

EDUCATION STRATEGY MEETING
JUNE 30, 1995
AGENDA

- I. OVERVIEW -- GENE SPERLING
- II. UPDATES
- III. CATALOG OF MATERIALS
 - What do we have?
 - What do we need?
- IV. CALENDAR
 - PRESIDENTIAL SPEECHES / EVENTS
 - SCHEDULES OF CABINET SECRETARIES
 - EVENTS HOSTED BY OUTSIDE ORGANIZATIONS
 - HEARINGS OR OTHER CONGRESSIONAL ACTION
 - POTENTIAL "NEWS HOOKS"
- V. COMMUNICATION STRATEGY:
 - MEETINGS
 - EVENTS
 - SPEECHES
- VI. FOLLOW-UP WITH CAPITOL HILL
- VII. FOLLOW-UP AMONG ADMINISTRATION OFFICIALS
 - MEETINGS
 - CONFERENCE CALLS

① Hearing

SUGGESTIONS FOR COMMUNICATION STRATEGY

POTENTIAL PRESIDENTIAL SPEECHES / ACTIVITIES

- . Saturday morning radio address with an emphasis on education
- . Conference Calls to allies (mayors, governors, education / labor groups)

POTENTIAL EVENTS / MEETINGS

- . Direct Lending Event
- . CEOs of major businesses meet with Secretary Rubin
- . Bring in major education / labor groups to engage them in our strategy

POTENTIAL "NEWS HOOK" ANNOUNCEMENTS (Provided by the DOL)

- . Enterprise National Launch Meeting - July 10-11

This is the "launch" event to announce the first class of charter members of *The Enterprise*, which is the new nationwide network of certified dislocated worker organizations that offer high quality, customer-focused services, and use successful management techniques from the private business sector. The development of the Enterprise concept is a priority activity of the Department in response to reinvention goals and the GI Bill for American Workers.

- . Lifelong Learning Demonstration Project Community Celebration - week of July 10

The communities of Dayton, Ohio and Fresno, CA are the first two communities in the country to offer direct loans to incumbent workers for retraining and upgrade training, through a consortia of local higher education institutions. This event will be done simultaneously at community college locations in both of these communities.

- . One-Stop Career Centers - Year Two Implementation Sites-Week of July 17 or 24

This will be the announcement of the second round of implementation states in the continuing development of the national one-stop career centers, another priority initiative of the Administration in building the reemployment system for American Workers

- . **School-to-Work Implementation Grants - late August or early September**

This will be the next round of state and local implementation grant in the further development of the nationwide school to work learning systems.

- . **Unemployment Insurance 60th Anniversary - mid-August**

Actual events are still being decided, however, initial planning indicates a series of events are being planned to promote the re-tolling of the unemployment insurance system into a customer-friendly services, emphasizing preventative measures to help people before they are laid off and services designed to help people get back to work quickly.

- . **Summer Youth Program '96 Corporate Partnership Program Announcement - mid-late August**

Being planned now is a private-public partnership program to anchor the '96 summer youth employment program. Planning is occurring now and anticipated at the end of the summer program will be a major event featuring major corporate business leaders who will commit to a national business recruitment effort to supplement the '96 public summer jobs program.

POTENTIAL EDUCATION AND TRAINING MESSAGE OPPORTUNITIES

Attached

Education And Training Message Opportunities

- | | | | |
|--|-----------|-----------------------|--------------------|
| 1. National Education Association | 6/30-7/3 | Minneapolis | |
| 2. American Library Association | 6/25-6/29 | Chicago | |
| 3. National Parent Teacher Association | 6/10-6/10 | Orlando | |
| 4. National Assembly of Local Arts Agencies | 6/10-6/10 | San Jose | |
| 5. Education Commission of the States
Administrators | 7/12-7/14 | Denver | |
| 6. National Association of Counties
Annual Conference | 7/21-7/25 | Atlanta | *Tentative* |
| 7. American Federation of Teachers | 7/1-7/1 | DC | |
| 8. National Urban League | 7/25-7/28 | Miami | |
| 9. National Conference of State
Legislatures | 7/23-7/28 | Milwaukee | |
| 10. National Governors Association Annual
Conference | 7/30-8/1 | Burlington
(POTUS) | *Tentative* |
| 11. Association of State Higher Education
Executive Officers | 7/30-8/2 | Lake Placid | |
| 12. National Center for Research in
Vocational Education | 7/27-7/29 | Boston | |
| 13. Association of State Higher Education
Executive Officers | 7/29-7/29 | Lake Placid | |
| 14. National Conference of Lieutenant
Governors | 8/18-8/24 | Mackinaw
Island | |
| 15. Interstate Conference of Employment
Security Administrators | 8/20-9/1 | Wichita | |

15. National Association of State Universities And Land Grant Colleges	8/17-8/19	Maine
16. National Council for Educational Opportunity Association	9/7-9/10	San Diego
18. National Association of State Directors of Vocational-Technical Schools	9/11-9/13	DC
19. Congressional Black Caucus	9/14-9/18	DC
20. American Association of School Administrators	9/21-9/23	DC
21. American Federation of Teachers	9/17-9/20	DC
22. Hispanic Association of Colleges And Universities	9/30-10/3	DC
23. Association of Community College Trustees	10/5-10/8	Chicago
24. United Negro College Fund	10/3-10/7	Dallas
25. Association of American Universities	10/17-10/18	Durham
26. American Association of School Personnel Administrators	10/4-10/8	New Orleans

Note:

* indicates that the Secretary is scheduled to attend

JULY 1995

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
						1
						<i>Amer Fed of Teachers National Education--></i>
2	3	4	5 Sec Riley gets award at Nat Ed Assoc Conf	6	7	8
<i>Association, Minneapolis</i>						<i>NAACP, Minneap--></i>
9 *Nat Conf on Law Enforcement, Philadelphia #National Assoc of Student Financial Aid Administrators, NAACP, Minneapolis (ends 7/12)	10 H Markup, FY96 Appr Labor, HHS, Ed Scte. H Field Hearing on Sch Prayer, NYC	11 H Hearing DoL/DoE Merger, Econ & Ed Opp Scte. #DC Reading Prog Administrators, San Antonio-->	12 S Hrg on 1 yr ext IDEA H Hearing on DoE, DL, EEOC Meger *Sch visit and Pol Lunc Pueblo, CO *Education Commission of The States Administrators, Denver-->	13 H Field Hearing on Sch Prayer, Oklahoma City *&Mtg w/TCL/ Reuters, Denver	14	15
16	17 H Field Hearing on Sch Prayer, Los Angeles * National Council of La Raza, Dallas National Conference of State Legislators, Milwaukee--#	18	19 H EEOC Cte markup of IDEA reauth	20 H Appr Cte markup of L-HHS-Ed 96 Approp	21 <i>National Organization of Black County (con't) National Association of Counties, Atlanta--></i>	22
23 <i>La Raza Conf begins National Conference of</i>	24 H Floor L/HHS/Ed ap *5 Ann of ADA, Tampa *Sec Riley at NUL <i>Executives, Board of Directors and Business Roundtable Mtg, DC National Conference of State Legislatures, Milwaukee % National Association of Counties, Atlanta</i>	25 <i>National Urban League, Miami</i>	26 Hearing OSHA Reform H Sm Bus Cte	27	28 <i>#Assoc of Women Judges Assoc of State Hi Ed Exec Officers, Lake Placid, NY National Governors'--></i>	29
30	31 *TV show w/ Sen Reid <i>Fraternal Order of Police, VA Beach % NGA, Burlington, VT--#</i>			<i>NAESP, DC American Federation of Teachers, DC--></i>	In July: House Floor Action on CAREERS BILL Senate Action on Workforce Development Act (	

* Secretary Riley Attending

Undersecretary Kunin Attending

% Secretary Reich Attending

AUGUST 1995

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
		1 Nat NE Econ Rndtable Boston, # POTUS GI Forum, Albuquerque	2 # Presidential Mgt Council, DC	3	4	5
				American Bar Association, Chicago		
		Fraternal Order of Police, VA Beach				
6	7	8	9	10	11	12
GI Forum, Albuquerque						Southern Leg Conf, --
American Bar Association, Chicago						Nat Retired Teachers-
13	14	15	16	17	18	19
		CEDaR, Delegates Retreat, Colorado				
Southern Leg Conf, Tulsa					Nat Assoc of State U& Land Grant Colls, ME	
National Retired Teachers Association, Minneapolis					National Conference of Lieutenant (-->)	
20	21	22	23	24	25	26
			*Back-to-school rally, LaPlata, MD			
American Chemists Society, Chicago						
Veterans of Foreign Wars, Phoenix						
Interstate Conference of Employment Security Administrators, Wichita						
(con't) Governors' Meeting, Mackinaw Island, MI						
27	28	29	30	31		
		*Back-to-school event DC				
Interstate Conference of Employment Security Administrators, Wichita					Meeting through 9/1	

* Secretary Riley Attending

Undersecretary Kunin Attending

% Secretary Reich Attending

SEPTEMBER 1995

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
In Sept: Senate Labor-HHS-Ed 96 Appropriations House-Senate Conference on Labor-HHS-Ed 96 Appropriations House-Senate Budget Reconciliation Senate- IDEA Reauthorization					1	2
3	4	5 *Back-to-School Rally Louisville, KY <i>American Legion, Indianapolis</i>	6 <i>National Association of</i>	7 *Back-to-School Speech, Nat Press Cl <i>Towns and Townships, DC</i>	8 *Coll Journalists Conf, DC	9 <i>Nat Council for (-->)</i>
10 <i>Am Legion ends Educational Opp Ass, San Diego</i>	11 <i>National Assoc of State</i>	12 <i>Directors of Vo-Tech Schools, DC-</i>	13	14 <i>Congressional Black Caucus, DC</i>	15	16
17	18	19 *B-t-S Rally, Cape Girardeau, MS *B-t-S Rally, St Louis, MS #Sat Town Mtg, Seattle	20 *B-t-S Rally, Springfie IL MS	21 *Goals 2000 Reg Conf, Chicago #Goals 2000 Reg Conf, Seattle	22	23
<i>American Federation of Teachers, DC</i>	<i>Southern Governors' Association, Biloxi</i>					
<i>Cong Black Causus, DC</i>				<i>American Association of School Adminstrators, DC</i>		
24	25	26	27	28	29	30 <i>Am Gas Association ► Nat Cong of Am Inds -- Hispanic Assoc of Coll & Univs, DC (to 10/3)</i>

* Secretary Riley Attending

Undersecretary Kunin Attending

% Secretary Reich Attending

OCTOBER 1995

Undersecretary Kunin Attending

% Secretary Reich Attending

CATALOG DATA NEEDED FROM THE AGENCIES

1. State-by-State Breakouts

- For the overall education and training budget
- For all major education and training programs

Numbers here need to be in numbers of people affected as well as \$ amounts. Also, we need to get figures on both the positive things the President's proposals will do, and the negative impacts of the Republican budget proposals (The President's Direct Lending proposal will provide loans to x people, while the Republican's budget proposal would take loans away from y people).

2. District-by-District Information

Along the same lines as #1 above, we need to collect information on a district-by-district basis (or even a city-by-city basis) whenever possible.

3. Personalized Information

We need to begin to collect personal anecdotes about real people, schools, etc. that will be affected by the GOP budget proposals. During the Health Care debate, the Administration worked with outside groups to come up with daily health care "poster children" for a state or even a district. We should consider doing the same for the education debate.

4. Agency Catalogs of Information

We need the agencies to provide us with a catalog of all of the information that they have available (reports, studies, papers, talking points) for this effort. By next weeks meeting, we will create a unified catalog of all information available.

5. Copies of Press Releases from Outside Organizations

6. List of Potential "News Hooks" from Outside Organizations

In an effort to be proactive, we would like to have a list of potential news hooks (studies, surveys, reports that support the President's position) that we could ask outside groups to produce.

7. Daily Talking Points

It has been proposed that we do a set of daily (or weekly) talking points on Education and Training.

CONTACTS FOR EDUCATION STRATEGY GROUP

<u>NAME</u>	<u>PHONE</u>	<u>AGENCY/OFFICE</u>
Gene Sperling	456-5804	White House NEC
Paul Dimond	456-5368	White House NEC
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Mike Schmidt	456-5567	White House DPC
Gaynor McCown	456-5575	White House DPC
Ken Apfel	395-4844	White House OMB
Patricia Smith	395-5880	White House OMB Education Branch
Barry White	395-4532	White House OMB
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Julia Moffett	456-5690	White House Communications
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Frank Holleman	401-3011	Department of Education Chief of Staff
Mike Smith	401-4160	Department of Education Deputy Secretary
Leslie Thornton	401-3001	Department of Education Deputy Chief of Staff

<u>NAME</u>	<u>PHONE</u>	<u>AGENCY/OFFICE</u>
Kay Kahler	401-3069	Department of Education Communications/Public Affairs
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Terry Peterson	401-1407	Department of Education Counselor to the Secretary
Michael Cohen	401-3070	Department of Education Goals 2000
Susan Frost	401-8450	Department of Education Budget
Leslie Lobel	219-8271	Department of Labor Chief of Staff
Geri Palast	219-4692	Department of Labor Intergovernmental and Legislative Affairs
Tim Barnicle	273-0662	Department of Labor Assistant Secretary for ETA
Sally Sachar	219-8271	Department of Labor Deputy Chief of Staff
Jennifer Watson	219-6141	Department of Labor Public Affairs

CATALOG OF CURRENT EDUCATION AND TRAINING POLICY INFORMATION

Vol. I Issue 1
Last Updated: June 30, 1995

Introduction

This catalog lists current information compiled by the Policy Councils and the Departments of Education and Labor in the areas of Education and Training. This information is always subject to change. The catalog lists both the date the information was prepared and a person to contact to verify the continued accuracy of the data. Please check with the appropriate contact if any significant time has passed since the document's creation.

This information was compiled by the Domestic Policy Council and the National Economic Council. This document will be updated every few weeks as the budget debate continues in Congress. If you have any questions about any of the data provided, please contact Gaynor McCown (DPC) or Mike Schmidt (DPC) at 456-5566.

CATALOG

This catalog lists information available through the Policy Councils and the Departments of Education and Labor. Short documents (1-4 pages) are attached. For longer documents -- 50 page state-by-state analyses, reports, studies -- we have attached one page as an example of the information available. To obtain the complete set or a clean original, please contact the staff person indicated directly.

1. "Education Investment in Budget Proposals: The President's Proposal and Republican Budgets"

Prepared by: NEC
Contact: Robert Gordon, 456-5363
Updated: June 30, 1995
Format: One-page chart listing funding and number of people served in major education and training programs under the President's budget proposal and Republican proposals.
Attached: One-page table

2. "President Clinton's Commitment to Education and Training"

Prepared by: NEC
Contact: Robert Gordon, 456-5363
Updated: June 30, 1995
Format: Seven-page description of the President's record on education and training, and descriptions of the President's priorities and comparisons to Republican proposals in Pre-School Education, K-12 Education, Post-Secondary Education, Lifelong Learning, and the Department of Education.
Attached:

3. "Estimated Impact of Stafford Loan In-School Interest Subsidy for FY 1994"

Prepared by: Department of Education
Contact:
Updated: May 16, 1995
Format: Five-page table listing impact of Stafford Loan in-school interest subsidy in FY 1994 by both number of recipients and value of subsidy. Listed out on a Congressional district-by-district basis.
Attached: First page of the table

4. (No Title) Number of Schools Participating in Direct Loan Program and Safe and Drug Free School Program.

