Special Report: Senate FY 2012
Departments of Labor-HHS-Education Appropriations and California Implications
October 2011

DEPARTMENT OF LABOR
DEPARTMENT OF HEALTH AND HUMAN SERVICES
DEPARTMENT OF EDUCATION

On September 22, 2011 the Senate Appropriations Committee reported S. 1599 (S.Rpt. 112-84), the FY 2012 Departments of Labor, Health and Human Services, and Education Appropriations by a vote of 16-14. The bill provides $742,432,508,000 for the Departments of Labor, Health and Human Services [HHS], and Education, and Related Agencies.

Of this amount, $158,027,000,000 is current year discretionary funding, including offsets and $893,000,000 in cap adjustments for healthcare fraud and abuse and for program integrity at the Social Security Administration, in accordance with the 302(b) allocation for this bill. Not counting cap adjustments, the 302(b) allocation provided by the Committee for this bill is $308,000,000 below the FY 2011 level.

The bill provides total discretionary program level funding of $165,384,183,000. The bill provides discretionary program level funding of $12,687,502,000 for the Department of Labor, $70,183,059,000 for the Department of HHS, $68,425,775,000 for the Department of Education and $14,087,847,000 for related agencies. The comparable FY 2011 levels were $12,662,505,000 for Labor, $70,444,321,000 for HHS, $68,345,327,000 for Education and $13,831,031,000 for related agencies.

The Committee states: “Three themes permeate the Committee’s recommendation. First, the Committee recognizes that every taxpayer dollar should be used wisely; efforts to root out waste are bolstered, and duplicative and inefficient programs are eliminated. Second, just because times are lean doesn’t mean that innovation should cease. This bill launches or continues several new initiatives that will leverage reform and transform key Federal services. Finally, the Committee invests in the future of this Nation by helping ensure that our young people receive a strong education and are prepared to compete in a global economy.”

The focus on “fiscal accountability” includes funds for integrity programs in Medicare and Medicaid, Unemployment Insurance Programs, and Social Security. It also includes new User Fees on 340B discount drugs and the elimination of 15 programs previously funded in FY2011. Focus on “leveraging reform” includes funding for innovation and reform programs including National Center for Advancing Translational Sciences [NCATS] within the National Institutes of Health [NIH], Race to the


DEPARTMENT OF LABOR
Employment and Training Administration
Training and Employment Services

The Committee recommends $3,310,247,000 for this account, which provides funding primarily for activities under the Workforce Investment Act [WIA]. (Pending reauthorization of WIA, the Committee “is acting on the basis of current law.”) The FY 2011 comparable amount is $3,344,497,000 and the budget request provides $3,626,947,000 for this purpose.

Grants to States

The Committee recommends $2,660,268,000 for Training and Employment Services Grants to States. The FY 2011 level for these grants is $2,785,018,000 and includes funding for the Workforce Innovation Fund [WIF]. The budget request is $2,959,043,000. Funding for WIF in FY 2012 is provided under federally administered programs.

Adult Employment and Training

For Adult Employment and Training activities, the Committee recommends $770,922,000. This is the same amount provided in FY 2011. The budget request provides $860,527,000 for this purpose and includes an 8 percent set-aside, $68,842,000, for WIF. This program is funded by formula to States and further distributed to local workforce investment areas.

Youth Training

For youth training programs, the Committee recommends $825,914,000, the same as the FY 2011 comparable amount. The budget request provides $923,913,000 for this purpose and includes an 8 percent set-aside, $73,913,000, for WIF.

Dislocated Worker Assistance

For Dislocated Worker Assistance, the Committee recommends $1,063,432,000, the same as the FY 2011 comparable amount. The budget request provides $1,174,603,000 for this purpose and includes an 8 percent set-aside, $93,968,000, for WIF. This program is a State-operated effort that provides core and intensive services, training, and support to help permanently separated workers return to unsubsidized employment.

Federally Administered Programs

Migrant and Seasonal Farmworker Programs

The Committee recommends $84,451,000, the same amount as FY 2011, for migrant and seasonal farmworkers. The budget request is $86,620,000 for this program. The Committee recommendation provides that $78,253,000 be used for State service area grants. The Committee recommendation also includes bill language directing that $5,689,000 be used for migrant and seasonal farmworker housing grants, of which not less than 70 percent shall be for permanent housing.

