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REVIEWING THE PRESIDENT'S FISCAL YEAR 2013 BUDGET PROPOSAL FOR THE U.S. DEPARTMENT OF EDUCATION

HEARING

BEFORE THE

COMMITTEE ON EDUCATION AND THE WORKFORCE
U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED TWELFTH CONGRESS

SECOND SESSION

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REVIEWING THE PRESIDENT'S FISCAL YEAR 2013 BUDGET PROPOSAL FOR THE U.S. DEPARTMENT OF EDUCATION

Wednesday, March 28, 2012
U.S. House of Representatives
Committee on Education and the Workforce
Washington, DC

The committee met, pursuant to call, at 10:03 a.m., in room 2128, Rayburn House Office Building, Hon. John Kline [chairman of the committee] presiding.

Present: Representatives Kline, Petri, Biggert, Platts, Foxx, Goodlatte, Hunter, Roe, Thompson, Walberg, DesJarlais, Hanna, Rokita, Bucshon, Barletta, Roby, Heck, Ross, Kelly, Miller, Kildee, Andrews, Scott, Woolsey, Hinojosa, McCarthy, Tierney, Kucinich, Holt, Davis, Bishop, and Fudge.

Staff present: Jennifer Allen, Press Secretary; Katherine Bathgate, Press Assistant/New Media Coordinator; James Bergeron, Director of Education and Human Services Policy; Casey Buboltz, Coalitions and Member Services Coordinator; Heather Couri, Deputy Director of Education and Human Services Policy; Cristin Datch, Professional Staff Member; Lindsay Fryer, Professional Staff Member; Amy Raaf Jones, Education Policy Counsel and Senior Advisor; Barrett Karr, Staff Director; Brian Melnyk, Legislative Assistant; Krisann Pearce, General Counsel; Mandy Schaumburg, Education and Human Services Oversight Counsel; Dan Shorts, Legislative Assistant; Alex Sollberger, Communications Director; Linda Stevens, Chief Clerk/Assistant to the General Counsel; Alissa Strawcutter, Deputy Clerk; Brad Thomas, Senior Education Policy Advisor; Kate Ahlgren, Minority Investigative Counsel; Tylease Alli, Minority Clerk; Kelly Broughan, Minority Staff Assistant; Daniel Brown, Minority Policy Associate; Steven Byrd, Minority Detailee, Education; Jody Calemine, Minority Staff Director; Tiffany Edwards, Minority Press Secretary for Education; Jamie Fasteau, Minority Deputy Director of Education Policy; Brian Levin, Minority New Media Press Assistant; Kara Marchione, Minority Senior Education Policy Advisor; Megan O'Reilly, Minority General Counsel; Julie Peller, Minority Deputy Staff Director; and Laura Schifter, Minority Senior Education and Disability Advisor.

Chairman KLINE. A quorum being present, the committee will come to order. Good morning.

Welcome back, Secretary Duncan. We realize your time is valuable and we appreciate the opportunity to speak with you today about the president's budget proposal.

When we met this time last year we discussed the importance of using taxpayer dollars wisely, particularly in these times of economic instability. We identified areas of education spending that have failed to show results and stressed the need for an education system that is more accountable, transparent, and flexible. Most notably, my colleagues and I reiterated our support for a less costly, less intrusive federal role in the nation's classrooms.

The committee has since worked to eliminate unnecessary programs and reduce federal intervention in schools and colleges. As you know, we recently approved two pieces of legislation to rewrite elementary and secondary education law and also secured bipartisan House passage of a bill that will get rid of unnecessarily burdensome federal regulations affecting the institutions of higher education.

Regrettably, the administration has taken a markedly different course, advancing several programs and initiatives that make the federal role in education more costly and more intrusive. In his fiscal year 2013 budget proposal the president requests nearly $70 billion for the Department of Education plus an additional $13 billion in mandatory spending for Pell Grants, bringing the total to roughly $83 billion, a 40 percent increase in the department's budget from the time the president took office. Furthermore, the president requests another $65 billion in funds for new community college, teacher, and school construction programs as part of his American Jobs Act.

Despite ramping up funding for pet projects and unauthorized programs, such as Race to the Top, school improvement grants, Investing in Innovation, and others, I am disappointed the president's budget proposal once again neglects to increase support for Part B of the Individuals with Disabilities Education Act. Mr. Secretary, you and I have previously discussed the importance of this program, which helps States and school districts improve services and education access for students with special needs.

The administration couldn't be bothered to put even one additional dollar toward the IDEA Part B program, which benefits students in virtually every school in America, yet the president can find billions of dollars to put toward school construction and teacher union bailouts. It is unacceptable to continue defaulting on this obligation. We must stop wasting taxpayer dollars on new and ineffective programs, reassess our priorities, and make the tough choices necessary to uphold our commitment to all students.

I am also troubled by the department's newfound penchant for advancing programs and initiatives that further expand the federal role in education without any congressional input or engagement. The conditional waivers plan presents a clear example of this trend. Not only does the plan empower the Secretary of Education to unilaterally dictate federal education policy—with questionable legal standing—but the obscure process for granting these quid pro quo waivers leads me to question whether States are being pressured to adopt the administration's preferred reforms.

Furthermore, this waivers initiative distracts from House and Senate progress to rewrite K-12 law, which should be our shared goal. While areas of disagreement must still be addressed, both chambers have produced legislation to reauthorize the Elementary and Secondary Education Act. To cease working with us at this point signals a dearth of leadership in the executive branch.

The higher education proposals outlined in the present budget represent another expansion of federal authority that I fear will ultimately lead to more headaches for students, parents, and institutions. We all want to help more students realize the dream of a college degree. However, we must be extremely cautious about policies that manipulate student loan interest rates and use need-based student aid subsidies, such as the Perkins Loan and Work Study programs, as bargaining chips to impose federal price controls.

Addressing the challenge of rising college costs merits thoughtful discussion among leaders in Washington as well as State and higher education officials. We must expose and resolve the underlying factors that are fueling this trend. Students and their families need lasting solutions, not employ promises and short-term initiatives that kick the can down the road.

One area in which I believe we can forge agreement is the president's proposal to make higher education data more transparent and accessible for students and their parents. According to recent reports, a majority of student loan borrowers admit they didn't fully understand what they were getting into when they took out student loans. Republicans have long fought to help families and students access clear, comparable information about the real bottom-line cost of a college education.

I am interested in discussing this issue with you, Mr. Secretary, as part of a larger dialogue regarding responsible initiatives that meet the needs of students and taxpayers.

Improving education in America is a priority for everyone in this room. However, we cannot make progress in this endeavor if the administration continues to bypass Congress and promote its own costly education agenda.

I look forward to your testimony, Mr. Secretary, and hope we can find a way to move past what has become an increasingly bumpy road.

I will now recognize the distinguished senior Democratic member of the committee, George Miller, for his opening remarks.

[The statement of Mr. Kline follows:]

Prepared Statement of Hon. John Kline, Chairman, Committee on Education and the Workforce

Welcome back, Secretary Duncan, to the Education and the Workforce Committee. We realize your time is valuable and we appreciate the opportunity to speak with you today about the president's budget proposal.

When we met this time last year, we discussed the importance of using taxpayer dollars wisely, particularly in these times of economic instability. We identified areas of education spending that have failed to show results, and stressed the need for an education system that is more accountable, transparent, and flexible. Most notably, my colleagues and I reiterated our support for a less costly, less intrusive federal role in the nation's classrooms.

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secured bipartisan House passage of a bill that will get rid of unnecessarily burdensome federal regulations affecting institutions of higher education.

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Despite ramping up funding for pet projects and unauthorized programs, such as Race to the Top, school improvement grants, Investing in Innovation, and others, I am disappointed the president's budget proposal once again neglects to increase support for Part B of the Individuals with Disabilities Education Act.

Mr. Secretary, you and I have previously discussed the importance of this program, which helps States and school districts improve services and education access for students with special needs. The administration couldn't be bothered to put even one additional dollar toward the IDEA Part B program, which benefits students in virtually every school in America, yet the president can find billions of dollars to put toward school construction and teacher union bailouts. It is unacceptable to continue defaulting on this obligation. We must stop wasting taxpayer dollars on new and ineffective programs, reassess our priorities, and make the tough choices necessary to uphold our commitment to all students.

I am also troubled by the department's newfound penchant for advancing programs and initiatives that further expand the federal role in education—without any Congressional input or engagement. The conditional waivers plan presents a clear example of this trend. Not only does the plan empower the Secretary of Education to unilaterally dictate federal education policy—with questionable legal standing—but the obscure process for granting these quid pro quo waivers leads me to question whether States are being pressured to adopt the administration's preferred reforms.

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The higher education proposals outlined in the president's budget represent another expansion of federal authority that I fear will ultimately lead to more headaches for students, parents, and institutions. We all want to help more students realize the dream of a college degree. However, we must be extremely cautious about polices that manipulate student loan interest rates and use need-based student aid subsidies such as the Perkins Loan and Work Study programs as bargaining chips to impose federal price controls.

Addressing the challenge of rising college costs merits thoughtful discussion among leaders in Washington as well as State and higher education officials. We must expose and resolve the underlying factors that are fueling this trend. Students and their families need lasting solutions—not empty promises and short-term initiatives that kick the can down the road.

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Improving education in America is a priority for everyone in this room. However, we cannot make progress in this endeavor if the administration continues to bypass Congress and promote its own costly education agenda. I look forward to your testimony, Secretary Duncan, and hope we can find a way to move past what has become an increasingly bumpy road.

Mr. MILLER. Thank you, Mr. Chairman.

And welcome, Mr. Secretary, and thank you for spending time with the committee. First of all, I would like to thank you for your tireless commitment to improving education for all students. From children in early childhood programs to college students, I agree with you and President Obama that education is the cornerstone of economic security for individuals and for our country.

Just last week another report was issued on the importance of high quality education system and maintaining our nation's status in the world. An independent task force launched by Council on Foreign Relations found that the U.S. education system is facing a national security crisis.

The chairs of that report, former New York City School System Chancellor Joel Klein and former Secretary of State Condoleezza Rice, say that education failures pose several threats to our national security. These failures threaten our economic growth and our competitiveness and U.S. physical security and intellectual property.

The report found that among those who are qualified for the armed services, many are not academically prepared. An alarming 30 percent don't pass the military's aptitude test. Simply put, our students are not being prepared well enough to protect our national security or to compete in the global workforce.

As we all know the role of quality education plays in growing and maintaining a strong economy, a role that will only become more important over time. Yet last week the House Republicans introduced, and passed out of the Budget Committee for fiscal year 2013, a budget that threatens our education system and therefore the strength of our economy.

We should be investing in the education system. Instead, the Republican budget cuts Title I, denying critical support for thousands of schools and millions of children; cuts support to keep teachers in the classroom as opposed on to the unemployment line; cuts support for special education—the president may not have added money to special education but he didn't cut $2 billion, as the Republicans are doing in their budget—and support for students with disabilities and teachers who educate them and cuts access to Head Start.

The Republican budget also is devastating to higher education and slashes the Pell Grant program and eliminates eligibility requirements intended to ensure the students who need Pell the most benefit from the program. The Republican budget makes student loans more expensive for students with financial need by allowing the interest rate to double in July of this year and by removing the in-school interest subsidies.

We should not ask low-income and middle-income Americans to shoulder the burden of the entire deficit reduction while simultaneously delivering massive tax cuts to the richest 1 percent and preserving huge giveaways to oil companies. And yet, this is what the Republican budget will do and what the House was debating this week.

We know from the president's budget it doesn't have to be that way. We can be fiscally responsible as a nation while making strategic investments in our future if ideology does not trump what is in the best interest of America.

For example, the president's budget request makes important investments in early childhood education, allowing 960,000 young children, including approximately 114,000 infants and toddlers, to continue to receive comprehensive early childhood services. It ensures that individuals are educated and trained to work in this economy, and particularly the proposed Community College to Career Fund, which would help students gain critical job training skills that local businesses need.

It builds on responsible decisions that empower States, districts, and schools to pursue bold reforms and it continues to make higher education more accessible for families and students for whom a degree may have been out of reach. This includes providing affordable loans to students with financial need.

The president's budget request recognizes that a high quality education is absolutely critical to rebuilding our economy and strengthening the American workforce requires that we continue to invest in education. To ignore that connection would only mean negative outcomes for students, parents, and employers.

Mr. SECRETARY, as you know, the committee recently marked up two partisan pieces of legislation to reauthorize ESEA. The Democrats adamantly oppose the Republican bills. We believe that their proposals set low bars on quality, dismantle accountability, and are fiscally irresponsible.

With Congress at a standstill, your department took steps to grant States flexibility in certain parts of No Child Left Behind in exchange for adopting reforms that include college and career ready standards, new accountability and school improvement systems, and meaningful teacher and student leader evaluations. While I would much prefer the full ESEA reauthorization, I am pleased at the department's efforts to give schools the relief they so desperately need.

It shows that, despite partisanship in the Congress, the administration is moving forward and providing kids access to a world-class education. And between Race to the Top and your policy on waivers you have created more school reform in the States than any time in recent history—more school reform on the use of technology, on the use of data, on teacher preparation and evaluation than we have seen in the last 25 years.

And I am pleased that the waiver package includes policies to support this modern education system and to promote and protect our nation's economy and security. In the meantime, we in Congress have a responsibility to move serious reform, lasting change that will lead to a long-term student success.

The need is urgent and the time is short and I look forward from hearing from you, Mr. Secretary, how we can work together to make sure that our students succeed at their educational opportunities.

Thank you.

[The statement of Mr. Miller follows:]

Prepared Statement of Hon. George Miller, Senior Democratic Member, Committee on Education and the Workforce

Thank you, Mr. Chairman.

And welcome back, Mr. Secretary.

First, I want to thank you for your tireless commitment to improving education for all students—from children in early childhood programs to college students. I agree with you and President Obama that education is the cornerstone of economic security for individuals and for our country as a whole.

Just last week yet another report was issued on the importance of a high quality education system in maintaining our nation's status in the world.

An independent task force launched by the Council on Foreign Relations found that the U.S. education system is facing a national security crisis.

The chairs of the report—former New York City school system chancellor Joel Klein and former Secretary of State Condoleezza Rice—say education failures pose several threats to our national security.

These failures threaten our economic growth and competitiveness, U.S. physical safety and intellectual property. The report found that, among those who are qualified for the armed forces, many are not academically prepared—an alarming 30% don't pass the military's aptitude test.

Simply put: Our students are not being prepared well enough to protect our national security, or to compete in the global workforce. We all know the role a quality education plays in growing and maintaining a strong economy—a role that will only become more important over time.

And yet last week, the House Republicans introduced and passed out of the Budget Committee a fiscal year 2013 budget that threatens our education system and therefore the strength of our economy.

We should be investing in this system. Instead, the Republican budget:

• Cuts Title I, denying critical support to thousands of schools and millions of children;

• Cuts support that helps keep teachers in the classroom as opposed to the unemployment line;

• Cuts funding for special education to support students with disabilities and the teachers who educate them; and

• Cuts access to Head Start.

The Republican budget is also devastating to higher education.

• It slashes the Pell Grant program.

• It eliminates eligibility criteria intended to ensure that students who need Pell the most benefit from the program.

• And it cuts tens of billions of dollars in funding we already paid for.

The Republican Budget makes student loans much more expensive for students with financial need not only by allowing the rate on need-based loans to double this July, but also by removing their in-school interest subsidies.

We shouldn't ask low-income and middle-class Americans to shoulder the entire burden of deficit reduction while simultaneously delivering massive tax breaks to the richest one percent and preserving huge giveaways to oil companies. And yet this is what the Republican budget will do and what the House will debate this week.

We know from the President's budget that it doesn't have to be this way. We can be fiscally responsible as a nation while making strategic investments in our future if ideology does not trump what's in the best interest of children and families.

For example, the President's budget request makes important investments in early childhood education, allowing 962,000 young children, including approximately 114,000 infants and toddlers, to continue to receive comprehensive early education services.

It ensures individuals are educated and trained to work in this economy. In particular, the proposed "Community College to Career Fund" would help students gain crucial job training skills that local businesses need.

It builds on responsible decisions that empower States, districts and schools to pursue bold reforms. And, it continues to make higher education more accessible for families and students for whom a degree may have been out of reach. This includes providing affordable loans to students with financial need.

The President's budget request recognizes that a high-quality education is absolutely critical to rebuilding our economy and a strengthened American workforce requires that we continue to invest in education. To ignore that connection would only mean negative outcomes for students, parents and employers.

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It shows that despite partisanship in Congress, the Administration is moving forward with providing kids access to a world-class education. And I am pleased that the waiver package includes policies to support a modern education system to protect and promote our nation's economy and security.

In the meantime, we in Congress have a responsibility to move serious reform—lasting change that will lead to long-term student success. The need is urgent and the time is short.

I look forward to hearing from you, Mr. Secretary, about how we can work together to help all students succeed.

I yield back.

Chairman KLINE. I thank the gentleman.

It is now my pleasure to introduce our distinguished witness. And of course, the Honorable Arne Duncan actually needs no introduction to this body.

But, Mr. Secretary, I have to say, I was looking at my notes here and noticing that you were confirmed by the Senate on Inauguration Day—January 20th, 2009. That sort of puts you in the trenches very quickly.

Anyway, we are glad to have you back. Welcome. You know the lighting system very well. We will not gavel you down in the middle of your statement; we need to hear from you.

You are recognized, sir.

STATEMENT OF HON. ARNE DUNCAN, SECRETARY, U.S. DEPARTMENT OF EDUCATION

Secretary DUNCAN. Thank you so much, Chairman Kline, and Ranking Member Miller, and to all the members of this committee. I really appreciate the opportunity to talk about President Obama's fiscal year 2013 budget for our Department of Education.

This budget reflects President Obama's firm belief that our country has always done best when everyone gets a fair shot, everyone does their fair share, and everyone plays by the same rules. Our budget reflects the administration's dual commitment to reducing spending and becoming more efficient, and also investing to secure our nation's future. Investments in education are investments that strengthen our global economic competitiveness.

A recent survey by the Business Roundtable's Education and Workforce Committee, chaired by the chairman and CEO of ExxonMobil, Rex Tillerson, found that half of all U.S. employers report a sizeable gap between the current needs and the skills of their employees. According to the BRT, the United States ranks 52nd out of 139 countries on math and science education. If we can return to being a top performing education nation by 2025 it would help produce a 5 percent GDP increase in the years that followed.

And, Congressman Miller, you talked about the Council on Foreign Relations Task Force, and their findings are pretty stark. They found that the State Department is struggling to recruit enough foreign language speakers. They found that U.S. generals are cautioning that enlistees cannot read training manuals for sophisticated equipment. And a report from the 28th Airborne Corps

in Iraq found that out of 250 intelligence personnel fewer than five had the aptitude to put pieces together to form a conclusion.

Few issues—few issues touch so many parts of our lives, and few investments are as important to our safety and to our well being as education. Today all across America people are meeting the challenge of improving education in many different ways, from creating high quality early learning programs, to raising standards, improving teacher quality, aggressively closing achievement gaps, and increasing both high school and college completion.

While the federal government contributes less than 10 percent of K-12 funding nationally, our dollars do play a critical role in promoting both excellence and equity, protecting children most at risk, and more recently, supporting significant reform at the State and at the local levels. Our administration has used limited competitive dollars to encourage States and local educators to think and to act differently. And through programs like Race to the Top we have worked with governors and educators to jointly undertake bold systemic reforms.

As a result of Race to the Top, 46 States created comprehensive reform plans with buy-in from governors, legislators, local educators, union leaders, business leaders, and parents. For an investment of less than 1 percent of total K-12 spending we have seen more reforms across the country in the past couple years than we have over the previous decade. Even before we spent a single dime of taxpayer money 32 States changed over 100 laws and policies to improve the opportunities for children to learn.

We have also seen the transformative impact of Race to the Top in communities across the country from Ohio, where funds have helped rural districts partner on principal and teacher training, to Tennessee, where STEM coaches are helping to improve the skills of K-12 math and science teachers, and Georgia, where public-private partnerships have formed to prevent at-risk youth from dropping out of school. Race to the Top is making a big difference in the lives of children and transforming public education as we know it.

And I am happy to report that thanks to continued congressional support for comprehensive education reform we plan to use our fiscal year 2012 Race to the Top funds to do two things: to have both a district level competition, and also another round of Early Learning Challenge State grants. We are still working out the details and we look forward to updating this committee in the coming weeks with more information.

At their core, Race to the Top and other key reform programs are about spurring reform by rewarding success and giving flexible funding to implement good ideas developed by the local educators who know their communities best. Especially in tight budget times, we have to make more effective use of federal funds. Formula funds alone won't drive the kind of transformational reform our education system needs. We need to combine a strong foundation of formula funding with targeted use of competitive grant programs.

While we have strong and foundational formula programs to help low-income students, like Title I, we are better leveraging those dollars with reform programs like our Promise Neighborhoods ini-

tiative. And thanks to Congress, last year we were able to double funding for Promise Neighborhoods.

The growing income inequality in America over the past 30 years has led to historically high child poverty rates. Close to one-fifth of America's children live in poverty, and in some States poor children represent close to 50 percent of all public school students. That is both morally unacceptable and economically unsustainable.

Education is the great equalizer. If we ever hope to lift our children out of poverty we must give them access to effective schools and strong systems of family and community support. We think Promise Neighborhoods can help break cycles of poverty and I really appreciate your collective support of this initiative.

Moving on to ESEA, the administration remains committed to working with you on producing a comprehensive, bipartisan reform bill for the president to sign into law. But while you continue your important work towards that goal, State and local districts are bucking under the law's aged goals and top-down mandates. Despite our shared sentiment for reform and our longstanding work together to fix No Child Left Behind the law, unfortunately, remains in place 5 years after it was due for reauthorization.

As all of us know, our children only get one shot at a world-class education and they cannot wait any longer for reform. And that is why we have offered States regulatory relief from NCLB in exchange for reforms that drive student achievement. Working closely with Independent, Democratic, and Republican governors we have helped unleash energy and innovation at the local level as Congress continues to work to rewrite the law by giving States, districts, and schools the flexibility they need to raise standards, to better support teachers and principals, and to improve our nation's lowest performing schools.

Mr. Chairman, in your home State Governor Mark Dayton said this waiver will allow Minnesota administrators, teachers, and parents to work together in building a new system of accountability for schools which will lead to better education for our children and a better future for Minnesota. In Tennessee, home to two members of this committee, Governor Bill Haslam has said that the flexibility offered by our administration from ESEA will help improve education for all of Tennessee's students, and Tennessee's goal has been to become the fastest-improving State in the nation. And in Indiana State education officials have said that the administration is providing the regulatory flexibility Indiana needs to drive and improve student achievement.

The chorus of support for relief from the law is strong and widespread. So far, 37 States and D.C. have applied for flexibility and many more States are looking forward to that opportunity. Eleven States have already been given flexibility and we will continue working with all States to give them the freedom to implement locally developed reforms that will protect children and improve student achievement.

We also recognize that Congress faces some difficult choices with respect to the Pell Grant program, but we appreciate that the maximum Pell Grant award was maintained at its current level, which will help close to 10 million students across the country pursue higher education in the 2012-2013 school year.

Before I give you an overview of our budget request for next year I would like to take a moment to address an issue that could threaten our ability to prepare American students to compete in the global economy and undermine our nation security. Today our children are competing for jobs with children in China, and India, and Japan, and South Korea, and Singapore. We need to give our children every chance at success.

As all of you know, last week Congressman Ryan, whose leadership I respect, unveiled an alternative budget plan which you may soon be considering—may soon be considering here in the House. However well intentioned, the Ryan plan draws on the same flawed theory that led to the worst recession in our lifetime and contributed to the erosion of middle class security over the last decade, and it does so by, among other things, balancing the budget on the backs of America's children.

If the Ryan budget is voted into law we could see disastrous consequences for America's children over the next couple years. By 2014, Title I, which helps fund educational programs and resources for millions of low-income, minority, rural, and tribal children, could see a $2.7 billion reduction that might deny resources to over 9,000 schools serving more than 3.8 million students. Less educational opportunity is not what our children or our country needs.

Money needed to help pay teachers, tutors, and funds for critical afterschool programs might no longer be there and as many as 38,000 teachers and aides could lose their jobs. Funding to help educate students with disabilities, children with special needs who need the best, could be cut by over $2.2 billion, which would translate to the loss of over 30,000 special education teachers, aides, and other staff.

We know the importance of early childhood education, and yet 200,000 children could lose access to Head Start. Work Study funding could be cut by $185 million, potentially denying a meaningful path to make college more affordable for up to 129,000 low-income students. And TRiO, which helps prepare low-income and minority students to succeed in college, could be cut by $159 million, leaving 148,000 students in the lurch.

The Ryan budget could also cut $3 billion from the Pell Grant program, completely eliminating aid for 400,000 low-income college students and reducing assistance for close to 9 million more. And that is just the tip of the iceberg.

In short, passage of the Ryan budget would propel educational success of this country backwards for years to come, and that is simply a risk we cannot afford to take.

Likewise, we cannot—we cannot afford the disastrous across-the-board cuts known as budget sequestration to take effect next year. We must come together as a country to make sound bipartisan investments in education, not to perpetuate the status quo but to drive reform and to create new educational opportunity.

It is simply unfathomable to me that we would ask a generation of students to pay the price for adult political dysfunction, and I am asking for your collective help to make sure that doesn't happen. As I travel the country I hear a deep appreciation for the federal commitment to children and learning. Americans know that even—and maybe especially—in challenging fiscal times like this

we must educate our way to a better economy. They know that even as States face greater financial pressure than at any time in recent history we cannot put our children at risk, and so our budget reflects these aspirations and these commitments.

That is why we are requesting $69.8 billion in discretionary funding for 2013, an increase of $1.7 billion or about 2.5 percent from 2012. Our proposal seeks to direct funding to four key areas: supporting State and local reform in P-12 education, elevating the teaching profession, strengthening the connections between schools and work, and making college more affordable, which will see the largest share of our requested increase.

Fifty years ago college was maybe a luxury. Back then you could still graduate from high school and get a good-paying job that would guarantee you a place in the middle class.

Unfortunately, those days are long gone. A postsecondary education is the ticket to economic success in America. We know that the jobs of the future will all require some kind of education or training after graduation from high school.

And, while it has never been more important to have a degree, or a certificate, or an industry-recognized credential, unfortunately it has also never been more expensive. Since 1995 college costs across the country have risen almost five times faster than median household income.

As a result, students and their families are taking on more and more debt. Borrowing to pay for college used to be the exception; now it is the rule.

What is troubling is that not only are more students borrowing but they are also borrowing more, and we all have a role to play in making college affordable and keeping that middle class dream alive. It has to be a shared responsibility.

We need States to continue to invest in postsecondary education and training. We need institutions of higher education to do a better job of delivering high quality instruction at an affordable price to students of all backgrounds. And we need to arm parents and students with the consumer information they need to make smart educational choices.

President Obama believes that the federal government has an important role to play as well, and that is why we are providing billions of dollars a year in aid to needy students through Pell Grants. We are also helping students better manage their debt after graduation with programs like incomebased repayment and public service loan forgiveness.

While all these efforts are helping struggling students gain access to and afford college we cannot and should not do this by ourselves, and that is why the administration is proposing several new reforms to contain rising college costs. We are seeking to double the number of Work Study jobs for young people within 5 years. We want to make the American Opportunity Tax Credit permanent. And we want to provide new incentives for States and institutions to keep college costs from escalating continually.

The president's budget would also continue support for key programs supporting college access and completion for minority and disadvantaged students—programs like TRiO and GEAR UP and

Impact Aid. And President Obama's education budget will prevent student loan interest rates from doubling this summer.

As all of you here know, unless some action is taken, Congress has mandated that subsidized student loan interest rates will double starting in July of this year. With so many students already struggling to make ends meet and afford the skyrocketing cost of college now is not the time to heap more costs on top of them.

If Congress doesn't act soon over 200,000 students in Minnesota will see their student loan interest rates double, as will half a million students in California and over 7.4 million students nationwide. We must act soon and both the president and I stand ready to work with all of you to help solve this problem for America's students.

In addition to making college more affordable for millions of Americans our budget proposal will continue foundational investments in critical formula programs, like Title I and IDEA, as well as successful incentive-based reform programs at the P-12 level, like Race to the Top, and the Promise Neighborhoods initiative, and i3. Our proposal would also dedicate significant resources to transforming the teaching profession through a new program called RESPECT. That acronym stands for recognizing education success, professional excellence, and collaborative teaching.

Our goal is to work with educators in rebuilding the profession to elevate the teacher's voice in shaping federal, and State, and local education policy. Our larger goal is to make teaching among America's most important and respected professions. We know that is a lofty goal but we are serious about getting there.

If we are going to educate our way to a better economy we have to address the growing skills gap in America. There are at least 2 million unfilled jobs today in tough economic times because employers can't find workers with the right skills, preparation, and training. And that is why the president's budget includes key investments to help build partnerships between community colleges and local businesses so that they are training workers for the jobs employers need to fill now and in the future.

And finally, we are proposing increased investments in career academies, which have been shown to reduce high school dropout rates and prepare students for careers that lead to higher earning potential.

Our job is to support change with transparency with the right incentives, and we believe our budget proposal does just that.

The president believes that this is a make or break moment for the middle class and those who are working to reach it. What is at stake here is the very survival of the basic American promise, that if you work hard you can do well enough to raise a family, own your own home, and put away enough for retirement.

The defining issue of our time is how to keep that basic promise alive. No challenge is more urgent and no debate is more important.

We can either settle for a country where a shrinking number of people do really well while more Americans barely get by, or together we can build a nation where everyone gets a fair shot, everyone does their fair share, and everyone plays by the same rules. At stake right now are not Democratic or Republican values but

American values, and for the sake of our future we have to reclaim them. And at the heart of that effort is the commitment to support education.

Thank you so much for the opportunity. I look forward to your questions.

[The statement of Secretary Duncan follows:]

Prepared Statement of Hon. Arne Duncan, Secretary, U.S. Department of Education

MR. CHAIRMAN, RANKING MEMBER MILLER, AND MEMBERS OF THE COMMITTEE: Thank you for this opportunity to talk about President Obama's fiscal year 2013 budget for the Department of Education. While the President's overall 2013 request reflects his strong commitment to achieving long-term deficit reduction, his request for education recognizes that we can't cut back on investments like education if we want to ensure America's continued economic prosperity. Indeed, as he outlined in his 2012 State of the Union address, President Obama believes that education is a cornerstone of creating an American economy built to last.

President Obama's 2013 budget request

The overall discretionary request for the Department of Education is $69.8 billion, an increase of $1.7 billion, or 2.5 percent, over the 2012 level. Within our budget, which also includes requests for mandatory funding, we have four key priorities: (1) continuing to provide incentives for State and local K-12 reform, (2) improving affordability and quality in postsecondary education, (3) elevating the teaching profession, and (4) strengthening the connections between school and work and better aligning education and job training programs with workforce demands.

Providing incentives for reform

First, our request includes $850 million for Race to the Top, an increase of $301 million over the 2012 level, for additional competitive awards that would support groundbreaking education reforms in five core reform areas: implementing rigorous standards and assessments; using data to improve instruction; recruiting, preparing, and retaining effective teachers and principals; turning around our lowest-performing schools; and improving State early learning systems. In 2013, our budget specifically proposes to provide resources for the Race to the Top: Early Learning Challenge.

The 2013 request also would encourage reform and innovation through a $150 million request for the Investing in Innovation (i3) program to develop, evaluate, and scale up promising and effective models and interventions in the areas of improving early learning outcomes; increasing achievement in science, technology, engineering, and mathematics (STEM); and increasing productivity to achieve better student outcomes more cost-effectively. The i3 request also would support a new Advanced Research Projects Agency: Education, or ARPA-ED, which would pursue breakthrough developments in educational technology and learning systems, support systems for educators, and educational tools.

We also are seeking $100 million in 2013 for Promise Neighborhoods, an increase of $40 million over the 2012 level. The request would expand support for projects that provide a continuum of family and community services and ambitious education reforms designed to combat the effects of poverty and improve education and life outcomes, from birth through college to career, for children and youth within a distressed geographic area.

Affordability and quality in postsecondary education

A second priority in our 2013 request is improving affordability and quality in higher education. As President Obama said in his State of the Union address, "Higher education can't be a luxury—it is an economic imperative that every family in America should be able to afford." Unfortunately, the cost of college is rising to levels that are increasingly unaffordable for too many American families. Our work with you over the past 3 years to secure historic Federal investments in student financial assistance and tax credits have helped students and families deal with rising college costs, but Federal student aid cannot keep pace with these rising costs indefinitely. Instead, we need larger reforms that address the root causes of rising college costs, while also creating incentives to provide greater quality and value to students and preserve access for low-income individuals.