Prepared by: Department of Education
Contact:
Updated: March 5, 1995
Format: One-page table listing a state-by-state breakdown of the number of schools participating in the Direct Loan Program in the 1995-96 school year, the number of school districts participating in the Safe and Drug-Free Schools Program, and the number of school districts no longer served by the program.
Attached: One-page table

5. "How the Republican Block Grants Cut School Lunches"

Prepared by: NEC
Contact:
Updated:
Format: One-page talking points on the negative effects of the Republican's proposal to block-grant the school lunch program.
Attached: One-page talking points

6. "William D. Ford Federal Direct Loan Program Schools Selected for Years 1,2, and 3"

Prepared by: Department of Education
Contact:
Updated: May 26, 1995
Format: Nine-page listing of Direct Loan Schools for years 1-3 of the program, and the volume of 1993 GSL's involved at each school.
Attached: First page of table.

7. "President Clinton Draws the Line on Education: Will Fight to Protect Loans of X (State) Students"

Prepared by: NEC
Contact: Robert Gordon, 456-5363
Updated: February 14, 1995
Format: One-page state-by-state summaries of the good effects of the President's proposals to protect Direct lending and oppose the Republican's in-school interest proposal. Information available for California, Delaware, Kansas, Kentucky, Missouri, New Jersey, Pennsylvania, and West Virginia.
Attached: California one-pager.

8. "U.S. Department of Labor Employment and Training Administration 1995 and 1996 Summer Youth Program for Selected Cities/Delivery Areas"

Prepared by: Department of Labor
Contact: Robert Gordon, 456-5363
Updated: March 3, 1995
Format: Four-page state-by-state chart listing dollars and number of youth cut from summer youth program in selected cities/service areas in 1995-96.
Attached: Complete four-page table.

9. Direct Loan Packet of Information

Prepared by: Department of Education
Contact: Gaynor McCown 456-5566
Updated: February 1995
Format: Eight-pages of information on Direct Lending, including two-page fact sheet, two-page true-false test, one-page history, one-page timeline, and two-pages of charts.
Attached: Complete eight-page package.

EDUCATION INVESTMENT IN BUDGET PROPOSALS: PRESIDENT'S PROPOSAL AND REPUBLICAN BUDGETS

①

	PRESIDENT CLINTON	REPUBLICAN BUDGETS
Head Start	Increase annual funding by \$1.5 billion and add 50,000 children.	Cut by \$210 million below 1995; cut 180,000 children by 2002
Goals 2000	Increase to \$867 million by 2002; support improvements for 44 million children in over 85,000 schools.	Eliminate.
Title One	Increased by \$524 million over the last 2 years; increase by \$213 million in 1996.	Cut 1995 level by \$730 million in 1996, cutting 700,000 children.
Safe and Drug-Free Schools	Support funding at \$500 million per year.	Block grant and cut 1995 levels by 30%.
School-to-Work Opportunities	Increase funding by 60% for 1996 to \$400 million.	Block grant and cut 1995 levels by 25%.
Summer Jobs	Support each year summer alone.	Block grant and cut by 25%— nating 1 million jobs for g people over 7 years.
Direct Student Loans	Expand the program \$6 billion while allowing pay-as-you-go for 20 million student	participation by schools and ents.
In-School Interest Exemption	Support exemption 4 million need-based and in grace period.	inate exemption, raising ge costs by up to \$3,000 for llion students.
Pell Grants	Increase maximum to record levels of \$2,620 in 1996 and \$3,128 in 2002, and reach 960,000 more students.	Freeze funding at 1995 level.
AmeriCorps	Expand to provide nearly 50,000 opportunities next year alone for young people to serve their communities and earn college aid.	Eliminate.
Job Training	Put Skill Grants directly into the hands of workers—with 800,000 Skill Grants in 1996 alone, and \$2 billion added in 2002.	Block grant and cut job training by 25 percent.
Education and Training Tax Deduction	Support \$10,000 deduction for education expenses for families earning up to \$100,000.	Do not yet support deduction.
ALL EDUCATION	INCREASE BY \$40 BILLION OVER 7 YEARS.	CUT BY \$43 BILLION OVER 7 YEARS.

Currently
Being
updated

Republican cuts drawn from House and Senate proposals.

PRESIDENT CLINTON'S COMMITMENT TO EDUCATION AND TRAINING

(2)

The fundamental goal of President Clinton's comprehensive economic policy is to raise the living standards and expand opportunity for hard-working Americans--so that every American has the chance to realize the American Dream. While supporting deficit reduction, open trade, innovation and job creation, the President has recognized that nothing is more critical to our nation's future than ensuring that all Americans have the education and skills they need to succeed in the new economy. The President has made an unprecedented commitment to lifelong learning--from the expansion and improvement of early childhood education to a bold new reform of adult education and training programs.

EDUCATION IS THE KEY TO RISING STANDARDS OF LIVING

In an economy where technology is constantly mobile, education has become the foundation. Most Americans have seen their incomes decline. The income of the typical family actually declined over the last decade. In 1979, a male college graduate earned 60 percent more than a high school graduate. By 1993, this gap had narrowed to 20 percent. This gap has his school graduate counterpart by 80 percent in health insurance coverage, pension plans, and other work-related benefits and education levels.

*Currently
Being
Updated*

and capital is
work force.
the real
wage has been
with only a
slight out-earned
of health
correlated with

A BIPARTISAN EDUCATION RECORD

While bringing the deficit down by historic amounts--over \$600 billion so far--President Clinton has also made investing in education a top priority. During the last Congress, Republicans and Democrats shared his commitment to lifelong learning, and together they enacted a historic series of initiatives to expand the amount and the quality of educational investment in America. Landmark legislation includes:

- **Head Start Amendments of 1994** (signed 5/18/94; passed House 393-20; Senate 98-1).
- **Goals 2000: Educate America Act** (signed 3/31/94; passed House 306-121; Senate 63-22).
- **Improving America's Schools Act** (signed 10/20/94; passed House 362-132; Senate 77-20).
- **School-to-Work Opportunities Act** (signed 05/04/94; passed House 339-79; Senate Voice Vote)
- **National and Community Service Trust Act** (signed 9/21/93; passed House 275-152; Senate 57-40)
- **Direct Lending and Pay-as-You-Can Loans** (signed on 8/10/93 as part of the Omnibus Budget Reconciliation Act)

This year, President Clinton went a step further and proposed expansions and improvements in these and other education investments. In addition, as part of his Middle Class Bill of Rights, the President has sought to work with Republicans on two new initiatives:

- **Education and Training Tax Deduction** up to \$10,000.
- **The G.I. Bill for America's Workers**--consolidating 70 programs and putting Skill Grants directly into workers' hands.

Estimated Impact of Stafford Loan In-School Interest Subsidy for FY 1994

(3)

<u>State and Congressional District</u>	<u>Number of Recipients</u>	<u>Value of Subsidy</u>	<u>State and Congressional District</u>	<u>Number of Recipients</u>	<u>Value of Subsidy</u>
Alabama--Total	56,554	\$28,176	California--Continued		
1	8,304	\$4,057	18	1,904	\$683
2	5,652	\$2,386	19	8,181	\$3,322
3	12,022	\$6,190	20	1,298	\$945
4	707	\$186	21	3,727	\$1,080
5	6,743	\$2,922	22	16,318	\$8,070
6	9,948	\$6,101	23	2,311	\$642
7	13,178	\$6,333	24	6,414	\$4,022
Alaska--Total	3,474	\$1,209	25	8,797	\$3,978
Arizona--Total	81,319	\$38,167	26	4,031	\$1,376
1	21,547	\$11,245	27	5,579	\$3,004
2	25,880	\$14,140	28	8,567	\$4,620
3	8,744	\$4,668	29	20,917	\$12,608
4	18,030	\$6,245	30	6,341	\$3,651
5	6,104	\$1,629	31	5,529	\$2,761
6	1,013	\$241	32	15,381	\$12,024
Arkansas--Total	34,060	\$15,832	33	5,281	\$1,687
1	5,873	\$2,479	34	3,978	\$3,631
2	14,290	\$7,427	35	921	\$795
3	7,066	\$3,386	36	5,192	\$3,478
4	6,831	\$2,540	37	2,609	\$1,140
California--Total	382,522	\$203,287	38	11,172	\$4,704
1	5,310	\$2,394	39	10,801	\$6,421
2	7,711	\$3,282	40	8,031	\$4,645
3	10,774	\$5,926	41	6,603	\$3,590
4	201	\$48	42	2,617	\$586
5	11,249	\$5,688	43	6,550	\$2,784
6	4,493	\$1,779	44	912	\$201
7	2,312	\$611	45	3,787	\$1,068
8	14,808	\$10,915	46	4,040	\$1,360
9	21,299	\$13,609	47	14,786	\$7,418
10	3,057	\$2,128	48	1,593	\$341
11	5,746	\$2,867	49	37,100	\$19,938
12	8,164	\$5,624	50	2,043	\$508
13	6,940	\$3,024	51	4,624	\$2,727
14	7,604	\$4,663	52	1,760	\$501
15	7,475	\$3,457			
16	9,155	\$3,911			
17	6,528	\$3,055			

Student and Subsidy estimates are for fiscal year 1994. Amounts in thousands of dollars.

In school interest subsidy is provided to students with Stafford loans in the Federal Family Education Loan Program and the Ford Direct Loan Program. The amount estimated is total subsidy paid for students in schools in the state currently enrolled at least half-time.

Many proposals to alter the in school interest subsidy would affect only new loans made after a certain date. In this circumstance, in school interest subsidy would continue to be paid for current borrowers. Additionally, FFEL borrowers generally receive the same benefits on new loans as they received on their first loan. If this remains the case, all current borrowers would continue to receive in school interest subsidy on all future loans. Thus, savings associated with altering the in school interest subsidy may be less than the \$2.3 billion paid in FY 1994.

	DIRECT LOANS	SAFE AND DRUG FREE SCHOOLS	
	Schools Participating		
	in Direct Loan Program		Number of School district
	1995-96 school year	# of school districts	no longer served.
ALABAMA	19	129	121
ALASKA	0	56	53
ARIZONA	36	229	215
ARKANSAS	7	325	306
CALIFORNIA	203	1005	945
COLORADO	29	176	165
CONNECTICUT	17	166	156
DELAWARE	4	19	18
FLORIDA	34	69	65
GEORGIA	42	183	172
HAWAII	1	1	1
IDAHO	7	114	107
ILLINOIS	74	942	885
INDIANA	26	296	278
IOWA	37	435	409
KANSAS	17	304	286
KENTUCKY	38	176	165
LOUISIANA	17	66	62
MAINE	7	283	266
MARYLAND	31	24	23
MASSACHUSETTS	50	352	331
MICHIGAN	52	561	527
MINNESOTA	26	434	408
MISSISSIPPI	8	150	141
MISSOURI	34	543	510
MONTANA	2	539	507
NEBRASKA	11	777	730
NEVADA	5	17	16
NEW HAMPSHIRE	4	174	164
NEW JERSEY	49	608	572
NEW MEXICO	9	88	83
NEW YORK	90	717	674
NORTH CAROLINA	31	133	125
NORTH DAKOTA	3	276	259
OHIO	49	613	576
OKLAHOMA	10	593	557
OREGON	18	296	278
PENNSYLVANIA	70	503	473
RHODE ISLAND	10	37	35
SOUTH CAROLINA	19	95	89
SOUTH DAKOTA	1	189	178
TENNESSEE	18	140	132
TEXAS	61	1051	988
UTAH	8	40	38
VERMONT	7	279	262
VIRGINIA	41	141	133
WASHINGTON	15	296	278
WEST VIRGINIA	16	55	52
WISCONSIN	20	428	402
WYOMING	2	49	46
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HOW THE REPUBLICAN BLOCK GRANTS CUT SCHOOL LUNCHES

When it comes time to pay for their tax cuts for the wealthiest, the Republicans themselves acknowledge that they are cutting \$2.3 billion from school nutrition. In their official budgeting--the official "scoring" by the Congressional Budget Office--the Republicans show \$2.3 billion in savings from school lunches over 5 years. They need those savings to pay for their \$630 billion in tax cuts targeted at the wealthiest few.

The real question is: Are the Republicans cutting off kids who would otherwise be helped over the next five years? The answer is Yes.

- * For 1996, the Republicans don't even provide enough funding to match inflation. Their block grant rises by 2.5% over CBO's baseline. Inflation is projected to be 3.2%--and there will be program growth in addition. The plan cuts \$200 million just in 1996.
- * From 1996 to 2000, the Republican plan doesn't grow at 4.5% per year, and it doesn't keep up with inflation and program growth. The Republican plan grows by an average of 3.8% between 1995 and 2000--not 4.5% as falsely claimed. But on top of 3.2% annual inflation, the number of children in school will grow by about 1.6% per year in this period--and by over 4 million kids by 2000. And, on top of *that*, the school breakfast program needs to expand by over 5% per year to make sure that kids who need breakfast get them. The Republican plan won't keep up with any of this growth.

If the Republican plan had been in place starting in 1989, funding would have been 17 percent below its actual level in 1994--and one million children could not have received free lunches. Between 1989 and 1994, over one million children were added to the school lunch rolls. The Republican plan wouldn't have provided funding for that increase--and the children would not have received free meals.

The Republican plan eliminates safeguards that protect children's nutrition.

- * No adjustment in recession. Today, the lunch program expands when our children's needs grow during recession. Under the block grant, there would be no added funding to meet the added need: it would be tough luck for kids.
- * The return of ketchup. The plan eliminates nutritional requirements for lunches. States that are squeezed for cash will need to reduce the quality of meals.
- * No guaranteed free lunches for poor children. Republicans voted down an amendment to retain the current requirement that poor children receive free lunches.

It's not true that the Republicans are targeting the program to the poor: their plan shifts funding *away* from those who need it most. The Republicans' funding formula would provide reimbursement based partly on the number of meals served, rather than on the type of meals (subsidized or not). As a result, funds would shift from states with more poor children to states with fewer poor children. This measure creates a perverse incentive for states to reduce the number and quality of meals to poor children in order to serve more meals total.

Administrative savings under the Republican plan will be minuscule. The proposal cuts kids, not bureaucracy.

- * Federal administrative savings come to about \$110 million for all the child nutrition programs (including WIC, etc.) over 5 years--only about 2% of the total savings that CBO projects from child nutrition cuts.
- * For States, this block grant actually authorizes higher administrative costs than the current entitlement--2% in the future compared to 1.5% now.