Workforce Innovation Fund

The Committee recommends $100,000,000 in FY 2012 funding for WIF to make competitive awards for workforce innovation activities. The comparable FY 2011 level is $124,750,000. The budget
request includes $378,704,000 for this initiative by designating a portion of funds from the WIA formula programs and Department of Education Rehabilitation Services and Adult Education States Grants accounts.

**National Activities**

*Pilots, Demonstrations, and Research*

The Committee recommends $10,480,000 for pilots, demonstrations and research. The comparable FY 2011 amount is $9,980,000. The budget request includes $6,616,000 for this purpose. These funds support grants or contracts to conduct research, pilots or demonstrations that foster promising practices for national policy application or launch pilot projects on a broader scale. The Committee recommends $500,000 for a competitive grant to a national intermediary to support local initiatives that improve mobility and promote employment by improving transportation assistance.

**Green Jobs Innovation Fund**

The Committee does not recommend funding for the Green Jobs Innovation Fund, which was eliminated in FY 2011. The budget request includes $60,000,000 for competitive grants to help workers access green training and green career pathways, the Committee Report states.

**State Paid Leave Fund**

The report states: “Because of budget constraints, the Committee does not recommend funding to create a new State Paid Leave Fund, which would help States establish paid leave programs. The budget request includes $23,000,000 for this purpose.”

**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

The following programs are located under various Administrations and Bureaus housed within the Dept. Of Health and Human Services.

**Community Health Centers**

The Committee provides $1,580,749,000 in this bill for the community health centers program. Combined with the $1,200,000,000 in mandatory funding appropriated for FY 2012 in Public Law 111–152 (the Health Care and Education Reconciliation Act of 2010), the recommended FY 2012 program level totals $2,780,749,000. The FY 2011 comparable program level was $2,580,749,000. The budget request for FY 2012 is $3,317,814,000. This group of programs includes community health centers, migrant health centers, healthcare for the homeless, and public housing health service grants. The Committee Report states that the Committee continues to support the ongoing effort to increase the number of people who have access to medical services at health centers.

**Maternal and Child Health Block Grant**

The Committee provides $606,319,000 for the maternal and child health [MCH] block grant. The FY 2011 comparable level was $656,319,000 and the budget request for FY 2012 was $654,489,000. The Maternal and Child Health Block Grant program provides a flexible source of funding that allows States to target their most urgent maternal and child health needs through development of community-based networks of preventive and primary care that coordinate and integrate public and private sector resources and programs for pregnant women, mothers, infants, children, and adolescents.

The Committee has included bill language requiring that the State grant portion of the block grant be funded at no less than $535,748,000, compared to $556,333,000 in FY 2011 and the budget request. This reduction will be more than offset by an increase in mandatory appropriations for the Maternal, Infant, and Early Childhood Home Visiting [MIECHV] program, the Committee states.
Healthy Start
The Committee provides $104,361,000 for the Healthy Start infant mortality initiative, the same as the FY 2011 comparable level. The budget request for FY 2012 was $104,776,000.

Ryan White AIDS Programs
The Committee provides $2,351,665,000 for Ryan White AIDS programs. The recommendation includes $25,000,000 in transfers available under section 241 of the Public Health Service Act. The FY 2011 comparable level was $2,336,665,000, and the budget request for FY 2012 was $2,400,587,000.

Emergency Assistance
The Committee provides $672,529,000 for emergency assistance grants to eligible metropolitan areas disproportionately affected by the HIV/AIDS epidemic, the same as the FY 2011 comparable level. The budget request for FY 2012 was $679,074,000.

Poison Control Centers
The Committee provides $21,866,000 for poison control center activities, the same as the FY 2011 comparable level. The budget request for FY 2012 was $29,250,000. The Poison Control Centers program currently supports a mix of grantees. Most grantees serve entire States; a few grantees serve multistate regions; and, in a handful of cases, more than one grantee serves a single State.