The President's 2013 request includes three proposals that would begin to support such reforms. First, we are asking for $1 billion to fund the first year of Race to

the Top: College Affordability and Completion, a new competition based on the successful Race to the Top K-12 model, to drive systemic State reforms that increase affordability, quality, and productivity while preserving access. Funds would be awarded to States with a strong commitment to, and a high-quality plan for, increasing college affordability and quality, which could be demonstrated in such ways as maintaining a consistent State financial commitment to higher education, improving alignment between K-12 and postsecondary education and across colleges, operating institutions that stabilize or constrain the growth in what students pay for college, publicizing institutional value in terms of the return on investment and other outcomes, and making use of data to drive policy. Funds would be used by States and public institutions to boost quality, innovation, and productivity and provide greater value to students through improved undergraduate experiences, new paths to credit attainment and degrees, and increased capacity, among other purposes.

Second, we would expand and reform the Campus-Based Aid programs—Supplemental Educational Opportunity Grants (SEOG), Federal Work-Study, and Perkins Loans—to provide $10 billion in student financial aid for use at those colleges that provide the best value to students by enrolling and graduating students from low-income families, restraining net prices, and demonstrating good value. Most of this expansion would come through reform of the Perkins Loan program, which would be operated similarly to the current Direct Loans program. We also are asking for a $150 million increase for Federal Work-Study, for a total of more than $1.1 billion, to support reforms that would encourage postsecondary institutions to offer students more meaningful work-study opportunities that will help to prepare them for work and life after graduation. This increase would start moving us toward our goal of doubling work-study opportunities for students within 5 years.

Third, our request includes $55.5 million for a "First in the World" fund that would help postsecondary institutions, including private institutions, and nonprofit organizations to develop, evaluate, or scale up innovative and effective strategies for improving college completion outcomes while lowering costs and increasing the quality and capacity of higher education. Awards could be used to support such activities as using technology to redesign coursework, improving early college preparation to mitigate the need for remediation, and developing and implementing competency-based instruction and assessment, among other activities. We also would reserve up to $20 million in First in the World funding to support innovative activities at minority-serving institutions.

These initiatives would help protect the significant taxpayer investment in Federal postsecondary student aid programs by creating incentives for States and public and private postsecondary institutions to provide good value to students at an affordable price and move us closer to meeting President Obama's 2020 goal for college completion.

Our 2013 request also would maintain our investment in Federal student aid, including full funding of the $5,635 Pell Grant maximum award in the 2013-2014 award year and the elimination of projected Pell Grant shortfalls for the 2014-2015 award year. The 2013 request would provide $22.8 billion in discretionary budget authority for Pell Grants, the same level as 2012, along with mandatory funding provided in prior legislation. The total amount available would exceed program costs in the 2013-2014 award year by $1.5 billion, representing the first step in addressing the funding cliff in 2014. Further, we would make a down payment toward addressing the long-term Pell gap through three reforms in the student loan programs: (1) expanding and reforming the Perkins Loan program, (2) limiting the in-school interest subsidy for subsidized Stafford Loans to 150 percent of the normal program length, and (3) reducing excessive payments to guaranty agencies that rehabilitate student loans. The mandatory budget authority and outlay savings from these proposals would total $14 billion over 10 years.

In addition to investing in Pell Grants, our request proposes to freeze the subsidized Stafford Loan interest rate, which is set to double on July 1, at the current rate of 3.4 percent. With the economy still in recovery, the Administration believes that it would be inappropriate to raise rates and burden students with greater debt at this time. The President's Budget also proposes to make the American Opportunity Tax Credit permanent, so that 9 million households can continue receiving up to $10,000 in tax credits for college over 4 years.

Finally, the President's budget also would continue support for key existing programs supporting college access and completion, particularly for minority and disadvantaged students. The request includes almost $840 million for the Federal TRIO programs and $302 million for the GEAR UP program, which together help one and a half million middle and high school students prepare for, enroll in, and complete college. The 2013 budget also would provide nearly $600 million in com-

bined discretionary and mandatory funding for the Aid for Institutional Development programs, which support institutions that enroll a large proportion of minority and disadvantaged students, as well as $221 million in combined discretionary and mandatory funding for the Aid for Hispanic-Serving Institutions programs.

Elevating the teaching profession

The third major priority in the President's 2013 request is to elevate the teaching profession so that all students have access to effective teachers. We have been working to help States and school districts implement performance-based compensation and strengthen teacher evaluation systems. While we remain committed to furthering these important reforms, we recognize that, on their own, they are too narrowly focused to affect the changes we need in the teaching profession to out-educate and out-compete the rest of the world.

We are proposing to jumpstart a transformation of the teaching profession through a one-time $5 billion mandatory initiative that would help States and districts pursue bold reforms at every stage of the profession, including attracting top-tier talent into the profession and preparing them for success, creating career ladders with competitive compensation, evaluating and supporting the development of teachers and principals, and getting the best educators to the students who need them most.

In addition, we are requesting a new 25-percent set-aside of Effective Teachers and Leaders State Grant funds under Title II of the Elementary and Secondary Education Act (ESEA). This increased set-aside—approximately $617 million in 2013—would fund efforts to recruit, prepare, and support effective teachers and school leaders; recruit and prepare effective STEM teachers; and enhance the teaching and school leadership professions. Our request also includes a $100 million increase for the proposed Teacher and Leader Innovation Fund, for a 2013 total of $400 million to support bold approaches to improving the effectiveness of the education workforce in high-need schools and districts.

Finally, our budget includes $190 million in mandatory funding in FY 2013 ($990 million over five years) for a new Presidential Teaching Fellows program that would provide formula grants to States that meet certain conditions to award scholarships of up to $10,000 to talented individuals attending the most effective programs in the State. These individuals would be trained in a high-need subject and would commit to teach for at least 3 years in a high-need school. To be eligible for funds, States would measure the effectiveness of their teacher preparation programs based on student achievement data of their graduates, among other measures; hold teacher preparation programs accountable for results; and upgrade licensure and certification standards.

Aligning job training and education with workforce demands

In addition to funding to reform traditional postsecondary education and reshape the teaching profession, the 2013 request for education includes key discretionary and mandatory investments aimed at improving the connections between school and work and strengthening the alignment of job training programs with workforce demands.

For example, the President is seeking $8 billion in mandatory funds over 3 years for a Community College to Career Fund, jointly administered by the Departments of Education and Labor, which would support State and community college partnerships with businesses to build the education and skills of American workers. Increased investment in community colleges would help ensure our country has among the best-skilled workforces in the world. I was pleased to see this concept incorporated into a bill recently introduced by Representatives Miller, Tierney, and Hinojosa. An additional $1 billion over 3 years would expand Career Academies and increase by 50 percent the number of students in these programs. For students at risk of dropping out, Career Academies have been shown to reduce dropout rates, improve attendance, and prepare students for careers that lead to high earnings.

And our discretionary request includes $1.1 billion to support the reauthorization and reform of the Career and Technical Education (CTE) program, which is currently set to expire at the end of fiscal year 2012. The Administration's reauthorization proposal would redesign and transform CTE to better focus on outcomes and career pathways to ensure that what students learn in school is more closely aligned with the demands of the 21st century economy, while creating stronger linkages between secondary and postsecondary education. The proposal would also promote innovation and reform in CTE.

Support for at-risk students and adults

Finally, the President's 2013 budget for education would maintain our longstanding commitment to formula grant programs for students most at risk of edu-

cational failure. For example, the request includes $14.5 billion for the reauthorized Title I College- and Career-Ready Students program (currently Title I Grants to Local Educational Agencies), as well as nearly $534 million to support new awards under a reauthorized School Turnaround Grants program (currently School Improvement Grants), which would help school districts undertake fundamental reforms in their lowest-achieving schools. We also are asking for $732 million for a reauthorized English Learner Education program, which would help States and school districts ensure that English Learners meet the same college- and career-ready standards as other students.

In Special Education, the $11.6 billion request for Individuals with Disabilities Education Act Grants to States would help States and school districts pay the additional costs of educating students with disabilities, while a $20 million increase for the Grants for Infants and Families program would complement efforts to improve State early learning systems through the Race to the Top—Early Learning Challenge program.

The 2013 request would also provide significant resources to help adults pursue educational and employment opportunities, including $595 million for Adult Basic and Literacy Education State Grants to help adults without a high school diploma or equivalent to obtain the knowledge and skills necessary for postsecondary education, employment, and self-sufficiency, and a total of $3.2 billion in mandatory and discretionary funds for Vocational Rehabilitation (VR) State Grants and complementary programs to help States and tribal governments increase the participation of individuals with disabilities in the workforce.

Elementary and Secondary Education Act reauthorization

In addition to our budget request, I want to briefly address the ongoing effort to reauthorize the Elementary and Secondary Education Act.

I spent many years in Chicago, implementing NCLB, and have traveled the country—including to many of your States and districts—since I have been Secretary, listening to parents, educators, students, and other State and local leaders. And, wherever I go, I hear that NCLB, while well-intentioned, has become an impediment to implementing reforms that benefit kids—that it sanctions schools, rather than encouraging and rewarding them, mislabels schools, and imposes "one-size-fits-all" mandates, determined in Washington, that don't drive reforms that benefit students.

NCLB was right to shine a bright light on achievement gaps and set a clear expectation that all students must learn to the same standards. Those were landmark changes, which brought a long-overdue focus on the needs of English Learners, students with disabilities, and other at-risk students. But that is not enough. If we are going to help children and families to improve their lives and at the same time ensure our country's continued economic competitiveness, we need to do everything we can to meet the President's goal that, by 2020, the United States again leads the world in the percentage of adults who are college graduates, which includes raising the bar and making sure that every student graduates from high school ready for college and a career—and NCLB isn't going to get us there.

We need to move away from a punitive law that is concerned almost exclusively about a single test on a single day, and toward supporting and rewarding schools' and teachers' efforts to help every student improve and reach their potential. And, while we must continue to demand strong accountability—in other words, results—for all students, and ensure dramatic interventions in the lowest-performing schools, we need to give States and districts much more flexibility in how they achieve those results.

That is why, two years ago, President Obama released our Blueprint for Reform, and has called for a bipartisan reauthorization of ESEA. Since then, the President and I have met multiple times with the bipartisan leadership of this Committee and the Senate Health, Education, Labor and Pensions Committee to work toward that goal. Because, in the long run, what is best for our country's children is a strong, bipartisan reauthorization of ESEA that addresses all of the problems with the current law. And, as long as both the House and Senate are moving in that direction, we will support you.

However, last September, in the absence of reauthorization, and recognizing that NCLB had become an impediment to reform, President Obama announced that we would invite States to request flexibility regarding certain NCLB requirements so that they can move forward with State- and locally driven reforms that will improve student achievement for all students, regardless of their income or race, or whether they have a disability or are English Learners, and increase the quality of instruction.

In early February, we approved the first 11 States for flexibility regarding NCLB's mandates. We approved these States because they've made commitments, each in ways that best fit their State and local situations, to moving forward and adopting innovative approaches to raising expectations for all students, incorporating student growth into accountability systems, and measuring teacher and principal effectiveness based on multiple measures, including student growth, to improve student achievement and close achievement gaps. These reforms can make a great difference in the lives of millions of children and their families, and we look forward to supporting States and districts in these efforts.

An additional 26 States and the District of Columbia submitted their requests for flexibility on February 28, and we'll be working with all of them to reach approval over the coming months, with the same goals.

Potential impact of the House Budget Committee FY 2013 budget resolution and sequester

Before I conclude my testimony today, I'd like to take a moment to address two issues that could threaten our ability to prepare American students to compete in the global economy and undermine our national security.

House Budget Committee FY 2013 Budget Resolution

As you know, last week Congressman Ryan unveiled his FY 2013 Budget Resolution, which the Budget Committee passed, and which the full House is expected to consider this week.

However well-intentioned, the Ryan plan is flawed and will create a significant burden on our ability to compete in a global economy by, among other things, balancing the budget on the backs of America's students.

If the Republican Budget Resolution is enacted, we could see disastrous consequences for America's children over the next couple of years.

By 2014, Title I, which helps fund educational programs and resources for millions of low-income, minority, rural, and tribal children, could see a $2.7 billion reduction that could deny resources to over 9,000 schools serving more than 3.8 million students.

Money needed to help pay teachers, tutors, and funds for critical after-school programs could no longer be there and as many as 38,000 teachers and aides could lose their jobs.

Funding to help educate students with disabilities could be cut by over $2.2 billion, which would translate to the loss of nearly 30,000 special education teachers, aides and other staff.

200,000 children could lose access to Head Start

The Republican Budget Resolution would also have a devastating impact on higher education:

It would cut almost $3 billion from Pell aid to students in 2013, eliminating almost 400,000 recipients, and reducing the awards of 9.3 million others. It would also hurt borrowers and students at a time when average student loan debt for a graduating senior is already more than $25,000.

Work-study funding could be cut by $185 million potentially denying a meaningful opportunity to make college more affordable for up to 129,000 low income students.

And TRIO, which helps prepare low-income and minority students to succeed in college, could be cut by $159 million, leaving 148,000 students in the lurch.

And that is just the tip of the iceberg. In short, passage of the Ryan budget would propel the educational success of this country backwards for years to come, and that is a risk we cannot afford to take.

Sequester

I am also concerned about the potential impact of a 2013 sequester on Federal education funding. While the Department has yet to complete a detailed analysis of how a sequester would be implemented, we believe the impact would be both significant and very negative. In a word, a large sequester could be devastating. It would jeopardize our Nation's ability to develop and support an educated, skilled workforce that can compete in the global economy. Along with other deep cuts in defense and non-defense spending, this potential harm to our economic competitiveness is why the threat of a large, indiscriminate sequester is a powerful incentive to spur action to reduce the deficit. By design, the sequester is bad policy, bringing about deep cuts in defense and non-defense spending and threatening continued economic growth and prosperity.

Although the Administration is continuing to analyze the potential impact of the sequester, the Congressional Budget Office has said that in 2013 it would result in a 7.8 percent cut in non-security discretionary accounts that are not exempt from

the sequester. It would be impossible for us to manage cuts of that magnitude and still achieve our fundamental mission to prepare our students from the earliest ages for college and careers.

For example, a 7.8 percent reduction in funding for large State formula grant programs that serve over 21 million students in high poverty schools and 6.6 million students with special needs could force States, school districts, and schools to slash teacher salaries, lay off teachers, or reduce services to these needy children. More specifically, the resulting cut of more than $1.1 billion to Title I could mean denying funding to nearly 4,000 schools serving more than 1.6 million disadvantaged students, and more than 16,000 teachers and aides could lose their jobs.

Similarly, for the critical Part B Grants to States program under the Individuals with Disabilities Education Act, the estimated 7.8 percent reduction in funding required by a sequester would mean the loss of over $900 million, which could translate to the loss of 10,000 special education teachers, aides, and other staff providing essential instruction and other support to children with disabilities. Because of the indiscriminate nature of a sequester, the story would be the same across all Department activities: we would no longer be able to provide essential Federal support that helps pay for the costs of educating students with disabilities, improving achievement for students from low-income families, turning around failing schools, advancing education reforms designed to help our kids compete in the global economy, supporting the students of military families, providing work-study jobs for postsecondary students, or helping parents pay for college.

It's also important to note that even without the sequester, non-security discretionary spending has already been cut in nominal terms for 2 straight years. Under the Budget Control Act targets, non-security discretionary spending is on a path to reach its lowest level as a share of GDP since the Eisenhower Administration. So the impact of the significant cuts in Federal support for education that I have described would be magnified, coming on top of already lower levels of Federal education funding as well as reduced State and local education spending resulting from the recent financial crisis and economic recession. At a time when we are just starting to see strong signs of renewed economic growth, as well as the positive impact of historic education reforms that will contribute to future growth and prosperity, it just makes no sense at all to undermine this progress through a sequester of Federal discretionary spending.

The President has been clear that Congress needs to avoid a sequester by passing a balanced deficit reduction measure including targeted savings that total at least as much as the $1.2 trillion that was required by the Budget Control Act. The President's 2013 request reflects such a balanced proposal, and I believe Congress should enact it and cancel the sequester. There would still be deficit reduction, but not the mindless and harmful across-the-board cuts that could be required by a large sequester. We all agree on the need for significant deficit reduction, and we want to work with Congress on a balanced approach toward this goal that combines fiscal responsibility with investments in education that will help children and our economy.

Conclusion

In conclusion, the 2013 budget for education reflects the President's determination to make the investments necessary to secure America's future prosperity, even as he works with Congress on long-term deficit reduction and fiscal sustainability goals. Our request would sustain and build on current reforms in K-12 education, help launch a nationwide conversation on the need for greater affordability and quality in our postsecondary education system, put the Pell Grant program on a more secure financial footing, and more closely link education with workforce demands and employment outcomes. At the same time, we would maintain strong support for longtime formula grant programs that provide significant and essential assistance in helping States, school districts, and schools to meet the needs of all students, including students from low-income families, students with disabilities, and English learners. I look forward to working with the Committee to secure support for the President's 2013 budget and help America educate its way to, as the President put it, "an economy that's built to last."

Thank you. I would be happy to answer any questions you may have.

Chairman KLINE. Thank you, Mr. Secretary.

I was remiss in not pointing out that pursuant to committee rule 7c all committee members will be permitted to submit written statements to be included in the permanent hearing record, and

without objection, the hearing record will remain open for 14 days to allow statements, questions for the record, and other extraneous material referenced during the hearing to be submitted in the official hearing record.

Mr. Secretary, there will be a lot of debate here about competing budgets today, and tomorrow, and I appreciated your input on the—what will be the House budget. And it is a—an important question as to the impact that competing budgets are going to have on our children and grandchildren, and I would argue and will argue that the trillion dollars of additional debt that the president's budget places on our children and students is probably not helpful for their future.

But I am interested particularly in your budget—president's budget, the department's budget. You and I have talked about this a number of times and I mentioned it in my opening statement: I am really disappointed in the lack of any increase in IDEA funding in the president's budget.

You found billions—billions of dollars, which we don't really have, but you found billions of dollars to expand other programs, create new programs, school construction, Race to the Top, all manner of things, and not a dollar for IDEA. And so in real terms we are decreasing that, and yet every school leader—every superintendent, every principal, parent, teacher that I talk to, that we have had here—says the thing that they want most is for the Congress and for the federal government to step up and get at least close to the 40 percent of the increased cost that was agreed to years ago, and we have never come close to half of that.

How do you explain to all of these parents and leaders that your new programs and your ideas are more important than what they demand the most and first?

Secretary DUNCAN. No, it is a great question. Your commitment there has been fantastic and steadfast ever since you and I met, and I really appreciate that.

I think we are trying to look at this in a more holistic manner, so when you see States raising standards which benefit children with disabilities significantly that is a huge win for that community, and folks have been very supportive of that. When you increase access to college through Pell Grants—so many students with disabilities who historically have been denied those opportunities now have the chance to do that.

We are investing significantly in turning around chronically underperforming schools, many of which have a disproportionate number of students with disabilities in them. And so I think if you look at that collective investment, trying to put more money into children with special needs when they are young before they enter school—and so whether you look at early childhood, whether you look at K-12 reform, whether you look at greater access to higher education, students with special needs I think have greater opportunities going forward than they have had in the past.

Chairman KLINE. All right. Well, I appreciate the explanation but I just fundamentally disagree. These schools need this money now. They can use it now; they know how to use it now. And it needs to be something they can count on—not spikes, not guesses,

not "we hope that we are going to improve the over quality of the schools by a new program."

And it just seems to me that the president is missing an opportunity by not putting that in his budget. And I am sure we will have this debate here and it is not uniquely a Democrat or Republican problem here, but we—we need to address it in Congress and I would really have appreciated the president's help in setting the priority in his budget.

Let me talk about your conditional waiver package. As you know, I think this is an overreach on your part. I don't believe that the language of the law allows the secretary to provide conditional waivers. But let me see if I can get into how this might work.

As I understand it, the State plans are going to be reviewed by external and internal—external and internal reviewers, meaning that your staff is involved in the review process. Is that correct?

Secretary DUNCAN. Yes, sir.

Chairman KLINE. Your staff is. What does that involvement entail? How independent is this peer review process if your staff is in the decision-making process in granting these conditional waivers? Seems like an awful lot of control in your hands.

Secretary DUNCAN. Yes. So, it has been a very transparent process. It begins with a thorough vetting by peer reviewers who, again, have—are disinterested—don't have any opinion there. Ultimately, I have to approve or not approve these waivers.

We are seeing extraordinary applications from around the country—again, Democratic-led States, Independent States, Republican-led States. I have to tell you, Chairman—Mr. Chairman, that as I thought about doing this I talked to probably 44 or 45 governors from around the country and, again, all across the political spectrum, and every single one said this is the right thing to do and thank goodness someone in Washington is paying attention to what is going on.

So we have had 11 States apply. We have approved all 11. We think there is some fantastic innovation there and creativity and this—as I have said repeatedly, this has not been my first choice and continue to want to work very, very hard with all of you to reauthorize No Child Left Behind and fix it, and to do it in a bipartisan way. That hasn't happened yet and so we felt compelled to do this.

The one upside, I will say, of this is once the Congress moves forward with a bipartisan process there are fantastic ideas that are coming from the States that I think should really inform your collective conversation. States are doing some really, really creative things. And so I just urge all the leaders here to look at what these 11 States have put on paper. We have 26, 27 other States who have already applied and I think those ideas could be very, very helpful once we move forward together with fixing No Child Left Behind.

Chairman KLINE. All right. I see my time is expired.

Mr. Miller?

Mr. MILLER. Thank you.

Thank you very much, Mr. Secretary, for your testimony, and thank you again for the president's budget. Before we get into a debate about whether or not we are going to increase funding for IDEA we can see if we can get bipartisan support to erase the $2

billion cut that is in that category in the Republican budget. So we could start there and see if we can get to the next threshold.

Chairman KLINE. Would the gentleman yield?

Mr. MILLER. Yes.

Chairman KLINE. We have the president's budget right in front of us. We know what that did. We are just speculating on what the number might be in the Republican budget.

Mr. MILLER. I don't think it is much speculation.

Chairman KLINE. Oh, I think there is some speculation there. I yield back.

Mr. MILLER. I doubt if it is speculation.

[Laughter.]

So, the point is here that, as you point out, in the waiver authority, which you clearly have under the law that CRS and others have said is very clear, this is a voluntary process, and what I find fascinating is this cross section of States—both for Race to the Top and for the waivers—have said they don't want to be held back by us. We know we have learned a great deal in the last 10 years from the disclosure of how students are doing in the schools and we see States stepping forward.

And that is very exciting when you see governors making the commitment to internationally benchmarked standards and internationally benchmarked assessments, and assessments that will go much deeper into allowing students to not only answer the right question but then to demonstrate the knowledge base from which they made that conclusion. And that is all possible now with new technology, and that is one of the commitments that is made in the new data systems that the governors are asking for the waivers and that you have empowered them to do.

But I found a very interesting story yesterday when I talked to some of the chief State school officers and I was asked point blank in the Q&A period, "What do I tell my districts about the budget?" They are looking forward to whether or not we are going to get the education budget, whether we are going to—Congress is going to get an overall budget, whether or not we are going to go to sequestration in December, whether or not that sequestration is going to be, as we promised the American people when we voted for it, half out of defense and half out of domestic. We see in the Republican budget that they have decided that it is going to all come out of the domestic side of the agenda.

So these governors who are racing forward—the chief State schools officers who are racing forward to embrace innovation, to embrace these new opportunities, to empower their teachers, to improve their teachers, to evaluate the performance of their teachers now are saying this all falls apart if we have no certainty with respect to what our budgets are going to be. And we are going to have a series of midcourse corrections and layoff notices back and forth and that is just going to destroy the kind of energy that you now see being engaged around the waivers, around Race to the Top.

You had a chance to talk to the chiefs. I just wonder, what are you telling them——

Secretary DUNCAN. Yes.

Mr. MILLER [continuing]. About this uncertainty?

Secretary DUNCAN. Well, it is a huge concern. Again, I think it is so important for all of us here in Washington to listen to what is happening in the real world. And unfortunately, Congress so often acts, if they act at all, at the 11th hour at the 59th minute. And, you know, any responsible school superintendent or chief State school officer or governor, you know, they are setting their budgets now for the fall and if we don't act until, you know, the end of the calendar year, you know, third of the way—almost half the way into the school year, folks have a very legitimate question. Do they start cutting summer programs now, you know, in the fear that Congress won't get its act together, or can they plan to do the right thing?

And so I would just, you know, desperately urge Congress not to wait until the last minute to come together. Nobody wants to see sequestration happen and I think it is sort of mutual self-destruction. But if we could get to a good resolution sooner than later and provide some certainty to people who are making real decisions about, you know, children, and number of teachers, and after school programs, and extra- curriculars, and summer school, I would really, really urge Congress to do that.

Mr. MILLER. Thank you.

Thank you, Mr. Chairman.

Chairman KLINE. I thank the gentleman.

Mrs. BIGGERT, you are recognized.

Mrs. BIGGERT. Thank you, Mr. Chairman.

And thank you for being here, Mr. Secretary. I know you have such passion for education and that comes very clearly in what—all the things that you did in Illinois and now——

Secretary DUNCAN. Thank you.

Mrs. BIGGERT [continuing]. Yes, for the federal education.

But I have got some concerns, and some are—I would love to talk about the big broad picture but we don't have time, so I am concerned about Section 8002 payment being zeroed out in your budget. That is the Impact Aid, and that affects several of my school districts, and they rely on these funds and—but currently, already these payments arrive several years late, and I was just—I am really concerned that, particularly in Illinois, where we are in such funding trouble, that I think that the federal government is responsible for compensating these districts impacted by the federal land.

Secretary DUNCAN. Yes. So just big picture, first of all, I feel lots of senses of urgency in many areas, but at the top of that list is what we do for the children of military families, and as I have traveled the country and, you know, talked to folks who are currently serving or veterans it is funny, they never ask for anything for themselves. They just say, "Please take care of our kids." It is just amazing what they are—their service. So this one is very, very personal.

Impact Aid is about $1.2 billion. We are concerned on the backlog. We have eliminated that backlog. I think we are doing a much better job of making those payments. Please hold us accountable for doing that. We eliminated a small amount of money where there weren't actually children, but that—the huge lion's share of Impact Aid, $1.2 billion, remains intact.

One of the things that was so encouraging about 46 States adopting common standards—I actually met with folks from the military schools the other day—is you know how much military families move and it was devastating to them to go to one State in third grade and another State halfway through third grade and see radically different standards. And to see so many States voluntarily adopting common college and career ready standards, the dividends, the benefits for military families is absolutely huge and we really want to work with them on the implementation there, as well.

Mrs. BIGGERT. Okay. Well, this isn't just the military, but it is also for the laboratories and those kind of things, the——

Secretary DUNCAN. That is right.

Mrs. BIGGERT [continuing]. The land. And, you know, in Illinois right now they are talking about having the school districts pay for pensions because they are so broke——

Secretary DUNCAN. Yes.

Mrs. BIGGERT [continuing]. And this is not a good idea because it is—there just—there isn't the money. So this is very important to some of them.

And the other issue that I have is—because of the economy, and we have seen such an increase in homelessness—unprecedented numbers of children and youth, and at the end of 2009-2010 school year public schools enrolled 930,900 homeless children and youth, and that is a 38 percent increase since the 2006-2007 school year. My concern is that with the McKinney-Vento really being in the ESEA and whether that is not going anywhere right now so that those funds are, you know, probably will not be increased, which means that a lot of the homeless children will not be getting the funding that is needed. So I am concerned that the Race to the Top might be consuming some funds that would otherwise accommodate this increase in homelessness.

Secretary DUNCAN. Yes. And again, just an extraordinarily vulnerable population, as you know so well. And those numbers, unfortunately, are increasing across the country.

Our budget request includes $65 million for homeless children and youth education, but as you know so well, this has to be school and community partnership. So where you have children who are hungry we have schools that are offering three meals a day in some places. You have places—and we did this in Chicago—that very quietly and discreetly sent children home on Friday afternoons with backpacks full of food so they wouldn't come back to school on Monday.

If you have to provide eyeglasses—children can't learn if they can't see the blackboard. If you need to do dental checkups, dental exams, you have to do that. So for me, this can't be just what the school systems are doing; what are we doing with the wraparound services of nonprofits, with social service agencies, with churches to make sure those children are getting those opportunities they need?

The final thing I would say is that for children who are homeless and dealing with just tremendous trauma, instability, often the only thing that is stable in their lives is their neighborhood school, and whatever we can do to keep those children in that school with

their friends, with teachers who care about them is hugely important, as well. So we have to look at this comprehensively. This is a very real and growing challenge that many districts—many who historically didn't have any children who met this profile, unfortunately, this is becoming part of their reality.

Mrs. BIGGERT. Well, that was all included in the No Child Left Behind, as far as making sure that the—that students would be enrolled immediately, which has been very important, and having that stability that they have in education. So I thank you.

I yield back.

Chairman KLINE. The gentlelady's time has expired.

Mr. Andrews?

Mr. ANDREWS. Thank you, Mr. Chairman.

I do want to return to our speculation discussion about IDEA and just point out that if you take the numbers—and the Ryan budget will be on the floor tomorrow—and you apply them across the board pro rata there is a $2.2 billion cut in IDEA. Now, if you want to restore that cut that means you cut tutors in math and reading under Title I, or you cut Work Study for college students in that area, or Pell Grants. So, you know, if this is going to be evened out somehow let's understand that it is not speculative at all that there will be——

Chairman KLINE. Will the gentleman yield?

Mr. ANDREWS. I would be more than happy to.

Chairman KLINE. But you are, indeed, speculating on whether it is going to be across the board or not. The point is we have to set priorities and my argument is that we ought to have the priority be IDEA funding.

Mr. ANDREWS. Reclaiming my time, if it is not across the board, can the chairman tell us where he would cut and by how much to make up the $2.2 billion cut?

Chairman KLINE. A debate we are looking forward to going ahead, but clearly, my preference would be to take it from other areas and make sure that we are increasing funding for IDEA.

Mr. ANDREWS. Reclaiming my time, of course, the other areas, as the secretary well knows, are reading and math tutors, Work Study for college students, Pell Grants, things that we think are very, very important, and I think we all think are important.

Mr. SECRETARY, I think there are three points of consensus here. One is that we should have high standards for all of our students; the second is when students don't meet those high standards we should have effective remedial actions; and the third is that the inability of Congress to reauthorize the No Child Left Behind Act has really impeded that progress in some very important ways.

You have responded to that with what I think is a well thought out program of waivers that are designed to increase State flexibility, local flexibility. At the same time we are maintaining our commitment to the standards that I just talked about.

Can you give us some examples in the 11 States that you have granted waivers for of innovative and progressive ideas that you think will be implemented because you gave those waivers?

Secretary DUNCAN. Sure. Just let me talk philosophically that I think what No Child Left Behind got fundamentally wrong is it was very, very loose on goals, so 50 different standards, 50 dif-

ferent goalposts, many of which got dummied down to make politicians look good but were bad for children, but very tight, very prescriptive on how you get there.

We have tried to flip that on its head with the waiver process, and again, I think it is a model that would be helpful as Congress moves forward—really empower local educators; frankly, get Washington out of the way. For me the tradeoff is simple: Where there is a high bar, where folks are talking about college and career ready standards, where they are willing to be held accountable to that high bar, give them so much more flexibility to hit that. Get out of their way; let them be innovative and let them be creative.

So what we are seeing coming from States is fascinating. In Minnesota you have high-performing schools starting to partner with low-performing schools to make sure that they are sharing those best practices and learning.

What was interesting is some folks thought or were concerned that we were somehow going to abandon accountable in the waiver process. The furthest thing from it. Actually, in many States—this gets a little technical, a little weedy—but many States actually have many more children in their current accountability system in the waiver process than they did in No Child Left Behind because those children were invisible due to large end sizes.

So I was recently in Colorado. Colorado has an additional 160,000 children—160,000 African American, Latino, special needs children who are now part of the State's accountability system who——

Mr. ANDREWS. Let's just pause on that for a moment because I think it is important that we laypeople can understand it, too. What you are saying is that under the existing law in Colorado there were 160,000 minority children——

Secretary DUNCAN. And special needs children.

Mr. ANDREWS [continuing]. And special needs children for whom measurements were really not being taken about their progress——

Secretary DUNCAN. Those children were invisible under No Child Left Behind——

Mr. ANDREWS. They were, pardon the pun, left behind. And now that you have had this waiver in Colorado the creative decisions by the State and local decision-makers now have us looking at those children and assessing their progress, and presumably enacting good remedial measures.

I mean, I would, frankly, encourage you to consider more of these waivers with high standards and flexibility. Do you intend to do that?

Secretary DUNCAN. So we have 27 States who have applied to us. We are actually going through the peer review process that the chairman talked about this week. I am actually leaving here to go talk to the peer reviewers. And then we will be making determinations on those on a rolling basis as we move into next month, and then we will have another round of States who will probably come in September.

So there is, again, tremendous interest out there across the political spectrum from States——

Mr. ANDREWS. I will also tell you, Mr. Secretary, I am beginning to see the benefits in my own State and I will tell you that both our Republican governor and our Democratic legislators were in favor of this waiver happening. We think it is good for the children in New Jersey. And I thank you.

Secretary DUNCAN. And New Jersey actually had a very interesting application.

Chairman KLINE. Thank the gentleman.

Mr. Platts?

Mr. PLATTS. Thank you, Mr. Chairman.

Mr. SECRETARY, thanks for being here and for your testimony. I certainly welcome and support your overall message and the president's message that especially in today's world access to affordable, quality education—basic education and higher education—is key to us remaining that land of opportunity that we take so much pride in as a country.

