

DEPARTMENT OF EDUCATION FISCAL YEAR 2002 BUDGET PRIORITIES

HEARING BEFORE THE COMMITTEE ON THE BUDGET HOUSE OF REPRESENTATIVES ONE HUNDRED SEVENTH CONGRESS FIRST SESSION

HEARING HELD IN WASHINGTON, DC, MARCH 13, 2001

Serial No. 107-8

Printed for the use of the Committee on the Budget



Available on the Internet: <http://www.access.gpo.gov/congress/house/house04.html>

U.S. GOVERNMENT PRINTING OFFICE

70-996 DTP

WASHINGTON : 2001

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: (202) 512-1800 Fax: (202) 512-2250
Mail: Stop SSOP, Washington, DC 20402-0001

COMMITTEE ON THE BUDGET

JIM NUSSLE, Iowa, *Chairman*

JOHN E. SUNUNU, New Hampshire

Vice Chairman

PETER HOEKSTRA, Michigan

Vice Chairman

CHARLES F. BASS, New Hampshire

GIL GUTKNECHT, Minnesota

VAN HILLEARY, Tennessee

MAC THORNBERRY, Texas

JIM RYUN, Kansas

MAC COLLINS, Georgia

ERNIE FLETCHER, Kentucky

GARY G. MILLER, California

PAT TOOMEY, Pennsylvania

WES WATKINS, Oklahoma

DOC HASTINGS, Washington

JOHN T. DOOLITTLE, California

ROB PORTMAN, Ohio

RAY LAHOOD, Illinois

KAY GRANGER, Texas

EDWARD SCHROCK, Virginia

JOHN CULBERSON, Texas

HENRY E. BROWN, Jr., South Carolina

ANDER CRENSHAW, Florida

ADAM PUTNAM, Florida

MARK KIRK, Illinois

JOHN M. SPRATT, Jr., South Carolina,

Ranking Minority Member

JIM McDERMOTT, Washington

BENNIE G. THOMPSON, Mississippi

KEN BENTSEN, Texas

JIM DAVIS, Florida

EVA M. CLAYTON, North Carolina

DAVID E. PRICE, North Carolina

GERALD D. KLECZKA, Wisconsin

BOB CLEMENT, Tennessee

JAMES P. MORAN, Virginia

DARLENE HOOLEY, Oregon

TAMMY BALDWIN, Wisconsin

CAROLYN McCARTHY, New York

DENNIS MOORE, Kansas

MICHAEL E. CAPUANO, Massachusetts

MICHAEL M. HONDA, California

JOSEPH M. HOEFFEL III, Pennsylvania

RUSH D. HOLT, New Jersey

JIM MATHESON, Utah

PROFESSIONAL STAFF

RICH MEADE, *Chief of Staff*

THOMAS S. KAHN, *Minority Staff Director and Chief Counsel*

CONTENTS

	Page
Hearing held in Washington, DC, March 13, 2001	1
Statement of:	
Hon. Roderick R. Paige, Secretary, U.S. Department of Education	5
Chester Finn, John M. Olin fellow, Manhattan Institute and President, Thomas Fordham Foundation	49
Lisa Keegan, superintendent, public instruction, State of Arizona	54
Hon. George Miller, a Representative in Congress from the State of California	61
Prepared statement of:	
Hon. Bob Clement, a Representative in Congress from the State of Ten- nessee	3
Hon. Ander Crenshaw, a Representative in Congress from the State of Florida	4
Secretary Paige	8
Mr. Finn	51
Ms. Keegan	56
Mr. Miller	63

DEPARTMENT OF EDUCATION FISCAL YEAR 2002 BUDGET PRIORITIES

TUESDAY, MARCH 13, 2001

HOUSE OF REPRESENTATIVES,
COMMITTEE ON THE BUDGET,
Washington, DC.

The committee met, pursuant to notice, at 1:07 p.m. in room 210, Cannon House Office Building, Hon. Jim Nussle (chairman of the committee) presiding.

Members present: Representatives Nussle, Sununu, Hoekstra, Bass, Collins, Fletcher, Toomey, Watkins, Hastings, LaHood, Schrock, Culberson, Brown, Putnam, Kirk, Spratt, Bentsen, Davis, Clayton, Price, Clement, Moran, Holt, McCarthy, and Honda.

Chairman NUSSLE. Good afternoon. We call the full meeting of the Budget Committee to order.

This is a hearing on the President's budget for education. We are honored today to have with us the Secretary of Education, Dr. Paige. Dr. Paige was confirmed by the United States Senate as the seventh Secretary of Education on January 20 of this year, following the inauguration of President Bush.

We are honored to have you before our committee today to talk a little about the President's budget, the budget for the Department of Education and the budget for education in general for our Nation. Part of my interest in this hearing certainly as a representative of the Second District of Iowa, but also as a dad with two kids in public school back home in Manchester, as we speak, Manchester, Iowa, that is, and Mark and Sarah, I think Mark is probably in his social studies half hour about now, and Sarah, who is a special needs student, comes under the jurisdiction of IDEA. So she is in her classroom as we speak, but under her individualized education plan. She's probably getting some extra reading assistance as we speak.

So education is near and dear to me, for personal reasons, not only because of my job as the Chairman of the Budget Committee, but also because as a dad, and there are many of us here as parents or grandparents that are concerned about our kids' education. We are honored to have you come before us today to talk a little about that education.

Before I recognize the gentleman from South Carolina, let me just say that one of the things that we are so eager to hear about are the new ideas that you and the President are bringing forward for education. There is no question that we have seen some, I'm not sure exactly what word you might want to use, stagnation, with regard to education. We haven't seen the advances that maybe the

amounts of money that we've been putting into it would necessarily suggest. We have this assumption, I think, in this country, that the more money we put toward something the better quality we are going to necessarily get.

And as you know, both from your vantage point now as Secretary, as well as your very special vantage point, having run a school district and been a teacher, you can shed some light, I hope, on exactly why we may not be meeting some of the goals that we've been all trying to achieve.

The other thing I would just suggest after reading the President's budget, and part of my questioning is going to be in the area of IDEA. The Congress, over the last three sessions now, in a bipartisan way, has been putting more resources toward IDEA as a way to try and meet the responsibility that was decided back in 1975, I believe it was, when IDEA was first authorized, that said that the Federal Government was going to try and meet 40 percent of the funding responsibilities for a child in a special education setting.

I believe we're probably up to about 16 percent, but that's not where we need to be. And one of the concerns that I would just share with you in the President's budget is, how are we going to continue meeting that goal, achieving the goal, and meeting the obligations that we have in IDEA, especially.

So those are my areas of interest, and I look forward to your testimony. With that, let me recognize the gentleman from South Carolina, the ranking member, John Spratt.

Mr. SPRATT. Thank you very much, Mr. Chairman, and let me quickly add to your words of welcome my own. Dr. Paige, your reputation as an educator precedes you to Washington. You are highly spoken of by all who know you and have worked with you directly. We are delighted to see you in your position.

We're also happy to see you here today to give us some more information about the budget request. So far we've only gotten the Blueprint for New Beginnings, and it's short on the kind of detail we would like to see.

The Administration has announced that it will raise the top line for education to \$44.5 billion in its budget request for next year. And that's good news, because it's an increase. But the way we see it, and the way we calculated it, it's a bit less of an increase than what was claimed. The claim was that it is an 11.5 percent increase. When we include the advance appropriation, which was included in last year's appropriation for fiscal year 2001, when we include the \$2.1 billion already appropriated for 2002, the increase we get is about 5.7 percent, rather than 11.5 percent.

Now, I'm not scoffing at 5.7 percent. That's more than discretionary spending in general gets in this budget. But it pales in comparison to recent years. Over the last 5 years, we have increased education appropriations by an average of about 13 percent a year. And last year, we plussed it up by 18.2 percent.

So we think we can do more. We think our surpluses afford us the opportunity at the Federal level to help the local level provide the kind of quality education America desperately needs for the future. There are several programs that we're anxious to hear about. The after-school program, for example, the 21st Century School

Learning Center Program has been very popular in my district in places where the school districts have been fortunate enough to win grants.

The class size initiative, with parents and teachers both, it's a winner in my district. Whenever I talk about lowering class size in grades 1 through 3 to 15 students, everybody appreciates the potential in that. And there are lots of districts, rural and urban, as you can well appreciate, coming from your background, who need help with school construction. And of course, IDEA is an account that we talk about a lot, but have not yet begun to do a fair Federal share for. We'd like to know how you will be able to get out of the \$44.5 billion you're proposing a fair and adequate funding for all of those obvious needs.

Thank you for coming today, and we look forward to your testimony.

Chairman NUSSLE. All members, without objection, may put statements in the record at this point.

[The prepared statements of members follow:]

PREPARED STATEMENT OF HON. BOB CLEMENT, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF TENNESSEE

Thank you, Mr. Chairman for yielding to me. Good morning and welcome to the Budget Committee, Mr. Secretary. Secretary Paige—congratulations on your new position. I can appreciate what you're going through in transitioning from an educational setting to Washington; I was a college president before I came to Congress. But I can tell you this—being a college president was a lot harder than this job, at least most of the time!

As a former educator, current co-Chair of the House Education Caucus and parent of two daughters who have always gone to public schools, I am extremely concerned about the status of our schools. I have always been a strong believer in our public school systems. Improving the public schools in this country needs to be our top priority. Simply put, schools should be free from drugs and violence and an environment rich in learning and educational excellence. We need adequate facilities, books and teachers both qualified and dedicated. Research shows what parents already know—students learn best when they are in safe, modern schools with smaller classes and 21st century technology. The Federal Government has a responsibility to provide states and localities with financial assistance for education. If we are to continue to prosper economically and as a democracy, America must have an education policy that provides opportunities for all of our children to succeed.

Recently, a lot of attention has been given to the quality of our public schools themselves. Simply put, we cannot expect our children to get a 21st century education if their school buildings are outdated, ill-equipped, and falling apart. I have visited numerous schools in my district and seen for myself the poor conditions our teachers and students are forced to suffer through—no air conditioning, asbestos, closets converted to classrooms, outdated technology, and shared facilities and resources. We must do better. I'm deeply concerned to see that the President's budget framework guts school renovation and construction funding. I would encourage this Administration to continue to push for significant funding specifically for school construction and renovation projects.

Being from Nashville, Tennessee, music has always had a special place in my heart. I have been a longtime supporter and proponent of music education. Research has shown that involvement in music programs improves a child's early cognitive development, basic math and reading abilities, self-esteem, SAT scores, self-discipline, ability to work in teams, spatial reasoning skills, and school attendance. Also, children involved with music education are more likely to graduate from high school and attend college, and less likely to be involved with gangs and substance abuse. The study of music and the other arts also provides students with a sense of their cultural heritage. Later this week I will be hosting the first Education Caucus briefing of the 107th Congress with my colleague, Mr. Roy Blunt, on music education. We're going to hear from some experts as well as some students about the importance of music education. I would encourage both the administration and this committee to support continued research into music education as well as programs

that promote music education in our schools. Just as we would not think to cut math or science from our curricula, we must not cut music education.

I am also very pleased to see President Bush recognize the importance of character education in his recent address to Congress. Americans are concerned about the steady decline of our nation's core ethical values, especially among our children. Parents should be the primary developers of character, but the role of education in character-building has become increasingly important. Schools across the country have begun to incorporate character education in their curriculum in a variety of ways and are achieving real results, including improved school climate, fewer behavior problems and even higher test scores. Congressman Lamar Smith, of Texas, and I have introduced H.R. 613, the Character Learning and Student Success (CLASS) Act. Character education has become a national priority in the education reform debate. I believe that the CLASS Act will bring national attention to the importance and effectiveness of character education and will help schools create positive learning environments. I would hope that the administration would include the CLASS Act in any character education initiative proposed.

As a former college president and parent of one child in college and another set to begin in the fall, I know how important Federal financial aid can be. The demands of technology and the global economy are reflecting the importance of a college education. All too often, the cost of higher education has been a deterrent to many who wish to continue their education. We cannot afford to let higher education be out of reach of those students who have the desire to further their education. No student, regardless of socio-economic background, should be deprived of something as priceless as an education. Federal financial aid programs need to be adequately funded to help all of our students continue their education. Supplemental Educational Opportunity Grants, Pell grants, Federal work-study, Perkins loans, and graduate education programs all need to be funded at higher levels. These are all worthy programs that make a real difference in students' lives.

Thank you, Mr. Chairman, for allowing me the opportunity to highlight some of my priorities in education funding this year. I think we can all agree that education is of the utmost importance not only to this committee and this Congress but also to the American people. I look forward to working with Secretary Paige to support educational policies and programs that benefit all of our students. I yield back the balance of my time.

PREPARED STATEMENT OF HON. ANDER CRENSHAW, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF FLORIDA

Mr. Chairman, and Mr. Spratt, thank you for inviting Secretary Paige to discuss the President's budget proposal for education with us today. And, Secretary Paige, thank you for sharing your well-informed advice on the President's top priority.

If I may say so from the beginning, you arrive here today as more than the Secretary of Education for our new President. You are only just removed from the front lines of education in Houston, Texas. And, you know far more about what is needed to improve public education than a simple political appointee in Washington, D.C. The advice you give us is not academic, but real. This is why the President has entrusted in you his number one priority; the issue he talks about most passionately.

Similarly, when I have questions about how to improve our public schools, I draw on my own experience as a product of a public education and I talk to teachers, students, and administrators in the schools today. The things that they tell me might surprise some of the organizations that claim to represent them here on Capitol Hill.

For instance, to listen to some, Federal funding specifically to finance school construction is the most important initiative Congress can undertake. But, just last month, I met with a group of school board members from my district who had a different view on that issue. Despite persistent prodding from others in the room, they stated unequivocally that more money for school construction is not their top priority. If the Federal Government is going to lend them a financial helping hand, they would much rather apply it elsewhere, like teachers' salaries.

Not long after that, when I met with school administrators and school board members from another county in my district—one that is less urban and amongst the fastest growing areas of the state—I found that it wasn't so much that they need more money for school construction, but that they want a change in the way that school construction is financed.

The flexibility that the President's education proposal provides to local school districts and to states is one of the most important aspects of his plan. As my example above implies, even between neighboring school districts, needs and interests can differ. The contrast is even clearer between states. A rural state in the Midwest is

unlikely to have the same education policy as a mixed-urban state like Florida with its large population of non-English speaking students.

By consolidating the Federal grant programs and cutting much of the red tape that binds those dollars, the President acknowledges that states and school districts can have different, yet equally valid ideas. What matters is not the method, but the results.

I also support the President's proposal to require our schools to be more accountable to the parents and children they serve. It is not too much to ask that schools live up to the same standards that other professional institutions face every day. In fact, we should demand it on behalf of our children. Yet, we demand more of our local banks than of our schools. The term "bankers' hours" used to be more than just a saying; it used to be a reality. But, today, we have options that allow us to bank 24 hours a day, 7 days a week by phone, Internet, and ATM. Technology, innovation, and a healthy dose of competition have helped banks to meet the needs of a faster-moving society.

Similarly, our children live in a different world than that in which we grew up. Technology, innovation, and a healthy dose of competition can help our schools better meet the needs of our children. The President's proposal encompasses all of these principles. He asks more of our schools, but he gives them the resources to meet these higher goals.

The President proposes a whole new way of thinking about K-12 education, and, frankly, I'm excited at the prospect of playing a role in this revolution. I look forward to working with you, Mr. Chairman, and with my colleagues on this committee, to ensure that the President's top priority receives the funding it needs to succeed.

As I've said so many times already before this committee, the surplus does not absolve us of our responsibilities. We still must make tough choices about our priorities. But putting funding for the President's bold education proposal at the top of our list is not a hard choice to make.

Thank you, Mr. Chairman.

Chairman NUSSLE. Mr. Secretary, your entire statement as written will be in the record. You may summarize or proceed as you wish. We're very pleased to have you here, and look forward to your testimony. Mr. Secretary.

**STATEMENT OF HON. RODERICK R. PAIGE, SECRETARY, U.S.
DEPARTMENT OF EDUCATION**

Secretary PAIGE. Thank you, Mr. Chairman. I'll make a short statement.

Thank you for this opportunity to testify on behalf of No Child Left Behind, President Bush's plan to strengthen our elementary and secondary schools. And especially to close the, what I think to be, inexcusable achievement gap and to discuss the President's 2002 budget for education.

I ask, Mr. Chairman, that my full testimony be entered into the record, and I'll make a brief summary to the committee.

I'm pleased and proud that President Bush has made education his top priority. He's announced No Child Left Behind in his first week as President, and he's given the Department the highest percentage increase of any Cabinet-level agency in his first budget. Our commitment to providing a first-class education to all children is clear. I look forward to working with each of you over the coming months as we make the changes needed to reach this important goal.

Before I get into the details of the President's proposal, however, I'd like to make a few observations. First, No Child Left Behind is, as the President described it, a framework from which we all work together, Democrats, Republicans and Independents, to strengthen our elementary and secondary schools. This means that we're open to your ideas on how to meet our shared goals.

Second, No Child Left Behind builds on existing efforts to improve quality education for all children. We're not asking States and school districts to drop everything they've been doing and start over. But we're asking them to pursue more vigorously the kinds of changes they've already undertaken.

At the same time, we cannot ignore the need for real change in America's schools. While the 1994 reauthorization of the Elementary and Secondary Education Act moved in the right direction, it did not go quite nearly far enough. If you doubt that the present approach is broken and needs fixing, just consider the achievement gap that exists between disadvantaged and minority students, the focus of the Federal programs in the first place, and their more advantaged peers.

For example, on the latest national assessment of educational progress, in fourth grade reading, 73 percent of white students performed at or above the basic level, compared to 40 percent of the Hispanic students and only 36 percent of African-American students. Federal education policy is not accomplishing its goals, despite an investment of more than \$130 billion and the creation of hundreds and hundreds of categorical programs over the past 3½ decades.

More often than not, in fact, it is the bewildering array of Federal programs, regulations and paperwork, that get in the way of promising State reforms and local reforms. These bureaucratic controls promote a culture of compliance, not real accountability, nor a cultural performance.

We would like to stop funding failure and promoting a culture of compliance and start building a culture of accountability and achievement for our system. To do this, we need to bring to Federal education programs many of the strategies that work so well for States and school districts, such as increased accountability for student performance, a focus on research-based practices, reduced bureaucracy and greater flexibility, and better information to empower parents.

No Child Left Behind provides a blueprint for accomplishing this goal, a blueprint that we believe should guide the upcoming Elementary and Secondary Education Act reauthorization. To provide the resources needed to implement his blueprint, the President's budget for fiscal year 2002 includes \$44.5 billion in the Department of Education. This is an 11.5 increase in budget authority, an increase of \$2.5 billion. Or if we want to figure it another way, 5.9 percent increase over 2001 program level.

This budget reflects the President's commitment to a balanced fiscal framework that includes more reasonable and sustainable growth in discretionary spending, also protecting Social Security, and for repaying a large portion of the Nation's debt, and for tax relief for all Americans.

The core of the President's proposal is a requirement for annual State assessments in reading and mathematics for all students in grades three through eight. I can tell you from my own experience that there is no substitute for annual information on how well students and schools are performing. Students in good schools made remarkable progress during these early years, and we cannot afford

to wait 3 or 4 years to find out that some students are falling behind.

Where there are problems, they must be discovered early and addressed immediately. Of course, that can only be accomplished with current information that you can receive through annual testing.

The important thing about testing, of course, is what you do with the results. We would start by helping teachers learn to use data effectively, using data to diagnose student deficits. Secondly, we can use data to require accountability for schools, school districts and schools. School districts will use these results to make sure that all schools and all students are making adequate progress yearly.

We could also use assessment results to strengthen Title I accountability by requiring rapid identification of schools that need improvement, as well as greater assistance from States and school districts to help turn around low-performing schools, which can only be identified if we have test data. If such schools fail to improve, they should be subject to more comprehensive measures, such as an intensive professional development program or even reconstitution as a public charter school. And students should be given the option of attending another public school not identified for improvement or correction.

If despite these efforts, however, a school fails to make adequate yearly progress for 3 consecutive years, we should permit its students to use Federal funds to find better education at a higher performing public or private school, or to obtain supplemental educational services from a public or private sector provider.

The President also is proposing a system of rewards for States and schools that make significant progress in closing the achievement gap while States that fail to improve their performance would be subject to losing a portion of their Title I administrative funds. Taken as a whole, these proposals reflect what I believe to be a strong consensus that States, school districts and schools must be accountable for assuring that all students, including disadvantaged and minority students, meet high academic standards.

At the same time, we recognize it is unfair to demand accountability without enabling success. This is why the other components of the President's plan, No Child Left Behind, are aimed at giving States, school districts, schools, teachers and parents the tools and flexibility to help students succeed. For example, we would lower the poverty threshold for Title I school-wide programs from 50 percent to 40 percent, thereby enabling students, enabling thousands of additional schools to use Title I funds to upgrade their entire school.

We would coordinate educational technology programs to reduce the paperwork burden of submitting and administering multiple grant applications serving nearly identical purposes. We would consolidate overlapping and duplicative grant programs and let States and districts decide how to use that share of a single grant resulting from this combination of Federal funds.

In each case, the new flexibility provided States, school districts and schools is appropriately balanced by performance agreements that will ensure that program purposes are achieved, particularly for our poor and minority students living in high need districts. We

also would create a charter option for States that would offer freedom from current requirements placed on categorical program funds in return for submitting 5-year performance agreements that include specific and rigorous goals for increasing student performance. States would be sanctioned for failing to comply with the performance agreements, and would lose their charter if student achievement did not improve.

In conclusion, the education reform proposals contained in *No Child Left Behind*, combined with the President's 2002 budget for education, support a comprehensive vision for closing the achievement gap and improving the quality of education for all Americans. I urge you to give these proposals your careful consideration, and I stand ready to respond to any question that you might have.

Thank you, Mr. Chairman.

[The prepared statement of Roderick R. Paige follows:]

PREPARED STATEMENT OF HON. RODERICK R. PAIGE, SECRETARY, U.S. DEPARTMENT OF EDUCATION

Mr. Chairman and members of the committee, thank you for this opportunity to testify on behalf of *No Child Left Behind*, President Bush's plan to strengthen our elementary and secondary schools and close the achievement gap, and to discuss the President's 2002 budget for education.

I want to begin by noting how troubled I was by the recent shootings at Santana High School in Santee, California. Violence is threatening to become endemic in our schools, and we must work much harder to recognize the warning signs and prevent future incidents. *No Child Left Behind* includes proposals designed to strengthen the ability of schools and teachers to prevent violence in our schools, and would provide flexible Federal resources to help make our schools safe and drug-free. Ultimately, however, parents, students, and teachers must learn to heed the warning signs of violent behavior, to take the threat of violence seriously, and to take appropriate action before a student shows up at school with a gun.