Centers for Disease Control and Prevention
The Committee recommendation for the Centers for Disease Control and Prevention [CDC] is $6,218,450,000, including $5,765,735,000 in discretionary budget authority and an additional $367,357,000 via transfers available under section 241 of the Public Health Service [PHS] Act. The recommendation also assumes $30,000,000 in balances from Public Law 111–32 in accordance with the budget request, and $55,358,000 in mandatory funds under the terms of the Energy Employees Occupational Illness Compensation Program Act [EEOICPA].

The comparable level in FY 2011 was $6,281,544,000 and the budget recommendation for FY 2012 was $6,393,242,000, including $490,472,000 in transfers available under section 241 of the PHS Act, and $30,000,000 in balances from Public Law 111–32 and $55,358,000 in EEOICPA mandatory funds. In addition, the Committee has included statutory language transferring $848,000,000 in mandatory funds to CDC from the Prevention and Public Health [PPH] Fund.

According to the Committee, “All told, the Committee provides a program level of $7,066,450,000 for CDC."

National Center for Chronic Disease Prevention and Health Promotion
The Committee recommends $777,987,000 for chronic disease prevention and health promotion. The comparable level for FY 2011 was $773,987,000 and the budget request for FY 2012 was $725,207,000. In addition, the Committee recommends $487,050,000 in mandatory funding to be transferred from the Prevention and Public Health [PPH] Fund, which compares to $300,950,000 in FY 2011 and $460,301,000 in the FY 2012 budget request.

The President’s budget for FY 2012 proposed consolidating 27 programs in the National Center for Chronic Disease Prevention and Health Promotion. The Committee does not recommend a consolidation in FY 2012, not because the need has gone away but because budget constraints make it impossible to achieve without cutting funding to numerous States, the Report says.

Community Transformation State Grants
The Committee recommends transferring $280,000,000 from the PPH Fund for Community Transformation Grants, authorized in section 4201 of the Patient Protection and Affordable Care Act. The Committee believes this program offers enormous potential to turn the environment in which
Americans work, live and raise their families into one that offers a much greater array of healthy choices.

Within this total, the Committee assumes the continuation of $145,000,000 in 5-year grants that will be awarded in September 2011 in the FY 2011 competition. In addition, the Committee has included statutory language requiring that the $135,000,000 increase over the FY 2011 level must be awarded through a new competition that will differ from the first one in several ways. In particular, the Report states, this competition will allow applicants to propose catchment areas that are smaller than the minimum of 500,000 people required in the original competition.

**Preventive Health and Health Services Block Grant**

The Committee does not provide funding for the Preventive Health and Health Services block grant [PHHSBG], in accordance with the administration proposal for FY 2012. The FY 2011 comparable level was $80,094,000. The Report states: “For over 30 years, this block grant has supported States in improving their response to critical public health needs. The Committee has regretfully accepted the administration’s recommendation to eliminate this program in light of the overlap between this grant and other funds being awarded to States throughout this bill.”

**National Institutes of Health**

The Committee recommends an overall funding level for the National Institutes of Health [NIH] of $30,498,288,000. The budget request for NIH activities within the jurisdiction of this bill is $31,747,915,000 and the FY 2011 level is $30,688,288,000. The Committee encouraged the NIH to continue to “rethink the way it allocates funding” as “tight budgets” are “likely to continue for the foreseeable future.”

The creation of the National Center for Advancing Translational Sciences [NCATS], proposed by the administration and endorsed in the Committee recommendation, is an “even more far-reaching example of how NIH can refocus its mission in a difficult fiscal environment. This bill creates NCATS, abolishes the National Center for Research Resources [NCRR] and redistributes existing NCRR programs throughout other Institutes and Centers [ICs]. With the exception of $20,000,000 for the new Cures Acceleration Network, all of the changes involved in this restructuring are budget neutral.”

**Center for Mental Health Services**

The Committee recommends $970,640,000 for mental health services. The comparable level for FY 2011 is $977,236,000 and the administration request is $1,020,769,000. The recommendation includes $20,997,000 in transfers available under section 241 of the PHS Act. In addition, the Committee recommends that $45,000,000 in mandatory funds be transferred to the Center for Mental Health Services [CMHS] from the PPH Fund. Included in the recommendation is funding for programs of regional and national significance, the community mental health services block grant to the States, children’s mental health services, projects for assistance in transition from homelessness, and protection and advocacy services for individuals with mental illnesses.