I am going to mention a couple issues just to put on your radar and then maybe get into one more specific. One is just I appreciate your reference to early education issues, and Head Start, in particular, Even Start—early—Head Start, the importance of making that investment up front.

Along with that is something that is not real prominent or focused on in the budget proposal, and that is family engagement.

Secretary DUNCAN. Yes.

Mr. PLATTS. You know, I know as a parent yourself and for my boys now in seventh and ninth grade, I know that our involvement in their education is key. Congresswoman McCarthy and I have worked on an issue dealing with the Parent Information Resource Centers, which is really the only, you know, program in the federal government focused solely on family engagement. And so we are pushing with appropriations trying to get some money set aside—make sure that that program is adequately funded so that we have the means to ensure parents are engaged.

I would also just quickly reference the special education challenge. You know, first 20 years, single digit dollars. President Clinton—Democratic president, Republican governor—or, Republican Congress came together. We get up to about 20 percent and the concern is that we are going to start dropping back, that that is on your radar.

And also, my colleague here from Illinois' homeless children—my one sister is a social service coordinator between her school district, social service agencies, and, you know, in schools that—in my district people don't think we have any homeless children. They are shocked when they see the numbers of how many children are in their district that are homeless.

I want to get into more detail on higher education. Especially appreciate the focus on Perkins Loan reform, Work Study, the improvement and expansion in the Stafford Loan issue. As one who could not have followed my dream of serving in this Congress without Perkins Loans, without a Work Study job in college, without Stafford Loans, I would not be here today. Behind my parents, that opportunity I had——

Can you expand—you talked about in the Perkins Loan of doing something similar as we did on the Direct Loan program and how

to reform it. I supported the Direct Loan program effort and the savings on that program. The official estimate was, I think, about $80 billion over 10 years.

Can you share any more detail on what you are looking at doing in that area?

Secretary DUNCAN. Sure. And so just to step back, again, every study—we just had another one come out yesterday—says as a nation we are going to need dramatically more college-educated workers than we have today. Study came out yesterday said about 23 million more degree-holders will be needed by 2025 than we are producing today, so huge sense of urgency. If we are going to keep good jobs here and not have them go overseas we have to dramatically increase college completion rates.

Big part of that has to be access, so one of the things I am most proud of is an additional $40 billion in Pell Grants for young people. Did that, simply stopped subsidizing banks, put all those resources into young people. It was a little controversial here in Washington and we thought that made absolute common sense. Just in the past 2 years we have gone from 6 million young people with access to Pell Grants to 9 million—a 50 percent increase.

On the Perkins Loans, we want to significantly increase opportunity and our proposal would go from about 1,700 schools offering Perkins Loans to about 4,400. We would go from about 500,000 recipients to almost 2 million—looking to quadruple that and to have the average loan go from about $1,800 to $4,400. So these are all pieces of increasing access.

Again, we have to challenge States to continue to invest. We can't do it by ourselves. We have to challenge universities to not have tuition that is skyrocketing much higher than regular inflation. We have to provide much greater transparency so young people and their families can make good choices.

But it is a piece of the puzzle. Pell Grants, Perkins Loans, Work Study that you talked about, doubling those opportunities we think are hugely important to increasing access to higher education.

Mr. PLATTS. Real quickly before I run out of time, is it fair to say if we do not find a way to maintain the 3.4 percent rate on Stafford Loans then in essence we will be making—or getting a windfall on the backs of students because our borrowing rate as a government is, you know, what, maybe 2 percent and we would be charging 6.8?

Secretary DUNCAN. Again, to double that interest rate now for young people makes no sense whatsoever.

Mr. PLATTS. Okay.

Thank you, Mr. Chairman. I yield back.

Chairman KLINE. Mr. Hinojosa?

Mr. HINOJOSA. Thank you, Mr. Chairman.

Secretary DUNCAN, thank you for coming to testify before our committee. Thank you for outlining your priorities for the U.S. Department of Education for fiscal year 2013.

According to the Consumer Financial Protection Bureau, total outstanding student loan debt surpassed $1 trillion late last year. In fact, student loan debt now exceeds credit card debt for the first time. To make matters worse, the Republican budget would allow

interest rates for student loans to double in July of this year, as was pointed out by Congressman Platts.

Mr. SECRETARY, how would President Obama's college affordability proposals provide relief and assistance to the low-income and middle-income students and families that Congresswoman Biggert asked about?

Secretary DUNCAN. So there are a number of issues here. Obviously, having that interest rate double in July through congressional inaction to me is not acceptable. We need Congress to act, and to act together.

We have talked about Pell Grants and what that is doing to increase access. We have talked about Perkins Loans and what that would do. I think doubling Work Study would be hugely important for so many people like Congressman Platts, who worked their way through college and need more of those opportunities.

And then on the back end, looking to reduce those debt repayments through income-based repayment, where loan repayments are indexed to your income. If you are making more you pay more; if you are making less you pay less. And then finally, if you go into the public service, after 10 years of being a teacher or working in government or working in nonprofit those debts are erased and forgiven.

So we are trying to work extraordinarily hard on the front end, trying to provide relief on the back end. But I just want to again reiterate, we as the federal government can't do this by ourselves.

States have to invest in higher education. Last year 40 States cut funding to higher education. I recognize budgets are tough but that is not good for our country. And then universities have to keep down tuition.

We are seeing some great creativity from many universities going to 3-year programs, no frills campuses, using technology to reduce costs and to actually increase passing rates in some of those intro classes, but we need to incentivize States to do the right thing and institutions to do the right thing, as well. We can't do this by ourselves here.

Mr. HINOJOSA. In your testimony you indicated the U.S. Department of Education issued 11 No Child Left Behind waivers to date and talked about the next, I think, 27 States that have applied. Are you allowing States to waive their annual measurable achievement objectives for English language learners under Title III?

Secretary DUNCAN. No. Actually, it is, again, so interesting. Folks are actually holding themselves to a higher bar, which has been very encouraging, and looking at every single subgroup, whether it is English language learners, or students with special needs, or African American children, or Latino children, looking at those subgroups and how they are improving each year is very, very important, and not just looking at absolute test scores, which I am not a big believer in, but looking in growth and gain, how much are they improving.

You see some States moving way beyond just test scores, looking at increases in graduation rates, looking at reductions in dropout rates, looking at the percent of students going to college—going to college not needing remedial classes, going to college and persevering. More complicated, but it is much more sophisticated, you

know, much more comprehensive. And again, once Congress moves forward together on reauthorization I think they are fantastic examples for them to learn from.

So for English language learners, students with special needs, much greater accountability than existed before, and coupled with that greater accountability, additional support.

Mr. HINOJOSA. The percent of English language learners has increased and is moving up faster, especially in my State of Texas. How are you monitoring State plans and ensuring that school districts achieve their performance targets and increase high school graduation rates for all students, particularly for the subgroups we were discussing?

Secretary DUNCAN. So these are waivers that aren't granted indefinitely and we will continue to monitor folks' progress against hitting those goals. And if folks either have a lack of capacity, or act in bad faith, or aren't moving we have the ability to revoke those waivers. And that is not something we want to do or look forward to do; we want to partner with these States to be successful. But if a State commits to certain things and then decides they no longer care about the results or the performance of English language learners we absolutely have the power and ability to revoke that waiver.

Mr. HINOJOSA. I attended an event here at the Rayburn House Office Building this week sponsored by the Lumina Foundation and Georgetown University and they released a study that indicates our undereducated population in the whole United States, and it lists them by States, and it is really troubling to me that we would want to make the cuts in the proposed budget by the majority today seeing that our country is falling way behind other countries, and that really concerns me.

Chairman KLINE. Sorry. The gentleman's time has expired.

Dr. Roe?

Mr. ROE. Thank the chairman.

And certainly thank the secretary for being here today and all the work you have done for the nation's schoolchildren. Just a couple of points I want to go over. One is affordable college and the college loans we have talked about and Pell Grants, and I will start with Pell Grants.

Certainly we have had a great increase in the Pell Grant funding, and let me just go over some concerns that my—the two community college presidents in my district brought up—Northeast State and Walters State Community College. Pell Grant is $5,500. In Tennessee if you go to a community college you get a $2,000 Hope Scholarship. We use all of our lottery money for college scholarship, so 4-year college you get $4,000 and $2,000 for community college.

In doing that, the cost of the community college is about $4,000 a year, so you actually make money when you get the Pell Grant. What are you doing for fraud and abuse?

It would look to me like that the Pell Grant would be to pay for college, and I know when I was in college, or when Mr. Platts or others in this room—I can look by the gray hair on our heads—that you could work your way through college, and you can't do that now. It is just too expensive.

And my question is, what is the department doing to look at how much more money—I can find your IDEA money, I think, in the Pell Grant program. We have people that are buying cars at home with their Pell Grant money.

And it should go to the college, I think, to pay for the books, and fees, and tuition, and the cost of college. But you shouldn't make money going to community college.

Secretary DUNCAN. First of all, I just want to say, Tennessee is doing some remarkable things in driving reform. You should be really, really proud of what your State is doing.

Obviously, whether it is FSA, whether it is our inspector general, if there is fraud or abuse of taxpayer dollars we have to look at that very, very seriously, and I pledge to you, we will continue to do that. I will say, community colleges I think are a huge part of the solution to where our country needs to go and folks, you know, 18 years old or 58 years old going back to retrain and retool in green energy jobs and health care jobs and I.T. jobs—as families get back on their feet the country is going to get back on its feet. I think community colleges have a real role to play there.

Mr. ROE. Totally agree.

Secretary DUNCAN. So many folks in community colleges are older, they have children. It is not like they are wealthy. They are going back because they have struggled in a changing economy and going back to get those skills.

So where there is abuse we will look at it. The folks I talk to are frankly extraordinarily inspiring and are working very, very hard to take that next step up the economic ladder.

Mr. ROE. If I can find that information—and I can—I will get that to you. And I want the funds used where we get the maximum bang for the buck, as you do, so I want to make sure——

Secretary DUNCAN. Absolutely.

Mr. ROE [continuing]. That we are spending it and more people can use and take advantage of this money that is out there.

Now, college affordability—let me go through this a little bit, and it is a little bit complicated. Tennessee has had this problem. We tried to reform our health care plan in the early 1990s, called TennCare, and we did that and we expanded our Medicaid program so much that it—that we haven't had any or minimal increase in higher education funding in 20 years in that State.

And you just pointed out that 40 States actually cut funding to higher education, which means that the cost is going to go up—it is a proverbial catch-22. So you have got it, and instead of making college less expensive we have actually funded our Medicaid program. We have got an Affordable Care Act that is going to massively expand Medicaid and it scares Governor Bill Haslam to death with his extra cost he is going to have with the expanded Medicaid.

So they are all tied together because there is just one pot of money that we have in our State. We have to balance our budget. We don't have the privilege here of having a budget deficit in Tennessee in our cities, or—we have a balanced budget amendment, I think, as 49 States do.

So to your point, it is all tied together, and when we talked about the Ryan budget, it is looking at the entire budget. I know you are

the Secretary of Education and you have got to look at it for education, but our job is to look after the entire budget.

And I want to go through very—Mr. Hinojosa has left, but to his point on student loans I wanted to make—actually, there is a little more to that student loan, and you and I have talked about this yesterday. It would be horrific for rates to go from 3.4 to 6.8 if you have got $100,000 in student loans.

But going back and reviewing this, actually the Deficit Reduction Act of 2005 the Republicans proposed eliminating the fixed rate, and it wasn't included in the final bill. If we had done that it had a variable rate it would be a 2.3 percent interest rate now for students.

Why doesn't it float? And by the way, in the president's budget this is only a 1-year fix. In the 2013-2014, as you know, it goes back to 6.8, and I think students across the country shudder at that. Why don't we just have a variable rate where they can take advantage of these very low interest rates now?

Secretary DUNCAN. Again, I think we want to work together with you to make sure these rates don't jump up and to maintain it for the long haul. And so I think we have an immediate need now we want to address but I think your long-term concern we absolutely share with you and want to partner with you to figure out how that doesn't happen.

Mr. ROE. Okay.

And I thank you, Mr. Chairman. I yield back.

Chairman KLINE. Thank the gentleman.

Mrs. Davis?

Mrs. DAVIS. Thank you, Mr. Chairman.

And, Mr. Secretary, good to see you. I want to first ask you to talk a little bit about the president's budget and the consolidation of programs. As you know, we were talking about the proposal here on ESEA was looking at one large block grant, and many of us were very concerned that programs for the most needy children, and the reason, really, that we created the program to begin with, would be essentially lost through the cracks.

Talk about the consolidation programs. How does that help State and local districts and where is that flexibility? Because as we all know, I mean, school districts look for that flexibility and we all think that is important but we don't feel that we could, you know, leave kids behind in that regard.

Secretary DUNCAN. Yes. So again, all this stuff is trying to really figure what is the appropriate federal role. And again, I would go back to where I started. My premise is where folks are willing to hold themselves to a high bar and hold themselves accountable for hitting that high bar I want to be less prescriptive from Washington and give them more room to move and more flexibility.

And obviously the best ideas in education aren't going to come from me or, frankly, any of us here in Washington. They always come at the local level.

And what I have seen across the country, whether it is waivers, whether it is Race to the Top, is this huge amount of creativity and this huge amount of innovation. And I will tell you, we have seen as much innovation reform from States who didn't get a nickel from us as States that got hundreds of millions of dollars. And so

in really empowering these educators to continue to drive reform forward, I think that is a really appropriate federal role.

Mrs. DAVIS. But how does that work and a larger block grant does not work? And if you could, you know, even look to those States which don't necessarily have waivers—California and other States.

Secretary DUNCAN. Yes. So again, we have to sort of look State by State at how serious they are and what they are doing, but for me the tradeoff is where folks are holding themselves to a high bar for English language learners, for students with special needs, for, you know, increasing graduation rates, more students going to college—should we give local superintendents more room to move? We should.

I will just give you one concrete example. When I was the superintendent of Chicago Public Schools I had to get in a fight with our Department of Education here for the right to tutor about 25,000 children after school. I had Washington telling me I couldn't tutor kids after school who wanted to work hard. That made no sense to me.

That is the kind of flexibility. Hold me accountable for improving their results but give me the opportunity. Don't tell me I can't tutor 25,000 children after school who are trying to do better academically. That is not appropriate.

Mrs. DAVIS. Yes. Okay, well I think what we maybe need to work harder at trying to understand the differences——

Secretary DUNCAN. Yes.

Mrs. DAVIS [continuing]. That are out there and how that is really affecting our kids.

I wanted to also just turn quickly to the issue of our veterans——

Secretary DUNCAN. Yes.

Mrs. DAVIS [continuing]. And educational programs for them, because we know that there is a tremendous amount of transition as people return from a war theater, but even that as we downsize the military, we are going to have a lot of people who are looking to careers and certifications. How can we best work with the Department of Education as well as, I think, the Department of Labor—Secretary Solis was here the other day—, and Veterans Affairs—getting out information to veterans about what programs really are out there and work best for them? We know for-profits, nonprofits, university systems, it is very hard to go to one place to get that kind of information.

Secretary DUNCAN. I actually met with a group of veterans, you know, 10 days ago, and the package of information they come when they are leaving service I think is not maybe as informative as it should be, and so we really want to work hard with the V.A. to make sure they know all their opportunities—you know, community colleges, 4-year institutions, whatever it might be—how we help them articulate the real skills and knowledge they have developed in the military and use that to move forward in their academic career.

I would love many, many more veterans to become Troops to Teachers programs, and we need more men and we need more diversity to workforce. There are so many strong leaders there, and

if you have been to Iraq and Afghanistan you are not too scared about going to teach in an inner city school; you can handle that. And so I think there is so much we can do to better support our veterans, give them much more comprehensive information, and we want to be a better partner with the V.A. to make sure that is happening.

Mrs. DAVIS. Is it appropriate to put some limit on the amount of federal dollars that any particular school can take? I know there are proposals for 90/10, so at least 10 percent has to be nonfederal dollars. What makes sense?

Secretary DUNCAN. I think we have to look at all those hard issues. My big thing is the last thing I want is for a veteran to get abused coming out after serving their country and to somehow take on more debt than they can handle to get training that doesn't lead to a real job. That is just absolutely immoral.

And so making sure that veterans have good options, are getting, you know, the education they need to get the job they need to keep moving forward—that, to me, is our collective common interest and that is what we have to—we have to make sure we get that done.

Mrs. DAVIS. Is there some way we can hold those schools accountable for that?

Chairman KLINE. The gentlelady's time——

Secretary DUNCAN. We absolutely need to.

Chairman KLINE [continuing]. Has expired.

Mr. Walberg?

Mr. WALBERG. Thank you, Mr. Chairman.

And thank you for being here, Mr. Secretary. We have heard many remarks this morning about the cost of college and yearly increases in tuition at some institutions outpacing the rate of inflation significantly.

I have my own concerns about the relationship between the history of increases in federal aid and the increases of tuition rates. Do you know whether the National Center for Education Statistics has conducted any recent studies in the correlations between federal student aid and tuition prices?

Secretary DUNCAN. Yes. There are a number of different studies. We look at this very, very closely. I looked, just for example, at Pell Grants over the last 30 years, and it is interesting, in—to be clear, over the past 30 years every single year tuition has gone up as a country. Over the past 30 years—my numbers won't be exact—I think in 19 of them Pell Grants went up, in 10 of them Pell Grants were flat, and in one of those years Pell Grants actually went down, but every single year tuition went up. And so that is the kind of information we are looking at historically.

Mr. WALBERG. That is good information to look at because there is concern that when we have automatic funding opportunities and then we have the impact of the entire federal budget on our States——

Secretary DUNCAN. Yes.

Mr. WALBERG [continuing]. And a centralized government that becomes more aggressive in eating up dollars that can go back to districts we can have those problems, and it is a challenge at every level.

But, you know, when I—as I watched your time at the Chicago Public School System, where my daughter taught, in fact, until she gave us—my wife and myself—the opportunity to be spoilers of young children with our grandchildren—I was impressed very much with your creativity. When you speak about what is going on in the States today, even right now, as you appear before us, you can just sense the creative juices that flow with the opportunity for individual States and local school districts to make great choices, creative choices, productive choices for their students.

When you speak about the federal government's responsibility, even in your opening statements, frankly, I must admit, it frightens me because of the impact of a growing government that gives less opportunity for States and local communities to develop that creativity to teach our students with the needs that they have. And I know you speak for the administration and I know that is a challenge to be in a position as a producer in education but now also directing a federal government program, agency that is a relatively new agency in the whole grand scheme of things.

What specific efforts at the department can you point to, Mr. Secretary, that demonstrate a reduction in the federal role of education, and ultimately the role that siphons off limited local State dollars?

Secretary DUNCAN. Two huge examples, the entire Race to the Top initiative is just trying to empower the great ideas of local educators, and all those States that we funded put together—46 States put together plans. Those weren't our plans; those were all locally developed with huge buy-in. And so what we are trying to do is put resources behind the great ideas at the local level——

Mr. WALBERG. With significant top-down management of that.

Secretary DUNCAN. Again——

Mr. WALBERG. In Michigan it certainly was.

Secretary DUNCAN. Forty-six States put together their own plans voluntarily.

The second one would be the whole waiver process, where I think we in Washington are in the way. I think No Child Left Behind law is fundamentally broken. It is 5 years overdue to be fixed. I think we all agree on that. And the fact that we were able to get Washington out of the way for 11 States to date—and we have got many more coming—I think is a huge step in the right direction to empowering local educators.

Mr. WALBERG. I would certainly say the waiver system is, and I think it evidences why we need to get further out of the way as the federal government. And in fact, our No Child Left Behind reauthorizations that we have done so far goes that direction in giving just general oversight but a great amount of opportunity for our local States.

How many notices—let me ask in final seconds here—how many notices of proposed rulemakings have you issued that have a full 90-day comment period?

Secretary DUNCAN. I don't know an exact number. I would have to get back to you on that.

Mr. WALBERG. I would love for you to get back on that, because again, that is another opportunity that I think flows into your wheelhouse of desiring good input from local education profes-

sionals to make sure it works at the local level, and I think we need more opportunity for people to express their concerns, their ideas, their objectives, and ultimately get away from this top-down federal—I would hate to say mismanagement, but management of a system that, frankly, isn't serving a lot of our districts well.

Secretary DUNCAN. The other thing, if I could just quickly add, one area where we are really thinking about going forward is how we elevate the teaching profession itself so we have many more young people, like your daughter, committing to do this. And as I look at these high performing countries around the globe, teachers are paid at a very different level, they are respected at a very different level, there is a different level of status. I think educators and education has been beaten down here for far too long, so hopefully this will be an area of common work going forward of how we bring in this next generation of extraordinary talent to replace the baby boomer generation that is retiring.

Mr. WALBERG. I applaud that—professionalism versus labor.

Chairman KLINE. The gentleman's time has expired.

Ms. Fudge?

Ms. FUDGE. Thank you, Mr. Chairman.

And thank you, Mr. Secretary, for being here. Certainly you knew when you came in today that you were in a no-win situation. You know, we have got a cut chorus in our majority that cut, cut, cut, et cetera, when they don't want it cut. So you knew you were going to be in a difficult spot.

I have three questions for you, Mr. Secretary, and I want to ask them all at once and then give you the balance of the time to answer all three.

The first one deals with Race to the Top and other competitive funding. I mean, certainly you look at the fiscal year 2013 budget and see that you would increase competitive grants from 12 percent to 18 percent of the budget. Now, when so many States are continuing to cut education funding how does this shift away from formula grants benefit all students, which I believe is what the federal government should be trying to do is benefit all students, especially when I come from the State of Ohio and we did receive Race to the Top funding but within a few months we changed governors and he wanted to immediately change how those resources were to be spent? That is question number one.

Question number two: There are almost 2,000 high schools—13 percent of all high schools in America—that are labeled dropout factories. In these dropout factories the typical freshman class shrinks by 40 percent or more by the time students reach their senior year.

In my home State of Ohio approximately 135 schools are labeled dropout factories. Now, I acknowledge that the issue of dropout factories is not a new issue; however, it has festered for a very long time—too long. So I want to know what steps you are taking to decrease the number of dropout factories.

And thirdly and lastly, Mr. Secretary, the Cleveland Central Promise Neighborhood, a neighborhood located in the heart of my congressional district, has applied twice for the department's Promise Neighborhood Grant. In both rounds of funding the organization scored very high; however, not high enough to receive an imple-

mentation grant. The question is, does the department have any plans in the future to use its discretionary power to award previous high-scoring applicants instead of making them go through the costly process again?

Secretary DUNCAN. Three great questions. Let me try and take them—my numbers differ a little bit from yours. I am not seeing in our budget a huge increase from 12 to 18 percent on competitive dollars; I think it is about at 16 percent. But I do think we need to—this sort of goes to your third point of the tension between, you know, formula and competitive—we think the overwhelming majority of our dollars always should be and always will be formula-based, but we also think we need to reward excellence.

Our challenge in things like Promise Neighborhoods is, for example, the first round we had 300 applicants—fantastic applicants. We only had competitive dollars to fund 20, and that is—so that is the tension that we are always trying to hit.

And so as we move forward we are asking for more money for Promise Neighborhoods. We think that is a huge part of the answer. Your question of how—whether we fund down the slate or recompete is a really good question that we will sort of take that up and think through how we will do that. But again, I am just asking you to give us some flexibility to reward more excellence.

I have to just give you another example——

Ms. FUDGE. Well, let me just say this, and I think that you are right, but the problem being that every single child in this county deserves a good basic education.

Secretary DUNCAN. Hundred percent agree. And we also need—so we need to do that—I think we have to do both. We have to do that and we have to help some folks move forward to the next level and really encourage that.

And it is interesting on—just yesterday I met with Ohio's State Race to the Top team, and for all the political turmoil and upheaval that team has just kept working really hard, and we actually feel very, very good about what they are doing, so they have sort of kept the politics to the side. They are doing some really innovative——

Ms. FUDGE. You can't keep the politics to the side.

Secretary DUNCAN. Well, they have done as good a job as anybody and they are moving forward in a very, very good way. We actually feel very good about Ohio's results. And again, I just give them tremendous credit because we know how difficult that is.

Your middle point around the dropout factories, and it sort of goes back to the previous question about what is an appropriate federal role. Race to the Top has got all the press. That is fine. That is $4 billion for the whole country.

We have put $4 billion behind the bottom 5 percent of schools—those dropout factories. There is a massively disproportionate investment, not in the status quo but in a very different vision of reform.

And where are we being effective? Recent numbers have come out—and these are very early so I don't want to get too carried away—but we are seeing significant reductions in dropout rates in many of these places, significant increases in graduation rates. One in four have seen double-digit increases in math scores in 1 year;

one in five have seen that in reading. Nobody predicted that was possible.

And for all the data—two other quick numbers: We are seeing a reduction in the number of high schools that are dropout factories in the country. We have 400,000 less children to date going to a dropout factory than just a couple years ago.

None of these schools are where we want them to be yet. They still have a long way to go. But huge progress there—more time, more social workers, more counselors, paying math and science teachers more, real innovation coming at the local level.

But for all the data, the most important thing is when I go talk to the students at these schools what they say is so profound. And you talk to, you know, children who are juniors in high school who were in the previous situation for 2 years, now in a turnaround school, one young man said, "Arne, if this would have couple years ago more of my friends freshman year would still be here with me. We have teachers who care. We are working in very different ways."

And so we need to look at the data but we need to listen to young people. All of these are not wild success stories; some of them still have a long way to go. But I am just so thrilled for the first time as a country we are not just expecting the status quo; we are not standing by complacency—complacently and letting black and brown children, poor children just, you know, go off into the streets, and as a country we are in the business of turning around schools and we feel very, very good about our ability to support that hard work.

Chairman KLINE. The gentlelady's time has expired.

Dr. DesJarlais?

Mr. DESJARLAIS. Secretary Duncan, great to see you today and thanks for being here. I would like to spend my time, I think, talking about the first part of your opening statement, and that would be the cost of the higher education. I think you referenced maybe a five-fold increase in cost at over—what timeframe was that?

Secretary DUNCAN. In a short amount of time. It has gone up way—that higher education costs are going up much faster than the rate of inflation.

Mr. DESJARLAIS. Okay. And I think you and I both agree that good education is not going to happen without a motivated educator and a motivated student. So what I have found in talking to some of the presidents of the universities that are in Tennessee—MTSU, Dr. McPhee, and over at University of Tennessee, Knoxville, as well—is that there are so many students now that come in on the 5-or 6-year plan. And I guess the cost—if an average credit—or a semester is 12 credit hours, as opposed to 16 or maybe 18 when we went to school, one, what can we do to address that? And before we get into that, though, what, in your opinion, has driven the cost of these institutions to that five-fold increase in a short period of time?

Secretary DUNCAN. Yes. No short, easy answer. These are complicated questions.

A big part of the problem—so I will get to the higher education piece—big part of the problem is the pipeline. We have so many young people who are graduating from high school who aren't col-

lege and career ready and so they are taking remedial classes, they are burning Pell Grants, they are taking 5 and 6 and 7 years to graduate. So again, not overnight, but seeing 46 States raise standards—college and career ready standards—is a huge direction in who is moving in the right direction.

And far too many young people think they are graduating college and career ready and they are never close. Higher education didn't talk to K-12 and so those disconnects, I think, have led to those 5- and 6-and 7-year, you know challenges. And having students—many more students graduate college and career ready is a big step in the right direction.

I have gone to some communities where—this isn't the dropouts; this is the graduates—where 90 percent of high school graduates are taking remedial classes—90 percent. So we have been lying to them, as a country. And we have to challenge that. So that is a piece of this, not just on higher education alone.

On the higher education side, again, not one easy thing. As we have heard repeatedly, when States cut back their investment tuition goes up, and so where States don't invest particularly in the publics they go up, but I think we have to challenge universities, as well, to become more creative. Some have been slow in using technology in different ways.

There are a whole set of universities now that are being very creative in keeping down costs and actually getting better academic outcomes for young people. We are just trying to take those best practices to scale and provide some incentives for States to invest, for universities to do the right thing. And again, for me it can't just be about access; it has got to be about completion.

Mr. DESJARLAIS. Okay.

Secretary DUNCAN. I think we haven't done enough at the federal level to incentivize completion.

Mr. DESJARLAIS. Definitely I don't think we are going to solve this problem without accountability no matter how much money we put on it. You know, the costs keep going up. If we don't have prepared, motivated students coming then it doesn't matter how much we raise the Pell Grant, we are not going to get an end product that we desire.

And if we want to put on our business hats for a minute and the federal government is going to invest in education you want to see some return on investment. Right now I don't think that we are seeing a good return on investment despite heaping more and more money on it, and that seems to be the federal government's philosophy across the board outside of education as well—if something doesn't work let's just put more money. It is kind of like the tail wagging the dog; it is almost like we have an ongoing bailout of educational institutions.

And, you know, I just—as we looked at this budget and we see the Pell Grants that have gone from $12 billion up to $40 billion since President Obama took office, I don't think we are seeing a return on that investment. Do you?

Secretary DUNCAN. Well, it is very early, but the fact that we have gone from 6 million young people having access to Pell Grants to 9 million just in the past 2 to 3 years, actually I think that is a big step in the right direction. One very, very encouraging num-

ber is in the past year we have seen a 24 percent increase in the number of Latino students going on to college and—those enrolling. Now we have got to make sure they graduate. But I actually do think there are some very interesting trends in the right direction.

Mr. DESJARLAIS. Okay. But that is the key is completion, and instead of throwing more money first it seems like we ought to fix the problem. We ought to fix why the costs continue to go up and up, because if we don't slow the costs we are never going to catch up by heaping more money, and especially if we don't have students that are college ready and motivated then in a sense we are wasting the taxpayers' money and throwing it away. So I think we are ignoring the big problem here and we need to have that discussion before we discuss increasing the amount of money we spend.

Secretary DUNCAN. Yes. Just to be very clear, I don't think we are ignoring it. We are actually proposing a Race to the Top for higher education to incentivize States to invest and to incentivize universities to do two things: keep their costs down and to make sure that young people—first generation college goers, Pell Grant recipients—are graduating.

So I think we are actually very much in harmony there. I don't think we have done enough to incentivize completion historically, and that is exactly what we are trying to do.

Mr. DESJARLAIS. And we are not going to fix it unless we do that, and I thank you. I would be happy to work with you more on those issues and appreciate your time.

I yield back.

Chairman KLINE. Thank the gentleman.

Mrs. McCarthy?

Mrs. MCCARTHY. Thank you, Mr. Chairman.

And welcome, again, Secretary Duncan. I wanted to talk about—I was going to talk about the Pell Grants but I want to also say my colleague from Pennsylvania, Mr. Platts, you know, he talked about, you know, legislation that he and I have worked together to make sure that families are involved, which obviously the president has put forward that in his plans and speaking for it.

And Mrs. Biggert talked about, you know, the homeless children that we have out on our streets, children with disabilities in schools, and, you know, some will say that, well, we have other wrap-around programs to help these students but the truth of the matter is, as far as homeless children, children with disabilities that need that extra help, the schools don't have the money for it anymore and they truly don't.

And as far as the wrap-around programs, go to any of my food banks, go to any of the community centers—they don't have it either anymore because the money has not come down from the State, it has not come down from the local communities. People donate, they try to raise money, but it is just not there.

It actually does follow, you know, what we are trying to do to make sure our children and our students are being educated in the early grades, junior high, and high school so they are ready for the Pell Grants. When we see these kind of cuts in the Pell Grants over the next 10 years, when we are trying to make sure that young people are going to college, have the financial means for it—some say the prices have gone up.

I live in New York. Even our community colleges, which are still a buy—you know, it is a good buy—they are still expensive.

And when you look at the cost of living on Long Island and in New York, what we pay in taxes and everything else, a small amount for Pell Grants for a family that is not even making what you should be making on Long Island needs to be protected for those students. That is the goal, I thought, of this committee and certainly of the president to be able to make sure that all students will have an educational opportunity, whether it is certainly going to college, whether it is going into the trades, or for whatever they choose.

So I would ask you, and certainly to work with the president, and certainly as we go over the Republican budget that will be coming out today, or at least going forward with it, cutting $86 billion for Pell Grants is going to hurt everybody, and I certainly hope that you continue to fight that as we go forward on this.

Secretary DUNCAN. We will fight that every step of the way. And again, I just think as a country we have to educate our way to a better economy. We just had another study yesterday saying we need 23 million more college graduates than we are producing, and if we don't take this seriously these jobs are just going to go overseas.

And one thing I would just like to say to this committee that I haven't mentioned yet is that 2 weeks ago we held an international summit with 23—in New York—23 high performing and rapidly improving countries from around the globe, and if anyone thinks these countries are resting on their morals or not moving forward educationally it is an unbelievable wakeup call. These countries are investing, they are innovating, they are committed. And that is the competition. Our children aren't competing in your district, or in your State, in the country—our children are competing with children across the globe and other countries are just taking this commitment much more seriously than we are.

My concern is that I think our children are as smart, as talented, as creative, as entrepreneurial, as hardworking as children anywhere in the world, I just want to level the playing field for them. And right now that is not the case.