Turning now to the subject of this hearing, I am pleased and proud that President Bush has made education his top priority. He announced *No Child Left Behind* in his first week as President, and he has given the Department the highest percentage increase of any Cabinet agency in his first budget. Our commitment to providing a first-class education to all our children is clear, and I look forward to working with each of you over the coming months as we make the changes needed to help reach this goal.

Before I get into the details of the President's proposals, I want to make a few observations. First, *No Child Left Behind* is, as the President has described it, "a framework from which we can all work together—Democrat, Republican, and Independent—to strengthen our elementary and secondary schools." This means that within the context of principles like State-determined high standards for all, accountability for results, choice for parents and students, and flexibility for schools and teachers, we are open to your ideas on how to meet our shared goals.

Second, *No Child Left Behind* builds very deliberately on existing efforts at the Federal, State, and local levels to use standards, assessments, accountability, flexibility, and choice to improve the quality of education for all of our children. Indeed, the President's proposals are the logical next step following the changes made in the 1994 reauthorization of the Elementary and Secondary Education Act (ESEA). We are not asking States and school districts and schools to drop everything they are doing and start over, but to pursue more vigorously the kinds of changes they are already making.

At the same time, we cannot ignore the need for real change in America's schools. While the 1994 reauthorization took some tentative steps in the right direction, it did not go nearly far enough. If you doubt that the present approach is broken and needs fixing, just consider that nearly 70 percent of inner-city fourth-graders are unable to read at even a basic level on national reading tests. Or that our high school seniors trail students in most industrialized nations on international math tests. Or that nearly one-third of our college freshmen must take remedial courses before they can begin regular college-level coursework.

And across all levels there is an unacceptable achievement gap between disadvantaged and minority students and their more advantaged peers. For example, on the

latest National Assessment of Educational Progress in 4th grade reading, 73 percent of white students performed at or above the basic level, compared with just 40 percent of Hispanic students and only 36 percent of African American students.

Our system of elementary and secondary education is failing to do its job for far too many of our children—a failure that threatens the future of our Nation, and a failure that the American people will no longer tolerate. It is just as clear that Federal education policy is not accomplishing its goals, despite the investment of more than \$130 billion and the creation of hundreds of categorical programs over the past three decades. More often than not, in fact, it is precisely this bewildering array of Federal programs, regulations, and paperwork that gets in the way of promising reforms at the State and local levels. These bureaucratic controls promote a culture of compliance, not real accountability measured by improved student achievement.

It is time to stop funding failure and promoting a culture of compliance and start building a culture of achievement and accountability in our education system. To do this we need to learn from States and school districts across the country that have made remarkable progress in turning around failing schools, raising student achievement, and closing the achievement gap. We need to bring to Federal education programs many of the strategies that have worked so well at the State and local levels: increased accountability for student performance, a focus on research-based practices, reduced bureaucracy and greater flexibility, and better information to empower parents.

No Child Left Behind provides a blueprint for accomplishing this goal, a blueprint that we believe should guide the upcoming reauthorization of the Elementary and Secondary Education Act. To provide the resources needed to implement this blueprint, the President's budget for fiscal year 2002 includes \$44.5 billion for the Department of Education, an 11.5 percent increase in budget authority and an increase of \$2.5 billion or 5.9 percent over the 2001 program level. This budget also reflects the President's commitment to a balanced fiscal framework that includes more reasonable and sustainable growth in discretionary spending, protection of Social Security, retiring a significant proportion of the national debt, and tax relief for all Americans.

CLOSING THE ACHIEVEMENT GAP

President Bush believes that the Federal Government can, and must, help close the achievement gap between disadvantaged students and their peers. The primary means toward this goal is to spend the \$9 billion Federal investment in Title I more effectively and with greater accountability.

Our proposal would build on current law by adding science and history to the existing requirement for States to set high standards in reading and mathematics for Title I students. State assessments would continue to be required only for reading and math, but would be conducted annually from grades 3-8, instead of the current law requirement for testing only twice during these critical formative years. The President's budget will include funding to support the development and implementation of these new assessments. Current requirements for testing students in grades 10-12 would be preserved.

I can tell you from my own experience that there is simply no substitute for annual information on how well students and schools are performing. Children in good schools make remarkable progress during these early grades, and we cannot afford to wait three or 4 years to find out that some students have fallen behind. Where there are problems, they must be discovered and addressed immediately, an approach that can only be accomplished with the information provided by annual testing.

Contrary to complaints about "teaching to the test," or too much testing, I believe that teaching and testing are two sides of the same coin that we call education. A major part of our current failing is because we have been using only one side of the coin, based on the flawed notion that we do not need to know where students are academically in order to teach them. The reality is that there is simply no other way to find out whether students are learning and teachers are doing their jobs. Many who say that testing is the problem, rather than lack of learning, are really suggesting that we lower our expectations because some kids can't learn. I reject that because I know from my experience in Houston that it just isn't true. We need to set clear goals for performance and help our schools get the job done. The alternative is to continue to rob millions of poor and disadvantaged young Americans of their futures by failing to provide them an effective education.

The important thing about testing, of course, is what we do with the results. We would start by helping teachers learn to use data effectively. Secondly, we would require schools to report assessment results for all students to parents and the pub-

lic. School districts would use these results to make sure that all schools and students are making adequate yearly progress toward State content and performance standards, and that no groups of students are left behind.

Our proposal would strengthen the Title I accountability process. Current law requires identification of Title I schools for improvement after 2 years of failing to make adequate yearly progress. We would identify schools for improvement after just 1 year of failing to meet State standards. Roughly half of schools currently identified for improvement have received no additional assistance from their State or district. We would require States and school districts to provide technical assistance grounded in scientifically based research. The President's budget will provide additional funding for State and local efforts to turn around low-performing schools.

If the school still has not improved after 2 years, it would be identified for corrective action and subjected to more comprehensive measures, such as implementation of a new curriculum, intensive professional development, or reconstitution as a public charter school. While such measures are underway, students would be given the option of attending another public school not identified for improvement or correction.

Only after all these efforts, and following three full years of poor performance—during which time a student may well have fallen behind a grade or two—would we use Federal funds to help that student find a better education at a private school. We are proposing to permit the use of Title I funds to help students transfer to a higher performing public or private school, or to obtain supplemental educational services from a public- or private-sector provider.

The President also is proposing a system of rewards for success and sanctions for failure at both the State and local levels. Once accountability systems are in place, a new fund will reward States and schools that make significant progress in closing the achievement gap. At the same time, States that fail to put in place the required standards, assessments, and accountability systems, or that fail to make adequate yearly progress and narrow achievement gaps, would be subject to losing a portion of their Title I administrative funds.

Taken as a whole, these proposals reflect what I believe is a strong consensus, both within the Congress and among the American people, that States, school districts, and schools must be accountable for ensuring that all students, including disadvantaged students, meet high academic standards. At the same time, we recognize that it is unfair to demand accountability without enabling success. This is why the other major components of *No Child Left Behind* are aimed at giving States, school districts, schools, teachers, and parents the tools and flexibility to help all students succeed.

EMPOWERING PARENTS WITH CHOICES

President Bush believes that one of the best ways to improve accountability in our schools is to give parents the information and options needed to make the right choices for their children's education. This is why, for example, our accountability proposals include school-by-school report cards and give students in failing schools the option of transferring to a better school. In addition, the President's budget would expand educational choice through \$150 million in new funds to help charter schools acquire, construct, or renovate educational facilities. We also are proposing to expand the limit on annual contributions to Education Savings Accounts from \$500 to \$5,000. Parents would be able to withdraw their funds tax-free to pay educational expenses from kindergarten through college.

EXPANDING FLEXIBILITY AND REDUCING BUREAUCRACY

The Federal Government has recognized in recent years that it is possible to achieve better results by reducing regulations, paperwork, and bureaucracy and giving States and communities the flexibility to create their own solutions to problems in areas like education, health care, and protecting the environment. In education, for example, the 1994 ESEA reauthorization greatly expanded eligibility for Title I schoolwide programs, which permit schools enrolling at least 50 percent poor students to combine Federal, State, and local funds to improve the quality of education for all students. Congress also created and expanded the ED-Flex Partnership program, which gives participating States the authority to waive Federal statutory and regulatory requirements in exchange for greater accountability for improving student achievement.

No Child Left Behind would build on these earlier efforts to expand State and local flexibility in the use of Federal education funds. For example, we would lower the poverty threshold for schoolwide programs from 50 percent to 40 percent, thereby enabling thousands of additional schools to use Title I funds to upgrade the en-

tire school. We would coordinate education technology programs to reduce the paperwork burdens of submitting and administering multiple grant applications serving nearly identical purposes. We would consolidate overlapping and duplicative grant programs and let States and districts decide how to use their share of the single grant resulting from this combination of Federal funds.

We also would create a Charter Option for States that would offer freedom from the current requirements placed on categorical program funds, in return for submitting a 5-year performance agreement that includes specific and rigorous goals for increased student performance. This Option is intended for States on the cutting-edge of accountability and reform in education, those that have already established tough accountability systems and demonstrated real gains in student achievement. States would be sanctioned for failing to comply with their performance agreement, and would lose their charters if student achievement did not improve.

President Bush's 2002 budget also would expand flexibility by giving States the authority to redirect the \$1.2 billion provided for school renovation in the fiscal year 2001 appropriation. In addition to renovation of academic facilities, States would be permitted to allocate even more of their 2001 school renovation funds to special education and educational technology than is currently allowed. For 2002, the President is proposing to redirect these resources to other priority programs to help States meet their most pressing needs, including special education, turning around low-performing schools, and accountability reforms. While renovation and construction are needed in many areas, the limited grant funds will not make a significant dent in a problem that the National Center for Education Statistics has estimated would cost at least \$127 billion to remedy. Instead, I believe State and local governments must take responsibility for financing school repair and construction. The President proposes to help school districts meet these demands by allowing States to issue tax-exempt private activity bonds for school construction and repair.

SUPPORTING IMPROVEMENT IN KEY AREAS

Other proposals contained in *No Child Left Behind* are aimed at supporting State and local efforts in specific areas like reading, teacher quality, math and science, safe schools, and technology.

Our Reading First program would invest \$900 million in scientifically based reading instruction in the early grades, with the goal of creating comprehensive, state-wide reading programs to ensure every child is reading by the third grade. The President's budget also includes \$75 million to help prepare young children to read in existing pre-school programs.

Our Title II Grants for Improving Teacher Quality proposal would consolidate the Class Size Reduction and Eisenhower Professional Development programs into a flexible, performance-based grant program for States and school districts. The President is requesting \$2.6 billion in 2002 funding for the new consolidated program. Most of these funds would be used to strengthen the skills and knowledge of public school teachers, principals, and administrators. The program also would support innovative teacher recruitment and retention practices, including bonus pay for teachers in high-need subject areas and in high-poverty districts and schools. In return for the flexibility provided by the program, States and districts must use Federal funds to promote effective, research-based classroom practices, ensure that all children are taught by effective teachers, and disclose to parents information about the quality of their child's teachers.

The Title V drug and violence prevention and education program would turn the Safe and Drug-Free Schools and Communities program and the 21st Century Community Learning Centers program into separate State formula grants for before- and after-school learning opportunities and violence and drug-prevention activities.

The new, streamlined grants would reduce administrative burdens, give school districts greater flexibility in developing programs that address school safety—a major concern of parents and students alike, and support improved academic achievement. Participating States would be required to develop a definition of a “persistently dangerous school,” to report on school safety on a school-by-school basis, and to offer both victims of school-based crimes and students attending unsafe schools options for transferring to safer schools. The President also would expand the role of faith-based and community organizations in after-school programs, and his budget would triple funding for character education to \$25 million in 2002.

Our grants for education technology proposal would consolidate several existing and duplicative technology programs and reduce paperwork and other administrative burdens while directing more funds to the classroom. Funds would be targeted to high-need schools, including rural schools, and could be used for a wide range

of activities, including the development or purchase of software, wiring and other infrastructure, and training teachers to use technology effectively in the classroom.

All of these proposals adhere to the core principles of *No Child Left Behind* by expanding flexibility, reducing bureaucracy, and increasing accountability. In each case, the new flexibility provided to States, school districts, and schools is appropriately balanced by performance agreements that will ensure that program purposes are achieved, particularly for poor and minority students living in high-need districts.

OTHER BUDGET PRIORITIES

The details of the President's 2002 budget for education will be released on April 3. There are two priorities, however, that I would like to mention briefly today. The first is special education. We remain committed to helping States meet their obligations under the Individuals with Disabilities Education Act, and the President's budget will provide increased funding for the Part B Grants to States program.

The second priority is funding for Pell grants, the foundation of Federal student financial assistance for postsecondary education. The 2002 budget includes a \$1 billion increase for Pell grants to raise the maximum award for all students and provide more need-based grant aid to low-income college students.

CONCLUSION

The education reform proposals contained in *No Child Left Behind*, combined with the President's 2002 budget for education, support a comprehensive vision for closing the achievement gap and improving the quality of education for all Americans. I urge you to give these proposals your most careful consideration, and I stand ready to answer any questions you may have.

Chairman NUSSLE. Mr. Secretary, thank you so much for your testimony.

First of all, let me hit head-on this whole issue about percentages and increases. I've heard some criticism in the media, and I want to allow you the opportunity to take it head-on. This is the way that I see the math.

Under the President's proposal, the Department receives \$44.5 billion in budget authority in this coming fiscal year that we're about to budget for, up \$4.6 billion from the \$39.9 billion in fiscal year 2001. So \$44.5 above the \$39.9. I don't care what appropriation bill you're talking about, that at least from what I can see looks to me like the kind of increase that was suggested at 11.5 percent.

Now, I understand there's this little game that gets played called advance appropriations, and there are some who play the game a little bit better than others. But I think that it's widely believed that advance appropriations is somewhat of an irresponsible way to budget. We can have that debate at another time. But the bottom line is that that may skew somebody's belief about what the percentages are.

This increase, and this is really my question, isn't it true that this increase, however defined, comes not only as an increase for 2002 but it comes on top of a Department budget that has averaged about 13 percent over the last 5 years? I mean, I understand that every time we talk about these percentages, we look kind of in a vacuum and we say, well, it's only this or it's only that.

But I really believe we've got to start looking at these budgets in a little longer term perspective. Over the last 5 years, we have increased, rightfully so, I'm not arguing that the percentages for our kids in education have not been appropriate, but it's been 13 percent. So when we build an additional now 11.5 percent on top of it, I mean, that's real money.

I think what you're suggesting to us is don't just look at the percentages, let's talk about accountability, what are you doing with the money.

Secretary PAIGE. Absolutely.

Chairman NUSSLE. And so how would you respond to this whole percentage debate that is out there right now?

Secretary PAIGE. I would agree with you completely. There's an 11.5 percent increase in budget authority. However, on a program level, that translates to a 5.9 percent increase. You can make a case for both figures. The difference depends on how you count the dollars. The Government counts dollars, as all of us know, in several different ways.

But our view is not so much how much we increase or how much additional resources, but what those resources return to us. We think there are many things that need to be done with this program that don't require dollars as we would have.

We know that more is necessary. And we think that more is being provided. But there are many things that we need to focus on, including what returns are we getting for the dollars that we are spending. Because if those dollars are not coming back to us in terms of returns, student achievement increase, of what value are the dollars?

So our focus is on effectiveness of the program, and that's what we're trying to provide for now.

Chairman NUSSLE. Mr. Secretary, IDEA is one of the bipartisan issues that this committee and this Congress has worked on over the last 5 years in particular. I can personally identify members on both sides of this committee table up here that have very serious personal interests in this program.

Over the last 5 years, we've been able to increase the IDEA special education funding by about 23 percent annually over these past 5 years that we're talking about. The President's budget indicates that IDEA will receive an increase, but there is no amount in the blueprint that has been specified. It says that full funding, while it is still an objective, certainly will not be met by any budget that I've seen right now.

It does allow for what is called redirection of \$1.2 billion in fiscal year 2001 money appropriated for school renovation, making these funds available to the States for school renovation, technology incentives, or special education. Would you explain that portion of that part of the blueprint? And in particular, you've also testified, as I understand it, that you're concerned about the definitions. You're concerned about the way that children are often labeled or identified, which I share your concern. I'm interested in your perspective on both those issues.

First, how does the President and how do you intend to fund special education in this budget, number one, and number two, what reforms would you suggest to this committee that maybe we could assist you with in the budget we're about to write?

Secretary PAIGE. Thank you, Mr. Chairman. The President and I look forward to working with Congress to increase funding for IDEA. We're proud of the progress Congress has made since 1996 in increasing the Federal share from 7 percent to 15 percent to about 16 percent now in fiscal year 2001.

Substantial increases, but not nearly enough, I can promise you, based on my experience of 7 years leading the seventh largest school district in America. We can say with great conviction that this is a very serious problem, and serving students eligible under IDEA sucks off dollars from other program functions in the district.

So we agree completely that increased funding for IDEA is appropriate. But we also know that programmatically it needs some adjustment. For example, of approximately 6 million students served, ages 6 through 21, who are being served now across the United States, estimates as high as 51 percent of those students are there because of their designation of learning disabled. We believe, and we have substantial evidence to support this, that as much as 80 percent of those students who are identified as learning disabled are actually there because they've never learned to read properly. They've never been taught to read.

So we believe we can make a case that although the funding is at the level it is now, that many of the dollars that are there are being used ineffectively. Because these dollars are serving students who shouldn't be identified in special education in the first place.

So then we believe we can also make a case that those dollars in this budget supporting No Child Left Behind which are targeting early reading and Reading First Programs, may even be able to be counted as dollars supporting, reducing the number of students who are going to be eligible for service under this law.

We believe that we need additional funding. But we also believe that we're not going to fund our way out of this crisis. What we need to do is take a careful look, thoughtful people jointly, all parties involved and all stakeholders, in how we can improve the functioning of the law. Now, reauthorization comes up next year, or is it the year after next—in 2003. And we're preparing now to develop a framework under which we can join with other thoughtful people who are interested in this issue to see if we can improve it. Because it's not a matter of how many dollars, it's a matter of the quality of service that we're providing students and how many students we are providing services for. We can improve this.

But I don't want to narrow our concern to how many dollars we put into the program.

Chairman NUSSLE. Well, in conclusion, I can't argue with your suggestion that some reforms may be necessary. I will say, however, just for the record, and this is just one member speaking, but I am much more interested in making sure that the obligations that we have already agreed to are taken care of before we start thinking about or inventing new ideas and new programs.

I would hope that while 2003 is the current reauthorization time frame that if you have any thoughts on reformation of the program, reformation of the principles or the definitions, that they be forwarded as soon as we can. Because in the meantime, funding is driving this issue, as you know. I'm acting like I know more about this than you do. You've lived under this as an administrator. I know you do know that.

But this Congress, and I'm just reporting to you, Mr. Secretary, that this Congress, in a bipartisan way, has spoken many times on special education. I believe the signal that we have sent to the administration is, we want to take care of that issue almost as much

or before we start tackling some new ideas. So our budget that we're putting together is going to take that into consideration.

I would just hope that anything we can do to expedite the reforms under IDEA, if there are those that are suggesting that, count me in as a partner. I'd love, and I know there are many here on the committee that would enjoy working with you on that. Count us in as partners. We're ready to work and do the heavy lifting that it takes to put something like that through.

But time is of the essence, as far as I'm concerned.

Secretary PAIGE. May I just add that there will be increased funding in this year's budget for IDEA. The level of increase, however, is yet to be determined. I suppose we'll know that about April 3. So I don't want to give you the impression that there won't be increased funding. There definitely will be increased funding.

However, our information suggests that it takes somewhere in the neighborhood of \$11 billion to \$11.5 billion on top of what we have now to reach the 40 percent level, depending on how we define 40 percent. So clearly we are not going to leap tall buildings in a single bound, we're going to get there incrementally. So there will be some additional discussion about that.

We're simply saying that in the final analysis, where I know we must keep our promise and must move toward that, but also, we need to serve students better. We think those students who are truly disabled, we're having dollars serving students who just need to be taught to read, so in some ways, we're not serving those students well. That's the reason for the suggestion about the overhaul.

Chairman NUSSLE. Thank you very much.

Mr. Spratt.

Mr. SPRATT. Thank you very much.

When we look through this budget, given the attention that was given to education in the last election, we were sort of reminded of the old Biblical adage that where your treasure is, there also is your heart. I'm not talking about you, I'm talking about the administration. I don't have any doubt where your heart is when it comes to education, Dr. Paige.

But that's why we're looking for how much additional money is actually being provided here, and the first page of the two pages we get in this blueprint of the budget simply states that we're providing \$2.5 billion or 5.9 increase after correcting for the distortion of advance appropriations. That's how much new money there is for next year, \$2.5 billion. The other money is already appropriated. And while as I said, 5.7, 5.9 percent is a welcome increase, it's a long way from what we've been accustomed to, and it's a long way from what the actual needs of American students are.

The second frustration we have in looking through this is we get two pages of detail. And we're wondering, where does that \$2.5 billion, \$2.4 billion get allocated? What's going to happen to Title I? What's going to happen to IDEA and special education? What's going to happen to a couple of programs that we've found very successful in our school districts, like the After-School Program, the 21st Century Learning Center Program, and the class size initiative? Is there enough here to accommodate all those programs, or if not, what's going to take a hit? What can we expect when we see

the budget detail come that accompanies this scant outline that's been sent up here?

Secretary PAIGE. Thank you. I wish I was able to provide more detail for you. The final numbers won't even be available to us until the third of next month, at which time those numbers will be made public.

But our approach to this has been a little bit different, and maybe there could be some second thoughts about that. But our idea was to provide a framework around which we could have discussions about the details. So we think those details are going to be fleshed out and discussed, and even the budget amounts. What is going to result is going to be a number that we all agree on, or at least the majority agrees on.

Mr. SPRATT. Well, when do you think we'll have the detail? Because we're going to mark the budget next week.

Secretary PAIGE. April 3.

Mr. SPRATT. Well, that will be after we've marked our budget up here. So we're sort of marking in the blind, given the schedule we're on right now. Because we don't know whether this amount of money will accommodate what, or what you have in mind squeezing in order to divert funds into something else. Could you give us some idea of what likely funding levels are going to be, for example, for IDEA and ESEA, Title I?

Secretary PAIGE. Without the details of that, sir, I can simply say that the numbers will be increased. I don't know the levels of that increase. I don't have that information now. I won't have that until the third.