26-May-95

William D. Ford Federal Direct Loan Program
Schools Selected for Years 1, 2 and 3
Combined

(6)

OPS	SCHOOLNAME	City	State	Type/Control	1993 GSL Volume
02376900	Charter College	Anchorage	AK	Prop 600 Hrs	1,124,157.00
	Total: 1	Total Volume:			1,124,157.00
00753100	Academy of Art College	San Francisco	CA	Prop 2 Yr	4,780,402.00
00098700	Academy of Court Reporting	La Mesa	CA	Prop 600 Hrs	900,000.00
02342400	Academy of Radio Broadcasting	Huntington Beach	CA	Prop 600 Hrs	2,022,843.00
00760500	Academy Pacific Business & Travel College	Los Angeles	CA	Prop 600 Hrs	2,100,529.00
09019900	Adelante Career Institute	Van Nuys	CA	Prop 600 Hrs	900,000.00
02327600	Advertising Arts College	San Diego	CA	Prop 1 Yr	982,680.00
02253600	Alameda Beauty College	Alameda	CA	Prop 1 Yr	9,875.00
02282300	Alhambra Beauty College	Alhambra	CA	Prop 1 Yr	900,000.00
02057700	Almaden Beauty College	San Jose	CA	Prop 1 Yr	8,900.00
00719400	Ambassador Beauty College	Burbank	CA	Prop 1 Yr	900,000.00
02359400	American Career College	Rowland Ave	CA	Prop 600 Hrs	222,098.00
02241800	American Career College	Los Angeles	CA	Prop 600 Hrs	1,059,116.00
02389100	American College of Business	North Hollywood	CA	Prop 600 Hrs	17,000.00
02004900	American Henry College	Merrilldale	CA	Prop 600 Hrs	343,206.00
02306300	Andra College of Modesto	Modesto	CA	Prop 600 Hrs	399,253.00
02319800	Avance Beauty College	San Diego	CA	Prop 1 Yr	11,080.00
02343400	Brownson Technical School	Amherst	CA	Prop 1 Yr	69,570.00
00716400	Brynn College of Court Reporting	Los Angeles	CA	Prop 2 Yrs	377,334.00
02363600	Cabr College	National City	CA	Prop 1 Yr	2,153,373.00
02351900	California Academy of Merchandising Art And Design	Sacramento	CA	Prop 2 Yrs	29,430.00
00112700	California College of Arts & Crafts	Oakland	CA	Priv 3+ Yrs	3,083,389.00
02110800	California College of Health Sciences Resident Only	National City	CA	Prop 600 Hrs	267,223.00
02496400	California Cosmetology College	San Jose	CA	Prop 1 Yr	900,000.00
02220200	California Culinary Academy	San Francisco	CA	Prop 600 Hrs	3,540,428.00
00113100	California Institute of Technology	Pasadena	CA	Priv 3+ Yrs	172,601.00

(7)

**PRESIDENT CLINTON DRAWS THE LINE ON EDUCATION:
WILL FIGHT TO PROTECT LOANS OF 363,800 CALIFORNIA STUDENTS**

February 14, 1995

In a speech to the American Council on Education in San Francisco today, President Clinton drew the line on education, saying:

Republican leadership ... proposals will cut investments in our future and increase the cost of student loans to our neediest students to fund tax cuts for the wealthy. They will limit the availability of lower cost direct loans to middle class students to increase profits for the middlemen. And they won't reinvent the Department of Education as I have done to make it a stronger voice for education -- they will abolish it. To all of this, I say: No. I will fight these proposals every step of the way, and I want you to join me in this fight.

President Clinton specifically vowed to fight to:

- 1) Expand Direct Lending and Individual Education Accounts, and oppose Republican efforts to cap participation at 40%;
- 2) Support successful College Access programs, and oppose any attempt to eliminate the in-school interest subsidy for 4 million students;
- 3) Expand AmeriCorps National Service, and oppose any Republican proposals to dismantle the initiative;
- 4) Continue Goals 2000, and oppose efforts to abolish the Department of Education;
- 5) Offer a tax deduction up to \$10,000 for education and job training, and oppose wasteful tax proposals like the capital gains and cost-neutral recovery provisions in the House Contract;
- 6) Expand Head Start, and oppose any effort to block grant or limit funding for Head Start.

By opposing Republican proposals to end the in-school interest subsidy, **President Clinton will protect 363,800 current California borrowers from accruing interest charges on their loans until after they finish school and start repaying their loans.** The Department of Education estimates that ending this subsidy would mean that a student who borrows \$17,125 over four years would owe \$3,150 more, and have his or her monthly repayment amount increased by more than 18%.

By opposing Republican efforts to restrict expansion of the Direct Lending program and Individual Education Accounts (IEA), President Clinton will ensure that every American will have access to the program within the next five years. **In the 1995-96 school year, 175 California schools will participate in direct lending, including:**

California Institute of Technology
California State College, Bakersfield
Fullerton College
Long Beach Community College
Los Angeles City College
San Diego City College
San Diego State University
San Francisco State University
San Francisco Theological Seminary
Santa Clara University

Sonoma State University
University of California, Berkeley
University of California, Riverside
University of California, Santa Barbara
University of California, Santa Cruz
University of California, Davis
University of California, Irvine
University of Pacific
University of San Francisco

The new national Direct Lending program, which offers the Individual Education Accounts, simplifies borrowing, reduces fees for students and offers borrowers several convenient repayment options, including income-contingent repayment. The program will also save the federal government billions of dollars in administrative expenses.

**U. S. Department of Labor
Employment and Training Administration
1995 and 1996 Summer Youth Program
For Selected Cities/Service Delivery Areas**



STATE CITY/SDA	Dollars (\$000)		Youth (Est.)	
	1995	1996 (Est.)	1995	1996
ALASKA	2,306	2,318	1,100	1,100
* Anchorage ** (SDA) (Anchorage/Matanuska SDA)	925	930	450	450
ARIZONA	11,614	11,674	8,200	8,300
Phoenix City SDA **	2,870	2,885	2,030	2,040
ARKANSAS	7,667	7,706	6,100	6,100
Little Rock City SDA	372	374	180	180
CALIFORNIA	146,654	147,410	75,400	75,800
* Fresno ** (Fresno City/County CSRT)	6,005	6,036	3,100	3,100
Los Angeles City SDA**	22,873	22,991	11,800	11,900
Oakland City SDA**	2,427	2,439	1,200	1,200
* San Diego ** (San Diego CRST)	9,101	9,147	4,700	4,700
San Francisco City/County SDA**	3,582	3,600	1,800	1,800
* San Jose ** (Bal of Santa Clara County SDA)	3,922	3,942	2,000	2,000
* San Mateo ** (San Mateo County SDA)	1,437	1,444	700	700
* Stockton ** (San Joaquin County SDA)	3,613	3,632	1,900	1,900
* West Hollywood ** (Bal of Los Angeles County SDA)	16,551	16,636	8,500	8,500
COLORADO	7,980	8,021	4,500	4,500
* Boulder ** (Boulder County SDA)	263	265	150	150
* Denver ** (Denver City/County SDA)	1,729	1,738	970	980
CONNECTICUT	8,108	8,150	5,400	5,400
* Bridgeport ** (Bridgeport/Norwalk/Stamford SDA)	1,738	1,747	1,160	1,160
DISTRICT OF COLUMBIA	3,180	3,197	2,700	2,700
FLORIDA	41,697	41,912	26,100	26,200
* Miami (So. Florida E&T CRST)	8,236	8,278	3,900	3,900
Tampa City SDA	1,182	1,188	750	750
GEORGIA	18,193	18,287	11,700	11,800
Atlanta City SDA	2,459	2,472	1,550	1,560
* Savannah ** (Savannah/Chatham CSRT)	621	624	400	400
ILLINOIS	34,955	35,135	25,000	25,100
Chicago (Mayor's Office of E&T)	12,638	12,703	9,000	9,000
INDIANA	12,533	12,597	8,100	8,100
* Ft. Wayne ** (Northeast Indiana PIC, Inc.)	1,000	1,006	640	650
Indianapolis City/Marion County SDA	1,957	1,967	1,000	1,000
IOWA	4,177	4,198	2,300	2,300
* Des Moines ** (Central Iowa CRST)	422	424	230	230

U. S. Department of Labor
Employment and Training Administration
1995 and 1996 Summer Youth Program
For Selected Cities/Service Delivery Areas

STATE CITY/SDA	Dollars (\$000)		Youth (Est.)	
	1995	1996 (Est.)	1995	1996
KENTUCKY	11,567	11,627	9,700	9,700
* Lexington (Bluegrass CSRT)	162	163	250	250
* Louisville City/Jefferson County SDA	1,187	1,193	1,000	1,000
LOUISIANA	19,265	19,364	13,500	13,500
* New Orleans (Orleans Parish)	2,343	2,355	1,750	1,750
MARYLAND	12,117	12,179	10,200	10,300
Baltimore City SDA**	4,343	4,365	3,660	3,670
* Rockville ** (Montgomery County SDA)	396	398	330	340
MASSACHUSETTS	18,977	19,075	14,000	14,100
Boston City SDA**	2,226	2,237	1,650	1,650
* Springfield ** (Hampden CRST)	1,850	1,860	1,370	1,370
MICHIGAN	31,599	31,762	21,400	21,500
Detroit City SDA	7,028	7,064	5,000	5,000
* Flint ** (Genesee/Shiawassee SDA)	955	960	650	650
MINNESOTA	8,964	9,010	7,200	7,300
Minneapolis E&T Program**	823	828	670	670
MISSISSIPPI	10,279	10,332	7,900	7,900
* Jackson ** (Hinds County SDA)	733	737	560	570
MISSOURI	13,893	13,965	9,200	9,200
St. Louis City SDA**	1,855	1,864	1,230	1,230
NEVADA	4,039	4,060	2,500	2,500
* Las Vegas (Nevada Business Services, Inc. SDA)	2,753	2,767	1,500	1,500
* Reno (Job Opportunities in Nevada SDA)	1,286	1,293	600	600
NEW JERSEY	23,748	23,870	19,000	19,100
Newark City SDA**	3,692	3,711	2,960	2,970
* Passaic ** (Passaic County SDA)	1,858	1,868	1,490	1,500
NEW MEXICO	5,782	5,812	2,500	2,500
* Albuquerque City/Bernalillo County SDA	585	588	420	420
* Roswell (Bal of New Mexico CSRT)	185	186	300	300

U. S. Department of Labor
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For Selected Cities/Service Delivery Areas

STATE CITY/SDA	Dollars (\$000)		Youth (Est.)	
	1995	1996 (Est.)	1995	1996
NEW YORK	63,255	63,581	54,800	55,000
* Albany (Albany/Rensselaer/Schenectady CSRT)	1,105	1,111	1,200	1,200
* Brooklyn (New York City SDA)	(See New York City)			
Buffalo (Buffalo/Erie/Cheektowaga SDA)	2,799	2,813	2,800	2,800
New York City SDA	35,308	35,490	32,000	32,100
* Rochester City SDA	1,126	1,132	600	600
NORTH CAROLINA	13,618	13,688	5,100	5,100
* Charlotte City/Mecklenburg County CRST**	721	725	270	270
OHIO	31,211	31,372	21,500	21,600
Cleveland City SDA	3,468	3,486	3,140	3,150
* Columbus (CRST #17)	1,692	1,701	1,580	1,590
* Dayton (Montgomery/Preble/Dayton CRST)	1,306	1,313	1,260	1,270
* Toledo Area CRST **	2,005	2,015	1,400	1,410
OKLAHOMA	9,587	9,637	6,000	6,000
* Oklahoma City (Central Oklahoma SDA)	1,440	1,447	1,070	1,070
* Tulsa Area SDA	1,409	1,416	830	830
OREGON	9,722	9,772	3,100	3,100
* Portland ** (The PIC SDA)	2,502	2,515	790	790
PENNSYLVANIA	34,075	34,251	34,000	34,100
* Bethlehem ** (Lehigh Valley Consortium SDA)	918	923	920	920
Philadelphia City/County SDA	5,217	5,244	5,930	5,950
Pittsburgh City SDA**	885	890	900	900
* Williamsport ** (Mid State Consortium SDA)	1,040	1,045	1,040	1,040
* York ** (York County SDA)	521	524	520	520
SOUTH CAROLINA	12,643	12,708	10,700	10,700
Charleston ** (Charleston City/County SDA)	950	955	800	800
TENNESSEE	12,938	13,005	3,600	3,600
* Knoxville City/Knox County**	502	504	140	140
TEXAS	66,587	66,930	43,300	43,500
* Austin City/Travis County CRST	1,180	1,186	500	500
Dallas City SDA	4,538	4,561	2,250	2,260
* Fort Worth CRST	2,345	2,357	970	970
Houston City SDA	9,102	9,149	6,000	6,000
* San Antonio (Alamo CRST)	4,939	4,964	3,500	3,500
VERMONT	2,125	2,136	1,700	1,700
* Burlington ** (Vermont Consortium)	(See VERMONT)			
VIRGINIA	13,187	13,255	4,500	4,600
* Alexandria ** (Alexandria/Arlington CRST)	507	510	200	200
Richmond ** (Job Training & Assistance Programs)	682	685	200	200

U. S. Department of Labor
Employment and Training Administration
1995 and 1996 Summer Youth Program
For Selected Cities/Service Delivery Areas

STATE CITY/SDA	Dollars (\$000)		Youth (Est.)	
	1995	1996 (Est.)	1995	1996
WASHINGTON	16,472	16,557	8,500	8,600
* Seattle/King County PIC **	3,649	3,668	1,890	1,900
* Spokane City/County CRST**	1,099	1,104	570	570
WEST VIRGINIA	9,342	9,390	5,800	5,800
* Charleston ** (Kanawha County SDA)	805	809	500	500
WISCONSIN	9,832	9,883	5,300	5,300
Milwaukee ** (Milwaukee County SDA)	1,866	1,876	1,000	1,010

* SDA total was used because the city is not an SDA in its own right

** Actual 1995 allocation not available; 1995 estimate based on 1994 data

9

DIRECT LOANS

FACT SHEET

- *Students do not borrow from banks.* The Federal Government raises the loan funds through its regular Treasury bill auctions, and the Federal Government is the recipient of loan repayments.
- *The process is simpler for borrowers.* They do not submit a separate loan application to a bank. Instead, once they complete the Free Application for Federal Student Aid, that's it.

Because borrowing is directly by the Federal Government, Direct Loans are never sold. Borrowers make a single loan payment to the Department of Education for the life of their loans. It's "One-Stop-Shopping" from loan application to payback.

- *Students don't wait in lines* to endorse bank checks because schools receive loan funds electronically from the Federal Government and disburse to students directly.
- *Students borrow only what they need* because they're confident that if they need more, the funds will be there quickly.
- *Borrowers have more flexible repayment options* with a Direct Loan Individual Education Account (IEA), including Income Contingent Repayment, and they can change options when they need to without a fee.
- *Schools do not wait for or process checks* from multiple lenders. Funds transfer electronically from a single source, the Federal Government, which means less processing time at the school, so there's more time for helping students, and better cash flow.
- *The Federal Family Education Loan (FFEL) Program is not a private program.* Taxpayers pay billions of dollars annually to lenders, guarantee agencies, secondary markets, and servicers in special allowances, administrative expense allowances, default claims, and interest benefits. Without these subsidies, private lenders would not participate.

- *Taxpayers save \$6.8 billion* by the year 2000 through the elimination of reinsurance fees and other subsidies paid to banks, secondary markets, and guarantee agencies under the FFEL program. These savings would increase to \$12 billion under the President's proposal to accelerate the program.
 - *Schools have no greater liability* when participating in Direct Loans than they do currently while participating in any other Title IV student financial aid program.
 - *Schools receive free software, training, and technical assistance.* In addition, Direct Loan schools are not charged for their electronic transactions, including those related to obtaining student data through the Central Processing System. Toll-free numbers ensure that students and schools receive the help they need.
 - *Schools are paid an administrative fee per borrower,* depending on the level of responsibility the school assumes.
-

DIRECT LOANS

TRUE/FALSE TEST

☒ T ☐ F

1. *Direct Loans provide "local control" to participating schools.*
Schools decide how much administrative responsibility they wish to assume, determine the division of work between financial aid and business offices, and decide how they carry out their day-to-day operations.

☒ T ☐ F

2. *There is no greater liability risk in participating in Direct Loans than there is in any other Title IV student financial aid program.*
The Department's Office of General Counsel has carefully researched this frequently-raised concern and determined that the liability for schools participating in Direct Loans is no greater than that which exists for schools participating in any other Title IV student financial aid program. A detailed written opinion on this issue is available from the Direct Loan Task Force.

☐ T ☒ F

3. *Direct Loan Schools have to hire additional staff and incur major costs in converting to a new way of operating.*
Virtually none of the Direct Loan schools participating in the program's first year report having added staff in either the financial aid or the business office. Most schools that plan to add staff in the future reported understaffing before joining Direct Loans.