**Programs of Regional and National Significance**

The Committee recommends $331,680,000 for programs of regional and national significance [PRNS]. The comparable level for FY 2011 is $338,276,000 and the administration request is $273,342,000. In addition, the Committee recommends that $45,000,000 in mandatory funds be transferred to this activity from the PPH Fund. Programs of regional and national significance address priority mental health needs through developing and applying best practices, offering training and technical assistance, providing targeted capacity expansion grants, and changing the delivery system through family, client-oriented and consumer run activities.
Community Mental Health Services Block Grant
The Committee recommends $419,933,000 for the community mental health services block grant. This amount is the same as the comparable FY 2011 level. The administration request is $434,684,000. The recommendation includes $20,997,000 in transfers available under section 241 of the PHS Act. The community mental health services block grant distributes funds to 59 eligible States and territories through a formula based on specified economic and demographic factors. Grant applications must include an annual plan for providing comprehensive community mental health services to adults with a serious mental illness and children with a serious emotional disturbance.

Centers for Medicare and Medicaid Services - Grants to States for Medicaid
The Committee recommends $184,279,110,000 in mandatory funding for Grants to States for Medicaid. This is the same amount as the administration’s request for FY 2012. The FY 2011 comparable level was $173,143,799,000. The FY 2012 recommendation excludes $86,445,289,000 in FY 2011 advance appropriations for FY 2012. As requested by the administration, $90,614,082,000 is provided for the first quarter of FY 2013.

Administration for Children and Families - Payments to States for Child Support Enforcement and Family Support Programs
The Committee recommends $2,305,035,000, the same as the budget request under current law, in FY 2012 mandatory funds for payments to States for child support enforcement and family support programs. The comparable FY 2011 appropriation is $2,964,323,000. In addition, the Committee recommends $1,100,000,000, the same as the budget request, in advance funding for the first quarter of FY 2013. The comparable advance appropriation provided in FY 2011 as an advance appropriation for FY 2012 is $1,200,000,000. These payments support the States’ efforts to promote the self-sufficiency and economic security of low-income families. These funds also support efforts to locate noncustodial parents, determine paternity when necessary, and establish and enforce orders of support.

Low Income Home Energy Assistance Program
The Committee recommends $3,600,580,000 for the low income home energy assistance program [LIHEAP]. The comparable FY 2011 funding level is $4,700,580,000 and the FY 2012 budget request is $2,569,551,000. LIHEAP provides home heating and cooling assistance to low-income households, generally in the form of payments to energy vendors on behalf of the recipient.

Payments to States for the Child Care and Development Block Grant
The Committee recommends $2,222,627,000, the same amount as the comparable FY 2011 funding level, for the childcare and development block grant [CCDBG]. The budget request is $2,926,757,000. The CCDBG is a formula grant to States to provide low-income families with financial assistance to pay for child care. It also supports quality improvement activities to increase availability and access to quality child care.

Social Services Block Grant
The Committee recommends $1,700,000,000 in mandatory funds for FY 2012 for the social services block grant [SSBG]. This amount is the same as the comparable FY 2011 funding level and the budget request. The SSBG is a flexible source of funding that allows States to provide a diverse array of services to low income children and families, the disabled and the elderly.
Children and Family Services Programs
The Committee recommends $9,845,685,000 for FY 2012 for children and families services programs. The comparable funding level for FY 2011 is $9,519,357,000 and the budget request is $9,794,598,000. The recommendation includes an additional $5,762,000 in transfers available under section 241 of the Public Health Service Act.

Head Start
The Committee recommends $7,899,633,000 for Head Start. The comparable funding level for FY 2011 is $7,559,633,000 and the budget request is $8,099,783,000. The report states: “The Committee recommendation maintains the expansion of the Head Start program started with Recovery Act funding in FYs 2009 and 2010. It fully supports the increase of over 61,000 Head Start slots funded through the Recovery Act and in total will allow Head Start to provide comprehensive early childhood services to 968,000 low-income children and their families. There is considerable and increasing evidence that high-quality early childhood education has long lasting effects for low-income children and families.”

