COMMITTEE FOR EDUCATION FUNDING

The Honorable William J. Clinton
President of the United States
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

October 29, 1997

Dear Mr. President,

The Committee for Education Funding (Committee), a nonpartisan coalition of over 90 organizations reflecting the broad spectrum of the education community, urges you to pursue vigorously **a five year full investment strategy for education** as our nation enters the 21st century.

The past two years have produced a solid first step toward adequate education investment. The $3.5 billion increase in FY97 appropriations for education compensated for several years of cuts and freezes. The historic Bipartisan Budget Agreement (BBA) may result in a substantial increase for FY98. The Committee greatly appreciates the Administration's FY98 budget request and subsequent successful negotiations with Congress which created unprecedented middle income education tax incentives and a commitment for $3.2 billion for discretionary education funding over FY97. The BBA successfully put the federal budget on a path toward eliminating deficits and building surpluses, while highlighting education as a top priority for investment.

However, the BBA does not adequately address the magnitude of overall investment needed to address rapidly rising enrollments at all levels; urgent school infrastructure problems; and heightened demand for technological literacy, expanded access to postsecondary education, and achievement of higher standards for all of America's students. In addition, a dynamic, information-based world economy makes a more

-continued-

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educated workforce critical to economic prosperity. These needs--and much more favorable economic projections affecting revenues and costs--require that the five year budget agreement be significantly revised. **Function 500, which calls for static levels of education investment through FY 2002, is especially in need of revision.**

Fiscal Year 1999 is the year to chart a new full investment strategy in education: the deficit is rapidly disappearing; surpluses are on the horizon; and the economy is robust. Adequate education investment will be crucial for keeping the economy strong and ensuring that, once surpluses begin, they continue. Now is the time to make a major commitment to investing in the long term educational needs of our nation.

The commitment should include a way to guarantee an adequate level of education investment for at least the next five years. Including education in a new human capital investment category in the federal budget should also be an important component of the overall strategy.

The Committee for Education Funding is developing a five year full investment budget for education which we would like to share with you over the coming weeks. It is based on the premise that, while refinements and enhancements can certainly be made, the current structure of federal education programs is essentially sound. What is lacking is a commitment to adequate funding. **We urge you to join with us in developing a full investment strategy that will meet the needs of America's students in the coming century.**

Sincerely,

Camie Hayes
Camie C. Hayes
President

Edward R. Kealy
Edward R. Kealy
Executive Director

cc: Gene Sperling, Assistant to the President for Economic Policy
Michael Cohen, Special Assistant to the President for Education

Gender Equity / FY 98 Approps

William R. Kincaid
08/17/97 03:46:57 PM

Record Type: Record

To: Elena Kagan/OPD/EOP

cc: Michael Cohen/OPD/EOP, Tanya E. Martin/OPD/EOP
Subject: Title IV Programs

Elena--

You had asked us to look into the issue that Nancy Zirkin with AAUW called about regardingTitle IV State Educational Agencies. Basically, this is an appropriations issue. When funded, this ED-run program (which name of which refers to Title IV of the Civil Rights Act) provides money to state educational agencies which in turn give schools guidance and technical assistance on providing equal opportunities to traditionally underserved students, including minorities and females (for example, assisting with Title IX compliance).

The appropriation for 1997 was $7.3 million for all Title IV activities. This amount funded only 10 regional desegregation centers, which provide technical assistance to districts on issues of race, sex, and national origin; no funds were provided for State Title IV offices which had been funded in 1995 and earlier years. The ED's budget proposal notes that in the absence of funding in 1996 and 1997, "20 states closed their Title IV offices and many others were forced to significantly reduce their operations and staffing."

In the Administration's 1998 request, ED asked for $14.3 million to provide $7 million for the State agency desegregation efforts. Neither the House nor the Senate Appropriations Committee included the extra $7 million. Both limited funding to $7.3 million for the regional centers. ED is not aware of specific reasons why the appropriators limited funds, other than their use of "same as 1997" funding for hundreds of line items. The AAUW and the Council of Chief State School Officers are seen as the biggest proponents of restoring the state funding. ED is not very optimistic on this one given that it wasn't included in either approps bill.

The Department notes that AAUW and other groups are more pleased with the results thus far on appropriations for WEEA (Women's Educational Equity). WEEA promotes educational equity for girls and women through grants to public agencies, private nonprofits, and individuals--about 2/3 for local implementation of gender equity policies (like teacher training) with the rest supporting a national publishing center and R&D. We proposed to double this program to $4 million, and thus far the Senate has gone along.

Given this background, and competing priorities, do you feel this is something ED needs to be making a special push on?

-- Bill

Thomas_Skelly @ ed.gov
08/15/97 08:38:00 PM

Record Type: Record

To: William R. Kincaid
cc:
Subject: Re[4]: program question

Yes, gender, too.

The AAUW and other groups got a better result on WEEA (Women's Educational Equity). We would double to $4 million, and Senate went along. It was in very big trouble a couple of years ago, but we managed to fund many of the projects through other authorities.

______________________________ Reply Separator ______________________________
Subject: Re[3]: program question
Author: William_R._Kincaid@oa.eop.gov at Internet
Date: 8/15/97 6:29 PM

Message Creation Date was at 15-AUG-1997 18:29:00

Tom--

Just to be clear, these SEA funds cover gender equity, as well as deseg?

Thanks.

-- Bill

---------------------- Forwarded by William R. Kincaid/OPD/EOP on 08/15/97 06:28 PM ---------------------------

Pauline_Abernathy @ ed.gov
08/15/97 12:24:00 PM
Record Type: Record

To: William R. Kincaid
cc:
Subject: Re[3]: program question

Here is your answer -- we asked for the money but it is not in either bill.

____________________ Forward Header ____________________

Subject: Re[3]: program question
Author: Susan Frost at WDCB01
Date: 8/15/97 11:57 AM

Thanks for info, Tom. As I recall this issue comes up every year...AAUW and Chiefs are the main proponents to restore the state funding. Since it is not in either bill, I don't think we can do much about it.... any thoughts? SUSAN

____________________ Reply Separator ____________________

Subject: Re[2]: program question
Author: Thomas Skelly at WDCT02
Date: 8/15/97 08:16 AM

Susan:

The appropriation for 1997 was $7.3 million for all of Title IV Civil Rights Act. It funded only the 10 regional desegregation centers, which provide technical assistance to districts on issues of race, sex, and national origin; no funds were provided for State desegregation offices which had been funded in 1995 and earlier years.

In our 1998 request, we asked for $14.3 million to provide $7 million for the State agency desegregation efforts. Neither the House nor the Senate Appropriations Committee included the extra $7 million. Both limited funding to $7.3 million for the regional centers.

I haven't heard of any reasons why the appropriators limited funds, other than their use of "same as 1997" funding for hundreds of line items. It wasn't an item in the Budget Agreement.

Tom S.

____________________ Reply Separator ____________________

Subject: Re: program question
Author: Susan Frost at WDCB01
Date: 8/14/97 7:02 PM

Tom --- please advise.... thanks..susan

____________________ Forward Header ____________________

Subject: Re: program question

Author: Pauline Abernathy at WDCB01
Date: 8/14/97 12:30 PM

This IS an approps issue. But I do not know the details. Susan and Sarah may.

______________________________ Reply Separator ______________________________
Subject: program question
Author: William_R._Kincaid@oa.eop.gov at Internet
Date: 8/14/97 9:47 AM

Message Creation Date was at 14-AUG-1997 09:47:00

Elena Kagan was contacted by the AAUW raising a question about "Title IV State Educational Agencies" which, I gather, promote gender equity in schools. It isn't clear from what they sent whether there is some legislative movement here (connected to the HEA reauthorization?) or whether they are concerned about appropriations. Does anyone know anything about this?

Thanks.

The following attachments were included with this message:

TYPE : FILE
NAME : 081512ES.TXT

MIME-version: 1.0
Content-type: MESSAGE/RFC822

RFC-822-headers:
Received: from conversion.pmdf.eop.gov by PMDF.EOP.GOV (PMDF V5.0-4 #6879)
 id <01IMGVWXJWJK0076BO@PMDF.EOP.GOV> for "William R. Kincaid"@oa.eop.gov; Fri,
 15 Aug 1997 12:32:31 -0400 (EDT)
Received: from storm.eop.gov (storm.eop.gov)
 by PMDF.EOP.GOV (PMDF V5.0-4 #6879) id <01IMGVWW06DC004WR8@PMDF.EOP.GOV> for
 William_R._Kincaid@oa.eop.gov; Fri, 15 Aug 1997 12:32:29 -0400 (EDT)
Received: from vader.ed.gov ([165.224.216.253])
 by STORM.EOP.GOV (PMDF V5.1-7 #6879)
 with ESMTP id <01IMGVWSIKV200261T@STORM.EOP.GOV> for
 William_R._Kincaid@oa.eop.gov; Fri, 15 Aug 1997 12:32:25 -0400 (EDT)
Received: from smtpgwy1.ed.gov (smtpgwy1.ed.gov [165.224.216.37])
 by vader.ed.gov (8.8.5/8.8.4) with SMTP id MAA26396 for
 <William_R._Kincaid@oa.eop.gov>; Fri, 15 Aug 1997 12:30:18 -0400 (EDT)
Received: from ccMail by smtpgwy1.ed.gov

(IMA Internet Exchange 2.11 Enterprise) id 0000C89B; Fri,
15 Aug 1997 12:32:32 -0400

William R. Kincaid
08/14/97 09:47:56 AM

Record Type: Record

To: Leslie_Thornton @ ed.gov @ inet, Susan_Frost @ ed.gov @ inet, Pauline_Abernathy @ ed.gov @ inet, Maureen_McLaughlin @ ed.gov @ inet

cc:
Subject: program question

Elena Kagan was contacted by the AAUW raising a question about "Title IV State Educational Agencies" which, I gather, promote gender equity in schools. It isn't clear from what they sent whether there is some legislative movement here (connected to the HEA reauthorization?) or whether they are concerned about appropriations. Does anyone know anything about this?

Thanks.

AMERICAN ASSOCIATION OF UNIVERSITY WOMEN

A A U W F A X

TO: Elena Kagan

ORGANIZATION: The White House

FAX NUMBER: 202 456 2878

DATE: August 4, 1997

FROM: Nancy Zirkin

at the

AMERICAN ASSOCIATION OF UNIVERSITY WOMEN
1111 SIXTEENTH ST. N.W.
WASHINGTON, DC 20036-4873

FAX NO: 202/466 7618

PHONE NUMBER: 202 785 7720

NUMBER OF PAGES SENT (including cover sheet): 6

COMMENTS: Thanks for your help. I hope you agree that this goes along with the President's race and gender initiatives. Please let me know what you think. Thanks again.

Mike/Bill/Tanya —
Nancy Zirkin called me last week to complain about something re Title IV, but I can't for the life of me remember what. Could one of you find out where our Title IV proposal stands? Thanks.
Elena

TITLE IV STATE EDUCATIONAL AGENCIES

Title IV-funded state educational agencies programs also are critical to efforts to attain gender equity in schools. These programs, part of the Training and Advisory Services program, provide schools in each of the fifty states with training, materials, and strategies to make gender equity a reality in education. Elimination of these programs means their important services to state and local educators and administrators will be lost.

- Title IV state educational agencies give schools guidance and technical assistance on complying with Title IX, the law that prohibits sex discrimination in education by providing briefings, updates, and resources on Title IX for all school districts.

- In addition, Title IV state educational agencies coordinate the gender equity provisions of education reform laws such as the Improving America's Schools Act.

- Title IV state educational agencies also assists state educators in developing strategies to increase participation of girls in math and science and preventing sexual harassment.

Title IV state educational agencies provide much needed assistance to local schools' educators and adminstrators, working with them to devise methods of assuring girls and young women that the doors to educational opportunity will be open for them.

1

IMPROVING AMERICA'S SCHOOLS

TITLE IV PROGRAMS: PROMOTING AND ACHIEVING EQUITY AND EXCELLENCE IN EDUCATION

As America approaches the year 2000 education objectives have been established in the Goals 2000 and Improving America's Schools initiatives that are vital to the continued progress of our nation. It is essential to assure that our diverse students master skills necessary for success in our technological society and that they learn in a safe educational environment.

It has become increasingly clear that unless we directly address the differences in educational participation and outcomes on the basis of race, gender, national origin, limited English language skills and disability, the overall performance of our educational system will not improve. National organizations, states, and local school communities must focus on both excellence and equity in order to fulfill America's promise for all students.

To promote equal educational opportunity as schools strive to meet standards of excellence, programs have been established through Title IV of the Civil Rights Act of 1964, the most far reaching and comprehensive civil rights legislation in this century. These "Title IV" programs, established originally as school desegregation assistance projects, today provide direct services as requested by local school systems to assure equal opportunities to traditionally underserved students, including minorities and females. The programs also provide assistance in implementing laws that protect students from discrimination based on race, sex, and national origin. Title IV projects are the only state and regional education programs that provide the training and resources needed by local school districts to address equity issues. Because of increasing requests for assistance by school systems in the last decade, the Title IV programs have grown from serving 30 states to currently providing services through ten regional centers nationwide and through all 50 state departments of education. The programs also assist educators and students in three U.S. Territories and the District of Columbia.

Examples of specific types of services provided in the areas of leadership, technical assistance, training, resources, and collaboration are highlighted on the attached pages. These services focus on such issues as increasing minority student achievement, reducing drop-out rates and teenage pregnancy; preventing and addressing racial incidents and sexual harassment in schools, increasing participation by minorities and females in mathematics and science, assuring equal opportunity in career training programs, and eliminating bias in school programs and systemic school reform efforts. Title IV programs assist school districts at their request and work collaboratively with parent, education, and student groups, state government agencies, and business and community organizations. Project staff members, who have extensive experience and expertise in both education and civil rights issues, also share resources, information, and strategies with other Title IV programs nationwide, and conduct ongoing evaluations of their projects' effectiveness.

Title IV programs support the Goals for Education first adopted in 1990 by the National Governors' Association and clarified by the Goals 2000: Education America and Improving America's Schools Acts. They directly aid local schools in assuring that high standards are maintained so that all students have opportunities to begin school "ready to learn," to graduate from high school with competencies necessary to succeed in our modern national and global economies, to achieve at higher levels in mathematics and science, to develop lifelong learning skills, and to attend schools in violence-free nurturing environments. Title IV services are designed at the state and local levels to address specific needs of 15,000 school districts and 85,000 schools to meet important education goals for the 21st century.

Although great strides have been made in moving toward equality in education in America, much work remains to be done. Title IV programs develop collaborative efforts to ensure that all of today's students have the optimal opportunity to grow and flourish in schools that prepare them to be effective and successful citizens for the future.

(Title IV Pgms Imp. Schools)
MACS

TITLE IX MONITORING AND IMPLEMENTATION IN JEOPARDY

A recent state-by-state survey conducted by the Educational Development Center and the Women's Educational Equity Act (WEEA) Resource Center has identified the impact of FY '97's federal funding cuts on Title IX monitoring and implementation.

IMPACT

- All but two states (those with strong state gender equity laws that require extensive monitoring of local schools) have either eliminated or reduced Title IX staff positions and programs. Twenty states have no services at all.

- When some state department of education superintendent's offices were asked, "Who is responsible for Title IX in your state?" they responded, "We don't do that anymore." This is in spite of the federal law's requirement that each state department of education, as a recipient of federal funding, must have a Title IX designee.

- The majority of state education departments that identified a Title IX designee reported minimal or no program funds to support Title IX activities.

EXAMPLES OF SERVICES LOST OR REDUCED

- Training for local school districts on sexual harassment in schools

- Dissemination of current gender equity information to local school district

- State monitoring of all areas of Title IX compliance in local school districts, including access to courses, athletics, counseling, rights of pregnant students

- Training for teachers on identifying and addressing gender bias in classrooms

- Programs to increase the participation of girls in mathematics, science, and technology

- Programs to infuse women's history into curriculum and instruction

- Dissemination of exemplary resources and programs, such as those provided by the Women's Educational Equity Act and the National Women's History Project

ACTION NEEDED

Restore federal funds to support state education Title IX staff and programs. Assure FULL FUNDING at $14 million of School Improvement Training and Advisory Services (Title IV of the Civil Rights Act of 1964) for FY '98.

DOE Budget ...

two-thirds of funds support local implementation of gender-equity policies and practices through such activities as teacher training to ensure gender equity in the classroom and guidance and counseling to increase opportunities for women in fields in which they are traditionally underrepresented. The remaining funds support dissemination through a national publishing center and research and development.

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

	1996	1997	1998 Request
BA in millions	$7.3	$7.3	$14.3

The request would re-establish Federal support for State educational agency (SEA) efforts to promote desegregation, while maintaining funding for regional desegregation assistance centers that provide technical assistance and training to districts that are desegregating on the basis of race, sex, or national origin. These activities help ensure equitable access to educational opportunities for all students. In the absence of Federal funding in 1996 and 1997, 20 SEAs closed their Title IV offices, and many others were forced to significantly reduce their operations and staffing.

Education for Native Hawaiians
(BA in millions)

	1996	1997	1998 Request
Family-Based Education Centers	$5.6	$6.1	$6.1
Higher Education	1.4	2.5	2.5
Gifted and Talented	1.2	1.5	1.5
Special Education	1.2	1.6	1.6
Curriculum Development, Teacher Training, and Recruitment	1.5	2.0	2.0
Community-Based Centers	0.8	1.0	1.0
Native Hawaiian Education Councils	0.3	0.3	0.3
Total	12.0	15.0	15.0

These programs provide educational services for Hawaiian Natives, many of whom continue to perform below national norms on achievement tests of basic skills in reading, science, math, and social science. Hawaiian Natives also experience higher than average rates of absenteeism and grade retention. Education for Native Hawaiians programs, which address such issues as early childhood education and educator professional development, fund projects that have improved the educational performance of Hawaiian Native students. The 1998 request of $15 million would continue support for each of these programs at the 1997 level.

Lonna_Jones @ ed.gov
10/07/97 03:19:00 PM

Record Type: Record

To: Jordan Tamagni, Michael Cohen, Robert M. Shireman, William R. Kincaid

cc:

Subject: Re[2]: Help

Yes, that's the estimate for number of kids served by Title I under the President's FY 1998 budget. Our estimates show the number ranging from 10.1 to 10.6 million kids served, or an increase of almost 500,000 kids over FY 1997.

______________________________ Reply Separator ______________________________

Subject: Re: Help
Author: William_R._Kincaid@oa.eop.gov at Internet
Date: 10/7/97 1:17 PM

Message Creation Date was at 7-OCT-1997 13:17:00

As far as I know, this number is still good. Anybody else have a different take?

Jordan Tamagni
10/07/97 12:01:45 PM

Record Type: Record

To: Robert M. Shireman/OPD/EOP
cc:
Subject: Help

Are we still saying that the budget will help to raise standards for over ten million low income students by increasing title I funding?

Budget / Minority Resources

MEMORANDUM

To: Gene Sperling
From: Bob Shireman
Date: September 9, 1997
Subject: **Hispanic Education Update**

Appropriations

The President's Budget includes substantial increases for programs that serve Hispanic Americans. Congress has followed through on a number of those requests.

- **Bilingual Education**: The President proposed a 27% increase, from $157 million to $199 million. *This is specifically protected in the budget agreement.* (75% of those served are Hispanic). **Both the Senate and House bills (now on the floor) include the full increase. In addition, they have agreed to allow $25 million for teacher training, which Republicans opposed last year.**

- **Immigrant Education**: The President proposed a 50% increase, from $100 million to $150 million. *This is specifically protected in the budget agreement.* (56% of those served are from Spanish-speaking countries). **Both the Senate and House bills (now on the floor) include the full increase.**

- **Title I for high-poverty school districts**: The President proposed $350 million for this targeted fund (which has not been funded since it was created in the 1994 reauthorization. **The House put in $400 million (as part of meeting the Administration's overall increase in Title I); the Senate has nothing (as part of level-funding Title I).**

- [**Adult Education**: The President proposed a 12% increase on top of last year's 38% increase, from $250 million in FY96, to $344 million in FY97, and a request of $382 million for FY98. 34% of those served are Hispanic. **House and Senate bills do NOT provide the increase for FY 1998, but do maintain last year's increase.]**

- **Migrant Education**: The President proposed a 5% increase, from $305 million to $320 million (though this is less than last year's request of $360 million). (74% of the students served are Hispanic). **The House and Senate level-fund the program at the FY 1997 amount.**

- **Hispanic-Serving Institutions**: The President proposed an 11% increase, from $10.8 million to $12 million. (FYI, funding for HBCUs is $109 million this year, and the Budget requests $113 million). **The House and Senate provide the increase. In addition, Secretary Riley has announced that he would propose a separate part in the Higher Education Act for HSIs. We have been working internally on *Adarand* issues for the past several weeks (NEC has called Education-Justice meetings to move things**

along) and Justice has now cleared Education's proposal.

- **HEP-CAMP**: The President proposed an inflation adjustment. (A previous Clinton budget had proposed elimination of these programs). HEP would increase from $7.441 million to $7.634 million, an increase of $193,000. CAMP would increase from $2.028 million to $2.081 million, an increase of $53,000. **The increase is included in both the House and Senate bills.**

In addition:

- **Head Start** is fully funded in both the House and Senate at the President's request.

- **Job Corps** is fully funded with the President's $92 million increase (to $1.246 billion). *70% of participants are minorities.*

- **Charter Schools**: Hispanic students have strong participation -- *25% of the students in charter schools are Hispanic.* The Administration proposed doubling funding to $100 million. The House is at $75 million, the Senate has level-funded the program.

- **Youth Opportunity Areas**: The President proposed $250 million. The House has forward-funded $100 million, the Senate has advance appropriated $250 million to FY 1999.

- **America Reads**: Many of the best examples involve LEP children and parents. Includes Parents-as-First-Teachers, which, like Even Start, has high Hispanic participation. President requested $200 million for National Service and $260 million for the Education Department.