Most schools report minimal equipment purchases, typically for a new PC or high speed printer. Although some Direct Loan schools chose to upgrade their entire systems, involving significant sums, these onetime purchases were long planned for and driven by the need for improvements in both their financial aid and business office operations regardless of their Direct Loan participation.

☐ T ☒ F

4. *Schools have to assume many duties such as credit checks, collections, and loan servicing previously performed by banks.*
Under Direct Loans, the Department of Education, through contracts with private companies, performs credit checks on PLUS borrowers, services, and collects all loans. Schools bear no responsibility or cost for these duties.

☒ T ☐ F

5. *Cashflow at institutions is greatly improved under the Direct Loan Program.*

The 1994-95 Direct Loan participants report that institutions and therefore students were able to receive loan funds much earlier than ever before. Some institutions reported posting almost twice as many student accounts/receivables by the same point in the previous year. Most 1994-95 schools were able to either reduce or eliminate the need for short-term, emergency loans.

- ☒ **T** ☐ **F** 6. *Students borrow less under Direct Loans because they know they can get the funds they need quickly.*

Schools report that students borrow what they need rather than the maximum allowable. They understand that if they need additional money, they can get it quickly and easily with Direct Loans. They do not need to over borrow "just in case."

- ☒ **T** ☐ **F** 7. *Direct Loans is designed to reduce defaults by providing borrowers with better information, better service (with a single loan source) and flexibility throughout the life of the loan.*

Because FFELP loans are typically sold (sometimes several times) and most borrowers have several such loans, borrowers frequently report confusion about just where to send their loan payments, deferment forms, and requests for forbearance. Lack of service and responsiveness on the part of lenders, secondary markets, and loan servicers are the two problems most often reported by FFELP borrowers.

- ☒ **T** ☐ **F** 8. *The Department of Education provides Direct Loan schools with the assistance and support they need to successfully implement this program on their home campus.*

The Department is committed to providing the highest quality customer support and technical assistance to all participating schools, whether in their first year of the program or their fifth year. Software training, instructional materials, program information, and technical and program assistance, both on and off site, are provided free from the Department of Education.

- ☐ **T** ☒ **F** 9. *Direct Loans will create more "big government" as it takes over FFELP, a private program.*

FFELP is not a private program. Taxpayers pay billions of dollars annually to lenders, guarantee agencies, secondary markets, and servicers in the form of special allowances, administrative expense allowances, default claims, and interest benefits. Without these subsidies, private lenders would not participate. Not more than 350 permanent federal employees will have been hired for the Direct Loan Program by 1998. By that same time, however, the Department as a whole will have reduced its overall work force by 375. Workers are employed by companies under contract with the Department of Education to perform the majority of work for Direct Loans.

DIRECT LOANS

A HISTORY OF DIRECT LOANS

The William D. Ford Federal Direct Loan Program was initially authorized as a demonstration pilot by the Higher Education Amendments of 1992. The Student Loan Reform Act of 1993, a part of the Omnibus Budget Reconciliation Act of 1993, authorized that the program be implemented on a phased-in basis. Such a phase would be based on total guaranteed student loan volume: 5 percent in the first year, 1994-95; 40 percent in the second year, 1995-96; 50 percent in the third and fourth years, 1996-97 and 1997-98; and 60 percent in the fifth year, 1998-99. After the 1995-96 year, the loan volume percentages may be increased if institutional demand for participation is greater.

The Direct Loan Program is intended to redress many of the problems that have grown over the last 25 years with the existing Federal Family Educational Loan Program (FFELP), primarily its complexity for schools and borrowers and its cost to the taxpayer. In fact, as part of the Budget Reconciliation Act of 1993, Direct Loans are scored as estimated by CBO to save over \$4.3 billion by FY 1998. The savings will increase to \$6.8 billion by FY 2000. This savings is derived from the elimination of special allowances, administrative expense allowances, default claims, and interest benefits to lenders, guarantee agencies, secondary markets and servicers and the lower cost of funds made available by the government.

Direct Loans are simpler. There are only three players: the student, the school and the Department of Education. Students complete only one application, the Free Application for Federal Student Aid (FAFSA). There is no need for a separate loan application to a bank. The school determines how much a student will need to borrow and electronically transmits all the required loan information to the Department of Education. When the loan is approved, the student simply signs a promissory note and the school credits the student's tuition account.

The primary benefits to students are: they receive their loan funds much more quickly; and they know exactly who to contact for deferments and repayment or any questions they might have about their loan, because their loans will never be sold.

The benefits for schools are: greater control over the loan process by receiving the loan funds electronically; receiving tuition payments faster; and improving cashflow, a benefit for large schools as well as smaller ones.

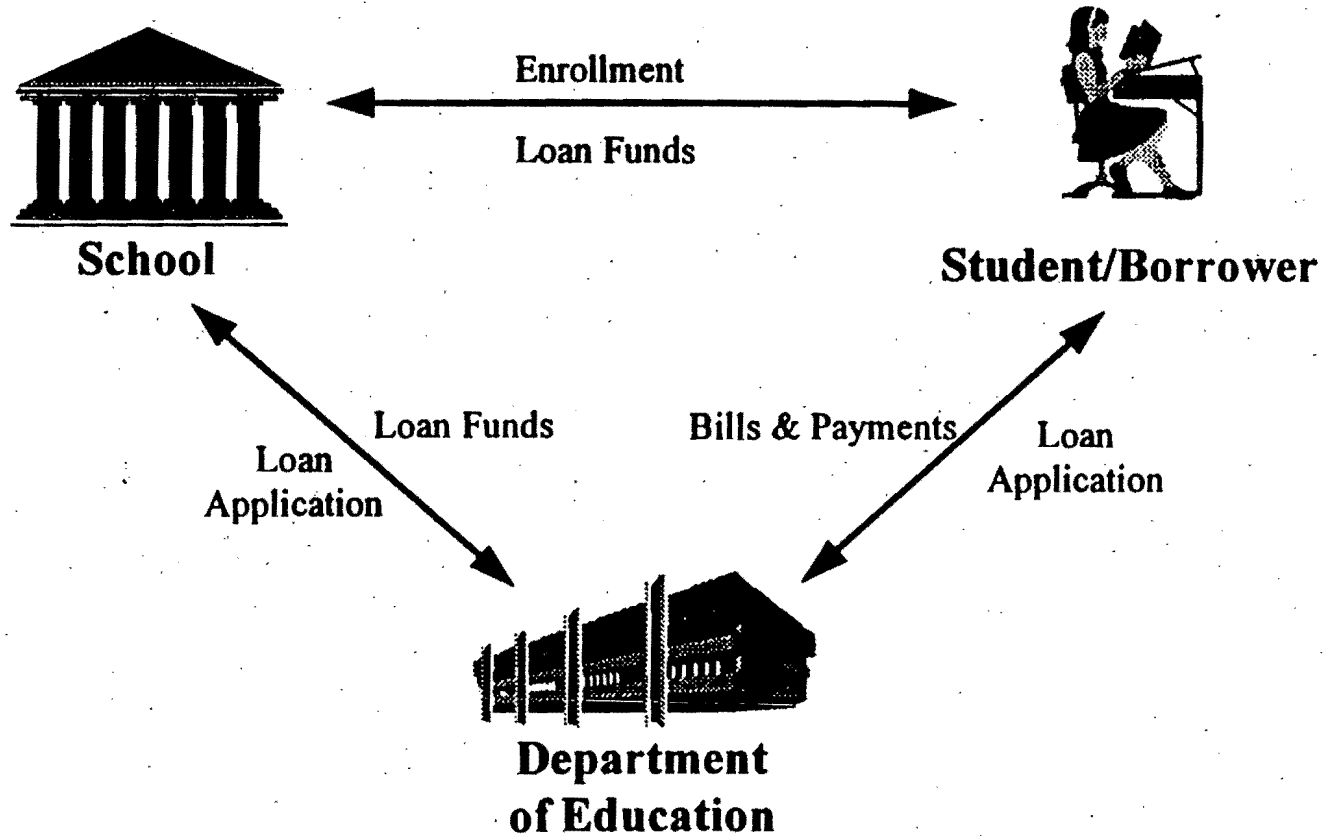
In the first year of the program 104 institutions participated. For the second year 1,495 institutions have been accepted into the program and are currently being trained. Second-year schools will begin making loans in July, 1995. Applications to participate in 1996-97 are now being accepted.

DIRECT LOANS

TIMELINE

- 7/23/92** Federal Direct Loan Demonstration Program established under provisions of the Higher Education Amendments of 1992 (P.L. 102-325).
- 8/10/93** Current Direct Loan Program authorized in Subtitle A Omnibus Reconciliation Act of 1993 (P.L. 103-66).
- 9/10/93** Secretary Riley publishes notice in Federal Register soliciting applications from schools for participation in Direct Loan Program. Over 1,100 schools respond.
- 12/28/93** Secretary Riley selects 104 schools (representing approximately 5% of the total Federal Family Education Loan (FFEL) Program loan volume) to participate in Direct Loan Program for Year One (academic year beginning July 1, 1994).
- 2/17/94** Secretary Riley invites applications from schools to participate in Direct Loan Program for Year Two (academic year beginning July 1, 1995).
- 7/1/94** First Federal Direct Loan made at West Virginia University.
- 10/20/94** Program renamed the William D. Ford Federal Direct Loan Program (P.L. 103-382).
- 11/30/94** Secretary Riley announces selection of 1,495 schools (representing approximately 40% of the total FFEL Program loan volume) to participate in Year Two.
- 1/95** Secretary Riley invites applications for participation in Year Three (academic year beginning July 1, 1996).
- 3/95** Secretary Riley announces first round of Year Three schools.
-

Federal Direct Student Loan Program



Federal Family Education Loan Program



School

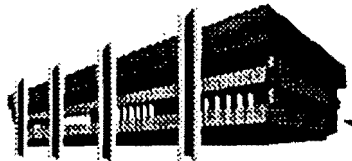
Application

Funds



Bank

Loan
Sales



**Secondary
Markets**

Loan
Transfers/
Claim
Payments



**Guaranty
Agency**

Program
Data
Reinsurance
Billing & Payments



**Department of
Education**

Funds

Application

Bills & Payment



Student/Borrower

Bills & Payment

Subsidy Bills
& Payment

Bills & Payment
(Defaulted Loans)

Bills & Payment
(Defaulted Loans)

Subsidy Bills
& Payment

Loan Guaranties
Claim Payments

6/20

① Pres felt - not made distinction visible & clear enough

Gene

② No overall structure

Approps - Budget

① This is not real budget - can't live with it

② Go for leverage vs moderate fund money

③ Not better ideas - what needs things

- then shh

- books

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PUBLIC LAW 96-88—OCT. 17, 1979

**DEPARTMENT OF EDUCATION
ORGANIZATION ACT**

Public Law 96-88
96th Congress

An Act

Oct. 17, 1979
[S. 210]

Department of
Education
Organization
Act.

20 USC 3401
note.

To establish a Department of Education, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the
United States of America in Congress assembled,*

SHORT TITLE; TABLE OF CONTENTS

SECTION 1. This Act may be cited as the "Department of Education
Organization Act".

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TITLE I—GENERAL PROVISIONS

FINDINGS

SEC. 101. The Congress finds that—

20 USC 8401.

(1) education is fundamental to the development of individual citizens and the progress of the Nation;

(2) there is a continuing need to ensure equal access for all Americans to educational opportunities of a high quality, and such educational opportunities should not be denied because of race, creed, color, national origin, or sex;

(3) parents have the primary responsibility for the education of their children, and States, localities, and private institutions have the primary responsibility for supporting that parental role;

(4) in our Federal system, the primary public responsibility for education is reserved respectively to the States and the local school systems and other instrumentalities of the States;

(5) the American people benefit from a diversity of educational settings, including public and private schools, libraries, museums and other institutions, the workplace, the community, and the home;

(6) the importance of education is increasing as new technologies and alternative approaches to traditional education are considered, as society becomes more complex, and as equal opportunities in education and employment are promoted;

(7) there is a need for improvement in the management and coordination of Federal education programs to support more

effectively State, local, and private institutions, students, and parents in carrying out their educational responsibilities;

(8) the dispersion of education programs across a large number of Federal agencies has led to fragmented, duplicative, and often inconsistent Federal policies relating to education;

(9) Presidential and public consideration of issues relating to Federal education programs is hindered by the present organizational position of education programs in the executive branch of the Government; and

(10) there is no single, full-time, Federal education official directly accountable to the President, the Congress, and the people.

PURPOSES

20 USC 3402.

SEC. 102. The Congress declares that the establishment of a Department of Education is in the public interest, will promote the general welfare of the United States, will help ensure that education issues receive proper treatment at the Federal level, and will enable the Federal Government to coordinate its education activities more effectively. Therefore, the purposes of this Act are—

(1) to strengthen the Federal commitment to ensuring access to equal educational opportunity for every individual;

(2) to supplement and complement the efforts of States, the local school systems and other instrumentalities of the States, the private sector, public and private educational institutions, public and private nonprofit educational research institutions, community-based organizations, parents, and students to improve the quality of education;

(3) to encourage the increased involvement of the public, parents, and students in Federal education programs;

(4) to promote improvements in the quality and usefulness of education through federally supported research, evaluation, and sharing of information;

(5) to improve the coordination of Federal education programs;

(6) to improve the management and efficiency of Federal education activities, especially with respect to the process, procedures, and administrative structures for the dispersal of Federal funds, as well as the reduction of unnecessary and duplicative burdens and constraints, including unnecessary paperwork, on the recipients of Federal funds; and

(7) to increase the accountability of Federal education programs to the President, the Congress, and the public.

FEDERAL-STATE RELATIONSHIPS

20 USC 3403.

SEC. 103. (a) It is the intention of the Congress in the establishment of the Department to protect the rights of State and local governments and public and private educational institutions in the areas of educational policies and administration of programs and to strengthen and improve the control of such governments and institutions over their own educational programs and policies. The establishment of the Department of Education shall not increase the authority of the Federal Government over education or diminish the responsibility for education which is reserved to the States and the local school systems and other instrumentalities of the States.

(b) No provision of a program administered by the Secretary or by any other officer of the Department shall be construed to authorize the Secretary or any such officer to exercise any direction, supervision, or control over the curriculum, program of instruction, adminis-

tration, or personnel of any educational institution, school, or school system, over any accrediting agency or association, or over the selection or content of library resources, textbooks, or other instructional materials by any educational institution or school system, except to the extent authorized by law.

(c) The Secretary shall not, during the period within eight months after the effective date of this Act, take any action to withhold, suspend, or terminate funds under any program transferred by this Act by reason of the failure of any State to comply with any applicable law requiring the administration of such a program through a single organizational unit.

DEFINITIONS

SEC. 104. As used in this Act, unless otherwise provided or indicated by the context—

(1) the term "Department" means the Department of Education or any component thereof;

(2) the term "Secretary" means the Secretary of Education;

(3) the term "Under Secretary" means the Under Secretary of Education;

(4) the term "function" includes any duty, obligation, power, authority, responsibility, right, privilege, activity, or program;

(5) the term "State" includes the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Northern Mariana Islands, and the Trust Territory of the Pacific Islands;

(6) the terms "private" and "private educational" refer to independent, nonpublic, and private institutions of elementary, secondary, and postsecondary education; and

(7) the term "office" includes any office, institute, council, unit, organizational entity, or component thereof.

TITLE II—ESTABLISHMENT OF THE DEPARTMENT

ESTABLISHMENT

SEC. 201. There is established an executive department to be known as the Department of Education. The Department shall be administered, in accordance with the provisions of this Act, under the supervision and direction of a Secretary of Education. The Secretary shall be appointed by the President, by and with the advice and consent of the Senate.

20 USC 8411.

Secretary of Education, appointment and confirmation.