Mrs. MCCARTHY. And we need to do it, because I have about 46 young people from G.W. that are over here going to G.W. from China and they will be here for 6 months, and the question came up on education and I said, "Our competition is you and we are going to be ready for you," and I hope I can hold up our promise up to that.

Secretary DUNCAN. You and I both.

Mrs. MCCARTHY. Yield back.

Chairman KLINE. Thank the gentlelady.

Mr. Hanna?

Mr. HANNA. Thank you.

And thank you, Mr. Secretary, for being here.

We all share a common goal of rebuilding the middle class and in the past 30 years what we have seen in terms of job creation in this country is 98 percent of the jobs have been service jobs, about 2 percent have been what are typically called tradable jobs—higher value added, up the food chain type of jobs. We also know

that an increase in those jobs—those people have those jobs—create in their lifetime about 30 percent more than everybody else so that we go from a middle class that effectively is not paying a great—to a large extent, federal and State taxes, to a middle class that actually does pay taxes.

So you stated that you expected a 5 percent GDP growth because of some changes in the focus on STEM. Is that correct?

Secretary DUNCAN. Yes. Again, it just—the jobs of the future, the knowledge that the jobs are going to be for the educated workforce.

Mr. HANNA. Knowing that a 1 percent increase in GDP reduces our national debt by about $1 trillion and knowing that we have about a 2 percent growth rate now, maybe less—and it doesn't look like that is going to change in the near future—what would you like to say about STEM in that regard?

Secretary DUNCAN. I can't overstate the importance of producing so many more young people with a passion and a commitment and a desire to work in the STEM areas, and I think the STEM pipeline is broken. I think we have far too few children who have access to teachers where they are comfortable and confident. So this isn't just a higher education problem; this starts in third and fourth and fifth grade.

We are working with an outside nonprofit. It is committed to hitting the president's goal of recruiting 100,000 additional STEM teachers over the next decade. But we have to do this and we have to do this with a greater sense of urgency.

And you can't solve it at the higher education side. We have to really fix that pipeline and the only way we do that is with more teachers who really love math and science and have a passion for that.

Not everyone agrees with me. We have had a couple-decade shortage of math and science teachers.

I think we can keep admiring the problem or do something about it, so I have been very public—I think particularly in disadvantaged communities we should pay math and science teachers more money. We have to look at the—recognize this desperate shortage, and the children can't do it without that basic building block. I think technology can be helpful.

But whatever we can do to dramatically increase the number of young people with a passion and a love and an excellence in the STEM fields, our country needs that.

Chairman KLINE. Thank the gentleman.

Mr. Tierney?

Mr. TIERNEY. Thank you, Mr. Chairman.

Thank you, Mr. Secretary. It is good to have you here.

I just want to touch base on one of the latter comments of the previous speaker, not the most recent one, about Pell Grants and the increase during this administration. When you have an economic situation as we did from 2001 to 2008 where millions of jobs are lost it is going to make a lot more families eligible for Pell Grant, and I would assume you agree with me that the fact that that happened that people got the Pell Grants or that their dream didn't end is a good thing. In other words, we moved them through the pipeline.

I don't see any company every making anything from disinvesting, and if we are going to need in the future more innovators, more teachers, and scientists, and engineers, just using the recession as an excuse to shut that valve off and hope that somebody is going to make it up on the other end doesn't make any sense, does it?

Secretary DUNCAN. We have to invest. We have to create more opportunity. And we have to make sure many more folks are graduating from college than they are today. Pell Grants are a huge part of the solution, not a part of the problem.

Mr. TIERNEY. I mean, I don't want to beat a dead horse because I think we have made the point here but, you know, letting the interest rates go from 3.4 percent to 6.8 percent moves us in the wrong direction. Eliminating the Pell Grant rise, which we have already paid for, moves us in the wrong direction. Getting rid of the Income-Based Repayment Program so that students graduate with a higher burden on the other end moves in the wrong direction. And I was glad to see that your budget accounted in the other direction for that, an improvement moving forward.

Let me just ask you about maintenance of effort. I think in higher education when we put that into the Recovery Act it made a difference, when we put it into the Higher Education Opportunity Act it made a difference.

I am a little concerned that we see some movement afoot here to relieve the maintenance of effort to take it out of the K-12, and I would like you to speak a little bit to the importance of maintaining that if we are going to have true partnerships.

Secretary DUNCAN. So again, please hold us accountable. We think it has made a huge difference out there and I can't tell you how many college presidents and others have said thank you for that, and if it were not for the MOE we would have been decimated more than we were. So, again, we recognize these are tough fiscal times; we recognize States have to balance budgets. But we don't want folks cutting education disproportionately, and we are going to stand our ground there. And please hold us accountable there.

Mr. TIERNEY. We will. But I appreciate that sentiment on that.

I noticed that the Republican budget cuts about $500 million on job training funds, and I notice this administration has emphasis on doing more with community colleges and improving the pipeline for job training. I appreciate your comments about the Miller-Hinojosa-Tierney bill in that respect.

Tell us more about the importance of job training as well as the college end of things, but for that group that may get out of a high school and need a credential short of a college degree.

Secretary DUNCAN. So two pieces on the sort of the high school side—we would like—we are requesting an additional $1 billion to invest in career academies, so giving young people a real sense of skills and what is out there. And if any of you have paid an auto mechanic or a plumber lately, they are doing pretty well. And those are good-paying jobs, middle class jobs, and we need to make sure young people have those options.

And for me to be clear, it is never college or career. I want it to be college and career and let young people decide what they want

to do—not track them one direction or another, but give them options. So we want to invest there.

And then secondly, on the community college side, we have had a great partnership with the Department of Labor and we want to continue to build upon that. Again, I just think community colleges have been this unrecognized gem along the education continuum. It is so important.

Some of my most inspiring visits are to community colleges around the country, and I will tell you—it is stunning if you guys haven't done it—there are more and more folks who have 4-year degrees who are going back to community college to get that trade or to get that certification to get a good-paying job. And so there is a huge value there.

My concern is that we literally have some community colleges today who are offering classes 24 hours. There is that much demand. We have to increase their capacity; we have to make sure that they are partnering with the private sector; and where there are real public-private partnerships, where that training is leading to real jobs in that community, we want to invest a lot more.

Mr. TIERNEY. Great. Thank you.

I don't want to get too technical on this, but in the fiscal year 2012 omnibus appropriations bill some changes were made. One was the elimination of the ability to benefit for eligibility for a Pell Grant, and you know, I think, well for enrolling students. It was really a pretty innovative idea. So if you didn't have a GED or a high school diploma you could still get a technical courses along with your adult education and the Pell Grant was really funding that aspect of technical training. Do you have an answer to how we are going to deal with that class of students?

Secretary DUNCAN. Yes. It is a tough issue and we are struggling with it internally. So we are very aware of it. I don't have an easy answer. There are certain things—obviously we went from two Pell Grants to one in a year; there have been some tough decisions made. But that is a very, very real issue that—let me come back to you on, but we are aware of the potential downside there.

Mr. TIERNEY. Great. Thank you.

Yield back, Mr. Chair.

Chairman KLINE. I thank the gentleman.

Dr. Foxx?

Ms. FOXX. Thank you, Mr. Chairman.

Thank you, Mr. Secretary, for being here. I want to start out by correcting the record just a little bit on some things that have been said today. It is my understanding that it was Senator Kennedy and the Senate Democrats who opposed the variable rate for student loans in 2005. Republicans recommended that and it was the Senate Democrats who stopped it.

I would also like to point out that from 2007 to 2011 the Democrats were totally in control of Congress and for 2 of those years President Obama was president. And yet, you never recommended changing the rate for student loans during the—those 2 years, and neither did the Democrats who were in control of Congress for 4 years make that recommendation. It is only since the Republicans have taken control of the House of Representatives that you have brought forth that recommendation. And the president has created

the greatest fiscal crisis that this country has ever seen and now suddenly you are concerned about the loan rates.

I would also like to associate myself with the comments of Dr. DesJarlais and his concern about talking about access, but it seems to me that it is illogical that you all continue to talk about access and increasing borrowing for students. You know that old definition of insanity that is thrown around that it is doing the same thing over and over again and expecting a different result, and we have talked about how increasing costs have been associated with increasing spending. And so I appreciate the fact that you are talking about it is not just access, but it seems to me that you all concentrate on throwing more money at the problem and assuming that we are going to get a different result when we haven't in the past.

I would also like to commend you and the president for discovering community colleges. As someone who discovered them a long time ago, I think they have always been neglected and do provide tremendous opportunities for us. And it is clear that you all have been out in the public a little bit, but in some ways the way you talk about things you talk like nothing has every happened in education until you guys came along and you are making these recommendations on career academies and community colleges working with business and industry. That is what community colleges have always done is work with business and industry to create programs.

So I just want to say, there had been some things going on out there before you guys came on the scene, and it is good to highlight those but I don't think the federal government needs to pay to spread them around because somebody who is running a good community college or a good college is going to pick up on those things and going to be doing them.

I would like to ask you about a situation in the Department of Education. It is my understanding that there is a problem with borrowers who have done all the necessary work to rehab their loans but the department hasn't completed the process for them to do that. In fact, we have heard from borrower—pardon me—from borrowers about the department failing to follow through on your end of the job.

Can you tell me in a short sentence or two why these folks who have—and countless others who have spent time having their loans processed—rehabbed—hasn't been processed? Your department says it is proud of the way you have managed the program, but how have you gotten to the point where the department is holding these hard-earned—hardworking people back from repairing their credit and getting their loans back in order, and when are you going to fix it?

Secretary DUNCAN. Obviously, ma'am, we have zero interest in doing that, and where we have folks who we need to move more rapidly or be more supportive of, we are absolutely committed to doing that. So if you have specific, you know, individuals who are coming to you I am happy to take those personally and work with them.

Ms. FOXX. Well, I don't think we should be dealing with individuals. We need the whole process fixed and we would like a written answer from you on that, on when you plan to get it fixed.

Secretary DUNCAN. Absolutely.

Ms. FOXX. The other quick question that I have for you is you have been talking a lot about affordability but yet you put in unnecessary rules and regulations, one size fits all, but you hold up good models like Western Governors University as a great place to go, but how do you square the fact that the administration promotes lower-cost models of higher education delivery with the fact that you are making it impossible for those innovative models to develop and operate? You are talking out of both sides of your mouth.

Secretary DUNCAN. I guess we have a difference of opinion there. I don't think we are talking out of both sides of our mouth at all. We are doing everything we can to encourage and to support innovation and are going to continue to do that at the higher education side, 4-year institutions, community colleges, K-12, and the early childhood space, as well.

Chairman KLINE. The gentlelady's time has expired.

Mr. Kildee?

Mr. KILDEE. Thank you, Mr. Chairman. I apologize for having to go to another committee.

But let me ask you this, Mr. Secretary: The Republican budget would cut over 200,000 children from Head Start and would eliminate all mandatory funding for Pell Grants. Many, many years ago the Ypsilani school study indicated that Head Start actually saved money in remediation for students, for incarceration, lessening teenage pregnancy, that these were really investments. And these are—they are real numbers to indicate that this actually has saved our economy.

How would these Republican cuts on Head Start and Pell Grants affect our economy, which is trying to bring itself back now?

Secretary DUNCAN. I think we can all probably agree we don't need another study demonstrating the tremendous dividends of the investment in early childhood education. We know that. And the long-term dividends—you know, high school graduation rates, college-going rates, less incarceration—I think has been demonstrated again and again.

And so I think we have to invest in high quality early childhood education. If we were to have 200,000 children lose access to Head Start that is nothing positive about that.

We were obviously very pleased this past year in Race to the Top, for the first time, to invest in high quality early childhood education opportunities and we want to commit a piece of this year's Race to the Top money to do the same. So we want to lead by example and to continue to invest where it is high quality in disadvantaged communities, making sure children are entering kindergarten ready to learn and ready to read, and any step in the opposite direction is one that we are going to challenge as hard as we can.

Mr. KILDEE. In Flint, Michigan, I have watched some of the Early Head Start. The last thing that Ted Kennedy and I worked on together—I was chief sponsor of the bill and he handled the bill

over there in the Senate—was Early Head Start. And it is just marvelous, even the shorter-term study, if you had an Early Head Start it indicated that—what a marvelous difference this makes in the children's development.

And I just would wish that they would look at not only the moral effect and the social effect, but also the economic effect of cuts here. These are not savings. You are really making these kids much more expensive to society, and rather than contributing to the treasury they will be drawing from the treasury with these cuts.

Secretary DUNCAN. I think you and I are in absolute agreement on this issue.

Mr. KILDEE. Okay. Thank you, Mr. Secretary.

Chairman KLINE. I thank the gentleman.

Mrs. ROBY, you are recognized.

Mrs. ROBY. Thank you, Mr. Chairman.

Thank you, Mr. Secretary, for being here today. Appreciate your time and your testimony. As you know, this is just a vitally important time based on these proposed budgets for us to wrap our minds about how to proceed forward.

And I just want to take a minute to talk a little bit about some of the things that you have said throughout the testimony today that I find extremely fascinating in that I think there is a little bit of a contradiction between words and action, because you have said all of the things that we have put into action through this committee.

We need to give States and districts more flexibility in how they achieve results. We approve States because—through the waiver process because they have made commitments in ways that best fit their State and local situations. We look forward to supporting States and districts in these efforts.

And we have passed out of this committee five bills, three of which—the last three, the State and Local Funding Flexibility Act, the Student Success Act, the Encourage Innovation and Effective Teachers Act—all three of those bills put into action the words from your testimony today. And so I would just say, as a member of this committee and on behalf of Alabama, we would appreciate your support and the administration's support of putting that into action. We wouldn't have a need for a waiver process if, in fact, we could get this reauthorization accomplished.

And then you used, also, in response to my colleague's question about how are we—how—give some examples of how the federal government is getting out of the way, and you used Race to the Top as an example as well, but 46 States applied for that. As I understand it, there is $4.5 billion that has been divided among only 18 States and the District of Columbia.

So you take a State like Alabama that jumps through a lot of hoops to get the Race to the Top money and was not successful in doing so, and all of the millions of dollars that have been spent by States to jump through those hoops for the federal government, those are precious dollars that could have been used in the classroom. I feel like there is some contradiction worth noting and it would be my hope that we could use those words and our action and get on the same page and actually try to accomplish this reauthorization and turning this on its head and allowing the States

and the local governments to apply the control that they need in order to educate our children.

Secretary DUNCAN. To address those two points, and I don't know if there is a contradiction—first of all, States didn't spend millions of dollars to apply for Race to the Top; it is just not true. What States did do is they worked very hard to have a blueprint for reform.

The challenge we have is that we had many more great applications than we had funds available, and whether it is in Race to the Top where that was true, the Investment Innovation Fund—we funded 49 great applications in the first round and we had 1,700 applicants. Promise Neighborhoods, we had—first round we funded 20; we had 300 applicants. So there is a tremendous interest in—you know, in local communities and driving reform. We want to be able to support more of that and so that is what we are looking for—increased investment in these areas.

On the early childhood space and Race to the Top, 36, 37 States applied; we funded eight or nine of them. Would love to have gone much further down the list but just simply don't have the resources to do that. So I would challenge you to think about, are we going to continue to invest in these kinds of creative programs or are we going to cut that investment?

On the reauthorization side I would say—and it is not the purpose to be here, but I just want to be very honest, I have tremendous, tremendous respect for Chairman Kline, and we may not agree on every issue but we actually agree on a lot. I will tell you, no one has been more honest with me and worked with a greater level of integrity than your chairman here——

Mrs. ROBY. Well, you know, certainly I appreciate all those efforts, too. And again, I just—you know, as I sit here and I listen to the questions being asked about whether it is a specific program or a specific line item in the budget, we all need to stay focused on returning this level of control.

And my time is about to expire so I just want to ask real quickly, you know, States like Alabama, we haven't applied for the waiver yet, but we have said that, as I understand, they are working on a waiver request. And so it won't be one that addresses all of the strings that you have attached, but—to what you have offered, but it will be one that is tailored to the reform efforts in—that the State already has in place and is in the process of implementing. And under the law, as—and this is my question—as long as Alabama is meeting the educational needs of the students shouldn't this waiver be granted?

Secretary DUNCAN. So again, we are happy to look at the waiver. To be clear, we don't have a lot of strings.

We are saying you have to have high standards—college and career ready standards. I think we can agree on that. We are saying you have to have meaningful teacher and principal evaluation and support. I think we can agree on that. And you have to be willing to challenge the status quo and turn around low performing schools. So I don't——

Mrs. ROBY. But this is exactly what we are trying to accomplish through the legislation that we have offered through this committee, and it is the responsibility of Congress to reauthorize the

act, not the Department of Education to hand down more unfunded mandates to the States.

Secretary DUNCAN. There are no unfunded mandates here. States voluntarily chose to come and they are.

And let me just finish what I was saying before, complimenting the chairman. I also want to compliment—he is not here, but—Congressman Miller. And I think you have a remarkable education leader there. And my hope is that in a bipartisan way, working together, we can find some common ground, and that is what hasn't happened yet, and I think that is the frustration.

Mrs. ROBY. Well, we appreciate the responsibility that you have, and thank you for being here.

And my time is expired.

Chairman KLINE. I thank the gentlelady.

Ms. Woolsey?

Ms. WOOLSEY. Thank you very much.

Thank you, Secretary Duncan. You set a very high standard for anybody else that is a cabinet member in this country of ours forever more. You know your stuff. Thank you.

I have a story. When we first introduced and started talking about No Child Left Behind I went to the then chairman, George Miller, and said, "George, this is great but, you know, I represent Marin and Sonoma Counties, in California, and of course, my school districts are so amazing that they take care of all the kids, you know? There are no kids left behind and, you know, I mean, you know look what our scores are, you know, year after year."

And he virtually patted me on the head and he said, "I know you believe this, Lynn, but you are wrong." So I called my two superintendents of the two counties and after they got through the fear that I was going to use them as an example—a bad example around the country—they told me point blank that English learners, poor kids, and minorities were not at the same level as the majority of our kids in my very elite district, okay? So I felt like such an elitist.

So we have done good things, and if it was happening in that area I know—I am for sure it was everywhere. How are we going—my question to you is, how are we going to ensure that we don't slip back now, that these schools that have raised the bar for the kids that were falling behind—what is your method for doing that?

Secretary DUNCAN. So no one simple thing, but again, I think the fact that so many States are actually talking about and including more of these children who, again, were invisible under No Child Left Behind in their accountability, that is a story that hasn't been told and folks don't sort of fully understand that yet. And so saying they exist, saying we care about them, saying we are going to be held accountable for the results, and then providing the range of opportunities they desperately need, so whether it is the chance to take algebra in eighth grade, whether it is a chance to go to class—go to a high school that offers A.P. classes. You may have seen—we put out a massive amount of data through the Civil Rights Data Collection process and the inequality of opportunity for so many disadvantaged children is really staggering——

Ms. WOOLSEY. So are you going to measure this? I mean, are we—I mean, if——

Secretary DUNCAN. So I think we can better measure it, but measuring it is a step in the right direction, it doesn't solve the problem. The question for me is what are we doing proactively to help these children be successful? And for me it starts with great early childhood education, it goes to having great teachers and great afterschool and wraparound services in the elementary levels, it means going to a high school that has a college-going culture.

Ms. WOOLSEY. Well, you are the perfect straight man because I want to talk about wrap-around services. Thank you very much.

You know I am an advocate of wrap-around services and I think it is so important that we provide that support to schools and families and districts. And I know that we have consolidated those funds with other support funds. I fear that wrap-around services won't get the attention that they need, so how—is there a way that we are promoting wrap-around services? Are we letting school districts know——

Secretary DUNCAN. No, it is something we are absolutely committed to, so we will—again, hold us accountable. I don't share that fear, actually.

Ms. WOOLSEY. You don't?

Secretary DUNCAN. And it is interesting, not just in that funding stream, but again, going to the School Improvement Grants, those $4 billion to the lowest performing schools, a very significant percent of those dollars—and we can try and get you a number—are going to counselors, social workers, afterschool programs, Saturday school, summer stuff. So it is not just one pot of money but it has been a huge push in this direction.

And then the final thing I will say is it is not just our funding; it is how we become more creative. So I have talked a lot about—I don't think we need to build a lot more Boys and Girls Clubs and YMCAs. I think we should be bringing those partners into our schools, get them out of the bricks and mortar business. All of us are struggling financially. Put all of their scarce resources into tutoring, and mentoring, and after school and enrichment programs.

In every single neighborhood in our country—rich, poor, black, white, Latino, doesn't matter—we have schools. Schools have classrooms; they have libraries; many have computer labs; they have gyms; some have pools. They don't belong to me, or you, or to the principal, or to the union. They belong to the community. And having our schools open much longer hours with a whole host of activities and nonprofit partners and social service agencies—we are going to keep funding, we are going to do it, but we need to sort of create this climate where our schools become anchors of the neighborhood, community centers, not islands.

Ms. WOOLSEY. Well, I look forward to supporting you in that regard. And one of the reasons I didn't think my district was lagging is right before No Child Left Behind one of our poorest school districts actually had coordinated services at their school site and they had stepped up to that already.

Thank you.

Chairman KLINE. The gentlelady's time has expired.

Mr. Kelly?

Mr. KELLY. Thank you, Mr. Chairman.

Mr. SECRETARY, good to see you again. I noticed in your opening statement—and this seems to be the recurring theme lately—is about fair. I keep hearing about, we just want everybody to have a fair shot, we want everybody to have a fair opportunity, we want everybody to have what is fair. And the American people have always been about what is fair. And I hear that all the time.

And then I hear about, "Well, the Ryan budget is unfair because it is going to place on the back of the middle class or the underprivileged a greater burden." And I know that when you look up fair it can mean a lot of different things. It could you say you have fair skies out there, you know, fair statements.

But would it be a fair statement to say that the United States spends more money per capita at the federal level, the State level, the local level than any other country in the world on education?

Secretary DUNCAN. It spends more than most. I don't know if it spends more than all. So I am not quite sure if that is a fair statement.

I think the real question you are asking, which is a fair question, is are we getting the biggest bang for our resources now? And I think the answer is no and we have to invest smarter.

Mr. KELLY. Okay. Okay. And it is probably a pretty fair statement also to say that just by throwing money at a problem that is not going to solve it?

Secretary DUNCAN. Absolutely.

Mr. KELLY. Okay. So the amounts of what we have been spending or what we are going to continue to spend in the future, while we may disagree in substance as to it would be more fair to give more in this program than in another program, it—underlying fairness is to the American taxpayer and return on their investment. They are not getting a very fair return on the investment that they are making in education.

And I say that not just from a personal standpoint, but if you look at it and say, my gosh, we keep spending money and we are increasing the amount of money that we are spending, and then we are saying, well, but it is—this is going to be okay because it is going to be fair. But in anything I have ever looked at there is a measurement. You look at the metrics.

And I think NAEP says that since 1970 it has been fairly flat—our students' progress. Maybe in the fourth grade we have seen some uptick in some disadvantaged groups, but since 1970. And if I go forward, you know, 1980, 1990, 2000, 2010, so 40 years we have spent a fairly large amount of money trying to make the system fairer for everybody.

The only people that I have seen losing in this are the hardworking American taxpayers who continue to make an investment and that are told, "Look, you know what, if we could just put a little more money in this program it is going to become more fair for folks." And I will tell you what, I have only been here a year but there is something wrong with a country that continues to spend more than it takes in, continues to think that if I could just throw a little more money at this it will take care of it.

Because the fair assessment would be that we have had a failing look for the last 40 years. A lot of the things that we have done now—is it fair to grant waivers to certain school districts, because

maybe they don't have the same metrics as other school districts? Yes, well that is fair. That is fair.

So I know you are working hard at it. I look at the Pell Grants and we say, boy, that certainly isn't the way it initially was thought out but it just seemed that we needed to make it a little more fair. And at the end of the day—the end of the day if it is really about being fair it is are we truly being fair to the people that we represent back home? They don't have to be Republicans, or Democrats, or Libertarians, or, quite frankly, a lot of folks that just wish that there were no government at all anymore because in their life it is not a fair playing field.

So if you can, tell me what are you doing to make it a little more fair? And I know that is a very big question, may take more than a couple minutes to answer. But I have got to tell you, from a guy who sells cars for a living and you have to make it a fair profit audit, and the payment has to be fair to the person buying it, I have just got a feeling we are selling people a car that is really not going to perform at the level they expect and their payment keeps going up on it, and, by the way, the number of months that they are making payments on it has increased from 36 to 48 to 60 to 72 and it is going off the charts. There is just no way I see this thing getting reigned in unless we really do become a nation that looks at what we are doing.

Secretary DUNCAN. So I don't know if I can answer all that in a minute——

Mr. KELLY. You have 15 seconds though. I know that is not fair.

Secretary DUNCAN [continuing]. But I will do my best to do it succinctly. First of all, hopefully you see us not just perpetuating the status quo but really trying to push transformational change.

Mr. KELLY. It is not so much me; it is NAEP. I mean, they have been tracking these things for a long time, so——

Secretary DUNCAN. No, I am saying our investments are not just putting good money after bad; we are trying to push transformational change on the early childhood side, on K-12 reform, and higher education, as well. So we recognize that historically we are just not getting to where we need to go if we keep doing the same things.

I will also say, I talked about the international summit, where we tried to really listen and learn from these high performing countries. Let me tell you some things they are doing differently that I think we could learn here.

First of all, they have a very high bar to entry for the teaching profession. They compensate their teachers in very different ways; they reward them in very different ways, very different career ladders.

We can do all this. It is not rocket science. It takes some courage to do some things differently.

The other thing they do, they do a much better job of closing gaps, so the disproportionately invest in the most disadvantaged communities. And the wide gaps we have in achievement in our country that I think are just morally unacceptable, they don't have those in other countries because they disproportionately get the most resources and the best talent to the children and the communities who need them.

So I just challenge all of us to think about can we incorporate some of those lessons from those countries today that are, frankly, out-educating us?

Chairman KLINE. Gentleman's time has expired.

In the interest to be fair, Mr. Bishop?

Mr. BISHOP. I am touched, Mr. Chairman. Thank you.

Mr. SECRETARY, thank you very much for being here. And I want to talk a little bit about this issue of throwing money at a problem. And I have heard it presented in the context of the Pell Grant. I mean, I think we all know that the principal reason that the Pell Grant has grown, we have 25 million people in this country who are either unemployed or underemployed. That has a significant impact on increasing Pell Grant eligibility.

We also know that we have a long-term—at least for the last 40 years in this country—that higher education enrollments are counter-cyclical. When the economy is down people go back to school. They try to retool, they try to get skills that will let them go forward.

So I don't know that it is—we should be talking about this as throwing money at a problem. I think we should be talking about this as investing in our future.

We have created a program in this country on a vast bipartisan basis called the G.I. bill for the 21st century. We are now spending, I think, $25 billion to $30 billion a year to help returning Afghanistan and Iraqi vets get their slice of the American dream. Is that throwing money at a problem or is that investing in their futures?

I think we really should be commending the kind of investment this country is making in access to higher education.

Let me also, on the issue of college costs, we hear an awful lot about how increases in student financial aid availability drive college costs. There is no evidence to substantiate that, just for the record. There is none.

We had a hearing in our subcommittee—November 30th—we had testimony from a great many people and I asked the question, is there any evidence that suggests that increased college costs are driven by increases in Pell Grant or campus-based—all the witnesses said absolutely none.

So I hope we can set aside that canard that this is what is driving college costs, although we will get a chance to see. If the Pell Grant is cut by $94 billion over the next 10 years, if campus-based programs are cut, if the theory is right we should see college costs drop precipitously. We will get a chance to see. I hope we don't get that chance, but we will.

Let me, Mr. Secretary—on the issue of—the president said in his State of the Union speech that he wanted to begin a process of tying campus-based aid to efforts on the part of schools to drive affordability and to contain costs. I know this is an issue that the department is working on, but I am really worried about how we are going to create a matrix that would allow us to measure it. So could you talk to us about what the department is doing to try to measure it, relative to price and increases?

Secretary DUNCAN. And you are absolute pro in this area, so I would love your thoughtful advice, as you have been so helpful in the past. I think that the basic problem we are trying to solve for,

which I think we can agree is, we have done a lot to increase access, which is hugely important, but there are two other pieces. One is these escalating costs; the second, like you come back to, is completion, attainment. And so putting in place incentives not just to get students in the front door but to get them graduated and walk across the stage at the back end, and doing it at a reasonable cost, I don't think we have had enough incentives there.

So how we measure—we can sort of walk through how we are thinking about, but those are the two things where I think our resources, our incentives haven't moved behavior the right direction, and we are trying to challenge that status quo.

Mr. BISHOP. Okay. Let me urge you, as you think about this, to consider in your equation the extent to which schools discount tuition.

Secretary DUNCAN. Yes.

Mr. BISHOP. The average discount rate for private colleges in the State of New York is approaching 40 percent. They are making an enormous effort to use their own resources to enhance affordability.

So we should be looking at gross price, we should be looking at net price, but we also should be looking at how institutions are, in effect, sacrificing to drive down gross price and drive down net price.

One last question—I am running out of time: We are now 2 years into the transition from FFEL lending to Direct Lending. When we made that transition we heard near-apocalyptic predictions of how awful this would be for colleges that were FFEL lenders, students who were FFEL borrowers. Could you tell us where we are 2 years in?

Secretary DUNCAN. Well, I never want to jinx us, but you have heard a deafening silence, and that silence has been because this transition has gone extraordinarily smoothly. And I want to commend the universities for their hard work and I want to commend our team at FSA that did, I think, a yeoman's job of reaching out to many, many different universities who were very reluctant and worried about this transition.

And the fact that we were able to do it and you have not seen a huge blowup or huge crisis, the fact that those scarce resources are now increasing access on the Pell Grant side——

Mr. BISHOP. So the savings that we anticipated are being realized and are being put into the Pell Grants?

Secretary DUNCAN. That is the only reason we have been able to increase Pell Grants the way we have.

Mr. BISHOP. Thank you very much, Mr. Secretary.

I yield back.

Chairman KLINE. I thank the gentleman.

Mr. Rokita?

Mr. ROKITA. Thank you, Mr. Chairman.

And thank you, Mr. Secretary. It is good to see you again.

I want to direct your attention to this chart that I have put up. It discusses how much we have been spending on education as a federal government versus the results. And I have heard already just recently that we should be commending that investment, and I have heard terms like we are throwing money at it, and I heard

you say that we need to level the playing field relative to other countries.

So when you look at this chart and you see the blue line, which represents our spending since the installment of American socialism known as the Great Society took place, a chapter that birthed your agency, as a matter of fact, and then you see the other lines. You see an orange line, a green line, and a gray—maybe a purple line. And those lines that are flat lined represent our reading scores since we started making federal investments in education, it represents our math scores, and it represents our science scores.

Now, we were just told that we should commend the investment. What part of that investment should we commend?

Secretary DUNCAN. So, I think we all agree we have a long way to go and need to invest differently——

Mr. ROKITA. Well, hold on. Let me stop you right there. This has been going on—and that is just what the chart picks up—since 1970. It is now 2012.

Secretary DUNCAN. I am very familiar with the data. And to be clear, what the Cato measured—this is a Cato report—they looked at 12th grade results, and as we know, the disproportionate amount of the federal investment is actually on the elementary side, so if you look at the elementary results, fourth grade, it would be better.

But I think where we might agree is that we have a long way to go educationally and what we are doing to date isn't good enough to keep great jobs in this country going forward.

Mr. ROKITA. Yes, you know, and this is not personal to you. It is not even personal to your agency. I would say this—and I do say this to the military generals who come and ask for money to be thrown at something thinking that it is going to make something better or stronger. And just about every other agency head that I have found have that same kind of attitude.

And I used to run an agency. I used to run four of them. And, you know, we ran them on 1987 dollars, unadjusted for inflation. The number of personnel we had was never more than they had in 1982. And you can look through the press clips, you can look at anything about my agencies and you can't say that we gave bad service or that we were subordinate in any way.

So this mantra and this really—which is below you, I know, that says, "Just give us more money because we can make things better," doesn't work anymore and——

Go ahead.

Secretary DUNCAN. So hopefully in nothing that I have said did you hear me say just give me more money because you had better hope——

Mr. ROKITA. Well, let me go—yes, let me ask about that.

Secretary DUNCAN. If I could just finish, hopefully——

Mr. ROKITA. I think you did say that. Your budget request touts consolidation of 38 programs into 11, but 22 of those 38 programs didn't even receive funding last year so your budget actually consolidate 16 programs into 11, but of those 11 you are asking for a funding increase, if I understand it right.

Secretary DUNCAN. I don't know if your math is quite right, but my point is what we are looking for is not investment in the status

quo but in a very different vision of reform. And hopefully you have seen that at every level—early childhood, K-12 reform, and higher education.

So the big increase we are asking for—we are asking for, to be very clear, $1.7 billion increase. I make no apologies for that. The lion's share of that is to try and create some incentives on the higher education side to get States to invest and to get universities to keep down tuition and graduate more folks.