Child Abuse Programs
The Committee recommends $93,881,000, the same as the FY 2011 level, for child abuse prevention and treatment programs. The budget request is $97,244,000. Included in the recommendation is $26,482,000 for State formula grants, $25,793,000 for discretionary activities, $41,606,000 for community-based grants.

Social Services and Income Maintenance Research
The Committee recommends $5,762,000, the same as the FY 2011 level, for social services and income maintenance research. This entire amount is funded through transfers available under section 241 of the PHS Act, the same as in FY 2011. The budget request is $8,762,000, of which $5,762,000 is from transfers available under the PHS Act. These funds support research and evaluation of cost-effective programs that increase the stability and economic independence of American families, and contribute to the healthy development of children and youth.

Community Services
The Committee recommends $731,501,000 for community services programs. The comparable FY 2011 funding level is $727,212,000 and the budget request is $393,907,000. Within the total for community services programs, the Committee recommendation includes $678,640,000 for the community services block grant [CSBG], the same as the comparable FY 2011 funding level. The budget request is $350,000,000. The CSBG is used to make formula grants to States and Indian tribes to provide a wide range of services and activities to alleviate causes of poverty in communities and to assist low-income individuals in becoming self-sufficient.

DEPARTMENT OF EDUCATION
Education for the Disadvantaged
The Committee recommends an appropriation of $15,714,934,000 for education for the disadvantaged. The budget request for FY 2012 is $16,224,267,000 and the comparable FY 2011 amount is $15,535,934,000.

Grants to Local Educational Agencies (LEAs)
The Committee recommends $14,463,417,000, the same amount as the FY 2011 level, for the Title I grants to LEAs program. The budget request for FY 2012 is $14,792,401,000. Title I grants to local educational agencies [LEAs] provide supplemental education funding, especially in high-poverty areas,
for local programs that provide extra academic support to help raise the achievement of eligible students or, in the case of schoolwide programs, help all students in high-poverty schools meet challenging State academic standards.

For Title I basic grants, including up to $3,992,000 transferred to the Census Bureau for poverty updates, the Committee recommends an appropriation of $6,584,750,000, the same amount as the FY 2011 level. The budget request for FY 2012 is $6,597,946,000. For concentration grants, the Committee recommends $1,362,301,000, the same amount as the FY 2011 level. The budget request for FY 2012 is $1,365,031,000. For grants through the targeted formula, the Committee recommends $3,258,183,000, the same amount as the FY 2011 level. The budget request for FY 2012 is $3,264,712,000. For grants through the EFIG formula, the Committee recommends $3,258,183,000, the same amount as the FY 2011 level. The budget request for FY 2012 is $3,264,712,000.

Of the funds available for Title I grants to LEAs, up to $3,992,000 shall be available on October 1, 2011, not less than $3,618,248,000 will become available on July 1, 2012 and $10,841,177,000 will become available on October 1, 2012. The funds that become available on July 1, 2012 and October 1, 2012, will remain available for obligation through September 30, 2013.

**School Improvement Grants**

The Committee recommendation includes $534,562,000, the same amount as the FY 2011 level, for the School Improvement Grants [SIG] program. The budget request for FY 2012 is $600,000,000. The Committee continues authority provided by prior appropriations acts that addresses several issues. First, it continues the expansion of the number of schools that may receive funds through the program. This language allows schools to be eligible for SIG if they are eligible for title I and have not made adequate yearly progress for at least 2 years or are in the State’s lowest quintile of performance based on proficiency rates. Second, language also allows States to make subgrants of not more than $2,000,000 to each participating school. Funds made available in the FY 2012 bill will pay for the continuation costs of awards made previously.