Mr. SPRATT. Well, you were saying just a minute ago, you're obviously not going to leap whole buildings in a single bound. I liked that phrase. But we don't expect you to be Superman, but for example, the class size initiative. One of the reasons we've seen substantial percentage increases in recent years is that each year, the President has been able to extract an increment to this budget specifically for that class size initiative. Can we expect to see that funded, so that we will indeed approach the goal of having 100,000 new teachers, so we can reduce class size in grades 1 to 3 to no more than 18 students?

Secretary PAIGE. Sir, as superintendent, I enjoyed the benefits of the categorical funding for our class size reduction in a school district with approximately 300 schools. I would like to make an example. We know that all things given, smaller is better. We would all like to have smaller class sizes.

But we think that it is a mistake to believe that smaller class sizes in and of itself translates into improved student achievement. It does not. There are so many other factors impacting on that that have equal weight as class size reduction. Keep in mind, I would like to have it, smaller is better if everything else is even, which it is not.

For example, if you have a very effective teacher with a class size of 40, and you make the classes smaller by half, by dividing with another teacher, so each one has 20 students, unless you can replicate that very effective teacher for the second class, what you've done is disadvantaged some of the students who left and went. And the only ones who are advantaged are the 20 who stayed.

So then I would have preferred actually to have the advantage of using some of those dollars that I was prohibited from using to get improved teacher effectiveness, for example, to be able to send teachers to professional development programs. So there will be additional funding there—

Mr. SPRATT. The program allows that if you've attained your class size ratios, does it not?

Secretary PAIGE. I'm sorry?

Mr. SPRATT. The program allows the use of this money for professional development if you've attained the 18-to-1 ratio?

Secretary PAIGE. If you were able to do that, but in most cases, you were not. So the flexibility would be appreciated to use those dollars in a way to gain efficiencies that you and I both seek. In this budget, that would be \$2.6 billion that would be for teacher quality. Now, the professional on the scene can decide to use those dollars to reduce the class size if they think that's the best thing to do. I would be able to use those dollars to provide professional development for the teachers, if they decide that's the best thing to do.

The sum and substance is that it is there to improve the quality of instruction, which we believe is what you seek in narrowing the number of students for an individual teacher.

Mr. SPRATT. So does this mean there will be less money, or the money will be spread over more purposes, it will be less categorical?

Secretary PAIGE. There will be more money, but there will be more latitude provided for the use of those dollars.

Mr. SPRATT. One other question at the other end of the spectrum. The President in his campaign came out for increasing the Pell grants, which went up to \$3,750 last year, on to \$5,100. Are we within reach of that? Will your budget be able to move us significantly in that direction?

Secretary PAIGE. The Pell grant program I think will be increased by \$1 billion.

Mr. SPRATT. And what will that likely take the individual ceiling to, per student?

Secretary PAIGE. The original idea was to have front loading by raising the level to \$5,100 for the freshman year. After some consultation with the higher education community, it was decided better to look across the board with this funding, which reduced the amount from \$5,100 to a smaller amount, and I'm not sure what that amount will be. April 3.

Mr. SPRATT. Are you saying you would reduce the per capita amount but change the eligibility requirements so that more students are eligible?

Secretary PAIGE. The original idea was to increase the funding level from \$3,750 the freshman year to \$5,100.

Mr. SPRATT. Yes, sir.

Secretary PAIGE. But it would revert to the \$3,700 for the junior-sophomore, junior-senior year. Considering the advice of the higher education community and those who know, that philosophy shifted somewhat, and now, the same amount of money, instead of being spent all on the freshman year is now spread across 4 years.

Mr. SPRATT. I understand what you're talking about. Yes, sir. Good.

Thank you very much. Let me let others ask questions. We appreciate your responses.

Chairman NUSSLE. Mr. Sununu.

Mr. SUNUNU. Thank you, Mr. Chairman.

Welcome, Secretary Paige. I very much appreciate your testimony and do want to emphasize the importance of IDEA and special education funding and the degree to which we appreciate President Bush's focus on the program and, of course, an emphasis on strengthening funding and strengthening flexibility, but also your recognition that the program itself needs to work better for those parents that have children with special needs, and that we need a program that doesn't divert funds into legal costs or administrative costs, but that actually brings dollars into the classroom and meets what is in fact the largest unfunded mandate we have in the Federal Government.

So I wish you good luck and express my willingness to work with you as we try to strengthen funding for special education, make the program work better for parents and students that really do have strong and pressing needs.

Second, I want to express my thanks for your simple recognition that we do need to set priorities and recognize that a good idea isn't always the best idea or the top priority, and in particular, on class size, that you may well put students at disadvantage if you simply reduce class size without dealing with the need for a quality teacher, for other enhancements, infrastructure, training, technology, all of these things could be at least as essential, if not more important, to a student's education than just reducing class size.

I was struck by the precise words used in the previous questioning, that emphasized that funding could be used for improving the quality of teachers, but only after a certain ratio had been hit. That would suggest that the good teachers would only be available to students once you have cut up your classrooms, divided all the students without dealing first with the issue of human resources or teacher pay or testing, whatever might work most effectively at the local level.

I think it would be a terrible mistake to push and push and push for some arbitrary goal without dealing with education priorities in their proper context and without recognizing that local input. That's something that you obviously have done in your experience as superintendent. It appears clear that President Bush is willing to do that and to recognize that we can't just set an arbitrary goal without understanding how the different elements of education reform work with one another.

Finally, I'd like to touch upon and ask you about flexibility, this idea of local flexibility in ensuring that it's parents, teachers, students at the local level that are setting the priorities and deciding what's most important for improving education for them, again, whether it's teacher quality or training, technology, or class size reduction. There are over 200 programs in the Department of Education, and I think that number carries with it enormous costs on a couple of levels.

First, there is your administration and the cost of employees and staff and time, overhead necessary to understand and manage those 200 or more different programs. But there's also the bureaucratic cost at the local level, to have a grant writer full time or half time in a smaller school district, or multiple grant writers in a larger district that are marshaling all of these different applications. That's expensive, very expensive to maintain.

President Bush appears to have recognized opportunities for consolidation, for reducing the number of funding streams to support education reform and priorities on the local level. I think in particular in areas of training and technology we've seen a proliferation of programs in the last few years. Could you address for the committee what you see as the greatest opportunities to bring this explosion in program numbers under control, consolidate funding streams and get the program to the local level where it can do the most good?

Secretary PAIGE. Yes, sir, and thank you.

We believe that Congress wants very badly these dollars spent as they intend for these dollars to be spent. As going about that by writing regulations that would guide that and would require that specific type of use. Whereas we think that's laudable, from the practical end of it, we can see that in many cases your very intent has been thwarted by the accumulation of just piles and piles of regulations.

What it does is prompt a culture of compliance as opposed to a culture of performance. So success begins to be measured by whether or not you followed the regulations and guidelines. In many cases, you've lost, to some extent, the focus of what you're trying to accomplish in the first place. We believe that Congress' intent can be carried out by establishing a system of accountability, by very clearly defining what the result should be and asking for that result to be measured and evaluated.

There are many opportunities for consolidation inside the more than 200 different programs that we have just in this Department, which we could expand by looking at programs both in Health and Human Services and sometimes in Justice and other places. Competing with each other, conflicting with each other, bumping into each other, causing havoc.

The system's response to increased regulations is bureaucracy. So as you promulgate policies and rules, the system responds by building up bureaucracy to protect itself from it. So what we would like to do is change that whole culture to a culture of performance which says, here are the resources, here is what we want to result from those resources, here's how we're going to measure those resources. And if our goals are not accomplished here, or the consequences or rewards.

It's somewhat of a culture shift, but I believe that somewhere in the middle here, this situation of increasing categorically approaching this issue can be changed to a broader, more consolidated initiative.

Mr. SUNUNU. Thank you, Mr. Secretary.

Chairman NUSSLE. Mr. Bentsen.

Mr. BENTSEN. Thank you, Mr. Chairman.

I'm pleased, Mr. Secretary, to welcome you here as well. The Secretary is a constituent of mine, and the school district, of which he was a very successful superintendent, overlaps both my district and Mr. Culberson's district. We were sorry to see him go, but we expect better things from him now at the national level. We think the President made a very wise choice in bringing him up here.

Mr. Secretary, I have a couple of questions for you. I want to follow up just briefly on Mr. Sununu's question. I think you're right with respect to the concerns of compliance, but you also hit on a point that is often overlooked. I appreciate the fact that you did that. We in Congress have a fiduciary responsibility to the taxpayers to ensure that their funds are spent as they should be spent. And I think that the administration is generally on the right track with that, perhaps trying to move from a compliance-oriented goal to a performance-oriented goal.

I do have one concern, and you don't necessarily need to answer this, but I would like you to think about it. In using a performance oriented goal and then if the school or the district does not meet the performance, even if there may be malfeasance, and I know we don't like to talk about things such as that happening, but we have to be responsible for that, to then say somehow you're going to drain resources out of it because they didn't meet the performance goal, that they may well not have complied at all, may not be achieving the goals you want to achieve or Congress wants to achieve. So I would hope you would take a look at that.

I want to go back to the question of IDEA funding. I have to say, I hope I'm not revealing any confidences here, I can remember on a couple of occasions, one in particular, sitting between you and your predecessor at a lunch in Houston where you were quite specific and quite adamant that you viewed special education funding as perhaps the worst unfunded mandate Congress ever imposed. I think we had a very long conversation, actually I was just in between the conversation, between you and Secretary Riley, on that issue.

I, as well as a number of others, have followed our colleague Mr. Bass' lead in a bill that he's probably going to bring up with you, H.R. 737, which he has introduced, which would establish both a per student formula for funding IDEA as well as a plan to achieve the 40 percent Federal funding of it. I would be eager to hear your comments on that particular bill. I know that when you testified before the Senate the other week regarding the Hagel bill, you raised some concerns on behalf of the administration on having an absolute figure. The funding in this bill would be on a per student basis, so I think it might meet your goals in particular with the goal of the early reading initiative on the part of the administration, which might lessen the number of students who are in the learning disability category.

Although I would also reference testimony the other week, by Dr. Reid Lyon of the National Institute of Child Health and Human Development of the NIH, in which he said in commending the administration on that program, that if successful, the learning disability levels could be reduced by about two-thirds, and even using your figures, that would still leave 4-million-plus kids in the special education.

Secretary PAIGE. Right.

Mr. BENTSEN. And still, if we're only funding at 18 percent as opposed to the 40 percent, we are still far below where we should be. So I would be eager to hear your position and the administration's position on trying to achieve a goal of per student funding basis to eventually get us to 40 percent, whether it's in the form of Mr. Bass' bill that I'm one of the original cosponsors of, and many members of this committee are, or some other basis.

Secretary PAIGE. Yes, sir. May I begin by thanking you for your leadership and your assistance with the program structure at the Houston Independent School District. You were a great friend of our district, and we deeply appreciate that.

I also want to thank you for your personal friendship in granting me access to Secretary Riley in the many meetings we had about that. My idea about it as an unfunded mandate has not changed. It is. And I was unable to comment further about the bill because I don't know the details of it. I have not had a chance to see the details of it and I don't want to make an error before I have a chance to see it.

And it is not my argument that we should not have increased funding for IDEA. We most certainly should. It is one of the most painful things that is happening to superintendents and teachers and principals down at the action end of this.

But there are other issues. Just creating that goal of funding at 40 percent and going away is not going to make it safe for democracy. There are a lot of problems. For example, there are about 814 different regulations under this act. And people are pulling their hair out, not me, obviously, because I succeeded in doing that earlier—

[Laughter.]

Secretary PAIGE [continuing]. In trying to stay in compliance with those rules. So we're simply saying that it is a broader issue, we do need to increase funding. We also need to keep our promises. But we also need to be aware of the fact that there are other difficulties associated with this.

Mr. BENTSEN. Thank you, Mr. Chairman.

Chairman NUSSLE. Mr. Bass.

Mr. BASS. Thank you, Mr. Chairman.

Excuse my weak voice today. I think I got John Nagle's wife's—Debbie Dingle's problem. Anyway, you're going to get hit twice here, because I'm glad my friend from Texas was able to bring up the legislative proposal he's been so kind to cosponsor along with me involving the issue of IDEA. I'd also like to associate myself with the remarks of the chairman of the committee and also your remarks, Mr. Secretary, in which you say we can't solve this problem overnight.

But I've got to tell you that all over this country right now, school boards are meeting, school districts are meeting and budgets are being put together. The special education issue is tearing the heart out of public education in this country.

Now, you mentioned that there are indeed priorities for programmatic reform within the system. And I agree totally with you. But I've been here for 7 years now. And we've been through one

reauthorization that, when you get right down to it, did very little to correct the programmatic problem in special education.

So I've come to the conclusion that the only way we are going to address both the funding issue and the programmatic issue is through the budget process, initially through this committee. That is to phase in the funding of special education on a per pupil basis, as Mr. Bentsen alluded to. What this does is, not only does it relieve the horrible funding situation that exists in every community in this country, but it also forces this committee and the Education and Work Force Committee to reconcile the cost of the program to a budget which does not happen today. Not only does that help with the cost on a Federal level, but it also saves every single property taxpayer in this country money that may be needlessly spent.

If we fail to do this, we will have the debate every year about 16 percent and 17 percent. And I laud the Congress for increasing it so significantly. But I would hope, Mr. Secretary, that you would take a very careful look at this concept, because from a budgetary standpoint, of course, it does reduce the discretionary spending level for education in general. But it adds it, of course, on the mandatory side.

But what it will do is put pressure on this institution to make this program work. It's been a good program, but there have been some problems with it.

And you say that it isn't just a matter of dollars. Well, there are programmatic problems, but it is a matter of dollars. And there are small communities in this country where 20, 30, 40, 50 percent of their entire education budget goes to one or two students. And we make the rules here in Washington, we make the rules. We are responsible for that. And I've made it a priority in the last 5 or 6 years to get the funding level up. And \$200 million to \$300 million, as they say, just ain't going to do it.

I hope, Mr. Secretary, that you will look at this. I know you understand the problem as well as anybody in this country and that we can make this a priority in this administration's budget.

Mr. Chairman, I'll yield back.

Chairman NUSSLE. OK. Ms. McCarthy.

Ms. MCCARTHY. Thank you, Mr. Chairman.

Welcome again, Secretary Paige. I've had the pleasure of being able to talk to you, I guess this is about my third or fourth time now, between Education here, and just meeting with us privately.

I want to go back to class size reduction, and I also want to talk about after-school programs. I came here to Congress to try to reduce gun violence in this country. I happen to think that when we start talking about reducing class sizes, that's one area to go. I do believe that we have to have qualified teachers in every single one of those classrooms. But they have to go hand-in-hand.

We know from talking to teachers across this Nation that when they only have, I happen to think that we should reduce class sizes, in the early grades especially, to 15. That's when we see the most dramatic results, and all the research shows that. But it also gives the teachers the opportunity to reach out to those students that, not that they learn differently, but maybe need some special attention. We've seen statistics that show that that kind of works together.

The after-school programs, obviously working with kids that don't have any place to go after school, would have a place not only to learn, but to be fostered with people around them that have knowledge. These are areas that we can work on. I hope that when the budget comes out on April 3 that you will have some input, that these are areas that are extremely important to the children around this Nation. It used to be only inner cities that we worried about gun violence. Well, that's not the case any more. And as a nurse, I've always said, if you don't take care of the cancer, it's going to spread. Well, it has spread.

We have the opportunity to do something about this. Education is going to be the forefront of working with an awful lot of these students, because we have these kids, they're in our buildings every day. So we have to make sure that they're getting the special needs that they need.

Talking about kids with learning disabilities, I certainly grew up with learning disabilities, my son has learning disabilities. One of the things I've found out since being in Congress, it's not so much that I have learning disabilities, I actually learn differently. And I'm hoping that when we finish up with funding for IDEA and everything else, we'll actually say, these kinds learn differently. We don't have a disability, we just learn differently. There are tremendous programs out there that we can work on.

I brought Secretary Riley over to a school over here in Washington, the Lab School. I hope that I can bring you over there to show how they have individual programs for each and every child. We can't afford it, unfortunately. But I have to tell you, 98 percent of those kids, when they graduate, go to college. I think that's a great testimony, so we can learn from a lot of things.

So I hope when you go back and they start figuring out the budget, think of the money that we will be saving on the long end if we have the after-school programs, if we have the class reduction, if we have the teachers in the smaller class. In the long run, the more we invest in our children at the early age, the amount of money on health care, on the programs for IDEA, teaching these children to read, to give them self-confidence, you can't even put a dollar price on that. You can't.

And those are things I'll be fighting for on this committee, and on the Education Committee, and I would love to work with you on those areas.

Secretary PAIGE. Thank you.

Ms. MCCARTHY. And I yield back.

Chairman NUSSLE. Mr. LaHood.

Mr. LAHOOD. Mr. Secretary, thank you for being here, and thank you for your leadership in education. I'm very proud to say, I'm one of three members of the House that voted against IDEA, because I knew it was going to be a big, huge mess. And it has been a big mess. And as a former superintendent, I know that you know it's a big mess. It's a big, bureaucratic mess that's ill-served the people that it was meant to serve. So I make no apologies for voting against it.

One of the real important aspects of No Child Left Behind that has been the most controversial is the notion of vouchers that have, after a period of time, 2 or 3 years, school districts don't achieve

or live up to the standards that parents should have an opportunity to maybe look elsewhere. I'm curious, I know you did a lot of innovative things in Houston. Did you have a voucher program in Houston?

Secretary PAIGE. We had a program of parental choice. We didn't call it a voucher program, but we had private school contracting. We contracted with private schools to deliver educational services. And we made these schools available to parents of students who were enrolled in low-performing schools and whose students themselves were low-performing, could opt out of that low performing school and attend another public school, or they could attend a private school, as long as that school was approved by the Texas Education Agency and the Houston Independent School District.

Mr. LAHOOD. Were they given money to do that, then?

Secretary PAIGE. They were given money to do that, yes.

Mr. LAHOOD. How much money?

Secretary PAIGE. In our case, about \$3,750, I think, per year.

Mr. LAHOOD. Thirty-seven hundred and fifty dollars?

Secretary PAIGE. Yes.

Mr. LAHOOD. Per year?

Secretary PAIGE. Yes.

Mr. LAHOOD. What is the cost of educating a child in the Houston system? I mean, how does that—

Secretary PAIGE. Houston school district, a little better than \$4,000, \$4,500, something.

Mr. LAHOOD. So it was pretty close to the amount of money that it costs to educate a child.

Secretary PAIGE. Absolutely. And the reason the entire amount didn't go is we still kept responsibility for that child, our supervisors still attended to see if the child was progressing, and that child's scores counted on our accountability.

Mr. LAHOOD. What percent of the parents opted to do this?

Secretary PAIGE. A very small percent of them opted to do it, because we were concurrently working on our system, so our schools were better. We believed that we could out-perform private schools. We said we could provide them that choice, because when they made the choice, they'd choose us because we were better. In the last year of that program, of course, this year, they're expanding it, they expanded it this year, there were 173 kids who were eligible under that program. We wrote to their parents to advise them that they were eligible. We wrote letters to the private schools to advise them that these kids were eligible, just to make sure that they would make a choice on their own.

Mr. LAHOOD. The \$3,700, did that come out of your budget? State budget?

Secretary PAIGE. In Texas, we're funded on an average pupil attendance. That was that amount of money.

Mr. LAHOOD. So you, rather than going to your district, it went to the parents so they could then—

Secretary PAIGE. It went to us and we sent it to them.

Mr. LAHOOD. Did you send it in the form of a check or what? How did they get it?

Secretary PAIGE. Sent it in the form of a check to the school that we had a contract with.

Mr. LAHOOD. I see. Would you be willing to forego the term voucher in lieu of a term that you used in Houston under a system that seemed to work where very few parents opted to use that system? The question is, the controversy is around the term voucher. But it seems to have worked under a different nomenclature in your district, where you came from. And it's worked in other States under a different nomenclature, and you've proven that it works.

Secretary PAIGE. Yes, we think so.

Mr. LAHOOD. Well, my question is, would you be willing to forego, as the Secretary of Education, and try and persuade the President that if the word voucher is the controversial part of it, but the idea has standing because it's proven to have worked in the Houston school system. I'm trying to help the administration figure out a way to replicate what's worked in Houston in a small way that didn't distract or take away from the amount of money that you were able to do, because you were doing a good job. You had charter schools and maybe you had Edison schools. I don't know, you did a lot of different, innovative things.

And if we challenged schools in America to be innovative and do different, creative things, the vast majority of parents will stay with those schools, as was the case in Houston.

I'm just wondering what you think about the whole idea of the term voucher that seems to be so controversial.

Secretary PAIGE. Well, since that term was put in the public lexicon, it's acquired a negative connotation. So we don't have that term anywhere in No Child Left Behind. It doesn't occur there.

Mr. LAHOOD. So you don't use it?

Secretary PAIGE. No.

Mr. LAHOOD. Under the President's plan, they talk about this notion of giving school districts, or you do, talk about 2 or 3 years to meet certain standards. Where did you come up with that notion? Is that about the amount of time that—

Secretary PAIGE. That was the current thinking of the group that was deliberating at the time. Very frankly, I think a period of 3 years, almost every case, the school will improve to the point where they won't trigger that type of portability issue.

Mr. LAHOOD. How long will it take them?

Secretary PAIGE. And even if it did, I think that the number of students who would choose to move out of that would be very small.

Mr. LAHOOD. Well, I didn't ask any budget questions, but I guess I wanted, this whole issue of education is so controversial, and I just wanted to get those issues out on the table. Obviously you were picked for this job because of the district you come from, where you've had some success with some of these issues. I assume you really believe that they can be replicated around the country, particularly in some districts that have not been successful.

Secretary PAIGE. I think many of those ideas would be the best thing that could happen to especially disadvantaged students in terms of closing the achievement gap.

Mr. LAHOOD. Thank you, Mr. Chairman.

Chairman NUSSLE. Actually, Mr. LaHood, those are good budget questions, and we welcome you to the committee. You and Ms. Granger from Texas and Mr. Doolittle from California are members

that have recently been appointed from the Appropriations Committee. We welcome and we look forward to your service.

Mr. Honda.

Mr. HONDA. Thank you, Mr. Chairman.

Again, welcome, Secretary. It's good to have a professional educator at the helm. It must feel good to be in the driver's seat rather than the passenger seat.

Secretary PAIGE. Sometimes it doesn't.

[Laughter.]