<u>Discussions with the Hispanic Caucus and staff</u>

You have been working with

Working with Congressman Hinojosa (EE-na HO-sa), the NEC has pulled together **three two-hour discussions** with high-level policy officials covering:

- Higher Education

- Elementary and Secondary Education Programs

- Early Childhood Education

Education and Training Programs Helping Minority Populations in America

(BA in millions)

Department/Program	1993 enacted	1996 request	1996 enacted	1997 request	1997 enacted	1998 request	House	Senate
Comprehensive Regional Assistance Centers	n.a.	55	22	45	26	34	26	26
	Helps with implementation of school reform with a focus of high poverty schools trying to put into place effective whole-school models.							
Historically Black Colleges and Universities	98	109	109	109	109	113	120	109
	103 HBCUs qualify for assistance under this formula grant program, which enroll about 16% of all Black students nationally (1993).							
Hispanic-serving Institutions	0	12	11	12	11	12	12	12
	Almost 200 schools have at least a 25% Hispanic enrollment in the country, but only half qualify for this program; 37 will receive HSI grants in FY 1997.							
TRIO programs	388	463	463	500	500	525	532	525
	For the two primary programs of TRIO -- Upward Bound and Student Support Services -- minority enrollment percentages are 80% and 54%, respectively.							
Pell Grants	6,459	6,602	4,914	5,919	5,919	7,635	7,438	6,911
	The $3,000 maximum policy and independent student eligibility expansion included in budget agreement. House and Senate funding for independent student expansion made contingent upon authorization. 40 percent of recipients are non-white.							
LABOR DEPARTMENT								
Job Training Partnership Act (JTPA) programs:								
Adult Job Training Grants	1,015	1,055	850	947	895	1,064	1,064	955
	This program and all the programs listed below under JTPA programs are in the Training and Employment Services appropriation which is protected under the Budget agreement. Nearly half the terminees in this program are minorities.							
Dislocated Workers	651	1,396	1,092	1,293	1,286	1,350	1,350	1,350
	A little more than one-quarter of terminees are minorities.							
Youth Job Training Grants	677	127	127	127	127	130	130	130
	60 percent of terminees are minorities.							
Job Corps	966	1,228	1,094	1,154	1,154	1,246	1,246	1,246
	70 percent of participants are minorities.							
School-to-Work	--	200	170	200	200	200	200	200

Education and Training Programs Helping Minority Populations in America

(BA in millions)

Department/Program	1993 enacted	1996 request	1996 enacted	1997 request	1997 enacted	1998 request	House	Senate
Opportunity Areas for Youth	--	--	--	250	--	250	[100]	[250]
	Targeted to 10-15 low-income urban and rural areas annually and designed to reduce unemployment among out-of-school youth. House provided $100 million available 7/1/99; the Senate $250 million available 10/1/98. Both appropriations available only if authorizing legislation is enacted.							
Summer Jobs	849	872	625	871	871	871	871	871
	76 percent of participants are minorities.							
Native American & Migrant Job Training	122	122	122	122	122	122	122	128
Employment Standards Administration: Office of Federal Contract Compliance Programs (OFCCP)	56	64	56	65	59	69	61	62
	OFCCP enforces EO11246 and various related laws requiring federal contractors to take affirmative action to ensure equal employment opportunity.							
HEALTH AND HUMAN SERVICES								
Head Start	2,776	3,935	3,569	3,981	3,981	4,305	4,305	4,305
	Fully funded at the President's request.							
Child Care and Development Block Grant	893	1,049	935	1,049	956 (2)	1,000	937	963
	Funded at less than the President's request. Senate Committee appropriates $26M more than House Committee.							
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE								
AmeriCorps (America Reads)	202	819	600	771	616	809	202	423
	FY 1998 includes $188 million literacy initiative (America Reads) protected in the budget agreement. House denied request; Senate provided $20 million. Would provide assistance to children with reading difficulties, especially those in low-income areas.							

Footnotes:

(1) The FY 1996 budget request proposed to consolidate this program into Vocational and Adult Education literacy programs.
(2) Comparable number to reflect conversion of CCDBG to an advance appropriation.

Education and Training Programs Helping Minority Populations in America

(BA in millions)

Department/Program	1993 enacted	1996 request	1996 enacted	1997 request	1997 enacted	1998 request	House	Senate
EDUCATION DEPARTMENT								
Bilingual Education	184	200	128	157	157	199	199	199
Immigrant Education	29	100	50	100	100	150	150	150
	Protected in budget agreement. Provided funds in Bilingual ED for support services and professional development as well as instructional services.							
America Reads	n.a.	n.a.	n.a.	n.a.	n.a.	260	260	260
	Literacy initiative protected in budget agreement. Funding in House and Senate made contingent on authorization and delayed to FY 1999. Would provide assistance to children with reading difficulties -- especially in low income areas or LEP kids.							
School-to-Work	n.a.	200	180	200	200	200	200	200
	Helps young people move from high school to careers or postsecondary training/education; grants provided to partnerships serving youths in urban and rural high poverty areas and Indian youths.							
Adult Education (State grants)	255	293	250	290	340	382	340	340
	To meet increased demand created by welfare reform and new immigration legislation. Serves 3.9 million educationally disadvantaged adults: 70% of participants enrolled in basic education and ESL classes.							
Goals 2000	n.a.	750	350	491	491	620	475	530
	Helps raise academic standards for all students; half of local grants must go to most disadvantaged school districts							
Title I, Education for the Disadvantaged: Grants to LEAs	6,126	7,000	6,730	7,165	7,295	7,541	7,541	7,295
	28% of students served are African-American; 32% are Hispanic							
Title I, Even Start	91	n.a.[1]	102	102	102	108	108	108
	23% of families served are African American; 36% are Hispanic							
Title I, Education for the Disadvantaged: Migrant Education	300	310	305	310	305	320	305	305
	4% of students served are African American; 79% are Hispanic							
Safe and Drug-Free Schools	582	500	466	540	556	620	556	556
	30% of local funds are for LEAs with the greatest drug and violence prevention needs							
Training and Advisory Services	22	14	7	14	7	14	7	7
	Supports regional desegregation centers and State desegregation efforts							
Charter Schools	n.a.	20	18	40	51	100	75	51
	Improves school choice and supports innovation. 14% of students in charter schools are African American and 25% are Hispanic.							

The President's Budget includes substantial increases for programs that serve Hispanic Americans:

- **Bilingual Education**: 27% increase, from $157 million to $199 million. *This is specifically protected in the budget agreement.* (75% of those served are Hispanic)

- **Immigrant Education**: 50% increase, from $100 million to $150 million. *This is specifically protected in the budget agreement.* (56% of those served are from Spanish-speaking countries).

- **Adult Education**: 12% increase on top of last year's 38% increase, from $250 million in FY96, to $344 million in FY97, and a request of $382 million for FY98. 34% of those served are Hispanic.

- **Migrant Education**: 5% increase, from $305 million to $320 million (though this is less than last year's request of $360 million). (74% of the students served are Hispanic).

- **Hispanic-Serving Institutions**: 11% increase, from $10.8 million to $12 million. (FYI, funding for HBCUs is $109 million this year, and the Budget requests $113 million).

- **HEP-CAMP**: Inflation adjustments (they had been slated for elimination). HEP would increase from $7.441 million to $7.634 million, an increase of $193,000. CAMP would increase from $2.028 million to $2.081 million, an increase of $53,000.

The NEC is leading an Administration effort to ensure that -- in the programs we already have and those we are proposing -- we are doing all we can to improve educational opportunities for Hispanic Americans. As Gene Sperling suggested in his meeting with Rep. Hinojosa last week, the NEC will be setting up briefings for the caucus members and staff on a number of topics -- for example, early childhood education, model elementary-secondary programs, higher education, and job training. We will bring in the experts from the agencies, so these can be working sessions, discussing options and coming up with ideas.

Some of the areas we are working on include:

- **Adult Education formula**. The Administration's reauthorization proposal pushed more funds to States with large populations of limited-English proficient (LEP) populations. This would benefit 11 States, including California, Texas, New York, and Florida. **This is an important precedent**, recognizing the need to add resources to address the special needs of the LEP population. There was not enough time for the House to consider the idea before the legislation was considered on the floor, but we are pushing for it to be considered in the Senate.

- **America Reads.** We stopped the legislation in clearance, and worked with ED to add language specifically citing the needs of LEP children, and a provision that will prompt States to describe, in their plans, how they will reach LEP families with reading assistance.

- **Head Start**. HHS has responded to OMB's request for information on (1) current Hispanic participation, and (2) ACF's plan for increasing it. On current participation, there are some discrepancies that we are exploring: the Becerra letter says Hispanics are 15% of Head Start participants; HHS says that they are 25% -- but that they should be 30%. *We are comparing HHS's plan with the recommendations of the Commission and the groups, to determine what more can be done.*

- **Hispanic-Serving Institutions.** While the Administration's FY98 Budget only calls for a modest increase for HSIs (from $10.8 million to $12 million), we have asked ED to consider this issue in the HEA reauthorization and in its FY99 budget request.

- **Bilingual Teacher Training**. The Republicans eliminated this separate appropriation when they took over Congress. Since then, the Administration has been pushing for $25 million or more of the Bilingual program funds to be reprogrammed for teacher training, but has run into opposition particularly from Rep. Henry Bonilla (R-Tex). We have made progress: last year we were able to reprogram only $1.1 million of the FY96 funds, but this year's negotiations (Apfel was at the center of it) we got them up to $5 million. **This is only one-fifth of our request, however.** *At our request, ED (Delia Pompa) is drafting a plan to build support for the full $25 million request.*

- **Higher Education Act reauthorization issues**. ED is beginning to wind up some of its internal deliberations. *We have asked them to respond specifically to the recommendations of the Caucus and the Commission*, including **TRIO** (concern about under-representation of Hispanics), HSIs, and the formulas for distributing funds in the campus-based student aid programs (such as Work-Study).

<u>Dropouts</u>

In addition, the Education Department is developing an "action plan" to address the dropout problem. It will focus on model programs -- schools that have shown that they can make a difference.

Labor-H SAP

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
LEGISLATIVE AFFAIRS

PHONE: 395-4790 / FAX: 395-3729

TO: EOP Internal Distribution List

DATE: 10/7

SUBJECT: FY 1998 Appropriations Letter from Franklin D. Raines, Director

PAGES: 14

H.R. 2264 - Labor/HHS/Ed FY1998 Appropriations Conferees Letter

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE DIRECTOR

October 7, 1997

The Honorable Bob Livingston
Chairman
Committee on Appropriations
U.S. House of Representatives
Washington, D.C. 20503

Dear Mr. Chairman:

The purpose of this letter is to provide the Administration's views on H.R. 2264, the Departments of Labor, Health and Human Services, Education, and Related Agencies Appropriations Bill, FY 1998, as passed by the House and by the Senate. As the conferees develop a final version of the bill, your consideration of the Administration's views would be appreciated.

Both the House and Senate versions of the bill provide requested funding for many of the Administration's priorities. The Administration is pleased that both the House and the Senate Committees limited the number of appropriations riders, consistent with the terms of the Bipartisan Budget Agreement (BBA). The conferees are urged to continue this practice. As discussed below, the Administration will seek restoration of certain of the reductions to the President's request. We recognize that it will not be possible in all cases to attain the Administration's full request and will work with the conferees toward achieving acceptable funding levels.

The House and Senate have included $1 billion and $2 billion more, respectively, than the President has requested for dozens of authorities in the Department of Education, while cutting the President's request in a broad array of important programs. We urge the conferees to reduce funding for lower priority programs, or for programs that would be adequately funded at the requested level, and to redirect funding to programs of higher priority, particularly those specified in the BBA, as noted below.

Unfortunately, a number of controversial amendments were passed on the House and/or Senate floor, such as an amendment that would create education block grants from Administration priorities such as Goals 2000 and Title I (Education for the Disadvantaged), amendments to prohibit or prevent the use of funds in the Act for supervising the Teamsters reelection, and an amendment to prohibit the use of funds in the Act for the President's National Testing initiative. In addition, certain provisions of the House and Senate bills, such as the lack of FY 1998 funding for the President's America Reads Challenge and insufficient funding for Pell grants, are contrary to the BBA. If such policies were adopted, particularly in light of other concerns raised in this letter, the President's senior advisers would recommend that the President veto the bill.

Department of Education

The Administration appreciates efforts of the Congress to provide substantial new funding for education activities. Unfortunately, the Senate-passed education block grant would undermine all of these gains. The Senate's education block grant provisions would effectively terminate most elementary and secondary education programs, including Title I, Goals 2000, School-to-Work, Charter Schools, Safe and Drug-Free Schools and Communities, and Bilingual and Immigrant Education. The block grant proposal would not ensure that funds are directed to educational problems of greatest concern, and would provide virtually no targeting toward the neediest school districts and students. On September 16th, the President made it clear that he will veto any bill that contains such block grant provisions.

Both the House and Senate have failed to provide the $260 million necessary for the President's America Reads Challenge in the Department of Education. Both the House and the Senate have provided advance appropriations for America Reads to the Department of Education for FY 1999, pending new authorization, which would produce a full year's delay in getting needed reading assistance to millions of children. The House has provided only $10 million of the $42 million requested for America Reads in the portion of the Corporation for National and Community Service budget funded by this bill; the Senate has provided only $16 million for the same program. The BBA specifically calls for funding a child literacy program consistent "with the goals and concepts of the President's America Reads program" at the levels proposed in the President's FY 1998 Budget. America Reads is one of the Administration's highest funding priorities. The Administration believes that full FY 1998 funding for this initiative should be restored to both the Department of Education and the Corporation for National and Community Service activities funded in this bill and the VA/HUD Appropriations bill.

The Administration is working closely with the authorizing committees to develop legislation effective for FY 1998. There is ample time to enact legislation, as needed, by April 1st for a program that would begin on July 1st, in time for summer activities and the 1998-1999 school year. The Administration also strongly urges the Congress to make the funds available on April 1, 1998 under existing authorities, in the event that final action on the authorization bill is not completed in a timely manner.

The Administration is strongly opposed to House provisions that would bring a halt to the President's National Testing initiative. In his September 20th radio address, the President stated that he will veto any legislation that denies our children high national standards through the prohibition of the President's national testing initiative. The national tests proposed by the President are critical because they will, for the first time, provide students, parents, and teachers the opportunity to measure how well students are performing in comparison to national standards and international benchmarks. As a result, national tests will help hold schools accountable to parents and communities for the performance of all students. The Department of Education has the authority to develop these tests under the Fund for the Improvement of Education (FIE). We support requirements that the Department of Education contract with the National Academy of Science to conduct a study and report on the testing initiative. In addition, we support the Senate provision that places overall responsibility for the testing initiative with the independent, bipartisan National Assessment Governing Board. The Administration urges the conferees to provide adequate funding for the FIE program that finances this testing initiative, so that sufficient funding will also be available for continuation grants, new awards, and congressional directives.

The BBA specifies funding at the levels proposed in the President's request for Pell grants, which supports both a $3,000 maximum award and expanded eligibility for independent students. While the FY 1998 maximum award level is set at $3,000, both the House and Senate have cut the Pell request significantly. Further, neither the House nor the Senate authorize the Administration's proposed independent student policy. This authorization is no different from the Committee's annual procedure of authorizing the maximum Pell grant award. We urge the conferees to fully fund Pell grants and to authorize the independent student change

We are concerned about three Senate amendments that could transfer almost $100 million from unobligated balances in the Pell grant program to other Department of Education programs. These funds are needed to fund the $3,000 maximum award and the President's proposal to expand eligibility for low-income independent students. Therefore, the Administration opposes these amendments.

The Administration strongly opposes a House provision that would prohibit the investigation of violations by, and imposition of penalties upon, States that do not comply with the statutory requirement of the Individuals with Disabilities Education Act (IDEA) Amendments of 1997 to serve eligible individuals with disabilities age 18 or older in adult State prisons. The 1997 Amendments reduced State burdens by reducing the number of eligible individuals and by limiting the types of services that must be provided. Since prison education programs have a positive effect on reducing recidivism and on post-release employment success, the requirement to serve this population should be properly enforced.

The Administration urges the conferees to fund the Office for Civil Rights (OCR) at the President's request of $61.5 million, $6 million above the House bill and $4 million above the Senate bill. OCR plays a vital role in ensuring equal access to education for all students through enforcement of civil rights laws and regulations. Promoting harmonious race relations is an essential part of the President's Initiative on Race. Because OCR enforcement efforts are a fundamental bridge to achieving this goal, OCR must be funded accordingly.

The Administration urges the conferees to fund the Program Administration account at the Senate level of $340 million. Congress provided the Education Department $3.6 billion in new program spending in FY 1997, and both the House and Senate bills provide a further increase of nearly $3 billion, from $26.3 billion to approximately $29 billion, for FY 1998. The Department must have sufficient staff resources to properly manage these new funds and programs and to ensure the highest possible level of program performance.

The House has provided only $387 million for Goals 2000, $233 million below the request, while the entire Education Reform account is $223 million below the request. This violates the BBA, which stipulates that the Education Reform account be funded at the President's request. The Senate has provided $530 million for Goals 2000, $90 million below the request. The Administration urges the conferees to fund Goals 2000 at the President's request to support education reform and challenging academic standards in all 50 States.

The Administration urges the conferees to fund Safe and Drug-Free Schools and Communities (SDFSC) at the President's request of $620 million, $64 million above the level recommended by the House and Senate. SDFSC, the largest Federal school-based drug and violence prevention program, serves more than 40 million students in over 97 percent of the Nation's school districts and is an essential component of a comprehensive effort to reduce teen drug use.

The Administration urges the conferees to fund the Adult Education State Grant program at the President's request of $382 million, $42 million above both the House and Senate funding levels. The President's request would meet increased demand for literacy training created by new welfare reform and immigration legislation. At the President's requested funding level, this program would help over 4.2 million adult learners complete high school, start on the path to postsecondary education and better jobs, and become more effective parents. At the House or Senate funding level, about 107,000 adult learners would be denied services.

The House has included language amending the definition of an eligible lender in the Federal Family Education Loan Program. The language would provide a broad exception to the current limitation on how much of a bank's portfolio can comprise guaranteed student loans, including loans that a bank holds as a trustee for a third party. It would also permit finance companies, the financial solvency of which, --unlike banks-- is not regulated by a public entity, to be eligible lenders. These provisions would increase the Federal exposure to financial risk and weaken parts of the statute enacted specifically in response to prior abuses. The provision should not be included in the conference bill.

The Administration urges the conferees to fund Title I, Education for the Disadvantaged Grants to Local Educational Agencies at not less than $7.395 billion, exclusive of "comprehensive school reform." This level would provide a minimum increase over the 1997 level of $7.295 million. The most appropriate use of the $100 million above FY 1997 would be for Targeted Grants. This amount would provide additional education services to help over 130,000 students in our poorest communities master the basics and reach challenging academic standards.

The Administration is concerned about the Senate's $52 million funding level for the Statistics program, $14 million less then the President's request. With this funding level, the Department of Education would not be able to move forward on a number of studies, including those providing key data on early childhood, student achievement, teachers, and adult literacy. The Administration urges the conferees to provide the requested funding level.

The Administration supports the Senate-passed language assigning to the National Assessment Governing Board the responsibility for development of voluntary national tests. In order to carry out these responsibilities, we ask that the Conference bill include an additional $600,000 for the Board for this purpose.

The Administration supports the House level of $50 million for After School Learning Centers (21st Century Community Learning Centers), which is the same as the Presidents Budget request. These grants will help communities and schools provide safe environments for learning during after-school hours.

We also urge the conferees to fund other high priority Education programs at the President's requested level, including Eisenhower Professional Development, and Charter Schools.

Department of Health and Human Services

The Administration is deeply concerned that both the House and Senate have failed to provide $21 million for the Administration's new Adoption Initiative. The goal of this program is to double the number of children adopted or permanently placed outside of child welfare systems by FY 2002. The additional investment is small compared to the potential rewards of placing children in supportive and loving homes. The Administration strongly urges the conferees to fully fund this urgently-needed program at the President's requested level.

Both the House and the Senate have rescinded $21 million in mandatory research funds. The President's request assumes $18 million in discretionary and $21 million in mandatory welfare research funds, for a total of $39 million. In order to gauge the effects of welfare reform, research is needed now more than ever. The Administration strongly urges the conferees to drop the rescission and to fund this critical welfare research at the President's requested level.

The Administration strongly opposes the House-passed amendment that takes away the authority of the Secretary of Health and Human Services to certify that Federal funds may be used for needle-exchange programs. Under current law, the Secretary may authorize such funding only after a formal determination that a needle-exchange program would both prevent the spread of disease and not encourage the use of illegal drugs. The Department of Health and Human Services is currently engaged in research to answer these questions. It is premature to foreclose possible public health benefits by legislative mandate before the scientific evidence has even been considered.

The Administration urges the conferees to fund the Health Care Financing Administration (HCFA) program management account at the requested level of $1,775 million. The House has funded HCFA program management at $1,679 million, $96 million below the President's request, and the Senate has provided $1,719 million, $56 million below the President's request. The President's request level is critical to enabling HCFA to mount an aggressive initiative against

Medicare fraud, waste and abuse. The President's request would also ensure that HCFA is able to comply with Year 2000 systems requirements and perform the CFO audit. The President's request for the Medicare Transaction System would fund consolidation of HCFA's current contractor systems, which needs to occur prior to, and independent of, final resolution of any Medicare modernization issues. The House has not provided any funding for contractor consolidation, and the Senate has provided $35 million less than the request for this program. HCFA also faces implementation challenges as a result of the BBA. The Administration urges the conferees to appropriate the $200 million in managed care user fees authorized in the BBA. We are committed to working with the Congress to determine the appropriate level of additional funding for BBA implementation.

The Administration prefers the Senate funding level of $208 million for the Title X Family Planning program. This level will serve an additional 80,000 clients in FY 1998 and will enable the Family Planning program to continue its priorities, including outreach to women not likely to seek services and emphasis on comprehensiveness of reproductive health services. The Administration also supports efforts to encourage minors to discuss their health care needs with their families.

Both the House and Senate have included a provision that prohibits the purchase of managed care coverage that includes abortion. The President believes that abortion should be safe, legal, and rare. However, the provision would not only maintain, but would further limit the range of conditions under which a woman's health would permit access to abortion. Furthermore, it would require a physician to make a legal determination that these conditions have been met. The Administration opposes this attempt to constrain further the availability of abortion services. Nonetheless, it is helpful that the provision is clear that limitations on the use of Federal funds to provide abortion services under managed care plans do not affect in any way the ability of States to provide such coverage using their own funds, nor the ability of managed care providers to participate in Federally-funded programs while also offering other coverage paid for by State or private funds.