PRINCIPAL OFFICERS

SEC. 202. (a)(1) There shall be in the Department an Under Secretary of Education who shall be appointed by the President, by and with the advice and consent of the Senate. During the absence or disability of the Secretary, or in the event of a vacancy in the office of the Secretary, the Under Secretary shall act as Secretary. The Secretary shall designate the order in which other officials of the Department shall act for and perform the functions of the Secretary during the absence or disability of both the Secretary and Under Secretary or in the event of vacancies in both of those offices.

Under Secretary, appointment and confirmation.
20 USC 8412.

(2)(A) The Under Secretary shall have responsibility for the conduct of intergovernmental relations of the Department, including assuring (i) that the Department carries out its functions in a manner which supplements and complements the education policies, pro-

grams, and procedures of the States and the local school systems and other instrumentalities of the States, and (ii) that appropriate officials of the Department consult with individuals responsible for making policy relating to education in the States and the local school systems and other instrumentalities of the States concerning differences over education policies, programs, and procedures and concerning the impact of the rules and regulations of the Department on the States and the local school systems and other instrumentalities of the States.

(B) Local education authorities may inform the Under Secretary of any rules or regulations of the Department which are in conflict with another rule or regulation issued by any other Federal department or agency or with any other office of the Department. If the Under Secretary determines, after consultation with the appropriate Federal department or agency, that such a conflict does exist, the Under Secretary shall report such conflict or conflicts to the appropriate Federal department or agency together with recommendations for the correction of the conflict.

(b)(1) There shall be in the Department—

- (A) an Assistant Secretary for Elementary and Secondary Education;
- (B) an Assistant Secretary for Postsecondary Education;
- (C) an Assistant Secretary for Vocational and Adult Education;
- (D) an Assistant Secretary for Special Education and Rehabilitative Services;
- (E) an Assistant Secretary for Educational Research and Improvement;
- (F) an Assistant Secretary for Civil Rights; and
- (G) a General Counsel.

(2) Each of the Assistant Secretaries and the General Counsel shall be appointed by the President, by and with the advice and consent of the Senate.

(c) There shall be in the Department an Inspector General appointed in accordance with the Inspector General Act of 1978 (as amended by section 508(n) of this Act).

(d) There shall be in the Department four additional officers who shall be appointed by the President, by and with the advice and consent of the Senate. The officers appointed under this subsection shall perform such functions as the Secretary shall prescribe, including—

- (1) congressional relations functions;
- (2) public information functions, including the provision, through the use of the latest technologies, of useful information about education and related opportunities to students, parents, and communities;
- (3) functions related to monitoring parental and public participation in programs where such participation is required by law, and encouraging the involvement of parents, students, and the public in the development and implementation of departmental programs;
- (4) management and budget functions;
- (5) planning, evaluation, and policy development functions, including development of policies to promote the efficient and coordinated administration of the Department and its programs and to encourage improvements in education;
- (6) functions related to encouraging and promoting the study of foreign languages and the study of cultures of other countries at the elementary, secondary, and postsecondary levels.

Assistant Secretaries and General Counsel, appointment and confirmation. Inspector General, appointment. 92 Stat. 1101. 5 USC app Post. p. 692. Additional officers, appointment and confirmation. Functions.

(e) There shall be in the Department an Administrator of Education for Overseas Dependents.

(f) Whenever the President submits the name of an individual to the Senate for confirmation as an officer of the Department under this section, the President shall state the particular functions of the Department such individual will exercise upon taking office.

(g) Each officer of the Department established under this section shall report directly to the Secretary and shall, in addition to any functions vested in or required to be delegated to such officer, perform such additional functions as the Secretary may prescribe.

OFFICE FOR CIVIL RIGHTS

SEC. 203. (a) There shall be in the Department an Office for Civil Rights, to be administered by the Assistant Secretary for Civil Rights appointed under section 202(b). Notwithstanding the provisions of section 412 of this Act, the Secretary shall delegate to the Assistant Secretary for Civil Rights all functions, other than administrative and support functions, transferred to the Secretary under section 301(a)(3).

20 USC 2412.

(b)(1) The Assistant Secretary for Civil Rights shall make an annual report to the Secretary, the President, and the Congress summarizing the compliance and enforcement activities of the Office for Civil Rights and identifying significant civil rights or compliance problems as to which such Office has made a recommendation for corrective action and as to which, in the judgment of the Assistant Secretary, adequate progress is not being made.

Report to
Secretary,
President, and
Congress.

(2) Notwithstanding any other provision of law, the report required by paragraph (1) shall be transmitted to the Secretary, the President, and the Congress by the Assistant Secretary for Civil Rights without further clearance or approval. The Assistant Secretary shall provide copies of the report required by paragraph (1) to the Secretary sufficiently in advance of its submission to the President and the Congress to provide a reasonable opportunity for comments of the Secretary to be appended to the report.

(c) In addition to the authority otherwise provided under this section, the Assistant Secretary for Civil Rights, in carrying out the provisions of this section, is authorized—

(1) to collect or coordinate the collection of data necessary to ensure compliance with civil rights laws within the jurisdiction of the Office for Civil Rights;

(2) to select, appoint, and employ such officers and employees, including staff attorneys, as may be necessary to carry out the functions of such Office, subject to the provisions of title 5, United States Code, governing appointments in the competitive service and the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates;

5 USC 5101 et
seq.
5 USC 5331.

(3) to enter into contracts and other arrangements for audits, studies, analyses, and other services with public agencies and with private organizations and persons, and to make such payments as may be necessary to carry out the compliance and enforcement functions of such Office; and

(4) notwithstanding any other provision of this Act, to obtain services as authorized by section 8109 of title 5, United States Code, at a rate not to exceed the equivalent daily rate payable for grade GS-18 of the General Schedule under section 5332 of such title.

5 CFR 1978
Comp., p. 226.

OFFICE OF ELEMENTARY AND SECONDARY EDUCATION

20 USC 3414.

SEC. 204. There shall be in the Department an Office of Elementary and Secondary Education, to be administered by the Assistant Secretary for Elementary and Secondary Education appointed under section 202(b). The Assistant Secretary shall administer such functions affecting elementary and secondary education, both public and private, as the Secretary shall delegate.

OFFICE OF POSTSECONDARY EDUCATION

20 USC 3415.

SEC. 205. There shall be in the Department an Office of Postsecondary Education, to be administered by the Assistant Secretary for Postsecondary Education appointed under section 202(b). The Assistant Secretary shall administer such functions affecting postsecondary education, both public and private, as the Secretary shall delegate, and shall serve as the principal adviser to the Secretary on matters affecting public and private postsecondary education.

OFFICE OF VOCATIONAL AND ADULT EDUCATION

20 USC 3416.

SEC. 206. There shall be in the Department an Office of Vocational and Adult Education, to be administered by the Assistant Secretary for Vocational and Adult Education appointed under section 202(b). The Assistant Secretary shall administer such functions affecting vocational and adult education as the Secretary shall delegate, and shall serve as principal adviser to the Secretary on matters affecting vocational and adult education. The Secretary, through the Assistant Secretary, shall also provide a unified approach to rural education and rural family education through the coordination of programs within the Department and shall work with the Federal Interagency Committee on Education to coordinate related activities and programs of other Federal departments and agencies.

OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES

20 USC 3417.

SEC. 207. There shall be in the Department an Office of Special Education and Rehabilitative Services, to be administered by the Assistant Secretary for Special Education and Rehabilitative Services appointed under section 202(b). Notwithstanding the provisions of section 412, the Secretary shall delegate to the Assistant Secretary all functions, other than administrative and support functions, transferred to the Secretary under sections 801(a)(1) (with respect to the bureau for the education and training of the handicapped), 801(a)(2)(H), and 801(a)(4).

OFFICE OF EDUCATION FOR OVERSEAS DEPENDENTS

20 USC 3418.

SEC. 208. There shall be in the Department an Office of Education for Overseas Dependents, to be administered by the Administrator of Education for Overseas Dependents appointed under section 202(e). Notwithstanding the provisions of section 412, the Secretary shall delegate to the Administrator all functions, other than administrative and support functions, transferred to the Secretary under section 802.

OFFICE OF EDUCATIONAL RESEARCH AND IMPROVEMENT

20 USC 3419.

SEC. 209. There shall be in the Department an Office of Educational Research and Improvement, to be administered by the Assistant

Secretary for Educational Research and Improvement appointed under section 202(b). The Assistant Secretary shall administer such functions concerning research, development, demonstration, dissemination, evaluation, and assessment activities as the Secretary shall delegate.

OFFICE OF BILINGUAL EDUCATION AND MINORITY LANGUAGES AFFAIRS

SEC. 210. There shall be in the Department an Office of Bilingual Education and Minority Languages Affairs, to be administered by a Director of Bilingual Education and Minority Languages Affairs, who shall be appointed by the Secretary. The Director shall coordinate the administration of bilingual education programs by the Department and shall consult with the Secretary concerning policy decisions affecting bilingual education and minority languages affairs. The Director shall report directly to the Secretary, and shall perform such additional functions as the Secretary may prescribe. 20 USC 8420.

OFFICE OF GENERAL COUNSEL

SEC. 211. There shall be in the Department an Office of General Counsel, to be administered by the General Counsel appointed under section 202(b). The General Counsel shall provide legal assistance to the Secretary concerning the programs and policies of the Department. 20 USC 8421.

OFFICE OF INSPECTOR GENERAL

SEC. 212. There shall be in the Department an Office of Inspector General, established in accordance with the Inspector General Act of 1978 (as amended by section 508(n) of this Act). 20 USC 8422.

INTERGOVERNMENTAL ADVISORY COUNCIL ON EDUCATION

SEC. 213. (a) There shall be in the Department an advisory committee to be known as the Intergovernmental Advisory Council on Education (hereafter referred in this section as the "Council"). The Council shall provide assistance and make recommendations to the Secretary and the President concerning intergovernmental policies and relations relating to education. 20 USC 8423.

(b)(1) In carrying out its functions under subsection (a), the Council shall— Functions.

(A) provide a forum for representatives of Federal, State, and local governments and public and private educational entities to discuss educational issues;

(B) make recommendations for the improvement of the administration and operation of Federal education and education related programs;

(C) promote better intergovernmental relations;

(D) submit, biennially or more frequently (if determined necessary by the Council), a report to the Secretary, the President, and the Congress (i) reviewing the impact of Federal education activities upon State and local governments and public and private educational institutions, including an assessment of compliance with section 103 of this Act and of any change in the Federal role in education, and (ii) assessing both the extent to which Federal objectives are achieved and any adverse consequences of Federal actions.

(2) In carrying out its functions under subsection (a), the Council may review existing and proposed rules or regulations of the Department concerning Federal education programs in order to determine

Report to
Secretary,
President, and
Congress.

Regulations
review.

Report.

the impact or potential impact of such rules or regulations on State and local governments and public and private educational institutions. The Council may submit to the Secretary a report containing the results of its review of any existing or proposed rule or regulation. If a report by the Council concerns a proposed rule or regulation, it shall be submitted to the Secretary within the time established for public comment on the proposed rule or regulation, and shall be placed in the file of the proceeding concerning the proposed rule or regulation.

Members.

(c)(1) The Council shall be composed of twenty members, appointed by the President as follows:

(A) six elected State and local officials with general government responsibilities;

(B) five representatives of public and private elementary and secondary education, from among board members, chief education officials, administrators, and teachers;

(C) five representatives of public and private postsecondary education, from among board members, chief education officials, administrators, and professors; and

(D) four members of the public, including parents of students and students.

(2) In making appointments under this subsection, the President shall—

(A) consult with representatives of the groups specified in subparagraphs (A) through (D) of paragraph (1); and

(B) select individuals who represent a diversity of geographic areas and demographic characteristics.

(3) The Under Secretary shall be an ex officio member of the Council.

Terms of office.

(4) The term of office of a member of the Council shall be four years, except that—

(A) no member serving pursuant to paragraph (1)(A) of this subsection may serve on the Council beyond the period that such member holds an office qualifying such member for appointment under such paragraph; and

(B) the President shall divide the initial appointments to the Council into four groups of five members each for initial terms of one, two, three, and four years.

(5) The President shall designate one member to chair the Council.

(6) Any vacancy in the Council shall not affect its authority.

(d) The Council shall nominate and the Secretary shall appoint an executive director for the Council. The Secretary shall provide the Council with such other staff, facilities, services, and support as may be necessary to enable the Council to carry out its duties under this section.

FEDERAL INTERAGENCY COMMITTEE ON EDUCATION**20 USC 3424.**

SEC. 214. (a) There is established a Federal Interagency Committee on Education (hereafter referred to in this section as the "Committee"). The Committee shall assist the Secretary in providing a mechanism to assure that the procedures and actions of the Department and other Federal departments and agencies are fully coordinated.

(b) The Committee shall study and make recommendations for assuring effective coordination of Federal programs, policies, and administrative practices affecting education, including—

(1) consistent administration and development of policies and practices among Federal agencies in the conduct of related programs;

(2) full and effective communication among Federal agencies to avoid unnecessary duplication of activities and repetitive collection of data;

(3) full and effective cooperation with the Secretary on such studies and analyses as are necessary to carry out the purposes of this Act;

(4) coordination of related programs to assure that recipients of Federal assistance are efficiently and responsively served; and

(5) full and effective involvement and participation of students and parents in Federal education programs.

(c) The Committee shall be composed of the Secretary, who shall chair the Committee, and senior policy making officials from those Federal agencies, commissions, and boards that the President may find appropriate. Members

(d) The Director of the Office of Management and Budget, the Chairman of the Council of Economic Advisers, the Director of the Office of Science and Technology Policy, and the Executive Director of the Domestic Policy Staff may each designate a staff member to attend meetings of the Committee.

(e) The Committee shall conduct a study concerning the progress, effectiveness, and accomplishments of Federal vocational education and training programs, and the need for improved coordination between all federally funded vocational education and training programs. The Committee shall report the findings of such study to the Secretary and the Congress within two years of the date of enactment of this Act. Study

(f) The Committee shall meet at least twice each year. The Secretary may establish subcommittees of the Committee to facilitate coordination in important areas of Federal activity.

(g) The Secretary and the head of each agency represented on the Committee under subsection (c) shall furnish necessary assistance to the Committee. Report to Secretary and Congress

TITLE III—TRANSFERS OF AGENCIES AND FUNCTIONS

TRANSFERS FROM THE DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

SEC. 801. (a) There are transferred to the Secretary—

20 USC 9441.

(1) all functions of the Assistant Secretary for Education and of the Commissioner of Education of the Department of Health, Education, and Welfare, and all functions of the Office of such Assistant Secretary and of the Education Division of the Department of Health, Education, and Welfare and of any officer or component of such Office or Division;

(2) all functions of the Secretary of Health, Education, and Welfare and of the Department of Health, Education, and Welfare under—

- (A) the General Education Provisions Act;
- (B) the Elementary and Secondary Education Act of 1965;
- (C) the Higher Education Act of 1965;
- (D) the Education Amendments of 1978;
- (E) the Act of August 30, 1890 (7 U.S.C. 821-828);
- (F) the National Defense Education Act of 1958;
- (G) the International Education Act of 1966;
- (H) the Education of the Handicapped Act;

20 USC 1221.
20 USC 821 note.
20 USC 1001 note.
92 Stat. 2143.
20 USC 2701 note.
20 USC 401 note.
20 USC 1171 note.
20 USC 871 note.

42 USC 2929.

20 USC 1501

note.

20 USC 2301

note.

20 USC 2601

note.

D.C. Code

31-1051 note.

47 USC 390.

40 USC 464.

21 USC 1001

note.