Mr. HONDA. Well, you know, being a professional educator, I think that the expectation becomes even higher, because people will say, well, you should know better. So I think that in our discussions in this committee, I know that there's a disadvantage in the sense that the detailed budgets are not fully prepared, and I'm disappointed, but that's the way it is. And we have an outline which is not specific enough for us to be able to have a good, hard conversation, but we can talk conceptually, I suppose.

I've heard a lot about the terminology IDEA and special education. Let me just digress for a second, if I may. We're talking about heightened standards, which is an issue that's sort of taken center stage in our ongoing national debate on how to improve our Nation's public schools. As a former high school teacher, as a principal, and as a board member, I agree with the President and yourself, Mr. Secretary, that we must hold our students and our teachers to high national standards.

However, it is essential that we understand that these standards must be a two-way street, that if we expect our students and teachers to meet their standards, then there is a community standard that you are probably well aware of, as I am well aware of, it's the principle of two ways that we have to keep within our debate.

In the classroom, many of my students exceeded their parents' expectation and their own expectation once they learned that they had the confidence and respect of their teachers and their peers. Therefore, we should consider some important issues. Besides what we expect from our teachers and students, we have to rightfully expect certain kinds of standards from our community.

If we expect our teachers to provide the best instruction, then we must empower them with the best teacher training. I believe that you believe that.

Secretary PAIGE. Right.

Mr. HONDA. If we expect our schools to perform at the 21st century levels, then we must afford them the 21st century technology. I believe you believe that. And I appreciate the comment you made recently about separating e-rate from the education budget, because it will allow it to have its mission very clear and be very well directed. I appreciated that.

And if we're going to require students to meet and exceed our own expectations, we demonstrate our respect for them and confidence in them by providing them with safe, permanent classrooms, that are not crumbling around their ears. I believe that we had some open discussions around modernization and construction monies.

Secretary PAIGE. Yes.

Mr. HONDA. But that seems to, in the outline, in the blueprint, seems to have been consolidated and redirected in other educational funding. So I'm hoping that you'll be able to see your way clear of providing some direction for modernization and construction funding for local schools, because local schools are in dire straits in that area.

It's been said that to whom much is given, much is expected. So we as Federal officials have been given the great responsibility of supporting our students and teachers to educate our Nation. If our students and teachers are to meet these expectations, we must demonstrate our commitment to them by giving them the tools that they need to meet those challenges. In some of the discussions we had around funding of IDEA, of special education, I also support that idea, and I think that separating special education out as a distinct funding source or funding mechanism is going to be important, in the sense that if we're talking about accountability rather than compliance, then accountability will be clearer if we have the separate funding, so that we know what the bang for the dollar that we're getting.

We also will be clear on the number of dollars that we freed up at the local level of general fund monies that have been folded into meeting the needs of the children. And you as a superintendent had made that comment about the mandates without funding. So I think that that report back and the accountability will show us here the amount of general fund monies that could be freed up if we move toward full funding of special education.

Then you mentioned also that 51 percent of our youngsters have been identified as special education, and 80 percent of them—did I get that wrong, sir?

Secretary PAIGE. Fifty-one percent are estimated learning disabled. There are a lot of categories for special education, one of which is learning disabled. We believe that better than half of the students being served now are there because of that designation.

Mr. HONDA. Right. Then you also said that, you mentioned 80 percent were identified as not having reading instruction?

Secretary PAIGE. That they would not have been there if their reading instruction had been adequate earlier on.

Mr. HONDA. OK. One of the things that has happened at the local level, when I was a principal, is that a lot of times the process of identification at the local level becomes very extensive because of the limited funds that are available to the local districts.

Secretary PAIGE. Right.

Mr. HONDA. So the process, they put off the full identification, full testing of youngsters at early grade, hoping that they will catch up at a later grade. Talking about delayed development, things like that. If youngsters were truly identified at an early age, perhaps we would catch those kids, because we also know that 10 percent of our population has some form of dyslexia, which affects performance in reading.

So it can be a very mild form or very severe form, but yet we know these youngsters are very bright, because they're bright and articulate, we say to ourselves, there must be something else. Now, if we identify them earlier and expend the money earlier, we could

probably identify these youngsters and help them earlier. So the percentages would have to be looked at.

I don't want to condemn the teachers for not teaching these youngsters. I think systemically we're not allowing them to have that flexibility of identifying youngsters earlier. In some districts, they have set aside a whole school where one-third of the population will, are children that have been identified with dyslexia of some sort, then they mainstream them out. So I think that we could better spend our money if we afford them the money earlier.

Then the last comment I'd like to make, Mr. Secretary, is compliance and accountability. We've had this discussion before about the ESEA funds and those programs, all these title programs have accountability, they have compliance issues. When we show that youngsters are going 6 months with 3 months of instruction, with all the things they come with, the challenges they come with, all those programs have that accountability component. We call it compliance reports. And we have periodic program quality performance tests, too.

I don't know why we're not taking that information as part of the accountability, because that's what it is. We don't do a good job if at the local level we don't show the district office that there is growth through the infusion of Title I monies. So I'm hoping that that information will be folded into accountability so we'll avoid that paperwork that you talked about. We can use the same information and put ourselves on the line.

I don't mind doing that as a principal. I didn't mind doing this. We could show with a lot of confidence there is growth. But I don't know how much of that information goes on to the Federal level in terms of accountability.

So thank you very much, Mr. Secretary, for being here, and hopefully we can continue to work together and solve this great national problem.

Secretary PAIGE. Thank you.

Chairman NUSSLE. Mr. Schrock. Mr. Culberson.

Mr. CULBERSON. Thank you, Mr. Chairman.

Mr. Secretary, I have had the privilege of working with you as a member of the Texas House for the past many years that I have represented West Houston in the Texas legislature. You and I both come here to Washington as newcomers, and I can testify for the listening audience, for the members of the committee, that you are not only a man of absolute integrity, a man of your word, you're not a theoretician when you're here presenting this testimony to the committee, the concepts, the core concepts. The President's education plan, which you described here quite well, is to stop funding failure, to stop promoting a culture of compliance, and start building a culture of achievement and accountability. You've done that in the Houston Independent School District.

I wanted in my questions, sir, to give you an opportunity to describe for the committee, and for the listening audience, a little bit about your work in the Houston Independent School District, how big is the district, your experience there in accomplishing these goals in Houston, and how educators across the country who may be listening to your testimony can expect to see real results from

the President's education plan and from the work of this Budget Committee, if we adopt what you are suggesting here today.

Secretary PAIGE. Yes, well, first of all, Congressman, let me thank you for your leadership in the Texas House, and your assistance with creating an environment within which a district like the Houston Independent School District could prosper.

The Houston Independent School District is the seventh largest school district in the United States, with about 110,000 to 115,000 students, approximately 300 schools, and approximately 13,500 teachers or so.

It is a district of essentially poor people, 73 percent of which are eligible for free and reduced lunch. It is a district that has transformed itself from a district with minorities to a district of minorities, in that about 85 percent of the student populations are from minority communities.

It was a district also focused on compliance. It was a district that did not take responsibility for student growth. It was a district that essentially was not performing very well, and enjoyed very low public confidence in it.

I would like to credit the Board of Education as the instrument of the change in the district, because they permitted us to do many things that most districts would not have done, by assigning principals private sector contracts, and doing away with tenure.

In Texas, we call it the Term Contract Non-Renewal Act, which essentially says that at the end of your term contract, it is the school system that has got to prove why we do not want to renew it; abandoning that and putting all the principals on private sector-style contracts that liken their tenure to performance; outlining very clearly what the expectation for each school is, and for each classroom, and for each teacher and for each student, and measure that result frequently, and using it in the evaluation.

It focuses on training, or finding out where teachers have deficits in providing the quality, course-specific professional development, so that they can improve; and reaching out to the community, the business community, the non-profit community, the faith community, and converting the district from a district of "them and us" to "our" district; and probably most of all, shedding ourselves of the non-instructional things like food service, a lot of the building maintenance, custodial work, to private vendors who do that work much better than we were able to do it, at a smaller cost.

Now there were a lot of things, Congressman. But in general, what we did was set high standards for students; measure frequently the accountability at all levels; expand the choice for parents and those kinds of principles; not specific programs, but just broad principles that go across the whole system.

Mr. CULBERSON. Mr. Secretary, you proved in the Houston Independent School District the core concepts of the President's program to stop funding failure, stop promoting culture compliance, and to focus on achievement and accountability, that those things work at the local level. You did that with the support of the Board of the Houston Independent School District, and with the help of the State legislature. I was happy to be a part of that.

Could you please describe for the listening audience, the teachers, educators, parents listening to your testimony today, if the

Congress adopts the President's program, what specific changes will they expect to see in Federal programs, that they are experiencing a lot of frustration with today?

Secretary PAIGE. We think there will be a cultural shift, because the amount of data that will be generated on children will be visible to the public. Once the public sees this data, the public has a way of insisting on improvement. So what it does, it adds visibility to the system.

You see, in the first place, for most people, nobody wants to be substandard. So just defining the standard, in itself, drives movement toward improvement. So arranging it so that the public can become a player in the improvement situation is a powerful, powerful stimulant for change.

Mr. CULBERSON. Thank you, Mr. Secretary, and thank you, Mr. Chairman.

Chairman NUSSLE. Thank you.

Mr. Clement.

Mr. CLEMENT. Thank you, Mr. Chairman.

Mr. Secretary, congratulations on your new position.

Secretary PAIGE. Thank you.

Mr. CLEMENT. I am a former college president and I am co-Chair of the House Education Caucus. I am a strong believer in public schools.

I believe very strongly that we need adequate facilities, books, and teachers, both qualified and dedicated. Research shows what parents already know: students learn best when they are safe, in modern schools with smaller classes, with 21st century technology.

I am very concerned about the administration's framework when it comes to what some might characterize as gutting school renovation and construction funding.

I walk in public schools, and it horrifies me to see the deterioration of public schools around the country. It disturbs me greatly that we are not going to do anything about it. I want to know from you, is that a priority, under your leadership, or what do you think we can do, to solve that problem?

Secretary PAIGE. Yes, thank you; under our system, schooling is essentially a State and local responsibility. The Federal Government does have a role, however. That role is providing resources, technical assistance, and help in leadership initiatives.

Construction is an area that I think we will have to have some more discussion about, to determine what part of this matches with the Federal role. There is \$1.2 billion set aside for construction. We cannot be happy about that at all.

In 1998, according to a professional audit, \$1.2 billion was required to fix the Houston Independent School District; just renovation, not new facilities. So it would not have been a drop in the bucket, so to speak, in terms of the need for construction in U.S. schools.

But there are some schools that the Federal Government has a direct responsibility for. Those schools are schools that are impacted by military installations that are nearby, and they have to serve these military children. Indian schools are also our direct responsibility.

These schools, I promise you, are in as bad a condition, or maybe even worse condition, than the other schools that we are talking about. So we believe we should first go there.

Mr. CLEMENT. Thank you, Mr. Secretary. I am not totally pleased with your response, but I do want to work with you closely concerning that.

Secretary PAIGE. Thank you.

Mr. CLEMENT. I am very concerned about our school construction and renovation. I really think that should be a higher priority of the Federal Government.

I also want to mention that Congressman Roy Blunt and I are co-Chairs of the House Education Caucus. We are getting ready to have a briefing and a conference on music education.

We feel very strongly that music education improves a child's early cognitive development, basic math and reading abilities, self-esteem, SAT scores, self-discipline, and ability to work in teams, et cetera, and school attendance. I would urge you to prioritize music and art funding in your upcoming budget proposal.

I also want to mention to you, as well, about character education. I was very pleased with President Bush's comments on character education, recently. Americans are concerned about the steady decline of our Nation's core ethical values, especially among our children. I really feel like it will bring down the violence that we have in the school system today.

Congressman Lamar Smith of Texas and myself have introduced H.R. 613, the Character Learning and Student Success, or what we call the "CLASS Act." Character education has become a national priority in the education reform debate.

I believe that the CLASS Act will bring national attention to the importance and effectiveness of character education, and will help schools create positive learning environments.

I would encourage you to include our legislation, the CLASS Act, in any character education initiative that this administration proposes. I think you will like it very, very much.

I finally want to comment about financial aid. As I mentioned to you, being a former college president, that is very, very close to my heart.

We need supplemental education opportunity grants, Pell grants, Federal work study, Perkins loans, and graduate education programs. They all need to be funded at higher levels. These are all worthy programs that make a real difference in students' lives.

What does the administration plan to do in the area of financial aid for higher education?

Secretary PAIGE. There is going to be an increase in the Pell grant program. I know that the number that I have right now is \$1 billion. We will know the details of that on the third, but there will be an increase.

Mr. CLEMENT. Mr. Secretary, I know you commented a little while ago to Mr. Spratt, and I was a little concerned about your response about how we would not have any numbers until April 3, and I do not have the numbers, yet. I am not sure I understand what you mean, "I do not have the numbers, yet."

I mean, are you going to get them from the staff, the OMB, the Oval Office? I mean, how are we going to come up with those num-

bers? It is real important for you, as Secretary of Education, fighting for those education dollars, because those kids need it.

Secretary PAIGE. You can count on me, on fighting for the education program, as a whole, Congressman, and I will do that. When I say that we do not have the numbers right now, I mean the discussion is ongoing, and it is yet to be determined what the specifics are. But we know now, at least \$1 billion increase in the Pell grant program can be counted on.

Mr. CLEMENT. Thank you, Mr. Secretary.

Chairman NUSSLE. Mr. Hastings.

Mr. HASTINGS. Thank you, Mr. Chairman.

Congratulations, Mr. Secretary, it sounded to me that you left a job that was moving along very well to inherit a job that needs a lot of work.

But at any rate, on a couple of comments that you had made, I have to tell, I agree with. You had made the statement earlier that public education is primarily the responsibility of the State and local governments. I totally agree with that.

You also said that there is a role for the Federal Government, from the standpoint of providing resources, technical help, and so on. In my district in central Washington, we are largely a rural district. Nearly 40 percent of my schools, for example, are under 600 students.

Yet, the education funding is largely driven by a formula, and the grants are largely competitive in nature. Both of those work to the disadvantage of smaller districts, obviously, because the formula would not justify more funding. The grants, of course, based on a competitive model, make it pretty difficult for smaller districts to compete.

What I would like to ask you is, the President's plan, if it is implemented like you envision it, how would that help the rural school districts, like those in my district?

Secretary PAIGE. It would help by taking many of the categorical programs and consolidating them, especially those that are overlapping and duplicative, and forming broader grant programs for Federal funds, going directly to schools, school districts, and to States.

In many small school districts, there is not adequate funding to fund, say, a grant writer, a person who is there just to develop grants, such as would be in the case of the larger school system. That is going to be taken into account, so that the access to these dollars from small and rural school districts will be equal to the access for the other school districts.

When the President says, "No child left behind," he includes small and rural school children, as well. So these young people will be provided with the same types of access that other urban school systems have.

Mr. HASTINGS. I have one other question, not related to this. About 20 years ago, another legislator and I, when I was in the State legislature, at the fear of creating more paperwork, sent out a survey to a number of districts, large and small, in Washington State, asking them to give us a cost of compliance with paperwork. A lot of that was largely driven by the Federal Government.

I forget the results of that, because it was nonscientific. But the message that came back loud and clear was that there is a huge, huge cost involved in that paperwork.

We have been attempting, in the last 6 years, at least as far as the Federal involvement in education, to give power back to the States and the local communities. With that idea in mind, and if we are successful in doing so, and I hope we are, would there be an effect on the number of employees within the Federal Department of Education, here in Washington, D.C., if we are devolving power, through them, back to the States?

Secretary PAIGE. Yes, there would be a definite impact on that. Much of the categorical program costs result from personnel. It has been estimated at that some State level organizations, where States have the responsibility for the compliance function in monitoring the progress of the schools under those categorical grants, as much as 50 percent of the personnel may be there exclusively to do that function.

Mr. HASTINGS. Good, well, that in itself, to me, is very, very good news. Mr. Secretary, thank you very much for your testimony.

Secretary PAIGE. Thank you.

Chairman NUSSLE. Thank you, Mr. Hastings.

Before we go to Mr. Davis, let me just take the Chair's prerogative, and welcome a number of distinguished veterans, who are visiting me from my district in Iowa and all across Iowa. I would take that prerogative, and just welcome you.

We are talking about education, today. We are not quite talking about the subject you came to talk about, but we will get around to that. I appreciate you coming to Washington to visit me today.

Mr. Davis.

Mr. DAVIS. Thank you, Mr. Chairman.

Welcome, Mr. Secretary.

Secretary PAIGE. Thank you, sir.

Mr. DAVIS. You come to Washington heavily encumbered with knowledge of the issues. That makes you a valuable addition to the debate.

Secretary PAIGE. Thank you.

Mr. DAVIS. I would like to first talk to you about the testing issue. Testing, as you know, is a very powerful tool. Like every tool, it can be successfully used and abused.

I will express to you my personal opinion that in Florida, my home, we are having some serious problems with the administration of the test.

It goes to two of the points that you have made. First, you mentioned as a purpose of the test was to diagnose the student. In Florida, that is really not the case, to the extent that it needs to be.

I would further suggest to you that there is a tremendous temptation for the politicians to use the test as a public relations measure, in an irresponsible fashion.

So I really just want to urge you, as this debate goes forward, to err on the side of caution, in terms of sending the appropriate message to the States.

One, this test should be used for diagnostic purposes, as testing was originally intended. Number two, we need to be very careful

about using the testing information in a responsible fashion, as we communicate these results with the public.

Secretary PAIGE. Yes, I agree.

Mr. DAVIS. The second thing I want to bring up is school construction. You have acknowledged the need to have a Federal debate with respect to what our role should be.

I want to strongly urge you to consider the merits of the Johnson-Rangel bill, an increasingly bipartisan bill in the House, which you may already be familiar with, having served as a school superintendent.

This bill jealously guards the prerogative of local control to the school districts, while providing some very important Federal assistance in the form of tax credits to districts like the one you represented, and the district that I am from, Tampa, that are just bursting at the seams.

Secretary PAIGE. Yes.

Mr. DAVIS. In my State, we are forced to rely upon raising property taxes to fund school construction. Mr. Secretary, that just is not going to happen. Property taxes are high enough already, and you can only raise them through a referendum.

Secretary PAIGE. Right.

Mr. DAVIS. As we debate tax cuts, this is one important way for us to help deal with one of the obstacles with class size reduction, that I think you were probably alluding to earlier, and that is the shortage of appropriate classroom space.

Secretary PAIGE. Yes.

Mr. DAVIS. In your testimony on page 10, you refer to a proposal by the President to rely upon private activity bonds for school construction.

Secretary PAIGE. Yes.

Mr. DAVIS. You have not talked about that, yet. I would just like to mention to you that I think that may be a problem. I do not think that either you or I would say that building schools and keeping them is a private activity. It is certainly a fundamental public responsibility.

I know in the school district that I represent in Tampa, there is a concern that if we were to rely upon private activity bonds, we would, in effect, be building special schools, that private developers felt met their needs, but did not necessarily meet the needs of our school children.

So I am very concerned that we may ultimately use private activity bonds to deal with the construction problem, and I would welcome any comments that you have on that, or the Johnson-Rangel bill.

Secretary PAIGE. It is such a difficult and complex problem, construction. Under a Department of Education study, a couple of years ago, it was determined that there could be as much as about \$130 billion worth of needs out there.

This does not include, I think, new construction. Well, OK, it is for growth; \$1.2 billion was dedicated last year. We can see how much of that problem is going to be solved by that.

So the administration suggested private activity bonds primarily because we see other public facilities being constructed that way:

hospitals, airports, other construction to serve public purposes are constructed using this strategy.

We wanted to investigate the potential for savings, in terms of tax credits for school construction. So that is an idea to be discussed. If there are some better ideas, we would like to hear about those ideas.

But if there are \$130 billion worth of need and \$1.2 billion worth of resources, then we have got to make decisions on where do we go and go get that part. There is going to be a lot of need remaining, after we spend the \$1.2 billion.

So that brings us to the question, is that the most effective use of that \$1.2 billion? That is the question that we have to ask ourselves.

Mr. DAVIS. Mr. Secretary, I have been handed a document that suggests that the \$1.2 billion for aid for construction that you have alluded to, under the President's proposed budget, is being taken out of that funding source and being used for special education or technology, instead.

Secretary PAIGE. No.

Mr. DAVIS. Is that correct?

Secretary PAIGE. No, that is not correct.

Mr. DAVIS. Good.

Secretary PAIGE. For the \$1.2 billion that remains, the flexibility is added to allow local decisions about whether or not that portion of \$1.2 billion will be used for construction, or used for special education. They can make a decision on what is the most effective use of the dollars.

Mr. DAVIS. Mr. Secretary, in the little time we have remaining, to what extent do you intend to preserve the prerogative of the States, as they develop the tests that I alluded to earlier, to make sure that they put appropriate emphasis on diagnosing where children are and how to help them get to where they need to be, and otherwise administer a quality program on their own terms?

Secretary PAIGE. Yes, we will insist on state-adopted tests. We will monitor the development of these tests, in terms of test quality. In terms of the implementation of the tests, we will provide guidance, but not authority.

Mr. DAVIS. Mr. Secretary, I had a meeting in my community last week, and had over 300 teachers and parents, who were deeply concerned about how testing is occurring in Florida.

I hope that as you travel throughout the country, you will take the opportunity to listen to those programs that are working, and those that need some changes, so that we do not contribute to the problem here in Washington, and we allow the States to fix their own problems and move forward in a positive way.

Secretary PAIGE. Thank you.

Mr. DAVIS. Thank you, Mr. Chairman.

Chairman NUSSLE. Thank you.

Mr. Hoekstra.

Mr. HOEKSTRA. Thank you.

Mr. Secretary, welcome.

Secretary PAIGE. Thank you.

Mr. HOEKSTRA. It is good to see you, again. You are making your rounds on Capitol Hill, and we appreciate your openness and your

willingness to be here and talk about the President's agenda for education.

When you were at the Education Work Force Committee, we talked a little bit about the disappointing results that came in from the independent auditors, again, that indicated that, and I think it is for the third year in a row, the Department of Education would have a failed audit.

The President's budget blueprint recognizes that fact, and says, "These failed audits indicate a potential for improper use of Government resources."

Over the last couple of years, there have been a number of us that have been very concerned about the financial controls within the Department of Education. We have criticized the Department of Education as being particularly susceptible to waste, fraud, and abuse.

I think you are probably aware, or are becoming aware, of the thefts of agency funds that have occurred. There have been other instances of waste, including the misprinting of several million forms, erroneous awarding of Federal fellowships, and a whole range of items that clearly indicate a lack of financial system and, really, the integrity of the financial system, within the Department of Education.