The Administration is pleased that both the House and Senate have provided increased funding for many of the Ryan White AIDS CARE Act programs, including the AIDS Drug Assistance Program (ADAP). The Administration urges the conferees to provide as large an increase as possible for all Ryan White AIDS CARE Act programs, including ADAP, consistent with the President's other priorities in the bill. We also urge the conferees to allocate funds in a way that maximizes the provision of primary care.

The Administration is concerned that neither the House nor the Senate has provided a specific amount for AIDS research through a single appropriation for the National Institutes of Health's (NIH's) Office of AIDS Research, as requested in the President's budget. The single appropriation would help NIH plan and target NIH research funds effectively, minimizing duplication and inefficiencies across the 21 institutes and centers that carry out HIV/AIDS research.

The Administration is concerned that the House has funded HIV prevention activities at the Centers for Disease Control and Prevention at $12 million below the President's request. The FY 1998 Budget proposes a $17 million increase for this activity to target HIV prevention for intravenous drug users at risk of developing the virus. The conferees are encouraged to fully fund the President's request of $634 million.

The Administration strongly endorses an amendment offered in both the House and Senate that repeals the $50 billion tobacco settlement credit contained in the Balanced Budget Act of 1997. The amendment, sponsored by Senators Durbin and Collins and Representatives Lowey and Roukema, garnered strong bipartisan support and should be adopted in conference.

Department of Labor

The BBA specifies funding at the levels proposed in the President's budget for Training and Employment Services, including Job Corps. The FY 1998 request included $250 million for the Youth Opportunity Area proposal. The House bill provides $100 million in FY 1999 for this program, while the Senate bill provides $250 million in FY 1999, contingent upon enactment of authorizing legislation by April 1, 1998. We urge the conferees to adopt the Senate approach, provided that the date for enactment of authorizing legislation is changed to July 1, 1998. The House and Senate bills reduce requested funding for the adult training grant program by $21 and $109 million, respectively. We urge the conferees to restore funding for this program.

The Administration appreciates the House's allocation of $183 million to help finance the year 2000 conversion of State Unemployment Insurance (UI) systems and the Senate's allocation of $150 million for the same purpose. However, both amounts are below the level needed to provide adequate funding to meet the year 2000 costs. The conferees are urged to provide the $200 million request for year 2000 conversion costs. The House and the Senate have failed to provide $89 million for spending on UI "integrity" initiatives (e.g., increased eligibility reviews, tax audits). The spending is explicitly assumed in the Balanced Budget Act of 1997, and would, over five years, achieve $763 million in mandatory savings assumed in the Act.

On July 17, 1997, the President sent to Congress a budget amendment for $6.2 million for the Labor Department to administer the $3 billion Welfare-to-Work program. The House-passed bill includes no funds for Welfare-to-Work administration, while the Senate-passed bill provides $4 million. We urge the conferees to include $6.2 million to administer the Welfare-to-Work program, which was agreed to by Congress in the Balanced Budget Act of 1997.

The Administration urges the Conferees to provide the President's request of $1.064 billion for the Job Training Partnership Act. These resources are essential for locally-based strategies to help disadvantaged adults obtain and hold good jobs with career potential. Furthermore, data show that this adult training program has a positive net impact on earnings.

The Senate has provided $990 million, and the House $981 million, for the Department of Labor workplace protection programs. Both levels are about half of the President's proposed increase. Without the requested level, the Department will not be able to carry out a balanced program of targeted enforcement with expanded partnerships and compliance assistance in the regulated community, or streamline its operations to provide assistance to small businesses in complying with various workplace laws and related executive orders, such as the systems and technical assistance improvements requested for the Office of Federal Contract Compliance. The conferees are urged to provide the requested level for the Bureau of Labor Statistics to ensure the continued accuracy and reliability of all the Bureau's programs. Funding for the independent National Labor Relations Board has been frozen, a cut of $11 million below the request. The Administration urges the conferees to enact the Administration's request for these programs.

Social Security Administration

The House has provided $245 million for additional Continuing Disability Review (CDR) funding and SSI reforms implementation, $45 million less than the President's request. The Balanced Budget Act of 1997 contains a provision that provides authority for a $290 million upward cap adjustment ($45 million more than prior law) to the non-defense discretionary spending caps for funding provided for additional CDRs. This is consistent with Senate action and the President's request. Failure to provide the additional funds would mean that some 15 percent fewer individuals would have their status reviewed in FY 1998, potentially costing hundreds of millions of dollars in benefits to individuals who would have been found no longer eligible. We urge the conferees to provide the additional $45 million, consistent with Senate action.

The Senate has reduced funding for the Office of the Inspector General (IG) by $7 million from the President's request of $44 million. The reduction to the IG request would hamper the IG's ability to perform audits and investigations needed to prevent fraud, waste, and abuse and to assure program integrity. The Administration urges the conferees to restore funding to the maximum extent possible in this key area.

The Senate has reduced funding for research and demonstration projects by $7.4 million from the President's request of $16.7 million. The reduction in research and demonstration funding would reduce SSA's ability to understand the reasons for growth in the disability programs and implement initiatives intended to improve SSA's record in returning disabled beneficiaries to work. At the same time, the Senate specified that not less than $2.25 million shall be available to establish a demonstration project to assist persons with disabilities due to the loss of a limb to return to work. The Administration urges the conferees to restore funding to the maximum extent possible in this key area, but to do so without identifying specific projects and funding levels. The Administration believes that SSA staff are in the best position to establish a research and demonstration projects agenda that gives full consideration to assisting all persons with disabilities, without special regard to the specific impairments that are the cause of the disabilities.

Additional Administration concerns are contained in the enclosure.

Sincerely,

Franklin D. Raines
Director

Enclosure

Identical Letter Sent to The Honorable Bob Livingston,
The Honorable David R. Obey, and The Honorable John E. Porter,
The Honorable Ted Stevens, The Honorable Robert C. Byrd,
The Honorable Arlen Specter, and The Honorable Tom Harkin

Enclosure
(Conference)

ADDITIONAL CONCERNS
H.R. 2264 – DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, EDUCATION, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1998

The Administration looks forward to working with the conferees to address the following concerns.

All Agencies Covered by the Bill

- Across-the-Board Administrative Cut. The Senate bill calls for a $76 million administrative cut, spread across all agencies covered by the bill. Such a cut would have a serious impact on the operation of important programs throughout these agencies.

- Operating Plans. The House Committee report calls for all agencies covered by the bill to provide to the Committee "operating plans" for appropriations. The administration is prepared to work with the conferees to discuss the purpose of this request and determine how to address it.

Department of Health and Human Services

- Community Schools: Violent Crime Reduction. While the Administration supports the House and Senate funding of Violence Against Women Act programs, neither the House nor the Senate has provided funding for the Community Schools program within the Violent Crime Reduction Programs account. The House has provided no funding for Developmental Disabilities Special Projects activities. We urge the conferees to restore funding for these programs.

- Medicare Survey and Certification User Fees. The President's budget proposes total funding of $158 million for the surveys and certification program, $148 million in budget authority and $10 million in user fees. The House has provided $148 million in budget authority, $10 million below the President's request. The Senate has provided $158 million in budget authority but has not enacted the $10 million in user fees. The Administration believes that health care providers who derive considerable benefit from the Medicare program should fund the cost of conducting initial surveys required for entry into the program. We urge the conferees to enact the Administration's survey and certification user fee proposal and to fully fund the President's request for this activity.

- Aging Services Programs. Within the Administration on Aging, the House and the Senate have provided no funding for the Alzheimer's Initiative. This important program would provide critical resources for the elderly.

- Head Start. The Administration is concerned that the Senate, while providing the full request for Head Start, would make the funds available in a manner that is inconsistent with the Head Start Act. It appears that the Senate intends to double the amount of funding for the Early Head Start program out of the overall increase provided for Head Start over the FY 1997 appropriation. We urge the conferees to provide these funds in accordance with the bipartisan authorizing statute in order to support the President's goal of serving one million children by FY 2002.

- Hansen's Disease. The House bill includes language that would transfer HHS' Hansen Disease treatment facility at Carville, Louisiana, to the State of Louisiana. The Administration supports this transfer, but objects to how the language transfers property to the State of Louisiana and how it handles personnel issues. We believe that the General Services Administration, the Federal Government's property asset manager, should handle the transfer as authorized in the Federal Property and Administrative Services Act of 1949. In addition, the Administration strongly opposes those provisions pertaining to the computation of employee annuities and disability retirement benefits. The Administration urges the conferees to delete these provisions. There are a variety of ways to ensure the well-being of and retirement benefits for these employees, and the Administration wants to work with the conferees to draft language that is consistent with current law.

- Additional Health Concerns. The Administration is concerned that: the Senate has not provided the full request for the Agency for Health Care Policy and Research; the House has not provided the full request for the Office of Emergency Preparedness; neither the House nor the Senate have provided the full request for the HRSA Organ Transplantation program. To the extent possible, we urge that the requested funding levels be provided for these additional health concerns.

  Neither the House nor Senate bills fully-fund the request for HHS's Office for Civil Rights. The Administration urges the conferees to provide the $20.5 million requested in the Budget, which would allow OCR to strengthen its compliance and enforcement activities related to adoption, foster care, managed care, and welfare reform.

Social Security Administration

- Official Time. Language in the House bill would bar the expenditure of trust fund money for employees who conduct union activities on official time. Paying for such expenses is consistent with both Federal law and SSA's collective bargaining agreements. Restricting certain funding sources from paying for this activity would unfairly shift costs to the general fund and not reduce the amount of Federal funds expended on this legitimate activity. This limitation should be stricken from the bill.

- SSI User Fee. Both the House and the Senate have included language to authorize increases to the fee States pay SSA for administering State payments that are supplemental to SSI benefits, and provide for such funds to be available, subject to appropriations action, upon collection for SSA administrative expenses. This provision is identical to language in the Balanced Budget Act of 1997, which also includes a provision directing that these additional fees shall be credited as a discretionary offset to discretionary spending to the extent that the amounts are made available for expenditure in appropriations acts. The Administration commends the actions of both the House and the Senate and urges the conferees to delete the authorization language that is now duplicative of the Balanced Budget Act.

Railroad Retirement Board

- Inspector General. The House has included language prohibiting the use of any funds other than those in the Inspector General (IG) account for the provision of supplies, space, and services by other offices of the Railroad Retirement Board (RRB) to the IG. The language should be stricken from the bill. The Administration believes that the current means of financing centralized services provided to the IG is consistent with the provisions of the IG Act and that the RRB should not be singled out in this respect. The Administration also notes that, once the amount specified in report language related to these support services is factored into the total for the IG, the Committee would effectively reduce the IG budget by 17 percent from the FY 1997 enacted level. The President's request is for level funding; the reduction in the House bill is excessive.

- Inspector General. The House has included language prohibiting the RRB IG from using funds for any audit, investigation, or review of the Medicare program. RRB has statutory authority to administer a separate contract for RRB, Part B Medicare claims. The Administration believes that this language should be dropped. As long as RRB has authority to negotiate and administer a separate Medicare contract, the RRB IG ought not be prohibited from using funds to review, audit, or investigate activity related to that contract.

Armed Forces Retirement Home

- The House bill would reduce the $25 million capital program by one-third. The Senate bill would reduce the capital program by three-fifths. This program includes the renovation of the Sheridan dormitory in Washington and design of the medical facility in Mississippi. The Administration strongly supports full funding of these renovations, which are badly needed to serve these elderly veterans.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

September 2, 1997
(Senate Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 1061 – DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, EDUCATION, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1998

(Sponsors: Stevens (R), Alaska; Specter (R), Pennsylvania)

This Statement of Administration Policy provides the Administration's views on S. 1061, the Departments of Labor, Health and Human Services, Education, and Related Agencies Appropriations Bill, FY 1998, as reported by the Senate Appropriations Committee.

The Committee has developed a bill that provides requested funding for many of the Administration's priorities. We are pleased that the Committee has fully funded Bilingual and Immigrant Education, School to Work, and Education Technology Programs. The Administration is also pleased that the Committee has limited the number of appropriations riders, consistent with the terms of the Bipartisan Budget Agreement. The Senate is urged to continue this practice. As discussed below, the Administration will seek restoration of certain of the Committee's reductions.

The Administration is committed to working with the Senate to identify reductions in the bill in order to find offsets for the restoration of funds that the Administration seeks. For example, the Committee bill provides nearly $1.5 billion more than the President has requested for three dozen authorities in the Department of Education, while cutting the President's request by almost $2 billion. Similar reallocations are made in other sections of the bill. We strongly urge the Senate to reduce funding for lower priority programs, or for programs that would be adequately funded at the requested level, and to redirect funding to programs of higher priority, particularly those specified in the Bipartisan Budget Agreement, as noted below.

Unfortunately, the Administration understands that a number of controversial amendments may be offered, such as an amendment to halt the President's national testing initiative, an amendment to prohibit the use of funds in the Act for supervising the Teamster's election, an amendment to enable states to privatize the administration of public assistance programs, and another amendment to provide that welfare recipients in workfare can be paid at rates below the minimum wage. In addition, a number of these proposals, as well as certain provisions of the Committee bill, such as the lack of funding for the President's America Reads Challenge, are contrary to the Bipartisan Budget Agreement. If such policies were adopted, particularly in light of other concerns raised in this Statement of Administration Policy, the President's senior advisers would be forced to recommend that the President veto the bill.

Department of Education

The Administration appreciates the Committee's efforts to provide substantial new funding for education activities. Unfortunately, the Committee has failed to provide the $260 million necessary for the President's America Reads Challenge in the Department of Education, and the bill provides only $16 million of the $42 million requested for America Reads in the portion of the Corporation for National and Community Service budget funded by this bill. The Committee has provided advance appropriations for America Reads to the Department of Education for FY 1999, pending new authorization, which would produce a full year's delay in getting needed reading assistance to millions of children. The Bipartisan Budget Agreement specifically calls for funding a literacy program, "consistent with the goals and concepts of the President's America Reads program" at the levels proposed in the President's FY 1998 Budget. America Reads is one of the Administration's highest funding priorities. The Administration believes that full FY 1998 funding for this initiative should be restored to both the Department of Education and the Corporation for National and Community Service activities funded in this bill and in the VA/HUD Appropriations bill.

The Administration is working closely with the authorizing committees to develop legislation effective for FY 1998. There is ample time to enact legislation, as needed, by April 1 for a program that would begin on July 1, in time for summer activities and the 1998-1999 school year. The Administration urges the Congress to do so. However, to ensure that funding is provided in a manner consistent with the Bipartisan Budget Agreement, the Administration strongly urges the Congress to include in this Act a provision to make the funds available on April 1 under existing authorities, in the event that final action on the authorization bill is not completed in a timely manner.

The Administration will strongly oppose potential amendments that would bring a halt to the President's national testing initiative. The national tests proposed by the President are critical because they will, for the first time, provide students, parents, and teachers the opportunity to measure how well students are performing in comparison to other students nationally and internationally and, as a result, they will help hold schools accountable for the performance of all students. The Department of Education has the authority to develop these tests under the Fund for the Improvement of Education (FIE) program, which provides the Secretary with the authority to support nationally significant programs and projects to improve the quality of education. We support the Committee report language requiring that the Department of Education contract with the National Academy of Science to conduct an evaluation of the testing initiative. In addition, we support legislation to place overall responsibility for the testing initiative with the independent, bipartisan National Assessment Government Board.

The Bipartisan Budget Agreement specifies funding at the levels proposed in the President's budget for Pell grants, which supports both a $3,000 maximum award and expanded eligibility for independent students. The Committee bill cuts the Pell request by over $725 million from the President's request, and thus does not fund the Administration's proposed independent student policy. The Administration proposes that the appropriation act include one year of authority while the reauthorization process is pending. This authorization is no different from the Committee's annual procedure of authorizing the maximum Pell grant award. In accordance with the terms of the Bipartisan Budget Agreement, we urge the Senate to fully fund Pell grants and to authorize both the maximum award and the independent student change.

While the Committee has exceeded the amount specified in the Balanced Budget Agreement for Education Reform, it has achieved this by adding technology funding currently within another account, rather than funding the full request for current Education Reform account programs. Within the total, Goals 2000 State and local grants are funded at only $500 million, $105 million below the request. Goals 2000 funds provide essential support to every State's education improvement strategy. We strongly urge the Senate to restore full funding for Goals 2000.

The Administration urges the Senate to fund Safe and Drug-Free Schools and Communities (SDFSC) at the President's FY98 request of $620 million, $64 million above the Senate mark. SDFSC, the largest Federal school-based drug and violence prevention program, serves more than 40 million students in over 97 percent of the nation's school districts and is an essential component of a comprehensive effort to reduce teen drug use.

A number of other high priority Education programs are funded significantly below the President's request. These include Adult Education, College Work-Study, Title I Targeted grants, Eisenhower Professional Development, Charter Schools, 21st Century Learning Centers, and educational research, statistics, and assessment. We urge the Senate to fully fund these activities at the levels requested in the President's FY 1998 Budget.

Department of Health and Human Services

The Administration is deeply concerned that the Committee has failed to provide $21 million for the Administration's new Adoption Initiative. The goal of this program is to double the number of children adopted or permanently placed outside of child welfare systems by FY 2002. The additional investment is small compared to the potential rewards of placing children in supportive and loving homes. The Administration strongly urges the Senate to fully fund this urgently-needed program at the President's requested level.

The Administration is pleased that the Committee has provided the requested $40 million increase over FY 1997 for Ryan White AIDS Treatment Grants, and an additional $41 million that could be used by grantees for the purchase of AIDS drugs. The Administration is also pleased to see that the Committee has allocated these funds roughly as requested in the President's budget, with an additional $38 million in Title II grants to States which spend a large proportion of the Ryan White grants on primary care and drugs for people with HIV and AIDS.

The Administration is concerned that the Committee bill does not appropriate a specific amount for AIDS research through a single appropriation, as requested in the President's budget for the National Institutes of Health's (NIH's) Office of AIDS Research. The single appropriation helps NIH target research funds effectively, minimizing duplication and inefficiencies across the 21 institutes and centers that carry out HIV/AIDS research.

The Committee has funded the Health Care Financing Administration (HCFA) program management activities at $1,719 million, $55 million below the President's request. The Committee's funding level could hinder HCFA's efforts to comply with year 2000 systems requirements and perform the CFO audit. In addition, the Committee's action could make it difficult to consolidate HCFA's current contractor systems, which needs to occur prior to, and independent of, final resolution of the Medicare Transaction System. The requested funds in the President's 1998 budget request are necessary to implement the Medicare and Medicaid provisions of the Balanced Budget Agreement, including the savings provisions and new program authorities, such as Children's Health and the Medical Savings Accounts (MSAs). To the extent possible, we urge the Senate to fund HCFA program management at the requested level.

The Committee has rescinded $21 million in mandatory research funds. The President's request assumes $18 million in discretionary and $21 million in mandatory welfare research funds, for a total of $39 million. In order to gauge the effects of welfare reform, research is needed now more than ever. The Administration urges the Senate to drop the rescission and to fund welfare research at the President's requested level. To ensure that welfare reform is successfully implemented across the nation, it is vital that we understand what has been successful and what has not been successful in the various states.

The Administration supports efforts to encourage minors to discuss their health care needs with their families. However, it would oppose a potential amendment on the Senate floor requiring parental consent for minors to receive reproductive health services in Title X Family Planning clinics. Mandating parental consent could discourage sexually active minors from seeking health care and reproductive counseling services and thus lead to more unwarranted pregnancies, more abortions and more sexually transmitted diseases, including HIV, among our nation's youth.

Department of Labor

The Bipartisan Budget Agreement specifies funding at the levels proposed in the President's budget for Training and Employment Services (TES), including Job Corps. The Committee mark provides the Administration's request for low-income youth training programs, dislocated workers, and the Job Corps. However, in order to be consistent with the Agreement, we urge the Senate to provide an additional $285 million to fully fund the request for TES programs in FY 1998. The Committee has provided $250 million in FY 1999 for the Youth Opportunity Area proposal, subject to enactment of authorizing legislation by April 1, 1998. This program is an essential component of the Administration's Empowerment Zones/Enterprise Communities initiative. It may be carried out under existing legislation, and a separate authorization is not necessary. The Senate is urged to provide resources for this initiative in FY 1998, without the restriction provided by the Committee.

The Administration appreciates the Committee's allocation of $150 million to help finance the year 2000 conversion of State Unemployment Insurance (UI) systems. However, that amount is $50 million below the level needed to ensure that the year 2000 costs are met. In addition, the Committee has failed to provide $89 million for spending on UI "integrity" initiatives (e.g., increased eligibility reviews, tax audits). This spending is explicitly assumed in the Balanced Budget Act of 1997, and would, over five years, achieve $763 million in mandatory savings assumed in the Act. The Senate is urged to provide this increase and the increase for year 2000 conversion costs.

On July 17, 1997, the President sent to Congress a budget amendment for $6.2 million for the Labor Department to administer the $3 billion Welfare-to-Work program. This program is included in the Balanced Budget Act of 1997, effective October 1, 1997. We urge the Senate to add these funds to this appropriation bill so that the administrative resources needed to move long-term welfare recipients off welfare and into lasting, unsubsidized employment are available on a timely basis.

The Committee has provided $990 million, an increase of $41 million over the FY 1997 enacted level, for the Department of Labor workplace protection programs, about 60 percent of the proposed increase. Without the requested increases, the Department would not be able to carry out a balanced program of targeted enforcement, with expanded partnerships and compliance assistance in the regulated community. Nor would the Department be able to streamline its operations to provide assistance to small businesses in complying with various workplace laws and related executive orders, such as the systems and technical assistance improvements requested for the Office of Federal Contract Compliance. In addition, the Senate is urged to provide the requested level for the Bureau of Labor Statistics to ensure the continued accuracy and reliability of all of the Bureau's statistical programs. Funding for the independent National Labor Relations Board has been frozen, a cut of $11 million below the request. The Administration urges the Senate to enact the Administration's request for these programs.