And if we think if we can change that behavior then the investments we are making in Pell Grants, and Perkins, and other things will be much more beneficial, much better leveraged——

Mr. ROKITA. And may be realized in another 40 years, which is somewhat the nature of education. You have got to——

Secretary DUNCAN. I don't have 40 years. I have a huge sense of urgency. Right now we have a dropout rate that is far too high; we have a graduation rate that is far too low; and far too many of our high school graduates aren't college and career ready——

Mr. ROKITA. Let me ask you about some metrics that I used to use and that you can really focus on and hone in on. With consolidation of those programs, how many fewer employees are you going to have to hire? How can you physically reduce the footprint?

Secretary DUNCAN. I will check that and get back to you. Our spending on our employees and our costs are actually very, very low.

Mr. ROKITA. But how many fewer employees will you need? If you are consolidating programs then it follows that you shouldn't need as many employees. You should at least not have to rehire, you know, through attrition, some of those folks.

Is there anything you are doing in your budget, in your plan that reduces the federal role in education?

Secretary DUNCAN. And again, we have had this question a couple times and I would argue very strongly that the Race to the Top program was an empowerment of States and them putting forward their plans that they adopted and giving them room to implement and support those plans. The waiver package unequivocally is reducing the federal role and empowering local——

Mr. ROKITA. And real quick, what metrics will you use to measure that diminished role?

Secretary DUNCAN. Every single—well, you can measure—what we are really measuring is the impact on student achievement. That is what I am interested in measuring. Are these plans helping more students be successful? That is how we want to be held accountable. And are we leading the world——

Mr. ROKITA. So no metrics to measure the—I understand your point, but no metrics——

Chairman KLINE. Gentleman's time has expired.

Mr. ROKITA. Thank you.

Chairman KLINE. Mr. Scott?

Mr. SCOTT. Thank you, Mr. Chairman.

And thank you, Mr. Secretary, for being with us today. Can you tell us what your budget does to reduce the achievement gap? And, following up to the last question, what your budget does to reduce the dropout rate, which would be highly correlated?

Secretary DUNCAN. So obviously, virtually every investment we make, whether it is in Title I students, whether it is in students with special needs, whether it is in better professional development for teachers, whether it is in turning around low performing schools, whether it is supporting the great work of States to raise standards—all of that is to reduce the insidious achievement gap in this country and to see many more of our young people not just graduate from high school but go on to college.

Mr. SCOTT. Well, does the budget increase your ability to address that problem or reduce your ability to address the problem?

Secretary DUNCAN. Does our budget?

Mr. SCOTT. The budget, right.

Secretary DUNCAN. Our budget, we are convinced, would increase our ability to reduce those achievement gaps and have many more young people be academically successful.

Mr. SCOTT. You mentioned Promise Neighborhoods that you would be able to fund 20 out of 300. How much money did you spend on addressing the 20 and how much would you need to fund the really truly worthy projects?

Secretary DUNCAN. Yes. So we are asking for an increase in Promise Neighborhood funding, and we have had, again, extraordinary applications come in, but I promise you if we are fortunate enough to get the increase that we are requesting we will still have many more good applicants than dollars available.

Mr. SCOTT. When will studies be available to show the benefits of Promise Neighborhoods?

Secretary DUNCAN. Every single year we are going to put out data on progress.

Mr. SCOTT. What needs to be done to bring afterschool programs into the schools? You mentioned Boys and Girls Clubs.

Secretary DUNCAN. We need to continue to fund and we need to encourage schools and school districts as well as nonprofits to partner in more innovative ways.

Mr. SCOTT. What can we do on a federal level to bring that about?

Secretary DUNCAN. I think we can continue to encourage it and to shine a spotlight on best practices, and I have been to many places that have extraordinary programs, with schools open 12, 13, 14 hours a day, and sort of hope those good ideas get promulgated.

Mr. SCOTT. In funding these programs does the budget allow funding of program sponsors who wish to discriminate in employment with federal funds? That is, if a sponsor decides that they don't want to hire Catholics and Jews does your budget allow funding for those programs?

Secretary DUNCAN. I certainly hope not.

Mr. SCOTT. Do the TRiO programs—what is the amount of money on TRIO programs and are you dealing with the issue of late notifications for Upward Bound programs?

Secretary DUNCAN. On TRiO specifically, it is about $840 million request, and if there is any backlog or any issues there we are happy to look to address them as quickly as we can.

Mr. SCOTT. The McNair Post-Baccalaureate Achievement Program, which is one of the few postgraduate programs for low-income and first generation students obtaining doctorate degrees—

what does your budget do to the McNair Post-Baccalaureate Achievement Program?

Secretary DUNCAN. I need to check that and come back to you.

Mr. SCOTT. Historically black colleges and universities and other minority serving institutions, what does your budget do in support of those?

Secretary DUNCAN. We are continuing to invest very, very heavily there, and it is very important to me that those institutions not just survive but thrive, and I actually met with a number of leaders from that community yesterday, and as we think about so many different ways of closing achievement gaps and having more minority teachers come into the public education we think HBCUs and MSIs have a huge role to play there.

One thing we are asking for, just very specifically there, is additional $30 million for the Hawkins Centers of Excellence to really strengthen teacher prep, and again, bring that pipeline of talent to make sure that our teacher workforce reflects the tremendous diversity of our nation's young people.

Mr. SCOTT. And what does your budget do for early childhood education, and Head Start, specifically?

Secretary DUNCAN. So obviously significant amount of that funding comes from HHS, but we funded $500 million for a Race to the Top for early childhood education this past year, and this year in Race to the Top we want to continue to fund States that are doing some really creative things, and we are in this for the long haul.

Mr. SCOTT. What is the benefit of early childhood education?

Secretary DUNCAN. It is immeasurable. It is extraordinarily beneficial.

Mr. SCOTT. And finally, on Pell Grants, could you tell us what your budget does in support of Pell Grants?

Secretary DUNCAN. So we want to continue to, you know, maintain the maximum, and we want to make sure that young people have access to Pell Grants. And we are concerned that we have, you know, budgets being considered that would significantly reduce access to Pell Grants. That, to me, does not lead the country where we need to go.

Mr. SCOTT. Thank you, Mr. Chairman.

Chairman KLINE. Thank the gentleman.

Mr. Thompson?

Mr. THOMPSON. Thank you, Chairman.

Mr. SECRETARY, good to see you. Thanks for being here.

I want to try to—well, I want to take about—both areas of jurisdiction of this committee and kind of bridge them—obviously education and workforce, because they are interchangeable. I mean, they are so well connected, as it should be.

And as you know, today we have, as we sit here, somewhat less—just fewer than the population of Pennsylvania is unemployed—roughly 14 million Americans. So there are a lot of folks sitting at home worried about how to make ends meet.

And at the same time, when I go around and I visit employers, even when I talk with employers outside my district, I find that they are—most employers are sitting with really good jobs that are sitting open. There is such a disconnect.

Now, there are probably a number of reasons for that, but one of the things I think is significant, and I call it the skills gap, where people do not—they are not qualified and trained to take these positions. And to me, I know the big thing when we talk about jobs today it is unemployment. I think the crisis that is looming on the horizon is where we start to lose business and industries overseas because they can't find the people to do the work. And it is going to be compounded, obviously, by the baby boomer generation with those retirements that are happening in scores.

And so it is about a qualified and trained workforce, and I truly believe that our career and technical education training is a very cost-effective way to get people those skills. And in fact, for some folks who are investing 4 years of tuition it is a—and graduating, unfortunately, with a large debt that—we have talked about that—that this is a way to give greater options for kids.

And so the administration's—the president's budget includes $1 billion over 3 years for career academy programs and $8 billion for community college and business partnerships. These new programs really appear to come at the expense of programs like the Perkins Career and Technical Education Act.

You know, my concern is that the president's budget proposal is trying to reinvent the wheel at the expense of proven and critically needed Perkins programs. And so, you know, I believe a good indicator of future performance is past performance, in terms of meeting these workforce needs and delivering education, and providing great pathways to success for folks, and during a tight fiscal environment how can we ensure that the foundation for proven programs like Perkins remains strong when it seems like—and I understand every administration wants to put their name on something that appears to be new, but sometimes I really do believe that comes at a cost of sacrificing that which is proven and works.

Secretary DUNCAN. No, it is a great question. I would just start where you started. I think this skills gap which you talked about is just a massive challenge for us in education and the business community to come together behind. And as you know so well, in this tough economic time we have, we think, at least 2 million high-wage, high-skill jobs that we are not filling. I can't tell you how many CEOs I have met with and the president has met with who say, "We are trying to hire today and we can't find employees with the skills we need." So I take that very personally and very seriously, and that is a huge part of our challenge going forward.

We are very supportive of the Perkins program. We think some results are very good, some of the results are mixed, frankly, and really making sure there is accountability there, that that training is leading to real skills that lead to real jobs. Some places, you know, fantastic job; other places, frankly, disconnected, training folks for jobs that were available 30 years ago.

And so what we want to do is just enhance those efforts both on the K-12 side—you know, high school and middle school—but also on the community college side where there are real ties to the private sector, where the training at high school and where the training at community colleges is leading to real jobs in that community. We want to put a lot more resources behind that. The sole

reason here, the sole driver is to reduce that skills gap and to increase the opportunities.

Mr. THOMPSON. Well, the Student Success Act, which has been mentioned here numerous times, a piece of legislation that passed out of this committee, actually we put language in there to do just the things that you are talking about, to encourage our school districts to work with local business, local industry, to prepare kids—because there is a significant portion of kids that aren't going to even go on to a—let alone a 4-year schools, a 2-year technical training or certificate program; they are going to go right into the workforce. And I think the language that we put in the Student Success Act will go a long way towards making sure that these kids are ready on day one after graduation to join that workforce and really be there for a great job to be able to meet a need and a great pathway to success.

Secretary DUNCAN. The more we can work together on these issues, again, I just feel this is one we have to break through as fast as we can and do it together. So thank you for your leadership on it.

Mr. THOMPSON. Thanks, Mr. Secretary.

Mr. Chairman, I yield back.

Chairman KLINE. I thank the gentleman.

Mr. Holt?

Mr. HOLT. Thank you, Mr. Chairman.

Mr. SECRETARY, good to see you. You are a fine witness and I appreciate your creative and imaginative and positive programs and your national presentation to the public on educational matters.

There are lots of things we could talk about—arts in education, libraries, special education, and IDEA. But let me focus on the professional development of teachers in math and science, and then if time allows I would like to get to the Foreign Language Education Program that you would zero out and leave us in a situation where the Chinese government is spending more money in this country on foreign languages than you are—we are.

But science education—the proposed budget proposes the consolidation of the Math and Science Partnerships Program, again, and the budget request of $150 million is—this is for the entire block of consolidated programs—is less than was provided for math and science partnerships in 2004 and about a third of what used to be in this under the Eisenhower Grants of some years ago.

Now, I understand you are under pressure to make sensible cuts, but this is slashing and it is not good enough to say, "Well, we are doing better than the Ryan, Romney, Santorum, Gingrich, Paul budgets would do," that wouldn't take us back to 2004, they would take us back to 1994 or 1904, or whatever. So, you know, how can you do that?

And let me go on along these lines: The Higher Education Opportunity Act included a provision—a really quite inexpensive provision to provide a database on STEM education programs, assistance for people to study college graduate science, technology, engineering, and teaching in those areas, as well. It has never been funded. This is really minor and it would really help—it would have a major impact.

And furthermore, TEACH Grants. How can we make the TEACH Grants more attractive for prospective teachers in science and math?

Secretary DUNCAN. So a lot there, and I think, obviously, your advocacy and leadership on STEM is so huge and important. We actually have multiple pots of money that are funding the STEM areas——

Mr. HOLT. Let me just jump in there. The principle funding for teacher professional development has been the Math and Science Partnerships, and so that principal program has not been made up with bits and pieces of other programs.

Secretary DUNCAN. Right. Right. So we have, as you said, $150 million for the effective teaching and learning STEM. I would say that the $2.4 billion we spend on teacher professional development is often poorly spent and we need to look there, but so much of what is going on with Race to the Top grants, with i3 winners are in the STEM areas and we have made that a competitive priority. And so we are going to continue invest very significantly there.

And then finally, obviously we are pushing very hard to recruit 100,000 new STEM teachers to come in and have some really interesting public-private partnerships and are moving that direction.

Mr. HOLT. Well, you could recruit them better if you made the TEACH program really work——

Secretary DUNCAN. Oh, sorry. And the TEACH——

Mr. HOLT [continuing]. If you helped with the database to help people understand what financial assistance is available for them to study in the STEM areas—both relatively inexpensive programs, considering the impact that they would have.

Secretary DUNCAN. Your point on the TEACH Grants is actually a really important one. I think too many folks who got the TEACH Grants actually didn't either go into teaching or stay in teaching and how we better target that for folks who are in it for the long haul, how we do it maybe a little bit later in their college career where they are more committed. Obviously if they don't go in those grants become loans, and it really puts them in a bad position. And if we emphasize more folks with that commitment in the STEM areas to go work in disadvantaged communities I think those dollars can be targeted in a much more strategic way.

Mr. HOLT. Yes. Let me just press you a little bit more on the teacher professional development. I mean, you have said science education is central to our effort to restore American leadership in education worldwide. It doesn't look to me like when you consolidate the single most important program about professional development in math and science with a bunch of other programs and then reduce the amount to, you know, less than a third of what it was under the Eisenhower Grants or below what it was 8 years ago for the Math and Science Partnerships alone, that you really are saying, "This is central."

Secretary DUNCAN. Right. So again, let me just sort of walk you through. There is a fair debate or fair critique, but just to walk you through, $150 million for the effective teaching and learning in STEM, $30 million for the Fund for the Improvement of Education in the K-12 math innovation space, $80 million for the set aside for effective teachers and leaders in State grants to support STEM

teacher and leader preparation, and $190 million for the Presidential Teaching Fellows program in the STEM areas.

So there are multiple ways that we are trying to get at this, but I think your basic point of how critical this is to the country, we absolutely agree, and again, welcome that continued conversation of how we get there together.

Mr. HOLT. Thank you.

Chairman KLINE. Gentleman's time is expired.

Mr. SECRETARY, as you can tell, we are nearing that point in the hearing where we are going to make a few brief closing remarks. I want to thank you. Before I yield to my colleague, Mr. Kildee, I want to thank you for your attendance here today, for your really in-depth knowledge and your sharing that with us.

We all benefit from your presence here and I know that your staff has put a lot of time into preparing that enormous notebook there in front of you. I think it was time well spent.

Mr. KILDEE, any closing remarks?

Mr. KILDEE. Thank you, Mr. Chairman.

Mr. SECRETARY, I have spent 36 years on this committee and 36 years in Congress, and this is going to be my last year, and I really appreciate your leadership in education. I helped establish the Department of Education—I was one of the cosponsors of the bill so I have known every secretary, and you are just incredibly good and I deeply appreciate what you have done.

You have really helped bring parties together—the Big Eight concept. I really enjoyed those meetings and I think they have some permanent effect among—I have always liked John but I like him even more after having those meetings. And we got to know each other better and realize that we all wanted the top-class educational system.

And you helped us really begin to realize that we could respect one another, work together, have some differences and try to work those differences out. We still have a long ways to go but I think you have really planted the seeds very well. Hopefully we will bear fruit.

Mr. SECRETARY, I deeply appreciate your knowledge, your depth of knowledge, you leadership in education, and I deeply appreciate your passion for education, and I thank you for it.

Secretary DUNCAN. Thank you for your service.

Chairman KLINE. I thank the gentleman for his closing remarks, for his kind remarks about me. In fact, a couple of people have said nice things about me and I have got to go wonder what I am doing here.

Thank you, Dale.

Just a couple of closing remarks here sort of wrapping up the discussion. It is apparent that there is some remorse and some angst being expressed over the fact that the Pelosi Congress put into law—put into law a doubling of the student interest rates from 3.4 to 6.8 this year and then wonder why budgets reflect that law as we try to grapple with that challenge.

Mr. Secretary, I want to take my closing remarks to reemphasize how important I think it is that we go right at that IDEA funding. I appreciate your comments and I agree with my colleague that you have a great depth of knowledge and a great passion to reaching

the goal of improving education for our children, but right now immediately in the near term every school in America would benefit by increasing that funding, which was a commitment by the federal government decades ago.

And so we will continue work here despite the sort of across the board rhetoric that we heard up here and, frankly, that we heard from you about what the House budget is going to do. We will set those priorities when it comes down to how we spend money, and I am going to continue to work and I hope in a bipartisan way with my colleagues to make sure that we are increasing funding for IDEA and not cutting it.

And then one final point, there was some discussion about the Direct Lending program and I think you indicated that it was working very well and you hadn't heard any complaints, and yet we heard some discussion about rehabilitation of loans. There may be some issues there. I and others have signed a letter to the GAO to ask them to look into that.

And we have been hearing some murmurings that there may be some difficulties with the Web site. We will continue to be in dialogue with you to make sure that our students are getting what they need out of this.

So again, I want to thank you for your attendance here today. I thought it was an excellent hearing and again, I commend your staff for excellent preparation. I don't even know if you needed any more with your depth of knowledge. But thank you very much.

There being no further business, committee stands adjourned.

[Questions submitted for the record and their responses follow:]

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April 25, 2012

The Honorable Arne Duncan
Secretary
U.S. Department of Education
400 Maryland Avenue, S.W.
Washington, D.C. 20202

Dear Secretary Duncan:

Thank you for testifying at the committee's recent hearing entitled, "*Reviewing the President's Fiscal Year 2013 Budget Proposal for the U.S. Department of Education.*" I appreciate your participation.

Enclosed are additional questions submitted by committee members following the hearing. Please provide written responses no later than Tuesday, May 15, 2012 for inclusion in the official hearing record. Responses should be sent to Mandy Schaumburg of the committee staff.

Thank you again for your contribution to the work of the committee.

Sincerely,

JOHN KLINE
Chairman
Committee on Education and the Workforce

Enclosures

Chairman John Kline

1. The administration's budget lays out a request of $69.8 billion in discretionary funding, an increase of 2.5 percent over FY 2012. However, this does not include the mandatory funding for Pell Grants or funding for education provisions within the American Jobs Act. Including those and possibly other items not listed in the department's submission, can you tell us the full and complete budget request for the Department of Education?

2. What specific steps are you taking to make the department more efficient? Can you point to any reductions in offices or staffing that reflect this effort?

3. What steps have you taken to strengthen "on the ground" and "desk top" monitoring of grantees? How many employees per grant program focus on monitoring?

4. When utilizing peer review processes to review applications, what steps have you taken to ensure your staff is not overly involved and the peers come from a variety of backgrounds?

5. How many Notices of Proposed Rulemakings (NPRM) has the department issued that have had a full 90-day comment period? Can you tell us specifically which NPRMs were noticed with less than 90 days to comment? Why wasn't the public given as much opportunity as possible to provide input on all NPRMs?

6. How much has the department spent on all conferences and events over each of the previous four fiscal years? Please provide a breakdown of each event or conference planned by the department since January 20, 2009, and indicate which program the conference was associated with, what program office was the lead for the event, whether the department contracted out planning or management for either all or part of a conference or event, why the services were contracted rather than Office of Communication and Outreach (OCO) staff planning the event, and how much the contract for these services was for.

7. If funds for another round of Race to the Top are appropriated by Congress, what changes would you make to the program?

8. The Race to the Top program provided incentives for states and school districts to pursue a highly prescriptive education reform agenda dictated largely by the administration. And we've seen the effects of this top-down approach: as detailed in the recent GAO report, many states are months behind in acting on the promises included in their applications and the department has approved a number of major changes to state grants. At the same time, the administration has seemed to move on from its K-12 efforts, choosing to devote significant chunks of the program to early childhood education and propose a new higher education component. What is the department doing to work with Race to the Top winners to ensure they are meeting the goals set out in their applications?

9. The budget request states the department would like to award Race to the Top grants to school districts in addition to states, or a combination of the two. What requirements would districts have to meet to be considered eligible to receive a grant?

10. March 2012 marked the two-year anniversary of Delaware and Tennessee winning a first round Race to the Top grant. What specific evidence demonstrates whether this program has improved student achievement? Is there any evidence of the sustainability of these changes or whether the proposals made in the applications of non-winning states have materialized? When will we see any concrete results from the $5 billion the department is spending on this program?

11. Please provide a complete list of meetings in which you participated, both in and outside of Washington, DC, at which the department's waiver package was discussed, including but not limited to initial meetings with states in developing the package to the present time. Please include a complete list of participants, their job titles, and their affiliation.

12. You and the president have repeatedly said the department had to act because Congress wouldn't. First, what constitutional authority does the department have for acting in the absence of Congress? Second, the Congressional Research Service has questioned the legality of your waiver approach and said that a court could find them to be "arbitrary and capricious" and in excess of the agency's statutory authority. Do you reject their analysis? Why is the administration willing to subject states and school districts to so much uncertainty should a lawsuit be filed?

13. The department has indicated it is developing monitoring protocols, separate from regular Title I monitoring, for states that received a conditional waiver. If the waivers the department is granting are consistent with your authority under ESEA, why is separate monitoring necessary?

14. The Assistant Secretary for Elementary and Secondary Education recently indicated the department is exploring the possibility of granting waivers to individual school districts. Under current law, the department can provide waivers to school districts from the requirements of No Child Left Behind (NCLB), but the waiver application must be submitted through the state, which has an opportunity to comment on whether or not they oppose the waiver. Under the plan envisioned by the department, will potential peer reviewers have access to the state's comments? What conditions will districts be expected to meet to quality for such a waiver? How is the department proposing to monitor the thousands of school districts around the country that would be approved?

15. Under the guidance issued for the waivers package, the department clarified that states and school districts may not waive equitable participation requirements. However, the guidance seems to permit a district to ignore the law's equitable participation provisions if funds are no longer used for public school choice, Supplemental Educational Services, or professional development. Please explain how this guidance meets the clear intent of the law to provide services to the students in private schools for whom the funds were allocated.

16. The administration requests an overall increase in elementary and secondary education funding for new programs focused on teacher quality, as well as billions in additional mandatory funding focused on teacher reform. Why is the department creating new teacher programs with more federal overreach when the federal government already administers more than 80 teacher quality programs with costs of more than $4 billion as identified by the Government Accountability Office (GAO)?

17. In December 2011, the Office of the Inspector General recommended in an audit of the Teacher Incentive Fund several ways the department could improve the effectiveness of its program implementation, grant proposal evaluation and awarding processes, and program oversight. What has the department done to make these improvements?

18. The administration's budget proposes a new ARPA-ED (or Advanced Research Projects Agency for Education) to fund learning technology R&D. How will this work be different from the activities of the National Research and Development Centers at the Institute for Education Sciences (IES)? Where would ARPA-ED be housed, and how would it operate? Why is the department proposing a new program and agency using taxpayer dollars to support high risk research with uncertain returns, rather than looking to improve and coordinate existing education research structures within the Institute of Education Sciences?

19. The administration is seeking an increase of $27.5 million in IES funding. What will this money be used for? When should Congress expect to receive the administration's proposal to reauthorize the Education Sciences Reform Act?

20. The administration's budget continues funding for the Regional Educational Laboratories (RELs). Since 1996, RELs have taken a significant proportion of the total federal investment in education research and development with little demonstrated value. Although the most recent re-competition changed the focus of the RELs, why are we continuing to invest in initiatives that do not meet state and local demands?

21. In trying to encourage responses to survey data for studies and reports, researchers will include a nominal payment of a few dollars to compensate individuals for their time in filling out the survey. Does the Institute for Education Sciences engage in this practice? If so, please list how much money is used for this purpose and the projects for which it was used. Have any contractors used funds in this manner? If so, please list which contracts and how much money was spent for this purpose.

22. In the FY 2013 budget proposal, the department requests $850 million for Race to the Top, of which an undisclosed amount would be used for the Early Learning Challenge competitive grant program. What portion of Race to the Top funds do you foresee going to the Early Learning Challenge? Why wasn't that included in your budget?

23. How does the Race to the Top-Early Learning Challenge work with existing early learning programs at the state level? With Head Start?

24. What changes is the department planning to make to the Early Learning Challenge Fund, if funds are appropriated for this program? How much time will states be afforded to comment on the changes?

25. In January, the White House released a statement claiming the Race to the Top-Early Learning Challenge awards would "impact all early learning programs, including Head Start, public pre-K, childcare, and private preschools." Would you please clarify this statement by explaining whether or not private preschools, which do not receive government funding, will be exempt from the state regulations and licensure requirements funded out of the Early Learning Challenge grant?

26. I know Head Start isn't under the purview of your department, but I understand you and your senior advisors are working closely with the Department of Health and Human Services (HHS) on early childhood education. As I'm sure you're aware, the results of a number of studies have questioned the long-term value of the $8 billion Head Start program. The Head Start Impact Study found children's gains from participating in the program do not last through the end of the 1st grade. And Congress is still waiting for the results of the 3rd grade study that was completed years ago. Why do you think your $500 million Early Learning Challenge Grant will be successful when the multi-billion Head Start program hasn't had much of a return on investment?

27. In the budget proposal, the department intends to cut funding from the student loan programs to provide a patch for the Pell Grant program. Year after year, these one-time funding patches have been used to help the Pell Grant program limp along. What proposals is the administration contemplating to permanently put the Pell Grant program on stable footing for the millions of low-income Americans that rely on it to attend college?

28. The administration's budget proposal on student loans would maintain – for just one year - the interest rate on subsidized student loans to undergraduate students. At the same time, you're proposing to increase the interest rate, take away the in-school subsidy, and eliminate the more generous loan forgiveness provisions in the Perkins loan program designed to help lower income students. How can you say your budget is pro-student when you're making some programs more expensive for low-income kids?

29. We've known for the last five years that the student loan interest rate was going to expire on July 1. Why didn't the administration's last three budgets contain proposals to fix the interest rate cliff?

30. According to the Congressional Budget Office, the temporary fix to the interest rate on subsidized Stafford loans costs almost $6 billion. How does the Department of Education's budget propose to pay for that?

31. Since the department assumed control over all of the nation's student loans, we've heard from students who are having problems with the Direct Loan program. As new servicers are being brought on board to service Direct Loans? What is the department doing to inform students their loans have switched servicers?

32. How many new servicers does the department anticipate being brought on this year and in total?

33. A few weeks ago, the House of Representatives overwhelmingly passed H.R. 2117, the *Protecting Academic Freedom in Higher Education Act*, which would eliminate the problematic and burdensome state authorization regulation. The Senate has introduced a similar bipartisan bill. It's also my understanding the regulation is currently being challenged in the courts. If the courts strike down the regulation, will the department attempt to re-regulate on this issue?

34. The Higher Education Opportunity Act of 2008 required the department to provide institutions of higher education with an annual compliance calendar of regulatory requirements for colleges and universities. In the four years since the enactment of the Act – despite numerous new regulations for colleges and universities –we have yet to see a compliance calendar. To what do you attribute the delay? Will the department produce the calendar before another July 1 deadline passes?

35. The federal government's role in higher education has historically been one of helping low-income students access postsecondary education. Through your budget, particularly the proposal to eliminate subsidized loans for students who exceed 150 percent of program length, the administration seems to be shifting the federal role from college access to completion. Have you done any analysis on how your current proposals would affect low-income or non-traditional students? What were the results?

36. The department's budget proposal talks about reforming campus-based aid programs to award funds to institutions that keep their costs while maintaining their value. Can you provide the committee with more details on the specific metrics the department would include in the formula and how funds would shift?

37. The College Access Challenge Grant program is a discretionary grant that has been given mandatory funds through past reconciliation bills. As you know, the goal of the program is to provide funds to states to spend on college access initiatives. We typically reserve mandatory, or entitlement, dollars for individual benefits, like student aid, rather than states or institutions. What evaluations has the department conducted on this program and what are the results? How are you ensuring that funds are not being used to duplicate or stifle private sector activities in states?

38. What evaluations have been done on the TRIO and GEAR UP programs and what are the results of such evaluations for these programs?

39. Since the implementation of the new Internal Revenue Service (IRS) verification regulations, the committee has heard of a number of problems with the data retrieval function and conflicts with IRS procedures that make it difficult for students and families to comply with verification requirements. These problems have led to significant verification delays on college campuses. How long will it take the Department of Education to address this problem and what solutions are being explored by the department? Is the department considering allowing financial aid administrators to use the old 1040 forms to verify the FAFSA?

40. We all agree colleges should work together to ensure families can afford to go to college and we need more innovative and flexible ways for colleges to educate those seeking a postsecondary education. However, a Dear Colleague letter issued on the program integrity regulations by the department prevents third party entities from serving institutions in need of assistance if the third party entity is affiliated with another college or university. According to your guidance, this is true even if that entity has no direct relationship to the institution. Would you be willing to modify this guidance to allow colleges and their affiliates to work together with the proper safeguards in place (such as building a firewall to prevent affiliates from providing services to any related company) to provide services to other colleges and universities in the same way afforded non-affiliated third party entities?

Rep. Thomas E. Petri (R-WI)

1. There have been stories in the news about students abusing the Pell Grant program, including students waiting to get their Pell grant refund and then dropping their classes. What efforts are being taken to eliminate waste, fraud, and abuse in Pell Grants?

2. We have heard a number of concerns from college and universities about delays in awarding TRIO grants. Can you discuss what efforts are underway at the department to improve the administration of these grants?

Rep. Virginia Foxx (R-NC)

1. We have heard of a number of problems regarding the rehabilitation of defaulted student loans. Can you explain why borrowers like these are having trouble with the department processing and rehabilitating their loans? What is being done to make sure this problem is corrected and that it does not happen again?

Rep. Kristi Noem (R-SD)

1. The administration's budget proposes to eliminate Impact Aid Payments for Federal Property. The program provides critical resources to school districts that lack local resources due to the presence of federal land within district boundaries and the resulting diminished property tax base. Why is the administration shirking its responsibility to compensate school districts near Indian reservations, military bases, and national parks to ensure they have adequate resources to provide their students with a quality education? Why are you choosing to fund new and duplicative programs rather than established programs like Impact Aid that support districts that lose local taxes due to the presence of the federal government?

UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF LEGISLATION AND CONGRESSIONAL AFFAIRS

May 23, 2012

The Honorable John Kline
Chairman
Committee on Education and the Workforce
United States House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

Thank you for your Committee's follow-up questions from the March 28, 2012, hearing on "*Reviewing the President's Fiscal Year 2013 Budget Proposal for the U.S. Department of Education.*" Please see the enclosed document for responses to questions that Members of the Committee submitted.

If you have any issues or questions about our responses, please contact me at 202-401-0020.

Sincerely,

Gabriella Gomez
Assistant Secretary
Office of Legislation and Congressional Affairs

Enclosure

400 MARYLAND AVE., SW, WASHINGTON, DC 20202-3100
www.ed.gov

Our mission is to ensure equal access to education and to promote educational excellence throughout the nation.

Chairman John Kline

1. The Administration's budget lays out a request of $69.8 billion in discretionary funding, an increase of 2.5 percent over FY 2012. However, this does not include the mandatory funding for Pell Grants or funding for education provisions within the American Jobs Act. Including those and possibly other items not listed in the Department's submission, can you tell us the full and complete budget request for the Department of Education?

The Department of Education's overall discretionary request for FY 2013 is $69.8 billion, which is an increase of 2.5 percent over the FY 2012 level. The attached table lists the Department's mandatory funding requests for FY 2013, including Pell Grants and funding for education provisions within the American Jobs Act.

2. What specific steps are you taking to make the Department more efficient? Can you point to any reductions in offices or staffing that reflect this effort?

The Department is the smallest Cabinet agency, but has the third largest discretionary appropriation. Less than 1% of our budget is used for administrative costs—most of our funds are given out as grants to States or students or as loans to help families pay for college. There are 4,245 employees to manage and administer a discretionary appropriation of $68.1 billion in 2012 in 120-plus programs. This is in addition to the Department's student loan portfolio.

The Department has increased productivity in the last decade, reducing staffing from 4,600 in 2001 to 4,245 today. At the same time, the Department's discretionary program responsibilities have grown significantly. The Department has automated many clerical functions and uses private sector contractors for many other routine tasks, such as processing student aid applications, answering questions at call centers, servicing student loans, and collecting on defaulted student loans.

3. What steps have you taken to strengthen "on the ground" and "desk top" monitoring of grantees? How many employees per grant program focus on monitoring?

As part of the Department's commitment to supporting States as they implement ambitious reform agendas, the Department established the Implementation and Support Unit (ISU) in the Office of the Deputy Secretary. The mission of the ISU is to provide assistance to States and monitor as they implement unprecedented and comprehensive reforms to improve student outcomes. Leveraging existing monitoring best practices within the agency, the ISU's program review is a new process that emphasizes outcomes and the quality of program implementation by States rather than being solely a compliance-driven

approach focused on inputs and discrete tasks. The ISU also works with grantees to provide formative and timely feedback and technical assistance. Additionally, the program offices within the Department are re-envisioning how to focus even more on supporting States' and grantees' efforts, in addition to the Department's traditional focus on compliance. The Department continues to strengthen its monitoring and oversight of program implementation. This process begins by assessing risk prior to making awards and ends with the final closeout of the grant through a final performance report. During the life of the grant, program offices use a variety of monitoring techniques, e.g. on-site visits, review of audit findings, desktop monitoring, review of performance reports, telephone calls and webinars to provide proper oversight of program implementation and the use of program funds.