The President's budget calls for a significant increase in the Department of Education. It has highlighted the waste, the fraud, and the abuse, within the Department.

Have you had the opportunity to see reports, which may indicate to you the amount of waste and fraud and abuse within the department, that has occurred during the last 3 years of failed audits; that if we get the proper financial controls in place, those resources could actually be targeted to children and to education? Do you have any kind of an estimate as to what the loss may have been, over the last few years?

Mr. DAVIS. Mr. Congressman, I would hesitate to put a number on that. But let me assure you that even before coming to Washington, I had some concerns about that. Subsequent to arriving here, those concerns have been heightened.

I have had a chance to read the audit, from Ernst & Young. I do have some concerns that are deep concerns, and I do have some ideas about how to approach that. I would welcome the opportunity to have a chance to sit down and talk to you about the specifics of it, because very shortly, I will take some actions that will be aimed at addressing this very important issue.

Mr. HOEKSTRA. Good, I mean, that is encouraging. Because I do believe, and I think some of the other reports have indicated, the numbers are in the hundreds of millions of dollars that have been lost at the Department of Education, over the last few years. I think the first thing we want to do is make sure that we get those resources focused on our kids, focused on getting them effectively into the classroom.

As we indicated when you were at the Education Work Force Committee, I think the Education Work Force Committee and this Budget Committee are ready, willing and able to provide you with the resources that you feel that you need, to move this department off the dime to a point where maybe when we come back on Sep-

tember 30 of this year, and get an audit report in 2002, that we will have a clean audit.

I think you recognize, as well as we do, that if it takes us too long to get to the point where we have the appropriate financial systems in place, it then becomes your problem.

Secretary PAIGE. I am accurately aware of that.

Mr. HOEKSTRA. All right, thank you very much. I am looking forward to working with you on passing the parts of the education plan through the Education Work Force Committee. Thank you.

Secretary PAIGE. Thank you.

Chairman NUSSLE. Mr. Holt.

Mr. HOLT. Thank you, Mr. Chairman, and thank you, Mr. Secretary.

In our previous discussions, we talked about some of the Federal role in education. You had spoken earlier about some of those resources and technical help.

One area that it seems pretty clear that local school districts need help with is in teacher recruitment, finding and training excellent teachers.

No local school district can deal with, or no combination of local school districts, can deal with the need for 2.2 million new teachers in the next 10 years; many of whom will have to be trained in science and math and areas that I think are very important to our children's development.

You mentioned a few minutes ago that you had \$2.6 billion for teacher quality. I wanted to understand that a little bit better. Since we have to make some decisions and go to work before April 3, I would like to know how much of that money is new.

Considering that there is only about \$2.1 billion new dollars above the current appropriated amount that is in the proposal, how much of the \$2.6 billion for teacher quality is new?

Secretary PAIGE. Most of it is a better use of the current dollars that are there.

Mr. HOLT. Do you have in mind, for this year or next year, programs to assist in the recruitment of new teachers?

Secretary PAIGE. I do have some very firm ideas about that, resulting from my 7-year experience as superintendent of several of the largest school districts in the United States. But a portion of this is going to be providing funding and advice, depending on these decisions to be made at the school or State level.

Personally, we believe that the teacher shortage is related, in large measure, to the choke point that we use to funnel teachers through to become part of the certification process. We believe that broadening the pool of applicants, and widening the choke points, so more people can come through, will go a long way in dealing with this shortage.

Alternative certifications systems, this is not just guesswork. Boston and the State of Massachusetts had a program that provided a \$20,000 incentive for people who come into the teaching workforce to become teachers.

Upon some study by, I think, Susan Johnson at Harvard, it was discovered that many of the people who came through that system, did not come through because of the \$20,000. They came through

because of the way around the certification process; the shorter trip to the certification situation.

So some of this is just not a matter of dollars. It is a matter of us looking at the system that we have imposed on it. We are imposing these kinds of restraints that create our own problem.

Mr. HOLT. Well, I look forward to working with you on that.

Now once the teachers are recruited, there is the training challenge. I was pleased to hear you say recently in our Education Committee that you would be willing to consider the provision that was in last year's Teacher Empowerment Act, that would allow some funds to be specifically directed toward science and math, since your plans would be to do away with the Eisenhower Program, per se. I was pleased to hear about that.

Let us turn to another area, I think, where there is a Federal role. This is following the lead of our Chair here and others, dealing with special education.

I really want to understand where you think we are going and should be going on this. As you know, for a couple of decades now, there has been existing law that the Federal Government would pay up to 40 percent of the cost of providing this special education.

Now you are saying that there may be as much as \$1.2 billion, I guess, additional for special education. As I see that, that is money that could be devoted to school modernization or special education.

Secretary PAIGE. Yes, that is right.

Mr. HOLT. If all of that were devoted to special education, in other words, we added the \$1.2 billion to the \$7.4 billion that the Federal Government currently contributes to special education, would the Federal Government have met its obligation? Would we be doing all that we should be doing to help the local school districts?

Secretary PAIGE. If we consider our obligation to be 40 percent of the funding that we promised, we would not be anywhere near it.

Mr. HOLT. OK, well, I guess I would argue then that we had better step back and take a look at our budget here, then. If we have a \$10 billion obligation or, let us say, something like \$100 billion over the next 10 years, of Federal obligation in special education, and it has been the law for 20 years, then we are falling way short.

You know, I do not want to get into class warfare type talk here. But if, in the President's tax cut, there is \$555 billion over 10 years for the top 1 percent, and only \$40 billion over 10 years for all of education strengthening and reform, and maybe \$10 billion or \$15 billion for special education, the ratio is 13 times as much given to the top 1 percent of the wage earners, as we are giving to new activities in education, including meeting our obligation in special education.

When the President says he is here to ask us for a refund for money that is left over, I think we have to look at what our obligations are, before we determine what is left over.

It looks to me like we have an obligation that you just said, that is on the order of \$100 billion, just for special education, and not even counting after-school programs; not even counting teacher recruitment or teacher training or a number of other needs that I can

assure you the school board members, the parents, and the teachers in my district will tell you, they need help with.

Thank you, Mr. Secretary. Thank you, Mr. Chairman.

Chairman NUSSLE. Thank you, Mr. Holt.

Mr. Kirk.

Mr. KIRK. Thank you, Mr. Chairman.

I share in Congressman Holt's commitment to special education. Under my predecessor in this office, Congressman Porter, we had that 40 percent commitment to special education. It was in the authorizing law, but we ignored it. We ignored it for 25 years.

Under Mr. Porter's appropriations leadership, we increased the percentage from 6 percent to 13 percent. We need to continue on that road.

But I would say, with regard to providing tax relief to Americans, the best education program is parents with a job. In my district, we have got the announcement today of Motorola firing 17,000 more employees. So the condition of this economy is something of great concern.

I represent the best educated zip code in the nation, in the 10th Congressional District of Illinois. We are so very happy that you are our Secretary of Education, and are taking over the helm.

Secretary PAIGE. Thank you.

Mr. KIRK. I was a teacher, in both nursery school and middle school. For me, I did leave the teaching profession. But if we had addressed some of the teacher development issues, which I want to raise with you, I might have stayed, and it is a concern.

But I want to raise another issue with you. We are so worried about the condition of our country's military and military pay, that it is taking top priority with us, and in the President's budget.

But there is another aspect of this budget, which is critical to the military family. I am very excited to see that the President put education at the top of his budget funding. There is a key program within the Department of Education called "Impact Aid."

Ninety-three cents of every dollar supporting our schools comes from raising local monies, from property taxes or State taxes.

What happens if you cannot tax the housing where those kids come from? In my district, the Great Lakes Naval Training Center is home to 50,000 recruits, and we cannot tax that housing, because it is Federal.

Secretary PAIGE. Right.

Mr. KIRK. So the Federal Government steps in and makes some payments.

In the Glenview, Highland Park, and Waukegan school systems in my district, we get some aid; but in places like the North Chicago school system, 33 percent of the kids, in some cases, are coming off of that Federal housing. So we really need to look at Impact Aid.

Where did the Impact Aid numbers go in your budget; and can you tell me your view on Impact Aid, and how it relates to the military life and quality of the military family?

Secretary PAIGE. Well, first of all, we see that as a direct Federal responsibility.

Mr. KIRK. Thank you.

Secretary PAIGE. We are responsible for that.

And if you survived middle school, I am very impressed.

[Laughter.]

Mr. KIRK. That is right. They were 10-year-olds, so they were rambunctious.

Secretary PAIGE. The Military Impact on Schools Association surveyed 20 of its members on their capital facilities finance needs, and estimated a cost of about \$310 million, to take care of that. We estimate that it will cost approximately \$50 million for the Indian lands and the condition of those.

So those are some very important direct responsibilities for the Federal Government. We are trying to address those in “No Child Left Behind.”

Mr. KIRK. For us, previously in the administration, the Impact Aid Program could sometimes be described as the red-headed step-child of the budget. I want to make sure that as we are concerned about the military family and military pay increase, that we are also concerned about their kids, and increasing the Impact Aid payments, and removing some of the bureaucracy.

Dr. Pickles, at the North Chicago school system, reports to me that she has got five or six full-time people, just working on the Federal paperwork, to keep the money flowing. I want to work with you to improve that situation, because these kids, who are the hopes of their military families, are so important to us, and their condition.

Turning to teacher development—or the lack thereof—that is one of the main reasons why I left the teaching profession. We have to look at the form, duration, participation and content of that teacher development. There is some exciting work happening in England on this, under Prime Minister Blair.

Can you give me your overall view on teacher development, and where we ought to go?

Secretary PAIGE. Yes, we, as a matter of fact, had a conversation by telephone with Mr. Blair’s education person, just yesterday. We talked about some corroboration in learning more about each other’s systems.

We think our greatest deficit in teacher preparation has to do with the content-specific capability on the part of teachers; a teacher training that empowers teachers and develops skills in their specific content, especially math, science, history, and courses like that.

We are appealing to the universities and other alternative delivery system, to provide some corroboration and guidance in the development of teachers. We are showing some successful models and encouraging them to adopt them.

Mr. KIRK. That is good. One of the school systems that I taught in was the Inner London Education Authority. Some of the new work happening over there, I think, is quite exciting and I am glad you are in touch with the Prime Minister’s staff on that.

For us in the 10th District, education is our “secret weapon.” We have the First in the World School Consortium. For many of our kids, we outrank any other country in performance on standardized tests, but we want to keep it that way.

Secretary PAIGE. Yes.

Mr. KIRK. Then in some of the other schools, which depend on Impact Aid, we have got to bring them up to that standard.

I do want to share Congressman Clement's commitment to the character education, which is so important in the Glenview and Arlington Heights school systems. I hope you keep that in mind.

Thank you very much, Mr. Chairman.

Chairman NUSSLE. Thank you.

Mr. Moore.

Mr. MOORE. Thank you, Mr. Chairman, and Mr. Secretary, welcome to our committee today. I appreciate your being here and your testimony.

I am from Kansas, and I want to add my voice to the chorus of voices you have heard today in support of full funding for IDEA special education.

To that end, I wrote a letter to then President-elect Bush on January 5, asking that he put into his administration's budget full funding at the 40 percent level of special education.

I think there is a growing consensus in Congress, and I think it is about time that we have this growing consensus in Congress, to finally live up to the promise that Congress made 25 years ago, and in which Congress has failed every year since then, for 25 years. This should not be a partisan issue at all.

When we talk about "No Child Left Behind," we should be ashamed of ourselves if we leave behind some of the most vulnerable in our society, and those are children with special needs. That absolutely should not happen, when we are talking about an era of surplus or projected surplus, and when we are talking about huge cuts.

I supported tax cuts last year. I will vote for tax cuts again this year; but that should not be the choice between huge tax cuts and full funding for special education. I hope you will take back to the President what has been said by the members of this committee, Republicans and Democrats today, who support full funding for education, Mr. Secretary.

My staff, I believe, forwarded to you a letter received from the Olathe United School District 233 of Kansas. Dr. George, who is the assistant superintendent of schools, raises several concerns in there.

I just wanted to really talk to you, I guess, about a couple of them. We certainly do not have time to review each of these concerns, but special education is one. I wanted to ask you just about a couple of others, I guess, very quickly here.

He says in his letter, "We have questions concerning annually testing every child in grades three through eight. Our State has a comprehensive system of testing. We do not believe that this extra testing will translate into learning. We are already testing, and the scores are published in the newspapers and in each school's report card. We would suggest that States be given some flexibility about which grades to test and how many grades to test. We believe the excessive reliance on State tests and Federal tests is a bit of over-kill."

Mr. Secretary, I guess my question about this is, how would the President's education plan take into account and treat States like

Kansas, that already have a quality testing program in place? Can you give us some insight there, sir?

Secretary PAIGE. Yes, first of all, we are not asking the States to abandon what they have done, and start all over again. We are, however, asking States to develop very crisp, clear curriculum standards and very clear performance standards for students. The measurement should be against those standards, to determine the extent of achievement or nonachievement against those standards.

We would be in firm disagreement with the superintendent's idea here. It appears that he is viewing testing, the way we are presenting it, as an appendage to the education system.

That is not the way we view it. We think testing is the other side of the coin of teaching. Teaching, absent testing, is teaching in the dark. We do not believe that students can go several years before we know that.

For example, standards research from Tennessee indicates that teacher effectiveness is the primary detriment of whether or not students learn. Teachers' effect on student achievement has been found to be both additive and cumulative, with little evidence that subsequent effective teachers can make up for ineffectiveness, earlier.

So we find that we cannot afford to go 2 years to find out whether or not the instruction has been ineffective. It may be, as evidence suggests, that this deficit that has been created there is beyond remediation.

Our idea about testing is measuring the extent to which the standards that the States themselves have set are being achieved. If they are not being achieved, we need to know immediately, so we can help the school develop some type of effectiveness, or help the teacher, or whoever.

Mr. MOORE. Thank you for answering that question. I will relay that information to Dr. George.

I wanted to make a comment to you. I noticed in the President's State of the Union Address, or at least his address to the Joint Session of Congress, that he mentioned a loan forgiveness program for new teachers.

Secretary PAIGE. Right.

Mr. MOORE. Last year, I introduced H.R. 687, called the Teacher Recruitment and Retention Act, which I have reintroduced at this time.

I guess I would ask you, and I do not frankly care whether it is my bill and I get credit for it, but I think, result-wise, we need to do something like that. Essentially, what my bill does is encourage this, and I got this idea, and I did not come with the idea myself.

I asked a group of students over in Lawrence, Kansas, last year, how many of these 25 students had considered going into teaching, and six raised their hands. I said, "How many of the six of you who raised your hands actually intend to do it?" Two raised their hands.

I said, "For the other of you, why would you not?" One said, "Because of the way teachers are treated in the classroom." One other student said, "Because I can make a lot more money doing something else besides teaching."

What this bill would do is provide loan forgiveness up to \$10,000, which I think woefully inadequate, but at least it is a start, for

somebody who gets in and actually teaches for 5 years. It would be over a graduated basis, over the 5 years.

I hope that you will look at that bill, or some similar bill, and ask the President to provide his support for that. I think this would at least provide some incentive to these people who get in.

I have seen the best of teachers in our district. Frankly, they are not teaching for the money; but they certainly need some assistance and some financial help. I think that goes a long way to helping them pay off their education loans. I would hope that you and/or the President would support a concept like this.

Secretary PAIGE. We will be happy to take a look at it.

Mr. MOORE. Thank you, sir, very much.

Chairman NUSSLE. Thank you.

Ms. Clayton.

Ms. CLAYTON. Thank you, Mr. Chairman, and welcome, Mr. Secretary. I am glad you are there. I want to pledge to be as cooperative and as encouraging for you to achieve your commitment to education. Also, your pledge to the President's commitment that "no child should be left behind."

To that goal, there seems to be some contradiction in terms of allocating resources to meet the goal that no child should be left behind.

I have three questions. First, I want to follow up on the question of the Impact Aid. I used to have two facilities that were military in my district. I now have one. Always, there is not enough money. Can you answer specifically how much money is proposed in the budget for Impact Aid?

Secretary PAIGE. I must apologize, but I am unable to answer specifically, because that information will not be available until April 3.

Ms. CLAYTON. But in your framework, there is an allocation. Is it something like \$700 million?

Secretary PAIGE. There is \$62 million there for construction, but that is limited to that aspect of it.

Ms. CLAYTON. Oh, OK, that is only construction?

Secretary PAIGE. That is right.

Ms. CLAYTON. Well, the figure I was given was inadequate, and that figure is even more inadequate. So the Impact Aid includes more than construction?

Secretary PAIGE. Yes.

Ms. CLAYTON. It has curriculum and other things?

Secretary PAIGE. That is right.

Ms. CLAYTON. If you could get that exact number to us before April 3, that would be helpful. I think it is floating around there somewhere.

Secretary PAIGE. We will get the information that we have to you. We will do it as early as tomorrow. We will not get the April 3 information until April 3, but the information that we have now, we will get to as early as we can.

Ms. CLAYTON. OK, well, just get what you have now. That would be good.

I want to talk about teacher development. I know that a lot has been said. I was really impressed with our young colleague, who had been a young male teacher, both in elementary and middle

school. I, like you, am always elated to see young people go into education.

Recently, I attended a conference about teachers and the quality of teachers. The teacher development is in two parts. Many of the educational institutions themselves began to question the accountability as shown only in testing, particularly the kind of testing that we have.

They are not suggesting that you should not have testing. What they are suggesting is that the emphasis should be made in teaching a core curriculum that has basic standards in science and math and analysis that allow young people to compete for the 21st century.

Testing is a more relevant exercise of whether the schools are being accountable in preparing our students; rather than a test for the test's sake. Many of the tests are now tests for the test's sake. There is a whole industry around "getting prepared for that test" as you well know.

But in rural areas, where I come from, the recruitment has to be placed. Otherwise, I am unable, in the rural communities that we have, to find incentives. Therefore, we will always be behind. Now in construction, we do not have the tax base. We certainly do not have the tax base to give supplements.

So we need, as my colleague was saying, not only the forgiveness of loans, but incentives for relocation, incentives for housing, and incentives for a number of things that compensate for not getting the big salaries that you can pay in your district rather than in my district, and I know you want more.

So is there any sensitivity to the rural communities and the gap being even wider there? Since I mentioned the gap, it is also wider in terms of access to the Internet in reference to teaching through the utilization of the information technology. All of that enhances our students' ability to be competitive in the 21st century. I wish you would speak on that.

Secretary PAIGE. Yes, I would be very pleased to. We are very sensitive about rural and small systems, because they have children, too. When we say, "No Child Left Behind," we mean those, as well. So the language will be such that it provides access to these dollars for these smaller systems.

You brought up what I think to be the wave of tomorrow in assisting with situations like this, and that is the technology.

Even in urban systems like our own in Houston, we found that to be a wonderful way to get resources to students who otherwise would not have it.

For example, students who were interested in taking courses for which we could not find teachers, instead of transporting them all across the city by bus to a place or a school where they did have that course, we could bring the course to them, through the Internet. That is going to provide, I think, wide access to small and rural systems in the future.

Ms. CLAYTON. But the schools have to be wired in order to get that.

Secretary PAIGE. That is right. We are also making provisions in our technology initiatives to be able to assist with that.

Ms. CLAYTON. Have you increased your technology and your centers of excellence, or are you decreasing them?

Secretary PAIGE. We have combined it, so that it will give more flexibility to the people on the scene, to be able to make their customized decisions about how to use those dollars.

Ms. CLAYTON. I know about the flexibility, but how about increasing the dollars? Did you actually increase dollars for the community centers of excellence?

Secretary PAIGE. I will try to get a specific answer. We are not talking about the e-rate. We are just talking about the ones in our department. Let me get that information for you. I do not have it, at this moment.

Ms. CLAYTON. OK, and you were about to offer something else, which is equally important. As a superintendent, you know the e-rate indeed was a part of that. So what is happening to our e-rate to compliment that?

Secretary PAIGE. We are in the process, at the moment, of combining the e-rate with this consolidation issue.

Ms. CLAYTON. Bringing that in?

Secretary PAIGE. It is just changing it, as it is presently operating. There was some thought about consolidating it with many of the programs that are in the Department of Education. That discussion is discontinued.

Ms. CLAYTON. Would it mean that my schools will have access to the money or not?

Secretary PAIGE. The eligibility has not been changed. So the eligibility would be the same. If your schools were eligible in the first place, they will still be.

Ms. CLAYTON. Yes, they were.

Thank you, Mr. Secretary, and thank you, Mr. Chairman.

Chairman NUSSLE. Thank you

Mr. Price.

Mr. PRICE. Thank you, Mr. Chairman.

Mr. Secretary, let me add my word of welcome. I would like to raise some questions with you, if I might, about teacher recruitment and training, and revisit briefly also the Pell grant and Title I issues in this limited time that we have here.

I do want to lead with teacher recruitment and training, though. Like other members, I see a huge need out there in our country in the next decade. We are going to have to recruit 2.5 million teachers; 80,000 in North Carolina, alone. I must say, I do not know where those are coming from, and I do not believe anybody else does, either.

You mentioned in your response to Mr. Holt the need to make this certification process less cumbersome. We would be interested in your ideas on that.

It does strike me that there is a much more fundamental issue here. That is that the teaching career is not appealing to young people as they undertake their education.

I had an experience very similar to Mr. Moore's in my district with a couple hundred honor students in a predominantly African American liberal arts college. I asked them how many had even considered teaching a career, and four hands went up out of 200.

There are some programs in the States that have attempted to deal with this. In North Carolina, we have the Teaching Fellows Program. I am pleased to see that our new Governor, even in a time of great budget difficulty, is proposing expanding the Teaching Fellows Program.

This program identifies high school seniors, and offers them not just scholarship assistance, but also an extracurricular program that, throughout their undergraduate career, firms up that professional identity as a teacher. That program has produced thousands of good teachers, and has had great success.

I have introduced legislation called the Teaching Fellows Act, which would aim to encourage and expand such programs, or replicate them in other States and to reach into the community colleges, where I think often people who are training as teaching assistants or day care workers or others might be encouraged to go for the full 4 years.

Secretary PAIGE. Right.

Mr. PRICE. We have got to find teachers in some new places. We have got to, not just give them financial support, but other kinds of support to meet this crying national need.

I wonder what your thoughts are about the way the Federal Government might participate here. I notice in your budget, you have \$2.6 billion for teacher training and recruitment.