Social Security Administration

The Committee has provided $245 million for additional Continuing Disability Review (CDR) funding and SSI reforms implementation, $45 million less than the President's request. The Balanced Budget Act of 1997 contains a provision that would provide authority for a $290 million upward cap adjustment ($45 million more than current law) to the non-defense discretionary spending caps for funding provided by the Committee for additional CDRs. This is consistent with the President's request. Failure to provide the additional funds would mean that some 15 percent fewer individuals would have their status reviewed in FY 1998, potentially costing hundreds of millions of dollars in benefits to individuals who would have been found no longer eligible. We urge the Senate to provide the additional $45 million.

The Committee has reduced funding for the Office of the Inspector General (IG) by $7 million from the President's request of $44 million and for research and demonstration projects by $9.7 million from the President's request of $16.7 million. The reduction to the IG request would hamper the IG's ability to perform audits and investigations needed to prevent fraud, waste, and abuse and to assure program integrity. The reduction in research and demonstration funding would reduce SSA's ability to understand the reasons for growth in the disability programs and implement initiatives intended to improve SSA's record in returning disabled beneficiaries to work. The Administration urges the Senate to restore funding to the maximum extent possible in these two key areas.

Additional Administration concerns with the Committee bill are contained in the attachment.

Attachment

Attachment
(Senate Floor)

ADDITIONAL CONCERNS
S. 1061 – DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, EDUCATION, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1998
(AS REPORTED BY THE SENATE COMMITTEE)

The Administration looks forward to working with the Congress to address the following concerns.

Department of Health and Human Services

- Community Schools: Violent Crime Reduction. While the Administration supports the Committee's funding of Violence Against Women Act programs, the Committee has provided no funding for the Community Schools program within the Violent Crime Reduction Programs account. We urge the Senate to restore funding for these programs.

- Aging Services Programs. Within the Administration on Aging, the Committee has provided no funding for the Alzheimer's Initiative. This important program would provide critical resources for the elderly.

- Medicare Survey and Certification User Fees. The President's budget proposes total funding of $158 million for the surveys and certification program, $148 million in budget authority and $10 million in user fees. The Committee has provided $158 million in budget authority while failing to enact the $10 million in user fees. The Administration believes that health care providers who derive considerable benefit from the Medicare program should fund the cost of conducting initial surveys required for entry into the program. We urge Congress to enact the Administration's survey and certification user fee proposal.

- Head Start. The Administration is concerned that the Senate Committee, while providing the full request for Head Start, would make the funds available in a manner that is inconsistent with the Head Start Act. It appears that the Committee intends to double the amount of funding for the Early Head Start program out of the overall increase provided for Head Start over the FY 1997 appropriation. We urge the Senate to provide these funds in accordance with the bipartisan authorizing statute in order to support the President's goal of serving one million children by FY 2002.

- Additional Health Concerns. The Administration is concerned that the Committee has not provided the full request for Health Resources and Services Administration (HRSA) Organ Transplantation, Substance Abuse and Mental Health Services

Administration (SAMHSA) Data Collection activities, the Agency for Health Care Policy and Research, and the Office for Civil Rights. To the extent possible, we urge that the requested funding level be provided.

Social Security Administration

- User Fees. The Committee has included language to authorize increases to the fee States pay SSA for administering State payments that are supplemental to SSI benefits, and provide for such funds to be available, subject to appropriations action, upon collection for SSA administrative expenses. This provision is identical to language in the Balanced Budget Act of 1997, which also includes a provision directing that these additional fees shall be credited as a discretionary offset to discretionary spending to the extent that the amounts are made available for expenditure in appropriations acts. The Administration commends the Committee's actions and suggests that the Senate delete the language that is duplicative.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

September 4, 1997
(House Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 2264 – DEPARTMENT OF LABOR, HEALTH AND HUMAN SERVICES, EDUCATION, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1998

(Sponsors: Livingston (R), Louisiana; Porter (R), Illinois)

This Statement of Administration Policy provides the Administration's views on H.R. 2264, the Department of Labor, Health and Human Services, Education, and Related Agencies Appropriations Bill, FY 1998, as reported by the House Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The Committee has developed a bill that provides requested funding for many of the Administration's priorities. We are pleased that the Committee has fully funded Bilingual and Immigrant Education, School to Work, Head Start, Technology Literacy Challenge, 21st Century Community Learning Centers, the targeted portion of the Title I formula, and education statistics and assessment. The Administration is also pleased that the Committee has limited the number of appropriations riders, consistent with the terms of the Bipartisan Budget Agreement. The House is urged to continue this practice.

As discussed below, the Administration will seek restoration of certain of the Committee's reductions. The Administration is committed to working with the House to identify reductions in the bill in order to find offsets for the restoration of funds that the Administration seeks. For example, the Committee bill provides nearly $1 billion more than the President has requested for more than two dozen authorities in the Department of Education, while cutting the President's request by over $1 billion. We strongly urge the House to reduce funding for lower priority programs, or for programs that would be adequately funded at the requested level, and to redirect funding to programs of higher priority, particularly, as noted below, those contained in the Bipartisan Budget Agreement.

Unfortunately, the Administration understands that a number of controversial amendments may be offered, such as an amendment to halt the President's national testing initiative, an amendment to prohibit the use of funds in the Act for supervising the Teamster's election, and another amendment to prohibit the Education Department from enforcing federal laws against discrimination in public education admissions through affirmative action or preferences in any State where affirmative action or preferences are prohibited by State law. In addition, certain provisions of the Committee bill, such as the lack of funding for the President's America Reads Challenge, are contrary to the Bipartisan Budget Agreement. If such policies were adopted, particularly in light of other concerns raised in this Statement of Administration Policy, the President's senior advisers would be forced to recommend that the President veto the bill.

Department of Education

The Administration appreciates the Committee's efforts to provide substantial new funding for education activities. Unfortunately, the Committee has failed to provide the $260 million necessary for the President's America Reads Challenge in the Department of Education, and the bill provides only $10 million of the $42 million requested for America Reads in the portion of the Corporation for National and Community Service budget funded by this bill. The Committee has provided advance funding for America Reads to the Department of Education for FY 1999, pending new authorization, which would produce a full year's delay in getting needed reading assistance to millions of children. The Bipartisan Budget Agreement specifically calls for funding a literacy program, "consistent with the goals and concepts of the President's America Reads program" at the levels proposed in the President's FY 1998 Budget. America Reads is one of the Administration's highest funding priorities. The Administration believes that full FY 1998 funding for this initiative should be restored to both the Department of Education and the Corporation for National and Community Service activities funded in this bill and in the VA/HUD Appropriations bill.

The Administration is working closely with the authorizing committees to develop legislation effective for FY 1998. There is ample time to enact legislation, as needed, by April 1 for a program that would begin on July 1, in time for summer activities and the 1998-1999 school year. The Administration also strongly urges the Congress to include in this Act a provision to make the funds available on April 1 under existing authorities, in the event that final action on the authorization bill is not completed in a timely manner.

The Administration is strongly opposed to amendments that would bring a halt to the President's national testing initiative. The national tests proposed by the President are critical because they will, for the first time, provide students, parents, and teachers the opportunity to measure how well students are performing in comparison to other students nationally and internationally and, as a result, they will help hold schools accountable to parents and communities for the performance of all students. The Department of Education has the authority to develop these tests under the Fund for the Improvement of Education (FIE). We support the bill's requirement that the Department of Education contract with the National Academy of Science to conduct a study and report on the testing initiative. In addition, we support legislation to place overall responsibility for the testing initiative with the independent, bipartisan National Assessment Government Board.

The Administration urges the House to provide adequate funding for the FIE program that finances this testing initiative, so that sufficient funding will also be available for continuations, new awards, and congressional directives.

The Bipartisan Budget Agreement specifies funding at the levels proposed in the President's budget for Pell grants, which supports both a $3,000 maximum award and expanded eligibility for independent students. The Committee bill cuts the Pell request by over $197 million, and does not authorize the Administration's proposed independent student policy. This authorization is no different from the Committee's annual procedure of authorizing the maximum Pell grant award. We urge the House to fully fund Pell grants and to authorize both the maximum award and the independent student change.

The Committee bill funds Education Reform at $1.13 billion, $110 million below the level agreed to in the Bipartisan Budget Agreement. Within the total, Goals 2000 is funded at only $475 million, $145 million below the request. Goals 2000 funds provide essential support to every State's education improvement strategy. We strongly urge the House to restore full funding for Goals 2000.

The Administration strongly opposes a proposed amendment that would prohibit the investigation of violations by and imposition of penalties upon States that do not comply with the statutory requirement of the Individuals with Disabilities Education Act (IDEA) Amendments of 1997 to serve eligible individuals with disabilities age 18 or older in adult State prisons. The Amendments reduced States' burden by reducing the number of eligible individuals and by limiting the types of services that must be provided. Since prison education programs have a positive affect on reducing recidivism and on post release employment success, the requirement to serve this population should be properly enforced.

The Administration urges the House to fund Safe and Drug-Free Schools and Communities (SDFSC) at the President's FY98 request of $620 million, $64 million above the House mark. SDFSC, the largest Federal school-based drug and violence prevention program, serves more than 40 million students in over 97 percent of the nation's school districts and is an essential component of a comprehensive effort to reduce teen drug use.

The Administration is concerned about a proposed amendment that would cut funding for the Statistics program by $14 million, which would mean that the Department of Education would not be able to move forward on a number of studies, including those providing key data on early childhood, student achievement, teachers, and adult literacy. The Administration urges the House to oppose this proposed amendment, and to provide the requested level.

The Committee has included language amending the definition of an eligible lender in the Federal Family Education Loan Program. The language would provide a broad exception to the current limitation on how much of a bank's portfolio can be guaranteed student loans, including loans that a bank holds as a trustee for a third party. It would also allow finance companies, the financial solvency of which is not regulated by a public entity as are banks, to be eligible lenders. Both of these provisions would increase the Federal exposure to financial risk and weaken parts of the statute that have been passed specifically in response to prior abuses. The provision should be stricken from the bill.

We urge the House to fund at the President's Budget level other high priority Education programs, including Adult Education, Eisenhower Professional Development, and Charter Schools.

Department of Health and Human Services

The Administration is deeply concerned that the Committee has failed to provide $21 million for the Administration's new Adoption Initiative. The goal of this program is to double the number of children adopted or permanently placed outside of child welfare systems by FY 2002. The Administration strongly urges the House to fully fund this urgently-needed program at the President's requested level.

An amendment has been made in order that would include a prohibition on the purchase of managed care coverage that includes abortion. The President believes that abortion should be safe, legal, and rare. However, the amendment would not only maintain, but would further limit the range of conditions under which a woman's health would permit access to abortion. Furthermore, it would require a physician to make a legal determination that these conditions have been met. The Administration opposes this attempt to constrain further the availability of abortion services and strongly urges the House not to adopt the amendment. Nonetheless, it is helpful that the amendment is clear that limitations on the use of Federal funds to provide abortion services under managed care plans do not affect in any way the ability of States to provide such coverage using their own funds, nor the ability of managed care providers to participate in Federally-funded programs while also offering other coverage paid for by State or private funds.

The Administration supports efforts to encourage minors to discuss their health care needs with their families. However, the Administration is concerned about a potential amendment on the House Floor requiring parental consent for minors to receive contraceptive health services in Title X Family Planning clinics. Mandating parental consent for contraceptive services could discourage sexually active minors from seeking health care and reproductive counseling services and, thus, lead to even more unwarranted pregnancies, more abortions, and more sexually transmitted diseases, including HIV, among our Nation's youth. As an alternative, the Administration prefers the amendment made in order in the rule that requires clinics to certify that they encourage family participation in the decision of minors to seek family planning services and that they provide counseling to minors on resisting attempts to coerce minors into engaging in sexual activities. The Administration does not support two likely amendments that would decrease funding for the Title X Family Planning program below the request of $203 million.

An amendment may be offered that would prohibit the use of funds in the Act for needle exchange programs. The Administration opposes such an amendment. Under current law, the Secretary may authorize such programs only after scientific study and a formal determination that they would both prevent the spread of disease and not contribute to drug abuse. The Department is currently engaged in this research. It is premature to foreclose the possible public health benefits before the scientific evidence has even been considered.

The House Committee has not provided funding for the Medicare Transaction System (MTS), noting criticisms of the MTS design. The President's $89 million request would fund consolidation of HCFA's current contractor systems, which needs to occur prior to, and independent of, final resolution of MTS design issues. The Committee also notes that funding for the Medicare Integrity Program, established by the Kassebaum-Kennedy legislation, could be used to fund MTS. We believe that using Medicare Integrity Program funding for this purpose would be inappropriate since that program was established specifically to combat fraud and abuse. To the extent possible, the Administration urges the House to restore funding for MTS to the requested level.

The Administration is pleased that the Committee has provided the requested increase of $40 million over FY 1997 for Ryan White AIDS Treatment Grants, and an additional $132 million to help States purchase drugs. However, the Committee has not allocated the $40 million increase among the Titles of the Ryan White CARE Act toward primary care as proposed in the FY 1998 Budget. The Administration's proposed allocation targets additional resources to those Titles that emphasize the delivery of primary care, a particularly important priority now that the prospects for medical care for people infected with HIV have improved dramatically. The Administration looks forward to working with Congress to ensure that the resources provided to the Ryan White AIDS Treatment Grants are distributed in a way that is consistent with the priorities placed on primary care in the President's budget.

The Administration is concerned that the Committee bill does not appropriate a specific amount for AIDS research through a single appropriation for the National Institutes of Health's (NIH's) Office of AIDS Research, as requested in the President's budget. The single appropriation would help NIH plan and target NIH research funds effectively, minimizing duplication and inefficiencies across the 21 institutes and centers that carry out HIV/AIDS research

The Administration is concerned that the Committee has not provided the full increase requested for HIV prevention programs of the Center for Disease Control and Prevention. The Budget proposes a $17 million increase for this activity to target HIV prevention for intravenous drug users at risk of developing the virus. The Administration urges the House to provide the full requested amount to the extent possible.

The President's Budget includes $39 million for welfare research. The Committee has provided only $21 million. In order to gauge the effects of welfare reform, review and monitoring research is needed now more than ever. The Administration urges the House to fund welfare research at the President's requested level.

Department of Labor

The Bipartisan Budget Agreement specifies funding at the levels proposed in the President's budget for Training and Employment Services (TES), including Job Corps. The Committee mark is $233 million below this level. The Committee has provided $100 million in FY 1999 for the Youth Opportunity Area proposal, subject to enactment of authorizing legislation. This program is an essential component of the Administration's Enterprise Zones/Empowerment Communities initiative. It may be carried out under existing legislation, and a separate authorization is not necessary. The House is urged to provide resources for this initiative in FY 1998, without the restriction imposed by the Committee.

We understand that an amendment may be offered that would further reduce funding for the Job Training Partnership Act's low-income adult training grant program by $21 million, and thus deny training and employment services to some 7,000 low-income adults and welfare recipients pursuing economic self-sufficiency. We strongly urge the House to reject the amendment.

The Committee has failed to provide $89 million for spending on UI "integrity" initiatives (e.g., increased eligibility reviews, tax audits). This spending is explicitly assumed in the Balanced Budget Act of 1997, and would, over five years, achieve $763 million in mandatory savings assumed in the Act. The House is urged to provide this increase.

On July 17, 1997, the President sent to Congress a budget amendment for $6.2 million for the Labor Department to administer the $3 billion Welfare-to-Work program. This program is agreed to by Congress in the Balanced Budget Act of 1997, effective October 1, 1997. We urge the House to add these funds.

The Committee has provided $981 million, an increase of $32 million over the FY 1997 enacted level, for the Department of Labor workplace protection programs, about half of the President's proposed increase. Without the requested increase, the Department will not be able to carry out a balanced program of targeted enforcement with expanded partnerships and compliance assistance in the regulated community, or streamline its operations to provide assistance to small businesses in complying with various workplace laws and related executive orders, such as the systems and technical assistance improvements requested for the Office of Federal Contract Compliance. In addition, funding for the independent National Labor Relations Board has been frozen, a cut of $11 million below the request. The Administration urges the House to enact the Administration's's request for these programs.

Social Security Administration

The Committee has provided $245 million for additional Continuing Disability Review (CDR) funding and SSI reforms implementation, $45 million less than the President's request. This amount is not subject to the discretionary spending caps. Failure to provide the additional funds would mean that some 15 percent fewer individuals would have their status reviewed in FY 1998, potentially costing hundreds of millions of dollars in benefits to individuals who would have been found no longer eligible. We urge the House to provide the additional $45 million.

Additional Administration concerns with the Committee bill are contained in the attachment.

Attachment

Attachment
(House Floor)

ADDITIONAL CONCERNS
H.R. 2264 – DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, EDUCATION, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1998
(AS REPORTED BY THE HOUSE COMMITTEE)

The Administration looks forward to working with the Congress to address the following concerns.

All Agencies Covered by the Bill

- Operating Plans. The Committee report calls for all agencies covered by the bill to provide to the Committee "operating plans" for appropriations. We are prepared to work with the Committee to discuss the purpose of this request and determine how to address it.

Department of Health and Human Services

- Community Schools: Violent Crime Reduction. While the Administration supports the Committee's funding of Violence Against Women Act programs, the Committee has provided no funding for the Community Schools program within the Violent Crime Reduction Programs account or for the Community-Based Resource Centers and Developmental Disabilities Special Projects activities. We urge the House to restore funding for these programs.

- Medicare Survey and Certification User Fees. The President's budget proposes total funding of $158 million for the surveys and certification program, $148 million in budget authority and $10 million in user fees. The Committee has provided $148 million in budget authority, $10 million below the President's request. On March 27, 1997, the Administration transmitted legislation to Congress for the authorization of $10 million in new survey and certification user fees. The Administration believes that health care providers who derive considerable benefit from the Medicare program should fund the cost of conducting initial surveys required for entry into the program. We urge Congress to enact the Administration's survey and certification user fee proposal and to fully fund the President's request for this activity.

- HCFA Federal Administration. The Committee has not funded HCFA Federal Administration at the President's FY 1998 request of $358 million. The Committee's funding level of $348 million could hinder HCFA's efforts to comply with year 2000 systems requirements and perform the CFO audit. In addition, we understand that an amendment may be offered that would further reduce funding for HCFA Federal Administration by transferring $2.3 million to HRSA. The Administration urges Congress to fully fund the President's request.

- Hansen's Disease. The bill includes language that would transfer HHS's Hansen Disease treatment facility at Carville, Louisiana, to the State of Louisiana. The Administration supports this transfer, but objects to how the language transfers property to the State of Louisiana and how it handles personnel issues. We believe that the General Services Administration, the Federal Government's property asset manager, should handle the transfer as authorized in the Federal Property and Administrative Services Act of 1949. In addition, the Administration strongly opposes those provisions pertaining to the computation of employee annuities and disability retirement benefits. The Administration urges the House to delete these provisions. There are a variety of ways to ensure the well-being of and retirement benefits for these employees, and the Administration wants to work with the House to draft language that is consistent with current law.

- Additional Health Concerns. The Administration is concerned that the Committee has not provided the full request for the Office of Emergency Preparedness, HRSA Organ Transplantation, the Office for Civil Rights, CDC's National Center for Health Statistics, and SAMHSA Data Collection activities. To the extent possible, we urge that the requested funding level be provided.

Social Security Administration

- Official Time. Language of the Committee bill would bar the expenditure of trust fund money for employees who conduct union activities on official time. Paying for such expenses is consistent with both Federal law and SSA's collective bargaining agreements. Restricting certain funding sources from paying for this activity would unfairly shift costs to the general fund and not reduce the amount of Federal funds expended on this legitimate activity. This limitation should be stricken from the bill.

- User Fees. The Committee has included language to authorize increases to the fee States pay SSA for administering State payments that are supplemental to SSI benefits, and provide for such funds to be available, subject to appropriations action, upon collection for SSA administrative expenses. This provision is identical to language in the Balanced Budget Act of 1997, which also includes a provision directing that these additional fees shall be credited as a discretionary offset to discretionary spending to the extent that the amounts are made available for expenditure in appropriations acts. The Administration commends the Committee's actions and suggests that the House delete the language that is duplicative.

Railroad Retirement Board

- Inspector General. The Committee has included language prohibiting the use of any funds other than those in the Inspector General (IG) account for the provision of supplies, space, and services by other offices of the Railroad Retirement Board (RRB) to the IG. The language should be stricken from the bill. The Administration believes that the current means of financing centralized services provided to the IG is consistent with the provisions of the IG Act and that the RRB should not be singled out in this respect. The Administration also notes that, once the amount specified in report language related to these support services is factored into the total for the IG, the Committee would effectively reduce the IG budget by 17 percent from the FY 1997 enacted level. The President's request is for level funding; the Committee's reduction is excessive.

- Inspector General. The Committee bill includes language prohibiting the Railroad Retirement Board (RRB) Inspector General from using funds for any audit, investigation, or review of the Medicare program. RRB has statutory authority to administer a separate contract for RRB, Part B Medicare claims. The Administration believes that this language should be dropped. As long as RRB has authority to negotiate and administer a separate Medicare contract, the RRB Inspector General ought not to be prohibited from using funds to review, audit, or investigate activity related to that contract.

Armed Forces Retirement Home

- The Committee bill would reduce the $25 million capital program by one third. This program includes the renovation of the Sheridan dormitory in Washington and design of the medical facility in Mississippi. The Administration strongly supports full funding of these renovations which are badly needed to serve these elderly veterans.

COMMITTEE FOR EDUCATION FUNDING

The Honorable William J. Clinton
President of the United States
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

November 4, 1997

Dear Mr. President,

The Committee for Education Funding (Committee), a nonpartisan coalition of over 90 organizations reflecting the broad spectrum of the education community, greatly appreciates the bipartisan effort that has resulted in a proposed $3.2 billion increase in education investment for FY98. The funding levels agreed to on October 30, 1997, by the conference committee on Labor, Health and Human Services, and Education appropriations responds to key priorities in the President's Budget Request and in the House and Senate bills. This 12% increase over FY97 levels represents real growth in the resources available for school reform and improvement and to expand access to postsecondary education.