4. When utilizing peer review processes to review applications, what steps have you taken to ensure your staff is not overly involved and the peers come from a variety of backgrounds?

In accordance with the guidelines contained in the Department's *Handbook for the Discretionary Grant Process*, the Department's staff involvement in the peer review process is limited to general direction and oversight performed by two individuals, the Competition Manager and the Panel Monitor. The Competition Manager is the ED staff person or program official who oversees the administrative functions of the competition. The Panel Monitor is the person who monitors the progress of an assigned panel or several panels. Panel Monitors listen to panel discussions, but do not participate in the substantive discussions on individual applications and are prohibited from influencing the outcome of the review in any way.

The Department takes several measures to ensure that peer reviewers for competitive discretionary grants are selected for their professional expertise from a variety of different backgrounds. First, we enhance a fair and competitive review process by using reviewers from outside of the Department to provide an independent perspective. Second, we regularly send out calls for reviewers and list the qualifications of the types of persons we're looking for to review a particular competition. Third, in soliciting expert peer reviewers, we include a statement that ED solicits reviewers without regard to race, color, national origin, gender, age or disability. Fourth, the Department's *Handbook for the Discretionary Grant Process*, which is the handbook used by ED staff for all grants programs, provides that a panel of experts be used to evaluate applications and that ED program officials recruit persons from as many different sources as possible in areas pertinent to a competition. Also, potential peer reviewers are screened for conflicts of interest to ensure that they have no vested interest in the grant competition in which they volunteer to participate.

5. How many Notices of Proposed Rulemakings (NPRM) has the Department issued that have had a full 90-day comment period? Can you tell us specifically which NPRMs were noticed with less than 90 days to comment? Why wasn't the public given as much opportunity as possible to provide input on all NPRMs?

It is Department policy to ensure that the public has sufficient time to comment on proposed regulations, taking into account such factors as statutory requirements (the Individuals with Disabilities Education Act (IDEA) requires a 75-day public comment period for the majority of its regulations) or the complexity of the regulations. The following website has a list of all the regulations, when they were published, and the duration of the period for public comment:

http://www.regulations.gov/#!searchResults;cat=EELS;a=ED;rpp=25;po=0

6. How much has the Department spent on all conferences and events over each of the previous four fiscal years? Please provide a breakdown of each event or conference planned by the Department since January 20, 2009, and indicate which program the conference was associated with, what program office was the lead for the event, whether the Department contracted out planning or management for either all or part of a conference or event, why the services were contracted rather than Office of Communication and Outreach (OCO) staff planning the event, and how much the contract for these services was for.

The Department has received two Congressional inquiries requesting information on conference activities. Upon completion of these responses, the Department will provide the Committee with copies in response to this question.

7. If funds for another round of Race to the Top are appropriated by Congress, what changes would you make to the program?

For an investment of less than 1 percent of education spending nationally, the Race to the Top (RTT) Competition has unleashed more innovation and creativity among States than we've seen in education in decades. The hard work of the first 12 grantees from Phase I and II of the program shows the great promise of this program. All of the 12 States have trained teachers on college- and career-ready standards, and they have also increased support for or created new STEM-related programs to recruit talented candidates, fill hard-to-staff schools, and increase access to these subjects for more students. As one example, Ohio established the Ohio Appalachian Initiative, a network of 22 rural districts that is sharing effective practices, such as practices in using data, training teachers and principals, and engaging community members. Massachusetts awarded Wraparound Zone grants to 5 districts; these districts will use the funds to provide wraparound services to

students to help them address physical, psychological, and family-related challenges that serve as barriers to learning. Tennessee expanded two alternative pathway programs (UTeach and Teach Tennessee) to recruit qualified teachers for hard-to-staff subjects. Georgia awarded five competitive grants in summer 2011 under the first round of its Innovation Fund initiative, which encourages the formation of partnerships among school districts, colleges and universities, nonprofit organizations, and businesses to identify new ways to increase applied learning opportunities, improve teacher and leader effectiveness, expand the pipeline of effective teachers, and promote STEM charter schools. We expect the seven RTT grantees from Phase III to continue to add to this good work. These States' applications included commitments to enhance data systems, raise academic standards, improve principal and teacher support and evaluation systems and implement school interventions in underperforming schools.

We are building on this trailblazing work and think it is critical that we continue to invest in these innovative approaches to education reform. FY 2013 funds for Race to the Top would be used to deepen the Administration's investments in the program's five core reform areas and to address the unmet demand of States and districts that have demonstrated a commitment to implementing comprehensive and ambitious plans in these areas. Additional resources will be provided for the Race to the Top—Early Learning Challenge (RTT-ELC) competitive grant program and would be paired with new investments by the Department of Health and Human Services in improving child care quality and preparing children for success in school. As with all our programs, we always seek to learn how to improve them for the benefit of students, and would appreciate your thoughts on how we can accomplish that.

8. The Race to the Top program provided incentives for States and school districts to pursue a highly prescriptive education reform agenda dictated largely by the administration. And we've seen the effects of this top-down approach: as detailed in the recent GAO report, many States are months behind in acting on the promises included in their applications and the Department has approved a number of major changes to State grants. At the same time, the Administration has seemed to move on from its K-12 efforts, choosing to devote significant chunks of the program to early childhood education and propose a new higher education component. What is the Department doing to work with Race to the Top winners to ensure they are meeting the goals set out in their applications?

Race to the Top grantees are undertaking transformative education reform efforts in accordance with the plans that they designed. The Department is supporting States to help them achieve their goals and ensure they're making progress. Consistent with this goal, the Department established the Implementation and Support Unit (ISU) in the Office of the Deputy Secretary. The mission of the ISU is to provide assistance to States and monitor as

they implement unprecedented and comprehensive reforms to improve student outcomes through Race to the Top and other programs. Each grantee State in its approved Race to the Top application and scope of work has developed its own comprehensive reform policy to meet its specific State and local context. As previously mentioned, all 12 Phase I and II States have made tremendous progress in implementing standards and assessments that prepare students to succeed in college and the workplace and to compete in the global economy; building and using data systems that inform students, parents, teachers and principals about instruction; recruiting, developing, rewarding, and retaining effective teachers and principals, especially where they are needed most; and turning around their lowest-achieving schools.

The ISU manages a Race to the Top program review process that not only addresses the Department's responsibilities for fiscal and programmatic oversight, but is designed to identify areas in which Race to the Top grantees need assistance and support to meet their goals. Specifically, the ISU works with Race to the Top grantees to differentiate support based on individual State needs, and to facilitate States' work with each other and with experts on achieving and sustaining educational reforms that improve student outcomes. The information and data gathered by the Department's program review inform the Department's management and support of the Race to the Top grantees, and provide appropriate and timely updates to the public on their progress. The ISU has established a transparent amendment process to support grantees in meeting the goals and objectives of their Race to the Top plan throughout the four year grant period. A grantee's application represents the best thinking at a given point in time and as States and districts implement their Race to the Top plans, they may need to revise their plans based on what they have learned. A State must justify any revisions to activities in its approved Race to the Top plan that diverge from what was proposed in its initial plan and must provide compelling evidence of how such a change will help it meet its objective and performance measures and achieve increases in student outcomes. Revisions to a State's plan that would significantly decrease or eliminate reform in any of these four reform areas constitute a fundamental change to the State's scope of work and will not be accepted or approved.

9. The budget request states the Department would like to award Race to the Top grants to school districts in addition to States, or a combination of the two. What requirements would districts have to meet to be considered eligible to receive a grant?

The Race to the Top State program is galvanizing stakeholders across the country, and bringing them together in broad-based coalitions to problem-solve and improve their States' educational plans with a focus on student outcomes. We will expect the same from a district-level competition – grantee districts will design and implement ambitious, innovative reforms from which others can learn. All districts will derive benefits from

competing. In the near future, we will post a document that will summarize our vision for the competition, and we welcome Congress' input as we continue to develop the competition.

10. March 2012 marked the two-year anniversary of Delaware and Tennessee winning a first round Race to the Top grant. What specific evidence demonstrates whether this program has improved student achievement? Is there any evidence of the sustainability of these changes or whether the proposals made in the applications of non-winning States have materialized? When will we see any concrete results from the $5 billion the Department is spending on this program?

Race to the Top has had a greater impact on education reform in the last three years than we've seen in decades. Even before States received a single dime of taxpayer money, many of them changed their laws and committed to crucial reforms to better position themselves for the competition. For example, 22 States enacted laws to improve teacher quality; 16 States changed their laws to increase assistance to low-performing schools. The hard work of the first 12 grantees from Phase I and II of the program, outlined in the grantees state-specific reports profiling first-year progress, shows the great promise of this program. For example, Tennessee expanded two alternative pathway programs (UTeach and Teach Tennessee) to recruit qualified teachers for hard-to-staff subjects. In addition, Delaware is implementing teacher and leader projects that include data coaches; a science, technology, engineering, and mathematics (STEM) residency program; Teach for America; a Delaware Teaching Fellows program; and the Delaware Leadership Project. Delaware is also supporting the four low-achieving schools in the State's Partnership Zone as they plan to fully implement their selected school reform models during the 2011–2012 school year.

11. Please provide a complete list of meetings in which you participated, both in and outside of Washington, DC, at which the Department's waiver package was discussed, including but not limited to initial meetings with States in developing the package to the present time. Please include a complete list of participants, their job titles, and their affiliation.

The Department started to hold meetings to discuss what is now known as ESEA flexibility in or around July 2010 and those meetings continue today. Different Department offices and officials have contributed throughout the ESEA flexibility process, and they met frequently around the November 14, 2011 window 1 request deadline, the February 9, 2012 announcement that 11 States were approved for ESEA flexibility, and the February 28, 2012 window 2 request deadline when 27 States educational agencies requested flexibility. More information about the ESEA flexibility process and the Department's interactions with requesting and approved States is found at: http://www.ed.gov/esea/flexibility.

12. You and the President have repeatedly said the Department had to act because Congress wouldn't. First, what constitutional authority does the department have for acting in the absence of Congress? Second, the Congressional Research Service (CRS) has questioned the legality of your waiver approach and said that a court could find them to be "arbitrary and capricious" and in excess of the agency's statutory authority. Do you reject their analysis? Why is the Administration willing to subject States and school districts to so much uncertainty should a lawsuit be filed?

Section 9401 of the Elementary and Secondary Education Act (ESEA) allows the Secretary to waive, with certain limited exceptions, any ESEA requirement for a State educational agency that requests a waiver in order to increase the quality of instruction and improve the academic achievement of students. CRS concluded that the scope of the Department's waiver authority under Section 9401 is "quite broad" and that Congress "clearly understood and intended for the Department to waive the requirements of the Act when appropriate." ESEA flexibility is entirely voluntary; no State is required to request it. In fact, in its report, CRS comments that conditions on waivers "would not necessarily be considered to be requirements, given that a grantee's compliance would be purely voluntary, and any grantee that did not want to submit to such conditions would simply forego seeking a waiver on that basis." Under section 9401, before the Department may grant a waiver, we must determine that the waiver will increase the quality of instruction and improve the academic achievement of students. The conditions we have established are designed to support State and local reform efforts already in progress in many States and districts while ensuring that those efforts address these two statutory requirements. In short, ESEA flexibility fits well within our broad waiver authority.

13. The Department has indicated it is developing monitoring protocols, separate from regular Title I monitoring, for States that received a conditional waiver. If the waivers the Department is granting are consistent with your authority under ESEA, why is separate monitoring necessary?

Any waiver of the provisions of the ESEA, by its very nature, reflects a modification of the requirements that must be monitored by the Department. Because States approved for ESEA flexibility are implementing new accountability systems and interventions, monitoring protocols based on current law no longer apply. Thus, we are revising our protocols to ensure that, for ESEA flexibility States, we have the appropriate tools for ensuring both continued compliance with portions of the statute and regulations that were not waived and that States are implementing ESEA flexibility consistent with each State's approved requests.

14. The Assistant Secretary for Elementary and Secondary Education recently indicated the Department is exploring the possibility of granting waivers to individual school districts. Under

current law, the Department can provide waivers to school districts from the requirements of No Child Left Behind (NCLB), but the waiver application must be submitted through the State, which has an opportunity to comment on whether or not they oppose the waiver. Under the plan envisioned by the Department, will potential peer reviewers have access to the State's comments? What conditions will districts be expected to meet to qualify for such a waiver? How is the Department proposing to monitor the thousands of school districts around the country that would be approved?

Currently only State educational agencies are eligible to create and submit flexibility plans to the Department on behalf of themselves and their districts. The flexibility is designed to support systemic reforms and requires – both from a legal and practical standpoint – significant commitments at the State level. State educational agencies are encouraged to work closely with their school districts to ensure a comprehensive plan that truly increases the quality of instruction and improves academic achievement for all students. However, a few States have not yet expressed an interest in pursuing this flexibility, and we have heard from several districts in those States that they are interested in the flexibility. Therefore, we are thinking about how to work with districts in those States that want to move forward with bold reforms.

15. Under the guidance issued for the waivers package, the Department clarified that States and school districts may not waive equitable participation requirements. However, the guidance seems to permit a district to ignore the law's equitable participation provisions if funds are no longer used for public school choice, Supplemental Educational Services, or professional development. Please explain how this guidance meets the clear intent of the law to provide services to the students in private schools for whom the funds were allocated.

In general, a local educational agency (LEA) allocates its Title I, Part A funds in two ways: it allocates the majority of those funds to its Title I schools consistent with ESEA section 1113(c); and it reserves some funds off the top of its allocation under 34 C.F.R. § 200.77 for both required and permissible activities. An LEA's responsibility to provide equitable services to eligible elementary and secondary private school children, their teachers, and their families depends on the nature of the services provided. Equitable services apply to funds an LEA allocates to its Title I schools under ESEA section 1113(c). They also apply to off-the-top reservations that provide district-wide services to Title I schools. However, they do not apply to reservations from which an LEA provides services to a subgroup of students—e.g., homeless students, neglected and delinquent students—or if an LEA focuses the reserved funds on a specific subset of low-performing schools—e.g., schools in restructuring—because public Title I school students as a whole do not benefit from those services either.

Accordingly, with respect to Title I, Part A funds freed up from not needing to meet the 20 percent obligation or the set-aside for professional development under ESEA flexibility, the responsibility to provide equitable services depends on how an LEA uses those funds. If, for example, the LEA allocates the funds under ESEA section 1113(c) to its Title I schools, it must also provide equitable services with the funds. Similarly, if the LEA uses the freed up funds for an off-the-top reservation to provide summer school or professional development to all its Title I schools, or all its Title I schools at a particular grade level, the requirement to provide equitable services would apply. On the other hand, if the LEA uses funds from an off-the-top reservation to implement interventions in its priority and/or focus schools, the equitable services requirement would not apply.

16. The Administration requests an overall increase in elementary and secondary education funding for new programs focused on teacher quality, as well as billions in additional mandatory funding focused on teacher reform. Why is the Department creating new teacher programs with more Federal overreach when the Federal government already administers more than 80 teacher quality programs with costs of more than $4 billion as identified by the Government Accountability Office (GAO)?

In the FY12 Appropriations Report, Congress requested that the Department produce a report on all of the Federal teacher quality programs identified in the 2011 GAO report. Upon completion of the Department's report, the Department will provide the Committee with copies in response to this question. Additionally, the Administration's FY13 budget request for the Department includes a major new investment to support States' and districts' efforts to elevate the teaching profession.

This investment is needed to jumpstart efforts by States and districts to dramatically rethink and reshape their approaches to recruiting, preparing, supporting and compensating teachers. While the Department's current investments in teacher quality are important, they are too narrowly focused to produce the dramatic transformation of the teaching profession we need to restore our position as the world's leader in education. The new initiative will enable States and districts to better leverage existing funds, including current federal investments in teacher quality, to support more comprehensive approaches to transforming the profession.

17. In December 2011, the Office of the Inspector General (OIG) recommended in an audit of the Teacher Incentive Fund several ways the Department could improve the effectiveness of its program implementation, grant proposal evaluation and awarding processes, and program oversight. What has the Department done to make these improvements?

The Department has used information from the first two cohorts of Teacher Incentive Fund (TIF) grantees (the cohorts that were the focus of the audit report) to inform the TIF competition planned for fiscal year 2012. Specifically, in consideration of the OIG audit findings, the Department has made improvements to the management and implementation of the program. These improvements include, for example, adopting new systems that allow the Department, prior to making an award, to analyze the applicant's fiscal and operational status in order to assess its risk of not performing satisfactorily; ensuring greater coordination across program offices so as to maximize the expertise needed to address complex technical issues; and dedicating adequate resources to critical aspects of the competition process. The Department has also conducted additional staff training related to granting continuation awards consistent with the Education Department General Administrative Regulations and the Handbook for the Discretionary Grant Process in order to ensure that decisions regarding continuations reflect sound policy decisions.

18. The Administration's budget proposes a new ARPA-ED (or Advanced Research Projects Agency for Education) to fund learning technology R&D. How will this work be different from the activities of the National Research and Development Centers at the Institute for Education Sciences? Where would ARPA-ED be housed, and how would it operate? Why is the Department proposing a new program and agency using taxpayer dollars to support high risk research with uncertain returns, rather than looking to improve and coordinate existing education research structures within the Institute of Education Sciences?

ARPA-ED would engage in what is known as "directed development," an approach to research and development that focuses on accelerating a small number of projects with the potential to produce transformational improvement, particularly in the area of educational technology. This approach differs from the basic and applied research and development carried out by other Federal entities that fund education research and development. ARPA-ED is also distinctly different than the approaches employed by research at IES. As an example, ARPA-ED would support projects such as developing digital tutors that are capable of replicating the well-established benefits of one-on-one tutoring, but at substantially lower cost and with much greater potential for broad use.

The Department proposes to model ARPA-ED on the Defense Advanced Research Projects Agency (DARPA), which helped invent the Internet and GPS, and a similar agency at the Department of Energy. Some key features that contributed to the success of these agencies that we would also use for ARPA-ED include hiring authorities that empower the organization to recruit world-class personnel from the field who rotate in and out regularly and operate in a hierarchically flat structure. The Department of Defense, even with a research and development budget in excess of $70 billion, maintains DARPA as a separate $3 billion organization staffed by leading scientists and technologists.

We believe an agency like ARPA-ED is important because a lack of investment in research and development is one of the reasons why the benefits of technology that have dramatically improved other industries have left education largely unchanged. Given the significant achievement gains needed to ensure our citizens' prosperity and competitiveness, we need to develop new and groundbreaking tools that can produce significantly better results for students and teachers. Currently, limited federal funding for research and development and challenging market conditions discourage even private funding in research and development that takes place in other sectors. ARPA-ED could spur the market in places in which it is falling short by attracting new entrants while still ensuring that the limited resources we have do not duplicate areas in which the private market is delivering effective solutions.

19. The Administration is seeking an increase of $27.5 million in IES funding. What will this money be used for? When should Congress expect to receive the Administration's proposal to reauthorize the Education Sciences Reform Act?

This requested increase for the Institute for Education Sciences (IES) includes $12.5 million to maintain its investments in research, development, dissemination, and evaluation to advance our understanding of early learning and elementary, secondary, and postsecondary education, including up to $30 million in new research and development grants on critical topics in which our knowledge base is inadequate. The National Center for Education Statistics would receive an additional $6 million to support State participation in the Program for International Student Assessment, and the Statewide Data Systems program would receive $15.0 million for initiatives to improve information on students as they move from high school to postsecondary education and the workforce. The request would continue the Administration's commitment to supporting the Regional Educational Laboratories, the Assessment program, research in special education, and special education studies and evaluations.

Over the ten years since the Education Sciences Reform Act (ESRA) was authorized, IES has significantly expanded its investments in research and development that are both rigorous and relevant to the needs of educators and policymakers. As these investments have begun to yield promising and significant findings, IES has also transformed the way that the Federal government disseminates research information, translating complex methodological and statistical details into materials that can be more easily accessed and applied to classroom instruction and policy decisions. We continue to make the use of data an essential ingredient in our school reform agenda. We look forward to working with Congress on the reauthorization of ESRA.

20. The Administration's budget continues funding for the Regional Educational Laboratories (RELs). Since 1996, RELs have taken a significant proportion of the total Federal investment in education research and development with little demonstrated value. Although the most recent re-competition changed the focus of the RELs, why are we continuing to invest in initiatives that do not meet state and local demands?

The RELs serve as a necessary bridge between the research community and State and local educational agencies by providing expert advice, including training and technical assistance, to bring the latest and best research and proven practices into school improvement efforts. Key priorities include providing technical assistance on performing data analysis functions, evaluating programs, and using data from State longitudinal data systems for research and evaluation that addresses important issues of policy and practice. In developing the request for proposals for the most recent competition for the RELs, IES solicited feedback from educators, policymakers, and researchers at the State and local levels – to increase their capacity to meet the needs of States and districts. We believe that the new REL contracts will respond better to the needs they identified.

21. In trying to encourage response to survey data for studies and reports, researchers will include a nominal payment of a few dollars to compensate individuals for their time in filling out the survey. Does the Institute of Education Sciences engage in this practice? If so, please list how much money is used for this purpose and the projects for which it was used. Have any contractors used funds in this manner? If so, please list which contracts and how much money was spent for this purpose.

Response rates to voluntary government sponsored surveys have declined precipitously. As a result, agencies have explored a number of ways to maintain historical response rates. Research conducted in the private and public sector has consistently shown that offering incentives, especially small cash incentives with the initial survey request, is one of the most effective ways to boost response rates. An analysis of published studies showed on average a 19 percentage point increase in response rates when a cash incentive is given with the initial survey request. In addition, the research indicated that using the incentive was more effective and less costly than using other methods to reach households that did not respond. In order to achieve a comparable response rate to the mail and cash incentive design, it would be necessary to conduct in-person interviews. Finally, Federal statistical agencies, including the National Center for Education Statistics (within IES), are exploring new approaches to maintaining data quality that depend less on overall response rates and more on ensuring that the responding sample is truly representative. Incentives are likely to be a critical tool under this new paradigm as well.

For research grant programs, IES does not determine details of research protocols which include compensation for individuals.

22. In the FY 2013 budget proposal, the Department requests $850 million for Race to the Top, of which an undisclosed amount would be used for the Early Learning Challenge competitive grant program. What portion of Race to the Top funds do you foresee going to the Early Learning Challenge? Why wasn't that included in your budget?

We want to continue investing in early learning to follow up on the RTT-ELC grants we awarded in FY 2011 and the recently announced use of FY 2012 funds. We would use a significant portion of FY 2013 funds on another Early Learning Challenge grant competition. That commitment of funds would be paired with new investments by the Department of Health and Human Services in improving child care quality and preparing children for success in school. With the Early Learning Challenge, we are supporting State efforts to transform their early learning and development programs from a patchwork of disconnected programs with uneven quality into coordinated State systems that prepare children for success in school and in life.

23. How does the Race to the Top-Early Learning Challenge work with existing early learning programs at the state level? With Head Start?

RTT-ELC grants support States that demonstrate their commitment to and plan for integrating and aligning resources and policies across all of the State agencies that administer public funds related to early learning and development, including Head Start collaboration, Child Care, IDEA and Title I funds. The RTT grants further provide incentives to the States that commit to increasing the number of children with high needs who have access to high-quality early learning and development programs statewide. With the Early Learning Challenge, we are supporting State efforts to transform early learning programs from a patchwork of disconnected programs with uneven quality into a coordinated system that prepares children for success in school and in life. States that won the first round of RTT-ELC grants will work to increase the quality of existing early learning programs, including Head Start, by expanding Tiered Quality Rating and Improvement Systems (TQRISs) that will provide meaningful feedback on improving the quality of programs. The ratings from the State TQRISs will also inform State technical assistance work and incentives for program improvement. Since we administer RTT-ELC jointly with the Department of Health and Human Services (HHS), our work in this area is consistent and fully aligned with HHS's administration of the Head Start and Child Care program.

24. What changes is the Department planning to make to the Early Learning Challenge Fund, if funds are appropriated for this program? How much time will States be afforded to comment on the changes?

We always seek to learn how to improve all our programs for the benefit of children and youth, and would appreciate your thoughts on how we can accomplish that. We are planning to give States as much time as possible to comment on any changes we may propose.

25. In January, the White House released a statement claiming the Race to the Top-Early Learning Challenge awards would "impact all early learning programs, including Head Start, public pre-K, childcare, and private preschools." Would you please clarify this statement by explaining whether or not private preschools, which do not receive government funding, will be exempt from the state regulations and licensure requirements funded out of the Early Learning Challenge grant?

RTT-ELC did not require the participation of private or faith-based early learning providers that do not accept Federal funding or did not choose to participate in a State's RTT-ELC program. The competition was designed so that States that exempt private providers from their licensing and inspection systems were not disadvantaged in any way in the scoring of their applications, and States selected for funding are not required to change their approach to working with private providers.

26. I know Head Start isn't under the purview of your Department, but I understand you and your senior advisors are working closely with the Department of Health and Human Services (HHS) on early childhood education. As I'm sure you're aware, the results of a number of studies have questioned the long-term value of the $8 billion Head Start program. The Head Start Impact Study found children's gains from participating in the program do not last through the end of the 1st grade. And Congress is still waiting for the results of the 3rd grade study that was completed years ago. Why do you think your $500 million Early Learning Challenge Grant will be successful when the multi-billion Head Start program hasn't had much of a return on investment?

As noted earlier, we administer RTT-ELC jointly with HHS. Much research shows that high quality early learning and development programs yield a significant return on investment and are critically important for ensuring that children are prepared for success in school and in life. The RTT-ELC does not create a new early learning and development program in States. Rather, the program is unique in that it requires grantees to align all of a State's early learning programs to ensure a coordinated and complementary effort among all programs to improve quality and focus on school readiness. We believe this

alignment will lead to positive results for children. The Early Learning Challenge grant funds we request will be paired with new investments by the Department of Health and Human Services in child care quality and Head Start quality improvement initiatives. The Head Start Impact Study showed a pattern of impacts on children's development at the end of Head Start across a broad range of outcome domains and points to the importance of alignment between early childhood programs and elementary schools – a focus of RTT-ELC. In addition, RTT-ELC and recent Head Start improvement efforts focus on critical areas identified by experts such as quality reviews, child assessments, and professional development.

27. In the budget proposal, the Department intends to cut funding from the student loan programs to provide a patch for the Pell Grant program. Year after year, these one-time funding patches have been used to help the Pell Grant program limp along. What proposals is the Administration contemplating to permanently put the Pell Grant program on stable footing for the millions of low-income Americans that rely on it to attend college?

The Administration's FY 2013 budget request included a plan to fully fund the Pell Grant program through award year 2014-15. This would be achieved through savings from the student loan programs, and would prevent what otherwise would be a $9 billion shortfall in the program. This request would not only fully fund Pell Grants, but would also support an increase in the Pell Grant maximum award, scheduled to rise to $5,635 in award year 2013-14. Additionally, the action taken by Congress in the 2012 appropriations bill to change the eligibility rules and the auto-zero expected family contribution determination reduced the costs of the Pell Grant program by an estimated $750 million in FY 2013 alone.

28. The Administration's budget proposal on student loans would maintain – for just one year – the interest rate on subsidized student loans to undergraduate students. At the same time, you're proposing to increase the interest rate, take away the in-school subsidy, and eliminate the more generous loan forgiveness provisions in the Perkins loan program designed to help lower income students. How can you say your budget is pro-student when you're making some programs more expensive for low-income students?

Our goal is to make more college aid available to more students. The Administration's FY 2013 budget request seeks to expand and reform the campus-based aid programs—the Supplemental Educational Opportunity Grant, Work-Study, and the Perkins Loan Program—to make available over $10 billion in aid to students. Our proposals would increase the number of students being served by these programs to 3.6 million in FY 2013. The President's Budget would modernize the way these funds are distributed to aid students that attend institutions that demonstrate a commitment to providing students a high-quality education at a reasonable price. Under current law, the Perkins Loan

program is scheduled to terminate in 2014, and all funds must be returned to the Department shortly thereafter. The Budget proposes an a new Perkins program that would preserve needed loan funds for students, and expand the availability of loan funds to serve more students at more institutions than under the existing program. As part of our overall reforms, the 2013 request also includes $150 million in additional funds for Work-Study. This additional request would provide Work-Study funding to institutions opting to participate in an enhanced Work-Study partnership with prospective employers. To increase students' employment prospects, institutions would collaborate with employers to provide students with Work-Study opportunities that are meaningfully aligned with students' academic programs and career aspirations.

29. We've known for the last five years that the student loan interest rate was going to expire on July 1. Why didn't the Administration's last three budgets contain proposals to fix the interest rate cliff?

We feel this is the appropriate time to fix the interest rate and look forward to working with Congress to keep these rates from doubling. As the economy continues to recover, and students and families are struggling to meet the financial demands of ever-increasing college costs, students who rely on loans to finance postsecondary education should not be burdened with additional college debt as they seek to graduate, launch a career or a business, start a family, or buy a house.

30. According to the Congressional Budget Office, the temporary fix to the interest rate on subsidized Stafford loans costs almost $6 billion. How does the Department of Education's budget propose to pay for that?

The Administration's budget contains a number of proposals for policy changes that would establish an American economy built to last by focusing on the solid foundation of educating, innovating, and building. By cutting wasteful spending, asking all Americans to shoulder their fair share, and making tough choices on some things we cannot afford, the Administration's budget includes sufficient funds to pay for our policy priorities, including the interest rate fix. We are proposing to keep the interest rate low so that borrowers do not see their level of debt rise at a time when the economy continues to recover. We look forward to working with Congress to get the President's budget passed.

31. Since the Department assumed control over all of the nation's student loans, we've heard from students who are having problems with the Direct Loan program. As new servicers are being brought on board to service direct Loans, what is the Department doing to inform students their loans have switched servicers?

Every borrower is sent a letter by the new servicer soon after the loan is added to the servicer's system with information about the new servicer, including its phone number, website, payment process and mailing address. The Department also sends these transferred borrowers an e-mail at the time of the transfer informing them that their accounts are being moved and providing them the above-referenced information on the new servicer. As in every transition process, we will take actions as needed to improve the process so that we can better serve students and families.

32. How many new servicers does the Department anticipate being brought on this year and in total?

The Department is in the process of determining what is needed to ensure that borrowers are provided the best service possible. We will continue to keep Congress and other interested parties updated as we have more precise information on the numbers.

33. A few weeks ago, the House of Representatives overwhelmingly passed H.R. 2117, the *Protecting Academic Freedom in Higher Education Act,* which would eliminate the problematic and burdensome state authorization regulation. The Senate has introduced a similar bipartisan bill. It's also my understanding the regulation is currently being challenged in the courts. If the courts strike down the regulation, will the Department attempt to re-regulate on this issue?

These regulations are necessary to ensure the integrity of the student financial aid programs. These regulations will help prevent the inflation of the academic credits attributed to postsecondary education courses that could result in the over-awarding of Federal Student Aid, and for the efficient administration of the student financial aid programs. The Higher Education Act of 1965 (HEA) has long required state approval of colleges and universities participating in the Title IV Federal Student Aid programs and institutions will still need to meet the requirements of the HEA and be legally authorized within the State in which they are operating.

34. The Higher Education Opportunity Act of 2008 required the Department to provide institutions of higher education with an annual compliance calendar of regulatory requirements for colleges and universities. In the four years since the enactment of the Act – despite numerous new regulations for colleges and universities – we have yet to see a compliance calendar. To what do you attribute the delay? Will the Department produce the calendar before another July 1 deadline passes?

The National Postsecondary Education Cooperative Working Group (NPEC) first posted the required disclosure information by institutions of higher education in 2009 (report available at http://nces.ed.gov/pubsearch/pubsinfo.asp?pubid=2010831rev or

http://www2.ed.gov/policy/highered/leg/hea08/index.html). Supplemental information was also published in 2011.

35. The Federal government's role in higher education has historically been one of helping low-income students access postsecondary education. Through your budget, particularly the proposal to eliminate subsidized loans for students who exceed 150 percent of program length, the Administration seems to be shifting the Federal role from college access to completion. Have you done any analysis on how your current proposals would affect low-income or non-traditional students? What were the results?

The Administration has set a goal that by 2020 the United States will regain its lost ground and have the highest proportion of college graduates in the world. We are focused on investing in higher education because we know we need to educate our way to a better economy. To accomplish this overarching goal, the Administration is committed to increasing higher education access and success by restructuring and dramatically expanding student financial aid, while making Federal programs simpler, more reliable, and more efficient for students. The Department's budget proposes a plan to address college completion and strengthen the higher education pipeline to ensure that more students succeed and complete their degree.

One of the ways we are encouraging borrowers to complete their educational programs in a timely manner is through our proposal to require a borrower who has exceeded 150 percent of the normal time required to complete the borrowers' educational program to become responsible for paying interest that will begin to accrue while the borrower is in school beyond this point. The National Center for Education Statistics found that, in general, graduation rates reported at 200 percent of normal time were higher than those at 150 percent of normal time, but the increase was small compared with the increase between 100 percent and 150 percent of normal time. In other words, if a student does not complete his or her degree in 150 percent of normal time, he or she is highly unlikely to complete the program in 200 percent of normal time. (The issue brief outlining this research can be found here: http://nces.ed.gov/pubs2011/2011221.pdf.)