You have said here today, that is mainly to continue existing kinds of activities, with the class size reduction and the Eisenhower professional development programs. On another day, we can have a debate about the desirability of telescoping those two programs, or giving the States more flexibility on that.

What concerns me more about that budget figure is the sin of omission. I do not see much in the way of a new thrust here in teacher recruitment and training. I wonder what your thoughts are about that. In particular, might the Federal Government encourage programs like these teaching fellow programs in the States?

Secretary PAIGE. Well, I think the quality of these different programs should be judged by the people on the scene. If the programs are judged to be effective, they should have the flexibility from the Federal Government to fund those programs and to put them in place.

I think that the teacher shortage situation is related to the regulations that govern it. In our own district in Houston, the alternative certification system produced a large number of teachers; people who had gone into the work place, but decided later to change professions and go into teaching.

As a Dean of a college of education for 10 years, that supplied 25 percent of the teachers that worked in this system, I arrived at a point where more than 50 percent of our teacher candidates were people coming from other professions, and returning to become certified to go into teaching.

We may have to reshape our thinking about this somewhat; and maybe our great pool of teacher candidates will not be found in the 18 to 24-year-old population that we now see as going to college and deciding early on to go into teaching.

It may be that those going into the workplace, deciding that they are not fulfilled by the kind of jobs that they have, and they decide to make a change and to come into teaching.

Wendy Colp, with Teach for America, also is another place to look. She seems to be successful in going out to recruit young people, just coming out of college, and even those who had given no thought at all to coming into teaching.

Of the 200 or so Teach for America students that we use each year in the Houston Independent School District, if you had asked those 200 people, when they were going into that freshman year, which of those wanted to be teachers, none of them would have raised their hands. But after they came into the teaching workforce, about 50 percent of them stayed.

Mr. PRICE. I appreciate that observation, Mr. Secretary. I do think that you are right. We are going to have to look for teachers in new places.

I also think, though, that there are some promising State-level programs that do aim at those undergraduates, and encourage them to consider a teaching career. I would hope that we could give some encouragement to that effort, as well.

Secretary PAIGE. Absolutely, we will.

Mr. PRICE. Let me move on and ask you to revisit the Pell grant issue. I understand you are looking at a \$1 billion increase in Pell grants, overall.

How much would that allow us to increase the maximum grant? I understand the CBO has estimated that it would permit maybe a \$150 increase in the maximum grant. Is that correct?

That would compare, of course, to the current increase of \$450, in the current year. I just wonder if that is adequate. What are your goals for Pell grants, after all? Is \$1 billion, permitting a \$150 increase, this administration's last word on this subject for the coming fiscal year?

Secretary PAIGE. I cannot say that it is the last word. I know that it is the information that we have now. The last word would be made available to us on April 3.

Mr. PRICE. Is it correct to say the \$1 billion that is currently proposed in your budget would permit approximately a \$150 increase in the maximum grant?

Secretary PAIGE. I am not certain of that. I will get that information and get it to you tomorrow, but I do not know that to be true, right now. I have asked both of these scholars, and neither of them could tell me.

Mr. PRICE. All right, my understanding is that CBO has made that estimate. I would appreciate your clarifying that.

Secretary PAIGE. We will clarify that. Mr. PRICE. I will have a couple of other questions for the record, which I would appreciate your attending to.

Thank you, Mr. Secretary.

Secretary PAIGE. Thank you.

Chairman NUSSLE. Mr. Secretary, this has been, I think, a great presentation. We really appreciate your testimony here today.

Let me just tell you that both you and President Bush have set a pretty tough goal. I mean, you did not say, "as many kids as pos-

sible not left behind." You did not say, "the highest percentage we have ever had not left behind."

You did not say, "You know, we are going to work very hard, and except for maybe the real tough cases not left behind." You and the President said, and we agree, that in this country, no child should be left behind. I have got to tell you, that is a tough goal.

We appreciate not having all of the typical qualifications put on a goal. It is a difficult one. We stand ready to be a partner with you and the administration to try to achieve that goal, because it is an important one for our future.

Just based on your testimony here today and the chance to visit with you, I want to wish you all the best. I am proud to have you at the helm to lead us to achieve this goal, and I appreciate your testimony.

Secretary PAIGE. Mr. Chairman, thank you for the opportunity. We also are continuing to invite your thoughts about it and members of the committee. So call our office, and we can have dialogue on any issue that they feel so fit.

Chairman NUSSLE. Well, you saw today there, we are not shy. We gave you a number of ideas, particular in IDEA, and we appreciate your consideration of them as we move forward. We look forward to working with you.

Secretary PAIGE. Thank you.

Chairman NUSSLE. Thank you very much.

Chairman NUSSLE. This is the continuation of the hearing on the President's budget for education.

We have three distinguished witnesses before us from the second panel. Chester Finn is the John M. Olin fellow at the Manhattan Institute and President of the Thomas Fordham Foundation, of which he is also a trustee; he is a distinguished visiting fellow at Stanford's Hoover Institution and he is on leave from the faculty at Vanderbilt University where he has been a professor of Education and Public Policy since 1981. We welcome you and appreciate your being with us today.

Lisa Keegan is also with us today. She is serving her second term as Arizona's superintendent of public instruction, right on the front line of what we have been talking about here today. In this capacity, she maintains general oversight of Arizona's annual \$4.5 billion public education efforts for students in K-12. In addition, she serves on the State's Boards for Universities, Colleges and Charter Schools.

We also will have with us momentarily the ranking member of the Education and Work Force Committee, the Honorable George Miller of California, who is well known in the United States Congress and the public as a leading advocate on behalf of education issues. We look forward to his testimony as well.

Why don't we begin with Mr. Finn. We will put your entire statement in the record and during your time, we would ask you to summarize and give us your best advice here today. We appreciate your attendance. You may proceed.

STATEMENT OF CHESTER FINN, JOHN M. OLIN FELLOW, MANHATTAN INSTITUTE AND PRESIDENT, THOMAS FORDHAM FOUNDATION

Mr. FINN. Thank you.

It is an honor to be on deck today with Ron Paige, Lisa Keegan and George Miller, three great education reformers. I notice that Secretary Paige was praised earlier for not being a theoretician. I guess I am guilty, at least in large parts of my life, of being a theoretician. I apologize and beg the committee's indulgence.

I think it is important to remind ourselves as we commence scrutiny of the fiscal 2002 education budget that the Federal Government is very much the junior partner in American education. This is exasperating to some who would like Uncle Sam to be in the driver's seat but that is not where he is. As a result, I think a little humility is in order with respect to what Washington can accomplish in this field.

In elementary and secondary education, there are really just a few areas where Uncle Sam tends to call the shots, notably in special education, much discussed today, civil rights enforcement, and in the areas of research, assessment and statistics. Everywhere else, the Federal role is supplemental, even peripheral.

The hard reality is that many of these supplemental programs, to everybody's great regret, accomplish very little besides the expenditure of tax dollars for worthy-sounding purposes. They are ineffective. In some cases, such as the big Title I Program, they have been ineffective for decades, despite the billions spent on them. The same is true of the so-called Safe and Drug-Free Schools Program, the Bilingual Education Program, the Regional Educational Laboratories, and I could continue.

By ineffective, what I mean is that these programs are not accomplishing their stated purposes. They are spending money, to be sure, giving people jobs, sometimes doing perfectly nice things for kids, like furnishing after-school programs, but they are not bringing about the primary results their creators had in mind or that their rhetoric implies they are accomplishing.

There is not a shred of evidence that America's schools are safer or freer from drugs as a result of the Federal program dedicated to this worthy cause. Kids are not learning English better or faster because of the bilingual education dollars. Particularly lamentable, in my view, is the 36-year failure of the Title I Program to narrow the achievement gap between disadvantaged youngsters and their better-off classmates.

Narrowing or eliminating that gap and thus helping to boost poor children out of poverty was the goal of President Johnson and the Congress in 1965 when they enacted the Elementary and Secondary Education Act with Title I as its centerpiece. Thirty-six years later, the Title I Program, now much larger, has accomplished next to nothing by way of gap narrowing and achievement boosting.

With the benefit of hindsight, I think we can begin to understand why. I think we can look at the assumptions that were in the minds of the Congress and the President in 1965, assumptions that might have made sense then, but seem plainly wrong today and I think go far toward explaining why Title I and so many other pro-

grams have actually accomplished so little and why they need radical overhaul.

Three assumptions are worth unpacking. First, it was assumed in 1965 that pumping additional dollars into schools and school systems would cause better academic results. Unfortunately, we know today that you can't take for granted that that kind of connection will occur.

Secondly, it was assumed that States and districts were both incompetent and untrustworthy when it came to the education of poor and minority children. Instead of being given additional money to spend as they saw fit, they were given it in the form of categorical programs that spelled out exactly where and how it must be spent. This is what led to the culture of compliance that Secretary Paige spoke about.

Third, it was assumed that the proper way to distribute Federal dollars was to hand them to public school systems on the basis of demographic and geographic formulas. Nobody thought to distribute the money directly to the eligible children or to specify that it go to the schools in which they were studying rather than the districts where they live.

Congress changed this assumption in 1972 for higher education when it adopted the principle of aiding the student rather than the institution. It has never been changed at the K-12 level, however, even though today millions of children go to schools other than the public schools in their neighborhoods.

Those three assumptions were written into law in 1965 and remain true central features of Federal K-12 policy today. Yet, it seems to me the world has changed since 1965 and since 1975 when the Special Education Program was enacted.

Children now attend many different sorts of schools in many different places. States are leading America's education reform. Academic achievement is everyone's focus. We know all too well that pouring more resources into one end of this pipe does not necessarily boost the learning that emerges from the other end.

Our Federal education policies represent a museum of antiquated assumptions and archaic practices. Is it any wonder that so few of our programs are effective, that so many are ineffective? To his credit, President Bush has proposed to change much of this. The sweeping reforms enumerated in his No child Left Behind package would go a long way toward bringing Federal education policy into the 21st century, modernizing the assumptions underlying those programs and changing their practices.

I especially salute its focus on academic results rather than inputs and the ways that he would empower districts and schools to concentrate on what they are accomplishing rather than on compliance with innumerable rules.

The President's budget appears to put more money into the areas he thinks need it most but he does so with the expectation that the necessary program reforms will be made before these additional monies are spent. It seems to me this is the centerpiece of attention today.

If the program reforms he has suggested and perhaps some other reforms get made in time, then the additional money will be worth spending in fiscal 2002. If they do not get made, frankly much of

that money will not be worth spending, except perhaps as fiscal relief for States and districts, which is not a bad thing to do but doesn't cause children to learn more.

If the programs remain substantially unchanged, I think we should be honest, they did not produce the desired results yesterday, they are not producing the desired results today, and simply adding more money tomorrow will not alter that sad fact. We need to understand the main reason they are not accomplishing what we would like: they rest on these outdated and incorrect assumptions about how the world works.

Let us change the assumptions and the ground rules before expecting money spent on these programs to be a good investment in the improvement of children's learning.

Thank you again for the opportunity to appear today. I look forward to your questions.

[The prepared statement of Chester E. Finn, Jr. follows:]

PREPARED STATEMENT OF CHESTER E. FINN, JR., JOHN M. OLIN FELLOW,
MANHATTAN INSTITUTE AND PRESIDENT, THOMAS FORDHAM FOUNDATION

Mr. Chairman and members of the Committee, thank you for the opportunity to testify today.

As you know, the Administration has not yet made detailed program-by-program budget recommendations for fiscal 2002. It has, however, indicated the order of magnitude of the spending that it proposes for education in general and the U.S. Department of Education in particular; it has spelled out its top priorities in this area; and it has given specifics for certain programs. It is time, therefore, for a preliminary appraisal.

Let's remind ourselves that the Federal Government's involvement with and spending on education go a lot farther than the Education Department's budget. Hundreds of education programs are scattered far and wide across the executive branch. Obvious examples include the Head Start program in H.H.S., the billions that flow into biomedical research in U.S. universities via the National Institutes of Health, and the many science and math education programs at the N.S.F. Less obvious examples include the Defense Department's overseas schools, the Agriculture Department's graduate school, and various of the Labor Department's job training programs.

It's important also to remind ourselves that, despite this far-flung array of programs and activities and the sizable sums spent on them, the Federal Government remains very much the junior partner in U.S. education. This is frustrating to people—including more than a few Members of Congress and the Executive Branch—who would like for Uncle Sam to be in the education driver's seat. But that's not where he is or ever has been and, barring major rewritings of both the Federal constitution and fifty state constitutions, that's not where he is going to be tomorrow. A little humility is therefore in order with respect to what Washington can accomplish in education. With trivial exceptions, the Federal Government runs no schools, hires no teachers, publishes no textbooks, grades no kids, sets no graduation requirements, and awards no diplomas. Those are state, local and school-specific decisions about which Uncle Sam has surprisingly little to say.

Washington has involved itself on the periphery of education, however, since the Civil War, when Uncle Sam began to gather education statistics and subsidize the creation of land-grant universities. Over almost a century and a half since then, myriad programs have proliferated. Most of them seek to use Federal dollars to induce schools, school systems, states or universities to do something different than they otherwise would do, whether that's create drug-abuse prevention programs, supply extra help to low income children, investigate the causes of cancer, underwrite the development of new middle-school math and science curricula, or assist with the start-up costs of charter schools.

In K-12 education, there are just a few areas where Uncle Sam has become the senior partner, notably in special education, civil rights enforcement, and research, assessment and statistics. In higher education, of course, Washington plays a central role in aiding low-income students and paying for scientific research. Essentially everywhere else, however, the Federal role is supplemental and, for the most part, peripheral.

The hard reality is that many of these programs accomplish very little besides the expenditure of tax dollars for worthy-sounding purposes. They are, in a word, ineffective. In some cases, such as Title I, they've been ineffective for decades. They've been ineffective despite the billions of dollars expended on them. The same is true of the so-called Safe and Drug Free Schools Program. The same is true of the Bilingual Education program. And it's true of such small but persistent programs as the Regional Educational Laboratories. In fact, I could suggest a very long list.

By "ineffective," I mean above all that these programs are not accomplishing their stated purposes. They are spending money, giving people jobs, sometimes doing perfectly nice things for children and schools, but they're not bringing about the results that their creators sought or that their rhetoric implies they are accomplishing. There is not a shred of evidence, for example, that America's schools are safer or freer from drugs as a result of the Federal program dedicated to this worthy cause. Kids are not learning English better or faster as a result of Federal bilingual dollars. (Indeed, a case can be made that those dollars slow down their English acquisition.) Particularly lamentable is the 36-year failure of the Title I program to narrow the achievement gap between disadvantaged youngsters and their better-off classmates.

Inadequate academic achievement is, after all, the premier problem in American primary/secondary education, and the gap between rich and poor children is an especially vexing manifestation of it.

Narrowing or eliminating that gap, and thus helping to boost poor children out of poverty, was the goal of President Johnson and the Congress in 1965 when they enacted the Elementary and Secondary Education Act (ESEA), including its hallmark Title I program. (It was also the primary rationale for Head Start, originally part of the War on Poverty.)

Thirty-six years later, Title I, though much larger, has accomplished next to nothing by way of achievement-boosting and gap-narrowing. The main thing it's proven really good at is augmenting the budgets of nearly every school system in the land. Another thing it does well is tying state and local officials in knots of red tape. But it's not good at closing the rich-poor learning gap.

With the benefit of hindsight, we can see three big assumptions that President Johnson and the Congress made about Title I in 1965, assumptions that might have made sense then but that seem to me plainly wrong today and that go far toward explaining why the program has accomplished so little and suggesting how it should be changed before more billions are poured into it.

First, it was assumed in 1965 that pumping additional dollars into schools and school systems would cause better results to come out of them. Instead of focusing on the results, Congress focused on the inputs, taking for granted that improved achievement (or other desired changes) would follow. Regrettably, we now know that this simply isn't true.

Second, it was assumed in 1965 that states and districts were both incompetent and untrustworthy, especially when it came to the education of poor and minority children. So instead of being given additional money to spend as they judged best, they were given it in the form of "categorical" programs that spelled out exactly where and how it must be spent. Today, I submit, the real energy for education reform in this country is coming from states and localities, yet their Federal dollars remain tied up in categorical programs that often get in the way of their own priorities and programs.

Third, it was assumed in 1965 that the proper way to distribute Federal dollars was to hand them to public school systems on the basis of demographic formulas focused on how many children of one kind or another lived within the geographic boundaries of those systems. Nobody thought to distribute the money to the needy (or otherwise eligible) children themselves or to specify that it should go to the schools that they actually attend rather than the districts where they live. Congress fundamentally changed this assumption for *higher* education in 1972, when it resolved to aid students rather than institutions. But it has never been changed at the K-12 level, even though today millions of children go to schools other than the public schools in their neighborhoods. Today, however, their Federal aid doesn't accompany them to their charter school, their magnet school, their open-enrollment public school in another neighborhood or district, their cyber school, their home school or their private school. Because, it turns out, the aid isn't really theirs. It's still the school system's. Thus millions of low-income children receive no Title I aid at all.

Those three big assumptions—to focus on inputs rather than results, to mistrust the states and keep the Federal aid dollars tightly wrapped in categories, and to fund institutions rather than children—remain central features of Federal K-12 policy today.

Yet the world has changed since 1965 when E.S.E.A. was enacted and since 1975 when the predecessor of I.D.E.A. was enacted. Children now attend many different sorts of schools in many different places. States are now leaders of education reform. Academic achievement (or “value added”) is where everyone’s focus is. And we know all too well that pouring more resources into one end of this pipe does not necessarily increase or improve the learning that emerges from the other end.

Our Federal education policies, in short, represent a museum of antiquated assumptions and archaic practices. Is it any wonder that most Federal education programs are not very effective?

To his great credit, President Bush has proposed to change much of this. The sweeping reforms enumerated in his “No Child Left Behind” package would go a long way toward bringing Federal education policy into the 21st century, modernizing the assumptions underlying the programs and changing their practices as well. No, it doesn’t deal with everything—such as the sorely needed overhaul of I.D.E.A.—and it doesn’t go as far as I would wish in some areas, such as funding children rather than institutions. But it makes huge strides, particularly in its focus on academic results rather than inputs, and in the ways it would empower states, districts and schools to concentrate on what they’re accomplishing rather than compliance with myriad rules.

The President is a consistent man. His education policy package closely traces his campaign statements and proposals. He’s doing exactly what he said he would if elected. As I read it, his 2002 budget also tracks those policies and priorities, as it should. It puts more money into the areas that he thinks need it most and does so with the expectation that the necessary program reforms will be made in time to govern the actual expenditure of these dollars when the next fiscal year rolls around. As has been widely noted, the President’s 2002 budget also contemplates larger increases in education than in any other area. This, too, reflects his priorities, notably his belief that fixing our K-12 education system is America’s most urgent domestic priority.

If the program reforms that he has suggested—and perhaps some others—get made in time by Congress, the additional money will be worth spending. If they don’t, frankly, much of that money won’t be worth spending except as simple fiscal relief for states and districts. There are, of course, some areas where we can be reasonably sure the money will produce the intended result. I’m thinking of small programs operated directly by the Federal Government, such as the National Assessment of Educational Progress; of programs designed simply to transfer resources to people in the form of enhanced education purchasing power, such as Pell grants; and of programs where the mere expenditure of Federal dollars helps something promising to happen that otherwise would be harder, such as the creation of more charter schools. Even here, though, we should take care not to become softheaded or take too much for granted. What we should most want to know about Pell grant recipients, for example, is not how many of them attend college but how much they learn there, how much value their college experience adds to them. And excited as I am by charter schools, at the end of the day we want to know not just how many of them there are but how much and how well their students are learning.

What concerns me most, however, are the big elementary-secondary programs such as Title I, where we cannot count on anything much happening as a result of the Federal dollars being spent, and the I.D.E.A. program, whose noble purpose often blinds us to the problems that beset it. These are examples of programs in urgent need of basic rethinking and reworking so that we can have a greater confidence that the dollars spent on them will yield the desired results.

This is why I say that, if major reforms such as the President has proposed actually get enacted, then the additional investments he has called for—perhaps even more—will be worth making. If the programs remain substantially unchanged, however, we need to be honest with ourselves. They did not produce the desired result yesterday. They are not producing it today. And simply adding more money tomorrow won’t alter that glum fact. We need to understand that the main reason they aren’t accomplishing what we would like is that they rest on out-dated and erroneous assumptions. Let’s change their assumptions and their ground rules before expecting money spent on them to be a good investment in the improvement of children’s learning. Let’s also remain humble. With the few exceptions noted above, even new assumptions and changed ground rules won’t place Uncle Sam in the education driver’s seat. But how much better off we would be if he were at least a cooperative passenger rather than one standing outside the vehicle watching it go by while shouting at the driver?

Thanks once again for the opportunity to talk with you today. I look forward to your questions.

Chairman NUSSLE. Thank you.

Ms. Keegan, welcome. Your entire testimony may be made a part of the record. You may summarize as you would like.

STATEMENT OF LISA KEEGAN, SUPERINTENDENT, PUBLIC INSTRUCTION, STATE OF ARIZONA

Ms. KEEGAN. Thank you for the opportunity to be here with Mr. Finn and Secretary Paige. I have also admired Congressman Miller's stance on accountability.

I want to talk a bit about the plan and speak on behalf of what has happened in the State of Arizona and also on behalf of the Education Leaders Council, of which I am a member, a group of very reform-minded, results-minded school chiefs. We are much in support of the President's plan. I will talk about a few key features.

As Mr. Finn said, Federal involvement is not going to be the sole determinant in the improvement of our children's lives. As a matter of fact, I think it needs to be approached with great caution. I do think there are a couple of areas where when focus is properly placed, it can be very helpful.

The intention behind Title I is exceptional, to close the gap for disadvantaged kids. Unfortunately it hasn't worked. It can work, I believe, if we focus on the President's focus, an unapologetic attention to academic success, whatever it takes, students first.

Also, give the States, such as Arizona and others, the flexibility it requires to innovate in search of this goal. We cannot continue to simply do what we were doing yesterday and expect the same results. I think Einstein called that the definition of insanity. We have to change. We have had to do it in Arizona. We cannot do that when the Federal Government imposes on us a maintenance of effort strategy where I have to count heads for every program and make sure they are only working on those things they were doing yesterday.

My office has been completely realigned where we could around academic standards and around the choices we offer in Arizona. We have to have flexibility to do that. If we must keep people in programs that frankly don't work, are outdated, or no longer useful, it is a waste of their time and a waste of the taxpayers' money. Flexibility is critically important to us.

