence Against Women Act (VAWA I), an historic piece of federal legislation that contains a broad array of ground-breaking laws to combat the epidemic of violence against women. Despite VAWA I's success, legislators and advocates alike agree that many gaps in our laws remain. Building upon these successful initial steps, VAWA II extends programs more comprehensively. We are also

working with the agencies to develop some other domestic violence ideas. (VAWA needs to be reauthorized in FY2001).