In addition, 1.6 million low income borrowers can limit their repayments to 10 percent of their discretionary income through the President's Pay As You Earn policy.

36. The Department's budget proposal talks about reforming campus-based aid programs to award funds to institutions that keep their costs while maintaining their value. Can you provide the committee with more details on the specific metrics the Department would include in the formula and how funds would shift?

We look forward to working with Congress and stakeholders as we develop the specifics of our proposal. The Administration's 2013 budget request seeks to expand and reform the campus-based aid programs—the Supplemental Educational Opportunity Grant, Work-Study, and the Perkins Loan program—to make available over $10 billion in aid to students annually. Our proposals would increase the number of students being served by these programs to 3.6 million in FY 2013. The President's Budget would modernize the way these funds are distributed to aid students who attend institutions that demonstrate a commitment to providing its students a high-quality education at a reasonable price. Under current law, the Perkins Loan program is scheduled to terminate in 2014, and all funds must be returned to the Department shortly thereafter. The budget proposes an alternative to this program in a manner that would not only preserve needed loan funds for students, but greatly expand the availability of loan funds to serve more students at more institutions than is possible under the existing program. As part of these reforms, the 2013 request includes $150 million in additional funds for the Work-Study program. This additional request would provide Work-Study funding to institutions opting to participate in an enhanced Work-Study partnership with prospective employers. To increase students' employment prospects, institutions would collaborate with employers to provide students with Work-Study opportunities that are meaningfully aligned with students' academic programs and career aspirations.

37. The College Access Challenge Grant program is a discretionary grant that has been given mandatory funds through the past reconciliation bills. As you know, the goal of the program is to provide funds to States to spend on college access initiatives. We typically reserve mandatory, or entitlement, dollars for individual benefits, like student aid, rather than States or institutions. What evaluations has the Department conducted on this program and what are the results? How are you ensuring that funds are not being used to duplicate or stifle private sector activities in States?

The purpose of the College Access Challenge Grant program (CACG) is to foster partnerships among Federal, state, and local governments and philanthropic organizations through matching challenge grants that are aimed at increasing the number of low-income students who are prepared to enter and succeed in postsecondary education. Projects are authorized to: provide information to students and families regarding postsecondary education and career preparation; promote financial literacy and debt management; conduct outreach activities; assist students in completing the Free Application for Federal Student Financial Aid (FAFSA); provide need-based grant aid; conduct professional development for guidance counselors at middle and secondary schools, financial aid administrators, and college admissions counselors; and offer student loan cancellation or repayment or interest rate reductions for borrowers who are employed in a high-need geographical area or a high need profession. (Funds cannot be used to promote any

lender's loans.) The Department has not conducted a national evaluation of the CACG program. However, as with all programs, we monitor the grants to ensure that they are carried out as outlined in the statute.

38. What evaluations have been done on the TRIO and GEAR UP programs and what are the results of such evaluations for these programs?

The Department has conducted several evaluations of the TRIO and GEAR UP programs over the years. We would like to note, however, that further evaluation efforts in TRIO are constrained by a provision inserted by the Congress in the Higher Education Opportunity Act that hinders the Department's ability to use random assignment in the design of TRIO evaluations. Many of these reports can be found under the "Higher Education" section of the following webpage: http://www2.ed.gov/about/offices/list/opepd/ppss/reports.html#higher.

39. Since the implementation of the new Internal Revenue Service (IRS) verification regulations, the committee has heard of a number of problems with the data retrieval function and conflicts with IRS procedures that make it difficult for students and families to comply with verification requirements. These problems have led to significant verification delays on college campuses. How long will it take the Department of Education to address this problem and what solutions are being explored by the Department? Is the Department considering allowing financial aid administrators to use the old 1040 forms to verify the FAFSA?

As of April 2012, over two million students and parents have successfully used the IRS Data Retrieval Tool, making the FAFSA verification process easier and quicker for them and reducing the administrative burden on thousands of institutions. In addition, hundreds of thousands more applicants have received and submitted to their schools IRS Tax Return Transcripts. However, as the tax filing deadline drew closer, some students and families could not immediately use the FAFSA-IRS Data Retrieval Tool or obtain IRS Tax Return Transcripts needed to complete the verification process primarily because of the large volume of tax returns coming in at this time of year. To address this issue, the Department issued a Dear Colleague letter in April providing financial aid administrators with alternative options for fulfilling the verification requirements. Specifically, institutions may use a signed copy of the relevant 2011 IRS tax return as acceptable verification documentation for the 2012-2013 award year until July 15, 2012 when all 2011 tax return information is expected to be available. (The letter can be found at http://www.ifap.ed.gov/dpcletters/GEN1207.html) In the past, a signed copy of an applicant's tax return was the only verification requirement. We will be working with the IRS to develop appropriate guidance for future application cycles, and we will be working

with schools to ensure that their verification procedures are in line with the availability of IRS data.

40. We all agree colleges should work together to ensure families can afford to go to college and we need more innovative and flexible ways for colleges to educate those seeking a postsecondary education. However, a Dear Colleague letter issued on the program integrity regulations by the Department prevents third party entities from serving institutions in need of assistance if the third party entity is affiliated with another college or university. According to your guidance, this is true even if that entity has no direct relationship to the institution. Would you be willing to modify this guidance to allow colleges and their affiliates to work together with the proper safeguards in place (such as building a firewall to prevent affiliates from providing services to any related company) to provide services to other colleges and universities in the same way afforded non-affiliated third party entities?

The Department issued program integrity regulations designed to protect students and taxpayers. These regulations provide safeguards against abuses we have seen among paid recruiters. The incentive compensation regulation prohibits institutions from paying companies a share of tuition based on the number of students recruited. Absent the regulation, the recruiter's primary incentive would be to increase the number of students without regard to the best interests of the student.

Petri

1. There have been stories in the news about students abusing the Pell Grant program, including students waiting to get their Pell grant refund and then dropping their classes. What efforts are being taken to eliminate waste, fraud, and abuse in Pell Grants?

The Department is working to eliminate waste, fraud, and abuse in the student aid programs, including in the Pell Grant program. The Department does this through both programmatic and administrative methods. For example, institutions are required to verify the information on a specified percentage of students who receive Pell Grants. This verification process is annually reviewed as part of financial audits at institutions and at the Department. In addition, in this academic year, the Department encouraged applicants to complete their FAFSA using IRS data and for schools to use official IRS tax transcripts to verify applicant income. The Office of Federal Student Aid also holds workshops at its Federal Student Aid Annual Conference to highlight this issue, share information and learn from institutions that have successfully identified abuses. In addition, on May 2, the Department announced, its intention to convene public hearings on the fraud concerns in Title IV programs. These hearings will be open to the public and will be held in Phoenix, Ariz. on May 23 and in Washington, D.C. on May 31.

2. We have heard a number of concerns from colleges and universities about delays in awarding TRIO grants. Can you discuss what efforts are underway at the Department to improve the administration of these grants?

The Department understands the importance of awarding grants on a timely basis and the impact on grantees, new applicants, and most importantly, the students served by the projects funded under the Federal TRIO program, when deadlines are missed. We are committed to addressing challenges and obstacles so as to make timely grant awards in fiscal year 2012 for all programs. In a recent report issued to Congress, the Department identified the issues faced in awarding last year's grants and outlined the improvements made in light of these issues. As noted in the report, we have addressed technology and staffing issues and have developed and adhered to a calendar so as to ensure a smoother process for 2012. We are happy to report that we have already released $254 million in funds for the slate of grantees recommended for funding in the 2012 Upward Bound competition, which should give the 183 grantees whose projects begin in just a few weeks sufficient time to continue their projects with no interruption.

Foxx

1. We have heard of a number of problems regarding the rehabilitation of defaulted student loans. Can you explain why borrowers like these are having trouble with the Department processing and rehabilitating their loans? What is being done to make sure this problem is corrected and that it does not happen again?

The Department has taken steps to address the problems that borrowers were experiencing and does not expect any further delays in processing loan rehabilitation for new borrowers completing loan rehabilitation requirements. The Department is diligently assisting borrowers who may have been affected by the initial technical issues that prevented their loans from being rehabilitated. These issues resulted from technical issues with the debt collection management system. The Department began implementation of a new debt collection management system in August 2011 but this system resulted in technical issues that prevented the timely processing loan rehabilitations. The Department identified these technical issues and has instituted a number of processes to assist affected borrowers, including manually clearing credit and restoring Title IV eligibility upon request. By the beginning of May 2012, most of the borrowers eligible for rehabilitation had been transferred to the Department's servicing system and are now being placed in new repayment plans, having their Title IV eligibility reinstated, and credit histories cleared. The Department also identified an additional group of defaulted borrowers who may have completed the rehabilitation requirements and continues to review those accounts. The

Department will transfer those borrowers determined to be eligible to a servicer in the near future.

Noem

1. The Administration's budget proposes to eliminate Impact Aid Payments for Federal Property. The program provides critical resources to school districts that lack local resources due to the presence of Federal land within district boundaries and the resulting diminished property tax base. Why is the Administration shirking its responsibility to compensate school districts near Indian reservations, military bases, and national parks to ensure they have adequate resources to provide their students with a quality education? Why are you choosing to fund new and duplicative programs rather than established programs like Impact Aid that support districts that lose local taxes due to the presence of the federal government?

The policy of the Administration is to use available Impact Aid funds to help pay for the education of federally connected children, including children of members of the uniformed services, children of Federal employees who both live and work on Federal property, children of foreign military officers, children living on Indian lands, and children residing in federally assisted low-rent housing projects. Given the restrictions imposed by last summer's Budget Control Act, the Administration has proposed to maintain funding to four Impact Aid programs (Basic Support Payments, Payments for Children with Disabilities, Construction, and Facilities Maintenance) and eliminate funding for Payments for Federal Property.

Unlike other Impact Aid programs, Payments for Federal Property are made to LEAs without regard to the presence of federally connected children and do not necessarily provide for educational services for such children. When the Payments for Federal Property authority was first established in 1950, its purpose was to provide assistance to LEAs in which the Federal Government had imposed a substantial and continuing burden by acquiring a considerable portion of real property in the LEA. The law applied only to property acquired since 1938 because, in general, LEAs had been able to adjust to acquisitions that occurred before that time. Over 64 percent of districts that currently receive Payments for Federal Property first applied before 1970. We believe that the majority of LEAs receiving assistance under this program have now had sufficient time to adjust to the removal of the property from their tax rolls.

In addition, many LEAs receiving funds under this authority consists of two or more LEAs that consolidated, at least one of which originally met the eligibility criterion of a loss of 10 percent of the aggregate assessed value of real property removed from the tax rolls. The

current statute allows such LEAs to retain eligibility even though they are no longer demonstrably burdened.

U.S. Department of Education Mandatory Funds Summary Table for 2013 President's Budget

(in thousands of dollars) Office, Account, Program and Activity	American Jobs Act FY 12	2013 President's Budget
Rehabilitative Services		
Vocational rehabilitation State grants:		
Grants to States		3,129,169
Grants to Indians		38,200
(Discretionary CPIU adjustment)		(109,260)
(Discretionary modification for Workforce Innovation Fund (WIF))		10,000
(Discretionary modification for consolidation of three VR programs)		35,657
Subtotal, Rehabilitative Services		**3,230,972**
Federal Student Aid (FSA)		
Federal Pell grants:		
Mandatory indefinite		5,707,000
Mandatory definite		7,587,000
Subtotal		13,294,000
Iraq and Afghanistan service grants		334
Teacher Education Assistance		200,516
Federal Direct Student Loans Program Account		0
Federal Family Education Loans Program Account		0
Federal Family Education Loans Liquidating Account		(334,797)
Health Education Assistance Loans Liquidating Account		(8,000)
Subtotal, FSA		**13,152,053**
Higher Education		
Aid for institutional development:		166,500
Aid for Hispanic-serving institutions:		111,500
College access challenge grants program		150,000
Higher education facilities loan accounts		(17,591)
Subtotal, Higher Education		**410,409**
Student Aid Administration		
Not-for-profit servicers		358,911
Perkins loan servicing		8,000
American Jobs Act (proposed legislation)		
School modernization	30,000,000	0
Teacher stabilization	25,000,000	0
Strengthening the teaching profession	5,000,000	0
Career academies	0	200,000
Community college initiatives	1,333,333	1,333,333
Subtotal	61,333,333	1,533,333
Subtotal, Student Aid Administration	**61,610,064**	**1,900,244**
Other Mandatory Accounts		
Contributions (DEOA, section 421)		0
General Fund Receipts		(33,429,815)
Other Mandatory Accounts		0
Subtotal, Other Mandatory		(33,429,815)
TOTAL, ED MANDATORY FUNDS		**(14,736,137)**

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June 25, 2012

The Honorable Arne Duncan
Secretary
U.S. Department of Education
400 Maryland Avenue, S.W.
Washington, D.C. 20202

Dear Secretary Duncan:

Thank you for your April 25, 2012 response to the committee's questions for the record following the March 28 hearing entitled, *"Reviewing the President's Fiscal Year 2013 Budget Proposal for the U.S. Department of Education."*

While I appreciate your responses, some were not complete and need further clarification. Enclosed are the questions that require additional explanation. Please provide written responses no later than Monday, July 9, 2012, for inclusion in the official hearing record. Responses should be sent to Mandy Schaumburg of the committee staff, who can be reached at Mandy.Schaumburg@mail.house.gov or (202) 225-6558.

Thank you again for your contribution to the work of the committee.

Sincerely,

John Kline

JOHN KLINE
Chairman
Committee on Education and the Workforce

Enclosures

1. In your response to the committee, you state that, "The department has increased productivity in the last decade, reducing staffing from 4,600 in 2001 to 4,245 today." What has been the overall reduction in staffing since January 20, 2009?

2. You state the department plans to provide additional resources for the Race to the Top – Early Learning Challenge competitive grant program paired with new investment by the Department of Health and Human Services. What specific portion of Race to the Top funds (in dollars) do you foresee going to the Early Learning Challenge? Will the additional funds be used for continuation grants or new competitions? Why was this information not included in your budget request?

3. You specifically mention new or expanded programs in Tennessee and Delaware implemented as a result of the Race to the Top competitions. What data demonstrate these newly implemented programs are improving student achievement?

4. Members of your staff have indicated the department is exploring the possibility of granting waivers from the requirements of No Child Left Behind to individual school districts. Under current law, the department can provide waivers to school districts, but the application must be submitted through the state, which has an opportunity to oppose the waiver. Under the plan envisioned by the department, will potential peer reviewers have access to the state's comments? What conditions will districts be expected to meet to quality for such a waiver? Will only those districts located in states that have chosen not to apply for a state waiver be eligible? How is the department proposing to monitor the thousands of school districts around the country that would be approved?

5. Your budget proposal suggests the department intends to cut funding from student loan programs to provide a one-year patch for the Pell Grant program. Your April 25 response reiterated this patchwork approach to funding Pell Grants. Please clarify what long-term solutions the department is contemplating to put the Pell Grant program on stable footing for years to come?

6. The committee has heard from borrowers whose loans were switched to a new servicer without any notice. As new student loan servicers are being brought on board to service Direct Loans, what notices are being sent to students from the department to tell them their loans have switched servicers? Please provide us with an example of each notice that could be sent to a borrower in this situation.

7. Recently, the House passed a one-year extension of low interest rates for subsidized Stafford student loans. The administration vowed to veto the measure if the proposal passed the Senate. If the House proposal is unacceptable to the president, what alternatives is the department exploring to pay for the nearly $6 billion price tag?

8. Recently, the House overwhelmingly passed H.R. 2117, the Protecting Academic Freedom in Higher Education Act, which would eliminate the problematic and burdensome state authorization regulation. Additionally, the United States Court of Appeals for the District of Columbia struck down the requirement that online institutions be authorized in every state. Does the department intend to re-regulate on this issue?

9. In the department's FY 2013 budget, you propose to eliminate subsidized loans for students who exceed 150 percent of program length. Have you conducted an analysis on how your current proposals would affect low-income or non-traditional students specifically? If so, what are the results?

10. The Higher Education Opportunity Act of 2008 required the department to provide institutions of higher education with an annual compliance calendar of regulatory requirements for colleges and universities. In the four years since the enactment of the Act – despite numerous new regulations for colleges and universities –we have yet to see a compliance calendar. In your April response, you cite a report that was neither requested by the department nor intended to serve as the annual compliance calendar. To what do you attribute the delay? Will the department produce the calendar before another July 1 deadline passes?

11. Thank you for providing a weblink to the comment periods for regulations issued by the department, however, I respectfully request you provide a list of regulations that did not have a 90-day comment period with an explanation of why you believe the comment period was sufficient to obtain public comment, including feedback from parents and other stakeholders.

12. I understand the department is working on the request for information about spending on conference planning. Please provide all relevant information by the date requested in this letter.

13. Please provide a list of meetings in which you participated that involved a discussion of the waiver package. Your response gave a general answer about various meetings involving your staff. I respectfully request you answer the question as posed, providing a list of all meetings, both in and outside of Washington, D.C., and a complete list of participants at your meetings, including their job titles and affiliations.

14. I appreciate your response to my question on how the department is improving implementation of the Teacher Incentive Fund (TIF). Can you provide any data or other information that demonstrates this program is successful and sustainable? I understand the final 2012 TIF application package was just released; can you detail the changes you have made to improve the program?

15. Thank you for your response explaining how you would use the requested increased funding for the Institute for Education Sciences (IES). I also asked when we could expect to see your proposal for reauthorization of the Education Sciences Reform Act (ESRA). Please tell me when you plan to share this proposal.

UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF LEGISLATION AND CONGRESSIONAL AFFAIRS

July 25, 2012

The Honorable John Kline
Chairman
Committee on Education and the Workforce
United States House of Representatives
Washington, DC 20515

Dear Chairman Kline:

Thank you for your June 25, 2012 letter containing follow-up questions to the Department's response to your Committee's questions for the record of the March 28, 2012, hearing on "*Reviewing the President's Fiscal Year 2013 Budget Proposal for the U.S. Department of Education*." Please see the enclosed document for responses.

If you have any additional questions, please contact me at 202-401-0020.

Sincerely,

Gabriella Gomez
Assistant Secretary
Office of Legislation and Congressional Affairs

Enclosures

Chairman John Kline

1. **In your response to the Committee, you state that, "The Department has increased productivity in the last decade, reducing staffing from 4,600 in 2001 to 4,245 today." What has been the overall reduction in staffing since January 20, 2009?**

   Non-Federal Student Aid staffing has decreased by 110 full time employees from January 2009 to today. Current staffing, including Federal Student Aid, as of the most recent posted pay period in June 2012, is 4,224 full time equivalent (FTE). The FTE level for the first pay period of 2009 (January 3) was 4,092 FTE. The net change from January 2009 to June 2012 was an increase of 132. This included an increase of 242 FTE in Federal Student Aid to administer the expanded loan servicing and other workload from the Ensuring Continued Access to Student Loans Act, which was implemented in late 2008 and early 2009, and the SAFRA Act, enacted in 2010.

2. **You state the Department plans to provide additional resources for the Race to the Top—Early Learning Challenge competitive grant program paired with new investment by the Department of Health and Human Services. What specific portion of Race to the Top funds (in dollars) do you foresee going to the Early Learning Challenge? Will the additional funds be used for continuation grants or new competitions? Why was this information not included in your budget request?**

   We think it is critical to continue to invest in innovative approaches to education reform—including Race to the Top—Early Learning Challenge. FY 2013 funds for Race to the Top would be used to deepen the Administration's investments (in the form of new competitions or continuation grants) in the program's five core reform areas and to address the unmet demand of States and districts that have demonstrated a commitment to implementing comprehensive and ambitious plans in these areas. The Department is continuing to consider the appropriate type of grant and award ranges, which will depend in part on the level of FY 2013 appropriations. Because we had not yet made final decisions on the funding levels, we did not include that information in the budget request.

3. **You specifically mention new or expanded programs in Tennessee and Delaware implemented as a result of Race to the Top competitions. What data demonstrate these newly implemented programs are improving student achievement?**

   Since States' Race to the Top reform plans are comprehensive in nature, we do not expect States to conduct impact evaluations of individual reform projects that are included in their comprehensive plans. In addition, while it is important to review annual performance, demonstration of lasting impact on student performance must be looked at over the course of a number of years.

   As part of the Department's efforts to be transparent with the public on grantee progress, in January 2012, the Department released Year 1 State-specific Reports (http://www2.ed.gov/programs/racetothetop/performance.html) as well as the Annual

Performance report data (http://www.rtt-apr.us/) for each Phase 1 and Phase 2 Race to the Top grantee State.

While still early in the grant period, Tennessee and Delaware have demonstrated promising student outcome results in Year 1 and Year 2 of the grant. For example, in June 2012, Tennessee released statewide results on the Tennessee Comprehensive Assessment Program (TCAP) for School Year (SY) 2011-12. According to that data, in grades 3-8, students have improved on 23 of 24 assessments, achieving the highest scores since the State raised its testing standards in 2009. Achievement in most subjects on the State's high school end-of-course exams has also improved. Delaware has shown overall progress in reading and math across grades 3-10 with an increase in math proficiency from 62 percent last spring to 69 percent this year and from 61 percent in reading last spring to 68 percent this year. Data in Delaware also show an increase in proficiency and a narrowing of achievement gaps across all major subgroups. Students from low socio-economic backgrounds have shown the largest increase, with the number of students proficient in math up by 8 percent and the number proficient in reading up by 9 percent this year. These early data and progress indicators are promising signs regarding both States' reform implementation and impact.

4. **Members of your staff have indicated the Department is exploring the possibility of granting waivers from the requirements of No Child Left Behind to individual school districts. Under current law, the Department can provide waivers to school districts, but the application must be submitted through the state, which has an opportunity to oppose the waiver. Under the plan envisioned by the Department, will potential peer reviewers have access to the state's comments? What conditions will districts be expected to meet to qualify for such a waver? Will only those districts located in states that have chosen not to apply for a state waiver be eligible? How is the Department proposing to monitor the thousands of school districts around the country that would be approved?**

Flexibility under the Elementary and Secondary Education Act of 1965 (ESEA), as currently constructed, is designed to support systemic reform and requires significant commitments at the State level. As you are aware, to obtain ESEA flexibility, States create comprehensive and coherent plans on behalf of themselves and their districts. States are required to provide districts with the opportunity to comment on their requests for flexibility and to consult with a diverse group of stakeholders in order to help ensure successful implementation of their plans to increase the quality of instruction and improve academic achievement for all students. However, some States may decide not to submit requests that meet the principles of ESEA flexibility. The Department wants to find the best way to support reforms in districts in those States.

5. **Your budget proposal suggests the Department intends to cut funding from student loan programs to provide a one-year patch for the Pell Grant program. Your April 25 response reiterated this patchwork approach to funding Pell Grants. Please clarify what long-term solutions the Department is contemplating to put the Pell Grant program on stable footing for years to come?**

To prevent deliberate underfunding of Pell Grant program costs, in 2006, the Congressional and Executive Branch scorekeepers agreed to a special scorekeeping rule for the Pell Grant program. Under this rule, the annual appropriations bill is charged with the full estimated cost of the Pell Grant program for the budget year, plus or minus any cumulative shortfalls or surpluses from prior years. This scorekeeping rule was adopted by Congress as §406(b) of the Concurrent Resolution on the Budget for Fiscal Year 2006 (H. Con. Res. 95, 109th Congress). The portion of the Pell Grant program funded in the annual appropriations act is treated as discretionary, counting against the discretionary spending caps pursuant to section 251 of the Balanced Budget and Emergency Deficit Control Act of 1985 and appropriations allocations established annually under §302 of the Congressional Budget Act.

The total cost of Pell Grants can fluctuate from year to year, even with no change in the maximum Pell Grant award. In addition, since 2009, the program has relied on temporary mandatory or emergency appropriations to fund the program well above the level that could have been provided by the regular discretionary appropriation. In 2014, those extra mandatory funds in large part run out, and the program faces a dramatic funding gap.

Administration policy is to fully fund the maximum award. The President's Budget for 2013 provides sufficient resources to fully fund the $5,635 maximum award in the 2013-2014 award year, and to fully fund the 2014-2015 award year. The Budget provides $22.8 billion in discretionary budget authority in 2013, the same level of discretionary budget authority provided in 2012. Level-funding Pell in 2013 provides $1.5 billion more than is needed to fully fund the program in the 2013-14 award year, thanks to mandatory funding provided in prior legislation. This surplus budget authority serves as the first step in addressing the funding cliff in 2014. Cutting the budget authority in Pell to only the level needed to fund the program in 2013 would have a doubly detrimental impact on the 2014 cliff; it would reduce the budget authority carried forward from 2013, while simultaneously reducing the discretionary base funding level in the program.

In addition, the President's Budget for 2013 included making a down payment toward addressing the long term Pell gap, financed by three reforms in the student loan programs: expanding and reforming the Perkins loan program, limiting eligibility for subsidized Stafford loans to 150 percent of the normal program length, and reducing excessive payments to guaranty agencies that rehabilitate student loans. The total mandatory budget authority and outlay savings from these proposals amounted to a $14.0 billion, 10-year reduction. Because Congress recently enacted one of these proposals (limiting eligibility for subsidized loans to 150 percent of the normal program length) to offset the costs of extending the 3.4 percent interest rate on subsidized Stafford loans for an additional year, the total savings associated with the proposals is now slightly reduced; it is currently $12.9 billion over 10 years rather than $14 billion, a difference of $1.3 billion.

The substantial savings still available from the remaining two proposals, however, could be appropriated as part of proposed authorizing legislation toward paying for the discretionary portion of Pell. This would be analogous to the SAFRA Act's one-time $13.5 billion appropriation for discretionary Pell enacted in March 2010, which was financed by mandatory

savings in student loan programs. With minimal adjustments to budget authority, the proposed Pell package could also be enacted as part of an appropriations act within Congressional scorekeeping rules, as was done for 2011 and 2012.

The important student aid reforms proposed in the President's budget will provide full funding of Pell Grants through the 2014-15 award year. The Administration strongly believes that, in order to avoid the risk of deep and unnecessary cuts in the Pell Grant Program, Congress should enact legislation in the Fiscal Year 2013 budget process to cover the 2014-2015 funding gap (currently estimated at $6.4 billion if Pell Grants are funded in 2013 at the same level of discretionary budget authority provided in 2012). If Congress waits until Fiscal Year 2014 to confront a 2014-15 Pell Grant funding gap, and if Congress again concludes – as it did in the 2012 appropriations process – that savings from the subsequent Fiscal Year cannot be used to cover a current-year problem, then deep reductions in Pell Grants will likely be required in 2014. These reductions will be much more severe than the reductions needed if Congress tackles the 2014-15 problem in Fiscal Year 2013, using savings from multiple years. In addition, if Congress delays, it will not be able to use savings from student aid reforms that are deferred in time to allow institutions to adjust or to protect students' settled expectations. The result could be a decision not to implement justified program changes, because they will not yield savings that meet an immediate need, or a decision to impose hardships for students and schools that could have been avoided by acting sooner. The Administration is therefore committed to working with Congress to achieve two goals: first, enacting in Fiscal Year 2013 the changes needed to fully fund Pell through the 2014-15 award year; and, second, in 2013 or 2014, making the difficult choices needed to ensure the long term stability of this vital program.

6. **The Committee has heard from borrowers whose loans were switched to a new servicer without any notice. As new student loan servicers are being brought on board to service Direct Loans, what notices are being sent to students from the Department to tell them their loans have switched servicers? Please provide us with an example of each notice that could be sent to a borrower in this situation.**

   As I expressed in my original response, borrowers are generally sent a letter and an e-mail by the new servicer soon after the loan is added to the servicer's system with information about the new servicer, including its phone number, website, payment process, and mailing address. The Department also sends these transferred borrowers an e-mail at the time of the transfer informing them that their accounts are being moved and providing them the above-referenced information on the new servicer. (I have attached a sample of such an e-mail and letter for your reference.) As in every transition process, we will take actions as needed to improve the process so that we can better serve students and families.

7. **Recently, the House passed a one-year extension of low interest rates for subsidized Stafford student loans. The Administration vowed to veto the measure if the proposal passed the Senate. If the House proposal is unacceptable to the President, what alternatives is the Department exploring to pay for the nearly $6 billion price tag?**

I am pleased that the House and Senate worked together to keep student loan interest rates from doubling through the bill the President signed on July 6. As you know, the President has long called for a bi-partisan effort to help make college more affordable for millions of students.

Both the President and I believe education is a public good. College should not be reserved only for those who can afford it. All of us share responsibility for making college affordable and keeping the middle-class dream alive. Investing in education is the best investment America can make to bolster our competitiveness in a knowledge-based, global economy. If we do not invest today, then we will lose tomorrow.

8. **Recently, the House overwhelmingly passed H.R. 2117, the Protecting Academic Freedom in Higher Education Act, which would eliminate the problematic and burdensome state authorization regulation. Additionally, the United States Court of Appeals for the District of Columbia struck down the requirement that online institutions be authorized in every state. Does the Department intend to re-regulate on this issue?**

The State authorization regulation was part of a broader group of regulations referred to collectively as the "program integrity" regulations. These regulations are necessary to ensure the integrity of the student financial aid programs, and will support the efficient administration of the student financial aid programs. The Higher Education Act of 1965 (HEA) has long required state approval of colleges and universities participating in the Title IV Federal student aid programs and institutions will still need to meet the requirements of the HEA and be legally authorized within the State in which they are operating.

The U.S. Court of Appeals for the D.C. Circuit upheld the State authorization regulation insofar as it establishes minimum requirements for participating institutions to show that they are approved to provide postsecondary education by the States in which they operate. On procedural grounds, the Court did not uphold a requirement that institutions providing distance education must meet State requirements where they provide programs but are not physically located. We know that some States have their own authorization requirements that apply to institutions offering distance learning programs to their residents and institutions will need to remain compliant with those applicable State laws.

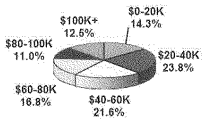
9. **In the Department's FY 2013 budget, you propose to eliminate subsidized loans for students who exceed 150 percent of program length. Have you conducted an analysis on how your current proposals would affect low-income or non-traditional students specifically? If so, what are the results?**

To encourage all borrowers to complete their educational programs in a timely manner, while preserving scarce taxpayer dollars for other critical student assistance programs, the Administration proposed in the President's FY 2013 Budget to limit the duration of a borrower's eligibility for subsidized loans to 150 percent of the normal time required to complete the borrower's educational program. For borrowers still in school who have not yet completed their educational program at that point, interest would begin to accrue on their loans; new loans for

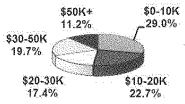
these borrowers would be provided under the unsubsidized Stafford loan program. The Budget proposal would have applied to all subsidized loan borrowers regardless of income and dependency status and would have affected all new loans after July 1, 2013. However, the recent student loan legislation included a variation of this proposal, which applies this change to students who are new borrowers on or after July 1, 2013.

The subsidized Stafford loan is a financial need-based loan provided predominantly to low- and middle-income families. About 9.5 million loans totaling approximately $32 billion will be provided in FY 2013. Students across many income levels may be eligible for Stafford loans depending on a number of financial considerations. The distribution of subsidized Stafford loans based on the income of borrowers and/or their families is shown below, and is based on National Postsecondary Student Aid Study (NPSAS) data.

Undergraduate Dependent Stafford Loan Borrower Distribution–Source: NPSAS: 2008



Undergraduate Independent Stafford Loan Borrower Distribution–Source: NPSAS: 2008



10. The Higher Education Opportunity Act (HEOA) of 2008 required the Department to provide institutions of higher education with an annual compliance calendar of regulatory requirements for colleges and universities. In the four years since the enactment of the Act—despite numerous new regulations for colleges and universities—we have yet to see a compliance calendar. In your April response, you cite a report that was neither requested

by the Department nor intended to serve as the annual compliance calendar. To what do you attribute the delay? Will the Department produce the calendar before another July 1 deadline passes?

Section 482 of the HEA requires the Secretary to provide to institutions of higher education, annually, a list of all the reports and disclosures required under the Act. The purpose of the 2009 National Postsecondary Education Cooperative report was to help colleges and universities successfully identify and meet their obligation to disclose information as required under the HEA (as amended by the HEOA). This is important information for both the schools and their students to make informed decisions and the Department allocated significant time and resources to produce the 2009 report. Moving forward, the Department is committed to continuing to provide information on reports and disclosures to institutions.