29 USC 701 note.

42 USC 422.

1382d.

(I) part B of title V of the Economic Opportunity Act of 1964;

(J) the National Commission on Libraries and Information Science Act;

(K) the Vocational Education Act of 1963;

(L) the Career Education Incentive Act;

(M) laws relating to the relationship between (i) Gallaudet College, Howard University, the American Printing House for the Blind, and the National Technical Institute for the Deaf, and (ii) the Department of Health, Education, and Welfare;

(N) the Model Secondary School for the Deaf Act;

(O) subpart A of part IV of title III of the Communications Act of 1934 with respect to the telecommunications demonstration program;

(P) section 203(k) of the Federal Property and Administrative Services Act of 1949 with respect to donations of surplus property for educational purposes; and

(Q) the Alcohol and Drug Abuse Education Act;

(3) all functions of the Secretary of Health, Education, and Welfare and of the Department of Health, Education, and Welfare with respect to or being administered by the Office for Civil Rights which relate to functions transferred by this section;

(4)(A) all functions of the Secretary of Health, Education, and Welfare and of the Department of Health, Education, and Welfare under the Rehabilitation Act of 1973, except that the provisions of this subparagraph shall not be construed to transfer to the Secretary the functions of the Secretary of Health, Education, and Welfare under sections 222 and 1615 of the Social Security Act;

(B) all functions with respect to or being administered by the Secretary of Health, Education, and Welfare through the Commissioner of Rehabilitation Services under the Act of June 20, 1936, commonly referred to as the Randolph-Sheppard Act (20 U.S.C. 107 et seq.);

(C) all functions of the Commissioner of Rehabilitation and the Director of the National Institute of Handicapped Research of the Department of Health, Education, and Welfare under the Rehabilitation Act of 1973;

(5) all functions of the Institute of Museum Services of the Department of Health, Education, and Welfare, and of the Director thereof;

(6) all functions of the Advisory Council on Education Statistics; and

(7) all functions of the Federal Education Data Acquisition Council.

(b) There are transferred to the Department—

(1) all offices in the Office of the Assistant Secretary for Education or in the Education Division of the Department of Health, Education, and Welfare;

(2) all offices in the Department of Health, Education, and Welfare established under the provisions of law listed in subparagraphs (A) through (Q) of subsection (a)(2);

(3) all offices in the Department of Health, Education, and Welfare established under the Rehabilitation Act of 1973;

(4) the Institute of Museum Services of the Department of Health, Education, and Welfare;

(5) the Advisory Council on Education Statistics;

(6) the Federal Education Data Acquisition Council; and

(7) any advisory committee of the Department of Health, Education, and Welfare giving advice or making recommendations that primarily concern education functions transferred by this section.

(c) There are transferred to the Secretary all functions of the Secretary of Health, Education, and Welfare, the Assistant Secretary for Education, or the Commissioner of Education of the Department of Health, Education, and Welfare, as the case may be, with respect to—

(1) the Education Division of the Department of Health, Education, and Welfare;

(2) the Office of the Assistant Secretary for Education, including the National Center for Education Statistics; and

(3) any advisory committee in the Department of Health, Education, and Welfare giving advice and making recommendations principally concerning education functions transferred by this section.

(d) Nothing in the provisions of this section or in the provisions of this Act shall authorize the transfer of functions under part A of title V of the Economic Opportunity Act of 1964, relating to Project Head Start, from the Secretary of Health, Education, and Welfare to the Secretary.

42 USC 2922.

TRANSFERS FROM THE DEPARTMENT OF DEFENSE

SEC. 302. (a) Notwithstanding the provisions of section 601 of this Act, at such time not later than three years after the effective date of this Act, and in such manner, as the President may designate, there shall be transferred to the Secretary all functions of the Secretary of Defense and of the Department of Defense (or any officer or component thereof) relating to the operation of overseas schools for dependents of the Department of Defense and all functions of the Secretary of Defense and of the Department of Defense (or any officer or component thereof) under the Defense Dependents' Education Act of 1975. There shall be transferred to the Department the offices established by such Act.

20 USC 2442.

22 Stat. 2365.
20 USC 921.

(b) In addition to any other authority available to the Secretary under this or any other Act, the authority of the Secretary of Defense and the Secretaries of the military departments under the Defense Department Overseas Teachers Pay and Personnel Practices Act shall be available to the Secretary with respect to the functions transferred under subsection (a).

20 USC 901 note.

(c) Not later than one year after the effective date of this Act, the Secretary, after consultation with the Secretary of Defense, shall transmit to the Congress a plan for effecting the transfer of functions under this section and administering those functions. In designing the plan, the Secretary shall also consult with representatives of organizations of parents of students enrolled in overseas dependents' schools and representatives of professional employee organizations and administrators of such schools. The plan shall contain recommendations for increasing the participation of parents, teachers, students, school administrators, and members of the Armed Forces in the administration and operation of the schools transferred under this section.

Transfer of
functions plan,
transmittal to
Congress.

(d) Nothing in this Act shall be construed to give the Secretary authority to operate overseas institutions of higher education.

TRANSFERS FROM THE DEPARTMENT OF LABOR

Migrant
education.
20 USC 3443.

29 USC 573.

SEC. 303. (a) Notwithstanding the provisions of section 601 of this Act, there shall be transferred to the Secretary, at such time on or after the effective date of this Act as the Secretary certifies that there has been established in the Department a single component responsible for the administration and the coordination of programs relating to the education of migrants, all functions of the Secretary of Labor or the Department of Labor under section 303(c)(2) of the Comprehensive Employment and Training Act.

(b) The Secretary is authorized to conduct the functions transferred by subsection (a).

TRANSFERS OF PROGRAMS FROM THE NATIONAL SCIENCE FOUNDATION

Science
education.
20 USC 3444.

42 USC 1861
note.

SEC. 304. (a)(1) There are transferred to the Secretary all programs relating to science education of the National Science Foundation or the Director of the National Science Foundation established prior to the effective date of this Act pursuant to the National Science Foundation Act of 1950, except the programs or parts of programs, as determined after review by the Director of the Office of Science and Technology Policy and the Director of the National Science Foundation, which relate to—

- (A) scientific career development;
- (B) the continuing education of scientific personnel;
- (C) increasing the participation of women, minorities, and the handicapped in careers in science;
- (D) the conduct of basic and applied research and development applied to science learning at all educational levels and the dissemination of results concerning such research and development; and
- (E) informing the general public of the nature of science and technology and of attendant values and public policy issues.

(2) Except as provided in paragraph (1), no mission oriented research functions or programs of the National Science Foundation or any other Federal agency shall be transferred by this Act.

(b) The Secretary is authorized to conduct the programs transferred by subsection (a). In conducting such programs the Secretary shall consult, as appropriate, with the Director of the National Science Foundation, and shall establish advisory mechanisms designed to assure that scientists and engineers are fully involved in the development, implementation, and review of science education programs.

(c) The annual report to be transmitted by the Secretary pursuant to section 426 shall include a description of arrangements, developed by the Secretary in consultation with the Director of the National Science Foundation, for coordinated planning and operation of science education programs, including measures to facilitate the implementations of successful innovations.

(d) Nothing in this section is intended to repeal or limit the authority of the National Science Foundation or the Director of the National Science Foundation to initiate and conduct programs under the National Science Foundation Act of 1950.

TRANSFERS FROM THE DEPARTMENT OF JUSTICE

Law
enforcement
education.
20 USC 3445.

SEC. 305. There are transferred to the Secretary all functions of the Attorney General and of the Law Enforcement Assistance Administration with regard to the student loan and grant programs known as the law enforcement education program and the law enforcement

intern program authorized by subsections (b), (c), and (f) of section 406 of the Omnibus Crime Control and Safe Streets Act of 1968.

42 USC 3746.

TRANSFERS FROM THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

SEC. 306. There are transferred to the Secretary all functions relating to college housing loans of the Secretary of Housing and Urban Development and of the Department of Housing and Urban Development under title IV of the Housing Act of 1950.

College housing loans.
20 USC 3446.
12 USC 1749.

EFFECT OF TRANSFERS

SEC. 307. The transfer of a function or office from an officer or agency to the Secretary or to the Department includes any aspects of such function or office vested in a subordinate of such officer or in a component of such agency.

20 USC 3447.

TITLE IV—ADMINISTRATIVE PROVISIONS

PART A—PERSONNEL PROVISIONS

OFFICERS AND EMPLOYEES

SEC. 401. (a) The Secretary is authorized to appoint and fix the compensation of such officers and employees, including attorneys, as may be necessary to carry out the functions of the Secretary and the Department. Except as otherwise provided by law, such officers and employees shall be appointed in accordance with the civil service laws and their compensation fixed in accordance with title 5 of the United States Code.

20 USC 3461.

(b)(1) At the request of the Secretary, the Director of the Office of Personnel Management shall, under section 5108 of title 5, United States Code, provide for the establishment in each of the grade levels GS-16, GS-17, and GS-18 of a number of positions in the Department equal to the number of positions in that grade level which were used primarily for the performance of functions and offices transferred under this Act and which were assigned and filled on the day before the effective date of this Act.

5 CFR 1978
Comp., p. 236.

(2) At the request of the Secretary, the Director of the Office of Personnel Management shall, under section 3104 of title 5, United States Code, provide for the establishment in the Office created by section 209 of this Act of a number of scientific, professional, and technical positions outside of the General Schedule equal to the number of such positions which were used primarily for the performance of functions and offices transferred under this Act and which were assigned and filled on the day before the effective date of this Act.

(3) Appointments to positions provided for under this subsection may be made without regard to the provisions of section 3324 of title 5 of the United States Code, if the individual appointed in such position is an individual who is transferred in connection with the transfer of functions and offices under this Act and, on the day preceding the effective date of this Act, holds a position and has duties comparable to those of the position to which appointed hereunder.

(4) The authority under this subsection with respect to any position shall terminate when the person first appointed to fill such position ceases to hold such position.

Termination.

92 Stat. 1177.

(5) For purposes of section 414(a)(3)(A) of the Civil Service Reform Act of 1978, an individual appointed under this subsection shall be deemed to occupy the same position as the individual occupied on the day preceding the effective date of this Act.

5 USC 5101 et seq., 5331.

(c) The Secretary may appoint, without regard to the provisions of title 5, United States Code, governing appointment in the competitive service, up to 175 scientific, technical, or professional employees of the Office created by section 209 of this Act and may compensate employees so appointed without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates. The rate of basic compensation for such employees shall not be equal to or in excess of the minimum rate of pay currently paid for GS-16 of the General Schedule under section 5332 of such title.

8 CFR 1978 Comp., p. 236. Limited-term appointees.

(d) Notwithstanding any other provision of law, the Director of the Office of Personnel Management shall establish positions within the Senior Executive Service for 15 limited-term appointees. The Secretary shall appoint individuals to such positions as provided by section 8394 of title 5, United States Code. Such positions shall expire on the later of three years after the effective date of this Act or three years after the initial appointment to each position. Positions in effect under this subsection shall be taken into account in applying the limitations on positions prescribed under section 8134(e) and section 5106 of such title.

Indian preference law application

(e) Nothing in this Act shall be construed to prevent the application of any Indian preference law in effect on the day before the date of enactment of this Act to any function or office transferred by this Act and subject to any such law on the day before the date of enactment of this Act. Any function or office transferred by this Act and subject to any such law shall continue to be subject to any such law.

"Civilian component"

(f) For purposes of any status of forces agreement between the United States and any other country or any international organization, any reference to "civilian component" shall be deemed to include a reference to overseas personnel of the overseas dependents' education system.

EXPERTS AND CONSULTANTS

20 USC 3462.

SEC. 402. The Secretary may as provided in appropriation Acts obtain the services of experts and consultants in accordance with the provisions of section 8109 of title 5, United States Code, and may compensate such experts and consultants at rates not to exceed the daily rate prescribed for GS-18 of the General Schedule under section 5332 of such title.

8 CFR 1978 Comp., p. 236.

PERSONNEL REDUCTION AND ANNUAL LIMITATIONS

20 USC 3463.

SEC. 403. (a)(1) Notwithstanding any other provision of this Act, there shall be included in each appropriation Act containing appropriations for the administration of the Department for any fiscal year beginning after September 30, 1981 (other than an appropriation Act containing only supplemental appropriations for the Department), an annual limitation on the total number of work-years for the personnel of the Department.

Reports to Congress.

(2) The Secretary shall prescribe the allocation of the work-years available under paragraph (1) among the organizational units and components of the Department and shall, within 120 days after the enactment of an appropriation Act containing a work-year limitation, prepare and transmit to the Congress a report on such allocation. Such report shall include explanations and justifications for the

allocations made by the Secretary and shall indicate the necessary personnel actions which will be required as a consequence of such allocation. Not later than 120 days after the conclusion of any fiscal year to which a work-year limitation established under paragraph (1) applies, the Secretary shall prepare and transmit to the Congress a report on compliance with such limitation indicating the total work-years actually expended by the Department and by the organizational units and components to which such work-years were allocated.

(3) If the President transmits any reorganization plan under chapter 9 of title 5, United States Code, which would result in the transfer of functions or offices to the Secretary or the Department, the message transmitting the plan shall include any adjustments which may be necessary in a work-year limitation established under paragraph (1) to reflect changes in the work-years required as a result of such plan.

5 USC 901 et seq.

(b) Not later than the end of the first fiscal year beginning after the effective date of this Act, the number of full-time equivalent personnel positions available for performing functions transferred to the Secretary or the Department by this Act shall be reduced by 500.

(c)(1) Computations required to be made for purposes of this section shall be made on the basis of all personnel employed by the Department, including experts and consultants employed under section 3109 of title 5, United States Code, and all other part-time and full-time personnel employed to perform functions of the Secretary or the Department, except personnel employed under special programs for students and disadvantaged youth (including temporary summer employment).

(2) The Director of the Office of Personnel Management shall, by rule, establish a method for computing work-years for personnel of the Department as described in paragraph (1).

(d) The Director of the Office of Personnel Management shall, as soon as practicable, but not later than one year after the effective date of this Act, prepare and transmit to the Congress a report on the effects on employees of the reorganization under this Act, which shall include—

Report to Congress.

(1) an identification of any position within the Department or elsewhere in the executive branch, which it considers unnecessary due to consolidation of functions under this Act;

(2) a statement of the number of employees entitled to pay savings by reason of the organization under this Act;

(3) a statement of the number of employees who are voluntarily or involuntarily separated by reason of such reorganization;

(4) an estimate of the personnel costs associated with such reorganization;

(5) the effects of such reorganization on labor management relations; and

(6) such legislative and administrative recommendations for improvements in personnel management within the Department as the Director considers necessary.

PART B—GENERAL ADMINISTRATIVE PROVISIONS

GENERAL AUTHORITY

SEC. 411. (a) In carrying out any function transferred by this Act, the Secretary, or any officer or employee of the Department, may exercise any authority available by law (including appropriation Acts) with respect to such function to the official or agency from which such function is transferred, and the actions of the Secretary in

20 USC 3471.

exercising such authority shall have the same force and effect as when exercised by such official or agency.

(b)(1) The director of any office continued in the Department the director of which was required, prior to the effective date of this Act, to report to the Commissioner of Education or the Assistant Secretary for Education of the Department of Health, Education, and Welfare, shall report to the Secretary.

(2) The Secretary is authorized to delegate reporting requirements vested in the Secretary by paragraph (1) to any officer or employee of the Department.

DELEGATION

20 USC 3472

SEC. 412. Except as otherwise provided in this Act, the Secretary may delegate any function to such officers and employees of the Department as the Secretary may designate, and may authorize such successive redelegations of such functions within the Department as may be necessary or appropriate. No delegation of functions by the Secretary under this section or under any other provision of this Act shall relieve the Secretary of responsibility for the administration of such functions.