With the fiscal year already over one month old, it is essential that these funding levels be enacted now so that students, schools, and institutions across the country can adequately plan for the upcoming school year. Completing the FY98 education appropriations is a major step in fulfilling the terms of the historic Bipartisan Budget Agreement.

We urge the Administration and Congress to cooperate once again to resolve the remaining issues unrelated to funding that are preventing final approval of these much-needed funding increases. The Committee looks forward to your continued support to address the needs of our children, youth and adults for adequate education investment.

Sincerely,

Carnie C. Hayes
Carnie C. Hayes
President

Edward R. Kealy
Edward R. Kealy
Executive Director

122 C Street, NW • Suite 280 • Washington, DC 20001 • (202) 383-0083

		FY97 App	Administration		House	Senate	Conf	Differences:			Proposed	Comments
		BA	98 Budgt	Revised	BA	BA	BA	H vs Admin	S vs Admin	Conf vs Admin	Changes vs Conf	
POTENTIAL FUNDING INCREASES												
BBA Issues:												
Education Department:												
Education Reform/Goals 2000	31	491	620	500	387	530	463	(233)	(90)	(158)	38	
Pell grants, Regular program	38	5,919	7,635	7,267	7,438	6,910	7,227	(197)	(725)	(408)	40	
America Reads Initiatives, FY98	34	—	260	40	—	—	25	(260)	(260)	(235)	15	Plus the full $260 in FY99 vs $235
Labor Department:												
Adult Training	1	895	1,064	1,064	1,043	955	900	(21)	(109)	(164)	164	New problem
Youth Opportunities Areas	1	—	250	250	100	250	250	(150)	—	—		H/S/Straw adv appr. Outlays odd?
Corp f Nat'l Service (inc. Am. Reads)	44	214	260	240	228	233	231	(33)	(28)	(30)	9	For America Reads
Other Priority Issues:												
Education:												
Charter Schools	33	51	100	80	100	51	80	—	(49)	(20)		OK
National Education Testing	41	15	16	16	—	16	16	(16)	—	—		Confirm in FIE
National Assessment Governing Bd	41	2.865	2.871	2.871	2.865	2.871	2.865	(0.006)	—	(0.006)	0.006	Shireman: Right?
Office for Civil Rights	43	55	62	60	55	58	58	(6)	(4)	(4)	2	
Safe and Drug Free Schools	33	556	620	556	556	556	556	(64)	(64)	(64)		OK
Adult Education State Grants	38	340	382	355	340	340	340	(42)	(42)	(42)	15	Stay at $355
Eisenhower Prof Dvpmnt	41	310	360	310	310	310	310	(50)	(50)	(50)		
After School / 21st C Learning Ctrs	41	1	50	30	50	1	30	—	(49)	(20)		OK to accept proposal?
Title I	31	7,295	7,541	7,505	7,691	7,296	7,405	150	(245)	(135)	100	
Program Administration	43	326	341	340	330	340	335	(11)	(1)	(6)	5	Go for Senate level
HHS:												
Adoption Initiative + Opportunities	26	13	34	23	13	18	13	(21)	(16)	(21)	10	Under adoption opportunities?
HCFA, Federal Admin	23	325	359	404	348	325	365	(10)	(33)	7	38	Plus user fee language
Welfare Research, Discretionary funds			21	31	21	21	21	—	—	—	10	Asked $21 disc. $18 mand
Office of Civil Rights	30	19.5	20.5	20.5	19.7	19.7	19.7	(0.9)	(0.9)	(0.9)	0.87	
Labor:												
Welfare-to-Work Implementation	4	—	6.2		—	4.0	4.0	(6.2)	(2.2)	(2.2)	2.0	Could get. Could use 1% tranfr.
TOTAL ADDS											450	
POTENTIAL OFFSETS:												
Education Department:												
Adv Appropriate Special Ed Grants to States	35	3,108	3,241	3,647	3,426	3,942	3,747	185	701	506	100	
Suppl Ed Opportunity Grants	38	583	583	614	583	634	614	—	51	31		Duplicates Pell, but Senate D's like

CBO Scoring. $ in millions. - 1/% - Draft as of 10/06/97 09:18 AM LABORHHS.WK4

	Ref.	FY97 App BA	Administration 98 Budgt	Administration Revised	House BA	Senate BA	Conf BA	Differences: H vs Admin	Differences: S vs Admin	Differences: Conf vs Admin	Proposed Changes vs Conf	Comments
State Student Incentive Grants	38	50	—	21	—	35	21		35	21		
Impact Aid: Request	32	730	658	730	796	795	805	138	137	147	75	
Title 1 Capital Expenses f Private Schools	32	41	41	—	41	41	41	—	—	—	41	S Ct has overruled itself
Title 6 ESA Program Innovatn Grants: S M	33	310	—	310	350	310	350	350	310	350	40	
Education Technology	31	200	425	400	435	425	425	10	—	—	25	Shireman: Right? Pair w Am Reads
Technology for Education, etc	42	105	120	155	85	155	155	(35)	35	35		
Youth Offender Grants	40	—	—		—	15	12		15	12	12	OMB to Check
Health and Human Services:												
SSBG: Senate	25	2,500	2,380	2,245	2,380	2,245	2,340	—	(135)	(41)	95	
Health Professions	11	293	130	293	307	220	293	177	90	163		
HRSA Health Care Facilities	12	13	—	—	—	10	20		10	20	20	
NIH Buildings & Facilities: Keep at '97	19	200	190	200	223	204	225	33	14	35	25	
NIH Total	19	12,741	13,078	13,618	13,505	13,693	13,618	427	615	540		
Admin on Aging: Stay w/ Request	29	830	838	838	815	894	861	(23)	56	23	23	
ACHPR 1% Evaluation Funding	21	47	62	30	47	65	47	(15)	3	(15)	18	
CDC Natl Ctr Health Stats: 1% Fnding	14	48	70	26	48	70	48	(22)	—	(22)	22	
Labor Department:												
Training Pilots, Demos	1	27	24	56	43	83	66	19	59	42	10	
Advance approp. JTPA Adult?	1	895	1,064	1,064	1,043	955	900	(21)	(109)	(164)		
TOTAL POTENTIAL OFFSETS											505	
											55	

CBO Scoring. $ in millions.

July 25, 1997

DEPARTMENT OF EDUCATION FISCAL YEAR 1998 CONGRESSIONAL ACTION
(in thousands of dollars)

Office	1997 Appro.	1998 President's Budget	1998 House Committee	1998 Senate Committee	Sen. Change fr. '97 Appro. Amount	Sen. Change fr. '97 Appro. Percent	Sen. Change fr. Pres. Bud. Amount	Sen. Change fr. Pres. Bud. Percent
Education Reform	$890,973	$1,245,000	$1,135,000	$1,271,000	$380,027	42.7%	$26,000	2.1%
Elementary and Secondary Education	10,016,184	15,357,088	10,543,705	10,146,742	130,558	1.3%	(5,210,346)	-33.9%
Bilingual Education and Minority Languages Affairs	261,700	354,000	354,000	354,000	92,300	35.3%	0	0.0%
Special Education and Rehabilitative Services	6,674,310	6,922,279	7,070,532	7,682,406	1,008,096	15.1%	760,127	11.0%
Vocational and Adult Education	1,493,665	1,565,966	1,494,123	1,493,846	181	0.0%	(72,120)	-4.6%
Postsecondary Education	9,382,753	13,872,846	13,544,076	13,062,063	3,679,310	39.2%	(810,783)	-5.8%
Educational Research and Improvement	398,126	510,693	508,752	362,225	(35,901)	-9.0%	(148,468)	-29.1%
Program Administration	326,217	341,039	329,479	338,964	12,747	3.9%	(2,075)	-0.6%
Office for Civil Rights	54,900	61,500	55,449	57,522	2,622	4.8%	(3,978)	-6.5%
Office of the Inspector General	29,943	32,000	30,242	32,000	2,057	6.9%	0	0.0%
Headquarters Renovation	0	0	0	0	0	---	0	---
Contributions	0	0	0	0	0	---	0	---
Receipts	(61,581)	(792,180)	(792,180)	(792,180)	(730,599)	1186.4%	0	0.0%
TOTAL, DEPARTMENT OF EDUCATION	29,467,190	39,470,231	34,273,178	34,008,588	4,541,398	15.4%	(5,461,643)	-13.8%
Total, Discretionary Funds	26,312,181	29,349,749	29,145,548	28,880,958	2,568,777	9.8%	(468,791)	-1.6%
Total, Mandatory	3,155,009	10,120,482	5,127,630	5,127,630	1,972,621	62.5%	(4,992,852)	-49.3%

(in thousands of dollars) Office, Account, Program and Activity	D \ M	1997 Appro.	1998 President's Budget	1998 House Committee	1998 Senate Committee	Sen. Change from '97 Appro. Amount	Sen. Change from '97 Appro. Percent	Sen. Change from Pres. Bud. Amount	Sen. Change from Pres. Bud. Percent
Education Reform									
1. Goals 2000 (Goals 2000 EAA):									
(a) State and local education systemic improvement (Title III)	D	476,000	605,000	460,000	500,000	24,000	5.0%	(105,000)	-17.4%
(b) Parental assistance (Title IV)	D	15,000	15,000	15,000	30,000	15,000	100.0%	15,000	100.0%
Subtotal, Goals 2000		491,000	620,000	475,000	530,000	39,000	7.9%	(90,000)	-14.5%
2. School-to-work opportunities (STW Opportunities Act Titles II, III and IV)	D	199,973 [1]	200,000 [2]	200,000 [2]	200,000 [2]	27	0.0%	0	0.0%
3. Technology literacy challenge fund (ESEA section 3132)	D	200,000 [3]	425,000	460,000	425,000	225,000	112.5%	0	0.0%
4. Technology for education (ESEA III-A):									
(a) Technology innovative challenge grants (section 3136)	D	0	0	0	106,000	106,000	---	106,000	---
(b) Regional technology in education consortia (section 3141)	D	0	0	0	10,000	10,000	---	10,000	---
		0 [4]	0 [4]	0 [4]	116,000	116,000	---	116,000	---
Total		890,973	1,245,000	1,135,000	1,271,000	380,027	42.7%	26,000	2.1%
Outlays		*690,543*	*729,801*	*0*	*0*	*(690,543)*	*-100.0%*	*(729,801)*	*-100.0%*

[1] *$200,000 thousand was provided to each of the Departments of Education and Labor. The Department of Education amount reflects a subsequent reduction of $27 thousand for this account's share of a $1,381 thousand cancellation of funds available to the Department for salaries and expenses.*
[2] *An identical amount is included in the budget for the Department of Labor.*
[3] *Adjusted for comparability. Funds were provided in the Education Research, Statistics, and Improvement account.*
[4] *Funds were provided under the Education, Research, Statistics, and Improvement account.*

NOTE: Category Codes are as follows: D = discretionary program; M = mandatory program. The designation of programs as discretionary or mandatory is set forth in the Budget Enforcement Act of 1990.

(in thousands of dollars) Office, Account, Program and Activity	D \ M	1997 Appro.	1998 President's Budget	1998 House Committee	1998 Senate Committee	Sen. Change from '97 Appro. Amount	Sen. Change from '97 Appro. Percent	Sen. Change from Pres. Bud. Amount	Sen. Change from Pres. Bud. Percent
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION (OESE)									
Education for the Disadvantaged									
1. Grants to local educational agencies (ESEA I-A):									
(a) Basic grants:									
(1) Basic grants (section 1124(a))	D	6,269,712	6,187,350	6,187,850	6,269,712	0	0.0%	82,362	1.3%
(2) LEA Census poverty data	D	3,500	4,000	3,500	4,000	500	14.3%	0	0.0%
Subtotal, Basic grants		6,273,212	6,191,350	6,191,350	6,273,712	500	0.0%	82,362	1.3%
(b) Concentration grants (section 1124A)	D	1,022,020	999,249	949,249	1,022,020	0	0.0%	22,771	2.3%
(c) Targeted grants (section 1125)	D	0	350,000	400,000	0	0	---	(350,000)	-100.0%
Subtotal		7,295,232	7,540,599	7,540,599	7,295,732	500	0.0%	(244,867)	-3.2%
2. Capital expenses for private school children (ESEA I section 1120(e))	D	41,119	41,119	41,119	41,119	0	0.0%	0	0.0%
3. Even start (ESEA I-B)	D	101,992	108,000	108,000	108,000	6,008	5.9%	0	0.0%
4. State agency programs:									
(a) Migrant (ESEA I-C)	D	305,473	319,500	305,473	305,473	0	0.0%	(14,027)	-4.4%
(b) Neglected and delinquent (ESEA I-D)	D	39,311	40,333	39,311	40,333	1,022	2.6%	0	0.0%
Subtotal		344,784	359,833	344,784	345,806	1,022	0.3%	(14,027)	-3.9%
5. State school improvement (ESEA I-A sections 1116 and 1117)	D	0	9,000	0	0	0	---	(9,000)	-100.0%
6. Evaluation (ESEA I-E section 1501)	D	6,977	10,000	10,000	6,977	0	0.0%	(3,023)	-30.2%
7. Whole school reform (section 1502(a)(1)(C))	D	0	0	150,000	0	0	---	0	---
Subtotal, ESEA I		7,790,104	8,067,551	8,194,502	7,797,634	7,530	0.1%	(269,917)	-3.3%
8. Migrant education (HEA IV-A-5):									
(a) High school equivalency program	D	7,441	7,634	7,634	7,634	193	2.6%	0	0.0%
(b) College assistance migrant program	D	2,028	2,081	2,081	2,081	53	2.6%	0	0.0%
Subtotal		9,469	9,715	9,715	9,715	246	2.6%	0	0.0%
Total, Budget authority		7,799,573	8,077,266	8,204,217	7,807,349	7,776	0.1%	(269,917)	-3.3%
Current authority		6,501,187	6,778,880 [1]	6,905,831 [1]	6,508,963 [1]	7,776	0.1%	(269,917)	-4.0%
Permanent authority		1,298,386 [2]	1,298,386 [2]	1,298,386 [2]	1,298,386 [2]	0	0.0%	0	0.0%
Outlays, current		*6,202,535*	*6,206,820*	*0*	*0*	*(6,202,535)*	*-100.0%*	*(6,206,820)*	*-100.0%*
Outlays, permanent		*1,032,283*	*1,270,973*	*0*	*0*	*(1,032,283)*	*-100.0%*	*(1,270,973)*	*-100.0%*

[1] *Excludes an advance appropriation of $1,298,386 thousand that will become available on October 1 of fiscal year 1999 for academic year 1998-99.*

[2] *Reflects an advance appropriation that was included in the prior year's appropriations act and which becomes available on October 1 of the fiscal year shown. The advance appropriation is scored as permanent budget authority in the year of availability.*

(in thousands of dollars) Office, Account, Program and Activity	D\M	1997 Appro.	1998 President's Budget	1998 House Committee	1998 Senate Committee	Sen. Change from '97 Appro. Amount	Sen. Change from '97 Appro. Percent	Sen. Change from Pres. Bud. Amount	Sen. Change from Pres. Bud. Percent
Impact Aid (ESEA VIII)									
1. Payments for federally connected children (section 8003):									
(a) Basic support payments (section 8003(b))	D	615,500	584,000	667,000	623,500	8,000	1.3%	39,500	6.8%
(b) Payments for children with disabilities (section 8003(d))	D	40,000	40,000	40,000	80,000	40,000	100.0%	40,000	100.0%
(c) Payments for heavily impacted districts (section 8003(f))	D	52,000	20,000	62,000	52,000	0	0.0%	32,000	160.0%
Subtotal		707,500	644,000	769,000	755,500	48,000	6.8%	111,500	17.3%
2. Facilities maintenance (section 8008)	D	0	10,000	0	10,000	10,000	---	0	0.0%
3. Construction (section 8007)	D	5,000	4,000	7,000	5,000	0	0.0%	1,000	25.0%
4. Payments for Federal property (section 8002)	D	17,500	0	20,000	24,000	6,500	37.1%	24,000	---
Total		730,000	658,000	796,000	794,500	64,500	8.8%	136,500	20.7%
Outlays		*900,957*	*700,995*	*0*	*0*	*(900,957)*	*-100.0%*	*(700,995)*	*-100.0%*
School Construction									
1. School construction (proposed legislation)	M	0	5,000,000	0	0	0	---	(5,000,000)	(1)
Total		0	5,000,000	0	0	0	---	(5,000,000)	-100.0%
Outlays		*0*	*1,250,000*	*0*	*0*	*0*	---	*(1,250,000)*	*-100.0%*

(in thousands of dollars) Office, Account, Program and Activity	D \ M	1997 Appro.	1998 President's Budget	1998 House Committee	1998 Senate Committee	Sen. Change from '97 Appro. Amount	Sen. Change from '97 Appro. Percent	Sen. Change from Pres. Bud. Amount	Sen. Change from Pres. Bud. Percent
School Improvement Programs									
1. Professional development and program innovation:									
(a) Eisenhower professional development State grants (ESEA II-B)	D	310,000	360,000	310,000	310,000	0	0.0%	(50,000)	-13.9%
(b) Innovative education program strategies State grants (ESEA VI-A)	D	310,000	0	350,000	310,000	0	0.0%	310,000	---
Subtotal		620,000	360,000	660,000	620,000	0	0.0%	260,000	72.2%
2. Safe and drug-free schools and communities:									
(a) State grants (ESEA IV-A Subpart 1)	D	530,978 [1]	590,000	531,000	555,978	25,000	4.7%	(34,022)	-5.8%
(b) National programs (ESEA IV-A Subpart 2)	D	25,000 [1]	30,000	25,000	0	(25,000)	-100.0%	(30,000)	-100.0%
Subtotal		555,978	620,000	556,000	555,978	0	0.0%	(64,022)	-10.3%
3. Inexpensive book distribution (ESEA X-E)	D	10,265	12,000	12,000	12,000	1,735	16.9%	0	0.0%
4. Arts in education (ESEA X-D-1)	D	9,000	9,500	9,500	10,500	1,500	16.7%	1,000	10.5%
5. Magnet schools assistance (ESEA V-A)	D	95,000	95,000	105,000	95,000	0	0.0%	0	0.0%
6. Education for homeless children and youth (SBMHAA Title VII-B)	D	25,000	27,000	27,000	28,800	3,800	15.2%	1,800	6.7%
7. Women's educational equity (ESEA V-B)	D	2,000	4,000	2,000	4,000	2,000	100.0%	0	0.0%
8. Training and advisory services (CRA IV)	D	7,334	14,334	7,334	7,334	0	0.0%	(7,000)	-48.8%
9. Ellender fellowships (ESEA X-G)	D	1,500	0	1,500	1,500	0	0.0%	1,500	---
10. Education for Native Hawaiians (ESEA IX-B)	D	15,000	15,000	0	20,000	5,000	33.3%	5,000	33.3%
11. Alaska Native education equity (ESEA IX-C)	D	8,000	8,000	0	10,640	2,640	33.0%	2,640	33.0%
12. Charter schools (ESEA X-C)	D	50,987	100,000	75,000	50,987	0	0.0%	(49,013)	-49.0%
13. Comprehensive regional assistance centers (ESEA XIII-A)	D	25,554	34,388	25,554	25,554	0	0.0%	(8,834)	-25.7%
14. Education infrastructure (ESEA XII)	D	0	0	0	40,000	40,000	---	40,000	---
Total		1,425,618	1,299,222	1,480,888	1,482,293	56,675	4.0%	183,071	14.1%
Outlays		*1,516,170*	*1,394,282*	*0*	*0*	*(1,516,170)*	*-100.0%*	*(1,394,282)*	*-100.0%*
America Reads Challenge									
1. America Reads Challenge (proposed legislation):									
(a) America's Reading Corps	D	0	200,000	200,000	200,000	0	---	(200,000)	-100.0%
(b) Parents as first teachers grants	D	0	60,000	60,000	60,000	0	---	(60,000)	-100.0%
Total		0	260,000	260,000 [2,3]	260,000 [2]	0	---	(260,000)	-100.0%
Outlays		*0*	*31,200*	*0*	*0*	*0*	---	*(31,200)*	*-100.0%*

[1] *Reflects a reprogramming of $25,000 thousand appropriated for State Grants to National Programs.*

[2] *Funds are provided on an advance basis to become available on October 1 of fiscal year 1999, if specifically authorized by April 1, 1998. The advance appropriation is scored as permanent budget authority in fiscal year 1999 and is not reflected in the House and Senate totals for the Department.*

[3] *If the reading initiative is not authorized by April 1, 1998, the House provides that the funds shall be transferred to the Special Education account to be available on July 1, 1999, for the same purposes as that account.*

NOTE: Funds requested in 1998 for America Reads Challenge were classified as mandatory; however, the 1998-2002 budget agreement between the President and Congress reclassified those funds as discretionary.

(in thousands of dollars) Office, Account, Program and Activity	D \ M	1997 Appro.	1998 President's Budget	1998 House Committee	1998 Senate Committee	Sen. Change from '97 Appro. Amount	Percent	Sen. Change from Pres. Bud. Amount	Percent
Indian Education									
1. Grants to local educational agencies (ESEA IX-A-1)......	D	58,050	59,750	59,750	59,750	1,700	2.9%	0	0.0%
2. Federal administration:									
(a) Office of Indian Education (DEOA section 215).......	D	2,943	2,800	2,800	2,800	(143)	-4.9%	0	0.0%
(b) National advisory council (ESEA IX-A-5)............	D	0	50	50	50	50	---	0	0.0%
Subtotal......................		2,943	2,850	2,850	2,850	(93)	-3.2%	0	0.0%
Total......................		60,993	62,600	62,600	62,600	1,607	2.6%	0	0.0%
Outlays....................		*67,471*	*60,709*	*0*	*0*	*(67,471)*	*-100.0%*	*(60,709)*	*-100.0%*
TOTAL, OESE..		10,016,184	15,357,088	10,543,705	10,146,742	130,558	1.3%	(5,210,346)	-33.9%
Total, discretionary..................................	D	10,016,184	10,357,088	10,543,705	10,146,742	130,558	1.3%	(210,346)	-2.0%
Total, mandatory......................................	M	0	5,000,000	0	0	0	---	(5,000,000)	-100.0%

NOTE: Prior to fiscal year 1998, funds for Indian Education were provided in the Department of the Interior and Related Agencies Appropriations Acts.