I want to talk about accountability and measurement. I realize for many this is a difficult issue. I think it speaks poorly for where we are in the United States that testing is controversial. You never go to a doctor and complain that he or she is spending far too much time on blood testing and x-rays and why don't we just get to treatment. There is no way to know where our children are unless we assess and measure them. Frankly, we simply have not done so in American education every year, every child in many places.

We started doing it in 1997 in Arizona and it immediately became clear to us that there was a decline in the academic achievement of our children starting just after the fourth grade. We went to the curriculum and could identify what was going on. There was a lot of philosophy being taught in the fifth grade and we stopped teaching content.

That is not just Arizona. That would indicate to us as a Nation, if we look at our curriculum, we can identify what is going on. I

think the reason we don't talk about this as much in the public debate as we do about IDEA, because we have several family members involved in special education. The reason we don't talk about it as much is because in IDEA it is easy for us to recognize it is simply underfunded. In the case of Title I, it is more than money. It is technique, philosophy, content and it is hard to get your hands around. The way you get your hands around it is with measurement.

We are deeply grateful in our State that the President is standing behind an effort we have been trying to put forward to assess all children every year and look at progress and to diagnose.

I heard Secretary Paige say we could close the achievement gap tomorrow if we would quit testing. That is the truth because we could ignore it. When you test all children every year, it is impossible to ignore.

I want to beg the members to continue to work on ways to allow for and include more choice. In Arizona, academic school choice is a fundamental part of our system. Our system is basically run around the idea that the money we fund students with belongs to the students' betterment. We fund students as they go to a school that works for them and deliver the money to that school. We then inform parents how that school performs, a fairly simple model.

It includes public charter schools, tax credits for scholarship organizations for those children who would choose a private school and could not otherwise afford it. It has resulted in Arizona in increased academic achievement. As a matter of fact, Arizona is one of the fastest improving States. We have a way to go but we are an improving State. We owe a great gratitude to our teachers for that.

The reason they are doing that is because we have made it possible, desirable and have injected competition for the work on behalf of children into our system. It makes a difference.

It is very important to note that in Arizona, our public charter schools are not only competitive with the traditional system, they may very well be outpacing them as far as growth is concerned, partially I believe because they are allowed to innovate, allowed to go around the system Secretary Paige was talking about in terms of who they hire as teachers. They bring them in with professional qualifications, not necessarily through the traditional certification route. We need to learn from that.

I also think it is important that the NEA last week put out a study saying 63 percent of the public was in favor of the President's choice idea exactly as it has been stated. For children in failing schools, a strong majority is saying absolutely these children deserve a choice. It is an urgent situation.

I want to end by saying how much we appreciate the President's focus on teachers. This is where it all happens. We do need to change our thinking about how we bring teachers into the system, get rid of what I think is a wall and create a broad funnel that brings teachers in from other areas. We need to innovate in the ways that we prepare our teachers, but most of all, we need to prepare our teachers in strong content, strong intellectual material and also glorify teachers on the basis of their ability to progress

students and nothing else. That is what they are there for, to benefit their students.

I think we need to strongly question those certification processes or endorsement processes that do not have at their core the progress of students.

Thank you very much for inviting me and I look forward to your questions.

[The prepared statement of Lisa Keegan follows:]

PREPARED STATEMENT OF LISA GRAHAM KEEGAN, SUPERINTENDENT OF PUBLIC INSTRUCTION, STATE OF ARIZONA

Mr. Chairman, Members of the Committee, it is a pleasure to appear before you today to discuss the President's proposed budget for the Department of Education. I am particularly honored to be sitting here with Secretary Paige, whose work and career I have followed for many years. His commitment to education is second to none, his enthusiasm is infectious, and students under his leadership excel. He is an excellent choice to lead the Department of Education into the 21st century.

Mr. Chairman, I must admit I was pleasantly surprised to be asked to testify before this committee, because in all my years as Superintendent of Public Instruction—and, before that, as a member of the State Legislature—I have rarely made the pitch that more Federal spending is what is needed to address the challenges facing education today. In fact, I made rather a buzz a year or so ago with a piece I wrote for the Fordham Foundation when I summed up the appropriate role of the Federal Government in education with the words, “back off.” Obviously, I have never been known for subtlety.

This advice, however, remains consistent with my belief that there can still be an appropriate, even successful, role for the Federal Government in education, provided that three things happen, and usually in this order:

- First, the President proposes budget priorities that encourage the academic growth of children, and not the explosive growth of educational bureaucracies.
- Second, that the Congress uses its legislative finesse and power of the purse to direct resources where they are most needed rather than where they are necessarily the most wanted.
- And third, that the U.S. Department of Education takes its role seriously in developing regulations and guidance that steer, rather than strangle, States, districts and schools.

In the case of the President's budget proposal, I think the first criterion for success has been met. The President has clearly stated that in his Administration, there will be no excuses for failure—socioeconomic status, race, ethnicity, or limited English proficiency will no longer be accepted, or blamed, as inhibitors of educational success. The President assumes, and then demands, that all children in this Nation will succeed.

And he has done this not by creating an endless number of discretionary set-asides, or by creating programs that worry first about maintaining existing bureaucracies or systems. Rather, he has trained his eye and his efforts on the child, and on working to fund priorities that look at the educational needs of children and what is required for them to succeed.

It is appropriate, then, that the President—and the First Lady—have made reading the first priority of his education plan. Reading is at the core of preparing children to learn for life—no one gets ahead unless they can read first, and the President has put up a billion dollars as a down payment to ensure that the kids get there. Almost a quarter of the total increase in educational spending will go into the President's reading initiative.

Reading and reading instruction are issues we as a nation have tinkered with around the edges for decades, and the fiasco regarding whole language probably cost us a generation worth of progress. The President has committed the resources necessary to ensuring that we can have every child in this nation reading by the time they reach the third grade, and it is a commitment I encourage you to help him meet.

However, the real showpiece of the President's plan, in my opinion, is its strong accountability mechanism. Accountability lies at the heart of true educational reform because it not only inherently demands success, but also provides the means of identifying the shortcomings in the system and where improvement is needed. We have had a strong accountability system in place in Arizona for a number of years,

and it has helped us shift the focus in our state away from looking for excuses toward looking for ways to succeed.

Using our state assessment system—a unique combination of two assessments—a criterion-referenced test measuring our rigorous Arizona Academic Standards and an annual norm-referenced test that delineates academic gain—we know which students in our state are succeeding and what it is they're learning. More important, it also tells us which students are not succeeding, and what it is they're not learning so we can work to fix it. This is a critical component of education in Arizona, and I am pleased to finally see it reflected in Federal policy.

One of the basic assumptions of our state's accountability system—and in the President's plan as well—is that all children can learn. We have the same expectations of all children, and—*horrors!*—we test *all* children. We really need to conquer this fear of testing. Testing is not just an intellectual exercise for students, nor is it a punishment. And blaming a test for low academic achievement is like blaming a fever on the thermometer.

When done well, testing is a useful and necessary tool in determining where we are as teachers, students, policymakers, and a nation. You cannot hold states accountable unless you have a valid mechanism for measuring success. Without testing, all we have are vapor trails of good intentions zooming off into the sky.

Therefore, I applaud the President's effort to encourage annual testing and I also believe in publishing the results of those tests in school-by-school report cards. We already issue report cards in Arizona, and we make them widely available through the Internet to anyone who wants to view them. School report cards have proved to be one of our most valuable tools in helping schools look at where they need to do better, and parents have indicated to us that they are the first thing they look at when trying to determine which school is best for their children. When moving into a new neighborhood, a parent can simply log onto our web page, type in the name of his or her school district, and pull up a report card on every school in their new district.

I am also pleased to note a new accountability provision in the President's budget request that not only imposes consequences on states and schools that do not make progress, but which also rewards states and schools that succeed. I must confess to being somewhat baffled by the conditions of the current school improvement law which say that the more you fail, the more funding you receive. While I understand and support the need to target funds to schools where they are most needed, such an approach sends a curious message to the school whose students made progress and received only passing notice, while the school down the street picked up an additional \$200,000 for failing. I recently heard from some superintendents in the rural southeastern part of Arizona who asked, "How come you and your staff seem to only visit us when we're doing badly?" and while that is not exactly true, I had to respond with, "Because that's when the law tells us to." I am pleased that, with this proposal, we can at last acknowledge excellence at the same time we are providing additional services to those schools that need help.

I would encourage the Congress to work carefully to ensure that any legislative proposals will reflect the President's commitment that, "accountability must be accompanied by local control, in both measures and means." While I am very pleased that the President, in his budget blueprint, has indicated that States will be given the freedom to use Federal dollars to create comprehensive systems of accountability, I would caution you not to be overly prescriptive in describing the nature of that system. Let the States decide what type of annual assessment works best for their students and schools in determining academic gain and excellence in student achievement. Such action would honor the work that states are doing now in moving toward high standards for all children, as well as the creation of statewide assessment and reporting systems. So please, let the States decide how they will test.

I am very encouraged by the provisions in the President's plan to empower parents and provide students and their families with more and more educational options. Choice is what we stand for in Arizona—it lies at the heart of everything we do. We have the largest system of public charter schools in the United States to give parents and students more options for the kind of school they want. We require all public schools in Arizona to have open enrollment policies and written protocols for accepting students from outside their home district. We issue school report cards to ensure parents have the information they need to make informed choices, and we provide tuition tax incentives that provide qualifying students with real choices of public and private schools.

I applaud the President and Secretary Paige's decision to continue the discussion on educational choice in the budget. The President has proposed allowing families in chronically failing schools to use the Title I dollars *that their own child generates* to pay for supplemental services or, perhaps, private alternatives. I am sure some

of the members of this committee had a visceral reaction to the last two words of that proposal, but please, keep talking about it.

In fact, I noted with considerable interest the results of a survey conducted for the National Education Association (NEA) which indicated that a clear majority of Americans support allowing parents of children stuck in failing schools to use tax dollars to send their children to any public, private, or charter school. According to the survey, the proposal enjoys the support of 65 percent of men, 63 percent of minority voters, 55 percent of Democrats, and 65 percent of independents. I think you will find the support for reasonable approaches to choice—including private education—is there.

As I mentioned, in Arizona, we have proved that students can be given private choices in a way that passes Constitutional muster. State law allows individuals to donate up to \$500—in exchange for a dollar-for-dollar tax credit—to non-profit organizations set up to award scholarships to at-risk students so they can attend private school. These things can be done in a way that is fair and without infringing upon First Amendment issues. Keep looking at ways to ensure those dollars support a student, not a system.

It is this point—watching out for the student, and not the system—which I want to reiterate as you are talking about both the budget and legislative proposals. I said earlier that Congress should work to send resources where they are needed, not necessarily where they are wanted. The President has proposed to dramatically increase funding for education, and I know some Members have discussed offering amendments to “fully fund” programs like Title I. But I’m telling you now, such increases aren’t meaningful if the funding never makes it to the child who generated the funding in the first place.

Congress needs to get over this recurring urge to hold everyone harmless when it begins allocating Title I funds. While States may certainly be held harmless, the children themselves certainly aren’t. Continuing to fund a state based on where its kids were years ago instead of where they are now means overpaying one state while underpaying another, and all at the expense of the disadvantaged student. It is the student, after all, who is entitled to the funds, not the State or a district. A hold harmless clause results in the funding of phantoms. Let’s allocate these precious funds based to those who need them—real kids in the classroom right now—and not to those who want them just because they’ve always had them.

The President has also encouraged choice by providing incentives for the growth of charter schools by providing seed capital for start up costs. As reported by the Congressional Research Service, one of the major reasons for closing charter schools has not been failure to perform academically, but rather insufficient costs for facilities, since most charters cannot rely on local taxes for their basic expenses. This provision in the budget helps address this significant need, although I want to alert the Congress that you will need to look at a number of other issues, including the method of allocating funding to school districts, to ensure that charter schools can draw down funds in a timely manner in order to deliver many of the services described in the budget.

The largest increase in the President’s budget goes toward teachers—recruitment, training, hiring and retention—and I couldn’t agree more that this is one area where we need to add some significant resources. We need to take a good hard look at the critical issues of training and retention, especially in the areas of mathematics, science, vocational education and special education. States need to take the initiative to return education to the teachers and make teaching an attractive profession again. Finally, we need to keep great teachers doing what they do best—teaching in the classroom, not administering programs or babysitting.

The \$2.6 billion the President is proposing for teacher quality is a good start, and I encourage the Congress to take full advantage of this investment of resources by crafting a flexible, quality program. No more overly prescriptive, formula-driven grants, such as the Class Size Reduction grant. Instead, allow States the flexibility to pursue initiatives to encourage innovation in the classroom, through programs such as Arizona’s Teacher Advancement Program (TAP).

The TAP program is an initiative we undertook last year with the cooperation of the Milken Family Foundation to revamp the current school structure in order to provide greater opportunities for teachers without asking them to leave the classroom. We can offer them multiple career paths, better salary compensation, and stronger support for new teachers. The TAP program lets teachers not only get back to teaching, but also allows them to take stronger roles in training other teachers, and sharing expertise with other districts. Importantly, the TAP program advances the importance of judging teacher quality on student performance. A successful teacher takes the child where she finds him and moves the child. Success for students is gauged in academic progress, and success for teachers needs to be based

on the same measure. This is just one example of an initiative Arizona could pursue more widely and freely with the flexibility provided in the President's proposal.

I also want to continue to encourage you to follow the President's lead in consolidating programs. I am pleased, for example, to see the President propose a merging of two programs that serve identical purposes—the 21st Century Community Learning Centers and the Safe and Drug Free Schools and Communities Act—into a consolidated grant. While the President has proposed making this a State formula grant, I would recommend either that LEAs apply directly to the U.S. Department of Education for this funding, as they do under the present 21st Century program, or that the State distribute its formula funds competitively. The onus would then be on the states to ensure that programs followed best practices in terms of prevention programs, and that grants would be made in a manner that ensured resources were adequate to meet the needs of the program, rather than just drizzling out of funds by formula, as under the current Title IV program.

I also want to credit the President and the Secretary for proposing that States be allowed to redirect resources provided for FY 2001 under the school renovation fund authorized in this year's Omnibus Appropriations Bill. Arizona received \$17.5 million under this grant, and the President has asked that States be allowed to use these funds for renovation or, if they so choose, for special education or technology. While my agency does not administer these funds—the Act required that we pass these funds through to the Arizona School Facilities Board—we would like further direction on how we might, for example, direct half these funds through to the Facilities Board for renovation, and invest the remainder in technology initiatives, such as our Regional Training Centers.

We've been talking a lot today about what we're spending, Mr. Chairman, but let me also talk a little bit about what we're saving. I've been a legislator, and I know there are lots of things that are nice to do with funding, especially at the Federal level where the funds are somewhat more impressive. The President has proposed budget savings of more than \$430 million in his education budget, mainly through the discontinuation of one-time and short-term projects.

I know it is difficult when negotiating a budget—and even more difficult when negotiating appropriations—to refrain from creating all sorts of little projects to appease all sorts of different constituencies. But I hope you can appreciate that what the President has done here is what States are asked to do all the time—make the most of the funding you have. To this end, the President has focused his efforts on long-term, big picture initiatives that will improve student achievement, hold States accountable, empower parents, and keep our teachers well trained. I urge you to concentrate on these initiatives, rather than winnowing money out on smaller projects. We don't need lots of small projects with even more reporting requirements and audit checks. Let's stay on task.

Mr. Chairman, I believe the President has given you a good start, and I hope the committee will include his recommendations in the FY 2002 budget resolution. It is now up to you, the Congress, not only to implement his budget, but also to develop many of the initiatives he discusses in his blueprint. I encourage the authorizing committees in the House and Senate to use the President's proposal as a guide when developing this year's reauthorization bills.

There is much that is promising in this budget proposal, and much that will require thoughtful deliberation by the Congress. As for those of us in the States, if you will provide us with the funding and flexibility proposed in this budget, I promise you we will ensure that our students have the tools they need to achieve and to succeed. We will implement the accountability mechanisms that quality education demands. We will make our teachers the best in the world. We will provide parents with information and choices they need to make the best decisions for their children. And I look forward to us doing it together, at the State and Federal level, in what is finally a true cooperative effort.

Mr. Chairman, thank you very much for the opportunity to speak with you today. I look forward to responding to any questions you and the Committee may have.

Chairman NUSSLE. Thank you.

I enjoyed your comments about what we expect and our expectations in 1965, 1975, 1985 and now. It reminds me of the phrase "If you always do what you always did, you will always get what you always got."

To some extent, I even have this belief that maybe it just takes a few more bucks. I do hear the concerns from our superintendents, our teachers, our instructors, our school boards back home that

say, "We are not making it." Mr. Clement from our committee mentioned music education. I am not suggesting this entire budget will pass or fail because of music education, but music and art are important, languages are important. Yes, it is reading, writing, arithmetic, certainly, but it may seem a few more bucks might help.

Second, your comment that the local areas are not trustworthy and that was kind of the belief in 1965. At that point in time, it was in direct regard to the treatment of minority students and students who were disadvantaged in other ways, maybe students with disabilities. Certainly, that was true but we still seem to have a certain level of, I don't know if mistrust is the right word, but certainly a belief that we know better out here how to manage it.

I am told by my local administrators that 6 percent of their budget comes from us but about 60 percent of the mandates and regulations come from us. We certainly have a lot of rules, regulations and things we believe they ought to be doing, but we are not putting the money behind it.

I am not arguing with your point that it is not just money; I am wondering what advice you would give us with regard to the prioritization of the resources that we send out? Should we try to give more advice and direction toward those resources based on the good testimony and information we get here, or should it be as flexible as possible to allow the local school districts and States to make those decisions?

Give me your advice based on what I said on how we should proceed with our budget. I will offer that to both of you.

Mr. FINN. There are some situations where the mere expenditure of money brings about a result that you may find desirable. If the goal is to have more children participate in after-school programs, for example, then adding more funds for children to take part in the after-school program may be thought to be successful.

A different question is whether sitting in an after-school program is sufficient or whether it is important for the children also to be learning something, doing their homework or in some other way benefitting from more than day care. That is where the questions get sticky in education, situations where mere delivery of the service is not sufficient and where an actual educational result is sought.

As far as basic strategy, it is foreshadowed in the part of the President's proposal called Charter States. I believe the basic strategy the Federal Government should be using for most of its education dollars is embodied in the theory of charter schools, which is to let them do what they want with the money but hold them strictly accountable for whether the desired results are produced.

Most modern corporations and other organizations function this way. They are loose with respect to means and tight with respect to ends. I think this strategy is the appropriate way to steer Federal education policy in almost all program areas. We have been doing it the other way around for 35 years, being tight about means—hence all those regulations—and loose about ends, hence the absence of results. I think we need to turn that upside down.

Ms. KEEGAN. I would second that. There are certain things, as we say in the State Department, that are nonnegotiable. That is the outcome. As a part of our role at the State Board of Education,

here are the standards for all students, not a few, this is where everyone is going to be, here is how we will measure that, here is what we expect and we have responsibilities to provide resources for that end, but after that, the maximum amount of flexibility in getting that done at the school level is critical.

We have a national, shameful problem in an achievement gap. We know from the educational science of the last 15 years that annual testing that allows you to look at gain of pupils and to ensure a rich experience each and every year is important beyond measure. I do not think it is an unreasonable request that all of us get together. On behalf of the Education Leaders Council, we endorse that idea fully of a picture every year of where these kids are.

In Arizona, we use the National Assessment of Educational Progress as a second snapshot of what is going on in Arizona. We like it and I would say as a national database, it is just about the best we have right now because there are bad tests out there, there is bad curriculum out there. To the extent we do not get together and show where kids are progressing, we will lose them.

I don't have any problem with nonnegotiables in return for the investment that is made to close this achievement gap, the investment you make in Title I, but I think our schools need to have flexibility to get there. We will demand the same from them.

Chairman NUSSLE. We have joining us a distinguished Member of Congress who takes a back seat to nobody when it comes to the advocacy of education. He is the ranking member of the Education Workforce Committee. We welcome you, and your entire statement will be in the record, Mr. Miller. We appreciate your attendance and look forward to your testimony.

**STATEMENT OF HON. GEORGE MILLER, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF CALIFORNIA**

Mr. MILLER. Thank you.

Let me see if I can pick up where my two colleagues left off and that is, I think the President has quite properly set a tone for education reform by concentrating on the results that we as policymakers, parents and hopefully children should expect when they attend a public education system in this country. That is that we would have high standards and measure whether or not children are making progress toward those standards.

I happen to agree with the idea that we would measure that annually so that we could on a real time basis direct resources to those children and to those schools who need it the most so that we don't end up with children at fourth or eighth grade who are 2, 3 or 4 years behind their peers, and in many instances with little hope of rescuing and recovering those children to a level that will allow them to benefit from the rest of their educational experience or to participate in American society.

The President has made it very clear that there are components to this system, that we need quality teachers, we need an environment that is conducive to education and we need to measure those schools with respect to that outcome and be prepared to take actions for those schools that fail the children in that quest for quality education.

We must also understand that if we want these real reforms, in many States, it is hard to think we are still talking this way now, but these are dramatic reforms from the way they are conducting business today; that if we want those reforms and want the results the President has said he wants, his budget simply does not provide the means by which we can achieve those results.

I have been very hard on schools and the use of money, hard on accountability, hard on the issues of performance and results for a number of years in this Congress. I would still have to tell you that unless we are prepared to dramatically increase the Title I contribution so that States can provide the resources to those schools most in need or as the President would say, the poorest children and the poorest schools, that simply will not happen and we will be back here after our reauthorization of ESEA this year 5 years from now looking at the same bowl of mush with respect to the performance of our children.

I do not think that is what President Bush wants, I do not think that is what this Congress wants, my colleagues are not for that. We have spent too much time and the fact of the matter is that today we have an alignment on behalf of education that we have never had before. Education continues to top out the polls no matter what you match it up with. The American public wants a first-class education for its children and its grandchildren, and it wants these schools fixed. I believe we have the political will to do that, and we also now have the surpluses available to do this.

When we were arguing about a "Nation at Risk," we were \$208 billion in the red. When President Clinton signed in Goals 2000, I think we were \$130 or \$140 billion in the red. We were talking about deficits as far as the eye can see. That has all now changed. Now, not only do we have both the will but we now also have the wallet.

Believe me, I know it is very popular in this town to say you cannot solve this problem by throwing money at it, but you cannot fix this problem without money. If you look at the poorest performing schools in this Nation, we need to recruit, retain and teach teachers in those schools. You are not going to do it without a new commitment of resources.

If you look at the condition of those schools, you have to understand, these kids are going to school in many instances in absolutely unacceptable environments. We have to change that and help school districts. Districts are trying to do it but we have to take the Title I portion of this program and make it realistic in today's rules for the results that my two colleagues here have talked about. If we are going to demand those results, those resources have to be there.