REORGANIZATION

20 USC 3473

SEC. 413. (a) The Secretary is authorized, subject to the requirements of section 202(f), to allocate or reallocate functions among the officers of the Department, and to establish, consolidate, alter, or discontinue such organizational entities within the Department as may be necessary or appropriate, but the authority of the Secretary under this subsection does not extend to—

(1) any office, bureau, unit, or other entity transferred to the Department and established by statute or any function vested by statute in such an entity or officer of such an entity, except as provided in subsection (b);

(2) the abolition of organizational entities established by this Act; or

(3) the alteration of the delegation of functions to any specific organizational entity required by this Act.

(b)(1) The Secretary may, in accordance with paragraph (2) of this subsection, consolidate, alter, or discontinue any of the following statutory entities, or reallocate any functions vested by statute in the following statutory entities:

(A) the Office of Bilingual Education;

(B) the Teacher Corps;

(C) the Community College Unit;

(D) the National Center for Education Statistics;

(E) the National Institute of Education;

(F) the Office of Environmental Education;

(G) the Office of Consumers' Education;

(H) the Office of Libraries and Learning Resources;

(I) the Office of Indian Education;

(J) the Office of Career Education;

(K) the Office of Non-Public Education;

(L) the bureau for the education and training for the handicapped;

(M) the Institute of Museum Services; and

(N) the administrative units for guidance and counseling programs, the veterans' cost of instruction program, and the program for the gifted and talented children.

(2) The Secretary may alter, consolidate, or discontinue any organizational entity continued within the Department and described in paragraph (1) of this subsection or reallocate any function vested by statute in such an entity, upon the expiration of a period of ninety days after the receipt by the Committee on Labor and Human Resources of the Senate and the Committee on Education and Labor of the House of Representatives of notice given by the Secretary containing a full and complete statement of the action proposed to be taken pursuant to this subsection and the facts and circumstances relied upon in support of such proposed action.

Congressional
committees,
notice.

RULES

SEC. 414. (a) The Secretary is authorized to prescribe such rules and regulations as the Secretary determines necessary or appropriate to administer and manage the functions of the Secretary or the Department. 20 USC 3474.

(b) The Secretary, in promulgating rules and regulations as authorized by statute, shall prescribe such rules and regulations in accordance with chapter 5 of title 5, United States Code. Section 431 of the General Education Provisions Act also shall apply to such rules and regulations to the extent applicable immediately prior to the effective date of this Act, and to rules and regulations promulgated with respect to programs transferred under sections 801(a) (1), (2), and (4), 302, 303, 304, 305, and 306. 5 USC 500 et seq.
20 USC 1232.

CONTRACTS

SEC. 415. (a) Subject to the provisions of the Federal Property and Administrative Services Act of 1949, the Secretary is authorized to make, enter into, and perform such contracts, grants, leases, cooperative agreements, or other similar transactions with Federal or other public agencies (including State and local governments) and private organizations and persons, and to make such payments, by way of advance or reimbursement, as the Secretary may determine necessary or appropriate to carry out functions of the Secretary or the Department. 20 USC 3475.
40 USC 471 note.

(b) Notwithstanding any other provision of this Act, no authority to enter into contracts or to make payments under this title shall be effective except to such extent or in such amounts as are provided in advance under appropriation Acts. This subsection shall not apply with respect to the authority granted under section 421.

REGIONAL AND FIELD OFFICES

SEC. 416. The Secretary is authorized to establish, alter, discontinue, or maintain such regional or other field offices as the Secretary may find necessary or appropriate to perform functions of the Secretary or the Department. 20 USC 3476.

ACQUISITION AND MAINTENANCE OF PROPERTY

SEC. 417. (a) The Secretary is authorized—

(1) to acquire (by purchase, lease, condemnation, or otherwise), construct, improve, repair, operate, and maintain—

(A) schools and related facilities (but only to the extent that operation of schools and related facilities by the Department is authorized by this Act);

(B) laboratories;

(C) research and testing sites and facilities;

20 USC 3477.

(D) quarters and related accommodations for employees and dependents of employees of the Department; and

(E) personal property (including patents), or any interest therein,

as may be necessary; and

(2) to provide by contract or otherwise for the establishment of eating facilities and other necessary facilities for the health and welfare of employees of the Department at its installations, and purchase and maintain equipment therefor.

20 USC 2564.

(b) The authority available to the Secretary of Health, Education, and Welfare under section 524 of the Education Amendments of 1976 shall also be available to the Secretary.

(c) The authority granted by subsection (a) of this section shall be available only with respect to facilities of a special purpose nature that cannot readily be reassigned from similar Federal activities and are not otherwise available for assignment to the Department by the Administrator of General Services.

FACILITIES AT REMOTE LOCATIONS

20 USC 347E.

SEC. 418. (a) The Secretary is authorized to provide, construct, or maintain for employees and their dependents stationed at remote locations as necessary and when not otherwise available at such remote locations—

(1) emergency medical services and supplies;

(2) food and other subsistence supplies;

(3) dining facilities;

(4) audiovisual equipment, accessories, and supplies for recreation and training;

(5) reimbursement for food, clothing, medicine, and other supplies furnished by such employees in emergencies for the temporary relief of distressed persons;

(6) living and working quarters and facilities; and

(7) transportation for dependents of employees of the Department to the nearest appropriate educational facilities.

(b) The furnishing of medical treatment under paragraph (1) of subsection (a) and the furnishing of services and supplies under paragraphs (2), (3), and (4) of subsection (a) shall be at prices reflecting reasonable value as determined by the Secretary.

(c) Proceeds from reimbursements under this section may be credited to the appropriation of funds that bear or will bear all or part of the cost of such work or services or used to refund excess sums when necessary.

USE OF FACILITIES

20 USC 3479.

SEC. 419. (a)(1) With their consent, the Secretary may, with or without reimbursement, use the research, equipment, services, and facilities of any agency or instrumentality of the United States, of any State or political subdivision thereof, or of any foreign government, in carrying out any function of the Secretary or the Department.

(2) Notwithstanding the transfer of functions from the Secretary of Defense to the Secretary under section 302 (and the consequent transfer of personnel), all personnel performing such functions shall be treated, for the purpose of access to services and facilities provided by the Department of Defense, as employees of the Department of Defense.

(b) The Secretary is authorized to permit public and private agencies, corporations, associations, organizations, or individuals to use any real property, or any facilities, structures, or other improvements thereon, under the custody and control of the Secretary for Department purposes. The Secretary shall permit the use of such property, facilities, structures, or improvements under such terms and rates and for such period as may be in the public interest, except that the periods of such uses may not exceed five years. The Secretary may require permittees under this section to recondition and maintain, at their own expense, the real property, facilities, structures, and improvements used by such permittees to a standard satisfactory to the Secretary. This subsection shall not apply to excess property as defined in section 8(e) of the Federal Property and Administrative Services Act of 1949.

40 USC 472.

(c) Proceeds from reimbursements under this section may be credited to the appropriation of funds that bear or will bear all or part of the cost of such equipment or facilities provided or to refund excess sums when necessary.

(d) Any interest in real property acquired pursuant to this Act shall be acquired in the name of the United States Government.

COPYRIGHTS AND PATENTS

SEC. 420. The Secretary is authorized to acquire any of the following described rights if the property acquired thereby is for use by or for, or useful to, the Department: 20 USC 2480.

- (1) copyrights, patents, and applications for patents, designs, processes, and manufacturing data;
- (2) licenses under copyrights, patents, and applications for patents; and
- (3) releases, before suit is brought, for past infringement of patents or copyrights.

GIFTS AND BEQUESTS

SEC. 421. The Secretary is authorized to accept, hold, administer, and utilize gifts, bequests and devises of property, both real and personal, for the purpose of aiding or facilitating the work of the Department. Gifts, bequests, and devises of money and proceeds from sales of other property received as gifts, bequests, or devises shall be deposited in the Treasury and shall be available for disbursement upon the order of the Secretary. 20 USC 2481.

TECHNICAL ADVICE

SEC. 422. (a) The Secretary is authorized, upon request, to provide advice, counsel, and technical assistance to applicants or potential applicants for grants and contracts and other interested persons with respect to any functions of the Secretary or the Department. 20 USC 2482.

(b) The Secretary may permit the consolidation of applications for grants or contracts with respect to two or more functions of the Secretary or the Department, but such consolidation shall not alter the statutory criteria for approval of applications for funding with respect to such functions.

WORKING CAPITAL FUND

SEC. 423. (a) The Secretary, with the approval of the Director of the Office of Management and Budget, is authorized to establish for the Department a working capital fund, to be available without fiscal Establishmen 20 USC 2483.

year limitation, for expenses necessary for the maintenance and operation of such common administrative services as the Secretary shall find to be desirable in the interests of economy and efficiency, including such services as—

- (1) a central supply service for stationery and other supplies and equipment for which adequate stocks may be maintained to meet in whole or in part the requirements of the Department and its components;
- (2) central messenger, mail, telephone, and other communications services;
- (3) office space, central services for document reproduction, and for graphics and visual aids; and
- (4) a central library service.

(b) The capital of the fund shall consist of any appropriations made for the purpose of providing working capital and the fair and reasonable value of such stocks of supplies, equipment, and other assets and inventories on order as the Secretary may transfer to the fund, less the related liabilities and unpaid obligations. Such funds shall be reimbursed in advance from available funds of agencies and offices in the Department, or from other sources, for supplies and services at rates that will approximate the expense of operation, including the accrual of annual leave and the depreciation of equipment. The fund shall also be credited with receipts from sale or exchange of property and receipts in payment for loss or damage to property owned by the fund. There shall be covered into the Treasury as miscellaneous receipts any surplus of the fund (all assets, liabilities, and prior losses considered) above the amounts transferred or appropriated to establish and maintain such fund. There shall be transferred to the fund the stocks of supplies, equipment, other assets, liabilities, and unpaid obligations relating to the services which the Secretary determines, with the approval of the Director of the Office of Management and Budget, will be performed.

FUNDS TRANSFER

20 USC 3464.

SEC. 424. The Secretary may, when authorized in an appropriation Act in any fiscal year, transfer funds from one appropriation to another within the Department, except that no appropriation for any fiscal year shall be either increased or decreased pursuant to this section by more than 5 percent and no such transfer shall result in increasing any such appropriation above the amount authorized to be appropriated therefor.

SEAL OF DEPARTMENT

20 USC 3485.

SEC. 425. The Secretary shall cause a seal of office to be made for the Department of such design as the Secretary shall approve. Judicial notice shall be taken of such seal.

ANNUAL REPORT

Report to
President and
Congress
20 USC 3486.

SEC. 426. (a) The Secretary shall, as soon as practicable after the close of each fiscal year, make a single, comprehensive report to the President for transmission to the Congress on the activities of the Department during such fiscal year. The report shall include a statement of goals, priorities, and plans for the Department together with an assessment of the progress made toward—

(1) the attainment of such goals, priorities, and plans;

(2) the more effective and efficient management of the Department and the coordination of its functions; and

(3) the reduction of excessive or burdensome regulation and of unnecessary duplication and fragmentation in Federal education programs,

accompanied where necessary by recommendations for proposed legislation for the achievement of such objectives.

(b) The report required by subsection (a) shall also include an estimate of the extent of the non-Federal personnel employed pursuant to contracts entered into by the Department under section 415 or under any other authority (including any subcontract thereunder), the number of such contracts and subcontracts pursuant to which non-Federal personnel are employed, and the total cost of those contracts and subcontracts.

Non-Federal
personnel.

RELATIONSHIP TO GENERAL EDUCATION PROVISIONS ACT

SEC. 427. Except where inconsistent with the provisions of this Act, the General Education Provisions Act shall apply to functions transferred by this Act to the extent applicable on the day preceding the effective date of this Act.

20 USC 3487.
20 USC 1221.

AUTHORIZATION OF APPROPRIATIONS

SEC. 428. Subject to any limitation on appropriations applicable with respect to any function or office transferred to the Secretary or the Department, there are authorized to be appropriated for fiscal year 1980 and each succeeding fiscal year such sums as may be necessary to carry out the provisions of this Act and to enable the Secretary to administer and manage the Department. Funds appropriated in accordance with this section shall remain available until expended.

20 USC 3488.

TITLE V—TRANSITIONAL, SAVINGS, AND CONFORMING PROVISIONS

TRANSFER AND ALLOCATION OF APPROPRIATIONS AND PERSONNEL

SEC. 501. (a) Except as otherwise provided in this Act, the personnel employed in connection with, and the assets, liabilities, contracts, property, records, and unexpended balance of appropriations, authorizations, allocations, and other funds employed, held, used, arising from, available to, or to be made available in connection with the functions and offices, or portions thereof transferred by this Act, subject to section 202 of the Budget and Accounting Procedures Act of 1950, shall be transferred to the Secretary for appropriate allocation. Unexpended funds transferred pursuant to this subsection shall be used only for the purposes for which the funds were originally authorized and appropriated.

20 USC 5501.

31 USC 581c.
Unexpended
funds.

(b) Positions expressly specified by statute or reorganization plan to carry out functions or offices transferred by this Act, personnel occupying those positions on the effective date of this Act, and personnel authorized to receive compensation in such positions at the rate prescribed for offices and positions at level IV or V of the Executive Schedule (5 U.S.C. 5315-5316) on the effective date of this Act, shall be subject to the provisions of section 503.

EFFECT ON PERSONNEL

20 USC 8502.

SEC. 502. (a) Except as otherwise provided in this Act, the transfer pursuant to this title of full-time personnel (except special Government employees) and part-time personnel holding permanent positions shall not cause any such employee to be separated or reduced in grade or compensation for one year after the date of transfer to the Department.

(b) Any person who, on the day preceding the effective date of this Act, held a position compensated in accordance with the Executive Schedule prescribed in chapter 53 of title 5, United States Code, and who, without a break in service, is appointed in the Department to a position having duties comparable to the duties performed immediately preceding such appointment shall continue to be compensated in such new position at not less than the rate provided for such previous position, for the duration of the service of such person in such new position.

AGENCY TERMINATIONS

20 USC 8503.

SEC. 503. (a)(1) On the effective date of this Act, the following entities shall terminate:

(A) the Education Division of the Department of Health, Education, and Welfare, including the Office of Education;

(B) the Office of the Assistant Secretary for Education of the Department of Health, Education, and Welfare;

(C) the Bureau of Occupational and Adult Education of the Department of Health, Education, and Welfare.

(2) Whenever the President exercises the authority under section 802(a), the Office of Dependents' Education of the Department of Defense shall terminate.

(b) Each position which was expressly authorized by law, or the incumbent of which was authorized to receive compensation at the rate prescribed for level IV or V of the Executive Schedule (5 U.S.C. 5315-5316), in an office terminated pursuant to this Act shall also terminate.

INCIDENTAL TRANSFERS

20 USC 3504.

SEC. 504. (a) The Director of the Office of Management and Budget, at such time or times as the Director shall provide, is authorized and directed to make such determinations as may be necessary with regard to the functions, offices, or portions thereof transferred by this Act, and to make such additional incidental dispositions of personnel, assets, liabilities, grants, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds held, used, arising from, available to, or to be made available in connection with such functions, offices, or portions thereof, as may be necessary to carry out the provisions of this Act. The Director shall provide for the termination of the affairs of all entities terminated by this Act and for such further measures and dispositions as may be necessary to effectuate the purposes of this Act.

(b) After consultation with the Director of the Office of Personnel Management, the Director of the Office of Management and Budget is authorized, at such time as the Director of the Office of Management and Budget provides, to make such determinations as may be necessary with regard to the transfer of positions within the Senior

Executive Service in connection with functions and offices transferred by this Act.