11. **Thank you for providing a weblink to the comment periods for regulations issued by the Department, however, I respectfully request you provide a list of regulations that did not have 90-day comment period with an explanation of why you believe the comment period was sufficient to obtain public comment, including feedback from parents and other stakeholders.**

Our experience demonstrates that the comment periods, which varied in length between 30 and 75 days, for the regulations listed at the weblink previously provided ensured more than sufficient opportunity for a variety of stakeholders to provide their comments on the proposed regulations. For example, the Department's proposed regulations on "gainful employment," published on July 26, 2010, had a 45-day public comment period, during which over 90,000 parties submitted comments. These comments reflected the viewpoints of numerous stakeholders, including students, families, employees of institutions of higher education, school presidents, congressional and other governmental leaders, advocacy groups, State and local associations, public and private institutions, trade associations, and businesses. As another example, in response to the Department's proposed regulations regarding the Family Educational Rights and Privacy Act (FERPA), published in the Federal Register on April 8, 2011, for which the Department provided a 45-day public comment period, 274 parties submitted comments. These comments reflected the viewpoints of many different groups, including students, parents, privacy advocacy organizations, researchers, numerous associations, and representatives from schools, local educational agencies (LEAs), and State educational agencies. And, as a third example, in response to the Department's proposed rule to amend the IDEA, Part B regulations governing the use of public insurance (published in the Federal Register on September 28, 2011), for which a 75-day public comment period was provided, the Department received over 500 comments from a variety of stakeholders, including parents, individuals with disabilities, State and local education officials, and advocacy organizations. It is thus our experience that the comment periods for our proposed regulations allow for substantial input by many different interested parties.

12. **I understand the Department is working on the request for information about spending on conference planning. Please provide all relevant information by the date requested in this**

letter.

I have attached the Department's June 14, 2012, letter to Congressman Darrell Issa, Chairman of the House Committee on Oversight and Government Reform. In the cover letter to Chairman Issa, you will find details on the measures that the Department has undertaken to reduce conference costs and increase efficiency by leveraging available technology, consolidating conferences, executing feasible planning functions in-house, and fully utilizing Department facilities. The letter also provides context on the scope and purpose of in-person conferences, and relevant internal and external guidelines and applicable laws that the Department follows when considering and approving staff travel.

13. **Please provide a list of meetings in which you participated that involved a discussion of the waiver package. Your response gave a general answer about various meetings involving your staff. I respectfully request you answer the question as posed, providing a list of all your meetings, both in and outside of Washington, D.C., and a complete list of participants at your meetings, including their job titles and affiliations.**

We have worked hard to provide educators and State and local leaders with the flexibility they need under the ESEA to implement rigorous and comprehensive State-developed plans designed to improve educational outcomes for all students, close achievement gaps, increase equity, and improve the quality of instruction. I have met regularly with other Department officials and interested parties outside the Department to discuss ESEA flexibility. Our meetings often occurred around the following dates that have been significant to the ESEA flexibility process. On September 23, 2011, the White House outlined the requirements States need to meet to receive ESEA flexibility. On November 14, 2011, 11 States requested the flexibility. On February 9, 2012, we approved 10 States' requests for flexibility and on February 15, 2012, approved one additional State's request. On February 28, 2012, twenty-six States and the District of Columbia submitted requests for flexibility. On May 29, 2012, we approved eight States' requests; on June 29, 2012, we approved five more States' requests; and on July 6, 2012, we approved two additional States' requests.

14. **I appreciate your response to my question on how the Department is improving implementation of the Teacher Incentive Fund (TIF). Can you provide any data or other information that demonstrates this program is successful and sustainable? I understand the final 2012 TIF application package was just released; can you detail the changes you have made to improve the program?**

We look forward to sharing more information about the success of the TIF program in 2013. Most grantees that were first funded in FY 2010 are only just now preparing to make their first payments to educators and will report on the complete results of the first year of full implementation in January 2013. The Institute of Education Sciences (IES) is conducting a rigorous national evaluation, using a randomized controlled trial, to assess the impact of performance-based teacher and principal compensation systems on student achievement and teacher and principal recruitment and retention in high-need schools and subjects. The

Department will release an initial report in early 2014. IES is also conducting a study to assess the impact of implementing a teacher and leader performance evaluation system on student achievement, classroom practices, and teacher and principal mobility. The Department expects to publish an initial report in the first half of 2015.

The experiences of some grantees from prior cohorts, however, suggest the promise of reforming educator evaluation and compensation systems. Writing in *Performance-Based Compensation: Design and Implementation at Six Teacher Incentive Fund Sites* (2010), Dr. Jonathan Eckert highlighted six particularly successful FY 2007 cohort grantees. Following implementation of its TIF project, for example, Amphitheater Unified School District, which is located near Tucson, Arizona, saw significant increases in student achievement as measured by the Measures of Academic Progress assessment. Many of the schools in other grants highlighted by Eckert's research averaged more than one year of academic growth following the implementation of their TIF projects; they include charter schools in New Orleans and Philadelphia, and rural and urban schools in South Carolina and Texas. In addition, a study of Denver's ProComp system, which received a TIF Grant in 2007, found substantial improvements in the effect first-year teachers had on student achievement in mathematics and reading and in teacher retention in hard-to-staff schools.

In response to your second question, the Department has redesigned the TIF program to accomplish three overarching goals: (1) to improve teacher and principal effectiveness in high-need schools by attracting and retaining effective educators, and by improving supports for educator practice; (2) to increase the sustainability of TIF-funded projects and their impact on teaching and learning; and (3) to improve the effectiveness of STEM instruction.

As noted in the FY 2012 Notice Inviting Applications, published in the *Federal Register* on June 14, 2012, the Department has made the following changes from the FY 2010 competition:

- Requiring TIF-funded performance-based compensation systems to align with a district-wide human capital management system to increase the impact and sustainability of TIF-funded performance-based compensation systems. Within a human capital management system, improved, district-wide educator evaluations will drive a variety of decisions, including recruitment, hiring, placement, retention, dismissal, compensation, professional development, tenure, and promotion. Further, an LEA must demonstrate how its human capital management system will reinforce its vision of instructional improvement – a summary of the key competencies and behaviors of effective teaching – to ensure that reforms improve classroom instruction.

- Requiring eligibility for TIF-funded performance-based compensation to be determined by a district-wide educator evaluation system. In the FY 2010 grant cohort, the evaluation systems that drive award eligibility have often been developed exclusively for the TIF-supported performance-based compensation system. The evaluation systems often operated separate from, and usually as a supplement to, a district's official educator evaluation system. Consequently, they do not identify effective educators across the district. Importantly, their supplementary

nature makes them less likely to be sustained beyond the life of the TIF grant. In the FY 2012 competition, applicants' new educator evaluation systems will operate district-wide. The educator evaluations produced by these new systems will be the basis for performance-based awards to those deemed effective. This approach will increase project sustainability because grantees will be committed to the improved, district-wide evaluation systems they put in place. Additionally, with reliable data on the effectiveness of educators throughout the district, district leaders will have the critical information they need to implement strategies to recruit and retain top talent in their high-need schools.

- Limiting TIF-funded performance-based compensation to educators with an overall performance rating of "effective" or higher, as determined by the district-wide educator evaluation systems. For regular classroom teachers, this overall rating must be determined, in significant part, by classroom-level student growth. As in the FY 2010 competition, the improved teacher and principal evaluation systems will evaluate educators based, in significant part, on student growth. Unlike in the FY 2010 competition, however, in the case of teacher evaluation this growth will be measured at the classroom level for teachers with regular instructional responsibilities. Grantees may include whole-school measures as well, but the FY 2012 competition recognizes that classroom-level student growth is appropriate for the evaluation of individual classroom teachers, who are responsible for the achievement of the students they teach.

- Increasing flexibility for applicants to tailor their performance-based compensation system to local needs. The FY 2012 competition will promote high-quality and innovative TIF projects by funding two models of performance-based compensation (traditional pay-for-performance models and career ladders for effective teachers).

- Encouraging applicants to implement new salary structures based on educator effectiveness. Under many performance-based compensation systems, awards are distributed as a bonus over an educator's base salary. While this approach is allowable under the FY 2012 competition, the notice inviting applications encourages grantees to reform their salary structure so that base salary is determined, in part, by an educator's effectiveness.

- Eliminating opportunity for a "planning year" prior to project implementation. In the FY 2010 competition, applicants that were not able to provide documentation that they had satisfied the requirements of all five "core elements" were still eligible to receive a grant if they proposed to develop the missing core elements during a planning year. This was intended to provide grantees with additional time to satisfy all core element requirements. Unfortunately, a number of grantees were not able to meet all core element requirements, and their project implementation was delayed. For the FY 2012 competition, applicants will provide additional information regarding their level of readiness (e.g., the extent to which they have determined their evaluation system rubric), educator involvement, and support that will allow reviewers to better evaluate the strength of their application.

- Encouraging applicants to consider how to leverage human capital management reform, including performance-based compensation, to improve STEM instruction. The third priority in the TIF

NFP is to encourage applicants to leverage innovative human capital management reform in order to build a corps of effective STEM teachers. These applicants will be required to meet all the elements of the main TIF competition, but must also describe how they plan to develop and implement a human capital management system focused on attracting, identifying, retaining, and maximizing the talents of effective STEM educators.

15. **Thank you for your response explaining how you would use the requested increased funding for the Institute of Education Sciences (IES). I also asked when we could expect to see your proposal for reauthorization of the Education Sciences Reform Act (ESRA). Please tell me when you plan to share the proposal.**

    The Department has not yet developed a proposal for ESRA reauthorization. We look forward to working with Congress on that reauthorization.

Example of Email from Department to Borrower Upon Loan Transfer

Dear Borrower,

This e-mail is to inform you that your Direct Loan, with the Direct Loan Servicing Center, has been transferred to _____. As the number of Direct Loans continues to grow, Federal Student Aid has expanded their federal loan servicers to provide additional servicing capacity for the Title IV loans owned by the U.S. Department of Education. This will ensure an efficient and effective multi-servicer, borrower-centric approach to servicing. Please note that it may take up to 10 days before your new servicer has completely loaded your information to their system. Also, please be aware that if you are a borrower that was on the Direct Loan Servicing Center's Kwikpay auto debit program, that this information will be sent to your new servicer. You will shortly be receiving correspondence from your new servicer related to the transfer of your Direct Loan. This will confirm that the new servicer has completed the transfer of your loan at which time you may contact _____ by calling _____ from _____ am to _____ pm _____. You can also visit their website at _____. Please note that the Department of Education's servicers may use websites that do not have a .gov domain.

Effective immediately, please submit any required payments to _____. Make your check or money order payable to _____ and mail to:

U.S. Department of Education

PO Box _____

Atlanta, GA _____

The Direct Loan Servicing Center will forward any unprocessed applications, such as deferments and forbearances, to _____ for processing along with any payments you may have submitted.

Sincerely,

Direct Loan Servicing Center

nelnet
EDUCATION PLANNING & FINANCING

MAY 28, 2010

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TEST CO 11111

Test

IMPORTANT:

New student loan payment address and account details
(please read thoroughly)

Account Number: 899999999
Loan Type: GRAD PLUS
Loan Disbursement Date: 05/01/10
Current Principal Balance: $6,000.00

Dear TEST BORROWER:

This letter is to inform you that Nelnet began servicing your student loan referenced above on 05/26/10, after the U.S. Department of Education (ED) transferred the servicing of your loan from the Great Lakes Borrower Services Department to Nelnet. Please note that the terms and conditions of your loan will not be affected by this transfer.

Previous lender: THE DEPARTMENT OF EDUCATION
Phone number: (816) 979-6580

IMPORTANT: If your loan is currently in repayment or you are making payments on your loan, Nelnet will start accepting payments on behalf of ED on 05/26/10, and your previous servicer will stop accepting payments effective the same date. If you recently received a statement from your previous servicer, please send your payment to the Department of Education address listed below. If you recently made a payment to your previous servicer, the payment will be forwarded to Nelnet within the next 30 days.

ED-02-51

Payments made via mail must be sent to:

Department of Education
P.O. Box 740283
Atlanta, GA 30374-0283

NOTE: The loan referenced above may be in a different repayment status than your loan(s) already serviced by Nelnet. Please visit www.nelnet.com and log in to Manage My Account where you can verify all of your loan statuses, make a payment, or apply for deferment or forbearance.

** Please reference the enclosed insert for important information about managing your student loan account with Nelnet. **

If you need additional information, please visit our website at www.nelnet.com or call us toll-free at 1.888.486.4722. You may also send any communications to the address in the letterhead. We look forward to serving you.

Sincerely,

Nelnet

P.O. Box 82561 | Lincoln, NE 68501 | p 1.888.486.4722 | f 1.877.402.5816 | www.nelnet.com

00001 9951288 000004 000004 00003/00008

THE SECRETARY OF EDUCATION
WASHINGTON, DC 20202

June 14, 2012

Honorable Darrell E. Issa
Chairman
Committee on Oversight and Government Reform
House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

Thank you for your inquiries regarding the Department of Education's (the Department's) conference activity. I share your commitment to ensuring that the Department's conference activities efficiently use taxpayer funds.

Since my appointment in 2009, I have made it a priority to ensure that we are responsible stewards of taxpayer funds and use our resources effectively and efficiently in all areas of the Department's operations. Not only is this sound governance, but it also enables us to focus our resources on our mission of helping students achieve better outcomes. With respect to conference activities, we follow both internal and external guidelines as well as applicable laws, including Executive Order 13589, the Federal Acquisition Regulations, and our own internal directives (i.e., Administrative Communications System (ACS) directives) governing conference management and contracting.[1]

To increase efficiency on conference spending, offices throughout the Department leverage available technology to the extent feasible to communicate with stakeholders and the public. Such technology includes audio and video calls, Webinars, and online training tools. In doing so, we achieve a significant amount of cost savings in terms of travel and other conference expenses. For example, multiple technical assistance workshops that were previously conducted in person are now conducted through Webinars, which not only eliminates travel costs, but also ensures that interested parties, who may have their own budget restrictions, continue to have access to important information, technical assistance, and training. In order to further reduce costs associated with conferences, we recently issued an internal directive instructing staff to use available Department building space for conferences and meetings, if the available space can accommodate a conference or meeting.[2]

The primary focus of in-person conferences is to offer training and technical assistance to those who are responsible for the administration and implementation of Department programs. For

[1] OCFO:3-109: Use of Appropriated Funds for Subsistence, Attendance at Meetings, and Invitational Travel (Oct. 27, 2011)
[2] OM:4-117: Scheduling and Use of the Headquarters Auditoriums for ED-Sponsored Conferences and Meetings (Mar. 20, 2012)

example, the Department's Office of Federal Student Aid (FSA) hosts an annual training symposium for the approximately 6,000 institutions of higher education participating in the federal student aid programs. These institutions are responsible for annually disbursing and safeguarding about $150 billion in federal student aid to almost 15 million students. Last year, the FSA conference provided important technical assistance and training to approximately 7,000 financial aid professionals from over 2,200 institutions responsible for packaging and disbursing approximately 73 percent of all aid disbursed under Title IV of the Higher Education Act. Taking into account conference expenses, the conference cost per institution was approximately $716. This important and increasingly cost-effective investment helps ensure program integrity and potentially reduce waste, fraud, abuse, and mismanagement in the federal student aid programs.

Since 2006, as a cost-savings measure, the Department worked to consolidate conferences. Specifically, in 2006, FSA consolidated three FSA training conferences held throughout the year to two. In 2009, we further reduced the number of conferences from two to one. This consolidation resulted in a total cost savings over the past three conferences of $817,381 (compared to 2008 conference costs). Moreover, FSA schedules its annual conference the week after Thanksgiving in order to take advantage of low facility and travel rates. These measures have reduced the cost per attendee by 47 percent since 2007. FSA conference costs have decreased, while attendance increased last year by more than 50 percent compared to attendance in 2007. We continue to look for ways to advance this trend of spending less money to reach a wider audience.

We also maximize the impact of Department personnel who attend conferences by generally requiring them to have a direct role at the conference, for example, to deliver session presentations, respond to significant questions from the stakeholders they work with, or to provide onsite logistics support. At last year's FSA conference, Department personnel accounted for less than 3 percent of total conference attendees but were responsible for conducting a total of 146 training sessions at the four-day conference.

The Department's conferences related to other programs also serve important policy development, program implementation, and employee training functions. The Office for Civil Rights (OCR) management conference and the Office of Inspector General (OIG) management and training conference bring together Department staff members who work in different locations around the country. These events are a cost-effective way for the Department to deliver statutorily mandated, high-quality training for employees. Similarly, the Office of Special Education Programs (OSEP) leadership conference brings together professionals from around the country who work on issues related to special education to discuss policy developments and program implementation. Collectively, these conferences offer an effective means to ensure that Department staff and stakeholders receive important and timely information regarding policy and program administration.

Also, we have sought to realize additional cost savings by conducting certain event services functions in-house. Since 1994, the Department has relied on the expertise of Department personnel to, among other things, provide guidance to program offices in the early stages of event planning about the most appropriate and cost-effective ways to conduct conferences, help

select the most appropriate venues, negotiate vendor contracts, act as the Department's contracting officer's representative for conference-related contracts, and provide on-site event support. These employees also work closely with event attendees and presenters to ensure that events achieve their intended purposes. Currently, the Department employs ten employees, who are paid at General Schedule grade levels ranging from 12 to 14, who work on events. In addition to conferences, these employees help to plan technical assistance workshops, community events, live-streaming videos of speeches, and Webinars that allow the Department to share information with stakeholders. These employees also perform non-event-related functions, including managing a communications council that promotes effective and efficient internal communications, providing information technology support to Department staff beyond their own office, and handling general editing and proofreading communications work. The Department's employees who work on event services seek to save money by negotiating lower costs for venues and vendor services, obtaining discounts on approved items, and working on multiple events at once.

In response to your request for information regarding the cost and frequency of Department-funded overnight conferences held outside of the Washington, D.C. area and attended by more than 50 employees since January 1, 2005, the Department has hosted 22 conferences that meet your criteria, or an average of approximately three per year with fewer events during the past three years. Enclosed is a list of each conference and its dates, location, costs, funding source, number of Department employees who attended, Web site address where applicable, and a conference description (Enclosure 1).

As part of the Committee's ongoing inquiry into agency spending on conferences, you also sent a related request regarding the Department's use of private companies to identify overnight conference venues since 2005. We found that the Department used companies to identify event locations for ten of the conferences identified in the enclosure (see Enclosure 1). The Department's in-house event staff works with these companies. Typically, internal staff members develop the theme and content of an event, identify appropriate presenters, and gather information about technical and logistical requirements, while an outside entity identifies an appropriate event location. You also requested all documents or communications referring to or relating to Location Solvers since January 1, 2009. We searched Department records and did not find any contracts, documents, or communications from Department employees related to the utilization of services provided by Location Solvers. The only communications we found related to Location Solvers were unsolicited marketing materials received by the Department. Enclosed are copies of these materials (Enclosure 2).

As previously mentioned, I am committed to protecting the taxpayer investment in programs administered by the Department. Throughout all aspects of our work, my staff and I remain committed to ensuring that we are responsible stewards of taxpayer funds by ensuring that all expenditures are reasonable, necessary, and in furtherance of the Department's core mission to improve outcomes for the nation's students.

If you have further questions regarding the information herein, please have your staff contact Gabriella Gomez, Assistant Secretary, Office of Legislation and Congressional Affairs, at (202) 401-0020.

Sincerely,

Arne Duncan

Enclosures

cc: Honorable Elijah E. Cummings

Conference Start Date	Conference End Date	Conference Name (Please see footnote for description of conference)	Location	Ed Attendees	Non-Ed Attendees	Associated Costs	Funding Source	Web address for conference	Entity Used for Site Selection
3/21/2005	3/24/2005	FSA Spring Conference[1]	Sparks, NV	89	400	$ 604,629.00	Student Aid Administration Funds	No Web site available	Pearson Government Solutions
10/30/2005	11/2/2005	FSA Fall Western Conference[2]	San Diego, CA	148	1666	$ 708,356.00	Student Aid Administration Funds	No Web site available	Pearson Government Solutions
11/15/2005	11/17/2005	OIG Management Conference[3]	Williamsburg, VA	59	ED only	$ 45,431.00	OIG Annual Appropriation	No Web site available	In-House
11/29/2005	12/2/2005	FSA Fall Eastern Conference[2]	Atlanta, GA	154	1792	$ 792,993.00	Student Aid Administration Funds	No Web site available	Pearson Government Solutions
10/30/2006	11/2/2006	FSA Fall Eastern Conference[2]	Orlando, FL	181	1616	$ 715,852.43	Student Aid Administration Funds	http://fsaconferences.ed.gov/conferences/orlando/	Pearson Government Solutions
11/28/2006	12/1/2006	FSA Fall Western Conference[2]	Las Vegas, NV	201	2870	$ 1,014,768.54	Student Aid Administration Funds	http://fsaconferences.ed.gov/conferences/las-vegas/index.html	Pearson Government Solutions
12/12/2006	12/14/2006	OCR Managers Conference[4]	Nashville, TN	82	ED only	$ 121,383.55	Office for Civil Rights Funds	No Web site available	In-House
8/13/2007	8/14/2007	OCR New Employee Training Conference[5]	New Orleans, LA	117	ED only	$ 135,326.86	Office for Civil Rights Funds	No Web site available	In-House
9/18/2007	9/20/2007	OCR Managers Conference[4]	San Diego, CA	83	ED only	$ 152,667.84	Office for Civil Rights Funds	No Web site available	In-House
10/30/2007	11/2/2007	FSA Fall Eastern Conference[2]	New Orleans, LA	172	1656	$ 812,524.36	Student Aid Administration Funds	http://fsaconferences.ed.gov/conferences/neworleans/	Pearson Government Solutions
11/26/2007	11/29/2007	FSA Fall Western Conference[2]	San Diego, CA	178	2766	$ 1,018,741.15	Student Aid Administration Funds	http://fsaconferences.ed.gov/conferences/sandiego/	In-House
5/19/2008	5/22/2008	FSA South Central Full Team Meeting[6]	Atlanta, GA	61	ED only	$ 69,961.45	Student Aid Administration Funds	No Web site available	In-House
8/24/2008	8/29/2008	OIG Management Conference[7]	Harrisburg, PA	54	ED only	$ 75,059.00	OIG Annual Appropriation	No Web site available	In-House
8/24/2008	8/27/2008	OSEP Leadership Conference[8]	Baltimore, MD	61	434	$ 7,777.37	IDEA Part D, Salaries & Expense Funds	http://www.rrcprogram.org/content/view/571/47	Academy for Educational Development
10/28/2008	10/31/2008	FSA Fall Eastern Conference[2]	Dallas, TX	162	1640	$ 794,894.54	Student Aid Administration Funds	http://fsaconferences.ed.gov/conferences/dallas/index.html	In-House
12/2/2008	12/5/2008	FSA Fall Western Conference[2]	Las Vegas, NV	140	3416	$ 1,208,258.30	Student Aid Administration Funds	http://fsaconferences.ed.gov/conferences/las-vegas/index.html	In-House
5/10/2009	5/12/2009	FSA Northeast Full Team Meeting[9]	Atlantic City, NJ	69	ED only	$ 62,556.22	Student Aid Administration Funds	No Web site available	In-House
8/17/2009	8/21/2009	OIG Management and Special Agent Training Conference[10]	Harrisburg, PA	116	ED only	$ 128,852.00	OIG Annual Appropriation	No Web site available	In-House
12/1/2009	12/4/2009	FSA Consolidated Annual Conference[2]	Nashville, TN	173	5180	$ 1,755,061.53	Student Aid Administration Funds	http://fsaconferences.ed.gov/program09.html	A-S-K Associates
9/9/2010	9/10/2010	OCR Leadership Conference[11]	Chicago, IL	74	ED only	$ 49,182.59	Office for Civil Rights Funds	No Web site available	In-House
11/30/2010	12/3/2010	FSA Consolidated Annual Conference[2]	Orlando, FL	212	5336	$ 1,811,999.81	Student Aid Administration Funds	http://fsaconferences.ed.gov/orlando1.html	A-S-K Associates
11/29/2011	12/2/2011	FSA Consolidated Annual Conference[2]	Las Vegas, NV	199	6798	$ 1,599,022.56	Student Aid Administration Funds	http://fsaconferences.ed.gov/lasvegas1.html	A-S-K Associates

*For FSA Conferences held in 2005, the associated costs value includes estimated travel costs for FSA employees based on a $1,500 travel voucher to include 4 nights lodging, airfare, local travel expenses, etc.

1	FSA 2005 Spring Conference	Federal Student Aid (FSA) facilitated several workshops to gather ideas from various stakeholders to improve the following aspects of the student aid delivery process: awareness, student application, origination/disbursement, and reconciliation. FSA also hosted several sessions to provide training related to direct loan servicing and consolidation programs.
2	FSA Fall Conference (FSA held two conferences each year prior to 2009, but consolidated to a single annual event in 2009 and after)	FSA's Fall Conferences consist of four days of programs for Financial Aid Professionals. The FSA Fall Conference is designed to provide the most up-to-date information on Title IV programs and the evolving federal policies and procedures affecting Department customers and partners. The conference allows thousands of financial aid professionals (approximately 7,000 attended the 2011 event, representing over 2,200 schools) to receive training and technical assistance on the administration and implementation of the federal student aid programs. Throughout the four days, the conference includes general sessions of interest to the higher education community as a whole, as well as multiple interest sessions targeted to specific groups including guarantee agencies and lenders. The training schedule is supplemented with a PC lab and hands-on training.
3	OIG 2005 Management Conference	The Office of Inspector General's (OIG) 2005 Management Conference provided management training focused on budget issues, developing effective and transparent communications, and addressing significant policy and procedural changes for OIG's audit, inspection, and investigative operational functions.
4	OCR Managers Conferences (2006, 2007)	To encourage coordination, collaboration, and consistency, the national managers' conference brought together the Office for Civil Rights' (OCR) managers from each of OCR's regional offices and headquarters. The agenda included up-to-date training on the latest management and leadership strategies, as well as facilitated discussions about how to improve OCR's current case investigation, resolution, and coordination processes.
5	OCR New Employee Training Conference	OCR managers met with new employees for the purpose of providing legal, policy, and investigative training to new staff. The new employee training conference also provided an opportunity for OCR national managers to meet and discuss important management, legal, and policy issues.
6	FSA South Central Full Team Meeting	Program Compliance staff from the South Central teams located in Atlanta, Kansas City, Dallas, and Washington, DC attended the South Central full team meeting. FSA conducted the meeting in order to provide guidance to the staff on program initiatives, train staff on the implementation of new policies, conduct strategic planning sessions, and encourage collaboration.
7	OIG 2008 Management Conference	OIG's 2008 Management Conference provided managers from all regions the opportunity to meet and build stronger inter-regional coalitions, obtain training on evolving and innovative management requirements, perform groundwork for focused strategic planning and policy development, and facilitate discussions on improvements in current investigative and audit oversight functions.
8	OSEP Leadership Conference	The Office of Special Education Programs (OSEP) sponsored a Leadership Conference for leaders and stakeholders in the Special Education community called "Leading Together to Improve Outcomes." The conference agenda, which included concurrent substantive presentations on IDEA, also focused on reading/literacy and coordinated early intervening services.
9	FSA Northeast Full Team Meeting	Program Compliance staff from the Northeast teams located in Boston, New York, Philadelphia, and Washington, DC attended the Northeast full team meeting. FSA conducted the meeting in order to provide guidance to the staff on program initiatives, to train staff on the implementation of new policies, conduct strategic planning sessions, and encourage collaboration.

10	OIG Management and Special Agent Training Conference	The management portion of the conference focused on discussion relating to internal audit processes for internal controls, sampling, data reliability, and Generally Accepted Government Audit Standards reporting requirements. Other aspects discussed changes in internal business operational procedures including budget controls, information technology security procedures, and contract technical representative responsibilities. The investigations portion was a mandatory training session for all OIG special agents to maintain compliance with the requirements set forth in the U.S. Attorney General's "Guidelines for Offices of Inspector General With Statutory Law Enforcement Authority," in accordance with requirements of Section 6(e)(4) of the Inspector General Act of 1978, as amended. Of the 116 conference attendees, 74 attended over 2 days of statutory law enforcement training while 62 supervisors (over 32 percent of whom attended the law enforcement training) remained to attend the management portion of the conference. OIG coupled the law enforcement training with the management events to consolidate training events and maximize efficiency in its use of available resources.
11	OCR Leadership Conference	OCR's leadership conference provided a forum to work on the ED Organizational Assessment, including the mandated Executive, Manager, Supervisor Development plans (EDPs). OCR leadership also charted the course for applying the EDPs and other tools to achieve the pillars of OCR's strategic plan.

From: Jennifer Boyce <jb@locationsolvers.com>
Sent: Monday, February 14, 2011 12:01 PM
To: 'Jennifer Boyce'
Subject: Happy Valentine's Day and 5th Year Anniversary for Location Solvers

A big Valentine's Day "*Thank You*" to all our clients on Location Solver's 5th Anniversary! We so appreciate everyone who has supported Location Solvers since February 14, 2006!

We LOVE our jobs and have been delighted to help Associations, Government Agencies, Non-Profit Organizations, Corporations and Pharmaceutical Groups book tens of thousands of programs over the years!

All of us at Location Solvers hope your day and the rest of the year is filled with love and blessings!!!

Call on me when you're ready to look for hotel space for your next program and I will streamline your site selection process with a 24-28 hour turnaround. As always, our services are 100% complimentary and our recommendations are totally unbiased.

Yours in service,

Jennifer

Jennifer Boyce

Senior Account Manager

Location Solvers
Consider It Found

5th ANNIVERSARY

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202-609-7439
jb@locationsolvers.com

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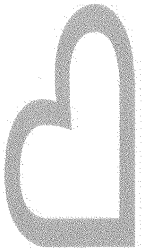
From: Jennifer Boyce <jb@locationsolvers.com>
Sent: Monday, February 14, 2011 1:11 PM
To: 'Jennifer Boyce'
Subject: Happy Valentine's Day and 5th Year Anniversary for Location Solvers



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Jennifer Boyce

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From: Jennifer Boyce <jb@locationsolvers.com>
Sent: Tuesday, February 15, 2011 9:44 AM
To: 'Jennifer Boyce'
Subject: Happy Valentine's Week and 5th Year Anniversary for Location Solvers

A big Valentine's Week "*Thank You*" to all our clients on Location Solver's 5th Anniversary! We so appreciate everyone who has supported Location Solvers since February 14, 2006!

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Senior Account Manager

Location Solvers

5th ANNIVERSARY

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jb@locationsolvers.com

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From: Jennifer Boyce <jb@locationsolvers.com>
Sent: Wednesday, February 16, 2011 11:33 AM
To: 'Jennifer Boyce'
Subject: Happy Valentine's Week and 5th Year Anniversary for Location Solvers

A big Valentine's Week "*Thank You*" to all our clients on Location Solver's 5th Anniversary! We so appreciate everyone who has supported Location Solvers since February 14, 2006!

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Senior Account Manager

Location Solvers

5th ANNIVERSARY

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jb@locationsolvers.com

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From: Jennifer Boyce <jb@locationsolvers.com>
Sent: Friday, May 27, 2011 2:34 PM
To: jb@locationsolvers.com
Subject: Happy Memorial Day

Just wanted to wish you and your family a happy Memorial Day Weekend!

When you get back to the office and have an upcoming hotel or meeting space program - I would certainly love to assist you and your staff with finding a location for it.

Working with us is always completely complimentary.

Yours in service,
Jennifer
Jennifer Boyce
Senior Account Manager

Location Solvers
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5th ANNIVERSARY

Thrilled to be celebrating Location Solvers 5th Anniversary of helping clients find hotel and meeting space around the country and around the world!

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Washington, DC 20036

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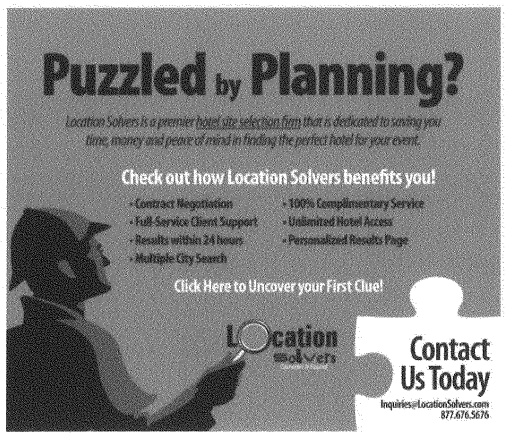
Proud Member of the Association of Meeting Professionals



From: Jennifer Boyce <jb@locationsolvers.com>
Sent: Friday, May 27, 2011 2:19 PM
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Proud Member of the Association of Meeting Professionals

From: Jennifer Boyce <jb@locationsolvers.com>
Sent: Tuesday, August 16, 2011 3:40 PM
To: jb@locationsolvers.com
Subject: uh oh...Short Term Meetings? Location Solvers can help

Do you have short term Fall 2011 or Spring 2012 meetings?

Location Solvers can help make your meeting happen:

* Quickly (short term is never a problem and we will provide you with results within 24-48hours)
* Complimentary Support (never a charge to work with us)
* Huge Savings (our volume of meetings both nationally and internationally = big savings for your company directly from the hotels)
* Unbiased Opinions (we don't give you a sales pitch about the city or properties you're interested in, we give you unbiased facts!)
* Size Doesn't Matter (we can help you with any group from 10 to 1000 sleeping rooms and any meeting space configuration)

Email me your meeting specifications and I'll provide your results quickly!

Yours in service,
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From: Jennifer Boyce <jb@locationsolvers.com>
Sent: Thursday, August 18, 2011 8:46 PM
To: jb@locationsolvers.com
Subject: uh oh...Short Term Meetings? Location Solvers can help

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[Whereupon, at 12:36 p.m., the committee was adjourned.]