As I look at the outline of the President's submission of what we will see submitted in the future—I guess we do not have a formal budget but we have an outline—you are talking about doing this all for a new \$1.6 billion. It is simply not going to happen. I think we ought to keep the faith with the public.

I have introduced legislation that would spend \$110 billion of new money over a period of 5 years. In exchange for those resources, we ought to be very hard nosed about the results we expect, about the accountability we expect and the actions we are

prepared to take for those States that are not capable of doing that or those districts that won't or haven't done it.

We should make no qualms about that. We should be very forceful in that manner. Otherwise, we are not going to get educational reform. George Bush, Sr. started America 2000, and Bill Clinton converted it into Goals 2000. We put out a couple of billion dollars to get the States to come up with world-class standards, assessments and aligning them and to date, I think seven or eight States have started to comply with that. The rest have not done it.

I do not think we should go easy on these people any longer. It is too easy for Members of Congress to suggest we are only 7 percent of the money. In those Title I schools, we are a heck of a lot more than 7 percent of the money. We are the key to whether or not those schools get turned around. We have to understand we have a right to ask for these kinds of results in return for that Federal investment to try to help the poorest children and the poorest performing schools.

I would hope as you consider your budget resolution, you would immediately see the inadequacies on its face of the President's submission for the results that he is telling the Nation he wants and that we all share and that this Budget Committee would provide room in the budget so we can have real resources for real reform for real results for America's children.

That is outlined in my prepared testimony, and I thank you for the opportunity, and I thank my colleagues here for letting me make that statement. I would be happy to answer any questions the members might have.

[The prepared statement of Mr. Miller follows:]

PREPARED STATEMENT OF HON. GEORGE MILLER, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF CALIFORNIA

Thank you, Mr. Chairman and members of the Committee. I appreciate the opportunity to share my views on strengthening our nation's schools.

ONCE-IN-A-LIFETIME OPPORTUNITY

We now enjoy a once-in-a-lifetime opportunity to fundamentally improve public education in our nation.

As someone who has served on the Education and the Workforce Committee for more than 26 years, I can tell you that the stars of public opinion, political will, and budget surpluses are aligned behind education in a way that they never have been before.

We owe it to our children to seize this moment.

ENCOURAGED BY BUSH EMPHASIS ON EDUCATION

I have met with President Bush several times over the last few months. And I am deeply impressed his passion for ensuring that every child receives a high-quality education.

I am particularly heartened by his commitment to close the achievement gap—between minority and poor children and their peers.

The President says that we should have high standards for all students; that we should annually measure every students' progress toward meeting those standards; and that we should hold schools accountable when they fail to provide an adequate education.

I could not agree more.

IF WE EXPECT RESULTS, WE MUST PROVIDE THE RESOURCES

But to achieve the results we all want, we must provide the necessary resources—quality teachers and training opportunities; small class sizes; modern classrooms;

after-school and summer tutoring programs for extra help; and support services for troubled students.

And we must target those resources to where they are most needed.

Education reform without adequate resources is an empty promise.

That's why Dale Kildee, other Members of Congress, and I have introduced legislation—The Excellence and Accountability in Education Act (HR 340)—to double Title I funding for low-income children, invest in teacher training and smaller classes, provide salary bonuses and loan forgiveness to address teacher shortages, and invest in real reform at failing schools.

THE BUSH BUDGET FALLS FAR SHORT ON EDUCATION

Unfortunately, the budget proposed by President Bush shortchanges education.

It includes only \$44.5 billion for the U.S. Department of Education for academies year 2001–02, a 6-percent increase—less than half of the 13-percent average annual increases over the past 5 years.

In his joint address to Congress, President Bush characterized education as his top priority and his tax cut as money “left over.”

But, in fact, the budget outline he has submitted puts tax cuts first. Instead of sitting at the table, our nation's schools are forced to wait around and fight for scraps.

As President Bush and the congressional majority rush ahead with large tax cuts, the Administration has not proposed how it would spend two-thirds of Education's \$44 billion budget.

The President has not identified the \$433 million in cuts he promised.

And Congress has not agreed on an overall budget.

Over the next decade, President Bush would spend 13 times more on tax cuts for the top 1 percent of taxpayers than on his education reform initiative.

I am troubled and disappointed by these priorities.

President Bush's budget includes only a \$1.6 billion increase for elementary and secondary education, \$7.2 billion less than my proposal authorizes.

The additional \$7.2 billion in the Miller-Kildee bill could mean 1,600 more modernized schools; 16,000 more school counselors, 11,000 more qualified teachers, and 150,000 more children in after-school academic enrichment programs.

FEDERAL FUNDS SHOULD SUPPORT PUBLIC SCHOOLS

Second, I am concerned that President Bush's plan for education turns to private school vouchers as the solution to our troubled public schools.

Vouchers will help only a select few children; drain resources from the public schools that serve the large majority of children; and undermine accountability because private school students are not tested.

The Bush budget also includes Education Savings Accounts, which are “backdoor vouchers” that would effectively make private school tuition tax-deductible. ESAs would also overwhelmingly benefit upper-income families. These resources would be better spent on strengthening our public schools.

Third, I am concerned that President Bush would repeal our block-grant proven education initiatives, including class-size reduction, school renovation, after-school, and safe and drug-free schools.

Class Size and Teacher Quality. President Bush is proposing to consolidate the Class-Size Reduction and Eisenhower Professional Development program. This action in effect would create the largest categorical grant next to Title I. It may not be a bad idea in and of itself, and my sense is that in some form this idea could garner bipartisan support in both bodies.

But the Bush proposal in its current form fails to provide enough funding to continue reducing class size and expand professional development and training for teachers. Class-size reduction is a proven approach to improving achievement and teaching reading, especially for low-income children in early grades. But only if it is coupled with high standards for teachers and with quality teacher training. I hope we can reach an agreement that has all these elements: flexibility, accountability, and major new investment.

School Renovation. I think it would be a huge mistake if we were to adopt President Bush's plan to eliminate the School Renovation initiative we enacted only last year.

We face a serious, well-documented crisis in the condition of our public schools, which need \$127 billion in repairs.

But President Bush would redirect funds Congress has already appropriated for renovation to other needs, delaying resources from reaching schools and pitting schools' needs against each other.

After-School Programs. President Bush would consolidate the 21st Century Community Learning Centers and Safe and Drug-Free Schools programs. 21st Century centers provide a safe, healthy place for academic and artistic enrichment during the sometimes-dangerous after-school hours. Congress has recognized the success of this initiative by increasing its funding by over 2,000 percent over the past 4 years to \$846 million. Consolidating it would put the future of this young, promising initiative at risk.

Straight A's/Charter States. Finally, the Bush proposal includes the "Straight-As" block grant that abandons the national commitment to help our country's most disadvantaged public schools. The proposal would allow states to slash funding for poor schools in favor of affluent ones. It would allow states to take funds appropriated specifically for students with specific needs and instead use them for the general student population. It would allow states to convert part or all of Federal aid into private school vouchers, decimating public schools. And it would repeat the mistakes of the past, when block grants failed because they lacked the focus to stimulate real reform, accountability for results, or political support.

Higher Education. Finally, I would like to briefly note my remaining reservations with the President's budget. Although college-qualified, low-income high school graduates are still kept out of college by financial barriers, his budget includes an increase for Pell grants that will likely fall short of last year's \$450 increase. The limited resources in the Bush budget will make it difficult to substantially increase funding for special education, as President Bush promised to do during his campaign. And historically black and Hispanic-serving colleges would receive a much smaller increase than they have seen for the past 3 years.

Of course, the President's proposals are only a starting point for congressional action. Together, we can build on its strengths and remedy its shortcomings. I hope we will invest more in our public schools; reject the false promise of vouchers and unaccountable block grants; and, continue proven approaches to strengthening our schools.

I would be pleased to answer any questions you may have.

Chairman NUSSLE. Thank you.

Mr. Spratt.

Mr. SPRATT. Mr. Miller, before you came there was testimony from Mr. Finn to the effect that Title I really has not succeeded, we haven't closed the performance gap. I suppose that may beg the question as to whether or not the performance gap might be wider if it were not for Title I, but what is your observation, what is your perspective on Title I? Has it played an important role, has it achieved success?

Mr. MILLER. We have had some successes. They certainly are not what we would like. It certainly has not accomplished what it should have. Clearly, it should have accomplished more.

As Mr. Finn said, when we started we were sort of into serious micromanaging. We used to have what we called radioactive dollars which followed the child everywhere and you had to find out where they went and spend them only on those children. Since 1994, we have expanded school-wide programs and schools that can participate and trying to let people use their creativity recognizing children on the edge of poverty sometimes are in the same school, they may not qualify specifically for that program but can benefit from that.

We still have not demanded the results. Secretary Riley talked about every child, we should have high expectations for every child and we have to have world-class standards. I suggest to you that in this business, if you can dodge a bullet, they try to dodge the bullet. The districts have not been terribly high on accountability for the most part, the States have not been terribly high.

When I got into the fight over Edflex, Governor Bush was one of the few governors who was really prepared to hold himself accountable on desegregated data so we could really tell what the gap

was in the States. Most governors did not want to go near the notion of being held accountable for every poor child or every minority child, the majority child and what that gap is.

I think that you can argue this has certainly been less than a great success and the children who were targeted in this program have been shortchanged. I think they have been shortchanged financially but they have also been shortchanged on educational policy and demanding results.

That is what this reauthorization and this President is speaking to. That is what accountability is about and standards and testing is about as I think my two colleagues testified.

Mr. SPRATT. Mr. Finn, would you agree that one objective of Federal education policy should be to close the gap, to reduce the disparity in performance by whatever means but with the assistance of Federal funds?

Mr. FINN. I think this is an honorable and necessary national purpose and I think the Federal Government has a legitimate role in trying to make it happen. What grips me is 36 years of noble intentions and mighty little to show for it.

Mr. SPRATT. Ms. Keegan, did I hear you say Title I is producing results in Arizona? Are you using the program to good effect?

Ms. KEEGAN. We use it, yes, and I would say there are spotty results in Title I. Arizona overall is demanding now annual assessments with children. We demand that all schools are improving and coming up to standard, so yes, we are improving. I think that model would work well overall for all kids who are in Title I.

Mr. SPRATT. Do you think it has worked better since we have loosened the availability for having Title I schools as opposed to Title I programs within schools?

Ms. KEEGAN. Not necessarily. I have a different view about that. I think this money ought to accrue to the benefit of a student wherever that student is.

Mr. SPRATT. Do you think we diluted the program in making it available to too many schools as opposed to those that really had dramatic problems?

Ms. KEEGAN. Frankly, at times, but people would argue that my preferred choice of going right down to the student level is huge dilution. That is the amount of money that child carries with him or her, so there is a philosophical concern on my part. In Arizona, they move quite a bit, and choice is a component of our system more so than others. So if these students knew of a great program, particularly in the inner city this happens quite often where there is a great program being offered in a compensatory way by a particular social service agency, they could all congregate to that program and that program would not be diluted because the money would be portable for those kids.

So it depends on the State, Congressman. I do believe in the maximum amount of flexibility for the use of these dollars but as Congressman Miller has said, I don't think there is any need to apologize for an insistence on results.

Mr. SPRATT. Could I ask you this about IDEA? If we were to take the radical step of simply repealing IDEA, what would happen in Arizona? Would you maintain the same level of effort for special

education children, would your constitution in the State of Arizona still require you to provide them an equal education?

Ms. KEEGAN. Absolutely. We are dedicated to these children and one of the most important things that has happened has been the standards and assessment movement. We would continue to see to the best education possible for these students.

Frankly, I don't think that is ever going to happen. The requirements of that program should be focused just on academic and other needs of these kids. I would never advocate for the elimination of IDEA. I think its full funding is a necessary goal. I would love to see it but I also think an elimination or a serious study about some of the regulation that comes along with IDEA is in order.

Mr. SPRATT. I am not proposing elimination, but frequently the argument here is even if we went to that step, the States would still be saddled with the obligation by their own constitutions in many cases to provide an equal education and probably to spend virtually as much as you are spending right now.

Ms. KEEGAN. I would say these are not children we intend to leave behind. They are expensive children, but I do think there are some dollars being spent away from children because of current regulation.

Chairman NUSSLE. Mr. Miller, as I said in my introduction, there is not anyone in the Congress who is a stronger advocate for education. I certainly respect and appreciate that.

We have had some successes I think. I guess I am interested on your take on over the last 5 years we have had an average of 13 percent annual increase in education. I am sure if you and I sat down and made a list, we would probably think of a few things in addition that we could add a few more dollars for or priorities that maybe went unmet.

I guess the thing I am wondering about is if we are spending 13 percent for the last 5 years on average and are still not getting the results we need to get—we both agree we are not getting those results—what should we have been doing those last 5 years that could have achieved those results?

I respect the fact you come to the Budget Committee today and say, what the President put forward is not enough. If you had heard my questioning of the Secretary, particularly in the area of special education, I think you would have heard that not only from me, but a number of members of the panel, that there was some concern about that program. If 13 percent is not enough, what is enough?

Mr. MILLER. I think the difference is you now have an opportunity with the reauthorization going on at the same time of the Elementary and Secondary Education Act, including Title I, that we can for the first time to put in real rules of accountability in exchange for this money. That is the real difference.

I do not think it is fair if you are going to test kids, that they do not have an opportunity to learn what is going to be on the test or what is covered by the standard. If we have these world-class standards, then we have to have a curriculum that is aligned and we have to have teachers capable of delivering it.

In many instances in the Title I schools, that simply does not happen. Title I is given credit for cutting the achievement gap in over half of the time it has been in existence. People argue about that but you could argue things would be much worse in poor, minority schools without what we have done in the past. That is not good enough. We still see this gap. We want to improve it.

The question is, in the private sector when you turn around a business, very often you have to make an investment. When the Edison Schools are talking about going into New York, they are talking about putting in an up front investment of \$2 million per school; in California, half a million per school. We are talking about intensive training during the summer to get teachers ready for the Edison method of doing this.

You can agree or disagree with whether Edison makes sense or not or whether it is good or bad, but the fact is they are recognizing this kind of investment. We do not have a number for the Defense Department because they are going through a review asking the question, "What do we need to do the mission?" I think we have to ask the same question on behalf of America's children. What do we need to do this mission? If we are going to make that commitment of resources, then under what conditions should that commitment be made? That is what I think is different about now as opposed to the last several years because we really did not ask the second half of that question about results and accountability. If we were not going to get that, I am not for more money.

Chairman NUSSLE. The concern I have, we have 39 Federal agencies that are administering 760 education programs; we have 100 K-12 programs in the Department of Education alone; and that is not enough?

Mr. MILLER. It is not a question of whether it is enough; the question is whether they are high quality. Mr. Nussle, you know when you say 700-and-some programs, you're talking about the Forestry Service that has education programs for rangers on how to do watershed management.

Chairman NUSSLE. All right, so 759.

Mr. MILLER. It doesn't have much to do with public education in terms of the public school system and what we do, and this legislation.

Chairman NUSSLE. Let us just take the 100 K-12.

Mr. MILLER. That is why you have actively on both sides of the aisle, the administration and the Congress, discussions of consolidation of those programs. That is, in all likelihood, going to happen on a bipartisan basis in this markup. Those are the kinds of changes that people are looking at, looking at the results we want in measuring the districts and whether or not they are getting that result, and whether we are making progress with the children. You are not going to do it without the resources to change the structure of this system and get people qualified and credentialed.

Chairman NUSSLE. Let me ask you, Mr. Finn, we have 5 years of about 13 percent increases. Unfortunately, the philosophical discussion and the actual technical, practical discussion of what goes on in the classroom is fine for another day, we have to write the budget. What percentage do we put in? Did we get 13 percent worth of results, did we see a 13 percent decrease in the achieve-

ment gap every year that we have put that 13 percent in? Why haven't we seen the results for the kind of huge cash outlays that we have been putting into these education programs?

Mr. FINN. Because in many cases, you have been putting additional funds into programs that are ineffective and do not produce results. In some cases, you are putting increases into programs that simply redistribute resources, such as the Pell grant program.

In other cases, you are putting money into little programs that have been around for decades that do nothing good but they keep getting more money. I could cite the Regional Educational Laboratories, for example. They are eating up \$60 to \$100 million a year for nothing in terms of the goals we are talking about here today.

A serious round of program consolidation that doesn't get undone by earmarks, set-asides and things like that would make a very big difference. I think my difference with Congressman Miller, if I have one, is the chicken-and-egg issue. I see a strong possibility that additional money will be out there but the results still won't be because the programs still won't be different from the way they have been these 36 failed years. That is my nervousness about the larger budget increases that he is recommending.

Chairman NUSSLE. Superintendent Keegan, I am very intrigued by your IDEA comments, both from your practical and professional standpoint as well as your personal standpoint. Do you have any general advice for us from a budgetary standpoint on IDEA? The Secretary mentioned today that they were going to try some flexibility within IDEA, possibly also looking at some reformation of the definitions, labels, categories, things like that which tend to try and pigeonhole kids and put a label on so that we can follow them around and understand or think we understand what the label means.

Do you have any advice for us as we go down this road with IDEA?

Ms. KEEGAN. Mr. Chairman, we actually spend a lot of time on this in Arizona. Our identification rate in Arizona is just about 9 or 10 percent, a little bit below the national average. I do think the Secretary's comments about intensive reading programs for all kids across the board are important in speaking about kids who are being identified with a general and, what we call, soft learning disability. That oftentimes is a reading disability.

However, the children that are in categories, if you will—in Arizona, we are carrying about 13 categories, so it isn't just you all. This is driven by people with serious concerns about their children. Our family carries a genetic mutation for fragile X which is the single largest reason for inherited mental retardation. Several of my nephews are heavily impacted by this and they are in the public school system. They go through this every day.

I will tell you, it is fascinating to be in charge of the Special Education Department in Arizona and then see it on the ground with your children. What is interesting to me is that the assessment of these children has been critical because so often we see measurement as punitive, and literally parents are counseled out of measuring their children because that will be too stressful for them, but then what happens is there are no stated goals and there is no achievement acknowledged. Nobody knows where these children

are, and they have far more capacity in most cases than we give them credit for, as you probably well know.

So that is a difficulty for me. We have a lot of philosophical opposition to measurement as punitive on children that I think we need to get over. The group of parents that we brought together in Arizona was very interested in portability of special education funding. Parents know where the good programs are. They will get themselves into programs that work. I think we should acknowledge and congratulate that by making more special education dollars portable with kids so parents could make the selection.

It is very heavily regulated, the districts are usually always in charge of where the child services will be. I think that is unfortunate. Parents do know. Parents of disabled kids are highly involved, for the most part, with their children's education. They have good support groups. So we look to just give them the maximal amount of choices. If you can do that with the IDEA funds as well, I think it is of benefit to the kids.

Again, I would do that only with—assessments will be different for kids with special needs, but there ought to be a stated requirement that whatever assessments are possible need to follow these kids as well. These kids are entitled to assessment. They should not be kept from high expectation.

Chairman NUSSLE. Thank you.

Mr. Spratt.

Mr. SPRATT. One final question. You said you were sure if you and George Miller sat down and developed a list, it would be a long list of ideas. I think Mr. Miller already has his list drawn. I thought I would give you a chance, George, to just lay out what you are proposing, particularly for elementary and secondary education.

Mr. MILLER. We really know now there is a set of circumstances that are most conducive to a child receiving a good education. Obviously, I believe it is teacher centered, that you have to have a highly qualified, well qualified teacher. I am not talking about certification because sometimes you get certification and you don't have the qualifications to teach.

I think we have to be rigorous about having teachers who have subject matter comprehension, have a major or minor in that field or a rigorous State exam in that field before we think that they can teach.

I think you also have to have a decent setting. There continues to be evidence suggesting that small class sizes, maybe especially among poor and minority is helpful, but it is not terribly helpful without a qualified teacher. The small class size in and of itself doesn't give you the kind of benefit you would want for the cost to do that.

If you could reduce that class size and put a well qualified teacher in that position, then you have to have curriculum that works. One of the things maybe some day we will get to is the fact there is a lot of junk curriculum out there. There is a lot of pop art, if you will, about what to sell schools and school districts, but if you have that, you have a chance that child is going to succeed.

As we follow these children, we see where children are continuously exposed to high quality teachers of good competence, that these children advance. If they come from the inner city or from

the suburbs, they tend to learn like each other. There is not this great, expected disparity.

That is not to say that all children will succeed, but far more of them will succeed than we are willing to accept today. I think those are the key components. So those schools have got to have resources to bring about that kind of change. We have thousands and thousands of classrooms where we have unqualified teachers, we have a shortage of teachers for a whole host of reasons, and we have to be able to pay them, train them and put them in a decent atmosphere. You are going to need additional resources to truly get that done if you are going to do it in every school.

I could do it in selected schools within a school district. I am in the process of doing it in one very small elementary school in my district today. But if I do it across 15 or 18 schools that need it, there is not the money to do that. I suggest we make that kind of investment. I think we have to double the Title I appropriation. I think we have to greatly increase the amount of money both for class size reduction and for professional development of teachers; those two things go hand-in-hand.

I think we have to fully fund IDEA. If we just stay current, it is going to cost you a couple of hundred million but to go to full funding is about \$17 billion. So we are talking about real money, but it is very clear the school districts are moving money around, trying to accommodate the demands of IDEA.

Obviously we are all willing to look at changes in IDEA, but these are real, new dollars that have to take place for the reform. I don't know why when at this moment more and more people are putting value on education, when more people recognize that the education of their child or grandchild will have far more to do with their chance of success in this country than race, gender, or ethnicity. It is going to be about your education if you are going to participate in American society.

We don't ask what is it we need to get the job done. This committee may have a difference of opinion from me, but we have to start from there. I think we have to start talking about fully funding Title I. There is not a lot of point in taking full funding in Head Start and then dumping them into a lot of bad schools a couple of years later. You are not going to get a return on your investment. There are a lot of studies that show that is what happens, you don't get that return.

We have to talk about fully funding quality teachers. Unfortunately, today in too many locations, people make a simple, logical economic decision not to teach. That has to change. Certainly for Title I schools, we ought to be doing all we can to enhance that opportunity.

Chairman NUSSLE. I think we will let you have the last word on this, George.

Congressman Miller, Mr. Finn, Ms. Keegan, thank you very much for your testimony.

This hearing is adjourned.

[Whereupon, at 4:35 p.m., the committee was recessed, to reconvene at 1 p.m. the next day, Wednesday, March 14, 2001.]