POTUS budget

(in thousands of dollars) Office, Account, Program and Activity	D \ M	1997 Appro.	1998 President's Budget	1998 House Committee	1998 Senate Committee	Sen. Change from '97 Appro. Amount	Sen. Change from '97 Appro. Percent	Sen. Change from Pres. Bud. Amount	Sen. Change from Pres. Bud. Percent
OFFICE OF BILINGUAL EDUCATION AND MINORITY LANGUAGES AFFAIRS (OBEMLA)									
Bilingual and Immigrant Education									
1. Bilingual education (ESEA VII-A):									
(a) Instructional services (subpart 1)...................	D	141,700 [1]	160,000	160,000	160,000	18,300	12.9%	0	0.0%
(b) Support services (subpart 2).........................	D	10,000	14,000	14,000	14,000	4,000	40.0%	0	0.0%
(c) Professional development (subpart 3).................	D	5,000	25,000	25,000	25,000	20,000	400.0%	0	0.0%
Subtotal........................		156,700	199,000	199,000	199,000	42,300	27.0%	0	0.0%
2. Foreign language assistance (ESEA VII-B).................	D	5,000	5,000	5,000	5,000	0	0.0%	0	0.0%
3. Immigrant education (ESEA VII-C).........................	D	100,000	150,000	150,000	150,000	50,000	50.0%	0	0.0%
Total........................		261,700	354,000	354,000	354,000	92,300	35.3%	0	0.0%
Outlays....................		*225,430*	*276,822*	*0*	*0*	*(225,430)*	*-100.0%*	*(276,822)*	*-100.0%*
TOTAL, OBEMLA..		261,700	354,000	354,000	354,000	92,300	35.3%	0	0.0%

[1] *Reflects a reprogramming of $15,000 thousand from funds provided for Instructional Services: $10,000 thousand to Support Services and $5,000 thousand to Professional Development.*

(in thousands of dollars) Office, Account, Program and Activity	D \ M	1997 Appro.	1998 President's Budget	1998 House Committee	1998 Senate Committee	Sen. Change from '97 Appro. Amount	Sen. Change from '97 Appro. Percent	Sen. Change from Pres. Bud. Amount	Sen. Change from Pres. Bud. Percent
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES (OSERS)									
Special Education (IDEA)									
1. State grants:									
(a) Grants to States (Part B-611)	D	3,109,395	3,248,750	3,353,911	3,949,837	840,442	27.0%	701,087	21.6%
(b) Preschool grants (Part B-619)	D	360,409	374,825	388,985	378,985	18,576	5.2%	4,160	1.1%
(c) Grants for infants and families (Part C-686)	D	315,754	323,964	340,790	350,790	35,036	11.1%	26,826	8.3%
Subtotal, State grants		3,785,558	3,947,539	4,083,686	4,679,612	894,054	23.6%	732,073	18.5%
2. National activities:									
(a) State improvement (Part-D, Subpart 1)	D	26,988	35,200	35,200	35,200	8,212	30.4%	0	0.0%
(b) Research and innovation (Part-D, section 672)	D	62,803	64,508	64,508	64,508	1,705	2.7%	0	0.0%
(c) Technical assistance and dissemination (Part-D, section 685)	D	34,337	35,056	35,056	44,556	10,219	29.8%	9,500	27.1%
(d) Personnel preparation (Part-D, section 673)	D	80,735	82,139	82,139	82,139	1,404	1.7%	0	0.0%
(e) Parent information centers (Part-D, section 682-684)	D	15,535	15,535	15,535	18,535	3,000	19.3%	3,000	19.3%
(f) Technology and media services (Part-D, section 687)	D	30,023	30,023	32,023	32,023	2,000	6.7%	2,000	6.7%
(g) Readline (Part-D, section 687(b)(2)(G)	D	0	0	0	1,500	1,500	---	1,500	---
Subtotal		250,421	262,461	264,961	278,461	28,040	11.2%	16,000	6.1%
Total		4,035,979	4,210,000	4,348,647	4,958,073	922,094	22.8%	748,073	17.8%
Outlays		*3,425,900*	*3,752,435*	*0*	*0*	*(3,425,900)*	*-100.0%*	*(3,752,435)*	*-100.0%*

NOTE: Activities and amounts for 1997 and the 1998 President's Budget have been adjusted to reflect the reauthorized Individuals with Disabilities Education Act (Public Law 105-17) enacted June 4, 1997.

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(in thousands of dollars) Office, Account, Program and Activity	D \ M	1997 Appro.	1998 President's Budget	1998 House Committee	1998 Senate Committee	Sen. Change from '97 Appro. Amount	Sen. Change from '97 Appro. Percent	Sen. Change from Pres. Bud. Amount	Sen. Change from Pres. Bud. Percent
Rehabilitation Services and Disability Research									
1. Vocational rehabilitation State grants:									
(a) Grants to States (RA I-A and sections 110 and 111..	M	2,164,038	2,234,528	2,234,528	2,234,528	70,490	3.3%	0	0.0%
(b) Grants for Indians (RA I-D)........................	M	12,000	12,360	12,360	12,360	360	3.0%	0	0.0%
Subtotal......................		2,176,038	2,246,888	2,246,888	2,246,888	70,850	3.3%	0	0.0%
2. Client assistance State grants (RA section 112)........	M	10,392	10,714	10,714	10,714	322	3.1%	0	0.0%
3. Training (RA sections 302 and 803).....................	M	39,629	39,629	39,629	39,629	0	0.0%	0	0.0%
4. Special demonstration programs (RA sections 311 and 802)..	M	18,942	16,942	(15,942)	(20,836)	1,894	10.0%	3,894	23.0%
5. Migratory workers (RA section 312).....................	M	1,850	2,350	2,350	2,350	500	27.0%	0	0.0%
6. Recreational programs (RA section 316).................	M	2,596	2,596	2,596	2,596	0	0.0%	0	0.0%
7. Protection and advocacy of individual rights (RA section 509)..	M	7,657	7,894	9,894	7,894	237	3.1%	0	0.0%
8. Projects with industry (RA VI-B).......................	M	22,071	22,071	22,071	22,071	0	0.0%	0	0.0%
9. Supported employment State grants (RA VI-C)...........	M	38,152	38,152	38,152	38,152	0	0.0%	0	0.0%
10. Independent living (RA VII):									
(a) State grants (Chapter 1, Part B)..................	M	21,859	21,859	21,859	21,859	0	0.0%	0	0.0%
(b) Centers (Chapter 1, Part C).......................	M	42,876	44,205	44,205	46,205	3,329	7.8%	2,000	4.5%
(c) Services for older blind individuals (Chapter 2)...	M	9,952	9,952	9,952	11,947	1,995	20.0%	1,995	20.0%
11. Program improvement (RA section 12)....................	M	2,391	3,900	2,900	3,900	1,509	63.1%	0	0.0%
12. Evaluation (RA section 14).............................	M	1,587	1,587	1,587	1,587	0	0.0%	0	0.0%
13. Helen Keller National Center for Deaf-Blind Youths and Adults (HKNCA)....................................	M	7,337	7,528	7,528	7,549	212	2.9%	21	0.3%
14. National Institute on Disability and Rehabilitation Research (RA II)................................	M	69,990	71,000	76,000	71,000	1,010	1.4%	0	0.0%
15. Assistive technology (TRAIDA Title I).................	M	36,109	36,109	36,109	36,109	0	0.0%	0	0.0%
Total..	M	2,509,428	2,583,376	2,589,176	2,591,286	81,858	3.3%	7,910	0.3%
Total, discretionary...........................	D	0	0	5,800	7,910	7,910	---	7,910	---
Total, mandatory baseline......................	M	2,509,428	2,583,376	2,583,376	2,583,376	73,948	2.9%	0	0.0%
Outlays, discretionary.....		*0*	*0*	*0*	*0*	*0*	---	*0*	---
Outlays, mandatory baseline		*2,702,207*	*2,626,626*	*0*	*0*	*(2,702,207)*	*-100.0%*	*(2,626,626)*	*-100.0%*

NOTE: Funds in this account are classified as mandatory under the rules specified in the Budget Enforcement Act of 1990. When the total for the account is different from the mandatory baseline total, the difference is scored as discretionary and is applied to the Department's discretionary total.

(in thousands of dollars) Office, Account, Program and Activity	D \ M	1997 Appro.	1998 President's Budget	1998 House Committee	1998 Senate Committee	Sen. Change from '97 Appro. Amount	Sen. Change from '97 Appro. Percent	Sen. Change from Pres. Bud. Amount	Sen. Change from Pres. Bud. Percent
American Printing House for the Blind (20 U.S.C. 101 et seq.)	D	6,680	6,680	8,186	7,906	1,226	18.4%	1,226	18.4%
Outlays		8,771	6,680	0	0	(8,771)	-100.0%	(6,680)	-100.0%
National Technical Institute for the Deaf (EDA I-B, and sections 112 and 207)	D	43,041	43,041	42,841	44,141	1,100	2.6%	1,100	2.6%
Outlays		40,459	43,045	0	0	(40,459)	-100.0%	(43,045)	-100.0%
Gallaudet University (EDA I-A and section 207)	D	79,182	79,182	80,682	81,000	1,818	2.3%	1,818	2.3%
Outlays		75,879	79,256	0	0	(75,879)	-100.0%	(79,256)	-100.0%
TOTAL, OSERS		6,674,310	6,922,279	7,070,532	7,682,406	1,008,096	15.1%	760,127	11.0%
Total, discretionary	D	4,164,882	4,338,903	4,487,156	5,099,030	934,148	22.4%	760,127	17.5%
Total, mandatory	M	2,509,428	2,583,376	2,583,376	2,583,376	73,948	2.9%	0	0.0%

(in thousands of dollars) Office, Account, Program and Activity	D \ M	1997 Appro.	1998 President's Budget	1998 House Committee	1998 Senate Committee	Sen. Change from '97 Appro. Amount	Sen. Change from '97 Appro. Percent	Sen. Change from Pres. Bud. Amount	Sen. Change from Pres. Bud. Percent
OFFICE OF VOCATIONAL AND ADULT EDUCATION (OVAE)									
Vocational and Adult Education									
1. Vocational education State grants:									
(a) Basic grants (Carl D. Perkins VATEA):									
(1) Basic State grants (Title II)	D	998,056	1,025,461	998,056	998,056	0	0.0%	0	-2.7%
(2) Territorial set-aside (section 101A)	D	2,058	2,128	2,058	2,058	0	0.0%	0	-3.3%
(3) Indian and Hawaiian natives set-aside (section 103)	D	15,436	15,961	15,436	15,436	0	0.0%	0	-3.3%
Subtotal		1,015,550	1,043,550	1,015,550	1,015,550	0	0.0%	(28,000)	-2.7%
(b) Tech-prep education (VATEA III-E)	D	100,000	105,000	105,000	100,000	0	0.0%	(5,000)	-4.8%
Subtotal, State grants		1,115,550	1,148,550	1,120,550	1,115,550	0	0.0%	(33,000)	-2.9%
2. Vocational education national programs (VATEA IV-A)	D	13,497	20,497	13,497	13,497	0	0.0%	(7,000)	-34.2%
3. Tribally controlled postsecondary vocational institutions (VATEA III-H)	D	2,919	2,919	3,100	3,100	181	6.2%	181	6.2%
Subtotal, annual		1,131,966	1,171,966	1,137,147	1,132,147	181	0.0%	(39,819)	-3.4%
4. Permanent appropriation (Smith-Hughes Act):									
(a) Basic grants	M	6,848	0	6,848	6,848	0	0.0%	6,848	---
(b) Territorial set-aside	M	14	0	14	14	0	0.0%	14	---
(c) Indian and Hawaiian natives set-aside	M	107	0	107	107	0	0.0%	107	---
(d) Research	M	179	0	179	179	0	0.0%	179	---
Subtotal, permanent		7,148	0	7,148	7,148	0	0.0%	7,148	---
Subtotal, vocational education		1,139,114	1,171,966	1,144,295	1,139,295	181	0.0%	(32,671)	-2.8%
5. Adult education State grants (AEA B)	D	340,339	382,000	340,339	340,339	0	0.0%	(41,661)	-10.9%
6. Evaluation and technical assistance (AEA sections 383 and 384(a) and (b))	D	4,998	6,000	4,998	4,998	0	0.0%	(1,002)	-16.7%
7. National Institute for Literacy (AEA section 384(c))	D	4,491	6,000	4,491	4,491	0	0.0%	(1,509)	-25.2%
8. Literacy programs for prisoners (National Literacy Act section 601)	D	4,723	0	0	4,723	0	0.0%	4,723	---
Subtotal, Adult education		354,551	394,000	349,828	354,551	0	0.0%	(39,449)	-10.0%
Subtotal, annual		1,486,517	1,565,966	1,486,975	1,486,698	181	0.0%	(79,268)	-5.1%
Subtotal, permanent		7,148	0	7,148	7,148	0	0.0%	7,148	---
Total		1,493,665	1,565,966	1,494,123	1,493,846	181	0.0%	(72,120)	-4.6%
TOTAL, OVAE		1,493,665	1,565,966	1,494,123	1,493,846	181	0.0%	(72,120)	-4.6%
Total, discretionary	D	1,486,517	1,565,966	1,486,975	1,486,698	181	0.0%	(79,268)	-5.1%
Total, mandatory	M	7,148	0	7,148	7,148	0	0.0%	7,148	---
Outlays, discretionary		*1,588,853*	*1,486,651*	*0*	*0*	*(1,588,853)*	*-100.0%*	*(1,486,651)*	*-100.0%*
Outlays, mandatory		*8,538*	*6,488*	*0*	*0*	*(8,538)*	*-100.0%*	*(6,488)*	*-100.0%*

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OFFICE OF POSTSECONDARY EDUCATION (OPE)									
Student Financial Assistance									
1. Federal Pell grants (HEA IV-A-1)	D	5,919,000	7,635,000	7,438,000	6,910,334	991,334	16.7%	(724,666)	-9.5%
Prior-year surplus used (non-add)	D	308,000	171,304 [1]	0	170,666	(137,334)	-44.6%	(638)	-0.4%
Subtotal, budget authority		5,919,000	7,635,000	7,438,000	6,910,334	991,334	16.7%	(724,666)	-9.5%
Subtotal, program level (non-add)		6,227,000	7,806,304	7,081,000	7,081,000	854,000	13.7%	(725,304)	-9.3%
Maximum award (in whole dollars)		2,700	3,000	3,000	3,000	300	11.1%	0	0.0%
Subtotal, Pell grants		5,919,000	7,635,000	7,438,000	6,910,334	991,334	16.7%	(724,666)	-9.5%
2. Campus-based programs:									
(a) Federal supplemental educational opportunity grants (HEA IV-A-3)	D	583,407	583,407	583,407	634,407	51,000	8.7%	51,000	8.7%
(b) Federal work-study (HEA IV-C)	D	830,000	857,000	860,000	830,000	0	0.0%	(27,000)	-3.2%
(c) Federal Perkins loans (HEA IV-E):									
(1) Capital contributions	D	158,000	158,000	135,000	158,000	0	0.0%	0	0.0%
(2) Loan cancellations	D	20,000	30,000	30,000	25,000	5,000	25.0%	(5,000)	-16.7%
Subtotal		178,000	188,000	165,000	183,000	5,000	2.8%	(5,000)	-2.7%
Subtotal, campus-based programs		1,591,407	1,628,407	1,608,407	1,647,407	56,000	3.5%	19,000	1.2%
3. State student incentive grants (HEA IV-A-4)	D	50,000	0	0	0	(50,000)	-100.0%	0	---
Total		7,560,407	9,263,407	9,046,407	8,557,741	997,334	13.2%	(705,666)	-7.6%
Outlays		*7,598,977*	*8,165,139*	*0*	*0*	*(7,598,977)*	*-100.0%*	*(8,165,139)*	*-100.0%*

[1] *An additional $99,035 thousand in prior-year surplus was available at the time the President's Budget was transmitted to the Congress.*

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Federal Family Education Loans (Liquidating)									
1. Family education loans (HEA IV-B):									
(a) Program costs (permanent authority).................	M	0	0	0	0	0	---	0	---
Total, FFEL (Liquidating) (permanent authority)..........		0	0	0	0	0	---	0	---
Outlays.....................		*7,266*	*(413,615)*	*0*	*0*	*(7,266)*	*-100.0%*	*413,615*	*-100.0%*
Federal Family Education Loan Program Account									
1. New loan subsidies (HEA IV-B) (permanent authority).....	M	2,661,113	2,077,941	2,077,941	2,077,941	(583,172)	-21.9%	0	0.0%
2. Reestimate of existing loans............................	M	(2,530,592)	0	0	0	2,530,592	-100.0%	0	---
Subtotal......................		130,521	2,077,941	2,077,941	2,077,941	1,947,420	1492.0%	0	0.0%
3. Federal administration (FCRA section 505(e))...........	D	46,482	47,688	47,688	46,482	0	0.0%	(1,206)	-2.5%
Total, FFEL Program..................		177,003	2,125,629	2,125,629	2,124,423	1,947,420	1100.2%	(1,206)	-0.1%
Outlays, discretionary.....		*41,264*	*45,812*	*0*	*0*	*(41,264)*	*-100.0%*	*(45,812)*	*-100.0%*
Outlays, mandatory.........		*(17,944)*	*2,087,713*	*0*	*0*	*17,944*	*-100.0%*	*(2,087,713)*	*-100.0%*
Total, FFEL......................		177,003	2,125,629	2,125,629	2,124,423	1,947,420	1100.2%	(1,206)	-0.1%
Total, discretionary..........	D	46,482	47,688	47,688	46,482	0	0.0%	(1,206)	-2.5%
Total, mandatory.............	M	130,521	2,077,941	2,077,941	2,077,941	1,947,420	1492.0%	0	0.0%
Federal Direct Student Loan Program Account (HEA IV-D)									
1. New loan subsidies (section 451) (permanent authority)..	M	412,646	751,345	751,345	751,345	338,699	82.1%	0	0.0%
2. Reestimate of existing loans............................	M	(303,653)	0	0	0	303,653	-100.0%	0	---
Subtotal.....................		108,993	751,345	751,345	751,345	642,352	589.4%	0	0.0%
3. Federal administration (section 458):									
(a) Federal administration (permanent authority)........	M	491,000	532,000	532,000	532,000	41,000	8.4%	0	0.0%
(b) Payments for services to guaranty agencies (non-add)	M	152,752	152,143	152,143	152,143	(609)	-0.4%	0	0.0%
Total..................................		599,993	1,283,345	1,283,345	1,283,345	683,352	113.9%	0	0.0%
Outlays, Total..................		*413,105*	*1,070,554*	*0*	*0*	*(413,105)*	*-100.0%*	*(1,070,554)*	*-100.0%*
Outlays, loan subsidies........		*(553)*	*581,458*	*0*	*0*	*553*	*-100.0%*	*(581,458)*	*-100.0%*
Outlays, Federal administration		*413,658*	*489,096*	*0*	*0*	*(413,658)*	*-100.0%*	*(489,096)*	*-100.0%*

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Higher Education									
1. Aid for institutional development (HEA III):									
(a) Strengthening institutions (Part A)..................	D	55,450	55,450	55,450	55,450	0	0.0%	0	0.0%
(b) Hispanic-serving institutions (Part A section 316)..	D	10,800	12,000	12,000	12,000	1,200	11.1%	0	0.0%
(c) Strengthening HBCUs (Part B section 323)............	D	108,990	113,000	120,000	108,990	0	0.0%	(4,010)	-3.5%
(d) Strengthening historically black graduate institutions (Part B section 326)...............	D	19,606	19,606	25,000	19,606	0	0.0%	0	0.0%
(e) Endowment challenge grants HBCU set-aside (Part C section 331)...........................	D	0	2,015	0	0	0	---	(2,015)	-100.0%
Subtotal, Title III...........		194,846	202,071	212,450	196,046	1,200	0.6%	(6,025)	-3.0%
2. Program development:									
(a) Fund for the Improvement of Postsecondary Education (HEA X-A)..	D	18,000	18,000	18,000	30,000	12,000	66.7%	12,000	66.7%
(b) Minority teacher recruitment (HEA V-B-2)............	D	2,212	3,727	2,500	2,212	0	0.0%	(1,515)	-40.6%
(c) Minority science improvement (HEA X-B-1)............	D	5,255	5,255	5,255	5,255	0	0.0%	0	0.0%
(d) International education and foreign language studies:									
(1) Domestic programs (HEA VI-A and B)..............	D	53,481	53,481	54,481	53,481	0	0.0%	0	0.0%
(2) Overseas programs (Fulbright-Hays Act (section 102(b)(6)).................................	D	5,270	5,770	5,770	5,870	600	11.4%	100	1.7%
(3) Institute for International Public Policy (HEA VI-C)..	D	1,000	1,000	0	1,000	0	0.0%	0	0.0%
Subtotal......................		59,751	60,251	60,251	60,351	600	1.0%	100	0.2%
(e) Urban community service (HEA XI-A)...................	D	9,200	0	0	4,900	(4,300)	-46.7%	4,900	---
3. Interest subsidy grants (HEA VII section 702)...........	D	15,673	13,700	13,700	13,700	(1,973)	-12.6%	0	0.0%
4. Mary McLeod Bethune Memorial Fine Arts Center (Pub.L. 102-423)..................................	D	1,400	0	6,620	1,400	0	0.0%	1,400	---
5. Edmund S. Muskie Foundation (Human Rights, Refugee, and Other For. Rel. Prov. Act, section 501)............	D	3,000	0	0	0	(3,000)	-100.0%	0	---
6. Calvin Coolidge Memorial Foundation (Human Rights, Refugee and Other For. Rel. Prov. Act, section 502).	D	1,000	0	0	0	(1,000)	-100.0%	0	---
7. Claiborne Pell Institute for International Relations and Public Policy (Claiborne Pell IIRPP Act)............	D	3,000	0	0	0	(3,000)	-100.0%	0	---
8. Aid to students:									
(a) Federal TRIO programs (HEA IV-A-2, Chapter 1).......	D	499,994	525,000	532,000	525,000	25,006	5.0%	0	0.0%
(b) Advanced placement fees (P.L. 102-325, XV-G)........	D	0	6,000	0	3,000	3,000	---	(3,000)	-50.0%
(c) National early intervention scholarships and partnerships (HEA IV-A-2, Chapter 2)............	D	3,600	0	0	3,600	0	0.0%	3,600	---
(d) Byrd honors scholarships (HEA IV-A-6)...............	D	29,117	39,288	29,117	39,288	10,171	34.9%	0	0.0%
(e) Presidential honors scholarships (proposed legislation)...	D	0	132,000	0	0	0	---	(132,000)	-100.0%
(f) George Bush fellowships (George Bush School of Government and Public Services Act).............	D	3,000	0	0	0	(3,000)	-100.0%	0	---
(g) Javits fellowships (HEA IX-C).......................	D	5,931	0	0	0	(5,931)	-100.0%	0	---
(h) Graduate assistance in areas of national need (HEA IX-D)..	D	24,069 [1]	30,000 [2]	30,000 [2]	30,000 [2]	5,931	24.6%	0	0.0%
9. State grants for incarcerated youth offenders (HEA X-E)	D	0	0	0	15,000	15,000	---	15,000	---
Total.....................................		879,048	1,035,292	909,893	929,752	50,704	5.8%	(105,540)	-10.2%
Outlays......................		*880,188*	*896,569*	*0*	*0*	*(880,188)*	*-100.0%*	*(896,569)*	*-100.0%*