SAVINGS PROVISIONS

SEC. 505. (a) All orders, determinations, rules, regulations, permits, grants, contracts, certificates, licenses, and privileges—

(1) which have been issued, made, granted, or allowed to become effective by the President, any Federal department or agency or official thereof, or by a court of competent jurisdiction, in the performance of functions which are transferred under this Act to the Secretary or the Department, and

(2) which are in effect at the time this Act takes effect, shall continue in effect according to their terms until modified, terminated, superseded, set aside, or revoked in accordance with the law by the President, the Secretary, or other authorized official, a court of competent jurisdiction, or by operation of law.

(b)(1) The provisions of this Act shall not affect any proceedings, including notices of proposed rulemaking, or any application for any license, permit, certificate, or financial assistance pending on the effective date of this Act before any department, agency, commission, or component thereof, functions of which are transferred by this Act; but such proceedings and applications, to the extent that they relate to functions so transferred, shall be continued. Orders shall be issued in such proceedings, appeals shall be taken therefrom, and payments shall be made pursuant to such orders, as if this Act had not been enacted; and orders issued in any such proceedings shall continue in effect until modified, terminated, superseded, or revoked by the Secretary, by a court of competent jurisdiction, or by operation of law. Nothing in this subsection shall be deemed to prohibit the discontinuance or modification of any such proceeding under the same terms and conditions and to the same extent that such proceeding could have been discontinued or modified if this Act had not been enacted.

(2) The Secretary is authorized to promulgate regulations providing for the orderly transfer of proceedings continued under paragraph (1) to the Department. Regulations.

(c) Except as provided in subsection (e)—

(1) the provisions of this Act shall not affect suits commenced prior to the effective date of this Act, and

(2) in all such suits, proceedings shall be had, appeals taken, and judgments rendered in the same manner and effect as if this Act had not been enacted.

(d) No suit, action, or other proceeding commenced by or against any officer in the official capacity of such individual as an officer of any department or agency, functions of which are transferred by this Act, shall abate by reason of the enactment of this Act. No cause of action by or against any department or agency, functions of which are transferred by this Act, or by or against any officer thereof in the official capacity of such officer shall abate by reason of the enactment of this Act.

(e) If, before the date on which this Act takes effect, any department or agency, or officer thereof in the official capacity of such officer, is a party to a suit, and under this Act any function of such department, agency, or officer is transferred to the Secretary or any other official of the Department, then such suit shall be continued with the Secretary or other appropriate official of the Department substituted or added as a party.

(f) Orders and actions of the Secretary in the exercise of functions transferred under this Act shall be subject to judicial review to the same extent and in the same manner as if such orders and actions Judicial review.

had been by the agency or office, or part thereof, exercising such functions immediately preceding their transfer. Any statutory requirements relating to notice, hearings, action upon the record, or administrative review that apply to any function transferred by this Act shall apply to the exercise of such function by the Secretary.

SEPARABILITY

20 USC 8506.

SEC. 506. If any provision of this Act or the application thereof to any person or circumstance is held invalid, neither the remainder of this Act nor the application of such provision to other persons or circumstances shall be affected thereby.

REFERENCE

20 USC 8507.

SEC. 507. With respect to any function transferred by this Act and exercised on or after the effective date of this Act, reference in any other Federal law to any department, commission, or agency or any officer or office the functions of which are so transferred shall be deemed to refer to the Secretary, other official, or component of the Department to which this Act transfers such functions.

AMENDMENTS

SEC. 508. (a) Section 19(dx1) of title 8, United States Code, is amended—

(1) by striking out "Secretary of Health, Education, and Welfare" and inserting in lieu thereof "Secretary of Health and Human Services"; and

(2) by inserting immediately before the period at the end thereof a comma and the following: "Secretary of Education".

(b) Section 101 of title 5, United States Code, is amended—

(1) by striking out "Health, Education, and Welfare" and inserting in lieu thereof "Health and Human Services"; and

(2) by adding at the end thereof the following:
"The Department of Education."

(c) Section 5312 of title 5, United States Code, is amended by adding at the end thereof the following:

"(15) Secretary of Education."

(d) Section 5314 of title 5, United States Code, is amended by inserting immediately after paragraph (4) the following:

"(5) Under Secretary of Education."

(e) Section 5315 of title 5 of the United States Code is amended—

(1) by striking out paragraph (17) and inserting in lieu thereof the following:

"(17) Assistant Secretaries of Health and Human Services (4).";

and

(2) by inserting immediately after paragraph (24) the following:

"(25) Assistant Secretaries of Education (6).

"(26) General Counsel, Department of Education.

"(27) Inspector General, Department of Education."

(f) Section 5316 of title 5 of the United States Code is amended—

(1) by striking out paragraph (41); and

(2) by inserting after paragraph (36) the following new paragraphs:

"(37) Additional officers, Department of Education, (4).

"(38) Administrator of Education for Overseas Dependents, Department of Education."

5 USC 5311.

(g) Subchapter II of chapter 53 of title 5 of the United States Code is further amended by striking out "Health, Education, and Welfare"

each place it appears and inserting in lieu thereof "Health and Human Services".

(h) The Comprehensive Employment and Training Act is 29 USC 801 note, amended—

(1) in section 111, by striking out subsection (a) and inserting in lieu thereof the following:

"(a) The Secretary of Labor shall consult with the Secretary of Health and Human Services with respect to arrangements for services of a health or welfare character under this Act. The Secretary of Labor shall consult with the Secretary of Education with respect to arrangements for services of an educational nature under this Act, and the Secretary of Education and the Secretary of Health and Human Services shall solicit the advice and comments of appropriate State agencies with regard to, respectively, education and health and welfare services. Such services shall include basic or general education, educational programs conducted for offenders, institutional training, health care, child care, and other supportive services, and new careers and job restructuring in the health, education, and welfare professions.";

(2) in section 127(b), by striking out "and the Secretary of Health, Education, and Welfare" and inserting in lieu thereof a comma and the following: "the Secretary of Education, and the Secretary of Health and Human Services";

(3) in section 302(c), by striking out paragraph (3) and inserting in lieu thereof the following:

"(d) For the purposes of carrying out subsections (b) and (c) of this section, the Secretary shall reserve from funds available for this title an amount equal to not less than 4.625 percent of the amount allocated pursuant to section 202(a).";

(4) in section 311(g), by striking out "Health, Education, and Welfare," and inserting in lieu thereof "Health and Human Services, Department of Education,";

(5) in section 314, by striking out "Health, Education, and Welfare" and inserting in lieu thereof "Education";

(6) in section 438(a)(2), by striking out "Health, Education, and Welfare," and inserting in lieu thereof "Education, Secretary of Health and Human Services,"; and

(7) in section 502(a)—

(A) by striking out "15" and inserting in lieu thereof "16"; and

(B) by striking out "Health, Education, and Welfare," in paragraph (1) and inserting in lieu thereof "Education, Secretary of Health and Human Services,".

(i) Section 5 of the Alcohol and Drug Abuse Education Act is amended—

(1) by inserting after "Secretary" in the first sentence "of Health and Human Services, the Secretary of Education"; and

(2) by striking out "of Health, Education, and Welfare" in the second sentence and inserting in lieu thereof "of Health and Human Services, the Department of Education".

(j) The Defense Dependents' Education Act of 1978 is amended—

(1) in section 1410(a)(1), by striking out "representatives of sponsors" and inserting in lieu thereof "parents";

(2) in section 1410(b), by striking out "Secretary of Defense" and inserting in lieu thereof "Secretary of Education, in consultation with the Secretary of Defense,";

(3) in section 1411(a), by striking out "Department of Defense" and inserting in lieu thereof "Department of Education";

92 Stat. 1945.
29 USC 829.

29 USC 873.

92 Stat. 1968.
29 USC 879.

92 Stat. 1972.
29 USC 882.

92 Stat. 1987.
29 USC 914.

29 USC 952.

21 USC 1004.

92 Stat. 2369.
20 USC 928.

92 Stat. 2370.
20 USC 929.

92 Stat. 2370.
20 USC 929.

(4) in section 1411(a)(1), by striking out everything after "Logistics" and inserting in lieu thereof ", and the Administrator of Education for Overseas Dependents of such department, who shall be co-chairman of the Council,";

(5) in section 1411(a), by striking out paragraphs (2) and (3) and inserting in lieu thereof the following:

"(2) twelve individuals appointed by the Secretary of Education, who shall be individuals who have demonstrated an interest in the fields of primary or secondary education and who shall include representatives of professional employee organizations, school administrators, parents of dependents enrolled in the dependents' education system, and one student enrolled in such system;

"(3) a representative of the Secretary of Education and of the Secretary of Defense.";

(6) in section 1411(b)(1), by striking out "Assistant Secretary" and inserting in lieu thereof "Secretary of Education";

(7) in section 1411(c)—

(A) by redesignating paragraphs (2), (3), and (4) as paragraphs (3), (4), and (5), respectively; and

(B) by inserting after paragraph (1) the following new paragraph:

"(2) make recommendations to the Director and to the Secretary of Education on the orderly transfer of the functions under the Dependents' Education Act of 1978 to the Secretary and Department of Education,"; and

(8) in section 1411(c)(5) (as so redesignated), by striking out "Assistant Secretary" and inserting in lieu thereof "Secretary of Education".

92 Stat. 2153.
20 USC 2711.

(k) Section 111(c)(2)(B) of the Elementary and Secondary Education Act of 1965 is amended by adding at the end thereof the following new sentence: "The Secretary of Health and Human Services shall collect and transmit the information required by this subparagraph to the Secretary not later than January 1 of each year."

92 Stat. 2218.
20 USC 3012.

(l)(1) Section 852 of the Environmental Education Act of 1978 is amended by striking out "who shall be compensated" and everything that follows through the end of such section and inserting in lieu thereof a period.

20 USC 2390.

(2) Paragraph (1) of section 160(b) of the Vocational Education Act of 1963 is amended by striking out ", and who shall be compensated" and everything that follows through the end of such paragraph and inserting in lieu thereof a period.

20 USC 1102.

(3) Section 512 of the Higher Education Act of 1965 is amended by striking out the second sentence and inserting in lieu thereof the following: "The Teacher Corps shall be headed by a Director and a Deputy Director."

20 USC 1102
note.

(4) Positions abolished as a consequence of the amendments made by this subsection shall, for purposes of section 502(a), be deemed to be permanent positions transferred pursuant to title V of this Act.

92 Stat. 2965.
29 USC 761b.

(m)(1) Section 203(a)(1) of the Rehabilitation Act of 1973 is amended by striking out "Commissioner, the Commissioner" and inserting in lieu thereof "Secretary".

92 Stat. 2983.
29 USC 794c.

(2) Section 507 of such Act is amended by striking out "Health, Education, and Welfare," and inserting in lieu thereof "Education, the Secretary of Health and Human Services,".

(n) The Inspector General Act of 1978 is amended—

92 Stat. 1101.
5 USC app.

(1) in section 2(1), by inserting "the Department of Education," immediately after "Commerce,";

92 Stat. 1107.
5 USC app.

(2) in section 9(a)(1)—

(A) by redesignating subparagraphs (C) through (L) as (D) through (M), respectively; and

(B) by inserting immediately after subparagraph (B) the following new subparagraph:

"(C) of the Department of Education, all functions of the Inspector General of Health, Education, and Welfare or of the Office of Inspector General of Health, Education, and Welfare relating to functions transferred by section 301 of the Department of Education Organization Act;";

(3) in section 11(1), by inserting "Education," immediately after "Commerce," 92 Stat. 1109.
5 USC app.

(4) in section 11(2), by inserting "Education," immediately after "Commerce,"; and

(5) by amending the title to read as follows: "An Act to establish Offices of Inspector General within various departments and agencies, and for other purposes.".

REDESIGNATION

SEC. 509. (a) The Department of Health, Education, and Welfare is hereby redesignated the Department of Health and Human Services, and the Secretary of Health, Education, and Welfare or any other official of the Department of Health, Education, and Welfare is hereby redesignated the Secretary or official, as appropriate, of Health and Human Services. Department of Health and Human Services.
20 USC 2508.

(b) Any reference to the Department of Health, Education, and Welfare, the Secretary of Health, Education, and Welfare, or any other official of the Department of Health, Education, and Welfare in any law, rule, regulation, certificate, directive, instruction, or other official paper in force on the effective date of this Act shall be deemed to refer and apply to the Department of Health and Human Services or the Secretary of Health and Human Services, respectively, except to the extent such reference is to a function or office transferred to the Secretary or the Department under this Act.

COORDINATION OF PROGRAMS AFFECTING HANDICAPPED INDIVIDUALS

SEC. 510. The Secretary of Health and Human Services shall identify, assess, coordinate, and eliminate conflict, duplication, and inconsistencies among programs significantly affecting handicapped individuals carried out by or under the Department of Health and Human Services, shall promote efficiency among such programs, and shall seek to coordinate, to the maximum extent feasible, such programs with programs significantly affecting handicapped individuals carried out by or under the Department of Education. 20 USC 2509.

TRANSITION

SEC. 511. With the consent of the appropriate department or agency head concerned, the Secretary is authorized to utilize the services of such officers, employees, and other personnel of the departments and agencies from which functions or offices have been transferred to the Secretary or the Department, and funds appropriated to such functions or offices for such period of time as may reasonably be needed to facilitate the orderly implementation of this Act. 20 USC 2510.

TITLE VI—EFFECTIVE DATE AND INTERIM APPOINTMENTS

EFFECTIVE DATE

Publication in
Federal
Register.
20 USC 3401
note.

SEC. 601. (a) The provisions of this Act shall take effect one hundred and eighty days after the first Secretary takes office, or on any earlier date on or after October 1, 1979, as the President may prescribe and publish in the Federal Register, except that at any time on or after October 1, 1979—

(1) any of the officers provided for in title II of this Act may be nominated and appointed, as provided in such title; and

Regulations.

(2) the Secretary may promulgate regulations pursuant to section 505(b)(2) of this Act.

(b) Funds available to any department or agency (or any official or component thereof), the functions or offices of which are transferred to the Secretary or the Department by this Act, may, with the approval of the Director of the Office of Management and Budget, be used to pay the compensation and expenses of any officer appointed pursuant to this title and other transitional and planning expenses associated with the establishment of the Department or transfer of functions or offices thereto until such time as funds for such purposes are otherwise available.

INTERIM APPOINTMENTS

20 USC 3401
note

SEC. 602. (a) In the event that one or more officers required by this Act to be appointed by and with the advice and consent of the Senate shall not have entered upon office on the effective date of this Act and notwithstanding any other provisions of law, the President may designate an officer in the executive branch to act in such office for one hundred and twenty days or until the office is filled as provided in this Act, whichever occurs first.

(b) Any officer acting in an office in the Department pursuant to the provisions of subsection (a) shall receive compensation at the rate prescribed for such office under this Act.

Approved October 17, 1979.

LEGISLATIVE HISTORY:

HOUSE REPORTS: No. 96-143 accompanying H.R. 2444 (Comm. on Government Operations) and No. 96-459 (Comm. of Conference).

SENATE REPORTS: No. 96-49 (Comm. on Governmental Affairs) and No. 96-326 (Comm. of Conference).

CONGRESSIONAL RECORD, Vol. 125 (1979):

Apr. 5, 10, 26, 30, considered and passed Senate.

June 7, 11-13, 19, July 11, H.R. 2444, considered and passed House; passage vacated and S. 210, amended, passed in lieu.

Sept. 24, Senate agreed to conference report.

Sept. 27, House agreed to conference report.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, 1979, Vol. 15, No. 42, pp. 1-2.
Oct. 17, Presidential statement.