The report states: “The Committee continues to have concerns about implementation challenges related to the SIG program. A recent Government Accountability Office interim report on the program noted that some States have implemented SIG more rigorously than others and that limited capacity, challenges in rural areas and short time frames affected school reform efforts. Also, the Department’s monitoring reports have found significant implementation issues related to SIG that require corrective action. The Committee strongly urges the Department to help build the capacity of States to carry out their responsibilities under the SIG program; make more timely awards, so States can run competitions that effectively identify the schools with the highest-quality plans for turning around; help engage communities and families in school turnaround planning and implementation; support the effective use of time in schools, including through the adoption of effective, extended learning time activities, and support the effective utilization of the knowledge available for turning around low-performing schools.”

**Impact Aid**

The Committee recommends $1,273,631,000, the same amount as the FY 2011 level, for impact aid. The budget request for FY 2012 is $1,276,183,000.

**School Improvement Programs**

The Committee recommendation includes $4,570,145,000 for school improvement programs. The budget request for FY 2012 is $2,996,572,000 and the comparable FY 2011 amount is $4,597,019,000. The report states: “The President’s budget for FY 2012 was based on the administration’s proposal to reauthorize the Elementary and Secondary Education Act [ESEA], but no such bill has
passed the Senate. As a result, programs in this account are based generally on current law, as authorized under the ESEA.”

Effective Teaching and Learning: Science, Technology, Engineering, and Mathematics [STEM]

The Committee recommends no funds for the proposed Effective Teaching and Learning: STEM program. The budget request for FY 2012 is $206,046,000. Activities supported under this proposed program are instead funded under current law.

State Grants for Improving Teacher Quality

The Committee recommends $2,468,054,000, the same amount as the FY 2011 level, for State grants for improving teacher quality. The budget request proposes $2,500,000,000 for a new effective teacher and leaders State grants program within the Innovation and Improvement account. The Committee bill continues a set-aside established in the FY 2011 bill for competitive awards to national not-for-profit organizations for teacher training or professional enhancement activities. Up to 5 percent of funds available for the State grants for improving teacher quality program shall be used for this purpose. In FY 2011, the set-aside was 1 percent.

Mathematics and Science Partnerships

The Committee recommends $175,127,000, the same amount as the FY 2011 level, for the mathematics and science partnerships program. The budget proposes $206,046,000 for a new Effective Teaching and Learning: Science, Technology, Engineering, and Mathematics program.

21st Century Community Learning Centers

The Committee recommends an appropriation of $1,153,854,000, the same amount as the FY 2011 level, for the 21st Century Community Learning Centers program. The budget request for FY 2012 is $1,266,166,000.

The Report emphasizes that “[F]unded programs should deliver services through a variety of high-quality and effective strategies for boosting learning and enrichment including after school, before school, summer school, and extended school day, week or year opportunities.”

Innovation and Improvement

The Committee recommendation includes $1,740,212,000 for programs within the innovation and improvement account. The budget request for FY 2012 is $4,995,000,000 for related activities and the FY 2011 appropriation is $1,856,179,000 for programs in this account.

Race to the Top

The Committee recommends $698,600,000, the same amount as the FY 2011 level, for the Race to the Top [RTT] program. The budget request for FY 2012 includes $900,000,000 for this program.

The report states: “The Committee bill includes new language allowing local school districts to be eligible for RTT grants. With funds provided in this appropriations bill, the Department may make awards to SEAs and/or LEAs based on their commitment to and plan for innovation and reform that will improve student achievement. States receiving awards must use not less than 50 percent of their funds to local educational agencies participating in the State’s RTT plan.”

Fund for the Improvement of Education

The Committee recommends an appropriation of $70,900,000 for the Fund for the Improvement of Education [FIE]. The FY 2011 appropriation is $40,900,000 and the budget request for FY 2012 is $63,000,000 for this purpose. Within programs of national significance, the Committee includes
$30,000,000 for competitive awards to national not-for-profit organizations or school libraries for providing books and childhood literacy activities to children and families living in high need communities.

**English Language Acquisition**

The Committee recommends an appropriation of $733,530,000, the same amount as the FY 2011 level, for English language acquisition. The budget request for FY 2012 is $750,000,000. The President’s budget for FY 2012 was based on the administration’s proposal to reauthorize the Elementary and Secondary Education Act [ESEA], but no such bill has passed the Senate. As a result, the Committee bill is based on current law for programs authorized under the ESEA.