[1] *Funds provided for Graduate Assistance in Areas of National Need also are available for Harris Fellowships noncompeting continuation awards for academic year 1997-98. $4,437 thousand was used for Harris Fellowships.*
[2] *Funds provided for Graduate Assistance in Areas of National Need also are available for Javits Fellowships noncompeting continuation awards for academic year 1998-99. $3,375 thousand will be used for Javits Fellowships.*

(in thousands of dollars) Office, Account, Program and Activity	D \ M	1997 Appro.	1998 President's Budget	1998 House Committee	1998 Senate Committee	Sen. Change from '97 Appro. Amount	Sen. Change from '97 Appro. Percent	Sen. Change from Pres. Bud. Amount	Sen. Change from Pres. Bud. Percent
Howard University									
1. Howard University Hospital (20 U.S.C. 128)	D	29,489	29,489	29,489	29,489	0	0.0%	0	0.0%
2. Undistributed	D	166,511	166,511 [1]	180,511	168,511 [1]	2,000	1.2%	2,000	1.2%
Total		196,000	196,000	210,000	198,000	2,000	1.0%	2,000	1.0%
Outlays		*192,997*	*196,000*	*0*	*0*	*(192,997)*	*-100.0%*	*(196,000)*	*-100.0%*
Higher Education Facilities Loans (HEA VII-C) (Liquidating)	M	(3,500) [2]	(3,000) [2]	(3,000) [2]	(3,000) [2]	500	-14.3%	0	0.0%
Outlays		*(4,300)*	*(4,164)*	*0*	*0*	*4,300*	*-100.0%*	*4,164*	*-100.0%*
College Housing and Academic Facilities Loans (Liquidating)									
1. Interest subsidy payments (HEA VII-C) (permanent authority)	M	3,000	3,000	3,000	3,000	0	0.0%	0	0.0%
Total, CHAFL (Liquidating)		3,000	3,000	3,000	3,000	0	0.0%	0	0.0%
Outlays		*6,831*	*3,995*	*0*	*0*	*(6,831)*	*-100.0%*	*(3,995)*	*-100.0%*
College Housing and Academic Facilities Loans Program									
1. Federal administration (FCRA section 505(e))	D	698	1,069	698	698	0	0.0%	(371)	-34.7%
Total, CHAFL program		698	1,069	698	698	0	0.0%	(371)	-34.7%
Outlays, Total		*1,738*	*1,372*	*0*	*0*	*(1,738)*	*-100.0%*	*(1,372)*	*-100.0%*
Outlays, loan subsidies		*1,034*	*444*	*0*	*0*	*(1,034)*	*-100.0%*	*(444)*	*-100.0%*
Outlays, Federal administration		*704*	*928*	*0*	*0*	*(704)*	*-100.0%*	*(928)*	*-100.0%*
Total, CHAFL		3,698	4,069	3,698	3,698	0	0.0%	(371)	-9.1%
College Housing Loans (HEA VII-C) (Liquidating)	M	(30,000) [2]	(32,000) [2]	(32,000) [2]	(32,000) [2]	(2,000)	6.7%	0	0.0%
Outlays		*(31,906)*	*(32,028)*	*0*	*0*	*31,906*	*-100.0%*	*32,028*	*-100.0%*
Historically Black College and University Capital Financing Program Account (HEA VII-B)									
1. Federal administration (FCRA section 505(e))	D	104	104	104	104	0	0.0%	0	0.0%
Total		104	104	104	104	0	0.0%	0	0.0%
Outlays		*162*	*110*	*0*	*0*	*(162)*	*-100.0%*	*(110)*	*-100.0%*
TOTAL, OPE		9,382,753	13,872,846	13,544,076	13,062,063	3,679,310	39.2%	(810,783)	-5.8%
Total, discretionary	D	8,682,739	10,543,560	10,214,790	9,732,777	1,050,038	12.1%	(810,783)	-7.7%
Total, mandatory	M	700,014	3,329,286	3,329,286	3,329,286	2,629,272	375.6%	0	0.0%

[1] *At least $3,530 thousand must be allocated for the Howard University endowment program.*
[2] *No loan authority.*

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OFFICE OF EDUCATIONAL RESEARCH AND IMPROVEMENT (OERI)									
Education Research, Statistics, and Improvement									
1. Research, development and dissemination (ERDDIA):									
(a) National education research institutes (Part C)....	D	54,000	62,250	62,250	54,000	0	0.0%	(8,250)	-13.3%
(b) Regional educational laboratories (Section 941(h)).	D	51,000	53,500	58,500	53,500	2,500	4.9%	0	0.0%
(c) National dissemination activities (Section 941(a)-(g) and Part E)...............	D	18,567	18,785	18,785	18,567	0	0.0%	(218)	-1.2%
Subtotal.....................		123,567	134,535	139,535	126,067	2,500	2.0%	(8,468)	-6.3%
2. Statistics (NESA).....................................	D	50,000	66,250	66,250	52,000	2,000	4.0%	(14,250)	-21.5%
3. Assessment:									
(a) National assessment (NESA section 411).............	D	29,752	35,502 [1]	35,502 [1]	29,752 [1]	0	0.0%	(5,750)	-16.2%
(b) National Assessment Governing Board (NESA section 412)............................	D	2,865	2,871	2,865	2,871	6	0.2%	0	0.0%
Subtotal.....................		32,617	38,373	38,367	32,623	6	0.0%	(5,750)	-15.0%
4. Eisenhower professional development Federal activities (ESEA II-A)............................	D	13,342	30,000	21,000	25,000	11,658	87.4%	(5,000)	-16.7%
5. Educational technology (ESEA III):									
(a) Technology for education (Part A):									
(1) Technology innovation challenge grants (section 3136)............................	D	56,965	75,000	75,000	0	(56,965)	-100.0%	(75,000)	-100.0%
(2) Regional technology in education consortia (section 3141)............................	D	10,000	10,000	10,000	0	(10,000)	-100.0%	(10,000)	-100.0%
Subtotal.....................		66,965 [2]	85,000	85,000	0 [3]	(66,965)	-100.0%	(85,000)	-100.0%
(b) Star schools (Part B)...............................	D	30,000	26,000	0	30,000	0	0.0%	4,000	15.4%
(c) Ready to learn television (Part C)..................	D	7,000	7,000	0	7,000	0	0.0%	0	0.0%
(d) Telecommunications demonstration project for mathematics (Part D)..........................	D	1,035	2,035	0	2,035	1,000	96.6%	0	0.0%
Subtotal.....................		105,000	120,035	85,000	39,035	(65,965)	-62.8%	(81,000)	-67.5%

[1] *Includes $5,000 thousand for the assessment and reporting of reading performance, as part of the President's proposed America's Reading Challenge.*

[2] *Adjusted for comparability. Excludes $200,000 thousand in 1997 for the Technology Literacy Challenge Fund, requested in 1998 in the Education Reform account.*

[3] *The Senate provided a total of $116,000 thousand for Technology for Education under the Education Reform account.*

(in thousands of dollars) Office, Account, Program and Activity	D \ M	1997 Appro.	1998 President's Budget	1998 House Committee	1998 Senate Committee	Sen. Change from '97 Appro. Amount	Sen. Change from '97 Appro. Percent	Sen. Change from Pres. Bud. Amount	Sen. Change from Pres. Bud. Percent
Education Research, Statistics, and Improvement (continued)									
6. Fund for the improvement of Education (ESEA X-A).......	D	40,000	40,000	80,000	50,000	10,000	25.0%	10,000	25.0%
7. Javits gifted and talented education (ESEA X-B)........	D	5,000	7,000	6,000	7,000	2,000	40.0%	0	0.0%
8. Eisenhower regional mathematics and science education consortia (ESEA XIII-C)............................	D	15,000	15,000	15,000	15,000	0	0.0%	0	0.0%
9. Learning centers (ESEA X-I):									
(a) 21st Century community learning centers............	D	1,000	0	50,000	1,000	0	0.0%	1,000	---
(b) After-school learning centers......................	D	0	50,000	0	0	0	---	(50,000)	-100.0%
Subtotal......................		1,000	50,000	50,000	1,000	0	0.0%	(49,000)	-98.0%
10. National writing project (ESEA X-K)....................	D	3,100	0	3,100	5,000	1,900	61.3%	5,000	---
11. Civic education (ESEA section 10601)...................	D	4,500	4,500	4,500	4,500	0	0.0%	0	0.0%
12. International education exchange (Goals 2000 EAA title VI)...	D	5,000	5,000	0	5,000	0	0.0%	0	0.0%
Total................................		398,126	510,693	508,752	362,225	(35,901)	-9.0%	(148,468)	-29.1%
Outlays, Research..........		*412,858*	*551,147*	*0*	*0*	*(412,858)*	*-100.0%*	*(551,147)*	*-100.0%*
Outlays, Libraries.........		*167,721*	*86,275*	*0*	*0*	*(167,721)*	*-100.0%*	*(86,275)*	*-100.0%*
TOTAL, OERI..		398,126	510,693	508,752	362,225	(35,901)	-9.0%	(148,468)	-29.1%

(in thousands of dollars) Office, Account, Program and Activity	D \ M	1997 Appro.	1998 President's Budget	1998 House Committee	1998 Senate Committee	Sen. Change from '97 Appro. Amount	Sen. Change from '97 Appro. Percent	Sen. Change from Pres. Bud. Amount	Sen. Change from Pres. Bud. Percent
DEPARTMENTAL MANAGEMENT:									
Program Administration (DEOA, section 202)	D	326,217	341,039	329,479	338,964	12,747	3.9%	(2,075)	-0.6%
Outlays		*321,503*	*339,606*	*0*	*0*	*(321,503)*	*-100.0%*	*(339,606)*	*-100.0%*
Office for Civil Rights (DEOA, section 203)	D	54,900	61,500	55,449	57,522	2,622	4.8%	(3,978)	-6.5%
Outlays		*56,972*	*59,586*	*0*	*0*	*(56,972)*	*-100.0%*	*(59,586)*	*-100.0%*
Office of the Inspector General (DEOA, section 212)	D	29,943	32,000	30,242	32,000	2,057	6.9%	0	0.0%
Outlays		*30,881*	*31,358*	*0*	*0*	*(30,881)*	*-100.0%*	*(31,358)*	*-100.0%*
Headquarters Renovation (DEOA, section 202)	D	0	0	0	0	0	---	0	---
Outlays		*4,900*	*2,006*	*0*	*0*	*(4,900)*	*-100.0%*	*(2,006)*	*-100.0%*
Total, Departmental Management		411,060	434,539	415,170	428,486	17,426	4.2%	(6,053)	-1.4%
Contributions	M	0	0	0	0	0	---	0	---
Outlays		*85*	*23*	*0*	*0*	*(85)*	*-100.0%*	*(23)*	*-100.0%*
Receipts:									
1. Proprietary receipts	M	(61,581)	(61,180)	(61,180)	(61,180)	401	-0.7%	0	0.0%
2. FFEL guaranty agency reserve recoveries	M	0	(731,000)	(731,000)	(731,000)	(731,000)	---	0	0.0%
Total		(61,581)	(792,180)	(792,180)	(792,180)	(730,599)	1186.4%	0	0.0%
Outlays		*(61,581)*	*(792,180)*	*0*	*0*	*(730,599)*	*-100.0%*	*0*	*-100.0%*
Chicago litigation outlays		*4,443*	*8,034*	*0*	*0*	*(4,443)*	*-100.0%*	*(8,034)*	*-100.0%*
BUDGET AUTHORITY TOTAL, EDUCATION DEPARTMENT		29,467,190	39,470,231 [1]	34,273,176 [1,2]	34,008,588 [1,2]	4,541,398	15.4%	(5,461,643)	-13.8%
Budget Authority, Discretionary Funds	D	26,312,181	29,349,749 [1]	29,145,546 [1,2]	28,880,958 [1,2]	2,568,777	9.8%	(468,791)	-1.6%
Budget Authority, Mandatory	M	3,155,009	10,120,482	5,127,630	5,127,630	1,972,621	62.5%	(4,992,852)	-49.3%
OUTLAYS TOTAL, EDUCATION DEPARTMENT		*28,512,156*	*32,226,295*	*0*	*0*	*(29,304,336)*	*-100.0%*	*(33,018,475)*	*-100.0%*
Outlays, Discretionary Funds	D	*25,489,855*	*26,391,683*	*0*	*0*	*(25,489,855)*	*-100.0%*	*(26,391,683)*	*-100.0%*
Outlays, Mandatory	M	*3,022,301*	*5,834,612*	*0*	*0*	*(3,814,481)*	*-100.0%*	*(6,626,792)*	*-100.0%*

[1] *Excludes an advance appropriation of $1,298,386 thousand under the Education for the Disadvantaged account that will become available on October 1 of fiscal year 1999.*

[2] *Excludes an advance appropriation of $260,000 thousand for the America Reads Challenge that will become available on October 1 of fiscal year 1999.*

NOTE: Section 516 of the Senate Committee-passed Departments of Labor, HHS, Education Appropriations Act of 1998 includes a $30.5 million reduction in salaries and expenses to be allocated among the agencies funded under the Act, the Department of Education's share of which has not been determined.

NOTE: Department of Education budget authority totals exclude the following amounts for Library programs: $136,369 thousand in 1997 and the 1998 President's Budget, $142,000 thousand in the 1998 House Subcommittee, and $146,369 thousand in the 1998 Senate Subcommittee. All Library programs are to be transferred to the Institute of Museum and *Library Services (IMLS)* in *fiscal* year 1997, pursuant to section 214 of the Museum and Library Services Act of 1996. Funding for these programs will be provided under IMLS in fiscal year 1998.

NOTE: Amounts for receipts reflect current estimate.

National Test / Approp

Mike - Did you [illegible]? Bill

Mary I. Cassell 09/22/97 03:20:38 PM

Record Type: Record

To: Michael Cohen/OPD/EOP, William R. Kincaid/OPD/EOP

cc:

Subject: National testing appropriations bullets

Attached is a revised version of the national testing bullets. They will be used as background information for appropriations negotiations. Barry's view is that OMB needs to fight to ensure that the national tests are funded (plus some wiggle room in FIE). We're fine in the Senate. The House is a little tight (unless the Obey earmark is lowered, then we're probably fine), but it is still doable. If ED wants to push for additional funds in FIE for extra projects, they are welcome to. Let us know what you think before the end of the day. Thanks!!

NATTES2.WPD

Also, you asked for some additional information on continuation and new awards that are in ED's 1998 budget. I've included the amounts that ED would like to provide for these projects if it receives $40 million for FIE. In some cases, the amounts were adjusted downward after the budget was released to accomodate the national tests (the funding needed in 1998 for the tests were was determined after the budget was printed). Where this is the case, I've added an explanatory comment.

continuation:

State assessments	$5.4 million (ED had wanted to spend $9.5 million on this, but scaled it back to be able to spend $16 million on the national tests)
Character education	$2.5 million (ED would not fund $4 million in new awards to accomodate tests)
McAuliffe Fellowships	$2.2 million
Blue Ribbon Schools	$1.0 million

new:

National tests	$16 million
Materials on TIMSS	$2 million
America Reads materials	not specified

other:

peer review	$.5 million

These total $29.6 million, without including funds for America Reads materials (which are also funded from the national funds in America Reads).

NATIONAL TESTING

- The House and Senate provide adequate funds for the testing initiative, but only if continuation grants, new projects, or congressional directives are not fully funded.

- **Adminstration:** The Administration requested $40 million for the Fund for the Improvement of Education (FIE), of which $16 million is needed to fund the national tests.

  o The remaining $24 million is for continuation grants (such as State assessments, character education, McAuliffe fellowships) and a few new projects (materials on the international math test)

- **Senate:** The Senate mark is adequate for the national tests, as well as for other FIE projects.

  o The Senate provided FIE with $50 million, $10 million above the Administration's request.

  o At this level, national testing would be funded, as would all continuation awards and some new projects, including some, but not all, of the congressional directives listed in report language (included as an attachment).

- **House:** The House mark is also adequate for the national tests, but would require cuts in continuation grants and would most likely leave no room for new projects -- unless the Obey earmark is reduced.

  o The House provided FIE with $80 million, $40 million above the Administration's request in total, but $11 million below the request once funds for earmarks are subtracted.
  o The House bill includes two earmarks in appropriations language: (1) $50 million for Rep. Obey's whole school reform initiative for low poverty schools; and (2) $1 million for the National Academy of Sciences to evaluate various aspects of the national tests.

  o Of the $29 million for unearmarked projects, the first $16 million would be for the national test. The remaining funds would be insufficient to adequately fund continuation grants. New projects and congressional directives included in report language (listed in attachment) would be even more difficult to fund.

NATIONAL TESTING - ATTACHMENT

The **Senate** report language includes several directives in which it "urges" or "encourages" the Department of Education (ED) to fund specific projects from the Fund for the Improvement of Education FIE, which finances the national tests. Although the report language is non-binding, ED traditionally attempts to honor as many of these directives as possible. The directives include:

- $2,000,000 to develop a common fiber-optic infrastructure plan for multiple college campuses;
- $750,000 for a demonstration project to assist second grade students who need help with reading;
- $1,000,000 to support a university-based research project with an emphasis on university consortium efforts which target inner-city public schools;
- $1,000,000 for a demonstration project designed for children in grades three through nine who are educationally and/or socially at risk for school failure;
- $1,000,000 to support an expansion of the Women in Natural Sciences Program, developed and managed by the Academy of Natural Sciences, which will permit the dissemination of information and an evaluation component;
- $3,000,000 for activities to extent the time for learning within or beyond the school year or day;
- $5,000,000 for a demonstration project designed to improve student achievement through curriculum improvement and the effective use of information technology;
- $5000,000 to begin a national study of curriculum education programs; and
- $1,000,000 to conduct a demonstration project using state-of-the-art technology to help students learn English.

In addition to the two appropriations earmarks, the **House** report language also includes several directives:

- instructs the Secretary to give careful consideration to applications for a $500,000 proposal for enhanced teacher training for the Foorman, Frances, and Fletcher NICHD approved longitudinal project "Early Interventions for Children with Reading Problems";
- $125,000 included for a national student and parent mock election;
- urges ED to give careful consideration to any applications submitted for the Empire State College International Center for Educational Technology and Distance Learning;
- encourages ED to support the evaluation, expansion and dissemination of the Woman in Natural Sciences program;
- encourages ED to support a model youth concert demonstration program to provide additional information on the contribution of music to learning; and
- urges the Secretary to give high priority to applications from urban school districts attempting to effectively educate Hispanic students in areas of science and math.

UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF THE ASSISTANT SECRETARY
FOR EDUCATIONAL RESEARCH AND IMPROVEMENT

FAX COVER SHEET

DATE: 9-22

TIME: 3:40

TO: Mike Cohen

FAX#: 456-5581

FROM: Sue Betka

Number of pages including fax cover: 4

PLEASE CALL (202) 219-1385 IF THERE ARE ANY PROBLEMS IN TRANSMITTAL.