**Special Education**

The Committee recommends an appropriation of $12,553,066,000 for special education programs. The FY 2011 funding level is $12,542,912,000 and the budget request includes $12,861,351,000 for special education.

**Grants to States**

The Committee recommends $11,482,200,000, the same amount as the FY 2011 level, for special education grants to States, as authorized under section 611 of part B of the IDEA. The budget request proposes $11,705,211,000 under this authority.

**Student Financial Assistance**

The Committee recommends an appropriation of $24,670,517,000 for programs under the student financial assistance account. This is the same as the FY 2011 level. The budget request includes $33,513,957,000 for this account and proposes several legislative changes intended to provide a more sustainable financial foundation for the Pell Grant program.

**Federal Pell Grant Program**

The Committee recommends $22,955,996,000 in discretionary funding for Pell in FY 2012. This is the same amount as the FY 2011 level. Combined with the measures described above, that leaves a FY 2012 shortfall of $1,296,000,000.

The Report states: “The Committee has no higher priority in FY 2012 than maintaining the maximum Pell Grant award. The Committee recommends closing the FY 2012 shortfall by eliminating the grace period for interest on subsidized Stafford loans. Making this change also provides additional funding to address the expected shortfall in FY 2013. Currently, the Federal Government pays interest on subsidized Stafford loans during the 6-month grace period that begins when a borrower leaves school. The Committee recommendation would still allow a 6-month grace period during which students would not be required to make monthly payments, but the interest would accrue to the outstanding loan balance and would need to be repaid after the grace period.”

**Federal Supplemental Educational Opportunity Grants**

The Committee recommends $735,990,000 for Federal supplemental educational opportunity grants [SEOG]. This is the same amount as the FY 2011 level. The budget request includes $757,465,000. This program provides funds to postsecondary institutions for need-based grants to undergraduate students. Institutions must contribute 25 percent toward SEOG awards, which are subject to a maximum grant level of $4,000. School financial aid officers have flexibility to determine student awards, though they must give priority to Pell Grant recipients with exceptional need.
Federal Work-study Programs
The Committee bill provides $978,531,000 for the Federal workstudy program. This is the same amount as the comparable FY 2011 level. The budget request includes $980,492,000 for this purpose.

Federal Perkins Loans
The Federal Perkins loan program supports student loan revolving funds built up with capital contributions to nearly 1,700 participating institutions. Institutions use these revolving funds, which also include Federal capital contributions [FCC], institutional contributions equal to one-third of the FCC, and student repayments, to provide low-interest (5 percent) loans that help financially needy students pay the costs of post-secondary education. The Committee recommends no funds for the Perkins Loans program, as is the case in FY 2011. The budget proposes to restructure the Perkins Loan program as a mandatory credit program, with nearly $8,500,000,000 a year in new loan volume—eight and a half times the current Perkins volume. Congress has not acted on this proposal.

Higher Education
The Committee recommends an appropriation of $1,903,946,000 for higher education programs, the same as the FY 2011 level. The FY 2012 requested level is $2,240,401,000 for programs in this account.

Federal TRIO Programs
The Committee recommends $826,522,000, the same amount as the FY 2011 level, for Federal TRIO programs. The budget request is $920,089,000.

Gaining Early Awareness and Readiness for Undergraduate Programs [GEAR UP]
The Committee recommends $302,816,000 for GEAR UP. This amount is the same as the comparable FY 2011 funding level. The budget request includes $323,212,000. Under this program, funds are used by States and partnerships of colleges, middle and high schools, and community organizations to assist cohorts or students in middle and high schools serving a high percentage of low-income students. Services provided help students prepare for and pursue a postsecondary education.

The report states: “The Committee is concerned that the Department has not awarded TRIO and GEAR UP grants in a timely manner. The Committee expects that the Department provide within 30 days of enactment of this act a report on the causes of the tardiness in making grant awards for these programs and an action plan to remedy them.”

For the text of the bill and other documents, go to: http://appropriations.senate.gov or http://thomas.loc.gov/home/approp/app12.html.