Special Comments: Call me if you have any questions about this. 219-2236

Fund for the Improvement of Education
Fiscal Year 1998 Spending

Continuation of Congressional Directives	$1,209,929
New Senate Directives	19,250,000
New House Directives (estimate)	2,000,000
Comprehensive School Reform	50,000,000
Voluntary National Tests	16,250,000
Other Continuations	14,835,478
Other New Activities	1,454,593
Total	105,000,000

FUND FOR THE IMPROVEMENT OF EDUCATION

	FY 1997	FY 1998
MATH/SCIENCE/TECHNOLOGY--TIMSS FOLLOW-UP		
NAS TIMSS Follow-Up, Etc.	$430,830	$246,710
CBE TIMSS Proposal	$25,000	$0
TIMSS District Level Benchmarking	$1,024,969	$0
Math Olympiad	$100,000	$100,000
TEACHING		
OERI Urban Schools Initiative	$69,755	$0
State Level Responses to Teacher Ed Reform	$604,411	$0
Model Professional Development Award Program	$250,000	$250,000
Christa McAuliffe Fellowship	$2,212,964	$2,225,720
Blue Ribbon Schools Program	$1,738,917	$976,860
Foundation for the Advancements of Science & Education	$1,058,565	$719,000
Baldrige Awards	$250,000	$0
Teacher Forum	$130,000	$130,000
ASSESSMENT		
Board on Testing and Assessment (BOTA)	$100,000	$0
Student Assessment Initiative--FY 97	$1,122,443	$1,567,034
Student Assessment Initiative --FY95	$3,037,654	$2,443,507
National Voluntary Testing Program	$15,293,021	$16,250,000
Specifications $960,473		
Development $13,035,848		
Evaluation $1,238,800		
Comparison $57,900		
READING		
Cultural Exchange	$300,000	$302,609
Literacy Inc.	$350,000	$375,000
CONGRESSIONAL DIRECTIVES		
Boston Music Education Collaborative	$317.133	$326,068
First Book--Book Distribution Progam	$666,503	$333,497
In-School Mentoring Program	$300,000	$200,000
Space Science Demo	$248,352	$51,648
Scholar Athletes Games	$800,000	$0
National Student Parent Mock Election	$125,000	$0
Stevens Institute for Technology	$302,333	$298,716
Educational Software	$0	$0
Consumer Education	$0	$0
Employability Curriculum	$0	$0
NEW SENATE DIRECTIVES	$0	$19,250,000
NEW HOUSE DIRECTIVES (est.)	$0	$2,000,000

FUND FOR THE IMPROVEMENT OF EDUCATION

	FY 1997	FY 1998
COMPREHENSIVE REFORM	$0	$50,000,000
OTHER ACTIVITIES		
Key Issues in Critical Transitions	$135,271	$0
National Alliance for Business	$350,000	$350,000
Citizenship Education Fund	$30,875	$0
Boston Plan for Excellence	$251,180	$227,499
N. Carolina Quality Service Center	$300,000	$300,000
Friends of Fermi Lab	$64,300	$0
Education Commission of the States	$25,000	$0
New American Schools	$30,000	$0
Character Education--FY 97 Starts	$999,524	$999,621
Character Education--FY 96 Starts	$990,331	$997,270
Character Education--FY 95 Starts	$802,093	$525,823
Elementary School Counseling --FY 95 Starts	$2,393,539	$0
Jump Start	$250,000	$250,000
National Mentoring Coalition	$495,946	$383,635
Efficacy Institute	$357,621	$360,190
MetaNetworks	$250,000	$250,000
Library Assessment	$25,000	$0
Career Academy Assessment	$125,000	$230,000
NEA-Arts Partnership	$120,000	$110,000
NEA-Arts Edge	$200,000	$190,000
CCSSO	$800,000	$0
Early Childhood Research	$75,000	$75,000
FIE Grantee Meetings	$1,185	$50,000
Field Readers	$70,285	$200,000
OTHER NEW ACTIVITIES	$0	$1,454,593
TOTAL	$40,000,000	$105,000,000

SUMMARY	FY 1998
CONTINUATION OF CONGRESSIONAL DIRECTIVES	$1,209,929
NEW SENATE DIRECTIVES	$19,250,000
NEW HOUSE DIRECTIVES (est.)	$2,000,000
VOLUNTARY NATIONAL TESTS	$16,250,000
OTHER CONTINUATIONS	$14,835,478
COMPREHENSIVE REFORM	$50,000,000
OTHER NEW ACTIVITIES	$1,454,593
TOTAL	$105,000,000

UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF THE SECRETARY

FAX TRANSMITTAL

TO: Mike Cohen

ORGANIZATION:

FAX NUMBER: 456-5581

PHONE NUMBER:

FROM: Dan Bernal

PHONE NUMBER:

MESSAGE:

CONFIDENTIALITY NOTICE

DRAFT- September 22, 1997 (3:26pm)

ISSUES IN THE LABOR-HHS-EDUCATION CONFERENCE

List of Programs that Were Included in One or Both Statements of Administration Policy

(in thousands of dollars)

Program	POTUS	House	Senate	Gorton	Position
Goals 2000	620,000	387,200	530,000	0	Initially, the President's request was cut $145 million by the House and $105 million by the Senate. On the House Floor, amendments were passed to cut more funds from Goals to offset increases in IDEA ($55 million), child abuse prevention ($12.8 million), and vocational and adult education ($20 million).
Title I	8,067,551	8,194,502	7,797,634	0	The House proposal includes $150 million in additional Title I funds for Porter/Obey's Comprehensive School Reform proposal. This proposal has broad-scale bipartisan support and could be used as part of the President's effort to fix failing schools.
America Reads Challenge	260,000	260,000 (FY99)	260,000 (FY99)	0	Both the House and Senate provide an advance appropriation of $260 million in FY99. In order to get America Reads in the next school year, the $260 million must be in FY98. (Under the House bill, if legislation is not enacted by April 1, the money shifts to IDEA).

DRAFT- September 22, 1997 (3:26pm)

Program	POTUS	House	Senate	Gorton	Position
Voluntary National Tests (Funds from FIE)	16,000	0	10,800	0	The House has passed an amendment to prohibit the Education Department from developing or administering the National Tests. The Senate passed a compromise measure to let the tests move forward. The Senate set aside $10.8 million in FIE that is available but not earmarked which can be used for the test. The House spent this amount and added $40 million for Porter/Obey's Comprehensive School Reform for non-Title I schools.
Pell Grants	7,635,000	7,438,000	6,815,334	6,815,334	The House bill provides $197 million less for the Administration's proposed independent student policy. The Senate Bill cuts the President's request by over $725 million and provides no independent student eligibility expansion. A Harkin Sense of the Senate resolution to address the need for independent students in conference passed by voice vote (see attached letter).
Safe and Drug-Free Schools	620,000	556,000	555,978	0	Although this program has bipartisan support, the appropriators are sensitive to questions about its effectiveness.

Program	POTUS	House	Senate	Gorton	Position
FFEL	3,184,005	3,184,005	3,182,799	3,182,799	The House bill includes language amending the definition of an eligible lender. These provisions would increase the federal exposure to financial risk and weaken parts of the statute that had been passed specifically in response to prior abuses.
Adult Education	394,000	349,828	355,551	355,551	The Gorton Amendment exempts adult education from the block grant, although half of vocational education was included. Considering its exempted status, the Administration's higher number should be seriously considered by the appropriators. (The Senate figure includes $1 million in new funds for the National Institute for Literacy.)
Eisenhower Professional Development	360,000	310,000	310,000	0	Both bills freeze Eisenhower at the FY97 level compared to the President's proposed increase for teacher professional development-- an area everyone agrees is critical.
Charter Schools	100,000	100,000	50,987	0	In the House bill, Charter Schools went from $75 million to $100 million (the President's request) with the inclusion of a Roemer/Riggs amendment offset by money in the Technology Fund that was in excess of the President's request. There was a colloquy between specter and Lieberman that agreed that the Senate would go to at least $75 million.

DRAFT- September 22, 1997 (3:26pm)

Program	POTUS	House	Senate	Gorton	Position
College Work Study	857,000	860,000	830,000	830,000	Numbers speak for themselves.
21st Century Learning Centers	50,000	50,000	1,000	0	This important after-school initiative has bipartisan support with the House appropriators and lack of interest in the Senate. Nita Lowey is the lead on this in the House and will be very strong in conference. Sens. Jeffords and Boxer both strongly support the President's request in the Senate.
Research	134,535	138,035	126,067	126,067	
Statistics	66,250	66,250	52,000	52,000	The President's requested amount is necessary to allow data collections for several studies of major importance.
Assessment	38,373	38,367	32,623	32,623	

OTHER PROGRAMS

(in thousands of dollars)

Program	POTUS	House	Senate	Gorton	Position
Star Schools	20,000	0	30,000	0	
S & E: Program Administration	341,039	329,579	340,064	340,064	IT IS CRITICAL THAT WE GET THE HIGHEST AMOUNT.

DRAFT- September 22, 1997 (3:26pm)

Program	POTUS	House	Senate	Gorton	Position
Technology Grants	75,000	75,000	106,000	0	Technology is only an issue due to the Gorton block grant.
Technology Fund	425,000	435,000	425,000	0	Technology is only an issue due to the Gorton block grant.

DRAFT- September 22, 1997 (3:26pm)

CONGRESSIONAL PRIORITIES

(in thousands of dollars)

Program	POTUS	House	Senate	Gorton	Position
Special Education	6,922,279	7,150,532	7,682,406	7,682,406	IDEA is a top Congressional priority. Sen. Lott has vowed that the Senate will come as close as possible to a $1 billion increase this year over FY97. During debate, the House passed two amendments to increase funding over their original amount: Graham's $55 million offset from Goals 2000, and Goodling's $25 million offset from other agencies.
Impact Aid	658,000	796,000	794,500	794,500	
ESEA Title VI- Innovative Education	0	350,000	310,000	0	This was the program the House Majority proposed for their massive block grant that was never offered.
Education Infrastructure	5,000,000 (interest subsidy)	0	100,000	0	The Senate passed the Harkin Amendment by unanimous consent to provide $60 million for education infrastructure in addition to the $40 million already in the bill. This is a discretionary grant program-- not an interest subsidy.

DRAFT- September 22, 1997 (3:26pm)

Program	POTUS	House	Senate	Gorton	Position
SSIG	0	0	35,000	35,000	The Senate passed the Reed/Collins amendment (84-4) to restore funding for the SSIG program. The Administration has consistently proposed to eliminate this program-- the Senate and House agreed this year until the $35 million Reed amendment prevailed. This program was funded at $50 million in FY97.

8/8/97

Potential Adds to Labor/HHS/Education Bill to Achieve Level in Budget
Assumes CBO Estimates
(dollars in millions)

Obey (Whole School)
*Testing (Nat Test/FIE)
568

	House	Senate
Department of Education:		
** Goals 2000:		
BA	145	90
OL	17	10
* Education for the Disadvantaged:		
BA	---	270
OL	---	101
* Charter Schools:		
BA	25	49
OL	3	6
Eisenhower Professional Development:		
BA	50	50
OL	6	6
** America Reads Challenge:		
BA	260	260
OL	31	31
* Pell grants: (esp Independent Students)		
BA	197	725
OL	145	598
Work Study:		
BA	---	27
OL	---	28
Star Schools:		
BA	26	---
OL	3	---
* After School Learning Centers:		
BA	---	50
OL	---	7
Department of Health and Human Services:		
HIV Prevention (CDC):		
BA	13	---
OL	24	---
Substance Abuse and Mental Health Services Administration:		
BA	4	29
OL	2	14

Potential Adds to Labor/HHS/Education Bill to Achieve Level in Budget
Assumes CBO Estimates
(dollars in millions)

	House	Senate
HCFA HI/SMI (includes SSA and other HHS):		
BA	24	---
OL	16	---
Administration on Aging:		
BA	27	---
OL	121	---
Department of Labor:		
Adult Training:		
BA	---	109
OL	---	3
Youth Opportunities Areas:		
BA	250	250
OL	13	13
Unemployment Insurance (State employment services):		
BA	19	19
OL	19	19
Pension and Welfare Benefits Administration:		
BA	2	2
OL	2	2
Employment Standards Administration:		
BA	15	13
OL	13	11
Occupational Health and Safety Administration:		
BA	13	13
OL	10	10
Mine Safety and Health Administration:		
BA	7	---
OL	6	---
Bureau of Labor Statistics:		
BA	---	7
OL	---	5

Potential Adds to Labor/HHS/Education Bill to Achieve Level in Budget
Assumes CBO Estimates
(dollars in millions)

	House	Senate
Social Security Administration:		
Supplemental Security Income:		
BA	---	10
OL	---	5
OASI/DI:		
BA	95	106
OL	86	97
Office of the Inspector General:		
BA	---	4
OL	---	4
Other Agencies:		
Corporation for National and Community Service:		
BA	32	27
OL	18	15
National Labor Relations Board:		
BA	11	11
OL	10	10
Total Additions:		
BA	**1,215**	**2,121**
OL	**545**	**995**

2N, part of America Reads

1 This program was provided advance funding for FY 1999 at the President's requested FY 1998 level. This appropriation is contingent upon authorization during the next fiscal year.

Potential Cuts to Labor/HHS/Education Bill to Achieve Level in Budget
Assumes CBO Estimates
(dollars in millions)

	House	Senate
Department of Education:		
Education for the Disadvantaged:		
BA	-127	---
OL	-119	---
Special Education:		
BA	-148	-757
OL	-32	-79
Star Schools:		
BA	---	-4
OL	---	---
Department of Health and Human Services:		
Health Resources and Services Administration:		
BA	-351	-184
OL	-140	-74
Ryan White AIDS (HRSA):		
BA	(-132) [1]	(-41) [1]
OL	(-64)	(-42)
Centers for Disease Control and Prevention:		
BA	-73	-46
OL	-23	-14
HIV Prevention (CDC):		
BA	---	(-13) [2]
OL	---	---
National Institutes of Health:		
BA	-426	-616
OL	-165	-239
HCFA HI/SMI (includes SSA and other HHS):		
BA	---	-17
OL	---	-22
Department of Labor:		
Older Americans Employment:		
BA	---	-13
OL	---	-14
Total Decreases:		
BA	**-1,125**	**-1,637**
OL	**-479**	**-442**

Impact Aid
Title VI

[1] Figure included in HRSA Total
[2] Figure included in CDC Total

UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF THE SECRETARY

Remarks[1] of
Richard W. Riley
U. S. Secretary of Education

Press Briefing on the President's 1998 Budget
Thursday, February 6, 1997
Washington, D. C.

Good morning, and thank you all for coming.

In his State of the Union address on Tuesday night, President Clinton inspired the nation with his stirring call for a "national crusade" for education.

He said that his number one priority for the next four years is to ensure that all Americans have the best education in the world. And he issued a bold action plan for improvement that included a call for rigorous academic standards and testing.

That was Tuesday. Today, we issue our education budget for 1998. Today, we put our money where our mouth is, and we do it within a balanced budget.

This budget supports the President's goals and gives the American people the tools they need to achieve them. It includes historically high levels of investment in every area of education from pre-school to high school to college.

Let me pause right here to say that money alone is not the answer. No President, no Secretary of Education, no member of Congress can make the final difference in the classroom. That's the responsibility of students, educators, parents, and communities.

But money <u>is</u> part of the equation, particularly at a time when a record number of students are in our nation's classrooms. We must invest in every one of those young lives. This is the Education Age, and America must have an education budget right for the times.

This budget fits the bill. For fiscal year 1998, the President

[1]The Secretary may depart from prepared remarks.

is asking for a total of $29.1 billion in discretionary funds for the Department of Education, an increase of $2.9 billion or 11 percent over the 1997 level.

The President's budget also includes a significant investment of mandatory funds for two new initiatives: The America Reads Challenge and the School Construction initiative. And to complement the education funds in our budget and help Americans pay for college, President Clinton is proposing tax cuts that would save students and families an estimated $36 billion in postsecondary education expenses over five years.

These resources are focused into the following areas of priority: Putting high standards of excellence into action; improving reading for all Americans; providing help to schools and students with special needs; and expanding access to higher education.

PRIORITY NUMBER ONE is high standards.

Over the past four years, President Clinton has worked with Congress to build bipartisan support for effective assistance to states and communities using standards of excellence to improve their schools. The 1998 budget would expand this assistance.

For Goals 2000 State Grants, the cornerstone of federal support for schools and communities that want to raise standards, we are requesting $620 million. That is an increase of $129 million over 1997. The increase would permit grants to an estimated 16,000 schools, or one-third more than the 12,000 currently receiving Goals 2000 assistance.

We are also requesting $6 million for the Advanced Placement Fee program. This would -- for the first time -- supplement state efforts to subsidize or, in some cases, pay for the full cost of advanced placement tests for low-income students. This would help raise academic standards by encouraging all students to challenge themselves and take the tough courses. It would also help to fight the tyranny of low expectations, which tragically hold back so many of our students.

The President's budget also includes $400 million for School-to-Work Opportunities, $200 million each from the Departments of Education and Labor. These funds would help all 50 states to fully implement their strategies for preparing students for work and further education.

Our request would also nearly double funding for Educational

Technology to $500 million to help meet the President's goal of linking every school to the Information Superhighway by the year 2000. It would especially help to link rural and inner-city schools to a wide world of learning.

The President also is committed to expanding the range of choices available to parents and children within public school systems. Funding for Charter Schools would be doubled to over $100 million to support planning and start-up costs for up to 1,100 new schools created by teachers, parents, and other community members.

The skills of teachers need to be upgraded if they are to teach to high standards. The request includes $360 million for Eisenhower Professional Development State Grants, up $50 million over 1997, to help teachers better deliver instruction in the core subjects.

We also are asking for $21 million for the National Board for Professional Teaching Standards, an increase of $16 million, that would greatly speed up the development of standards and assessments in over 30 teaching fields. It would also help enable teachers to go through the rigorous evaluation needed to become master teachers.

PRIORITY NUMBER TWO is helping all Americans to read well.

Learning begins with reading, but over 40 percent of fourth graders read below the "Basic" level on the National Assessment of Educational Progress. Research shows that if students can't read well by fourth grade, their chances for later success in school are significantly reduced.

The goal of the America Reads Challenge is to ensure that all children read well and independently by the end of the third grade. The President's budget includes mandatory funding for two components of the Challenge: America's Reading Corps and Parents as First Teachers.

We are requesting $200 million in 1998 to begin enlisting and training one million volunteer tutors for the Reading Corps, which would provide reading assistance after school, on weekends, and during the summer for children in grades K-3 who need assistance. We plan a total of $1.45 billion for the Reading Corps over the next five years, with the Corporation for National and Community Service contributing an additional $1 billion.

For Parents as First Teachers, our budget includes $60 million in 1998 -- $300 million over five years -- to support programs that assist parents in helping their children to read. These programs put a strong emphasis on helping children before they enter school. And that is so important, because new scientific findings about the brain tell us that it is essential for children to start learning as early in life as possible.

All told, the America Reads Challenge would be funded at $2.75 billion over five years.

The America Reads Challenge supports the Administration's efforts to strengthen in-school instruction through increases in Title I Grants to Local Educational Agencies. For 1998, our request includes $7.5 billion, an increase of $347 million, to raise the academic achievement of poor and disadvantaged students by providing extra help with reading, writing, and math. I am pleased that in the President's first term, we changed Title I to link it to high standards for all students.

The 1998 request also provides significant increases for other reading programs. We are seeking a $6 million increase for Even Start, for a total of $108 million. This would expand local family literacy programs that combine early childhood education for preschool children with instruction in basic literacy skills for their parents.

Our $199 million request for Bilingual Education, up $42 million from the 1997 level, would help ensure that students who speak a language other than English receive the extra help they need to learn to read English. And a $42 million increase for Adult Education State Grants would help adult Americans improve their literacy skills.

Our THIRD PRIORITY is to provide extra help to schools and students with special needs.

All across the nation, schools are struggling to make room for new students while they provide services for students with special needs. These students include low-achieving and limited-English-proficient students, and students with disabilities. The Department's 1998 budget would help schools meet this and other challenges.

The budget would provide $3.2 billion for Special Education Grants to States, an increase of $141 million or 4.5 percent over the 34 percent increase in 1997. The request would help states cover the increased costs of serving additional children with disabilities.

We also recognize the additional costs faced by school districts that serve large numbers of recently arrived immigrant students. To help districts pay these costs, the request includes $150 million for Immigrant Education, a $50 million or 50 percent increase over the 1997 level.

Of course, students cannot be expected to learn in schools where they are threatened by drug abuse and violence. To help fight these threats, we are asking for $620 million for the Safe and Drug-Free Schools programs. This is an increase of $64 million, or nearly 12 percent, over the 1997 level.

The Department also is proposing a new program of After-School Learning Centers. The request includes $50 million to help hundreds of rural and inner-city public schools stay open after school hours and serve as safe, neighborhood learning centers where students can do their homework and obtain tutoring and mentoring services.

In addition, the 1998 budget includes a one-time appropriation of $5 billion to stimulate state and local efforts to repair and modernize school facilities, particularly in urban areas, which often have the greatest need.

The new School Construction initiative would pay for up to half the interest on school construction bonds or similar financing mechanisms, with a target of stimulating at least $20 billion in new construction or renovation projects. Projects could include emergency repairs to ensure health and safety; technology upgrades; building new schools to serve growing enrollments; ensuring access for disabled individuals; and improving energy efficiency.

Our FOURTH PRIORITY is to make college more affordable.

President Clinton is proposing a combination of budget and tax initiatives for 1998 that would significantly expand college access for lower-income students, while providing new assistance to working families and middle-class families struggling to pay for college.

The budget request would increase the maximum Pell Grant award to an all-time high of $3,000, up from the 1997 level of $2,700. At the same time, we would modify the need-analysis formula for certain independent students to correct an inequity arising out of the Higher Education Amendments of 1992. The need-analysis change would make over 200,000 additional independent students eligible for Pell Grants. These are older students who are generally aged 24 and over. The budget includes $7.6 billion, an increase of $1.7 billion or 29 percent, to pay for these proposals.

We also are proposing changes to the student loan programs that would save student borrowers $2 billion over the next five years while saving taxpayers an additional $3.5 billion over the same period.

Student loan origination fees would be reduced from 4 percent to 2 percent on Stafford subsidized loans--cutting in half the fees charged to the neediest students--and from 4 percent to 3 percent on other loans. The FFEL guaranty agency system would be streamlined to clarify the federal government's role as sole guarantor of all student loans, and agency fees would be linked to performance in collecting on defaulted loans.

As I mentioned earlier, the President's budget includes two major tax initiatives that together would save more than 12 million postsecondary students and their families an estimated $4 billion in 1998.

The America's Hope Scholarship proposal would help make two years of postsecondary education universally available by providing a tax credit of up to $1,500 each year during the first two years of college. Students would have to maintain at least a "B" average to qualify for the tax credit in their second year of postsecondary study. The Treasury Department estimates that 4.2 million students would benefit from Hope Scholarships in 1998, with total savings to students and families reaching $18.6 billion by 2002.

President Clinton is also offering a Middle-Income Tax Deduction proposal. This would allow students and families to deduct up to $5,000 in postsecondary tuition and fees from their taxable income. The deduction would rise to $10,000 in 1999. More than eight million students would benefit from the tax deduction in 1998, with total savings reaching $17.6 billion by 2002.

Other postsecondary education priorities in the Department of Education's budget include:

* A $27 million increase for Work-Study to keep us on course

toward funding one million work-study jobs by the year 2000;

* A $25-million increase for TRIO, to provide outreach and support services to almost 37,000 more students. TRIO encourages students from disadvantaged backgrounds to prepare for, enter and complete college;

* And $132 million to give Presidential Honors Scholarships to students who graduate in the top five percent of their class in every high school in America.

In his second inaugural address, the President spoke of a land in which "education will be every citizen's most prized possession." This budget will help put that "most prized possession" within the reach of every American.

Thank you, and I will be happy to take your questions now.

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